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**OFFICE OF THE AUDITOR GENERAL FOR LOCAL GOVERNMENTS
KOGI STATE GOVERNMENT OF NIGERIA**

Our Ref:

Your Ref:

Date:

**Report of the Auditor General for Local Government, Kogi State
On the Financial Statements of the 21 Local Governments Areas, Kogi State
For the Year Ended 31 December 2018**

In accordance with relevant section of the Constitution of the Federal Republic of Nigeria, 1999 as amended and Local Government Harmonized Audit Law, Kogi State, 2020, I have audited the Accounts and Financial Statements of the 21 Local Governments Areas, Kogi State, for the year ended 31 December 2018, which has been prepared in accordance with the requirements of the International Public Sector Accounting Standards (IPSAS) and other relevant Laws, rules and regulations.

Auditor General for Local Government Responsibility

The responsibility of the Auditor General is to express an opinion on the financial statements of the 21 Local Governments Areas, Kogi State, based on the audit conducted in accordance with the auditing standards as specified in the Local Government Harmonized Audit Law, Kogi State, 2020, and in accordance with the requirements of the International Standards on Auditing.

Basis of Opinion

We carried out the audit in line with the requirements of the International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC) through the International Auditing and Assurance Standards Board (IAASB), and also in consonance with the advisories issued by International Organization of Supreme Audit Institutions (INTOSAI). Accordingly, the audits were planned and performed and all information and explanation considered necessary to provide reasonable assurance were obtained to ensure that the financial statements are free from material misstatements.

Opinion

In my opinion, the financial statements of the 21 Local Governments Areas, Kogi State, for the year ended 31 December 2018, show a true and fair view of the state of affairs, the cash flow and the financial position as at that date.

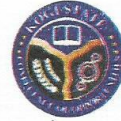
Ahmed Usman Ododo
FRC/2019/ICAN/00000019033
Auditor General for Local Government, Kogi State
Lokoja, Nigeria
31 August 2020

**ADAVI LOCAL GOVERNMENT OF
KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**



ADAVI LOCAL GOVERNMENT COUNCIL

KOGI STATE NIGERIA



All communication(s) should be addressed to the Chairman/Administrator and please Quote the number and date to the letter.

OFFICE OF THE ADMINISTRATOR,
Adavi Local Government,
Private Mail Bag 1034,
Ogaminana Kogi State, Nigeria.

Ref No..... Date:.....

Report of the Treasurer On The Financial Statements of Adavi Local Government For the Year Ended 31 December 2018

Responsibility For the Financial Statements

The Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis. In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Adavi Local Government as at 31 December 2018 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.

George Shegun Aliba
Local Government Treasurer (LGT)
Adavi Local Government, Kogi State
31 July 2020



ADAVI LOCAL GOVERNMENT COUNCIL KOGI STATE NIGERIA



All communication(s) should be addressed to the Chairman/Administrator and please Quote the number and date to the letter.

OFFICE OF THE ADMINISTRATOR,
Adavi Local Government,
Private Mail Bag 1034,
Ogaminana Kogi State, Nigeria.

Ref No:..... Date:.....

Adavi Local Government, Kogi State Financial Statements For the Year Ended 31 December 2018 Forward by The Director of Local Government Administration


Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Adavi Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.


Adavi Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasis here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.


Adavi Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2018 useful in significant areas of information requirements.


Eng. Obaro U. Mohammed
Director of Local Government Administration

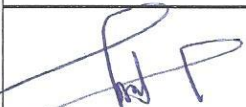
Adavi Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Statement of Financial Performance			
	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,633,568,511	1,386,258,121
Government Share of VAT	10	394,755,970	394,755,970
Tax Revenue	11	123,450	-
Non-Tax Revenue	12	7,457,359	9,005,701
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		2,035,905,290	1,790,019,793
EXPENDITURES			
Salaries & Wages	15	1,176,197,918	1,078,534,407
Social Benefits	16	-	18,532,839
Overhead Cost	17	484,557,826	232,034,036
Depreciation Charges	23	199,470,504	262,590,022
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		1,860,226,248	1,591,691,304
Surplus/(Deficit) from Operating Activities for the Period		175,679,042	198,328,488
Public Debt Charges	18	939,554	216,529
Total Non-Operating Revenue/(Expenses)		174,739,488	198,111,959
Surplus/(Deficit) from Ordinary Activities		174,739,488	198,111,959
Net Surplus/ (Deficit) for the Period		174,739,488	198,111,959
 GEORGE SHEGUN ALIBA Local Government Treasurer (LGT) Adavi Local Government Kogi State			

Adavi Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Statement of Financial Performance			
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 GEORGE SHEGUN ALIBA Local Government Treasurer (LGT) Adavi Local Government Kogi State			

Adavi Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Statement of Change in Assets/Equity			
Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	4,770,757,080	198,111,959	4,968,869,039
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-	-	-
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	174,739,488	174,739,488
Reserves (Note 29)	4,220,242,102		4,220,242,102
Closing Balance as at 31 December 2018	4,220,242,102	174,739,488	4,394,981,590


GEORGE SHEGUN ALIBA
 Local Government Treasurer (LGT)
 Adavi Local Government
 Kogi State

Adavi Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Statement of Cashflow			
Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,633,568,511	1,386,258,121
Government Share of VAT	10	394,755,970	394,755,970
Tax Revenue	11	123,450	-
Non-Tax Revenue	12	7,457,359	9,005,701
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		2,035,905,290	1,790,019,793
Less Outflows:			
Salaries & Wages	15	1,176,197,918	1,078,534,407
Social Benefits	16	-	18,532,839
Overhead Cost(s)	17	484,557,826	232,034,036
Transfer to other Government Entities		-	-
Finance Cost	18	939,554	216,529
Finance Cost			
Total Outflow From Operating Activities		1,661,695,298	1,329,317,812
Net Cash Flow From Operating Activities		374,209,992	460,701,980
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(847,117,506)	-
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(847,117,506)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	1,228,936,992	(461,413,200)
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(748,623,938)	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		480,313,054	(461,413,200)
Net Cash Flow From All Activities		7,405,540	(711,219)
Open Cash Balance		734,448	1,445,667
Closing Cash Balance		8,139,987	734,448
 GEORGE SHEGUN ALIBA Local Government Treasurer (LGT) Adavi Local Government Kogi State			

Adavi Local Government of Kogi State						
Financial Statements for the Year Ended 31 December 2018						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
RECURRENT REVENUE						
		Original	Supplementary	Final		
Government Share of FAAC (Statutory Revenue)	9	2,740,154,750	1,000,000,000	3,740,154,750	991,056,495	(2,749,098,255)
Excess Crude	9	-	-	-	-	-
Budget Augmentation/Budget Support Facility	9	-	-	-	-	-
Exchange Difference	9	-	-	-	3,990,211	3,990,211
Refund from Federal Government	9	-	-	-	591,963,786	591,963,786
Non-oil Revenue	9	-	-	-	-	-
FOREX Equalization	9	-	-	-	27,498,793	27,498,793
Excess Bank Charge	9	-	-	-	19,059,226	19,059,226
Government Share of VAT	10	530,445,090	-	530,445,090	394,755,970	(135,689,120)
Tax Revenue	11	-	-	-	123,450	123,450
Non-Tax Revenue	12	18,678,860	-	18,678,860	7,457,359	(11,221,501)
TOTAL RECURRENT REVENUE		3,289,278,700	-	4,289,278,700	2,035,905,290	(2,253,373,410)
CAPITAL RECEIPT						
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
TOTAL CAPITAL RECEIPT		-	-	-	-	-
TOTAL REVENUE		3,289,278,700	-	4,289,278,700	2,035,905,290	(2,253,373,410)
RECURRENT EXPENDITURES						
Salaries & Wages	15	699,114,430	-	699,114,430	1,176,197,918	(477,083,488)
Social Benefits	16	46,390,100	-	46,390,100	-	46,390,100
Overhead Cost	17	581,230,850	505,000,000	1,086,230,850	484,557,826	601,673,024
Public Debt Charges	18	453,431,600	-	453,431,600	939,554	452,492,046
Impairment (Loss) on Investment	22	-	-	-	-	-
TOTAL RECURRENT EXPENDITURES		1,780,166,980	505,000,000	2,285,166,980	1,661,695,298	623,471,682
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,964,111,720	495,000,000	2,459,111,720	847,117,506	1,611,994,214
TOTAL CAPITAL EXPENDITURE		1,964,111,720	495,000,000	2,459,111,720	847,117,506	1,611,994,214
TOTAL EXPENDITURE		3,744,278,700	1,000,000,000	4,744,278,700	2,508,812,804	2,235,465,896
 GEORGE SHEGUN ALIBA Local Government Treasurer (LGT) Adavi Local Government Kogi State						

Adavi Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		174,739,488
Add/(Less) non-cash items		
Depreciation and amortisation	23	199,470,504
Impairment of Investments	22	-
Total non-cash Items		374,209,992
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	1,228,936,992
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(748,623,938)
Total movements in working capital items		480,313,054
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(847,117,506)
Total items classified as investing activities		(847,117,506)
Net cash flow from All (Operating) Activities		7,405,540
Cash & Cash Equivalent as at 01 January 2018		734,448
Cash & Cash Equivalent as at 31 December 2018		8,139,987

Adavi Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Adavi Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Adavi Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Adavi Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

Adavi Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

In discharging this statutory responsibilities, he;

- a) Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- b) Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- c) Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Adavi Local Government
- d) Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

Adavi Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Adavi Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

Adavi Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

c) Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦) which is the functional currency of Adavi Local Government of Kogi State.

d) Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Adavi Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision making, and also to demonstrate the level of Adavi Local Government of Kogi State accountability for the resources entrusted to it.

Adavi Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Adavi Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Adavi Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

Adavi Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

a) Revenue from Non-exchange Transactions

These are transactions in which Adavi Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Adavi Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

i) Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Adavi Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Adavi Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Adavi Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Adavi Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Adavi Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Adavi Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

ii) Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Adavi Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

iii) Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

iv) Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

Adavi Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

v) **Other Revenue from Non-Exchange Transactions**

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

b) **Revenue From Exchange Transactions**

These are transactions in which Adavi Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Adavi Local Government.

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Adavi Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Adavi Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Adavi Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

i) Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Adavi Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

ii) Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Adavi Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Adavi Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Adavi Local Government would incur to acquire the asset on the reporting date.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Adavi Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Adavi Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition.

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For the fourth Transitional Financial Statements for the year ended 31 December 2018, Adavi Local Government has recognized financial liabilities measured at amortized cost. These include Adavi Local and foreign debts and investments.

a) Classification

i) Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Adavi Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

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iii) Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Adavi Local Government intends to dispose of it within 12 months of the end of the reporting period. Adavi Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

iv) Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

b) Categories & Measurement

i) Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

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ii) Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

iii) Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

iv) Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

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c) Recognition & De-recognition

Financial instruments are recognized when Adavi Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Adavi Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

d) Reclassification

Adavi Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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e) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

f) Impairment of financial assets

Adavi Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, Adavi Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

g) Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Adavi Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Adavi Local Government and its cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Adavi Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

a) Depreciation Rates

The following standard rates shall be applied to all Adavi Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Adavi Local Government in connection with the borrowing of funds for qualifying assets. Adavi Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Adavi Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Adavi Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Adavi Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Adavi Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Adavi Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Adavi Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

a) Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Adavi Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

b) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Adavi Local Government, or a present obligation that arises from past events but is not recognised because:

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- i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,
- ii. the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

c) Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Adavi Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Adavi Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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d) Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e) Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Adavi Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

f) Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

g) Leases

Leases of property, plant and equipment where Adavi Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

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Note 9 : Government Share of FAAC (Statutory Revenue)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	27,498,793	-	(27,498,793)	8,752,048
2	Recovered Excess Bank Charges	19,059,226	-	(19,059,226)	271,121
3	Statutory Allocation	991,056,495	3,740,154,750	2,749,098,255	1,006,611,590
4	Exchange Difference	3,990,211	-	(3,990,211)	92,817,137
5	NNPC Refund	2,999,082	-	(2,999,082)	98,306,209
6	JAAC Special Allocation	588,964,704	-	(588,964,704)	119,456,502
7	Budget Augmentation	-	-	-	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	-	-	-	60,043,514
Total Statutory Revenue		1,633,568,511	3,740,154,750	2,106,586,239	1,386,258,121

These are the Gross Statutory Revenues (SR) Allocated to Adavi Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.

Note 9 a : Government Share of FAAC (Statutory Revenue)

S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	CBN CONDITIONAL BSF	TOTAL
1	January	68,642,703		3,677,106			566,924	4,012,565			76,899,298
2	February	-									-
3	March	68,250,458									68,250,458
4	April	72,585,724				10,004,148	188,017		495,821,278		578,599,167
5	May	53,665,993					8,561,390				62,227,383
6	June	88,248,605					120,330				88,368,935
7	July	84,391,222									84,391,222
8	August	100,920,587					2,102,864		93,143,426		196,166,876
9	September	102,230,285			2,999,082		6,254,931				111,484,298
10	October	116,162,536		40,962							116,203,497
11	November	148,571,585		69,473			1,264,770				149,905,828
12	December	87,386,797		202,671		17,494,645					105,084,113
Total		991,056,495	-	3,990,211	2,999,082	27,498,793	19,059,226	4,012,565	588,964,704	-	1,637,581,075

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Note 10: Government Share of Value Added Tax (VAT)					
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	394,755,970	530,445,090	(135,689,120)	266,536,869
Total		394,755,970.16	530,445,090.00	(135,689,120)	266,536,869
<p>This is Adavi Local Government of Kogi State Government's share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>					

Note 10 a : Government Share of Value Added Tax (VAT)			
S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January	30,403,779	-
2	Febuary	-	28,764,334
3	March	34,657,748	26,850,336
4	April	31,923,115	-
5	May	29,931,218	28,717,126
6	June	31,962,583	30,214,612
7	July	34,227,874	29,388,527
8	August	30,732,263	29,512,678
9	September	28,884,444	-
10	October	41,199,505	31,775,498
11	November	28,423,369	-
12	December	72,410,071	61,313,759
Total		394,755,970	266,536,869
<p>This is Adavi Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>			

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Note 11 : Tax Revenue

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Hawkers' Permit	92,450	1,000,000	(907,550)	
2	Abatior/Slaughter Licences Fee	13,000	-	13,000	
3	Birth and Death Registration Fee	8,000	-	8,000	
4	Parking Space Fee	10,000	200,000	(190,000)	
Total		123,450	1,200,000.00	(1,076,550)	-

These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Adavi Local Government area of Kogi State such taxes include, Hawkerc' permit, Abatior/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace fees, etc.

Note 12 : Non Tax Revenue

Administrative Code	Description	Year Ended 31 December 2018		
		Actual	Budget	Variance
	Proceed from issuance of State Origin Certificates	117,000	73,780	43,220.00
	EARNING FROM COMMERCIAL UNDERTAKENS	2,384,209	164,360	2,219,848.76
	RENTS	15,000	-	15,000.00
	Contractors Registration Fees	4,941,151	1,500,000	3,441,150.65
				-
				-
Total		7,457,359	1,738,140	5,719,219.41

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NOTE 15 : Salaries & Wages

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017	
		Actual		Budget	Variance	Actual	
SALARIES AND WAGES		Gross Salary	Amount Paid	Balance Payable			
1	SALARY	1,175,347,918		1,175,347,918	699,114,430.00	(476,233,488)	1,078,534,407
						-	
Total SALARIES AND WAGES		1,175,347,918	-	1,175,347,918	699,114,430.00	(476,233,488)	1,078,534,407
ALLOWANCE AND SOCIAL CONTRIBUTION							
1	Honourarium And Sitting Allowance	850,000	850,000			(850,000)	
		-				-	
Total ALLOWANCE AND SOCIAL CONTRIBUTION		850,000.00	850,000	-	-	(850,000)	0.00
Grand Total Salaries & Wages		1,176,197,918	850,000	1,175,347,918	699,114,430	(477,083,488)	1,078,534,407

These are salaries and wages paid by Adavi Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.

NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017	
		Actual		Budget	Variance	Actual	
SOCIAL BENEFITS		Total Pension	Payment	Balance Payable			
1	Pension					-	18,532,839
						-	
Total SOCIAL BENEFITS		-	-	-	-	-	18,532,839

Social benefits are employees' benefits given by Adavi Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Adavi Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cumulative amount paid by Adavi Local Government as Social Benefits to employees for the year ended 31 December 2018.

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NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	Travelling Expenses	59,266,471		(59,266,471)	
	Printing and Stationaries	2,955,476		(2,955,476)	8,054,500
	Medical Expenses	6,716,000		(6,716,000)	29,655,000
	Professional Charges	140,844,989		(140,844,989)	37,113,000
	Security Services	11,580,000		(11,580,000)	47,658,000
	Refreshment and Meal Expenses	28,943,000		(28,943,000)	15,220,000
	Special Day Celebration	5,890,000		(5,890,000)	7,500,000
	Sporting Activities	3,900,000		(3,900,000)	10,610,000
	Publicity And Advertisement	1,320,000		(1,320,000)	8,801,000
	Welfare Packages	94,676,099		(94,676,099)	9,700,000
	Computer Consumable	10,501,000		(10,501,000)	
	Teaching Aids/Intructional Materials	72,518,791		(72,518,791)	1,450,000
	Boundary Committee Expenses			-	800,000
	Meeting Expenses				15,995,000
	Clemency expenses			-	5,472,536
	Office Maintenance Expenses			-	2,025,000
	Annual Budget Expenses			-	1,470,000
	Electricity Expenses			-	230,000
	Dispute Settlement			-	1,390,000
	Traditional Council	17,396,000		(17,396,000)	28,890,000
	Repair & rehabilitation of roads	25,400,000		(25,400,000)	
	Repair & rehabilitation of Recreational facilities	900,000			
	Tree Planting expenses	1,750,000		(1,750,000)	
				-	-
		484,557,826	-	(483,657,826)	232,034,036
<p>These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Adavi Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.</p>					
		484,557,826	-	(483,657,826)	232,034,036

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NOTE 18 : Public Debt Charges

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	939,554	453,431,600	452,492,046	216,529
2	Domestic Loan Interest / Discount	-	-	-	-
3	Domestic Interest/ Discount - Treasury Bill	-	-	-	-
4	Others	-	-	-	-
Total PUBLIC DEBT CHARGES		939,554	453,431,600	452,492,046	216,529

The Adavi Local Government Area of Kogi State Public Debt Charges include interest on unmastured debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premiun and discounts on unmastured debts.

Note 19 : Cash & Cash Equivalent (By Banks)

S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	Cash in the till	4,648	
2	Access Bank Plc	8,135,339	734,447
		8,139,987	734,447

The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Adavi Local Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.

Adavi Local Government of Kogi State										
Financial Statements for the Year Ended 31 December 2018										
Notes to the Financial Statements										
Note 23: Schedule of Property, Plant & Equipment (PPE)										
Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Teaching & Learning Aids	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	31,029,500	995,644	48,586,600				55,440,000	585,800,000	7,642,390,000	8,364,241,744
Additions During the year	1,665,000			801,814,270	2,950,000	4,338,236	36,350,000			847,117,506
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-		-	-		-	-
Balance c/forward 31 December 2018	32,694,500	995,644	48,586,600	801,814,270	2,950,000	4,338,236	91,790,000	585,800,000	7,642,390,000	9,211,359,250
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018										-
Additions During the year										-
Disposal During the year	-	-	-	-		-			-	-
Prior Year Adjustment	-	-	-	-		-			-	-
Total Charge for the Year	6,538,900	248,911	4,858,660	10,423,586	737,500	867,647	22,947,500	-	152,847,800	199,470,504
Balance c/forward 31 December 2018	6,538,900	248,911	4,858,660	10,423,586	737,500	867,647	22,947,500	-	152,847,800	199,470,504
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-		-	-		-	-
Additions During the year	-	-	-	-		-	-		-	-
Disposal During the year	-	-	-	-		-	-		-	-
Balance c/forward 31 December 2018	-	-	-	-		-	-		-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	26,155,600	746,733	43,727,940	791,390,684	2,212,500	3,470,589	68,842,500	585,800,000	7,489,542,200	9,011,888,746
Balance as at 01 January 2018	31,029,500	995,644	48,586,600				55,443,000	585,800,000	7,642,390,000	8,364,244,744

Adavi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	4,589,049,946	3,396,110,152
3	Other Payables (25b)	35,997,197	-
4	Term Loan	-	-
Total LOANS AND DEBTS (SHORT-TERM)		4,625,047,144	3,396,110,152

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a: Short Term Loans & Debts (Salary Payables)

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	3,396,110,152	
1	Salary Payables for the year	1,175,347,918	3,069,082,106
2	Leave Allowances	-	327,028,046
3	Legislative Arm	17,591,877	-
Total LOANS AND DEBTS (SHORT-TERM)		4,589,049,946	3,396,110,152

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Adavi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25b : Other Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Accruals	19,577,197	-
2	Contract Financing	4,200,000	-
3	Trade Payables	12,220,000	-
Total LOANS AND DEBTS (SHORT-TERM)		35,997,197	-

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 29 : Reserves

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		4,968,869,039
	IPSA Adjustments		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(748,626,937)	
	Total IPSA Adjustments		(748,626,937)
Closing Balance as at 31 December 2018			4,220,242,102

**AJAOKUTA LOCAL GOVERNMENT OF
KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**



AJAOKUTA LOCAL GOVERNMENT

OFFICE OF THE EXECUTIVE CHAIRMAN

P.M.B. 1035, Ajaokuta, Adogo, Kogi State



All communication should be addressed to the
Office of the Executive Chairman

Our ref: _____ Your Ref: _____ Date _____

Report of the Treasurer On The Financial Statements of Ajaokuta Local Government For the Year Ended 31 December 2018

Responsibility For the Financial Statements

The Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis.

In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Ajaokuta Local Government as at 31 December 2018 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.

Abdulsalami Abdulrahim
Local Government Treasurer (LGT)
Ajaokuta Local Government, Kogi State
31 July 2020



AJAOKUTA LOCAL GOVERNMENT

OFFICE OF THE EXECUTIVE CHAIRMAN

P.M.B. 1035, Ajaokuta, Adogo, Kogi State



All communication should be addressed to the
Office of the Executive Chairman

Our ref: _____ Your Ref: _____ Date _____

Ajaokuta Local Government, Kogi State
Financial Statements For the Year Ended 31 December 2018
Forward by The Director of Local Government Administration

Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Ajaokuta Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.

Ajaokuta Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasis here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.

Ajaokuta Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2018 useful in significant areas of information requirements.

Adams O. Sadiku
Director of Local Government Administration

Ajaokuta Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Performance

	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,013,401,559	1,235,886,048
Government Share of VAT	10	333,305,006	161,329,507
Tax Revenue	11	1,170,110	5,805,000
Non-Tax Revenue	12	5,000	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		1,347,881,674	1,403,020,555
EXPENDITURES			
Salaries & Wages	15	786,207,316	571,058,331
Social Benefits	16	111,501,791	-
Overhead Cost	17	980,907,718	931,988,083
Depreciation Charges	23	74,112,489	-
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		1,952,729,314	1,503,046,413
Surplus/(Deficit) from Operating Activities for the Period		(604,847,640)	(100,025,859)
Public Debt Charges	18	1,726,394	1,007,875
Total Non-Operating Revenue/(Expenses)		(606,574,034)	(101,033,734)
Surplus/(Deficit) from Ordinary Activities		(606,574,034)	(101,033,734)
Net Surplus/ (Deficit) for the Period		(606,574,034)	(101,033,734)

Abdulrahim

ABDUSALAM ABDULRAHIM

Local Government Treasurer (LGT)

Ajaokuta Local Government

Kogi State

Ajaokuta Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Statement of Financial Position

ASSETS	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017	
Current Assets					
Cash and Cash Equivalents	19	5,769,117		125,912,656	
Prepayment	20	-		-	
Total Current Assets			5,769,117		125,912,656
Non-Current Assets					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	2,085,759,173		2,079,403,246	
Intangible Assets	24	-		-	
Total Non-Current Assets			2,085,759,173		2,079,403,246
Total Assets			2,091,528,290		92,218,645,676
LIABILITIES					
Current Liabilities					
Short Term Loans & Debts	25	3,105,522,892		2,442,452,132	
Unremitted Deductions	26	-		-	
Payables	27	-		-	
Total Current Liabilities			3,105,522,892		2,442,452,132
Non-Current Liabilities					
Long Term Borrowings	28	-		-	
Total Non-Current Liabilities			-		-
Total Liabilities			3,105,522,892		2,442,452,132
Net Assets			(1,013,994,602)		89,776,193,544
NET ASSETS/EQUITY					
Reserves	29	(407,420,568)		89,877,227,278	
Accumulated Surpluses/(Deficits)		(606,574,034)		(101,033,734)	
Total Net Assets/Equity			(1,013,994,602)		89,776,193,544

Abdulrahim

ABDULSALAM ABDULRAHIM
Local Government Treasurer (LGT)
Ajaokuta Local Government
Kogi State

Ajaokuta Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Change in Assets/Equity

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	89,877,227,278	(101,033,734)	89,776,193,544
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(606,574,034)	(606,574,034)
Reserves (Note 29)	(407,420,568)		(407,420,568)
Closing Balance as at 31 December 2018	(407,420,568)	(606,574,034)	(1,013,994,602)




ABDULSALAM ABDULRAHIM

Local Government Treasurer (LGT)

Ajaokuta Local Government


Kogi State

Ajaokuta Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Statement of Cashflow			
Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,013,401,559	1,235,886,048
Government Share of VAT	10	333,305,006	161,329,507
Tax Revenue	11	1,170,110	5,805,000
Non-Tax Revenue	12	5,000	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		1,347,881,674	1,403,020,554.66
Less Outflows:			
Salaries & Wages	15	256,863,110	571,058,331
Social Benefits	16	60,685,604	-
Overhead Cost(s)	17	980,907,718	931,988,083
Transfer to other Government Entities		580,160,393	-
Finance Cost	18	1,726,394	1,007,875
Finance Cost			
Total Outflow From Operating Activities		1,880,343,220	1,504,054,289
Net Cash Flow From Operating Activities		(532,461,545)	(101,033,734)
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(80,468,415)	(2,266,070,310)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(80,468,415)	(2,266,070,310)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	663,070,760	2,442,452,132
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(170,284,338)	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		492,786,422	2,442,452,132
Net Cash Flow From All Activities		(120,143,539)	75,348,087
Open Cash Balance		125,912,656	50,564,569
Closing Cash Balance		5,769,117	125,912,656
		5,769,117	125,912,656
 ABDULSALAM ABDULRAHIM Local Government Treasurer (LGT) Ajaokuta Local Government Kogi State			

Ajaokuta Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Comparison of Budget and Actual

	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
		Original	Supplementary	Final		
RECURRENT REVENUE						
Government Share of FAAC (Statutory Revenue)	9	2,761,782,150	856,500,000.00	3,618,282,150	950,209,122	(2,668,073,028)
Excess Crude	9		-	-	-	-
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	8,126,315	8,126,315
Refund from Federal Government	9		-	-	-	-
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	24,315,138	24,315,138
Excess Bank Charge	9		-	-	24,551,105	24,551,105
Government Share of VAT	10	391,990,020	-	391,990,020	333,305,006	(58,685,014)
Tax Revenue	11	130,000,000	-	130,000,000	1,170,110	(128,829,890)
Non-Tax Revenue	12			-	5,000	5,000
TOTAL RECURRENT REVENUE		3,283,772,170	-	4,140,272,170	1,341,681,796	(2,798,590,374)
CAPITAL RECEIPT						
		-	-	-	-	-
TOTAL CAPITAL RECEIPT		-	-	-	-	-
TOTAL REVENUE		3,283,772,170	-	4,140,272,170	1,341,681,796	(2,798,590,374)
RECURRENT EXPENDITURES						
Salaries & Wages	15	928,399,860		928,399,860	256,863,110	671,536,750
Social Benefits	16	42,172,820		42,172,820	60,685,604	(18,512,784)
Overhead Cost	17	759,898,490	250,000,000	1,009,898,490	980,907,718	28,990,772
Public Debt Charges	18	338,191,770	-	338,191,770	1,726,394	336,465,376
Impairment (Loss) on Investment	22	-	-	-	-	-
TOTAL RECURRENT EXPENDITURES		2,068,662,940	250,000,000	2,318,662,940	1,300,182,826	1,018,480,114
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,615,109,230	615,500,000	2,230,609,230	80,468,415	2,150,140,815
TOTAL CAPITAL EXPENDITURE		1,615,109,230	615,500,000	2,230,609,230	80,468,415	2,150,140,815
TOTAL EXPENDITURE		3,683,772,170	865,500,000	4,549,272,170	1,380,651,242	3,168,620,928
 ABDULSALAM ABDULRAHIM Local Government Treasurer (LGT) Ajaokuta Local Government Kogi State						

Ajaokuta Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		(606,574,034)
Add/(Less) non-cash items		
Depreciation and amortisation	23	74,112,489
Impairment of Investments	22	-
Total non-cash Items		(532,461,545)
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	663,070,760
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(170,284,338)
Total movements in working capital items		492,786,422
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(80,468,415)
Total items classified as investing activities		(80,468,415)
Net cash flow from All (Operating) Activities		(120,143,539)
Cash & Cash Equivalent as at 01 January 2018		125,912,656
Cash & Cash Equivalent as at 31 December 2018		5,769,117

Ajaokuta Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Ajaokuta Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Ajaokuta Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Ajaokuta Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

Ajaokuta Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

In discharging this statutory responsibilities, he;

- e) Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- f) Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- g) Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Ajaokuta Local Government
- h) Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

Ajaokuta Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Ajaokuta Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

Ajaokuta Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

e) Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦) which is the functional currency of Ajaokuta Local Government of Kogi State.

f) Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Ajaokuta Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision making, and also to demonstrate the level of Ajaokuta Local Government of Kogi State accountability for the resources entrusted to it.

Ajaokuta Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Ajaokuta Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Ajaokuta Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

Ajaokuta Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

c) Revenue from Non-exchange Transactions

These are transactions in which Ajaokuta Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Ajaokuta Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

vi) Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Ajaokuta Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Ajaokuta Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Ajaokuta Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Ajaokuta Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Ajaokuta Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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Ajaokuta Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

vii) Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Ajaokuta Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

viii) Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

ix) Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

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x) Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

d) Revenue From Exchange Transactions

These are transactions in which Ajaokuta Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Ajaokuta Local Government.

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Ajaokuta Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Ajaokuta Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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iii) Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Ajaokuta Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

iv) Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Ajaokuta Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Ajaokuta Local Government would incur to acquire the asset on the reporting date. The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Ajaokuta Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Ajaokuta Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition.

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For the fourth Transitional Financial Statements for the year ended 31 December 2018, Ajaokuta Local Government has recognized financial liabilities measured at amortized cost. These include Ajaokuta Local and foreign debts and investments.

a. Classification

i. Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

ii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Ajaokuta Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

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iii. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Ajaokuta Local Government intends to dispose of it within 12 months of the end of the reporting period. Ajaokuta Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

iv. Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

b. Categories & Measurement

i. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

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ii. Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

iii. Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

iv. Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

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c. Recognition & De-recognition

Financial instruments are recognized when Ajaokuta Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Ajaokuta Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

d. Reclassification

Ajaokuta Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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e. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

f. Impairment of financial assets

Ajaokuta Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, Ajaokuta Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

g. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Ajaokuta Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Ajaokuta Local Government and its cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Ajaokuta Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

b) Depreciation Rates

The following standard rates shall be applied to all Ajaokuta Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Ajaokuta Local Government in connection with the borrowing of funds for qualifying assets. Ajaokuta Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Ajaokuta Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Ajaokuta Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Ajaokuta Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Ajaokuta Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Ajaokuta Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Ajaokuta Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

a. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Ajaokuta Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

b. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Ajaokuta Local Government, or a present obligation that arises from past events but is not recognised because:

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- i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,
- ii. the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

c. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Ajaokuta Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Ajaokuta Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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d. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Ajaokuta Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

f. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

g. Leases

Leases of property, plant and equipment where Ajaokuta Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

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Note 9 : Government Share of FAAC (Statutory Revenue)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	24,315,138	-	(24,315,138)	
2	Recovered Excess Bank Charges	24,551,105	-	(24,551,105)	
3	Statutory Allocation	950,209,122	3,618,282,150	2,668,073,028	1,308,723,415
4	Exchange Difference	8,126,315	-	(8,126,315)	139,977,809
5	NNPC Refund	-	-	-	
6	JAAC Special Allocation	-	-	-	
7	Budget Augmentation	-	-	-	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	6,199,878	-	(6,199,878)	57,320,382
Total Statutory Revenue		1,013,401,559	3,618,282,150	2,604,880,591	1,506,021,606

These are the Gross Statutory Revenues (SR) Allocated to Ajaokuta Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the Local Government are as shown in the table below.

Note 9 a : Government Share of FAAC (Statutory Revenue)

S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	CBN CONDITIONAL BSF	TOTAL
1	January	66,067,479		7,849,460			5,395,193	3,548,013			82,860,144
2	February	-					1,029,578				1,029,578
3	March	65,483,011					1,854,956				67,337,967
4	April	104,582,598					166,249				104,748,847
5	May	50,587,741				8,845,925	7,490,212				66,923,877
6	June	83,503,579					106,399				83,609,978
7	July	80,086,940					-				80,086,940
8	August	160,550,994					1,859,406				162,410,401
9	September	86,218,401					5,530,770	2,651,865			94,401,036
10	October	83,381,556		36,219			-				83,417,775
11	November	85,027,908		61,429			1,118,342				86,207,679
12	December	84,718,916		179,207		15,469,214	-				100,367,336
-											
Total		950,209,122	-	8,126,315	-	24,315,138	24,551,105	6,199,878	-	-	1,013,401,559

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Note 10: Government Share of Value Added Tax (VAT)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	333,305,006	391,990,020	(58,685,014)	295,142,659
Total		333,305,006	391,990,020.00	(58,685,014)	295,142,659

This is Ajaokuta Local Government Area of Kogi State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

Note 10 a : Government Share of Value Added Tax (VAT)

S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January	25,670,817	23,971,293
2	February	-	24,295,753
3	March	29,209,879	22,705,993
4	April	26,881,071	21,142,544
5	May	25,213,115	23,993,558
6	June	27,065,442	25,441,642
7	July	28,961,692	24,879,848
8	August	25,921,582	24,910,445
9	September	24,385,811	-
10	October	34,742,863	26,887,616
11	November	23,961,482	25,190,842
12	December	61,291,253	51,723,126
Total		333,305,006	295,142,658.99

This is Ajaokuta Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

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Note 11 : Tax Revenue

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Tenement Rates	1,045,110		1,045,110	5,805,000
2	Right of occupancy	125,000		125,000	
				-	
				-	
Total		1,170,110	-	1,170,110	5,805,000

These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Ajaokuta Local Government area of Kogi State such taxes include, Hawkers' permit, Abatior/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace fees, etc.

Note 12 : Non Tax Revenue

Administrative Code	Description	Year Ended 31 December 2018		
		Actual	Budget	Variance
	Proceed from sales of drugs & medication	5,000		5,000.00
				-
Total		5,000	-	5,000.00

Note 14 : Interest Earned

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Interest	-	-	-	143,952,448
Total Interest Earned		-	-	-	143,952,448

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NOTE 15 : Salaries & Wages

S/N	Description	Year Ended 31 December 2018					Year Ended 31 December 2017
		Actual			Budget	Variance	Actual
SALARIES AND WAGES		Gross Salaries	Amount Paid	Balance Payable			
1	SALARY	767,267,316	237,923,110	529,344,206	928,399,860	690,476,750	554,038,331
			-			-	
Total SALARIES AND WAGES		767,267,316	237,923,110	529,344,206	928,399,860	690,476,750	554,038,331
ALLOWANCE AND SOCIAL CONTRIBUTION							
1	SIWES ALLOCATION PBRs	4,830,000	4,830,000			(4,830,000)	
2	SITTING ALLOCATION	600,000	600,000			(600,000)	
3	EDUCATION - SITTING ALLOWANCE	4,040,000	4,040,000			(4,040,000)	
4	NON REGULAR ALLOWANCES	9,470,000	9,470,000			(9,470,000)	15,500,000
5	LGEA SECRETARY ALLOWANCES		-			-	1,520,000
Total ALLOWANCE AND SOCIAL CONTRIBUTION		18,940,000	18,940,000	-	-	(18,940,000)	17,020,000
Grand Total Salaries & Wages		786,207,316	256,863,110	529,344,206	928,399,860	671,536,750	571,058,331

These are salaries and wages paid by Ajaokuta Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.

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NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018					Year Ended 31 December 2017
		Actual			Budget	Variance	Actual
		Total Pension	Payment	Balance Payable			
SOCIAL BENEFITS							
1	Actual Pension	111,501,791	60,685,604	50,816,187	42,172,820	(18,512,784)	
						-	
Total SOCIAL BENEFITS		111,501,791	60,685,604	50,816,187	42,172,820	(18,512,784)	-

Social benefits are employees' benefits given by Ajaokuta Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Ajaokuta Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cumulative amount paid by Ajaokuta Local Government as Social Benefits to employees for the year ended 31 December 2018.

Ajaokuta Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	Local Travelling & Transport	20,269,000		(20,269,000)	43,215,500
	Local Training	64,108,571		(64,108,571)	89,630,000
	Printing & Stationeries	15,885,000		(15,885,000)	19,067,000
	Advertisement & Publicity	58,327,800		(58,327,800)	32,580,000
	Newspapers & Journals	-		-	650,000
	Grants/subventions	9,900,000		(9,900,000)	
	Teaching aids expenses	2,750,000		(2,750,000)	
	Legal Services	13,040,000		(13,040,000)	25,304,762
	Security expenses	58,220,000		(58,220,000)	108,885,000
	Anniversary & Festivity	25,116,581		(25,116,581)	43,410,000
	Meal & Refreshment	25,665,000		(25,665,000)	2,180,000
	Sporting activity expenses	5,840,000		(5,840,000)	
	Welfare packages expenses	56,483,628		(56,483,628)	58,200,476
	Financial Consulting	92,395,710		(92,395,710)	82,867,560
	Medical Expenses - drugs	35,625,000		(35,625,000)	20,599,000
	Maintainance of agric equipment	16,848,000		(16,848,000)	
	Evironmental sanitation/waste management expenses	40,510,000		(40,510,000)	53,240,000
	Maintainance of Roads	219,923,751		(219,923,751)	305,894,784
	Repairs/Maintainance of Motor Vehicles	3,724,000		(3,724,000)	12,018,000
	Agricultural input expenses	-		-	24,990,000
	Fueling & Lubricants	-		-	7,456,000
	Learning aids expenses	-		-	1,800,000
	Subvention:			-	
	LGEA-SUBEB	213,534,540		(213,534,540)	-
	Satutory Expenses:			-	
	1% Statutory deduction to Ministry of Local Government & Chieftanct Affairs	2,741,137		(2,741,137)	
		980,907,718	-	(980,907,718)	931,988,083
<p>These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Ajaokuta Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.</p>					
		980,907,718	-	(980,907,718)	931,988,083

Ajaokuta Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 18 : Public Debt Charges

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	1,726,394	338,191,770	336,465,376	1,007,875
2	Domestic Loan Interest / Discount	-	-	-	-
3	Domestic Interest/ Discount - Treasury Bill	-	-	-	-
4	Others	-	-	-	-
Total PUBLIC DEBT CHARGES		1,726,394	338,191,770	336,465,376	1,007,875

The Ajaokuta Local Government Area of Kogi State Public Debt Charges include interest on unmastured debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premium and discounts on unmastured debts.

Ajaokuta Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 19 : Cash & Cash Equivalent (By Banks)

		Year Ended 31 December 2018	Year Ended 31 December 2017
S/N	Bank Name	Amount	Amount
1	Cash in the till	29,164	48,000
2	UBA Bank Plc	41,848	278
3	First Bank Plc	98,019	95,489
4	Union Bank Plc		33,216
5	Access Bank Plc	5,600,086	125,735,673
		5,769,117	125,912,656

The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Ajaokuta Local Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.

Ajaokuta Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 23: Schedule of Property, Plant & Equipment (PPE)

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Heritage	Teaching & Learning Aids	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	17,494,460	14,495,111	36,720,018	309,493,841	136,000			79,766,769	44,517,000	1,576,780,047	2,079,403,246
Additions During the year		11,618,415	1,850,000	27,000,000				15,550,000		24,450,000	80,468,415
Recognition of Legacy PPE											
PPE under Test Running											-
Disposal During the year	-	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	17,494,460	26,113,527	38,570,018	#####	136,000	-	-	95,316,769	44,517,000	1,601,230,047	2,159,871,662
<u>ACCUMULATED DEPRECIATION</u>											
DEPRECIATION RATE	20%	25%	10%	1%		25%	20%	25%		2%	
Balance b/forward 01 January 2018											-
Additions During the year											-
Disposal During the year	-	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	3,498,892	6,528,381.68	3,857,002	4,374,420	-	-	-	23,829,192	-	32,024,601	74,112,489
Balance c/forward 31 December 2018	3,498,892	6,528,382	3,857,002	4,374,420	-	-	-	23,829,192	-	32,024,601	74,112,489
<u>ACCUMULATED IMPAIRMENT</u>											
Balance b/forward 01 January 2018	-	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-	-
<u>NET BOOK VALUE</u>											
Balance as at 31 December 2018	13,995,568	19,585,145	34,713,016	#####	136,000	-	-	71,487,577	44,517,000	1,569,205,446	2,085,759,173
Balance as at 01 January 2018											

Ajaokuta Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	2,887,284,622	2,357,940,416
3	Other Payables (25b)	133,726,554	-
4	Term Loan (25c)	84,511,715	84,511,715
Total LOANS AND DEBTS (SHORT-TERM)		3,105,522,892	2,442,452,132

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a : Short Term Loans & Debts (Salary Payables)

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	2,357,940,416	2,357,940,416
1	Salary Payables for the year	529,344,206	
2	Leave Allowances		
3	Legislative Arm		-
Total LOANS AND DEBTS (SHORT-TERM)		2,887,284,622	2,357,940,416

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Ajaokuta Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Note 25b : Short Term Loans & Debts (Other Payables)

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Pension	50,816,187	-
2	Unremitted Cooperative deduction	75,291,334	
3	Political Office holders' salary	7,619,033	-
Total LOANS AND DEBTS (SHORT-TERM)		133,726,554	-

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25c : Short Term Loans & Debts (Loan Payables)

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Loan from Union Bank	84,511,715	-
Total LOANS AND DEBTS (SHORT-TERM)		84,511,715	-

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 29 : Reserves

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		89,776,193,544
IPSA Adjustments			
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(90,183,614,112)	
Total IPSA Adjustments			(90,183,614,112)
Closing Balance as at 31 December 2018			(407,420,568)

**ANKPA LOCAL GOVERNMENT OF
KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**



ANKPA LOCAL GOVERNMENT

All Communications should be address to the Chairman, Ankpa Local Government.

P.M.B 1004, Ankpa,
Kogi State,
Nigeria

Telegram: Executive Ankpa

Report of the Treasurer On The Financial Statements of Ankpa Local Government For the Year Ended 31 December 2018

Responsibility For the Financial Statements

The Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis.

In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Ankpa Local Government as at 31 December 2018 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.


Tairu Abdul
Local Government Treasurer (LGT)
Ankpa Local Government, Kogi State
31 July 2020



ANKPA LOCAL GOVERNMENT

All Communications should be address to the Chairman, Ankpa Local Government.

P.M.B 1004, Ankpa,
Kogi State,
Nigeria

Telegram: Executive Ankpa

Ankpa Local Government, Kogi State Financial Statements For the Year Ended 31 December 2018 Forward by The Director of Local Government Administration


Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Ankpa Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.

Ankpa Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasis here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.

Ankpa Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2018 useful in significant areas of information requirements.


Alhaji Shaibu Usman A.
Director of Local Government Administration


Ankpa Local Government of Kogi State				
Financial Statements for the Year Ended 31 December 2018				
Statement of Financial Performance				
		Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE				
	Government Share of FAAC (Statutory Revenue)	9	1,692,117,901	1,056,991,942
	Government Share of VAT	10	444,886,595	161,329,507
	Tax Revenue	11	3,032,115	231,600
	Non-Tax Revenue	12	3,935,365	4,821,000
	Aid and Grants	13	-	-
	Interest Earned	14	-	-
TOTAL REVENUE			2,143,971,976	1,223,374,049
EXPENDITURES				
	Salaries & Wages	15	969,627,538	1,403,118,482
	Social Benefits	16	906,745,648	288,629,239
	Overhead Cost	17	1,481,234,215	2,256,106,056
	Depreciation Charges	23	116,202,877	119,746,447
	Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES			3,473,810,279	4,067,600,224
Surplus/(Deficit) from Operating Activities for the Period			(1,329,838,303)	(2,844,226,175)
	Public Debt Charges	18	102,657	-
Total Non-Operating Revenue/(Expenses)			(1,329,940,960)	(2,844,226,175)
Surplus/(Deficit) from Ordinary Activities			(1,329,940,960)	(2,844,226,175)
Net Surplus/ (Deficit) for the Period			(1,329,940,960)	(2,844,226,175)
 TAIRU ABDUL Local Government Treasurer (LGT) Ankpa Local Government Kogi State				

Ankpa Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Position

ASSETS	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017	
Current Assets					
Cash and Cash Equivalents	19	43,902,165		232,327,878	
Prepayment	20	-		-	
Other Current Assets	20b	-		6,513,603	
Total Current Assets			43,902,165		238,841,481
Non-Current Assets					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	3,627,144,795		3,803,863,332	
Intangible Assets	24	-		-	
Total Non-Current Assets			3,627,144,795		3,803,863,332
Total Assets			3,671,046,960		4,042,704,813
LIABILITIES					
Current Liabilities					
Short Term Loans & Debts	25	3,945,996,852		2,891,334,856	
Unremitted Deductions	26	31,028,980		-	
Payables	27	-		-	
Total Current Liabilities			3,977,025,832		2,891,334,856.21
Non-Current Liabilities					
Long Term Borrowings	28	-		-	
Total Non-Current Liabilities			-		-
Total Liabilities			3,977,025,832		2,891,334,856.21
Net Assets			(305,978,871)		1,151,369,957
NET ASSETS/EQUITY					
Reserves	29	1,023,962,088		3,995,596,132	
Accumulated Surpluses/(Deficits)		(1,329,940,960)		(2,844,226,175)	
Total Net Assets/Equity			(305,978,871)		1,151,369,957



TAIRU ABDUL
 Local Government Treasurer (LGT)
 Ankpa Local Government
 Kogi State

Ankpa Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Change in Assets/Equity


Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	3,995,596,132	(2,844,226,175)	1,151,369,957
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(1,329,940,960)	(1,329,940,960)
Reserves (Note 29)	1,023,962,088		1,023,962,088
Closing Balance as at 31 December 2018	1,023,962,088	(1,329,940,960)	(305,978,871)


TAIRU ABDUL
 Local Government Treasurer (LGT)
 Ankpa Local Government
 Kogi State

Ankpa Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Statement of Cashflow

Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,692,117,901	1,056,991,942
Government Share of VAT	10	444,886,595	161,329,507
Tax Revenue	11	3,032,115	231,600
Non-Tax Revenue	12	3,935,365.00	4,821,000
Aid and Grants	13	-	
Interest Earned	14	-	
Total Inflow From Operating Activities		2,143,971,976	1,223,374,049
Less Outflows:			
Salaries & Wages	15	969,627,538	1,403,118,482
Social Benefits	16	906,745,648	288,629,239
Overhead Cost(s)	17	1,481,234,215	2,256,106,056
Transfer to other Government Entities			-
Finance Cost	18	102,657	-
Finance Cost			
Total Outflow From Operating Activities		3,357,710,058	3,947,853,777
Net Cash Flow From Operating Activities		(1,213,738,083)	(2,724,479,728)
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(10,073,037)	
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(10,073,037)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	1,054,661,995	2,813,585,939
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(19,276,589)	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		1,035,385,406	2,813,585,939
Net Cash Flow From All Activities		(188,425,713)	89,106,211
Open Cash Balance		232,327,878	143,221,667
Closing Cash Balance		43,902,165	232,327,878


TAIRU ABDUL
Local Government Treasurer (LGT)
Ankpa Local Government
Kogi State

Ankpa Local Government of Kogi State						
Financial Statements for the Year Ended 31 December 2018						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
RECURRENT REVENUE		Original	Supplementary	Final		
Government Share of FAAC (Statutory Revenue)	9	3,520,120,660	-	3,520,120,660	1,279,863,118	(2,240,257,542)
Excess Crude	9		-	-	-	-
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	8,850,275	8,850,275
Refund from Federal Government	9		-	-	351,249,522	351,249,522
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	26,427,698	26,427,698
Excess Bank Charge	9		-	-	21,249,524	21,249,524
Government Share of VAT	10	367,491,280	-	367,491,280	444,886,595	77,395,315
Tax Revenue	11	30,021,260		30,021,260	3,032,115	(26,989,145)
Non-Tax Revenue	12				3,935,365	3,935,365
TOTAL RECURRENT REVENUE		3,917,633,200	-	3,917,633,200	2,139,494,211	(1,778,138,989)
CAPITAL RECEIPT						
TOTAL CAPITAL RECEIPT		-	-	-	-	-
TOTAL REVENUE		3,917,633,200	-	3,917,633,200	2,139,494,211	(1,778,138,989)
RECURRENT EXPENDITURES						
Salaries & Wages	15	1,470,409,570		1,470,409,570	969,627,538	500,782,032
Social Benefits	16	42,172,810		42,172,810	906,745,648	(864,572,838)
Overhead Cost	17	1,055,450,680		1,055,450,680	1,481,234,215	(425,783,535)
Public Debt Charges	18	267,374,450	-	267,374,450	-	267,374,450
Impairment (Loss) on Investment	22		-	-	-	-
TOTAL RECURRENT EXPENDITURES		2,835,407,510	-	2,835,407,510	3,357,607,402	(522,199,892)
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,421,320,140		1,421,320,140	10,073,037	1,411,247,103
TOTAL CAPITAL EXPENDITURE		1,421,320,140	-	1,421,320,140	10,073,037	1,411,247,103
TOTAL EXPENDITURE		4,256,727,650	-	4,256,727,650	3,367,680,439	889,047,211
 TAIRU ABDUL Local Government Treasurer (LGT) Ankpa Local Government Kogi State						

Ankpa Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		(1,329,940,960)
Add/(Less) non-cash items		
Depreciation and amortisation	23	116,202,877
Impairment of Investments	22	-
Total non-cash Items		(1,213,738,083)
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	1,054,661,995
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(19,276,589)
Total movements in working capital items		1,035,385,406
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(10,073,037)
Total items classified as investing activities		(10,073,037)
Net cash flow from All (Operating) Activities		(188,425,713)
Cash & Cash Equivalent as at 01 January 2018		232,327,878
Cash & Cash Equivalent as at 31 December 2018		43,902,165

Ankpa Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Ankpa Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Ankpa Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Ankpa Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

Ankpa Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

In discharging this statutory responsibilities, he;

- a. Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- b. Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- c. Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Ankpa Local Government
- d. Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

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The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Ankpa Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

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Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

c. Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦) which is the functional currency of Ankpa Local Government of Kogi State.

d. Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Ankpa Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision making, and also to demonstrate the level of Ankpa Local Government of Kogi State accountability for the resources entrusted to it.

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The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Ankpa Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Ankpa Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

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6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

a. Revenue from Non-exchange Transactions

These are transactions in which Ankpa Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Ankpa Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

i. Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Ankpa Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Ankpa Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Ankpa Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Ankpa Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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Ankpa Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

ii. Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Ankpa Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

iii. Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

iv. Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

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v. Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

b. Revenue From Exchange Transactions

These are transactions in which Ankpa Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Ankpa Local Government .

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Ankpa Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Ankpa Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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i.Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Ankpa Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

ii.Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Ankpa Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Ankpa Local Government would incur to acquire the asset on the reporting date. The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Ankpa Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Ankpa Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition.

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For the fourth Transitional Financial Statements for the year ended 31 December 2018, Ankpa Local Government has recognized financial liabilities measured at amortized cost. These include Ankpa Local and foreign debts and investments.

a. Classification

i. Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

ii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Ankpa Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

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iii. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Ankpa Local Government intends to dispose of it within 12 months of the end of the reporting period. Ankpa Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

iv. Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

b. Categories & Measurement

i. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

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ii. Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

iii. Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

iv. Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

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c. Recognition & De-recognition

Financial instruments are recognized when Ankpa Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Ankpa Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

d. Reclassification

Ankpa Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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e. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

f. Impairment of financial assets

Ankpa Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, Ankpa Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

g. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Ankpa Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Ankpa Local Government and its cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Ankpa Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

c) Depreciation Rates

The following standard rates shall be applied to all Ankpa Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Ankpa Local Government in connection with the borrowing of funds for qualifying assets. Ankpa Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Ankpa Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Ankpa Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Ankpa Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Ankpa Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Ankpa Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Ankpa Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

h. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Ankpa Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

i. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Ankpa Local Government, or a present obligation that arises from past events but is not recognised because:

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- i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,
- ii. the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

c. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Ankpa Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Ankpa Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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d. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Ankpa Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

f. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

g. Leases

Leases of property, plant and equipment where Ankpa Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

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Note 9 : Government Share of FAAC (Statutory Revenue)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	26,427,698	-	(26,427,698)	-
2	Recovered Excess Bank Charges	21,249,524	-	(21,249,524)	302,553
3	Statutory Allocation	1,279,863,118	3,520,120,660	2,240,257,542	1,056,991,942
4	Exchange Difference	8,850,275	-	(8,850,275)	111,944,908
5	NNPC Refund	3,346,782	-	(3,346,782)	-
6	JAAC Special Allocation	347,902,739	-	(347,902,739)	-
7	Budget Augmentation	-	-	-	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	4,477,764	-	(4,477,764)	162,025,821
10	Ganished Fund	-	-	-	15,906,030
11	Salary Bailout	-	-	-	122,298,000
Total Statutory Revenue		1,692,117,901	3,520,120,660	1,828,002,759	1,469,469,254

These are the Gross Statutory Revenues (SR) Allocated to Ankpa Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.

Note 9 a : Government Share of FAAC (Statutory Revenue)

S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	CBN CONDITIONAL BSF	TOTAL
1	January	100,185,895		4,103,413		-	621,492	4,477,764	-		109,388,564
2	February	99,137,458		-		-	-		-		99,137,458
3	March	103,975,612		-		-	-		-		103,975,612
4	April	82,862,204		-		-	209,815		-		83,072,019
5	May	124,907,489		-		5,792,164	9,545,775		211,522,352		351,767,780
6	June	120,602,301		-		5,371,821	134,281		-		126,108,403
7	July	127,115,674		-		-	-		120,158,506		247,274,179
8	August	131,167,005		-	3,346,782	-	2,346,661		11,902,696		148,763,145
9	September	127,274,716		-		-	6,980,100		-		134,254,815
10	October	4,499,617		45,711		-	-		-		4,545,328
11	November	134,254,632		77,527		15,263,712	1,411,402		-		151,007,273
12	December	123,880,514		4,623,624		-	-		4,319,185		132,823,324
-											
Total		1,279,863,118	-	8,850,275	3,346,782	26,427,698	21,249,524	4,477,764	347,902,739	-	1,692,117,901

Ankpa Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2018					
Notes to the Financial Statements					
Note 10: Government Share of Value Added Tax (VAT)					
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	444,886,595	367,491,280	77,395,315	361,992,260
Total		444,886,595	367,491,280.00	77,395,315	361,992,260
<p>This is Ankpa Local Government Area of Kogi State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>					

Note 10 a : Government Share of Value Added Tax (VAT)			
S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January	34,264,848	32,409,724
2	Febuary	39,102,024	30,231,219
3	March	36,036,326	28,226,212
4	April	33,780,165	32,043,823
5	May	35,957,586	34,108,318
6	June	38,523,934	33,066,828
7	July	34,656,733	33,287,100
8	August	32,554,350	-
9	September	46,466,721	35,762,947
10	October	32,063,299	33,718,459
11	November	42,400,499	36,499,823
12	December	39,080,110	32,637,807
Total		444,886,595	361,992,260
<p>This is Ankpa Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>			

Ankpa Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 11 : Tax Revenue

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	BAKE HOUSE LICENSE	51,100		51,100	-
2	DRIED FISH AND MEAT LICENSE	54,900		54,900	-
3	HAWKERS PERMIT	137,520		137,520	-
4	PRODUCE BUYING LICENSE	57,960		57,960	22,500
5	ABATTOIR/SLAUGHTER LICENSE	75,350		75,350	-
6	HIRING SERVICES	47,640		47,640	-
7	LIQUOR LICENSE	236,400		236,400	53,000
8	TRADE PERMIT LICENSE	129,570		129,570	-
9	MINING RENT	79,640		79,640	-
10	DEVELOPMENT LEVIES	134,500		134,500	-
11	BUSINESS/TRADE OPERATING FEE	427,120		427,120	47,000
12	TIMBER/FOREST FEES	831,890		831,890	25,000
13	PARKING FEES	705,525		705,525	84,100
14	FINES/PENALTIES	63,000		63,000	-
Total		3,032,115	-	3,032,115	231,600.00

These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Ankpa Local Government area of Kogi State such taxes include, Hawkers' permit, Abatior/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace fees, etc.

Note 12 : Non Tax Revenue

Administrative Code	Description	Year Ended 31 December 2018		
		Actual	Budget	Variance
	SALES OF ID CARDS (STATE ORIGIN)	148,150		148,150.00
	SALES OF SCRAP VEHICLES	962,000		962,000.00
	EARNING FROM COMMERCIAL ACTIVITIES	1,730,260		1,730,260.00
	RENT ON GOVERNMENT BUILDING	402,565		402,565.00
	RENT ON GOVERNMENT LAND	72,020		72,020.00
	RENT AND PREMIUM ON LAND	464,000		464,000.00
	RENT ON GOVERNMENT PROPERTIES	156,370		156,370.00
Total		3,935,365	-	3,935,365.00

Ankpa Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 15 : Salaries & Wages

S/N	Description	Year Ended 31 December 2018					Year Ended 31 December 2017
		Total Salary	Payment	Balance Payable	Budget	Variance	Actual
SALARIES AND WAGES		Total Salary	Payment	Balance Payable			
1	SALARY	884,703,157	339,136,210	545,566,947	1,470,409,570	585,706,413	893,641,843
2	LGEA						401,858,957
3	WAGES			-			98,000
4	PAST POLITICAL OFFICE HOLDER	55,722,224	27,861,112.20	27,861,112	134,640,000	78,917,776	3,700,694
5	OUTSTANDING LEAVE BONUS	-		-		-	62,564,104
Total SALARIES AND WAGES		940,425,381	366,997,322	573,428,059	1,605,049,570	664,624,189	1,361,863,597.25
ALLOWANCE AND SOCIAL CONTRIBUTION							
1	NYSO MONTHLY ALLOWANCE	3,960,000	3,960,000			(3,960,000)	4,010,000
2	F&GPC ALLOWANCE	1,337,429	1,337,429			(1,337,429)	980,000
3	MONTHLY ALLOWANCE	2,250,000	2,250,000			(2,250,000)	16,940,000
4	1ST 28DAYS ALLOWANCE	-	-			-	5,333,947
5	GAGOS ALLOWANCE	7,000,000	7,000,000			(7,000,000)	3,525,000
6	SEVERANCE ALLOWANCE					-	1,581,744
7	SITTING ALLOWANCE	2,500,000	2,500,000			(2,500,000)	2,840,000
8	SPECIAL ADVISERS ALLOWANCE					-	358,467
9	SUPERVISORS ALLOWANCE					-	1,670,727
10	TIC ALLOWANCE	12,154,729	12,154,729			(12,154,729)	3,525,000
11	WARD COORDINATORS ALLOWANCE					-	490,000
						-	-
Total ALLOWANCE AND SOCIAL CONTRIBUTION		29,202,157	29,202,157	-	-	(29,202,157)	41,254,885
Grand Total Salaries & Wages		969,627,538	396,199,480	573,428,059	1,605,049,570	635,422,032	1,403,118,482

These are salaries and wages paid by Ankpa Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.

Ankpa Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017	
		Actual			Budget	Variance	Actual
SOCIAL BENEFITS		Total Pension	Payment	Balance Payable			
1	Pension	906,745,648	453,372,824	453,372,824		(906,745,648)	288,629,239
						-	
						-	-
Total SOCIAL BENEFITS		906,745,648	453,372,824	453,372,824	-	(906,745,648)	288,629,239

Social benefits are employees' benefits given by Ankpa Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Ankpa Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cumulative amount paid by Ankpa Local Government as Social Benefits to employees for the year ended 31 December 2018.

Ankpa Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	REPAIR AND MAINTENANCE	600,882,002		(600,882,002)	1,460,891,974
	TRAVELING EXPENSES	52,018,971		(52,018,971)	6,926,000
	PRINTING & STATIONERY	99,700,000		(99,700,000)	15,279,605
	COMMUNICATION & POSTAGES	2,530,562		(2,530,562)	12,383,000
	PROFESSIONAL CHARGES	25,144,057		(25,144,057)	15,951,905
	GIFTS & DONATIONS	3,510,000		(3,510,000)	10,305,000
	SECURITY EXPENSES	32,000,000		(32,000,000)	63,669,000
	OFFICE GENERAL EXPENSES	10,052,225		(10,052,225)	163,565,290
	EDUCATION & SCIENCE DEVELOPMENT	380,238		(380,238)	550,000
	AGRICULTURAL DEVELOPMENT	5,485,714		(5,485,714)	9,205,000
	YOUTH & SPORT DEVELOPMENT	2,800,000		(2,800,000)	12,320,500
	MEDICAL & PUBLIC HEALTH EXPENSES	80,396,766		(80,396,766)	14,275,000
	TRAINING, SEMINAR & WORKSHOP	17,052,224		(17,052,224)	13,922,000
	OPERATIONAL EXPENSES	67,966,167		(67,966,167)	456,861,782
	LOSS ON SALES OF MOTOR VEHICLE	8,537,000		(8,537,000)	-
	SUBVENTIONS:				
	LGEA-SUBEB	472,778,288		(472,778,288)	
		1,481,234,215	-	(1,481,234,215)	2,256,106,056
<p>These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Ankpa Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.</p>					
		1,481,234,215	-	(1,481,234,215)	2,256,106,056

Ankpa Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 18 : Public Debt Charges

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	102,657	-	(102,657)	-
2	Domestic Loan Interest / Discount	-	-	-	-
3	Domestic Interest/ Discount - Treasury Bill	-	-	-	-
4	Others	-	-	-	-
Total PUBLIC DEBT CHARGES		102,657	-	(102,657)	-

The Ankpa Local Government Area of Kogi State Public Debt Charges include interest on unmastured debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premium and discounts on unmatured debts.

Note 19 : Cash & Cash Equivalent (By Banks)

S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	Cash in the till	5,514	6,880
2	UBA Bank Plc	962,000	29,499
3	First Bank Plc	281,547	12,693
4	Access Bank Plc	42,653,104	232,278,806
		43,902,165	232,327,878

The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Ankpa Local Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.

Ankpa Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 20 b: Other Current Assets

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	INVENTORIES	-	610,000
2	ADVANCES	-	5,903,603
Total		-	6,513,603

The prapayment above represent advance payment made to contractors for work yet to be done.

Ankpa Local Government of Kogi State										
Financial Statements for the Year Ended 31 December 2018										
Notes to the Financial Statements										
Note 23: Schedule of Property, Plant & Equipment (PPE)										
Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Teaching & Learning Aids	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	127,922,750		9,910,000	13,650,000			81,889,000	171,950,000	3,444,059,322	3,849,381,072
Additions During the year								5,251,000	4,822,037	10,073,037
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	127,922,750	-	9,910,000	13,650,000	-	-	81,889,000	177,201,000	3,448,881,359	3,859,454,109
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018	25,584,550	-	991,000	177,450			20,472,250		68,881,186.44	116,106,436
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	25,584,550	-	991,000	177,450	-	-	20,472,250	-	68,977,627	116,202,877
Balance c/forward 31 December 2018	51,169,100	-	1,982,000	354,900	-	-	40,944,500	-	137,858,814	232,309,314
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	76,753,650	-	7,928,000	13,295,100	-	-	40,944,500	177,201,000	3,311,022,545	3,627,144,795
Balance as at 01 January 2018	102,338,200		7,928,000	10,920,000			61,416,810	177,201,000	3,444,059,322	3,803,863,332

Ankpa Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	3,314,491,946	2,713,202,775
3	Other Payables (25b)	631,504,905	178,132,081
4	Term Loan		-
Total LOANS AND DEBTS (SHORT-TERM)		3,945,996,852	2,891,334,856

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a: Short Term Loans & Debts (Salary Payables)

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	2,713,202,775	-
1	Salary Payables for the year	573,428,059	2,713,202,775
2	Salary Payables for the year (Political officer)	27,861,112	-
			-
Total LOANS AND DEBTS (SHORT-TERM)		3,314,491,946	2,713,202,775

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25b : Short Term Loans & Debts (Other Payables)

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	178,132,081	
1	Pension for the year	453,372,824	178,132,081
Total LOANS AND DEBTS (SHORT-TERM)		631,504,905	178,132,081

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Ankpa Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Notes to the Financial Statements			
Note 26 : Unremitted Deductions			
S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Unremitted Deductions	31,028,980	
		-	
		-	
Total Unremitted Deductions		31,028,980	-

Note 29 : Reserves			
S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		1,151,369,957
IPSA Adjustments			
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(127,407,868)	
	Total IPSA Adjustments		(127,407,868)
Closing Balance as at 31 December 2018			1,023,962,088

**BASSA LOCAL GOVERNMENT OF
KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**



BASSA LOCAL GOVERNMENT COUNCIL

KOGI STATE-NIGERIA

All Communication(s) should be addressed
to the Executive Chairman/Administrator and
please quote the number and date of this letter.

OFFICE OF THE EXECUTIVE CHAIRMAN/ADMINISTRATOR
Bassa Local Government Council,
Private Mail Bag. 1001,
Oguma, Kogi State.

Ref. No: Date:

Report of the Treasurer On The Financial Statements of Bassa Local Government For the Year Ended 31 December 2018

Responsibility For the Financial Statements

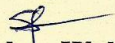
The Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis.

In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Bassa Local Government as at 31 December 2018 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.


Tukura Stephen Wabare
Local Government Treasurer (LGT)
Bassa Local Government, Kogi State
31 July 2020



BASSA LOCAL GOVERNMENT COUNCIL

KOGI STATE-NIGERIA

All Communication(s) should be addressed
to the Executive Chairman/Administrator and
Please quote the number and date of this letter.

OFFICE OF THE EXECUTIVE CHAIRMAN/ADMINISTRATOR
Bassa Local Government Council,
Private Mail Bag. 1001,
Oguma, Kogi State

Ref. No:..... Date:.....

Bassa Local Government, Kogi State **Financial Statements For the Year Ended 31 December 2018** **Forward by The Director of Local Government Administration**


Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Bassa Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.

Bassa Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasis here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.

Bassa Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2018 useful in significant areas of information requirements.

Ditse Solomon
Director of Local Government Administration


Bassa Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Statement of Financial Performance			
	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,139,482,326	1,393,893,681
Government Share of VAT	10	320,213,117	248,500,351
Tax Revenue	11	1,017,428	872,707
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		1,460,712,871	1,643,266,739
EXPENDITURES			
Salaries & Wages	15	625,457,113	1,344,583,810
Social Benefits	16	268,033,624	201,594,236
Overhead Cost	17	853,919,708	687,275,427
Depreciation Charges	23	60,483,618	96,087,248
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		1,807,894,063	2,329,540,721
Surplus/(Deficit) from Operating Activities for the Period		(347,181,192)	(686,273,982)
Public Debt Charges	18	255,192	8,108,220
Total Non-Operating Revenue/(Expenses)		(347,436,385)	(694,382,202)
Surplus/(Deficit) from Ordinary Activities		(347,436,385)	(694,382,202)
Net Surplus/ (Deficit) for the Period		(347,436,385)	(694,382,202)
 TUKURA STEPHEN WABARE Local Government Treasurer (LGT) Bassa Local Government Kogi State			

Bassa Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2018					
Statement of Financial Position					
ASSETS	Notes	Yea Ended 31 December 2018		Year Ended 31 December 2017	
Current Assets					
Cash and Cash Equivalents	19	57,788,869		997,789	
Prepayment	20	-		-	
Other Current Assets	20b	7,269,270		-	
Total Current Assets			65,058,139		997,789
Non-Current Assets					
Long Term Loans	21	-		-	
Investments	22	1,605,912		37,243,893	
Property, Plant & Equipment	23	1,391,062,847		1,555,700,113	
Intangible Assets	24	-		-	
Total Non-Current Assets			1,392,668,759		1,592,944,006
Total Assets			1,457,726,898		1,593,941,795
LIABILITIES					
Current Liabilities					
Short Term Loans & Debts	25	3,575,217,252		2,987,911,198	
Unremitted Deductions	26	-		-	
Payables	27	-		136,012,365	
Total Current Liabilities			3,575,217,252		3,123,923,563
Non-Current Liabilities					
Long Term Borrowings	28	-		-	
Total Non-Current Liabilities			-		-
Total Liabilities			3,575,217,252		3,123,923,563
Net Assets			(2,117,490,353)		(1,529,981,768)
NET ASSETS/EQUITY					
Reserves	29	(1,770,053,969)		(835,599,566)	
Accumulated Surpluses/(Deficits)		(347,436,385)		(694,382,202)	
Total Net Assets/Equity			(2,117,490,353)		(1,529,981,768)





TUKURA STEPHEN WABARE
Local Government Treasurer (LGT)
Bassa Local Government
Kogi State

Bassa Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Statement of Change in Assets/Equity			
Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	(835,599,566)	(694,382,202)	(1,529,981,768)
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-	-	-
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(347,436,385)	(347,436,385)
Reserves (Note 29)	(1,770,053,969)		(1,770,053,969)
Closing Balance as at 31 December 2018	(1,770,053,969)	(347,436,385)	(2,117,490,353)



TUKURA STEPHEN WABARE
Local Government Treasurer (LGT)
Bassa Local Government
Kogi State

Bassa Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Statement of Cashflow			
Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,139,482,326	1,393,893,681
Government Share of VAT	10	320,213,117	248,500,351
Tax Revenue	11	1,017,428	872,707
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		1,460,712,871	1,643,266,739.00
Less Outflows:			
Salaries & Wages	15	625,457,113	1,344,583,810
Social Benefits	16	268,033,624	201,594,236
Overhead Cost(s)	17	853,919,708	687,275,427
Transfer to other Government Entities		-	-
Finance Cost	18	255,192	-
Finance Cost		-	-
Total Outflow From Operating Activities		1,747,665,637	2,233,453,473
Net Cash Flow From Operating Activities		(286,952,766)	(590,186,734)
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(69,969,630)	-
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(69,969,630)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	587,306,054	563,679,464
Proceeds from Borrowings - Long Term Loan	28	-	-
Bailout Funds		-	19,153,077
Repayment of Borrowings		(173,592,578)	(2,133,946)
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		413,713,476	580,698,595
Net Cash Flow From All Activities		56,791,079	(9,488,139)
Open Cash Balance		997,789	10,485,928
Closing Cash Balance		57,788,868	997,789
 TUKURA STEPHEN WABARE Local Government Treasurer (LGT) Bassa Local Government Kogi State			

Bassa Local Government of Kogi State						
Financial Statements for the Year Ended 31 December 2018						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
RECURRENT REVENUE						
		Original	Supplementary	Final		
Government Share of FAAC (Statutory Revenue)	9	2,787,608,280	-	2,787,608,280	971,889,097	(1,815,719,183)
Excess Crude	9	147,299,090	-	147,299,090	3,545,448	(143,753,642)
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	3,517,646	3,517,646
Refund from Federal Government	9		-	-	124,532,134	124,532,134
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	24,295,559	24,295,559
Excess Bank Charge	9		-	-	11,702,442	11,702,442
Government Share of VAT	10	12,000,000	-	12,000,000	320,213,117	308,213,117
Tax Revenue	11		-	-	1,017,428	1,017,428
Non-Tax Revenue	12	12,000,000	-	12,000,000	-	(12,000,000)
TOTAL RECURRENT REVENUE		2,958,907,370	-	2,958,907,370	1,460,712,871	(1,498,194,499)
CAPITAL RECEIPT						
TOTAL CAPITAL RECEIPT		-	-	-	-	-
TOTAL REVENUE		2,958,907,370	-	2,958,907,370	1,460,712,871	(1,498,194,499)
RECURRENT EXPENDITURES						
Salaries & Wages	15	950,012,840		950,012,840	625,457,113	324,555,727
Social Benefits	16	42,172,810		42,172,810	268,033,624	(225,860,814)
Overhead Cost	17	755,932,500		755,932,500	853,919,708	(97,987,208)
Public Debt Charges	18	168,063,760	-	168,063,760		168,063,760
Impairment (Loss) on Investment	22		-	-		-
TOTAL RECURRENT EXPENDITURES		1,916,181,910	-	1,916,181,910	1,747,410,445	168,771,465
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,272,445,460		1,272,445,460	69,969,630	1,202,475,830
TOTAL CAPITAL EXPENDITURE		1,272,445,460	-	1,272,445,460	69,969,630	1,202,475,830
TOTAL EXPENDITURE		3,188,627,370	-	3,188,627,370	1,817,380,075	1,371,247,295
						
TUKURA STEPHEN WABARE Local Government Treasurer (LGT) Bassa Local Government Kogi State						

Bassa Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		(347,436,385)
Add/(Less) non-cash items		
Depreciation and amortisation	23	60,483,618
Impairment of Investments	22	-
Total non-cash Items		(286,952,766)
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	587,306,054
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(173,592,578)
Total movements in working capital items		413,713,476
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(69,969,630)
Total items classified as investing activities		(69,969,630)
Net cash flow from All (Operating) Activities		56,791,079
Cash & Cash Equivalent as at 01 January 2018		997,789
Cash & Cash Equivalent as at 31 December 2018		57,788,868

Bassa Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Bassa Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Bassa Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Bassa Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

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In discharging this statutory responsibilities, he;

- a. Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- b. Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- c. Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Bassa Local Government
- d. Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

Bassa Local Government of Kogi State
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The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Bassa Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

Bassa Local Government of Kogi State
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Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

c. Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦) which is the functional currency of Bassa Local Government of Kogi State.

d. Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Bassa Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision making, and also to demonstrate the level of Bassa Local Government of Kogi State accountability for the resources entrusted to it.

Bassa Local Government of Kogi State
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The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Bassa Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Bassa Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

Bassa Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

a. Revenue from Non-exchange Transactions

These are transactions in which Bassa Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Bassa Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

i. Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Bassa Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Bassa Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Bassa Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Bassa Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Bassa Local Government of Kogi State
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Bassa Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

ii. Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Bassa Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

iii. Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

iv. Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

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v. Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

b. Revenue From Exchange Transactions

These are transactions in which Bassa Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Bassa Local Government.

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Bassa Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Bassa Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Bassa Local Government of Kogi State
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Notes to the Financial Statements

i.Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Bassa Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

ii.Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Bassa Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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Financial Statements for the Year Ended 31 December 2018
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6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Bassa Local Government would incur to acquire the asset on the reporting date. The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Bassa Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Bassa Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the

Bassa Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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Accountant-General determines the classification of its financial assets and liabilities at initial recognition.

For the fourth Transitional Financial Statements for the year ended 31 December 2018, Bassa Local Government has recognized financial liabilities measured at amortized cost. These include Bassa Local and foreign debts and investments.

a. Classification

i. Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

ii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Bassa Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

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iii. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Bassa Local Government intends to dispose of it within 12 months of the end of the reporting period. Bassa Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

iv. Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

b. Categories & Measurement

i. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

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ii. Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

iii. Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

iv. Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

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c. Recognition & De-recognition

Financial instruments are recognized when Bassa Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Bassa Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

d. Reclassification

Bassa Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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e. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

f. Impairment of financial assets

Bassa Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Bassa Local Government of Kogi State
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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, Bassa Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

g. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Bassa Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Bassa Local Government and its cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Bassa Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

d) Depreciation Rates

The following standard rates shall be applied to all Bassa Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Bassa Local Government in connection with the borrowing of funds for qualifying assets. Bassa Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Bassa Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Bassa Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Bassa Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Bassa Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Bassa Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Bassa Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

h. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Bassa Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

i. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bassa Local Government, or a present obligation that arises from past events but is not recognised because:

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- i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,
- ii. the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

c. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Bassa Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Bassa Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Bassa Local Government of Kogi State
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d. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Bassa Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

f. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

g. Leases

Leases of property, plant and equipment where Bassa Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

Bassa Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 9 : Government Share of FAAC (Statutory Revenue)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	24,295,559	-	(24,295,559)	-
2	Recovered Excess Bank Charges	11,702,442	-	(11,702,442)	239,558
3	Statutory Allocation	971,889,097	2,787,608,280	1,815,719,183	1,231,924,058
4	Exchange Difference	3,517,646	-	(3,517,646)	
5	NNPC Refund	2,649,948	-	(2,649,948)	
6	JAAC Special Allocation	121,882,186	-	(121,882,186)	125,732,521
7	Budget Augmentation	-	-	-	
8	Non-oil Revenue	-	-	-	
9	Solid Minerals (Oil Excess Revenue)	3,545,448	-	(3,545,448)	
10	Ganished Fund	-	-	-	16,844,467
11	Salary Bailout	-	-	-	19,153,077
Total Statutory Revenue		1,139,482,326	2,787,608,280.00	1,648,125,954	1,393,893,681.00

These are the Gross Statutory Revenues (SR) Allocated to Bassa Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.

Note 9 a : Government Share of FAAC (Statutory Revenue)

S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	BAILOUT FUNDS	TOTAL
1	January			3,249,041			492,091	3,545,448	86,301,821		93,588,400
2	February								26,716,990		26,716,990
3	March	84,754,616					2,435,533				87,190,149
4	April	88,590,619					166,129				88,756,748
5	May	71,869,362				8,839,529					80,708,891
6	June	101,442,582					106,322				101,548,904
7	July	98,022,518					1,858,062				99,880,580
8	August	103,182,581							8,863,374		112,045,954
9	September	103,266,532			2,649,948		5,526,772				111,443,252
10	October	100,342,132		36,193							100,378,325
11	November	103,793,230		61,335			1,117,534				104,972,098
12	December	116,624,927		171,077		15,456,030					132,252,034
-											
Total		971,889,097	-	3,517,646	2,649,948	24,295,559	11,702,442	3,545,448	121,882,186	-	1,139,482,326

Bassa Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2018					
Notes to the Financial Statements					
Note 10: Government Share of Value Added Tax (VAT)					
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	320,213,117	12,000,000	308,213,117	248,500,351
Total		320,213,117	12,000,000.00	308,213,117	248,500,351
<p>This is Bassa Local Government Area of Kogi State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>					

Bassa Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Notes to the Financial Statements			
Note 10 a : Government Share of Value Added Tax (VAT)			
S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January		248,500,351
2	February		
3	March	30,415,226	
4	April	27,996,629	
5	May	26,257,001	
6	June	28,148,941	
7	July	30,126,841	
8	August	26,985,951	
9	September	25,381,139	
10	October	36,171,403	
11	November	24,948,680	
12	December	63,781,305	
Total		320,213,117	248,500,351
<p>This is Bassa Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>			

Bassa Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 11 : Tax Revenue

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	JANUARY	134,700		134,700	-
2	FEBRUARY	44,000		44,000	-
3	MARCH	175,000		175,000	-
4	APRIL	153,450		153,450	-
5	MAY	213,660		213,660	-
6	JUNE	99,800		99,800	-
7	JULY	29,350		29,350	-
8	AUGUST	37,150		37,150	-
9	SEPTEMBER	38,650		38,650	-
10	OCTOBER	14,000		14,000	-
11	NOVEMBER	31,971		31,971	-
12	DECEMBER	45,697		45,697	-
Total		1,017,428.00	-	1,017,428.00	-

These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Bassa Local Government area of Kogi State such taxes include, Hawkers' permit, Abatior/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace fees, etc.

Bassa Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 15 : Salaries & Wages

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017
		Actual		Budget	Variance	Actual
SALARIES AND WAGES		Total Salary	Payment	Balance Payable		
1	SALARY	625,457,113	224,880,784	400,576,329	(625,457,113)	1,306,886,715
Total SALARIES AND WAGES		625,457,113	224,880,784	400,576,329	-	(625,457,113)
ALLOWANCE AND SOCIAL CONTRIBUTION						
1	NYSC MONTHLY ALLOWANCE				-	2,599,608
2	PAST POLITICAL OFFICE HOLDER				-	8,579,277
3	F & GPC ALLOWANCE				-	3,915,000
4	LITTLE GOV ALLOWANCE				-	1,601,785
5	TRADITIONAL RULERS ALLOWANCE				-	8,662,183
6	OTHER ALLOWANCE				-	12,339,242
Total ALLOWANCE AND SOCIAL CONTRIBUTION		-	-	-	-	37,697,095.00
Grand Total Salaries & Wages		625,457,113	224,880,784	400,576,329	-	(625,457,113)

These are salaries and wages paid by Bassa Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.

Bassa Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017	
		Actual			Budget	Variance	Actual
SOCIAL BENEFITS		Total Pension	Payment	Balance Payable			
1	Pension	268,033,624	81,303,899	186,729,724	42,172,810	(225,860,814)	201,594,236
						-	
Total SOCIAL BENEFITS		268,033,624	81,303,899	186,729,724	42,172,810	(225,860,814)	201,594,236

Social benefits are employees' benefits given by Bassa Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Bassa Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cumulative amount paid by Bassa Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2018.

Bassa Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	LOCAL TRANSPORT AND TRAVELLING	80,500,565		(80,500,565.25)	6,022,306
	REPAIR AND MAINTENANCE OF MOTOR VEHICLES & EQUIPMENT	23,330,188		(23,330,188)	7,670,000
	REPAIR AND MAINTENANCE OF GENERATOR				650,000
	REPAIR AND MAINTENANCE OF BUILDING				10,065,875
	REPAIR AND MAINTENANCE OF ROADS & BRIDGES				194,982,890
	REPAIR AND MAINTENANCE OF ELECTRICAL INSTALLATION				550,000
	REPAIR AND MAINTENANCE OF MARKETS				5,580,000
	LOCAL TRAINING & WELFARE	82,066,256		(82,066,256)	
	PRINTING & STATIONERY	16,677,976		(16,677,976)	12,052,000
	COMMUNICATION & POSTAGES				9,395,250
	PROFESSIONAL CHARGES				81,683,397
	GIFT & DONATIONS				42,993,524
	SECURITY EXPENSES				48,580,000
	OFFICE GENERAL EXPENSES				131,278,480
	CULTURE & TOURISM				2,258,095
	RENT				1,866,667
	EDUCATION & SCIENCE DEVELOPMENT				2,290,000
	AGRICULTURAL DEVELOPMENT				27,138,300
	SPORT & YOUTH DEVELOPMENT				17,757,929
	MEDICAL & PUBLIC HEALTH EXPENSES				19,800,080
	REVENUE COLLECTION EXPENSE				4,774,000
	OPERATION EXPENSES				59,886,634
	CONSULTANCY SERVICES	23,722,786		(23,722,786)	
	GRANT CONTRIBUTION & SUBVENTION	33,547,425		(33,547,425)	
	MISCELLANEOUS	81,495,914		(81,495,914)	
	SERVICE MATERIAL EXPENSES	106,076,048		(106,076,048)	
	ENTERTAINMENT & HOSPITALITY	900,000		(900,000)	
	REHABILITATION OF ROADS	107,961,233		(107,961,233)	
	REHABILITATION OF BOREHOLES	10,740,000		(10,740,000)	
	HEALTH INTERVENTION PROGRAMES	55,831,000		(55,831,000)	
	SUBVENTION:			-	
	LGEA-SUBEB	231,070,316		(231,070,316)	
		853,919,708	-	(853,919,708)	687,275,427
<p>These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Bassa Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.</p>					
		853,919,708	-	(853,919,708)	687,275,427

Bassa Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2018					
Notes to the Financial Statements					
NOTE 18 : Public Debt Charges					
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	255,192	-	(255,192)	8,108,220
		-	-	-	-
		-	-	-	-
		-	-	-	-
Total PUBLIC DEBT CHARGES		255,192	-	(255,192)	8,108,220
<p>The Bassa Local Government Area of Kogi State Public Debt Charges include interest on unmastured debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premiun and discounts on unmatured debts.</p>					

Note 19 : Cash & Cash Equivalent (By Banks)			
S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	Access Bank Plc	57,788,869	997,789
		-	-
		57,788,869	997,789
<p>The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Kogi State Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.</p>			

Bassa Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Notes to the Financial Statements			
Note 20 b: Other Current Assets			
S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	INVENTORIES	-	
2	ADVANCES	7,269,270	
Total		7,269,270	-
The prapayment above represent advance payment made to contractors for work yet to be done.			

Note 22 : Investments						
Details of Investment		Book Value as at 31 December 2018	Unit of Stock	Market Price Per Unit as at 31 December 2018	Market Value as at 31 December 2018	Impairment (Loss) on Investment
Foreign Investments						
1		-	-	-	-	-
Total Foreign Investments		-		-	-	
Domestic Investments						
2	Investment	1,605,912			1,605,912	-
3					-	-
Total Domestic Investments		1,605,912			1,605,912	-
Total Foreign & Domestic Investments		1,605,912			1,605,912	-
Investment in Stock represents the Total Value of Stocks Bassa Local Government has in Shares, Bonds and Stocks in both Foreign and Domestic Stock Exchange Markets as at 31 December 2018						

Bassa Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 23: Schedule of Property, Plant & Equipment (PPE)

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Teaching & Learning Aids	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	16,728,085		6,500,000				112,763,906	65,978,000	1,179,606,845	1,381,576,836
Additions During the year	3,539,000	5,077,476		50,209,154			8,300,000	2,844,000		69,969,630
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	20,267,085	5,077,476	6,500,000	50,209,154	-	-	121,063,906	68,822,000	1,179,606,845	1,451,546,466
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018										-
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	4,053,417	1,269,369	650,000	652,719	-	-	30,265,977	-	23,592,137	60,483,618
Balance c/forward 31 December 2018	4,053,417	1,269,369	650,000	652,719	-	-	30,265,977	-	23,592,137	60,483,618
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	16,213,668	3,808,107	5,850,000	49,556,435	-	-	90,797,930	68,822,000	1,156,014,708	1,391,062,847
Balance as at 01 January 2018										

Bassa Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	2,857,425,140	2,456,848,811
3	Other Payables (25b)	695,216,192	508,486,468
4	Term Loan (25c)	22,575,919	22,575,919
Total LOANS AND DEBTS (SHORT-TERM)		3,575,217,252	2,987,911,198

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a: Salary Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	2,456,848,811	
1	Salary Payables for the year	400,576,329	2,131,450,283
			325,398,528
Total LOANS AND DEBTS (SHORT-TERM)		2,857,425,140	2,456,848,811

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25b : Other Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	508,486,468	117,247,158
1	Pension	186,729,724	
2	Leave bonus	-	382,349,310
3	Accrued expenses	-	8,890,000
Total LOANS AND DEBTS (SHORT-TERM)		695,216,192	508,486,468

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Bassa Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25c : Short Term Loans & Debts (Loan Payables)

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Overdraft - UBA	22,575,919	22,575,919
Total LOANS AND DEBTS (SHORT-TERM)		22,575,919	22,575,919

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 27 : Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Goods & Services		
2	Personnel Emoluments		
3	Gratuity Arrears		
4	Pension Arrears		
5	Other Payables		136,012,365
6	Unremitted Deductions		-
Total Payables		-	136,012,365

Payables are amounts due to other parties (either individuals or entities) arising from claims to cash or other assets as at due date and are recorded as liabilities in the Financial Statements. The items included in Payables as at 31st December 2018 are Contractual obligations, Pension and Gratuity arrears, Staff Salary arrears and Other obligations.

Bassa Local Government of Kogi State**Financial Statements for the Year Ended 31 December 2018****Notes to the Financial Statements****Note 29 : Reserves**

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		(1,529,981,768)
	IPSA Adjustments		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(240,072,201)	
	Total IPSA Adjustments		(240,072,201)
Closing Balance as at 31 December 2018			(1,770,053,969)

**DEKINA LOCAL GOVERNMENT OF
KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**



DEKINA LOCAL GOVERNMENT COUNCIL KOGI STATE

Local Government Secretariat P.M.B. 1001, Dekina
All Correspondent to the Executive Chairman/Sole Administrator



Our Ref:

Your Ref:

Date:

Report of the Treasurer On The Financial Statements of Dekina Local Government For the Year Ended 31 December 2018

Responsibility For the Financial Statements

The Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis. In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Dekina Local Government as at 31 December 2018 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.

Okute Rabietu
Local Government Treasurer (LGT)
Dekina Local Government, Kogi State
31 July 2020



DEKINA LOCAL GOVERNMENT COUNCIL

DEKINA // KOGI STATE OF NIGERIA

OFFICE OF THE DIRECTOR OF LOCAL GOVERNMENT



Our Ref:..... Your Ref:..... Date:.....

Dekina Local Government, Kogi State
Financial Statements For the Year Ended 31 December 2018
Forward by The Director of Local Government Administration

Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Dekina Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.

Dekina Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasize here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.

Dekina Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2018 useful in significant areas of information requirements.

Atabo Ajimi
Director of Local Government Administration

Dekina Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Performance

	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,603,654,310	1,976,642,704
Government Share of VAT	10	439,169,542	421,985,359
Tax Revenue	11	5,324,752	4,039,500
Non-Tax Revenue	12	1,362,419	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		2,049,511,024	2,402,667,563
EXPENDITURES			
Salaries & Wages	15	476,727,314	945,227,135
Social Benefits	16	320,298,633	210,850,492
Overhead Cost	17	1,673,250,351	743,616,790
Depreciation Charges	23	761,159,781	1,266,822,222
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		3,231,436,079	3,166,516,639
Surplus/(Deficit) from Operating Activities for the Period		(1,181,925,055)	(763,849,076)
Public Debt Charges	18	5,647,555	737,598
Total Non-Operating Revenue/(Expenses)		(1,187,572,610)	(764,586,674)
Surplus/(Deficit) from Ordinary Activities		(1,187,572,610)	(764,586,674)
Net Surplus/ (Deficit) for the Period		(1,187,572,610)	(764,586,674)



OKUTE RABIETU

Local Government Treasurer (LGT)

Dekina Local Government

Kogi State

Dekina Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Position

ASSETS	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017	
Current Assets					
Cash and Cash Equivalents	19	48,747,350		348,971,390	
Prepayment	20	-		-	
Other Current Assets	20b	10,905,000		-	
Total Current Assets			59,652,350		348,971,390
Non-Current Assets					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	16,703,580,520		17,278,206,400	
Intangible Assets	24	-		-	
Total Non-Current Assets			16,703,580,520		17,278,206,400
Total Assets			16,763,232,871		17,627,177,790
LIABILITIES					
Current Liabilities					
Short Term Loans & Debts	25	2,835,950,336		2,414,095,905	
Unremitted Deductions	26	-		-	
Payables	27	-		-	
Total Current Liabilities			2,835,950,336		2,414,095,905
Non-Current Liabilities					
Long Term Borrowings	28	-		-	
Total Non-Current Liabilities			-		-
Total Liabilities			2,835,950,336		2,414,095,905
Net Assets			13,927,282,535		15,213,081,885
NET ASSETS/EQUITY					
Reserves	29	15,114,855,145		15,977,668,558	
Accumulated Surpluses/(Deficits)		(1,187,572,610)		(764,586,674)	
Total Net Assets/Equity			13,927,282,535		15,213,081,885



OKUTE RABIETU
 Local Government Treasurer (LGT)
 Dekina Local Government
 Kogi State

Dekina Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Change in Assets/Equity

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	15,977,668,558	(764,586,674)	15,213,081,885
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(1,187,572,610)	(1,187,572,610)
Reserves (Note 29)	15,114,855,145		15,114,855,145
Closing Balance as at 31 December 2018	15,114,855,145	(1,187,572,610)	13,927,282,535



OKUTE RABIETU

Local Government Treasurer (LGT)

Dekina Local Government

Kogi State

Dekina Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Statement of Cashflow

Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,603,654,310	1,976,642,704
Government Share of VAT	10	439,169,542	421,985,359
Tax Revenue	11	5,324,752	4,039,500
Non-Tax Revenue	12	1,362,419	-
Aid and Grants	13	-	
Interest Earned	14	-	
Total Inflow From Operating Activities		2,049,511,024	2,402,667,563
Less Outflows:			
Salaries & Wages	15	476,727,314	945,227,135
Social Benefits	16	320,298,633	210,850,492
Overhead Cost(s)	17	1,673,250,351	743,616,790
Transfer to other Government Entities		-	1,266,822,222
Finance Cost	18	5,647,555	737,598
Finance Cost			
Total Outflow From Operating Activities		2,475,923,853	3,167,254,237
Net Cash Flow From Operating Activities		(426,412,830)	(764,586,674)
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(186,533,901)	-
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(186,533,901)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	421,854,430	1,108,114,840
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(109,131,739)	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		312,722,691	1,108,114,840
Net Cash Flow From All Activities		(300,224,039)	343,528,167
Open Cash Balance		348,971,390	5,443,223
Closing Cash Balance		48,747,350	348,971,390




OKUTE RABIETU
Local Government Treasurer (LGT)
Dekina Local Government
Kogi State

Dekina Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Comparison of Budget and Actual

	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
		Original	Supplementary	Final		
RECURRENT REVENUE						
Government Share of FAAC (Statutory Revenue)	9	3,033,860,000	-	3,033,860,000	1,517,884,582	(1,515,975,418)
Excess Crude	9	-	-	-	-	-
Budget Augmentation/Budget Support Facility	9	-	-	-	-	-
Exchange Difference	9	-	-	-	5,150,314	5,150,314
Refund from Federal Government	9	-	-	-	16,616,984	16,616,984
Non-oil Revenue	9	-	-	-	-	-
FOREX Equalization	9	-	-	-	33,222,291	33,222,291
Excess Bank Charge	9	-	-	-	25,932,412	25,932,412
Government Share of VAT	10	310,958,380	-	310,958,380	439,169,542	128,211,162
Tax Revenue	11	30,000,000	-	30,000,000	5,324,752	(24,675,248)
Non-Tax Revenue	12	-	-	-	1,362,419	1,362,419
TOTAL RECURRENT REVENUE		3,374,818,380	-	3,374,818,380	2,044,663,295	(1,330,155,085)
CAPITAL RECEIPT						
		-	-	-	-	-
		-	-	-	-	-
TOTAL CAPITAL RECEIPT		-	-	-	-	-
TOTAL REVENUE		3,374,818,380	-	3,374,818,380	2,044,663,295	(1,330,155,085)
RECURRENT EXPENDITURES						
Salaries & Wages	15	971,571,410	-	971,571,410	476,727,314	494,844,096
Social Benefits	16	42,172,820	-	42,172,820	320,298,633	(278,125,813)
Overhead Cost	17	617,039,850	-	617,039,850	1,673,250,351	(1,056,210,501)
Public Debt Charges	18	324,269,510	-	324,269,510	5,647,555	318,621,955
Impairment (Loss) on Investment	22	-	-	-	-	-
TOTAL RECURRENT EXPENDITURES		1,955,053,590	-	1,955,053,590	2,475,923,853	(520,870,263)
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,761,484,790	-	1,761,484,790	186,533,901	1,574,950,889
TOTAL CAPITAL EXPENDITURE		1,761,484,790	-	1,761,484,790	186,533,901	1,574,950,889
TOTAL EXPENDITURE		3,716,538,380	-	3,716,538,380	2,662,457,754	1,054,080,626
 OKUTE RABIETU Local Government Treasurer (LGT) Dekina Local Government Kogi State						

Dekina Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		(1,187,572,610)
Add/(Less) non-cash items		
Depreciation and amortisation	23	761,159,780.71
Impairment of Investments	22	-
Total non-cash Items		(426,412,830)
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	421,854,430
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(109,131,739)
Total movements in working capital items		312,722,691
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(186,533,901)
Total items classified as investing activities		(186,533,901)
Net cash flow from All (Operating) Activities		(300,224,039)
Cash & Cash Equivalent as at 01 January 2018		348,971,390
Cash & Cash Equivalent as at 31 December 2018		48,747,350

Dekina Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Dekina Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Dekina Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Dekina Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

Dekina Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

In discharging this statutory responsibilities, he;

- a. Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- b. Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- c. Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Dekina Local Government
- d. Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

Dekina Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Dekina Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

Dekina Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

c. Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦) which is the functional currency of Dekina Local Government of Kogi State.

d. Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Dekina Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision making, and also to demonstrate the level of Dekina Local Government of Kogi State accountability for the resources entrusted to it.

Dekina Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Dekina Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Dekina Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

Dekina Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

a. Revenue from Non-exchange Transactions

These are transactions in which Dekina Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Dekina Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

i. Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Dekina Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Dekina Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Dekina Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Dekina Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Dekina Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Dekina Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

ii. Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Dekina Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

iii. Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

iv. Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

Dekina Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

v. Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

e. Revenue From Exchange Transactions

These are transactions in which Dekina Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Dekina Local Government.

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Dekina Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Dekina Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Dekina Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

i. Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Dekina Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

ii. Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Dekina Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Dekina Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Dekina Local Government would incur to acquire the asset on the reporting date. The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Dekina Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Dekina Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition.

Dekina Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

For the fourth Transitional Financial Statements for the year ended 31 December 2018, Dekina Local Government has recognized financial liabilities measured at amortized cost. These include Dekina Local and foreign debts and investments.

a. Classification

i. Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

ii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Dekina Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

Dekina Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

iii. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Dekina Local Government intends to dispose of it within 12 months of the end of the reporting period. Dekina Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

b. Categories & Measurement

i. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

Dekina Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

ii. Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

iii. Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

iv. Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Dekina Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

c. Recognition & De-recognition

Financial instruments are recognized when Dekina Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Dekina Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

d. Reclassification

Dekina Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Dekina Local Government of Kogi State
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e. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

f. Impairment of financial assets

Dekina Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, Dekina Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

g. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Dekina Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Dekina Local Government and its cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Dekina Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

e) Depreciation Rates

The following standard rates shall be applied to all Dekina Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Dekina Local Government in connection with the borrowing of funds for qualifying assets. Dekina Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Dekina Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Dekina Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Dekina Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Dekina Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Dekina Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Dekina Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

a. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Dekina Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

b. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Dekina Local Government, or a present obligation that arises from past events but is not recognised because:

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- i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,
- ii. the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

c. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Dekina Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Dekina Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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d. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Dekina Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

f. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

g. Leases

Leases of property, plant and equipment where Dekina Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

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Note 9 : Government Share of FAAC (Statutory Revenue)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	33,222,291	-	(33,222,291)	-
2	Recovered Excess Bank Charges	25,932,412	-	(25,932,412)	327,551
3	Statutory Allocation	1,517,884,582	3,033,860,000	1,515,975,418	1,227,099,398
4	Exchange Difference	5,150,314	-	(5,150,314)	124,152,237
5	NNPC Refund	3,623,302	-	(3,623,302)	-
6	JAAC Special Allocation	12,993,681	-	(12,993,681)	438,589,010
7	Budget Augmentation	-	-	-	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	4,847,728	-	(4,847,728)	83,114,410
10	Ganished Fund	-	-	-	-
11	Salary Bailout	-	-	-	103,360,098
Total Statutory Revenue		1,603,654,310	3,033,860,000.00	1,430,205,690	1,976,642,704

These are the Gross Statutory Revenues (SR) Allocated to Dekina Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.

Note 9 a : Government Share of FAAC (Statutory Revenue)

S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	CBN CONDITIONAL BSF	TOTAL
1	January	107,877,982		4,442,448			672,840.85	4,847,728			117,168,158
2	February	-		-			-				-
3	March	107,598,040		-			227,149				107,825,189
4	April	112,834,937		-			10,364,025				123,198,963
5	May	89,977,829		-		12,086,382	3,570,485		12,993,681		118,628,378
6	June	132,398,902		-			145,375				132,544,278
7	July	127,740,166		-			2,540,548				130,280,714
8	August	261,411,164		-			7,556,814				268,967,978
9	September	144,118,379		-	3,623,302		-				147,741,681
10	October	149,639,887		49,487			-				149,689,374
11	November	153,209,380		83,932			1,528,016				154,821,328
12	December	131,077,915		574,446		21,135,909	-				152,788,270
-											
Total		1,517,884,582	-	5,150,314	3,623,302	33,222,291	25,932,412	4,847,728	12,993,681	-	1,603,654,310

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Note 10: Government Share of Value Added Tax (VAT)					
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	439,169,542	310,958,380	128,211,162	421,985,359
Total		439,169,542	310,958,380	128,211,162	421,985,359
<p>This is Dekina Local Government Area of Kogi State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>					

Note 10 a : Government Share of Value Added Tax (VAT)			
S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January	33,847,625	31,331,591
2	February	38,621,781	32,015,807
3	March	35,591,858	29,865,885
4	April	33,364,253	27,882,315
5	May	35,525,891	31,652,999
6	June	38,059,707	33,687,569
7	July	34,232,659	32,669,177
8	August	32,157,785	33,092,892
9	September	45,897,552	32,861,402
10	October	31,669,973	35,332,068
11	November	80,200,458	33,304,462
12	December	-	68,289,192
Total		439,169,542	421,985,359
<p>This is Dekina Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>			

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Note 11 : Tax Revenue

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	General Earnings	975,000	30,000,000	(29,025,000)	4,039,500
2	Fees	1,035,572		1,035,572	-
3	Development tax/Deposit	810,545		810,545	-
4	Various Revenue Collection	2,503,635		2,503,635	-
				-	-
Total		5,324,752.26	30,000,000.00	(24,675,248)	4,039,500

These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Dekina Local Government area of Kogi State such taxes include, Hawkers' permit, Abatior/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace fees, etc.

Note 12 : Non Tax Revenue

Administrative Code	Description	Year Ended 31 December 2018		
		Actual	Budget	Variance
	Proceeds from issuance Certificate of Occupancy	1,362,419		1,362,418.97
				-
				-
Total		1,362,419	-	1,362,418.97

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NOTE 15 : Salaries & Wages

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017
		Actual		Budget	Variance	Actual
SALARIES AND WAGES		Total Salary	Payment	Balance Payable		
1	SALARY	459,927,814	169,459,024	290,468,790	(459,927,814)	930,749,419
		-			-	
Total SALARIES AND WAGES		459,927,813.80	169,459,024.26	290,468,789.54	-	(459,927,814)
CONTRIBUTION						
1	Sitting allowances	16,799,500			(16,799,500)	9,054,241
2	Monthly allowance	-			-	4,973,475
3	Other allowance	-			-	450,000
		-			-	-
Total ALLOWANCE AND SOCIAL CONTRI		16,799,500	-	-	(16,799,500)	14,477,716
Grand Total Salaries & Wages		476,727,314	169,459,024	290,468,790	-	(476,727,314)

These are salaries and wages paid by Dekina Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.

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NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017	
		Actual			Budget	Variance	Actual
SOCIAL BENEFITS		Total Pension	Payment	Balance Payable			
1	Pension	320,298,633	210,175,863	110,122,770	42,172,820	(278,125,813)	210,850,492
						-	
Total SOCIAL BENEFITS		320,298,633	210,175,863	110,122,770	42,172,820	(278,125,813)	210,850,492

Social benefits are employees' benefits given by Dekina Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Dekina Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cumulative amount paid by Dekina Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2018.

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NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	Repair and maintenance	19,900,000		(19,900,000)	14,298,310
	Education Science & Development				25,755,664
	Fuelling & Lubricant	4,655,000		(4,655,000)	-
	Transportation and travelling expenses	101,870,698		(101,870,698)	8,130,000
	Agricultural Expenses	23,771,000		(23,771,000)	34,990,000
	Communication & Postages	28,241,905		(28,241,905)	3,914,000
	Culture & Tourism Expenses	16,435,000		(16,435,000)	7,537,286
	Statutory Remittances			-	72,101,056
	Gift & Donations	71,760,799		(71,760,799)	41,105,000
	Medical Expenses	199,746,831		(199,746,831)	145,978,424
	General Office Expenses	-		-	9,071,499
	Local Government Admin Expenses			-	102,812,433
	Training, Seminar & workshop	2,094,390		(2,094,390)	-
	Printing & Stationery	27,410,886		(27,410,886)	960,000
	Professional Charges			-	32,380,357
	Rehabilitation & Renovation Expenses			-	190,118,761
	Security expenses	70,585,000		(70,585,000)	37,464,000
	Sport & Youth Development	46,435,384		(46,435,384)	16,000,000
	Revenue collection Expenses	-		-	1,000,000
	Repair of public schools	3,870,000		(3,870,000)	
	Subventions:			-	
	LGEA-SUBEB	533,834,141		(533,834,141)	
	Right of way expenses	522,639,318		(522,639,318)	
		1,673,250,351	-	(1,673,250,351)	743,616,790
<p>These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Dekina Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.</p>					
		1,673,250,351	-	(1,673,250,351)	743,616,790

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NOTE 18 : Public Debt Charges						
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017	
		Actual	Budget	Variance	Actual	
1	Bank Charges (Other Than Interest)	5,647,555	-	(5,647,555)	737,598	
2	Domestic Loan Interest / Discount	-	-	-	-	
3	Domestic Interest/ Discount - Treasury Bill	-	-	-	-	
4	Others	-	-	-	-	
Total PUBLIC DEBT CHARGES		5,647,555	-	(5,647,555)	737,598	
<p>The Dekina Local Government Area of Kogi State Public Debt Charges include interest on unmastered debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premium and discounts on unmastered debts.</p>						

Note 19 : Cash & Cash Equivalent (By Banks)			
S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	Cash in the till	26,981	55,573
2	Access Bank Plc	48,677,457	348,915,817
3	FCMB Limited	42,913	-
		48,747,350	348,971,390
<p>The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Local Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.</p>			

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Note 20 b: Other Current Assets

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	INVENTORIES	-	
2	ADVANCES	10,905,000	
Total		10,905,000	-

The prapayment above represent advance payment made to contractors for work yet to be done.

Note 20c: Unretired Advances

S/N	Description			Year Ended 31 December 2018	Year Ended 31 December 2017
1	Dauda Shaibu	Hosting Of His Excellency	A/003	1,700,000	
2	Victor Aremu	HOD Quarter Construction	A/020	320,000	
3	Laruba .M. Idache	Imprest Advance	A/021	20,000	
4	David Sani	Construction Of Oganenigu Rd	A/047	1,500,000	
5	Victor Aremu	Const. Secretariat Office	A/058	1,900,000	
6	Barr. Ailu Clement	Imprest Advance	A/070	15,000	
7	Blessing Olofu	Purch. Of Window Deer's	A/080	1,000,000	
8	David Sani	Grading Of Ajita road	A/085	500,000	
9	David Sani	Construction Of Road	A/088	1,000,000	
10	David Sani	Grading Of Idi	A/113	400,000	
11	Solomon Odiba	Furnishing Of Council Hall	A/119	500,000	
12	David Sani	Eletri. of NTA Anyigba	A/123	1,650,000	
13	David Sani	Grading Of Acharu – Egume Rd	A/124	400,000	
Total				10,905,000	-

The prapayment above represent advance payment made to contractors for work yet to be done.

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Note 23: Schedule of Property, Plant & Equipment (PPE)

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Teaching & Learning Aids	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	49,930,400		5,020,100,000				42,208,000	356,630,000	11,809,338,000	17,278,206,400
Additions During the year				186,533,901						186,533,901
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	49,930,400	-	5,020,100,000	186,533,901	-	-	42,208,000	356,630,000	11,809,338,000	17,464,740,301
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018										-
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	9,986,080	-	502,010,000	2,424,941	-	-	10,552,000	-	236,186,760	761,159,781
Balance c/forward 31 December 2018	9,986,080	-	502,010,000	2,424,941	-	-	10,552,000	-	236,186,760	761,159,781
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	39,944,320	-	4,518,090,000	184,108,960	-	-	31,656,000	356,630,000	11,573,151,240	16,703,580,520
Balance as at 01 January 2018										

Dekina Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	2,048,758,894	1,758,290,104
3	Other Payables (25b)	787,191,442	655,805,801
4	Term Loan		-
Total LOANS AND DEBTS (SHORT-TERM)		2,835,950,336	2,414,095,905

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a : Salary Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	1,758,290,104	
1	Salary Payables for the year	290,468,790	1,108,036,745
2	Salary Payables LGA		600,225,687
3	Salary Payables LGEA		50,027,672
Total LOANS AND DEBTS (SHORT-TERM)		2,048,758,894	1,758,290,104

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Dekina Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Notes to the Financial Statements			
Note 25b : Other Payables			
S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Pension	110,122,770	82,109,950
2	Leave Bonus	626,419,697	573,695,851
3	Payee	31,562,093	
4	NULGE	9,615,344	
5	MHWUN	505,697	
6	NUT	8,257,895	
7	NASU	707,946	
Total Other Payables		787,191,442	655,805,801

Note 29 : Reserves			
S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		15,213,081,885
	IPSA Adjustments		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(98,226,739)	
	Total IPSA Adjustments		(98,226,739)
Closing Balance as at 31 December 2018			15,114,855,145

**IBAJI LOCAL GOVERNMENT OF
KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**

IBAJI LOCAL GOVERNMENT COUNCIL ONYEDEGA



All Communication should be
addressed to the Chairman

Telegrams: Executive
P. M. B. 1001, Onyedega,
Kogi State - Nigeria.
Tel: 058-800532

Our Ref: _____ Your Ref: _____ Date: _____

Report of the Treasurer On The Financial Statements of Ibaji Local Government For the Year Ended 31 December 2018

Responsibility For the Financial Statements

The Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis.

In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Ibaji Local Government as at 31 December 2018 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.

Attah U. Michael
Local Government Treasurer (LGT)
Ibaji Local Government, Kogi State
31 July 2020

IBAJI LOCAL GOVERNMENT COUNCIL ONYEDEGA



All Communication should be
addressed to the Chairman

Telegrams: Executive
P. M. B. 1001, Onyedega
Kogi State - Nigeria.
Tel: 058-800532

Our Ref: _____ Your Ref: _____ Date: _____

Ibaji Local Government, Kogi State Financial Statements For the Year Ended 31 December 2018 Forward by The Director of Local Government Administration


Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Ibaji Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.

Ibaji Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasis here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.

Ibaji Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2018 useful in significant areas of information requirements.

Edoja U. Augustine
Director of Local Government Administration

Ibaji Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Statement of Financial Performance			
	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,519,692,680	993,572,541
Government Share of VAT	10	311,758,462	276,081,336
Tax Revenue	11	4,111,902	1,226,600
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		1,835,563,045	1,270,880,477
EXPENDITURES			
Salaries & Wages	15	714,303,642	336,858,218
Social Benefits	16	176,816,134	60,960,319
Overhead Cost	17	1,095,778,313	339,043,931
Depreciation Charges	23	70,947,000	66,952,206
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		2,057,845,089	803,814,674
Surplus/(Deficit) from Operating Activities for the Period		(222,282,044)	467,065,803
Public Debt Charges	18	115,804	119,186
Total Non-Operating Revenue/(Expenses)		(222,397,848)	466,946,617
Surplus/(Deficit) from Ordinary Activities		(222,397,848)	466,946,617
Net Surplus/ (Deficit) for the Period		(222,397,848)	466,946,617
 ATTAH U. MICHAEL Local Government Treasurer (LGT) Ibaji Local Government Kogi State			

Ibaji Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2018					
Statement of Financial Position					
ASSETS	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017	
Current Assets					
Cash and Cash Equivalents	19	69,156,181		597,103,012	
Prepayment	20	-		-	
Other Current Assets	20b	118,980,000		-	
Total Current Assets			188,136,181		597,103,012
Non-Current Assets					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	2,640,773,723		2,323,982,919.30	
Intangible Assets	24	-		-	
Total Non-Current Assets			2,640,773,723		2,323,982,919
Total Assets			2,828,909,904		2,921,085,931
LIABILITIES					
Current Liabilities					
Short Term Loans & Debts	25	2,651,473,134		2,183,433,909	
Unremitted Deductions	26	-		-	
Payables	27	-		-	
Total Current Liabilities			2,651,473,134		2,183,433,909.19
Non-Current Liabilities					
Long Term Borrowings	28	-		-	
Total Non-Current Liabilities			-		-
Total Liabilities			2,651,473,134		2,183,433,909.19
Net Assets			177,436,770		737,652,022
NET ASSETS/EQUITY					
Reserves	29	399,834,617		270,705,405	
Accumulated Surpluses/(Deficits)		(222,397,848)		466,946,617	
Total Net Assets/Equity			177,436,770		737,652,022



ATTAH U. MICHAEL
 Local Government Treasurer (LGT)
 Ibaji Local Government
 Kogi State

Ibaji Local Government of Kogi State


Financial Statements for the Year Ended 31 December 2018

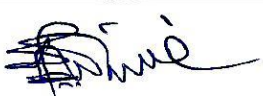
Statement of Change in Assets/Equity

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	270,705,405	466,946,617	737,652,022
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(222,397,848)	(222,397,848)
Reserves (Note 29)	399,834,617		399,834,617
Closing Balance as at 31 December 2018	399,834,617	(222,397,848)	177,436,770



ATTAH U. MICHAEL
 Local Government Treasurer (LGT)
 Ibaji Local Government
 Kogi State

Ibaji Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Statement of Cashflow			
Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,519,692,680	993,572,541
Government Share of VAT	10	311,758,462	276,081,336
Tax Revenue	11	4,111,902	1,226,600
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		1,835,563,045	1,270,880,477
Less Outflows:			
Salaries & Wages	15	714,303,642	336,858,218
Social Benefits	16	176,816,134	60,960,319
Overhead Cost(s)	17	1,095,778,313	339,043,931
Transfer to other Government Entities		-	-
Finance Cost	18	115,804	119,186
Finance Cost		-	-
Total Outflow From Operating Activities		1,987,013,893	736,981,654
Net Cash Flow From Operating Activities		(151,450,848)	533,898,823
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(295,393,727)	-
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(295,393,727)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	468,039,225	183,433,909
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(549,141,480)	(296,784,059)
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		(81,102,255)	(113,350,150)
Net Cash Flow From All Activities		(527,946,830)	420,548,673
Open Cash Balance		597,103,012	176,554,339
Closing Cash Balance		69,156,182	597,103,012
 ATTAH U. MICHAEL Local Government Treasurer (LGT) Ibaji Local Government Kogi State			

Ibaji Local Government of Kogi State						
Financial Statements for the Year Ended 31 December 2018						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
		Original	Supplementary	Final		
RECURRENT REVENUE						
Government Share of FAAC (Statutory Revenue)	9	2,635,345,800	731,700,000.00	3,367,045,800	944,695,781	(2,422,350,019)
Excess Crude	9	-	-	-	-	-
Budget Augmentation/Budget Support Facility	9	-	-	-	-	-
Exchange Difference	9	-	-	-	3,939,149	3,939,149
Refund from Federal Government	9	-	-	-	485,999,653	485,999,653
Non-oil Revenue	9	-	-	-	-	-
FOREX Equalization	9	-	-	-	25,830,590	25,830,590
Excess Bank Charge	9	-	-	-	55,458,363	55,458,363
Government Share of VAT	10	326,698,100	-	326,698,100	311,758,462	(14,939,638)
Tax Revenue	11	19,820,220	-	19,820,220	4,111,902	(15,708,318)
Non-Tax Revenue	12	-	-	-	-	-
TOTAL RECURRENT REVENUE		2,981,864,120	-	3,713,564,120	1,831,793,900	(1,881,770,220)
CAPITAL RECEIPT						
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
TOTAL CAPITAL RECEIPT		-	-	-	-	-
TOTAL REVENUE		2,981,864,120	-	3,713,564,120	1,831,793,900	(1,881,770,220)
RECURRENT EXPENDITURES						
Salaries & Wages	15	1,192,073,730	-	1,192,073,730	714,303,642	477,770,088
Social Benefits	16	73,802,430	-	73,802,430	176,816,134	(103,013,704)
Overhead Cost	17	562,844,730	471,700,000	1,034,544,730	1,095,778,313	(61,233,583)
Public Debt Charges	18	181,981,210	-	181,981,210	70,947,000	111,034,210
Impairment (Loss) on Investment	22	-	-	-	-	-
TOTAL RECURRENT EXPENDITURES		2,010,702,100	471,700,000	2,482,402,100	2,057,845,089	424,557,011
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,201,210,010	260,000,000	1,461,210,010	295,393,727	1,165,816,283
TOTAL CAPITAL EXPENDITURE		1,201,210,010	260,000,000	1,461,210,010	295,393,727	1,165,816,283
TOTAL EXPENDITURE		3,211,912,110	731,700,000	3,943,612,110	2,353,238,816	1,590,373,294
						
ATTAH U. MICHAEL Local Government Treasurer (LGT) Ibaji Local Government Kogi State						

Ibaji Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		(222,397,848)
Add/(Less) non-cash items		
Depreciation and amortisation	23	70,946,999.56
Impairment of Investments	22	-
Total non-cash Items		(151,450,848)
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	468,039,224.99
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(549,141,480)
Total movements in working capital items		(81,102,254.85)
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(295,393,727)
Total items classified as investing activities		(295,393,727)
Net cash flow from All (Operating) Activities		(527,946,830)
Cash & Cash Equivalent as at 01 January 2018		597,103,012
Cash & Cash Equivalent as at 31 December 2018		69,156,182

Ibaji Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Ibaji Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Ibaji Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Ibaji Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

Ibaji Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

In discharging this statutory responsibilities, he;

- a. Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- b. Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- c. Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Ibaji Local Government
- d. Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

Ibaji Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Ibaji Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

Ibaji Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

c. Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦) which is the functional currency of Ibaji Local Government of Kogi State.

d. Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Ibaji Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision making, and also to demonstrate the level of Ibaji Local Government of Kogi State accountability for the resources entrusted to it.

Ibaji Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Ibaji Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Ibaji Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

Ibaji Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

a. Revenue from Non-exchange Transactions

These are transactions in which Ibaji Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Ibaji Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

i. Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Ibaji Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Ibaji Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Ibaji Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Ibaji Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Ibaji Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Ibaji Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

ii. Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Ibaji Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

iii. Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

iv. Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

Ibaji Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

v. Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

b. Revenue From Exchange Transactions

These are transactions in which Ibaji Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Ibaji Local Government.

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Ibaji Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Ibaji Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Ibaji Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

i. Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Ibaji Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

ii. Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Ibaji Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Ibaji Local Government would incur to acquire the asset on the reporting date.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Ibaji Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Ibaji Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition.

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For the fourth Transitional Financial Statements for the year ended 31 December 2018, Ibaji Local Government has recognized financial liabilities measured at amortized cost. These include Ibaji Local and foreign debts and investments.

c. Classification

iii. Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

iv. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Ibaji Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

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v. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Ibaji Local Government intends to dispose of it within 12 months of the end of the reporting period. Ibaji Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

vi. Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

d. Categories & Measurement

vii. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

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viii. Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

ix. Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

x. Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

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e. Recognition & De-recognition

Financial instruments are recognized when Ibaji Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Ibaji Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

a. Reclassification

Ibaji Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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f. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

g. Impairment of financial assets

Ibaji Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, Ibaji Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

h. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Ibaji Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Ibaji Local Government and its cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Ibaji Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

f) Depreciation Rates

The following standard rates shall be applied to all Ibaji Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Ibaji Local Government in connection with the borrowing of funds for qualifying assets. Ibaji Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Ibaji Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Ibaji Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Ibaji Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Ibaji Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Ibaji Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Ibaji Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

i. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Ibaji Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

j. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Ibaji Local Government, or a present obligation that arises from past events but is not recognised because:

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- i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,
- ii. the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

c. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Ibaji Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Ibaji Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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d. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Ibaji Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

f. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

g. Leases

Leases of property, plant and equipment where Ibaji Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

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Notes to the Financial Statements					
Note 9 : Government Share of FAAC (Statutory Revenue)					
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	25,830,590	-	(25,830,590)	-
2	Recovered Excess Bank Charges	55,458,363	-	(55,458,363)	254,673
3	Statutory Allocation	944,695,781	3,367,045,800	2,422,350,019	993,572,541
4	Exchange Difference	3,939,149	-	(3,939,149)	81,519,922
5	NNPC Refund	2,817,144	-	(2,817,144)	
6	JAAC Special Allocation	483,182,509	-	(483,182,509)	
7	Budget Augmentation	-	-	-	
8	Non-oil Revenue	-	-	-	
9	Solid Minerals (Oil Excess Revenue)	3,769,144	-	(3,769,144)	129,262,211
10	Ganished Fund	-	-	-	
11	Salary Bailout	-	-	-	
Total Statutory Revenue		1,519,692,680	3,367,045,800.00	1,847,353,120	1,204,609,348
<p>These are the Gross Statutory Revenues (SR) Allocated to Ibaji Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.</p>					

Note 9a : Government Share of FAAC (Statutory Revenue)											
S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	CBN CONDITIONAL BSF	TOTAL
1	January	92,829,932		3,454,035			523,139	3,769,144	26,014,976		126,591,227
2	February	-		-			-		21,428,571		21,428,571
3	March	92,864,202		-			-		-		92,864,202
4	April	96,940,147		-			176,611		-		97,116,758
5	May	79,402,316		-		9,397,251	7,933,087		145,005,907		241,738,560
6	June	108,117,082		-			113,030		1,525,400		109,755,512
7	July	104,485,750		-			-		63,589,726		168,075,476
8	August	109,970,242		-			39,648,975		9,648,215		159,267,432
9	September	40,160,921		-			5,875,478		69,685,715		115,722,114
10	October	40,217,266		38,477			-		66,794,493		107,050,236
11	November	30,733,681		-			1,188,043		79,489,506		111,411,230
12	December	148,974,241		446,637	2,817,144	16,433,339	-		-		168,671,362
-											
Total		944,695,781	-	3,939,149	2,817,144	25,830,590	55,458,363	3,769,144	483,182,509	-	1,519,692,680

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Financial Statements for the Year Ended 31 December 2018					
Notes to the Financial Statements					
Note 10: Government Share of Value Added Tax (VAT)					
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	311,758,462	326,698,100	(14,939,638)	276,081,336
Total		311,758,462	326,698,100.00	(14,939,638)	276,081,336
<p>This is Ibaji Local Government Area of Kogi State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>					

Note 10a : Government Share of Value Added Tax (VAT)			
S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January	-	24,281,085
2	February	-	24,620,688
3	March	29,606,023	-
4	April	27,247,705	21,426,219
5	May	25,556,194	24,315,942
6	June	27,421,539	25,788,710
7	July	29,344,625	25,207,699
8	August	26,271,393	25,245,098
9	September	24,712,931	-
10	October	35,212,361	27,243,040
11	November	24,285,930	25,532,342
12	December	62,099,763	52,420,513
Total		311,758,462	276,081,336
<p>This is Ibaji Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>			

Ibaji Local Government of Kogi State**Financial Statements for the Year Ended 31 December 2018****Notes to the Financial Statements****Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Certificate of Occupancy	600,000		600,000	-
2	Kogi State Origin	200,000		200,000	-
3	Market Rate	325,000		325,000	-
4	Shop/Kiosk	148,600		148,600	-
5	Tenement rate	340,000		340,000	100,000
6	Cattle dealer's	1,500,000		1,500,000	800,000
7	Timber & Forest fees	998,302		998,302	-
8	Trade Operation fees			-	326,600
Total		4,111,902	-	4,111,902	1,226,600

These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Ibaji Local Government area of Kogi State such taxes include, Hawkers' permit, Abatior/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace fees, etc.

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Notes to the Financial Statements

NOTE 15 : Salaries & Wages

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017	
		Actual		Budget	Variance	Actual	
SALARIES AND WAGES		Total Salary	Payment	Balance Payable			
1	SALARY	636,871,407	234,162,280	402,709,127	1,339,429,380	702,557,973	336,858,218
2	WAGES						
3	PAST POLITICAL OFFICE HOLDER	12,860,750				(12,860,750)	
4	AUXILLARY STAFF	-				-	
5	SALARY ARREARS	-				-	-
6	OVERTIME PAYMENT	-				-	
Total SALARIES AND WAGES		649,732,157.24	234,162,279.75	402,709,127.49	1,339,429,380	689,697,223	336,858,218
ALLOWANCE AND SOCIAL CONTRIBUTION							
1	Welfare package	48,377,743				(48,377,743)	
2	Honorarium & sitting Allowance	15,707,000				(15,707,000)	
3	None Regular Allowance	486,742				(486,742)	
Total ALLOWANCE AND SOCIAL CONTRIBUTION		64,571,485	-	-	-	(64,571,485)	-
Grand Total Salaries & Wages		714,303,642	234,162,280	402,709,127	1,339,429,380	625,125,738	336,858,218

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NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017
		Actual		Budget	Variance	Actual
SOCIAL BENEFITS		Total Pension	Payment	Balance Payable		
1	Pension	176,816,134	111,486,036	65,330,098	-	(176,816,134)
						-
						-
						-
Total SOCIAL BENEFITS		176,816,134	111,486,036	65,330,098	-	(176,816,134)

Social benefits are employees' benefits given by Ibaji Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Ibaji Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cumulative amount paid by Ibaji Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2018.

Ibaji Local Government of Kogi State

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Notes to the Financial Statements

NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	Repair & Maintenance	115,586,250		(115,586,250.00)	24,388,000
	Traveling Expenses	49,959,100		(49,959,100)	20,928,966
	Printing & Stationery	2,010,000		(2,010,000)	3,510,000
	Communication & Postages	32,338,000		(32,338,000)	49,442,809
	Security Services	85,605,000		(85,605,000)	69,694,000
	Rent	850,000		(850,000)	-
	Culture & Tourism Expenses	6,043,000		(6,043,000)	10,289,000
	Sport & Youth Development	14,759,000		(14,759,000)	14,515,000
	Education & Science Development	158,097,571		(158,097,571)	-
	Medical Expenses	48,694,400		(48,694,400)	53,247,295
	Professional Charges	168,548,561		(168,548,561)	70,089,861
	Office Expenses	32,442,714		(32,442,714)	20,336,500
	Agricultural Services	2,070,000		-	2,602,500
	General Expenses	225,300,379		(225,300,379)	-
	Subventions:			-	-
	LGEA-SUBEB	153,474,337		(153,474,337)	
	Satutory Expenses:				
				-	

		1,095,778,313	-	(1,093,708,313)	339,043,931
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These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Ibaji Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.

		1,095,778,313	-	(1,093,708,313)	339,043,931
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Ibaji Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 18 : Public Debt Charges

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	115,804	-	(115,804)	119,186
2	Domestic Loan Interest / Discount	-	-	-	-
3	Domestic Interest/ Discount - Treasury Bill	-	-	-	-
4	Others	-	-	-	-
Total PUBLIC DEBT CHARGES		115,804	-	(115,804)	119,186

The Dekina Local Government Area of Kogi State Public Debt Charges include interest on unmastered debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premium and discounts on unmatured debts.

Note 19 : Cash & Cash Equivalent (By Banks)

S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	Cash in the till	445	44,463,347
2	UBA Bank Plc	133,364	
3	Access Bank Plc	68,997,805	552,639,665
4	Polaris Bank	24,567	-
		69,156,181	597,103,012

The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Kogi State Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.

Ibaji Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 20 b: Other Current Assets

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Inventories	-	
2	Receivables (20C)	118,980,000	
Total		118,980,000	-

The prapayment above represent advance payment made to contractors for work yet to be done.

Note 20 C: Receivables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Loan to State Government	118,980,000	-
Total		118,980,000	-

The prapayment above represent advance payment made to contractors for work yet to be done.

Ibaji Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 23: Schedule of Property, Plant & Equipment (PPE)

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Teaching & Learning Aids	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	15,012,725	810,040	42,864,475				37,260,000	24,893,990	2,294,987,885	2,415,829,115
Additions During the year	15,000,000			181,527,169		2,070,000	2,308,500		94,488,058	295,393,727
Revaluation								497,880		497,880
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	30,012,725	810,040	42,864,475	181,527,169	-	2,070,000	39,568,500	25,391,870	2,389,475,943	2,711,720,722
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018										-
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	6,002,545	202,510	4,286,448	2,359,853	-	414,000	9,892,125	-	47,789,519	70,947,000
Balance c/forward 31 December 2018	6,002,545	202,510	4,286,448	2,359,853	-	414,000	9,892,125	-	47,789,519	70,947,000
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	24,010,180	607,530	38,578,028	179,167,316	-	1,656,000	29,676,375	25,391,870	2,341,686,424	2,640,773,723
Balance as at 01 January 2018	12,010,180	648,032.0	34,291,580	-	-	-	27,945,000	-	2,249,088,127	2,323,982,919

Ibaji Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	2,518,367,454	2,115,658,327
3	Other Payables (25b)	133,105,680	67,775,583
4	Term Loan		-
Total LOANS AND DEBTS (SHORT-TERM)		2,651,473,134	2,183,433,909

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a: Salary Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	2,115,658,327	
1	Salary Payables for the year	402,709,127	2,115,658,327
Total LOANS AND DEBTS (SHORT-TERM)		2,518,367,454	2,115,658,327

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25b : Other Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Balance b/f	67,775,583	67,775,583
2	Pension for the year	65,330,098	
Total Other Payables		133,105,680	67,775,583

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Ibaji Local Government of Kogi State**Financial Statements for the Year Ended 31 December 2018****Notes to the Financial Statements****Note 29 : Reserves**

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		737,652,022
	IPSA Adjustments		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(337,817,404)	
	Total IPSA Adjustments		(337,817,404)
Closing Balance as at 31 December 2018			399,834,617

**IDAHA LOCAL GOVERNMENT OF
KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**



IDAH LOCAL GOVERNMENT COUNCIL

KOGI STATE - NIGERIA

PHONE: +234 (0)803 349 7034, 0817 854 4527

E-MAIL: igalawho@yahoo.com

OFFICE OF THE ADMINISTRATOR
Idah Local Government Council,
P.M.B. 1024, Idah
Kogi State.

Ref No

Date

Report of the Treasurer On The Financial Statements of Idah Local Government For the Year Ended 31 December 2018

Responsibility For the Financial Statements

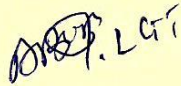
The Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis.

In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Idah Local Government as at 31 December 2018 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.

Abuka Enejo 
Local Government Treasurer (LGT)
Idah Local Government, Kogi State
31 July 2020



IDAH LOCAL GOVERNMENT COUNCIL

KOGI STATE - NIGERIA

PHONE: +234 (0)803 349 7034, 0817 854 4527

E-MAIL: igalawho@yahoo.com

OFFICE OF THE ADMINISTRATOR

Idah Local Government Council,

P.M.B. 1024, Idah

Kogi State.

Ref No

Date

Idah Local Government, Kogi State
Financial Statements For the Year Ended 31 December 2018
Forward by The Director of Local Government Administration

Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Idah Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.

Idah Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasis here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.

Idah Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2018 useful in significant areas of information requirements.

Musa Ali

Director of Local Government Administration

Idah Local Government of Kogi State				
Financial Statements for the Year Ended 31 December 2018				
Statement of Financial Performance				
		Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE				
	Government Share of FAAC (Statutory Revenue)	9	1,109,457,579	896,413,828
	Government Share of VAT	10	300,604,657	248,952,464
	Tax Revenue	11	238,500	653,800
	Non-Tax Revenue	12	12,187,708	4,013,490
	Aid and Grants	13	-	-
	Interest Earned	14	-	-
TOTAL REVENUE			1,422,488,443	1,150,033,582
EXPENDITURES				
	Salaries & Wages	15	665,525,744	1,174,092,031
	Social Benefits	16	294,537,976	-
	Overhead Cost	17	815,756,970	511,450,554
	Depreciation Charges	23	67,642,446	72,349,741
	Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES			1,843,463,137	1,757,892,326
Surplus/(Deficit) from Operating Activities for the Period			(420,974,694)	(607,858,744)
	Public Debt Charges	18	5,121,747	875,000
Total Non-Operating Revenue/(Expenses)			(426,096,440)	(608,733,744)
Surplus/(Deficit) from Ordinary Activities			(426,096,440)	(608,733,744)
Net Surplus/ (Deficit) for the Period			(426,096,440)	(608,733,744)
<p>ABUKA ENEOJO</p> <p>Local Government Treasurer (LGT)</p> <p>Idah Local Government</p> <p>Kogi State</p>				

Idah Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Statement of Financial Position

ASSETS	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017	
Current Assets					
Cash and Cash Equivalents	19	17,974,571		53,958,437	
Prepayment	20	-		-	
Other Current Assets	20b	5,218,000		-	
Total Current Assets			23,192,571		53,958,437
Non-Current Assets					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	2,661,764,214		2,588,302,134	
Intangible Assets	24	-		-	
Total Non-Current Assets			2,661,764,214		2,588,302,134
Total Assets			2,684,956,785		2,642,260,571
LIABILITIES					
Current Liabilities					
Short Term Loans & Debts	25	2,940,221,319		2,617,003,939	
Unremitted Deductions	26	-		-	
Payables	27	-		-	
Total Current Liabilities			2,940,221,319		2,617,003,939
Non-Current Liabilities					
Long Term Borrowings	28	-		-	
Total Non-Current Liabilities			-		-
Total Liabilities			2,940,221,319		2,617,003,939
Net Assets			(255,264,533)		25,256,631
NET ASSETS/EQUITY					
Reserves	29	170,831,907		633,990,375	
Accumulated Surpluses/(Deficits)		(426,096,440)		(608,733,744)	
Total Net Assets/Equity			(255,264,533)		25,256,631

ABUKA ENEOJO
Local Government Treasurer (LGT)
Idah Local Government
Kogi State

Idah Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Change in Assets/Equity

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	633,990,375	(608,733,744)	25,256,631
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-	-	-
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(426,096,440)	(426,096,440)
Reserves (Note 29)	170,831,907	-	170,831,907
Closing Balance as at 31 December 2018	170,831,907	(426,096,440)	(255,264,533)

ABUKA ENEOJO

Local Government Treasurer (LGT)


Idah Local Government

Kogi State

Idah Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Statement of Cashflow

Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,109,457,579	896,413,828
Government Share of VAT	10	300,604,657	248,952,464
Tax Revenue	11	238,500	653,800
Non-Tax Revenue	12	12,187,708	4,013,490
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		1,422,488,443	1,150,033,582
Less Outflows:			
Salaries & Wages	15	665,525,744	1,174,092,031
Social Benefits	16	294,537,976	-
Overhead Cost(s)	17	815,756,970	511,450,554
Transfer to other Government Entities		-	-
Finance Cost	18	5,121,747	875,000
Finance Cost		-	-
Total Outflow From Operating Activities		1,780,942,438	1,686,417,585
Net Cash Flow From Operating Activities		(358,453,994)	(536,384,003)
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(747,250)	-
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(747,250)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	323,217,379	557,564,553
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings	9 a	-	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		323,217,379	557,564,553
Net Cash Flow From All Activities		(35,983,865)	21,180,551
Open Cash Balance		53,958,437	32,777,886
Closing Cash Balance		17,974,572	53,958,437

ABUKA ENEJO 
Local Government Treasurer (LGT)
Idah Local Government
Kogi State

Idah Local Government of Kogi State						
Financial Statements for the Year Ended 31 December 2018						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
RECURRENT REVENUE		Original	Supplementary	Final		
Government Share of FAAC (Statutory Revenue)	9	2,732,639,500	-	2,732,639,500	1,063,893,184	(1,668,746,316)
Excess Crude	9		-	-	-	-
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	25,182,464	25,182,464
Refund from Federal Government	9		-	-	1,500,000	1,500,000
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	-	-
Excess Bank Charge	9		-	-	15,719,276	15,719,276
Government Share of VAT	10	300,500,000	-	300,500,000	300,604,657	104,657
Tax Revenue	11					
Non-Tax Revenue	12	15,000,000	-	15,000,000	12,426,208	(2,573,792)
TOTAL RECURRENT REVENUE		3,048,139,500	-	3,048,139,500	1,419,325,789	(1,628,813,711)
CAPITAL RECEIPT						
TOTAL CAPITAL RECEIPT		-	-	-	-	-
TOTAL REVENUE		3,048,139,500	-	3,048,139,500	1,419,325,789	(1,628,813,711)
RECURRENT EXPENDITURES						
Salaries & Wages	15	1,118,100,000		1,118,100,000	665,525,744	452,574,256
Social Benefits	16	42,172,920		42,172,920	294,537,976	(252,365,056)
Overhead Cost	17	103,003,540		103,003,540	815,756,970	(712,753,430)
Public Debt Charges	18	36,850,970	-	36,850,970	5,121,747	31,729,223
Impairment (Loss) on Investment	22	-	-	-	-	-
TOTAL RECURRENT EXPENDITURES		1,300,127,430	-	1,300,127,430	1,780,942,438	(480,815,008)
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,189,490,000	-	1,189,490,000	747,250	1,188,742,750
TOTAL CAPITAL EXPENDITURE		1,189,490,000	-	1,189,490,000	747,250	1,188,742,750
TOTAL EXPENDITURE		2,489,617,430	-	2,489,617,430	1,781,689,688	707,927,742
<p>ABUKA ENEJO </p> <p>Local Government Treasurer (LGT) Idah Local Government Kogi State</p>						

Idah Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		(426,096,440)
Add/(Less) non-cash items		
Depreciation and amortisation	23	67,642,445.77
Impairment of Investments	22	-
Total non-cash Items		(358,453,994)
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	323,217,379
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment	9 a	-
Total movements in working capital items		323,217,379.39
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(747,250)
Total items classified as investing activities		(747,250)
Net cash flow from All (Operating) Activities		(35,983,865)
Cash & Cash Equivalent as at 01 January 2018		53,958,437
Cash & Cash Equivalent as at 31 December 2018		17,974,572

Idah Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Idah Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Idah Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Idah Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

Idah Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

In discharging this statutory responsibilities, he;

- a. Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- b. Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- c. Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Idah Local Government
- d. Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

Idah Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Idah Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

Idah Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

e. Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦) which is the functional currency of Idah Local Government of Kogi State.

f. Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Idah Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision-making, and also to demonstrate the level of Idah Local Government of Kogi State accountability for the resources entrusted to it.

Idah Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Idah Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Idah Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

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6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

a. Revenue from Non-exchange Transactions

These are transactions in which Idah Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Idah Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

i. Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Idah Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Idah Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Idah Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Idah Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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Idah Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

ii. Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Idah Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

iii. Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

iv. Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

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v. Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

b. Revenue From Exchange Transactions

These are transactions in which Idah Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Idah Local Government.

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Idah Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Idah Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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v) Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Idah Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

vi) Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Idah Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Idah Local Government would incur to acquire the asset on the reporting date.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Idah Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Idah Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition. For the fourth Transitional Financial Statements for the year ended 31 December 2018, Idah Local Government has recognized financial liabilities measured at amortized cost. These include Idah Local and foreign debts and investments.

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c. Classification

vi. Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

vii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Idah Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

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viii. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Idah Local Government intends to dispose of it within 12 months of the end of the reporting period. Idah Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

ix. Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

d. Categories & Measurement

x. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

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xi. Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

xii. Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

xiii. Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

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e. Recognition & De-recognition

Financial instruments are recognized when Idah Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Idah Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

f. Reclassification

Idah Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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g. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

h. Impairment of financial assets

Idah Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, Idah Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

i. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Idah Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Idah Local Government and its cost can be measured reliably. Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Idah Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

g) Depreciation Rates

The following standard rates shall be applied to all Idah Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Idah Local Government in connection with the borrowing of funds for qualifying assets. Idah Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Idah Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Idah Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Idah Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Idah Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Idah Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Idah Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

j. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Idah Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

k. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Idah Local Government, or a present obligation that arises from past events but is not recognised because:

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- i.it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,
- ii.the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

1. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Idah Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Idah Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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m. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

n. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Idah Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

o. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

p. Leases

Leases of property, plant and equipment where Idah Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

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Note 9 : Government Share of FAAC (Statutory Revenue)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	-	-	-	-
2	Recovered Excess Bank Charges	15,719,276	-	(15,719,276)	
3	Statutory Allocation	1,063,893,184	2,732,639,500	1,668,746,316	896,413,828
4	Exchange Difference	25,182,464	-	(25,182,464)	52,076,586
5	NNPC Refund	-	-	-	
6	JAAC Special Allocation	1,500,000	-	(1,500,000)	56,148,731
7	Budget Augmentation	-	-	-	
8	Non-oil Revenue	-	-	-	
9	Solid Minerals (Oil Excess Revenue)	3,162,654	-	(3,162,654)	
10	Ganished Fund	-	-	-	
11	Salary Bailout	-	-	-	
Total Statutory Revenue		1,109,457,579	2,732,639,500.00	1,623,181,921	1,004,639,145

These are the Gross Statutory Revenues (SR) Allocated to Idah Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.

Note 9a : Government Share of FAAC (Statutory Revenue)

S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	CBN CONDITIONAL BSF	TOTAL
1	January	76,846,446		2,898,249			1,392,524	3,162,654	1,500,000		85,799,874
2	February			-			-				-
3	March	75,472,405		-			-				75,472,405
4	April	172,359,973		148,192			-				172,508,166
5	May	177,359,973		7,885,147			6,647,522				191,892,642
6	June	90,851,485		-			94,843				90,946,328
7	July	87,803,807		-			-				87,803,807
8	August	161,953,493		-			1,657,451				163,610,944
9	September	17,293,350		-			4,930,059	2,362,840			24,586,249
10	October	14,989,050		32,286			-				15,021,336
11	November	85,067,568		54,757			996,876				86,119,202
12	December	103,895,633		14,163,833			-				118,059,465
-											
Total		1,063,893,184	-	25,182,464	-	-	15,719,276	5,525,494	1,500,000	-	1,111,820,418

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Note 10: Government Share of Value Added Tax (VAT)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	300,604,657	300,500,000	104,657	248,952,464
Total		300,604,657	300,500,000.00	104,657	248,952,464

This is Idah Local Government Area of Kogi State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

Note 10 a : Government Share of Value Added Tax (VAT)

S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January	23,152,077	-
2	February	-	20,500,499
3	March	26,310,687	19,066,461
4	April	24,197,847	21,634,185
5	May	22,702,282	22,901,611
6	June	24,459,331	22,480,465
7	July	26,159,189	22,461,275
8	August	23,361,483	26,310,687
9	September	21,991,774	24,286,432
10	October	31,306,833	22,691,566
11	November	21,589,000	24,626,085
12	December	55,374,153	21,993,196
Total		300,604,657	248,952,464

This is Idah Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

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Note 11 : Tax Revenue

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	2% Development Levy	238,500			-
2	Kogi State Origin				354,800
3	Change of Ownership				299,000
Total		238,500.00	-	-	653,800.00

These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Idah Local Government area of Kogi State such taxes include, Hawkers' permit, Abatior/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace

Note 12 : Non Tax Revenue

Administrative Code	Description	Year Ended 31 December 2018		
		Actual	Budget	Variance
	Licenses and Permits	787,450		787,450
	Fines, Fees and Levies	1,911,045		1,911,045
	Others Revenue	9,489,213		9,489,213
Total		12,187,708	-	12,187,708

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NOTE 15 : Salaries & Wages

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017	
		Actual			Budget	Variance	Actual
SALARIES AND WAGES		Gross Salary	Amount Paid	Balance Payable			
1	SALARY	585,191,234	195,021,875	390,169,358	1,118,100,000	923,078,125	966,945,451
2	NULGE	5,167,042					
Total SALARIES AND WAGES		590,358,275.52	195,021,875	390,169,358	1,118,100,000	923,078,125	966,945,451
ALLOWANCE AND SOCIAL CONTRIBUTION							
1	Medical & Health	1,266,711	1,266,711			(1,266,711)	
2	National Union of Pensioners	841,102	841,102			(841,102)	
3	Welfare Packages	14,345,841	14,345,841			(14,345,841)	550,000
4	Workshops Seminars & Conferences	27,727,815	27,727,815			(27,727,815)	1,380,000
5	Other deduction	-	-			-	127,695,173
6	NYSC Allowance	-	-			-	228,000
7	Withholding Tax (FIRS)	205,000	205,000			(205,000)	
8	Monthly Allowance	30,781,000	30,781,000			(30,781,000)	60,434,480
9	1st 28 days Allowance					-	9,860,677
10	Other allowances					-	6,915,250
11	Furniture allowance for Honourable Member					-	83,000
Total ALLOWANCE AND SOCIAL CONTRIBUTION		75,167,469	75,167,469	-	-	(75,167,469)	207,146,580
Grand Total Salaries & Wages		665,525,744	270,189,344	390,169,358	1,118,100,000	847,910,656	1,174,092,031

These are salaries and wages paid by Idah Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.

Idah Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017
		Actual		Budget	Variance	Actual
SOCIAL BENEFITS		Total Pension	Payment	Balance Payable		
1	Actual Pension	294,537,976	147,268,988	147,268,988	1,118,100,000	970,831,012
3	Death Expenses					-
						300,000
Total SOCIAL BENEFITS		294,537,976	147,268,988	147,268,988	1,118,100,000	970,831,012
						300,000

Social benefits are employees' benefits given by Idah Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Idah Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cumulative amount paid by Idah Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2018.

Idah Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	Repair & Maintenance	24,880,538		(24,880,538)	2,545,000
	Traveling and Transport	24,309,209		(24,309,209)	13,142,900
	Printing & Stationery	17,369,586		(17,369,586)	196,000
	Communication & Postages	26,452,205		(26,452,205)	1,300,000
	Fueling & Lubricants Expenses			-	50,000
	Professional Charges	89,327,330		(89,327,330)	14,570,000
	Gift & Donation	48,256,771		(48,256,771)	33,912,000
	Security Services	67,095,000		(67,095,000)	71,144,900
	Office Expenses	90,280,000		(90,280,000)	3,039,000
	Culture & Tourism	5,807,500		(5,807,500)	5,689,500
	Subvention:				
	LGEA-SUBEB	375,769,883		(375,769,883)	
	Rent	-		-	115,000
	Education & Science Development	830,000		(830,000)	250,000
	Youth & Sport Development	-		-	5,650,000
	Medical Expenses	31,506,899		(31,506,899)	30,000
	Other Expenses	13,872,050		(13,872,050)	359,816,254
		815,756,970	-	(815,756,970)	511,450,554
<p>These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Idah Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.</p>					
		815,756,970	-	(815,756,970)	511,450,554

Idah Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 18 : Public Debt Charges

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	5,121,747	36,850,970	31,729,223	875,000
Total PUBLIC DEBT CHARGES		5,121,747	36,850,970	31,729,223	875,000

The Idah Local Government Area of Kogi State Public Debt Charges include interest on unmastered debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premium and discounts on unmatured debts.

Note 19 : Cash & Cash Equivalent (By Banks)

S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	Cash in the till	76	180
2	UBA Bank Plc	251,180	(9,347,911)
3	Union Bank Plc		1,442
4	Access Bank Plc	17,719,671	63,304,726
5	Polaris Bank	3,644	
		17,974,571	53,958,437

The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Kogi State Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.

Idah Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 20 b: Other Current Assets

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	INVENTORIES	-	-
2	ADVANCES	5,218,000	-
Total		5,218,000	-

The prapayment above represent advance payment made to contractors for work yet to be done.

Note 20c: Unretired Advances

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Advances	5,218,000	
Total		5,218,000	-

The prapayment above represent advance payment made to contractors for work yet to be done.

Idah Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 23: Schedule of Property, Plant & Equipment (PPE)

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Teaching & Learning Aids	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	30,736,150		34,933,050	6,491,926			26,885,000	69,800,000	2,559,813,284	2,728,659,410
Additions During the year								747,250		747,250
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	30,736,150	-	34,933,050	6,491,926	-	-	26,885,000	70,547,250	2,559,813,284	2,729,406,660
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018										-
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	6,147,230	-	3,493,305	84,395	-	-	6,721,250	-	51,196,266	67,642,446
Balance c/forward 31 December 2018	6,147,230	-	3,493,305	84,395	-	-	6,721,250	-	51,196,266	67,642,446
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	24,588,920	-	31,439,745	6,407,531	-	-	20,163,750	70,547,250	2,508,617,018	2,661,764,214
Balance as at 01 January 2018	18,441,738		20,959,848	3,895,163			13,442,500	69,800,000	2,461,762,885	2,588,302,134

Idah Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	2,092,095,935	1,701,926,577
3	Other Payables (25b)	848,125,384	915,077,362
4	Term Loan		-
Total LOANS AND DEBTS (SHORT-TERM)		2,940,221,319	2,617,003,939

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a : Salary Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	1,701,926,577	
1	Salary Payables for the year	390,169,358	1,701,926,577
Total LOANS AND DEBTS (SHORT-TERM)		2,092,095,935	1,701,926,577

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Idah Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Note 25b: Other Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Arrears	284,457,585	401,873,155
2	Pension	147,268,988	
3	Leave Bonus	405,124,734	405,124,734
5	Bail out		86,191,407
6	Domestic loans		10,613,990
7	Incremental arrears	11,274,076	11,274,076
8	Promotion arrears	5,594,689.59	5,594,689.59
			-
Total Other Payables		848,125,384	915,077,362

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 29 : Reserves

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		25,256,631
	IPSA Adjustments		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	145,575,276	
	Total IPSA Adjustments		145,575,276
Closing Balance as at 31 December 2018			170,831,907

**IGALAMELA/ODOLU LOCAL GOVERNMENT
OF KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**



IGALAMELA/ODOLU LOCAL GOVERNMENT

KOGI STATE-NIGERIA

All Communication(s) should be addressed to the Administrator and please quote the number and date of this letter.

OFFICE OF CHAIRMAN/Administrator
Igalamela/Odolu Local Government,
Private Mail Bag. 1111,
Ajaka, Kogi State.
E-mail: igalameodolulga@gmail.com

Ref. No: Date:

Report of the Treasurer On The Financial Statements of Igalamela/Odolu Local Government For the Year Ended 31 December 2019

Responsibility For the Financial Statements

The Financial Statements for the Year Ended 31 December 2019 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis.

In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Igalamela/Odolu Local Government as at 31 December 2019 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.

Edicha Muhammed J.
Local Government Treasurer (LGT)
Igalamela/Odolu Local Government, Kogi State
31 July 2020



IGALAMELA/ODOLU LOCAL GOVERNMENT

KOGI STATE-NIGERIA

All Communication(s) should be addressed to the Administrator and please quote the number and date of this letter.

OFFICE OF CHAIRMAN/ADMINISTRATOR
Igalamela/Odolu Local Government,
Private Mail Bag. 1111,
Ajaka, Kogi State.
E-mail: igalameodolulga@gmail.com

Ref. No:..... **Date:**.....

Igalamela/Odolu Local Government, Kogi State

Financial Statements For the Year Ended 31 December 2018

Forward by The Director of Local Government Administration

Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Igalamela/Odolu Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.

Igalamela/Odolu Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasize here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.

Igalamela/Odolu Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2018 useful in significant areas of information requirements.


Abalaka Danjuma
Director of Local Government Administration

Igalamela/Odolu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Performance

	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,416,890,158	715,734,519
Government Share of VAT	10	322,883,108	260,869,624
Tax Revenue	11	3,576,484	5,760,180
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		1,743,349,750	982,364,323
EXPENDITURES			
Salaries & Wages	15	766,308,884	1,308,989,379
Social Benefits	16	250,076,405	-
Overhead Cost	17	1,062,609,460	213,450,921
Depreciation Charges	23	102,986,253	196,416,852
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		2,181,981,002	1,718,857,152
Surplus/(Deficit) from Operating Activities for the Period		(438,631,252)	(736,492,829)
Public Debt Charges	18	994,271	644,857
Total Non-Operating Revenue/(Expenses)		(439,625,523)	(737,137,686)
Surplus/(Deficit) from Ordinary Activities		(439,625,523)	(737,137,686)
Net Surplus/ (Deficit) for the Period		(439,625,523)	(737,137,686)

EDICHA MUHAMMED J.

Local Government Treasurer

Igalamela/Odolu Local Government

Kogi State

Igalamela/Odolu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Position

ASSETS	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017	
Current Assets					
Cash and Cash Equivalents	19	67,458,972		204,229,027	
Prepayment	20	-		-	
Other Current Assets	20b	2,665,500		3,050,060	
Total Current Assets			70,124,472		207,279,087
Non-Current Assets					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	3,968,375,431		3,960,338,731	
Intangible Assets	24	-		-	
Total Non-Current Assets			3,968,375,431		3,960,338,731
Total Assets			4,038,499,903		4,167,617,818
LIABILITIES					
Current Liabilities					
Short Term Loans & Debts	25	2,335,167,446		1,308,989,379	
Unremitted Deductions	26	-		202,642,836	
Payables	27	-		-	
Total Current Liabilities			2,335,167,446		1,511,632,215
Non-Current Liabilities					
Long Term Borrowings	28	-		-	
Total Non-Current Liabilities					
Total Liabilities			2,335,167,446		1,511,632,215
Net Assets			1,703,332,457		2,655,985,603
NET ASSETS/EQUITY					
Reserves	29	2,142,957,980		3,393,123,289	
Accumulated Surpluses/(Deficits)		(439,625,523)		(737,137,686)	
Total Net Assets/Equity			1,703,332,457		2,655,985,603

EDICHA MUHAMMED J.
 Local Government Treasurer
 Igalamela/Odolu Local Government
 Kogi State

Igalamela/Odolu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Change in Assets/Equity

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	3,393,123,289	(737,137,686)	2,655,985,603
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(439,625,523)	(439,625,523)
Reserves (Note 29)	2,142,957,980		2,142,957,980
Closing Balance as at 31 December 2018	2,142,957,980	(439,625,523)	1,703,332,457

EDICHA MUHAMMED J.

Local Government Treasurer

Igalamela/Odolu Local Government

Kogi State

Igalamela/Odolu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Statement of Cashflow

Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,416,890,158	715,734,519
Government Share of VAT	10	322,883,108	260,869,624
Tax Revenue	11	3,576,484	5,760,180
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		1,743,349,750	982,364,323
Less Outflows:			
Salaries & Wages	15	766,308,884	1,308,989,379
Social Benefits	16	250,076,405	-
Overhead Cost(s)	17	1,062,609,460	213,450,921
Transfer to other Government Entities		-	-
Finance Cost	18	994,271	644,857
Finance Cost			
Total Outflow From Operating Activities		2,079,989,020	1,523,085,157
Net Cash Flow From Operating Activities		(336,639,270)	(540,720,834)
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(359,486,064)	-
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(359,486,064)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	1,026,178,067	636,173,307
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(466,822,787)	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		559,355,280	636,173,307
Net Cash Flow From All Activities		(136,770,055)	95,452,473
Open Cash Balance		204,229,027	108,776,554
Closing Cash Balance		67,458,972	204,229,027

EDICHA MUHAMMED J.

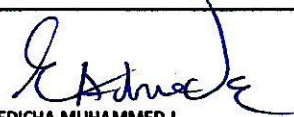
Local Government Treasurer
Igalamela/Odolu Local Government
Kogi State

Igalamela/Odolu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Comparison of Budget and Actual

	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
		Original	Supplementary	Final		
RECURRENT REVENUE						
Government Share of FAAC (Statutory Revenue)	9	2,820,653,020	301,277,610	3,121,930,630	1,101,570,888	(2,020,359,742)
Excess Crude	9		-	-	-	-
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	8,370,696	8,370,696
Refund from Federal Government	9		-	-	249,204,094	249,204,094
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	-	-
Excess Bank Charge	9		-	-	54,038,477	54,038,477
Government Share of VAT	10	379,527,900	-	379,527,900	322,883,108	(56,644,792)
Tax Revenue	11	18,000,000		18,000,000	3,576,484	(14,423,516)
Non-Tax Revenue	12				-	-
TOTAL RECURRENT REVENUE		3,218,180,920	301,277,610	3,519,458,530	1,739,643,746	(1,779,814,784)
CAPITAL RECEIPT						
TOTAL CAPITAL RECEIPT						
TOTAL REVENUE		3,218,180,920	301,277,610	3,519,458,530	1,739,643,746	(1,779,814,784)
RECURRENT EXPENDITURES						
Salaries & Wages	15	1,315,137,230		1,315,137,230	766,308,884	548,828,346
Social Benefits	16	67,189,980		67,189,980	250,076,405	(182,886,425)
Overhead Cost	17	674,432,380	182,569,610	857,001,990	1,062,609,460	(205,607,470)
Public Debt Charges	18	208,520,990	-	208,520,990	994,271	207,526,719
Impairment (Loss) on Investment	22	-	-	-		
TOTAL RECURRENT EXPENDITURES		2,265,280,580	182,569,610	2,447,850,190	2,079,989,020	367,861,170
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,220,780,340	118,708,000	1,339,488,340	359,486,064	980,002,276
TOTAL CAPITAL EXPENDITURE		1,220,780,340	118,708,000	1,339,488,340	359,486,064	980,002,276
TOTAL EXPENDITURE		3,486,060,920	301,277,610	3,787,338,530	2,439,475,084	1,347,863,446


EDICHA MUHAMMED J.
 Local Government Treasurer
 Igalamela/Odolu Local Government
 Kogi State

Igalamela/Odolu Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		(439,625,523)
Add/(Less) non-cash items		
Depreciation and amortisation	23	102,986,253
Impairment of Investments	22	-
Total non-cash Items		(336,639,270)
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	1,026,178,067
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment	9 a	(466,822,787)
Total movements in working capital items		559,355,279.70
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(359,486,064)
Total items classified as investing activities		(359,486,064)
Net cash flow from All (Operating) Activities		(136,770,055)
Cash & Cash Equivalent as at 01 January 2018		204,229,027
Cash & Cash Equivalent as at 31 December 2018		67,458,972

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1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Igalamela/Odolu Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Igalamela/Odolu Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Igalamela/Odolu Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

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In discharging this statutory responsibilities, he;

- q. Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- r. Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- s. Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Igalamela/Odolu Local Government
- t. Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

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The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Igalamela/Odolu Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

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Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

u. Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦), which is the functional currency of Igalamela/Odolu Local Government of Kogi State.

v. Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Igalamela/Odolu Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision making, and also to demonstrate the level of Igalamela/Odolu Local Government of Kogi State accountability for the resources entrusted to it.

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The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Igalamela/Odolu Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Igalamela/Odolu Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

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6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

w. Revenue from Non-exchange Transactions

These are transactions in which Igalamela/Odolu Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Igalamela/Odolu Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

xiv. Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Igalamela/Odolu Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Igalamela/Odolu Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Igalamela/Odolu Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Igalamela/Odolu Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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Igalamela/Odolu Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

xv. Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Igalamela/Odolu Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

xvi. Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

xvii. Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

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xviii. Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

x. Revenue From Exchange Transactions

These are transactions in which Igalamela/Odolu Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Igalamela/Odolu Local Government.

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Igalamela/Odolu Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Igalamela/Odolu Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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vii) Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Igalamela/Odolu Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

viii) Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Igalamela/Odolu Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Igalamela/Odolu Local Government would incur to acquire the asset on the reporting date.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Igalamela/Odolu Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Igalamela/Odolu Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition.

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For the fourth Transitional Financial Statements for the year ended 31 December 2018, Igalamela/Odolu Local Government has recognized financial liabilities measured at amortized cost. These include Igalamela/Odolu Local and foreign debts and investments.

y. Classification

xix. Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

xx. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Igalamela/Odolu Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

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xxi. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Igalamela/Odolu Local Government intends to dispose of it within 12 months of the end of the reporting period. Igalamela/Odolu Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

xxii. Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

z. Categories & Measurement

xxiii. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

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xxiv. Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

xxv. Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

xxvi. Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

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c. Recognition & De-recognition

Financial instruments are recognized when Igalamela/Odolu Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Igalamela/Odolu Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

d. Reclassification

Igalamela/Odolu Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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e. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

f. Impairment of financial assets

Igalamela/Odolu Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, Igalamela/Odolu Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

g. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Igalamela/Odolu Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Igalamela/Odolu Local Government and its cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Igalamela/Odolu Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

h) Depreciation Rates

The following standard rates shall be applied to all Igalamela/Odolu Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Igalamela/Odolu Local Government in connection with the borrowing of funds for qualifying assets. Igalamela/Odolu Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Igalamela/Odolu Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Igalamela/Odolu Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Igalamela/Odolu Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Igalamela/Odolu Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Igalamela/Odolu Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Igalamela/Odolu Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

aa. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Igalamela/Odolu Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

bb. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Igalamela/Odolu Local Government, or a present obligation that arises from past events but is not recognised because:

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- i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,
- ii. the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

c. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Igalamela/Odolu Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Igalamela/Odolu Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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d. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Igalamela/Odolu Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

f. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

g. Leases

Leases of property, plant and equipment where Igalamela/Odolu Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

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Note 9 : Government Share of FAAC (Statutory Revenue)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	-	-	-	-
2	Recovered Excess Bank Charges	54,038,477	-	(54,038,477)	250,407
3	Statutory Allocation	1,101,570,888	3,121,930,630	2,020,359,742	715,734,519
4	Exchange Difference	8,370,696	-	(8,370,696)	92,561,057
5	NNPC Refund	2,769,951	-	(2,769,951)	-
6	JAAC Special Allocation	246,434,142	-	(246,434,142)	-
7	Budget Augmentation	-	-	-	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	3,706,004	-	(3,706,004)	44,638,092
10	Ganished Fund	-	-	-	-
11	Salary Bailout	-	-	-	-
Total Statutory Revenue		1,416,890,158	3,121,930,630.00	1,705,040,472	853,184,075

These are the Gross Statutory Revenues (SR) Allocated to Igalamela/Odolu Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.

Note 9 a : Government Share of FAAC (Statutory Revenue)

S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	CBN CONDITIONAL BSF	TOTAL
1	January	27,193,639		3,396,174			2,519,052	3,706,004	87,585,635		124,400,502
2	February	-									-
3	March	86,181,862									86,181,862
4	April	90,189,150					173,652				90,362,802
5	May	72,862,480		4,433,371			2,617,813		158,848,508		238,762,172
6	June	102,985,055					111,137				103,096,192
7	July	99,415,371									99,415,371
8	August	186,401,907					25,513,582				211,915,489
9	September	108,752,682			2,769,951		5,777,052				117,299,685
10	October	101,656,339		37,832							101,694,171
11	November	103,524,318		64,165			1,168,141				104,756,624
12	December	122,408,085		439,154			16,158,048				139,005,287
-											
Total		1,101,570,888	-	8,370,696	2,769,951	-	54,038,477	3,706,004	246,434,142	-	1,416,890,158

Igalamela/Odolu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 10: Government Share of Value Added Tax (VAT)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	322,883,108	379,527,900	(56,644,792)	260,869,624
Total		322,883,108	379,527,900.00	(56,644,792)	260,869,624

This is Ibaji Local Government Area of Kogi State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

Note 10 a : Government Share of Value Added Tax (VAT)

S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January	-	25,733,511
2	Febuary	-	24,039,428
3	March	30,962,721	22,397,737
4	April	28,503,340	25,420,028
5	May	26,731,156	26,977,337
6	June	28,641,089	26,330,508
7	July	30,656,077	-
8	August	24,469,410	-
9	September	25,833,238	28,460,283
10	October	36,820,277	26,701,896
11	November	25,397,086	28,944,401
12	December	64,868,714	25,864,495
Total		322,883,108	260,869,624

This is Igalamela/Odolu Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

Igalamela/Odolu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Note 11 : Tax Revenue

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Hawkers Permit	405,900		405,900	29,500
2	Produce Buying Licences	318,800		318,800	225,500
3	Change Of Ownership	344,500		344,500	267,000
4	Development Levies	1,152,976		1,152,976	3,720,000
5	Timbers And Forest Fees	5,700		5,700	
6	Application/ State Of Origin Fees	216,000		216,000	24,000
7	Earning From Medical Services	55,000		55,000	-
8	Earning From Guest House	204,000		204,000	-
9	Earning From Commercial Activities	816,450		816,450	359,550
10	Earning From Use Of Govt. Vehicle	53,500		53,500	-
11	Interest from Bank	3,658		3,658	-
12	Rent				30,000
13	Cattle Dealers Licence			-	8,000
14	Other Licences				321,630
15	Other Fees			-	775,000
Total		3,576,484	-	3,576,484	5,760,180

These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Igalamela/Odolu Local Government area of Kogi State such taxes include, Hawkerc' permit, Abatior/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace fees, etc.

Note 14 : Interest Earned

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Interest	3,658	-	-	
Total Interest Earned		3,658	-	-	-

Igalamela/Odolu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 15 : Salaries & Wages

S/N	Description	Year Ended 31 December 2018					Year Ended 31 December 2017
		Actual			Budget	Variance	Actual
SALARIES AND WAGES		Total Salary	Payment	Balance Payable			
1	SALARY	580,880,567	215,568,602	365,311,965	1,315,137,230	1,099,568,628	1,308,989,379
2	NULGE	184,352,818				(184,352,818)	
Total SALARIES AND WAGES		765,233,384	215,568,602	365,311,965	1,315,137,230	915,215,810	1,308,989,379
ALLOWANCE AND SOCIAL CONTRIBUTION							
1	Traditional council allowance	1,075,500				(1,075,500)	
2						-	
Total ALLOWANCE AND SOCIAL CONTRIBUTION		1,075,500	-	-	-	(1,075,500)	0
Grand Total Salaries & Wages		766,308,884	215,568,602	365,311,965	1,315,137,230.00	914,140,310	1,308,989,379

These are salaries and wages paid by Igalamela/Odolu Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.

NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018					Year Ended 31 December 2017
		Actual			Budget	Variance	Actual
SOCIAL BENEFITS		Total Pension	Payment	Balance Payable			
1	Actual Pension	250,076,405	150,861,452	99,214,953	67,189,980	(83,671,472)	-
Total SOCIAL BENEFITS		250,076,405	150,861,452	99,214,953	67,189,980	(83,671,472)	-

Social benefits are employees' benefits given by Igalamela/Odolu Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Igalamela/Odolu Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cumulative amount paid by Igalamela/Odolu Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2018.

Igalamela/Odolu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	Local Travel and Transport Training	82,500,858		(82,500,858)	1,030,000
	Repairs & Maintenance	59,347,431		(59,347,431)	9,040,000
	Printing & Stationery	34,758,605		(34,758,605)	3,910,000
	Training	37,964,100		(37,964,100)	13,148,000
	Security Services	63,250,000		(63,250,000)	34,533,000
	Medical Expenses	80,009,452		(80,009,452)	39,631,421
	Financial Consulting	143,799,850		(143,799,850)	43,427,500
	Entertainment & Meals	8,815,000		(8,815,000)	-
	Honourarium and Sitting Allowance	57,111,640		(57,111,640)	-
	Welfare Packages	55,014,960		(55,014,960)	-
	FUND TRANSFER Error transfer to salary and wages accounts	123,380,000		(123,380,000)	-
	Educational Services	57,835,714		(57,835,714)	4,921,000
	Purchase of Fertilizer & Agric Implement	49,097,603		(49,097,603)	63,810,000
	Monitoring and Evaluation	25,371,429		(25,371,429)	-
	Subventions:			-	
	LGEA-SUBEB	184,352,818		(184,352,818)	-
				-	
				-	
		1,062,609,460	-	(1,062,609,460)	213,450,921

These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Igalamela/Odolu Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.

		1,062,609,460	-	(1,062,609,460)	213,450,921
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Igalamela/Odolu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 18 : Public Debt Charges

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	994,271	-	(994,271)	644,857
2	Domestic Loan Interest / Discount	-	-	-	-
3	Domestic Interest/ Discount - Treasury Bill	-	-	-	-
4	Others	-	-	-	-
Total PUBLIC DEBT CHARGES		994,271	-	(994,271)	644,857

The Igalamela/Odolu Local Government Area of Kogi State Public Debt Charges include interest on unmastured debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premiun and discounts on unmatured debts.

Note 19 : Cash & Cash Equivalent (By Banks)

S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	Cash in the till	12	57
2	UBA Bank Plc	77,159	7,673
3	Union Bank Plc	341,461	
4	Access Bank Plc	67,040,339	204,221,297
		67,458,972	204,229,027

The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Kogi State Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.

Igalamela/Odolu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 20 b: Other Current Assets

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	INVENTORIES	865,500	3,050,060
2	RECEIVABLES	1,800,000	
Total		2,665,500	3,050,060

The prapayment above represent advance payment made to contractors for work yet to be done.

Note 20 C: Receivables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Globacom Nigeria	1,000,000	-
2	Airtel Nigeria	800,000	10,247,346
3			
Total		1,800,000	10,247,346.00

The prapayment above represent advance payment made to contractors for work yet to be done.

Igalamela/Odolu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 23: Schedule of Property, Plant & Equipment (PPE)

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Teaching & Learning Aids	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	79,888,340		92,175,000				27,312,624	325,987,750	3,186,511,905	3,711,875,619
Additions During the year			15,090,000	297,747,264			4,000,000		42,648,800	359,486,064
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	79,888,340	-	107,265,000	297,747,264	-	-	31,312,624	325,987,750	3,229,160,705	4,071,361,683
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018										-
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	15,977,668	-	10,726,500	3,870,714	-	-	7,828,156	-	64,583,214	102,986,253
Balance c/forward 31 December 2018	15,977,668	-	10,726,500	3,870,714	-	-	7,828,156	-	64,583,214	102,986,253
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	63,910,672	-	96,538,500	293,876,550	-	-	23,484,468	325,987,750	3,164,577,491	3,968,375,431
Balance as at 01 January 2018	65,334,900	7,107,945	90,354,000	215,947,832			33,609,540	312,400,000	3,235,584,514	3,960,338,731

Igalamela/Odolu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	1,674,301,344	1,308,989,379
3	Other Payables (25b)	660,866,102	-
4	Term Loan		-
Total LOANS AND DEBTS (SHORT-TERM)		2,335,167,446	1,308,989,379

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a : Salary Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	1,308,989,379	
1	Salary Payables for the year	365,311,965	1,308,989,379
Total LOANS AND DEBTS (SHORT-TERM)		1,674,301,344	1,308,989,379

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Igalamela/Odolu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25b : Other Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Pension	99,214,953	
2	Leave Bonus	306,307,784	
3	Unpaid allowance of political Office holder	255,343,365	
			-
Total Other Payables		660,866,102	-

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 26 : Unremitted Deductions

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Paye	7,460,981	
2	Nulge	228,592	
3	M&Hwun	218,268	
4	Value Added Tax	41,554,428	
5	Withholding Tax	41,525,358	
6	Nasu	2,288	
7	Firs/Stamp Duty	13,046,866	
8	Development Levy	19,661,541	
9	Unremitted Saving Scheme	4,393,053	
10	Unpaid House Rent	6,021,000	
11	Unpaid Contractor	70,545,000	
12	Unremitted deductions total		202,642,836
		-	
Total Unremitted Deductions		204,657,376	202,642,836

Igalamela/Odolu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 29 : Reserves

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		2,655,985,603
	IPSA Adjustments		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(513,027,623)	
	Total IPSA Adjustments		(513,027,623)
Closing Balance as at 31 December 2018			2,142,957,980

**IJUMU LOCAL GOVERNMENT OF
KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**

IJUMU LOCAL GOVERNMENT COUNCIL

KOGI STATE OF NIGERIA

All Communications should be addressed to the Chairman and please quote Number and date of this letter



Ref: No.....
Office of the Chairman
Ijumu Local Government Secretariate
Private Mail Bag 1001
Iyara
058-300710

Date.....20.....

Report of the Treasurer On The Financial Statements of Ijumu Local Government For the Year Ended 31 December 2018

Responsibility For the Financial Statements

The Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis.

In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Ijumu Local Government as at 31 December 2018 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.


F.O. Kazeem
Local Government Treasurer (LGT)
Ijumu Local Government, Kogi State
31 July 2020

IJUMU LOCAL GOVERNMENT COUNCIL

KOGI STATE OF NIGERIA

All Communications should be addressed to the Chairman and please quote Number and date of this letter



Ref: No.....
Office of the Chairman
Ijumu Local Government Secretariate
Private Mail Bag 1001
Iyara
058-300710

Date.....20.....

Ijumu Local Government, Kogi State
Financial Statements For the Year Ended 31 December 2018
Forward by The Director of Local Government Administration

Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Ijumu Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.

Ijumu Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasis here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.

Ijumu Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2018 useful in significant areas of information requirements.


O.J. Dare

Director of Local Government Administration

Ijumu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Performance

	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,321,141,228	1,558,474,788
Government Share of VAT	10	331,464,700	269,247,446
Tax Revenue	11	6,943,420	6,249,560
Non-Tax Revenue	12	1,991,350	1,991,350
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		1,661,540,698	1,835,963,144
EXPENDITURES			
Salaries & Wages	15	618,765,418	1,171,530,896
Social Benefits	16	501,927,062	33,478,797
Overhead Cost	17	1,045,338,655	543,171,187
Depreciation Charges	23	97,191,697	-
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		2,263,222,832	1,748,180,880
Surplus/(Deficit) from Operating Activities for the Period		(601,682,134)	87,782,265
Public Debt Charges	18	153,966	-
Total Non-Operating Revenue/(Expenses)		(601,836,100)	87,782,265
Surplus/(Deficit) from Ordinary Activities		(601,836,100)	87,782,265
Net Surplus/ (Deficit) for the Period		(601,836,100)	87,782,265



F.O. KAZEEM

Local Government Treasurer (LGT)

Ijumu Local Government

Kogi State

Ijumu Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2018					
Statement of Financial Position					
ASSETS	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017	
Current Assets					
Cash and Cash Equivalents	19	14,973,625		136,390,450	
Prepayment	20	-		-	
Other Current Assets	20b	-		-	
Total Current Assets			14,973,625		136,390,450
Non-Current Assets					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	2,794,022,860		2,671,205,112	
Intangible Assets	24	-		-	
Total Non-Current Assets			2,794,022,860		2,671,205,112
Total Assets			2,808,996,485		2,807,595,562
LIABILITIES					
Current Liabilities					
Short Term Loans & Debts	25	3,116,484,462		2,102,382,926	
Unremitted Deductions	26	-		130,230,208	
Payables	27	-		-	
Total Current Liabilities			3,116,484,462		2,232,613,134
Non-Current Liabilities					
Long Term Borrowings	28	-		-	
Total Non-Current Liabilities					
Total Liabilities			3,116,484,462		2,232,613,134
Net Assets			(307,487,976)		574,982,428
NET ASSETS/EQUITY					
Reserves	29	294,348,124		487,200,163	
Accumulated Surpluses/(Deficits)		(601,836,100)		87,782,265	
Total Net Assets/Equity			(307,487,976)		574,982,428


F.O. KAZEEM

Local Government Treasurer (LGT)
Ijumu Local Government
Kogi State

Ijumu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Change in Assets/Equity

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	487,200,163	87,782,265	574,982,428
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(601,836,100)	(601,836,100)
Reserves (Note 29)	294,348,124		294,348,124
Closing Balance as at 31 December 2018	294,348,124	(601,836,100)	(307,487,976)



F.O. KAZEEM

Local Government Treasurer (LGT)

Ijumu Local Government

Kogi State

Ijumu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Cashflow

Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,321,141,228	1,558,474,788
Government Share of VAT	10	331,464,700	269,247,446
Tax Revenue	11	6,943,420	6,249,560
Non-Tax Revenue	12	1,991,350	1,991,350
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		1,661,540,698	1,835,963,144
Less Outflows:			
Salaries & Wages	15	618,765,418	1,171,530,896
Social Benefits	16	501,927,062	33,478,797
Overhead Cost(s)	17	1,045,338,655	543,171,187
Transfer to other Government Entities		-	-
Finance Cost	18	153,966	-
Finance Cost		-	-
Total Outflow From Operating Activities		2,166,185,101	1,748,180,880
Net Cash Flow From Operating Activities		(504,644,403)	87,782,265
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(220,009,446)	(2,065,450,183)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(220,009,446)	(2,065,450,183)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	1,014,101,536	2,102,382,926
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(410,864,513)	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		603,237,023	2,102,382,926
Net Cash Flow From All Activities		(121,416,826)	124,715,008
Open Cash Balance		136,390,451	11,675,443
Closing Cash Balance		14,973,625	136,390,451


F.O. KAZEEM

Local Government Treasurer (LGT)
Ijumu Local Government
Kogi State

Ijumu Local Government of Kogi State						
Financial Statements for the Year Ended 31 December 2018						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
RECURRENT REVENUE		Original	Supplementary	Final		
Government Share of FAAC (Statutory Revenue)	9	3,066,595,110	600,764,300	3,667,359,410	1,271,428,303	(2,395,931,107)
Excess Crude	9		-	-	3,634,492	3,634,492
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	3,861,350	3,861,350
Refund from Federal Government	9		-	-	2,716,511	2,716,511
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	24,907,696	24,907,696
Excess Bank Charge	9		-	-	14,592,876	14,592,876
Government Share of VAT	10	436,207,790	-	436,207,790	331,464,700	(104,743,090)
Tax Revenue	11	25,000,000		25,000,000	6,943,420	(18,056,580)
Non-Tax Revenue	12			-	1,991,350	1,991,350
TOTAL RECURRENT REVENUE		3,527,802,900	600,764,300	4,128,567,200	1,661,540,698	(2,467,026,502)
CAPITAL RECEIPT						
TOTAL CAPITAL RECEIPT						
TOTAL REVENUE		3,527,802,900	600,764,300	4,128,567,200	1,661,540,698	(2,467,026,502)
RECURRENT EXPENDITURES						
Salaries & Wages	15	1,183,237,440		1,183,237,440	618,765,418	564,472,022
Social Benefits	16	42,000,060		42,000,060	501,927,062	(459,927,002)
Overhead Cost	17	877,248,840	175,500,000	1,052,748,840	1,045,338,655	7,410,185
Public Debt Charges	18	436,207,790	-	436,207,790	153,966	436,053,824
Impairment (Loss) on Investment	22	-	-	-	-	-
TOTAL RECURRENT EXPENDITURES		2,538,694,130	175,500,000	2,714,194,130	2,166,185,101	548,009,029
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,323,631,460	425,264,300	1,748,895,760	220,009,446	1,528,886,314
TOTAL CAPITAL EXPENDITURE		1,323,631,460	425,264,300	1,748,895,760	220,009,446	1,528,886,314
TOTAL EXPENDITURE		3,862,325,590	600,764,300	4,463,089,890	2,386,194,547	2,076,895,343


F.O. KAZEEM

Local Government Treasurer (LGT)
Ijumu Local Government
Kogi State

Ijumu Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		(601,836,100)
Add/(Less) non-cash items		
Depreciation and amortisation	23	97,191,697
Impairment of Investments	22	-
Total non-cash Items		(504,644,403)
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	1,014,101,536
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(410,864,513)
Total movements in working capital items		603,237,022.70
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(220,009,446)
Total items classified as investing activities		(220,009,446)
Net cash flow from All (Operating) Activities		(121,416,826)
Cash & Cash Equivalent as at 01 January 2018		136,390,451
Cash & Cash Equivalent as at 31 December 2018		14,973,625

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Ijumu Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Ijumu Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Ijumu Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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In discharging this statutory responsibilities, he;

- a. Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- b. Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- c. Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Ijumu Local Government
- d. Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Ijumu Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
 - i. ii. Consolidated Statement of Cash-Flow Statement,
- ii. Consolidated Statement of Financial Position,
- iii. Consolidated Statement of Changes in Equity,
- iv. Consolidated Statement of Comparison of Budget and Actual,
- v. Notes to the Financial Statements
- vi. Accounting Policies and other explanatory statements or notes.

e. Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦) which is the functional currency of Ijumu Local Government of Kogi State.

f. Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Ijumu Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision making, and also to demonstrate the level of Ijumu Local Government of Kogi State accountability for the resources entrusted to it.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Ijumu Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Ijumu Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

a. Revenue from Non-exchange Transactions

These are transactions in which Ijumu Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Ijumu Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

i. Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Ijumu Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Ijumu Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Ijumu Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Ijumu Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Ijumu Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

ii. Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Ijumu Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

iii. Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

iv. Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

v. Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

b. Revenue From Exchange Transactions

These are transactions in which Ijumu Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Ijumu Local Government.

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Ijumu Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Ijumu Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

i. Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Ijumu Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

ii. Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Ijumu Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Ijumu Local Government would incur to acquire the asset on the reporting date.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Ijumu Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Ijumu Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition.

For the fourth Transitional Financial Statements for the year ended 31 December 2018, Ijumu Local Government has recognized financial liabilities measured at amortized cost. These include Ijumu Local and foreign debts and investments.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

a. Classification

i. Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

ii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Ijumu Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

iii. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Ijumu Local Government intends to dispose of it within 12 months of the end of the reporting period. Ijumu Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

iv. Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

b. Categories & Measurement

i. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

ii. Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

iii. Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

iv. Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

c. Recognition & De-recognition

Financial instruments are recognized when Ijumu Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Ijumu Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

d. Reclassification

Ijumu Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

e. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

f. Impairment of financial assets

Ijumu Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, Ijumu Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

g. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Ijumu Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Ijumu Local Government and its cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Ijumu Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

i) Depreciation Rates

The following standard rates shall be applied to all Ijumu Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Ijumu Local Government in connection with the borrowing of funds for qualifying assets. Ijumu Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Ijumu Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Ijumu Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Ijumu Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

Ijumu Local Government of Kogi State
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Notes to the Financial Statements

An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Ijumu Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Ijumu Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Ijumu Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

h. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Ijumu Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

i. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Ijumu Local Government, or a present obligation that arises from past events but is not recognised because:

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i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,

ii. the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

c. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Ijumu Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Ijumu Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

d. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Ijumu Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

f. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

g. Leases

Leases of property, plant and equipment where Ijumu Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

Ijumu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

Ijumu Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2018					
Notes to the Financial Statements					
Note 9 : Government Share of FAAC (Statutory Revenue)					
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	24,907,696	-	(24,907,696)	-
2	Recovered Excess Bank Charges	14,592,876	-	(14,592,876)	
3	Statutory Allocation	1,271,428,303	3,667,359,410	2,395,931,107	1,400,384,894
4	Exchange Difference	3,861,350	-	(3,861,350)	99,372,257
5	NNPC Refund	2,716,511	-	(2,716,511)	
6	JAAC Special Allocation	-	-	-	
7	Budget Augmentation	-	-	-	
8	Non-oil Revenue	-	-	-	
9	Solid Minerals (Oil Excess Revenue)	3,634,492	-	(3,634,492)	58,717,637
10	Ganished Fund	-	-	-	
11	Salary Bailout	-	-	-	
Total Statutory Revenue		1,321,141,228	3,667,359,410	2,346,218,182	1,558,474,788
<p>These are the Gross Statutory Revenues (SR) Allocated to Ijumu Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.</p>					

Note 9 a : Government Share of FAAC (Statutory Revenue)											
S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	CBN CONDITIONAL BSF	TOTAL
1	January	83,096,539		3,330,641			504,450	3,634,492			90,566,122
2	February	-		-			-				-
3	March	81,913,027		-			-				81,913,027
4	April	85,842,291		-			170,301				86,012,592
5	May	194,015,350		-		9,061,435	5,093,328				208,170,113
6	June	98,316,015		-			108,992				98,425,008
7	July	94,816,724		-			-				94,816,724
8	August	204,355,496		-			1,904,727				206,260,223
9	September	109,004,585		-	2,716,511		5,665,577				117,386,673
10	October	113,403,968		37,102			-				113,441,071
11	November	109,380,389		62,927			1,145,501				110,588,817
12	December	97,283,918		430,680		15,846,261	-				113,560,859
-											
Total		1,271,428,303	-	3,861,350	2,716,511	24,907,696	14,592,876	3,634,492	-	-	1,321,141,228

Ijumu Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2018					
Notes to the Financial Statements					
Note 10: Government Share of Value Added Tax (VAT)					
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	331,464,700	436,207,790	(104,743,090)	269,247,446
Total		331,464,700	436,207,790	(104,743,090)	269,247,446
<p>This is Ijumu Local Government Area of Kogi State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>					

Note 10 a : Government Share of Value Added Tax (VAT)			
S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January	25,529,076	23,843,705
2	Febuary	-	24,161,930
3	March	29,046,728	22,581,880
4	April	26,730,074	21,025,713
5	May	25,071,819	23,860,786
6	June	26,918,785	25,298,703
7	July	28,803,983	24,744,824
8	August	25,777,514	24,772,619
9	September	24,251,088	-
10	October	34,549,503	26,741,236
11	November	23,827,859	25,050,197
12	December	60,958,272	27,165,854
Total		331,464,700	269,247,446
<p>This is Ijumu Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>			

Ijumu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 11 : Tax Revenue

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Community/Pool Tax	2,127,120		2,127,120	1,900,850
2	Market Taxes	66,770		66,770	81,610
3	Hawkers' Permit				746,900
4	Cattle Dealer	400		400	-
5	Produce Buying	8,200		8,200	51,600
6	Abattoir / Slaughter	69,900		69,900	50,350
7	Hiring Service	500,000		500,000	690,000
8	Right of Occupancy				32,000
9	Liquor Licenses				385,000
10	Workshop Permit	6,300		6,300	-
11	Trade permit	661,500		661,500	-
12	Kiosk/shop Rate	169,000		169,000	36,000
13	Contractor Registration	1,086,410		1,086,410	
14	Marriage/ Divorces	310,500		310,500	510,000
15	Association Registration	208,000		208,000	94,000
16	Birth and Death Registration	479,700		479,700	331,100
17	Development Levy	1,249,620		1,249,620	
18	Burial fees			-	100,000
19	Timber & Forest fees			-	62,350
20	Sales & Earnings			-	1,177,800
				-	-
Total		6,943,420	-	6,943,420	6,249,560

These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Ijumu Local Government area of Kogi State such taxes include, Hawkerc' permit, Abatior/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace fees, etc.

Ijumu Local Government of Kogi State				
Financial Statements for the Year Ended 31 December 2018				
Notes to the Financial Statements				
Note 12 : Non Tax Revenue				
Administrative Code	Description	Year Ended 31 December 2018		
		Actual	Budget	Variance
	Fines and Penalties	48,450		48,450
	Sales of farm produce	11,400		11,400
	Hiring of plants and equipment	510,000		510,000
	Tenement Rate	570,000		570,000
	Right of Occupancy	851,500		851,500
Total		1,991,350	-	1,991,350

NOTE 15 : Salaries & Wages							
S/N	Description	Year Ended 31 December 2018					Year Ended 31 December 2017
		Actual			Budget	Variance	Actual
SALARIES AND WAGES		Total Salary	Payment	Balance Payable			
1	SALARY	618,765,418	241,038,574	377,726,843	1,183,237,440	942,198,866	1,171,530,896
						-	
Total SALARIES AND WAGES		618,765,417.57	241,038,574	377,726,843	1,183,237,440	942,198,866	1,171,530,896
ALLOWANCE AND SOCIAL CONTRIBUTION							
						-	
						-	
Total ALLOWANCE AND SOCIAL CONTRIBUT		-	-	-	-	-	0
Grand Total Salaries & Wages		618,765,418	241,038,574	377,726,843	1,183,237,440	942,198,866	1,171,530,896

These are salaries and wages paid by Ijumu Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.

Ijumu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018					Year Ended 31 December 2017
		Actual			Budget	Variance	Actual
SOCIAL BENEFITS		Total Pension	Payment	Balance Payable			
1	Actual Pension	501,927,062	321,466,407	180,460,655	42,000,060	(279,466,347)	33,478,797
						-	
Total SOCIAL BENEFITS		501,927,062	321,466,407	180,460,655	42,000,060	(279,466,347)	33,478,797

Social benefits are employees' benefits given by Ijumu Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Ijumu Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cumulative amount paid by Ijumu Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2018.

Ijumu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	Local Travels	77,327,018		(77,327,018)	72,995,500
	Training & Development	102,595,981		(102,595,981)	6,086,860
	Office Stationeries / Computer Consumables	11,910,043		(11,910,043)	8,078,700
	Electricity Charges	800,000		(800,000)	
	News Papers	600,000		(600,000)	2,547,000
	magazines and periodicals	3,660,000		(3,660,000)	335,000
	Printing of non Security Documents	7,073,000		(7,073,000)	
	Printing of Security Documents	1,980,000		(1,980,000)	
	Medical Expenses	16,257,500		(16,257,500)	28,861,550
	Uniforms and Other Clothing	616,500		(616,500)	812,000
	Teaching Aids / Instruction Materials	8,955,970		(8,955,970)	28,757,857
	Relief material for the vonorables	25,819,048		(25,819,048)	
	Repairs & Maintenance	8,904,500		(8,904,500)	29,087,387
	Security Services	42,097,000		(42,097,000)	59,500,000
	Office rent	13,279,777		(13,279,777)	
	Financial Consulting	82,459,656		(82,459,656)	88,641,524
	Information technology Consulting	6,430,452		(6,430,452)	
	Legal Services	3,000,000		(3,000,000)	
	Surving Services	21,428,571		(21,428,571)	
	Medical Consulting	17,057,143		(17,057,143)	
	Advert & Publicity	5,428,571		(5,428,571)	
	Motor Vehicle Fuel Cost	5,990,000		(5,990,000)	108,185,750
	Refreshment and meals	20,399,150		(20,399,150)	26,487,100
	Honorarium and sitting allowance	12,335,000		(12,335,000)	3,680,000
	Publicity and advertisement	10,024,685		(10,024,685)	19,582,553
	Welfare package	86,433,927		(86,433,927)	53,559,556
	Sporting activities	1,000,000		(1,000,000)	
	Monitoring and Evaluation	2,860,000		(2,860,000)	
	Rehabilitation/Repairs of Road	212,828,001		(212,828,001)	5,972,850
	Subventions:			-	
	LGEA-SUBEB	235,787,162		(235,787,162)	
				-	
				-	
		1,045,338,655	-	(1,045,338,655)	543,171,187
<p>These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Ijumu Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.</p>					
		1,045,338,655	-	(1,045,338,655)	543,171,187

Ijumu Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2018					
Notes to the Financial Statements					
NOTE 18 : Public Debt Charges					
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	153,966	436,207,790	436,053,824	
		-	-	-	-
Total PUBLIC DEBT CHARGES		153,966	436,207,790	436,053,824	-
<p>The Ijumu Local Government Area of Kogi State Public Debt Charges include interest on unmastered debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premium and discounts on unmastered debts.</p>					

Note 19 : Cash & Cash Equivalent (By Banks)			
S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	Cash in the till	2,502	840
2	UBA Bank Plc	141,535	501,717
3	Access Bank Plc	14,829,587	135,887,893
		14,973,625	136,390,450
<p>The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Kogi State Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.</p>			

Ijumu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 23: Schedule of Property, Plant & Equipment (PPE)

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Teaching & Learning Aids	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	35,219,000	10,958,000	52,460,000	454,777,761	-	12,391,561	101,788,200	52,675,000	1,950,935,590	2,671,205,112
Additions During the year				162,671,976		33,581,818			23,755,652	220,009,446
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	35,219,000	10,958,000	52,460,000	617,449,737	-	45,973,379	101,788,200	52,675,000	1,974,691,242	2,891,214,558
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018										-
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	7,043,800	2,739,500	5,246,000	8,026,847	-	9,194,676	25,447,050	-	39,493,825	97,191,697
Balance c/forward 31 December 2018	7,043,800	2,739,500	5,246,000	8,026,847	-	9,194,676	25,447,050	-	39,493,825	97,191,697
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	28,175,200	8,218,500	47,214,000	609,422,890	-	36,778,703	76,341,150	52,675,000	1,935,197,417	2,794,022,860
Balance as at 01 January 2018										

Ijumu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	2,261,397,155	1,883,670,312
3	Other Payables (25b)	855,087,306	218,712,614
4	Term Loan		-
Total LOANS AND DEBTS (SHORT-TERM)		3,116,484,462	2,102,382,926

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a : Salary Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	1,883,670,312	
1	Salary Payables for the year	377,726,843	1,883,670,312
Total LOANS AND DEBTS (SHORT-TERM)		2,261,397,155	1,883,670,312

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25b : Other Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Pension	180,460,655	
2	Leave Bonus	305,826,060	183,149,977
3	Others (Past Political Officers)	109,026,063	
4	Incremental arrears	5,136,663	
5	Promotion arrears	251,781,864	32,706,637
6	Rent	2,856,000	2,856,000
Total Other Payables		855,087,306	218,712,614

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Ijumu Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Notes to the Financial Statements			
Note 26 : Unremitted Deductions			
S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Unremitted Withholding Tax (FRS)	15,617,895	-
2	Unremitted Withholding Tax (BIR)	5,450,942	-
3	Unremitted development Levy	11,853,453	-
4	Value Added tax	26,164,808	-
5	Unremitted PAYE	3,578,903	39,580,444
6	Unremitted NULGE	-	18,826,307
7	Unremitted Main Cooperative	4,111,929	4,111,929
8	Unremitted Itesiwaju	3,997,360	3,997,360
9	Unremitted departmental cooperative	8,286,110	8,286,110
10	Stamp Duty	1,680,613	-
11	FEAP	-	402,376
12	NACH	-	111,200
13	NASU	-	5,717,805
14	Pension	-	49,196,677
Total Unremitted Deductions		80,742,013.47	130,230,208.48

Note 29 : Reserves			
S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		574,982,428
IPSA Adjustments			
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(280,634,304)	
Total IPSA Adjustments			(280,634,304)
Closing Balance as at 31 December 2018			294,348,124

**KABBA/BUNU LOCAL GOVERNMENT OF
KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**

In reply please Quote Ref: No & Date



KABBA-BUNU LOCAL GOVERNMENT

P.M.B. 207
KABBA
KOGI STATE,
NIGERIA.
TEL: 058-300696

Our Ref _____ Dept _____ Date _____

Report of the Treasurer

On The Financial Statements of Kabba/Bunu Local Government For the Year Ended 31 December 2018

Responsibility For the Financial Statements

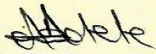
The Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis.

In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Kabba/Bunu Local Government as at 31 December 2018 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.


Oladele Deborah O.
Local Government Treasurer (LGT)
Kabba/Bunu Local Government, Kogi State
31 July 2020

In reply please Quote Ref: No & Date



KABBA-BUNU LOCAL GOVERNMENT

P.M.B. 207
KABBA
KOGI STATE,
NIGERIA.
TEL: 058-300696

Our Ref _____ Dept _____ Date _____

Kabba/Bunu Local Government, Kogi State
Financial Statements For the Year Ended 31 December 2018
Forward by The Director of Local Government Administration

Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Kabba/Bunu Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.

Kabba/Bunu Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasis here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.

Kabba/Bunu Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2018 useful in significant areas of information requirements.

Olorunfemi Peter O.
Director of Local Government Administration

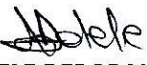
Kabba Bunu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Performance

	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,429,889,908	1,016,268,398
Government Share of VAT	10	351,096,419	188,163,525
Tax Revenue	11	10,196,330	6,533,810
Non-Tax Revenue	12	3,139,500	6,752,800
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		1,794,322,157	1,217,718,533
EXPENDITURES			
Salaries & Wages	15	836,127,755	1,152,926,696
Social Benefits	16	397,673,847	184,089,891
Overhead Cost	17	1,292,711,286	485,770,621
Depreciation Charges	23	122,176,611	-
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		2,648,689,499	1,822,787,208
Surplus/(Deficit) from Operating Activities for the Period		(854,367,341)	(605,068,675)
Public Debt Charges	18	935,933	1,598,703
Total Non-Operating Revenue/(Expenses)		(855,303,275)	(606,667,378)
Surplus/(Deficit) from Ordinary Activities		(855,303,275)	(606,667,378)
Net Surplus/ (Deficit) for the Period		(855,303,275)	(606,667,378)


OLADELE DEBORAH O.
 Local Government Treasurer (LGT)
 Kabba/Bunu Local Government
 Kogi State

Kabba Bunu Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2018					
Statement of Financial Position					
ASSETS	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017	
Current Assets					
Cash and Cash Equivalents	19	17,670,227		109,222,601	
Prepayment	20	-		-	
Other Current Assets	20b	-		-	
Total Current Assets			17,670,227		109,222,601
Non-Current Assets					
Long Term Loans	21	-		-	
Investments	22	137,640,330		-	
Property, Plant & Equipment	23	5,468,806,351		5,171,394,215	
Intangible Assets	24	-		-	
Total Non-Current Assets			5,606,446,681		5,171,394,215
Total Assets			5,624,116,908		5,280,616,816
LIABILITIES					
Current Liabilities					
Short Term Loans & Debts	25	3,394,476,618		2,173,617,492	
Unremitted Deductions	26	-		34,330,573	
Payables	27	-		-	
Total Current Liabilities			3,394,476,618		2,207,948,065
Non-Current Liabilities					
Long Term Borrowings	28	-		-	
Total Non-Current Liabilities			-		-
Total Liabilities			3,394,476,618		2,207,948,065
Net Assets			2,229,640,290		3,072,668,751
NET ASSETS/EQUITY					
Reserves	29	3,084,943,565		3,679,336,130	
Accumulated Surpluses/(Deficits)		(855,303,275)		(606,667,378)	
Total Net Assets/Equity			2,229,640,290		3,072,668,751
 OLADELE DEBORAH O. Local Government Treasurer (LGT) Kabba/Bunu Local Government Kogi State					

Kabba Bunu Local Government of Kogi State**Financial Statements for the Year Ended 31 December 2018****Statement of Change in Assets/Equity**

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	3,679,336,130	(606,667,378)	3,072,668,751
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-	-	-
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(855,303,275)	(855,303,275)
Reserves (Note 29)	3,084,943,565		3,084,943,565
Closing Balance as at 31 December 2018	3,084,943,565	(855,303,275)	2,229,640,290

OLADELE DEBORAH O.

Local Government Treasurer (LGT)

Kabba/Bunu Local Government

Kogi State

Kabba Bunu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Statement of Cashflow

Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,429,889,908	1,016,268,398
Government Share of VAT	10	351,096,419	188,163,525
Tax Revenue	11	10,196,330	6,533,810
Non-Tax Revenue	12	3,139,500	6,752,800
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		1,794,322,157	1,217,718,533
Less Outflows:			
Salaries & Wages	15	836,127,755	1,152,926,696
Social Benefits	16	397,673,847	184,089,891
Overhead Cost(s)	17	1,292,711,286	485,770,621
Transfer to other Government Entities		-	-
Finance Cost	18	935,933	-
Finance Cost			
Total Outflow From Operating Activities		2,527,448,821	1,822,787,208
Net Cash Flow From Operating Activities		(733,126,664)	(605,068,675)
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(421,364,747)	(1,491,760,780)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		(137,640,330)	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(559,005,077)	(1,491,760,780)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	1,220,859,126	2,173,617,492
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(20,279,759)	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		1,200,579,367	2,173,617,492
Net Cash Flow From All Activities		(91,552,374)	76,788,036
Open Cash Balance		109,222,601	32,434,565
Closing Cash Balance		17,670,228	109,222,601


OLADELE DEBORAH O.
Local Government Treasurer (LGT)
Kabba/Bunu Local Government
Kogi State

Kabba Bunu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Comparison of Budget and Actual

	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
		Original	Supplementary	Final		
RECURRENT REVENUE						
Government Share of FAAC (Statutory Revenue)	9	2,535,362,120	788,000,000	3,323,362,120	1,233,213,347	(2,090,148,773)
Excess Crude	9	-	-	-	3,842,483	3,842,483
Budget Augmentation/Budget Support Facility	9	-	-	-	-	-
Exchange Difference	9	-	-	-	4,082,323	4,082,323
Refund from Federal Government	9	-	-	-	141,512,289	141,512,289
Non-oil Revenue	9	-	-	-	-	-
FOREX Equalization	9	-	-	-	26,333,191	26,333,191
Excess Bank Charge	9	-	-	-	20,906,275	20,906,275
Government Share of VAT	10	425,517,710	-	425,517,710	351,096,419	(74,421,291)
Tax Revenue	11	18,000,000	-	18,000,000	10,196,330	(7,803,670)
Non-Tax Revenue	12	-	-	-	3,139,500	3,139,500
TOTAL RECURRENT REVENUE		2,978,879,830	-	3,766,879,830	1,794,322,157	(1,972,557,673)
CAPITAL RECEIPT						
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
TOTAL CAPITAL RECEIPT		-	-	-	-	-
TOTAL REVENUE		2,978,879,830	-	3,766,879,830	1,794,322,157	(1,972,557,673)
RECURRENT EXPENDITURES						
Salaries & Wages	15	1,006,102,505	5,000,000	1,011,102,505	836,127,755	174,974,750
Social Benefits	16	62,588,825	100,000,000	162,588,825	397,673,847	(235,085,022)
Overhead Cost	17	675,597,940	483,000,000	1,158,597,940	1,292,711,286	(134,113,346)
Public Debt Charges	18	237,588,563	-	237,588,563	935,933	236,652,630
Impairment (Loss) on Investment	22	-	-	-	-	-
TOTAL RECURRENT EXPENDITURES		1,981,877,833	588,000,000	2,569,877,833	2,527,448,821	42,429,012
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,332,337,070	200,000,000	1,532,337,070	421,364,747	1,110,972,323
TOTAL CAPITAL EXPENDITURE		1,332,337,070	200,000,000	1,532,337,070	421,364,747	1,110,972,323
TOTAL EXPENDITURE		3,314,214,903	788,000,000	4,102,214,903	2,948,813,568	1,153,401,335

OLADELE DEBORAH O.
Local Government Treasurer (LGT)
Kabba/Bunu Local Government
Kogi State

Kabba Bunu Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		(855,303,275)
Add/(Less) non-cash items		
Depreciation and amortisation	23	122,176,611
Impairment of Investments	22	-
Total non-cash Items		(733,126,664)
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	1,220,859,126
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(20,279,759)
(Increase)/decrease in Investment		(137,640,330)
Total movements in working capital items		1,062,939,037
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(421,364,747)
Total items classified as investing activities		(421,364,747)
Net cash flow from All (Operating) Activities		(91,552,374)
Cash & Cash Equivalent as at 01 January 2018		109,222,601
Cash & Cash Equivalent as at 31 December 2018		17,670,228

Kabba/Bunu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Kabba/Bunu Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Kabba/Bunu Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Kabba/Bunu Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

Kabba/Bunu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

In discharging this statutory responsibilities, he;

- a. Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- b. Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- c. Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Kabba/Bunu Local Government
- d. Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

Kabba/Bunu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Kabba/Bunu Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

Kabba/Bunu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

c. Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦) which is the functional currency of Kabba/Bunu Local Government of Kogi State.

d. Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Kabba/Bunu Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision making, and also to demonstrate the level of Kabba/Bunu Local Government of Kogi State accountability for the resources entrusted to it.

Kabba/Bunu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Kabba/Bunu Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Kabba/Bunu Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

Kabba/Bunu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

a. Revenue from Non-exchange Transactions

These are transactions in which Kabba/Bunu Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Kabba/Bunu Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

i. Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Kabba/Bunu Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Kabba/Bunu Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Kabba/Bunu Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Kabba/Bunu Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Kabba/Bunu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Kabba/Bunu Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

ii. Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Kabba/Bunu Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

iii. Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

iv. Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

Kabba/Bunu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

v. Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

b. Revenue From Exchange Transactions

These are transactions in which Kabba/Bunu Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Kabba/Bunu Local Government .

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Kabba/Bunu Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Kabba/Bunu Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Kabba/Bunu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

i. Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Kabba/Bunu Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

ii. Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Kabba/Bunu Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Kabba/Bunu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Kabba/Bunu Local Government would incur to acquire the asset on the reporting date. The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Kabba/Bunu Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Kabba/Bunu Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition.

Kabba/Bunu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

For the fourth Transitional Financial Statements for the year ended 31 December 2018, Kabba/Bunu Local Government has recognized financial liabilities measured at amortized cost. These include Kabba/Bunu Local and foreign debts and investments.

c. Classification

i. Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

ii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Kabba/Bunu Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

Kabba/Bunu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

iii. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Kabba/Bunu Local Government intends to dispose of it within 12 months of the end of the reporting period. Kabba/Bunu Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

iv. Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

d. Categories & Measurement

i. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

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ii. Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

iii. Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

iv. Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

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e. Recognition & De-recognition

Financial instruments are recognized when Kabba/Bunu Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Kabba/Bunu Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

f. Reclassification

Kabba/Bunu Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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g. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

h. Impairment of financial assets

Kabba/Bunu Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, Kabba/Bunu Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

i. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Kabba/Bunu Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Kabba/Bunu Local Government and its cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Kabba/Bunu Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

j) Depreciation Rates

The following standard rates shall be applied to all Kabba/Bunu Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Kabba/Bunu Local Government in connection with the borrowing of funds for qualifying assets. Kabba/Bunu Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Kabba/Bunu Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Kabba/Bunu Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Kabba/Bunu Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Kabba/Bunu Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Kabba/Bunu Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Kabba/Bunu Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

j. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Kabba/Bunu Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

k. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Kabba/Bunu Local Government, or a present obligation that arises from past events but is not recognised because:

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- i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,
- ii. the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

1. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Kabba/Bunu Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Kabba/Bunu Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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d. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Kabba/Bunu Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

f. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

g. Leases

Leases of property, plant and equipment where Kabba/Bunu Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

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Note 9 : Government Share of FAAC (Statutory Revenue)					
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	26,333,191	-	(26,333,191)	-
2	Recovered Excess Bank Charges	20,906,275	-	(20,906,275)	259,628
3	Statutory Allocation	1,233,213,347	3,323,362,120	2,090,148,773	904,082,133
4	Exchange Difference	4,082,323	-	(4,082,323)	67,126,206
5	NNPC Refund	2,871,959	-	(2,871,959)	-
6	JAAC Special Allocation	138,640,330	-	(138,640,330)	-
7	Budget Augmentation	-	-	-	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	3,842,483	-	(3,842,483)	44,800,431
10	Ganished Fund	-	-	-	-
11	Salary Bailout	-	-	-	-
Total Statutory Revenue		1,429,889,908	3,323,362,120.00	1,893,472,212	1,016,268,398
<p>These are the Gross Statutory Revenues (SR) Allocated to Kabba Bunu Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.</p>					

Note 9 a : Government Share of FAAC (Statutory Revenue)											
S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	CBN CONDITIONAL BSF	TOTAL
1	January	91,407,431		3,521,243			533,318	3,842,483	138,640,330		237,944,805
2	February	-		-			-				-
3	March	90,502,040		-			-				90,502,040
4	April	94,657,002		-			180,047				94,837,049
5	May	76,536,653		-		9,580,099	8,988,171				95,104,922
6	June	108,500,202		-			115,230				108,615,432
7	July	104,798,841		-			-				104,798,841
8	August	212,519,263		-			2,013,729				214,532,992
9	September	116,137,037		-	2,871,959		7,864,622				126,873,617
10	October	117,809,971		39,225			-				117,849,196
11	November	111,221,678		66,528			1,211,160				112,499,366
12	December	109,123,229		455,327		16,753,093	-				126,331,648
-											
Total		1,233,213,347	-	4,082,323	2,871,959	26,333,191	20,906,275	3,842,483	138,640,330	-	1,429,889,908

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Note 10: Government Share of Value Added Tax (VAT)					
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	351,096,419	425,517,710	(74,421,291)	188,163,525
Total		351,096,419	425,517,710	(74,421,291)	188,163,525
<p>This is Kabba Bunu Local Government Area of Kogi State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>					

Note 10 a : Government Share of Value Added Tax (VAT)			
S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January	27,041,114	-
2	Febuary	-	-
3	March	30,787,157	-
4	April	28,340,854	25,277,153
5	May	26,579,110	26,823,522
6	June	28,483,273	26,185,210
7	July	30,486,368	26,242,893
8	August	27,314,381	-
9	September	25,688,264	28,302,766
10	October	36,612,204	26,550,550
11	November	25,253,297	28,781,431
12	December	64,510,397	-
Total		351,096,419	188,163,525
<p>This is Kabba Bunu Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>			

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Note 11 : Tax Revenue

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Hawker permit	14,680		14,680	-
2	Trade permit	29,600		29,600	-
3	Burial permit	318,600		318,600	494,300
4	Marriage Certificate fees	174,000		174,000	622,000
5	State of origin fees	492,000		492,000	1,359,000
6	Busfires permit	-		-	9,600
7	Auctioners Licence	-		-	485,000
8	Parking fees	13,290		13,290	-
9	Contract processing fee	20,000		20,000	-
10	Park fees	-		-	24,000
11	Association Registration fees	2,000		2,000	-
12	Development Fees	3,931,370		3,931,370	-
13	Business /Trade Operation fees	319,480		319,480	-
14	Market fees	214,310		214,310	1,718,510
15	Timber & Forest Fees	4,509,500		4,509,500	1,821,400
16	Tender Fees	150,000		150,000	-
17	Birth /Death Registration fees	7,500		7,500	-
Total		10,196,330	-	10,196,330	6,533,810

These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Kabba Bunu Local Government area of Kogi State such taxes include, Hawkers' permit, Abatior/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace fees, etc.

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Note 12 : Non Tax Revenue				
Administrative Code	Description	Year Ended 31 December 2018		
		Actual	Budget	Variance
	Sales of Unservisable vehicle plant & Equip	1,640,000		1,640,000
	Sales of Drugs	6,500		6,500
	Sales of forms	58,000		58,000
	Earning from Commercial Activities	1,082,500		1,082,500
	Rent on LGA Properties	345,000		345,000
	sales of vaccine & medical services	7,500		7,500
Total		3,139,500	-	3,139,500

NOTE 15 : Salaries & Wages							
S/N	Description	Year Ended 31 December 2018					Year Ended 31 December 2017
		Actual			Budget	Variance	Actual
SALARIES AND WAGES		Total Salary	Payment	Balance Payable			
1	PERSONNEL COST	836,127,755	391,912,138	444,215,617	1,011,102,505	619,190,367	1,096,123,806
2	NULGE UNION DUES					-	7,672,974
3	PAYE					-	35,733,214.00
4	NASU DEDUCTION					-	783,449.00
5	NUT DEDUCTION					-	11,492,228.00
6	MHWU DUES					-	351,025.00
8	NIGERIAN UNION OF PENSION					-	1,447,145.00
11	VAT Deduction (FIRS)					-	770,000.00
Total SALARIES AND WAGES		836,127,755	391,912,138	444,215,617	1,011,102,505	619,190,367	1,154,373,841
CONTRIBUTION							
1						-	
Total ALLOWANCE AND SOCIAL CONTRIB		-	-	-	-	-	-
Grand Total Salaries & Wages		836,127,755	391,912,138	444,215,617	1,011,102,505	619,190,367	1,154,373,841
<p>These are salaries and wages paid by Kabba Bunu Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.</p>							

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NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017	
		Actual			Budget	Variance	Actual
SOCIAL BENEFITS		Total Pension	Payment	Balance Payable			
1	Actual Pension	397,673,847	235,595,221	162,078,625	162,588,825	(235,085,022)	182,642,746
						-	
						-	
						-	-
Total SOCIAL BENEFITS		397,673,847	235,595,221	162,078,625	162,588,825	(235,085,022)	182,642,746

Social benefits are employees' benefits given by Kabba Bunu Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Kabba Bunu Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cummulative amount paid by Kabba Bunu Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2018.

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NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	Repairs & Maintenance	34,030,300		(34,030,300)	16,703,000
	Local travels & transport	16,869,500		(16,869,500)	1,750,750
	Printing & Stationery	945,000		(945,000)	1,445,000
	Communication & Postages	5,435,000		(5,435,000)	1,087,000
	Fueling & Lubricants	2,101,000		(2,101,000)	-
	Professional Charges	178,810,734		(178,810,734)	77,496,453
	Gift & Donation	54,708,023		(54,708,023)	64,268,000
	Security Expenses	98,994,000		(98,994,000)	70,966,000
	Training, Seminars & workshop	1,359,000		(1,359,000)	-
	Honorarium			-	500,000.00
	Office expenses	560,000		(560,000)	-
	Entertainment and Hospitality	82,105,200		(82,105,200)	43,229,000
	Utility	140,000		(140,000)	19,900,000
	Hotel Accomodation			-	10,110,000
	Other expenses			-	1,200,000
	Social Empowerment to vulnorables			-	3,403,906
	Culture & Tourism	800,000		(800,000)	4,500,000
	Educational Development	1,323,000		(1,323,000)	11,736,000
	Medical Expenses	49,772,143		(49,772,143)	13,968,000
	Rehabilitation Expenses	260,542,418		(260,542,418)	51,711,427
	Hiring of Low bed			-	5,380,000
	Provision of Health facilities & Drugs	32,593,835		(32,593,835)	
	Provision of Public school consumables	43,757,143		(43,757,143)	
	Provision of Sport facilities	1,700,000		(1,700,000)	
	Provision of Market	820,000		(820,000)	
	Environmental Expenses	60,553,065		(60,553,065)	103,119,086
	Agricultural Development expenses	23,406,000		(23,406,000)	-
	Subventions:			-	
	LGEA-SUBEB	341,385,925		(341,385,925)	
				-	
		1,292,711,286	-	(1,258,680,986)	485,770,621
<p>These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Kabba Bunu Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.</p>					
		1,292,711,286	-	(1,258,680,986)	485,770,621

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Financial Statements for the Year Ended 31 December 2018					
Notes to the Financial Statements					
NOTE 18 : Public Debt Charges					
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	935,933	237,588,563	236,652,630	1,598,703
		-	-	-	-
Total PUBLIC DEBT CHARGES		935,933	237,588,563	236,652,630	1,598,703
<p>The Kabba Bunu Local Government Area of Kogi State Public Debt Charges include interest on unmastered debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premium and discounts on unmatured debts.</p>					

Note 19 : Cash & Cash Equivalent (By Banks)			
S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	UBA Bank Plc	2,465,761	
2	Access Bank Plc	15,087,799	
3	Polaris Bank	116,668	
4	All banks	-	109,222,601
		17,670,227	109,222,601
<p>The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Kogi State Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.</p>			

Kabba Bunu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 22 : Investments

Details of Investment		Book Value as at 31 December 2018	Unit of Stock	Market Price Per Unit as at 31 December 2018	Market Value as at 31 December 2018	Impairment (Loss) on Investment
Foreign Investments						
1		-	-	-	-	-
Total Foreign Investments		-		-	-	
Domestic Investments						
2	Joint Water Project with Yagba East LG	137,640,330.38			137,640,330	-
3					-	-
Total Domestic Investments		137,640,330			137,640,330	-
Total Foreign & Domestic Investments		137,640,330			137,640,330	-

Investment in Stock represents the Total Value of Stocks Kabba Bunu Local Government has in Shares, Bonds and Stocks in both Foreign and Domestic Stock Exchange Markets as at 31 December 2018

Kabba Bunu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 23: Schedule of Property, Plant & Equipment (PPE)

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Teaching & Learning Aids	Agricultural Equipment	Heritage	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	42,108,675	1,523,900	9,743,000	147,045,642			136,000	34,077,000	91,709,200	4,845,050,798	5,171,394,215
Additions During the year				421,364,747							421,364,747
Revaluation											-
Recognition of Legacy PPE											
PPE under Test Running											-
Disposal During the year	-	-	-	-				(1,640,000)		-	-
Balance c/forward 31 December 2018	42,108,675	1,523,900	9,743,000	568,410,389	-	-	-	32,437,000	91,709,200	4,845,050,798	5,592,758,962
<u>ACCUMULATED DEPRECIATION</u>											
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	-	25%	-	2%	
Balance b/forward 01 January 2018											-
Additions During the year											-
Disposal During the year	-	-	-	-							-
Prior Year Adjustment	-	-	-	-							-
Total Charge for the Year	8,421,735	380,975	974,300	7,389,335	-	-	-	8,109,250	-	96,901,016	122,176,611
Balance c/forward 31 December 2018	8,421,735	380,975	974,300	7,389,335	-	-	-	8,109,250	-	96,901,016	122,176,611
<u>ACCUMULATED IMPAIRMENT</u>											
Balance b/forward 01 January 2018	-	-	-	-							-
Additions During the year	-	-	-	-							-
Disposal During the year	-	-	-	-							-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-	-
<u>NET BOOK VALUE</u>											
Balance as at 31 December 2018	33,686,940	1,142,925	8,768,700	561,021,054	-	-	-	24,327,750	91,709,200	4,748,149,782	5,468,806,351
Balance as at 01 January 2018											

Kabba Bunu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	2,617,833,109	2,173,617,492
3	Other Payables (25b)	722,333,450	-
4	Term Loan (25c)	54,310,059	-
Total LOANS AND DEBTS (SHORT-TERM)		3,394,476,618	2,173,617,492

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a : Salary Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	2,173,617,492	
1	Salary Payables for the year	444,215,617	2,173,617,492
Total LOANS AND DEBTS (SHORT-TERM)		2,617,833,109	2,173,617,492

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25b : Other Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Arrears	560,254,825	
2	Pension	162,078,625	
Total Other Payables		722,333,450	-

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Kabba Bunu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Note 25c : Short Term Loans & Debts (Loan Payables)

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	UBA Loans	54,310,059	54,310,059
Total LOANS AND DEBTS (SHORT-TERM)		54,310,059	54,310,059

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 26 : Unremitted Deductions

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Unremitted Co-operative Dues	8,581,048	9,224,813
	Unremitted PAYE	3,165,492	11,772,885
	Unremitted Retention fees	3,668,829	3,668,829
	Unremitted Union Dues	658,820	84,826
	Unremitted Value Added Tax	8,208,746	9,579,220
	Unremitted State Development Fund	294,000	-
	Unremitted withholding tax State BIR	209,497	-
	Unremitted Fund to financial institutions	217,888	-
	Others	256,629	-
Total Unremitted Deductions		25,260,950	34,330,573

Note 29 : Reserves

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		3,072,668,751
IPSA Adjustments			
2	Recognition of Legacy PPE		
3	Prior years Adjustments	12,274,814	
Total IPSA Adjustments			12,274,814
Closing Balance as at 31 December 2018			3,084,943,565

**KOGI LOCAL GOVERNMENT OF
KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**



KOGI LOCAL GOVERNMENT COUNCIL

P.M.B. 1107, KOTON-KARFE \ \ KOGI STATE OF NIGERIA

OFFICE OF THE EXECUTIVE CHAIRMAN/ADMINISTRATOR



Our Ref:..... Your Ref:..... Date:.....

Report of the Treasurer On The Financial Statements of Kogi Local Government For the Year Ended 31 December 2019

Responsibility For the Financial Statements

The Financial Statements for the Year Ended 31 December 2019 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis.

In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Kogi Local Government as at 31 December 2019 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.

Abdullahi Y. Ohikwura
Local Government Treasurer (LGT)
Kogi Local Government, Kogi State
31 July 2020



KOGI LOCAL GOVERNMENT COUNCIL

P.M.B. 1107, KOTON-KARFE \ \ KOGI STATE OF NIGERIA

OFFICE OF THE EXECUTIVE CHAIRMAN/ADMINISTRATOR



Our Ref:..... Your Ref:..... Date:.....

Kogi Local Government, Kogi State
Financial Statements For the Year Ended 31 December 2019
Forward by The Director of Local Government Administration

Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Kogi Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.

Kogi Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasis here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.

Kogi Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2019 useful in significant areas of information requirements.

Barr. A.A. Ibrahim
Director of Local Government Administration

Kogi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Performance

	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,224,904,207	952,901,972
Government Share of VAT	10	328,346,955	292,036,559
Tax Revenue	11	-	1,468,310
Non-Tax Revenue	12	3,007,442	42,450,743
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		1,556,258,604	1,288,857,584
EXPENDITURES			
Salaries & Wages	15	931,765,871	2,798,354,556
Social Benefits	16	110,174,526	-
Overhead Cost	17	856,874,285	1,212,205,432
Depreciation Charges	23	168,809,408	-
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		2,067,624,091	4,010,559,988
Surplus/(Deficit) from Operating Activities for the Period		(511,365,486)	(2,721,702,404)
Public Debt Charges	18	838,894	584,008
Total Non-Operating Revenue/(Expenses)		(512,204,380)	(2,722,286,412)
Surplus/(Deficit) from Ordinary Activities		(512,204,380)	(2,722,286,412)
Net Surplus/ (Deficit) for the Period		(512,204,380)	(2,722,286,412)



ABDULLAHI Y. OHIKWURA
 Local Government Treasurer (LGT)
 Treasurer Kogi Local Government
 Kogi State

Kogi Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2018					
Statement of Financial Position					
ASSETS	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017	
	Current Assets				
Cash and Cash Equivalents	19	32,691,292		35,227,787	
Prepayment	20	-		-	
Other Current Assets	20b	-		-	
Total Current Assets			32,691,292		35,227,787
Non-Current Assets					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	7,332,444,765		7,209,072,890	
Intangible Assets	24	-		-	
Total Non-Current Assets			7,332,444,765		7,209,072,890
Total Assets			7,365,136,057		7,244,300,677
LIABILITIES					
Current Liabilities					
Short Term Loans & Debts	25	2,829,572,531		2,196,532,770	
Unremitted Deductions	26	-		-	
Payables	27	-		-	
Total Current Liabilities			2,829,572,531		2,196,532,770.38
Non-Current Liabilities					
Long Term Borrowings	28	125,342,684		125,342,684	
Total Non-Current Liabilities			125,342,684.37		125,342,684
Total Liabilities			2,954,915,216		2,321,875,455
Net Assets			4,410,220,842		4,922,425,222
NET ASSETS/EQUITY					
Reserves	29	4,922,425,222		7,644,711,635	
Accumulated Surpluses/(Deficits)		(512,204,380)		(2,722,286,412)	
Total Net Assets/Equity			4,410,220,842		4,922,425,222



ABDULLAHI Y. OHIKWURA
Local Government Treasurer (LGT)
Treasurer Kogi Local Government
Kogi State

Kogi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Change in Assets/Equity

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	7,644,711,635	(2,722,286,412)	4,922,425,222
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-	-	-
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(512,204,380)	(512,204,380)
Reserves (Note 29)	4,922,425,222		4,922,425,222
Closing Balance as at 31 December 2018	4,922,425,222	(512,204,380)	4,410,220,842





ABDULLAHI Y. OHIKWURA

Local Government Treasurer (LGT)

Treasurer Kogi Local Government

Kogi State

Kogi Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Statement of Cashflow			
Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,224,904,207	952,901,972
Government Share of VAT	10	328,346,955	292,036,559
Tax Revenue	11	-	1,468,310
Non-Tax Revenue	12	3,007,442	42,450,743
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		1,556,258,604	1,288,857,584
Less Outflows:			
Salaries & Wages	15	931,765,871	2,798,354,556
Social Benefits	16	110,174,526	-
Overhead Cost(s)	17	856,874,285	1,212,205,432
Transfer to other Government Entities		-	-
Finance Cost	18	838,894	-
Finance Cost			
Total Outflow From Operating Activities		1,899,653,576	4,010,559,988
Net Cash Flow From Operating Activities		(343,394,972)	(2,721,702,404)
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(292,181,283)	-
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(292,181,283)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	633,039,761	2,601,033,168
Proceeds from Borrowings - Long Term Loan	28	-	125,342,684
Repayment of Borrowings		-	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		633,039,761	2,726,375,853
Net Cash Flow From All Activities		(2,536,494)	4,673,449
Open Cash Balance		35,227,787	30,554,338
Closing Cash Balance		32,691,292	35,227,787
 ABDULLAHI Y. OHIKWURA Local Government Treasurer (LGT) Treasurer Kogi Local Government Kogi State			

Kogi Local Government of Kogi State						
Financial Statements for the Year Ended 31 December 2018						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
RECURRENT REVENUE						
		Original	Supplementary	Final		
Government Share of FAAC (Statutory Revenue)	9	2,361,428,630	657,705,100.00	3,019,133,730	769,505,781	(2,249,627,949)
Excess Crude	9		-	-	3,382,494	3,382,494
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	3,593,622	3,593,622
Refund from Federal Government	9		-	-	432,430,828	432,430,828
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	-	-
Excess Bank Charge	9		-	-	15,991,481	15,991,481
Government Share of VAT	10	388,251,550	-	388,251,550	328,346,955	(59,904,595)
Tax Revenue	11	12,000,000		12,000,000	-	(12,000,000)
Non-Tax Revenue	12				3,007,442	3,007,442
TOTAL RECURRENT REVENUE		2,761,680,180	-	3,419,385,280	1,556,258,604	(1,863,126,676)
CAPITAL RECEIPT						
		-	-	-	-	-
		-	-	-	-	-
TOTAL CAPITAL RECEIPT		-	-	-	-	-
TOTAL REVENUE		2,761,680,180	-	3,419,385,280	1,556,258,604	(1,863,126,676)
RECURRENT EXPENDITURES						
Salaries & Wages	15	1,015,317,460		1,015,317,460	931,765,871	83,551,589
Social Benefits	16	44,281,460		44,281,460	110,174,526	(65,893,066)
Overhead Cost	17	499,277,790	414,504,700	913,782,490	856,874,285	56,908,205
Public Debt Charges	18	209,334,250	-	209,334,250	838,894	208,495,356
Impairment (Loss) on Investment	22	-	-	-	-	-
TOTAL RECURRENT EXPENDITURES		1,768,210,960	414,504,700	2,182,715,660	1,899,653,576	283,062,084
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,319,523,470	243,200,400	1,562,723,870	292,181,283	1,270,542,587
TOTAL CAPITAL EXPENDITURE		1,319,523,470	243,200,400	1,562,723,870	292,181,283	1,270,542,587
TOTAL EXPENDITURE		3,087,734,430	657,705,100	3,745,439,530	2,191,834,860	1,553,604,670
						
ABDULLAHI Y. OHIKWURA Local Government Treasurer (LGT) Treasurer Kogi Local Government Kogi State						

Kogi Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		(512,204,380)
Add/(Less) non-cash items		
Depreciation and amortisation	23	168,809,408
Impairment of Investments	22	-
Total non-cash Items		(343,394,972)
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	633,039,761
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment	9 a	-
Total movements in working capital items		633,039,761
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(292,181,283)
Total items classified as investing activities		(292,181,283)
Net cash flow from All (Operating) Activities		(2,536,494)
Cash & Cash Equivalent as at 01 January 2018		35,227,787
Cash & Cash Equivalent as at 31 December 2018		32,691,292

Kogi Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Kogi Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Kogi Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Kogi Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

Kogi Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

In discharging this statutory responsibilities, he;

- h. Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- i. Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- j. Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Kogi Local Government
- k. Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

Kogi Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Kogi Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

Kogi Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

c. Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦) which is the functional currency of Kogi Local Government of Kogi State.

d. Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Kogi Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision making, and also to demonstrate the level of Kogi Local Government of Kogi State accountability for the resources entrusted to it.

Kogi Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Kogi Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Kogi Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

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6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

a. Revenue from Non-exchange Transactions

These are transactions in which Kogi Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Kogi Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

i. Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Kogi Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Kogi Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Kogi Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Kogi Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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Kogi Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

ii. Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Kogi Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

iii. Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

iv. Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

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v. Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

b. Revenue From Exchange Transactions

These are transactions in which Kogi Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Kogi Local Government.

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Kogi Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Kogi Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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i.Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Kogi Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

ii.Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Kogi Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Kogi Local Government would incur to acquire the asset on the reporting date. The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Kogi Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Kogi Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition.

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For the fourth Transitional Financial Statements for the year ended 31 December 2018, Kogi Local Government has recognized financial liabilities measured at amortized cost. These include Kogi Local and foreign debts and investments.

c. Classification

i. Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

ii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Kogi Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

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ii. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Kogi Local Government intends to dispose of it within 12 months of the end of the reporting period. Kogi Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

iii. Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

b. Categories & Measurement

iv. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

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v. Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

vi. Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

vii. Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

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c. Recognition & De-recognition

Financial instruments are recognized when Kogi Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Kogi Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

d. Reclassification

Kogi Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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e. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

f. Impairment of financial assets

Kogi Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, Kogi Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

g. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Kogi Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Kogi Local Government and its cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Kogi Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

k) Depreciation Rates

The following standard rates shall be applied to all Kogi Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Kogi Local Government in connection with the borrowing of funds for qualifying assets. Kogi Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Kogi Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Kogi Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Kogi Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Kogi Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Kogi Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Kogi Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

a. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Kogi Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

b. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Kogi Local Government, or a present obligation that arises from past events but is not recognised because:

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i.it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,

ii.the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

c. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Kogi Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Kogi Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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d. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Kogi Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

f. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

g. Leases

Leases of property, plant and equipment where Kogi Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

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Note 9 : Government Share of FAAC (Statutory Revenue)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	-	-	-	-
2	Recovered Excess Bank Charges	15,991,481	-	(15,991,481)	228,548
3	Statutory Allocation	769,505,781	3,019,133,730	2,249,627,949	549,900,496
4	Exchange Difference	3,593,622	-	(3,593,622)	84,562,953
5	NNPC Refund	-	-	-	
6	JAAC Special Allocation	432,430,828	-	(432,430,828)	277,468,493
7	Budget Augmentation	-	-	-	
8	Non-oil Revenue	-	-	-	
9	Solid Minerals (Oil Excess Revenue)	3,382,494	-	(3,382,494)	40,741,482
10	Ganished Fund	-	-	-	
11	Salary Bailout	-	-	-	
Total Statutory Revenue		1,224,904,207	3,019,133,730.00	1,794,229,523	952,901,972

These are the Gross Statutory Revenues (SR) Allocated to Kogi Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.

Note 9 a : Government Share of FAAC (Statutory Revenue)

S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	CBN CONDITIONAL BSF	TOTAL
1	January	75,649,236		3,099,710			469,474	3,382,494			82,600,914
2	February	-		-			-				-
3	March	74,057,941		-			-				74,057,941
4	April	77,714,710		-			158,493				77,873,203
5	May	70,197,419		-			7,150,493		153,782,721		231,130,632
6	June	91,049,002		-			101,435				91,150,438
7	July	87,792,463		-			-				87,792,463
8	August	101,485,353		-			1,772,663		66,092,889		169,350,905
9	September	23,376,279		-			5,272,753		72,090,689		100,739,721
10	October	20,423,691		34,530			-		68,590,092		89,048,313
11	November	22,887,139		58,564			1,066,170		71,874,437		95,886,310
12	December	124,872,549		400,819			-				125,273,368
-											
Total		769,505,781	-	3,593,622	-	-	15,991,481	3,382,494	432,430,828	-	1,224,904,207

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Note 10: Government Share of Value Added Tax (VAT)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	328,346,955	388,251,550	(59,904,595)	292,036,559
Total		328,346,955	388,251,550.00	(59,904,595)	292,036,559

This is Kogi Local Government Area of Kogi State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

Note 10 a : Government Share of Value Added Tax (VAT)

S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January	25,290,333	23,936,523
2	Febuary	-	22,372,829
3	March	28,771,924	20,828,929
4	April	26,457,740	23,637,149
5	May	24,833,826	25,057,942
6	June	26,671,760	24,517,395
7	July	28,538,343	24,540,471
8	August	25,534,851	24,885,209
9	September	24,024,165	26,494,678
10	October	34,223,813	24,813,299
11	November	23,602,790	26,910,763
12	December	60,397,410	24,041,372
Total		328,346,955	292,036,559

This is Kogi Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

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Note 12 : Non Tax Revenue				
Administrative Code	Description	Year Ended 31 December 2018		
		Actual	Budget	Variance
	Sales of Stores/Scraps/UnserviceableItems	1,200,000		1,200,000
	Earning from [Commercial Undertaking	1,557,442		1,557,442
	Current Domestic Aid	250,000		250,000
				-
Total		3,007,442	-	3,007,442

NOTE 15 : Salaries & Wages							
S/N	Description	Year Ended 31 December 2018					Year Ended 31 December 2017
		Actual			Budget	Variance	Actual
SALARIES AND WAGES		Total Salary	Payment	Balance Payable			
1	SALARY	696,227,118	241,985,707	454,241,410	1,015,317,460	319,090,342	2,796,254,556
Total SALARIES AND WAGES		696,227,118	241,985,707	454,241,410	1,015,317,460	319,090,342	2,796,254,556
ALLOWANCE AND SOCIAL CONTRIBUTION							
1	Honourarium & Sitting allowances	5,012,000	5,012,000			(5,012,000)	
2	Welfare Packages	147,732,894	147,732,894			(147,732,894)	
3	Maintenance of Office & IT Equipment	12,000,000	12,000,000			(12,000,000)	
4	Advertising & Publicity - Personnel Management Dept.	3,022,405	3,022,405			(3,022,405)	
5	Professional Fee	4,285,714	4,285,714			(4,285,714)	2,100,000
6	Medical Expenses-Education & Social Service	34,227,079	34,227,079			(34,227,079)	
7	Education & Social Services	3,800,000	3,800,000			(3,800,000)	
8	Remittances of Deductions	25,458,662	25,458,662			(25,458,662)	
		-				-	
Total ALLOWANCE AND SOCIAL CONTRIBUTION		235,538,754	235,538,754	-	-	(235,538,754)	2,100,000
Grand Total Salaries & Wages		931,765,871	477,524,461	454,241,410	1,015,317,460	83,551,589	2,798,354,556

These are salaries and wages paid by Kogi Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.

Kogi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017	
		Actual			Budget	Variance	Actual
SOCIAL BENEFITS		Total Pension	Payment	Balance Payable			
1	Actual Pension	110,174,526	86,121,742	24,052,784		(86,121,742)	
						-	
Total SOCIAL BENEFITS		110,174,526	86,121,742	24,052,784	-	(86,121,742)	-

Social benefits are employees' benefits given by Kogi Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Kogi Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cumulative amount paid by Dekina Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2018.

Kogi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	Local Travels, Transport & Training	72,465,728		(72,465,728)	44,892,150
	Local Travels, Transport & Others	28,519,476		(28,519,476)	33,786,220
	Printing & Office Stationery/Computer consumables	5,678,571		(5,678,571)	21,614,752
	Newspapers & Books	8,799,643		(8,799,643)	3,035,000
	Maintenace of Motor Vehicles/Transport Equipment-Finance & Supply	2,300,000		(2,300,000)	13,557,500
	Maintenace of Office/IT Equipment	12,000,000		(12,000,000)	3,161,650
	Maintenace of Building			-	3,174,500
	Maintenace of office Furniture	630,000		(630,000)	2,439,500
	Local Training	33,078,986		(33,078,986)	31,870,830
	Overseas Training	26,951,429		(26,951,429)	5,313,858
	Security vote	125,567,200.0		(125,567,200)	77,042,600
	Legal Services	1,500,000		(1,500,000)	7,130,000
	Motor Vehicle fueling cost	3,500,000		(3,500,000)	8,942,000
	Refreshment & Meal	55,179,878		(55,179,878)	51,268,323
	Honourarium & Sitting allowances	5,012,000		(5,012,000)	16,826,430
	Welfare Packages	147,732,894		(147,732,894)	65,538,000
	Publicity & Advertisement	3,022,405		(3,022,405)	7,738,793.60
	Medical Expenses	34,227,079		(34,227,079)	16,926,000
	Gifts & Donations	3,800,000		(3,800,000)	
	Postages & Courier Services			-	300,000
	Financial Consulting	78,633,333		(78,633,333)	52,766,171
	Subscription to Professional bodies	4,285,714		(4,285,714)	5,072,465
	Grants			-	31,367,300
	Educational Development	2,679,000		(2,679,000)	4,250,000
	Social Empowerment	7,535,000		(7,535,000)	
	Subventions:			-	
	LGEA-SUBEB	193,775,948		(193,775,948)	
				-	
				-	
		856,874,285	-	(856,874,285)	508,014,042
<p>These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Kogi Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.</p>					
		856,874,285	-	(856,874,285)	508,014,042

Kogi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 18 : Public Debt Charges

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	838,894	-	(838,894)	584,008
		-	-	-	-
Total PUBLIC DEBT CHARGES		838,894	-	(838,894)	584,008

The Kogi Local Government Area of Kogi State Public Debt Charges include interest on unmastered debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premium and discounts on unmastered debts.

Note 19 : Cash & Cash Equivalent (By Banks)

S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	Cash in the till	4,140	
2	Access Bank Plc	32,687,153	35,227,787
		32,691,292	35,227,787

The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Kogi State Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.

Kogi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 23: Schedule of Property, Plant & Equipment (PPE)

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Teaching & Learning Aids	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	80,213,875		27,400,000				26,950,000	364,310,600	6,710,198,415	7,209,072,890
Additions During the year				244,930,971		27,755,312	1,000,000	13,495,000	5,000,000	292,181,283
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	80,213,875	-	27,400,000	244,930,971	-	27,755,312	27,950,000	377,805,600	6,715,198,415	7,501,254,173
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018										-
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	16,042,775	-	2,740,000	3,184,103	-	5,551,062	6,987,500	-	134,303,968	168,809,408
Balance c/forward 31 December 2018	16,042,775	-	2,740,000	3,184,103	-	5,551,062	6,987,500	-	134,303,968	168,809,408
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	64,171,100	-	24,660,000	241,746,869	-	22,204,250	20,962,500	377,805,600	6,580,894,447	7,332,444,765
Balance as at 01 January 2018										

Kogi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Salary Payables (25a)	2,559,523,393	2,105,281,983
2	Other Payables (25b)	254,249,138	75,450,787
3	Term Loan (25c)	15,800,000	15,800,000
Total LOANS AND DEBTS (SHORT-TERM)		2,829,572,531	2,196,532,770

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a : Salary Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	2,105,281,983	
1	Salary Payables for the year	454,241,410	2,105,281,983
Total LOANS AND DEBTS (SHORT-TERM)		2,559,523,393	2,105,281,983

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25b : Other Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Arrears	101,609,974	
2	Pension	24,052,784	
3	Leave Bonus	128,586,380	75,450,787
Total Other Payables		254,249,138	75,450,787

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Kogi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25c: Short Term Loans & Debts (Loan Payables)

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Loan from Earnwell MFB	15,800,000	15,800,000
Total LOANS AND DEBTS (SHORT-TERM)		15,800,000	15,800,000

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 28 : Long Term Borrowing

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Capital Market Bonds & Other Long Term Borrowing (Note 28 a)	125,342,684	125,342,684
		-	-
Total Long Term Borrowings		125,342,684	125,342,684

Long-term borrowing generally refers to loans that will not become due within one year or before the reporting date

Note 28 a : State Bond & Other Long Term Borrowing

S/N	Description	Year Ended 31 December 2018		Year Ended 31 December 2017
		Gross Loan	Net for LGA	
		-	-	
1	Salary Bail Out	125,342,684	125,342,684	125,342,684
TOTAL		125,342,684	-	125,342,684

The balance of Salary Bail Out represent the Local Government portion of the Gross Loan obtained by both the Local Government and the 21 Local Government Areas of the State. The State Government repayment is being deducted from the FAAC allocation, while deduction from the 21 LGAs is also being deducted at source by the FAAC.

Kogi Local Government of Kogi State**Financial Statements for the Year Ended 31 December 2018****Notes to the Financial Statements****Note 29 : Reserves**

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		4,922,425,222
	IPSA Adjustments		
2	Recognition of Legacy PPE		
3	Prior years Adjustments		
	Total IPSA Adjustments		-
Closing Balance as at 31 December 2018			4,922,425,222

**LOKOJA LOCAL GOVERNMENT OF
KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**

LOKOJA LOCAL GOVERNMENT

KOGI STATE - NIGERIA

All communication(s) should be addressed to the Executive Chairman Administrator and please quote the number and date of this letter.

Tel: 058-220125 220334



Ref No. _____
Office of The Executive Chairman,
Lokoja Local Government,
Private Mail Bag. 1019,
Lokoja .

Ref No: _____

Date: _____

Report of the Treasurer On The Financial Statements of Lokoja Local Government For the Year Ended 31 December 2018

Responsibility For the Financial Statements

The Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis.

In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Lokoja Local Government as at 31 December 2018 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.

Ibrahim Adoga Isa
Local Government Treasurer (LGT)
Lokoja Local Government, Kogi State
31 July 2020

LOKOJA LOCAL GOVERNMENT

KOGI STATE - NIGERIA

All communication(s) should be addressed to the Executive Chairman, Administrator and please quote the number and date of this letter.

Tel: 058-220125 220334



Ref No. _____
Office of The Executive Chairman,
Lokoja Local Government,
Private Mail Bag. 1019,
Lokoja .

Ref No: _____

Date: _____

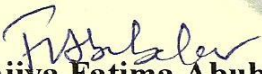
Lokoja Local Government, Kogi State **Financial Statements For the Year Ended 31 December 2018** **Forward by The Director of Local Government Administration**

Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Lokoja Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.

Lokoja Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasis here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.

Lokoja Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2018 useful in significant areas of information requirements.

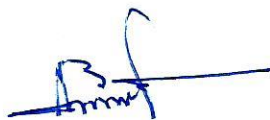

Hajiya Fatima Abubakar
Director of Local Government Administration

Lokoja Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Performance

	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,581,330,098	1,642,360,602
Government Share of VAT	10	389,422,008	288,460,709
Tax Revenue	11	34,069,346	22,162,960
Non-Tax Revenue	12	2,012,855	5,697,000
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		2,006,834,307	1,958,681,271
EXPENDITURES			
Salaries & Wages	15	613,867,277	983,181,611
Social Benefits	16	405,613,953	117,418,598
Overhead Cost	17	1,436,450,333	673,559,131
Depreciation Charges	23	245,156,842	-
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		2,701,088,404	1,774,159,340
Surplus/(Deficit) from Operating Activities for the Period		(694,254,097)	184,521,931
Public Debt Charges	18	4,697,206	14,050,813
Total Non-Operating Revenue/(Expenses)		(698,951,303)	170,471,118
Surplus/(Deficit) from Ordinary Activities		(698,951,303)	170,471,118
Net Surplus/ (Deficit) for the Period		(698,951,303)	170,471,118



IBRAHIM ADOGA ISA

Local Government Treasurer (LGT)

Lokoja Local Government

Kogi State

Lokoja Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Position

ASSETS	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017	
Current Assets					
Cash and Cash Equivalents	19	51,100,069		247,238,311	
Prepayment	20	197,447,352		-	
Other Current Assets	20b	2,220,000		-	
Total Current Assets			250,767,421		247,238,311
Non-Current Assets					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	10,879,667,774		11,108,477,761	
Intangible Assets	24	-		-	
Total Non-Current Assets			10,879,667,774		11,108,477,761
Total Assets			11,130,435,195		11,355,716,072
LIABILITIES					
Current Liabilities					
Short Term Loans & Debts	25	2,449,413,055		1,670,702,288	
Unremitted Deductions	26	-		4,753,552	
Payables	27	-		-	
Total Current Liabilities			2,449,413,055		1,675,455,840
Non-Current Liabilities					
Long Term Borrowings	28	261,306,400		261,306,400	
Total Non-Current Liabilities			261,306,400		261,306,400
Total Liabilities			2,710,719,455		1,936,762,240
Net Assets			8,419,715,740		9,418,953,833
NET ASSETS/EQUITY					
Reserves	29	9,118,667,043		9,248,482,715	
Accumulated Surpluses/(Deficits)		(698,951,303)		170,471,118	
Total Net Assets/Equity			8,419,715,740		9,418,953,833



IBRAHIM ADOGA ISA
 Local Government Treasurer (LGT)
 Lokoja Local Government
 Kogi State

Lokoja Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Change in Assets/Equity

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	9,248,482,715	170,471,118	9,418,953,833
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(698,951,303)	(698,951,303)
Reserves (Note 29)	9,118,667,043		9,118,667,043
Closing Balance as at 31 December 2018	9,118,667,043	(698,951,303)	8,419,715,740




IBRAHIM ADOGA ISA


Local Government Treasurer (LGT)

Lokoja Local Government

Kogi State

Lokoja Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Statement of Cashflow			
Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,581,330,098	1,642,360,602
Government Share of VAT	10	389,422,008	288,460,709
Tax Revenue	11	34,069,346	22,162,960
Non-Tax Revenue	12	2,012,855	5,697,000
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		2,006,834,307	1,958,681,271
Less Outflows:			
Salaries & Wages	15	613,867,277	983,181,611
Social Benefits	16	405,613,953	117,418,598
Overhead Cost(s)	17	1,436,450,333	711,118,758
Transfer to other Government Entities		-	-
Finance Cost	18	4,697,206	14,050,813
Finance Cost			
Total Outflow From Operating Activities		2,460,628,768	1,825,769,780
Net Cash Flow From Operating Activities		(453,794,461)	132,911,491
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(521,054,548)	-
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(521,054,548)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	778,710,767	(159,756,133)
Proceeds from Borrowings - Long Term Loan	28	-	261,306,400
Repayment of Borrowings		-	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		778,710,767	101,550,267
Net Cash Flow From All Activities		(196,138,242)	234,461,757
Open Cash Balance		247,238,311	12,776,554
Closing Cash Balance		51,100,069	247,238,311
 IBRAHIM ADOGA ISA Local Government Treasurer (LGT) Lokoja Local Government Kogi State			

Lokoja Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Statement of Comparison of Budget and Actual

	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
		Original	Supplementary	Final		
RECURRENT REVENUE						
Government Share of FAAC (Statutory Revenue)	9	2,893,534,300	1,315,060,880	4,208,595,180	1,360,498,462	(2,848,096,718)
Excess Crude	9		-	-	4,318,455	4,318,455
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	4,543,920	4,543,920
Refund from Federal Government	9		-	-	161,975,795	161,975,795
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	29,595,107	29,595,107
Excess Bank Charge	9		-	-	20,398,360	20,398,360
Government Share of VAT	10	330,553,060	-	330,553,060	389,422,008	58,868,948
Tax Revenue	11	52,589,780		52,589,780	34,069,346	(18,520,434)
Non-Tax Revenue	12			-	2,012,855	2,012,855
TOTAL RECURRENT REVENUE		3,276,677,140	1,315,060,880	4,591,738,020	2,006,834,307	(2,584,903,713)
CAPITAL RECEIPT						
TOTAL CAPITAL RECEIPT						
TOTAL REVENUE		3,276,677,140	1,315,060,880	4,591,738,020	2,006,834,307	(2,584,903,713)
RECURRENT EXPENDITURES						
Salaries & Wages	15	1,172,654,070		1,172,654,070	613,867,277	558,786,793
Social Benefits	16	42,172,810		42,172,810	405,613,953	(363,441,143)
Overhead Cost	17	421,862,010	676,060,880	1,097,922,890	1,436,450,333	(338,527,443)
Public Debt Charges	18	265,161,470	-	265,161,470	4,697,206	260,464,264
Impairment (Loss) on Investment	22	-	-	-	-	-
TOTAL RECURRENT EXPENDITURES		1,901,850,360	676,060,880	2,577,911,240	2,460,628,768	117,282,472
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,756,708,250	639,000,000	2,395,708,250	521,054,548	1,874,653,702
TOTAL CAPITAL EXPENDITURE		1,756,708,250	639,000,000	2,395,708,250	521,054,548	1,874,653,702
TOTAL EXPENDITURE		3,658,558,610	1,315,060,880	4,973,619,490	2,981,683,316	1,991,936,174
 IBRAHIM ADOGA ISA Local Government Treasurer (LGT) Lokoja Local Government Kogi State						

Lokoja Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		(698,951,303)
Add/(Less) non-cash items		
Depreciation and amortisation	23	245,156,842
Impairment of Investments	22	-
Total non-cash Items		(453,794,461)
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	778,710,767
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		-
Total movements in working capital items		778,710,767
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(521,054,548)
Total items classified as investing activities		(521,054,548)
Net cash flow from All (Operating) Activities		(196,138,242)
Cash & Cash Equivalent as at 01 January 2018		247,238,311
Cash & Cash Equivalent as at 31 December 2018		51,100,069

Lokoja Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Lokoja Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Lokoja Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Lokoja Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

Lokoja Local Government of Kogi State
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In discharging this statutory responsibilities, he;

- a. Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- b. Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- c. Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Lokoja Local Government
- d. Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

Lokoja Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Lokoja Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

Lokoja Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

e. Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦) which is the functional currency of Lokoja Local Government of Kogi State.

f. Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Lokoja Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision making, and also to demonstrate the level of Lokoja Local Government of Kogi State accountability for the resources entrusted to it.

Lokoja Local Government of Kogi State
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The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Lokoja Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Lokoja Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

Lokoja Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

a. Revenue from Non-exchange Transactions

These are transactions in which Lokoja Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Lokoja Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

i. Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Lokoja Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Lokoja Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Lokoja Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Lokoja Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Lokoja Local Government of Kogi State
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Lokoja Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

ii. Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Lokoja Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

iii. Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

iv. Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

Lokoja Local Government of Kogi State
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v. Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

b. Revenue From Exchange Transactions

These are transactions in which Lokoja Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Lokoja Local Government.

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Lokoja Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Lokoja Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Lokoja Local Government of Kogi State
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i.Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Lokoja Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

ii.Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Lokoja Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Lokoja Local Government would incur to acquire the asset on the reporting date.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Lokoja Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Lokoja Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition.

For the fourth Transitional Financial Statements for the year ended 31 December 2018, Lokoja Local Government has recognized financial liabilities measured at amortized cost. These include Lokoja Local and foreign debts and investments.

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c. Classification

viii. Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

ix. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Lokoja Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

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iii. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Lokoja Local Government intends to dispose of it within 12 months of the end of the reporting period. Lokoja Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

iv. Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

d. Categories & Measurement

i. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

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ii.Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

iii.Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

iv.Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

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c. Recognition & De-recognition

Financial instruments are recognized when Lokoja Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Lokoja Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

d. Reclassification

Lokoja Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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e. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

f. Impairment of financial assets

Lokoja Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, Lokoja Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

g. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Lokoja Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Lokoja Local Government and its cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Lokoja Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

l) Depreciation Rates

The following standard rates shall be applied to all Lokoja Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Lokoja Local Government in connection with the borrowing of funds for qualifying assets. Lokoja Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Lokoja Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Lokoja Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Lokoja Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Lokoja Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Lokoja Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Lokoja Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

h. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Lokoja Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

i. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Lokoja Local Government, or a present obligation that arises from past events but is not recognised because:

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i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,

ii. the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

j. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Lokoja Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Lokoja Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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d. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Lokoja Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

f. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

k. Leases

Leases of property, plant and equipment where Lokoja Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

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Notes to the Financial Statements					
Note 9 : Government Share of FAAC (Statutory Revenue)					
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	29,595,107	-	(29,595,107)	-
2	Recovered Excess Bank Charges	20,398,360	-	(20,398,360)	291,789
3	Statutory Allocation	1,360,498,462	4,208,595,180	2,848,096,718	1,347,313,639
4	Exchange Difference	4,543,920	-	(4,543,920)	93,400,530
5	NNPC Refund	3,227,711	-	(3,227,711)	-
6	JAAC Special Allocation	158,748,084	-	(158,748,084)	-
7	Budget Augmentation	-	-	-	4,272,696
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	4,318,455	-	(4,318,455)	40,449,649
10	Pension Allocation	-	-	-	156,632,299
11	Salary Bailout	-	-	-	-
Total Statutory Revenue		1,581,330,098	4,208,595,180.00	2,627,265,082	1,642,360,602
<p>These are the Gross Statutory Revenues (SR) Allocated to Lokoja Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.</p>					

Note 9 a : Government Share of FAAC (Statutory Revenue)											
S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	CBN CONDITIONAL BSF	TOTAL
1	January	104,342,526		3,957,422			599,380	4,318,455			113,217,783
2	February	-		-							-
3	March	103,006,539		-							103,006,539
4	April	107,675,772		-			202,350				107,878,122
5	May	87,311,143		-		10,766,794	9,111,007		158,748,084		265,937,028
6	June	119,397,348		-			129,503				119,526,851
7	July	115,238,380		-							115,238,380
8	August	231,073,290		-			2,263,171				233,336,461
9	September	122,278,978		-	3,227,711		6,731,762				132,238,451
10	October	118,210,065		-							118,210,065
11	November	123,880,939		74,769			1,361,187				125,316,895
12	December	128,083,483		511,729		18,828,313					147,423,525
-											
Total		1,360,498,462	-	4,543,920	3,227,711	29,595,107	20,398,360	4,318,455	158,748,084	-	1,581,330,098

Lokoja Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 10: Government Share of Value Added Tax (VAT)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	389,422,008	330,553,060	58,868,948	288,460,709
Total		389,422,008	330,553,060.00	58,868,948	288,460,709

This is Lokoja Local Government Area of Kogi State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

Note 10a : Government Share of Value Added Tax (VAT)

S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January	29,992,957	-
2	Febuary	-	26,490,606
3	March	34,184,871	24,705,087
4	April	31,485,464	28,042,225
5	May	29,521,685	29,800,317
6	June	31,537,510	28,997,172
7	July	33,770,768	29,113,203
8	August	30,314,695	-
9	September	28,493,961	31,351,228
10	October	40,639,067	29,479,581
11	November	28,036,076	31,935,407
12	December	71,444,955	28,545,883
Total		389,422,008	288,460,709

This is Lokoja Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

Lokoja Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 11 : Tax Revenue

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	2% Development Levy			-	-
2	Kogi State Origin	711,090		711,090	377,500
3	Truck park Obajana	7,145,500		7,145,500	-
4	Certificate of occupancy	-		-	50,000
5	Express transit bus	1,532,800		1,532,800	
6	Hawker permit	45,000		45,000	
7	Abattoir	120,000		120,000	-
8	Liquor Licence	37,000		37,000	-
9	Hiring of plant & equipment	159,000		159,000	6,935,000
10	Market fees	1,099,750		1,099,750	683,660
11	Tenement rate	21,671,206		21,671,206	
12	Application fee for plot	475,000		475,000	11,269,500
13	Registration of contract	300,000		300,000	-
14	Bill board advertisement	773,000		773,000	
15	Buses revenue			-	1,975,300
16	Other income			-	872,000
Total		34,069,346	-	34,069,346	22,162,960

These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Lokoja Local Government area of Kogi State such taxes include, Hawkers' permit, Abattoir/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace fees, etc.

Lokoja Local Government of Kogi State				
Financial Statements for the Year Ended 31 December 2018				
Notes to the Financial Statements				
Note 12 : Non Tax Revenue				
Administrative Code	Description	Year Ended 31 December 2018		
		Actual	Budget	Variance
	Shop rent	1,492,855		1,492,855
	Rent from building	420,000		420,000
	Timber fee	100,000		100,000
Total		2,012,855	-	2,012,855

NOTE 15 : Salaries & Wages							
S/N	Description	Year Ended 31 December 2018					Year Ended 31 December 2017
		Actual			Budget	Variance	Actual
SALARIES AND WAGES		Total Salary	Payment	Balance Payable			
1	SALARY	534,723,504	186,567,275	348,156,229	1,172,654,070	637,930,566	983,181,611
2	NULGE Due					-	17,963,982
3	PAYE					-	33,348,497
Total SALARIES AND WAGES		534,723,504	186,567,275	348,156,229	1,172,654,070	637,930,566	1,034,494,090
ALLOWANCE AND SOCIAL CONTRIBUTION							
1	1st 28 days	450,000	450,000			(450,000)	1,195,741
4	Leave bonus	64,166,820	64,166,820			(64,166,820)	
5	Death Benefit	2,076,953	2,076,953			(2,076,953)	-
10	Monthly allowance to (GYB Connect)	12,450,000	12,450,000			(12,450,000)	3,200,000
11	Sitting allowance					-	3,430,000
12	Allowance for coordinator and teacher					-	1,665,000
13	GYB Salary					-	800,000
14	Ex Political Office Holder					-	3,120,762
2	Workshop/Training	-	-			-	44,357,608
3	Monthly Pension					-	117,418,598
6	NUT					-	22,685,964
7	Med & H.W.U					-	828,414
8	Nig. Union of Pensioners					-	567,702
9	NASU					-	197,025
		-	-			-	
Total ALLOWANCE AND SOCIAL CONTRIBUTION		79,143,773	79,143,773	-	-	(79,143,773)	199,466,814
Grand Total Salaries & Wages		613,867,277	265,711,048	348,156,229	1,172,654,070	558,786,793	1,233,960,904

These are salaries and wages paid by Lokoja Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.

Lokoja Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017	
		Actual			Budget	Variance	Actual
SOCIAL BENEFITS		Gross Pension	Payment	Balance Payable			
1	Pension	405,613,953	264,525,026	141,088,927	42,172,810	(363,441,143)	
						-	-
Total SOCIAL BENEFITS		405,613,953	264,525,026	141,088,927	42,172,810	(363,441,143)	-

Social benefits are employees' benefits given by Lokoja Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Lokoja Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cumulative amount paid by Lokoja Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2018.

Lokoja Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	Repairs & maintenance	127,099,960		(127,099,960)	43,655,720
	Travel and transport	103,687,115		(103,687,115)	9,492,500
	Printing & Stationeries	6,742,000		(6,742,000)	13,022,100
	Rehabilitation/renovation expenses	428,776,331		(428,776,331)	20,220,000
	Communication & Postages	32,960,192		(32,960,192)	16,034,000
	Office Expenses	24,827,857		(24,827,857)	67,251,800
	Fueling & Lubricant expenses	1,700,000		(1,700,000)	4,115,000
	Finance charges	25,701,535		(25,701,535)	14,050,813
	Professional Charges	105,518,893		(105,518,893)	33,654,762
	Training & Workshop expenses	87,297,959		(87,297,959)	-
	Gifts & Donation	46,312,033		(46,312,033)	128,842,907
	Financial assistance & emporent	78,418,629		(78,418,629)	-
	Security expenses	132,392,845		(132,392,845)	207,542,093
	Cultural & Tourism expenses	242,000		(242,000)	28,427,265
	Annual festival expenses	19,749,400		(19,749,400)	-
	Rent	50,000		(50,000)	-
	Education and Science Development			-	42,739,000
	Sporth & Youth Development	2,030,000		(2,030,000)	4,537,000
	Medical Expenses	33,090,743		(33,090,743)	19,148,021
	Agricultural Development expenses	85,786,042		(85,786,042)	20,826,150
	SUBVENTION:				
	LGEA-SUBEB	94,066,799			
		1,436,450,333	-	(1,342,383,534)	673,559,131

These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Lokoja Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.

		1,436,450,333	-	(1,342,383,534)	673,559,131
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Lokoja Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 18 : Public Debt Charges

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	694,866	-	(694,866)	14,050,813
2	Domestic Loan Interest / Discount	4,002,340	-	(4,002,340)	-
Total PUBLIC DEBT CHARGES		4,697,206	-	(4,697,206)	14,050,813

The Lokoja Local Government Area of Kogi State Public Debt Charges include interest on unmastered debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premium and discounts on unmatured debts.

Note 19 : Cash & Cash Equivalent (By Banks)

S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	Zenith Bank Plc	29,169	695,341
2	Access Bank Plc	40,378,256	246,542,971
3	Fidelity Bank	10,692,645	-
		51,100,069	247,238,311

The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Kogi State Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.

Lokoja Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 20: Prepayment

S/N	Payee	Contract Details	Value of New & Existing Contract	Revaluation within the year	Sub Total Value	% of work done	Value of work done	Amount Due	Actual Payment	Prepayment
1	Stardust Construction Ltd	Clearing of right of ways						197,447,352		197,447,352
2										-
Total								197,447,352	-	197,447,352

The prapayment above represent advance payment made to contractors for work yet to be done.

Note 20b: Other Current Assets

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	RECEIVABLES	2,220,000	
2	ADVANCES	-	
Total		2,220,000	-

The prapayment above represent advance payment made to contractors for work yet to be done.

Note 20c: Receivables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Liquour Liences	150,000	
2	Shop rent fees	1,320,000	
3	Bank permit	100,000	
4	Filling station	200,000	
5	Private Schools	450,000	
Total		2,220,000	-

The prapayment above represent advance payment made to contractors for work yet to be done.

Lokoja Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 23: Schedule of Property, Plant & Equipment (PPE)

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Heritage Assets	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	51,681,110	3,022,600	67,189,200	64,524,553			18,795,000	73,833,750	10,324,723,855	10,603,770,068
Additions During the year	450,000	29,671,074		428,776,331			4,300,000		57,857,143	521,054,548
Revaluation										-
Recognition of Legacy PPE										-
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	52,131,110	32,693,674	67,189,200	493,300,884	-	-	23,095,000	73,833,750	10,382,580,998	11,124,824,616
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018										-
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	10,426,222	8,173,419	6,718,920	6,412,911	-	-	5,773,750	-	207,651,620	245,156,842
Balance c/forward 31 December 2018	10,426,222	8,173,419	6,718,920	6,412,911	-	-	5,773,750	-	207,651,620	245,156,842
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	41,704,888	24,520,256	60,470,280	486,887,972	-	-	17,321,250	73,833,750	10,174,929,378	10,879,667,774
Balance as at 01 January 2018	51,681,110	3,022,600	67,189,200	64,234,553	290,000	-	61,800,000	210,900,000	10,649,360,298	11,108,477,761

Lokoja Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	1,554,934,922	1,206,778,693
3	Other Payables (25b)	695,141,281	458,657,626
4	Term Loan (25c)	199,336,853	5,265,969
Total LOANS AND DEBTS (SHORT-TERM)		2,449,413,055	1,670,702,288

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a : Salary Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	1,206,778,693	
1	Salary Payables for the year	348,156,229	1,206,778,693
Total LOANS AND DEBTS (SHORT-TERM)		1,554,934,922	1,206,778,693

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Lokoja Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25b : Other Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Pension	141,088,927	
2	Leave Bonus	323,068,604	321,236,197
3	Death Benefit	16,978,996	14,902,043
4	Political Office holder	122,519,386	122,519,386
5	Last batch of Promotion Arrears 2015	13,450,569	-
6	Arrears of incremental 2014	6,412,498	-
7	Withholding Tax	39,338,444	-
8	Value Added Tax	32,283,857	-
Total Other Payables		695,141,281	458,657,626

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25c : Short Term Loans & Debts (Loan Payables)

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	UBA loan	1,889,501	5,265,969
2	Loan to Stardust Construction Ltd	197,447,352	
Total LOANS AND DEBTS (SHORT-TERM)		199,336,853	5,265,969

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Lokoja Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Notes to the Financial Statements			
Note 26 : Unremitted Deductions			
S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Withholding Tax	39,338,444	
2	Value Added Tax	32,283,857	
3	Paye	-	4,753,552
Total Unremitted Deductions		71,622,301	4,753,552

Note 28 : Long Term Borrowing			
S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Federal government bailout 2016	186,324,937	186,324,937
2	Federal government bailout 2017	73,175,088	73,175,088
3	Domestic loan	1,806,375	1,806,375
Total Long Term Borrowings		261,306,400	261,306,400
Long-term borrowing generally refers to loans that will not become due within one year or before the reporting date			

Note 29 : Reserves			
S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		9,418,953,833
IPSA Adjustments			
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(300,286,789)	
Total IPSA Adjustments			(300,286,789)
Closing Balance as at 31 December 2018			9,118,667,043

**MOPAMURO LOCAL GOVERNMENT OF
KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**



MOPAMURO LOCAL GOVERNMENT

OFFICE OF THE CHAIRMAN/ADMINISTRATOR

P.M.B. 1000, MOPA, KOGI STATE OF NIGERIA

Report of the Treasurer

On The Financial Statements of Mopamuro Local Government For the Year Ended 31 December 2018

Responsibility For the Financial Statements

The Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis.

In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Mopamuro Local Government as at 31 December 2018 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.

Kadiri Rasaq
Local Government Treasurer (LGT)
Mopamuro Local Government, Kogi State
31 July 2020



MOPAMURO LOCAL GOVERNMENT

OFFICE OF THE CHAIRMAN/ADMINISTRATOR

P.M.B. 1000, MOPA, KOGI STATE OF NIGERIA

Report of the Treasurer

On The Financial Statements of Mopamuro Local Government For the Year Ended 31 December 2018

Responsibility For the Financial Statements

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Kadiri Rasaq
Local Government Treasurer (LGT)
Mopamuro Local Government, Kogi State
31 July 2020

Mopamuro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Performance

	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,102,156,215	1,107,499,343
Government Share of VAT	10	273,156,552	256,336,806
Tax Revenue	11	18,472,176	5,406,878
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		1,393,784,943	1,369,243,027
EXPENDITURES			
Salaries & Wages	15	679,356,613	567,114,306
Social Benefits	16	77,401,989	112,874,427
Overhead Cost	17	505,570,234	557,244,264
Depreciation Charges	23	119,687,067	202,509,638
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		1,382,015,902	1,439,742,635
Surplus/(Deficit) from Operating Activities for the Period		11,769,041	(70,499,608)
Public Debt Charges	18	215,617	366,278
Total Non-Operating Revenue/(Expenses)		11,553,424	(70,865,886)
Surplus/(Deficit) from Ordinary Activities		11,553,424	(70,865,886)
Net Surplus/ (Deficit) for the Period		11,553,424	(70,865,886)



KADIRI RASHAQ

Local Government Treasurer (LGT)

Mopamuro Local Government

Kogi State

Mopamuro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Statement of Financial Position

ASSETS	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
Current Assets			
Cash and Cash Equivalents	19	27,207,392	162,811,937
Prepayment	20	-	-
Other Current Assets	20b	36,026,590	-
Total Current Assets		63,233,982	162,811,937
Non-Current Assets			
Long Term Loans	21	-	-
Investments	22	-	-
Property, Plant & Equipment	23	4,194,817,666	5,838,406,211
Intangible Assets	24	-	-
Total Non-Current Assets		4,194,817,666	5,838,406,211
Total Assets		4,258,051,648	6,001,218,148
LIABILITIES			
Current Liabilities			
Short Term Loans & Debts	25	1,678,918,818	1,367,873,425
Unremitted Deductions	26	28,116,185	28,116,185
Payables	27	-	-
Total Current Liabilities		1,707,035,003	1,395,989,610
Non-Current Liabilities			
Long Term Borrowings	28	-	-
Total Non-Current Liabilities		-	-
Total Liabilities		1,707,035,003	1,395,989,610
Net Assets		2,551,016,646	4,605,228,538
NET ASSETS/EQUITY			
Reserves	29	2,539,463,222	4,676,094,424
Accumulated Surpluses/(Deficits)		(11,553,424)	(70,865,886)
Total Net Assets/Equity		2,551,016,646	4,605,228,538



KADIRI RASAQ
Local Government Treasurer (LGT)
Mopamuro Local Government
Kogi State

Mopamuro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Change in Assets/Equity

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	4,676,094,424	(70,865,886)	4,605,228,538
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-	-	-
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	11,553,424	11,553,424
Reserves (Note 29)	2,539,463,222		2,539,463,222
Closing Balance as at 31 December 2018	2,539,463,222	11,553,424	2,551,016,646



KADIRI RASAQ

Local Government Treasurer (LGT)

Mopamuro Local Government

Kogi State

Mopamuro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Cashflow

Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,102,156,215	1,107,499,343
Government Share of VAT	10	273,156,552	256,336,806
Tax Revenue	11	18,472,176	5,406,878
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		1,393,784,943	1,369,243,027
Less Outflows:			
Salaries & Wages	15	679,356,613	567,114,306
Social Benefits	16	77,401,989	112,874,427
Overhead Cost(s)	17	505,570,234	557,244,264
Transfer to other Government Entities		-	-
Finance Cost	18	215,617	366,278
Finance Cost			
Total Outflow From Operating Activities		1,262,544,452	1,237,599,275
Net Cash Flow From Operating Activities		131,240,491	131,643,751
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(502,703,606)	-
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(502,703,606)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	311,045,393	7,722,518
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(75,186,822)	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		235,858,571	7,722,518
Net Cash Flow From All Activities		(135,604,545)	139,366,270
Open Cash Balance		162,811,937	23,445,667
Closing Cash Balance		27,207,392	162,811,937



KADIRI RASAQ


Local Government Treasurer (LGT)
Mopamuro Local Government
Kogi State

Mopamuro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Comparison of Budget and Actual

	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
		Original	Supplementary	Final		
RECURRENT REVENUE						
Government Share of FAAC (Statutory Revenue)	9	2,264,381,300	879,981,860.00	3,144,363,160	995,391,210	(2,148,971,950)
Excess Crude	9		-	-	2,850,438	2,850,438
Budget Augmentation/Budget Support Facility	9		-	-	65,795,321	65,795,321
Exchange Difference	9		-	-	3,028,356	3,028,356
Refund from Federal Government	9		-	-	2,130,482	2,130,482
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	19,534,537	19,534,537
Excess Bank Charge	9		-	-	13,425,871	13,425,871
Government Share of VAT	10	343,746,600	-	343,746,600	273,156,552	(70,590,048)
Tax Revenue	11	10,000,000		10,000,000	18,472,176	8,472,176
Non-Tax Revenue	12					
TOTAL RECURRENT REVENUE		2,618,127,900	-	3,498,109,760	1,393,784,943	(2,104,324,817)
CAPITAL RECEIPT						
TOTAL CAPITAL RECEIPT						
TOTAL REVENUE		2,618,127,900	-	3,498,109,760	1,393,784,943	(2,104,324,817)
RECURRENT EXPENDITURES						
Salaries & Wages	15	487,816,690	61,622,630	549,439,320	679,356,613	(129,917,293)
Social Benefits	16	42,172,820	-	42,172,820	77,401,989	(35,229,169)
Overhead Cost	17	701,377,340	538,584,300	1,239,961,640	505,570,234	734,391,406
Public Debt Charges	18					
Impairment (Loss) on Investment	22					
TOTAL RECURRENT EXPENDITURES		1,231,366,850	600,206,930	1,831,573,780	1,262,328,835	569,244,945
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,518,481,050	279,774,930	1,798,255,980	502,703,606	1,295,552,374
TOTAL CAPITAL EXPENDITURE		1,518,481,050	279,774,930	1,798,255,980	502,703,606	1,295,552,374
TOTAL EXPENDITURE		2,749,847,900	879,981,860	3,629,829,760	1,765,032,442	1,864,797,318



KADIRI RASAQ
Local Government Treasurer (LGT)
Mopamuro Local Government
Kogi State

Mopamuro Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		11,553,424
Add/(Less) non-cash items		
Depreciation and amortisation	23	119,687,066.64
Impairment of Investments	22	-
Total non-cash Items		131,240,491
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	311,045,393.04
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(75,186,822)
Total movements in working capital items		235,858,571.03
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(502,703,606)
Total items classified as investing activities		(502,703,606)
Net cash flow from All (Operating) Activities		(135,604,545)
Cash & Cash Equivalent as at 01 January 2018		162,811,937
Cash & Cash Equivalent as at 31 December 2018		27,207,392

Mopamuro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Mopamuro Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Mopamuro Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Mopamuro Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

Mopamuro Local Government of Kogi State
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In discharging this statutory responsibilities, he;

- l. Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- m. Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- n. Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Mopamuro Local Government
- o. Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

Mopamuro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Mopamuro Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

**Mopamuro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

c. Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦) which is the functional currency of Mopamuro Local Government of Kogi State.

d. Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Mopamuro Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision making, and also to demonstrate the level of Mopamuro Local Government of Kogi State accountability for the resources entrusted to it.

Mopamuro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Mopamuro Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Mopamuro Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

Mopamuro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

e. Revenue from Non-exchange Transactions

These are transactions in which Mopamuro Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Mopamuro Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

i. Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Mopamuro Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Mopamuro Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Mopamuro Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Mopamuro Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Mopamuro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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Mopamuro Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

ii. Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Mopamuro Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

iii. Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

iv. Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

Mopamuro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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v. Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

b. Revenue From Exchange Transactions

These are transactions in which Mopamuro Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Mopamuro Local Government .

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Mopamuro Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Mopamuro Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Mopamuro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

i.Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Mopamuro Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

ii.Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Mopamuro Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Mopamuro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Mopamuro Local Government would incur to acquire the asset on the reporting date. The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Mopamuro Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Mopamuro Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition.

Mopamuro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

For the fourth Transitional Financial Statements for the year ended 31 December 2018, Mopamuro Local Government has recognized financial liabilities measured at amortized cost. These include Mopamuro Local and foreign debts and investments.

c. Classification

x. Financial Assets and Liabilities at Fair Value through Surplus or Deficit
Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

xi. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Mopamuro Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

Mopamuro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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xii. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Mopamuro Local Government intends to dispose of it within 12 months of the end of the reporting period. Mopamuro Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

xiii. Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

d. Categories & Measurement

xiv. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

Mopamuro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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xv. Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

xvi. Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

xvii. Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Mopamuro Local Government of Kogi State
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e. Recognition & De-recognition

Financial instruments are recognized when Mopamuro Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Mopamuro Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

f. Reclassification

Mopamuro Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Mopamuro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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g. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

h. Impairment of financial assets

Mopamuro Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Mopamuro Local Government of Kogi State
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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, Mopamuro Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

i. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

Mopamuro Local Government of Kogi State
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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Mopamuro Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Mopamuro Local Government and its cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Mopamuro Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

m) Depreciation Rates

The following standard rates shall be applied to all Mopamuro Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Mopamuro Local Government in connection with the borrowing of funds for qualifying assets. Mopamuro Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Mopamuro Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Mopamuro Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Mopamuro Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Mopamuro Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Mopamuro Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Mopamuro Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

j. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Mopamuro Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

k. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Mopamuro Local Government, or a present obligation that arises from past events but is not recognised because:

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- xviii. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,
- xix. the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

1. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Mopamuro Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Mopamuro Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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m. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

n. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Mopamuro Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

o. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

p. Leases

Leases of property, plant and equipment where Mopamuro Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

Mopamuro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 9 : Government Share of FAAC (Statutory Revenue)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	19,534,537	-	(19,534,537)	-
2	Recovered Excess Bank Charges	13,425,871	-	(13,425,871)	1,925,598
3	Statutory Allocation	995,391,210	3,144,363,160	2,148,971,950	933,878,628
4	Exchange Difference	3,028,356	-	(3,028,356)	44,908,344
5	NNPC Refund	2,130,482	-	(2,130,482)	
6	JAAC Special Allocation	-	-	-	
7	Budget Augmentation	65,795,321	-	(65,795,321)	
8	Non-oil Revenue	-	-	-	
9	Solid Minerals (Oil Excess Revenue)	2,850,438	-	(2,850,438)	99,923,608
10	Ganished Fund	-	-	-	
11	Salary Bailout	-	-	-	26,863,165
Total Statutory Revenue		1,102,156,215	3,144,363,160.00	2,042,206,945	1,107,499,343

These are the Gross Statutory Revenues (SR) Allocated to Mopamuro Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.

Note 9 a : Government Share of FAAC (Statutory Revenue)

S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	AUGUMENTATION	TOTAL
1	January	72,668,932					-				72,668,932
2	February	71,088,256		2,612,135			395,627	2,850,438			76,946,455
3	March	74,171,520					-				74,171,520
4	April	171,120,673					133,563				171,254,236
5	May	82,062,510				7,106,727	5,975,544				95,144,781
6	June	79,314,548					85,480				79,400,028
7	July	83,462,668					-				83,462,668
8	August	86,071,963					1,493,828			65,795,321	153,361,113
9	September	80,580,232			2,130,482		4,443,365				87,154,079
10	October	84,604,773		29,098			-				84,633,871
11	November	110,245,134		49,352			898,465				111,192,951
12	December			337,771		12,427,810	-				12,765,582
-											
Total		995,391,210	-	3,028,356	2,130,482	19,534,537	13,425,871	2,850,438	-	65,795,321	1,102,156,215

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Note 10: Government Share of Value Added Tax (VAT)					
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	273,156,552	343,746,600	(70,590,048)	256,336,806
Total		273,156,552	343,746,600.00	(70,590,048)	256,336,806
This is Mopamuro Local Government Area of Kogi State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018					

Note 10 a : Government Share of Value Added Tax (VAT)			
S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January	-	19,795,704
2	Febuary	21,032,012	19,916,071
3	March	23,870,390	18,644,098
4	April	21,939,334	17,318,988
5	May	20,588,873	19,648,262
6	June	22,265,725	20,763,625
7	July	23,880,276	20,460,866
8	August	21,206,605	41,200,631
9	September	19,976,674	-
10	October	28,414,670	22,096,974
11	November	19,588,360	20,587,885
12	December	50,393,633	35,903,702
Total		273,156,552	256,336,806
This is Mopamuro Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018			

Mopamuro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 11 : Tax Revenue

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Tax Revenue	1,591,516		1,591,516	4,280,400
2	Fee General	1,507,410		1,507,410	1,126,478
3	Earnings General	441,200		441,200	-
4	Repayment General	14,435,551		14,435,551	-
5	Rent on land & others	496,500		496,500	
6				-	
Total		18,472,176	-	18,472,176	5,406,878

These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Mopamuro Local Government area of Kogi State such taxes include, Hawkers' permit, Abatior/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace fees, etc.

Mopamuro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 15 : Salaries & Wages

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017
		Actual		Budget	Variance	Actual
SALARIES AND WAGES		Total Salary	Payment	Balance Payable		
1	Salary	496,753,370	183,199,171	313,554,199	549,439,320	366,240,149
Total SALARIES AND WAGES		496,753,370	183,199,171	313,554,199	549,439,320	366,240,149
ALLOWANCE AND SOCIAL CONTRIBUTION						
1	Corper stipends/ I.T Students	3,156,000	3,156,000			(3,156,000)
2	Stipends (vigilantes, & other POH)	118,604,997	118,604,997			(118,604,997)
3	Upkeep allowances	4,757,000	4,757,000			(4,757,000)
4	Honorarium & sitting allowances	56,085,245	56,085,245			(56,085,245)
5	Other Allowances					-
						-
Total ALLOWANCE AND SOCIAL CONTRIBUTION		182,603,243	182,603,243	-	-	(182,603,243)
Grand Total Salaries & Wages		679,356,613	365,802,414	313,554,199	549,439,320	183,636,906

These are salaries and wages paid by Mopamuro Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.

Mopamuro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
SOCIAL BENEFITS					
1	Pension	77,401,989	42,172,820	(35,229,169)	112,874,427
				-	
Total SOCIAL BENEFITS		77,401,989	42,172,820	(35,229,169)	112,874,427

Social benefits are employees' benefits given by Mopamuro Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Mopamuro Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cummulative amount paid by Mopamuro Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2018.

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Notes to the Financial Statements

NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	Repairs & Maintenance	21,430,500		(21,430,500)	23,609,400
	Agricultural Development	-		-	34,460,000
	Travelling Expenses	29,391,500		(29,391,500)	25,337,500
	Professional fee-Audit Expenses/Financial Consulting	152,783,826		(152,783,826)	84,663,019
	Printing & Stationery	43,267,200		(43,267,200)	30,551,500
	Security Services	16,125,000		(16,125,000)	63,416,619
	General Expenses	141,470,984		(141,470,984)	68,221,692
	Fueling Cost	18,100,890		(18,100,890)	-
	Environmental Sanitation & Disease control	-		-	7,909,400
	Advert & Publicity	9,610,476		(9,610,476)	9,890,000
	Medical Supplies Expenses	30,727,000		(30,727,000)	21,301,881
	Gift & Donations-Distribution of school Uniform	34,752,857		(34,752,857)	48,557,352
	Culture & Tourism	-		-	4,005,000
	Youth & Sport Development	-		-	11,999,000
	Festival & Celebration	-		-	4,400,000
	Traning & Development	7,810,000		(7,810,000)	65,784,850
	Communication & Postages	100,000		(100,000)	910,000
	Hosting of Dignitries & meetings	-		-	15,372,225
	Refreshment & Entertainment	-		-	1,238,000
	Operation Expenses	-		-	35,616,825
				-	
				-	
		505,570,234	-	(505,570,234)	557,244,264

These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Bassa Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.

		505,570,234	-	(505,570,234)	557,244,264
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Mopamuro Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2018					
Notes to the Financial Statements					
NOTE 18 : Public Debt Charges					
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	215,617	-	(215,617)	366,278
		-	-	-	-
		-	-	-	-
Total PUBLIC DEBT CHARGES		215,617	-	(215,617)	366,278
<p>The Mopamuro Local Government Area of Kogi State Public Debt Charges include interest on unmastered debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premium and discounts on unmastered debts.</p>					

Note 19 : Cash & Cash Equivalent (By Banks)			
S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	Cash in the till	5,511	10,455
2	First Bank Plc	6,984	-
3	Access Bank Plc	27,194,896	162,801,482
		27,207,392	162,811,937
<p>The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Kogi State Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.</p>			

Mopamuro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 20 b: Other Current Assets

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Motor cycle loan	7,241,749	
2	Vehicle loan	16,770,000	
3	Advances	12,014,841	
Total		36,026,590	-

The prapayment above represent advance payment made to contractors for work yet to be done.

Note 20 C: Unretired Advances

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Advances	12,014,841	12,960,841
Total		12,014,841	12,960,841.04

The prapayment above represent advance payment made to contractors for work yet to be done.

Mopamuro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 23: Schedule of Property, Plant & Equipment (PPE)

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Teaching & Learning Aids	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	38,279,605		6,885,000	294,391,105			82,440,000	45,035,500	3,344,769,917	3,811,801,127
Additions During the year		16,835,463		440,460,923		25,530,000	19,877,221			502,703,606
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	38,279,605	16,835,463	6,885,000	734,852,027	-	25,530,000	102,317,221	45,035,500	3,344,769,917	4,314,504,733
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018										-
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	7,655,921	4,208,866	688,500	9,553,076	-	5,106,000	25,579,305	-	66,895,398	119,687,067
Balance c/forward 31 December 2018	7,655,921	4,208,866	688,500	9,553,076	-	5,106,000	25,579,305	-	66,895,398	119,687,067
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	30,623,684	12,626,597	6,196,500	725,298,951	-	20,424,000	76,737,916	45,035,500	3,277,874,519	4,194,817,666
Balance as at 01 January 2018	43,756,230		6,885,000				84,840,000	88,266,450	5,614,658,531	5,838,406,211

NOTE: The value of Land was depleted due to lost of boundry dispute with other neighbouring Local Government.

Mopamuro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	1,597,417,636	1,283,863,437
3	Other Payables (25b)	54,218,171	56,726,977
4	Term Loan (25c)	27,283,011	27,283,011
Total LOANS AND DEBTS (SHORT-TERM)		1,678,918,818	1,367,873,425

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a : Salary Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	1,283,863,437	
1	Salary Payables	313,554,199	1,283,863,437
2	Salary Payables LGA		
4	Salary Payables LGEA		
Total LOANS AND DEBTS (SHORT-TERM)		1,597,417,636	1,283,863,437

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25b : Other Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Pension	54,218,171	56,726,977
Total Other Payables		54,218,171	56,726,977

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Mopamuro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25c : Short Term Loans & Debts (Loan Payables)

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Mopa Micro Finance Bank Loan	4,200,000	4,200,000
2	Cooperative Loan	23,083,011	23,083,011
Total LOANS AND DEBTS (SHORT-TERM)		27,283,011	27,283,011

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 26 : Unremitted Deductions

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Cooperative Society (Staff contributions)	23,083,011	23,083,011
2	Agric Dept. staff contributions	228,230	228,230
3	PHC Dept. Welfare Scheme	184,528	184,528
4	Admin Dept. staff contributions	420,416	420,416
5	Mopa Microfinance Bank Loan	4,200,000	4,200,000
		-	
Total Unremitted Deductions		28,116,185	28,116,185

Note 29 : Reserves

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		4,605,228,538
IPSA Adjustments			
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(2,065,765,316)	
Total IPSA Adjustments			(2,065,765,316)
Closing Balance as at 31 December 2018			2,539,463,222

**OFU LOCAL GOVERNMENT OF KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**



OFU LOCAL GOVERNMENT COUNCIL

UGWOLAWO

All Communication(s) should be addressed to the
CHAIRMAN/SECRETARY Ofu Local Government Council

OFFICE OF THE CHAIRMAN,
Ofu Local Government Secretariat,
Ugwolawo,
P.M.B 1088, Idah,
Kogi State - Nigeria.

Ref No: _____

Date: _____

Report of the Treasurer On The Financial Statements of Ofu Local Government For the Year Ended 31 December 2018

Responsibility For the Financial Statements

The Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis.

In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or detect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Ofu Local Government as at 31 December 2018 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.

Abdul Daikwo
Local Government Treasurer (LGT)
Ofu Local Government, Kogi State
31 July 2020



OFU LOCAL GOVERNMENT COUNCIL

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Ofu Local Government, Kogi State
Financial Statements For the Year Ended 31 December 2018
Forward by The Director of Local Government Administration

Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Ofu Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.

Ofu Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasis here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.

Ofu Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2018 useful in significant areas of information requirements.

Gabriel Ebune
Director of Local Government Administration

Ofu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Performance

	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,546,923,888	1,719,169,416
Government Share of VAT	10	357,703,129	314,901,347
Tax Revenue	11	-	-
Non-Tax Revenue	12	1,737,129	2,526,938
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		1,906,364,146	2,036,597,701
EXPENDITURES			
Salaries & Wages	15	543,190,032	1,994,008,710
Social Benefits	16	114,272,362	248,040,442
Overhead Cost	17	834,708,935	799,864,784
Depreciation Charges	23	78,509,354	
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		1,570,680,682	3,041,913,936
Surplus/(Deficit) from Operating Activities for the Period		335,683,464	(1,005,316,235)
Public Debt Charges	18	1,426,008	1,427,055
Total Non-Operating Revenue/(Expenses)		334,257,456	(1,006,743,290)
Surplus/(Deficit) from Ordinary Activities		334,257,456	(1,006,743,290)
Net Surplus/ (Deficit) for the Period		334,257,456	(1,006,743,290)



ABDUL DAIKWO

Local Government Treasurer (LGT)

Ofu Local Government

Kogi State

Ofu Local Government of Kogi State				
Financial Statements for the Year Ended 31 December 2018				
Statement of Financial Position				
ASSETS	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017	
Current Assets				
Cash and Cash Equivalents	19	47,169,557	179,246,175	
Prepayment	20	-	-	
Other Current Assets	20b	-	-	
Total Current Assets		47,169,557		179,246,175
Non-Current Assets				
Long Term Loans	21	-	-	
Investments	22	-	51,506,968	
Property, Plant & Equipment	23	3,102,356,351	2,614,150,276	
Intangible Assets	24	-	-	
Total Non-Current Assets		3,102,356,351		2,665,657,244
Total Assets			3,149,525,908	2,844,903,419
LIABILITIES				
Current Liabilities				
Short Term Loans & Debts	25	3,246,913,941	2,924,448,321	
Unremitted Deductions	26	72,557,707	-	
Payables	27	-	-	
Total Current Liabilities		3,319,471,648		2,924,448,321.00
Non-Current Liabilities				
Long Term Borrowings	28	241,367,795	241,367,795.00	
Total Non-Current Liabilities		241,367,795.00		241,367,795.00
Total Liabilities			3,560,839,443	3,165,816,116.00
Net Assets			(411,313,535)	(320,912,697)
NET ASSETS/EQUITY				
Reserves	29	(745,570,990)	685,830,593	
Accumulated Surpluses/(Deficits)		334,257,456	(1,006,743,290)	
Total Net Assets/Equity			(411,313,535)	(320,912,697)



ABDUL DAIKWO

Local Government Treasurer (LGT)

Ofu Local Government

Kogi State

Ofu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Change in Assets/Equity

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	685,830,593	(1,006,743,290)	(320,912,697)
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	334,257,456	334,257,456
Reserves (Note 29)	(745,570,990)		(745,570,990)
Closing Balance as at 31 December 2018	(745,570,990)	334,257,456	(411,313,535)



ABDUL DAIKWO

Local Government Treasurer (LGT)

Ofu Local Government

Kogi State

Ofu Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Statement of Cashflow			
Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,546,923,888	1,719,169,416
Government Share of VAT	10	357,703,129	314,901,347
Tax Revenue	11	-	-
Non-Tax Revenue	12	1,737,129	2,526,938
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		1,906,364,146	2,036,597,701
Less Outflows:			
Salaries & Wages	15	543,190,032	1,994,008,710
Social Benefits	16	114,272,362	248,040,442
Overhead Cost(s)	17	834,708,935	799,864,784
Transfer to other Government Entities		-	-
Finance Cost	18	1,426,008	1,427,055
Finance Cost		-	-
Total Outflow From Operating Activities		1,493,597,337	3,043,340,991
Net Cash Flow From Operating Activities		412,766,809	(1,006,743,290)
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(566,715,429)	-
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(566,715,429)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	322,465,620	912,266,181
Proceeds from Borrowings - Long Term Loan	28	-	241,367,795
Repayment of Borrowings		(300,593,618)	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		21,872,002	1,153,633,976
Net Cash Flow From All Activities		(132,076,618)	146,890,686
Open Cash Balance		179,246,175	32,355,489
Closing Cash Balance		47,169,557	179,246,175



ABDUL DAIKWO
Local Government Treasurer (LGT)
Ofu Local Government
Kogi State

Ofu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Comparison of Budget and Actual

	Notes	Budget			Year Ended 31 December 2018	Difference Between Budget & Actual
		Original	Supplementary	Final		
RECURRENT REVENUE						
Government Share of FAAC (Statutory Revenue)	9	2,903,909,250	448,082,540.00	3,351,991,790	1,381,079,522	(1,970,912,268)
Excess Crude	9		-	-	4,144,108	4,144,108
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	4,402,776	4,402,776
Refund from Federal Government	9		-	-	-	-
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	137,623,392	137,623,392
Excess Bank Charge	9		-	-	19,674,090	19,674,090
Government Share of VAT	10	419,587,900	-	419,587,900	357,703,129	(61,884,771)
Tax Revenue	11	20,000,000		20,000,000	-	(20,000,000)
Non-Tax Revenue	12			-	1,737,129	1,737,129
TOTAL RECURRENT REVENUE		3,343,497,150	-	3,791,579,690	1,906,364,146	(1,885,215,544)
CAPITAL RECEIPT						
		-	-	-	-	-
TOTAL CAPITAL RECEIPT		-	-	-	-	-
TOTAL REVENUE		3,343,497,150	-	3,791,579,690	1,906,364,146	(1,885,215,544)
RECURRENT EXPENDITURES						
Salaries & Wages	15	1,435,077,480	-	1,435,077,480	543,190,032	891,887,448
Social Benefits	16	42,172,810	-	42,172,810	114,272,362	(72,099,552)
Overhead Cost	17	587,887,800	193,402,970	781,290,770	834,708,935	(53,418,165)
Public Debt Charges	18	199,754,950	-	199,754,950	1,426,008	198,328,942
Impairment (Loss) on Investment	22	-	-	-	-	-
TOTAL RECURRENT EXPENDITURES		2,264,893,040	193,402,970	2,458,296,010	1,493,597,337	964,698,673
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,394,218,060	254,679,570	1,648,897,630	566,715,429	1,082,182,201
TOTAL CAPITAL EXPENDITURE		1,394,218,060	254,679,570	1,648,897,630	566,715,429	1,082,182,201
TOTAL EXPENDITURE		3,659,111,100	448,082,540	4,107,193,640	2,060,312,766	2,046,880,874



ABDUL DAIKWO
Local Government Treasurer (LGT)
Ofu Local Government
Kogi State

Ofu Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		334,257,456
Add/(Less) non-cash items		
Depreciation and amortisation	23	78,509,354
Impairment of Investments	22	-
Total non-cash Items		412,766,809
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	322,465,620
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(300,593,618)
Total movements in working capital items		21,872,002
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(566,715,429)
Total items classified as investing activities		(566,715,429)
Net cash flow from All (Operating) Activities		(132,076,618)
Cash & Cash Equivalent as at 01 January 2018		179,246,175
Cash & Cash Equivalent as at 31 December 2018		47,169,557

Ofu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Ofu Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Ofu Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Ofu Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

Ofu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

In discharging this statutory responsibilities, he;

- q. Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- r. Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- s. Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Ofu Local Government
- t. Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

Ofu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Ofu Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

Ofu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

c. Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦) which is the functional currency of Ofu Local Government of Kogi State.

d. Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Ofu Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision-making, and also to demonstrate the level of Ofu Local Government of Kogi State accountability for the resources entrusted to it.

Ofu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Ofu Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Ofu Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

Ofu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

u. Revenue from Non-exchange Transactions

These are transactions in which Ofu Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Ofu Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

xx. Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Ofu Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Ofu Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Ofu Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Ofu Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Ofu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Ofu Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

xxi. Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Ofu Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

xxii. Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

xxiii. Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

Ofu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

xxiv. Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

v. Revenue From Exchange Transactions

These are transactions in which Ofu Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Ofu Local Government.

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Ofu Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Ofu Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Ofu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

xxv. Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Ofu Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

xxvi. Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Ofu Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Ofu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Ofu Local Government would incur to acquire the asset on the reporting date.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Ofu Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Ofu Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition. For the fourth Transitional Financial Statements for the year ended 31 December 2018, Ofu Local Government has recognized financial liabilities measured at amortized cost. These include Ofu Local and foreign debts and investments.

Ofu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

a. Classification

i. Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

ii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Ofu Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

Ofu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

iii. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Ofu Local Government intends to dispose of it within 12 months of the end of the reporting period. Ofu Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

iv. Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

b. Categories & Measurement

i. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

Ofu Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

ii.Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

iii.Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

iv.Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

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c. Recognition & De-recognition

Financial instruments are recognized when Ofu Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Ofu Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

d. Reclassification

Ofu Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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e. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

f. Impairment of financial assets

Ofu Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, Ofu Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

g. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Ofu Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Ofu Local Government and its cost can be measured reliably. Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Ofu Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

n) Depreciation Rates

The following standard rates shall be applied to all Ofu Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Ofu Local Government in connection with the borrowing of funds for qualifying assets. Ofu Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Ofu Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Ofu Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Ofu Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Ofu Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Ofu Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Ofu Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

h. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Ofu Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

i. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Ofu Local Government, or a present obligation that arises from past events but is not recognised because:

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xxvii. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,

xxviii. the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

j. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Ofu Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Ofu Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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k. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

l. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Ofu Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

m. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

n. Leases

Leases of property, plant and equipment where Ofu Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

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Note 9 : Government Share of FAAC (Statutory Revenue)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	137,623,392	-	137,623,392	-
2	Recovered Excess Bank Charges	19,674,090	-	19,674,090	
3	Statutory Allocation	1,381,079,522	3,351,991,790	(1,970,912,268)	900,637,142
4	Exchange Difference	4,402,776	-	4,402,776	200,445,968
5	NNPC Refund	-	-	-	
6	JAAC Special Allocation	-	-	-	292,691,783
7	Budget Augmentation	-	-	-	
8	Non-oil Revenue	-	-	-	
9	Solid Minerals (Oil Excess Revenue)	4,144,108	-	4,144,108	49,914,981
10	Ganished Fund	-	-	-	84,026,728
11	Salary Bailout	-	-	-	241,367,795
Total Statutory Revenue		1,546,923,888	3,351,991,790.00	(1,805,067,902)	1,719,169,416

These are the Gross Statutory Revenues (SR) Allocated to Ofu Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.

Note 9a : Government Share of FAAC (Statutory Revenue)

S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	CBN CONDITIONAL BSF	TOTAL
1	January	99,459,214		3,797,652			575,182	4,144,108			107,976,156
2	February	-		-			264,513				264,513
3	March	98,072,219		-							98,072,219
4	April	102,551,968		-							102,551,968
5	May	234,345,246		-			8,772,100				243,117,346
6	June	119,903,354		-			124,275				120,027,629
7	July	115,914,406		-							115,914,406
8	August	217,753,700		-			2,171,802				219,925,502
9	September	131,084,566		-			6,459,985				137,544,551
10	October	121,127,751		42,305							121,170,056
11	November	118,370,514		71,750			1,306,233				119,748,497
12	December	22,496,584		491,069		137,623,392					160,611,045
-											
Total		1,381,079,522	-	4,402,776	-	137,623,392	19,674,090	4,144,108	-	-	1,546,923,888

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Note 10: Government Share of Value Added Tax (VAT)					
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	357,703,129	419,587,900	(61,884,771)	314,901,347
Total		357,703,129	419,587,900	(61,884,771)	314,901,347
<p>This is Ofu Local Government Area of Kogi State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>					

Note 10a : Government Share of Value Added Tax (VAT)			
S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January	29,809,737	28,203,474
2	Febuary	33,973,976	26,330,172
3	March	31,290,297	24,554,067
4	April	-	27,870,598
5	May	31,347,935	29,615,548
6	June	33,566,906	28,822,634
7	July	30,128,466	28,935,044
8	August	28,319,812	-
9	September	40,389,121	31,162,011
10	October	27,862,350	29,297,777
11	November	71,014,529	31,739,641
12	December	-	28,370,381
Total		357,703,129	314,901,347
<p>This is Ofu Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>			

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Note 12 : Non Tax Revenue

Administrative Code	Description	Year Ended 31 December 2018		
		Actual	Budget	Variance
	IGR- Shop Fees	239,700		239,700
	IGR - Market fees	1,316,429		1,316,429
	IGR - State of Origin Certificate	181,000		181,000
				-
Total		1,737,129	-	1,737,129

NOTE 15 : Salaries & Wages

S/N	Description	Year Ended 31 December 2018					Year Ended 31 December 2017
		Actual			Budget	Variance	Actual
SALARIES AND WAGES		Gross Salary	Payment	Balance Payable			
1	SALARY	522,594,011	197,949,374	324,644,637	1,435,077,480	1,237,128,106	1,232,336,634
2	Contribution to SUBEB for Teachers					-	649,921,337
3	Deduction from Salaries (Salary Gross-up)					-	56,723,515
Total SALARIES AND WAGES		522,594,011	197,949,374	324,644,637	1,435,077,480.00	1,237,128,106	1,938,981,486
ALLOWANCE AND SOCIAL CONTRIBUTION							
1	Training of Health Workers	2,229,000	2,229,000			(2,229,000)	4,827,000
2	F&GPC Allowance	4,000,000	4,000,000			(4,000,000)	-
3	Other Allowances	13,039,143	13,039,143			(13,039,143)	-
4	Honourarium & Siting Allowance	1,327,878	1,327,878			(1,327,878)	23,250,000
5	Monthly Allowance					-	10,947,224
6	1st 28 Days Allowance					-	500,000
7	Joint Account Allowance					-	14,003,000
8	GAGOS Allowance					-	1,500,000
Total ALLOWANCE AND SOCIAL CONTRIBUTION		20,596,021	20,596,021	-	-	(20,596,021)	55,027,224
Grand Total Salaries & Wages		543,190,032	218,545,395	324,644,637	1,435,077,480	1,216,532,085	1,994,008,710

These are salaries and wages paid by Ofu Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.

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NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018					Year Ended 31 December 2017
		Gross Pension	Payment	Balance Payable	Budget	Variance	Actual
SOCIAL BENEFITS							
1	Actual Pension	114,272,362	114,272,362	-	42,172,810	(72,099,552)	248,040,442
2	Gratuity & Arrears					-	
Total SOCIAL BENEFITS		114,272,362	114,272,362	-	42,172,810	(72,099,552)	248,040,442

Social benefits are employees' benefits given by Ofu Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Ofu Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cumulative amount paid by Ofu Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2018.

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NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	Travelling Expenses-Duty Tour Allowance (DTA) Expenses	14,273,420		(14,273,420)	21,392,500
	Entertainment and refreshment	37,722,500		(37,722,500)	187,392,949
	Legal Services	4,100,000		(4,100,000)	
	Festivity & Soecial Day expenses	10,150,000		(10,150,000)	
	Printing and Stationery Expenses	3,502,000		(3,502,000)	200,879
	Publicity and Advert	3,105,846		(3,105,846)	12,614,454
	Education & Science Development			-	10,000
	Repair and Maintenance Expenses	2,585,000		(2,585,000)	307,390,136
	Accounting &Consultancy services	162,118,568		(162,118,568)	81,604,138
	Gifts & Donations	37,270,971		(37,270,971)	71,873,357
	Security Services	17,500,000		(17,500,000)	47,687,901
	Operational Expenses	36,429,468		(36,429,468)	36,429,468
	Sports and Youths Development	47,823,572		(47,823,572)	7,450,000
	Medical Expense	52,915,800		(52,915,800)	16,881,228
	Local Training	45,716,143		(45,716,143)	
	Office General Expenses			-	6,687,774
	Culture & Tourism Expenses			-	2,250,000
	Subventions:			-	
	LGEA	359,495,647		(359,495,647)	
		834,708,935	-	(834,708,935)	799,864,784
<p>These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Ofu Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.</p>					
		834,708,935	-	(834,708,935)	799,864,784

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NOTE 18 : Public Debt Charges

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	1,426,008	199,754,950	198,328,942	1,427,055
		-	-	-	-
Total PUBLIC DEBT CHARGES		1,426,008	199,754,950	198,328,942	1,427,055

The Ofu Local Government Area of Kogi State Public Debt Charges include interest on unmastured debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premium and discounts on unmastured debts.

Note 19 : Cash & Cash Equivalent (By Banks)

S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	Cash in the till	4,647	57
2	UBA Bank Plc	60,893	-
3	Access Bank Plc	45,921,464	179,226,573
4	Polaris Bank	1,182,553	19,545
		47,169,557	179,246,175

The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Kogi State Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.

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Note 23: Schedule of Property, Plant & Equipment (PPE)

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Teaching & Learning Aids	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	39,219,300		7,766,000	11,986,875			49,459,530	56,730,000	2,448,988,571	2,614,150,276
Additions During the year				487,378,286			2,025,000		77,312,143	566,715,429
Revaluation										-
Recognition of Legacy PPE										-
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	39,219,300	-	7,766,000	499,365,161	-	-	51,484,530	56,730,000	2,526,300,714	3,180,865,705
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018										-
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	7,843,860	-	776,600	6,491,747	-	-	12,871,133	-	50,526,014	78,509,354
Balance c/forward 31 December 2018	7,843,860	-	776,600	6,491,747	-	-	12,871,133	-	50,526,014	78,509,354
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	31,375,440	-	6,989,400	492,873,414	-	-	38,613,398	56,730,000	2,475,774,700	3,102,356,351
Balance as at 01 January 2018	39,219,300		7,766,000	11,986,875			49,459,530	56,730,000	2,448,988,571	2,614,150,276

Ofu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	3,130,418,919	2,805,774,282
3	Other Payables (25b)	116,495,022	48,274,039
4	Term Loan (25c)	-	70,400,000
Total LOANS AND DEBTS (SHORT-TERM)		3,246,913,941	2,924,448,321

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a : Salary Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	2,805,774,282	-
1	Salary Payables for the year	324,644,637	2,805,774,282
Total LOANS AND DEBTS (SHORT-TERM)		3,130,418,919	2,805,774,282

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Ofu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25b : Other Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Leave allowance payables	15,725,773	
2	Pension	100,769,249	48,274,039
Total Other Payables		116,495,022	48,274,039

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25c : Short Term Loans & Debts (Loan Payables)

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Loan from commercial bank		35,200,000
2	Loan from Individual	-	35,200,000
			-
Total LOANS AND DEBTS (SHORT-TERM)		-	70,400,000

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 26 : Unremitted Deductions

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Unremitted staff welfare deductions	17,500,000	
2	Unremitted statutory deductions	17,751,521	
3	unremitted medical & health union	251,521	
4	unremitted value added tax	12,813,630	
5	unremitted withholding tax	11,715,932	
6	unremitted 3% development levy	12,525,103	
Total Unremitted Deductions		72,557,707	-

Ofu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 28 : Long Term Borrowing

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Capital Market Bonds & Other Long Term Borrowing (Note 28 a)	241,367,795	241,367,795
2	Multi lateral Loan (Note 28 b)	-	-
Total Long Term Borrowings		241,367,795	241,367,795

Long-term borrowing generally refers to loans that will not become due within one year or before the reporting date

Note 28a : State Bond & Other Long Term Borrowing

S/N	Description	Year Ended 31 December 2018		Year Ended 31 December 2017
		Gross Loan	Net for Local Govt	
1	CBN Budget Support Facility		-	
2	Salary Bail Out	241,367,795	241,367,795	241,367,795
3	Recurrent Infrastructure Loan		-	
TOTAL		241,367,795	-	241,367,795

The balance of Salary Bail Out represent the Local Government portion of the Gross Loan obtained by both the State Government and the 21 Local Government Areas of the State. The State Government repayment is being deducted from the FAAC allocation, while deduction from the 21 LGAs is also being deducted at source by the FAAC.

Ofu Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Notes to the Financial Statements			
Note 29 : Reserves			
S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		(320,912,697)
	IPSA Adjustments		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(352,100,586)	
	Total IPSA Adjustments		(352,100,586)
Closing Balance as at 31 December 2018			(673,013,283)

**OGORI-MAGONGO LOCAL GOVERNMENT OF
KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**



OGORI-MAGONGO LOCAL GOVERNMENT COUNCIL

P.M.B 1010, AKPAFA

Our Ref:.....

Your Ref:.....

Date:.....

Report of the Treasurer On The Financial Statements of Ogori-Magongo Local Government For the Year Ended 31 December 2018

Responsibility For the Financial Statements

The Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis.

In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Ogori-Magongo Local Government as at 31 December 2018 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.

Aboluja O. Stephen
Local Government Treasurer (LGT)
Ogori-Magongo Local Government, Kogi State
31 July 2020



OGORI-MAGONGO LOCAL GOVERNMENT COUNCIL

P.M.B 1010, AKPAFA

Our Ref:.....

Your Ref:.....

Date:.....

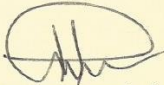
**Ogori-Magongo Local Government, Kogi State
Financial Statements For the Year Ended 31 December 2018
Forward by The Director of Local Government Administration**

Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Ogori-Magongo Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.

Ogori-Magongo Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasis here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.

Ogori-Magongo Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2018 useful in significant areas of information requirements.

Hawawu Owuda O. 
Director of Local Government Administration

Ogori-Magongo Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Performance

	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,001,042,183	914,981,688
Government Share of VAT	10	269,677,834	199,341,477
Tax Revenue	11	916,850	3,160,150
Non-Tax Revenue	12	5,193,640	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		1,276,830,506	1,117,483,315
EXPENDITURES			
Salaries & Wages	15	402,405,816	787,133,811
Social Benefits	16	142,329,830	-
Overhead Cost	17	789,280,255	519,050,516
Depreciation Charges	23	42,244,434	-
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		1,376,260,336	1,306,184,327
Surplus/(Deficit) from Operating Activities for the Period		(99,429,830)	(188,701,012)
Public Debt Charges	18	593,630	37,756,247
Total Non-Operating Revenue/(Expenses)		(100,023,460)	(226,457,259)
Surplus/(Deficit) from Ordinary Activities		(100,023,460)	(226,457,259)
Net Surplus/ (Deficit) for the Period		(100,023,460)	(226,457,259)



ABOLUJA O. STEPHEN

Local Government Treasurer (LGT)

Ogori-Magongo Local Government

Kogi State

Ogori-Magongo Local Government of Kogi State				
Financial Statements for the Year Ended 31 December 2018				
Statement of Financial Position				
ASSETS	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017
	Current Assets			
Cash and Cash Equivalents	19	66,540,453		56,227,369
Prepayment	20	-		-
Other Current Assets	20b	1,085,000		300,000
Total Current Assets			67,625,453	56,527,369
Non-Current Assets				
Long Term Loans	21	-		-
Investments	22	-		3,022,738
Property, Plant & Equipment	23	1,639,196,629		1,626,889,170
Intangible Assets	24	-		-
Total Non-Current Assets			1,639,196,629	1,629,911,908
Total Assets			1,706,822,082	1,686,439,277
LIABILITIES				
Current Liabilities				
Short Term Loans & Debts	25	2,976,835,214		2,719,454,565
Unremitted Deductions	26	33,381,267		-
Payables	27	-		-
Total Current Liabilities			3,010,216,482	2,719,454,565
Non-Current Liabilities				
Long Term Borrowings	28	-		-
Total Non-Current Liabilities			-	-
Total Liabilities			3,010,216,482	2,719,454,565
Net Assets			(1,303,394,400)	(1,033,015,288)
NET ASSETS/EQUITY				
Reserves	29	(1,203,370,940)		(806,558,029)
Accumulated Surpluses/(Deficits)		(100,023,460)		(226,457,259)
Total Net Assets/Equity			(1,303,394,400)	(1,033,015,288)



ABOLUJA O. STEPHEN
Local Government Treasurer (LGT)
Ogori-Magongo Local Government
Kogi State

Ogori-Magongo Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Change in Assets/Equity

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	(806,558,029)	(226,457,259)	(1,033,015,288)
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(100,023,460)	(100,023,460)
Reserves (Note 29)	(1,203,370,940)		(1,203,370,940)
Closing Balance as at 31 December 2018	(1,203,370,940)	(100,023,460)	(1,303,394,400)



ABOLUJA O. STEPHEN

Local Government Treasurer (LGT)
Ogori-Magongo Local Government
Kogi State

Ogori-Magongo Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Statement of Cashflow

Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,001,042,183	914,981,688
Government Share of VAT	10	269,677,834	199,341,477
Tax Revenue	11	916,850	3,160,150
Non-Tax Revenue	12	5,193,640	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		1,276,830,506	1,117,483,315
Less Outflows:			
Salaries & Wages	15	402,405,816	787,133,811
Social Benefits	16	142,329,830	-
Overhead Cost(s)	17	789,280,255	519,050,516
Transfer to other Government Entities		-	-
Finance Cost	18	593,630	-
Finance Cost			
Total Outflow From Operating Activities		1,334,609,532	1,306,184,327
Net Cash Flow From Operating Activities		(57,779,026)	(188,701,012)
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(59,411,893)	-
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(59,411,893)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	257,380,650	221,482,938
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(129,876,646)	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		127,504,004	221,482,938
Net Cash Flow From All Activities		10,313,085	32,781,926
Open Cash Balance		56,227,369	23,445,443
Closing Cash Balance		66,540,453	56,227,369



ABOLUJA O. STEPHEN
Local Government Treasurer (LGT)
Ogori-Magongo Local Government
Kogi State

Ogori-Magongo Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Comparison of Budget and Actual

	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
		Original	Supplementary	Final		
RECURRENT REVENUE						
Government Share of FAAC (Statutory Revenue)	9	2,369,305,540	-	2,369,305,540	770,829,733	(1,598,475,807)
Excess Crude	9		-	-	4,835,593	4,835,593
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	2,939,997	2,939,997
Refund from Federal Government	9		-	-	192,361,309	192,361,309
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	18,964,584	18,964,584
Excess Bank Charge	9		-	-	11,110,968	11,110,968
Government Share of VAT	10	310,015,220	-	310,015,220	269,677,834	(40,337,386)
Tax Revenue	11			-	916,850	916,850
Non-Tax Revenue	12	10,000,000		10,000,000	5,193,640	(4,806,360)
TOTAL RECURRENT REVENUE		2,689,320,760	-	2,689,320,760	1,276,830,506	(1,412,490,254)
CAPITAL RECEIPT						
		-	-	-	-	-
TOTAL CAPITAL RECEIPT		-	-	-	-	-
TOTAL REVENUE		2,689,320,760	-	2,689,320,760	1,276,830,506	(1,412,490,254)
RECURRENT EXPENDITURES						
Salaries & Wages	15	841,397,740		841,397,740	402,405,816	438,991,924
Social Benefits	16	-		-	142,329,830	(142,329,830)
Overhead Cost	17	579,919,170		579,919,170	789,280,255	(209,361,085)
Public Debt Charges	18	80,324,910	-	80,324,910	593,630	79,731,280
Impairment (Loss) on Investment	22	-	-	-		
TOTAL RECURRENT EXPENDITURES		1,501,641,820	-	1,501,641,820	1,334,609,532	167,032,288
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,282,678,940		1,282,678,940	59,411,893	1,223,267,047
TOTAL CAPITAL EXPENDITURE		1,282,678,940	-	1,282,678,940	59,411,893	1,223,267,047
TOTAL EXPENDITURE		2,784,320,760	-	2,784,320,760	1,394,021,425	1,390,299,335



ABOLUJIA O. STEPHEN
Local Government Treasurer (LGT)
Ogori-Magongo Local Government
Kogi State

Ogori-Magongo Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		(100,023,460)
Add/(Less) non-cash items		
Depreciation and amortisation	23	42,244,434
Impairment of Investments	22	-
Total non-cash Items		(57,779,026)
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	257,380,650
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(129,876,646)
Total movements in working capital items		127,504,004
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(59,411,893)
Total items classified as investing activities		(59,411,893)
Net cash flow from All (Operating) Activities		10,313,085
Cash & Cash Equivalent as at 01 January 2018		56,227,369
Cash & Cash Equivalent as at 31 December 2018		66,540,453

Ogori-Magongo Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Ogori-Magongo Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Ogori-Magongo Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Ogori-Magongo Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

Ogori-Magongo Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

In discharging this statutory responsibilities, he;

- o. Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- p. Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- q. Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Ogori-Magongo Local Government
- r. Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Ogori-Magongo Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

Ogori-Magongo Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

s. Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦), which is the functional currency of Ogori-Magongo Local Government of Kogi State.

t. Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Ogori-Magongo Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision making, and also to demonstrate the level of Ogori-Magongo Local Government of Kogi State accountability for the resources entrusted to it.

Ogori-Magongo Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Ogori-Magongo Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Ogori-Magongo Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

Ogori-Magongo Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

a. Revenue from Non-exchange Transactions

These are transactions in which Ogori-Magongo Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Ogori-Magongo Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

i. Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Ogori-Magongo Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Ogori-Magongo Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Ogori-Magongo Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Ogori-Magongo Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Ogori-Magongo Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Ogori-Magongo Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

ii. Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Ogori-Magongo Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

iii. Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

iv. Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

Ogori-Magongo Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

v. Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

b. Revenue From Exchange Transactions

These are transactions in which Ogori-Magongo Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Ogori-Magongo Local Government .

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Ogori-Magongo Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Ogori-Magongo Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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i. Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Ogori-Magongo Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

ii. Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Ogori-Magongo Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Ogori-Magongo Local Government would incur to acquire the asset on the reporting date.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Ogori-Magongo Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Ogori-Magongo Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition.

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For the fourth Transitional Financial Statements for the year ended 31 December 2018, Ogori-Magongo Local Government has recognized financial liabilities measured at amortized cost. These include Ogori-Magongo Local and foreign debts and investments.

c. Classification

i. Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

ii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Ogori-Magongo Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

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iii. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Ogori-Magongo Local Government intends to dispose of it within 12 months of the end of the reporting period. Ogori-Magongo Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

iv. Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

d. Categories & Measurement

i. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

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ii.Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

iii.Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

iv.Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

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c. Recognition & De-recognition

Financial instruments are recognized when Ogori-Magongo Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Ogori-Magongo Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

d. Reclassification

Ogori-Magongo Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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e. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

f. Impairment of financial assets

Ogori-Magongo Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, Ogori-Magongo Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

g. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Ogori-Magongo Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Ogori-Magongo Local Government and its cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Ogori-Magongo Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

o) Depreciation Rates

The following standard rates shall be applied to all Ogori-Magongo Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Ogori-Magongo Local Government in connection with the borrowing of funds for qualifying assets. Ogori-Magongo Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Ogori-Magongo Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Ogori-Magongo Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Ogori-Magongo Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Ogori-Magongo Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Ogori-Magongo Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Ogori-Magongo Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

h. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Ogori-Magongo Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

i. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Ogori-Magongo Local Government, or a present obligation that arises from past events but is not recognised because:

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i.it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,

ii.the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

c. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Ogori-Magongo Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Ogori-Magongo Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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d. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Ogori-Magongo Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

f. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

g. Leases

Leases of property, plant and equipment where Ogori-Magongo Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

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Note 9 : Government Share of FAAC (Statutory Revenue)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	18,964,584	-	(18,964,584)	-
2	Recovered Excess Bank Charges	11,110,968	-	(11,110,968)	186,979
3	Statutory Allocation	770,829,733	2,369,305,540	1,598,475,807	683,878,053
4	Exchange Difference	2,939,997	-	(2,939,997)	66,710,789
5	NNPC Refund	-	-	-	-
6	JAAC Special Allocation	192,361,309	-	(192,361,309)	121,090,373
7	Budget Augmentation	-	-	-	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	4,835,593	-	(4,835,593)	33,459,309
10	Ganished Fund	-	-	-	9,656,185
11	Salary Bailout	-	-	-	-
Total Statutory Revenue		1,001,042,183	2,369,305,540.00	1,368,263,357	914,981,688

These are the Gross Statutory Revenues (SR) Allocated to Ogori-Magongo Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.

Note 9a : Government Share of FAAC (Statutory Revenue)

S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	CBN CONDITIONAL BSF	TOTAL
1	January	73,330,360		2,535,921			384,084	2,767,271			79,017,637
2	February	72,066,654									72,066,654
3	March	75,057,883									75,057,883
4	April	62,008,836					129,666				62,138,502
5	May	82,161,737				6,899,376	3,878,016				92,939,130
6	June	79,498,508					82,986				79,581,494
7	July	83,524,450									83,524,450
8	August	39,754,904					1,450,243		39,361,669		80,566,817
9	September	38,602,601					4,313,722	2,068,321	45,043,973		90,028,618
10	October	41,465,520		28,247					42,008,077		83,501,845
11	November	40,724,478		47,912			872,251		42,135,564		83,780,204
12	December	82,633,800		327,916		12,065,208			23,812,026		118,838,950
-											
Total		770,829,733	-	2,939,997	-	18,964,584	11,110,968	4,835,593	192,361,309	-	1,001,042,183

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Note 10: Government Share of Value Added Tax (VAT)					
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	269,677,834	310,015,220	(40,337,386)	199,341,477
Total		269,677,834	310,015,220.00	(40,337,386)	199,341,477
<p>This is Ogori Mangogo Local Government Area of Kogi State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>					

Note 10a : Government Share of Value Added Tax (VAT)			
S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January	20,770,396	19,560,212
2	Febuary	23,567,258	18,415,018
3	March	21,660,633	17,103,350
4	April	20,328,079	19,403,200
5	May	21,995,034	20,499,798
6	June	23,509,186	20,211,647
7	July	20,940,694	-
8	August	19,728,011	-
9	September	28,057,777	21,826,795
10	October	19,341,728	20,328,291
11	November	25,497,588	22,081,315
12	December	24,281,450	19,911,851
Total		269,677,834	199,341,477
<p>This is Ogori Mangogo Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>			

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Note 11 : Tax Revenue

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	IGR – Hawkers Permits	157,310		157,310	-
2	Hiring Buses	161,310		161,310	-
3	Dispensary & Maternity	5,000		5,000	-
5	Parking fees	346,810		346,810	
6	Citizen application fees	79,920		79,920	
8	IGR liquor licenses fees	42,500		42,500	-
10	Registration of Dry cleaners	124,000		124,000	-
11	All IGR			-	3,160,150
12				-	-
Total		916,850	-	916,850	3,160,150

These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Ogori-Magongo Local Government area of Kogi State such taxes include, Hawkers' permit, Abatior/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace fees, etc.

Note 12 : Non Tax Revenue

Administrative Code	Description	Year Ended 31 December 2018		
		Actual	Budget	Variance
	Sales promotion	25,000		25,000
	Earning from use of govt. property	60,500		60,500
	Earning from commercial activities	103,000		103,000
	Rent on land	135,140		135,140
	Sale proceed form govt. properties	4,870,000		4,870,000
				-
Total		5,193,640	-	5,193,640

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NOTE 15 : Salaries & Wages

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017
		Actual		Budget	Variance	Actual
SALARIES AND WAGES		Gross Salary	Payment	Balance Payable		
1	SALARY	387,543,845	140,597,401	246,946,444	841,397,740	700,800,339
						-
Total SALARIES AND WAGES		387,543,845	140,597,401	246,946,444	841,397,740	700,800,339
ALLOWANCE AND SOCIAL CONTRIBUTION						
1	1st 28 days Allowance	-	-			4,518,210
2	Sitting allowance	1,200,000	1,200,000		(1,200,000)	-
3	F&GPC Allowance	5,380,000	5,380,000		(5,380,000)	3,290,000
4	Traditional allowance	1,586,000	1,586,000		(1,586,000)	3,040,000
5	Overtime allowance	1,500,000	1,500,000		(1,500,000)	100,000
6	NYSN Allowance and related expenses	2,121,971	2,121,971		(2,121,971)	1,721,000
7	Others expenses	3,074,000	3,074,000		(3,074,000)	3,205,000
8	GAGOS Allowance					-
Total ALLOWANCE AND SOCIAL CONTRIBUTION		14,861,971	14,861,971	-	-	(14,861,971)
Grand Total Salaries & Wages		402,405,816	155,459,372	246,946,444	841,397,740	685,938,368

These are salaries and wages paid by Ogori-Magongo Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.

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NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017
		Actual		Budget	Variance	Actual
	SOCIAL BENEFITS	Gross Pension	Payment	Balance Payable		
1	Pension	142,329,830	82,267,633	60,062,198	-	(142,329,830)
						-
	Total SOCIAL BENEFITS	142,329,830	82,267,633	60,062,198	-	(142,329,830)

Social benefits are employees' benefits given by Ogori-Magongo Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Ogori-Magongo Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cummulative amount paid by Ogori-Magongo Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2018.

Ogori-Magongo Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 17 : Overhead Costs

Economic Code	Year Ended 31 December 2018			Year Ended 31 December 2017
	Actual	Budget	Variance	Actual
Repairs & maintenance of motor vehicle	10,670,000		(10,670,000)	8,225,100
Repairs & maintenance of Infrastructure	2,550,500		(2,550,500)	-
Repairs & maintenance of office building	-		-	4,316,600
Maintenance of office equipment	5,320,000		(5,320,000)	-
Repairs & maintenance of patching & filling of roads	-		-	-
	13,724,000		(13,724,000)	-
Repairs & maintenance of road system	204,154,996		(204,154,996)	-
Repairs & maintenance of office furniture	4,200,000		(4,200,000)	-
Repairs & maintenance of drainage	2,700,000		(2,700,000)	213,827,201
Other maintenance services	3,000,512		(3,000,512)	2,720,000
Repair and maintenance generator	-		-	3,570,000
Repair of borehole	-		-	78,000
Repair of tractor	-		-	98,000
Repair of health care center	-		-	1,000,000
Clearing of market	-		-	64,000
Tourism & Cultural Expenses	2,997,000		(2,997,000)	
Youth Farming			-	
Educational Development	42,344,233		(42,344,233)	
Oil Palm Plantation	1,500,000		(1,500,000)	
Repopulation of palm tree	500,000		(500,000)	
Agriculture Development	34,523,700		(34,523,700)	1,300,000
Operations expenses	38,532,900		(38,532,900)	
Sport and Youth Development	6,770,000		(6,770,000)	3,022,738
Community health expenses	29,842,100		(29,842,100)	
Revenue related expenses	275,798		(275,798)	3,773,143
Waste Management expenses	3,450,000		(3,450,000)	
Professional Charges	57,096,238		(57,096,238)	109,467,733
Gifts & Donations	129,252,909		(129,252,909)	44,473,320
Traveling & Transport	34,743,600		(34,743,600)	6,128,500
Printing & Stationery	4,610,000		(4,610,000)	2,173,900
Communication & Postal Services	2,710,476		(2,710,476)	18,713,777
Fueling & Lubricants	3,350,000		(3,350,000)	6,120,000
Security Expenses	15,070,000		(15,070,000)	42,584,400
Office Expenses	58,658,407		(58,658,407)	47,394,104
Subventions:			-	
LGEA	76,732,887		(76,732,887)	
	789,280,255	-	(789,280,255)	519,050,516

These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Ogori Magongo Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.

	789,280,255	-	(789,280,255)	519,050,516
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Ogori-Magongo Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 18 : Public Debt Charges

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	252,148	-	(252,148)	761,143
2	Domestic Loan Interest / Discount	341,483	-	(341,483)	36,995,104
		-	-	-	-
		-	-	-	-
Total PUBLIC DEBT CHARGES		593,630	-	(593,630)	37,756,247

The Ogori-Magongo Local Government Area of Kogi State Public Debt Charges include interest on unmastured debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premium and discounts on unmastured debts.

Note 19 : Cash & Cash Equivalent (By Banks)

S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	Cash in the till	540	547
2	Zenith Bank Plc	4,878,602	407,049
3	First Bank Plc	31,132	-
4	Access Bank Plc	61,630,180	55,819,773
		66,540,453	56,227,369

The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Kogi State Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.

Ogori-Magongo Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 20 b: Other Current Assets

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	GLO Mast - Receivables	300,000	300,000
2	Receivable from lock up stores	785,000	
		-	
Total		1,085,000	300,000

The prapayment above represent advance payment made to contractors for work yet to be done.

Note 20 C: Unretired Advances

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Advances	-	151,328,240
2	Personnel Advances		4,046,516
3	Loan grant to member of staff Outstanding loan to Staff		454,000
Total		-	155,828,756

The prapayment above represent advance payment made to contractors for work yet to be done.

Ogori-Magongo Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Note 23: Schedule of Property, Plant & Equipment (PPE)

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Teaching & Learning Aids	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	14,690,505	785,400	4,545,000				18,902,000	54,391,250	1,533,575,015	1,626,889,170
Additions During the year			9,624,939	35,000,049			10,025,000		4,761,905	59,411,893
Revaluation										-
Recognition of Legacy PPE										-
PPE under Test Running										-
Disposal During the year	-	-	(3,030,000)	-		-	(1,830,000)		-	-
Balance c/forward 31 December 2018	14,690,505	785,400	11,139,939	35,000,049	-	-	27,097,000	54,391,250	1,538,336,920	1,686,301,063
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018										-
Additions During the year										-
Disposal During the year	-	-	-	-		-			-	-
Prior Year Adjustment	-	-	-	-		-			-	-
Total Charge for the Year	2,938,101	196,350	1,113,994	455,001	-	-	6,774,250	-	30,766,738	42,244,434
Balance c/forward 31 December 2018	2,938,101	196,350	1,113,994	455,001	-	-	6,774,250	-	30,766,738	42,244,434
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-		-	-		-	-
Additions During the year	-	-	-	-		-	-		-	-
Disposal During the year	-	-	-	-		-	-		-	-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	11,752,404	589,050	10,025,945	34,545,049	-	-	20,322,750	54,391,250	1,507,570,181	1,639,196,629
Balance as at 01 January 2018										

Ogori-Magongo Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	2,441,210,348	2,194,263,904
3	Other Payables (25b)	407,816,541	525,190,661
4	Term Loan (25c)	127,808,325	-
Total LOANS AND DEBTS (SHORT-TERM)		2,976,835,214	2,719,454,565

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a : Salary Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	2,194,263,904	
1	Salary Payables for the year	246,946,444	483,157,134
2	Salary Payables LGA		1,483,157,134
4	Salary Payables LGEA		227,949,637
Total LOANS AND DEBTS (SHORT-TERM)		2,441,210,348	2,194,263,904

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Ogori-Magongo Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25b : Other Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Leave allowance payables	194,079,267	231,976,406
2	Pension	60,062,198	65,264,618
3	Union of Local Government Employee	1,355,935	
4	Union of Teachers	30,823	
5	Teachers & Admin arrears	120,293,810	227,949,637
6	MHW Due	393,270	
7	Deduction VAT	9,639,100	
8	WHT	12,851,528	
9	Development Levy	6,152,618	
10	Stamp Duty	2,957,993	
Total Other Payables		407,816,541	525,190,661

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25c : Short Term Loans & Debts (Loan Payables)

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Loan from Individuals	10,684,508	38,136,283
2	Loan bal fom Polaris Bank	40,443,191	40,443,191
3	Overdraft - Access Bank	76,680,626	-
4			
Total LOANS AND DEBTS (SHORT-TERM)		127,808,325	78,579,474

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Ogori-Magongo Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 26 : Unremitted Deductions

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Union of Local Government Employee	1,355,935	
2	Union of Teachers	30,823	
3	MHW Due	393,270	
4	Deduction VAT	9,639,100	
5	WHT	12,851,528	
6	Development Levy	6,152,618	
7	Stamp Duty	2,957,993	
Total Unremitted Deductions		33,381,267	-

Note 29 : Reserves

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		(1,033,015,288)
IPSA Adjustments			
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(170,355,652)	
Total IPSA Adjustments			(170,355,652)
Closing Balance as at 31 December 2018			(1,203,370,940)

**OKEHI LOCAL GOVERNMENT OF
KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**



OKEHI LOCAL GOVERNMENT OBANGEDE

Kogi State of Nigeria

Telegraphic Address:
LOCADMIN OBANGEDE
058-500008, 500100

Ref No

OFFICE OF THE CHAIRMAN/ADMINISTRATOR
Okehi Local Govt. Obangede
P.M.B. 1124 Okene,
Kogi State

*All communication should be addressed to the Chairman/
Administrator and please quote number and date of this letter*

Report of the Treasurer On The Financial Statements of Okehi Local Government For the Year Ended 31 December 2018

Responsibility For the Financial Statements

The Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis.

In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Okehi Local Government as at 31 December 2018 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.

Anokehi Mariam O.
Local Government Treasurer (LGT)
Okehi Local Government, Kogi State
31 July 2020



OKEHI LOCAL GOVERNMENT OBANGEDE

Kogi State of Nigeria

Telegraphic Address:
LOCADMIN OBANGEDE
058-500008, 500100

Ref No

OFFICE OF THE CHAIRMAN/ADMINISTRATOR
Okehi Local Govt. Obangede
P.M.B. 1124 Okene,
Kogi State

*All communication should be addressed to the Chairman/
Administrator and please quote number and date of this letter*

Okehi Local Government, Kogi State **Financial Statements For the Year Ended 31 December 2018** **Forward by The Director of Local Government Administration**

Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Okehi Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.

Okehi Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasis here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.

Okehi Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2018 useful in significant areas of information requirements.

Maliki Amoto Oseni
Director of Local Government Administration

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Performance

	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,519,276,896	1,415,665,716
Government Share of VAT	10	397,390,774	377,876,587
Tax Revenue	11	832,620	1,691,500
Non-Tax Revenue	12	2,869,470	544,550
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		1,920,369,760	1,795,778,353
EXPENDITURES			
Salaries & Wages	15	689,080,295	1,238,538,989
Social Benefits	16	158,796,205	
Overhead Cost	17	888,693,810	622,360,391
Depreciation Charges	23	55,457,994	149,041,668
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		1,792,028,304	2,009,941,048
Surplus/(Deficit) from Operating Activities for the Period		128,341,456	(214,162,695)
Public Debt Charges	18	1,420,000	6,781,749
Total Non-Operating Revenue/(Expenses)		126,921,456	(220,944,444)
Surplus/(Deficit) from Ordinary Activities		126,921,456	(220,944,444)
Net Surplus/ (Deficit) for the Period		126,921,456	(220,944,444)

ANOKEHI MARIAM O.

Local Government Treasurer (LGT)

Treasurer Okehi Local Government

Kogi State

Okehi Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Statement of Financial Position

ASSETS	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
Current Assets			
Cash and Cash Equivalents	19	133,674,974	308,176,831
Prepayment	20	-	-
Other Current Assets	20b	1,486,000	-
Total Current Assets		135,160,974	308,176,831
Non-Current Assets			
Long Term Loans	21	-	-
Investments	22	-	-
Property, Plant & Equipment	23	1,576,972,383	1,394,324,832
Intangible Assets	24	-	-
Total Non-Current Assets		1,576,972,383	1,394,324,832
Total Assets		1,712,133,357	1,702,501,663
LIABILITIES			
Current Liabilities			
Short Term Loans & Debts	25	4,125,504,516	2,834,561,051
Unremitted Deductions	26	-	-
Payables	27	-	-
Total Current Liabilities		4,125,504,516	2,834,561,051
Non-Current Liabilities			
Long Term Borrowings	28	-	-
Total Non-Current Liabilities		-	-
Total Liabilities		4,125,504,516	2,834,561,051
Net Assets		(2,413,371,159)	(1,132,059,388)
NET ASSETS/EQUITY			
Reserves	29	(2,540,292,615)	(911,114,944)
Accumulated Surpluses/(Deficits)		126,921,456	(220,944,444)
Total Net Assets/Equity		(2,413,371,159)	(1,132,059,388)

ANOKEHI MARIAM O.
Local Government Treasurer (LGT)
Treasurer Okehi Local Government
Kogi State

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Change in Assets/Equity


Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	(911,114,944)	(220,944,444)	(1,132,059,388)
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	126,921,456	126,921,456
Reserves (Note 29)	(2,540,292,615)		(2,540,292,615)
Closing Balance as at 31 December 2018	(2,540,292,615)	126,921,456	(2,413,371,159)


ANOKEHI MARIAM O.

Local Government Treasurer (LGT)

Treasurer Okehi Local Government

Kogi State

Okehi Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Statement of Cashflow			
Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,519,276,896	1,415,665,716
Government Share of VAT	10	397,390,774	377,876,587
Tax Revenue	11	832,620.00	1,691,500
Non-Tax Revenue	12	2,869,470	544,550
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		1,920,369,760	1,795,778,352.58
Less Outflows:			
Salaries & Wages	15	689,080,295	1,238,538,989
Social Benefits	16	158,796,205	
Overhead Cost(s)	17	888,693,810	622,360,391
Transfer to other Government Entities		-	-
Finance Cost	18	1,420,000	-
Finance Cost			
Total Outflow From Operating Activities		1,737,990,310	1,860,899,380
Net Cash Flow From Operating Activities		182,379,450	(65,121,027)
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(297,275,843)	-
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(297,275,843)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	1,290,943,465	318,963,871
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(1,350,548,929)	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		(59,605,464)	318,963,871
Net Cash Flow From All Activities		(174,501,856)	253,842,844
Open Cash Balance		308,176,831	54,333,987
Closing Cash Balance		133,674,974	308,176,831
			
ANOKEHI MARIAM O. Local Government Treasurer (LGT) Treasurer Okehi Local Government Kogi State			

Okehi Local Government of Kogi State							
Financial Statements for the Year Ended 31 December 2018							
Statement of Comparison of Budget and Actual							
	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual	
		Original	Supplementary	Final			
RECURRENT REVENUE							
Government Share of FAAC (Statutory)	9	2,556,480,030	1,353,500,000	3,909,980,030	1,040,366,693	(2,869,613,337)	
Excess Crude	9		-	-	2,998,595	2,998,595	
Budget Augmentation/Budget Support Facility	9		-	-	-	-	
Exchange Difference	9		-	-	7,688,421	7,688,421	
Refund from Federal Government	9		-	-	468,223,188	468,223,188	
Non-oil Revenue	9		-	-	-	-	
FOREX Equalization	9		-	-	-	-	
Excess Bank Charge	9		-	-	-	-	
Government Share of VAT	10	491,783,340	-	491,783,340	397,390,774	(94,392,566)	
Tax Revenue	11	19,776,430	-	19,776,430	832,620	(18,943,810)	
Non-Tax Revenue	12			-	2,869,470	2,869,470	
TOTAL RECURRENT REVENUE		3,068,039,800	-	4,421,539,800	1,920,369,760	(2,501,170,040)	
CAPITAL RECEIPT							
		-	-	-	-	-	
		-	-	-	-	-	
		-	-	-	-	-	
TOTAL CAPITAL RECEIPT		-	-	-	-	-	
TOTAL REVENUE		3,068,039,800	-	4,421,539,800	1,920,369,760	(2,501,170,040)	
RECURRENT EXPENDITURES							
Salaries & Wages	15	1,130,754,200		1,130,754,200	689,080,295	441,673,905	
Social Benefits	16	42,172,810		42,172,810		42,172,810	
Overhead Cost	17	791,842,350	640,000,000	1,431,842,350	888,693,810	543,148,540	
Public Debt Charges	18	422,595,740	-	422,595,740	55,457,994	367,137,746	
Impairment (Loss) on Investment	22	-	-	-		-	
TOTAL RECURRENT EXPENDITURES		2,387,365,100	640,000,000	3,027,365,100	1,633,232,099	1,394,133,001	
CAPITAL EXPENDITURE							
Property, Plant & Equipment (PPE)	23	1,180,674,700	713,500,000	1,894,174,700	297,275,843	1,596,898,857	
TOTAL CAPITAL EXPENDITURE		1,180,674,700	713,500,000	1,894,174,700	297,275,843	1,596,898,857	
TOTAL EXPENDITURE		3,568,039,800	1,353,500,000	4,921,539,800	1,930,507,942	2,991,031,858	
							
ANOKEHI MARIAM O. Local Government Treasurer (LGT) Treasurer Okehi Local Government Kogi State							

Okehi Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		126,921,456
Add/(Less) non-cash items		
Depreciation and amortisation	23	55,457,994
Impairment of Investments	22	-
Total non-cash Items		182,379,450
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	1,290,943,465
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment	9 a	(1,350,548,929)
Total movements in working capital items		(59,605,464)
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(297,275,843)
Total items classified as investing activities		(297,275,843)
Net cash flow from All (Operating) Activities		(174,501,856)
Cash & Cash Equivalent as at 01 January 2018		308,176,831
Cash & Cash Equivalent as at 31 December 2018		133,674,974

Okehi Local Government of Kogi State
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1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Okehi Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Okehi Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Okehi Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

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In discharging this statutory responsibilities, he;

- a. Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- b. Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- c. Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Okehi Local Government
- d. Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

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The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Okehi Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

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Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

e. Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦) which is the functional currency of Okehi Local Government of Kogi State.

f. Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Okehi Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision making, and also to demonstrate the level of Okehi Local Government of Kogi State accountability for the resources entrusted to it.

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The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Okehi Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Okehi Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

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6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

a. Revenue from Non-exchange Transactions

These are transactions in which Okehi Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Okehi Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

i. Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Okehi Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Okehi Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Okehi Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Okehi Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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Okehi Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

ii. Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Okehi Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

iii. Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

iv. Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

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v. Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

b. Revenue From Exchange Transactions

These are transactions in which Okehi Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Okehi Local Government.

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Okehi Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Okehi Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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i.Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Okehi Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

ii.Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Okehi Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Okehi Local Government would incur to acquire the asset on the reporting date.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Okehi Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Okehi Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition.

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For the fourth Transitional Financial Statements for the year ended 31 December 2018, Okehi Local Government has recognized financial liabilities measured at amortized cost. These include Okehi Local and foreign debts and investments.

a. Classification

i. Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

ii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Okehi Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

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iii. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Okehi Local Government intends to dispose of it within 12 months of the end of the reporting period. Okehi Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

iv. Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

b. Categories & Measurement

c. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

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i.Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

ii.Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

iii.Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

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b. Recognition & De-recognition

Financial instruments are recognized when Okehi Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Okehi Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

c. Reclassification

Okehi Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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d. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

e. Impairment of financial assets

Okehi Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, Okehi Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

f. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Okehi Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Okehi Local Government and its cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Okehi Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

p) Depreciation Rates

The following standard rates shall be applied to all Okehi Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Okehi Local Government in connection with the borrowing of funds for qualifying assets. Okehi Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Okehi Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Okehi Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Okehi Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Okehi Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Okehi Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Okehi Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

g. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Okehi Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

h. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Okehi Local Government, or a present obligation that arises from past events but is not recognised because:

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i.it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,

ii.the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

c. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Okehi Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Okehi Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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d. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Okehi Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

f. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

g. Leases

Leases of property, plant and equipment where Okehi Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

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Note 9 : Government Share of FAAC (Statutory Revenue)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	-	-	-	-
2	Recovered Excess Bank Charges	-	-	-	11,206,546
3	Statutory Allocation	1,040,366,693	3,909,980,030	2,869,613,337	1,250,110,209
4	Exchange Difference	7,688,421	-	(7,688,421)	89,533,890
5	NNPC Refund	-	-	-	
6	JAAC Special Allocation	468,223,188	-	(468,223,188)	
7	Budget Augmentation	-	-	-	
8	Non-oil Revenue	-	-	-	
9	Solid Minerals (Oil Excess Revenue)	2,998,595	-	(2,998,595)	64,815,071
10	Ganished Fund	-	-	-	
11	Salary Bailout	-	-	-	
Total Statutory Revenue		1,519,276,896	3,909,980,030.00	2,390,703,134	1,415,665,716

These are the Gross Statutory Revenues (SR) Allocated to Okehi Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 9 a : Government Share of FAAC (Statutory Revenue)

S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	CBN CONDITIONAL BSF	TOTAL
1	January	78,527,260		7,688,421							86,215,681
2	February										-
3	March	84,209,008									84,209,008
4	April	88,713,046									88,713,046
5	May	82,107,977							468,223,188		550,331,165
6	June	91,436,949									91,436,949
7	July	87,474,193									87,474,193
8	August	191,903,211									191,903,211
9	September	104,420,821						2,998,595			107,419,415
10	October	121,322,805									121,322,805
11	November	1,334,026									1,334,026
12	December	108,917,398									108,917,398
-											
Total		1,040,366,693	-	7,688,421	-	-	-	2,998,595	468,223,188	-	1,519,276,896

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 10: Government Share of Value Added Tax (VAT)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	397,390,774	491,783,340	(94,392,566)	377,876,587
Total		397,390,774	491,783,340.00	(94,392,566)	377,876,587

This is Kogi Local Government Area of Kogi State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

Note 10a : Government Share of Value Added Tax (VAT)

S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
	January	30,273,712	-
	February	-	55,019,946
	March	34,520,434	-
	April	31,784,554	28,814,810
	May	29,801,559	-
	June	31,828,004	-
	July	34,083,154	29,386,204
	August	30,600,060	-
	September	28,760,816	29,664,992
	October	45,333,215	234,697,102
	November	28,300,752	293,533
	December	72,104,514	-
Total		397,390,774	377,876,587

This is Okehi Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 11 : Tax Revenue

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Licences			-	-
2	Hawkers Permit	216,980		216,980	1,691,500
3	Fees general	315,340		315,340	-
4	Certificate: Birth & Death, Citizenship	165,040		165,040	-
5	Various Licenses	135,260		135,260	
Total		832,620.00	-	832,620.00	1,691,500.00

These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Okehi Local Government area of Kogi State such taxes include, Hawkers' permit, Abatior/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace fees, etc.

Note 12 : Non Tax Revenue

Administrative Code	Description	Year Ended 31 December 2018		
		Actual	Budget	Variance
				-
	Hawkers Permit			-
	Produce Buying	64,020		64,020
	Rent/ Allocation On Land	1,387,960		1,387,960
	Earning - General	1,417,490		1,417,490
				-
Total		2,869,470	-	2,869,470

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 15 : Salaries & Wages

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017	
		Actual			Budget	Variance	Actual
SALARIES AND WAGES		Gross Salary	Payment	Balance Payable			
1	SALARIES	655,553,645	184,064,885	471,488,759	1,130,754,200	946,689,315	1,233,740,989
						-	
Total SALARIES AND WAGES		655,553,645	184,064,885	471,488,759	1,130,754,200	946,689,315	1,233,740,989
CONTRIBUTION							
1	Monthly Allowances					-	4,798,000
2	Other Allowances	33,526,651	33,526,651			(33,526,651)	
						-	
Total ALLOWANCE AND SOCIAL CONTE		33,526,651	33,526,651	-	-	(33,526,651)	4,798,000
Grand Total Salaries & Wages		689,080,295	217,591,536	471,488,759	1,130,754,200	913,162,664	1,238,538,989

These are salaries and wages paid by Okehi Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017
		Actual		Budget	Variance	Actual
SOCIAL BENEFITS		Gross Pension	Payment	Balance Payable		
1	Actual Pension	158,796,205	158,796,205	-	(158,796,205)	-
2	Gratuity & Arrears				-	
3	Contribution to SUBEB for Teachers				-	
4	Burial Expenses				-	-
Total SOCIAL BENEFITS		158,796,205	158,796,205	-	(158,796,205)	-

Social benefits are employees' benefits given by Okehi Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Okehi Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cumulative amount paid by Okehi Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2018.

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	Repair & Maintenance	95,656,021		(95,656,021)	35,323,510
	Traveling Expenses	90,982,610		(90,982,610)	120,000
	Printing & Stationeries	19,086,553		(19,086,553)	21,213,500
	Communication & Postages	63,703,389		(63,703,389)	
	Fueling & Lubricants	27,165,354		(27,165,354)	
	Rehabilitation Expenses			-	24,391,500
	Cleaning & Fumigation			-	7,410,000
	Professional Charges	129,529,484		(129,529,484)	10,935,000
	Gifts & Donations	161,946,089		(161,946,089)	38,954,200
	Security Expenses	87,740,345		(87,740,345)	127,129,610
	Office Expenses	35,240,985		(35,240,985)	269,339,071
	Cultural & Tourism Expenses			-	20,151,000
	Education & Science Development			-	6,280,000
	Sport & Youth Development	2,780,000		(2,780,000)	900,000
	Medical expenses	39,551,207		(39,551,207)	43,833,000
	Grants			-	16,380,000
	Cleaning & Fumigation	6,609,195		(6,609,195)	
	Legal Services	4,199,425		(4,199,425)	
	Medical Expenses	1,460,000		(1,460,000)	
	Subvention:			-	
	Pension			-	
	LGEA-SUBEB	123,043,153		(123,043,153)	
		888,693,810	-	(888,693,810)	622,360,391
<p>These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Okehi Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.</p>					
		888,693,810	-	(888,693,810)	622,360,391

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 18 : Public Debt Charges

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	1,420,000	-	(1,420,000)	6,781,749
		-	-	-	-
Total PUBLIC DEBT CHARGES		1,420,000	-	(1,420,000)	6,781,749

The Okehi Local Government Area of Kogi State Public Debt Charges include interest on unmastured debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premium and discounts on unmastured debts.

Note 19 : Cash & Cash Equivalent (By Banks)

S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	Cash in the till	280	4,876
2	Zenith Bank Plc	450,510	450,531
3	UBA Bank Plc	109,629	45,290,339
4	Access Bank Plc	132,632,235	261,947,949
5	Kogi Savings & Loans Ltd	415,237	415,237
6	Ogaminana MFB	67,084	67,899
		133,674,974	308,176,831

The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Kogi State Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 20 b: Other Current Assets

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Receivables	1,486,000	
2	Advances	-	
Total		1,486,000	-

The prapayment above represent advance payment made to contractors for work yet to be done.

Note 20 C: Receivables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Eika Shopping Complex (12)	480,000	
2	Ihima Shopping Complex	476,000	
3	MTN Mast 2017 & 2018	320,000	
4	GLO Mast 2018	160,000	
5	Airtel Mast 2018	50,000	
Total		1,486,000	-

The receivable above represent amount owed by customers for benefit enjoyed.

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 23: Schedule of Property, Plant & Equipment (PPE)

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Teaching & Learning Aids	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	20,617,940		8,200,000				68,694,764	31,715,750	1,205,926,080	1,335,154,534
Additions During the year		3,392,000		199,069,290	6,173,454	2,400,000	8,861,337		77,379,762	297,275,843
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	20,617,940	3,392,000	8,200,000	199,069,290	6,173,454	2,400,000	77,556,101	31,715,750	1,283,305,842	1,632,430,377
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018										-
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	4,123,588	848,000	820,000	2,587,901	1,543,363	480,000	19,389,025	-	25,666,117	55,457,994
Balance c/forward 31 December 2018	4,123,588	848,000	820,000	2,587,901	1,543,363	480,000	19,389,025	-	25,666,117	55,457,994
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	16,494,352	2,544,000	7,380,000	196,481,389	4,630,090	1,920,000	58,167,076	31,715,750	1,257,639,726	1,576,972,383
Balance as at 01 January 2018										

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	3,576,031,313	2,627,400,308
3	Other Payables (25b)	542,741,091	200,428,631
4	Term Loan (25c)	6,732,113	6,732,113
Total LOANS AND DEBTS (SHORT-TERM)		4,125,504,516	2,834,561,051

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a : Salary Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Balance b/f	2,627,400,308	
2	Salary Payables for the year	471,488,759	1,794,475,607
3	Lga Leave Allowance	285,948,411	213,511,236
4	Political Office Holders	191,193,834	177,855,834
5	Salary Payables LGEA-Teachers		395,166,153
6	Salary Payables LGEA-Admin		46,391,477
Total LOANS AND DEBTS (SHORT-TERM)		3,576,031,313	2,627,400,308

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25b : Other Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Leave allowance payables		
2	Pension	269,541,952	200,428,631
3	Contractor-GYB - Model Schools	116,764,762	
4	Contractors-Construction Of Abobo Cattle Market	134,080,258	
6	Contractors-Pedestrian Bridge	7,469,114	
7	Contractors- Electrification	7,885,006	
8	Contractors-Ihima Central Market	7,000,000	
Total Other Payables		542,741,091	200,428,631

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25c : Short Term Loans & Debts (Loan Payables)

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Overdraft from Union Bank	6,732,113	6,732,113
Total LOANS AND DEBTS (SHORT-TERM)		6,732,113	6,732,113

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 29 : Reserves

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		(1,132,059,388)
	IPSA Adjustments		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(1,408,233,227)	
	Total IPSA Adjustments		(1,408,233,227)
Closing Balance as at 31 December 2018			(2,540,292,615)

**OKENE LOCAL GOVERNMENT OF
KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**



OKENE LOCAL GOVERNMENT COUNCIL
KOGI STATE OF NIGERIA

All communication(s) should be addressed to the Chairman/Administrator and please quote the number and date of this letter.

OFFICE OF THE CHAIRMAN
Okene Local Government,
Private Mail Bag 1007,
Okene, Kogi State, Nigeria

Ref No:..... Date:.....

Report of the Treasurer
On The Financial Statements of Okene Local Government
For the Year Ended 31 December 2018

Responsibility For the Financial Statements

The Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis.

In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Okene Local Government as at 31 December 2018 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.

Tijjani Oyiza Habibat
Local Government Treasurer (LGT)
Okene Local Government, Kogi State
31 July 2020



OKENE LOCAL GOVERNMENT COUNCIL
KOGI STATE OF NIGERIA

All communication(s) should be addressed to the Chairman/Administrator and please quote the number and date of this letter.

OFFICE OF THE CHAIRMAN
Okene Local Government,
Private Mail Bag 1007,
Okene, Kogi State, Nigeria

Ref No:..... Date:.....

Okene Local Government, Kogi State
Financial Statements For the Year Ended 31 December 2018
Forward by The Director of Local Government Administration

Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Okene Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.

Okene Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasize here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.

Okene Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2018 useful in significant areas of information requirements.

Ajeh H. Sunday
Director of Local Government Administration

Okene Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Performance

	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,504,713,834	1,893,586,279
Government Share of VAT	10	448,191,130	442,062,551
Tax Revenue	11	1,163,030	3,685,900
Non-Tax Revenue	12	61,305,893	8,748,440
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		2,015,373,887	2,348,083,170
EXPENDITURES			
Salaries & Wages	15	597,029,431	1,263,702,114
Social Benefits	16	513,075,887	-
Overhead Cost	17	1,399,671,651	1,538,385,931
Depreciation Charges	23	83,396,426	-
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		2,593,173,395	2,802,088,045
Surplus/(Deficit) from Operating Activities for the Period		(577,799,508)	(454,004,875)
Public Debt Charges	18	1,254,834	779,974
Total Non-Operating Revenue/(Expenses)		(579,054,342)	(454,784,849)
Surplus/(Deficit) from Ordinary Activities		(579,054,342)	(454,784,849)
Net Surplus/ (Deficit) for the Period		(579,054,342)	(454,784,849)

Note: Depreciation was not charged on all fixed assets valued in 2017 hence no figure representing it on this report


TIJANI OYIZA HABIBAT
 Local Government Treasurer (LGT)
 Okene Local Government
 Kogi State

Okene Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Statement of Financial Position

ASSETS	Notes	Yea Ended 31 December 2018		Year Ended 31 December 2017	
Current Assets					
Cash and Cash Equivalents	19	32,014,973		355,564,597	
Prepayment	20	-		-	
Other Current Assets	20b	-		352,321	
Total Current Assets			32,014,973		355,916,918
Non-Current Assets					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	2,156,583,490		1,976,004,930	
Intangible Assets	24	-		-	
Total Non-Current Assets			2,156,583,490		1,976,004,930
Total Assets			2,188,598,463		2,331,921,848
LIABILITIES					
Current Liabilities					
Short Term Loans & Debts	25	2,632,103,191		1,807,347,354	
Unremitted Deductions	26	54,378,698		44,047,504	
Payables	27	-		-	
Total Current Liabilities			2,686,481,889		1,851,394,858
Non-Current Liabilities					
Long Term Borrowings	28	717,250,370		372,595,919	
Total Non-Current Liabilities			717,250,369.77		372,595,919
Total Liabilities			3,403,732,258		2,223,990,778
Net Assets			(1,215,133,796)		107,931,070
NET ASSETS/EQUITY					
Reserves	29	(636,079,454)		562,715,919	
Accumulated Surpluses/(Deficits)		(579,054,342)		(454,784,849)	
Total Net Assets/Equity			(1,215,133,796)		107,931,070



TIJANI OYIZA HABIBAT
Local Government Treasurer (LGT)
Okene Local Government
Kogi State

Okene Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Change in Assets/Equity

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	562,715,919	(454,784,849)	107,931,070
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(579,054,342)	(579,054,342)
Reserves (Note 29)	(636,079,454)		(636,079,454)
Closing Balance as at 31 December 2018	(636,079,454)	(579,054,342)	(1,215,133,796)



TIJANI OYIZA HABIBAT

Local Government Treasurer (LGT)

Okene Local Government

Kogi State

Okene Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Cashflow

Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,504,713,834	1,893,586,279
Government Share of VAT	10	448,191,130	442,062,551
Tax Revenue	11	1,163,030	3,685,900
Non-Tax Revenue	12	61,305,893	8,748,440
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		2,015,373,887	2,348,083,170
Less Outflows:			
Salaries & Wages	15	597,029,431	1,263,702,114
Social Benefits	16	513,075,887	-
Overhead Cost(s)	17	1,399,671,651	1,538,385,931
Transfer to other Government Entities		-	-
Finance Cost	18	1,254,834	-
Finance Cost		-	-
Total Outflow From Operating Activities		2,511,031,803	2,802,088,045
Net Cash Flow From Operating Activities		(495,657,916)	(454,004,875)
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(263,974,986)	-
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(263,974,986)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	824,755,837	201,963,777
Proceeds from Borrowings - Long Term Loan	28	344,654,451	372,595,919
Repayment of Borrowings		(733,327,010)	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		436,083,277	574,559,696
Net Cash Flow From All Activities		(323,549,624)	120,554,821
Open Cash Balance		355,564,597	235,009,776
Closing Cash Balance		32,014,973	355,564,597



TIJANI OYIZA HABIBAT
Local Government Treasurer (LGT)
Okene Local Government
Kogi State

Okene Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Comparison of Budget and Actual

	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
		Original	Supplementary	Final		
RECURRENT REVENUE						
Government Share of FAAC (Statutory Revenue)	9	3,513,440,050	2,498,650,410	6,012,090,460	805,329,379	(5,206,761,081)
Excess Crude	9		-	-	5,017,547	5,017,547
Budget Augmentation/Budget Support Facility	9		-	-	13,164,734	13,164,734
Exchange Difference	9		-	-	732,664	732,664
Refund from Federal Government	9		-	-	625,421,240	625,421,240
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	30,665,654	30,665,654
Excess Bank Charge	9		-	-	24,382,616	24,382,616
Government Share of VAT	10	639,693,920	-	639,693,920	448,191,130	(191,502,790)
Tax Revenue	11			-	1,163,030	1,163,030
Non-Tax Revenue	12	39,650,000		39,650,000	61,305,893	21,655,893
TOTAL RECURRENT REVENUE		4,192,783,970	-	6,691,434,380	2,015,373,887	(4,676,060,493)
CAPITAL RECEIPT						
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
TOTAL CAPITAL RECEIPT		-	-	-	-	-
TOTAL REVENUE		4,192,783,970	-	6,691,434,380	2,015,373,887	(4,676,060,493)
RECURRENT EXPENDITURES						
Salaries & Wages	15	944,984,175	-	944,984,175	597,029,431	347,954,744
Social Benefits	16	144,281,505		144,281,505	513,075,887	(368,794,382)
Overhead Cost	17	975,504,000	263,050,000	1,238,554,000	1,399,671,651	(161,117,651)
Public Debt Charges	18	522,595,420	-	522,595,420	1,254,834	521,340,586
Impairment (Loss) on Investment	22	-	-	-	-	-
TOTAL RECURRENT EXPENDITURES		2,587,365,100	263,050,000	2,850,415,100	2,511,031,803	339,383,297
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	2,155,418,870	2,235,600,410	4,391,019,280	263,974,986	4,127,044,294
TOTAL CAPITAL EXPENDITURE		2,155,418,870	2,235,600,410	4,391,019,280	263,974,986	4,127,044,294
TOTAL EXPENDITURE		4,742,783,970	2,498,650,410	7,241,434,380	2,775,006,789	4,466,427,591


TIJANI OYIZA HABIBAT
 Local Government Treasurer (LGT)
 Okene Local Government
 Kogi State

Okene Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		(579,054,342)
Add/(Less) non-cash items		
Depreciation and amortisation	23	83,396,426
Impairment of Investments	22	-
Total non-cash Items		(495,657,916)
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	824,755,837
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	344,654,451
(Increase)/decrease in Loan Repayment		(733,327,010)
Total movements in working capital items		436,083,277
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(263,974,986)
Total items classified as investing activities		(263,974,986)
Net cash flow from All (Operating) Activities		(323,549,624)
Cash & Cash Equivalent as at 01 January 2018		355,564,597
Cash & Cash Equivalent as at 31 December 2018		32,014,973

Okene Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Okene Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Okene Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Okene Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

Okene Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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In discharging this statutory responsibilities, he;

- a. Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- b. Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- c. Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Okene Local Government
- d. Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

Okene Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Okene Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

Okene Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

e. Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦) which is the functional currency of Okene Local Government of Kogi State.

f. Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Okene Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision making, and also to demonstrate the level of Okene Local Government of Kogi State accountability for the resources entrusted to it.

Okene Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Okene Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Okene Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

Okene Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

g. Revenue from Non-exchange Transactions

These are transactions in which Okene Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Okene Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

viii. Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Okene Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Okene Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Okene Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Okene Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Okene Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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Okene Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

ix. Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Okene Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

x. Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

xi. Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

Okene Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

xii. Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

h. Revenue From Exchange Transactions

These are transactions in which Okene Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Okene Local Government.

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Okene Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Okene Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Okene Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

i.Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Okene Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

ii.Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Okene Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Okene Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Okene Local Government would incur to acquire the asset on the reporting date.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Okene Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Okene Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition.

For the fourth Transitional Financial Statements for the year ended 31 December 2018, Okene Local Government has recognized financial liabilities measured at amortized cost. These include Okene Local and foreign debts and investments.

Okene Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

i. Classification

i. Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

ii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Okene Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

Okene Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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iii. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Okene Local Government intends to dispose of it within 12 months of the end of the reporting period. Okene Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

iv. Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

b. Categories & Measurement

i. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

Okene Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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ii.Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

iii.Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

iv.Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Okene Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
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c. Recognition & De-recognition

Financial instruments are recognized when Okene Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Okene Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

d. Reclassification

Okene Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Okene Local Government of Kogi State
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e. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

f. Impairment of financial assets

Okene Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Okene Local Government of Kogi State
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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, Okene Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

g. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

Okene Local Government of Kogi State
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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Okene Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Okene Local Government and its cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Okene Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

Okene Local Government of Kogi State
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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

q) Depreciation Rates

The following standard rates shall be applied to all Okene Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

Okene Local Government of Kogi State
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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Okene Local Government in connection with the borrowing of funds for qualifying assets. Okene Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Okene Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Okene Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Okene Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly.

Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Okene Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Okene Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Okene Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

h. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Okene Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

i. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Okene Local Government, or a present obligation that arises from past events but is not recognised because:

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i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,

ii. the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

c. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Okene Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Okene Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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d. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Okene Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

f. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

g. Leases

Leases of property, plant and equipment where Okene Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

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Note 9 : Government Share of FAAC (Statutory Revenue)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	30,665,654	-	(30,665,654)	-
2	Recovered Excess Bank Charges	24,382,616	-	(24,382,616)	9,714,596
3	Statutory Allocation	805,329,379	6,012,090,460	5,206,761,081	1,319,185,743
4	Exchange Difference	732,664	-	(732,664)	106,064,005
5	NNPC Refund	3,750,228	-	(3,750,228)	
6	JAAC Special Allocation	621,671,012	-	(621,671,012)	
7	Budget Augmentation	13,164,734	-	(13,164,734)	
8	Non-oil Revenue	-	-	-	
9	Solid Minerals (Oil Excess Revenue)	5,017,547	-	(5,017,547)	86,026,015
10	Ganished Fund	-	-	-	
11	Salary Bailout	-	-	-	372,595,919
Total Statutory Revenue		1,504,713,834	6,012,090,460	4,507,376,626	1,893,586,279

These are the Gross Statutory Revenues (SR) Allocated to Okene Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.

Note 9 a : Government Share of FAAC (Statutory Revenue)

S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	UNSPECIFIED REVENUE	TOTAL
1	January	-					1,315,411	5,017,547	138,707,601		145,040,559
2	February	-					-				-
3	March	102,034,868					-				102,034,868
4	April	107,457,851					235,107				107,692,958
5	May	83,798,083				12,509,775	10,649,010				106,956,868
6	June	124,201,412					150,468				124,351,880
7	July	119,373,776					-				119,373,776
8	August	126,673,194					2,629,544		104,751,986	13,164,734	247,219,458
9	September	13,216,836		51,221	3,750,228		7,821,533		125,727,965		150,567,783
10	October	4,976,710		86,873			-		124,522,144		129,585,727
11	November	-		253,432			1,581,543		127,961,316		129,796,291
12	December	123,596,649		341,138		18,155,879	-				142,093,666
-											
Total		805,329,379	-	732,664	3,750,228	30,665,654	24,382,616	5,017,547	621,671,012	13,164,734	1,504,713,834

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Note 10: Government Share of Value Added Tax (VAT)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	448,191,130	639,693,920	(191,502,790)	442,062,551
Total		448,191,130	639,693,920.00	(191,502,790)	442,062,551

This is Okene Local Government Area of Kogi State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

Note 10a : Government Share of Value Added Tax (VAT)

S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January	-	46,966,822
2	Febuary	-	35,369,662
3	March	42,710,633	32,976,386
4	April	39,376,121	30,810,301
5	May	36,905,385	34,980,522
6	June	39,201,398	37,269,881
7	July	42,012,195	36,053,127
8	August	37,843,275	36,315,569
9	September	35,534,195	-
10	October	50,743,530	39,000,626
11	November	35,018,805	36,829,295
12	December	88,845,593	75,490,360
Total		448,191,130	442,062,551

This is Okene Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

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Note 11 : Tax Revenue

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	IGR - Business Permit	58,100		58,100	-
2	IGR - Tender Fees	250,000		250,000	-
3	IGR - Hawkers Permit	13,930		13,930	-
4	IGR - Community Development Tax	270,000		270,000	-
5	IGR - Association Fees	4,000		4,000	
6	IGR - Burial Fees	150,000		150,000	
7	IGR - Contractor Registration Fees	410,000		410,000	-
8	IGR - Bill Board Advert Fees	7,000		7,000	-
Total		1,163,030	-	1,163,030	-

These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Okene Local Government area of Kogi State such taxes include, Hawkers' permit, Abatior/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace fees, etc.

Note 12 : Non Tax Revenue

Administrative Code	Description	Year Ended 31 December 2018		
		Actual	Budget	Variance
	IGR - Certificate of Origin	400,000		400,000
	IGR - Development Levy	57,845,885		57,845,885
	IGR - Earning from Hall Rental	47,000		47,000
	IGR - Earning from Consultancy Service	1,866,108		1,866,108
	IGR - Earning from Government Land	40,000		40,000
	IGR - Earning from Government roperities	10,300		10,300
	IGR - Motor Park Fees	5,800		5,800
	IGR - Registry	72,000		72,000
	IGR - School Fees	998,800		998,800
	IGR - Slaughter Slab Fees	20,000		20,000
				-
Total		61,305,893	-	61,305,893

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NOTE 15 : Salaries & Wages

S/N	Description	Year Ended 31 December 2018					Year Ended 31 December 2017
			Actual		Budget	Variance	Actual
SALARIES AND WAGES		Gross Salary	Payment	Balance Payable			
1	SALARIES	467,122,590	159,941,749	307,180,841	944,984,175	785,042,426	1,239,999,328
						-	
Total SALARIES AND WAGES		467,122,590.21	159,941,749	307,180,841	944,984,175	785,042,426	1,239,999,328
ALLOWANCE AND SOCIAL CONTRIBUTION							
1	Political Office Holders Salary /Allowance	74,797,424	74,797,424			(74,797,424)	
2	Traditional Council Salary	9,419,417	9,419,417			(9,419,417)	
3	Sitting Allowance	5,510,000	5,510,000			(5,510,000)	
4	Vigilante Allowance	6,920,000	6,920,000			(6,920,000)	
5	Peace and Security Allowance	1,200,000	1,200,000			(1,200,000)	
6	LG Inspectors Allowances	240,000	240,000			(240,000)	
7	Drivers Allowance	180,000	180,000			(180,000)	
8	1st 28 Days Allowance	600,000	600,000			(600,000)	
9	FSP Incentives	40,000	40,000			(40,000)	
10	Civil Defence Allowance	2,000,000	2,000,000			(2,000,000)	
11	Contract Cleaners Allowance	29,000,000	29,000,000			(29,000,000)	
12	Other Allowances					-	23,702,786
						-	
Total ALLOWANCE AND SOCIAL CONTRIBUTION		129,906,841	129,906,841	-	-	(129,906,841)	23,702,786
Grand Total Salaries & Wages		597,029,431	289,848,590	307,180,841	944,984,175	655,135,585	1,263,702,114

These are salaries and wages paid by Okene Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.

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Notes to the Financial Statements

NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017	
		Actual			Budget	Variance	Actual
SOCIAL BENEFITS		Gross Pension	Payment	Balance Payable			
1	Pension	513,075,887	305,113,759	207,962,128	144,281,505	(160,832,254)	
						-	
Total SOCIAL BENEFITS		513,075,887	305,113,759	207,962,128	144,281,505	(160,832,254)	-

Social benefits are employees' benefits given by Okene Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Okene Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cumulative amount paid by Okene Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2018.

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NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	Repair and Maintenance	14,110,000		(14,110,000)	283,054,768
	Transportation and Travelling Expenses	43,412,500		(43,412,500)	29,510,781
	Printing & Stationeries	31,964,494		(31,964,494)	19,388,350
	Communication & Postages	20,590,476		(20,590,476)	29,569,750
	Fuel & Lubricants	-		-	1,000,000
	Professional Charges	97,750,614		(97,750,614)	99,901,890
	Gifts & Donations	106,260,486		(106,260,486)	121,820,000
	Security Expenses	187,820,000		(187,820,000)	145,907,500
	Office Expenses	121,369,714		(121,369,714)	166,798,000
	Culture & Tourism	12,600,000		(12,600,000)	34,000,000
	Education & Science Development	12,631,406		(12,631,406)	26,647,857
	Sports and Youths Development Expenses	2,000,000		(2,000,000)	26,250,000
	Medical Expenses	3,100,000		(3,100,000)	105,960,000
	Grant/Contribution and Subvention	15,750,000		(15,750,000)	23,579,286
	Training, Seminars & Workshops	23,334,010		(23,334,010)	-
	Operational Expenses	14,979,810		(14,979,810)	311,187,749
	Tree Planting	1,000,000		(1,000,000)	-
	Provision of Food for all programme	44,850,000		(44,850,000)	-
	Provision of Agricultural Inputs	72,917,488		(72,917,488)	113,810,000
	Provision of School Uniform/Educational	17,120,476		(17,120,476)	-
	Scholarship	15,500,000		(15,500,000)	-
	Provision of Health /Child Programme/Disease Control	155,317,143		(155,317,143)	-
	Transfer to JAAC Accounts	11,553,537		(11,553,537)	-
	SUBVENTION:				
	LGEA-SUBEB	373,739,497		(373,739,497)	
		1,399,671,651	-	(1,399,671,651)	1,538,385,931

These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Okene Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.

		1,399,671,651	-	(1,399,671,651)	1,538,385,931
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Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 18 : Public Debt Charges

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	1,254,834	522,595,420	521,340,586	779,974
		-	-	-	-
Total PUBLIC DEBT CHARGES		1,254,834	522,595,420	521,340,586	779,974

The Okene Local Government Area of Kogi State Public Debt Charges include interest on unmastured debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premium and discounts on unmatured debts.

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Note 19 : Cash & Cash Equivalent (By Banks)

		Year Ended 31 December 2018	Year Ended 31 December 2017
S/N	Bank Name	Amount	Amount
1	Cash in the till	972	1,325
2	Zenith Bank Plc	358,039	21,048,734
3	UBA Bank Plc	1,688,183	54,762,137
4	First Bank Plc	26,467	26,473
5	Union Bank Plc	14	
6	Access Bank Plc	29,166,388	279,530,433
7	Ovidi Micro-Finance Bank	213,467	
8	GTB	77,728	77,780
9	Skye Bank	117,715	117,715
10	Remittance in Transit	366,000	
		32,014,973	355,564,597

The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Kogi State Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.

Note 20b: Other Current Assets

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	INVENTORIES	-	-
2	ADVANCES	-	352,320.77
Total		-	352,320.77

The prapayment above represent advance payment made to contractors for work yet to be done.

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Note 23: Schedule of Property, Plant & Equipment (PPE)

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Teaching & Learning Aids	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	91,775,850		13,770,000				101,780,000	76,700,000	1,691,979,080	1,976,004,930
Additions During the year				259,974,986			4,000,000			263,974,986
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	91,775,850	-	13,770,000	259,974,986	-	-	105,780,000	76,700,000	1,691,979,080	2,239,979,916
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018										-
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	18,355,170	-	1,377,000	3,379,675	-	-	26,445,000	-	33,839,582	83,396,426
Balance c/forward 31 December 2018	18,355,170	-	1,377,000	3,379,675	-	-	26,445,000	-	33,839,582	83,396,426
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	73,420,680	-	12,393,000	256,595,311	-	-	79,335,000	76,700,000	1,658,139,498	2,156,583,490
Balance as at 01 January 2018	91,775,850	-	13,770,000	-	-	-	101,780,000	76,700,000	1,691,979,080	1,976,004,930

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Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	2,007,193,611	1,700,012,770
3	Other Payables (25b & 25c)	624,909,580	107,334,584
			-
Total LOANS AND DEBTS (SHORT-TERM)		2,632,103,191	1,807,347,354

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a : Salary Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	1,700,012,770	
1	Salary Payables for the year	307,180,841	1,700,012,770
Total LOANS AND DEBTS (SHORT-TERM)		2,007,193,611	1,700,012,770

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

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Note 25b : Other Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Pension	207,962,128	
2	Unremitted staff welfare deductions	115,688,448	107,334,584
Total Other Payables		323,650,576	107,334,584

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Okene Local Government of Kogi State

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Notes to the Financial Statements

Note 25c : Other Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Alh. Dan Abdullahi & Assoc. Nig Ltd	2,300,000	2,300,000
2	I. B. Global Resources Ltd	6,500,000	6,500,000
3	Balanson Nig Ltd	2,000,000	2,000,000
4	Goody Craft Nig Ltd	2,000,000	2,000,000
5	Salooni Construction Nig Ltd	2,000,000	2,000,000
6	Ohuyioza Alh Aliyu & Co	2,000,000	2,000,000
7	Widak Nig Ltd	7,484,000	7,484,000
8	Jimkad Multi-Link Global	800,000	800,000
9	Cross World Global Venture Ltd	1,580,800	1,580,800
10	Ib Sym Nig Ltd	3,200,000	3,200,000
11	Gabkad Multiproject Nig Ltd	3,071,200	3,071,200
12	Nasai Global Construction Ltd	4,699,200	4,699,200
13	Zano Global Int'l Service Ltd	11,200,000	11,200,000
14	Ohunene Nig Ltd	1,000,000	1,000,000
15	Larger Construction Company Ltd	3,575,000	3,575,000
16	Joeness & Sons Ent. Ltd	2,575,000	2,575,000
17	Resthom Venture Nig Ltd	11,200,000	11,200,000
18	Frankmary Pets Nig Ltd	7,500,000	7,500,000
19	Boazogrimis Nig Ltd	4,400,000	4,400,000
20	Sa'Anat Ent. Nig Ltd	4,400,000	4,400,000
21	Darling Venture Ltd	27,000,000	27,000,000
22	Kindom Global	4,924,000	4,924,000
23	Nima Energy Service Ltd	7,824,280	7,824,280
24	Kiz & She System Ltd	36,900,000	36,900,000
25	Omowa Pet Nig Ltd	19,468,000	19,468,000
26	Bikato Nig Ltd	25,000,000	25,000,000
27	Hafsat Nig Ltd	1,400,000	1,400,000
28	Mundayus United Company Nig Ltd	2,500,000	2,500,000
29	Hadafa Venture Ltd	1,000,000	1,000,000
30	Ratam Construction Company Ltd	2,500,000	2,500,000
31	Mall. Idris Okengwe Nig Ent.	8,000,000	8,000,000
32	Fatila Concept Nig Ltd	6,000,000	6,000,000
33	Obadinoyi Venture Nig Ltd	1,850,000	1,850,000
34	Fatcla Global Resources	1,000,000	1,000,000
35	Beacko Blessed Venture	2,500,000	2,500,000
36	Palmaco Nig Ltd	4,500,000	4,500,000
37	Ashida Nig Ltd	21,125,500	21,125,500
38	Mutril Trading Construction Co. Ltd	5,926,130	5,926,130
39	Kotex Nig Ltd	7,252,048	7,252,048
40	Green Water Environmental Service Ltd	6,550,000	6,550,000
41	Ichard Nig Ltd	1,466,732	1,466,732
42	Elmaasum Int. Coy Ltd	12,150,897	12,150,897
43	Union West Africa	7,596,216	7,596,216
44	Kesco Construction Ltd	680,000	680,000
45	Hinteg Nig Ltd	1,680,000	1,680,000
46	Omonowo & Assoc.	980,000	980,000
		-	
Total LOANS AND DEBTS (SHORT-TERM)		301,259,003	301,259,003

Okene Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 26 : Unremitted Deductions

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Withholding Tax	14,359,563	
2	Value Added Tax	13,697,320	
3	NULGE	348,935	
4	3% Local Govt Development Fund	7,894,770	
5	Paye	18,078,109	
6	Other unremitted deductions		44,047,504
Total Unremitted Deductions		54,378,698	44,047,504

Note 28 : Long Term Borrowing

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Loan and Advances - Bailout	372,595,919	372,595,919
	Domestic Loans	344,654,451	-
2	Multi lateral Loan (Note 28 b)	-	-
Total Long Term Borrowings		717,250,370	372,595,919

Long-term borrowing generally refers to loans that will not become due within one year or before the reporting date

Okene Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 28 a : State Bond & Other Long Term Borrowing

S/N	Description	Year Ended 31 December 2018		Year Ended 31 December 2017
		Gross Loan	Net for LGA	
1	CBN Budget Support Facility		-	
2	Salary Bail Out	372,595,919		372,595,919
TOTAL		372,595,919	-	372,595,919

The balance of Salary Bail Out represent the Local Government portion of the Gross Loan obtained by both the State Government and the 21 Local Government Areas of the State. The State Government repayment is being deducted from the FAAC allocation, while deduction from the 21 LGAs is also being deducted at source by the FAAC.

Note 29 : Reserves

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		107,931,070
	IPSA Adjustments		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(744,010,524)	
	Total IPSA Adjustments		(744,010,524)
Closing Balance as at 31 December 2018			(636,079,454)

**OLAMABORO LOCAL GOVERNMENT OF
KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**



OLAMABORO LOCAL GOVERNMENT COUNCIL



Email: olamaborigin@gmail.com
P.M.B 1001, okpo
Kogi State,
Nigeria

Our Ref:-----

Your Ref:-----

Date-----

Report of the Treasurer

On The Financial Statements of Olamaboro Local Government For the Year Ended 31 December 2018

Responsibility For the Financial Statements

The Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis.

In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Olamaboro Local Government as at 31 December 2018 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.

Joshua O. Ogbaje
Local Government Treasurer (LGT)
Olamaboro Local Government, Kogi State
31 July 2020



OLAMABORO LOCAL GOVERNMENT COUNCIL

Email: olamaborigin@gmail.com
P.M.B 1001, okpo
Kogi State,
Nigeria



Our Ref: _____

Your Ref: _____

Date _____

Olamaboro Local Government, Kogi State
Financial Statements For the Year Ended 31 December 2018
Forward by The Director of Local Government Administration

Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Olamaboro Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.

Olamaboro Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasis here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.

Olamaboro Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2018 useful in significant areas of information requirements.


Idoko Samuel P.
Director of Local Government Administration

Olamaboro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Performance

	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,396,246,775	1,118,639,100
Government Share of VAT	10	362,410,604	294,856,443
Tax Revenue	11	3,820,845	6,554,400
Non-Tax Revenue	12	677,870	1,459,630
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		1,763,156,094	1,421,509,573
EXPENDITURES			
Salaries & Wages	15	678,709,292	922,832,111
Social Benefits	16	254,349,813	4,762,317
Overhead Cost	17	1,585,685,898	939,584,759
Depreciation Charges	23	138,520,972	-
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		2,657,265,975	1,867,179,187
Surplus/(Deficit) from Operating Activities for the Period		(894,109,880)	(445,669,614)
Public Debt Charges	18	704,893	863,984
Total Non-Operating Revenue/(Expenses)		(894,814,774)	(446,533,598)
Surplus/(Deficit) from Ordinary Activities		(894,814,774)	(446,533,598)
Net Surplus/ (Deficit) for the Period		(894,814,774)	(446,533,598)


JOSHUA O. OGBAJE
 Local Government Treasurer (LGT)
 Olamaboro Local Government
 Kogi State

Olamaboro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Statement of Financial Position

ASSETS	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
Current Assets			
Cash and Cash Equivalents	19	50,677,246	192,204,861
Prepayment	20	-	-
Other Current Assets	20b	240,246,501	103,466,501
Total Current Assets		290,923,747	295,671,362
Non-Current Assets			
Long Term Loans	21	-	-
Investments	22	-	-
Property, Plant & Equipment	23	5,714,862,501	5,824,897,758
Intangible Assets	24	-	-
Total Non-Current Assets		5,714,862,501	5,824,897,758
Total Assets		6,005,786,247	6,120,569,120
LIABILITIES			
Current Liabilities			
Short Term Loans & Debts	25	2,859,908,768	2,026,920,288
Unremitted Deductions	26	-	-
Payables	27	-	-
Total Current Liabilities		2,859,908,768	2,026,920,288
Non-Current Liabilities			
Long Term Borrowings	28	79,837,882	236,392,975
Total Non-Current Liabilities		79,837,882	236,392,975
Total Liabilities		2,939,746,650	2,263,313,263
Net Assets		3,066,039,598	3,857,255,857
NET ASSETS/EQUITY			
Reserves	29	3,960,854,371	4,303,789,455
Accumulated Surpluses/(Deficits)		(894,814,774)	(446,533,598)
Total Net Assets/Equity		3,066,039,598	3,857,255,857


JOSHUA O. OGBAJE
 Local Government Treasurer (LGT)
 Olamaboro Local Government
 Kogi State

Olamaboro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Change in Assets/Equity

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	4,303,789,455	(446,533,598)	3,857,255,857
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-	-	-
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(894,814,774)	(894,814,774)
Reserves (Note 29)	3,960,854,371		3,960,854,371
Closing Balance as at 31 December 2018	3,960,854,371	(894,814,774)	3,066,039,598



JOSHUA O. OGBAJE

Local Government Treasurer (LGT)

Olamaboro Local Government

Kogi State

Olamaboro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Cashflow

Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,396,246,775	1,118,639,100
Government Share of VAT	10	362,410,604	294,856,443
Tax Revenue	11	3,820,845	6,554,400
Non-Tax Revenue	12	677,870	1,459,630
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		1,763,156,094	1,421,509,573
Less Outflows:			
Salaries & Wages	15	678,709,292	956,179,807
Social Benefits	16	254,349,813	4,762,317
Overhead Cost(s)	17	1,585,685,898	939,584,759
Transfer to other Government Entities		-	-
Finance Cost	18	704,893	-
Finance Cost			
Total Outflow From Operating Activities		2,519,449,896	1,900,526,883
Net Cash Flow From Operating Activities		(756,293,802)	(479,017,310)
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(28,485,714)	-
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(28,485,714)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	832,988,480	400,063,198
Proceeds from Borrowings - Long Term Loan	28	(156,555,093)	236,392,975
Repayment of Borrowings		(33,181,486)	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		643,251,901	636,456,173
Net Cash Flow From All Activities		(141,527,616)	157,438,863
Open Cash Balance		192,204,861	34,765,998
Closing Cash Balance		50,677,245	192,204,861


JOSHUA O. OGBAJE
 Local Government Treasurer (LGT)
 Olamaboro Local Government
 Kogi State

Olamaboro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Statement of Comparison of Budget and Actual

	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
		Original	Supplementary	Final		
RECURRENT REVENUE						
Government Share of FAAC (Statutory Revenue)	9	2,881,524,610	608,000,000	3,489,524,610	1,370,415,691	(2,119,108,919)
Excess Crude	9		-	-	3,490,137	3,490,137
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	4,026,710	4,026,710
Refund from Federal Government	9		-	-	-	-
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	9,449,590	9,449,590
Excess Bank Charge	9		-	-	8,864,647	8,864,647
Government Share of VAT	10	374,165,100	-	374,165,100	362,410,604	(11,754,496)
Tax Revenue	11	12,509,390		12,509,390	3,820,845	(8,688,545)
Non-Tax Revenue	12			-	677,870	677,870
TOTAL RECURRENT REVENUE		3,268,199,100	-	3,876,199,100	1,763,156,094	(2,113,043,006)
CAPITAL RECEIPT						
			-	-	-	-
			-	-	-	-
			-	-	-	-
TOTAL CAPITAL RECEIPT		-	-	-	-	-
TOTAL REVENUE		3,268,199,100	-	3,876,199,100	1,763,156,094	(2,113,043,006)
RECURRENT EXPENDITURES						
Salaries & Wages	15	1,091,383,900		1,091,383,900	678,709,292	412,674,608
Social Benefits	16	183,802,430		183,802,430	254,349,813	(70,547,383)
Overhead Cost	17	614,596,510	292,500,000	907,096,510	1,585,685,898	(678,589,388)
Public Debt Charges	18	214,939,960	-	214,939,960	704,893	214,235,067
Impairment (Loss) on Investment	22	-	-	-	-	-
TOTAL RECURRENT EXPENDITURES		2,104,722,800	292,500,000	2,397,222,800	2,519,449,896	(122,227,096)
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,481,589,280	315,500,000	1,797,089,280	28,485,714	1,768,603,566
TOTAL CAPITAL EXPENDITURE		1,481,589,280	315,500,000	1,797,089,280	28,485,714	1,768,603,566
TOTAL EXPENDITURE		3,586,312,080	608,000,000	4,194,312,080	2,547,935,611	1,646,376,469


JOSHUA O. OGBAJE
Local Government Treasurer (LGT)
Olamaboro Local Government
Kogi State

Olamaboro Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		(894,814,774)
Add/(Less) non-cash items		
Depreciation and amortisation	23	138,520,972
Impairment of Investments	22	-
Total non-cash Items		(756,293,802)
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	832,988,480
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	(156,555,093)
(Increase)/decrease in Loan Repayment		(33,181,486)
Total movements in working capital items		643,251,901
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(28,485,714)
Total items classified as investing activities		(28,485,714)
Net cash flow from All (Operating) Activities		(141,527,616)
Cash & Cash Equivalent as at 01 January 2018		192,204,861
Cash & Cash Equivalent as at 31 December 2018		50,677,245

Olamaboro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Olamaboro Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Olamaboro Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Olamaboro Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

Olamaboro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

In discharging this statutory responsibilities, he;

- h. Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- i. Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- j. Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Olamaboro Local Government
- k. Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

Olamaboro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Olamaboro Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

Olamaboro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

l. Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦) which is the functional currency of Olamaboro Local Government of Kogi State.

m. Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Olamaboro Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision making, and also to demonstrate the level of Olamaboro Local Government of Kogi State accountability for the resources entrusted to it.

Olamaboro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Olamaboro Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Olamaboro Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

Olamaboro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

a. Revenue from Non-exchange Transactions

These are transactions in which Olamaboro Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Olamaboro Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

i. Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Olamaboro Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Olamaboro Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Olamaboro Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Olamaboro Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Olamaboro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Olamaboro Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

ii. Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Olamaboro Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

iii. Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

iv. Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

Olamaboro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

v. Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

b. Revenue From Exchange Transactions

These are transactions in which Olamaboro Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Olamaboro Local Government.

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Olamaboro Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Olamaboro Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Olamaboro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

i. Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Olamaboro Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

ii. Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Olamaboro Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Olamaboro Local Government would incur to acquire the asset on the reporting date.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Olamaboro Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Olamaboro Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition.

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For the fourth Transitional Financial Statements for the year ended 31 December 2018, Olamaboro Local Government has recognized financial liabilities measured at amortized cost. These include Olamaboro Local and foreign debts and investments.

a. Classification

i. Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

ii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Olamaboro Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

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iii. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Olamaboro Local Government intends to dispose of it within 12 months of the end of the reporting period. Olamaboro Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

iv. Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

b. Categories & Measurement

i. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

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i. Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

ii. Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

iii. Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

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c. Recognition & De-recognition

Financial instruments are recognized when Olamaboro Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Olamaboro Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

d. Reclassification

Olamaboro Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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e. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

f. Impairment of financial assets

Olamaboro Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, Olamaboro Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

g. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Olamaboro Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Olamaboro Local Government and its cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Olamaboro Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

r) Depreciation Rates

The following standard rates shall be applied to all Olamaboro Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Olamaboro Local Government in connection with the borrowing of funds for qualifying assets. Olamaboro Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Olamaboro Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Olamaboro Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Olamaboro Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly.

Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Olamaboro Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Olamaboro Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Olamaboro Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

a. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Olamaboro Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

b. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Olamaboro Local Government, or a present obligation that arises from past events but is not recognised because:

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i.it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,

ii.the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

c. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Olamaboro Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Olamaboro Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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d. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Olamaboro Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

f. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

g. Leases

Leases of property, plant and equipment where Olamaboro Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

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Note 9 : Government Share of FAAC (Statutory Revenue)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	9,449,590	-	(9,449,590)	-
2	Recovered Excess Bank Charges	8,864,647	-	(8,864,647)	256,091
3	Statutory Allocation	1,370,415,691	3,489,524,610	2,119,108,919	897,721,684
4	Exchange Difference	4,026,710	-	(4,026,710)	87,672,023
5	NNPC Refund	-	-	-	-
6	JAAC Special Allocation	-	-	-	-
7	Budget Augmentation	-	-	-	3,749,977
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	3,490,137	-	(3,490,137)	45,651,465
10	Augmentation	-	-	-	3,749,977
11	Salary Bailout	-	-	-	79,837,882
Total Statutory Revenue		1,396,246,775	3,489,524,610.00	2,093,277,835	1,118,639,100

These are the Gross Statutory Revenues (SR) Allocated to Olamaboro Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.

Note 9 a : Government Share of FAAC (Statutory Revenue)

S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	CBN CONDITIONAL BSF	TOTAL
1	January	86,546,482		3,473,273			526,052	3,490,137			94,035,945
2	February	-		-			-				-
3	March	85,090,161		-			-				85,090,161
4	April	89,186,443		-			177,594				89,364,037
5	May	232,733,428		-		9,449,590	8,047,341				250,230,359
6	June	105,709,823		-			113,660				105,823,483
7	July	102,063,384		-			-				102,063,384
8	August	213,044,883		-			-				213,044,883
9	September	116,911,072		-			-				116,911,072
10	October	97,744,297		38,691			-				97,782,989
11	November	112,613,432		65,621			-				112,679,054
12	December	128,772,286		449,124			-				129,221,409
-											
Total		1,370,415,691	-	4,026,710	-	9,449,590	8,864,647	3,490,137	-	-	1,396,246,775

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Note 10: Government Share of Value Added Tax (VAT)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	362,410,604	374,165,100	(11,754,496)	294,856,443
Total		362,410,604	374,165,100.00	(11,754,496)	294,856,443

This is Olamaboro Local Government Area of Kogi State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

Note 10 a : Government Share of Value Added Tax (VAT)

S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January	27,912,534	26,412,249
2	Febuary	-	24,668,917
3	March	31,790,204	22,990,289
4	April	29,269,182	26,093,436
5	May	27,447,794	27,702,399
6	June	29,384,921	27,015,336
7	July	28,200,110	27,090,244
8	August	31,455,963	-
9	September	26,516,540	29,202,709
10	October	37,800,983	27,415,236
11	November	26,074,808	29,712,524
12	December	66,557,563	26,553,104
Total		362,410,604	294,856,443

This is Olamaboro Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

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Note 11 : Tax Revenue

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	IGR- Development Levy	2,127,115		2,127,115	-
2	IGR- LG Tractor	-		-	1,710,000
3	IGR- Dried Fish & Meat License	-		-	710,000
4	IGR - Liquor License Fees	259,500		259,500	1,372,100
5	IGR- Certificate of Occupancy	-		-	367,000
6	IGR - Market rates	301,700		301,700	-
7	IGR – Trade Permit License	618,480		618,480	6,000
8	IGR- - Market Receipts	-		-	508,000
9	IGR – Hawkers Permit	31,220		31,220	380,000
10	IGR – Motor Park Levies	20,000		20,000	-
11	IGR – Trade/bus. Operating Fee	121,600		121,600	299,300
12	IGR- Registration of Voluntary Organizat	-		-	545,000
13	IGR- Trade Union Fees	-		-	75,000
14	IGR- Certificate of Origin	-		-	541,000
15	IGR - Tender Fee	-		-	20,000
16	IGR – Parking fee	105,100		105,100	-
17	IGR - Unspecified Revenue	236,130		236,130	21,000
	Total	3,820,845	-	3,820,845	6,554,400

These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Olamaboro Local Government area of Kogi State such taxes include, Hawkers' permit, Abatior/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace fees, etc.

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Note 12 : Non Tax Revenue

Administrative Code	Description	Year Ended 31 December 2018		
		Actual	Budget	Variance
	IGR- Earnings from use of L.G. Vehicles	239,630		239,630
	IGR – Market Rates	438,240		438,240
				-
Total		677,870	-	677,870

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NOTE 15 : Salaries & Wages

S/N	Description	Year Ended 31 December 2018					Year Ended 31 December 2017
		Actual			Budget	Variance	Actual
SALARIES AND WAGES		Gross Salary	Payment	Balance Payable			
1	SALARY	640,586,364	234,531,458	406,054,905	1,091,383,900	856,852,442	884,709,182
2						-	
Total SALARIES AND WAGES		640,586,364	234,531,458	406,054,905	1,091,383,900	856,852,442	884,709,182
ALLOWANCE AND SOCIAL CONTRIBUTION							
1	Allowance to Rulers	7,738,929	7,738,929			(7,738,929)	7,738,929
2	Gagos Monthly Allowance	26,884,000	26,884,000			(26,884,000)	26,884,000
#REF!	Honourarium & Sitting Allowance	3,500,000	3,500,000			(3,500,000)	3,500,000
Total ALLOWANCE AND SOCIAL CONTRIBUTION		38,122,929	38,122,929	-	-	(38,122,929)	38,122,929
Grand Total Salaries & Wages		678,709,292	272,654,387	406,054,905	1,091,383,900	818,729,513	922,832,111

These are salaries and wages paid by Olamaboro Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.

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NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017	
		Actual			Budget	Variance	Actual
SOCIAL BENEFITS		Gross Pension	Payment	Balance Payable			
1	Pension	254,349,813	202,833,421	51,516,392	183,802,430	(19,030,991)	4,762,317
						-	
Total SOCIAL BENEFITS		254,349,813	202,833,421	51,516,392	183,802,430	(19,030,991)	4,762,317

Social benefits are employees' benefits given by Olamaboro Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Olamaboro Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cumulative amount paid by Olamaboro Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2018.

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NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	Repairs & Maintainance	25,020,162		(25,020,162)	12,162,000
	Agricultural Development	32,607,298		(32,607,298)	30,431,357
	Transportation & Travelling	55,335,013		(55,335,013)	40,163,843
	Professional Services	80,502,163		(80,502,163)	87,687,175
	Printing & Stationery	88,997,984		(88,997,984)	69,402,977
	Security Expense	186,909,242		(186,909,242)	81,566,000
	Welfare Packages	22,962,878		(22,962,878)	1,000,000
	Remittance of vat, wht & stamp duty to firs	15,349,718		(15,349,718)	
	Medical Expenses	93,142,452		(93,142,452)	9,543,000
	Grading, Heaping & Repair of Roads	81,245,021		(81,245,021)	249,567,047
	Insurance Premium			-	2,011,104
	Judgement SUMIRO Suit			-	27,300,000
	Payment on Survey			-	750,000
	2017 Common Wealth			-	5,128,280
	2nd Part Contigents			-	250,000
	Abandoned Community			-	250,000
	Asset Registration 63 BRS	-		-	490,000
	Breaking of Fasting	-		-	500,000
	Revenue generation expenses	-		-	1,053,000
	Staff Monitoring Exercise	7,571,429		(7,571,429)	915,000
	Documentation of govt project			-	1,319,000
	Advertisement & Publicity	22,745,476		(22,745,476)	22,117,000
	Duty tour allowance	-		-	246,000
	Logistics	-		-	27,875,929
	Staff verification exercise	-		-	440,000
	Entertainment & Meals	8,679,465		(8,679,465)	51,925,702
	Festival Celebration expenses			-	10,227,000
	Empowerment and Support			-	8,516,094
	Rent			-	1,000,000
	Fueling of Generators & Plant			-	21,767,000
	Gifts & Donation	41,563,990		(41,563,990)	32,128,506
	Environmental saniation & Disease control	7,574,900		(7,574,900)	45,969,500
	Training, Workshops & Seminar	8,719,169		(8,719,169)	14,607,858
	Culture & Tourism	20,389,000		(20,389,000)	1,000,000
	Communication & Postages	-		-	18,746,436
	Youth & Sport Development	34,745,041		(34,745,041)	12,305,000
	Local government operation expenses	-		-	49,222,951
	Clearing of Right of ways	406,217,938			
	Subvention:			-	
	LGEA-SUBEB	345,407,560		(345,407,560)	
				-	
		1,585,685,898	-	(1,179,467,960)	939,584,759

These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Olamaboro Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.

		1,585,685,898	-	(1,179,467,960)	939,584,759
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Olamaboro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 18 : Public Debt Charges

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	704,893	-	(704,893)	863,984
		-	-	-	-
Total PUBLIC DEBT CHARGES		704,893	-	(704,893)	863,984

The Olamaboro Local Government Area of Kogi State Public Debt Charges include interest on unmastured debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premium and discounts on unmastured debts.

Note 19 : Cash & Cash Equivalent (By Banks)

S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	Cash in the till	151	3,175,636
2	UBA Bank Plc	-	11,095
3	Access Bank Plc	50,611,804	189,018,131
4	FCMB	65,291	-
		50,677,246	192,204,861

The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Kogi State Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.

Olamaboro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 20b: Other Current Assets

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Receivables (20d)	151,780,000	15,000,000
2	Advances (20c)	88,466,501	88,466,501
Total		240,246,501	103,466,501

The prapayment above represent advance payment made to contractors for work yet to be done.

Note 20c: Unretired Advances

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Advances	88,466,501	88,466,501
Total		88,466,501	88,466,501

The prapayment above represent advance payment made to contractors for work yet to be done.

Note 20d: Receivables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	GLO Nigerian Communication Ltd	6,600,000	6,000,000
2	MTN Nigerian Communication Ltd	6,000,000	5,400,000
3	AIRTEL Nigerian Communication Ltd	3,000,000	2,700,000
4	ETISELAT Nigerian Communication Ltd	1,000,000	900,000
5	Loan to State Government	135,180,000	-
Total		151,780,000	15,000,000

The prapayment above represent advance payment made to contractors for work yet to be done.

Olamaboro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 23: Schedule of Property, Plant & Equipment (PPE)

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Teaching & Learning Aids	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	85,281,750		34,950,000	55,117,533			73,729,000	661,400,500	4,914,418,975	5,824,897,758
Additions During the year		600,000		25,035,714					2,850,000	28,485,714
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	85,281,750	600,000	34,950,000	80,153,248	-	-	73,729,000	661,400,500	4,917,268,975	5,853,383,473
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018										-
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	17,056,350	150,000	3,495,000	1,041,992	-	-	18,432,250	-	98,345,380	138,520,972
Balance c/forward 31 December 2018	17,056,350	150,000	3,495,000	1,041,992	-	-	18,432,250	-	98,345,380	138,520,972
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	68,225,400	450,000	31,455,000	79,111,255	-	-	55,296,750	661,400,500	4,818,923,596	5,714,862,501
Balance as at 01 January 2018										

Olamaboro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Salary Payables (25a)	1,909,930,429	1,503,875,524
2	Other Payables (25b)	946,437,077	523,044,764
3	Term Loan (25c)	3,541,262	-
Total LOANS AND DEBTS (SHORT-TERM)		2,859,908,768	2,026,920,288

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a : Salary Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	1,503,875,524	
1	Salary Payables for the year	406,054,905	1,503,875,524
Total LOANS AND DEBTS (SHORT-TERM)		1,909,930,429	1,503,875,524

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Olamaboro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25b : Other Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Leave allowance payables	858,771,844	411,330,531
2	Pension	51,516,392	76,308,892
3	Deposit (Unremitted Deductions)	36,148,841	35,405,341
Total Other Payables		946,437,077	523,044,764

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25c: Short Term Loans & Debts (Loan Payables)

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Loan UBA		26,525,198
2	Bank Overdraft		2,497,944
3	Unyogba MFB Loan	3,541,262	40,264,009
4			
Total LOANS AND DEBTS (SHORT-TERM)		3,541,262	69,287,151

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Olamaboro Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Note 26 : Unremitted Deductions

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	PAYE	18,798,987	
2	NULGE DUE	1,933,626	
3	M&HWUN DUE	1,094,186	
4	WHT	9,944,278	
5	VAT	4,377,764	
Total Unremitted Deductions		36,148,840.59	-

Note 28 : Long Term Borrowing

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Domestic Borrowing	79,837,882	236,392,975
2	Multi lateral Loan (Note 28 b)	-	-
Total Long Term Borrowings		79,837,882	236,392,975

Long-term borrowing generally refers to loans that will not become due within one year or before the reporting date

Note 28 a : State Bond & Other Long Term Borrowing

S/N	Description	Year Ended 31 December 2018		Year Ended 31 December 2017
		Gross Loan	Net for LGA	
1	Salary Bail Out	79,837,882	79,837,882	
TOTAL		79,837,882	-	-

The balance of Salary Bail Out represent the Local Government portion of the Gross Loan obtained by both the State Government and the 21 Local Government Areas of the State. The State Government repayment is being deducted from the FAAC allocation, while deduction from the 21 LGAs is also being deducted at source by the FAAC.

Olamaboro Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 29 : Reserves

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		3,857,255,857
	IPSA Adjustments		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	103,598,514	
	Total IPSA Adjustments		103,598,514

Closing Balance as at 31 December 2018	3,960,854,371
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**OMALA LOCAL GOVERNMENT OF
KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**



OFFICE OF THE CHAIRMAN
OMALA LOCAL GOVERNMENT COUNCIL

Our Ref: _____ *Your Ref:* _____ *Date:* _____

Report of the Treasurer
On The Financial Statements of Omala Local Government
For the Year Ended 31 December 2018

Responsibility For the Financial Statements

The Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis.

In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Omala Local Government as at 31 December 2018 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.

Ocholi Mariam
Local Government Treasurer (LGT)
Omala Local Government, Kogi State
31 July 2020



OFFICE OF THE CHAIRMAN
OMALA LOCAL GOVERNMENT COUNCIL

Our Ref: _____ *Your Ref:* _____ *Date:* _____

Omala Local Government, Kogi State
Financial Statements For the Year Ended 31 December 2018
Forward by The Director of Local Government Administration

Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Omala Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.

Omala Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasis here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.

Omala Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2018 useful in significant areas of information requirements.

Abalaka Aliu
Director of Local Government Administration

Omala Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Performance

	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,179,621,053	1,073,249,259
Government Share of VAT	10	451,792,323	310,144,976
Tax Revenue	11	5,069,431	645,000
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		1,636,482,807	1,384,039,234
EXPENDITURES			
Salaries & Wages	15	648,399,321	443,568,909
Social Benefits	16	177,207,086	123,130,961
Overhead Cost	17	937,588,998	40,905,900
Depreciation Charges	23	90,157,727	51,038,840
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		1,853,353,132	658,644,610
Surplus/(Deficit) from Operating Activities for the Period		(216,870,325)	725,394,624
Public Debt Charges	18	461,226	242,479
Total Non-Operating Revenue/(Expenses)		(217,331,551)	725,152,145
Surplus/(Deficit) from Ordinary Activities		(217,331,551)	725,152,145
Net Surplus/ (Deficit) for the Period		(217,331,551)	725,152,145

OCHOLI MARIAM

Local Government Treasurer (LGT)

Omala Local Government

Kogi State

Omala Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2018					
Statement of Financial Position					
ASSETS	Notes	Yea Ended 31 December 2018		Year Ended 31 December 2017	
Current Assets					
Cash and Cash Equivalents	19	39,495,843		182,164	
Prepayment	20	-		-	
Other Current Assets	20b	-		-	
Total Current Assets			39,495,843		182,164
Non-Current Assets					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	3,695,730,585		3,895,513,950	
Intangible Assets	24	-		-	
Total Non-Current Assets			3,695,730,585		3,895,513,950
Total Assets			3,735,226,429		3,895,696,114
LIABILITIES					
Current Liabilities					
Short Term Loans & Debts	25	2,021,427,518		1,665,505,655	
Unremitted Deductions	26	-		-	
Payables	27	-		-	
Total Current Liabilities			2,021,427,518		1,665,505,655
Non-Current Liabilities					
Long Term Borrowings	28	-		-	
Total Non-Current Liabilities			-		-
Total Liabilities			2,021,427,518		1,665,505,655
Net Assets			1,713,798,911		2,230,190,459
NET ASSETS/EQUITY					
Reserves	29	1,931,130,462		1,505,038,314	
Accumulated Surpluses/(Deficits)		(217,331,551)		725,152,145	
Total Net Assets/Equity			1,713,798,911		2,230,190,459
<p>OCHOLI MARIAM Local Government Treasurer (LGT) Omala Local Government Kogi State</p>					

Omala Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Change in Assets/Equity

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	1,505,038,314	725,152,145	2,230,190,459
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(217,331,551)	(217,331,551)
Reserves (Note 29)	1,931,130,462		1,931,130,462
Closing Balance as at 31 December 2018	1,931,130,462	(217,331,551)	1,713,798,911

OCHOLI MARIAM

Local Government Treasurer (LGT)

Omala Local Government

Kogi State

Omala Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Statement of Cashflow			
Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,179,621,053	1,073,249,259
Government Share of VAT	10	451,792,323	310,144,976
Tax Revenue	11	5,069,431	645,000
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		1,636,482,807	1,384,039,234
Less Outflows:			
Salaries & Wages	15	648,399,321	443,568,909
Social Benefits	16	177,207,086	123,130,961
Overhead Cost(s)	17	937,588,998	40,905,900
Transfer to other Government Entities		-	-
Finance Cost	18	461,226	-
Finance Cost			
Total Outflow From Operating Activities		1,763,656,631	607,605,770
Net Cash Flow From Operating Activities		(127,173,823)	776,433,464
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(127,416,712)	(2,444,755,732)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(127,416,712)	(2,444,755,732)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	355,921,862	1,665,505,655
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(62,017,647)	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		293,904,215	1,665,505,655
Net Cash Flow From All Activities		39,313,680	(2,816,612)
Open Cash Balance		182,164	2,998,776
Closing Cash Balance		39,495,843	182,164
OCHOLI MARIAM Local Government Treasurer (LGT) Omala Local Government Kogi State			

Omala Local Government of Kogi State						
Financial Statements for the Year Ended 31 December 2018						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
RECURRENT REVENUE		Original	Supplementary	Final		
Government Share of FAAC (Statutory Revenue)	9	2,671,732,600	-	2,671,732,600	1,022,037,226	(1,649,695,374)
Excess Crude	9		-	-	3,588,676	3,588,676
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	152,304,906	152,304,906
Refund from Federal Government	9		-	-	-	-
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	-	-
Excess Bank Charge	9		-	-	666,245	666,245
Government Share of VAT	10	411,095,000	-	411,095,000	451,792,323	40,697,323
Tax Revenue	11	12,295,000		12,295,000	5,069,431	(7,225,569)
Non-Tax Revenue	12			-	-	-
TOTAL RECURRENT REVENUE		3,095,122,600	-	3,095,122,600	1,635,458,807	(1,459,663,793)
CAPITAL RECEIPT						
		-	-	-	-	-
				-		-
				-		-
TOTAL CAPITAL RECEIPT		-	-	-	-	-
TOTAL REVENUE		3,095,122,600	-	3,095,122,600	1,635,458,807	(1,459,663,793)
RECURRENT EXPENDITURES						
Salaries & Wages	15	1,348,511,200		1,348,511,200	648,399,321	700,111,879
Social Benefits	16	73,802,430		73,802,430	177,207,086	(103,404,656)
Overhead Cost	17	582,339,990		582,339,990	937,588,998	(355,249,008)
Public Debt Charges	18	182,529,340	-	182,529,340	461,226	182,068,114
Impairment (Loss) on Investment	22	-	-	-	-	-
TOTAL RECURRENT EXPENDITURES		2,187,182,960	-	2,187,182,960	1,763,656,631	423,526,329
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,219,659,640		1,219,659,640	127,416,712	1,092,242,928
TOTAL CAPITAL EXPENDITURE		1,219,659,640	-	1,219,659,640	127,416,712	1,092,242,928
TOTAL EXPENDITURE		3,406,842,600	-	3,406,842,600	1,891,073,343	1,515,769,257
OCHOLI MARIAM						
Local Government Treasurer (LGT)						
Omala Local Government						
Kogi State						

Omala Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities

Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		(217,331,551)
Add/(Less) non-cash items		
Depreciation and amortisation	23	90,157,727
Impairment of Investments	22	-
Total non-cash items		(127,173,823)
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	355,921,862
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(62,017,647)
Total movements in working capital items		293,904,215
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(127,416,712)
Total items classified as investing activities		(127,416,712)
Net cash flow from All (Operating) Activities		39,313,680
Cash & Cash Equivalent as at 01 January 2018		182,164
Cash & Cash Equivalent as at 31 December 2018		39,495,843

Omala Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Omala Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Omala Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Omala Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

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In discharging this statutory responsibilities, he;

- a. Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- b. Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- c. Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Omala Local Government
- d. Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

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The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Omala Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

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Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

e. Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦), which is the functional currency of Omala Local Government of Kogi State.

f. Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Omala Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision-making, and also to demonstrate the level of Omala Local Government of Kogi State accountability for the resources entrusted to it.

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The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Omala Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Omala Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

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6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

g. Revenue from Non-exchange Transactions

These are transactions in which Omala Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Omala Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

i. Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Omala Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Omala Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Omala Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Omala Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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Omala Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

ii. Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Omala Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

iii. Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

iv. Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

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v. Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

b. Revenue From Exchange Transactions

These are transactions in which Omala Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Omala Local Government.

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Omala Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Omala Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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i.Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Omala Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

ii.Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Omala Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Omala Local Government would incur to acquire the asset on the reporting date.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Omala Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Omala Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition.

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For the fourth Transitional Financial Statements for the year ended 31 December 2018, Omala Local Government has recognized financial liabilities measured at amortized cost. These include Omala Local and foreign debts and investments.

c. Classification

i. Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

ii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Omala Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

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iii. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Omala Local Government intends to dispose of it within 12 months of the end of the reporting period. Omala Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

iv. Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

d. Categories & Measurement

i. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

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ii. Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

iii. Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

iv. Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

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e. Recognition & De-recognition

Financial instruments are recognized when Omala Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Omala Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

f. Reclassification

Omala Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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g. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

h. Impairment of financial assets

Omala Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, Omala Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

i. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Omala Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Omala Local Government and its cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Omala Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

s) Depreciation Rates

The following standard rates shall be applied to all Omala Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Omala Local Government in connection with the borrowing of funds for qualifying assets. Omala Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Omala Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Omala Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Omala Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly.

Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Omala Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Omala Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Omala Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

j. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Omala Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

k. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Omala Local Government, or a present obligation that arises from past events but is not recognised because:

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- i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,
- ii. the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

c. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Omala Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Omala Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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d. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Omala Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

f. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

g. Leases

Leases of property, plant and equipment where Omala Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

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Note 9 : Government Share of FAAC (Statutory Revenue)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	-	-	-	-
2	Recovered Excess Bank Charges	666,245	-	(666,245)	
3	Statutory Allocation	1,022,037,226	2,671,732,600	1,649,695,374	914,828,216
4	Exchange Difference	152,304,906	-	(152,304,906)	103,893,590
5	NNPC Refund	-	-	-	
6	JAAC Special Allocation	-	-	-	
7	Budget Augmentation	-	-	-	
8	Non-oil Revenue	-	-	-	
9	Solid Minerals (Oil Excess Revenue)	3,588,676	-	(3,588,676)	54,527,453
10	Ganished Fund	-	-	-	
11	Salary Bailout	1,024,000	-	(1,024,000)	-
Total Statutory Revenue		1,179,621,053	2,671,732,600.00	1,493,135,547	1,073,249,259

These are the Gross Statutory Revenues (SR) Allocated to Omala Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.

Note 9 a : Government Share of FAAC (Statutory Revenue)

S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	BAILOUT/ REFUNDS	TOTAL
1	January	-		-			498,091				498,091
2	February	84,077,185		3,288,655				3,588,676			90,954,516
3	March	83,134,917		-							83,134,917
4	April	87,016,565		-			168,155				87,184,720
5	May	86,567,285		135,585,980							222,153,265
6	June	101,576,493		-							101,576,493
7	July	98,009,547		-							98,009,547
8	August	105,112,626		9,092,835						24,000	114,229,461
9	September	33,631,469		2,682,258						1,000,000	37,313,727
10	October	98,029,064		36,635							98,065,699
11	November	102,783,855		1,193,293							103,977,148
12	December	142,098,220		425,251							142,523,471
-											
Total		1,022,037,226	-	152,304,906	-	-	666,245	3,588,676	-	1,024,000	1,179,621,053

Omala Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 10: Government Share of Value Added Tax (VAT)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	451,792,323	411,095,000	40,697,323	310,144,976
Total		451,792,323	411,095,000.00	40,697,323	310,144,976

This is Omala Local Government Area of Omala State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

Note 10a : Government Share of Value Added Tax (VAT)

S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January	-	23,228,867
2	February	24,846,031	23,517,040
3	March	28,260,510	21,983,783
4	April	26,002,423	20,462,710
5	May	24,390,918	23,220,959
6	June	26,212,046	24,609,884
7	July	128,043,985	24,094,147
8	August	25,083,253	24,108,440
9	September	52,797,878	24,459,059
10	October	33,617,702	26,035,833
11	November	23,183,935	24,372,430
12	December	59,353,642	50,051,823
Total		451,792,323	310,144,976

This is Omala Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

Omala Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 11 : Tax Revenue

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	2% Development Levy	2,327,889		2,327,889	-
2	Earnings	438,950	2,160,000	(1,721,050)	-
3	Market Rate	435,050		435,050	-
4	Timber & Forest fees	781,522		781,522	170,000
5	Tenement rate	850,000		850,000	475,000
6	Licenses fee	30,020	1,340,000	(1,309,980)	
7	Shops & Kiosks	70,000		70,000	-
8	Departmental stores & Workshop permits	136,000		136,000	-
9	Sales	-	1,000,000	(1,000,000)	-
10	Fees	-	2,200,000	(2,200,000)	-
Total		5,069,431	6,700,000	(1,630,569)	645,000.00

These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Omala Local Government area of Kogi State such taxes include, Hawkers' permit, Abatior/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace fees, etc.

Omala Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 15 : Salaries & Wages

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017		
		Actual	Budget	Variance	Actual		
SALARIES AND WAGES		Total Salary	Payment	Balance Payable			
1	SALARY	526,523,821	206,583,173	319,940,648	1,348,511,200	1,141,928,027	393,949,453
						-	
						-	
Total SALARIES AND WAGES		526,523,821	206,583,173	319,940,648	1,348,511,200	1,141,928,027	393,949,453
ALLOWANCE AND SOCIAL CONTRIBUTION							
1	Other Allowances	116,875,500	116,875,500			(116,875,500)	43,152,000
2	Sitting Allowance	5,000,000	5,000,000			(5,000,000)	6,467,456
Total ALLOWANCE AND SOCIAL CONTRIBUTION		121,875,500	121,875,500	-	-	(121,875,500)	49,619,456
Grand Total Salaries & Wages		648,399,321	328,458,673	319,940,648	1,348,511,200	1,020,052,527	443,568,909

These are salaries and wages paid by Omala Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.

Omala Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017	
		Actual	Budget	Variance	Actual	
SOCIAL BENEFITS		Gross Pension	Payment	Balance Payable		
1	Pension	177,207,086	141,225,872	35,981,215	73,802,430	(67,423,442)
						-
Total SOCIAL BENEFITS		177,207,086	141,225,872	35,981,215	73,802,430	(67,423,442)

Social benefits are employees' benefits given by Omala Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Omala Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cumulative amount paid by Omala Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2018.

NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	Repairs & Maintenance	17,040,000		(17,040,000)	
	Gift & Donations	69,883,050		(69,883,050)	
	Transport & Traveling	113,326,000		(113,326,000)	400,000
	Professional Services	104,274,459		(104,274,459)	18,425,900
	Printing & Stationery	13,250,476		(13,250,476)	
	Security Service	186,203,943		(186,203,943)	
	General Expenses	55,416,095		(55,416,095)	
	Environmental Sanitation & Decease control	53,039,351		(53,039,351)	8,980,000
	Advert & Publicity	8,758,857		(8,758,857)	10,440,000.00
	Medical Expenses	57,630,000		(57,630,000)	
	Education & Sport Development	2,550,000		(2,550,000)	
	Communication & Postages	350,000		(350,000)	
	Cultural & Tourism Expenses	3,900,000		(3,900,000)	2,660,000
	Subvention:				
	LGEA-SUBEB	251,966,767		(251,966,767)	
				-	
		937,588,998	-	(937,588,998)	40,905,900

These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Omala Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.

		937,588,998	-	(937,588,998)	40,905,900
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Omala Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 18 : Public Debt Charges

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	461,226	-	(461,226)	242,479
		-	-	-	-
Total PUBLIC DEBT CHARGES		461,226	-	(461,226)	242,479

The Omala Local Government Area of Kogi State Public Debt Charges include interest on unmastered debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premium and discounts on unmatured debts.

Note 19 : Cash & Cash Equivalent (By Banks)

S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	Cash in the till	2,838	182,164
2	Access Bank Plc	39,418,719	-
3	FCMB	74,287	-
		39,495,843	182,164

The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2019. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Kogi State Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.

Omala Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 23: Schedule of Property, Plant & Equipment (PPE)

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Teaching & Learning Aids	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	32,962,100		21,200,000				40,490,000	86,450,000	3,477,369,500	3,658,471,600
Additions During the year				110,416,712					17,000,000	127,416,712
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-		-	-		-	-
Balance c/forward 31 December 2018	32,962,100	-	21,200,000	110,416,712	-	-	40,490,000	86,450,000	3,494,369,500	3,785,888,312
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018										-
Additions During the year										-
Disposal During the year	-	-	-	-		-			-	-
Prior Year Adjustment	-	-	-	-		-			-	-
Total Charge for the Year	6,592,420	-	2,120,000	1,435,417	-	-	10,122,500	-	69,887,390	90,157,727
Balance c/forward 31 December 2018	6,592,420	-	2,120,000	1,435,417	-	-	10,122,500	-	69,887,390	90,157,727
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-		-	-		-	-
Additions During the year	-	-	-	-		-	-		-	-
Disposal During the year	-	-	-	-		-	-		-	-
Balance c/forward 31 December 2018	-	-	-	-		-	-		-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	26,369,680	-	19,080,000	108,981,295	-	-	30,367,500	86,450,000	3,424,482,110	3,695,730,585
Balance as at 01 January 2018	19,945,260		12,720,000	49,446,650			48,884,540		3,764,517,500	3,895,513,950

Omala Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Salary Payables (25a)	1,943,502,845	1,623,562,198
2	Other Payables (25b)	77,924,672	41,943,458
3	Loan		-
Total LOANS AND DEBTS (SHORT-TERM)		2,021,427,518	1,665,505,655

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a : Salary Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	1,623,562,198	
1	Salary Payables for the year	319,940,648	1,623,562,198
Total LOANS AND DEBTS (SHORT-TERM)		1,943,502,845	1,623,562,198

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25b : Other Payables

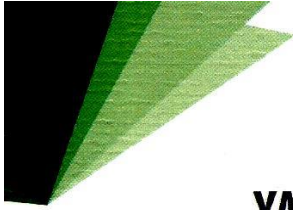
S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	41,943,458	
1	Pension	35,981,215	41,943,458
Total Other Payables		77,924,672	41,943,458

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date


Omala Local Government of Kogi State**Financial Statements for the Year Ended 31 December 2018****Notes to the Financial Statements****Note 29 : Reserves**

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		2,230,190,459
	IPSA Adjustments		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(299,059,997)	
	Total IPSA Adjustments		(299,059,997)
Closing Balance as at 31 December 2018			1,931,130,462

**YAGBA EAST LOCAL GOVERNMENT OF
KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**



YAGBA EAST LOCAL GOVERNMENT COUNCIL

 Yagba East Local Government Area
P.M.B. 1005, Isanlu, Kogi State.

Our Ref: _____

Your Ref: _____

Date: _____

Report of the Treasurer On The Financial Statements of Yagba East Local Government For the Year Ended 31 December 2018

Responsibility For the Financial Statements

The Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis. In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Yagba East Local Government as at 31 December 2018 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.


Aliyu Taibat
Local Government Treasurer (LGT)
Yagba East Local Government, Kogi State
31 July 2020



YAGBA EAST LOCAL GOVERNMENT

P.M.B. 1005, ISANLU, KOGI STATE, NIGERIA

Our Ref: _____ Your Ref: _____ Date: _____

**Yagba East Local Government, Kogi State
Financial Statements For the Year Ended 31 December 2018
Forward by The Director of Local Government Administration**

Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Yagba East Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.

Yagba East Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasize here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.

Yagba East Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2018 useful in significant areas of information requirements.

Aina Raimi
Director of Local Government Administration

Yagba East Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Performance

	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,503,156,878	832,118,987
Government Share of VAT	10	353,848,414	313,284,331
Tax Revenue	11	24,652,557	2,503,244
Non-Tax Revenue	12	5,747,900	7,058,090
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		1,887,405,749	1,154,964,652
EXPENDITURES			
Salaries & Wages	15	658,736,578	1,031,176,697
Social Benefits	16	171,540,172	-
Overhead Cost	17	737,218,625	554,928,131
Depreciation Charges	23	70,203,427	142,413,036
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		1,637,698,802	1,728,517,864
Surplus/(Deficit) from Operating Activities for the Period		249,706,947	(573,553,212)
Public Debt Charges	18	1,152,678	1,510,258
Total Non-Operating Revenue/(Expenses)		248,554,269	(575,063,470)
Surplus/(Deficit) from Ordinary Activities		248,554,269	(575,063,470)
Net Surplus/ (Deficit) for the Period		248,554,269	(575,063,470)



ALIYU TAIBAT

Local Government Treasurer (LGT)

Yagba East Local Government

Kogi State

Yagba East Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Statement of Financial Position

ASSETS	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017	
Current Assets					
Cash and Cash Equivalents	19	19,231,903		56,611,919	
Prepayment	20	-		-	
Other Current Assets	20b	85,030,690		82,730,690	
Total Current Assets			104,262,593		139,342,609
Non-Current Assets					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	1,445,874,258		1,214,123,645	
Intangible Assets	24	-		-	
Total Non-Current Assets			1,445,874,258		1,214,123,645
Total Assets			1,550,136,852		1,353,466,254
LIABILITIES					
Current Liabilities					
Short Term Loans & Debts	25	1,830,695,525		1,365,848,884	
Unremitted Deductions	26	42,405,246		42,163,510	
Payables	27	-		-	
Total Current Liabilities			1,873,100,771		1,408,012,394
Non-Current Liabilities					
Long Term Borrowings	28	-		-	
Total Non-Current Liabilities			-		-
Total Liabilities			1,873,100,771		1,408,012,393.65
Net Assets			(322,963,919)		(54,546,140)
NET ASSETS/EQUITY					
Reserves	29	(571,518,188)		520,517,331	
Accumulated Surpluses/(Deficits)		248,554,269		(575,063,470)	
Total Net Assets/Equity			(322,963,919)		(54,546,140)


ALIYU TAIBAT
Local Government Treasurer (LGT)
Yagba East Local Government
Kogi State

Yagba East Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Change in Assets/Equity

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	520,517,331	(575,063,470)	(54,546,140)
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	248,554,269	248,554,269
Reserves (Note 29)	(571,518,188)		(571,518,188)
Closing Balance as at 31 December 2018	(571,518,188)	248,554,269	(322,963,919)



ALIYU TAIBAT

Local Government Treasurer (LGT)

Yagba East Local Government

Kogi State

Yagba East Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Cashflow

Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,503,156,878	832,118,987
Government Share of VAT	10	353,848,414	313,284,331
Tax Revenue	11	24,652,557	2,503,244
Non-Tax Revenue	12	5,747,900	7,058,090
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		1,887,405,749	1,154,964,652
Less Outflows:			
Salaries & Wages	15	658,736,578	1,031,176,697
Social Benefits	16	171,540,172	-
Overhead Cost(s)	17	737,218,625	554,928,131
Transfer to other Government Entities		-	-
Finance Cost	18	1,152,678	1,510,258.00
Finance Cost			
Total Outflow From Operating Activities		1,568,648,054	1,587,615,086
Net Cash Flow From Operating Activities		318,757,695	(432,650,434)
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(426,348,385)	-
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(426,348,385)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	464,846,641	484,706,022
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(394,635,967)	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		70,210,674	484,706,022
Net Cash Flow From All Activities		(37,380,015)	52,055,587
Open Cash Balance		56,611,919	4,556,332
Closing Cash Balance		19,231,904	56,611,919



ALIYU TAIBAT
Local Government Treasurer (LGT)
Yagba East Local Government
Kogi State

Yagba East Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Comparison of Budget and Actual

	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
		Original	Supplementary	Final		
RECURRENT REVENUE						
Government Share of FAAC (Statutory Revenue)	9	2,672,380,640	-	2,672,380,640	999,290,906	(1,673,089,734)
Excess Crude	9		-	-	3,847,928	3,847,928
Budget Augmentation/Budget Support Facility	9		-	-	140,997,209	140,997,209
Exchange Difference	9		-	-	4,088,108	4,088,108
Refund from Federal Government	9		-	-	339,482,776	339,482,776
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	-	-
Excess Bank Charge	9		-	-	15,449,951	15,449,951
Government Share of VAT	10	505,704,260	-	505,704,260	353,848,414	(151,855,846)
Tax Revenue	11	34,704,260		34,704,260	24,652,557	(10,051,703)
Non-Tax Revenue	12	-		-	5,747,900	5,747,900
TOTAL RECURRENT REVENUE		3,212,789,160	-	3,212,789,160	1,887,405,749	(1,325,383,411)
CAPITAL RECEIPT						
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
TOTAL CAPITAL RECEIPT		-	-	-	-	-
TOTAL REVENUE		3,212,789,160	-	3,212,789,160	1,887,405,749	(1,325,383,411)
RECURRENT EXPENDITURES						
Salaries & Wages	15	957,974,580		957,974,580	658,736,578	299,238,002
Social Benefits	16	42,172,810		42,172,810	171,540,172	(129,367,362)
Overhead Cost	17	598,000,000		598,000,000	761,983,668	(163,983,668)
Public Debt Charges	18	133,596,250	-	133,596,250	1,152,678	132,443,572
Impairment (Loss) on Investment	22	-	-	-	-	-
TOTAL RECURRENT EXPENDITURES		1,731,743,640	-	1,731,743,640	1,593,413,097	138,330,543
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,741,361,760		1,741,361,760	426,348,385	1,315,013,375
TOTAL CAPITAL EXPENDITURE		1,741,361,760	-	1,741,361,760	426,348,385	1,315,013,375
TOTAL EXPENDITURE		3,473,105,400	-	3,473,105,400	2,019,761,482	1,453,343,918


ALIYU TAIBAT
 Local Government Treasurer (LGT)
 Yagba East Local Government
 Kogi State

Yagba East Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Performance

	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,503,156,878	832,118,987
Government Share of VAT	10	353,848,414	313,284,331
Tax Revenue	11	24,652,557	2,503,244
Non-Tax Revenue	12	5,747,900	7,058,090
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		1,887,405,749	1,154,964,652
EXPENDITURES			
Salaries & Wages	15	658,736,578	1,031,176,697
Social Benefits	16	171,540,172	-
Overhead Cost	17	737,218,625	554,928,131
Depreciation Charges	23	70,203,427	142,413,036
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		1,637,698,802	1,728,517,864
Surplus/(Deficit) from Operating Activities for the Period		249,706,947	(573,553,212)
Public Debt Charges	18	1,152,678	1,510,258
Total Non-Operating Revenue/(Expenses)		248,554,269	(575,063,470)
Surplus/(Deficit) from Ordinary Activities		248,554,269	(575,063,470)
Net Surplus/ (Deficit) for the Period		248,554,269	(575,063,470)

ALIYU TAIBAT

Local Government Treasurer (LGT)

Yagba East Local Government

Kogi State

Yagba East Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2018					
Statement of Financial Position					
ASSETS	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017	
Current Assets					
Cash and Cash Equivalents	19	19,231,903		56,611,919	
Prepayment	20	-		-	
Other Current Assets	20b	85,030,690		82,730,690	
Total Current Assets			104,262,593		139,342,609
Non-Current Assets					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	1,445,874,258		1,214,123,645	
Intangible Assets	24	-		-	
Total Non-Current Assets			1,445,874,258		1,214,123,645
Total Assets			1,550,136,852		1,353,466,254
LIABILITIES					
Current Liabilities					
Short Term Loans & Debts	25	1,830,695,525		1,365,848,884	
Unremitted Deductions	26	42,405,246		42,163,510	
Payables	27	-		-	
Total Current Liabilities			1,873,100,771		1,408,012,394
Non-Current Liabilities					
Long Term Borrowings	28	-		-	
Total Non-Current Liabilities			-		-
Total Liabilities			1,873,100,771		1,408,012,393.65
Net Assets			(322,963,919)		(54,546,140)
NET ASSETS/EQUITY					
Reserves	29	(571,518,188)		520,517,331	
Accumulated Surpluses/(Deficits)		248,554,269		(575,063,470)	
Total Net Assets/Equity			(322,963,919)		(54,546,140)
ALIYU TAIBAT					
Local Government Treasurer (LGT)					
Yagba East Local Government					
Kogi State					

Yagba East Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2018			
Statement of Change in Assets/Equity			
Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	520,517,331	(575,063,470)	(54,546,140)
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	248,554,269	248,554,269
Reserves (Note 29)	(571,518,188)		(571,518,188)
Closing Balance as at 31 December 2018	(571,518,188)	248,554,269	(322,963,919)
<p>ALIYU TAIBAT Local Government Treasurer (LGT) Yagba East Local Government Kogi State</p>			

Yagba East Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Statement of Cashflow

Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,503,156,878	832,118,987
Government Share of VAT	10	353,848,414	313,284,331
Tax Revenue	11	24,652,557	2,503,244
Non-Tax Revenue	12	5,747,900	7,058,090
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		1,887,405,749	1,154,964,652
Less Outflows:			
Salaries & Wages	15	658,736,578	1,031,176,697
Social Benefits	16	171,540,172	-
Overhead Cost(s)	17	737,218,625	554,928,131
Transfer to other Government Entities		-	-
Finance Cost	18	1,152,678	1,510,258.00
Finance Cost			
Total Outflow From Operating Activities		1,568,648,054	1,587,615,086
Net Cash Flow From Operating Activities		318,757,695	(432,650,434)
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(426,348,385)	-
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(426,348,385)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	464,846,641	484,706,022
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(394,635,967)	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		70,210,674	484,706,022
Net Cash Flow From All Activities		(37,380,015)	52,055,587
Open Cash Balance		56,611,919	4,556,332
Closing Cash Balance		19,231,904	56,611,919

ALIYU TAIBAT

Local Government Treasurer (LGT)
Yagba East Local Government
Kogi State

Yagba East Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Statement of Comparison of Budget and Actual

	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
		Original	Supplementary	Final		
RECURRENT REVENUE						
Government Share of FAAC (Statutory Revenue)	9	2,672,380,640	-	2,672,380,640	999,290,906	(1,673,089,734)
Excess Crude	9		-	-	3,847,928	3,847,928
Budget Augmentation/Budget Support Facility	9		-	-	140,997,209	140,997,209
Exchange Difference	9		-	-	4,088,108	4,088,108
Refund from Federal Government	9		-	-	339,482,776	339,482,776
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	-	-
Excess Bank Charge	9		-	-	15,449,951	15,449,951
Government Share of VAT	10	505,704,260	-	505,704,260	353,848,414	(151,855,846)
Tax Revenue	11	34,704,260		34,704,260	24,652,557	(10,051,703)
Non-Tax Revenue	12	-		-	5,747,900	5,747,900
TOTAL RECURRENT REVENUE		3,212,789,160	-	3,212,789,160	1,887,405,749	(1,325,383,411)
CAPITAL RECEIPT						
		-	-	-	-	-
TOTAL CAPITAL RECEIPT		-	-	-	-	-
TOTAL REVENUE		3,212,789,160	-	3,212,789,160	1,887,405,749	(1,325,383,411)
RECURRENT EXPENDITURES						
Salaries & Wages	15	957,974,580		957,974,580	658,736,578	299,238,002
Social Benefits	16	42,172,810		42,172,810	171,540,172	(129,367,362)
Overhead Cost	17	598,000,000		598,000,000	761,983,668	(163,983,668)
Public Debt Charges	18	133,596,250	-	133,596,250	1,152,678	132,443,572
Impairment (Loss) on Investment	22	-	-	-		-
TOTAL RECURRENT EXPENDITURES		1,731,743,640	-	1,731,743,640	1,593,413,097	138,330,543
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,741,361,760		1,741,361,760	426,348,385	1,315,013,375
TOTAL CAPITAL EXPENDITURE		1,741,361,760	-	1,741,361,760	426,348,385	1,315,013,375
TOTAL EXPENDITURE		3,473,105,400	-	3,473,105,400	2,019,761,482	1,453,343,918

ALIYU TAIBAT

Local Government Treasurer (LGT)

Yagba East Local Government

Kogi State

Yagba East Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		248,554,269
Add/(Less) non-cash items		
Depreciation and amortisation	23	70,203,427
Impairment of Investments	22	-
Total non-cash Items		318,757,695
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	464,846,641
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment	9a	(394,635,967)
Total movements in working capital items		70,210,673.93
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(426,348,385)
Total items classified as investing activities		(426,348,385)
Net cash flow from All (Operating) Activities		(37,380,015)
Cash & Cash Equivalent as at 01 January 2018		56,611,919
Cash & Cash Equivalent as at 31 December 2018		19,231,904

Yagba East Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Yagba East Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Yagba East Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Yagba East Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

Yagba East Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

In discharging this statutory responsibilities, he;

- a. Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- b. Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- c. Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Yagba East Local Government
- d. Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

Yagba East Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Yagba East Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

Yagba East Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

c. Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦) which is the functional currency of Yagba East Local Government of Kogi State.

d. Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Yagba East Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision making, and also to demonstrate the level of Yagba East Local Government of Kogi State accountability for the resources entrusted to it.

Yagba East Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Yagba East Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Yagba East Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

Yagba East Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

a. Revenue from Non-exchange Transactions

These are transactions in which Yagba East Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Yagba East Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

i. Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Yagba East Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Yagba East Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Yagba East Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Yagba East Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Yagba East Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Yagba East Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

ii. Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Yagba East Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

iii. Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

iv. Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

Yagba East Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

v. Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

b. Revenue From Exchange Transactions

These are transactions in which Yagba East Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Yagba East Local Government.

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Yagba East Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Yagba East Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Yagba East Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

i.Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Yagba East Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

ii.Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Yagba East Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Yagba East Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Yagba East Local Government would incur to acquire the asset on the reporting date.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Yagba East Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Yagba East Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition.

Yagba East Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

For the fourth Transitional Financial Statements for the year ended 31 December 2018, Yagba East Local Government has recognized financial liabilities measured at amortized cost. These include Yagba East Local and foreign debts and investments.

a. Classification

i. Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

ii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Yagba East Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

Yagba East Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

iii. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Yagba East Local Government intends to dispose of it within 12 months of the end of the reporting period. Yagba East Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

iv. Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

b. Categories & Measurement

i. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

Yagba East Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

ii. Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

iii. Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

iv. Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Yagba East Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

c. Recognition & De-recognition

Financial instruments are recognized when Yagba East Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Yagba East Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

d. Reclassification

Yagba East Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Yagba East Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

e. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

f. Impairment of financial assets

Yagba East Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, Yagba East Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

g. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Yagba East Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Yagba East Local Government and its cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Yagba East Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

t) Depreciation Rates

The following standard rates shall be applied to all Yagba East Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Yagba East Local Government in connection with the borrowing of funds for qualifying assets. Yagba East Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Yagba East Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Yagba East Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Yagba East Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly.

Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Yagba East Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Yagba East Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Yagba East Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

a. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Yagba East Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

b. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Yagba East Local Government, or a present obligation that arises from past events but is not recognised because:

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- i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,
- ii. the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

c. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Yagba East Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Yagba East Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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d. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Yagba East Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

f. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

g. Leases

Leases of property, plant and equipment where Yagba East Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

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Note 9 : Government Share of FAAC (Statutory Revenue)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	-	-	-	-
2	Recovered Excess Bank Charges	15,449,951	-	(15,449,951)	
3	Statutory Allocation	999,290,906	2,672,380,640	1,673,089,734	832,118,987
4	Exchange Difference	4,088,108	-	(4,088,108)	105,997,268
5	NNPC Refund	-	-	-	
6	JAAC Special Allocation	339,482,776	-	(339,482,776)	266,834,250
7	Budget Augmentation	140,997,209	-	(140,997,209)	3,807,156
8	Non-oil Revenue	-	-	-	282,497,753
9	Solid Minerals (Oil Excess Revenue)	3,847,928	-	(3,847,928)	62,165,706
10	Ganished Fund	-	-	-	
11	Salary Bailout	-	-	-	282,497,753
Total Statutory Revenue		1,503,156,878	2,672,380,640	1,169,223,762	1,835,918,873

These are the Gross Statutory Revenues (SR) Allocated to Yagba East Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.

Note 9a : Government Share of FAAC (Statutory Revenue)

S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	SPECIAL FUNDS	TOTAL
1	January	97,301,023		3,526,233			534,074	3,847,928	-		105,209,258
2	February	-		-			-		-		-
3	March	95,627,915		-			-		-		95,627,915
4	April	99,789,418		-			180,302		-		99,969,720
5	May	93,932,348		-			5,392,434		-	140,997,209	240,321,991
6	June	116,106,604		-			115,393		-		116,221,997
7	July	112,398,587		-			-		-		112,398,587
8	August	127,808,338		-			2,016,583		77,485,324		207,310,244
9	September	36,770,059		-			5,998,289		86,533,489		129,301,837
10	October	31,086,796		39,281			-		87,571,644		118,697,720
11	November	28,207,409		66,622			1,212,876		87,892,319		117,379,227
12	December	160,262,410		455,972			-		-		160,718,382
-											
Total		999,290,906	-	4,088,108	-	-	15,449,951	3,847,928	339,482,776	140,997,209	1,503,156,878

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Note 10: Government Share of Value Added Tax (VAT)					
S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	353,848,414	505,704,260	(151,855,846)	313,284,331
Total		353,848,414	505,704,260	(151,855,846)	313,284,331
<p>This is Yagba East Local Government Area of Kogi State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>					

Note 10a : Government Share of Value Added Tax (VAT)			
S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January	27,253,073	25,395,550
2	Febuary	31,031,132	25,789,625
3	March	-	24,091,471
4	April	28,566,655	22,446,726
5	May	26,790,404	25,475,701
6	June	28,702,584	27,037,273
7	July	30,722,207	26,387,125
8	August	27,529,820	26,448,998
9	September	25,889,729	-
10	October	36,901,355	28,521,663
11	November	25,453,116	26,760,871
12	December	65,008,337	54,929,330
Total		353,848,414	313,284,331
<p>This is Yagba East Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018</p>			

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Note 11 : Tax Revenue

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Development tax	24,184,310			2,108,344
2	Tenement rate	468,247			394,900
Total		24,652,557	-	-	2,503,244

These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Yagba East Local Government area of Kogi State such taxes include, Hawkers' permit, Abattoir/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace fees, etc.

Note 12 : Non Tax Revenue

Administrative Code	Description	Year Ended 31 December 2018		
		Actual	Budget	Variance
	Abattoir/Slaughter Slab Licenses	181,630		181,630
	Liquor Licenses	84,200		84,200
	Bake House Licenses	32,700		32,700
	Proceed From Restaurant	10,160		10,160
	Registration Of Voluntary Organisation	402,200		402,200
	Birth/Death Registration	57,590		57,590
	Marriage/Divorce Fees	309,000		309,000
	Timber/Forest Fees	974,320		974,320
	Billboard/Advert Fees	558,250		558,250
	Packing Fees	75,000		75,000
	Penalty	21,800		21,800
	Earning From Sales Of Fertilizer	30,100		30,100
	Earning From Agric Produce	248,400		248,400
	Earning From Commercial Activities	652,600		652,600
	Earning From Medical Services	165,240		165,240
	Earning From Market	1,837,010		1,837,010
	Sales Of I D Cards	78,200		78,200
	Sales Of Farm Produceg From Market	29,500		29,500
Total		5,747,900	-	5,747,900

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NOTE 15 : Salaries & Wages

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017
		Actual		Budget	Variance	Actual
SALARIES AND WAGES		Total Salary	Payment	Balance Payable		
1	Salary	653,536,047	287,148,924	366,387,123	957,974,580	670,825,656
						-
Total SALARIES AND WAGES		653,536,047	287,148,924	366,387,123	957,974,580	670,825,656
ALLOWANCE AND SOCIAL CONTRIBUTION						
1	Sundry Allowances	5,200,531	5,200,531			(5,200,531)
						-
		-				-
Total ALLOWANCE AND SOCIAL CONTRIBUTION		5,200,531	5,200,531	-	-	(5,200,531)
Grand Total Salaries & Wages		658,736,578	292,349,455	366,387,123	957,974,580	665,625,125

These are salaries and wages paid by Yagba East Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.

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NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017	
		Actual			Budget	Variance	Actual
SOCIAL BENEFITS		Gross Pension	Payment	Balance Payable			
1	Actual Pension	171,520,172	171,520,172	-	42,172,810	(129,347,362)	
2	Gratuity & Arrears					-	
3	Contribution to SUBEB for Teachers					-	
4	Death Benefit	20,000				(20,000)	-
Total SOCIAL BENEFITS		171,540,172	171,520,172	-	42,172,810	(129,367,362)	-

Social benefits are employees' benefits given by Yagba East Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Yagba East Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cumulative amount paid by Yagba East Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2018.

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NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	Traveling & Transport	39,751,379		(39,751,379)	28,128,200
	Utility Expenses	302,600		(302,600)	1,080,000
	Materials & Supplies	84,924,188		(84,924,188)	18,163,653
	Maintenance Services	29,325,200		(29,325,200)	93,603,305
	Training	43,947,066		(43,947,066)	85,409,025
	Other Services	65,592,000		(65,592,000)	70,321,500
	Consulting & Professional Servicee	99,955,381		(99,955,381)	52,818,000
	Fuel & Lubricants	51,071,650		(51,071,650)	13,745,640
	Entertainment & Meals	15,004,650		(15,004,650)	78,469,680
	Honourarium & sitting allowances	21,368,100		(21,368,100)	-
	Publicity & Advertisement	4,015,000		(4,015,000)	4,316,000
	Medical Expenses	3,900,000		(3,900,000)	39,208,000
	Welfare packages	39,726,750		(39,726,750)	2,600,000
	Subscription to professional bodies	500,000		(500,000)	46,853,961
	Youth & Sport Development	22,297,500		(22,297,500)	20,211,167
	Subventions:				
	LGEA-SUBEB	238,790,233		(238,790,233)	
	Statutory Contribution:			-	
	Local Government Service Commision (LGSC)			-	
	Office of Auditor General			-	
	Ministry for LG&CA			-	
	Kogi State Traditional Councils			-	
	Refunds to JAAC	1,511,971		(1,511,971)	
				-	
		761,983,668	-	(761,983,668)	554,928,131
<p>These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Yagba East Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.</p>					
		761,983,668	-	(761,983,668)	554,928,131

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NOTE 18 : Public Debt Charges

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	1,152,678	133,596,250	132,443,572	1,510,258
		-	-	-	-
Total PUBLIC DEBT CHARGES		1,152,678	133,596,250	132,443,572	1,510,258

The Yagba East Local Government Area of Kogi State Public Debt Charges include interest on unmastured debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premium and discounts on unmatured debts.

Note 19 : Cash & Cash Equivalent (By Banks)

S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	Cash in the till	1,070	11,311
2	First Bank Plc	33,063	18,085
3	Access Bank Plc	19,197,770	56,505,540
4	Polaris Bank	-	48,602
5	Fidelity Bank Limited	-	28,381
		19,231,903	56,611,919

The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Kogi State Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.

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Note 20b: Other Current Assets

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Receivables	8,320,000	6,020,000
2	Advances	76,710,690	76,710,690
Total		85,030,690	82,730,690

The prapayment above represent advance payment made to contractors for work yet to be done.

Note 20c: Receivables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	MTN	3,250,000	2,250,000
2	GLO	3,200,000	2,400,000
3	AIRTEL	670,000	470,000
4	9 MOBILE	1,200,000	900,000
Total		8,320,000	6,020,000

The prapayment above represent advance payment made to contractors for work yet to be done.

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Note 23: Schedule of Property, Plant & Equipment (PPE)

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Heritage	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	41,727,100	3,995,000	32,208,000	149,657,000	136,000		105,029,080	65,675,000	691,302,120	1,089,729,300
Additions During the year	6,364,621	6,717,939	5,519,200	292,262,738		1,410,000	24,819,048		89,254,839	426,348,385
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-		-	-		-	-
Balance c/forward 31 December 2018	48,091,721	10,712,939	37,727,200	441,919,738	136,000	1,410,000	129,848,128	65,675,000	780,556,959	1,516,077,685
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018										-
Additions During the year										-
Disposal During the year	-	-	-	-		-	-		-	-
Prior Year Adjustment	-	-	-	-		-	-		-	-
Total Charge for the Year	9,618,344	2,678,235	3,772,720	5,744,957	34,000	282,000	32,462,032	-	15,611,139	70,203,427
Balance c/forward 31 December 2018	9,618,344	2,678,235	3,772,720	5,744,957	34,000	282,000	32,462,032	-	15,611,139	70,203,427
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-		-	-		-	-
Additions During the year	-	-	-	-		-	-		-	-
Disposal During the year	-	-	-	-		-	-		-	-
Balance c/forward 31 December 2018	-	-	-	-		-	-		-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	38,473,377	8,034,704	33,954,480	436,174,782	102,000	1,128,000	97,386,096	65,675,000	764,945,820	1,445,874,258
Balance as at 01 January 2018	28,527,957	5,859,319	19,324,800	295,866,251	136,000		52,514,540	65,675,000	746,219,777	1,214,123,645

Yagba East Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	1,540,420,387	1,174,033,264
3	Other Payables (25b)	281,878,604	179,575,088
4	Term Loan (25c)	8,396,533	12,240,532
Total LOANS AND DEBTS (SHORT-TERM)		1,830,695,525	1,365,848,884

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a : Salary Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	1,174,033,264	1,174,033,264
1	Salary Payables for the year	366,387,123	
Total LOANS AND DEBTS (SHORT-TERM)		1,540,420,387	1,174,033,264

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Yagba East Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25c : Short Term Loans & Debts (Loan Payables)

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	FBN (Overdraft)	8,396,533	12,240,532
Total LOANS AND DEBTS (SHORT-TERM)		8,396,533	12,240,532

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 26 : Unremitted Deductions

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Withholding Tax	2,950,218	
2	Value Added Tax	2,950,218	
3	Paye	14,476,215	42,163,510
4	NULGE	2,878,601	
5	Health & Medical Union	292,650	
6	Staff CTCS	18,562,720	
7	NUT/NASU	294,625	
Total Unremitted Deductions		42,405,246	42,163,510

Note 29 : Reserves

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		(54,546,140)
IPSA Adjustments			
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(516,972,049)	
Total IPSA Adjustments			(516,972,049)
Closing Balance as at 31 December 2018			(571,518,188)

**YAGBA WEST LOCAL GOVERNMENT OF
KOGI STATE
AUDITED FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 31 DECEMBER 2018**



OFFICE OF THE EXECUTIVE CHAIRMAN/ADMINISTRATOR

YAGBA WEST LOCAL GOVERNMENT COUNCIL

Kogi State - Nigeria

Yagba West Local Government P.M.B 1001 Odo - ere
Kogi State, Nigeria. Tel: 08138108615

Our ref: _____ Your ref: _____ Date: _____

Report of the Treasurer

On The Financial Statements of Yagba West Local Government For the Year Ended 31 December 2018

Responsibility For the Financial Statements

The Financial Statements for the Year Ended 31 December 2018 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis.

In fulfilling this responsibilities, I am to ensure that proper accounting records are maintained; applicable International Public Sector Accounting Standards are applied; judgements and estimates made are reasonable and prudent; and internal control procedures are instituted to provide reasonable assurances that financial transactions are validly recorded and resources are safeguarded. The Internal Control is designed to prevent or defect fraud and irregularities.

Efforts were made to ensure that these Financial Statements reflect the true and fair view of the Financial Position of Yagba West Local Government as at 31 December 2018 and its operations for the year ended on that date.

I accept responsibility for the integrity of these Financial Statements, the information contained therein, and hereby declare that they comply with IPSAS Accrual Basis.

Aroyehun Ife Love

Local Government Treasurer (LGT)

Yagba West Local Government, Kogi State

31 July 2020



OFFICE OF THE EXECUTIVE CHAIRMAN/ADMINISTRATOR

YAGBA WEST LOCAL GOVERNMENT COUNCIL

Kogi State - Nigeria

Yagba West Local Government P.M.B 1001 Odo – ere
Kogi State, Nigeria. Tel: 08138108615

Our ref: _____ Your ref: _____ Date: _____

Yagba West Local Government, Kogi State
Financial Statements For the Year Ended 31 December 2018
Forward by The Director of Local Government Administration

Accountability and Transparency is the liability for the exercise of vested authority and for the deployment of scarce Government resources. Yagba West Local Government has been consciously diligent in timely release of quality information to stakeholders with a view to advancing governance and inclusion. Adoption of the International Public Sector Accounting Standard (IPSAS), Accrual basis has helped in no small measure to achieving this important aspect of Governance.

Yagba West Local Government has made a deliberate policy and significant progress to invest more in infrastructure with a view to improve quality of lives of citizens in sustainable ways and less on administrative costs and overheads. This has led to the prioritization of long-term investments over cost of administration and overheads; though, not at the expense of providing employment opportunities based on need analysis.

It is important to emphasis here, that IPSAS broadly categorizes government expenditures into Property, Plant and Equipment (PPE) related and other recurrent related, it is important to emphasize that significant amount of expenditures that are otherwise classified as recurrent are in fact investments in social infrastructure and with long term implications on the well-being of citizens, for example, school feeding program, free medical outreach etc.

Yagba West Local Government since the adoption of IPSAS Accrual basis in the financial year 2016, have progressively improved in content and quality of published information in the financial statements with each year serving as stepping stone for the next. It is my hope that stakeholders, would find the Financial Statements for the year ended 31 December 2018 useful in significant areas of information requirements.

Osagbemi R. S
Director of Local Government Administration

Yagba West Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Performance

	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,400,526,604	1,812,854,591
Government Share of VAT	10	351,902,999	307,255,904
Tax Revenue	11	6,717,698	3,535,700
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		1,759,147,301	2,123,646,195
EXPENDITURES			
Salaries & Wages	15	587,576,134	1,124,871,041
Social Benefits	16	411,101,621	-
Overhead Cost	17	670,822,797	1,285,388,493
Depreciation Charges	23	67,526,622	148,883,982
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		1,737,027,174	2,559,143,516
Surplus/(Deficit) from Operating Activities for the Period		22,120,128	(435,497,321)
Public Debt Charges	18	8,732,818	-
Total Non-Operating Revenue/(Expenses)		13,387,310	(435,497,321)
Surplus/(Deficit) from Ordinary Activities		13,387,310	(435,497,321)
Net Surplus/ (Deficit) for the Period		13,387,310	(435,497,321)



AROYEHUN IFE LOVE

Local Government Treasurer (LGT)

Yagba West Local Government

Kogi State

Yagba West Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Position

ASSETS	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017	
Current Assets					
Cash and Cash Equivalents	19	84,799,615		125,633,277	
Prepayment	20	-		-	
Other Current Assets	20b	74,757,913		-	
Total Current Assets			159,557,528		125,633,277
Non-Current Assets					
Long Term Loans	21	-		-	
Investments	22	1,050,000		1,050,000	
Property, Plant & Equipment	23	2,774,481,594		2,599,973,149	
Intangible Assets	24	-		-	
Total Non-Current Assets			2,775,531,594		2,601,023,149
Total Assets			2,935,089,121		2,726,656,426
LIABILITIES					
Current Liabilities					
Short Term Loans & Debts	25	3,456,992,599		2,802,698,457	
Unremitted Deductions	26	22,004,185		-	
Payables	27	-		-	
Total Current Liabilities			3,478,996,785		2,802,698,457
Non-Current Liabilities					
Long Term Borrowings	28	-		-	
Total Non-Current Liabilities			-		-
Total Liabilities			3,478,996,785		2,802,698,457
Net Assets			(543,907,663)		(76,042,031)
NET ASSETS/EQUITY					
Reserves	29	(557,294,973)		359,455,290	
Accumulated Surpluses/(Deficits)		13,387,310		(435,497,321)	
Total Net Assets/Equity			(543,907,663)		(76,042,031)



AROYEHUN IFE LOVE
 Local Government Treasurer (LGT)
 Yagba West Local Government
 Kogi State

Yagba West Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Change in Assets/Equity

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	359,455,290	(435,497,321)	(76,042,031)
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	13,387,310	13,387,310
Reserves (Note 29)	(557,294,973)		(557,294,973)
Closing Balance as at 31 December 2018	(557,294,973)	13,387,310	(543,907,663)



AROYEHUN IFE LOVE

Local Government Treasurer (LGT)

Yagba West Local Government

Kogi State

Yagba West Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Cashflow

Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,400,526,604	1,375,911,381
Government Share of VAT	10	351,902,999	307,255,904
Tax Revenue	11	6,717,698	3,535,700
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		1,759,147,301	1,686,702,985
Less Outflows:			
Salaries & Wages	15	587,576,134	1,124,871,041
Social Benefits	16	411,101,621	-
Overhead Cost(s)	17	670,822,797	1,285,388,493
Transfer to other Government Entities		-	-
Finance Cost	18	8,732,818	-
Finance Cost			
Total Outflow From Operating Activities		1,678,233,369	2,410,259,534
Net Cash Flow From Operating Activities		80,913,932	(723,556,549)
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(271,002,461)	-
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(271,002,461)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	654,294,142	835,521,937
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(505,039,275)	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		149,254,867	835,521,937
Net Cash Flow From All Activities		(40,833,662)	111,965,388
Open Cash Balance		125,633,278	13,667,890
Closing Cash Balance		84,799,615	125,633,278



AROYEHUN IFE LOVE
Local Government Treasurer (LGT)
Yagba West Local Government
Kogi State

Yagba West Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018

Statement of Comparison of Budget and Actual

	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
		Original	Supplementary	Final		
RECURRENT REVENUE						
Government Share of FAAC (Statutory Revenue)	9	2,664,569,960	-	2,664,569,960	1,167,505,534	(1,497,064,426)
Excess Crude	9		-	-	6,579,160	6,579,160
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	4,000,063	4,000,063
Refund from Federal Government	9		-	-	178,799,833	178,799,833
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	25,802,633	25,802,633
Excess Bank Charge	9		-	-	17,839,381	17,839,381
Government Share of VAT	10	324,170,000	-	324,170,000	351,902,999	27,732,999
Tax Revenue	11	40,868,000		40,868,000	6,717,698	(34,150,302)
Non-Tax Revenue	12				-	-
TOTAL RECURRENT REVENUE		3,029,607,960	-	3,029,607,960	1,759,147,301	(1,270,460,659)
CAPITAL RECEIPT						
		-	-	-	-	-
TOTAL CAPITAL RECEIPT		-	-	-	-	-
TOTAL REVENUE		3,029,607,960	-	3,029,607,960	1,759,147,301	(1,270,460,659)
RECURRENT EXPENDITURES						
Salaries & Wages	15	1,158,849,380		1,158,849,380	587,576,134	571,273,246
Social Benefits	16	61,275,860		61,275,860	411,101,621	(349,825,761)
Overhead Cost	17	612,425,860		612,425,860	670,822,797	(58,396,937)
Public Debt Charges	18	-	-	-	8,732,818	(8,732,818)
Impairment (Loss) on Investment	22	-	-	-		
TOTAL RECURRENT EXPENDITURES		1,832,551,100	-	1,832,551,100	1,678,233,369	154,317,731
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,362,949,940	-	1,362,949,940	271,002,461	1,091,947,479
TOTAL CAPITAL EXPENDITURE		1,362,949,940	-	1,362,949,940	271,002,461	1,091,947,479
TOTAL EXPENDITURE		3,195,501,040	-	3,195,501,040	1,949,235,831	1,246,265,209



AROYEHUN IFE LOVE
Local Government Treasurer (LGT)
Yagba West Local Government
Kogi State

Yagba West Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		13,387,310
Add/(Less) non-cash items		
Depreciation and amortisation	23	67,526,622
Impairment of Investments	22	-
Total non-cash Items		80,913,932
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	654,294,142
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(505,039,275)
Total movements in working capital items		149,254,867.37
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(271,002,461)
Total items classified as investing activities		(271,002,461)
Net cash flow from All (Operating) Activities		(40,833,662)
Cash & Cash Equivalent as at 01 January 2018		125,633,278
Cash & Cash Equivalent as at 31 December 2018		84,799,615

Yagba West Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

1. Introduction

In compliance with Section 101 of the Financial Regulation as well as Provision of the Finance (Control and Management) Act 1958, now CAP F.26 LFN 2004, I have the honour and privilege to present the report on the accounts of the Yagba West Local Governments of Kogi State for the financial year ended 31 December 2018, together with the notes thereon. The preparations have been made to comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis of Accounting.

2. Legal Basis and Accounting Framework

These Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 now CAP F26 LFN 2004 as well as the National Treasury Circular TRY/A5 & **B5/2016.OAGF/CAD/26/V.III/7**. The Statements comply with the provisions of International Public Sector Accounting Standards (IPSAS) Accrual Basis, issued by the International Public Sector Accounting Standard Board (IPSASB) for the three tiers of government in Nigeria.

In accordance with the provisions of Finance (Control and Management) Act, 1958 and Section 101 of Financial Instruction (FI), the Accountant-General is responsible for the preparation of Financial Statements. The Treasurer is the Chief Accounting Officer for the receipts and payments of Yagba West Local Government. He is responsible for the general supervision of accounting activities in all Departments within the Yagba West Local Government and for compilation of the Annual Financial Statements of Accounts and of such other Statements of Accounts as may be required by law.

Yagba West Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

In discharging this statutory responsibilities, he;

- a. Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- b. Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- c. Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by Yagba West Local Government
- d. Ensures that in preparing the financial statements, he uses appropriate accounting policies consistently and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed.

3. Basis of Preparation

a) Statement of Compliance

In line with the recommendation of FAAC, for the adoption of IPSAS-Accrual Accounting for all Public Sector Entities (PSE) in Nigeria with effect from 01 January 2016, the Kogi State Governments transits from the IPSAS Cash-Basis of accounting to Accrual Basis of accounting as first time adopter in 2016, and subsequently maintains such.

Yagba West Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The Adoption of Accrual Basis of accounting helps in the assessment of financial performance as the financial statements reflect all expenses whether paid or not and all income whether received or not, together with the comprehensive information on the financial position (i.e. assets and liabilities) and the Changes in Net Equity of the State Government. To this end, a Standardized Chart of Account (COA) along-side a set of General Purpose Financial Statements (GPFS) was domesticated and adopted.

b) Basis of measurement

The General Purpose Financial Statements (GPFS) are prepared under the Historical cost convention and in accordance with the International Public Sector Accounting Standards (IPSAS) Accrual Basis and other applicable Standards as defined by the Fiscal Responsibility Commission (FRC), the Financial Reporting Council of Nigeria (FRCN) and with the provisions of the Constitution of the Federal Republic of Nigeria 1999 as amended, the Finance Control and Management Act (1958) now CAP F.26 LFN 2004 and in agreement with the Standardized Reporting Format approved by the Federation Account Allocation Committee (FAAC) of the Federal Republic of Nigeria in 2013.

In order to ensure effective and efficient utilization of the COA and the GPFS, Accounting Policies have been developed by the Yagba West Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

Yagba West Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Thus, in line with the Format, the 2018 Consolidated Financial Statements comprise of the following;-

- i. Consolidated Statement of Financial Performance,
- ii. Consolidated Statement of Cash-Flow Statement,
- iii. Consolidated Statement of Financial Position,
- iv. Consolidated Statement of Changes in Equity,
- v. Consolidated Statement of Comparison of Budget and Actual,
- vi. Notes to the Financial Statements
- vii. Accounting Policies and other explanatory statements or notes.

c. Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦) which is the functional currency of Yagba West Local Government of Kogi State.

d. Going Concern

The financial statements have been prepared on a Going Concern Basis.

4. Accounting Principles

The objectives of the financial statements are to provide information about the financial position, performance and cash flows of Yagba West Local Government of Kogi State that is useful to a wide range of users. Being a public sector entity, the objectives were developed specifically to provide information useful for decision making, and also to demonstrate the level of Yagba West Local Government of Kogi State accountability for the resources entrusted to it.

Yagba West Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

The key considerations and accounting principles to be followed when preparing the financial statements are those laid out in Kogi State Government's Financial Regulations and Public Finance Management Law (2011) and those described in IPSAS1. This includes: fair presentation, accrual basis, going concern, consistency of presentation, aggregation, offsetting and comparative information.

Preparation of the financial statements in accordance with the above mentioned rules and principles requires management to make estimates that affect the reported amounts of certain items in the Statement of financial position and Statement of financial performance (economic outturn account), as well as the related disclosures.

5. Accounting Period

The Accounting year of the Yagba West Local Government Financial Statements (Fiscal year) is from 01 January to 31 December. Each accounting year is divided into 12 Calendar months (Periods) and is set up as such in the accounting system.

6. Summary of Significant Accounting Policies

Yagba West Local Government of Kogi State has applied the following accounting policies in preparation of the financial statements for the year ended 31 December 2018. These policies have been consistently applied to all the years presented, unless otherwise stated.

Yagba West Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

6.1 Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

a. Revenue from Non-exchange Transactions

These are transactions in which Yagba West Local Government of Kogi State receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Yagba West Local Government of Kogi State also receives payments from other parties, such as transfers, grants, fines and donations.

i. Taxes Receipts

Taxes are economic benefits or service potential compulsorily paid or payable to Yagba West Local Government of Kogi State, in accordance with laws and/or regulations, established to provide revenue to the Yagba West Local Government. Taxes do not include fines or other penalties imposed for breach of the law. Yagba West Local Government of Kogi State recognizes revenue from taxes by reference to the earning of assessable income by the taxpayers. Taxes are measured at the fair value of the consideration received or receivable to Yagba West Local Government of Kogi State Inland Revenue Service. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Yagba West Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

Yagba West Local Government of Kogi State taxes include: Hawkers' Permit, Abattoir/Slaughter permit Licenses, Birth & Death Registration fee, Parking Space fees and other tax receipts.

ii. Levies, Fees and Fines

These are inflows of future economic benefits or service potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Yagba West Local Government of Kogi State, as determined by Kogi State laws or by a court and other law enforcement bodies, as a consequence of the breach of laws or regulations and are recognized at the point when the levy is being imposed.

iii. Statutory Allocation

Statutory allocation is income from the revenue allocation system wherein funds are allocated to each federating unit from the Federation Account based on certain predetermined criteria. Statutory allocation is measured at fair value and recognized at point of receipt.

iv. Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognized when it is probable that the economic benefits or service potential related to the asset will flow to Kogi State Government and can be measured reliably.

Yagba West Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

v. Other Revenue from Non-Exchange Transactions

These represent revenue from Lottery Board and recovered funds. Revenue from Lottery Board is received from lottery and bet operators in the State. This is recognized at the fair value of the consideration received or receivable.

b. Revenue From Exchange Transactions

These are transactions in which Yagba West Local Government receives consideration from, and directly gives approximately equal value in revenue from the sale of goods and services is recognized when the significant risk and rewards of ownership of the goods are transferred to the buyer. This is when the goods have been delivered and when the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Yagba West Local Government.

Revenue involving the provision of services is recognized by reference to the stage of completion of the transaction at the reporting date.

Revenue arising from the use by others of Yagba West Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognized as they are earned in accordance with the substance of the relevant agreement. Revenue is recognized when the amount can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to Yagba West Local Government. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Yagba West Local Government of Kogi State
Financial Statements for the Year Ended 31 December 2018
Notes to the Financial Statements

i.Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Yagba West Local Government recognizes revenue from rendering of services as it is earned, that is, as the services are provided. It is measured at the fair value of the consideration received or receivable.

ii.Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognized when Yagba West Local Government's right to receive payment is established.

6.2 Public Debt Charges

Interest cost is calculated using the Effective Interest Rate Method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income / cost for each period.

6.3 Cash and cash equivalent

Cash and cash equivalents as shown in the statement of financial position comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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6.4 Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable completion and selling expenses. When inventories are held for distribution at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost. Current replacement cost is the cost that the Yagba West Local Government would incur to acquire the asset on the reporting date.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but, excludes borrowing.

6.5 Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Yagba West Local Government classifies its financial assets in the following categories: at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired.

Yagba West Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortized cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Accountant-General determines the classification of its financial assets and liabilities at initial recognition.

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For the fourth Transitional Financial Statements for the year ended 31 December 2018, Yagba West Local Government has recognized financial liabilities measured at amortized cost. These include Yagba West Local and foreign debts and investments.

c. Classification

i. Financial Assets and Liabilities at Fair Value through Surplus or Deficit

Financial assets or liabilities at fair value through surplus or deficit are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if: acquired principally for the purpose of selling or repurchasing in the short term; or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking. Assets in this category are classified as current assets if expected to be realized within twelve months; otherwise, they are classified as non-current assets.

ii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Yagba West Local Government's loans and receivables comprise 'receivables from exchange transactions', 'recoverable from non-exchange transactions', 'other receivables' and 'cash and cash equivalents' and are presented in the statement of financial position.

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iii. Available-for-sale Investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or Yagba West Local Government intends to dispose of it within 12 months of the end of the reporting period. Yagba West Local Government has recognized some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

iv. Financial Liabilities at Amortized Cost

Financial Liabilities at amortized cost include Payables, Other Liabilities and Debts

d. Categories & Measurement

i. Financial Asset or Financial Liability at Fair Value through Surplus or Deficit

Financial instruments in this category are measured at fair value on both initial recognition and subsequently. Transaction costs are expensed in the statement of financial performance. Surplus and deficit arising from changes in fair value are presented in the statement of financial performance within “other surplus and deficit (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through surplus or deficit are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term.

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ii.Loan & Receivables

Loans and receivables are initially recognized at fair value less transaction costs. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

iii.Available for Sale Investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. A gain or loss on an available-for-sale financial asset shall be recognized directly in net assets through the Statement of changes in net assets, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in net assets shall be recognized in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognized in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the Government expects to dispose of it within twelve months.

iv.Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

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c. Recognition & De-recognition

Financial instruments are recognized when Yagba West Local Government becomes a party to the contractual provisions of the instrument. Planned future transactions, no matter how likely their occurrence may be, are not assets and liabilities because the entity has not become a party to a contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Yagba West Local Government has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

d. Reclassification

Yagba West Local Government may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

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e. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

f. Impairment of financial assets

Yagba West Local Government assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, Yagba West Local Government may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

g. Financial Instruments denominated in foreign currencies

These are financial instruments denominated in a currency other than the functional currency that results in the contractual right to collect, or contractual obligation to deliver cash in foreign currencies such as external loans where the amounts payable or receivable are denominated in a foreign currency.

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Financial instruments denominated in a foreign currency are initially recognized in the functional currency, by applying to the foreign currency amount, the Spot Exchange Rate between the functional currency and the foreign currency at the date of the transaction. At each subsequent reporting date, these financial instruments are translated using the closing rate.

6.6 Property, Plant & Equipment (PPE)

Yagba West Local Government performed an Asset Verification Exercise in order to determine the deemed cost of some PPE items as at the date of adoption of IPSAS. Recognition of PPE items will be on a class by class basis.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or the service potentials, associated with the item will flow to Yagba West Local Government and its cost can be measured reliably.

Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

Finance costs attributable to amounts borrowed by Yagba West Local Government to fund the acquisition of property, plant and equipment are expensed immediately as they are incurred.

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Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

u) Depreciation Rates

The following standard rates shall be applied to all Yagba West Local Government assets:

Property, Plant & Equipment (PPE), Depreciation Rate		
S/N	PPE Type	Rate
1	LAND	N/A
2	BUILDING	2%
3	FITTINGS	20%
4	FURNITURES	20%
5	HERITAGE ASSETS	N/A
6	LABORATORY EQUIPMENTS	20%
7	INFORMATION TECHNOLOGY (IT) EQUIPMENTS	25%
8	MOTOR CYCLES	20%
9	MOTOR VEHICLES	20%
10	OFFICE EQUIPMENTS	25%
11	PLANT & MACHINERY	10%
12	ROAD/INFRASTRUCTURE	1.3%
13	BIOLOGICAL ASSETS	10%

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the Statement of financial performance.

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6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Yagba West Local Government in connection with the borrowing of funds for qualifying assets. Yagba West Local Government has adopted the benchmark treatment, under which public debt charges are recognized as an expense in the period in which they are incurred, regardless of how the debts are applied.

6.8 Impairment of Non-financial Asset

Impairment is defined as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. Yagba West Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Yagba West Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Yagba West Local Government will test its intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. If there is an indication that an asset may be impaired, this may indicate that the remaining useful life, the depreciation (amortization) method, or the residual value for the asset needs to be reviewed and adjusted in accordance with the standard applicable to the asset. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. The carrying amount of the asset shall be reduced to its recoverable amount.

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An impairment loss shall be recognised immediately in surplus or deficit. After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life

6.9 Cash-generating Units

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgment. If recoverable amount cannot be determined for an individual asset, Yagba West Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

7.0 Foreign Currency Transactions

Items included in the financial statements of each of Yagba West Local Government's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira (NGN), which is Yagba West Local Government's functional and presentation currency. Foreign currency transactions throughout the year are converted into Nigerian Naira at the ruling Central Bank of Nigeria (CBN) rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the exchange rates prevailing at that date.

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Monetary assets and liabilities denominated in foreign currencies are translated into Nigerian Naira on the basis of the exchange rates applicable at the reporting period. Foreign exchange gains and losses that relate to debts are presented within the finance cost in the statement of financial performance. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

8. Significant Accounting Judgement, Estimates & Assumptions

a. Contingent Assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Yagba West Local Government. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

b. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Yagba West Local Government, or a present obligation that arises from past events but is not recognised because:

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i.it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,

ii.the amount of the obligation cannot be measured with sufficient reliability.

The preparation of Kogi State Government financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

c. Estimation and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Yagba West Local Government's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Yagba West Local Government makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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d. Fair value estimation

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk, financial risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

e. Recoverable from Non-exchange Transactions

A recoverable is recognized when revenue is earned but cash or its equivalent is yet to be received. In accordance with revenue recognition criteria, Yagba West Local Government has measured its recoverable arising from tax receipts by using statistical model based on the history of collecting the particular tax in prior periods.

f. Depreciation and Carrying Amount of Property, Plant and Equipment

The estimation of the useful lives of PPE is based on the state's accounting policy. Any material adjustment to the estimated useful lives of items of property, plant and equipment will have an impact on their carrying value.

g. Leases

Leases of property, plant and equipment where Yagba West Local Government, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the present value of the minimum lease payments.

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Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the asset's useful life or over the shorter of the asset's useful life and the lease term.

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Note 9 : Government Share of FAAC (Statutory Revenue)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	25,802,633	-	(25,802,633)	-
2	Recovered Excess Bank Charges	17,839,381	-	(17,839,381)	
3	Statutory Allocation	1,167,505,534	2,664,569,960	1,497,064,426	1,222,927,146
4	Exchange Difference	4,000,063	-	(4,000,063)	
5	NNPC Refund	-	-	-	
6	JAAC Special Allocation	178,799,833	-	(178,799,833)	436,943,210
7	Budget Augmentation	-	-	-	
8	Non-oil Revenue	-	-	-	
9	Solid Minerals (Oil Excess Revenue)	6,579,160	-	(6,579,160)	152,984,236
10	Ganished Fund	-	-	-	
11	Salary Bailout	-	-	-	
Total Statutory Revenue		1,400,526,604	2,664,569,960	1,264,043,356	1,812,854,591

These are the Gross Statutory Revenues (SR) Allocated to Yagba West Local Government Area of Kogi State from the Federation Accounts Allocation Committee (FAAC) on monthly basis for the period, January to December 2018. The aggregate figures for the various items of revenues to the state are as shown in the table below.

Note 9a : Government Share of FAAC (Statutory Revenue)

S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	SPECIAL FUNDS	TOTAL
1	January	89,532,531		3,450,287			522,572	3,765,065			97,270,455
2	February	-									-
3	March	87,732,946				9,387,080			178,799,833		275,919,860
4	April	91,801,984					176,420				91,978,404
5	May	74,048,369					7,998,448				82,046,817
6	June	104,414,924					112,908				104,527,833
7	July	100,792,924									100,792,924
8	August	199,387,484					1,973,156				201,360,641
9	September	114,609,667					5,869,119	2,814,095			123,292,880
10	October	102,932,933		38,435			1,186,757				104,158,126
11	November	98,348,363		65,187		16,415,553					114,829,104
12	December	103,903,408		446,153							104,349,561
-											
Total		1,167,505,534	-	4,000,063	-	25,802,633	17,839,381	6,579,160	178,799,833	-	1,400,526,604

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Note 10: Government Share of Value Added Tax (VAT)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	351,902,999	324,170,000	27,732,999	307,255,904
Total		351,902,999	324,170,000	27,732,999	307,255,904

This is Yagba West Local Government Area of Kogi State Government share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

Note 10a : Government Share of Value Added Tax (VAT)

S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
1	January	26,727,294	
2	Febuary	-	
3	March	30,425,935	
4	April	28,006,540	
5	May	26,266,275	
6	June	28,158,567	
7	July	30,137,193	
8	August	26,995,407	
9	September	25,389,981	
10	October	36,184,094	
11	November	24,957,450	
12	December	68,654,263	307,255,904
Total		351,902,999	307,255,904

This is Yagba East Local Government Area of Kogi State share of the Value Added Tax (VAT) distributed on monthly basis from the Federation Account Allocation Committee (FAAC) from January to December 2018

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Note 11 : Tax Revenue

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Community Tax	40,500		40,500	-
2	Liquor License	20,000		20,000	-
3	Market Collection	16,000		16,000	-
4	Trade Permit	849,198		849,198	-
5	Liquid License	7,500		7,500	1,248,700
6	Shop Permit	190,900		190,900	-
7	Billboard Advertisement Fee	168,500		168,500	102,000
8	Association Fees	30,000		30,000	-
9	Agricultural Veterinary Service	10,000		10,000	-
10	Development Levy	291,000		291,000	-
11	State Of Origin Certificate	140,700		140,700	-
12	Toll Gate	110,500		110,500	-
13	C Of O Certificate	75,900		75,900	-
14	Tenement Rate	5,000		5,000	-
15	Sales Of Unserviceable Item	2,845,000		2,845,000	-
16	Direct taxes	-		-	168,300
17	Fines	-		-	199,500
18	Earnings	-		-	1,323,800
19	Sales/Rent of govt buildings	-		-	493,400
20	Mass Transit	372,000		372,000	-
21	Hiring Of Plant And Equipment	1,545,000		1,545,000	-
Total		6,717,698	-	6,717,698	3,535,700

These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Yagba West Local Government area of Kogi State such taxes include, Hawkers' permit, Abatior/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace fees, etc.

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NOTE 15 : Salaries & Wages

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual		Budget	Variance
SALARIES AND WAGES		Total Salary	Payment	Balance Payable	
1	Salaries	587,576,134	220,089,572	367,486,563	147,396,991
					-
Total SALARIES AND WAGES		587,576,134		367,486,562.72	147,396,991
ALLOWANCE AND SOCIAL CONTRIBUTION					
1					-
2					-
3					-
Total ALLOWANCE AND SOCIAL CONTRIBUTION		-	-	-	-
Grand Total Salaries & Wages		587,576,134	-	367,486,563	147,396,991

These are salaries and wages paid by Yagba East Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2018. The cumulative figure paid through respective Economic Line items are as shown above.

NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual		Budget	Variance
SOCIAL BENEFITS		Gross Pension	Payment	Balance Payable	
1	Actual Pension	411,101,621	161,261,385	249,840,236	61,275,860
					(99,985,525)
					-
Total SOCIAL BENEFITS		411,101,621	161,261,385	249,840,236	61,275,860
					(99,985,525)
					-

Social benefits are employees' benefits given by Yagba West Local Government Area of Kogi State in exchange for services rendered by the employees. They are provided either to employees directly or to their dependants or to others parties as may be so determined. In Yagba West Local Government Area of Kogi State, Employees' Social benefits include, Pension, Gratuity, Medical expenses and Death benefits. Above is the cumulative amount paid by Yagba West Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2018.

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NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	Travelling expenses-Data Of LGA	21,687,476		(21,687,476)	8,248,436
	Professional Services	172,974,211		(172,974,211)	53,719,503
	Printing & Stationery	3,428,700		(3,428,700)	380,000
	Security Expenses	60,350,000		(60,350,000)	50,610,000
	Advert & Publicity	1,384,275		(1,384,275)	7,130,000
	Refreshment and meal	29,323,000		(29,323,000)	-
	Honorarium and sitting allowances	25,419,048		(25,419,048)	-
	Maintenance of motor vehicle transport equipments	9,517,305		(9,517,305)	-
	Maintenance of office/ IT Equipments	500,000		(500,000)	-
	Maintenance of office furniture	3,000,000		(3,000,000)	-
	Motor vehicle fueling cost	3,220,000		(3,220,000)	
	Other maintenance	1,000,000		(1,000,000)	10,613,600
	Local training	2,971,971		(2,971,971)	57,293,200
	Welfare package	4,034,496		(4,034,496)	
	Youth & Spot Development	35,775,000		(35,775,000)	10,350,000
	Festival and Celebration	1,000,000		(1,000,000)	12,610,000
	Grant to community /NGO	28,322,200		(28,322,200)	
	Drug & Medical	45,689,924		(45,689,924)	2,750,000
	Legal Services	3,200,000		(3,200,000)	
	Special day celebration	1,000,000		(1,000,000)	
	Teaching aids expenses	3,000,000		(3,000,000)	
	Subventions:				
	LGEA-SUBEB	214,025,190		(214,025,190)	
	Agricultural Development expenses				15,250,000
	Environmental Sanitation expenses				18,030,000
	Gifts & Donations expenses				23,192,857
	Meeting expenses				11,326,000
	Communication & Postages				3,103,500
	Local Government Operational Expenses				6,900,000
	Impairment Loss				107,568,094
	General Expenses				886,313,303
				-	
		670,822,797	-	(670,822,797)	1,285,388,493
<p>These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Yagba West Local Government Area of Kogi State, Overhead items include but not limited to Office and General expenses, Travel and Transports, Refreshment, Meals and Hospitality, Maintenance of office equipment, Purchase of fuel for office generator sets e.t.c.</p>					
		670,822,797	-	(670,822,797)	1,285,388,493

Yagba West Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 18 : Public Debt Charges

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	8,732,818	-	(8,732,818)	-
2	Domestic Loan Interest / Discount	-	-	-	-
3	Domestic Interest/ Discount - Treasury Bill	-	-	-	-
4	Others	-	-	-	-
Total PUBLIC DEBT CHARGES		8,732,818	-	(8,732,818)	-

The Yagba West Local Government Area of Kogi State Public Debt Charges include interest on unmastered debts and on other accounts, the servicing costs and cost of issuing new borrowings, the amortization of premium and discounts on unmastered debts.

Note 19 : Cash & Cash Equivalent (By Banks)

S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	Cash in the till	978	
2	Zenith Bank Plc		(7,722)
3	UBA Bank Plc	2,964,202	76,325
4	First Bank Plc	212,122	212,123
5	Access Bank Plc	81,622,314	125,352,552
		84,799,615	125,633,277

The Cash and bank balances is made up of (i) Actual Cash and Bank accounts balances and (ii) Sinking Fund account balance. The Cash and bank balances are the cash balances in the Till/Chest and other balances in bank accounts maintained by the Local Government across the various Agencies in the Local Government Area as at 31st December 2018. While, the Sinking Fund account balance is made up of money set aside from the Statutory Allocation (deducted at source) through an Irrevocable Standing Payment Order (ISPO) on Bonds series 1 and 2 taken by Kogi State Government in 2014 and 2015 respectively. This money is deducted at source and set aside to offset the payment of both the Principal and Interest on the Bonds at the maturity period.

Yagba West Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 20 b: Other Current Assets

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Advances	74,757,913	
Total		74,757,913	-

The prapayment above represent advance payment made to contractors for work yet to be done.

Note 20 C: Unretired Advances

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Unretired Imperest Advance	64,451,600	
2	Personal Advance (Motor & Bicycle Loan)	10,306,313	
3			
Total		74,757,913	-

The prapayment above represent advance payment made to contractors for work yet to be done.

Note 22 : Investments

Details of Investment		Book Value as at 31 December 2018	Unit of Stock	Market Price Per Unit as at 31 December 2018	Market Value as at 31 December 2018	Impairment (Loss) on Investment
Foreign Investments						
1		-	-	-	-	-
Total Foreign Investments		-		-	-	
Domestic Investments						
2	Investment	500,000.00			500,000.00	-
3	Allied Bank (Debenture)	50,000.00			50,000.00	-
4	Urban Development Bank (Shares)	500,000.00			500,000.00	-
Total Domestic Investments		1,050,000			1,050,000	-
Total Foreign & Domestic Investments		1,050,000			1,050,000	-

Investment in Stock represents the Total Value of Stocks Yagba West Local Government has in Shares, Bonds and Stocks in both Foreign and Domestic Stock Exchange Markets as at 31 December 2018

Yagba West Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 23: Schedule of Property, Plant & Equipment (PPE)

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Heritage	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	44,637,805		10,800,000				38,136,341	62,090,700	2,444,308,303	2,599,973,149
Additions During the year		6,600,000		216,770,125			4,000,000		43,632,337	271,002,461
Revaluation										.
Recognition of Legacy PPE										.
PPE under Test Running										.
Disposal During the year	-	-	-	-	-	-	(28,967,395)		-	-
Balance c/forward 31 December 2018	44,637,805	6,600,000	10,800,000	216,770,125	-	-	13,168,946	62,090,700	2,487,940,640	2,870,975,610
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018										.
Additions During the year										.
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	8,927,561	1,650,000	1,080,000	2,818,012	-	-	3,292,237	-	49,758,813	67,526,622
Balance c/forward 31 December 2018	8,927,561	1,650,000	1,080,000	2,818,012	-	-	3,292,237	-	49,758,813	67,526,622
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	35,710,244	4,950,000	9,720,000	213,952,113	-	-	9,876,710	62,090,700	2,438,181,827	2,774,481,594
Balance as at 01 January 2018										

Yagba West Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	3,170,185,020	2,802,698,457
3	Other Payables (25b)	254,670,236	-
4	Term Loan (25c)	32,137,343	-
Total LOANS AND DEBTS (SHORT-TERM)		3,456,992,599	2,802,698,457

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25a : Salary Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
	Balance b/f	2,802,698,457	
1	Salary Payables for the year	367,486,563	2,802,698,457
Total LOANS AND DEBTS (SHORT-TERM)		3,170,185,020	2,802,698,457

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 25b : Other Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Pension payable (Note 16)	249,840,236	
2	Hotel Bill Payable	4,830,000	
Total Other Payables		254,670,236	-

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Yagba West Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25c : Short Term Loans & Debts (Loan Payables)

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Bank Loan (First Bank)	32,137,343	-
Total LOANS AND DEBTS (SHORT-TERM)		32,137,343	-

Short-Term Loans, are loan scheduled to be repaid in less than a year to finance temporary working capital needs. However, the contract financing loan and term loan as in above are loans with maturity extending beyond the reporting date

Note 26 : Unremitted Deductions

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Unremitted Deductions	22,004,185	
		-	
Total Unremitted Deductions		22,004,185	-

Note 29 : Reserves

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		(76,042,031)
	IPSA Adjustments		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(481,252,942)	
	Total IPSA Adjustments		(481,252,942)
Closing Balance as at 31 December 2018			(557,294,973)