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

*Our Ref:*

*Your Ref:*

*Date:*

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**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 2019**

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 2019, 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 2019, 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 2019**



# 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 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 Adavi 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.

**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 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. 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 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.

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 2019 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 2019**

**Statement of Financial Performance**

	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	2,056,612,289	1,633,568,511
Government Share of VAT	10	445,527,896	394,755,970
Tax Revenue	11	4,457,870	123,450
Non-Tax Revenue	12	-	7,457,359
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>2,506,598,055</b>	<b>2,035,905,290</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	1,268,997,407	1,176,197,918
Social Benefits	16	120,938,725	-
Overhead Cost	17	964,182,785	484,557,826
Depreciation Charges	23	204,160,463	199,470,504
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>2,558,279,380</b>	<b>1,860,226,248</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>(51,681,326)</b>	<b>175,679,042</b>
Public Debt Charges	18	1,512,481	939,554
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>(53,193,807)</b>	<b>174,739,488</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>(53,193,807)</b>	<b>174,739,488</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>(53,193,807)</b>	<b>174,739,488</b>



**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 2019					
Statement of Financial Position					
ASSETS	Notes	Year Ended 31 December 2019		Year Ended 31 December 2018	
	<b>Current Assets</b>				
Cash and Cash Equivalents	19	1,548,380		8,139,987	
Prepayment	20	-		-	
<b>Total Current Assets</b>			<b>1,548,380</b>		<b>8,139,987</b>
<b>Non-Current Assets</b>					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	8,978,190,518		9,011,888,746	
Intangible Assets	24	-		-	
<b>Total Non-Current Assets</b>			<b>8,978,190,518</b>		<b>9,011,888,746</b>
<b>Total Assets</b>			<b>8,979,738,898</b>		<b>9,020,028,734</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Short Term Loans & Debts	25	5,132,154,921		4,625,047,144	
Unremitted Deductions	26	-		-	
Payables	27	-		-	
<b>Total Current Liabilities</b>			<b>5,132,154,921</b>		<b>4,625,047,144</b>
<b>Non-Current Liabilities</b>					
Long Term Borrowings	28	-		-	
<b>Total Non-Current Liabilities</b>			<b>-</b>		<b>-</b>
<b>Total Liabilities</b>			<b>5,132,154,921</b>		<b>4,625,047,144</b>
<b>Net Assets</b>			<b>3,847,583,977</b>		<b>4,394,981,590</b>
<b>NET ASSETS/EQUITY</b>					
Reserves	29	3,900,777,784		4,220,242,102	
Accumulated Surpluses/(Deficits)		(53,193,807)		174,739,488	
<b>Total Net Assets/Equity</b>			<b>3,847,583,977</b>		<b>4,394,981,590</b>



**GEORGE SNEGUN ALIBA**  
 Local Government Treasurer (LGT)  
 Adavi Local Government  
 Kogi State



**Adavi Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Statement of Change in Assets/Equity**

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2018	4,220,242,102	174,739,488	4,394,981,590
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
<b>Opening Balance as at 01 January 2019</b>	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(53,193,807)	(53,193,807)
Reserves (Note 29)	3,900,777,784	-	3,900,777,784
<b>Closing Balance as at 31 December 2019</b>	<b>3,900,777,784</b>	<b>(53,193,807)</b>	<b>3,847,583,977</b>



**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 2019**  
**Statement of Cashflow**

Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	2,056,612,289	1,633,568,511
Government Share of VAT	10	445,527,896	394,755,970
Tax Revenue	11	4,457,870	123,450
Non-Tax Revenue	12	-	7,457,359
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>2,506,598,055</b>	<b>2,035,905,290</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	1,268,997,407	1,176,197,918
Social Benefits	16	120,938,725	-
Overhead Cost(s)	17	964,182,785	484,557,826
Transfer to other Government Entities		-	-
Finance Cost	18	1,512,481	939,554.11
Finance Cost			
<b>Total Outflow From Operating Activities</b>		<b>2,355,631,398</b>	<b>1,661,695,298</b>
<b>Net Cash Flow From Operating Activities</b>		<b>150,966,656</b>	<b>374,209,992</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(170,462,234)	(847,117,506)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(170,462,234)</b>	<b>(847,117,506)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	427,656,928	1,228,936,992
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(414,752,957)	(748,623,938)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>12,903,971</b>	<b>480,313,054</b>
<b>Net Cash Flow From All Activities</b>		<b>(6,591,607)</b>	<b>7,405,540</b>
<b>Open Cash Balance</b>		<b>8,139,987</b>	<b>734,447</b>
<b>Closing Cash Balance</b>		<b>1,548,380</b>	<b>8,139,987</b>



**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 2019**  
**Statement of Cashflow**

Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	2,056,612,289	1,633,568,511
Government Share of VAT	10	445,527,896	394,755,970
Tax Revenue	11	4,457,870	123,450
Non-Tax Revenue	12	-	7,457,359
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>2,506,598,055</b>	<b>2,035,905,290</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	1,268,997,407	1,176,197,918
Social Benefits	16	120,938,725	-
Overhead Cost(s)	17	964,182,785	484,557,826
Transfer to other Government Entities		-	-
Finance Cost	18	1,512,481	939,554.11
Finance Cost			
<b>Total Outflow From Operating Activities</b>		<b>2,355,631,398</b>	<b>1,661,695,298</b>
<b>Net Cash Flow From Operating Activities</b>		<b>150,966,656</b>	<b>374,209,992</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(170,462,234)	(847,117,506)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(170,462,234)</b>	<b>(847,117,506)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	427,656,928	1,228,936,992
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(414,752,957)	(748,623,938)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>12,903,971</b>	<b>480,313,054</b>
<b>Net Cash Flow From All Activities</b>		<b>(6,591,607)</b>	<b>7,405,540</b>
<b>Open Cash Balance</b>		<b>8,139,987</b>	<b>734,447</b>
<b>Closing Cash Balance</b>		<b>1,548,380</b>	<b>8,139,987</b>



**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 2019						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Actual for the Year Ended 31 December 2019	Difference Between Budget & Actual
RECURRENT REVENUE		Original	Supplementary	Final		
Government Share of FAAC (Statutory Revenue)	9	4,606,924,990	588,000,000.00	5,194,924,990	1,384,862,164	(3,810,062,826)
Excess Crude	9	-	-	-	-	-
Budget Augmentation/Budget Support Facility	9	-	-	-	635,840,025	635,840,025
Exchange Difference	9	-	-	-	1,996,180	1,996,180
Refund from Federal Government	9	-	-	-	-	-
Non-oil Revenue	9	-	-	-	-	-
FOREX Equalization	9	-	-	-	32,760,069	32,760,069
Excess Bank Charge	9	-	-	-	1,153,853	1,153,853
Government Share of VAT	10	406,445,090	-	406,445,090	445,527,896	39,082,806
Tax Revenue	11	-	-	-	4,457,870	4,457,870
Non-Tax Revenue	12	18,678,860	-	18,678,860	-	(18,678,860)
<b>TOTAL RECURRENT REVENUE</b>		<b>5,032,048,940</b>	<b>588,000,000</b>	<b>5,620,048,940</b>	<b>2,506,598,055</b>	<b>(3,113,450,885)</b>
<b>CAPITAL RECEIPT</b>						
		-	-	-	-	-
		-	-	-	-	-
<b>TOTAL CAPITAL RECEIPT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>		<b>5,032,048,940</b>	<b>588,000,000</b>	<b>5,620,048,940</b>	<b>2,506,598,055</b>	<b>(3,113,450,885)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	2,283,601,470	25,000,000	2,308,601,470	1,268,997,407	1,039,604,063
Social Benefits	16	186,390,000	-	186,390,000	120,938,725	65,451,275
Overhead Cost	17	1,034,984,450	433,000,000	1,467,984,450	964,182,785	503,801,665
Public Debt Charges	18	-	-	-	-	-
Impairment (Loss) on Investment	22	-	-	-	-	-
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>3,504,975,920</b>	<b>458,000,000</b>	<b>3,962,975,920</b>	<b>2,354,118,917</b>	<b>1,608,857,003</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	1,527,073,020	130,000,000	1,657,073,020	170,462,234	1,486,610,786
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,527,073,020</b>	<b>130,000,000</b>	<b>1,657,073,020</b>	<b>170,462,234</b>	<b>1,486,610,786</b>
<b>TOTAL EXPENDITURE</b>		<b>5,032,048,940</b>	<b>588,000,000</b>	<b>5,620,048,940</b>	<b>2,524,581,152</b>	<b>3,095,467,788</b>



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

<b>Adavi Local Government of Kogi State</b>		
<b>Financial Statements for the Year Ended 31 December 2019</b>		
<b>Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities</b>		
Description	Notes	Year Ended 31 December 2019
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>(53,193,807)</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	204,160,463
Impairment of Investments	22	-
<b>Total non-cash Items</b>		<b>150,966,656</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	427,656,928
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(414,752,957)
<b>Total movements in working capital items</b>		<b>12,903,971</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(170,462,234)
<b>Total items classified as investing activities</b>		<b>(170,462,234)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(6,591,607)</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>8,139,987</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>1,548,380</b>

**Adavi Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 2019, 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 2019**  
**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 2019**  
**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 2019**  
**Notes to the Financial Statements**

Thus, in line with the Format, the 2019 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.

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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 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 2019. 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 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.

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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.

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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 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.

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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. 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.

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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 2019, 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:

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

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 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	32,760,069	-	32,760,069	27,498,793
2	Recovered Excess Bank Charges	1,153,853	-	1,153,853	19,049,226
3	Statutory Allocation	1,384,862,164	5,194,924,992	(3,810,062,828)	991,056,495
4	Exchange Difference	1,996,180	-	1,996,180	3,990,211
5	NNPC Refund	-	-	-	-
6	JAAC Special Allocation	-	-	-	88,964,704
7	Budget Augmentation/Bailout	635,840,025	-	635,840,025	2,999,082
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	-	-	-	4,012,565
<b>Total Statutory Revenue</b>		<b>2,056,612,289</b>	<b>5,194,924,992</b>	<b>(3,138,312,703)</b>	<b>1,137,571,076</b>

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	BAILOUT	TOTAL
1	January	73,849,550									73,849,550
2	February	51,707,669		250,996							51,958,665
3	March	95,002,890				11,346,868					106,349,758
4	April	52,725,917		216,423		11,040,725	1,153,853				65,136,918
5	May	111,727,481		200,974							111,928,455
6	June	144,973,929									144,973,929
7	July	286,538,042		300,973						635,840,025	922,679,040
8	August	143,126,632		533,778							143,660,410
9	September	138,313,595									138,313,595
10	October	138,383,369				614,860					138,998,229
11	November	148,513,088		289,443							148,802,531
12	December			203,593		9,757,616		4,379,515			14,340,724
-											
<b>Total</b>		<b>1,384,862,164</b>	<b>-</b>	<b>1,996,180</b>	<b>-</b>	<b>32,760,069</b>	<b>1,153,853</b>	<b>4,379,515</b>	<b>-</b>	<b>635,840,025</b>	<b>2,060,991,804</b>

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<b>Note 10: Government Share of Value Added Tax (VAT)</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	445,527,896	406,445,092	39,082,804	394,755,970
<b>Total</b>		<b>445,527,895.66</b>	<b>406,445,092</b>	<b>39,082,804</b>	<b>394,755,970</b>
<p><b>This is Adavi Local Government Area 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 2019</b></p>					

<b>Note 10 a : Government Share of Value Added Tax (VAT)</b>			
S/N	Month	Year Ended 31 December 2019	Year Ended 31 December 2018
1	January	36,671,709	30,403,779
2	February	49,317,208	-
3	March	37,922,524	34,657,748
4	April	34,634,325	31,923,115
5	May	34,429,669	29,931,218
6	June	500	31,962,583
7	July	39,136,217	34,227,874
8	August	74,699,548	30,732,263
9	September	-	28,884,444
10	October	66,922,114	41,199,505
11	November	38,392,524	28,423,369
12	December	33,401,558	72,410,071
<b>Total</b>		<b>445,527,896</b>	<b>394,755,970.16</b>
<p><b>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 2019</b></p>			

**Adavi Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Contractors Registration Fee	100,000	350,000	(250,000)	4,961,151
2	Earning from commercial undertaking	3,163,370	5,200,000	(2,036,630)	
3	Earning from medical services	36,200		36,200	
4	Hawkers Permit fee	429,500	700,000	(270,500)	
5	State of origin certificate	429,500		429,500	
6	License and Fees	299,300	550,000	(250,700)	
<b>Total</b>		<b>4,457,870</b>	<b>6,800,000.00</b>	<b>(2,342,130)</b>	<b>4,961,151</b>

**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.**



**Adavi Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 15 : Salaries & Wages**

S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018
		Actual		Budget	Variance	Actual
<b>SALARIES AND WAGES</b>		<b>Gross Salary</b>	<b>Amount Paid</b>	<b>Balance Payable</b>		
1	SALARY	1,183,554,583		1,183,554,583	2,308,601,470	1,125,046,887
						-
<b>Total SALARIES AND WAGES</b>		<b>1,183,554,583</b>			<b>2,308,601,470</b>	<b>1,125,046,887</b>
<b>ALLOWANCE AND SOCIAL CONTRIBUTION</b>						
1	HONORARIUM & SITTING ALLOWANCE	1,250,000				(1,250,000)
2	WELFARE PACKAGE ALLOWANCE	84,192,824			134,452,373	50,259,549
		-				-
		-				-
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>85,442,824</b>			<b>134,452,373</b>	<b>49,009,549</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>1,268,997,407</b>			<b>2,443,053,843</b>	<b>1,174,056,436</b>

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 2019. The cumulative figure paid through respective Economic Line items are as shown above.

**NOTE 16 : Social Benefits**

S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018
		Actual		Budget	Variance	Actual
<b>SOCIAL BENEFITS</b>		<b>Gross Salary</b>	<b>Amount Paid</b>	<b>Balance Payable</b>		
1	Actual Pension	120,938,725		120,938,725		(120,938,725)
2						-
<b>Total SOCIAL BENEFITS</b>		<b>120,938,725</b>	<b>-</b>	<b>120,938,725</b>	<b>-</b>	<b>(120,938,725)</b>

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 Kogi State Government as Social Benefits to employees for the year ended 31 December 2019.

**Adavi Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	Travelling Expenses	30,358,800	35,841,360	5,482,560	59,266,471
	Printing and Stationaries	28,442,000	38,605,659	10,163,659	2,955,476
	Medical Expenses	21,571,026	25,419,576	3,848,550	6,716,000
	Consulting Services	66,091,464	110,049,352	43,957,888	
	Professional Charges	57,290,418	26,656,740	(30,633,678)	140,844,989
	Security Services	68,937,517	263,857,510	194,919,993	11,580,000
	Office Maintenance	33,475,000	17,999,848	(15,475,152)	
	Local Training	49,409,500		(49,409,500)	
	Motor Vehicle Fueling Expenses	9,510,000		(9,510,000)	
	Refreshment and Meal Expenses	25,571,500	22,793,833	(2,777,667)	28,943,000
	Special Day Celebration	650,000	8,000,000	7,350,000	5,890,000
	Sporting Activities	6,750,000	8,026,867	1,276,867	3,900,000
	Righth Of Ways Expenses	446,459,287		(446,459,287)	
	Publicity And Advertisement				1,320,000
	Welfare Packages				94,676,099
	Computer Consumable				10,501,000
	Teaching Aids/Intruactional Materials				72,518,791
	Traditional Council				17,396,000
	Repair & rehabilitation of roads				25,400,000
	Repair & rehabilitation of Recreational facilities				900,000
	Tree Planting expenses				1,750,000
	Repair of Agric Facilities	74,382,289			
	<b>Statutory Expenses:</b>				
	1% to Local Government Civil Service Commission	8,486,096		(8,486,096)	
	1% to the Ministry for Local Government and Chieftaincy Affairs	9,293,617		(9,293,617)	
	1% to Auditor General for Local Government	10,693,912		(10,693,912)	
	5% to Traditional Council	16,810,359		(16,810,359)	
				-	
				-	-
		<b>964,182,785</b>	<b>557,250,745</b>	<b>(332,549,751)</b>	<b>484,557,826</b>
<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>					
		<b>964,182,785</b>	<b>557,250,745</b>	<b>(332,549,751)</b>	<b>484,557,826</b>

**Adavi Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 18 : Public Debt Charges**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	1,512,481	-	(1,512,481)	939,554
2	Domestic Loan Interest / Discount	-	-	-	-
3	Domestic Interest/ Discount - Treasury Bill	-	-	-	-
4	Others	-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>1,512,481</b>	<b>-</b>	<b>(1,512,481)</b>	<b>939,554</b>

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 unmatured debts.

**Note 19 : Cash & Cash Equivalent (By Banks)**

S/N	Bank Name	Year Ended 31 December 2019	Year Ended 31 December 2018
		Amount	Amount
1	Cash in the till	2,761	4,648
2	Access Bank Plc	1,545,619	8,135,339
		<b>1,548,380</b>	<b>8,139,987</b>

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 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 2019**

**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
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	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
Additions During the year				159,612,234		1,950,000	8,900,000			170,462,234
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>32,694,500</b>	<b>995,644</b>	<b>48,586,600</b>	<b>961,426,504</b>	<b>2,950,000</b>	<b>6,288,236</b>	<b>100,690,000</b>	<b>585,800,000</b>	<b>7,642,390,000</b>	<b>9,381,821,484</b>
<b><u>ACCUMULATED DEPRECIATION</u></b>										
<b>DEPRECIATION RATE</b>	<b>20%</b>	<b>25%</b>	<b>10%</b>	<b>1%</b>	<b>25%</b>	<b>20%</b>	<b>25%</b>		<b>2%</b>	
Balance b/forward 01 January 2019	6,538,900	248,911	4,858,660	10,423,586	737,500	867,647	22,947,500	-	152,847,800	199,470,504
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
<b>Total Charge for the Year</b>	<b>6,538,900</b>	<b>248,911</b>	<b>4,858,660</b>	<b>12,498,545</b>	<b>737,500</b>	<b>1,257,647</b>	<b>25,172,500</b>	<b>-</b>	<b>152,847,800</b>	<b>204,160,463</b>
<b>Balance c/forward 31 December 2019</b>	<b>13,077,800</b>	<b>497,822</b>	<b>9,717,320</b>	<b>22,922,130</b>	<b>1,475,000</b>	<b>2,125,295</b>	<b>48,120,000</b>	<b>-</b>	<b>305,695,600</b>	<b>403,630,967</b>
<b><u>ACCUMULATED IMPAIRMENT</u></b>										
Balance b/forward 01 January 2019	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>NET BOOK VALUE</u></b>										
Balance as at 31 December 2019	19,616,700	497,822	38,869,280	938,504,374	1,475,000	4,162,942	52,570,000	585,800,000	7,336,694,400	8,978,190,518
Balance as at 01 January 2019	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

**Adavi Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note: 24 : Intangible Assets**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Research & Development	-	-
<b>Total Intangible Assets</b>		-	-

**Note 25 : Short Term Loans & Debts**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Short Term Borrowings	-	-
2	Salary Payables	4,933,177,736	4,668,500,795
3	Other Payables	25,490,000	35,997,197
4	Term Loan	173,487,185	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>5,132,154,921</b>	<b>4,704,497,992</b>

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 2019	Year Ended 31 December 2018
1	Salary Payables	4,461,280,615	3,839,914,449
2	Leave Allowances	437,028,048	327,028,046
3	Burial Expenses	17,277,197	
4	Legislative Arm	17,591,877	17,591,877
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>4,933,177,736</b>	<b>4,184,534,371</b>

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 2019**

**Notes to the Financial Statements**

**Note 25b : Other Payables**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Creditors-various suppliers	16,140,000	-
2	Supply of Commodities (Onyi Ataba and C	4,200,000	
3	Electrical Bill	5,150,000	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>25,490,000</b>	<b>-</b>

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 2019		4,394,981,590
<b>IPSA Adjustments</b>			
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(494,203,806)	
<b>Total IPSA Adjustments</b>			(494,203,806)
<b>Closing Balance as at 31 December 2019</b>			<b>3,900,777,784</b>

**AJAOKUTA LOCAL GOVERNMENT OF  
KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**



# 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 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 detect 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 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.

  
**Akaba A. Mohammed**  
**Local Government Treasurer (LGT)**  
**Ajaokuta Local Government, Kogi State**  
**31 July 2020**





# AJAKUTA 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 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. 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 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.

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 2019 useful in significant areas of information requirements.

**Abdulsalam Abdulrahim**  
**Director of Local Government Administration**

Ajaokuta Local Government of Kogi State			
Financial Statements for the Year Ended 31 December 2019			
Statement of Financial Performance			
	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	1,700,891,397	1,013,401,559
Government Share of VAT	10	334,330,759	333,305,006
Tax Revenue	11	4,171,564	1,170,110
Non-Tax Revenue	12	-	5,000
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>2,039,393,720</b>	<b>1,347,881,674</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	798,835,268	786,207,316
Social Benefits	16	160,882,984	111,501,791
Overhead Cost	17	1,862,000,517	980,907,718
Depreciation Charges	23	70,779,152	74,112,489
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>2,892,497,921</b>	<b>1,952,729,314</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>(853,104,201)</b>	<b>(604,847,640)</b>
Public Debt Charges	18	16,773,361	1,726,394
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>(869,877,562)</b>	<b>(606,574,034)</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>(869,877,562)</b>	<b>(606,574,034)</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>(869,877,562)</b>	<b>(606,574,034)</b>
 <b>AKABA A. MOHAMMED</b> Local Government Treasurer (LGT) Ajaokuta Local Government Kogi State			

Ajaokuta Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2019					
Statement of Financial Position					
ASSETS	Notes	Year Ended 31 December 2019		Year Ended 31 December 2018	
<b>Current Assets</b>					
Cash and Cash Equivalents	19	2,368,935		5,769,117	
Prepayment	20	148,678,896		-	
<b>Total Current Assets</b>			<b>151,047,831</b>		<b>5,769,117</b>
<b>Non-Current Assets</b>					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	2,130,965,125		2,085,759,173	
Intangible Assets	24	-		-	
<b>Total Non-Current Assets</b>			<b>2,130,965,125</b>		<b>2,085,759,173</b>
<b>Total Assets</b>			<b>2,282,012,956</b>		<b>2,091,528,290</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Short Term Loans & Debts	25	3,713,598,653		3,105,522,892	
Unremitted Deductions	26	-		-	
Payables	27	-		-	
<b>Total Current Liabilities</b>			<b>3,713,598,653</b>		<b>3,105,522,892</b>
<b>Non-Current Liabilities</b>					
Long Term Borrowings	28	513,705,161		-	
<b>Total Non-Current Liabilities</b>			<b>513,705,160.63</b>		<b>-</b>
<b>Total Liabilities</b>			<b>4,227,303,814</b>		<b>3,105,522,892</b>
<b>Net Assets</b>			<b>(1,945,290,858)</b>		<b>(1,013,994,602)</b>
<b>NET ASSETS/EQUITY</b>					
Reserves	29	(1,075,413,296)		(407,420,568)	
Accumulated Surpluses/(Deficits)		(869,877,562)		(606,574,034)	
<b>Total Net Assets/Equity</b>			<b>(1,945,290,858)</b>		<b>(1,013,994,602)</b>



**AKABA A. MOHAMMED**  
Local Government Treasurer (LGT)  
Ajaokuta Local Government  
Kogi State

**Ajaokuta Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Statement of Change in Assets/Equity**

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2018	(407,420,568)	(606,574,034)	(1,013,994,602)
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-	-	-
Opening Balance as at 01 January 2019	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(869,877,562)	(869,877,562)
Reserves (Note 29)	(1,075,413,296)	-	(1,075,413,296)
Closing Balance as at 31 December 2019	(1,075,413,296)	(869,877,562)	(1,945,290,858)




**AKABA A. MOHAMMED**  
 Local Government Treasurer (LGT)  
 Ajaokuta Local Government  
 Kogi State

<b>Ajaokuta Local Government of Kogi State</b>			
<b>Financial Statements for the Year Ended 31 December 2019</b>			
<b>Statement of Cashflow</b>			
Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	1,700,891,397	1,013,401,559
Government Share of VAT	10	334,330,759	333,305,006
Tax Revenue	11	4,171,564	1,170,110
Non-Tax Revenue	12	-	5,000
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>2,039,393,720</b>	<b>1,347,881,674</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	400,314,507	256,863,110
Social Benefits	16	80,441,492	60,685,604
Overhead Cost(s)	17	1,862,000,517	980,907,718
Transfer to other Government Entities			580,160,393
Finance Cost	18	16,773,361	1,726,394
<b>Total Outflow From Operating Activities</b>		<b>2,359,529,877</b>	<b>1,880,343,220</b>
<b>Net Cash Flow From Operating Activities</b>		<b>(320,136,157)</b>	<b>(532,461,545)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(104,056,337)	(80,468,415)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(104,056,337)</b>	<b>(80,468,415)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	194,675,228	663,070,760
Proceeds from Borrowings - Long Term Loan	28	513,705,161	-
Repayment of Borrowings		(287,588,077)	(170,284,338)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>420,792,312</b>	<b>492,786,422</b>
<b>Net Cash Flow From All Activities</b>		<b>(3,400,182)</b>	<b>(120,143,539)</b>
<b>Open Cash Balance</b>		<b>5,769,117</b>	<b>125,912,656</b>
<b>Closing Cash Balance</b>		<b>2,368,935</b>	<b>5,769,117</b>



**AKABA A. MOHAMMED**  
Local Government Treasurer (LGT)  
Ajaokuta Local Government  
Kogi State

Ajaokuta Local Government of Kogi State						
Financial Statements for the Year Ended 31 December 2019						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Actual for the Year Ended 31 December 2019	Difference Between Budget & Actual
<b>RECURRENT REVENUE</b>						
		Original	Supplementary	Final		
Government Share of FAAC (Statutory Revenue)	9	4,172,913,310	644,144,980.00	4,817,058,290	1,149,367,287	(3,667,691,003)
Excess Crude	9	-	-	-	-	-
Budget Augmentation/Budget Support Facility	9	-	-	-	513,705,161	513,705,161
Exchange Difference	9	-	-	-	2,241,435	2,241,435
Refund from Federal Government	9	-	-	-	-	-
Non-oil Revenue	9	-	-	-	-	-
Solid Minerals (Oil Excess Revenue)	9	-	-	-	5,834,371	-
FOREX Equalization	9	-	-	-	28,268,014	28,268,014
Excess Bank Charge	9	-	-	-	1,475,129	1,475,129
Government Share of VAT	10	391,990,020	-	391,990,020	334,330,759	(57,659,261)
Tax Revenue	11	39,699,450	-	39,699,450	4,171,564	(35,527,886)
Non-Tax Revenue	12	-	-	-	-	-
<b>TOTAL RECURRENT REVENUE</b>		<b>4,604,602,780</b>	<b>-</b>	<b>5,248,747,760</b>	<b>2,039,393,720</b>	<b>(3,215,188,411)</b>
<b>CAPITAL RECEIPT</b>						
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
<b>TOTAL CAPITAL RECEIPT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>		<b>4,604,602,780</b>	<b>-</b>	<b>5,248,747,760</b>	<b>2,039,393,720</b>	<b>(3,215,188,411)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	2,233,150,760	-	2,233,150,760	400,314,507	1,832,836,253
Social Benefits	16	42,172,820	-	42,172,820	80,441,492	(38,268,672)
Overhead Cost	17	971,001,150	281,000,000	1,252,001,150	1,862,000,517	(609,999,367)
Public Debt Charges	18	-	-	-	16,773,361	(16,773,361)
Impairment (Loss) on Investment	22	-	-	-	-	-
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>3,246,324,730</b>	<b>281,000,000</b>	<b>3,527,324,730</b>	<b>2,359,529,877</b>	<b>1,167,794,853</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	1,358,278,050	363,144,980	1,721,423,030	104,056,337	1,617,366,693
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,358,278,050</b>	<b>363,144,980</b>	<b>1,721,423,030</b>	<b>104,056,337</b>	<b>1,617,366,693</b>
<b>TOTAL EXPENDITURE</b>		<b>4,604,602,780</b>	<b>644,144,980</b>	<b>5,248,747,760</b>	<b>2,463,586,214</b>	<b>2,785,161,546</b>
 <b>AKABA A. MOHAMMED</b> Local Government Treasurer (LGT) Ajaokuta Local Government Kogi State						

<b>Ajaokuta Local Government of Kogi State</b>		
<b>Financial Statements for the Year Ended 31 December 2019</b>		
<b>Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities</b>		
Description	Notes	Year Ended 31 December 2019
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>(869,877,562)</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	70,779,152
Impairment of Investments	22	-
<b>Total non-cash Items</b>		<b>(799,098,410)</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	194,675,228
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	513,705,161
(Increase)/decrease in Loan Repayment		197,208,547
<b>Total movements in working capital items</b>		<b>905,588,936</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(104,056,337)
<b>Total items classified as investing activities</b>		<b>(104,056,337)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>2,434,189</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>5,769,117</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>8,203,306</b>

**Ajaokuta Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 2019, 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**  
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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.

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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 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**  
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Thus, in line with the Format, the 2019 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 2019**  
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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 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 2019. 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 2019**  
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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.

**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.

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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.

**Ajaokuta Local Government of Kogi State**  
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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.

**Ajaokuta Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**Notes to the Financial Statements**

**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.



**Ajaokuta Local Government of Kogi State**  
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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 2019, Ajaokuta Local Government has recognized financial liabilities measured at amortized cost. These include Ajaokuta Local and foreign debts and investments.

**h) Classification**

**v) 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.

**vi) 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.

**Ajaokuta Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
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**vii) 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.

**viii) Financial Liabilities at Amortized Cost**

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

**i) Categories & Measurement**

**v) 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.

**Ajaokuta Local Government of Kogi State**  
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**vi) 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.

**vii) 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.

**viii) 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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**j) 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.

**k) 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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**l) 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.

**m) 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.

**n) 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:

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

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**

**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 Ajaokuta 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 Ajaokuta Local Government, or a present obligation that arises from past events but is not recognised because:

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iii. It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,

iv. 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 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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**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, 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.

**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 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 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	28,268,014	-	(28,268,014)	24,315,138
2	Recovered Excess Bank Charges	1,475,129	-	(1,475,129)	24,551,105
3	Statutory Allocation	1,149,367,287	4,817,058,290	3,667,691,003	950,209,122
4	Exchange Difference	2,241,435	-	(2,241,435)	8,126,315
5	NNPC Refund	-	-	-	-
6	JAAC Special Allocation	-	-	-	-
7	Bailout on Salary	513,705,161	-	(513,705,161)	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	5,834,371	-	(5,834,371)	6,199,878
<b>Total Statutory Revenue</b>		<b>1,700,891,397</b>	<b>4,817,058,290</b>	<b>3,116,166,893</b>	<b>1,013,401,559</b>

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 2019. The aggregate figures for the various items of revenues to the state are as shown in the table below.



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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 ON SALARY	TOTAL
1	January	71,341,901		-						513,705,161	585,047,062
2	February	81,506,407		221,911							81,728,318
3	March	69,999,441				9,899,631					79,899,072
4	April	-		191,362		9,762,492	1,020,266				10,974,120
5	May	89,402,442		199,706							89,602,148
6	June	-									-
7	July	127,693,645		265,989							127,959,634
8	August	250,888,141		471,980							251,360,121
9	September	124,079,366		237,169			454,863				124,771,398
10	October	120,276,650		217,364		526,936					121,020,950
11	November	118,376,455		255,933				1,961,891			120,594,279
12	December	95,802,840		180,022		8,078,954		3,872,479			107,934,295
-											
<b>Total</b>		<b>1,149,367,287</b>	<b>-</b>	<b>2,241,435</b>	<b>-</b>	<b>28,268,014</b>	<b>1,475,129</b>	<b>5,834,371</b>	<b>-</b>	<b>513,705,161</b>	<b>1,700,891,397</b>

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Note 10: Government Share of Value Added Tax (VAT)											
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018						
		Actual	Budget	Variance	Actual						
1	Value Added Tax (VAT)	334,330,759	391,990,020	(57,659,261)	333,305,006						
<b>Total</b>		<b>334,330,759</b>	<b>391,990,020.00</b>	<b>(57,659,261)</b>	<b>333,305,006</b>						
<p>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 2019</p>											

<b>Note 10 a : Government Share of Value Added Tax (VAT)</b>			
<b>S/N</b>	<b>Month</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	January	30,991,966	25,670,817
2	February	-	-
3	March	32,033,726	29,209,879
4	April	29,200,958	26,881,071
5	May	28,990,866	25,213,115
6	June	-	27,065,442
7	July	32,991,615	28,961,692
8	August	63,035,156	25,921,582
9	September	-	24,385,811
10	October	56,513,088	34,742,863
11	November	32,358,160	23,961,482
12	December	28,215,223	61,291,253
<b>Total</b>		<b>334,330,759</b>	<b>333,305,006</b>
<p><b>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 2019</b></p>			

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**Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Tenement Rates	2,166,304		2,166,304	1,045,110
2	Right of occupancy			-	125,000
3	Hawkers Permit	210,580		210,580	
4	Bill Board Advert Fees	142,000		142,000	
5	Birth/Death/Citizenship	275,000		275,000	
6	Development Fees	1,260,080		1,260,080	
7	Timber & Forest Fees	117,600		117,600	
<b>Total</b>		<b>4,171,564</b>	<b>-</b>	<b>4,171,564</b>	<b>1,170,110</b>

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, Hawkerc' 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 2019				Year Ended 31 December 2018	
		Actual		Balance Payable	Budget	Variance	Actual
SALARIES AND WAGES		Total Salary	Payment	Balance Payable			
1	SALARY	783,975,268	385,454,507	398,520,761	2,233,150,760	1,847,696,253	237,923,110
		-	-			-	-
<b>Total SALARIES AND WAGES</b>		<b>783,975,268</b>	<b>385,454,507</b>	<b>398,520,761</b>	<b>2,233,150,760</b>	<b>1,847,696,253</b>	<b>237,923,110</b>
CONTRIBUTION							
1	SIWES ALLOCATION PBRs					-	4,830,000
2	SITTING ALLOCATION					-	600,000
3	EDUCATION - SITTING ALLOWANCE					-	4,040,000
4	Allowances	14,860,000	14,860,000			(14,860,000)	9,470,000
		-				-	-
<b>Total ALLOWANCE AND SOCIAL CONTI</b>		<b>14,860,000</b>	<b>14,860,000</b>	<b>-</b>	<b>-</b>	<b>(14,860,000)</b>	<b>18,940,000</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>798,835,268</b>	<b>400,314,507</b>	<b>398,520,761</b>	<b>2,233,150,760</b>	<b>1,832,836,253</b>	<b>256,863,110</b>

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 2019. 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 2019				Year Ended 31 December 2018	
		Actual			Budget	Variance	Actual
<b>SOCIAL BENEFITS</b>		<b>Total Pension</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	Pension	160,882,984	80,441,492	80,441,492	42,172,820	(38,268,672)	60,685,604
						-	
<b>Total SOCIAL BENEFITS</b>		<b>160,882,984</b>	<b>80,441,492</b>	<b>80,441,492</b>	<b>42,172,820</b>	<b>(38,268,672)</b>	<b>60,685,604</b>

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 2019.

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**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	Local Training General	75,231,053		(75,231,053)	64,108,571
	Local Travel & Transport (Others)	9,416,600		(9,416,600)	20,269,000
	Stationeries/Printing	7,000,000		(7,000,000)	15,885,000
	Publicity/Advertisement/Postage	15,472,000		(15,472,000)	58,327,800
	Grants	4,300,000		(4,300,000)	9,900,000
	Educational Development	3,229,000		(3,229,000)	2,750,000
	Legal Services	4,840,000		(4,840,000)	13,040,000
	Security Expenses	87,783,053		(87,783,053)	58,220,000
	Anniversary/Festivity	38,380,657		(38,380,657)	25,116,581
	Refreshment/Meals	25,483,714		(25,483,714)	25,665,000
	Sporting Activities	6,960,000		(6,960,000)	5,840,000
	Welfare Packages	50,877,766		(50,877,766)	56,483,628
	Financial Consulting	39,140,878		(39,140,878)	92,395,710
	Statutory Deduction	134,193,718		(134,193,718)	35,625,000
	Statutory Remittance to State Agencies	283,825,661		(283,825,661)	
	Electricity Charges	1,000,000		(1,000,000)	
	Drugs and Medical supply	54,296,206		(54,296,206)	
	Maintenance services	63,074,638		(63,074,638)	
	Maintenance of infrastructure road	61,404,638		(61,404,638)	
	Rehabilitation/repairs of residential building	35,422,781		(35,422,781)	
	Rehabilitation/repairs of electricity	32,397,723		(32,397,723)	
	Rehabilitation/repairs of water facilities/borehole	1,000,000		(1,000,000)	
	Rehabilitation/repairs of road	44,313,000		(44,313,000)	
	Research and development	5,640,000		(5,640,000)	
	Erosion and food control	35,212,254		(35,212,254)	
	Kogi State JAAC-NEXIA-Right of way expenses	238,625,092		(238,625,092)	
	Maintainance of agric equipment				16,848,000
	Evironmental sanitation/waste management expenses				40,510,000
	Maintainance of Roads				219,923,751
	Repairs/Maintainance of Motor Vehicles				3,724,000
	<b>Subventions:</b>			-	
	LGEA-SUBEB	390,115,312		(390,115,312)	213,534,540
	<b>Satutory Expenses:</b>				
	FINANCE -1% JAC	16,959,080		(16,959,080)	
	FINANCE – Local Government Service Commission	7,413,195		(7,413,195)	
	FINANCE – 1% AUDITOR General for LG	10,828,294		(10,828,294)	
	5% -Kogi State council of chief	9,619,774		(9,619,774)	2,741,137
	Bureau of Local Governmet Pension	68,544,431		(68,544,431)	
				-	
		<b>1,862,000,517</b>	<b>-</b>	<b>(1,862,000,517)</b>	<b>980,907,718</b>
<p><b>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.</b></p>					
		<b>1,862,000,517</b>	<b>-</b>	<b>(1,862,000,517)</b>	<b>980,907,718</b>

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**NOTE 18 : Public Debt Charges**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	16,773,361	-	(16,773,361)	1,726,394
2	Domestic Loan Interest / Discount	-	-	-	-
3	Domestic Interest/ Discount - Treasury Bill	-	-	-	-
4	Others	-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>16,773,361</b>	<b>-</b>	<b>(16,773,361)</b>	<b>1,726,394</b>

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.

**Note 19 : Cash & Cash Equivalent (By Banks)**

S/N	Bank Name	Year Ended 31 December 2019	Year Ended 31 December 2018
		Amount	Amount
1	Cash in the till	70,819	29,164
2	UBA Bank Plc	214,695	41,848
3	First Bank Plc	27,102	98,019
4	Access Bank Plc	2,056,319	5,600,086
		<b>2,368,935</b>	<b>5,769,117</b>

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.

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**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
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	13,995,568	14,671,896	30,856,014	426,040,588	136,000			71,487,577	45,407,340	1,569,205,446	2,171,800,429
Additions During the year	800,000	-	-	82,456,337				20,800,000			104,056,337
Recognition of Legacy PPE											
PPE under Test Running											-
Disposal During the year	-	-	-	-			-	-		-	-
<b>Balance c/forward 31 December 2019</b>	<b>14,795,568</b>	<b>14,671,896</b>	<b>30,856,014</b>	<b>508,496,925</b>	<b>136,000</b>			<b>92,287,577</b>	<b>45,407,340</b>	<b>1,569,205,446</b>	<b>2,275,856,766</b>
<b><u>ACCUMULATED DEPRECIATION</u></b>											
DEPRECIATION RATE	20%	25%	10%	1%		25%	20%	25%		2%	
Balance b/forward 01 January 2019	3,498,892	6,528,382	3,857,002	4,374,420	-	-	-	23,829,192	-	32,024,601	74,112,489
Additions During the year											-
Disposal During the year	-	-	-	-			-			-	-
Prior Year Adjustment	-	-	-	-			-	-		-	-
Total Charge for the Year	2,959,114	3,667,974	3,085,601	6,610,460	-		-	23,071,894	-	31,384,109	70,779,152
<b>Balance c/forward 31 December 2019</b>	<b>6,458,006</b>	<b>10,196,356</b>	<b>6,942,603</b>	<b>10,984,880</b>	<b>-</b>			<b>46,901,086</b>	<b>-</b>	<b>63,408,710</b>	<b>144,891,641</b>
<b><u>ACCUMULATED IMPAIRMENT</u></b>											
Balance b/forward 01 January 2019	-	-	-	-			-	-		-	-
Additions During the year	-	-	-	-			-	-		-	-
Disposal During the year	-	-	-	-			-	-		-	-
Balance c/forward 31 December 2019	-	-	-	-			-	-		-	-
<b><u>NET BOOK VALUE</u></b>											
Balance as at 31 December 2019	8,337,562	4,475,540	23,913,411	497,512,045	136,000	-	-	45,386,490	45,407,340	1,505,796,736	2,130,965,125
Balance as at 01 January 2019	13,995,568	19,585,145	34,713,016	332,119,421	136,000	-	-	71,487,577	44,517,000	1,569,205,446	2,085,759,173



**Ajaokuta Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25 : Short Term Loans & Debts**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	3,285,805,383	3,308,304,188
3	Other Payables (25b)	138,892,948	126,107,521
4	Term Loan (25c)	288,900,322	84,511,715
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>3,713,598,653</b>	<b>3,518,923,425</b>

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 2019	Year Ended 31 December 2018
1	Salary Payables b/f	2,887,284,622	2,357,940,416
2	Salary Payables for the year	398,520,761	529,344,206
		-	-
		-	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>3,285,805,383</b>	<b>2,887,284,622</b>

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 2019	Year Ended 31 December 2018
1	Pension	80,441,492	50,816,187
2	Political office holders	34,133,329	7,619,033
3	Unremitted Cooperative deduction	24,318,127	75,291,334
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>138,892,948</b>	<b>133,726,554</b>

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

<b>Ajaokuta Local Government of Kogi State</b>			
<b>Financial Statements for the Year Ended 31 December 2019</b>			
<b>Notes to the Financial Statements</b>			
<b>Note 25c : Short Term Loans &amp; Debts (Loan Payables)</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	LOAN - UBN	84,511,715	84,511,715
2	Domestic Loan (Current)	55,709,711	-
3	Loan in respect of Clearing of Right of way	148,678,896	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>288,900,322</b>	<b>84,511,715</b>
<p>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</p>			

<b>Note 26 : Unremitted Deductions</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	Pension	-	50,816,187
2	Unremitted deduction to corporative and others	24,318,127	75,291,334
<b>Total Unremitted Deductions</b>		<b>24,318,127</b>	<b>126,107,521</b>

<b>Note 28 a : State Bond &amp; Other Long Term Borrowing</b>					
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>			<b>Year Ended 31 December 2018</b>
		<b>Gross Loan</b>		<b>Net for LGA</b>	
1	CBN Budget Support Facility		-	-	
2	Salary Bail Out	513,705,161	-	513,705,161	
3	Recurrent Infrastructure Loan		-	-	
<b>TOTAL</b>		<b>513,705,161</b>	<b>-</b>	<b>513,705,161</b>	<b>-</b>
<p>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</p>					

**Ajaokuta Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 29 : Reserves**

<b>S/N</b>	<b>Description</b>	<b>Amount</b>	<b>Amount</b>
1	Opening Balance as at 01 January 2018		(1,013,994,602)
	<b>IPSA Adjustments</b>		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(61,418,694)	
	<b>Total IPSA Adjustments</b>		(61,418,694)
<b>Closing Balance as at 31 December 2018</b>			<b>(1,075,413,296)</b>

**ANKPA LOCAL GOVERNMENT OF  
KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**



# 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 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 Ankpa 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.

  
**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 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. 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 2019 useful in significant areas of information requirements.

**Alhaji Shaibu Usman A.**

**Director of Local Government Administration**

<b>Ankpa Local Government of Kogi State</b>			
<b>Financial Statements for the Year Ended 31 December 2019</b>			
<b>Statement of Financial Performance</b>			
	<b>Notes</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	2,507,562,943	1,692,117,901
Government Share of VAT	10	451,865,838	444,886,595
Tax Revenue	11	4,921,660	3,032,115
Non-Tax Revenue	12	9,242,100	3,935,365
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>2,973,592,541</b>	<b>2,143,971,976</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	1,027,833,486	969,627,538
Social Benefits	16	906,745,648	906,745,648
Overhead Cost	17	1,826,592,264	1,481,234,215
Depreciation Charges	23	152,623,309	116,202,877
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>3,913,794,707</b>	<b>3,473,810,279</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>(940,202,166)</b>	<b>(1,329,838,303)</b>
Public Debt Charges	18	3,231,483	102,657
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>(943,433,648)</b>	<b>(1,329,940,960)</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>(943,433,648)</b>	<b>(1,329,940,960)</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>(943,433,648)</b>	<b>(1,329,940,960)</b>
 <b>TAIRU ABDUL</b> Local Government Treasurer (LGT) Ankpa Local Government Kogi State			

**Ankpa Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**Statement of Financial Position**

ASSETS	Notes	Year Ended 31 December 2019		Year Ended 31 December 2018	
<b>Current Assets</b>					
Cash and Cash Equivalents	19	5,239,446		43,902,165	
Prepayment	20	199,095,205		-	
Other Current Assets	20b	-		-	
<b>Total Current Assets</b>			<b>204,334,651</b>		<b>43,902,165</b>
<b>Non-Current Assets</b>					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	3,784,072,357		3,627,144,795	
Intangible Assets	24	-		-	
<b>Total Non-Current Assets</b>			<b>3,784,072,357</b>		<b>3,627,144,795</b>
<b>Total Assets</b>			<b>3,988,407,008</b>		<b>3,671,046,960</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Short Term Loans & Debts	25	5,447,120,746		3,945,996,852	
Unremitted Deductions	26	-		31,028,980	
Payables	27	-			
<b>Total Current Liabilities</b>			<b>5,447,120,746</b>		<b>3,977,025,832</b>
<b>Non-Current Liabilities</b>					
Long Term Borrowings	28	-		-	
<b>Total Non-Current Liabilities</b>			-		-
<b>Total Liabilities</b>			<b>5,447,120,746</b>		<b>3,977,025,832</b>
<b>Net Assets</b>			<b>(1,458,713,738)</b>		<b>(305,978,871)</b>
<b>NET ASSETS/EQUITY</b>					
Reserves	29	(515,280,089)		1,023,962,088	
Accumulated Surpluses/(Deficits)		(943,433,648)		(1,329,940,960)	
<b>Total Net Assets/Equity</b>			<b>(1,458,713,738)</b>		<b>(305,978,871)</b>



**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 2019**

**Statement of Change in Assets/Equity**

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
<b>Closing Balance 31 December 2018</b>	1,023,962,088	(1,329,940,960)	(305,978,871)
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
<b>Opening Balance as at 01 January 2019</b>	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(943,433,648)	(943,433,648)
Reserves (Note 29)	(515,280,089)		(515,280,089)
<b>Closing Balance as at 31 December 2019</b>	(515,280,089)	(943,433,648)	(1,458,713,738)



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 2019**  
**Statement of Cashflow**

Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	2,507,562,943	1,692,117,901
Government Share of VAT	10	451,865,838	444,886,595
Tax Revenue	11	4,921,660	3,032,115
Non-Tax Revenue	12	9,242,100	3,935,365
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>2,973,592,541</b>	<b>2,143,971,976</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	1,027,833,486	969,627,538
Social Benefits	16	906,745,648	906,745,648
Overhead Cost(s)	17	1,826,592,264	1,481,234,215
Transfer to other Government Entities		-	-
Finance Cost	18	3,231,483	102,657
Finance Cost		-	-
<b>Total Outflow From Operating Activities</b>		<b>3,764,402,881</b>	<b>3,357,710,058</b>
<b>Net Cash Flow From Operating Activities</b>		<b>(790,810,340)</b>	<b>(1,213,738,083)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(309,550,871)	(10,073,037)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(309,550,871)</b>	<b>(10,073,037)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	1,501,123,894	1,177,071,852
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(439,425,402)	(141,686,446)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>1,061,698,492</b>	<b>1,035,385,406</b>
<b>Net Cash Flow From All Activities</b>		<b>(38,662,718)</b>	<b>(188,425,714)</b>
<b>Open Cash Balance</b>		<b>43,902,165</b>	<b>232,327,878</b>
<b>Closing Cash Balance</b>		<b>5,239,447</b>	<b>43,902,165</b>

  
**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 2019						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
<b>RECURRENT REVENUE</b>						
		Original	Supplementary	Final		
Government Share of FAAC (Statutory Revenue)	9	5,112,192,020	448,029,400	5,560,221,420	1,504,703,778	(4,055,517,642)
Excess Crude	9	-	-	-	-	-
Budget Augmentation/Budget Support Facility	9	-	-	-	800,994,180	800,994,180
Exchange Difference	9	-	-	-	2,801,016	2,801,016
Refund from Federal Government	9	-	-	-	154,713,389	154,713,389
Non-oil Revenue	9	-	-	-	-	-
FOREX Equalization	9	-	-	-	36,996,321	36,996,321
Excess Bank Charge	9	-	-	-	-	-
Government Share of VAT	10	442,491,620	-	442,491,620	451,865,838	9,374,218
Tax Revenue	11	30,021,260	-	30,021,260	4,921,660	(25,099,600)
Non-Tax Revenue	12	-	-	-	9,242,100	9,242,100
<b>TOTAL RECURRENT REVENUE</b>		<b>5,584,704,900</b>	<b>448,029,400</b>	<b>6,032,734,300</b>	<b>2,966,238,282</b>	<b>(3,066,496,018)</b>
<b>CAPITAL RECEIPT</b>						
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
<b>TOTAL CAPITAL RECEIPT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>		<b>5,584,704,900</b>	<b>448,029,400</b>	<b>6,032,734,300</b>	<b>2,966,238,282</b>	<b>(3,066,496,018)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	2,776,179,020	-	2,776,179,020	1,027,833,486	1,748,345,534
Social Benefits	16	42,172,810	-	42,172,810	906,745,648	(864,572,838)
Overhead Cost	17	1,109,864,370	200,000,000	1,309,864,370	1,826,592,264	(516,727,894)
Public Debt Charges	18	267,374,450	-	267,374,450	3,231,483	264,142,967
Impairment (Loss) on Investment	22	-	-	-	-	-
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>4,195,590,650</b>	<b>200,000,000</b>	<b>4,395,590,650</b>	<b>3,764,402,881</b>	<b>631,187,769</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	1,389,114,250	-	1,389,114,250	309,550,871	1,079,563,379
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,389,114,250</b>	<b>-</b>	<b>1,389,114,250</b>	<b>309,550,871</b>	<b>1,079,563,379</b>
<b>TOTAL EXPENDITURE</b>		<b>5,584,704,900</b>	<b>200,000,000</b>	<b>5,784,704,900</b>	<b>4,073,953,751</b>	<b>1,710,751,149</b>

  
TAIRU ABDUL

Local Government Treasurer (LGT)  
Ankpa Local Government  
Kogi State

<b>Ankpa Local Government of Kogi State</b>		
<b>Financial Statements for the Year Ended 31 December 2019</b>		
<b>Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities</b>		
Description	Notes	Year Ended 31 December 2019
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>(943,433,648)</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	152,623,309
Impairment of Investments	22	-
<b>Total non-cash Items</b>		<b>(790,810,340)</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	1,501,123,894
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(439,425,402)
<b>Total movements in working capital items</b>		<b>1,061,698,492</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(309,550,871)
<b>Total items classified as investing activities</b>		<b>(309,550,871)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(38,662,718)</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>43,902,165</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>5,239,447</b>

**Ankpa Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 2019, 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 2019**  
**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.

**Ankpa Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 Ankpa Local Government as a set of Guidelines to direct the processes and procedures relating to financial reporting in the State Government financial statements.

**Ankpa Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**Notes to the Financial Statements**

Thus, in line with the Format, the 2019 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.

**g) 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.

**h) 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 2019. 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.

**e) 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.

**xi) 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.

**xii) 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.

**xiii) 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.

**xiv) 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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**xv) 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.

**f) 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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**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. 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.

**vi) 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-

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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 2019, Ankpa Local Government has recognized financial liabilities measured at amortized cost. These include Ankpa Local and foreign debts and investments.

**o) Classification**

**ix) 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.

**x) 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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**xi) 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.

**xii) Financial Liabilities at Amortized Cost**

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

**p) Categories & Measurement**

**ix) 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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**x) 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.

**xi) 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.

**xii) 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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**q) 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.

**r) 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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**s) 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.

**t) 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.

**u) 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:

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

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**

**o) 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.

**p) 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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- e. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,
- f. 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.

**q) 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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**r) 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.

**s) 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.

**t) 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.

**u) 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 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	36,996,321	-	(36,996,321)	26,427,698
2	Recovered Excess Bank Charges	-	-	-	21,249,524
3	Statutory Allocation	1,504,703,778	5,560,221,420	4,055,517,642	1,279,863,118
4	Exchange Difference	2,801,016	-	(2,801,016)	8,850,275
5	NNPC Refund	-	-	-	3,346,782
6	JAAC Special Allocation	154,713,389	-	(154,713,389)	347,902,739
7	Budget Augmentation	800,994,180	-	(800,994,180)	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	7,354,259	-	(7,354,259)	4,477,764
10	Ganished Fund	-	-	-	-
11	Salary Bailout	-	-	-	-
<b>Total Statutory Revenue</b>		<b>2,507,562,943</b>	<b>5,560,221,420.00</b>	<b>3,052,658,477</b>	<b>1,692,117,900.63</b>

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 2019. 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/TRANSFER	TOTAL
1	January	108,772,872				7,058,720			76,792,508		192,624,100
2	February	58,673,207		280,062		3,951,566					62,904,835
3	March	130,262,109				1,784,834					132,046,943
4	April	25,732,417		241,514		6,394,064			77,920,882		110,288,877
5	May	99,730,647		224,274		4,686,615					104,641,536
6	June	162,278,291		335,666		2,240,059					164,854,016
7	July	162,271,646		301,630		684,431				751,994,180	915,251,886
8	August	159,965,968		294,032		4,209,674					164,469,674
9	September	161,174,883		299,318		5,986,357					167,460,558
10	October	156,375,670		274,324							156,649,994
11	November	153,977,532		322,999				2,467,002		49,000,000	205,767,534
12	December	125,488,536		227,197				4,887,257			130,602,989
-											
<b>Total</b>		<b>1,504,703,778</b>	<b>-</b>	<b>2,801,016</b>	<b>-</b>	<b>36,996,321</b>	<b>-</b>	<b>7,354,259</b>	<b>154,713,389</b>	<b>800,994,180</b>	<b>2,507,562,943</b>

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<b>Note 10: Government Share of Value Added Tax (VAT)</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	451,865,838	442,491,620	9,374,218	444,886,595
<b>Total</b>		<b>451,865,838</b>	<b>442,491,620.00</b>	<b>9,374,218</b>	<b>444,886,595</b>
<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 2019</p>					

<b>Note 10 a : Government Share of Value Added Tax (VAT)</b>			
S/N	Month	Year Ended 31 December 2019	Year Ended 31 December 2018
1	January	41,305,144	34,264,848
2	February	42,726,502	39,102,024
3	March	39,066,771	36,036,326
4	April	38,866,548	33,780,165
5	May	5,175,903	35,957,586
6	June	44,148,875	38,523,934
7	July	45,084,258	34,656,733
8	August	39,130,897	32,554,350
9	September	37,067,302	46,466,721
10	October	38,345,906	32,063,299
11	November	43,315,254	42,400,499
12	December	37,632,479	39,080,110
<b>Total</b>		<b>451,865,838</b>	<b>444,886,595</b>
<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 2019</p>			

**Ankpa Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	BAKE HOUSE LICENSE	95,640		95,640	51,100
2	DRIED FISH AND MEAT LICENSE	125,800		125,800	54,900
3	HAWKERS PERMIT	111,400		111,400	137,520
4	PRODUCE BUYING LICENSE	119,200		119,200	57,960
5	ABATTOIR/SLAUGHTER LICENSE	46,390		46,390	75,350
6	HIRING SERVICES	200,130		200,130	47,640
7	LIQUOR LICENSE	116,580		116,580	236,400
8	TRADE PERMIT LICENSE	48,500		48,500	129,570
9	MINING RENT	-		-	79,640
10	DEVELOPMENT LEVIES	75,200		75,200	134,500
11	BUSINESS/TRADE OPERATING FEE	1,312,680		1,312,680	427,120
12	TIMBER/FOREST FEES	1,649,040		1,649,040	831,890
13	PARKING FEES	985,660		985,660	705,525
14	FINES/PENALTIES	35,440		35,440	63,000
<b>Total</b>		<b>4,921,660</b>	<b>-</b>	<b>4,921,660</b>	<b>3,032,115</b>

**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 2019		
		Actual	Budget	Variance
	SALES OF ID CARDS(STATE ORIGIN)	2,000		2,000.00
	SALES OF STORES/SCRAP/UNSERVICEABLE ITEMS	145,000		145,000.00
	SALES OF IMPROVED SEED/CHEMICAL	4,000		4,000.00
	EARNING FROM HIRING OF PLANTS/EQUIPMENTS	3,500,000		3,500,000.00
	EARNING FROM COMMERCIAL ACTIVITIES	3,052,720		3,052,720.00
	RENT ON GOVERNMENT BUILDING	1,125,380		1,125,380.00
	RENT ON GOVERNMENT PROPERTIES	13,000		
	RENT AND PREMIUM ON THE ALLOCATION OF LAND	1,400,000		1,400,000.00
<b>Total</b>		<b>9,242,100</b>	<b>-</b>	<b>9,229,100.00</b>

**Ankpa Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 15 : Salaries & Wages**

S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018
		Actual		Budget	Variance	Actual
<b>SALARIES AND WAGES</b>		<b>Total Salary</b>	<b>Payment</b>	<b>Balance Payable</b>		
1	SALARY	884,703,157	449,724,105	434,979,052	2,776,179,020	2,326,454,915
2	PAST POLITICAL OFFICE HOLDER	55,722,224	27,861,112	27,861,112		(27,861,112.20)
<b>Total SALARIES AND WAGES</b>		<b>940,425,381</b>	<b>477,585,217</b>	<b>462,840,164</b>	<b>2,776,179,020</b>	<b>2,298,593,803</b>
<b>ALLOWANCE AND SOCIAL CONTRIBUTION</b>						
1	NYSC Monthly Allowance.	1,036,926	1,036,926			(1,036,926)
2	F & GPC Allowance.	7,080,000	7,080,000			(7,080,000)
3	Monthly Allowance.	7,224,363	7,224,363			(7,224,363)
4	Gagos Allowance	-	-			-
5	Special Advisers Allowance.	10,163,779	10,163,779			(10,163,779)
6	Sitting Allowance.	18,198,985	18,198,985			(18,198,985)
7	Traditional Council Allowances.	43,704,052	43,704,052			(43,704,052)
8	TIC Allowance					-
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>87,408,104.56</b>	<b>87,408,105</b>	<b>-</b>	<b>-</b>	<b>(87,408,105)</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>1,027,833,486</b>	<b>564,993,322</b>	<b>462,840,164</b>	<b>2,776,179,020.00</b>	<b>2,211,185,698</b>

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 2019. The cumulative figure paid through respective Economic Line items are as shown above.

**NOTE 16 : Social Benefits**

S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018
		Actual		Budget	Variance	Actual
<b>SOCIAL BENEFITS</b>		<b>Total Pension</b>	<b>Payment</b>	<b>Balance Payable</b>		
1	Actual Pension	906,745,648	532,713,068	374,032,580		(906,745,648)
2	Gratuity & Arrears					-
<b>Total SOCIAL BENEFITS</b>		<b>906,745,648</b>	<b>532,713,068</b>	<b>374,032,580</b>	<b>-</b>	<b>(906,745,648)</b>

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 2019.



**Ankpa Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	Travelling Expenses	98,408,248		(98,408,247.55)	52,018,971
	Printing And Stationary	123,617,661		(123,617,661)	99,700,000
	Communication And Postages	23,241,000		(23,241,000)	2,530,562
	Professional Charges	48,577,439		(48,577,439)	25,144,057
	Gift And Donations	72,639,416		(72,639,416)	3,510,000
	Security Expenses	81,435,053		(81,435,053)	32,000,000
	Office General Expenses	33,975,265		(33,975,265)	10,052,225
	Education And Science Development	-		-	380,238
	Agricultural Development	35,875,000		(35,875,000)	5,485,714
	Sport And Youth Development	3,230,000		(3,230,000)	2,800,000
	Medical/Public Health Expense	26,107,000		(26,107,000)	80,396,766
	Rent	2,100,000		(2,100,000)	
	Training, Seminars And Workshops	18,000,000		(18,000,000)	17,052,224
	Operational Expenses	124,395,462		(124,395,462)	67,966,167
	Loss on sales of motor vehicles				8,537,000
	Arrears of Payee and Dues Paid from Bailout	235,190,498		(235,190,498)	
	Repair And Maintenance			-	600,882,002
	Rehabilitation Repair of Housing	4,276,000		(4,276,000)	
	Rehabilitation/Repair of Office Building	14,037,269		(14,037,269)	
	Rehabilitation/Repair of Public School	2,500,000		(2,500,000)	
	Rehabilitation/Repair of Roads	196,801,109		(196,801,109)	
	<b>Subventions:</b>			-	
	LGEA-SUBEB	626,945,122		(626,945,122)	
	<b>Satutory Expenses:</b>				
	1% Local Government Service Commission	9,560,494		(9,560,494)	
	1% Min. for Local Government & Chieftancy Affairs	12,062,923		(12,062,923)	
	1% AUDITOR General for LG	16,812,576		(16,812,576)	
	5% - Council of Chiefs	16,804,728		(16,804,728)	
		<b>1,826,592,264</b>	<b>-</b>	<b>(1,826,592,264)</b>	<b>1,008,455,926</b>

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.

		<b>1,826,592,264</b>	<b>-</b>	<b>(1,826,592,264)</b>	<b>1,008,455,926</b>
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Ankpa Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2019					
Notes to the Financial Statements					
<b>NOTE 18 : Public Debt Charges</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	3,231,483	-	(3,231,483)	-
2	Domestic Loan Interest / Discount	-	-	-	-
3	Domestic Interest/ Discount - Treasury Bill	-	-	-	-
4	Others	-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>3,231,483</b>	<b>-</b>	<b>(3,231,483)</b>	<b>-</b>
<p>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 unmastured debts.</p>					

<b>Note 19 : Cash &amp; Cash Equivalent (By Banks)</b>			
S/N	Bank Name	Year Ended 31 December 2019	Year Ended 31 December 2018
		Amount	Amount
1	Cash in the till	1,181	5,514
2	UBA Bank Plc	291,813	962,000
3	First Bank Plc	4,221	281,547
4	Access Bank Plc	4,937,997	42,653,104
5	Polaris Bank Limited	4,235	-
		<b>5,239,446</b>	<b>43,902,165</b>
<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 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 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>			

**Ankpa Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**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	Clearing of Right of ways						199,095,205		199,095,205
										-
<b>Total</b>								<b>199,095,205</b>	<b>-</b>	<b>199,095,205</b>

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 2019**

**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
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	127,922,750	-	9,910,000	13,650,000	-	-	81,889,000	177,201,000	3,448,881,359	3,859,454,109
Additions During the year	10,000,000	43,294,540	1,280,000	153,243,166	-	79,133,112	22,600,053	-	-	309,550,871
Recognition of Legacy PPE	-	-	-	-	-	-	-	-	-	-
PPE under Test Running	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>137,922,750</b>	<b>43,294,540</b>	<b>11,190,000</b>	<b>166,893,166</b>	<b>-</b>	<b>79,133,112</b>	<b>104,489,053</b>	<b>177,201,000</b>	<b>3,448,881,359</b>	<b>4,169,004,980</b>
<b><u>ACCUMULATED DEPRECIATION</u></b>										
<b>DEPRECIATION RATE</b>	<b>20%</b>	<b>25%</b>	<b>10%</b>	<b>1%</b>	<b>25%</b>	<b>20%</b>	<b>25%</b>		<b>2%</b>	
Balance b/forward 01 January 2019	51,169,100	-	1,982,000	354,900	-	-	40,944,500	-	137,858,814	232,309,314
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
<b>Total Charge for the Year</b>	<b>27,584,550</b>	<b>10,823,635</b>	<b>1,119,000</b>	<b>2,169,611</b>	<b>-</b>	<b>15,826,622</b>	<b>26,122,263</b>	<b>-</b>	<b>68,977,627</b>	<b>152,623,309</b>
<b>Balance c/forward 31 December 2019</b>	<b>78,753,650</b>	<b>10,823,635</b>	<b>3,101,000</b>	<b>2,524,511</b>	<b>-</b>	<b>15,826,622</b>	<b>67,066,763</b>	<b>-</b>	<b>206,836,441</b>	<b>384,932,622</b>
<b><u>ACCUMULATED IMPAIRMENT</u></b>										
Balance b/forward 01 January 2019	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>NET BOOK VALUE</u></b>										
Balance as at 31 December 2019	59,169,100	32,470,905	8,089,000	164,368,655	-	63,306,490	37,422,289	177,201,000	3,242,044,918	3,784,072,357
Balance as at 01 January 2019	76,753,650	-	7,928,000	13,295,100	-	-	40,944,500	177,201,000	3,311,022,545	3,627,144,795

**Ankpa Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25 : Short Term Loans & Debts**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	4,242,488,056	3,314,491,946
3	Other Payables (25b)	1,005,537,485	631,504,905
4	Loan in respect of IGR generation (NEXIA )	199,095,205	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>5,447,120,746</b>	<b>3,945,996,852</b>

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 2019	Year Ended 31 December 2018
	Balance b/f	3,314,491,946	2,713,202,775
1	Salary Payables for the year	462,840,164	573,428,059
2	L.G Staff Leave Bonus	465,155,945	27,861,112
		-	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>4,242,488,056</b>	<b>3,314,491,946</b>

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 (Salary Payables)**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Balance b/f	631,504,905	178,132,081
2	Pension for the year	374,032,580	453,372,824
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>1,005,537,485</b>	<b>631,504,905</b>

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

<b>Ankpa Local Government of Kogi State</b>
<b>Financial Statements for the Year Ended 31 December 2019</b>
<b>Notes to the Financial Statements</b>

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

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Payee	10,366,799	-
2	NULGE	8,451,016	
3	M & HWUN	1,885,782	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>20,703,598</b>	<b>-</b>

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 2019	Year Ended 31 December 2018
1	Unremitted Deductions	-	31,028,980
		-	
<b>Total Unremitted Deductions</b>		<b>-</b>	<b>31,028,980</b>

**Note 29 : Reserves**

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2019		(305,978,871)
<b>IPSA Adjustments</b>			
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(209,301,218)	
<b>Total IPSA Adjustments</b>			(209,301,218)
<b>Closing Balance as at 31 December 2019</b>			<b>(515,280,089)</b>

**BASSA LOCAL GOVERNMENT OF  
KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**



# 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 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 Bassa 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.

**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 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. 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 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.

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 2019 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 2019**

**Statement of Financial Performance**

	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	1,309,120,627	1,139,482,326
Government Share of VAT	10	327,785,334	320,213,117
Tax Revenue	11	14,164,690	1,017,428
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>1,651,070,650</b>	<b>1,460,712,871</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	621,691,585	625,457,113
Social Benefits	16	249,665,282	268,033,624
Overhead Cost	17	1,174,064,962	853,919,708
Depreciation Charges	23	69,600,465	60,483,618
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>2,115,022,295</b>	<b>1,807,894,063</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>(463,951,644)</b>	<b>(347,181,192)</b>
Public Debt Charges	18	2,293,120	255,192
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>(466,244,765)</b>	<b>(347,436,385)</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>(466,244,765)</b>	<b>(347,436,385)</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>(466,244,765)</b>	<b>(347,436,385)</b>



**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 2019**


**Statement of Financial Position**


ASSETS	Notes	Year Ended 31 December 2019		Year Ended 31 December 2018	
<b>Current Assets</b>					
Cash and Cash Equivalents	19	25,815,120		57,788,869	
Prepayment	20	125,145,422		-	
Other Current Assets	20b	-		7,269,270	
<b>Total Current Assets</b>			<b>150,960,542</b>		<b>65,058,139</b>
<b>Non-Current Assets</b>					
Long Term Loans	21	-		-	
Investments	22	-		1,605,912	
Property, Plant & Equipment	23	1,639,509,511		1,391,062,847	
Intangible Assets	24	-		-	
<b>Total Non-Current Assets</b>			<b>1,639,509,511</b>		<b>1,392,668,759</b>
<b>Total Assets</b>			<b>1,790,470,053</b>		<b>1,457,726,898</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Short Term Loans & Debts	25	3,575,217,252		3,575,217,252	
Unremitted Deductions	26	-		-	
Payables	27	-		-	
<b>Total Current Liabilities</b>			<b>3,575,217,252</b>		<b>3,575,217,251.51</b>
<b>Non-Current Liabilities</b>					
Long Term Borrowings	28	-		-	
<b>Total Non-Current Liabilities</b>			<b>-</b>		<b>-</b>
<b>Total Liabilities</b>			<b>3,575,217,252</b>		<b>3,575,217,252</b>
<b>Net Assets</b>			<b>(1,784,747,198)</b>		<b>(2,117,490,353)</b>
<b>NET ASSETS/EQUITY</b>					
Reserves	29	(1,318,502,434)		(1,770,053,969)	
Accumulated Surpluses/(Deficits)		(466,244,765)		(347,436,385)	
<b>Total Net Assets/Equity</b>			<b>(1,784,747,198)</b>		<b>(2,117,490,353)</b>




**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 2019			
Statement of Change in Assets/Equity			
Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2018	(1,770,053,969)	(347,436,385)	(2,117,490,353)
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-	-	-
Opening Balance as at 01 January 2019	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(466,244,765)	(466,244,765)
Reserves (Note 29)	(1,318,502,434)		(1,318,502,434)
Closing Balance as at 31 December 2019	(1,318,502,434)	(466,244,765)	(1,784,747,198)

  
**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 2019			
Statement of Cashflow			
Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	1,309,120,627	1,139,482,326
Government Share of VAT	10	327,785,334	320,213,117
Tax Revenue	11	14,164,690	1,017,428
Non-Tax Revenue	12	-	
Aid and Grants	13	-	
Interest Earned	14	-	
<b>Total Inflow From Operating Activities</b>		<b>1,651,070,650</b>	<b>1,460,712,870.88</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	621,691,585	625,457,113
Social Benefits	16	249,665,282	268,033,624
Overhead Cost(s)	17	1,174,064,962	853,919,708
Transfer to other Government Entities		-	-
Finance Cost	18	2,293,120	255,192
Finance Cost			
<b>Total Outflow From Operating Activities</b>		<b>2,047,714,950</b>	<b>1,747,665,637</b>
<b>Net Cash Flow From Operating Activities</b>		<b>(396,644,299)</b>	<b>(286,952,766)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(318,047,129)	(69,969,630)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(318,047,129)</b>	<b>(69,969,630)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	684,678,153	587,306,054
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(1,960,473)	(173,592,578)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>682,717,680</b>	<b>413,713,476</b>
<b>Net Cash Flow From All Activities</b>		<b>(31,973,748)</b>	<b>56,791,079</b>
<b>Open Cash Balance</b>		<b>57,788,868</b>	<b>997,789</b>
<b>Closing Cash Balance</b>		<b>25,815,120</b>	<b>57,788,868</b>
 <b>TUKURA STEPHEN WABARE</b> Local Government Treasurer (LGT) Bassa Local Government Kogi State			

Bassa Local Government of Kogi State						
Financial Statements for the Year Ended 31 December 2019						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
RECURRENT REVENUE		Original	Supplementary	Final		
Government Share of FAAC (Statutory Revenue)	9	3,955,612,100	425,700,000	4,381,312,100	1,014,175,752	(3,367,136,348)
Excess Crude	9		-	-	5,830,153	5,830,153
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	2,011,954	2,011,954
Refund from Federal Government	9		-	-	261,697,285	261,697,285
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	24,385,954	24,385,954
Excess Bank Charge	9		-	-	1,019,528	1,019,528
Government Share of VAT	10	306,299,090	-	306,299,090	327,785,334	21,486,244
Tax Revenue	11	12,730,410	-	12,730,410	14,164,690	1,434,280
Non-Tax Revenue	12		-	-	-	-
<b>TOTAL RECURRENT REVENUE</b>		<b>4,274,641,600</b>	<b>-</b>	<b>4,700,341,600</b>	<b>1,651,070,650</b>	<b>(3,049,270,950)</b>
<b>CAPITAL RECEIPT</b>						
		-	-	-	-	-
<b>TOTAL CAPITAL RECEIPT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>		<b>4,274,641,600</b>	<b>-</b>	<b>4,700,341,600</b>	<b>1,651,070,650</b>	<b>(3,049,270,950)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	2,252,560,860		2,252,560,860	621,691,585	1,630,869,275
Social Benefits	16	42,172,810		42,172,810	249,665,282	(207,492,472)
Overhead Cost	17	708,536,540	300,500,000	1,009,036,540	1,174,064,962	(165,028,422)
Public Debt Charges	18	168,063,760	-	168,063,760		168,063,760
Impairment (Loss) on Investment	22	-	-	-		-
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>3,171,333,970</b>	<b>300,500,000</b>	<b>3,471,833,970</b>	<b>2,045,421,830</b>	<b>1,426,412,140</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	1,050,812,320	210,503,430	1,261,315,750	318,047,129	943,268,621
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,050,812,320</b>	<b>210,503,430</b>	<b>1,261,315,750</b>	<b>318,047,129</b>	<b>943,268,621</b>
<b>TOTAL EXPENDITURE</b>		<b>4,222,146,290</b>	<b>511,003,430</b>	<b>4,733,149,720</b>	<b>2,363,468,959</b>	<b>2,369,680,762</b>
 <b>TUKURA STEPHEN WABARE</b> Local Government Treasurer (LGT) Bassa Local Government Kogi State						

<b>Bassa Local Government of Kogi State</b>		
<b>Financial Statements for the Year Ended 31 December 2019</b>		
<b>Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities</b>		
Description	Notes	Year Ended 31 December 2019
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>(466,244,765)</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	69,600,465
Impairment of Investments	22	-
<b>Total non-cash Items</b>		<b>(396,644,299)</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	684,678,153
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(1,960,473)
<b>Total movements in working capital items</b>		<b>682,717,680</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(318,047,129)
<b>Total items classified as investing activities</b>		<b>(318,047,129)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(31,973,748)</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>57,788,868</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>25,815,120</b>

**Bassa Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 Bassa Local Governments of Kogi State for the financial year ended 31 December 2019, 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.



**Bassa Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 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**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 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**  
**Financial Statements for the Year Ended 31 December 2019**  
**Notes to the Financial Statements**

Thus, in line with the Format, the 2019 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.

**i) 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.

**j) 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**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 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 2019. 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 2019**  
**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 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**  
**Financial Statements for the Year Ended 31 December 2019**  
**Notes to the Financial Statements**

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.

**Bassa Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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.

**h) 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**  
**Financial Statements for the Year Ended 31 December 2019**  
**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.



**Bassa Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 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 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 2019, Bassa Local Government has recognized financial liabilities measured at amortized cost. These include Bassa Local and foreign debts and investments.

**Bassa Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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. 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.

**Bassa Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 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.

**Bassa Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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.

**Bassa Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
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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.

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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:

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

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**

**v) 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.

**w) 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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- e. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,
- f. 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.

**x) 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.

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**y) 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.

**z) 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.

**aa) 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.

**bb) 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.

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

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	24,385,954	-	(24,385,954)	-
2	Recovered Excess Bank Charges	1,019,528	-	(1,019,528)	239,558
3	Statutory Allocation	1,014,175,752	4,381,312,100	3,367,136,348	
4	Exchange Difference	2,011,954	-	(2,011,954)	
5	NNPC Refund	-	-	-	
6	JAAC Special Allocation	261,697,285	-	(261,697,285)	
7	Budget Augmentation	-	-	-	
8	Non-oil Revenue	-	-	-	
9	Solid Minerals (Oil Excess Revenue)	5,830,153	-	(5,830,153)	
10	Ganished Fund	-	-	-	
11	Salary Bailout	-	-	-	
<b>Total Statutory Revenue</b>		<b>1,309,120,627</b>	<b>4,381,312,100.00</b>	<b>3,072,191,473</b>	<b>239,558.00</b>

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 2019. 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	89,205,148		-							89,205,148
2	February	-		221,750					85,329,627		85,551,378
3	March	-		-		9,891,643			76,296,069		86,187,712
4	April	-		191,229		5,911,535	1,019,528		70,071,589		77,193,881
5	May	88,527,814		177,578							88,705,392
6	June	-		-							-
7	July	127,598,231		265,777							127,864,007
8	August	250,691,298		265,777							250,957,075
9	September	123,977,025		236,997							124,214,022
10	October	120,177,058		217,207		509,663					120,903,928
11	November	118,278,237		255,748				1,960,473			120,494,457
12	December	95,720,941		179,892		8,073,113		3,869,680	30,000,000		137,843,626
-											
<b>Total</b>		<b>1,014,175,752</b>	<b>-</b>	<b>2,011,954</b>	<b>-</b>	<b>24,385,954</b>	<b>1,019,528</b>	<b>5,830,153</b>	<b>261,697,285</b>	<b>-</b>	<b>1,309,120,627</b>



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<b>Note 10: Government Share of Value Added Tax (VAT)</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	327,785,334	306,299,090	21,486,244	320,213,117
<b>Total</b>		<b>327,785,334</b>	<b>306,299,090</b>	<b>21,486,244</b>	<b>320,213,117</b>
<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 2019</p>					

<b>Note 10a : Government Share of Value Added Tax (VAT)</b>			
S/N	Month	Year Ended 31 December 2019	Year Ended 31 December 2018
1	January	32,248,616	
2	February	-	
3	March	33,336,630	30,415,226
4	April	30,403,097	27,996,629
5	May	38,926,175	26,257,001
6	June	-	28,148,941
7	July	34,351,116	30,126,841
8	August	65,615,917	26,985,951
9	September	-	25,381,139
10	October	29,827,806	36,171,403
11	November	33,693,270	24,948,680
12	December	29,382,706	63,781,305
<b>Total</b>		<b>327,785,334</b>	<b>320,213,116.98</b>
<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 2019</p>			

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**NOTE 15 : Salaries & Wages**

S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018	
		Actual			Budget	Variance	Actual
<b>SALARIES AND WAGES</b>							
1	SALARY	621,691,585	186,557,112	435,134,473		(621,691,585)	374,648,343
2	WAGES						
<b>Total SALARIES AND WAGES</b>		<b>621,691,585</b>	<b>186,557,112</b>	<b>435,134,473</b>	<b>-</b>	<b>(621,691,585)</b>	<b>374,648,342.62</b>
<b>ALLOWANCE AND SOCIAL CONTRIBUTION</b>							
						-	
						-	
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>621,691,585</b>	<b>186,557,112</b>	<b>435,134,473</b>	<b>-</b>	<b>(621,691,585)</b>	<b>374,648,343</b>

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 2019. The cumulative figure paid through respective Economic Line items are as shown above.

**NOTE 16 : Social Benefits**

S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018	
		Actual			Budget	Variance	Actual
<b>SOCIAL BENEFITS</b>		<b>Total Pension</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	Pension	249,665,282	125,267,024	124,398,258	42,172,810	(83,094,214)	81,303,899
						-	
<b>Total SOCIAL BENEFITS</b>		<b>249,665,282</b>	<b>125,267,024</b>	<b>124,398,258</b>	<b>42,172,810</b>	<b>(83,094,214)</b>	<b>81,303,899</b>

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 2019.

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**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	LOCAL TRANSPORT AND TRAVELLING	34,730,286		(34,730,285.72)	80,500,565
	REPAIR AND MAINTENANCE OF MOTOR VEHICLES & EQUIPMENT	12,279,942		(12,279,942)	23,330,188
	LOCAL TRAINING & WELFARE	84,577,730		(84,577,730)	82,066,256
	PRINTING & STATIONERY	19,667,601		(19,667,601)	16,677,976
	CONSULTANCY SERVICES	5,850,000		(5,850,000)	23,722,786
	GRANT CONTRIBUTION & SUBVENTION	97,777,911		(97,777,911)	33,547,425
	MISCELLANEOUS			-	81,495,914
	SERVICE MATERIAL EXPENSES	140,665,897		(140,665,897)	106,076,048
	ENTERTAINMENT & HOSPITALITY			-	900,000
	REHABILITATION OF ROADS			-	107,961,233
	REHABILITATION OF BOREHOLES			-	10,740,000
	HEALTH INTERVENTION PROGRAMES	42,141,857		(42,141,857)	55,831,000
	EXPENDITURE ON BAILOUT	270,001,457		(270,001,457)	
	SECURITY EXPENSES	81,029,346		(81,029,346)	
	PURCHASE OF FERTILIZER AND SEEDLINGS	79,775,093		(79,775,093)	
	KOGI STATE INTERVENTION TO TRANSPORTER	4,016,096		(4,016,096)	
	KOGI SPORTS INTERVENTION PROGRAMME	17,747,137		(17,747,137)	
	COUNTERPART FUNDING FOR MATERNAL CARES	9,757,500		(9,757,500)	
	ASSISTANCE TO PHYSICAL CHALLENGED AND WIDOWS	8,150,000		(8,150,000)	
	RENOVATION OF CHAIRMAN QUARTERS	4,497,000		(4,497,000)	
	<b>SUBVENTION:</b>				
	LG&A-SUBEB	217,884,136		(217,884,136)	231,070,316
	<b>STATUTORY EXPENSES</b>				
	1% LOCAL GOVERNMENT SERVICE COMMISSION	8,531,905		(8,531,905)	
	1% MIN. FOR LG&CA	7,531,200		(7,531,200)	
	1% AUDITOR GENERAL FOR LOCAL GOVERNMENT	11,458,095		(11,458,095)	
	5% - COUNCIL OF CHIEFS	15,994,773		(15,994,773)	
		<b>1,174,064,962</b>	<b>-</b>	<b>(1,174,064,962)</b>	<b>853,919,708</b>

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.

		<b>1,174,064,962</b>	<b>-</b>	<b>(1,174,064,962)</b>	<b>853,919,708</b>
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**Bassa Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 18 : Public Debt Charges**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	2,293,120	-	(2,293,120)	255,192
		-	-	-	-
		-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>2,293,120</b>	<b>-</b>	<b>(2,293,120)</b>	<b>255,192</b>

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 premium and discounts on unmastured debts.

**Note 19 : Cash & Cash Equivalent (By Banks)**

S/N	Bank Name	Year Ended 31 December 2019	Year Ended 31 December 2018
		Amount	Amount
1	UBA Bank Plc	162,251	
2	Access Bank Plc	25,652,869	57,788,869
		<b>25,815,120</b>	<b>57,788,869</b>

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.

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**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	Nexia Agbo Abel & Co	IGR Generation for Local Government						125,145,422		125,145,422
2										-
<b>Total</b>								125,145,422	-	125,145,422

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

**Note 20 b: Other Current Assets**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	ADVANCES	-	7,269,270
<b>Total</b>		-	7,269,270

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
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	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
Additions During the year		2,699,000		293,815,129		995,000	17,694,000	2,844,000		318,047,129
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>20,267,085</b>	<b>7,776,476</b>	<b>6,500,000</b>	<b>344,024,283</b>	<b>-</b>	<b>995,000</b>	<b>138,757,906</b>	<b>71,666,000</b>	<b>1,179,606,845</b>	<b>1,769,593,595</b>
<b><u>ACCUMULATED DEPRECIATION</u></b>										
<b>DEPRECIATION RATE</b>	<b>20%</b>	<b>25%</b>	<b>10%</b>	<b>1%</b>	<b>25%</b>	<b>20%</b>	<b>25%</b>		<b>2%</b>	
Balance b/forward 01 January 2019	4,053,417	1,269,369	650,000	652,719	-	-	30,265,977	-	23,592,137	60,483,618
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	4,053,417	1,944,119	650,000	4,472,316	-	199,000	34,689,477	-	23,592,137	69,600,465
<b>Balance c/forward 31 December 2019</b>	<b>8,106,834</b>	<b>3,213,488</b>	<b>1,300,000</b>	<b>5,125,035</b>	<b>-</b>	<b>199,000</b>	<b>64,955,453</b>	<b>-</b>	<b>47,184,274</b>	<b>130,084,084</b>
<b><u>ACCUMULATED IMPAIRMENT</u></b>										
Balance b/forward 01 January 2019	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>NET BOOK VALUE</u></b>										
Balance as at 31 December 2019	12,160,251	4,562,988	5,200,000	338,899,248	-	796,000	73,802,453	71,666,000	1,132,422,571	1,639,509,511
Balance as at 01 January 2019	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

**Bassa Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25 : Short Term Loans & Debts**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	3,292,559,613	2,857,425,140
3	Other Payables (25b)	819,614,451	695,216,192
4	Term Loan (25c)	147,721,341	22,575,919
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>4,259,895,405</b>	<b>3,575,217,252</b>

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 2019	Year Ended 31 December 2018
1	Balance b/f	2,857,425,140	2,456,848,811
2	Salary Payables for the year	435,134,473	400,576,329
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>3,292,559,613</b>	<b>2,857,425,140</b>

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 2019****Notes to the Financial Statements****Note 25b : Other Payables**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
	Balance b/f	695,216,192	508,486,468
1	Pension	124,398,258	186,729,724
			-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>819,614,451</b>	<b>695,216,192</b>

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 2019	Year Ended 31 December 2018
1	Overdraft - UBA	22,575,919	22,575,919
2	Loan-NEXIA Agbo Abel & Co	125,145,422	
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>147,721,341</b>	<b>22,575,919</b>

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 2019**

**Notes to the Financial Statements**

**Note 29 : Reserves**

<b>S/N</b>	<b>Description</b>	<b>Amount</b>	<b>Amount</b>
1	Opening Balance as at 01 January 2019		(2,117,490,353)
	<b>IPSA Adjustments</b>		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	798,987,920	
	<b>Total IPSA Adjustments</b>		798,987,920
<b>Closing Balance as at 31 December 2019</b>			<b>(1,318,502,434)</b>

**DEKINA LOCAL GOVERNMENT OF  
KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**



# DEKINA LOCAL GOVERNMENT COUNCIL KOGI STATE

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



*Your Ref:*

*Your Ref:*

*Date:*

## **Report of the Treasurer On The Financial Statements of Dekina 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 Dekina 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.

**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 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. 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 2019 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 2019**

**Statement of Financial Performance**

	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	2,896,082,340	1,603,654,310
Government Share of VAT	10	402,848,053	439,169,542
Tax Revenue	11	3,705,295	5,324,752
Non-Tax Revenue	12	-	1,362,419
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>3,302,635,688</b>	<b>2,049,511,024</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	603,220,647	476,727,314
Social Benefits	16	655,235,436	320,298,633
Overhead Cost	17	1,848,667,490	1,673,250,351
Depreciation Charges	23	782,275,145	761,159,781
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>3,889,398,718</b>	<b>3,231,436,079</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>(586,763,030)</b>	<b>(1,181,925,055)</b>
Public Debt Charges	18	3,027,986	5,647,555
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>(589,791,016)</b>	<b>(1,187,572,610)</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>(589,791,016)</b>	<b>(1,187,572,610)</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>(589,791,016)</b>	<b>(1,187,572,610)</b>



**OKUTE RABIETU**

Local Government Treasurer (LGT)

Treasurer Dekina Local Government

Kogi State

**Dekina Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Statement of Financial Position**

ASSETS	Notes	Year Ended 31 December 2019		Year Ended 31 December 2018	
<b>Current Assets</b>					
Cash and Cash Equivalents	19	20,334,654		48,747,350	
Prepayment	20	241,461,008		-	
Other Current Assets	20b	-		10,905,000	
<b>Total Current Assets</b>			<b>261,795,662</b>		<b>59,652,350</b>
<b>Non-Current Assets</b>					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	16,022,040,709		16,703,580,520	
Intangible Assets	24	-		-	
<b>Total Non-Current Assets</b>			<b>16,022,040,709</b>		<b>16,703,580,520</b>
<b>Total Assets</b>			<b>16,283,836,371</b>		<b>16,763,232,871</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Short Term Loans & Debts	25	3,484,934,059		2,835,950,336	
Unremitted Deductions	26	-		-	
Payables	27	-		-	
<b>Total Current Liabilities</b>			<b>3,484,934,059</b>		<b>2,835,950,336</b>
<b>Non-Current Liabilities</b>					
Long Term Borrowings	28	801,100,210		-	
<b>Total Non-Current Liabilities</b>			<b>801,100,209.81</b>		<b>-</b>
<b>Total Liabilities</b>			<b>4,286,034,269</b>		<b>2,835,950,336</b>
<b>Net Assets</b>			<b>11,997,802,103</b>		<b>13,927,282,535</b>
<b>NET ASSETS/EQUITY</b>					
Reserves	29	12,587,593,119		15,114,855,145	
Accumulated Surpluses/(Deficits)		(589,791,016)		(1,187,572,610)	
<b>Total Net Assets/Equity</b>			<b>11,997,802,103</b>		<b>13,927,282,535</b>



**OKUTE RABIETU**

Local Government Treasurer (LGT)

Treasurer Dekina Local Government

Kogi State

**Dekina Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Statement of Change in Assets/Equity**

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
<b>Closing Balance 31 December 2017</b>	15,114,855,145	(1,187,572,610)	13,927,282,535
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-	-	-
<b>Opening Balance as at 01 January 2018</b>	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(589,791,016)	(589,791,016)
Reserves (Note 29)	12,587,593,119		12,587,593,119
<b>Closing Balance as at 31 December 2018</b>	12,587,593,119	(589,791,016)	11,997,802,103



**OKUTE RABIETU**

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

**Dekina Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**Statement of Cashflow**

Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	2,896,082,340	1,603,654,310
Government Share of VAT	10	402,848,053	439,169,542
Tax Revenue	11	3,705,295	5,324,752
Non-Tax Revenue	12	-	1,362,419
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>3,302,635,688</b>	<b>2,049,511,024</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	603,220,647	476,727,314
Social Benefits	16	655,235,436	320,298,633
Overhead Cost(s)	17	1,848,667,490	1,673,250,351
Transfer to other Government Entities		-	-
Finance Cost	18	3,027,986	5,647,554.96
Finance Cost			
<b>Total Outflow From Operating Activities</b>		<b>3,110,151,559</b>	<b>2,475,923,853</b>
<b>Net Cash Flow From Operating Activities</b>		<b>192,484,129</b>	<b>(426,412,830)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(100,735,334)	(186,533,901)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(100,735,334)</b>	<b>(186,533,901)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	648,983,723	421,854,430
Proceeds from Borrowings - Long Term Loan	28	801,100,210	-
Repayment of Borrowings		(1,570,245,425)	(109,131,739)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>(120,161,492)</b>	<b>312,722,691</b>
<b>Net Cash Flow From All Activities</b>		<b>(28,412,697)</b>	<b>(300,224,039)</b>
<b>Open Cash Balance</b>		<b>48,747,351</b>	<b>348,971,390</b>
<b>Closing Cash Balance</b>		<b>20,334,654</b>	<b>48,747,351</b>

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



**Dekina Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Statement of Comparison of Budget and Actual**

	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
		Original	Supplementary	Final		
<b>RECURRENT REVENUE</b>						
Government Share of FAAC (Statutory Revenue)	9	5,247,479,060	827,000,000	6,074,479,060	1,805,035,662	(4,269,443,398)
Excess Crude	9		-	-	-	-
Budget Augmentation/Budget Support Facility	9		-	-	801,100,210	801,100,210
Exchange Difference	9		-	-	3,032,443	3,032,443
Refund from Federal Government	9		-	-	-	-
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	40,866,894	40,866,894
Excess Bank Charge	9		-	-	2,015,502	2,015,502
Government Share of VAT	10	430,958,380	-	430,958,380	402,848,053	(28,110,327)
Tax Revenue	11	30,190,750		30,190,750	3,705,295	(26,485,455)
Non-Tax Revenue	12			-	-	-
<b>TOTAL RECURRENT REVENUE</b>		<b>5,708,628,190</b>	<b>827,000,000</b>	<b>6,535,628,190</b>	<b>3,058,604,058</b>	<b>(3,477,024,132)</b>
<b>CAPITAL RECEIPT</b>						
<b>TOTAL CAPITAL RECEIPT</b>						
<b>TOTAL REVENUE</b>		<b>5,708,628,190</b>	<b>827,000,000</b>	<b>6,535,628,190</b>	<b>3,058,604,058</b>	<b>(3,477,024,132)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	2,800,513,150		2,800,513,150	603,220,647	2,197,292,503
Social Benefits	16	142,172,820		142,172,820	655,235,436	(513,062,616)
Overhead Cost	17	998,849,850	332,000,000	1,330,849,850	1,848,667,490	(517,817,640)
Public Debt Charges	18				3,027,986	(3,027,986)
Impairment (Loss) on Investment	22					
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>3,941,535,820</b>	<b>332,000,000</b>	<b>4,273,535,820</b>	<b>3,110,151,559</b>	<b>1,163,384,261</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	1,593,452,860	495,000,000	2,088,452,860	100,735,334	1,987,717,526
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,593,452,860</b>	<b>495,000,000</b>	<b>2,088,452,860</b>	<b>100,735,334</b>	<b>1,987,717,526</b>
<b>TOTAL EXPENDITURE</b>		<b>5,534,988,680</b>	<b>827,000,000</b>	<b>6,361,988,680</b>	<b>3,210,886,893</b>	<b>3,151,101,787</b>



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

<b>Dekina Local Government of Kogi State</b>		
<b>Financial Statements for the Year Ended 31 December 2019</b>		
<b>Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities</b>		
<b>Description</b>	<b>Notes</b>	<b>Year Ended 31 December 2019</b>
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>(589,791,016)</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	782,275,145
Impairment of Investments	22	-
<b>Total non-cash Items</b>		<b>192,484,129</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	648,983,723
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	801,100,210
(Increase)/decrease in Loan Repayment		(1,570,245,425)
<b>Total movements in working capital items</b>		<b>(120,161,492)</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(100,735,334)
<b>Total items classified as investing activities</b>		<b>(100,735,334)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(28,412,697)</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>48,747,351</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>20,334,654</b>

**Dekina Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 2019, 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 2019**  
**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 2019**  
**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.

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Thus, in line with the Format, the 2019 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.

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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 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 2019. 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.

**i) 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.

**xvi) 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.



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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.

**xvii) 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.

**xviii) 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.

**xix) 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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**xx) 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.

**j) 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.

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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. 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.

**viii) 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.

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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 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.

For the fourth Transitional Financial Statements for the year ended 31 December 2019, Dekina Local Government has recognized financial liabilities measured at amortized cost. These include Dekina Local and foreign debts and investments.

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**h. Classification**

**xiii) 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.

**xiv) 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.

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**xv) 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.

**xvi) Financial Liabilities at Amortized Cost**

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

**i. Categories & Measurement**

**xiii) 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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**xiv) 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.

**xv) 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.

**xvi) 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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**j. 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.

**k. 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.



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**l. 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.

**m. 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.

**n. 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:

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

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**

**cc) 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.

**dd) 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 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	40,866,894	-	(40,866,894)	-
2	Recovered Excess Bank Charges	2,015,502	-	(2,015,502)	327,551
3	Statutory Allocation	1,805,035,662	6,074,479,060	4,269,443,398	1,227,099,398
4	Exchange Difference	3,032,443	-	(3,032,443)	123,844,467
5	NNPC Refund	-	-	-	-
6	JAAC Special Allocation	-	-	-	438,589,010
7	Salary Bailout	801,100,210	-	(801,100,210)	103,360,098
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	7,971,630	-	(7,971,630)	-
10	Ganished Fund	-	-	-	-
11	Reversal of funds	236,060,000	-	-	-
<b>Total Statutory Revenue</b>		<b>2,896,082,340</b>	<b>6,074,479,060</b>	<b>3,414,456,720</b>	<b>1,893,220,524</b>

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 2019. 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	REVERSALS	TOTAL
1	January	114,725,456		-							236,060,000	350,785,456
2	February	150,873,819		303,202								151,177,021
3	March	140,879,701		-		13,947,285						154,826,986
4	April	80,022,390		261,469		15,133,991	1,394,012					96,811,862
5	May	139,744,616		242,804								139,987,420
6	June	-		-								-
7	July	176,040,123		363,400						801,100,210		977,503,733
8	August	350,628,812		644,877								351,273,688
9	September	175,935,834		324,049			621,490					176,881,373
10	October	170,740,099		296,989		747,165						171,784,253
11	November	168,143,821		349,686				2,680,576				171,174,083
12	December	137,300,991		245,968		11,038,454		5,291,054				153,876,467
-												
<b>Total</b>		<b>1,805,035,662</b>	<b>-</b>	<b>3,032,443</b>	<b>-</b>	<b>40,866,894</b>	<b>2,015,502</b>	<b>7,971,630</b>	<b>-</b>	<b>801,100,210</b>	<b>236,060,000</b>	<b>2,896,082,340</b>

<b>Dekina Local Government of Kogi State</b>					
<b>Financial Statements for the Year Ended 31 December 2019</b>					
<b>Notes to the Financial Statements</b>					
<b>Note 10: Government Share of Value Added Tax (VAT)</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	402,848,053	430,958,380	(28,110,327)	439,169,542
<b>Total</b>		<b>402,848,053</b>	<b>430,958,380</b>	<b>(28,110,327)</b>	<b>439,169,542</b>
<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 2019</p>					

<b>Note 10 a : Government Share of Value Added Tax (VAT)</b>			
S/N	Month	Year Ended 31 December 2019	Year Ended 31 December 2018
1	January	40,804,461	31,331,591
2	February	-	32,015,807
3	March	42,207,390	29,865,885
4	April	38,587,806	27,882,315
5	May	-	31,652,999
6	June	-	33,687,569
7	July	43,607,213	32,669,177
8	August	83,186,910	33,092,892
9	September	-	32,861,402
10	October	74,495,671	35,332,068
11	November	42,783,310	50,488,645
12	December	37,175,291	68,289,192
<b>Total</b>		<b>402,848,053</b>	<b>439,169,542</b>
<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 2019</p>			

**Dekina Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	General Earnings			-	975,000
2	Fees			-	1,035,572
3	Development tax/Deposit			-	810,545
4	Various Revenue Collection	3,705,295		3,705,295	2,503,635
				-	-
<b>Total</b>		<b>3,705,295</b>	<b>-</b>	<b>3,705,295</b>	<b>5,324,752</b>

**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.**

**Dekina Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 15 : Salaries & Wages**

S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018	
		Actual			Budget	Variance	Actual
<b>SALARIES AND WAGES</b>		<b>Total Salary</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	SALARY	594,074,536	298,094,066	295,980,470		(594,074,536)	459,927,814
2							
<b>Total SALARIES AND WAGES</b>		<b>594,074,536</b>	<b>298,094,065.97</b>	<b>295,980,469.81</b>	<b>-</b>	<b>(594,074,536)</b>	<b>459,927,814</b>
<b>ALLOWANCE AND SOCIAL CONTRIBUTION</b>							
1	Sitting allowances	3,060,000				(3,060,000)	16,799,500
2	Refreshment & Meal allowance	6,086,111				(6,086,111)	
		-				-	
		-				-	-
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>9,146,111</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,146,111)</b>	<b>16,799,500</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>603,220,647</b>	<b>298,094,066</b>	<b>295,980,470</b>	<b>-</b>	<b>(603,220,647)</b>	<b>476,727,314</b>

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 2019. The cumulative figure paid through respective Economic Line items are as shown above.

**Dekina Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 16 : Social Benefits**

S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018	
		Actual			Budget	Variance	Actual
<b>SOCIAL BENEFITS</b>		<b>Total Pension</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	Pension	655,235,436	433,570,420	221,665,016	142,172,820	(513,062,616)	320,298,633
				-		-	
<b>Total SOCIAL BENEFITS</b>		<b>655,235,436</b>	<b>433,570,420</b>	<b>221,665,016</b>	<b>142,172,820</b>	<b>(513,062,616)</b>	<b>320,298,633</b>

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 2019.

**Dekina Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	Repair and maintenance	33,822,000		(33,822,000.00)	19,900,000
	Education Science & Development	22,640,000		(22,640,000)	-
	Fuelling & Lubricant	-		-	4,655,000
	Transportation and travelling expenses	71,968,615		(71,968,615)	101,870,698
	Agricultural Expenses	144,395,163		(144,395,163)	23,771,000
	Communication & Postages	6,190,000		(6,190,000)	28,241,905
	Culture & Tourism Expenses	17,250,000		(17,250,000)	16,435,000
	Statutory Remittances	79,701,976		(79,701,976)	
	Gift & Donations	74,274,639		(74,274,639)	71,760,799
	Medical Expenses	104,885,761		(104,885,761)	199,746,831
	General Office Expenses	25,375,952		(25,375,952)	-
	Training, Seminar & workshop	-		-	2,094,390
	Printing & Stationery	15,686,557		(15,686,557)	27,410,886
	Professional Charges	20,490,000		(20,490,000)	
	Security expenses	96,670,263		(96,670,263)	70,585,000
	Sport & Youth Development	14,000,000		(14,000,000)	46,435,384
	Repair of public schools			-	3,870,000
	Clearing of right of way	433,608,953			522,639,318
	<b>Subventions:</b>				
	LGEA-SUBEB	638,964,570		(638,964,570)	533,834,141
	<b>Satutory Expenses:</b>				
	1% Local Government Service Commission	10,414,939		(10,414,939)	
	1% Min. for Local Government & Chieftancy Affairs	12,905,376		(12,905,376)	
	1% AUDITOR General for LG	12,108,802		(12,108,802)	
	5% - Council of Chiefs	13,313,924		(13,313,924)	
		<b>1,848,667,490</b>	<b>-</b>	<b>(1,415,058,538)</b>	<b>1,673,250,351</b>
<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>					
		<b>1,848,667,490</b>	<b>-</b>	<b>(1,415,058,538)</b>	<b>1,673,250,351</b>



Dekina Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2019					
Notes to the Financial Statements					
NOTE 18 : Public Debt Charges					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	3,027,986	-	(3,027,986)	5,647,555
2	Domestic Loan Interest / Discount	-	-	-	-
3	Domestic Interest/ Discount - Treasury Bill	-	-	-	-
4	Others	-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>3,027,986</b>	<b>-</b>	<b>(3,027,986)</b>	<b>5,647,555</b>
<p>The Dekina 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.</p>					

Note 19 : Cash & Cash Equivalent (By Banks)			
S/N	Bank Name	Year Ended 31 December 2019	Year Ended 31 December 2018
		Amount	Amount
1	Cash in the till	3,930	26,981
2	UBA Bank Plc	647,076	
3	Access Bank Plc	19,683,648	48,677,457
4	FCMB Limited		42,913
		<b>20,334,654</b>	<b>48,747,350</b>
<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>			

Dekina Local Government of Kogi State										
Financial Statements for the Year Ended 31 December 2019										
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 /NEXIA	Clearing of Right of ways						241,461,008		241,461,008
2										-
<b>Total</b>								241,461,008	-	241,461,008
The prapayment above represent advance payment made to contractors for work yet to be done.										

Note 20 b: Other Current Assets			
S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	ADVANCES	-	10,905,000
<b>Total</b>		<b>-</b>	<b>10,905,000</b>
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 2019	Year Ended 31 December 2018
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
<b>Total</b>				<b>-</b>	<b>10,905,000</b>
The prapayment above represent advance payment made to contractors for work yet to be done.					

**Dekina Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**Notes to the Financial Statements**

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

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Computer Software	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	49,930,400	-	5,020,100,000	186,533,901	-	-	42,208,000	356,630,000	11,809,338,000	17,464,740,301
Additions During the year			1,100,000		6,565,952	78,069,382	15,000,000			100,735,334
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2019	49,930,400	-	5,021,200,000	186,533,901	6,565,952	78,069,382	57,208,000	356,630,000	11,809,338,000	17,565,475,635
<b><u>ACCUMULATED DEPRECIATION</u></b>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2019	9,986,080	-	502,010,000	2,424,941	-	-	10,552,000	-	236,186,760	761,159,781
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	9,986,080	-	502,120,000	2,424,941	1,641,488	15,613,876	14,302,000	-	236,186,760	782,275,145
Balance c/forward 31 December 2019	19,972,160	-	1,004,130,000	4,849,881	1,641,488	15,613,876	24,854,000	-	472,373,520	1,543,434,926
<b><u>ACCUMULATED IMPAIRMENT</u></b>										
Balance b/forward 01 January 2019	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2019	-	-	-	-	-	-	-	-	-	-
<b><u>NET BOOK VALUE</u></b>										
Balance as at 31 December 2019	29,958,240	-	4,017,070,000	181,684,020	4,924,464	62,455,505	32,354,000	356,630,000	11,336,964,480	16,022,040,709
Balance as at 01 January 2019	39,944,320.00	-	4,518,090,000	184,108,960	-	-	31,656,000	356,630,000	11,573,151,240	16,703,580,520

<b>Dekina Local Government of Kogi State</b>			
<b>Financial Statements for the Year Ended 31 December 2019</b>			
<b>Notes to the Financial Statements</b>			
<b>Note 25 : Short Term Loans &amp; Debts</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	2,344,739,364	2,048,758,894
3	Other Payables (25b)	898,733,687	787,191,442
4	Term Loan (25c)	241,461,008	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>3,484,934,059</b>	<b>2,835,950,336</b>
<p>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</p>			

<b>Note 25a : Salary Payables</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
	Balance b/f	2,048,758,894	1,758,290,104
1	Salary Payables for the year	295,980,470	290,468,790
2	Salary Payables LGA		
4	Salary Payables LGEA		
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>2,344,739,364</b>	<b>2,048,758,894</b>
<p>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</p>			

<b>Dekina Local Government of Kogi State</b>			
<b>Financial Statements for the Year Ended 31 December 2019</b>			
<b>Notes to the Financial Statements</b>			
<b>Note 25b : Other Payables</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
	Balance b/f	677,068,671	110,122,770
1	Pension	221,665,016	626,419,697
2	Leave Bonus		31,562,093
3	Payee		9,615,344
4	NULGE		505,697
5	MHWUN		8,257,895
6	NUT		707,946
<b>Total Other Payables</b>		<b>898,733,687</b>	<b>677,068,671</b>

<b>Note 25c: Short Term Loans &amp; Debts (Loan Payables)</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	Loan in respect of IGR generation (NEXIA )	241,461,008	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>241,461,008</b>	<b>-</b>

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

<b>Note 28 a : State Bond &amp; Other Long Term Borrowing</b>					
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>			<b>Year Ended 31 December 2018</b>
		<b>Gross Loan</b>		<b>Net for LGA</b>	
1	CBN Budget Support Facility		-	-	
2	Salary Bail Out	801,100,210		801,100,210	
3	Recurrent Infrastructure Loan		-	-	
<b>TOTAL</b>		<b>801,100,210</b>	<b>-</b>	<b>801,100,210</b>	<b>-</b>

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.

<b>Dekina Local Government of Kogi State</b>			
<b>Financial Statements for the Year Ended 31 December 2019</b>			
<b>Notes to the Financial Statements</b>			
<b>Note 29 : Reserves</b>			
<b>S/N</b>	<b>Description</b>	<b>Amount</b>	<b>Amount</b>
1	Opening Balance as at 01 January 2018		13,927,282,535
	<b>IPSA Adjustments</b>		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(1,339,689,416)	
	<b>Total IPSA Adjustments</b>		(1,339,689,416)
<b>Closing Balance as at 31 December 2019</b>			<b>12,587,593,119</b>

**IBAJI LOCAL GOVERNMENT OF  
KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**



# 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 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 Ibaji 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.

**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 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. 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 2019 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 2019**

**Statement of Financial Performance**

	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	1,903,600,267	1,519,692,680
Government Share of VAT	10	345,804,628	311,758,462
Tax Revenue	11	294,430	4,111,902
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>2,249,699,326</b>	<b>1,835,563,045</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	666,758,920	714,303,642
Social Benefits	16	245,830,097	176,816,134
Overhead Cost	17	1,152,461,802	1,095,778,313
Depreciation Charges	23	91,564,323	70,947,000
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>2,156,615,144</b>	<b>2,057,845,089</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>93,084,182</b>	<b>(222,282,044)</b>
Public Debt Charges	18	2,586,837	115,804
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>90,497,344</b>	<b>(222,397,848)</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>90,497,344</b>	<b>(222,397,848)</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>90,497,344</b>	<b>(222,397,848)</b>



**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 2019**

**Statement of Financial Position**

ASSETS	Notes	Year Ended 31 December 2019		Year Ended 31 December 2018	
<b>Current Assets</b>					
Cash and Cash Equivalents	19	12,111,440		69,156,181	
Prepayment	20	135,434,323		-	
Other Current Assets	20b	-		118,980,000	
<b>Total Current Assets</b>			<b>147,545,763</b>		<b>188,136,181</b>
<b>Non-Current Assets</b>					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	2,758,518,495		2,640,773,723	
Intangible Assets	24	-		-	
<b>Total Non-Current Assets</b>			<b>2,758,518,495</b>		<b>2,640,773,723</b>
<b>Total Assets</b>			<b>2,906,064,258</b>		<b>2,828,909,904</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Short Term Loans & Debts	25	3,139,444,516		2,651,473,134	
Unremitted Deductions	26	-		-	
Payables	27	-		-	
<b>Total Current Liabilities</b>			<b>3,139,444,516</b>		<b>2,651,473,134</b>
<b>Non-Current Liabilities</b>					
Long Term Borrowings	28	-		-	
<b>Total Non-Current Liabilities</b>					
<b>Total Liabilities</b>			<b>3,139,444,516</b>		<b>2,651,473,134</b>
<b>Net Assets</b>			<b>(233,380,259)</b>		<b>177,436,770</b>
<b>NET ASSETS/EQUITY</b>					
Reserves	29	(323,877,603)		399,834,617	
Accumulated Surpluses/(Deficits)		90,497,344		(222,397,848)	
<b>Total Net Assets/Equity</b>			<b>(233,380,259)</b>		<b>177,436,770</b>



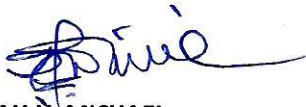
**ATTAH U. MICHAEL**  
 Local Government Treasurer (LGT)  
 Ibaji Local Government  
 Kogi State

**Ibaji Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Statement of Change in Assets/Equity**

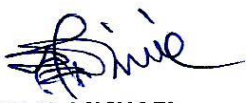
Description	Reserves	Accumulated Surpluses/(Deficits)	Total
<b>Closing Balance 31 December 2018</b>	399,834,617	(222,397,848)	177,436,770
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
<b>Opening Balance as at 01 January 2019</b>	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	90,497,344	90,497,344
Reserves (Note 29)	(323,877,603)		(323,877,603)
<b>Closing Balance as at 31 December 2019</b>	<b>(323,877,603)</b>	<b>90,497,344</b>	<b>(233,380,259)</b>




**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 2019**  
**Statement of Cashflow**

Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	1,903,600,267	1,519,692,680
Government Share of VAT	10	345,804,628	311,758,462
Tax Revenue	11	294,430	4,111,902
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>2,249,699,326</b>	<b>1,835,563,045</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	666,758,920	714,303,642
Social Benefits	16	245,830,097	176,816,134
Overhead Cost(s)	17	1,152,461,802	1,095,778,313
Transfer to other Government Entities		-	-
Finance Cost	18	2,586,837	115,804
Finance Cost			
<b>Total Outflow From Operating Activities</b>		<b>2,067,637,658</b>	<b>1,987,013,893</b>
<b>Net Cash Flow From Operating Activities</b>		<b>182,061,668</b>	<b>(151,450,848)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(208,801,258)	(295,393,727)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(208,801,258)</b>	<b>(295,393,727)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	487,971,382	468,039,225
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(518,276,533)	(549,141,480)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>-30,305,151</b>	<b>(81,102,255)</b>
<b>Net Cash Flow From All Activities</b>		<b>(57,044,741)</b>	<b>(527,946,830)</b>
<b>Open Cash Balance</b>		<b>69,156,181</b>	<b>597,103,012</b>
<b>Closing Cash Balance</b>		<b>12,111,440</b>	<b>69,156,181</b>



**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 2019						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
RECURRENT REVENUE		Original	Supplementary	Final		
Government Share of FAAC (Statutory Revenue)	9	4,126,967,570	882,400,000.00	5,009,367,570	1,105,870,773	(3,903,496,797)
Excess Crude	9		-	-	-	-
Budget Augmentation/Budget Support Facility	9		-	-	414,231,303	414,231,303
Exchange Difference	9		-	-	2,154,533	2,154,533
Refund from Federal Government	9		-	-	344,482,425	344,482,425
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	30,096,479	30,096,479
Excess Bank Charge	9		-	-	2,650,922	2,650,922
Government Share of VAT	10	320,698,200	-	320,698,200	345,804,628	25,106,428
Tax Revenue	11	198,202,020		198,202,020	294,430	(197,907,590)
Non-Tax Revenue	12					
<b>TOTAL RECURRENT REVENUE</b>		<b>4,645,867,790</b>	<b>-</b>	<b>5,528,267,790</b>	<b>2,245,585,492</b>	<b>(3,282,682,298)</b>
<b>CAPITAL RECEIPT</b>						
<b>TOTAL CAPITAL RECEIPT</b>						
<b>TOTAL REVENUE</b>		<b>4,645,867,790</b>	<b>-</b>	<b>5,528,267,790</b>	<b>2,245,585,492</b>	<b>(3,282,682,298)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	2,197,797,010	-	2,197,797,010	666,758,920	1,531,038,090
Social Benefits	16	173,802,430		173,802,430	245,830,097	(72,027,667)
Overhead Cost	17	927,751,000	372,900,000	1,300,651,000	1,152,461,802	148,189,198
Public Debt Charges	18	70,981,210	-	70,981,210	2,586,837	68,394,373
Impairment (Loss) on Investment	22					
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>3,370,331,650</b>	<b>372,900,000</b>	<b>3,743,231,650</b>	<b>2,067,637,658</b>	<b>1,675,593,992</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	1,097,154,340	509,500,000	1,606,654,340	208,801,258	1,397,853,082
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,097,154,340</b>	<b>509,500,000</b>	<b>1,606,654,340</b>	<b>208,801,258</b>	<b>1,397,853,082</b>
<b>TOTAL EXPENDITURE</b>		<b>4,467,485,990</b>	<b>882,400,000</b>	<b>5,349,885,990</b>	<b>2,276,438,916</b>	<b>3,073,447,074</b>
						
<b>ATTAH U. MICHAEL</b> Local Government Treasurer (LGT) Ibaji Local Government Kogi State						

<b>Ibaji Local Government of Kogi State</b>		
<b>Financial Statements for the Year Ended 31 December 2019</b>		
<b>Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities</b>		
Description	Notes	Year Ended 31 December 2019
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>90,497,344</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	91,564,323
Impairment of Investments	22	-
<b>Total non-cash Items</b>		<b>182,061,668</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	487,971,382
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment	9 a	(518,276,533)
<b>Total movements in working capital items</b>		<b>(30,305,151)</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(208,801,258)
<b>Total items classified as investing activities</b>		<b>(208,801,258)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(57,044,741)</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>69,156,181</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>12,111,440</b>

**Ibaji Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 2019, 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 2019**  
**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 Ibaji 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.

**Ibaji Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 2019**  
**Notes to the Financial Statements**

Thus, in line with the Format, the 2019 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 2019**  
**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 2019. 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 2019**  
**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 2019**  
**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 2019**  
**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 2019**  
**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.



**Ibaji Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 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.

For the fourth Transitional Financial Statements for the year ended 31 December 2019, Ibaji Local Government has recognized financial liabilities measured at amortized cost. These include Ibaji Local and foreign debts and investments.

**Ibaji Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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. 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.

**Ibaji Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 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.

**iv. Financial Liabilities at Amortized Cost**

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

**h. 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.

**Ibaji Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 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.

**d. 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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**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**

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.

**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)**

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:

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

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

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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.

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**

**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 Ibaji 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 Ibaji Local Government, or a present obligation that arises from past events but is not recognised because:

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j. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,

k. 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 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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**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, 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.

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

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	30,096,479	-	(30,096,479)	25,830,590
2	Recovered Excess Bank Charges	2,650,922	-	(2,650,922)	55,458,363
3	Statutory Allocation	1,105,870,773	-	(1,105,870,773)	944,695,781
4	Exchange Difference	2,154,533	-	(2,154,533)	3,939,149
5	NNPC Refund	-	-	-	2,817,144
6	JAAC Special Allocation	344,482,425	-	(344,482,425)	483,182,509
7	Budget Augmentation	414,231,303	-	(414,231,303)	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	4,113,833	-	(4,113,833)	3,769,144
10	Ganished Fund	-	-	-	-
11	Salary Bailout	-	-	-	-
<b>Total Statutory Revenue</b>		<b>1,903,600,267</b>	<b>-</b>	<b>(1,903,600,267)</b>	<b>1,519,692,680</b>

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 2019. 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	FUND TRANSFER/BAILOUT (REVENUE)	TOTAL
1	January	95,741,225		-					-		95,741,225
2	February	-		235,741					68,173,100		68,408,842
3	March	-		-		10,588,292	1,083,855		57,990,984		69,663,131
4	April	14,128,800		-		10,370,944	1,083,855		72,064,092		97,647,691
5	May	100,752,043		188,782					27,000	5,296,279	106,264,104
6	June	-		-					4,365,033		4,365,033
7	July	135,919,234		282,546					71,250		136,273,030
8	August	267,857,853		501,396					330,643		268,689,893
9	September	132,902,140		251,950			483,213		131,974,644		265,611,947
10	October	128,862,417		230,991		554,765			746,179		130,394,352
11	November	126,843,792		271,884					3,257,219	384,392,940	514,765,835
12	December	102,863,267		191,242		8,582,478		4,113,833	5,482,280	24,542,084	145,775,184
<b>Total</b>		<b>1,105,870,773</b>	<b>-</b>	<b>2,154,533</b>	<b>-</b>	<b>30,096,479</b>	<b>2,650,922</b>	<b>4,113,833</b>	<b>344,482,425</b>	<b>414,231,303</b>	<b>1,903,600,267</b>



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<b>Note 10: Government Share of Value Added Tax (VAT)</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	345,804,628	-	345,804,628	311,758,462
<b>Total</b>		<b>345,804,628</b>	<b>-</b>	<b>345,804,628</b>	<b>311,758,462</b>
<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 2019</p>					

<b>Note 10 a : Government Share of Value Added Tax (VAT)</b>			
S/N	Month	Year Ended 31 December 2019	Year Ended 31 December 2018
1	January	31,404,971	-
2	Febuary	-	-
3	March	32,461,933	29,606,023
4	April	29,596,048	27,247,705
5	May	36,360,166	25,556,194
6	June	-	27,421,539
7	July	33,438,423	29,344,625
8	August	63,883,337	26,271,393
9	September	-	24,712,931
10	October	57,270,449	35,212,361
11	November	32,796,951	24,285,930
12	December	28,592,350	62,099,763
<b>Total</b>		<b>345,804,628</b>	<b>311,758,462</b>
<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 2019</p>			

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**Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Certificate of Occupancy			-	600,000
2	Kogi State Origin			-	200,000
3	Market Rate			-	325,000
4	Shop/Kiosk			-	148,600
5	Tenement rate			-	340,000
6	Cattle dealer's			-	1,500,000
7	Timber & Forest fees			-	998,302
8	Boats and Canoes	44,500		44,500	-
9	Naturalization & Citizenship	200,500		200,500	-
10	Budget License	49,430		49,430	-
<b>Total</b>		<b>294,430</b>	<b>-</b>	<b>294,430</b>	<b>4,111,902</b>

**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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**NOTE 15 : Salaries & Wages**

S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018	
		Actual			Budget	Variance	Actual
<b>SALARIES AND WAGES</b>		<b>Total Salary</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	SALARY	604,479,195	319,870,240	284,608,954		(604,479,195)	425,658,495
2	TEACHERS SALARY						
3	PAST POLITICAL OFFICE HOLDER	42,147,797				(42,147,797)	12,860,750
<b>Total SALARIES AND WAGES</b>		<b>646,626,992</b>	<b>319,870,240</b>	<b>284,608,954</b>	<b>-</b>	<b>(646,626,992)</b>	<b>438,519,245</b>
<b>ALLOWANCE AND SOCIAL CONTRIBUTION</b>							
1	Welfare package					-	48,377,743
2	Honorarium & sitting Allowance	20,131,929				(20,131,929)	15,707,000
3	None Regular Allowance					-	486,742
		-				-	-
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>20,131,929</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,131,929)</b>	<b>64,571,485.16</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>666,758,920</b>	<b>319,870,240</b>	<b>284,608,954</b>	<b>-</b>	<b>(666,758,920)</b>	<b>503,090,730</b>

These are salaries and wages paid by Ibaji Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2019. 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 2019				Year Ended 31 December 2018	
		Actual			Budget	Variance	Actual
<b>SOCIAL BENEFITS</b>		<b>Total Pension</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	Actual Pension	245,830,097	177,901,992	67,928,105	-	(245,830,097)	104,647,889
2	Gratuity & Arrears					-	
3	Death Expenses					-	
4	Burial Expenses					-	-
<b>Total SOCIAL BENEFITS</b>		<b>245,830,097</b>	<b>177,901,992</b>	<b>67,928,105</b>	<b>-</b>	<b>(245,830,097)</b>	<b>104,647,889</b>

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 2019

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**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	Repair & Maintenance	32,581,413		(32,581,412.88)	24,388,000
	Traveling Expenses	46,811,739		(46,811,739)	20,928,966
	Printing & Stationery	16,240,112		(16,240,112)	3,510,000
	Communication & Postages	12,082,300		(12,082,300)	49,442,809
	Security Services	69,301,000		(69,301,000)	69,694,000
	Culture & Tourism Expenses	29,986,400		(29,986,400)	10,289,000
	Sport & Youth Development	4,888,000		(4,888,000)	14,515,000
	Education & Science Development	96,071,400		(96,071,400)	-
	Medical Expenses	39,292,800		(39,292,800)	53,247,295
	Professional Charges	102,063,048		(102,063,048)	70,089,861
	Office Expenses	27,640,643		(27,640,643)	20,336,500
	Agricultural Services	81,900,857		(81,900,857)	2,602,500
	General Expenses	96,856,912		(96,856,912)	-
	<b>Satutory Expenses:</b>			-	
	1% to Council of Chiefs	9,885,513		(9,885,513)	
	1% to MLGCA	8,607,944		(8,607,944)	
	1% to Auditor Gen for LG	12,056,687		(12,056,687)	
	5% to Local gov serv commision (LGSC )	7,923,907		(7,923,907)	
	<b>Subventions:</b>			-	
	LGEA-SUBEB	242,688,674		(242,688,674)	
	Project Monitoring Fund	11,216,326		(11,216,326)	
	Road Maintenance	43,182,000		(43,182,000)	
	Supply of Education Materials	39,510,000		(39,510,000)	
	Relief Materials	10,300,482		(10,300,482)	
	Consumable Goods	5,886,900		(5,886,900)	
	Drug & Medical Supplies	19,812,100		(19,812,100)	
	Boundary Pillars/ Right of Ways	51,139,428		(51,139,428)	
	Catering Materials	34,535,218		(34,535,218)	
				-	
				-	
		<b>1,152,461,802</b>	<b>-</b>	<b>(1,152,461,802)</b>	<b>339,043,931</b>
<p>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.</p>					
		<b>1,152,461,802</b>	<b>-</b>	<b>(1,152,461,802)</b>	<b>339,043,931</b>

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<b>Notes to the Financial Statements</b>					
<b>NOTE 18 : Public Debt Charges</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	2,586,837	-	(2,586,837)	115,804
2	Domestic Loan Interest / Discount	-	-	-	-
3	Domestic Interest/ Discount - Treasury Bill	-	-	-	-
4	Others	-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>2,586,837</b>	<b>-</b>	<b>(2,586,837)</b>	<b>115,804</b>
<p>The Ibaji 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.</p>					

<b>Note 19 : Cash &amp; Cash Equivalent (By Banks)</b>			
S/N	Bank Name	Year Ended 31 December 2019	Year Ended 31 December 2018
		Amount	Amount
1	Cash in the till	19	445
2	UBA Bank Plc		133,364
3	Access Bank Plc	12,111,421	68,997,805
4	Polaris Bank		24,567
		<b>12,111,440</b>	<b>69,156,181</b>
<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 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.</p>			

**Ibaji Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**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	NEXIA AGBO ABEL & Co	IGR Drive for LG						135,434,323		135,434,323
										-
<b>Total</b>								135,434,323	-	135,434,323

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 2019**

**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
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	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
Additions During the year		52,256,386	22,564,872	118,980,000			15,000,000			208,801,258
Revaluation								507,837		507,837
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>30,012,725</b>	<b>53,066,426</b>	<b>65,429,347</b>	<b>300,507,169</b>	<b>-</b>	<b>2,070,000</b>	<b>54,568,500</b>	<b>25,899,707</b>	<b>2,389,475,943</b>	<b>2,921,029,818</b>
<b><u>ACCUMULATED DEPRECIATION</u></b>										
<b>DEPRECIATION RATE</b>	<b>20%</b>	<b>25%</b>	<b>10%</b>	<b>1%</b>	<b>25%</b>	<b>20%</b>	<b>25%</b>		<b>2%</b>	
Balance b/forward 01 January 2019	6,002,545	202,510.00	4,286,448	2,359,853.20	-	414,000.00	9,892,125	-	47,789,519	70,947,000
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	6,002,545	13,266,607	6,542,935	3,906,593	-	414,000	13,642,125	-	47,789,519	91,564,323
<b>Balance c/forward 31 December 2019</b>	<b>12,005,090</b>	<b>13,469,117</b>	<b>10,829,382</b>	<b>6,266,446</b>	<b>-</b>	<b>828,000</b>	<b>23,534,250</b>	<b>-</b>	<b>95,579,038</b>	<b>162,511,323</b>
<b><u>ACCUMULATED IMPAIRMENT</u></b>										
Balance b/forward 01 January 2019	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2019	-	-	-	-	-	-	-	-	-	-
<b><u>NET BOOK VALUE</u></b>										
Balance as at 31 December 2019	18,007,635	39,597,310	54,599,965	294,240,723	-	1,242,000	31,034,250	25,899,707	2,293,896,905	2,758,518,495
Balance as at 01 January 2019	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



<b>Ibaji Local Government of Kogi State</b>			
<b>Financial Statements for the Year Ended 31 December 2019</b>			
<b>Notes to the Financial Statements</b>			
<b>Note 25 : Short Term Loans &amp; Debts</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	Salary Payables (25a)	2,802,976,408	2,518,367,454
2	Other Payables (25b)	201,033,785	133,105,680
3	Loan in respect of IGR Drive for the LG	135,434,323	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>3,139,444,516</b>	<b>2,651,473,134</b>
<p>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</p>			

<b>Note 25a : Salary Payables</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
	Balance b/f	2,518,367,454	2,115,658,327
1	Salary Payables for the year	284,608,954	402,709,127
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>2,802,976,408</b>	<b>2,518,367,454</b>
<p>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</p>			

<b>Note 25b : Other Payables</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	Balance b/f	133,105,680	67,775,583
2	Pension for the year	67,928,105	65,330,098
<b>Total Other Payables</b>		<b>201,033,785</b>	<b>133,105,680</b>
<p>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</p>			

**Ibaji Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 29 : Reserves**

<b>S/N</b>	<b>Description</b>	<b>Amount</b>	<b>Amount</b>
1	Opening Balance as at 01 January 2019		177,436,770
	<b>IPSA Adjustments</b>		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(501,314,373)	
	<b>Total IPSA Adjustments</b>		(501,314,373)
<b>Closing Balance as at 31 December 2019</b>			<b>(323,877,603)</b>

**IDAH LOCAL GOVERNMENT OF  
KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**



# 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 2019**

### **Responsibility For the Financial Statements**

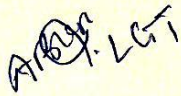
The Financial Statements for the Year Ended 31 December 2019 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

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 Idah 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.

  
**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 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. 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 2019 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 2019**

**Statement of Financial Performance**

	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	1,582,964,550	1,109,457,579
Government Share of VAT	10	309,810,289	300,604,657
Tax Revenue	11	-	238,500
Non-Tax Revenue	12	12,033,323	12,187,708
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>1,904,808,162</b>	<b>1,422,488,443</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	591,549,305	665,525,744
Social Benefits	16	315,312,554	294,537,976
Overhead Cost	17	899,578,264	815,756,970
Depreciation Charges	23	87,916,720	67,642,446
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>1,894,356,843</b>	<b>1,843,463,137</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>10,451,319</b>	<b>(420,974,694)</b>
Public Debt Charges	18	1,625,488	5,121,747
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>8,825,831</b>	<b>(426,096,440)</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>8,825,831</b>	<b>(426,096,440)</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>8,825,831</b>	<b>(426,096,440)</b>


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 2019				
Statement of Financial Position				
ASSETS	Notes	Year Ended 31 December 2019		Year Ended 31 December 2018
<b>Current Assets</b>				
Cash and Cash Equivalents	19	13,558,905		17,974,571
Prepayment	20	100,803,668		-
Other Current Assets	20b	48,946,138		5,218,000
<b>Total Current Assets</b>			<b>163,308,711</b>	<b>23,192,571</b>
<b>Non-Current Assets</b>				
Long Term Loans	21	-		-
Investments	22	-		-
Property, Plant & Equipment	23	2,701,567,261		2,661,764,214
Intangible Assets	24	-		-
<b>Total Non-Current Assets</b>			<b>2,701,567,261</b>	<b>2,661,764,214</b>
<b>Total Assets</b>			<b>2,864,875,972</b>	<b>2,684,956,785</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Short Term Loans & Debts	25	3,127,928,508		2,940,221,319
Unremitted Deductions	26	-		-
Payables	27	-		-
<b>Total Current Liabilities</b>			<b>3,127,928,508</b>	<b>2,940,221,319</b>
<b>Non-Current Liabilities</b>				
Long Term Borrowings	28	423,018,180		-
<b>Total Non-Current Liabilities</b>			<b>423,018,179.89</b>	<b>-</b>
<b>Total Liabilities</b>			<b>3,550,946,688</b>	<b>2,940,221,319</b>
<b>Net Assets</b>			<b>(686,070,715)</b>	<b>(255,264,533)</b>
<b>NET ASSETS/EQUITY</b>				
Reserves	29	(694,896,546)		170,831,907
Accumulated Surpluses/(Deficits)		8,825,831		(426,096,440)
<b>Total Net Assets/Equity</b>			<b>(686,070,715)</b>	<b>(255,264,533)</b>

  
**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 2019			
Statement of Change in Assets/Equity			
Description	Reserves	Accumulated Surpluses/(Deficits)	Total
<b>Closing Balance 31 December 2018</b>	170,831,907	(426,096,440)	(255,264,533)
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-	-	-
<b>Opening Balance as at 01 January 2019</b>	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	8,825,831	8,825,831
Reserves (Note 29)	(694,896,546)		(694,896,546)
<b>Closing Balance as at 31 December 2019</b>	<b>(694,896,546)</b>	<b>8,825,831</b>	<b>(686,070,715)</b>

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 2019**  
**Statement of Cashflow**

Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	1,582,964,550	1,109,457,579
Government Share of VAT	10	309,810,289	300,604,657
Tax Revenue	11	-	238,500
Non-Tax Revenue	12	12,033,323	12,187,708
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>1,904,808,162</b>	<b>1,422,488,443</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	591,549,305	665,525,744
Social Benefits	16	315,312,554	294,537,976
Overhead Cost(s)	17	899,578,264	884,305,453
Transfer to other Government Entities		-	-
Finance Cost	18	1,625,488	5,121,746.53
Finance Cost			
<b>Total Outflow From Operating Activities</b>		<b>1,808,065,611</b>	<b>1,849,490,921</b>
<b>Net Cash Flow From Operating Activities</b>		<b>96,742,551</b>	<b>(427,002,477)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(127,719,767)	(747,250)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(127,719,767)</b>	<b>(747,250)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	187,707,189	391,765,862
Proceeds from Borrowings - Long Term Loan	28	423,018,180	-
Repayment of Borrowings		(584,163,820)	-
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>26,561,549</b>	<b>391,765,862</b>
<b>Net Cash Flow From All Activities</b>		<b>(4,415,666)</b>	<b>(35,983,865)</b>
<b>Open Cash Balance</b>		<b>17,974,572</b>	<b>53,958,437</b>
<b>Closing Cash Balance</b>		<b>13,558,905</b>	<b>17,974,572</b>

*APPROVED*

**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 2019						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
RECURRENT REVENUE		Original	Supplementary	Final		
Government Share of FAAC (Statutory Revenue)	9	3,613,459,590	483,335,930.00	4,096,795,520	1,008,508,942	(3,088,286,578)
Excess Crude	9		-	-	-	-
Budget Augmentation/Budget Support Facility	9		-	-	423,018,180	423,018,180
Exchange Difference	9		-	-	1,978,364	1,978,364
Refund from Federal Government	9		-	-	120,030,963	120,030,963
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	25,066,769	25,066,769
Excess Bank Charge	9		-	-	909,452	909,452
Government Share of VAT	10	300,500,020	-	300,500,020	309,810,289	9,310,269
Tax Revenue	11				-	-
Non-Tax Revenue	12	15,525,700		15,525,700	12,033,323	(3,492,377)
<b>TOTAL RECURRENT REVENUE</b>		<b>3,929,485,310</b>	<b>-</b>	<b>4,412,821,240</b>	<b>1,901,356,282</b>	<b>(2,511,464,958)</b>
<b>CAPITAL RECEIPT</b>						
		-	-	-	-	-
<b>TOTAL CAPITAL RECEIPT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>		<b>3,929,485,310</b>	<b>-</b>	<b>4,412,821,240</b>	<b>1,901,356,282</b>	<b>(2,511,464,958)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	2,127,018,320		2,127,018,320	591,549,305	1,535,469,015
Social Benefits	16	60,500,200		60,500,200	315,312,554	(254,812,354)
Overhead Cost	17	796,664,750	236,400,000	1,033,064,750	899,578,264	133,486,486
Public Debt Charges	18	-	-	-	-	-
Impairment (Loss) on Investment	22	-	-	-	-	-
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>2,984,183,270</b>	<b>236,400,000</b>	<b>3,220,583,270</b>	<b>1,806,440,123</b>	<b>1,414,143,147</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	945,302,040	246,935,430	1,192,237,470	127,719,767	1,064,517,703
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>945,302,040</b>	<b>246,935,430</b>	<b>1,192,237,470</b>	<b>127,719,767</b>	<b>1,064,517,703</b>
<b>TOTAL EXPENDITURE</b>		<b>3,929,485,310</b>	<b>483,335,430</b>	<b>4,412,820,740</b>	<b>1,934,159,890</b>	<b>2,478,660,850</b>
<p style="text-align: center;">APK</p> <p>ABUKA ENEJO Local Government Treasurer (LGT) Idah Local Government Kogi State</p>						

Idah Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2019		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2019
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>8,825,831</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	87,916,720
Impairment of Investments	22	-
<b>Total non-cash Items</b>		<b>96,742,551</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	187,707,189
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	423,018,180
(Increase)/decrease in Loan Repayment		(584,163,820)
<b>Total movements in working capital items</b>		<b>26,561,549</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(127,719,767)
<b>Total items classified as investing activities</b>		<b>(127,719,767)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(4,415,666)</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>17,974,572</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>13,558,905</b>

**Idah Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 2019, 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.

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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 Idah 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 Idah 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 2019 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 Idah 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 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.

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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 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 2019. 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.

**k) 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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**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. 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.

**ii. 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 2019, Idah Local Government has recognized financial liabilities measured at amortized cost. These include Idah Local and foreign debts and investments.

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**b. 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.

**c. 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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**d. 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.

**e. Financial Liabilities at Amortized Cost**

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

**f. 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 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.

**v. 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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**vi. 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.

**vii. 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.

**viii. 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:

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

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**

**ix. 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.

**x. 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.

**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 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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**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, 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.

**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 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 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	25,066,769	-	(25,066,769)	-
2	Recovered Excess Bank Charges	909,452	-	(909,452)	15,719,276
3	Statutory Allocation	1,008,508,942	4,096,795,520	3,088,286,578	1,063,893,184
4	Exchange Difference	1,978,364	-	(1,978,364)	25,182,464
5	NNPC Refund	-	-	-	-
6	JAAC Special Allocation	120,030,963	-	(120,030,963)	1,500,000
7	Budget Augmentation	423,018,180	-	(423,018,180)	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	3,451,880	-	(3,451,880)	3,162,654
10	Ganished Fund	-	-	-	-
11	Salary Bailout	-	-	-	-
<b>Total Statutory Revenue</b>		<b>1,582,964,550</b>	<b>4,096,795,520.00</b>	<b>2,513,830,970</b>	<b>1,109,457,579</b>

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 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	79,808,506		197,808					-		80,006,314
2	February	51,686,931							24,809,499		76,496,430
3	March	67,382,354				8,699,524			-		76,081,878
4	April	-		170,582		8,702,164	909,452		66,229,174		76,011,373
5	May	73,412,630		158,405							73,571,035
6	June	-									-
7	July	113,359,181		237,082						423,018,180	536,614,442
8	August	221,315,583		420,717							221,736,300
9	September	109,109,669		211,409							109,321,078
10	October	105,314,516		193,756		463,602					105,971,874
11	November	103,620,706		228,135					1,748,806		105,597,647
12	December	83,498,867		160,469		7,201,479		3,451,880	27,243,485		121,556,180
-											
<b>Total</b>		<b>1,008,508,942</b>	<b>-</b>	<b>1,978,364</b>	<b>-</b>	<b>25,066,769</b>	<b>909,452</b>	<b>3,451,880</b>	<b>120,030,963</b>	<b>423,018,180</b>	<b>1,582,964,550</b>

<b>Idah Local Government of Kogi State</b>					
<b>Financial Statements for the Year Ended 31 December 2019</b>					
<b>Notes to the Financial Statements</b>					
<b>Note 10: Government Share of Value Added Tax (VAT)</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	309,810,289	300,500,020	9,310,269	300,604,657
<b>Total</b>		<b>309,810,289</b>	<b>300,500,020.00</b>	<b>9,310,269</b>	<b>300,604,657</b>
<p>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 2019</p>					

<b>Note 10a : Government Share of Value Added Tax (VAT)</b>			
S/N	Month	Year Ended 31 December 2019	Year Ended 31 December 2018
1	January	27,969,379	23,152,077
2	Febuary	-	-
3	March	28,899,886	26,310,687
4	April	26,309,484	24,197,847
5	May	8,409,124	22,702,282
6	June	26,096,502	24,459,331
7	July	29,721,644	26,159,189
8	August	56,827,719	23,361,483
9	September	-	21,991,774
10	October	50,974,485	31,306,833
11	November	29,146,853	21,589,000
12	December	25,455,213	55,374,153
<b>Total</b>		<b>309,810,289</b>	<b>300,604,657</b>
<p>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 2019</p>			

Idah Local Government of Kogi State				
Financial Statements for the Year Ended 31 December 2019				
Notes to the Financial Statements				
Note 12 : Non Tax Revenue				
Administrative Code	Description	Year Ended 31 December 2019		
		Actual	Budget	Variance
	Licenses and Permits	2,376,070		2,376,070
	Fines, Fees and Levies	1,669,590		1,669,590
	Others Revenue	7,987,663		7,987,663
				-
<b>Total</b>		<b>12,033,323</b>	<b>-</b>	<b>12,033,323</b>

NOTE 15 : Salaries & Wages							
S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018	
			Actual		Budget	Variance	Actual
<b>SALARIES AND WAGES</b>		<b>Gross Salaries</b>	<b>Amount Paid</b>	<b>Balance Payable</b>			
1	SALARY	551,463,383	276,710,212	274,753,171		(551,463,383)	585,191,234
2	NULGE	6,289,080					5,167,042
<b>Total SALARIES AND WAGES</b>		<b>557,752,462</b>	<b>276,710,212</b>	<b>274,753,171</b>	<b>-</b>	<b>(551,463,383)</b>	<b>590,358,276</b>
<b>ALLOWANCE AND SOCIAL CONTRIBUTION</b>							
1	Medical & Health					-	1,266,711
2	National Union of Pensioners					-	841,102
3	Welfare Packages					-	14,345,841
4	Workshops Seminars & Conferences					-	27,727,815
5	Withholding Tax (FIRS)					-	205,000
6	Monthly Allowance	30,210,100	30,210,100			(30,210,100)	30,781,000
7	Furniture allowance for Honourable Member	3,586,742	3,586,742			(3,586,742)	
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>33,796,843</b>	<b>33,796,843</b>	<b>-</b>	<b>-</b>	<b>(33,796,843)</b>	<b>75,167,469</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>591,549,305</b>	<b>310,507,054</b>	<b>274,753,171</b>	<b>-</b>	<b>(585,260,225)</b>	<b>665,525,744</b>

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 2019. 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 2019**

**Notes to the Financial Statements**

**NOTE 16 : Social Benefits**

S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018	
		Actual		Budget	Variance	Actual	
<b>SOCIAL BENEFITS</b>		<b>Total Pension</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	Actual Pension	315,312,554	183,428,350	131,884,204	60,500,200	(254,812,354)	105,059,817
2	Death Expenses					-	300,000
<b>Total SOCIAL BENEFITS</b>		<b>315,312,554</b>	<b>183,428,350</b>	<b>131,884,204</b>	<b>60,500,200</b>	<b>(254,812,354)</b>	<b>105,359,817</b>

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 2019.

**Idah Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	Repair & Maintenance	13,635,095		(13,635,095)	24,880,538
	Traveling and Transport	65,011,835		(65,011,835)	24,309,209
	Printing & Stationery	19,904,423		(19,904,423)	17,369,586
	Communication & Postages	20,195,000		(20,195,000)	26,452,205
	Fueling & Lubricants Expenses	1,950,000		(1,950,000)	
	Professional Charges	39,264,820		(39,264,820)	89,327,330
	Gift & Donation	83,823,981		(83,823,981)	116,805,254
	Security Services	60,266,110		(60,266,110)	67,095,000
	Office Expenses	47,012,470		(47,012,470)	90,280,000
	Culture & Tourism	39,855,871		(39,855,871)	5,807,500
	Education & Science Development	76,216,022		(76,216,022)	830,000
	Youth & Sport Development	3,505,000		(3,505,000)	-
	Medical Expenses	40,218,675		(40,218,675)	31,506,899
	Other Expenses	138,608,559		(138,608,559)	13,872,050
	<b>Subvention:</b>				
	LGEA-SUBEB	220,764,806		(220,764,806)	375,769,883
	<b>Statutory Remittances:</b>				
	1% to Local Government Service Commission (LGSC)	6,523,194		(6,523,194)	-
	1% to Office of Auditor General for Local Government	9,045,682		(9,045,682)	-
	5% to Ministry for LG&CA	8,484,516		(8,484,516)	-
	1% to Kogi State Traditional Councils	5,292,205		(5,292,205)	-
		<b>899,578,264</b>	<b>-</b>	<b>(899,578,264)</b>	<b>884,305,453</b>
<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>					
		<b>899,578,264</b>	<b>-</b>	<b>(899,578,264)</b>	<b>884,305,453</b>



Idah Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2019					
Notes to the Financial Statements					
<b>NOTE 18 : Public Debt Charges</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	1,625,488	-	(1,625,488)	5,121,747
		-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>1,625,488</b>	<b>-</b>	<b>(1,625,488)</b>	<b>5,121,747</b>
<p>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.</p>					

<b>Note 19 : Cash &amp; Cash Equivalent (By Banks)</b>			
		Year Ended 31 December 2019	Year Ended 31 December 2018
S/N	Bank Name	Amount	Amount
1	Cash in the till	34	76
2	UBA Bank Plc	25,233	251,180
3	Access Bank Plc	13,441,607	17,719,671
4	Polaris Bank	92,031	3,644
		<b>13,558,905</b>	<b>17,974,571</b>
<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 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.</p>			

Idah Local Government of Kogi State										
Financial Statements for the Year Ended 31 December 2019										
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	Nexia Agbo Abel & Co	IGR Generation for Local Government						100,803,668		100,803,668
										-
<b>Total</b>								<b>100,803,668</b>	<b>-</b>	<b>100,803,668</b>
The prapayment above represent advance payment made to contractors for work yet to be done.										

Note 20 b: Other Current Assets			
S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	INVENTORIES	-	
2	ADVANCES	48,946,138	
<b>Total</b>		<b>48,946,138</b>	<b>-</b>
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 2019	Year Ended 31 December 2018
1	Advances		48,946,138	48,946,138
<b>Total</b>			<b>48,946,138</b>	<b>48,946,138</b>
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 2019										
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
<b><u>COST/REVALUATION</u></b>	=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	70,547,250	2,559,813,284	2,729,406,660
Additions During the year		63,625,503		47,530,639			15,000,000	1,563,625		127,719,767
Revaluation										-
Recognition of Legacy PPE										-
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	30,736,150	63,625,503	34,933,050	54,022,565	-	-	41,885,000	72,110,875	2,559,813,284	2,857,126,427
<b><u>ACCUMULATED DEPRECIATION</u></b>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018	6,147,230	-	3,493,305	84,395.04	-	-	6,721,250	-	51,196,266	67,642,446
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	6,147,230	15,906,376	3,493,305	702,293	-	-	10,471,250	-	51,196,266	87,916,720
Balance c/forward 31 December 2018	12,294,460	15,906,376	6,986,610	786,688	-	-	17,192,500	-	102,392,531	155,559,166
<b><u>ACCUMULATED IMPAIRMENT</u></b>										
Balance b/forward 01 January 2018	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-
<b><u>NET BOOK VALUE</u></b>										
Balance as at 31 December 2018	18,441,690	47,719,127	27,946,440	53,235,876	-	-	24,692,500	72,110,875	2,457,420,753	2,701,567,261
Balance as at 01 January 2018	24,588,920	-	31,439,745	6,407,531	-	-	20,163,750	70,547,250	2,508,617,018	2,661,764,214

**Idah Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25 : Short Term Loans & Debts**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	2,366,849,106	2,092,095,935
3	Other Payables (25b)	660,275,733	848,125,384
4	Loan in respect of IGR generation (NEXIA )	100,803,668	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>3,127,928,508</b>	<b>2,940,221,319</b>

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 2019	Year Ended 31 December 2018
	Balance b/f	2,092,095,935	1,701,926,577
1	Salary Payables for the year	274,753,171	390,169,358
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>2,366,849,106</b>	<b>2,092,095,935</b>

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

<b>Idah Local Government of Kogi State</b>			
<b>Financial Statements for the Year Ended 31 December 2019</b>			
<b>Notes to the Financial Statements</b>			
<b>Note 25b : Other Payables</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	Arrears		284,457,585
2	Pension	131,884,204	147,268,988
3	Leave Bonus	498,685,196	405,124,734
4	Incremental arrears	22,548,152	11,274,076
5	Promotion arrears	7,158,182	5,594,689.59
			-
<b>Total Other Payables</b>		<b>660,275,733</b>	<b>848,125,384</b>
<b>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</b>			

<b>Note 28 : Long Term Borrowing</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	Capital Market Bonds & Other Long Term Borrowing (Note 28 a)	423,018,180	-
2	Multi lateral Loan (Note 28 b)	-	-
<b>Total Long Term Borrowings</b>		<b>423,018,180</b>	<b>-</b>
<b>Long-term borrowing generally refers to loans that will not become due within one year or before the reporting date</b>			

Idah Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2019					
Notes to the Financial Statements					
Note 28 a : State Bond & Other Long Term Borrowing					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Gross Loan		Net for LGA	
1	CBN Budget Support Facility		-	-	
2	Salary Bail Out	423,018,180		423,018,180	
<b>TOTAL</b>		<b>423,018,180</b>	<b>-</b>	<b>423,018,180</b>	<b>-</b>
<p>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.</p>					

Note 29 : Reserves			
S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2019		(255,264,533)
	<b>IPSA Adjustments</b>		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(439,632,013)	
	<b>Total IPSA Adjustments</b>		(439,632,013)
<b>Closing Balance as at 31 December 2019</b>			<b>(694,896,546)</b>

**IGALAMELA/ODOLU LOCAL GOVERNMENT  
OF KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**



# 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

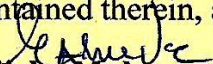
The Financial Statements for the Year Ended 31 December 2019 have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Board (IPSASB) and the Financial Reporting Council of Nigeria (FRCN).

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 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. 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 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.

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 2019 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 2019**

**Statement of Financial Performance**


	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	1,948,950,308	1,416,890,158
Government Share of VAT	10	360,127,143	322,883,108
Tax Revenue	11	10,319,929	3,572,826
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>2,319,397,380</b>	<b>1,743,346,092</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	602,216,949	766,308,884
Social Benefits	16	333,175,865	250,076,405
Overhead Cost	17	1,245,593,857	1,062,609,460
Depreciation Charges	23	120,749,196	102,986,253
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>2,301,735,867</b>	<b>2,181,981,002</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>17,661,512</b>	<b>(438,634,910)</b>
Public Debt Charges	18	3,177,243	994,271
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>14,484,270</b>	<b>(439,629,181)</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>14,484,270</b>	<b>(439,629,181)</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>14,484,270</b>	<b>(439,629,181)</b>

  
**EDICHA MUHAMMED J.**

Local Government Treasurer (LGT)  
 Igalamela/Odolu Local Government  
 Kogi State

**Igalamela/Odolu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**Statement of Financial Position**

ASSETS	Notes	Year Ended 31 December 2019		Year Ended 31 December 2018	
<b>Current Assets</b>					
Cash and Cash Equivalents	19	13,807,471		67,458,972	
Prepayment	20	155,271,117		-	
Other Current Assets	20b	5,980,500		2,665,500	
<b>Total Current Assets</b>			<b>175,059,088</b>		<b>70,124,472</b>
<b>Non-Current Assets</b>					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	4,257,444,417		3,968,375,431	
Intangible Assets	24	-		-	
<b>Total Non-Current Assets</b>			<b>4,257,444,417</b>		<b>3,968,375,431</b>
<b>Total Assets</b>			<b>4,432,503,506</b>		<b>4,038,499,903</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Short Term Loans & Debts	25	2,739,355,495		2,335,167,446	
Unremitted Deductions	26	-		-	
Payables	27	-		-	
<b>Total Current Liabilities</b>			<b>2,739,355,495</b>		<b>2,335,167,446</b>
<b>Non-Current Liabilities</b>					
Long Term Borrowings	28	-		-	
<b>Total Non-Current Liabilities</b>			<b>-</b>		<b>-</b>
<b>Total Liabilities</b>			<b>2,739,355,495</b>		<b>2,335,167,446</b>
<b>Net Assets</b>			<b>1,693,148,011</b>		<b>1,703,332,457</b>
<b>NET ASSETS/EQUITY</b>					
Reserves	29	1,678,663,741		2,142,957,980	
Accumulated Surpluses/(Deficits)		14,484,270		(439,625,523)	
<b>Total Net Assets/Equity</b>			<b>1,693,148,011</b>		<b>1,703,332,457</b>

  
**EDICHA MUHAMMED J.**  
 Local Government Treasurer (LGT)  
 Igalamela/Odolu Local Government  
 Kogi State

**Igalamela/Odolu Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Statement of Change in Assets/Equity**

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
<b>Closing Balance 31 December 2018</b>	<b>2,142,957,980</b>	<b>(439,625,523)</b>	<b>1,703,332,457</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
<b>Opening Balance as at 01 January 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	14,484,270	14,484,270
Reserves (Note 29)	1,678,663,741		1,678,663,741
<b>Closing Balance as at 31 December 2019</b>	<b>1,678,663,741</b>	<b>14,484,270</b>	<b>1,693,148,011</b>

**EDICHA MUHAMMED J.**

Local Government Treasurer (LGT)

Igalamela/Odolu Local Government

Kogi State

**Igalamela/Odolu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**Statement of Cashflow**

Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	1,948,950,308	1,416,890,158
Government Share of VAT	10	360,127,143	322,883,108
Tax Revenue	11	10,319,929	3,576,484
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>2,319,397,380</b>	<b>1,743,349,750</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	602,216,949	766,308,884
Social Benefits	16	333,175,865	250,076,405
Overhead Cost(s)	17	1,245,593,857	1,062,609,460
Transfer to other Government Entities		-	-
Finance Cost	18	3,177,243	994,271.25
Finance Cost		-	-
<b>Total Outflow From Operating Activities</b>		<b>2,184,163,914</b>	<b>2,079,989,020</b>
<b>Net Cash Flow From Operating Activities</b>		<b>135,233,466</b>	<b>(336,639,270)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(409,818,183)	(359,486,064)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(409,818,183)</b>	<b>(359,486,064)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	404,188,049	1,026,178,067
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(183,254,833)	(466,822,787)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>220,933,216</b>	<b>559,355,280</b>
<b>Net Cash Flow From All Activities</b>		<b>(53,651,501)</b>	<b>(136,770,055)</b>
<b>Open Cash Balance</b>		<b>67,458,972</b>	<b>204,229,027</b>
<b>Closing Cash Balance</b>		<b>13,807,472</b>	<b>67,458,972</b>

**EDICHA MUHAMMED J.**  
Local Government Treasurer (LGT)  
Igalamela/Odolu Local Government  
Kogi State

## Igalamela/Odolu Local Government of Kogi State

## Financial Statements for the Year Ended 31 December 2019

## Statement of Comparison of Budget and Actual

	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
		Original	Supplementary	Final		
<b>RECURRENT REVENUE</b>						
Government Share of FAAC (Statutory Revenue)	9	4,274,100,750	793,908,740.00	5,068,009,490	1,293,868,850	(3,774,140,640)
Excess Crude	9	-	-	-	-	-
Budget Augmentation/Budget Support Facility	9	-	-	-	464,895,881	464,895,881
Exchange Difference	9	-	-	-	2,318,250	2,318,250
Refund from Federal Government	9	-	-	-	150,476,962	150,476,962
Non-oil Revenue	9	-	-	-	-	-
FOREX Equalization	9	-	-	-	29,755,378	29,755,378
Excess Bank Charge	9	-	-	-	1,540,816	1,540,816
Government Share of VAT	10	314,527,960	-	314,527,960	360,127,143	45,599,183
Tax Revenue	11	18,081,620	-	18,081,620	10,319,929	(7,761,691)
Non-Tax Revenue	12	-	-	-	-	-
<b>TOTAL RECURRENT REVENUE</b>		<b>4,606,710,330</b>	<b>-</b>	<b>5,400,619,070</b>	<b>2,313,303,208</b>	<b>(3,087,315,862)</b>
<b>CAPITAL RECEIPT</b>						
		-	-	-	-	-
<b>TOTAL CAPITAL RECEIPT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>		<b>4,606,710,330</b>	<b>-</b>	<b>5,400,619,070</b>	<b>2,313,303,208</b>	<b>(3,087,315,862)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	2,716,652,230	-	2,716,652,230	602,216,949	2,114,435,281
Social Benefits	16	148,113,150	-	148,113,150	333,175,865	(185,062,715)
Overhead Cost	17	824,329,720	196,086,260	1,020,415,980	1,245,593,857	(225,177,877)
Public Debt Charges	18	-	-	-	3,177,243	(3,177,243)
Impairment (Loss) on Investment	22	-	-	-	-	-
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>3,689,095,100</b>	<b>196,086,260</b>	<b>3,885,181,360</b>	<b>2,184,163,914</b>	<b>1,701,017,446</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	732,799,890	597,822,480	1,330,622,370	409,818,183	920,804,187
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>732,799,890</b>	<b>597,822,480</b>	<b>1,330,622,370</b>	<b>409,818,183</b>	<b>920,804,187</b>
<b>TOTAL EXPENDITURE</b>		<b>4,421,894,990</b>	<b>793,908,740</b>	<b>5,215,803,730</b>	<b>2,593,982,097</b>	<b>2,621,821,633</b>

EDICHA MUHAMMED J.  
Local Government Treasurer (LGT)  
Igalamela/Odolu Local Government  
Kogi State

Igalamela/Odolu Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2019		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2019
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>14,484,270</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	120,749,196
Impairment of Investments	22	-
<b>Total non-cash Items</b>		<b>135,233,466</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	404,188,049
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment	9 a	(183,254,833)
<b>Total movements in working capital items</b>		<b>220,933,216</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(409,818,183)
<b>Total items classified as investing activities</b>		<b>(409,818,183)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(53,651,501)</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>67,458,972</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>13,807,472</b>

**Igalamela/Odolu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 Igalamela/Odolu Local Governments of Kogi State for the financial year ended 31 December 2019, 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.



**Igalamela/Odolu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 Igalamela/Odolu 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.

**Igalamela/Odolu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 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.

**Igalamela/Odolu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**Notes to the Financial Statements**

Thus, in line with the Format, the 2019 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 Igalamela/Odolu 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 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.

**Igalamela/Odolu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 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 2019. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Igalamela/Odolu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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.

**1) 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.

**i. 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.

**Igalamela/Odolu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**Notes to the Financial Statements**

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.

**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 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.

**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.

**Igalamela/Odolu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 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.

**Igalamela/Odolu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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. 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.

**ii. 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.



**Igalamela/Odolu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 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.

**Igalamela/Odolu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**Notes to the Financial Statements**

For the fourth Transitional Financial Statements for the year ended 31 December 2019, Igalamela/Odolu Local Government has recognized financial liabilities measured at amortized cost. These include Igalamela/Odolu 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. 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.

**Igalamela/Odolu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 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.

**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 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:

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

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**

**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 Igalamela/Odolu 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 Igalamela/Odolu Local Government, or a present obligation that arises from past events but is not recognised because:

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- j. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,
- k. 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.

**l. 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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**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, 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.

**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 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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<b>Note 9 : Government Share of FAAC (Statutory Revenue)</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	29,755,378	-	(29,755,378)	-
2	Recovered Excess Bank Charges	1,540,816	-	(1,540,816)	54,038,477
3	Statutory Allocation	1,293,868,850	5,068,009,490	3,774,140,640	1,101,570,888
4	Exchange Difference	2,318,250	-	(2,318,250)	8,370,696
5	NNPC Refund	-	-	-	2,769,951
6	JAAC Special Allocation	150,476,962	-	(150,476,962)	246,434,142
7	Budget Augmentation	464,895,881	-	(464,895,881)	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	6,094,172	-	(6,094,172)	3,706,004
10	Ganished Fund	-	-	-	-
11	Salary Bailout	-	-	-	-
<b>Total Statutory Revenue</b>		<b>1,948,950,308</b>	<b>5,068,009,490.00</b>	<b>3,119,059,182</b>	<b>1,416,890,158</b>
<p>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 2019. The aggregate figures for the various items of revenues to the state are as shown in the table below.</p>					

<b>Note 9 a : Government Share of FAAC (Statutory Revenue)</b>											
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	90,315,923		-							90,315,923
2	February	82,905,882		231,792							83,137,674
3	March	76,022,090		-		10,391,656					86,413,745
4	April	72,068,747		199,888		10,197,210	1,065,698				83,531,543
5	May	91,706,096		185,619							91,891,715
6	June	-		-							-
7	July	133,570,543		277,813						464,895,881	598,744,237
8	August	263,212,412		492,997							263,705,409
9	September	130,382,932		247,730			475,118		123,380,000		254,485,779
10	October	128,410,883		227,043		547,808					129,185,734
11	November	124,426,074		267,329				2,049,253			126,742,656
12	December	100,847,270		188,038		8,618,705		4,044,918	27,096,962		140,795,893
-											
<b>Total</b>		<b>1,293,868,850</b>	<b>-</b>	<b>2,318,250</b>	<b>-</b>	<b>29,755,378</b>	<b>1,540,816</b>	<b>6,094,172</b>	<b>150,476,962</b>	<b>464,895,881</b>	<b>1,948,950,308</b>



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<b>Note 10: Government Share of Value Added Tax (VAT)</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	360,127,143	314,527,960	45,599,183	322,883,108
<b>Total</b>		<b>360,127,143</b>	<b>314,527,960</b>	<b>45,599,183</b>	<b>322,883,108</b>
<p>This is Igalamela/Odolu 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>					

<b>Note 10 a : Government Share of Value Added Tax (VAT)</b>			
S/N	Month	Year Ended 31 December 2019	Year Ended 31 December 2018
1	January	32,819,414	-
2	February	-	-
3	March	33,928,437	30,962,721
4	April	30,949,135	28,503,340
5	May	35,727,236	26,731,156
6	June	-	28,641,089
7	July	34,968,630	30,656,077
8	August	67,688,154	24,469,410
9	September	-	25,833,238
10	October	59,862,514	36,820,277
11	November	34,299,706	25,397,086
12	December	29,883,918	64,868,714
<b>Total</b>		<b>360,127,143</b>	<b>322,883,108</b>
<p>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 2019</p>			

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**Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Hawkers Permit	142,600		142,600	405,900
2	Produce Buying Licences	422,500		422,500	318,800
3	Change Of Ownership	23,500		23,500	344,500
4	Development Levies	7,242,897		7,242,897	1,152,976
5	Timbers And Forest Fees	44,500		44,500	5,700
6	Application/ State Of Origin Fees	26,000		26,000	216,000
7	Contract Registration fee	300,000		300,000	-
8	Earning From Medical Services			-	55,000
9	Earning From Guest House	204,000		204,000	204,000
10	Earning From Commercial Activities	246,030		246,030	816,450
11	Rent on Land	10,000		10,000	
12	Earning From Use Of Govt. Vehicle			-	53,500
13	Proceed from sales of Govt property	1,654,500		1,654,500	-
14	Bank Interest	3,403		3,403	-
<b>Total</b>		<b>10,319,929</b>	<b>-</b>	<b>10,319,929</b>	<b>3,572,826.00</b>

**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.**

<b>Note 14 : Interest Earned</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Interest	3,403	-	-	3,658
<b>Total Interest Earned</b>		<b>3,403</b>	<b>-</b>	<b>-</b>	<b>3,658</b>

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<b>NOTE 15 : Salaries &amp; Wages</b>							
S/N	Description	Year Ended 31 December 2019					Year Ended 31 December 2018
		Actual			Budget	Variance	Actual
<b>SALARIES AND WAGES</b>		<b>Total Salary</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	SALARY	591,828,516	286,494,545	305,333,971	2,716,652,230	2,430,157,685	580,880,567
2	NULGE					-	184,352,818
						-	
<b>Total SALARIES AND WAGES</b>		<b>591,828,515.97</b>	<b>286,494,544.57</b>	<b>305,333,971</b>	<b>2,716,652,230</b>	<b>2,430,157,685</b>	<b>765,233,384</b>
<b>ALLOWANCE AND SOCIAL CONTRIBUTION</b>							
1	Traditional council allowance	10,388,433				(10,388,433)	1,075,500
						-	
						-	
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>10,388,433</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,388,433)</b>	<b>1,075,500</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>602,216,949</b>	<b>286,494,545</b>	<b>305,333,971</b>	<b>2,716,652,230</b>	<b>2,419,769,252</b>	<b>766,308,884</b>
<p>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 2019. The cumulative figure paid through respective Economic Line items are as shown above.</p>							

<b>NOTE 16 : Social Benefits</b>							
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>					<b>Year Ended 31 December 2018</b>
		<b>Actual</b>			<b>Budget</b>	<b>Variance</b>	<b>Actual</b>
<b>SOCIAL BENEFITS</b>		<b>Total Pension</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	Actual Pension	333,175,865	229,064,019	104,111,846	148,113,150	(80,950,869)	250,076,405
<b>Total SOCIAL BENEFITS</b>		<b>333,175,865</b>	<b>229,064,019</b>	<b>104,111,846</b>	<b>148,113,150</b>	<b>(80,950,869)</b>	<b>250,076,405</b>
<p>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 2019.</p>							

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**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	Local Travel and Transport Training	66,560,205		(66,560,205)	82,500,858
	Repairs & Maintenance	38,437,071		(38,437,071)	59,347,431
	Printing & Stationery	50,859,670		(50,859,670)	34,758,605
	Training	47,724,387		(47,724,387)	37,964,100
	Security Services	50,905,000		(50,905,000)	63,250,000
	Medical Expenses	55,602,725		(55,602,725)	80,009,452
	Financial Consulting	46,576,943		(46,576,943)	143,799,850
	Entertainment & Meals	15,909,500		(15,909,500)	8,815,000
	Honourarium and Sitting Allowance	33,111,500		(33,111,500)	57,111,640
	Welfare Packages	74,059,445		(74,059,445)	55,014,960
	FUND TRANSFER Error transfer to salary and wages accounts	-		-	123,380,000
	Educational Services	-		-	57,835,714
	Purchase of Fertilizer & Agric Implement	103,066,867		(103,066,867)	49,097,603
	Monitoring and Evaluation	-		-	25,371,429
	Rent	6,822,000		(6,822,000)	-
	Youth & Sport Development	1,000,000		(1,000,000)	-
	Agricultural Input & Ferterliser	103,066,867		(103,066,867)	
	Remittance for Deductions from Staff	126,650,881		(126,650,881)	
	<b>Subventions:</b>			-	
	LGEA-SUBEB	347,325,031		(347,325,031)	184,352,818
	<b>Statutory Remittances:</b>			-	
	1% VAT to AGLG	38,957,883		(38,957,883)	
	1% Exchange Difference to AGL	2,303,306		(2,303,306)	
	1% SRA to AGL	6,533,768		(6,533,768)	
	1% VAT to LGA	941,675		(941,675)	
	1% VAT to MLG&CA	941,675		(941,675)	
	5% SRA to LG Traditional Council	11,623,357		(11,623,357)	
	1% SRA to LGSC	7,778,028		(7,778,028)	
	1% Exchange Difference to MLG&CA	1,058,046		(1,058,046)	
	1% SRA to MLG&CA	7,778,028		(7,778,028)	
				-	
		<b>1,245,593,857</b>	<b>-</b>	<b>(1,245,593,857)</b>	<b>1,062,609,460</b>

**Igalamela/Odolu Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 18 : Public Debt Charges**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	3,177,243	-	(3,177,243)	994,271
		-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>3,177,243</b>	<b>-</b>	<b>(3,177,243)</b>	<b>994,271</b>

The Igalamela/Odolu 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 2019	Year Ended 31 December 2018
		Amount	Amount
1	Cash in the till	200	12
2	UBA Bank Plc	1,726,429	77,159
3	Union Bank Plc		341,461
4	Access Bank Plc	11,522,721	67,040,339
5	UBN	558,121	-
		<b>13,807,471</b>	<b>67,458,972</b>

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.

Igalamela/Odolu Local Government of Kogi State										
Financial Statements for the Year Ended 31 December 2019										
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	Nexia Agbo Abel & Co	IGR Generation for Local Government						155,271,117		155,271,117
2										-
<b>Total</b>								155,271,117	-	155,271,117
The prapayment above represent advance payment made to contractors for work yet to be done.										

Note 20 b: Other Current Assets			
S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	INVENTORIES	1,260,500	865,500
2	RECEIVABLES (20c)	4,720,000	1,800,000
<b>Total</b>		<b>5,980,500</b>	<b>2,665,500</b>
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 2019	Year Ended 31 December 2018
1	Globacom Nigeria	2,000,000	1,000,000
2	Airtel Nigeria	1,600,000	800,000
3	Local Govt. Guest House	1,120,000	
<b>Total</b>		<b>4,720,000</b>	<b>1,800,000</b>
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 2019**

**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
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	79,888,340	-	107,265,000	297,747,264	-	-	31,312,624	325,987,750	3,229,160,705	4,071,361,683
Additions During the year	380,000	36,978,933	520,000	356,939,250			15,000,000			409,818,183
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>80,268,340</b>	<b>36,978,933</b>	<b>107,785,000</b>	<b>654,686,514</b>	<b>-</b>	<b>-</b>	<b>46,312,624</b>	<b>325,987,750</b>	<b>3,229,160,705</b>	<b>4,481,179,866</b>
<b><u>ACCUMULATED DEPRECIATION</u></b>										
<b>DEPRECIATION RATE</b>	<b>20%</b>	<b>25%</b>	<b>10%</b>	<b>1%</b>	<b>25%</b>	<b>20%</b>	<b>25%</b>		<b>2%</b>	
Balance b/forward 01 January 2019	15,977,668	-	10,726,500	3,870,714.43	-	-	7,828,156	-	64,583,214	102,986,253
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	16,053,668	9,244,733	10,778,500	8,510,925	-	-	11,578,156	-	64,583,214	120,749,196
<b>Balance c/forward 31 December 2019</b>	<b>32,031,336</b>	<b>9,244,733</b>	<b>21,505,000</b>	<b>12,381,639</b>	<b>-</b>	<b>-</b>	<b>19,406,312</b>	<b>-</b>	<b>129,166,428</b>	<b>223,735,449</b>
<b><u>ACCUMULATED IMPAIRMENT</u></b>										
Balance b/forward 01 January 2019	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2019	-	-	-	-	-	-	-	-	-	-
<b><u>NET BOOK VALUE</u></b>										
Balance as at 31 December 2019	48,237,004	27,734,200	86,280,000	642,304,875	-	-	26,906,312	325,987,750	3,099,994,277	4,257,444,417
Balance as at 01 January 2019	63,910,672	-	96,538,500	293,876,550	-	-	23,484,468	325,987,750	3,164,577,491	3,968,375,431



**Igalamela/Odolu Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25 : Short Term Loans & Debts**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	1,979,635,315	1,674,301,344
3	Other Payables (25b)	604,449,063	660,866,102
4	Loan in respect of IGR generation (NEXIA )	155,271,117	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>2,739,355,495</b>	<b>2,335,167,446</b>

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 25 : Salary Payables**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
	Balance b/f	1,674,301,344	1,308,989,379
1	Salary Payables for the year	305,333,971	365,311,965
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>1,979,635,315</b>	<b>1,674,301,344</b>

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

<b>Note 25 : Other Payables</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	Arrears		
2	Pension	104,111,846	99,214,953
3	Leave Bonus	193,586,992	306,307,784
4	Unpaid allowance of political Office holder	306,750,225	255,343,365
<b>Total Other Payables</b>		<b>604,449,063</b>	<b>660,866,102</b>
<p><b>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</b></p>			

<b>Igalamela/Odolu Local Government of Kogi State</b>			
<b>Financial Statements for the Year Ended 31 December 2019</b>			
<b>Notes to the Financial Statements</b>			
<b>Note 26 : Unremitted Deductions</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	Paye	7,460,981	7,460,981
2	Nulge	228,592	228,592
3	M&Hwun	218,268	218,268
4	Value Added Tax	41,554,428	41,554,428
5	Withholding Tax	41,525,358	41,525,358
6	Nasu	2,288	2,288
7	Firs/Stamp Duty	13,046,866	13,046,866
8	Development Levy	19,661,541	19,661,541
9	Unremitted Saving Scheme	3,793,052	4,393,053
10	Unpaid House Rent	6,272,000	6,021,000
11	Unpaid Contractor	10,545,000	70,545,000
<b>Total Unremitted Deductions</b>		<b>144,308,375</b>	<b>204,657,376</b>

<b>Note 29 : Reserves</b>			
<b>S/N</b>	<b>Description</b>	<b>Amount</b>	<b>Amount</b>
1	Opening Balance as at 01 January 2019		1,703,332,457
	<b>IPSA Adjustments</b>		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(24,668,716)	
	<b>Total IPSA Adjustments</b>		(24,668,716)
<b>Closing Balance as at 31 December 2019</b>			<b>1,678,663,741</b>

**IJUMU LOCAL GOVERNMENT OF  
KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**

# 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 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 Ijumu 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.

**Saliu Abibat Omolola**  
**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 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. 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 2019 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 2019

Statement of Financial Performance

	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	1,895,111,909	1,321,141,228
Government Share of VAT	10	332,768,623	331,464,700
Tax Revenue	11	3,374,980	6,943,420
Non-Tax Revenue	12	722,600	1,991,350
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>2,231,978,112</b>	<b>1,661,540,698</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	609,746,002	618,765,418
Social Benefits	16	692,928,040	501,927,062
Overhead Cost	17	938,643,441	1,045,338,655
Depreciation Charges	23	129,967,722	97,191,697
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>2,371,285,206</b>	<b>2,263,222,832</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>(139,307,094)</b>	<b>(601,682,134)</b>
Public Debt Charges	18	4,407,025	153,966
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>(143,714,119)</b>	<b>(601,836,100)</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>(143,714,119)</b>	<b>(601,836,100)</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>(143,714,119)</b>	<b>(601,836,100)</b>



**SALIU ABIBAT OMOLOLA**

Local Government Treasurer (LGT)

Treasurer Ijumu Local Government

Kogi State

Ijumu Local Government of Kogi State				
Financial Statements for the Year Ended 31 December 2019				
Statement of Financial Position				
ASSETS	Notes	Year Ended 31 December 2019		Year Ended 31 December 2018
<b>Current Assets</b>				
Cash and Cash Equivalents	19	1,614,133		14,973,625
Prepayment	20	169,628,860		-
Other Current Assets	20b	2,830,000		-
<b>Total Current Assets</b>			<b>174,072,993</b>	<b>14,973,625</b>
<b>Non-Current Assets</b>				
Long Term Loans	21	-		-
Investments	22	-		-
Property, Plant & Equipment	23	3,039,424,778		2,794,022,860
Intangible Assets	24	-		-
<b>Total Non-Current Assets</b>			<b>3,039,424,778</b>	<b>2,794,022,860</b>
<b>Total Assets</b>			<b>3,213,497,770</b>	<b>2,808,996,485</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Short Term Loans & Debts	25	3,807,543,500		3,116,484,462
Unremitted Deductions	26	-		-
Payables	27	-		-
<b>Total Current Liabilities</b>			<b>3,807,543,500</b>	<b>3,116,484,462</b>
<b>Non-Current Liabilities</b>				
Long Term Borrowings	28	517,554,096		-
<b>Total Non-Current Liabilities</b>			<b>517,554,095.56</b>	<b>-</b>
<b>Total Liabilities</b>			<b>4,325,097,595</b>	<b>3,116,484,462</b>
<b>Net Assets</b>			<b>(1,111,599,825)</b>	<b>(307,487,976)</b>
<b>NET ASSETS/EQUITY</b>				
Reserves	29	(967,885,706)		294,348,124
Accumulated Surpluses/(Deficits)		(143,714,119)		(601,836,100)
<b>Total Net Assets/Equity</b>			<b>(1,111,599,825)</b>	<b>(307,487,976)</b>



**SALIU ABIBAT OMOLOLA**  
Local Government Treasurer (LGT)  
Treasurer Ijumu Local Government  
Kogi State



Ijumu Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2019

Statement of Change in Assets/Equity

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	3,105,223,324	(821,272,975)	2,283,950,349
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-	-	-
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(143,714,119)	(143,714,119)
Reserves (Note 29)	(967,885,706)		(967,885,706)
Closing Balance as at 31 December 2018	(967,885,706)	(143,714,119)	(1,111,599,825)



**SALIU ABIBAT OMOLOLA**

Local Government Treasurer (LGT)

Treasurer Ijumu Local Government

Kogi State

**Ijumu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**Statement of Cashflow**

Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	1,895,111,909	1,321,141,228
Government Share of VAT	10	332,768,623	331,464,700
Tax Revenue	11	3,374,980	6,943,420
Non-Tax Revenue	12	722,600	1,991,350
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>2,231,978,112</b>	<b>1,661,540,697.93</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	609,746,002	618,765,418
Social Benefits	16	692,928,040	501,927,062
Overhead Cost(s)	17	938,643,441	1,045,338,655
Transfer to other Government Entities		-	-
Finance Cost	18	4,407,025	153,966
Finance Cost			
<b>Total Outflow From Operating Activities</b>		<b>2,245,724,508</b>	<b>2,166,185,101</b>
<b>Net Cash Flow From Operating Activities</b>		<b>(13,746,397)</b>	<b>(504,644,403)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(375,369,639)	(220,009,446)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(375,369,639)</b>	<b>(220,009,446)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	691,059,038	1,014,101,536
Proceeds from Borrowings - Long Term Loan	28	517,554,096	-
Repayment of Borrowings		(832,856,590)	(410,864,513)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>375,756,544</b>	<b>603,237,023</b>
<b>Net Cash Flow From All Activities</b>		<b>(13,359,492)</b>	<b>(121,416,826)</b>
<b>Open Cash Balance</b>		<b>14,973,625</b>	<b>136,390,451</b>
<b>Closing Cash Balance</b>		<b>1,614,133</b>	<b>14,973,625</b>



**SALIU ABIBAT OMOLOLA**  
Local Government Treasurer (LGT)  
Treasurer Ijumu Local Government  
Kogi State

Ijumu Local Government of Kogi State						
Financial Statements for the Year Ended 31 December 2019						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
RECURRENT REVENUE		Original	Supplementary	Final		
Government Share of FAAC (Statutory Revenue)	9	4,144,204,760	740,000,000.00	4,884,204,760	1,309,775,700	(3,574,429,060)
Excess Crude	9		-	-	6,006,578	6,006,578
Budget Augmentation/Budget Support Facility	9		-	-	546,554,096	546,554,096
Exchange Difference	9		-	-	2,277,527	2,277,527
Refund from Federal Government	9		-	-	-	-
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	28,986,925	28,986,925
Excess Bank Charge	9		-	-	1,511,084	1,511,084
Government Share of VAT	10	309,207,290	-	309,207,290	332,768,623	23,561,333
Tax Revenue	11	25,100,510		25,100,510	3,374,980	(21,725,530)
Non-Tax Revenue	12			-	722,600	722,600
<b>TOTAL RECURRENT REVENUE</b>		<b>4,478,512,560</b>	<b>-</b>	<b>5,218,512,560</b>	<b>2,231,978,112</b>	<b>(2,986,534,448)</b>
<b>CAPITAL RECEIPT</b>						
<b>TOTAL CAPITAL RECEIPT</b>						
<b>TOTAL REVENUE</b>		<b>4,478,512,560</b>	<b>-</b>	<b>5,218,512,560</b>	<b>2,231,978,112</b>	<b>(2,986,534,448)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	1,575,817,030		1,575,817,030	609,746,002	966,071,028
Social Benefits	16	611,446,390		611,446,390	692,928,040	(81,481,650)
Overhead Cost	17	1,282,208,420	344,000,000	1,626,208,420	938,643,441	687,564,979
Public Debt Charges	18	-	-	-	4,407,025	(4,407,025)
Impairment (Loss) on Investment	22	-	-	-		
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>3,469,471,840</b>	<b>344,000,000</b>	<b>3,813,471,840</b>	<b>2,245,724,508</b>	<b>1,567,747,332</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	947,702,480	396,000,000	1,343,702,480	375,369,639	968,332,841
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>947,702,480</b>	<b>396,000,000</b>	<b>1,343,702,480</b>	<b>375,369,639</b>	<b>968,332,841</b>
<b>TOTAL EXPENDITURE</b>		<b>4,417,174,320</b>	<b>740,000,000</b>	<b>5,157,174,320</b>	<b>2,621,094,147</b>	<b>2,536,080,173</b>



**SALIU ABIBAT OMOLOLA**  
 Local Government Treasurer (LGT)  
 Treasurer Ijumu Local Government  
 Kogi State

<b>Ijumu Local Government of Kogi State</b>		
<b>Financial Statements for the Year Ended 31 December 2019</b>		
<b>Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities</b>		
<b>Description</b>	<b>Notes</b>	<b>Year Ended 31 December 2019</b>
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>(143,714,119)</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	129,967,722
Impairment of Investments	22	-
<b>Total non-cash Items</b>		<b>(13,746,397)</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	691,059,038
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	517,554,096
(Increase)/decrease in Loan Repayment		(832,856,590)
<b>Total movements in working capital items</b>		<b>375,756,544</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(375,369,639)
<b>Total items classified as investing activities</b>		<b>(375,369,639)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(13,359,492)</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>14,973,625</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>1,614,133</b>

**Ijumu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 Ijumu Local Governments of Kogi State for the financial year ended 31 December 2019, 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**  
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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**  
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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**  
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Thus, in line with the Format, the 2019 Consolidated Financial Statements comprise of the following;-

- viii. Consolidated Statement of Financial Performance,
- ix. Consolidated Statement of Cash-Flow Statement,
- x. Consolidated Statement of Financial Position,
- xi. Consolidated Statement of Changes in Equity,
- xii. Consolidated Statement of Comparison of Budget and Actual,
- xiii. Notes to the Financial Statements
- xiv. Accounting Policies and other explanatory statements or notes.

**k) 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.

**l) 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 2019**  
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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 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 2019. 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 2019**  
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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.

**b. 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.

**e. 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**  
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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.

**f. 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.

**g. 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.

**h. 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 2019**  
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**i. 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.

**c. 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**  
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**ix) 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.

**x) 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.

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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 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.

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For the fourth Transitional Financial Statements for the year ended 31 December 2019, Ijumu Local Government has recognized financial liabilities measured at amortized cost. These include Ijumu Local and foreign debts and investments.

**j. Classification**

**k. 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.

**l. 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.

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**m. 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.

**n. Financial Liabilities at Amortized Cost**

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

**o. Categories & Measurement**

**p. 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**  
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**q. 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.

**r. 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.

**s. 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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**t. 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.

**u. 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.

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**v. 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.

**w. 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**  
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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.

**x. 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)**

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.

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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:

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

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 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.

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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, 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.



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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**

**y. 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.

**z. 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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aa. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,

bb. 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.

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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, 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.

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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 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	28,986,925	-	(28,986,925)	24,907,696
2	Recovered Excess Bank Charges	1,511,084	-	(1,511,084)	14,592,876
3	Statutory Allocation	1,309,775,700	4,884,204,760	3,574,429,060	1,271,428,303
4	Exchange Difference	2,277,527	-	(2,277,527)	3,861,350
5	NNPC Refund	-	-	-	2,716,511
6	JAAC Special Allocation	-	-	-	-
7	Budget Augmentation	546,554,096	-	(546,554,096)	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	3,996,867	-	(3,996,867)	3,634,492
10	Ganished Fund	-	-	-	-
11	Salary Bailout	-	-	-	-
<b>Total Statutory Revenue</b>		<b>1,893,102,198</b>	<b>4,884,204,760.00</b>	<b>2,991,102,562</b>	<b>1,321,141,228</b>

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 2019. 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	85,013,702		-		-					85,013,702
2	February	109,996,534		227,320		-					110,223,853
3	March	96,504,695		-		10,168,950					106,673,645
4	April	66,806,057		196,031		10,000,443	1,045,134				78,047,666
5	May	91,603,723		182,037		-					91,785,760
6	June	-		-							-
7	July	130,910,478		272,462						517,554,096	648,737,035
8	August	257,524,593		483,484							258,008,077
9	September	127,529,744		242,949			465,950				128,238,643
10	October	123,634,340		222,662		541,570					124,398,572
11	November	121,687,830		266,171		-		2,009,711			123,963,711
12	December	98,564,006		184,410		8,275,961		3,996,867		29,000,000	140,021,244
-											
<b>Total</b>		<b>1,309,775,700</b>	<b>-</b>	<b>2,277,527</b>	<b>-</b>	<b>28,986,925</b>	<b>1,511,084</b>	<b>6,006,578</b>	<b>-</b>	<b>546,554,096</b>	<b>1,895,111,909</b>

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

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	332,768,623	309,207,290	23,561,333	331,464,700
<b>Total</b>		<b>332,768,623</b>	<b>309,207,290.00</b>	<b>23,561,333</b>	<b>331,464,700</b>

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 2019

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

S/N	Month	Year Ended 31 December 2019	Year Ended 31 December 2018
1	January	30,821,872	25,529,076
2	Febuary	-	-
3	March	31,857,371	29,046,728
4	April	29,038,242	26,730,074
5	May	29,118,472	25,071,819
6	June	-	26,918,785
7	July	32,807,600	28,803,983
8	August	62,685,836	25,777,514
9	September	-	24,251,088
10	October	56,201,879	34,549,503
11	November	32,177,445	23,827,859
12	December	28,059,905	60,958,272
<b>Total</b>		<b>332,768,623</b>	<b>331,464,700</b>

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 2019

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**Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Community/Pool Tax	1,663,100		1,663,100	2,127,120
2	Market Taxes	9,460		9,460	66,770
3	Cattle Dealer			-	400
4	Produce Buying	11,700		11,700	8,200
5	Abattoir / Slaughter	16,000		16,000	69,900
6	Hiring Service			-	500,000
7	Workshop Permit			-	6,300
8	Trade permit			-	661,500
9	Kiosk/shop Rate	69,400		69,400	169,000
10	Contractor Registration			-	1,086,410
11	Marriage/ Divorces			-	310,500
12	Association Registration			-	208,000
13	Birth and Death Registration			-	479,700
14	Development Levy			-	1,249,620
15	Tenement Rate	50,000		50,000	
16	Hawkers Permit	270,820		270,820	-
17	Right of Occupancy	1,284,500		1,284,500	-
18				-	-
<b>Total</b>		<b>3,374,980</b>	<b>-</b>	<b>3,374,980</b>	<b>6,943,420</b>

**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's permit, Abattoir/Slaughter Licences fees, Birth & Death Registration fees, Parkingspace fees, etc.**

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Financial Statements for the Year Ended 31 December 2019				
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Note 12 : Non Tax Revenue				
Administrative Code	Description	Year Ended 31 December 2019		
		Actual	Budget	Variance
	Marriage and Divorce	10,000		10,000
	Disinfection of Produce	21,000		21,000
	Tender Fees	100,000		100,000
	Bill Board Advertisement	60,000		60,000
	Association Fee	15,800		15,800
	Birth and Death Register	277,000		277,000
	Burial Fee	50,000		50,000
	Development Levy	53,000		53,000
	Bussiness / Trade Operation	15,000		15,000
	Proceed from Sales of Produce	120,800		120,800
<b>Total</b>		<b>722,600</b>	<b>-</b>	<b>722,600</b>

NOTE 15 : Salaries & Wages							
S/N	Description	Year Ended 31 December 2019					Year Ended 31 December 2018
		Actual			Budget	Variance	Actual
SALARIES AND WAGES		Total Salary	Payment	Balance Payable			
1	SALARY	602,197,892	315,899,636	286,298,255	1,575,817,030	1,259,917,394	531,770,503
						-	
						-	
<b>Total SALARIES AND WAGES</b>		<b>602,197,891.69</b>	<b>315,899,636</b>	<b>286,298,255</b>	<b>1,575,817,030</b>	<b>1,259,917,394</b>	<b>531,770,503</b>
ALLOWANCE AND SOCIAL CONTRIBUTION							
1	Non - Regular Allowance	7,548,111	7,548,111			(7,548,111)	
						-	
		-				-	-
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>7,548,111</b>	<b>7,548,110.68</b>	<b>-</b>	<b>-</b>	<b>(7,548,111)</b>	<b>-</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>609,746,002</b>	<b>323,447,747</b>	<b>286,298,255</b>	<b>1,575,817,030</b>	<b>1,252,369,283</b>	<b>531,770,503</b>
<p>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 2019. The cumulative figure paid through respective Economic Line items are as shown above.</p>							



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Notes to the Financial Statements

**NOTE 16 : Social Benefits**

S/N	Description	Year Ended 31 December 2019					Year Ended 31 December 2018
		Actual			Budget	Variance	Actual
<b>SOCIAL BENEFITS</b>		<b>Total Pension</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	Actual Pension	692,928,040	457,796,117	235,131,923	611,446,390	153,650,273	244,832,626
						-	
						-	
						-	-
<b>Total SOCIAL BENEFITS</b>		<b>692,928,040</b>	<b>457,796,117</b>	<b>235,131,923</b>	<b>611,446,390</b>	<b>153,650,273</b>	<b>244,832,626</b>

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 2019.

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**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	Local Travels	38,154,950		(38,154,950)	77,327,018
	Training & Development	60,228,100		(60,228,100)	102,595,981
	Office Stationeries / Computer Consumables			-	11,910,043
	Electricity Charges			-	800,000
	News Papers	20,823,570		(20,823,570)	600,000
	magazines and periodicals			-	3,660,000
	Printing of non Security Documents			-	7,073,000
	Printing of Security Documents			-	1,980,000
	Medical Expenses	11,706,457		(11,706,457)	16,257,500
	Uniforms and Other Clothing	1,113,000		(1,113,000)	616,500
	Teaching Aids / Instruction Materials	8,699,439		(8,699,439)	8,955,970
	Relief material for the honorables			-	25,819,048
	Repairs & Maintenance	6,062,291		(6,062,291)	8,904,500
	Security Services	66,492,000		(66,492,000)	42,097,000
	Office rent			-	13,279,777
	Financial Consulting	218,705,444		(218,705,444)	82,459,656
	Information technology Consulting	8,785,414		(8,785,414)	6,430,452
	Legal Services	3,000,000		(3,000,000)	3,000,000
	Surviving Services	-		-	21,428,571
	Medical Consulting	-		-	17,057,143
	Advert & Publicity			-	5,428,571
	Motor Vehicle Fuel Cost	5,517,000		(5,517,000)	5,990,000
	Refreshment and meals	27,689,000		(27,689,000)	20,399,150
	Honorarium and sitting allowance	6,980,000		(6,980,000)	12,335,000
	Publicity and advertisement	4,377,714		(4,377,714)	10,024,685
	Welfare package	66,266,419		(66,266,419)	86,433,927
	Sporting activities			-	1,000,000
	Monitoring and Evaluation			-	2,860,000
	Rehabilitation/Repairs of Road			-	212,828,001
	Fumigation and Clearing	2,334,286		(2,334,286)	
	Postages & Courier services	4,650		(4,650)	
	Contribution and Grant General:			-	
	Rehabilitation of power Generating Plant	1,950,000		(1,950,000)	
	Tree Planting	2,990,000		(2,990,000)	
	Erosion and Flood Controls	1,862,000		(1,862,000)	
	Industrial Polution and Prevention Control	1,000,000		(1,000,000)	
	Purchase of Agricultural Input	50,643,889		(50,643,889)	
	Rehabilitation of Agric facilities	3,995,000		(3,995,000)	
	<b>Subventions:</b>			-	
	LGEA-SUBBEB	289,229,941		(289,229,941)	235,787,162
	<b>Statutory Remittances:</b>				
	1% VAT to AGLG	1,503,213		(1,503,213)	
	1% Exchange Difference to AGL	12,389		(12,389)	
	1% SRA to AGL	6,303,161		(6,303,161)	
	1% VAT to LGA	1,503,213		(1,503,213)	
	1% VAT to MLG&CA	-		-	
	5% SRA to LG Traditional Council	7,940,099		(7,940,099)	
	1% SRA to LGSC	6,303,161		(6,303,161)	
	1% eXchange Difference to MLG&CA	12,389		(12,389)	
	1% SRA to MLG&CA	6,303,161		(6,303,161)	
	Other statutory payment	152,088		(152,088)	
		<b>938,643,441</b>	<b>-</b>	<b>(938,643,441)</b>	<b>1,045,338,655</b>

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.

		<b>938,643,441</b>	<b>-</b>	<b>(938,643,441)</b>	<b>1,045,338,655</b>
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**Ijumu Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 18 : Public Debt Charges**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	4,407,025	-	(4,407,025)	153,966
2	Domestic Loan Interest / Discount	-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>4,407,025</b>	<b>-</b>	<b>(4,407,025)</b>	<b>153,966</b>

The Ijumu 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 2019	Year Ended 31 December 2018
		Amount	Amount
1	Cash in the till	660	2,502
2	UBA Bank Plc	202,154	
3	Access Bank Plc	1,411,318	14,971,122
		<b>1,614,133</b>	<b>14,973,625</b>

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.

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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	Nexia Agbo Abel & Co	IGR Generation for Local Government						169,628,860		169,628,860
2										-
<b>Total</b>								169,628,860	-	169,628,860
The prapayment above represent advance payment made to contractors for work yet to be done.										

Note 20 b: Other Current Assets			
S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	INVENTORIES	-	
2	Receivables	2,830,000	
<b>Total</b>		<b>2,830,000</b>	-
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 2019	Year Ended 31 December 2018
1	Telecomunucation Mast		1,840,000	
2	Saw Mills		160,000	
3	Open Shops		480,000	
4	Block Industry		80,000	
5	Filling Stations		220,000	
6	Community Banks		50,000	
<b>Total</b>			<b>2,830,000</b>	-
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
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	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
Additions During the year	4,000,000	32,233,843		238,963,885	27,633,022	54,638,889	11,900,000	6,000,000		375,369,639
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>39,219,000</b>	<b>43,191,843</b>	<b>52,460,000</b>	<b>856,413,621</b>	<b>27,633,022</b>	<b>100,612,268</b>	<b>113,688,200</b>	<b>58,675,000</b>	<b>1,974,691,242</b>	<b>3,266,584,197</b>
<b><u>ACCUMULATED DEPRECIATION</u></b>										
<b>DEPRECIATION RATE</b>	<b>20%</b>	<b>25%</b>	<b>10%</b>	<b>1%</b>	<b>25%</b>	<b>20%</b>	<b>25%</b>		<b>2%</b>	
Balance b/forward 01 January 2019	7,043,800	2,739,500.00	5,246,000	8,026,846.58	-	9,194,675.83	25,447,050	-	39,493,825	97,191,697
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
<b>Total Charge for the Year</b>	<b>7,843,800</b>	<b>10,797,961</b>	<b>5,246,000</b>	<b>11,133,377</b>	<b>6,908,255</b>	<b>20,122,454</b>	<b>28,422,050</b>	<b>-</b>	<b>39,493,825</b>	<b>129,967,722</b>
<b>Balance c/forward 31 December 2019</b>	<b>14,887,600</b>	<b>13,537,461</b>	<b>10,492,000</b>	<b>19,160,224</b>	<b>6,908,255</b>	<b>29,317,129</b>	<b>53,869,100</b>	<b>-</b>	<b>78,987,650</b>	<b>227,159,419</b>
<b><u>ACCUMULATED IMPAIRMENT</u></b>										
Balance b/forward 01 January 2019	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>NET BOOK VALUE</u></b>										
<b>Balance as at 31 December 2019</b>	<b>24,331,400</b>	<b>29,654,383</b>	<b>41,968,000</b>	<b>837,253,398</b>	<b>20,724,766</b>	<b>71,295,139</b>	<b>59,819,100</b>	<b>58,675,000</b>	<b>1,895,703,592</b>	<b>3,039,424,778</b>
<i>Balance as at 01 January 2019</i>	<i>28,175,200</i>	<i>8,218,500</i>	<i>47,214,000</i>	<i>609,422,890</i>	<i>-</i>	<i>36,778,703</i>	<i>76,341,150</i>	<i>52,675,000</i>	<i>1,935,197,417</i>	<i>2,794,022,860</i>

**Ijumu Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25 : Short Term Loans & Debts**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	2,547,695,410	2,261,397,155
3	Other Payables (25b)	1,090,219,230	855,087,306
4	Loan in respect of IGR generation (NEXIA)	169,628,860	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>3,807,543,500</b>	<b>3,116,484,462</b>

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 2019	Year Ended 31 December 2018
	Balance b/f	2,261,397,155	1,883,670,312
1	Salary Payables	286,298,255	377,726,843
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>2,547,695,410</b>	<b>2,261,397,155</b>

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 2019****Notes to the Financial Statements****Note 25b : Other Payables**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
	Balance b/f	855,087,306	
1	Pension	235,131,923	180,460,655
2	Leave Bonus		305,826,060
3	Payee		109,026,063
4	Others (Past Political Officers)(4f)		5,136,663
5	Domestic loans		251,781,864
6	Incremental arrears		2,856,000
<b>Total Other Payables</b>		<b>1,090,219,230</b>	<b>855,087,306</b>

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 2019	Year Ended 31 December 2018
1	Unremitted Withholding Tax (FRS)	10,531,915	15,617,895
2	Unremitted Withholding Tax (BIR)		5,450,942
3	Unremitted development Levy	11,163,769	11,853,453
4	Value Added tax	24,112,932	26,164,808
5	Unremitted PAYE	324,861	3,578,903
6	Unremitted Main Cooperative		4,111,929
7	Unremitted Itesiwaju		3,997,360
8	Unremitted departmental cooperative		8,286,110
9	Stamp Duty	1,506,773	1,680,613
<b>Total Unremitted Deductions</b>		<b>47,640,250</b>	<b>80,742,013</b>

**Ijumu Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 28 : Long Term Borrowing**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Capital Market Bonds & Other Long Term Borrowing (Note 28 a)	517,554,096	-
2	Multi lateral Loan (Note 28 b)	-	-
<b>Total Long Term Borrowings</b>		<b>517,554,096</b>	<b>-</b>

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 2019		Year Ended 31 December 2018
		Gross Loan	Net for LGA	
1	CBN Budget Support Facility		-	
2	Salary Bail Out	517,554,096	517,554,096	-
3	Recurrent Infrastructure Loan		-	
<b>TOTAL</b>		<b>517,554,096</b>	<b>-</b>	<b>517,554,096</b>

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.



<b>Note 29 : Reserves</b>			
<b>S/N</b>	<b>Description</b>	<b>Amount</b>	<b>Amount</b>
1	Opening Balance as at 01 January 2019		(307,487,976)
	<b>IPSA Adjustments</b>		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(660,397,730)	
	<b>Total IPSA Adjustments</b>		(660,397,730)
<b>Closing Balance as at 31 December 2019</b>			<b>(967,885,706)</b>

**KABBA/BUNU LOCAL GOVERNMENT OF  
KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**



## **KABBA-BUNU LOCAL GOVERNMENT**



P.M.B 207, KABBA,  
KOGI STATE, NIGERIA

Our Ref: \_\_\_\_\_ Dept: \_\_\_\_\_ Date: \_\_\_\_\_

### **Report of the Treasurer On The Financial Statements of Kabba/Bunu 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 Kabba/Bunu 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.

**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 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. 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 2019 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 2019**

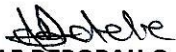
**Statement of Financial Performance**

	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	1,972,903,830	1,429,889,908
Government Share of VAT	10	356,995,290	351,096,419
Tax Revenue	11	14,024,291	10,196,330
Non-Tax Revenue	12	2,116,000	3,139,500
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>2,346,039,411</b>	<b>1,794,322,157</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	664,641,192	836,127,755
Social Benefits	16	549,305,971	397,673,847
Overhead Cost	17	1,450,712,245	1,258,680,986
Depreciation Charges	23	128,077,291	122,176,611
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>2,792,736,699</b>	<b>2,614,659,199</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>(446,697,287)</b>	<b>(820,337,041)</b>
Public Debt Charges	18	4,269,366	935,933
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>(450,966,653)</b>	<b>(821,272,975)</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>(450,966,653)</b>	<b>(821,272,975)</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>(450,966,653)</b>	<b>(821,272,975)</b>

  
**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 2019**  
**Statement of Financial Position**

ASSETS	Notes	Year Ended 31 December 2019		Year Ended 31 December 2018	
<b>Current Assets</b>					
Cash and Cash Equivalents	19	17,263,255		17,670,227	
Prepayment	20	151,598,277		-	
Other Current Assets	20b	-		-	
<b>Total Current Assets</b>			<b>168,861,531.99</b>		<b>17,670,227</b>
<b>Non-Current Assets</b>					
Long Term Loans	21	-		-	
Investments	22	-		137,640,330	
Property, Plant & Equipment	23	5,373,620,579		5,468,806,351	
Intangible Assets	24	-		-	
<b>Total Non-Current Assets</b>			<b>5,373,620,579.39</b>		<b>5,606,446,681</b>
<b>Total Assets</b>			<b>5,542,482,111.38</b>		<b>5,624,116,908</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Short Term Loans & Debts	25	3,323,844,776		3,394,476,618	
Unremitted Deductions	26	-		-	
Payables	27	-		-	
<b>Total Current Liabilities</b>			<b>3,323,844,775.74</b>		<b>3,394,476,618</b>
<b>Non-Current Liabilities</b>					
Long Term Borrowings	28	548,769,700		-	
<b>Total Non-Current Liabilities</b>			<b>548,769,699.80</b>		<b>-</b>
<b>Total Liabilities</b>			<b>3,872,614,475.54</b>		<b>3,394,476,618</b>
<b>Net Assets</b>			<b>1,669,867,636</b>		<b>2,229,640,290</b>
<b>NET ASSETS/EQUITY</b>					
Reserves	29	2,120,834,289		3,050,913,265	
Accumulated Surpluses/(Deficits)		(450,966,653)		(821,272,975)	
<b>Total Net Assets/Equity</b>			<b>1,669,867,636</b>		<b>2,229,640,290</b>

  
**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 2019**

**Statement of Change in Assets/Equity**

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
<b>Closing Balance 31 December 2018</b>	<b>3,050,913,265</b>	<b>(821,272,975)</b>	<b>2,229,640,290</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
<b>Opening Balance as at 01 January 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(450,966,653)	(450,966,653)
Reserves (Note 29)	2,120,834,289		2,120,834,289
<b>Closing Balance as at 31 December 2019</b>	<b>2,120,834,289</b>	<b>(450,966,653)</b>	<b>1,669,867,636</b>

**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 2019**  
**Statement of Cashflow**

Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	1,972,903,830	1,429,889,908
Government Share of VAT	10	356,995,290	351,096,419
Tax Revenue	11	14,024,291	10,196,330
Non-Tax Revenue	12	2,116,000	3,139,500
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>2,346,039,411</b>	<b>1,794,322,157</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	664,641,192	836,127,755
Social Benefits	16	549,305,971	397,673,847
Overhead Cost(s)	17	1,450,712,245	1,258,680,986
Transfer to other Government Entities		-	-
Finance Cost	18	4,269,365.69	935,933
Finance Cost		-	-
<b>Total Outflow From Operating Activities</b>		<b>2,668,928,773</b>	<b>2,493,418,521</b>
<b>Net Cash Flow From Operating Activities</b>		<b>(322,889,362)</b>	<b>(699,096,364)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(32,891,520)	(421,364,747)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	(137,640,330)
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(32,891,520)</b>	<b>(559,005,077)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	(70,631,843)	1,220,859,126
Proceeds from Borrowings - Long Term Loan	28	548,769,700	-
Repayment of Borrowings		(122,763,949)	(54,310,059)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>355,373,908</b>	<b>1,166,549,067</b>
<b>Net Cash Flow From All Activities</b>		<b>(406,973)</b>	<b>(91,552,374)</b>
<b>Open Cash Balance</b>		<b>17,670,228</b>	<b>109,222,601</b>
<b>Closing Cash Balance</b>		<b>17,263,254</b>	<b>17,670,228</b>

  
**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 2019**

**Statement of Comparison of Budget and Actual**

	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
		Original	Supplementary	Final		
<b>RECURRENT REVENUE</b>						
Government Share of FAAC (Statutory Revenue)	9	4,260,432,910	780,000,000.00	5,040,432,910	1,383,108,093	(3,657,324,817)
Excess Crude	9		-	-	6,318,599	6,318,599
Budget Augmentation/Budget Support Facility	9		-	-	548,769,700	548,769,700
Exchange Difference	9		-	-	2,403,623	2,403,623
Refund from Federal Government	9		-	-	-	-
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	30,706,257	30,706,257
Excess Bank Charge	9		-	-	1,597,559	1,597,559
Government Share of VAT	10	316,527,710	-	316,527,710	356,995,290	40,467,580
Tax Revenue	11	25,745,760		25,745,760	14,024,291	(11,721,469)
Non-Tax Revenue	12			-	2,116,000	2,116,000
<b>TOTAL RECURRENT REVENUE</b>		<b>4,602,706,380</b>	<b>780,000,000</b>	<b>5,382,706,380</b>	<b>2,346,039,411</b>	<b>(3,036,666,969)</b>
<b>CAPITAL RECEIPT</b>						
		-	-	-	-	-
<b>TOTAL CAPITAL RECEIPT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>		<b>4,602,706,380</b>	<b>780,000,000</b>	<b>5,382,706,380</b>	<b>2,346,039,411</b>	<b>(3,036,666,969)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	1,975,391,800	-	1,975,391,800	664,641,192	1,310,750,608
Social Benefits	16	192,588,830	50,000,000	242,588,830	549,305,971	(306,717,141)
Overhead Cost	17	1,062,651,190	180,000,000	1,242,651,190	1,450,712,245	(208,061,055)
Public Debt Charges	18	54,000,000	-	54,000,000	4,269,366	49,730,634
Impairment (Loss) on Investment	22	-	-	-	-	-
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>3,284,631,820</b>	<b>230,000,000</b>	<b>3,514,631,820</b>	<b>2,668,928,773</b>	<b>845,703,047</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	1,318,074,560	550,000,000	1,868,074,560	32,891,520	1,835,183,040
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,318,074,560</b>	<b>550,000,000</b>	<b>1,868,074,560</b>	<b>32,891,520</b>	<b>1,835,183,040</b>
<b>TOTAL EXPENDITURE</b>		<b>4,602,706,380</b>	<b>780,000,000</b>	<b>5,382,706,380</b>	<b>2,701,820,293</b>	<b>2,680,886,087</b>

  
**OLADELE DEBORAH O.**  
 Local Government Treasurer (LGT)  
 Kabba/Bunu Local Government  
 Kogi State

<b>Kabba Bunu Local Government of Kogi State</b>		
<b>Financial Statements for the Year Ended 31 December 2019</b>		
<b>Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities</b>		
Description	Notes	Year Ended 31 December 2019
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>(450,966,653)</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	128,077,291
Impairment of Investments	22	-
<b>Total non-cash Items</b>		<b>(322,889,362)</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	(70,631,843)
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	548,769,700
(Increase)/decrease in Loan Repayment	9 a	(122,763,949)
<b>Total movements in working capital items</b>		<b>355,373,908.13</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(32,891,520)
<b>Total items classified as investing activities</b>		<b>(32,891,520)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(406,973)</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>17,670,228</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>17,263,254</b>

**Kabba/Bunu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 2019, 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 2019**  
**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 2019**  
**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.

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Thus, in line with the Format, the 2019 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.

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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 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 2019. 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.

**e. 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.



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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.

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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 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.

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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. 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.

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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 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.

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For the fourth Transitional Financial Statements for the year ended 31 December 2019, 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.

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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 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

**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 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.

**d. 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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**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**

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.

**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)**

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:

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

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**

**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 Kabba/Bunu 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 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.

**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 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 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	30,706,257	-	(30,706,257)	26,333,191
2	Recovered Excess Bank Charges	1,597,559	-	(1,597,559)	20,906,275
3	Statutory Allocation	1,383,108,093	5,040,432,910	3,657,324,817	1,233,213,347
4	Exchange Difference	2,403,623	-	(2,403,623)	4,082,323
5	NNPC Refund	-	-	-	2,871,959
6	JAAC Special Allocation	-	-	-	138,640,330
7	Bailout Fund	548,769,700	-	(548,769,700)	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	6,318,599	-	(6,318,599)	3,842,483
10	Ganished Fund	-	-	-	-
11	Salary Bailout	-	-	-	-
<b>Total Statutory Revenue</b>		<b>1,972,903,830</b>	<b>5,040,432,910.00</b>	<b>3,067,529,080</b>	<b>1,429,889,908</b>

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 2019. 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	94,864,557		-							94,864,557
2	February	104,246,397		240,328							104,486,725
3	March	97,233,399		-		10,816,687					108,050,086
4	April	71,369,170		207,250		10,572,738	1,104,944				83,254,101
5	May	101,406,464		192,455							101,598,919
6	June	-		-							-
7	July	138,647,259		288,044							138,935,303
8	August	273,485,875		511,152						548,769,700	822,766,727
9	September	135,288,221		256,853			492,615				136,037,688
10	October	131,709,895		235,404		567,359					132,512,659
11	November	129,651,993		277,174				2,124,720			132,053,886
12	December	105,204,864		194,963		8,749,473		4,193,879			118,343,178
-											
<b>Total</b>		<b>1,383,108,093</b>	<b>-</b>	<b>2,403,623</b>	<b>-</b>	<b>30,706,257</b>	<b>1,597,559</b>	<b>6,318,599</b>	<b>-</b>	<b>548,769,700</b>	<b>1,972,903,830</b>

<b>Kabba Bunu Local Government of Kogi State</b>					
<b>Financial Statements for the Year Ended 31 December 2019</b>					
<b>Notes to the Financial Statements</b>					
<b>Note 10: Government Share of Value Added Tax (VAT)</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	356,995,290	316,527,710	40,467,580	351,096,419
<b>Total</b>		<b>356,995,290</b>	<b>316,527,710.00</b>	<b>40,467,580</b>	<b>351,096,419</b>
<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 2019</p>					

<b>Note 10 a : Government Share of Value Added Tax (VAT)</b>			
S/N	Month	Year Ended 31 December 2019	Year Ended 31 December 2018
1	January	32,636,377	27,041,114
2	Febuary	-	-
3	March	33,738,663	30,787,157
4	April	30,774,038	28,340,854
5	May	35,314,233	26,579,110
6	June	-	28,483,273
7	July	34,770,613	30,486,368
8	August	66,412,255	27,314,381
9	September	-	25,688,264
10	October	59,527,087	36,612,204
11	November	34,105,242	25,253,297
12	December	29,716,782	64,510,397
<b>Total</b>		<b>356,995,290</b>	<b>351,096,419</b>
<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 2019</p>			

**Kabba Bunu Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Hawker permit			-	14,680
2	Trade permit			-	29,600
3	Burial permit			-	318,600
4	Marriage Certificate fees	238,000		238,000	174,000
5	State of origin fees	1,511,000		1,511,000	492,000
6	Development Fees	7,319,451		7,319,451	-
7	Parking fees			-	13,290
8	Contract processing fee			-	20,000
9	Association Registration fees			-	2,000
10	Development Fees			-	3,931,370
11	Business /Trade Operation fees	394,000		394,000	319,480
12	Market fees	557,340		557,340	214,310
13	Timber & Forest Fees	3,970,000		3,970,000	4,509,500
14	Tender Fees			-	150,000
15	Birth /Death Registration fees	34,500		34,500	7,500
<b>Total</b>		<b>14,024,291</b>	<b>-</b>	<b>14,024,291</b>	<b>10,196,330</b>

**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.**

Kabba Bunu Local Government of Kogi State				
Financial Statements for the Year Ended 31 December 2019				
Notes to the Financial Statements				
Note 12 : Non Tax Revenue				
Administrative Code	Description	Year Ended 31 December 2019		
		Actual	Budget	Variance
	Sales of Unservisable vehicle plant & Equip	840,000		840,000
	Earning from Commercial Activities	1,276,000		1,276,000
				-
				-
<b>Total</b>		<b>2,116,000</b>	<b>-</b>	<b>2,116,000</b>

NOTE 15 : Salaries & Wages							
S/N	Description	Year Ended 31 December 2019					Year Ended 31 December 2018
		Actual			Budget	Variance	Actual
<b>SALARIES AND WAGES</b>		<b>Total Salary</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	PERSONNEL COST	664,641,192	351,592,451	313,048,740	1,975,391,800	1,623,799,349	836,127,755
						-	
<b>Total SALARIES AND WAGES</b>		<b>664,641,191.58</b>	<b>351,592,451</b>	<b>313,048,740</b>	<b>1,975,391,800</b>	<b>1,623,799,349</b>	<b>836,127,755</b>
<b>ALLOWANCE AND SOCIAL CONTRIBUTION</b>							
						-	
		-				-	-
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>664,641,192</b>	<b>351,592,451</b>	<b>313,048,740</b>	<b>1,975,391,800</b>	<b>1,623,799,349</b>	<b>836,127,755</b>
<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 2019. The cumulative figure paid through respective Economic Line items are as shown above.</p>							

**Kabba Bunu Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 16 : Social Benefits**

S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018	
		Actual			Budget	Variance	Actual
<b>SOCIAL BENEFITS</b>		<b>Total Pension</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	Actual Pension	549,305,971	329,712,024	219,593,947	242,588,830	(87,123,194)	397,673,847
2						-	
<b>Total SOCIAL BENEFITS</b>		<b>549,305,971</b>	<b>329,712,024</b>	<b>219,593,947</b>	<b>242,588,830</b>	<b>(87,123,194)</b>	<b>397,673,847</b>

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 cumulative amount paid by Kabba Bunu Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2019.

**Kabba Bunu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**Notes to the Financial Statements**

**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	Repairs & Maintenance	19,940,000		(19,940,000)	34,030,300
	Local travels & transport	14,803,500		(14,803,500)	16,869,500
	Printing & Stationery	6,890,795		(6,890,795)	945,000
	Communication & Postages			-	5,435,000
	Fueling & Lubricants	7,644,105		(7,644,105)	2,101,000
	Professional Charges	87,007,429		(87,007,429)	178,810,734
	Gift & Donation			-	54,708,023
	Security Expenses	75,422,000		(75,422,000)	98,994,000
	Training, Seminars & workshop	7,758,800		(7,758,800)	1,359,000
	Honorarium	150,000		(150,000)	
	Office expenses			-	560,000
	Entertainment and Hospitality	68,915,300		(68,915,300)	82,105,200
	Utility & Electricity	570,000		(570,000)	140,000
	Hotel Accomodation			-	
	Other expenses			-	
	Social Empowerment	65,767,979		(65,767,979)	
	Culture & Tourism			-	800,000
	Educational Development	22,124,011		(22,124,011)	1,323,000
	Medical Expenses			-	49,772,143
	Rehabilitation Expenses	343,834,452		(343,834,452)	260,542,418
	Hiring of Low bed			-	
	Provision of Health facilities & Drugs	68,323,709		(68,323,709)	32,593,835
	Provision of Public school consumables			-	43,757,143
	Provision of Sport facilities			-	1,700,000
	Provision of Market	1,402,000		(1,402,000)	820,000
	Environmental Expenses			-	60,553,065
	Agricultural Development expenses	100,993,947		(100,993,947)	23,406,000
	Maintainance of Electricial infrastructure	14,730,000		(14,730,000)	
	Erosion control expense	27,050,000		(27,050,000)	
	Research & Development expenses	1,580,000		(1,580,000)	
	<b>Subventions:</b>			-	
	LGEA-SUBEB	468,273,650		(468,273,650)	341,385,925
	<b>Statutory Remittances:</b>			-	
	1% VAT to AGLG	9,145,386		(9,145,386)	
	1% Exchange Difference to AGL	127,323		(127,323)	
	1% SRA to AGL	2,245,425		(2,245,425)	
	1% VAT to MLG&CA	2,245,425		(2,245,425)	
	5% SRA to LG Traditional Council	12,714,716		(12,714,716)	
	1% SRA to LGSC	10,462,485		(10,462,485)	
	1% Exchange Difference to MLG&CA	127,323		(127,323)	
	1% SRA to MLG&CA	10,462,485		(10,462,485)	
	Other statutory payment			-	
		<b>1,450,712,245</b>	<b>-</b>	<b>(1,450,712,245)</b>	<b>1,292,711,286</b>
<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>					
		<b>1,450,712,245</b>	<b>-</b>	<b>(1,450,712,245)</b>	<b>1,292,711,286</b>



**Kabba Bunu Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 18 : Public Debt Charges**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	4,269,366	-	(4,269,366)	935,933
2	Domestic Loan Interest / Discount	-	-	-	-
3	Domestic Interest/ Discount - Treasury Bill	-	-	-	-
4	Others	-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>4,269,366</b>	<b>-</b>	<b>(4,269,366)</b>	<b>935,933</b>

The Kabba Bunu 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 2019	Year Ended 31 December 2018
		Amount	Amount
1	Cash in the till	12,019	
2	UBA Bank Plc	1,035,280	2,465,761
3	First Bank Plc	25,266	
4	Access Bank Plc	16,190,690	15,087,799
5	Polaris Bank		116,668
		<b>17,263,255</b>	<b>17,670,227</b>

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.

Kabba Bunu Local Government of Kogi State										
Financial Statements for the Year Ended 31 December 2019										
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	Nexia Agbo Abel & Co	IGR Generation for Local Government						151,598,277		151,598,277
2										-
Total								151,598,277	-	151,598,277
The prapayment above represent advance payment made to contractors for work yet to be done.										

Note 20 b: Other Current Assets			
S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Domestic loan to staff	-	14,936,880
<b>Total</b>		-	<b>14,936,880</b>
The prapayment above represent advance payment made to contractors for work yet to be done.			

**Kabba Bunu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**

**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
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=		=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	42,108,675	1,523,900	9,743,000	568,410,389	-	-		32,437,000	91,709,200	4,845,050,798	5,590,982,962
Additions During the year		5,655,000						17,140,000		10,096,520	32,891,520
Revaluation											-
Recognition of Legacy PPE											
PPE under Test Running											-
Disposal During the year	-	-	-	-	-	-				-	-
<b>Balance c/forward 31 December 2019</b>	<b>42,108,675</b>	<b>7,178,900</b>	<b>9,743,000</b>	<b>568,410,389</b>	<b>-</b>	<b>-</b>		<b>49,577,000</b>	<b>91,709,200</b>	<b>4,855,147,318</b>	<b>5,623,874,482</b>
<b><u>ACCUMULATED DEPRECIATION</u></b>											
<b>DEPRECIATION RATE</b>	<b>20%</b>	<b>25%</b>	<b>10%</b>	<b>1%</b>	<b>25%</b>	<b>20%</b>		<b>25%</b>		<b>2%</b>	
Balance b/forward 01 January 2019	8,421,735	380,975	974,300	7,389,335	-	-		8,109,250	-	96,901,016	122,176,611
Additions During the year											-
Disposal During the year	-	-	-	-	-	-				-	-
Prior Year Adjustment	-	-	-	-	-	-		-		-	-
Total Charge for the Year	8,421,735	1,794,725	974,300	7,389,335	-	-		12,394,250	-	97,102,946	128,077,291
<b>Balance c/forward 31 December 2019</b>	<b>16,843,470</b>	<b>2,175,700</b>	<b>1,948,600</b>	<b>14,778,670</b>	<b>-</b>	<b>-</b>		<b>20,503,500</b>	<b>-</b>	<b>194,003,962</b>	<b>250,253,902</b>
<b><u>ACCUMULATED IMPAIRMENT</u></b>											
Balance b/forward 01 January 2019	-	-	-	-	-	-		-		-	-
Additions During the year	-	-	-	-	-	-		-		-	-
Disposal During the year	-	-	-	-	-	-		-		-	-
Balance c/forward 31 December 2019	-	-	-	-	-	-		-		-	-
<b><u>NET BOOK VALUE</u></b>											
Balance as at 31 December 2019	25,265,205	5,003,200	7,794,400	553,631,719	-	-		29,073,500	91,709,200	4,661,143,356	5,373,620,579
Balance as at 01 January 2019	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

**Kabba Bunu Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25 : Short Term Loans & Debts**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	2,930,881,849	2,617,833,109
3	Other Payables (25b)	219,593,947	722,333,450
4	Other Loans (25c)	173,368,979	54,310,059
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>3,323,844,776</b>	<b>3,394,476,618</b>

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 2019	Year Ended 31 December 2018
	Balance b/f	2,617,833,109	2,173,617,492
1	Salary Payables	313,048,740	444,215,617
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>2,930,881,849</b>	<b>2,617,833,109</b>

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 2019	Year Ended 31 December 2018
1	Arrears		560,254,825
2	Pension	219,593,947	162,078,625
3	Leave Bonus		
<b>Total Other Payables</b>		<b>219,593,947</b>	<b>722,333,450</b>

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

<b>Kabba Bunu Local Government of Kogi State</b>			
<b>Financial Statements for the Year Ended 31 December 2019</b>			
<b>Notes to the Financial Statements</b>			
<b>Note 25c : Short Term Loans &amp; Debts (Loan Payables)</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	UBA Loans	21,770,702	54,310,059
2	Loan in respect of IGR generation (NEXIA)	151,598,277	
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>173,368,979</b>	<b>54,310,059</b>
<p>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</p>			

<b>Note 26 : Unremitted Deductions</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
	Unremitted Co-operative Dues	8,581,048	8,581,048
	Unremitted PAYE	1,569,747	3,165,492
	Unremitted Retention fees	3,668,829	3,668,829
	Unremitted Union Dues	1,471,340	658,820
	Unremitted Value Added Tax	4,922,117	8,208,746
	Unremitted State Development Fund	294,000	294,000
	Unremitted withholding tax State BIR	4,783	209,497
	Unremitted Fund to financial institutions	217,888	217,888
	FIRS 5% WHT	3,654,564	
	FIRS Stamp Duty	511,769	
	Others	256,629	256,629
<b>Total Unremitted Deductions</b>		<b>25,152,715</b>	<b>25,260,950</b>

<b>Kabba Bunu Local Government of Kogi State</b>			
<b>Financial Statements for the Year Ended 31 December 2019</b>			
<b>Notes to the Financial Statements</b>			
<b>Note 28 : Long Term Borrowing</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	Capital Market Bonds & Other Long Term Borrowing (Note 28 a)	548,769,699.80	-
2	Multi lateral Loan (Note 28 b)	-	-
<b>Total Long Term Borrowings</b>		<b>548,769,700</b>	<b>-</b>
Long-term borrowing generally refers to loans that will not become due within one year or before the reporting date			

<b>Note 28 a : State Bond &amp; Other Long Term Borrowing</b>					
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>			<b>Year Ended 31 December 2018</b>
		<b>Gross Loan</b>		<b>Net for LGA</b>	
1	Salary Bail Out	548,769,700		548,769,700	
			-	-	
<b>TOTAL</b>		<b>548,769,700</b>	<b>-</b>	<b>548,769,700</b>	<b>-</b>
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.					

<b>Note 29 : Reserves</b>			
<b>S/N</b>	<b>Description</b>	<b>Amount</b>	<b>Amount</b>
1	Opening Balance as at 01 January 2019		2,229,640,290
<b>IPSA Adjustments</b>			
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(108,806,001)	
	<b>Total IPSA Adjustments</b>		<b>(108,806,001)</b>
<b>Closing Balance as at 31 December 2019</b>			<b>2,120,834,289</b>

**KOGI LOCAL GOVERNMENT OF  
KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**



# 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 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 Kogi 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.

**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 2019**

**Statement of Financial Performance**

	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	1,659,107,365	1,224,904,207
Government Share of VAT	10	332,491,329	328,346,955
Tax Revenue	11	1,938,167	-
Non-Tax Revenue	12	2,680,000	3,007,442
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>1,996,216,862</b>	<b>1,556,258,604</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	827,224,427	931,765,871
Social Benefits	16	162,354,918	110,174,526
Overhead Cost	17	905,739,669	856,874,285
Depreciation Charges	23	207,053,469	168,809,408
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>2,102,372,483</b>	<b>2,067,624,091</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>(106,155,622)</b>	<b>(511,365,486)</b>
Public Debt Charges	18	3,720,339	838,894
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>(109,875,961)</b>	<b>(512,204,380)</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>(109,875,961)</b>	<b>(512,204,380)</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>(109,875,961)</b>	<b>(512,204,380)</b>

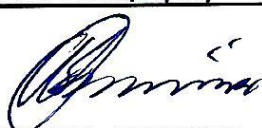


**ABDULLAHI Y. OHIKWURA**

Local Government Treasurer (LGT)

Treasurer Kogi Local Government

Kogi State

<b>Kogi Local Government of Kogi State</b>					
<b>Financial Statements for the Year Ended 31 December 2019</b>					
<b>Statement of Financial Position</b>					
<b>ASSETS</b>	<b>Notes</b>	<b>Year Ended 31 December 2019</b>		<b>Year Ended 31 December 2018</b>	
	<b>Current Assets</b>				
Cash and Cash Equivalents	19	2,986,011		32,691,292	
Prepayment	20	155,876,693		-	
Other Current Assets	20b	1,171,000		-	
<b>Total Current Assets</b>			<b>160,033,704</b>		<b>32,691,292</b>
<b>Non-Current Assets</b>					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	7,401,399,816		7,332,444,765	
Intangible Assets	24	-		-	
<b>Total Non-Current Assets</b>			<b>7,401,399,816</b>		<b>7,332,444,765</b>
<b>Total Assets</b>			<b>7,561,433,520</b>		<b>7,365,136,057</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Short Term Loans & Debts	25	3,222,484,680		2,829,572,531	
Unremitted Deductions	26	-		-	
Payables	27	-		-	
<b>Total Current Liabilities</b>			<b>3,222,484,680</b>		<b>2,829,572,531</b>
<b>Non-Current Liabilities</b>					
Long Term Borrowings	28	-		125,342,684	
<b>Total Non-Current Liabilities</b>					<b>125,342,684.37</b>
<b>Total Liabilities</b>			<b>3,222,484,680</b>		<b>2,954,915,216</b>
<b>Net Assets</b>			<b>4,338,948,841</b>		<b>4,410,220,842</b>
<b>NET ASSETS/EQUITY</b>					
Reserves	29	4,448,824,802		4,922,425,222	
Accumulated Surpluses/(Deficits)		(109,875,961)		(512,204,380)	
<b>Total Net Assets/Equity</b>			<b>4,338,948,841</b>		<b>4,410,220,842</b>
 <b>ABDULLAHI Y. OHIKWURA</b> Local Government Treasurer (LGT) Treasurer Kogi Local Government Kogi State					

**Kogi Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Statement of Change in Assets/Equity**

<b>Description</b>	<b>Reserves</b>	<b>Accumulated Surpluses/(Deficits)</b>	<b>Total</b>
<b>Closing Balance 31 December 2018</b>	<b>4,922,425,222</b>	<b>(512,204,380)</b>	<b>4,410,220,842</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
<b>Opening Balance as at 01 January 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(109,875,961)	(109,875,961)
Reserves (Note 29)	4,448,824,802		4,448,824,802
<b>Closing Balance as at 31 December 2019</b>	<b>4,448,824,802</b>	<b>(109,875,961)</b>	<b>4,338,948,841</b>




**ABDULLAHI Y. OHIKWURA**  
 Local Government Treasurer (LGT)  
 Treasurer Kogi Local Government  
 Kogi State

<b>Kogi Local Government of Kogi State</b>			
<b>Financial Statements for the Year Ended 31 December 2019</b>			
<b>Statement of Cashflow</b>			
Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	1,659,107,365	1,224,904,207
Government Share of VAT	10	332,491,329	328,346,955
Tax Revenue	11	1,938,167	-
Non-Tax Revenue	12	2,680,000	3,007,442
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>1,996,216,862</b>	<b>1,556,258,604</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	827,224,427	931,765,871
Social Benefits	16	162,354,918	110,174,526
Overhead Cost(s)	17	905,739,669	856,874,285
Transfer to other Government Entities		-	-
Finance Cost	18	3,720,339	838,894
Finance Cost			
<b>Total Outflow From Operating Activities</b>		<b>1,899,039,353</b>	<b>1,899,653,576</b>
<b>Net Cash Flow From Operating Activities</b>		<b>97,177,508</b>	<b>(343,394,972)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(276,008,520)	(292,181,283)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(276,008,520)</b>	<b>(292,181,283)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	597,164,253	633,039,761
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(448,038,522)	-
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>149,125,731</b>	<b>633,039,761</b>
<b>Net Cash Flow From All Activities</b>		<b>(29,705,281)</b>	<b>(2,536,494)</b>
<b>Open Cash Balance</b>		<b>32,691,292</b>	<b>35,227,787</b>
<b>Closing Cash Balance</b>		<b>2,986,011</b>	<b>32,691,292</b>



**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 2019						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
<b>RECURRENT REVENUE</b>						
		Original	Supplementary	Final		
Government Share of FAAC (Statutory Revenue)	9	3,626,007,650	771,180,010.00	4,397,187,660	1,206,843,953	(3,190,343,707)
Excess Crude	9		-	-	5,562,190	5,562,190
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	2,115,882	2,115,882
Refund from Federal Government	9		-	-	444,585,341	444,585,341
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	-	-
Excess Bank Charge	9		-	-	-	-
Government Share of VAT	10	310,251,550	-	310,251,550	332,491,329	22,239,779
Tax Revenue	11	12,850,110		12,850,110	1,938,167	(10,911,943)
Non-Tax Revenue	12				2,680,000	2,680,000
<b>TOTAL RECURRENT REVENUE</b>		<b>3,949,109,310</b>	<b>-</b>	<b>4,720,289,320</b>	<b>1,996,216,862</b>	<b>(2,724,072,458)</b>
<b>CAPITAL RECEIPT</b>						
		-	-	-	-	-
<b>TOTAL CAPITAL RECEIPT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>		<b>3,949,109,310</b>	<b>-</b>	<b>4,720,289,320</b>	<b>1,996,216,862</b>	<b>(2,724,072,458)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	1,486,934,990		1,486,934,990	827,224,427	659,710,563
Social Benefits	16	94,281,460		94,281,460	162,354,918	(68,073,458)
Overhead Cost	17	924,238,420	213,085,010	1,137,323,430	905,739,669	231,583,761
Public Debt Charges	18	209,334,250	-	209,334,250	3,720,339	205,613,911
Impairment (Loss) on Investment	22	-	-	-		
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>2,714,789,120</b>	<b>213,085,010</b>	<b>2,927,874,130</b>	<b>1,899,039,353</b>	<b>1,028,834,777</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	1,234,320,190	558,095,000	1,792,415,190	276,008,520	1,516,406,670
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,234,320,190</b>	<b>558,095,000</b>	<b>1,792,415,190</b>	<b>276,008,520</b>	<b>1,516,406,670</b>
<b>TOTAL EXPENDITURE</b>		<b>3,949,109,310</b>	<b>771,180,010</b>	<b>4,720,289,320</b>	<b>2,175,047,874</b>	<b>2,545,241,446</b>
						
<b>ABDULLAHI Y. OHIKWURA</b> Local Government Treasurer (LGT) Treasurer Kogi Local Government Kogi State						

Kogi Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2019		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2019
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>(109,875,961)</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	207,053,469
Impairment of Investments	22	-
<b>Total non-cash Items</b>		<b>97,177,508</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	597,164,253
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(448,038,522)
<b>Total movements in working capital items</b>		<b>149,125,731</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(276,008,520)
<b>Total items classified as investing activities</b>		<b>(276,008,520)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(29,705,281)</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>32,691,292</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>2,986,011</b>

**Kogi Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 2019, 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 2019**  
**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 Kogi 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.

**Kogi Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 2019**  
**Notes to the Financial Statements**

Thus, in line with the Format, the 2019 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 2019**  
**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 2019. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Kogi Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 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.

**Kogi Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**Notes to the Financial Statements**

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.

**Kogi Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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.

**vi. 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.

**Kogi Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**Notes to the Financial Statements**

**xi) 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.

**xii) 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.



**Kogi Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 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. For the fourth Transitional Financial Statements for the year ended 31 December 2019, Kogi Local Government has recognized financial liabilities measured at amortized cost. These include Kogi Local and foreign debts and investments.

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**vii. 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. 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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**x. 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.

**xi. Financial Liabilities at Amortized Cost**

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

**xii. Categories & Measurement**

**xiii. 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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**xiv. 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.

**xv. 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.

**xvi. 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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**xvii. 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.

**xviii. 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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**xix. 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.

**xx. 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.

**xxi. 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:

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

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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<b>Note 9 : Government Share of FAAC (Statutory Revenue)</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	-	-	-	-
2	Recovered Excess Bank Charges	-	-	-	15,991,481
3	Statutory Allocation	1,206,843,953	4,397,187,660	3,190,343,707	769,505,781
4	Exchange Difference	2,115,882	-	(2,115,882)	3,593,622
5	NNPC Refund	-	-	-	-
6	JAAC Special Allocation	444,585,341	-	(444,585,341)	432,430,828
7	Budget Augmentation	-	-	-	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	5,562,190	-	(5,562,190)	3,382,494
10	Ganished Fund	-	-	-	-
11	Salary Bailout	-	-	-	-
<b>Total Statutory Revenue</b>		<b>1,659,107,365</b>	<b>4,397,187,660</b>	<b>2,738,080,295</b>	<b>1,224,904,207</b>
<p>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 2019. The aggregate figures for the various items of revenues to the state are as shown in the table below.</p>					

<b>Note 9 a : Government Share of FAAC (Statutory Revenue)</b>											
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	79,685,542									79,685,542
2	February	71,593,519		211,558							71,805,078
3	March	68,549,991									68,549,991
4	April	77,015,564		182,440							77,198,003
5	May	77,312,354		169,416							77,481,769
6	June	121,536,712									121,536,712
7	July			253,561					444,585,341		444,838,902
8	August	238,186,167		449,962							238,636,129
9	September	117,475,436		226,104							117,701,540
10	October	114,354,506		207,224							114,561,730
11	November	112,038,572		243,993				1,870,367			114,152,932
12	December	129,095,589		171,624				3,691,824			132,959,036
-											
<b>Total</b>		<b>1,206,843,953</b>	<b>-</b>	<b>2,115,882</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,562,190</b>	<b>444,585,341</b>	<b>-</b>	<b>1,659,107,365</b>



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<b>Note 10: Government Share of Value Added Tax (VAT)</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	332,491,329	310,251,550	22,239,779	328,346,955
<b>Total</b>		<b>332,491,329</b>	<b>310,251,550</b>	<b>22,239,779</b>	<b>328,346,955</b>
<p>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</p>					

<b>Note 10 a : Government Share of Value Added Tax (VAT)</b>			
S/N	Month	Year Ended 31 December 2019	Year Ended 31 December 2018
1	January	30,535,371	25,290,333
2	Febuary	-	-
3	March	31,560,325	28,771,924
4	April	28,764,169	26,457,740
5	May	31,768,164	24,833,826
6	June	-	26,671,760
7	July	32,497,650	28,538,343
8	August	62,097,454	25,534,851
9	September	-	24,024,165
10	October	55,676,846	34,223,813
11	November	31,873,056	23,602,790
12	December	27,718,293	60,397,410
<b>Total</b>		<b>332,491,329</b>	<b>328,346,955</b>
<p>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 2019</p>			

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**Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Tenement Rate	449,000		449,000	-
2	Shop & Kiosk Rate	144,416		144,416	-
3	Departmental Stores	123,200		123,200	-
4	Market Taxes	344,796		344,796	-
5	Boat & Convalesce	24,500		24,500	
6	House License	71,505		71,505	
7	Hankers Permit	207,400		207,400	-
8	Right of Occupancy	31,000		31,000	-
9	Tender Fees	200,000		200,000	-
10	Timber Forest Tress	342,350		342,350	-
11				-	-
12				-	-
<b>Total</b>		<b>1,938,167.00</b>	<b>-</b>	<b>1,938,167.00</b>	<b>-</b>

**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.**

**Note 12 : Non Tax Revenue**

Administrative Code	Description	Year Ended 31 December 2019		
		Actual	Budget	Variance
	Auction of Obsolete Properties	2,680,000		2,680,000
				-
<b>Total</b>		<b>2,680,000</b>	<b>-</b>	<b>2,680,000</b>

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**NOTE 15 : Salaries & Wages**

S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018
		Actual		Budget	Variance	Actual
<b>SALARIES AND WAGES</b>		<b>Total Salary</b>	<b>Payment</b>	<b>Balance Payable</b>		
1	SALARY	722,985,635	385,562,921	337,422,714	(722,985,635)	696,227,118
<b>Total SALARIES AND WAGES</b>		<b>722,985,635</b>	<b>385,562,921</b>	<b>337,422,714</b>	<b>- (722,985,635)</b>	<b>696,227,118</b>
<b>ALLOWANCE AND SOCIAL CONTRIBUTION</b>						
1	Honourarium & Sitting allowances-Office of the Chairman	8,724,000			(8,724,000)	5,012,000
2	Welfare Packages	95,514,792			(95,514,792)	147,732,894
3	Maintenance of Office & IT Equipment				-	12,000,000
4	Advertising & Publicity - Personnel Management Dept.				-	3,022,405
5	Advertising & Publicity - Education & Social Services				-	4,285,714
6	Professional Fee				-	34,227,079
7	Medical Expenses-Education & Social Service				-	3,800,000
8	Medical Expenses-Health & Medical Services				-	25,458,662
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>104,238,792</b>	<b>-</b>	<b>-</b>	<b>- (104,238,792)</b>	<b>235,538,754</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>827,224,427</b>	<b>385,562,921</b>	<b>337,422,714</b>	<b>- (827,224,427)</b>	<b>931,765,871</b>

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 2019. 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 2019				Year Ended 31 December 2018	
		Actual			Budget	Variance	Actual
<b>SOCIAL BENEFITS</b>		<b>Total Pension</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	Actual Pension	162,354,918	116,435,503	45,919,415		(162,354,918)	110,174,526
						-	
<b>Total SOCIAL BENEFITS</b>		<b>162,354,918</b>	<b>116,435,503</b>	<b>45,919,415</b>	<b>-</b>	<b>(162,354,918)</b>	<b>110,174,526</b>

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 cummulative amount paid by Kogi Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2019.

**Kogi Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	Local Travels, Transport & Training	40,611,339		(40,611,339)	72,465,728
	Local Travels, Transport & Others	72,190,937		(72,190,937)	28,519,476
	Printing & Office Stationery/Computer consumables	12,243,000		(12,243,000)	5,678,571
	Newspapers & Books	1,020,000		(1,020,000)	8,799,643
	Maintenace of Motor Vehicles/Transport Equipment-Finance & Supply	1,900,000		(1,900,000)	2,300,000
	Maintenace of Office/IT Equipment	1,245,000		(1,245,000)	12,000,000
	Maintenace of office Furniture			-	630,000
	Local Training	65,508,125		(65,508,125)	33,078,986
	Overseas Training	7,500,000		(7,500,000)	26,951,429
	Security vote	115,608,500		(115,608,500)	125,567,200
	Legal Services	5,910,000		(5,910,000)	1,500,000
	Motor Vehicle fueling cost	6,300,000		(6,300,000)	3,500,000
	Refreshment & Meal	9,961,726		(9,961,726)	55,179,878
	Welfare Packages	95,514,792		(95,514,792)	147,732,894
	Publicity & Advertisement			-	3,022,405
	Medical Expenses	3,111,400		(3,111,400)	34,227,079
	Gifts & Donations	8,457,000		(8,457,000)	3,800,000
	Financial Consulting	24,915,587		(24,915,587)	78,633,333
	Subscription to Professional bodies			-	4,285,714
	Grants	2,705,966		(2,705,966)	5,012,000
	Educational Development	4,700,000		(4,700,000)	2,679,000
	Social Empowerment	13,590,000		(13,590,000)	7,535,000
	Professional fees	380,000		(380,000)	
	Monitoring & Evaluation expenses	3,100,000		(3,100,000)	
	Counter port fund for L.G. sport festival	7,600,000		(7,600,000)	
	Research & Development	8,860,000		(8,860,000)	
	Rehabilitation/repair of road	46,362,625		(46,362,625)	
	Repair of office building	32,076,000		(32,076,000)	
	Rehabilitation of office building	793,500		(793,500)	
	<b>Subventions:</b>			-	
	LGEA-SUBEB	278,610,623		(278,610,623)	193,775,948
	<b>Statutory Remittances:</b>				
	1% to MLG&CA	10,055,001		(10,055,001)	
	1% VAT to AGLG	8,871,315		(8,871,315)	
	5% SRA to LG Traditional Council	8,988,247		(8,988,247)	
	1% SRA to LGSC	7,048,986		(7,048,986)	
		<b>905,739,669</b>	<b>-</b>	<b>(905,739,669)</b>	<b>856,874,285</b>
<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>					
		<b>905,739,669</b>	<b>-</b>	<b>(905,739,669)</b>	<b>856,874,285</b>

<b>Kogi Local Government of Kogi State</b>					
<b>Financial Statements for the Year Ended 31 December 2019</b>					
<b>Notes to the Financial Statements</b>					
<b>NOTE 18 : Public Debt Charges</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	3,720,339	-	(3,720,339)	838,894
		-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>3,720,339</b>	<b>-</b>	<b>(3,720,339)</b>	<b>838,894</b>
<p>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.</p>					

<b>Kogi Local Government of Kogi State</b>				
<b>Financial Statements for the Year Ended 31 December 2019</b>				
<b>Notes to the Financial Statements</b>				
<b>Note 19 : Cash &amp; Cash Equivalent (By Banks)</b>				
S/N	Bank Name	Year Ended 31 December 2019		Year Ended 31 December 2018
		Amount		Amount
1	Cash in the till			4,140
2	UBA Bank Plc	133,750		-
3	Access Bank Plc	2,852,261		32,687,153
		<b>2,986,011</b>		<b>32,691,292</b>
<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 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.</p>				

**Kogi Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**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	Nexia Agbo Abel & Co	IGR Generation for Local Government						155,876,693		155,876,693
2										-
<b>Total</b>								<b>155,876,693</b>	<b>-</b>	<b>155,876,693</b>

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 2019	Year Ended 31 December 2018
1	INVENTORIES	1,171,000	
2	ADVANCES	-	
<b>Total</b>		<b>1,171,000</b>	<b>-</b>

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

**Kogi Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**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
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	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
Additions During the year		44,149,475		88,909,717	11,000,000	101,077,328	12,000,000	14,602,000	4,270,000	276,008,520
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>80,213,875</b>	<b>44,149,475</b>	<b>27,400,000</b>	<b>333,840,688</b>	<b>11,000,000</b>	<b>128,832,640</b>	<b>39,950,000</b>	<b>392,407,600</b>	<b>6,719,468,415</b>	<b>7,777,262,694</b>
<b><u>ACCUMULATED DEPRECIATION</u></b>										
<b>DEPRECIATION RATE</b>	<b>20%</b>	<b>25%</b>	<b>10%</b>	<b>1%</b>	<b>25%</b>	<b>20%</b>	<b>25%</b>		<b>2%</b>	
Balance b/forward 01 January 2019	16,042,775	-	2,740,000	3,184,103	-	5,551,062	6,987,500	-	134,303,968	168,809,408
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	16,042,775	11,037,369	2,740,000	4,339,929	2,750,000	25,766,528	9,987,500	-	134,389,368	207,053,469
<b>Balance c/forward 31 December 2019</b>	<b>32,085,550</b>	<b>11,037,369</b>	<b>5,480,000</b>	<b>7,524,032</b>	<b>2,750,000</b>	<b>31,317,590</b>	<b>16,975,000</b>	<b>-</b>	<b>268,693,337</b>	<b>375,862,877</b>
<b><u>ACCUMULATED IMPAIRMENT</u></b>										
Balance b/forward 01 January 2019	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>NET BOOK VALUE</u></b>										
Balance as at 31 December 2019	48,128,325	33,112,106	21,920,000	326,316,657	8,250,000	97,515,050	22,975,000	392,407,600	6,450,775,078	7,401,399,816
Balance as at 01 January 2019	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



**Kogi Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25 : Short Term Loans & Debts**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	2,834,156,761	2,496,734,047
3	Other Payables (25b)	232,451,226	128,586,380
4	Loan in respect of IGR generation (NEXIA)	155,876,693	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>3,222,484,680</b>	<b>2,625,320,426</b>

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 2019	Year Ended 31 December 2018
	Balance b/f	2,496,734,047	
1	Salary Payables	337,422,714	2,496,734,047
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>2,834,156,761</b>	<b>2,496,734,047</b>

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 2019	Year Ended 31 December 2018
1	Pension	45,919,415	
2	Leave Bonus	186,531,811	128,586,380
<b>Total Other Payables</b>		<b>232,451,226</b>	<b>128,586,380</b>

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 2019**

**Notes to the Financial Statements**

**Note 29 : Reserves**

<b>S/N</b>	<b>Description</b>	<b>Amount</b>	<b>Amount</b>
1	Opening Balance as at 01 January 2019		4,410,220,842
	<b>IPSA Adjustments</b>		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	38,603,959	
	<b>Total IPSA Adjustments</b>		38,603,959
<b>Closing Balance as at 31 December 2019</b>			<b>4,448,824,802</b>

**LOKOJA LOCAL GOVERNMENT OF  
KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**

# 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 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 Lokoja 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.

**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,  
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Private Mail Bag. 1019,  
Lokoja .

Ref No: \_\_\_\_\_

Date: \_\_\_\_\_


### **Lokoja 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. 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 2019 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 2019**

**Statement of Financial Performance**

	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	2,170,411,411	1,581,330,098
Government Share of VAT	10	392,258,944	389,422,008
Tax Revenue	11	25,790,707	34,069,346
Non-Tax Revenue	12	230,100	2,012,855
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>2,588,691,163</b>	<b>2,006,834,307</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	630,035,609	613,867,277
Social Benefits	16	649,299,983	405,613,953
Overhead Cost	17	1,407,896,488	1,436,450,333
Depreciation Charges	23	277,514,788	245,156,842
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>2,964,746,868</b>	<b>2,701,088,404</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>(376,055,705)</b>	<b>(694,254,097)</b>
Public Debt Charges	18	5,985,537	4,697,206
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>(382,041,242)</b>	<b>(698,951,303)</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>(382,041,242)</b>	<b>(698,951,303)</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>(382,041,242)</b>	<b>(698,951,303)</b>



**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 2019**  
**Statement of Financial Position**

ASSETS	Notes	Year Ended 31 December 2019		Year Ended 31 December 2018	
<b>Current Assets</b>					
Cash and Cash Equivalents	19	9,536,893		51,100,069	
Prepayment	20	32,907,892		197,447,352	
Other Current Assets	20b	7,355,849		2,220,000	
<b>Total Current Assets</b>			<b>49,800,634</b>		<b>250,767,421</b>
<b>Non-Current Assets</b>					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	10,746,312,743		10,879,667,774	
Intangible Assets	24	-		-	
<b>Total Non-Current Assets</b>			<b>10,746,312,743</b>		<b>10,879,667,774</b>
<b>Total Assets</b>			<b>10,796,113,376</b>		<b>11,130,435,195</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Short Term Loans & Debts	25	2,232,779,176		2,449,413,055	
Unremitted Deductions	26	-		-	
Payables	27	-		-	
<b>Total Current Liabilities</b>			<b>2,232,779,176</b>		<b>2,449,413,055</b>
<b>Non-Current Liabilities</b>					
Long Term Borrowings	28	261,306,400		261,306,400	
<b>Total Non-Current Liabilities</b>			<b>261,306,400.00</b>		<b>261,306,400</b>
<b>Total Liabilities</b>			<b>2,494,085,576</b>		<b>2,710,719,455</b>
<b>Net Assets</b>			<b>8,302,027,800</b>		<b>8,419,715,740</b>
<b>NET ASSETS/EQUITY</b>					
Reserves	29	8,684,069,043		9,118,667,043	
Accumulated Surpluses/(Deficits)		(382,041,242)		(698,951,303)	
<b>Total Net Assets/Equity</b>			<b>8,302,027,800</b>		<b>8,419,715,740</b>

  
**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 2019**

**Statement of Change in Assets/Equity**

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
<b>Closing Balance 31 December 2018</b>	<b>9,118,667,043</b>	<b>(698,951,303)</b>	<b>8,419,715,740</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
<b>Opening Balance as at 01 January 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(382,041,242)	(382,041,242)
Reserves (Note 29)	8,684,069,043		8,684,069,043
<b>Closing Balance as at 31 December 2019</b>	<b>8,684,069,043</b>	<b>(382,041,242)</b>	<b>8,302,027,800</b>



**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 2019**

**Statement of Cashflow**

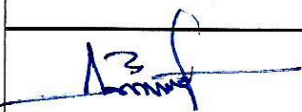
Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	2,170,411,411	1,581,330,098
Government Share of VAT	10	392,258,944	389,422,008
Tax Revenue	11	25,790,707	34,069,346
Non-Tax Revenue	12	230,100	2,012,855
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>2,588,691,163</b>	<b>2,006,834,307</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	630,035,609	613,867,277
Social Benefits	16	649,299,983	405,613,953
Overhead Cost(s)	17	1,407,896,488	1,436,450,333
Transfer to other Government Entities		-	-
Finance Cost	18	5,985,537	4,697,206
Finance Cost			
<b>Total Outflow From Operating Activities</b>		<b>2,693,217,617</b>	<b>2,460,628,768</b>
<b>Net Cash Flow From Operating Activities</b>		<b>(104,526,454)</b>	<b>(453,794,461)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(144,159,757)	(521,054,548)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(144,159,757)</b>	<b>(521,054,548)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	207,123,034	778,710,767
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings			
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>207,123,034</b>	<b>778,710,767</b>
<b>Net Cash Flow From All Activities</b>		<b>(41,563,177)</b>	<b>(196,138,242)</b>
<b>Open Cash Balance</b>		<b>51,100,069</b>	<b>247,238,311</b>
<b>Closing Cash Balance</b>		<b>9,536,893</b>	<b>51,100,069</b>



**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 2019**  
**Statement of Comparison of Budget and Actual**

	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
		Original	Supplementary	Final		
<b>RECURRENT REVENUE</b>						
Government Share of FAAC (Statutory Revenue)	9	4,629,356,700	516,473,000	5,145,829,700	1,544,910,118	(3,600,919,582)
Excess Crude	9		-	-	7,101,289	7,101,289
Budget Augmentation/Budget Support Facility	9		-	-	579,248,367	579,248,367
Exchange Difference	9		-	-	2,701,361	2,701,361
Refund from Federal Government	9		-	-	-	-
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	34,654,827	34,654,827
Excess Bank Charge	9		-	-	1,795,450	1,795,450
Government Share of VAT	10	400,553,060	-	400,553,060	392,258,944	(8,294,116)
Tax Revenue	11	40,589,780	2,027,000	42,616,780	25,790,707	(16,826,073)
Non-Tax Revenue	12				230,100	230,100
<b>TOTAL RECURRENT REVENUE</b>		<b>5,070,499,540</b>	<b>-</b>	<b>5,588,999,540</b>	<b>2,588,691,163</b>	<b>(3,000,308,377)</b>
<b>CAPITAL RECEIPT</b>						
		-	-	-	-	-
<b>TOTAL CAPITAL RECEIPT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>		<b>5,070,499,540</b>	<b>-</b>	<b>5,588,999,540</b>	<b>2,588,691,163</b>	<b>(3,000,308,377)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	1,833,342,800		1,833,342,800	630,035,609	1,203,307,191
Social Benefits	16	150,000,000		150,000,000	649,299,983	(499,299,983)
Overhead Cost	17	1,023,252,660	378,500,000	1,401,752,660	1,407,896,488	(6,143,828)
Public Debt Charges	18	265,161,470	-	265,161,470	5,985,537	259,175,933
Impairment (Loss) on Investment	22	-	-	-		
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>3,271,756,930</b>	<b>378,500,000</b>	<b>3,650,256,930</b>	<b>2,693,217,617</b>	<b>957,039,313</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	1,798,742,530	140,000,000	1,658,742,530	144,159,757	1,514,582,773
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,798,742,530</b>	<b>140,000,000</b>	<b>1,658,742,530</b>	<b>144,159,757</b>	<b>1,514,582,773</b>
<b>TOTAL EXPENDITURE</b>		<b>5,070,499,460</b>	<b>518,500,000</b>	<b>5,308,999,460</b>	<b>2,837,377,374</b>	<b>2,471,622,086</b>



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 2019		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2019
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>(382,041,242)</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	277,514,788
Impairment of Investments	22	-
<b>Total non-cash items</b>		<b>(104,526,454)</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	(216,633,879)
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	423,756,913.00
(Increase)/decrease in Loan Repayment		-
<b>Total movements in working capital items</b>		<b>207,123,034</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(144,159,757)
<b>Total items classified as investing activities</b>		<b>(144,159,757)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(41,563,177)</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>51,100,069</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>9,536,893</b>

**Lokoja Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 Lokoja Local Governments of Kogi State for the financial year ended 31 December 2019, 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**  
**Financial Statements for the Year Ended 31 December 2019**  
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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**  
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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**  
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Thus, in line with the Format, the 2019 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**  
**Financial Statements for the Year Ended 31 December 2019**  
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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 2019. 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 2019**  
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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.

**e. 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.

**f. 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**  
**Financial Statements for the Year Ended 31 December 2019**  
**Notes to the Financial Statements**

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.

**g. 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.

**h. 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.

**i. 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**  
**Financial Statements for the Year Ended 31 December 2019**  
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**j. 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.

**k. 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**  
**Financial Statements for the Year Ended 31 December 2019**  
**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. 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.

**Lokoja Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
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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.

**Lokoja Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
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For the fourth Transitional Financial Statements for the year ended 31 December 2019, Lokoja Local Government has recognized financial liabilities measured at amortized cost. These include Lokoja 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. 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.

**Lokoja Local Government of Kogi State**  
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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

**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.

**Lokoja Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
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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.



**Lokoja Local Government of Kogi State**  
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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.

**Lokoja 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**

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:

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

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**

**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 Lokoja 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 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.

**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 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.

**g. 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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<b>Note 9 : Government Share of FAAC (Statutory Revenue)</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	34,654,827	-	(34,654,827)	29,595,107
2	Recovered Excess Bank Charges	1,795,450	-	(1,795,450)	20,398,360
3	Statutory Allocation	1,544,910,118	5,145,829,700	3,600,919,582	1,360,498,462
4	Exchange Difference	2,701,361	-	(2,701,361)	4,543,920
5	NNPC Refund	-	-	-	3,227,711
6	JAAC Special Allocation	-	-	-	158,748,084
7	Budget Augmentation	579,248,367	-	(579,248,367)	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	7,101,289	-	(7,101,289)	4,318,455
10	Pension Allocation	-	-	-	-
11	Salary Bailout	-	-	-	-
<b>Total Statutory Revenue</b>		<b>2,170,411,411</b>	<b>5,145,829,700.00</b>	<b>2,975,418,289</b>	<b>1,581,330,098</b>
<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>					

<b>Note 9a : Government Share of FAAC (Statutory Revenue)</b>											
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	104,387,802		-						579,248,367	683,636,169
2	February	107,781,409		270,098							108,051,508
3	March	98,121,350		-		12,298,988					110,420,337
4	April	75,969,731		232,921		11,882,392	1,241,814				89,326,859
5	May	118,997,028		216,294							119,213,323
6	June	-		-							-
7	July	156,352,332		323,724							156,676,056
8	August	310,012,131		574,469							310,586,601
9	September	154,818,696		288,669			553,636				155,661,000
10	October	150,190,229		264,564		640,169					151,094,963
11	November	147,877,412		311,508				2,387,911			150,576,831
12	December	120,401,996		219,113		9,833,278		4,713,378			135,167,765
-											
<b>Total</b>		<b>1,544,910,118</b>	<b>-</b>	<b>2,701,361</b>	<b>-</b>	<b>34,654,827</b>	<b>1,795,450</b>	<b>7,101,289</b>	<b>-</b>	<b>579,248,367</b>	<b>2,170,411,411</b>

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<b>Note 10: Government Share of Value Added Tax (VAT)</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	392,258,944	400,553,060	(8,294,116)	389,422,008
<b>Total</b>		<b>392,258,944</b>	<b>400,553,060</b>	<b>(8,294,116)</b>	<b>389,422,008</b>
<p><b>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 2019</b></p>					

<b>Note 10a : Government Share of Value Added Tax (VAT)</b>			
<b>S/N</b>	<b>Month</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	January	36,178,706	29,992,957
2	Febuary	-	-
3	March	37,411,374	34,184,871
4	April	34,162,707	31,485,464
5	May	35,377,446	29,521,685
6	June	-	31,537,510
7	July	38,602,863	33,770,768
8	August	73,687,075	30,314,695
9	September	-	28,493,961
10	October	66,018,651	40,639,067
11	November	37,868,740	28,036,076
12	December	32,951,383	71,444,955
<b>Total</b>		<b>392,258,944</b>	<b>389,422,008</b>
<p><b>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 2019</b></p>			

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**Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	3% Development Levy	3,346,257		3,346,257	
2	Kogi State Origin	1,046,100		1,046,100	711,090
3	Truck park Obajana	5,655,000		5,655,000	7,145,500
4	Express transit bus			-	1,532,800
5	Hawker permit			-	45,000
6	Abattoir	20,000		20,000	120,000
7	Liquor Licence	20,000		20,000	37,000
8	Trade Permit	223,800			
9	Hiring of plant & equipment			-	159,000
10	Market fees	302,300		302,300	1,099,750
11	Tenement rate	14,119,250		14,119,250	21,671,206
12	Application fee for plot	70,000		70,000	475,000
13	Registration of contract			-	300,000
14	Bill board advertisement	978,000		978,000	773,000
15	Marriage/Divorce fees	10,000		10,000	
16	Other income			-	
<b>Total</b>		<b>25,790,707</b>	<b>-</b>	<b>25,566,907</b>	<b>34,069,346</b>

**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.**

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Financial Statements for the Year Ended 31 December 2019				
Notes to the Financial Statements				
Note 12 : Non Tax Revenue				
Administrative Code	Description	Year Ended 31 December 2019		
		Actual	Budget	Variance
	Earnings from commercial activities	90,100		90,100
	Rent from building	140,000		140,000
	Proceeds from sales of government vehicles			-
				-
<b>Total</b>		<b>230,100</b>	<b>-</b>	<b>230,100</b>

NOTE 15 : Salaries & Wages							
S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018	
		Gross Salary	Payment	Balance Payable	Budget	Variance	Actual
<b>SALARIES AND WAGES</b>							
1	SALARY	492,804,848	269,457,824	223,347,024	1,833,342,800	1,340,537,952	534,723,504
<b>Total SALARIES AND WAGES</b>		<b>492,804,848</b>	<b>269,457,824.04</b>	<b>223,347,023.50</b>	<b>1,833,342,800.00</b>	<b>1,340,537,952</b>	<b>534,723,504</b>
<b>ALLOWANCE AND SOCIAL CONTRIBUTION</b>							
1	1st 28 days	100,000	100,000			(100,000)	450,000
2	Monthly Pension					-	64,166,820
3	Leave bonus					-	2,076,953
4	Death Benefit					-	12,450,000
5	Med & H.W.U	1,722,256	1,722,256			(1,722,256)	
6	Bail out for salary payment	118,486,899	118,486,899			(118,486,899)	
7	Honorarium/Sitting allowances	16,921,607	16,921,607			(16,921,607)	
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>137,230,761</b>	<b>137,230,761</b>	<b>-</b>	<b>-</b>	<b>(137,230,761)</b>	<b>79,143,773</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>630,035,609</b>	<b>406,688,585.42</b>	<b>223,347,023.50</b>	<b>1,833,342,800.00</b>	<b>1,203,307,191</b>	<b>613,867,277</b>
<p>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 2019. The cumulative figure paid through respective Economic Line items are as shown above.</p>							



**Lokoja Local Government of Kogi State**

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**NOTE 16 : Social Benefits**

S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018
		Actual	Budget	Variance	Actual	
<b>SOCIAL BENEFITS</b>		<b>Gross Pension</b>	<b>Payment</b>	<b>Balance Payable</b>		
1	Actual Pension	544,153,638	316,581,597	227,572,041	150,000,000	(166,581,597)
2	Pension ex-pol	105,146,345				
						-
<b>Total SOCIAL BENEFITS</b>		<b>649,299,983</b>	<b>316,581,597</b>	<b>227,572,041</b>	<b>150,000,000</b>	<b>(166,581,597)</b>

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 2019.

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**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	Repairs & maintenance	23,616,100		(23,616,100)	127,099,960
	Travel and transport	127,961,889		(127,961,889)	103,687,115
	Printing & Stationeries	36,604,820		(36,604,820)	6,742,000
	Rehabilitation/renovation expenses	137,507,449		(137,507,449)	428,776,331
	Communication & Postages	38,552,944		(38,552,944)	32,960,192
	Office Expenses	49,761,743		(49,761,743)	24,827,857
	Fueling & Lubricant expenses	1,463,000		(1,463,000)	1,700,000
	Finance charges			-	25,701,535
	Professional Charges	45,547,740		(45,547,740)	105,518,893
	Training & Workshop expenses	90,349,357		(90,349,357)	87,297,959
	Gifts & Donation			-	46,312,033
	Financial assistance & emporwent	9,150,000		(9,150,000)	78,418,629
	Security expenses	102,136,250		(102,136,250)	132,392,845
	Cultural & Tourism expenses	1,459,900		(1,459,900)	242,000
	Annual festival expenses	31,419,670		(31,419,670)	19,749,400
	Rent	200,000		(200,000)	50,000
	Welfare parckage expenses	62,339,511		(62,339,511)	
	Sporth & Youth Development	22,879,900		(22,879,900)	2,030,000
	Medical Expenses	12,604,750		(12,604,750)	33,090,743
	Agricultural Development expenses			-	85,786,042
	Cleaning & Fumigation expenses	36,492,294		(36,492,294)	
	Grants to Communities	4,865,000		(4,865,000)	
	Monitoring & Evaluation expenses	11,989,440		(11,989,440)	
	Educational Development expenses	9,545,000		(9,545,000)	
	<b>SUBVENTION:</b>			-	
	LGEA-SUBEB	501,900,901		(501,900,901)	94,066,799
	<b>STATUTORY EXPENSES:</b>			-	
	5% to Traditional Council	13,068,819		(13,068,819)	
	1% to Local Government Service Commission	10,669,335		(10,669,335)	
	1% to Min. of Local Govt and Chieftancy Affairs	12,903,789		(12,903,789)	
	1% to Auditor General for Local Government	12,906,887		(12,906,887)	
				-	
		<b>1,407,896,488</b>	<b>-</b>	<b>(1,407,896,488)</b>	<b>1,436,450,333</b>
<p>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.</p>					
		<b>1,407,896,488</b>	<b>-</b>	<b>(1,407,896,488)</b>	<b>1,436,450,333</b>

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**NOTE 18 : Public Debt Charges**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	5,985,537	265,161,470	259,175,933	694,866
2	Domestic Loan Interest / Discount		-	-	4,002,340
		-	-	-	-
		-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>5,985,537</b>	<b>265,161,470</b>	<b>259,175,933</b>	<b>4,697,206</b>

The Lokoja 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 2019	Year Ended 31 December 2018
		Amount	Amount
1	Cash in the till		
2	Zenith Bank Plc	17,297	29,169
3	UBA Bank Plc	2,248,000	
4	Access Bank Plc	6,516,355	40,378,256
5	Fidelity Bank	755,241	10,692,645
		<b>9,536,893</b>	<b>51,100,069</b>

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.

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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						32,907,892		32,907,892
										-
<b>Total</b>								<b>32,907,892</b>	<b>-</b>	<b>32,907,892</b>
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 2019	Year Ended 31 December 2018
1	RECEIVABLES	7,355,849	2,220,000
2	ADVANCES	-	
<b>Total</b>		<b>7,355,849</b>	<b>2,220,000</b>
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 2019	Year Ended 31 December 2018
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
6	Obajana Cement Company	4,355,849	
7	Loan Receivable-Okehi Local Govt.	3,000,000	
8			
<b>Total</b>		<b>7,355,849</b>	<b>2,220,000</b>
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
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	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
Additions During the year		28,612,576	200,000	5,000,000	36,930,657	49,339,858	24,076,666			144,159,757
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>52,131,110</b>	<b>61,306,250</b>	<b>67,389,200</b>	<b>498,300,884</b>	<b>36,930,657</b>	<b>49,339,858</b>	<b>47,171,666</b>	<b>73,833,750</b>	<b>10,382,580,998</b>	<b>11,268,984,373</b>
<b><u>ACCUMULATED DEPRECIATION</u></b>										
<b>DEPRECIATION RATE</b>	<b>20%</b>	<b>25%</b>	<b>10%</b>	<b>1%</b>	<b>25%</b>	<b>20%</b>	<b>25%</b>		<b>2%</b>	
Balance b/forward 01 January 2019	10,426,222	8,173,418.50	6,718,920	6,412,911.49	-	-	5,773,750	-	207,651,620	245,156,842
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	10,426,222	15,326,562	6,738,920	6,477,911	9,232,664	9,867,972	11,792,917	-	207,651,620	277,514,788
<b>Balance c/forward 31 December 2019</b>	<b>20,852,444</b>	<b>23,499,981</b>	<b>13,457,840</b>	<b>12,890,823</b>	<b>9,232,664</b>	<b>9,867,972</b>	<b>17,566,667</b>	<b>-</b>	<b>415,303,240</b>	<b>522,671,630</b>
<b><u>ACCUMULATED IMPAIRMENT</u></b>										
Balance b/forward 01 January 2019	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>NET BOOK VALUE</u></b>										
Balance as at 31 December 2019	31,278,666	37,806,269	53,931,360	485,410,061	27,697,993	39,471,886	29,605,000	73,833,750	9,967,277,758	10,746,312,743
Balance as at 01 January 2019	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

**Lokoja Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25 : Short Term Loans & Debts**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
	Balance b/f		
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	1,778,281,945	1,554,934,922
3	Other Payables (25b)	419,699,838	695,141,281
4	Term Loan (25c)	34,797,393	199,336,853
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>2,232,779,176</b>	<b>2,449,413,055</b>

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 2019	Year Ended 31 December 2018
	Balance b/f	1,554,934,922	1,206,778,693
1	Salary Payables for the year	223,347,024	348,156,229
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>1,778,281,945</b>	<b>1,554,934,922</b>

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 2019**

**Notes to the Financial Statements**

**Note 25b : Other Payables**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Arrears		
2	Pension	227,572,041	141,088,927
3	Leave Bonus	146,251,233	323,068,604
4	Traditional council	8,004,150	
5	Death Benefit		16,978,996
6	Political Office holder	37,872,414	122,519,386
7	Last batch of Promotion Arrears 2015		13,450,569
8	Arrears of incremental 2014		6,412,498
9	Withholding Tax		39,338,444
10	Value Added Tax		32,283,857
11	Youth, men and women empowerment	12,375,000	
<b>Total Other Payables</b>		<b>419,699,838</b>	<b>695,141,281</b>

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 2019	Year Ended 31 December 2018
1	UBA loan	1,889,501	1,889,501
2	Loan-Stardust Construction	32,907,892	197,447,352
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>34,797,393</b>	<b>199,336,853</b>

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

<b>Lokoja Local Government of Kogi State</b>			
<b>Financial Statements for the Year Ended 31 December 2019</b>			
<b>Notes to the Financial Statements</b>			
<b>Note 26 : Unremitted Deductions</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	Withholding Tax	31,772,924	39,338,444
2	Value Added Tax	22,875,710	32,283,857
<b>Total Unremitted Deductions</b>		<b>54,648,634</b>	<b>71,622,301</b>

<b>Note 28 : Long Term Borrowing</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
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
<b>Total Long Term Borrowings</b>		<b>261,306,400</b>	<b>261,306,400</b>
Long-term borrowing generally refers to loans that will not become due within one year or before the reporting date			

<b>Note 29 : Reserves</b>			
<b>S/N</b>	<b>Description</b>	<b>Amount</b>	<b>Amount</b>
1	Opening Balance as at 01 January 2019		8,419,715,740
<b>IPSA Adjustments</b>			
2	Recognition of Legacy PPE		
3	Prior years Adjustments	264,353,302	
<b>Total IPSA Adjustments</b>			264,353,302
<b>Closing Balance as at 31 December 2019</b>			<b>8,684,069,043</b>



**MOPAMURO LOCAL GOVERNMENT OF  
KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**



# **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 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 Mopamuro 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.

**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

**Mopamuro 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. Mopamuro 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.

Mopamuro 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.

Mopamuro 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.



**Eseyin Michael**

**Director of Local Government Administration**

**Mopamuro Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Statement of Financial Performance**

	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	1,290,738,476	1,102,156,215
Government Share of VAT	10	256,187,109	273,156,552
Tax Revenue	11	6,176,773	18,472,176
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>1,553,102,358</b>	<b>1,393,784,943</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	563,882,834	679,356,613
Social Benefits	16	168,369,991	77,401,989
Overhead Cost	17	559,389,870	505,570,234
Depreciation Charges	23	157,321,077	119,687,067
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>1,448,963,772</b>	<b>1,382,015,902</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>104,138,586</b>	<b>11,769,041</b>
Public Debt Charges	18	2,857,542	215,617
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>101,281,044</b>	<b>11,553,424</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>101,281,044</b>	<b>11,553,424</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>101,281,044</b>	<b>11,553,424</b>



**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 2019**  
**Statement of Financial Position**

ASSETS	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>Current Assets</b>			
Cash and Cash Equivalents	19	19,749,393	27,207,392
Prepayment	20	-	-
Other Current Assets	20b	-	36,026,590
<b>Total Current Assets</b>		<b>19,749,393</b>	<b>63,233,982</b>
<b>Non-Current Assets</b>			
Long Term Loans	21	-	-
Investments	22	-	-
Property, Plant & Equipment	23	4,405,626,122	4,194,817,666
Intangible Assets	24	-	-
<b>Total Non-Current Assets</b>		<b>4,405,626,122</b>	<b>4,194,817,666</b>
<b>Total Assets</b>		<b>4,425,375,515</b>	<b>4,258,051,648</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Short Term Loans & Debts	25	1,995,527,389	1,678,918,818
Unremitted Deductions	26	23,916,185	28,116,185
Payables	27	-	-
<b>Total Current Liabilities</b>		<b>2,019,443,574</b>	<b>1,707,035,003</b>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	28	-	-
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>2,019,443,574</b>	<b>1,707,035,003</b>
<b>Net Assets</b>		<b>2,405,931,941</b>	<b>2,551,016,646</b>
<b>NET ASSETS/EQUITY</b>			
Reserves	29	2,304,650,897	2,539,463,222
Accumulated Surpluses/(Deficits)		101,281,044	11,553,424
<b>Total Net Assets/Equity</b>		<b>2,405,931,941</b>	<b>2,551,016,646</b>



**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 2019**

**Statement of Change in Assets/Equity**

<b>Description</b>	<b>Reserves</b>	<b>Accumulated Surpluses/(Deficits)</b>	<b>Total</b>
<b>Closing Balance 31 December 2017</b>	<b>2,539,463,222</b>	<b>11,553,424</b>	<b>2,551,016,646</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-	-	-
<b>Opening Balance as at 01 January 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	101,281,044	101,281,044
Reserves (Note 29)	2,304,650,897		2,304,650,897
<b>Closing Balance as at 31 December 2018</b>	<b>2,304,650,897</b>	<b>101,281,044</b>	<b>2,405,931,941</b>



**KADIRI RASAQ**

Local Government Treasurer (LGT)


Mopamuro Local Government

Kogi State

<b>Mopamuro Local Government of Kogi State</b>			
<b>Financial Statements for the Year Ended 31 December 2019</b>			
<b>Statement of Cashflow</b>			
<b>Description</b>	<b>Notes</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	1,290,738,476	1,102,156,215
Government Share of VAT	10	256,187,109	273,156,552
Tax Revenue	11	6,176,773	18,472,176
Non-Tax Revenue	12	-	
Aid and Grants	13	-	
Interest Earned	14	-	
<b>Total Inflow From Operating Activities</b>		<b>1,553,102,358</b>	<b>1,393,784,943</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	563,882,834	679,356,613
Social Benefits	16	168,369,991	77,401,989
Overhead Cost(s)	17	559,389,870	505,570,234
Transfer to other Government Entities		-	-
Finance Cost	18	2,857,542	215,617
Finance Cost			
<b>Total Outflow From Operating Activities</b>		<b>1,294,500,238</b>	<b>1,262,544,452</b>
<b>Net Cash Flow From Operating Activities</b>		<b>258,602,121</b>	<b>131,240,491</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(368,129,533)	(502,703,606)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(368,129,533)</b>	<b>(502,703,606)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	316,608,571	311,045,393
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(214,539,158)	(75,186,822)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>102,069,413</b>	<b>235,858,571</b>
<b>Net Cash Flow From All Activities</b>		<b>(7,457,999)</b>	<b>(135,604,545)</b>
<b>Open Cash Balance</b>		<b>27,207,392</b>	<b>162,811,937</b>
<b>Closing Cash Balance</b>		<b>19,749,393</b>	<b>27,207,392</b>



**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 2019						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
RECURRENT REVENUE		Original	Supplementary	Final		
Government Share of FAAC (Statutory Revenue)	9	3,304,021,130	597,918,660	3,901,939,790	960,615,559	(2,941,324,231)
Excess Crude	9		-	-	4,687,275	4,687,275
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	1,595,886	1,595,886
Refund from Federal Government	9		-	-	-	-
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	22,475,351	22,475,351
Excess Bank Charge	9		-	-	1,185,104	1,185,104
Government Share of VAT	10	298,746,600	-	298,746,600	256,187,109	(42,559,491)
Tax Revenue	11	10,330,740		10,330,740	6,176,773	(4,153,967)
Non-Tax Revenue	12			-	-	-
<b>TOTAL RECURRENT REVENUE</b>		<b>3,613,098,470</b>	<b>597,918,660</b>	<b>4,211,017,130</b>	<b>1,252,923,057</b>	<b>(2,958,094,073)</b>
<b>CAPITAL RECEIPT</b>						
<b>TOTAL CAPITAL RECEIPT</b>						
<b>TOTAL REVENUE</b>		<b>3,613,098,470</b>	<b>597,918,660</b>	<b>4,211,017,130</b>	<b>1,252,923,057</b>	<b>(2,958,094,073)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	1,800,532,940		1,800,532,940	563,882,834	1,236,650,106
Social Benefits	16	42,170,820	137,741,691	179,912,511	168,369,991	11,542,520
Overhead Cost	17	789,633,420	229,780,000	1,019,413,420	559,389,870	460,023,550
Public Debt Charges	18	-	-	-	2,857,542	(2,857,542)
Impairment (Loss) on Investment	22	-	-	-	-	-
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>2,632,337,180</b>	<b>367,521,691</b>	<b>2,999,858,871</b>	<b>1,294,500,238</b>	<b>1,705,358,633</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	1,045,805,090		1,045,805,090	368,129,533	677,675,557
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,045,805,090</b>	<b>-</b>	<b>1,045,805,090</b>	<b>368,129,533</b>	<b>677,675,557</b>
<b>TOTAL EXPENDITURE</b>		<b>3,678,142,270</b>	<b>367,521,691</b>	<b>4,045,663,961</b>	<b>1,662,629,770</b>	<b>2,383,034,191</b>
 <b>KADIRI RASAQ</b> Local Government Treasurer (LGT) Mopamuro Local Government Kogi State						



Mopamuro Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2019		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2019
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>101,281,044</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	157,321,077
Impairment of Investments	22	-
<b>Total non-cash Items</b>		<b>258,602,121</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	316,608,571
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(214,539,158)
<b>Total movements in working capital items</b>		<b>102,069,412.91</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(368,129,533)
<b>Total items classified as investing activities</b>		<b>(368,129,533)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(7,457,999)</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>27,207,392</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>19,749,393</b>

**Mopamuro Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 2019, 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**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 Mopamuro 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.

**Mopamuro Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 Mopamuro 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 2019 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.

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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 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 2019. 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 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.

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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.



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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.

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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. 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.

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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 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.

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For the fourth Transitional Financial Statements for the year ended 31 December 2019, Mopamuro Local Government has recognized financial liabilities measured at amortized cost. These include Mopamuro 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. 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.

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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 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.

**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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**c. 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.

**d. 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.

**e. 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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**f. 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.

**g. 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.

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**h. 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.

**i. 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.



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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.

**j. 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)**

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:

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

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**

**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 Mopamuro 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 Mopamuro Local Government, or a present obligation that arises from past events but is not recognised because:

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c. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,

d. 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.

**e. 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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**f. 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.

**g. 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.

**h. 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.

**i. 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.

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

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	22,475,351	-	(22,475,351)	-
2	Recovered Excess Bank Charges	1,185,104	-	(1,185,104)	1,925,598
3	Statutory Allocation	960,615,559	3,901,939,790	2,941,324,231	217,397,854
4	Exchange Difference	1,595,886	-	(1,595,886)	77,001,011
5	NNPC Refund	-	-	-	-
6	JAAC Special Allocation	-	-	-	-
7	Budget Augmentation	-	-	-	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	4,687,275	-	(4,687,275)	20,154,753
10	Ganished Fund	-	-	-	-
11	Salary Bailout	300,179,302	-	-	26,863,165
<b>Total Statutory Revenue</b>		<b>1,290,738,476</b>	<b>3,901,939,790.00</b>	<b>2,911,380,616</b>	<b>343,342,381</b>

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 2019. 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	BAILOUT FUND	TOTAL
1	January	72,648,117		-								72,648,117
2	February	53,581,936		178,281								53,760,217
3	March	41,885,960		-		7,727,200						49,613,160
4	April	67,019,340		153,742		7,843,088	819,671					75,835,842
5	May	71,741,463		142,767								71,884,230
6	June	-		-								-
7	July	101,745,427		213,677							300,179,302	101,959,104
8	August	197,355,957		192,010								197,547,967
9	September	96,249,290		190,539			365,432					96,805,261
10	October	93,192,225		174,628		414,513						93,781,366
11	November	91,665,628		205,614				1,576,164				93,447,406
12	December	73,530,214		144,628		6,490,550		3,111,111				83,276,503
-												
<b>Total</b>		<b>960,615,559</b>	<b>-</b>	<b>1,595,886</b>	<b>-</b>	<b>22,475,351</b>	<b>1,185,104</b>	<b>4,687,275</b>	<b>-</b>	<b>-</b>	<b>300,179,302</b>	<b>1,290,738,476</b>

<b>Mopamuro Local Government of Kogi State</b>					
<b>Financial Statements for the Year Ended 31 December 2019</b>					
<b>Notes to the Financial Statements</b>					
<b>Note 10: Government Share of Value Added Tax (VAT)</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	256,187,109	298,746,600	(42,559,491)	273,156,552
<b>Total</b>		<b>256,187,109</b>	<b>298,746,600</b>	<b>(42,559,491)</b>	<b>273,156,552</b>
<p>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 2019</p>					

<b>Note 10 a : Government Share of Value Added Tax (VAT)</b>			
S/N	Month	Year Ended 31 December 2019	Year Ended 31 December 2018
1	January	25,425,217	-
2	Febuary	-	21,032,012
3	March	26,262,081	23,870,390
4	April	23,875,683	21,939,334
5	May	33,133,241	20,588,873
6	June	-	22,265,725
7	July	-	23,880,276
8	August	51,602,847	21,206,605
9	September	-	19,976,674
10	October	46,312,131	28,414,670
11	November	26,443,843	19,588,360
12	December	23,132,066	50,393,633
<b>Total</b>		<b>256,187,109</b>	<b>273,156,552</b>
<p>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 2019</p>			

**Mopamuro Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Tax Revenue	329,670		329,670	1,591,516
2	Fee General	1,790,284		1,790,284	1,507,410
3	Earrings General	17,800		17,800	441,200
4	Repayment General			-	14,435,551
5	Rent on land & others			-	496,500
6	Rate General	134,019		134,019	
7	Sales	3,905,000		3,905,000	-
<b>Total</b>		<b>6,176,773</b>	<b>-</b>	<b>6,176,773.33</b>	<b>18,472,176.49</b>

**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 2019							
Notes to the Financial Statements							
NOTE 15 : Salaries & Wages							
S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018	
		Actual			Budget	Variance	Actual
SALARIES AND WAGES		Total Salary	Payment	Balance Payable			
1	SALARY	479,492,558	222,137,503	257,355,056		(479,492,558)	237,512,872
<b>Total SALARIES AND WAGES</b>		<b>479,492,558</b>	<b>222,137,503</b>	<b>257,355,056</b>	<b>-</b>	<b>(479,492,558)</b>	<b>237,512,872</b>
ALLOWANCE AND SOCIAL CONTRIBUTION							
1	Corper stipends/ LT Students					-	3,156,000
2	Stipends (vigilantes, & other POH)					-	118,604,997
3	Upkeep allowances					-	4,757,000
4	Honorarium & sitting allowances					-	56,085,245
5	Other Allowances					-	5,955,165
6	Non Regular Allowances	84,390,276	84,390,276			(84,390,276)	-
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>84,390,276</b>	<b>84,390,276</b>	<b>-</b>	<b>-</b>	<b>(84,390,276)</b>	<b>188,558,408</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>563,882,834</b>	<b>306,527,779</b>	<b>257,355,056</b>	<b>-</b>	<b>(563,882,834)</b>	<b>426,071,279</b>
<p>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 2019. The cumulative figure paid through respective Economic Line items are as shown above.</p>							

**Mopamuro Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 16 : Social Benefits**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
<b>SOCIAL BENEFITS</b>					
1	Pension	168,369,991	-	(168,369,991)	77,401,989
				-	-
<b>Total SOCIAL BENEFITS</b>		<b>168,369,991</b>	<b>-</b>	<b>(168,369,991)</b>	<b>77,401,989</b>

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 cumulative amount paid by Mopamuro Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2019.

**Mopamuro Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	Repairs & Maintenance	26,103,408		(26,103,408)	21,430,500
	Travelling & Transport Expenses	23,723,500		(23,723,500)	29,391,500
	Professional fee/Audit Expenses/Financial Consulting	42,135,281		(42,135,281)	152,783,826
	Printing & Stationery	31,298,650		(31,298,650)	43,267,200
	Security Services	35,631,286		(35,631,286)	16,125,000
	General Expenses	1,020,000		(1,020,000)	141,470,984
	Fueling Cost	14,793,298		(14,793,298)	18,100,890
	Clearing & Fumigation	70,000			
	Advert & Publicity	3,742,929		(3,742,929)	9,610,476
	Medical Supplies Expenses	52,822,000		(52,822,000)	30,727,000
	Gift & Donations-Distribution of school Uniform			-	34,752,857
	Uniform & Clothing	3,914,950		(3,914,950)	-
	Food & Catering Services	7,273,111			
	Youth & Sport Development	10,000,000		(10,000,000)	-
	Festival & Celebration	2,280,500		(2,280,500)	-
	Traning & Development	550,000		(550,000)	7,810,000
	Communication & Postages			-	100,000
	Honorarium & Sitting Allowance	47,846,500		(47,846,500)	-
	Refreshment & Entertainment	72,071,230		(72,071,230)	-
	Clearing of Right of Way	70,191,968		(70,191,968)	-
	Welfare Packages	21,225,959		(21,225,959)	
	Grant to Communities/NGO	8,305,000		(8,305,000)	
	JAAC Committee	43,303,574		(43,303,574)	
	Vigilante Group	6,902,000		(6,902,000)	
	FXGPC Meeting	4,000,000		(4,000,000)	
	NYNC	1,280,000		(1,280,000)	
	Liassion officer	3,600,000		(3,600,000)	
	Elders Advisory Committee	3,188,204		(3,188,204)	
	<b>Subventions:</b>				
	LGEA-SUBEB				
	<b>Statutory Expense:</b>			-	
	1% from all allocations to Ministry of Local Government & Chieftancy Affairs	6,356,271		(6,356,271)	
	1% from SRA to Local Government Service Commission	5,037,591		(5,037,591)	
	1% from all allocations to Auditor General for Local Government	6,837,846		(6,837,846)	
	5% from SRA to Kogi State Traditional Council of Chiefs	3,884,815		(3,884,815)	
				-	
		<b>559,389,870</b>	<b>-</b>	<b>(552,046,759)</b>	<b>505,570,234</b>
<p>These are entity's ongoing (recurrent) operating expenses which cannot be conveniently traced to or identified with any particular cost unit. In Mopamuro 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>					
		<b>559,389,870</b>	<b>-</b>	<b>(552,046,759)</b>	<b>505,570,234</b>

**Mopamuro Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 18 : Public Debt Charges**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	2,857,542	-	(2,857,542)	215,617
		-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>2,857,542</b>	<b>-</b>	<b>(2,857,542)</b>	<b>215,617</b>

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.

**Note 19 : Cash & Cash Equivalent (By Banks)**

S/N	Bank Name	Year Ended 31 December 2019	Year Ended 31 December 2018
		Amount	Amount
1	Cash in the till	640	5,511
2	Zenith Bank Plc	-	-
3	UBA Bank Plc	46,811	
4	First Bank Plc	504,717	6,984
5	Union Bank Plc	-	-
6	Access Bank Plc	19,197,225	27,194,896
7	Polaris Bank	-	-
8	Keystone Bank Limited	-	-
		<b>19,749,393</b>	<b>27,207,392</b>

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.



**Mopamuro Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 20b: Other Current Assets**

<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	Motor cycle loan	-	69,778
2	Vehicle loan	-	16,770,000
3	Advances	-	12,014,841
<b>Total</b>		<b>-</b>	<b>28,854,619</b>

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

**Note 20c: Unretired Advances**

<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	Advances	-	12,014,841
<b>Total</b>		<b>-</b>	<b>12,014,841</b>

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 2019**

**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
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	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
Additions During the year	1,512,000	47,630,000	4,952,000	172,791,211	1,020,000	95,856,321	10,300,000		34,068,000	368,129,533
Revaluation										-
Recognition of Legacy PPE										-
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>39,791,605</b>	<b>64,465,463</b>	<b>11,837,000</b>	<b>907,643,239</b>	<b>1,020,000</b>	<b>121,386,321</b>	<b>112,617,221</b>	<b>45,035,500</b>	<b>3,378,837,917</b>	<b>4,682,634,266</b>
<b><u>ACCUMULATED DEPRECIATION</u></b>										
<b>DEPRECIATION RATE</b>	<b>20%</b>	<b>25%</b>	<b>10%</b>	<b>1%</b>	<b>25%</b>	<b>20%</b>	<b>25%</b>		<b>2%</b>	
Balance b/forward 01 January 2019	7,655,921	4,208,866	688,500	9,553,076.35	-	5,106,000.00	25,579,305	-	66,895,398	119,687,067
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	7,958,321	16,116,366	1,183,700	11,799,362	255,000	24,277,264	28,154,305	-	67,576,758	157,321,077
<b>Balance c/forward 31 December 2019</b>	<b>15,614,242</b>	<b>20,325,232</b>	<b>1,872,200</b>	<b>21,352,438</b>	<b>255,000</b>	<b>29,383,264</b>	<b>53,733,610</b>	<b>-</b>	<b>134,472,157</b>	<b>277,008,143</b>
<b><u>ACCUMULATED IMPAIRMENT</u></b>										
Balance b/forward 01 January 2019	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2019	-	-	-	-	-	-	-	-	-	-
<b><u>NET BOOK VALUE</u></b>										
Balance as at 31 December 2019	24,177,363	44,140,232	9,964,800	886,290,800	765,000	92,003,057	58,883,610	45,035,500	3,244,365,760	4,405,626,122
Balance as at 01 January 2019	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

**Mopamuro Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25 : Short Term Loans & Debts**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	1,854,772,692	1,597,417,636
3	Other Payables (25b)	54,218,171	54,218,171
4	Loans (25c)	86,536,526	27,283,011
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>1,995,527,389</b>	<b>1,678,918,818</b>

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 2019	Year Ended 31 December 2018
	Balance b/f	1,597,417,636	1,283,863,437
1	Salary Payables	257,355,056	313,554,199
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>1,854,772,692</b>	<b>1,597,417,636</b>

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 2019	Year Ended 31 December 2018
1	Pension	54,218,171	54,218,171
<b>Total Other Payables</b>		<b>54,218,171</b>	<b>54,218,171</b>

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 2019**

**Notes to the Financial Statements**

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

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Mopa Microfinance Bank Loan	4,200,000	4,200,000
2	Loan - (NEXIA Agbo Abel & Co)	82,336,526	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>86,536,526</b>	<b>4,200,000</b>

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 2019	Year Ended 31 December 2018
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
<b>Total Unremitted Deductions</b>		<b>23,916,185</b>	<b>23,916,185</b>

**Note 29 : Reserves**

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2019		2,551,016,646
<b>IPSA Adjustments</b>			
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(246,365,748)	
<b>Total IPSA Adjustments</b>			(246,365,748)
<b>Closing Balance as at 31 December 2019</b>			<b>2,304,650,897</b>

**OFU LOCAL GOVERNMENT OF KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**



# 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 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 Ofu 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.

**Abdul Daikwo**  
**Local Government Treasurer (LGT)**  
**Ofu Local Government, Kogi State**  
**31 July 2020**



# 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: \_\_\_\_\_

### **Ofu 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. 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 2019 useful in significant areas of information requirements.

**Yakubu Siaka**  
**Director of Local Government Administration**

**Ofu Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Statement of Financial Performance**

	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	2,667,444,186	1,546,923,888
Government Share of VAT	10	396,758,668	357,703,129
Tax Revenue	11	1,777,500	-
Non-Tax Revenue	12	314,500	1,737,129
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>3,066,294,854</b>	<b>1,906,364,146</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	564,947,349	543,190,032
Social Benefits	16	449,863,104	114,272,362
Overhead Cost	17	1,452,850,366	834,708,935
Depreciation Charges	23	89,924,364	78,509,354
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>2,557,585,183</b>	<b>1,570,680,682</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>508,709,671</b>	<b>335,683,464</b>
Public Debt Charges	18	4,382,918	1,426,008
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>504,326,753</b>	<b>334,257,456</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>504,326,753</b>	<b>334,257,456</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>504,326,753</b>	<b>334,257,456</b>

  
**ABDUL DAIKWO**

Local Government Treasurer (LGT)  
Treasurer Ofu Local Government  
Kogi State





Ofu Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2019					
Statement of Financial Position					
ASSETS	Notes	Year Ended 31 December 2019		Year Ended 31 December 2018	
	<b>Current Assets</b>				
Cash and Cash Equivalents	19	5,111,263		47,169,557	
Prepayment	20	192,386,985			
Other Current Assets	20b	-		-	
<b>Total Current Assets</b>			<b>197,498,248</b>		<b>47,169,557</b>
<b>Non-Current Assets</b>					
Long Term Loans	21	-			
Investments	22	-		-	
Property, Plant & Equipment	23	3,126,484,074		3,102,356,351	
Intangible Assets	24	-		-	
<b>Total Non-Current Assets</b>			<b>3,126,484,074</b>		<b>3,102,356,351</b>
<b>Total Assets</b>			<b>3,323,982,322</b>		<b>3,149,525,908</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Short Term Loans & Debts	25	3,949,096,074		3,246,913,941	
Unremitted Deductions	26	-		72,557,707	
Payables	27	-		-	
<b>Total Current Liabilities</b>			<b>3,949,096,074</b>		<b>3,319,471,648</b>
<b>Non-Current Liabilities</b>					
Long Term Borrowings	28	803,185,504		241,367,795	
<b>Total Non-Current Liabilities</b>			<b>803,185,504</b>		<b>241,367,795</b>
<b>Total Liabilities</b>			<b>4,752,281,578</b>		<b>3,560,839,443</b>
<b>Net Assets</b>			<b>(1,428,299,256)</b>		<b>(411,313,535)</b>
<b>NET ASSETS/EQUITY</b>					
Reserves	29	(1,932,626,009)		(745,570,990)	
Accumulated Surpluses/(Deficits)		504,326,753		334,257,456	
<b>Total Net Assets/Equity</b>			<b>(1,428,299,256)</b>		<b>(411,313,535)</b>



**ABDUL DAIKWO**

Local Government Treasurer (LGT)  
Treasurer Ofu Local Government  
Kogi State

**Ofu Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Statement of Change in Assets/Equity**

<b>Description</b>	<b>Reserves</b>	<b>Accumulated Surpluses/(Deficits)</b>	<b>Total</b>
<b>Closing Balance 31 December 2018</b>	<b>(745,570,990)</b>	<b>334,257,456</b>	<b>(411,313,535)</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
<b>Opening Balance as at 01 January 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	504,326,753	504,326,753
Reserves (Note 29)	(1,932,626,009)		(1,932,626,009)
<b>Closing Balance as at 31 December 2019</b>	<b>(1,932,626,009)</b>	<b>504,326,753</b>	<b>(1,428,299,256)</b>



**ABDUL DAIKWO**

Local Government Treasurer (LGT)

Treasurer Ofu Local Government

Kogi State

**Ofu Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Statement of Cashflow**

Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	2,667,444,186	1,546,923,888
Government Share of VAT	10	396,758,668	357,703,129
Tax Revenue	11	1,777,500	-
Non-Tax Revenue	12	314,500	1,737,129
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>3,066,294,854</b>	<b>1,906,364,146</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	564,947,349	543,190,032
Social Benefits	16	449,863,104	114,272,362
Overhead Cost(s)	17	1,452,850,366	834,708,935
Transfer to other Government Entities		-	-
Finance Cost	18	4,382,918	1,426,008
Finance Cost			
<b>Total Outflow From Operating Activities</b>		<b>2,472,043,737</b>	<b>1,493,597,337</b>
<b>Net Cash Flow From Operating Activities</b>		<b>594,251,118</b>	<b>412,766,809</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(114,052,087)	(566,715,429)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(114,052,087)</b>	<b>(566,715,429)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	702,182,133	322,465,620
Proceeds from Borrowings - Long Term Loan	28	561,817,709	-
Repayment of Borrowings		(1,786,257,166)	(300,593,618)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>(522,257,324)</b>	<b>21,872,002</b>
<b>Net Cash Flow From All Activities</b>		<b>(42,058,293)</b>	<b>(132,076,618)</b>
<b>Open Cash Balance</b>		<b>47,169,557</b>	<b>179,246,175</b>
<b>Closing Cash Balance</b>		<b>5,111,264</b>	<b>47,169,557</b>




**ABDUL DAIKWO**

Local Government Treasurer (LGT)

Treasurer Ofu Local Government

Kogi State

Ofu Local Government of Kogi State						
Financial Statements for the Year Ended 31 December 2019						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
<b>RECURRENT REVENUE</b>						
		Original	Supplementary	Final		
Government Share of FAAC (Statutory Revenue)	9	4,605,529,490	393,798,430.00	4,999,327,920	1,901,455,031	(3,097,872,889)
Excess Crude	9		-	-	2,291,505	2,291,505
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	2,592,301	2,592,301
Refund from Federal Government	9		-	-	159,826,224	159,826,224
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	33,215,364	33,215,364
Excess Bank Charge	9		-	-	6,246,051	6,246,051
Government Share of VAT	10	351,587,910	-	351,587,910	396,758,668	45,170,758
Tax Revenue	11	20,190,160		20,190,160	1,777,500	(18,412,660)
Non-Tax Revenue	12			-	314,500	314,500
<b>TOTAL RECURRENT REVENUE</b>		<b>4,977,307,560</b>	<b>-</b>	<b>5,371,105,990</b>	<b>2,504,477,145</b>	<b>(2,866,628,845)</b>
<b>CAPITAL RECEIPT</b>						
		-	-	-	-	-
		-	-	-	-	-
<b>TOTAL CAPITAL RECEIPT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>		<b>4,977,307,560</b>	<b>-</b>	<b>5,371,105,990</b>	<b>2,504,477,145</b>	<b>(2,866,628,845)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	2,687,272,200		2,687,272,200	564,947,349	2,122,324,851
Social Benefits	16	42,172,810		42,172,810	449,863,104	(407,690,294)
Overhead Cost	17	943,966,590	131,091,290	1,075,057,880	1,452,850,366	(377,792,486)
Public Debt Charges	18	-	-	-	4,382,918	(4,382,918)
Impairment (Loss) on Investment	22	-	-	-		
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>3,673,411,600</b>	<b>131,091,290</b>	<b>3,804,502,890</b>	<b>2,472,043,737</b>	<b>1,332,459,153</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	1,303,891,960	262,707,140	1,566,599,100	114,052,087	1,452,547,013
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,303,891,960</b>	<b>262,707,140</b>	<b>1,566,599,100</b>	<b>114,052,087</b>	<b>1,452,547,013</b>
<b>TOTAL EXPENDITURE</b>		<b>4,977,303,560</b>	<b>393,798,430</b>	<b>5,371,101,990</b>	<b>2,586,095,824</b>	<b>2,785,006,166</b>
 <b>ABDUL DAIKWO</b> Local Government Treasurer (LGT) Treasurer Ofu Local Government Kogi State						

**Ofu Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Statement of Comparison of Budget and Actual**

	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
		Original	Supplementary	Final		
<b>RECURRENT REVENUE</b>						
Government Share of FAAC (Statutory Revenue)	9	4,605,529,490	393,798,430.00	4,999,327,920	1,901,455,031	(3,097,872,889)
Excess Crude	9		-	-	2,291,505	2,291,505
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	2,592,301	2,592,301
Refund from Federal Government	9		-	-	159,826,224	159,826,224
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	33,215,364	33,215,364
Excess Bank Charge	9		-	-	6,246,051	6,246,051
Government Share of VAT	10	351,587,910	-	351,587,910	396,758,668	45,170,758
Tax Revenue	11	20,190,160		20,190,160	1,777,500	(18,412,660)
Non-Tax Revenue	12			-	314,500	314,500
<b>TOTAL RECURRENT REVENUE</b>		<b>4,977,307,560</b>	<b>-</b>	<b>5,371,105,990</b>	<b>2,504,477,145</b>	<b>(2,866,628,845)</b>
<b>CAPITAL RECEIPT</b>						
<b>TOTAL CAPITAL RECEIPT</b>						
<b>TOTAL REVENUE</b>		<b>4,977,307,560</b>	<b>-</b>	<b>5,371,105,990</b>	<b>2,504,477,145</b>	<b>(2,866,628,845)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	2,687,272,200		2,687,272,200	564,947,349	2,122,324,851
Social Benefits	16	42,172,810		42,172,810	449,863,104	(407,690,294)
Overhead Cost	17	943,966,590	131,091,290	1,075,057,880	1,452,850,366	(377,792,486)
Public Debt Charges	18	-	-	-	4,382,918	(4,382,918)
Impairment (Loss) on Investment	22	-	-	-		
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>3,673,411,600</b>	<b>131,091,290</b>	<b>3,804,502,890</b>	<b>2,472,043,737</b>	<b>1,332,459,153</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	1,303,891,960	262,707,140	1,566,599,100	114,052,087	1,452,547,013
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,303,891,960</b>	<b>262,707,140</b>	<b>1,566,599,100</b>	<b>114,052,087</b>	<b>1,452,547,013</b>
<b>TOTAL EXPENDITURE</b>		<b>4,977,303,560</b>	<b>393,798,430</b>	<b>5,371,101,990</b>	<b>2,586,095,824</b>	<b>2,785,006,166</b>



**ABDUL DAIKWO**

Local Government Treasurer (LGT)

Treasurer Ofu Local Government

Kogi State

<b>Ofu Local Government of Kogi State</b>		
<b>Financial Statements for the Year Ended 31 December 2019</b>		
<b>Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities</b>		
<b>Description</b>	<b>Notes</b>	<b>Year Ended 31 December 2019</b>
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>504,326,753</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	89,924,364
Impairment of Investments	22	-
<b>Total non-cash Items</b>		<b>594,251,118</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	702,182,133
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	561,817,709
(Increase)/decrease in Loan Repayment		(1,786,257,166)
<b>Total movements in working capital items</b>		<b>(522,257,324)</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(114,052,087)
<b>Total items classified as investing activities</b>		<b>(114,052,087)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(42,058,293)</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>47,169,557</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>5,111,264</b>

**Ofu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 2019, 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 2019**  
**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 Ofu 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.

**Ofu Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 2019**  
**Notes to the Financial Statements**

Thus, in line with the Format, the 2019 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 Ofu 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 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 2019**  
**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 2019. 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 2019**  
**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 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.

**h. 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 2019**  
**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.

**i. 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.

**j. 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.

**k. 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 2019**  
**Notes to the Financial Statements**

**l. 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.

**m. 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 2019**  
**Notes to the Financial Statements**

**xiii) 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.

**xiv) 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 2019**  
**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.

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For the fourth Transitional Financial Statements for the year ended 31 December 2019, Ofu Local Government has recognized financial liabilities measured at amortized cost. These include Ofu Local and foreign debts and investments.

**n. Classification**

**o. 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.

**p. 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.

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**q. 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.

**r. Financial Liabilities at Amortized Cost**

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

**s. Categories & Measurement**

**t. 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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**u. 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.

**v. 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.

**w. 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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**x. 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.

**y. 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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**z. 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.

**aa. 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.

**bb. 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:

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

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**

**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 Ofu 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 Ofu 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 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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**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, 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.

**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 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 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	33,215,364	-	(33,215,364)	137,623,392
2	Recovered Excess Bank Charges	6,246,051	-	(6,246,051)	19,674,090
3	Statutory Allocation	1,901,455,031	4,999,327,920	3,097,872,889	1,381,079,522
4	Exchange Difference	2,592,301	-	(2,592,301)	4,402,776
5	NNPC Refund	-	-	-	-
6	JAAC Special Allocation	159,826,224	-	(159,826,224)	-
7	Budget Augmentation	-	-	-	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	2,291,505	-	(2,291,505)	-
10	Ganished Fund	-	-	-	-
11	Salary Bailout	561,817,709	-	(561,817,709)	-
<b>Total Statutory Revenue</b>		<b>2,667,444,186</b>	<b>4,999,327,920.00</b>	<b>2,331,883,734</b>	<b>1,542,779,780</b>

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 2019. 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 ALLOCATI ON	BAILOUT FUNDS	TOTAL
1	January	105,566,101		-							105,566,101
2	February	42,591,499		259,194					54,315,439		97,166,132
3	March	89,130,423		-		11,756,028					100,886,452
4	April	-		223,518		11,402,672	1,191,679		80,461,528		93,279,397
5	May	108,529,050		207,562							108,736,612
6	June	-		-							-
7	July	711,684,762		310,654						561,817,709	1,273,813,125
8	August	296,632,746		551,277							297,184,023
9	September	147,862,580		277,015			531,284				148,670,879
10	October	143,420,975		253,883		620,378					144,295,236
11	November	141,201,532		298,931		-		2,291,505			143,791,969
12	December	114,835,363		210,267		9,436,285	4,523,088		25,049,257		154,054,260
-											
<b>Total</b>		<b>1,901,455,031</b>	<b>-</b>	<b>2,592,301</b>	<b>-</b>	<b>33,215,364</b>	<b>6,246,051</b>	<b>2,291,505</b>	<b>159,826,224</b>	<b>561,817,709</b>	<b>2,667,444,186</b>



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

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	396,758,668	351,587,910	45,170,758	357,703,129
<b>Total</b>		<b>396,758,668</b>	<b>351,587,910.00</b>	<b>45,170,758</b>	<b>357,703,129</b>

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 2019

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

S/N	Month	Year Ended 31 December 2019	Year Ended 31 December 2018
1	January	35,958,834	29,809,737
2	Febuary	-	33,973,976
3	March	37,183,411	31,290,297
4	April	33,952,374	-
5	May	42,062,049	31,347,935
6	June	-	33,566,906
7	July	38,364,997	30,128,466
8	August	73,235,530	28,319,812
9	September	-	40,389,121
10	October	65,615,722	27,862,350
11	November	37,635,141	71,014,529
12	December	32,750,612	-
<b>Total</b>		<b>396,758,668</b>	<b>357,703,129</b>

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 2019

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**Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Kogi State Origin	290,500			-
2	Shop/Kiosk				-
3	Tenement rate	1,000,000		1,000,000	-
4	Rent/allocation of land	487,000		487,000	-
<b>Total</b>		<b>1,777,500.00</b>	<b>-</b>	<b>1,487,000.00</b>	<b>-</b>

**These are the Revenue derived or collected from taxes on income and profits, taxes levied on goods and services, and other taxes. In Ofu 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 2019		
		Actual	Budget	Variance
	IGR- Shop Fees	140,600		140,600
	IGR - Market fees	108,900		108,900
	IGR - State of Origin Certificate			-
	IGR - Earnings from Commercial activities	65,000		65,000
				-
<b>Total</b>		<b>314,500</b>	<b>-</b>	<b>314,500</b>

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**NOTE 15 : Salaries & Wages**

S/N	Description	Year Ended 31 December 2019					Year Ended 31 December 2018
		Actual			Budget	Variance	Actual
<b>SALARIES AND WAGES</b>		<b>Gross Salary</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	SALARY	548,260,650	328,840,035	219,420,615	2,687,272,200	2,139,011,550	522,594,011
						-	
<b>Total SALARIES AND WAGES</b>		<b>548,260,650</b>	<b>328,840,035</b>	<b>219,420,615</b>	<b>2,687,272,200</b>	<b>2,139,011,550</b>	<b>522,594,011</b>
<b>ALLOWANCE AND SOCIAL CONTRIBUTION</b>							
1	Training of Health Workers					-	2,229,000
2	F&GPC Allowance					-	4,000,000
3	Other Allowances					-	13,039,143
4	Honorarium & Sitting Allowance	6,000,000	6,000,000			(6,000,000)	1,327,878
5	Non- Regular Allowances	8,728,699	8,728,699			(8,728,699)	
6	GAGOS Allowance	1,958,000	1,958,000			(1,958,000)	
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>16,686,699</b>	<b>16,686,699</b>	<b>-</b>	<b>-</b>	<b>(16,686,699)</b>	<b>20,596,021</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>564,947,349</b>	<b>345,526,734</b>	<b>219,420,615</b>	<b>2,687,272,200</b>	<b>2,122,324,851</b>	<b>543,190,032</b>

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 2019				Year Ended 31 December 2018	
		Actual			Budget	Variance	Actual
SOCIAL BENEFITS		Gross Pension	Payment	Balance Payable			
1	Actual Pension	449,863,104	296,799,163	153,063,941	42,172,810	(407,690,294)	114,272,362
<b>Total SOCIAL BENEFITS</b>		<b>449,863,104</b>	<b>296,799,163</b>	<b>153,063,941</b>	<b>42,172,810</b>	<b>(407,690,294)</b>	<b>114,272,362</b>

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 2019.

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**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	Travelling Expenses-Duty Tour Allowance (DTA) Expenses	6,459,916		(6,459,916)	14,273,420
	Entertainment and refreshment	4,790,000		(4,790,000)	37,722,500
	Legal Services	1,500,000		(1,500,000)	4,100,000
	Festivity & Social Day expenses	29,879,540		(29,879,540)	10,150,000
	Printing and Stationery Expenses	5,635,714		(5,635,714)	3,502,000
	Publicity and Advert	3,800,000		(3,800,000)	3,105,846
	Professional Charges & Consultancy Services	28,933,563		(28,933,563)	
	Education & Science Development	52,053,652		(52,053,652)	
	Repair and Maintenance Expenses	22,743,000		(22,743,000)	2,585,000
	Accounting & Consultancy services			-	162,118,568
	Gifts & Donations	73,753,876		(73,753,876)	37,270,971
	Security Services	23,040,000		(23,040,000)	17,500,000
	Rent expenses	5,040,000		(5,040,000)	
	Joint Project contribution	115,080,000		(115,080,000)	
	Operational Expenses			-	36,429,468
	Sports and Youths Development	57,600,000		(57,600,000)	47,823,572
	Medical Expense	108,931,857		(108,931,857)	52,915,800
	Local Training	32,055,000		(32,055,000)	45,716,143
	Agricultural inputs & fertilizer	51,296,383		(51,296,383)	
	Rehabilitation/repair of water	11,759,467		(11,759,467)	
	Rehabilitation/repair of roads	287,433,688		(287,433,688)	
	Rehabilitation/repair of water Traffic/street lights	18,588,030		(18,588,030)	
	Tree planting	10,150,000		(10,150,000)	
	Erosion & flood control	10,000,000		(10,000,000)	
	<b>Subventions:</b>			-	
	LGEA - SUBEB	458,581,983		(458,581,983)	359,495,647
	<b>Statutory Expense:</b>			-	
	1% from all allocations to Ministry of Local Government & Chieftancy Affairs	8,432,028		(8,432,028)	
	1% from SRA to Local Government Service Commission	7,355,682		(7,355,682)	
	1% from all allocations to Auditor General for Local Government	8,671,639		(8,671,639)	
	5% from SRA to Kogi State Traditional Council of Chiefs	9,285,347		(9,285,347)	
		<b>1,452,850,366</b>	<b>-</b>	<b>(1,452,850,366)</b>	<b>834,708,935</b>
<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>					
		<b>1,452,850,366</b>	<b>-</b>	<b>(1,452,850,366)</b>	<b>834,708,935</b>

**Ofu Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 18 : Public Debt Charges**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	4,382,918	-	(4,382,918)	1,426,008
		-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>4,382,918</b>	<b>-</b>	<b>(4,382,918)</b>	<b>1,426,008</b>

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 2019	Year Ended 31 December 2018
		Amount	Amount
1	Cash in the till	197	4,647
2	UBA Bank Plc	92,615	60,893
3	Access Bank Plc	4,952,696	45,921,464
4	Polaris Bank	65,755	1,182,553
		<b>5,111,263</b>	<b>47,169,557</b>

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 Ofu 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.

**Ofu Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**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	Loan-Stardust Construction	Clearing of Right of Ways						192,386,985		192,386,985
										-
<b>Total</b>								<b>192,386,985</b>	<b>-</b>	<b>192,386,985</b>

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

**Note 21 : Long Term Loan**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Loan to SME		35,200,000
<b>Total Long Term Loans</b>		<b>-</b>	<b>35,200,000</b>

**This represent loan obtained by the Local Government under Micro SME Development Fund.**

**Ofu Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**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
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	39,219,300	-	7,766,000	499,365,161	-	-	51,484,530	56,730,000	2,526,300,714	3,180,865,705
Additions During the year		725,000		31,998,500		31,895,602	15,000,000		34,432,985	114,052,087
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>39,219,300</b>	<b>725,000</b>	<b>7,766,000</b>	<b>531,363,661</b>	<b>-</b>	<b>31,895,602</b>	<b>66,484,530</b>	<b>56,730,000</b>	<b>2,560,733,699</b>	<b>3,294,917,792</b>
<b><u>ACCUMULATED DEPRECIATION</u></b>										
<b>DEPRECIATION RATE</b>	<b>20%</b>	<b>25%</b>	<b>10%</b>	<b>1%</b>	<b>25%</b>	<b>20%</b>	<b>25%</b>		<b>2%</b>	
Balance b/forward 01 January 2019	7,843,860	-	776,600	6,491,747.09	-	-	12,871,133	-	50,526,014	78,509,354
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	7,843,860	181,250	776,600	6,907,728	-	6,379,120	16,621,133	-	51,214,674	89,924,364
<b>Balance c/forward 31 December 2019</b>	<b>15,687,720</b>	<b>181,250</b>	<b>1,553,200</b>	<b>13,399,475</b>	<b>-</b>	<b>6,379,120</b>	<b>29,492,265</b>	<b>-</b>	<b>101,740,688</b>	<b>168,433,718</b>
<b><u>ACCUMULATED IMPAIRMENT</u></b>										
Balance b/forward 01 January 2019	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2019	-	-	-	-	-	-	-	-	-	-
<b><u>NET BOOK VALUE</u></b>										
Balance as at 31 December 2019	23,531,580	543,750	6,212,800	517,964,186	-	25,516,482	36,992,265	56,730,000	2,458,993,011	3,126,484,074
Balance as at 01 January 2019	31,375,440	-	6,989,400	492,873,414	-	-	38,613,398	56,730,000	2,475,774,700	3,102,356,351



**Ofu Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25 : Short Term Loans & Debts**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	3,349,839,534	3,130,418,919
3	Other Payables (25b)	222,925,903	116,495,022
4	Term Loan (25c)	376,330,637	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>3,949,096,074</b>	<b>3,246,913,941</b>

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 2019	Year Ended 31 December 2018
	Balance b/f	3,130,418,919	2,805,774,282
1	Salary Payables	219,420,615	324,644,637
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>3,349,839,534</b>	<b>3,130,418,919</b>

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 2019	Year Ended 31 December 2018
1	Leave allowance payables	69,861,962	15,725,773
2	Pension	153,063,941	100,769,249
<b>Total Other Payables</b>		<b>222,925,903</b>	<b>116,495,022</b>

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 2019**

**Notes to the Financial Statements**

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

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Domestic Loans	35,200,000	-
2	Loan-Stardust Construction	192,386,985	-
3	Loan in respect of IGR generation (NEXL)	148,743,652	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>376,330,637</b>	<b>-</b>

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 2019	Year Ended 31 December 2018
1	Unremitted staff welfare deductions	17,500,000	17,500,000
2	Unremitted statutory deductions		17,751,521
3	unremitted medical & health union	3,171,460	251,521
4	unremitted value added tax	4,724,284	12,813,630
5	unremitted withholding tax	8,087,593	11,715,932
6	unremitted 3% development levy	2,012,437	12,525,103
<b>Total Unremitted Deductions</b>		<b>35,495,774</b>	<b>72,557,707</b>

**Note 28 a : State Bond & Other Long Term Borrowing**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Gross Loan	LGA	Net for State	
1	CBN Budget Support Facility		-	-	
2	Salary Bail Out	561,817,709		561,817,709	241,367,795
3	Recurrent Infrastructure Loan		-	-	
4	FGN Bond		-	-	
5	Capital Market Bond (Serial 1 & 2)		-	-	
6	Commercial Bank Loans		-	-	
7	Micro SME Development Fund		-	-	
8	CBN - Commercial Agricultural Credit Scheme (CACS)		-	-	-
<b>TOTAL</b>		<b>561,817,709</b>	<b>-</b>	<b>561,817,709</b>	<b>241,367,795</b>

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 2019**

**Notes to the Financial Statements**

**Note 29 : Reserves**

<b>S/N</b>	<b>Description</b>	<b>Amount</b>	<b>Amount</b>
1	Opening Balance as at 01 January 2019		(411,313,535)
	<b>IPSA Adjustments</b>		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(1,521,312,474)	
	<b>Total IPSA Adjustments</b>		(1,521,312,474)
<b>Closing Balance as at 31 December 2019</b>			<b>(1,932,626,009)</b>

**OGORI-MAGONGO LOCAL GOVERNMENT OF  
KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**



# 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 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 Ogori-Magongo 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.

**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 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. 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 2019 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 2019**

**Statement of Financial Performance**

	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	1,266,046,090	1,001,042,183
Government Share of VAT	10	282,961,919	269,677,834
Tax Revenue	11	6,075,681	916,850
Non-Tax Revenue	12	506,900	5,193,640
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>1,555,590,590</b>	<b>1,276,830,506</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	366,927,846	402,405,816
Social Benefits	16	230,545,774	142,329,830
Overhead Cost	17	715,736,807	789,280,255
Depreciation Charges	23	49,276,921	42,244,434
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>1,362,487,347</b>	<b>1,376,260,336</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>193,103,243</b>	<b>(99,429,830)</b>
Public Debt Charges	18	2,959,312	593,630
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>190,143,930</b>	<b>(100,023,460)</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>190,143,930</b>	<b>(100,023,460)</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>190,143,930</b>	<b>(100,023,460)</b>



**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 2019				
Statement of Financial Position				
ASSETS	Notes	Year Ended 31 December 2019		Year Ended 31 December 2018
	<b>Current Assets</b>			
Cash and Cash Equivalents	19	31,377,921		66,540,453
Prepayment	20	-		-
Other Current Assets	20b	2,411,000		1,085,000
<b>Total Current Assets</b>			<b>33,788,921</b>	<b>67,625,453</b>
<b>Non-Current Assets</b>				
Long Term Loans	21	-		-
Investments	22	-		-
Property, Plant & Equipment	23	1,820,957,174		1,639,196,629
Intangible Assets	24	-		-
<b>Total Non-Current Assets</b>			<b>1,820,957,174</b>	<b>1,639,196,629</b>
<b>Total Assets</b>			<b>1,854,746,095</b>	<b>1,706,822,082</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Short Term Loans & Debts	25	2,746,937,291		2,976,835,214
Unremitted Deductions	26	12,610,080		33,381,267
Payables	27	-		-
<b>Total Current Liabilities</b>			<b>2,759,547,371</b>	<b>3,010,216,482</b>
<b>Non-Current Liabilities</b>				
Long Term Borrowings	28	255,123,549		-
<b>Total Non-Current Liabilities</b>			<b>255,123,549</b>	<b>-</b>
<b>Total Liabilities</b>			<b>3,014,670,920</b>	<b>3,010,216,482</b>
<b>Net Assets</b>			<b>(1,159,924,825)</b>	<b>(1,303,394,400)</b>
<b>NET ASSETS/EQUITY</b>				
Reserves	29	(1,350,068,755)		(1,203,370,940)
Accumulated Surpluses/(Deficits)		190,143,930		(100,023,460)
<b>Total Net Assets/Equity</b>			<b>(1,159,924,825)</b>	<b>(1,303,394,400)</b>



**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 2019**

**Statement of Change in Assets/Equity**

<b>Description</b>	<b>Reserves</b>	<b>Accumulated Surpluses/(Deficits)</b>	<b>Total</b>
<b>Closing Balance 31 December 2018</b>	<b>(1,203,370,940)</b>	<b>(100,023,460)</b>	<b>(1,303,394,400)</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
<b>Opening Balance as at 01 January 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	190,143,930	190,143,930
Reserves (Note 29)	(1,350,068,755)		(1,350,068,755)
<b>Closing Balance as at 31 December 2019</b>	<b>(1,350,068,755)</b>	<b>190,143,930</b>	<b>(1,159,924,825)</b>

**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 2019**  
**Statement of Cashflow**

Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	1,266,046,090	1,001,042,183
Government Share of VAT	10	282,961,919	269,677,834
Tax Revenue	11	6,075,681	916,850
Non-Tax Revenue	12	506,900	5,193,640
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>1,555,590,590</b>	<b>1,276,830,506</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	366,927,846	402,405,816
Social Benefits	16	230,545,774	142,329,830
Overhead Cost(s)	17	715,736,807	789,280,255
Transfer to other Government Entities		-	-
Finance Cost	18	2,959,312	593,630
Finance Cost			
<b>Total Outflow From Operating Activities</b>		<b>1,316,169,739</b>	<b>1,334,609,532</b>
<b>Net Cash Flow From Operating Activities</b>		<b>239,420,852</b>	<b>(57,779,026)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(231,037,465)	(59,411,893)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(231,037,465)</b>	<b>(59,411,893)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	(229,897,924)	257,380,650
Proceeds from Borrowings - Long Term Loan	28	255,123,549	-
Repayment of Borrowings		(68,771,543)	(129,876,646)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>(43,545,918)</b>	<b>127,504,004</b>
<b>Net Cash Flow From All Activities</b>		<b>(35,162,532)</b>	<b>10,313,085</b>
<b>Open Cash Balance</b>		<b>66,540,453</b>	<b>56,227,369</b>
<b>Closing Cash Balance</b>		<b>31,377,922</b>	<b>66,540,453</b>



**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 2019**

**Statement of Comparison of Budget and Actual**

	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
		Original	Supplementary	Final		
<b>RECURRENT REVENUE</b>						
Government Share of FAAC (Statutory Revenue)	9	3,495,531,030	-	3,495,531,030	815,918,006	(2,679,613,024)
Excess Crude	9		-	-	4,550,515	4,550,515
Budget Augmentation/Budget Support Facility	9		-	-	255,123,549	255,123,549
Exchange Difference	9		-	-	1,731,036	1,731,036
Refund from Federal Government	9		-	-	165,775,327	165,775,327
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	21,797,131	21,797,131
Excess Bank Charge	9		-	-	1,150,527	1,150,527
Government Share of VAT	10	296,015,220	-	296,015,220	282,961,919	(13,053,301)
Tax Revenue	11	10,004,230		10,004,230	6,075,681	(3,928,549)
Non-Tax Revenue	12				506,900	506,900
<b>TOTAL RECURRENT REVENUE</b>		<b>3,801,550,480</b>	<b>-</b>	<b>3,801,550,480</b>	<b>1,555,590,590</b>	<b>(2,245,959,890)</b>
<b>CAPITAL RECEIPT</b>						
<b>TOTAL CAPITAL RECEIPT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>		<b>3,801,550,480</b>	<b>-</b>	<b>3,801,550,480</b>	<b>1,555,590,590</b>	<b>(2,245,959,890)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	1,713,804,350		1,713,804,350	366,927,846	1,346,876,504
Social Benefits	16	73,802,430		73,802,430	230,545,774	(156,743,344)
Overhead Cost	17	737,028,800		737,028,800	715,736,807	21,291,993
Public Debt Charges	18	80,324,910	-	80,324,910	2,959,312	77,365,598
Impairment (Loss) on Investment	22		-	-		
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>2,604,960,490</b>	<b>-</b>	<b>2,604,960,490</b>	<b>1,316,169,739</b>	<b>1,288,790,751</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	1,135,295,640		1,135,295,640	231,037,465	904,258,175
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,135,295,640</b>	<b>-</b>	<b>1,135,295,640</b>	<b>231,037,465</b>	<b>904,258,175</b>
<b>TOTAL EXPENDITURE</b>		<b>3,740,256,130</b>	<b>-</b>	<b>3,740,256,130</b>	<b>1,547,207,204</b>	<b>2,193,048,926</b>



**ABOLUJA O. STEPHEN**  
Local Government Treasurer (LGT)  
Ogori-Magongo Local Government  
Kogi State

<b>Ogori-Magongo Local Government of Kogi State</b>		
<b>Financial Statements for the Year Ended 31 December 2019</b>		
<b>Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities</b>		
<b>Description</b>	<b>Notes</b>	<b>Year Ended 31 December 2019</b>
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>190,143,930</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	49,276,921
Impairment of Investments	22	-
<b>Total non-cash Items</b>		<b>239,420,852</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	(229,897,924)
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	255,123,549
(Increase)/decrease in Loan Repayment		(68,771,543)
<b>Total movements in working capital items</b>		<b>(43,545,918)</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(231,037,465)
<b>Total items classified as investing activities</b>		<b>(231,037,465)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(35,162,532)</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>66,540,453</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>31,377,922</b>

**Ogori-Magongo Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
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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 Ogori-Magongo Local Governments of Kogi State for the financial year ended 31 December 2019, 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**  
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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 Ogori-Magongo 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.

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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 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**  
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Thus, in line with the Format, the 2019 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 Ogori-Magongo 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 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**  
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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 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 2019. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Ogori-Magongo Local Government of Kogi State**  
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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.

**e. 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.

**f. 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.

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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.

**g. 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.

**h. 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.

**i. 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**  
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**j. 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.

**k. 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.

**Ogori-Magongo Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
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**xv) 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.

**xvi) 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 2019, Ogori-Magongo Local Government has recognized financial liabilities measured at amortized cost. These include Ogori-Magongo Local and foreign debts and investments.

**1. Classification**

**m. 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.

**n. 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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**o. 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.

**p. Financial Liabilities at Amortized Cost**

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

**q. Categories & Measurement**

**r. 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.



**Ogori-Magongo Local Government of Kogi State**  
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**s. 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.

**t. 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.

**u. 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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**v. 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.

**w. 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.

**Ogori-Magongo Local Government of Kogi State**  
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**x. 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.

**y. 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.

**z. 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:

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

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**

**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 Ogori-Magongo 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 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 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	21,797,131	-	(21,797,131)	18,964,584
2	Recovered Excess Bank Charges	1,150,527	-	(1,150,527)	11,110,968
3	Statutory Allocation	815,918,006	3,495,531,030	2,679,613,024	770,829,733
4	Exchange Difference	1,731,036	-	(1,731,036)	2,939,997
5	NNPC Refund	-	-	-	-
6	JAAC Special Allocation	165,775,327	-	(165,775,327)	192,361,309
7	Budget Augmentation	255,123,549	-	(255,123,549)	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	4,550,515	-	(4,550,515)	4,835,593
10	Ganished Fund	-	-	-	-
11	Salary Bailout	-	-	-	-
<b>Total Statutory Revenue</b>		<b>1,266,046,090</b>	<b>3,495,531,030.00</b>	<b>2,229,484,940</b>	<b>1,001,042,183</b>

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 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 ALLOCATI ON	BAILOUT FUNDS	TOTAL
1	January	73,293,102							-		73,293,102
2	February			173,079					41,506,187		41,679,267
3	March					7,468,198			32,714,274		40,182,472
4	April			149,257		7,612,253	795,756		42,770,192		51,327,458
5	May	23,591,303		138,602					-		23,729,905
6	June	87,159,839							23,259,600		110,419,439
7	July	98,651,828		207,443					-	255,123,549	353,982,820
8	August	190,973,741		368,121					-		191,341,861
9	September	92,929,093		184,980			354,770		-		93,468,843
10	October	89,963,165		169,533		415,502			-		90,548,201
11	November	88,481,109		199,615		-		1,530,177	8,800,000		99,010,900
12	December	70,874,826		140,408		6,301,177		3,020,339	16,725,073		97,061,824
-											
<b>Total</b>		<b>815,918,006</b>	<b>-</b>	<b>1,731,036</b>	<b>-</b>	<b>21,797,131</b>	<b>1,150,527</b>	<b>4,550,515</b>	<b>165,775,327</b>	<b>255,123,549</b>	<b>1,266,046,090</b>

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

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	282,961,919	296,015,220	(13,053,301)	269,677,834
<b>Total</b>		<b>282,961,919</b>	<b>296,015,220</b>	<b>(13,053,301)</b>	<b>269,677,834</b>

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

<b>Note 10 a : Government Share of Value Added Tax (VAT)</b>			
<b>S/N</b>	<b>Month</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	January	25,111,268	20,770,396
2	Febuary		23,567,258
3	March	25,936,576	21,660,633
4	April	23,575,352	20,328,079
5	May	36,048,568	21,995,034
6	June		23,509,186
7	July	26,639,611	20,940,694
8	August	50,958,065	19,728,011
9	September		28,057,777
10	October	45,736,797	19,341,728
11	November	26,110,292	25,497,588
12	December	22,845,390	24,281,450
<b>Total</b>		<b>282,961,919</b>	<b>269,677,834</b>
<p><b>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 2019</b></p>			

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**Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	IGR – Hawkers Permits	800		800	157,310
2	Hiring Buses			-	161,310
3	Dispensary & Maternity			-	5,000
5	Parking fees			-	346,810
6	Citizen application fees			-	79,920
8	IGR liquor licenses fees			-	42,500
10	Registration of Dry cleaners	209,000		209,000	124,000
12	Tenant rates	80,000		80,000	
14	Attestation fees	16,000		16,000	
16	Tender fees	100,000		100,000	
18	Burial fees	100,000		100,000	
20	Development levy	5,215,081		5,215,081	
22	Parking fees	79,900		79,900	
24	Marriage registry	66,000		66,000	
26	Citizenship fees	208,900		208,900	
<b>Total</b>		<b>6,075,681</b>	<b>-</b>	<b>6,075,681</b>	<b>916,850</b>

**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.**



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**Note 12 : Non Tax Revenue**

Administrative Code	Description	Year Ended 31 December 2019		
		Actual	Budget	Variance
	Rent on Local Govt. property	251,000		251,000
	Earning from govt. vehicle	166,900		166,900
	Earning from medical Service	3,000		3,000
	Sales of journals and publication	80,000		80,000
	Earning from commercial activities	6,000		6,000
				-
<b>Total</b>		<b>506,900</b>	<b>-</b>	<b>506,900</b>

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**NOTE 15 : Salaries & Wages**

S/N	Description	Year Ended 31 December 2019					Year Ended 31 December 2018
		Actual			Budget	Variance	Actual
<b>SALARIES AND WAGES</b>		<b>Gross Salary</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	SALARY	362,677,846	197,779,355	164,898,490	1,713,804,350	1,516,024,995	387,543,845
						-	
<b>Total SALARIES AND WAGES</b>		<b>362,677,846</b>	<b>197,779,355</b>	<b>164,898,490</b>	<b>1,713,804,350.00</b>	<b>1,516,024,995</b>	<b>387,543,845</b>
<b>ALLOWANCE AND SOCIAL CONTRIBUTION</b>							
1	1st 28 days Allowance	-				-	-
2	Sitting allowance					-	1,200,000
3	F&GPC Allowance					-	5,380,000
4	Traditional allowance					-	1,586,000
5	Overtime allowance					-	1,500,000
6	NYSN Allowance and related expenses					-	2,121,971
7	Others allowance					-	3,074,000
	Honarium, Staff allowance and F&GPC allowance	3,800,000				(3,800,000)	
8	NYSN Allowance	450,000				(450,000)	
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>4,250,000</b>	<b>.</b>	<b>.</b>	<b>.</b>	<b>(4,250,000)</b>	<b>14,861,971</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>366,927,846</b>	<b>197,779,355</b>	<b>164,898,490</b>	<b>1,713,804,350</b>	<b>1,511,774,995</b>	<b>402,405,816</b>

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 2019				Year Ended 31 December 2018	
		Actual		Budget	Variance	Actual	
	<b>SOCIAL BENEFITS</b>	<b>Gross Pension</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	Pension	230,545,774	149,529,712	81,016,062	73,802,430	(75,727,282)	142,329,830
						-	
	<b>Total SOCIAL BENEFITS</b>	<b>230,545,774</b>	<b>149,529,712</b>	<b>81,016,062</b>	<b>73,802,430</b>	<b>(75,727,282)</b>	<b>142,329,830</b>

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 cumulative amount paid by Ogori-Magongo Local Government Area of Kogi State as Social Benefits to employees for the year ended 31 December 2019.

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**NOTE 17 : Overhead Costs**

Economic Code	Year Ended 31 December 2019			Year Ended 31 December 2018
	Actual	Budget	Variance	Actual
Repairs & maintenance of motor vehicle	4,326,200		(4,326,200)	10,670,000
Repairs & maintenance of Infrastructure			-	2,550,500
Repairs & maintenance of office building			-	-
Maintenance of office equipment	3,635,525		(3,635,525)	5,320,000
Repairs & maintenance of patching & filling of roads			-	13,724,000
Repairs & maintenance of road system			-	204,154,996
Repairs & maintenance of office furniture	900,000		(900,000)	4,200,000
Repairs & maintenance of drainage			-	2,700,000
Other maintenance services	6,822,000		(6,822,000)	3,000,512
Repair and maintenance generator			-	-
Local Travel & Transport	37,319,500		(37,319,500)	
Meal & Entertainment	47,189,111		(47,189,111)	-
Repair of health care center			-	-
Clearing & fumigation	15,115,020		(15,115,020)	-
Tourism & Cultural Expenses			-	2,997,000
Medical Expenses	16,823,760		(16,823,760)	
Educational Development	22,414,608		(22,414,608)	42,344,233
Oil Palm Plantation			-	1,500,000
Repopulation of palm tree			-	500,000
Agriculture Development	53,382,888		(53,382,888)	34,523,700
Operations expenses			-	38,532,900
Sport and Youth Development	12,500,000		(12,500,000)	6,770,000
Community health expenses			-	29,842,100
Revenue related expenses			-	275,798
Waste Management expenses			-	3,450,000
Professional Charges	50,712,947		(50,712,947)	57,096,238
Gifts & Donations	171,805,570		(171,805,570)	129,252,909
Traveling & Transport			-	34,743,600
Printing & Stationery	23,993,500		(23,993,500)	4,610,000
Communication & Postal Services	2,215,000		(2,215,000)	2,710,476
Fueling & Lubricants			-	3,350,000
Security Expenses	45,572,000		(45,572,000)	15,070,000
Office Expenses			-	58,658,407
Purchase of drugs and consumables	3,000,000		(3,000,000)	
Repair of water way	2,800,000		(2,800,000)	
Repair of water facilities	7,500,000		(7,500,000)	
Training	49,126,080		(49,126,080)	
Contribution to Traditional Councils	12,107,903		(12,107,903)	
<b>Subventions:</b>			-	
LGEA-SUBEB	100,977,703		(100,977,703)	76,732,887
<b>Statutory Expense:</b>			-	
1% from all allocations to Ministry of Local Government & Chieftancy Affairs	60,503		(60,503)	
1% from SRA to Local Government Service Commission	6,091,841		(6,091,841)	
1% from all allocations to Auditor General for Local Government	2,515,021		(2,515,021)	
5% from SRA to Kogi State Traditional Council of Chiefs	16,830,126		(16,830,126)	
			-	
			-	
	<b>715,736,807</b>	<b>-</b>	<b>(715,736,807)</b>	<b>789,280,255</b>

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.

	<b>715,736,807</b>	<b>-</b>	<b>(715,736,807)</b>	<b>789,280,255</b>
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**Ogori-Magongo Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

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**NOTE 18 : Public Debt Charges**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	2,959,312	80,324,910	77,365,598	252,148
2	Domestic Loan Interest / Discount		-	-	341,483
		-	-	-	-
		-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>2,959,312</b>	<b>80,324,910</b>	<b>77,365,598</b>	<b>593,630</b>

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 2019	Year Ended 31 December 2018
		Amount	Amount
1	Cash in the till	559	540
2	Zenith Bank Plc	25,996	4,878,602
3	UBA Bank Plc	773,911	
4	First Bank Plc		31,132
5	Access Bank Plc	30,577,455	61,630,180
		<b>31,377,921</b>	<b>66,540,453</b>

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 20 b: Other Current Assets**

<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	GLO Mast - Receivables	800,000	300,000
2	Receivable from lock up stores	1,611,000	785,000
		-	
<b>Total</b>		<b>2,411,000</b>	<b>1,085,000</b>

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

**Ogori-Magongo Local Government of Kogi State**

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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
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	14,690,505	785,400	11,139,939	35,000,049	-	-	27,097,000	54,391,250	1,538,336,920	1,681,441,063
Additions During the year		2,000,000		214,037,465			15,000,000			231,037,465
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>14,690,505</b>	<b>2,785,400</b>	<b>11,139,939</b>	<b>249,037,515</b>	<b>-</b>	<b>-</b>	<b>42,097,000</b>	<b>54,391,250</b>	<b>1,538,336,920</b>	<b>1,912,478,529</b>
<b><u>ACCUMULATED DEPRECIATION</u></b>										
<b>DEPRECIATION RATE</b>	<b>20%</b>	<b>25%</b>	<b>10%</b>	<b>1%</b>	<b>25%</b>	<b>20%</b>	<b>25%</b>		<b>2%</b>	
Balance b/forward 01 January 2019	2,938,101	196,350.00	1,113,994	455,000.64	-	-	6,774,250	-	30,766,738	42,244,434
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	2,938,101	696,350	1,113,994	3,237,488	-	-	10,524,250	-	30,766,738	49,276,921
<b>Balance c/forward 31 December 2019</b>	<b>5,876,202</b>	<b>892,700</b>	<b>2,227,988</b>	<b>3,692,488</b>	<b>-</b>	<b>-</b>	<b>17,298,500</b>	<b>-</b>	<b>61,533,477</b>	<b>91,521,355</b>
<b><u>ACCUMULATED IMPAIRMENT</u></b>										
Balance b/forward 01 January 2019	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>NET BOOK VALUE</u></b>										
Balance as at 31 December 2019	8,814,303	1,892,700	8,911,951	245,345,026	-	-	24,798,500	54,391,250	1,476,803,443	1,820,957,174
Balance as at 01 January 2019	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

**Ogori-Magongo Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25 : Short Term Loans & Debts**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Short Term Borrowings		-
2	Salary Payables (25a)	2,606,108,838	2,441,210,348
3	Other Payables (25b)	81,016,062	407,816,541
4	Term Loan (25c)	59,812,390	127,808,325
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>2,746,937,291</b>	<b>2,976,835,214</b>

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 2019	Year Ended 31 December 2018
	Balance b/f	2,441,210,348	2,194,263,904
1	Salary Payables for the year	164,898,490	246,946,444
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>2,606,108,838</b>	<b>2,441,210,348</b>

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 2019**

**Notes to the Financial Statements**

**Note 25b : Other Payables**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Leave allowance payables		194,079,267
2	Pension	81,016,062	60,062,198
3	Union of Local Government Employee		1,355,935
4	Union of Teachers		30,823
5	Teachers & Admin arrears		120,293,810
6	MHW Due		393270.07
7	Deduction VAT		9,639,100
8	WHT		12,851,528
9	Development Levy		6152617.53
10	Stamp Duty		2,957,993
<b>Total Other Payables</b>		<b>81,016,062</b>	<b>407,816,541</b>

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 2019	Year Ended 31 December 2018
1	Loan from Individuals		10,684,508
2	Loan bal fom Polaris Bank		40,443,191
3	Loan in respect of IGR generation (NEXIA)	59,812,390	76,680,626
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>59,812,390</b>	<b>127,808,325</b>

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 2019**

**Notes to the Financial Statements**

**Note 26 : Unremitted Deductions**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Union of Local Government Employee	-	1,355,935
2	Union of Teachers	30,822	30,823
3	MHW Due	343,270	393,270
4	Deduction VAT	628,435	9,639,100
5	WHT	3,275,362	12,851,528
6	Development Levy	6,769,046	6,152,618
7	Stamp Duty	1,563,144	2,957,993
<b>Total Unremitted Deductions</b>		<b>12,610,080</b>	<b>33,381,267.29</b>

**Note 28 : Long Term Borrowing**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Capital Market Bonds & Other Long Term Borrowing (Note 28 a)	255,123,549	-
2	Multi lateral Loan (Note 28 b)	-	-
<b>Total Long Term Borrowings</b>		<b>255,123,549</b>	<b>-</b>

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 2019		Year Ended 31 December 2018
		Gross Loan	Net for LGA	
1	CBN Budget Support Facility		-	
2	Salary Bail Out	255,123,549	255,123,549	-
			-	
<b>TOTAL</b>		<b>255,123,549</b>	<b>-</b>	<b>255,123,549</b>

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.

<b>Note 29 : Reserves</b>			
<b>S/N</b>	<b>Description</b>	<b>Amount</b>	<b>Amount</b>
1	Opening Balance as at 01 January 2019		(1,303,394,400)
	<b>IPSA Adjustments</b>		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(46,674,356)	
	<b>Total IPSA Adjustments</b>		(46,674,356)
<b>Closing Balance as at 31 December 2019</b>			<b>(1,350,068,755)</b>

**OKEHI LOCAL GOVERNMENT OF  
KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**



# 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 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 Okehi 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.

  
**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 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. 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 2019 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 2019**

**Statement of Financial Performance**

	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	2,082,681,718	1,519,276,896
Government Share of VAT	10	388,649,159	397,390,774
Tax Revenue	11	-	832,620
Non-Tax Revenue	12	3,702,090	2,869,470
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>2,475,032,967</b>	<b>1,920,369,760</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	758,769,363	689,080,295
Social Benefits	16	230,925,815	158,796,205
Overhead Cost	17	1,007,344,094	888,693,810
Depreciation Charges	23	77,284,964	55,457,994
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>2,074,324,236</b>	<b>1,792,028,304</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>400,708,731</b>	<b>128,341,456</b>
Public Debt Charges	18	5,062,139	1,420,000
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>395,646,592</b>	<b>126,921,456</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>395,646,592</b>	<b>126,921,456</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>395,646,592</b>	<b>126,921,456</b>

**ANOKEHI MARIAM O.**  
 Local Government Treasurer (LGT)  
 Okehi Local Government  
 Kogi State

**Okehi Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**Statement of Financial Position**

ASSETS	Notes	Year Ended 31 December 2019		Year Ended 31 December 2018	
<b>Current Assets</b>					
Cash and Cash Equivalents	19	39,821,481		133,674,974	
Prepayment	20	-		-	
Other Current Assets	20b	1,486,000		1,486,000	
<b>Total Current Assets</b>			<b>41,307,481</b>		<b>135,160,974</b>
<b>Non-Current Assets</b>					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	1,802,194,822		1,576,972,383	
Intangible Assets	24	-		-	
<b>Total Non-Current Assets</b>			<b>1,802,194,822</b>		<b>1,576,972,383</b>
<b>Total Assets</b>			<b>1,843,502,304</b>		<b>1,712,133,357</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Short Term Loans & Debts	25	4,897,919,828		4,125,504,516	
Unremitted Deductions	26	-		-	
Payables	27	-		-	
<b>Total Current Liabilities</b>			<b>4,897,919,828</b>		<b>4,125,504,516</b>
<b>Non-Current Liabilities</b>					
Long Term Borrowings	28	525,647,085		-	
<b>Total Non-Current Liabilities</b>			<b>525,647,085</b>		<b>-</b>
<b>Total Liabilities</b>			<b>5,423,566,913</b>		<b>4,125,504,516.46</b>
<b>Net Assets</b>			<b>(3,580,064,609)</b>		<b>(2,413,371,159)</b>
<b>NET ASSETS/EQUITY</b>					
Reserves	29	(3,975,711,201)		(2,540,292,615)	
Accumulated Surpluses/(Deficits)		395,646,592		126,921,456	
<b>Total Net Assets/Equity</b>			<b>(3,580,064,609)</b>		<b>(2,413,371,159)</b>

**ANOKEHI MARIAM O.**  
Local Government Treasurer (LGT)  
Okehi Local Government  
Kogi State



**Okehi Local Government of Kogi State****Financial Statements for the Year Ended 31 December 2019****Statement of Change in Assets/Equity**

<b>Description</b>	<b>Reserves</b>	<b>Accumulated Surpluses/(Deficits)</b>	<b>Total</b>
<b>Closing Balance 31 December 2017</b>	<b>(2,540,292,615)</b>	<b>126,921,456</b>	<b>(2,413,371,159)</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-	-	-
<b>Opening Balance as at 01 January 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	395,646,592	395,646,592
Reserves (Note 29)	(3,975,711,201)		(3,975,711,201)
<b>Closing Balance as at 31 December 2018</b>	<b>(3,975,711,201)</b>	<b>395,646,592</b>	<b>(3,580,064,609)</b>

**ANOKEHI MARIAM O.**

Local Government Treasurer (LGT)


Okehi Local Government

Kogi State

**Okehi Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**Statement of Cashflow**

Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	2,082,681,718	1,519,276,896
Government Share of VAT	10	388,649,159	397,390,774
Tax Revenue	11	-	832,620
Non-Tax Revenue	12	3,702,090	2,869,470
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>2,475,032,967</b>	<b>1,920,369,760</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	758,769,363	689,080,295
Social Benefits	16	230,925,815	158,796,205
Overhead Cost(s)	17	1,007,344,094	888,693,810
Transfer to other Government Entities		-	-
Finance Cost	18	5,062,139	1,420,000
Finance Cost			
<b>Total Outflow From Operating Activities</b>		<b>2,002,101,411</b>	<b>1,737,990,310</b>
<b>Net Cash Flow From Operating Activities</b>		<b>472,931,556</b>	<b>182,379,450</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(302,507,404)	(297,275,843)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(302,507,404)</b>	<b>(297,275,843)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	772,415,311	1,290,943,465
Proceeds from Borrowings - Long Term Loan	28	525,647,085	-
Repayment of Borrowings		(1,562,340,042)	(1,350,548,929)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>(264,277,646)</b>	<b>(59,605,464)</b>
<b>Net Cash Flow From All Activities</b>		<b>(93,853,494)</b>	<b>(174,501,856)</b>
<b>Open Cash Balance</b>		<b>133,674,975</b>	<b>308,176,831</b>
<b>Closing Cash Balance</b>		<b>39,821,481</b>	<b>133,674,975</b>

**ANOKEHI MARIAM O.**  
Local Government Treasurer (LGT)  
Okehi Local Government  
Kogi State

Okehi Local Government of Kogi State						
Financial Statements for the Year Ended 31 December 2019						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
		Original	Supplementary	Final		
<b>RECURRENT REVENUE</b>						
Government Share of FAAC (Statutory Revenue)	9	4,703,424,340	638,050,000	5,341,474,340	1,493,815,724	(3,847,658,616)
Excess Crude	9		-	-	2,218,407	2,218,407
Budget Augmentation/Budget Support Facility	9		-	-	525,647,085	525,647,085
Exchange Difference	9		-	-	28,826,201	28,826,201
Refund from Federal Government	9		-	-	-	-
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	32,174,302	32,174,302
Excess Bank Charge	9		-	-	-	-
Government Share of VAT	10	401,803,920	-	401,803,920	388,649,159	(13,154,761)
Tax Revenue	11	19,776,430	-	19,776,430	-	(19,776,430)
Non-Tax Revenue	12				3,702,090	3,702,090
<b>TOTAL RECURRENT REVENUE</b>		<b>5,125,004,690</b>	<b>-</b>	<b>5,763,054,690</b>	<b>2,475,032,967</b>	<b>(3,288,021,723)</b>
<b>CAPITAL RECEIPT</b>						
		-	-	-	-	-
<b>TOTAL CAPITAL RECEIPT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>		<b>5,125,004,690</b>	<b>-</b>	<b>5,763,054,690</b>	<b>2,475,032,967</b>	<b>(3,288,021,723)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	2,358,989,400	130,000,000	2,488,989,400	758,769,363	1,730,220,037
Social Benefits	16	360,000,000	-	360,000,000	230,925,815	129,074,185
Overhead Cost	17	1,111,870,400	-	1,111,870,400	1,007,344,094	104,526,306
Public Debt Charges	18	-	-	-	5,062,139	(5,062,139)
Impairment (Loss) on Investment	22	-	-	-	-	-
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>3,830,859,800</b>	<b>130,000,000</b>	<b>3,960,859,800</b>	<b>2,002,101,411</b>	<b>1,958,758,389</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	1,294,144,890	-	1,294,144,890	302,507,404	991,637,486
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,294,144,890</b>	<b>-</b>	<b>1,294,144,890</b>	<b>302,507,404</b>	<b>991,637,486</b>
<b>TOTAL EXPENDITURE</b>		<b>5,125,004,690</b>	<b>130,000,000</b>	<b>5,255,004,690</b>	<b>2,304,608,815</b>	<b>2,950,395,875</b>
 <b>ANOKEHI MARIAM O.</b> Local Government Treasurer (LGT) Okehi Local Government Kogi State						

<b>Okehi Local Government of Kogi State</b>		
<b>Financial Statements for the Year Ended 31 December 2019</b>		
<b>Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities</b>		
<b>Description</b>	<b>Notes</b>	<b>Year Ended 31 December 2019</b>
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>395,646,592</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	77,284,964.01
Impairment of Investments	22	-
<b>Total non-cash Items</b>		<b>472,931,556</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	772,415,311.26
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	525,647,084.82
(Increase)/decrease in Loan Repayment		(1,562,340,042)
<b>Total movements in working capital items</b>		<b>(264,277,645.92)</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(302,507,404)
<b>Total items classified as investing activities</b>		<b>(302,507,404)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(93,853,494)</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>133,674,975</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>39,821,481</b>

**Okehi Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 Okehi Local Governments of Kogi State for the financial year ended 31 December 2019, 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 2019 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 2019. 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 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.

**h. 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.

**i. 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.

**j. 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.

**k. 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.

**i. 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

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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 2019, Okehi Local Government has recognized financial liabilities measured at amortized cost. These include Okehi Local and foreign debts and investments.

**1. Classification**

**m. 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.

**n. 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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**o. 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.

**p. Financial Liabilities at Amortized Cost**

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

**q. Categories & Measurement**

**r. 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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**s. 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.

**t. 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.

**u. 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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**v. 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.

**w. 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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**x. 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.

**y. 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.

**z. 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:

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

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**

**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 Okehi 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 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 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	32,174,302	-	(32,174,302)	-
2	Recovered Excess Bank Charges	-	-	-	-
3	Statutory Allocation	1,493,815,724	5,341,474,340	3,847,658,616	1,040,366,693
4	Exchange Difference	28,826,201	-	(28,826,201)	7,688,421
5	NNPC Refund	-	-	-	-
6	JAAC Special Allocation	-	-	-	468,223,188
7	Budget Augmentation	525,647,085	-	(525,647,085)	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	2,218,407	-	(2,218,407)	2,998,595
10	Ganished Fund	-	-	-	-
11	Salary Bailout	525,647,085	-	(525,647,085)	-
<b>Total Statutory Revenue</b>		<b>2,082,681,718</b>	<b>5,341,474,340</b>	<b>3,258,792,622</b>	<b>1,519,276,896</b>

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 2019. 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	146,471,563									146,471,563
2	February	96,694,812		250,925							96,945,737
3	March	84,379,660				11,344,337					95,723,997
4	April	61,133,116		216,388		11,038,931					72,388,435
5	May	105,442,730		200,941							105,643,670
6	June										-
7	July	144,949,675		300,744						525,647,085	670,897,505
8	August	288,638,215		533,691							289,171,906
9	September	143,102,534		268,178							143,370,712
10	October	138,288,279		245,784		655,763					139,189,826
11	November	139,139,635		289,396				2,218,407			141,647,438
12	December	145,575,506		26,520,153		9,135,271					181,230,930
-											
<b>Total</b>		<b>1,493,815,724</b>	<b>-</b>	<b>28,826,201</b>	<b>-</b>	<b>32,174,302</b>	<b>-</b>	<b>2,218,407</b>	<b>-</b>	<b>525,647,085</b>	<b>2,082,681,718</b>

**Okehi Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

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

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	388,649,159	401,803,920	(13,154,761)	397,390,774
<b>Total</b>		<b>388,649,159</b>	<b>401,803,920</b>	<b>(13,154,761)</b>	<b>397,390,774</b>

This is Okehi 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 2019

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

S/N	Month	Year Ended 31 December 2019	Year Ended 31 December 2018
	January	53,322,766	30,273,712
	February		-
	March	43,760,693	34,520,434
	April	34,485,010	31,784,554
	May	34,280,205	29,801,559
	June		31,828,004
	July	38,976,356	34,083,154
	August	74,378,997	30,600,060
	September		28,760,816
	October	66,636,076	45,333,215
	November	38,226,693	28,300,752
	December	4,582,363	72,104,514
<b>Total</b>		<b>388,649,159</b>	<b>397,390,774</b>

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 2019

**Okehi Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Hawkers Permit				216,980
2	Fees general				315,340
3	Certificate: Birth & Death, Citizenship				165,040
4	Various Licenses				135,260
<b>Total</b>		-	-	-	<b>832,620</b>

**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 2019		
		Actual	Budget	Variance
				-
	Hawkers Permit	216,980		216,980
	Produce Buying	64,020		64,020
	Fees General	315,340		315,340
	Certificate: Birth & Death, Citizenship	165,040		165,040
	Various Licenses	135,260		135,260
	Rent/ Allocation On Land	1,387,960		1,387,960
	Earning - General	1,417,490		1,417,490
		-		-
<b>Total</b>		<b>3,702,090</b>	-	<b>3,702,090</b>

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2019

Notes to the Financial Statements

NOTE 15 : Salaries & Wages

S/N	Description	Year Ended 31 December 2019					Year Ended 31 December 2018
		Actual	Budget	Budget	Budget	Variance	Actual
<b>SALARIES AND WAGES</b>		<b>Total Salary</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	SALARIES	749,553,363	316,912,976	432,640,387	2,488,989,400	(2,172,076,424)	655,553,645
2						-	
<b>Total SALARIES AND WAGES</b>		<b>749,553,363</b>	<b>316,912,976</b>	<b>432,640,387</b>	<b>2,488,989,400</b>	<b>(2,172,076,424)</b>	<b>655,553,645</b>
<b>ALLOWANCE AND SOCIAL CONTRIBUTION</b>							
1	Monthly Allowances					-	33,526,651
2	Non Regular Allowance	6,715,000	6,715,000			-	
3	Overtime Payment	2,501,000	2,501,000			-	
						-	
		-				-	
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>9,216,000</b>	<b>9,216,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,526,651</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>758,769,363</b>	<b>326,128,976</b>	<b>432,640,387</b>	<b>2,488,989,400</b>	<b>(2,172,076,424)</b>	<b>689,080,295</b>

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 2019. 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 2019**

**Notes to the Financial Statements**

**NOTE 16 : Social Benefits**

S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018
		Actual		Budget	Variance	Actual
<b>SOCIAL BENEFITS</b>		<b>Total Pension</b>	<b>Payment</b>	<b>Balance Payable</b>		
1	Actual Pension	230,925,815	230,925,815	-	(230,925,815)	158,796,205
					-	
<b>Total SOCIAL BENEFITS</b>		<b>230,925,815</b>	<b>230,925,815</b>	<b>-</b>	<b>(230,925,815)</b>	<b>158,796,205</b>

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 2019.

**Okehi Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**Notes to the Financial Statements**

**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	Repair & Maintenance	86,447,941		(86,447,941)	95,656,021
	Traveling Expenses	58,603,250		(58,603,250)	90,982,610
	Printing & Stationeries	30,072,800		(30,072,800)	19,086,553
	Communication & Postages			-	63,703,389
	Fueling & Lubricants			-	27,165,354
	Refreshment & Meals	71,740,473		(71,740,473)	
	Welfare Parckages	127,558,332			
	Cleaning & Fumigation	20,637,211		(20,637,211)	
	Professional Charges	6,000,000		(6,000,000)	129,529,484
	Gifts & Donations			-	161,946,089
	Security Expenses	103,215,000		(103,215,000)	87,740,345
	Office Expenses			-	35,240,985
	Subscription to Professional Bodies	1,900,000			
	Computer consumables expenses	2,454,762			
	Sport & Youth Development	1,550,000		(1,550,000)	2,780,000
	Medical expenses	4,470,000		(4,470,000)	39,551,207
	Financial Consulting			-	66,986,029
	Cleaning & Fumigation			-	6,609,195
	Legal Services	4,000,000		(4,000,000)	4,199,425
	Medical Expenses	100,000		(100,000)	1,460,000
	Advertisement & Publicity	9,268,500		(9,268,500)	
	Electricity Expenses	8,255,000		(8,255,000)	
	Newspaper expenses	2,120,000		(2,120,000)	
	Training expenses	60,756,700		(60,756,700)	
	<b>Subvention:</b>			-	
	LGEA-SUBEB	349,694,559		(349,694,559)	123,043,153
	<b>Satutory Expenses:</b>			-	
	1% Local Government Service Commission	8,557,590		(8,557,590)	
	1% Min. for Local Government & Chieftancy Affairs	9,520,135		(9,520,135)	
	1% AUDITOR General for LG	26,171,214		(26,171,214)	
	5% - Council of Chiefs	14,250,628		(14,250,628)	
		<b>1,007,344,094</b>	<b>-</b>	<b>(875,431,000)</b>	<b>955,679,839</b>

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.

		<b>1,007,344,094</b>	<b>-</b>	<b>(875,431,000)</b>	<b>955,679,839</b>
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**Okehi Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 18 : Public Debt Charges**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	5,062,139	-	(5,062,139)	1,420,000
2	Domestic Loan Interest / Discount	-	-	-	-
3	Domestic Interest/ Discount - Treasury Bill	-	-	-	-
4	Others	-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>5,062,139</b>	<b>-</b>	<b>(5,062,139)</b>	<b>1,420,000</b>

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 unmatured debts.

**Okehi Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 19 : Cash & Cash Equivalent (By Banks)**

		Year Ended 31 December 2019	Year Ended 31 December 2018
S/N	Bank Name	Amount	Amount
1	Cash in the till	227	280
2	Zenith Bank Plc		450,510
3	UBA Bank Plc	1,679,733	109,629
4	Access Bank Plc	38,141,522	132,632,235
5	Kogi Savings & Loans Ltd		415,237
6	Ogaminana MFB		67,084
		<b>39,821,481</b>	<b>133,674,974</b>

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.

**Note 20 b: Other Current Assets**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	RECEIVABLES	1,486,000	1,486,000
2	ADVANCES	-	
<b>Total</b>		<b>1,486,000</b>	<b>1,486,000</b>

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

**Okehi Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 20 C: Receivables**

<b>S/N</b>	<b>Description</b>		<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	Eika Shopping Complex (12)		480,000	480,000
2	Ihima Shopping Complex		476,000	476,000
3	MTN Mast 2017 & 2018		320,000	320,000
4	GLO Mast 2018		160,000	160,000
5	Airtel Mast 2018		50,000	50,000
<b>Total</b>			<b>1,486,000</b>	<b>1,486,000</b>

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 2019**

**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
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	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
Additions During the year	1,500,000	13,055,000	11,000,000	206,717,305	2,550,000	61,657,599	6,027,500			302,507,404
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>22,117,940</b>	<b>16,447,000</b>	<b>19,200,000</b>	<b>405,786,595</b>	<b>8,723,454</b>	<b>64,057,599</b>	<b>83,583,601</b>	<b>31,715,750</b>	<b>1,283,305,842</b>	<b>1,934,937,781</b>
<b><u>ACCUMULATED DEPRECIATION</u></b>										
<b>DEPRECIATION RATE</b>	<b>20%</b>	<b>25%</b>	<b>10%</b>	<b>1%</b>	<b>25%</b>	<b>20%</b>	<b>25%</b>		<b>2%</b>	
Balance b/forward 01 January 2019	4,123,588	848,000.00	820,000	2,587,900.77	1,543,363.44	480,000.00	19,389,025	-	25,666,117	55,457,994
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	4,423,588	4,111,750	1,920,000	5,275,226	2,180,863	12,811,520	20,895,900	-	25,666,117	77,284,964
<b>Balance c/forward 31 December 2019</b>	<b>8,547,176</b>	<b>4,959,750</b>	<b>2,740,000</b>	<b>7,863,127</b>	<b>3,724,227</b>	<b>13,291,520</b>	<b>40,284,925</b>	<b>-</b>	<b>51,332,234</b>	<b>132,742,958</b>
<b><u>ACCUMULATED IMPAIRMENT</u></b>										
Balance b/forward 01 January 2019	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>NET BOOK VALUE</u></b>										
Balance as at 31 December 2019	13,570,764	11,487,250	16,460,000	397,923,468	4,999,227	50,766,079	43,298,675	31,715,750	1,231,973,609	1,802,194,822
Balance as at 01 January 2019	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

**Okehi Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25 : Short Term Loans & Debts**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	4,008,671,700	3,576,031,313
3	Other Payables (25b)	567,838,279	542,741,091
4	Term Loan (25c)	321,409,849	6,732,113
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>4,897,919,828</b>	<b>4,125,504,516</b>

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 2019	Year Ended 31 December 2018
1	Balance b/f	3,576,031,313	2,627,400,308
2	Salary Payables for the year	432,640,387	471,488,759
3	Lga Leave Allowance		285,948,411
4	Political Office Holders		191,193,834
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>4,008,671,700</b>	<b>3,576,031,313</b>

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 2019**

**Notes to the Financial Statements**

**Note 25b : Other Payables**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Leave allowance payables		
2	Pension		269,541,952
3	Contractor-GYB - Model Schools	116,764,762	116,764,762
4	Contractors-Construction Of Abobo Cattle Mark	134,080,258	134,080,258
6	Contractors-Pedestrian Bridge	7,469,114	7,469,114
7	Contractors- Electrification	7,885,006	7,885,006
8	Contractors-Ihima Central Market	1,000,000	7,000,000
9	Jp Sigma Nig. Ltd	116,764,762	-
10	Real Bridge Enterprise Company	134,080,258	-
11	Adsov Venture Nig. Ltd	7,469,114	-
12	Multi-Design Engineering Ltd	3,885,006	-
13	Ist Gurantee Insurance	1,080,000	-
14	Abas Abas & Co	1,500,000	-
15	Petrol Just	2,860,000	-
16	Atimpsuda	27,000,000	-
17	New Direction	6,000,000	-
<b>Total Other Payables</b>		<b>567,838,279</b>	<b>542,741,091</b>

**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 2019**

**Notes to the Financial Statements**

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

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Overdraft from UBN	6,732,113	6,732,113
2	Loan - Nexia Agbo Abel & Co	314,677,736	
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>321,409,849</b>	<b>6,732,113</b>

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 2019	Year Ended 31 December 2018
1	Capital Market Bonds & Other Long Term Borrowing (Note 28 a)	525,647,085	-
2	Multi lateral Loan (Note 28 b)	-	-
<b>Total Long Term Borrowings</b>		<b>525,647,085</b>	<b>-</b>

Long-term borrowing generally refers to loans that will not become due within one year or before the reporting date

<b>Note 28a : State Bond &amp; Other Long Term Borrowing</b>					
S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Gross Loan		Net for LGA	
1	CBN Budget Support Facility		-	-	
2	Salary Bail Out	525,647,085		525,647,085	-
			-	-	
<b>TOTAL</b>		<b>525,647,085</b>	<b>-</b>	<b>525,647,085</b>	<b>-</b>

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.

<b>Okehi Local Government of Kogi State</b>			
<b>Financial Statements for the Year Ended 31 December 2019</b>			
<b>Notes to the Financial Statements</b>			
<b>Note 29 : Reserves</b>			
S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2019		(2,413,371,159)
<b>IPSA Adjustments</b>			
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(1,562,340,041)	
	<b>Total IPSA Adjustments</b>		<b>(1,562,340,041)</b>
<b>Closing Balance as at 31 December 2019</b>			<b>(3,975,711,201)</b>

**OKENE LOCAL GOVERNMENT OF  
KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**



**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 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 Okene 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.

A handwritten signature in black ink, appearing to read 'Tijjani Oyiza Habibat', is written over a circular stamp.

**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 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. 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 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.

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 2019 useful in significant areas of information requirements.

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**Ajeh H. Sunday**  
**Director of Local Government Administration**

**Okene Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Statement of Financial Performance**

	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	2,552,814,750	1,504,713,834
Government Share of VAT	10	487,677,858	448,191,130
Tax Revenue	11	12,486,331	1,163,030
Non-Tax Revenue	12	4,660,136	61,305,893
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>3,057,639,075</b>	<b>2,015,373,887</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	712,105,962	597,029,431
Social Benefits	16	1,115,069,739	513,075,887
Overhead Cost	17	1,715,287,352	1,399,671,651
Depreciation Charges	23	100,132,176	83,396,426
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>3,642,595,229</b>	<b>2,593,173,395</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>(584,956,154)</b>	<b>(577,799,508)</b>
Public Debt Charges	18	6,416,893	1,254,834
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>(591,373,047)</b>	<b>(579,054,342)</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>(591,373,047)</b>	<b>(579,054,342)</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>(591,373,047)</b>	<b>(579,054,342)</b>

  
**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 2019**  
**Statement of Financial Position**

ASSETS	Notes	Year Ended 31 December 2019		Year Ended 31 December 2018	
<b>Current Assets</b>					
Cash and Cash Equivalents	19	9,978,881		32,014,973	
Prepayment	20	-		-	
Other Current Assets	20b	-		-	
<b>Total Current Assets</b>			<b>9,978,881</b>		<b>32,014,973</b>
<b>Non-Current Assets</b>					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	2,135,394,313		2,156,583,490	
Intangible Assets	24	-		-	
<b>Total Non-Current Assets</b>			<b>2,135,394,313</b>		<b>2,156,583,490</b>
<b>Total Assets</b>			<b>2,145,373,194</b>		<b>2,188,598,463</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Short Term Loans & Debts	25	3,785,442,422		2,632,103,191	
Unremitted Deductions	26	99,294,969		54,378,698	
Payables	27	-		-	
<b>Total Current Liabilities</b>			<b>3,884,737,391</b>		<b>2,686,481,889</b>
<b>Non-Current Liabilities</b>					
Long Term Borrowings	28	757,250,370		717,250,369.77	
<b>Total Non-Current Liabilities</b>			<b>757,250,370</b>		<b>717,250,370</b>
<b>Total Liabilities</b>			<b>4,641,987,761</b>		<b>3,403,732,258</b>
<b>Net Assets</b>			<b>(2,496,614,567)</b>		<b>(1,215,133,796)</b>
<b>NET ASSETS/EQUITY</b>					
Reserves	29	(1,905,241,520)		(636,079,454)	
Accumulated Surpluses/(Deficits)		(591,373,047)		(579,054,342)	
<b>Total Net Assets/Equity</b>			<b>(2,496,614,567)</b>		<b>(1,215,133,796)</b>

  
**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 2019**

**Statement of Change in Assets/Equity**

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
<b>Closing Balance 31 December 2018</b>	<b>(636,079,454)</b>	<b>(579,054,342)</b>	<b>(1,215,133,796)</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-	-	-
<b>Opening Balance as at 01 January 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	<b>(591,373,047)</b>	<b>(591,373,047)</b>
Reserves (Note 29)	<b>(1,905,241,520)</b>	-	<b>(1,905,241,520)</b>
<b>Closing Balance as at 31 December 2019</b>	<b>(1,905,241,520)</b>	<b>(591,373,047)</b>	<b>(2,496,614,567)</b>



**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 2019**  
**Statement of Cashflow**

Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	2,552,814,750	1,504,713,834
Government Share of VAT	10	487,677,858	448,191,130
Tax Revenue	11	12,486,331	1,163,030
Non-Tax Revenue	12	4,660,136	61,305,893
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>3,057,639,075</b>	<b>2,015,373,887</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	712,105,962	597,029,431
Social Benefits	16	1,115,069,739	513,075,887
Overhead Cost(s)	17	1,715,287,352	1,399,671,651
Transfer to other Government Entities		-	-
Finance Cost	18	6,416,893	1,254,834
Finance Cost			
<b>Total Outflow From Operating Activities</b>		<b>3,548,879,946</b>	<b>2,511,031,803</b>
<b>Net Cash Flow From Operating Activities</b>		<b>(491,240,871)</b>	<b>(495,657,916)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(78,943,000)	(263,974,986)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(78,943,000)</b>	<b>(263,974,986)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25 & 26	1,198,255,502	824,755,837
Proceeds from Borrowings - Long Term Loan	28	40,000,000	344,654,451
Repayment of Borrowings		(690,107,724)	(733,327,010)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>548,147,779</b>	<b>436,083,277</b>
<b>Net Cash Flow From All Activities</b>		<b>(22,036,092)</b>	<b>(323,549,624)</b>
<b>Open Cash Balance</b>		<b>32,014,973</b>	<b>355,564,597</b>
<b>Closing Cash Balance</b>		<b>9,978,880</b>	<b>32,014,973</b>



**TIJJANI 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 2019

## Statement of Comparison of Budget and Actual

	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
		Original	Supplementary	Final		
<b>RECURRENT REVENUE</b>						
Government Share of FAAC (Statutory Revenue)	9	5,568,121,540	1,108,549,495.39	6,676,671,035	1,598,118,100	(5,078,552,936)
Excess Crude	9		-	-	8,250,880	8,250,880
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	3,138,671	3,138,671
Refund from Federal Government	9		-	-	202,914,376	202,914,376
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	40,464,253	40,464,253
Excess Bank Charge	9		-	-	2,086,106	2,086,106
Government Share of VAT	10	481,265,100	-	481,265,100	487,677,858	6,412,758
Tax Revenue	11	40,650,510		40,650,510	12,486,331	(28,164,179)
Non-Tax Revenue	12			-	4,660,136	4,660,136
<b>TOTAL RECURRENT REVENUE</b>		<b>6,090,037,150</b>	<b>-</b>	<b>7,198,586,645</b>	<b>2,359,796,711</b>	<b>(4,838,789,934)</b>
<b>CAPITAL RECEIPT</b>						
<b>TOTAL CAPITAL RECEIPT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>		<b>6,090,037,150</b>	<b>-</b>	<b>7,198,586,645</b>	<b>2,359,796,711</b>	<b>(4,838,789,934)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	2,065,602,310		2,065,602,310	712,105,962	1,353,496,348
Social Benefits	16	840,000,000		840,000,000	1,115,069,739	(275,069,739)
Overhead Cost	17	1,122,281,880	731,805,878	1,854,087,758	1,715,287,352	138,800,406
Public Debt Charges	18	-	-	-	6,416,893	(6,416,893)
Impairment (Loss) on Investment	22	-	-	-	-	-
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>4,027,884,190</b>	<b>731,805,878</b>	<b>4,759,690,068</b>	<b>3,548,879,946</b>	<b>1,210,810,123</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	2,062,153,320	376,743,617	2,438,896,937	78,943,000	2,359,953,937
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>2,062,153,320</b>	<b>376,743,617</b>	<b>2,438,896,937</b>	<b>78,943,000</b>	<b>2,359,953,937</b>
<b>TOTAL EXPENDITURE</b>		<b>6,090,037,510</b>	<b>1,108,549,495</b>	<b>7,198,587,005</b>	<b>3,627,822,946</b>	<b>3,570,764,059</b>



**TIWANI 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 2019		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2019
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>(591,373,047)</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	100,132,176
Impairment of Investments	22	-
<b>Total non-cash items</b>		<b>(491,240,871)</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25 & 26	1,198,255,502
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	40,000,000
(Increase)/decrease in Loan Repayment		(690,107,724)
<b>Total movements in working capital items</b>		<b>548,147,778.75</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(78,943,000)
<b>Total items classified as investing activities</b>		<b>(78,943,000)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(22,036,092)</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>32,014,973</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>9,978,880</b>

**Okene Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 Okene Local Governments of Kogi State for the financial year ended 31 December 2019, 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 2019**  
**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 Okene 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.

**Okene Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 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 2019**  
**Notes to the Financial Statements**

Thus, in line with the Format, the 2019 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 Okene 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 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 2019**  
**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 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 2019. 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 2019**  
**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 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.

**i. 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 2019**  
**Notes to the Financial Statements**

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.

**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 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.

**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.

**Okene Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 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 2019**  
**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 2019**  
**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 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 2019, Okene Local Government has recognized financial liabilities measured at amortized cost. These include Okene Local and foreign debts and investments.

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**c. Classification**

**d. 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.

**e. 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.

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**f. 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.

**g. Financial Liabilities at Amortized Cost**

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

**h. 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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**v. 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.

**vi. 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.

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**vii. 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.

**viii. 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.

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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.

**ix. 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)**

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.

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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:

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

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 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**

**x. 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.

**xi. 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 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	40,464,253	-	(40,464,253)	30,665,654
2	Recovered Excess Bank Charges	2,086,106	-	(2,086,106)	24,382,616
3	Statutory Allocation	1,598,118,100	6,676,671,035	5,078,552,936	805,329,379
4	Exchange Difference	3,138,671	-	(3,138,671)	732,664
5	NNPC Refund	-	-	-	3,750,228
6	JAAC Special Allocation	202,914,376	-	(202,914,376)	621,671,012
7	Budget Augmentation	-	-	-	13,164,734
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	8,250,880	-	(8,250,880)	5,017,547
10	Special Project Fund	8,000,000	-	(8,000,000)	-
11	Domestic Loan	40,000,000	-	(40,000,000)	-
12	Salary Bailout	649,842,364	-	(649,842,364)	-
<b>Total Statutory Revenue</b>		<b>2,552,814,750</b>	<b>6,676,671,035.39</b>	<b>4,821,698,649</b>	<b>1,504,713,834</b>

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 2019. 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	SPECIAL PROJECT REVENUE	DOMESTIC LOAN RECEIVED	BAILOUT FUNDS	TOTAL
1	January	106,662,333	-	-	-	-	-	-	128,021,876	8,000,000	-	-	242,684,209
2	February	-	-	313,823	-	-	-	-	-	-	-	-	313,823
3	March	123,918,521	-	-	-	14,476,144	-	-	74,892,500	-	-	-	213,287,166
4	April	-	-	270,628	-	13,805,972	1,442,845	-	-	-	-	-	15,519,445
5	May	144,105,188	-	251,309	-	-	-	-	-	-	-	-	144,356,498
6	June	-	-	-	-	-	-	-	-	-	-	-	-
7	July	182,356,992	-	376,130	-	-	-	-	-	-	-	649,842,364	832,575,485
8	August	363,660,758	-	667,467	-	-	-	-	-	-	-	-	364,328,225
9	September	182,711,312	-	335,400	-	-	643,261	-	-	-	-	-	183,689,973
10	October	177,333,567	-	307,393	-	757,001	-	-	-	-	-	-	178,397,961
11	November	174,646,340	-	361,936	-	-	-	2,774,478	-	-	8,000,000	-	185,782,754
12	December	142,723,089	-	254,584	-	11,425,137	-	5,476,403	-	-	32,000,000	-	191,879,213
-													
<b>Total</b>		<b>1,598,118,100</b>	<b>-</b>	<b>3,138,671</b>	<b>-</b>	<b>40,464,253</b>	<b>2,086,106</b>	<b>8,250,880</b>	<b>202,914,376</b>	<b>8,000,000</b>	<b>40,000,000</b>	<b>649,842,364</b>	<b>2,552,814,750</b>

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

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	487,677,858	481,265,100	6,412,758	448,191,130
<b>Total</b>		<b>487,677,858</b>	<b>481,265,100.00</b>	<b>6,412,758</b>	<b>448,191,130</b>

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 2019

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

S/N	Month	Year Ended 31 December 2019	Year Ended 31 December 2018
1	January	45,067,343	-
2	Febuary	-	-
3	March	46,627,177	42,710,633
4	April	42,665,773	39,376,121
5	May	42,469,151	36,905,385
6	June	-	39,201,398
7	July	48,218,992	42,012,195
8	August	91,941,520	37,843,275
9	September	-	35,534,195
10	October	82,307,701	50,743,530
11	November	47,312,351	35,018,805
12	December	41,067,850	88,845,593
<b>Total</b>		<b>487,677,858</b>	<b>448,191,130</b>

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 2019

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**Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	IGR - Business Permit	183,000		183,000	58,100
2	IGR - Tender Fees	550,000		550,000	250,000
3	IGR - Hawkers Permit	271,120		271,120	13,930
4	IGR - Community Development Tax	425,000		425,000	270,000
5	IGR - Association Levy	15,000		15,000	4,000
6	IGR - Burial Fees			-	150,000
7	IGR - Contractor Registration Fees	160,000		160,000	410,000
8	IGR - Bill Board Advert Fees			-	7,000
9	IGR - Marriage/Divorce Fee	108,000		108,000	-
10	IGR - Development Levy	9,179,671		9,179,671	-
11	IGR - Motor Park Fees	64,000		64,000	-
12	IGR - Tenement Rate	1,530,540		1,530,540	-
<b>Total</b>		<b>12,486,330.79</b>	<b>-</b>	<b>12,486,330.79</b>	<b>1,163,030.00</b>

**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.**

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**Note 12 : Non Tax Revenue**

Administrative Code	Description	Year Ended 31 December 2019		
		Actual	Budget	Variance
	IGR - Certificate of Origin	700,000		700,000
	IGR - Earning from Consultancy Service	469,036		469,036
	IGR - Earning from Government Properties	76,000		76,000
	IGR - School Fees	2,040,500		2,040,500
	IGR - Slaughter Slab Fees	19,200		19,200
	IGR - Market Store Fee	543,500		543,500
	IGR - Rent on Government Properties	691,900		691,900
	IGR - Sales	120,000		120,000
	<b>Total</b>	<b>4,660,136</b>	<b>-</b>	<b>4,660,136</b>

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**NOTE 15 : Salaries & Wages**

S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018
		Actual		Budget	Variance	Actual
<b>SALARIES AND WAGES</b>		<b>Total Salary</b>	<b>Payment</b>	<b>Balance Payable</b>		
1	Salaries	553,715,730	290,750,076	262,965,654	2,065,602,310	1,511,886,580
2	Traditional Council Salary	27,782,500	27,782,500			(27,782,500)
						-
<b>Total SALARIES AND WAGES</b>		<b>581,498,230</b>	<b>318,532,576</b>	<b>262,965,654</b>	<b>2,065,602,310</b>	<b>1,484,104,080</b>
<b>ALLOWANCE AND SOCIAL CONTRIBUTION</b>						
1	Political Office Holders Salary / Allownce	121,118,998	121,118,998			(121,118,998)
2	Traditional Council Salary					-
3	Sitting Allowance	4,000,000	4,000,000			(4,000,000)
4	Vigilante Allowance	2,000,000	2,000,000			(2,000,000)
5	Peace and Security Allowance	2,450,000	2,450,000			(2,450,000)
6	LG Inspectors Allowances					-
7	Drivers Allowance	120,000	120,000			(120,000)
8	1st 28 Days Allowance	558,733	558,733			(558,733)
9	FSP Incentives	360,000	360,000			(360,000)
10	Civil Defence Allowance					-
11	Contract Cleaners Allowance					-
		-				-
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>130,607,732</b>	<b>130,607,732</b>	<b>-</b>	<b>-</b>	<b>(130,607,732)</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>712,105,962</b>	<b>449,140,308</b>	<b>262,965,654</b>	<b>2,065,602,310</b>	<b>1,353,496,348</b>

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 2019. The cumulative figure paid through respective Economic Line items are as shown above.



**Okene Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 16 : Social Benefits**

S/N	Description	Year Ended 31 December 2019					Year Ended 31 December 2018
		Actual			Budget	Variance	Actual
	<b>SOCIAL BENEFITS</b>	<b>Total Pension</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	Pension	1,115,069,739	529,083,403	585,986,337	840,000,000	(275,069,739)	513,075,887
						-	
	<b>Total SOCIAL BENEFITS</b>	<b>1,115,069,739</b>	<b>529,083,403</b>	<b>585,986,337</b>	<b>840,000,000</b>	<b>(275,069,739)</b>	<b>513,075,887</b>

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 2019.

**Okene Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	Repair and Maintenance	2,622,000		(2,622,000)	14,110,000
	Transportation and Travelling Expenses	13,290,500		(13,290,500)	43,412,500
	Printing & Stationeries	25,890,501		(25,890,501)	31,964,494
	Publicity & Advertisement	26,690,000			20,590,476
	Professional Charges	127,827,639		(127,827,639)	97,750,614
	Gifts & Donations	94,410,564		(94,410,564)	106,260,486
	Security Expenses	124,250,000		(124,250,000)	187,820,000
	Office Expenses	63,829,999		(63,829,999)	121,369,714
	Culture & Tourism	6,500,000		(6,500,000)	12,600,000
	Education & Science Development	2,327,714		(2,327,714)	12,631,406
	Sports and Youths Development Expenses	17,100,000		(17,100,000)	2,000,000
	Medical Expenses	66,013,593		(66,013,593)	3,100,000
	Grant/Contribution and Subvention	55,146,515		(55,146,515)	15,750,000
	Training, Seminars & Workshops	14,393,500		(14,393,500)	23,334,010
	Operational Expenses	10,100,000		(10,100,000)	14,979,810
	Tree Planting			-	1,000,000
	Provision of Food for all programme			-	44,850,000
	Provision of Agricultural Inputs			-	72,917,488
	Provision of School Uniform/Educational			-	17,120,476
	Scholarship			-	15,500,000
	Provision of Health /Child Programme/Disease Control			-	155,317,143
	Transfer to JAAC Accounts	40,739,329		(40,739,329)	11,553,537
	Clearing of Highways/Grading of Rural Roads	204,261,321			
	Child Programme	15,300,000			
	Desease Control	67,114,286			
	Provision of Agricultural Materials/Farm Input	116,940,335			
	<b>Subventions:</b>				
	LGEA-SUBEB	569,543,040			373,739,497
	<b>Satutory Expenses:</b>				
	1% Local Government Service Commission	10,807,090			
	1% Min. for Local Government & Chieftancy Affairs	13,140,717			
	1% Auditor General for LG	13,559,561			
	5% - Kogi State Council of Chiefs	13,489,148			
				-	
		<b>1,715,287,352</b>	<b>-</b>	<b>(664,441,855)</b>	<b>1,399,671,651</b>
<p>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.</p>					
		<b>1,715,287,352</b>	<b>-</b>	<b>(664,441,855)</b>	<b>1,399,671,651</b>

**Okene Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 18 : Public Debt Charges**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	6,416,893	-	(6,416,893)	1,254,834
		-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>6,416,893</b>	<b>-</b>	<b>(6,416,893)</b>	<b>1,254,834</b>

The Okene 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 2019	Year Ended 31 December 2018
		Amount	Amount
1	Cash in the till	5,624	972
2	Zenith Bank Plc	2,405,729	358,039
3	UBA Bank Plc	5,502,476	1,688,183
4	First Bank Plc	26,467	26,467
5	Union Bank Plc	14	14
6	Access Bank Plc	1,629,660	29,166,388
7	Ovidi Micro-Finance Bank	213,467	213,467
8	GTB	77,728	77,728
9	Skye Bank	117,715	117,715
10	Remittance in Transit		366,000
		<b>9,978,881</b>	<b>32,014,973</b>

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.

**Okene Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**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
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	91,775,850	-	13,770,000	259,974,986	-	-	105,780,000	76,700,000	1,691,979,080	2,239,979,916
Additions During the year		16,500,000			45,843,000		4,600,000	12,000,000		78,943,000
Revaluation										-
Recognition of Legacy PPE										-
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>91,775,850</b>	<b>16,500,000</b>	<b>13,770,000</b>	<b>259,974,986</b>	<b>45,843,000</b>	<b>-</b>	<b>110,380,000</b>	<b>88,700,000</b>	<b>1,691,979,080</b>	<b>2,318,922,916</b>
<b><u>ACCUMULATED DEPRECIATION</u></b>										
<b>DEPRECIATION RATE</b>	<b>20%</b>	<b>25%</b>	<b>10%</b>	<b>1%</b>	<b>25%</b>	<b>20%</b>	<b>25%</b>		<b>2%</b>	
Balance b/forward 01 January 2019	18,355,170	-	1,377,000	3,379,674.82	-	-	26,445,000	-	33,839,582	83,396,426
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	18,355,170	4,125,000	1,377,000	3,379,675	11,460,750	-	27,595,000	-	33,839,582	100,132,176
<b>Balance c/forward 31 December 2019</b>	<b>36,710,340</b>	<b>4,125,000</b>	<b>2,754,000</b>	<b>6,759,350</b>	<b>11,460,750</b>	<b>-</b>	<b>54,040,000</b>	<b>-</b>	<b>67,679,163</b>	<b>183,528,603</b>
<b><u>ACCUMULATED IMPAIRMENT</u></b>										
Balance b/forward 01 January 2019	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2019	-	-	-	-	-	-	-	-	-	-
<b><u>NET BOOK VALUE</u></b>										
Balance as at 31 December 2019	55,065,510	12,375,000	11,016,000	253,215,636	34,382,250	-	56,340,000	88,700,000	1,624,299,917	2,135,394,313
Balance as at 01 January 2019	73,420,680	-	12,393,000	256,595,311	-	-	79,335,000	76,700,000	1,658,139,498	2,156,583,490

**Okene Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25 : Short Term Loans & Debts**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	2,270,159,265	2,007,193,611
3	Other Payables (25b)	1,171,786,617	624,909,580
4	Loan in respect of IGR generation (NEXIA )	343,496,540	
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>3,785,442,422</b>	<b>2,632,103,191</b>

**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 2019	Year Ended 31 December 2018
	Balance b/f	2,007,193,611	1,700,012,770
1	Salary Payables for the year	262,965,654	307,180,841
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>2,270,159,265</b>	<b>2,007,193,611</b>

**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**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25b : Other Payables**

<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	Leave allowance payables	168,852,829	
2	Pension	585,986,337	207,962,128
3	Unremitted staff welfare deductions	115,688,448	115,688,448
4	Contractors/Suppliers (25c)	301,259,003	
<b>Total Other Payables</b>		<b>1,171,786,617</b>	<b>323,650,576</b>

**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**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25bi : Other Payables**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
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	Boazogrims 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
		-	
<b>total LOANS AND DEBTS (SHORT-TERM)</b>		<b>301,259,003</b>	<b>301,259,003</b>





**Okene Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 28 a : State Bond & Other Long Term Borrowing**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Gross Loan		Net for State	
			-	-	
1	Salary Bail Out	649,842,364		649,842,364	372,595,919
<b>TOTAL</b>		<b>649,842,364</b>	<b>-</b>	<b>649,842,364</b>	<b>372,595,919</b>

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 Local Government repayment is being deducted from the FAAC allocation, while deduction from the 21 LGAs is also being deducted at source by the FAAC.

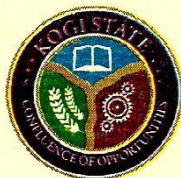
**Note 29 : Reserves**

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2019		(1,215,133,796)
<b>IPSA Adjustments</b>			
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(690,107,724)	
<b>Total IPSA Adjustments</b>			<b>(690,107,724)</b>
<b>Closing Balance as at 31 December 2019</b>			<b>(1,905,241,520)</b>

**OLAMABORO LOCAL GOVERNMENT OF  
KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**



# OLAMABORO LOCAL GOVERNMENT COUNCIL



Email: [olamaborigin@gmail.com](mailto: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 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 Olamaboro 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.

**Joshua O. Ogbaje**  
**Local Government Treasurer (LGT)**  
**Olamaboro Local Government, Kogi State**  
**31 July 2020**



# OLAMABORO LOCAL GOVERNMENT COUNCIL

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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 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. 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 2019 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 2019**

**Statement of Financial Performance**

	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	1,940,989,896	1,396,246,775
Government Share of VAT	10	368,826,934	362,410,604
Tax Revenue	11	5,989,627	3,820,845
Non-Tax Revenue	12	187,000	677,870
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>2,315,993,458</b>	<b>1,763,156,094</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	696,431,215	678,709,292
Social Benefits	16	428,824,999	254,349,813
Overhead Cost	17	1,594,283,767	1,585,685,898
Depreciation Charges	23	140,849,271	138,520,972
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>2,860,389,252</b>	<b>2,657,265,975</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>(544,395,795)</b>	<b>(894,109,880)</b>
Public Debt Charges	18	4,415,840	704,893
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>(548,811,635)</b>	<b>(894,814,774)</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>(548,811,635)</b>	<b>(894,814,774)</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>(548,811,635)</b>	<b>(894,814,774)</b>



**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 2019**  
**Statement of Financial Position**

ASSETS	Notes	Year Ended 31 December 2019		Year Ended 31 December 2018	
<b>Current Assets</b>					
Cash and Cash Equivalents	19	2,918,341		50,677,246	
Prepayment	20	-		-	
Other Current Assets	20b	19,400,000		240,246,501	
<b>Total Current Assets</b>			<b>22,318,341</b>		<b>290,923,747</b>
<b>Non-Current Assets</b>					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	5,729,396,680		5,714,862,501	
Intangible Assets	24	-		-	
<b>Total Non-Current Assets</b>			<b>5,729,396,680</b>		<b>5,714,862,501</b>
<b>Total Assets</b>			<b>5,751,715,021</b>		<b>6,005,786,247</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Short Term Loans & Debts	25	3,491,864,235		2,859,908,768	
Unremitted Deductions	26	-		-	
Payables	27	1,000,000		-	
<b>Total Current Liabilities</b>			<b>3,492,864,235</b>		<b>2,859,908,768</b>
<b>Non-Current Liabilities</b>					
Long Term Borrowings	28	622,488,231		79,837,882.19	
<b>Total Non-Current Liabilities</b>			<b>622,488,230.53</b>		<b>79,837,882.19</b>
<b>Total Liabilities</b>			<b>4,115,352,465</b>		<b>2,939,746,650</b>
<b>Net Assets</b>			<b>1,636,362,556</b>		<b>3,066,039,598</b>
<b>NET ASSETS/EQUITY</b>					
Reserves	29	2,185,174,191		3,960,854,371	
Accumulated Surpluses/(Deficits)		(548,811,635)		(894,814,774)	
<b>Total Net Assets/Equity</b>			<b>1,636,362,556</b>		<b>3,066,039,598</b>

  
**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 2019**

**Statement of Change in Assets/Equity**

<b>Description</b>	<b>Reserves</b>	<b>Accumulated Surpluses/(Deficits)</b>	<b>Total</b>
<b>Closing Balance 31 December 2018</b>	<b>3,960,854,371</b>	<b>(894,814,774)</b>	<b>3,066,039,598</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
<b>Opening Balance as at 01 January 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	<b>(548,811,635)</b>	<b>(548,811,635)</b>
Reserves (Note 29)	<b>2,185,174,191</b>		<b>2,185,174,191</b>
<b>Closing Balance as at 31 December 2019</b>	<b>2,185,174,191</b>	<b>(548,811,635)</b>	<b>1,636,362,556</b>



**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 2019**

**Statement of Cashflow**

Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	1,940,989,896	1,396,246,775
Government Share of VAT	10	368,826,934	362,410,604
Tax Revenue	11	5,989,627	3,820,845
Non-Tax Revenue	12	187,000	677,870
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>2,315,993,458</b>	<b>1,763,156,094.36</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	696,431,215	678,709,292
Social Benefits	16	428,824,999	254,349,813
Overhead Cost(s)	17	1,594,283,767	1,585,685,898
Transfer to other Government Entities		-	-
Finance Cost	18	4,415,840	704,893
Finance Cost			
<b>Total Outflow From Operating Activities</b>		<b>2,723,955,822</b>	<b>2,519,449,896</b>
<b>Net Cash Flow From Operating Activities</b>		<b>(407,962,364)</b>	<b>(756,293,802)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(155,383,450)	(28,485,714)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(155,383,450)</b>	<b>(28,485,714)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	631,955,467	832,988,480
Proceeds from Borrowings - Long Term Loan	28	542,650,348	(156,555,093)
Repayment of Borrowings		(659,018,905)	(33,181,486)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>515,586,910</b>	<b>643,251,901</b>
<b>Net Cash Flow From All Activities</b>		<b>(47,758,904)</b>	<b>(141,527,616)</b>
<b>Open Cash Balance</b>		<b>50,677,245</b>	<b>192,204,861</b>
<b>Closing Cash Balance</b>		<b>2,918,342</b>	<b>50,677,245</b>




**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 2019**

**Statement of Comparison of Budget and Actual**

	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
		Original	Supplementary	Final		
<b>RECURRENT REVENUE</b>						
Government Share of FAAC (Statutory Revenue)	9	4,420,639,810	438,951,710.00	4,859,591,520	1,358,479,167	(3,501,112,353)
Excess Crude	9		-	-	6,232,521	6,232,521
Budget Augmentation/Budget Support Facility	9		-	-	542,650,348	542,650,348
Exchange Difference	9		-	-	2,856,783	2,856,783
Refund from Federal Government	9		-	-	-	-
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	30,285,173	30,285,173
Excess Bank Charge	9		-	-	485,904	485,904
Government Share of VAT	10	303,095,980	-	303,095,980	368,826,934	65,730,954
Tax Revenue	11	12,509,390		12,509,390	5,989,627	(6,519,763)
Non-Tax Revenue	12				187,000	187,000
<b>TOTAL RECURRENT REVENUE</b>		<b>4,736,245,180</b>	<b>-</b>	<b>5,175,196,890</b>	<b>2,315,993,458</b>	<b>(2,859,203,432)</b>
<b>CAPITAL RECEIPT</b>						
<b>TOTAL CAPITAL RECEIPT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>		<b>4,736,245,180</b>	<b>-</b>	<b>5,175,196,890</b>	<b>2,315,993,458</b>	<b>(2,859,203,432)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	2,088,212,830	1,500,000	2,089,712,830	696,431,215	1,393,281,615
Social Benefits	16	312,464,130	40,000,000	352,464,130	428,824,999	(76,360,869)
Overhead Cost	17	967,681,210	375,571,710	1,343,252,920	1,594,283,767	(251,030,847)
Public Debt Charges	18	-	-	-	4,415,840	(4,415,840)
Impairment (Loss) on Investment	22	-	-	-	-	-
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>3,368,358,170</b>	<b>417,071,710</b>	<b>3,785,429,880</b>	<b>2,723,955,822</b>	<b>1,061,474,058</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	1,367,887,010	121,700,000	1,489,587,010	155,383,450	1,334,203,560
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,367,887,010</b>	<b>121,700,000</b>	<b>1,489,587,010</b>	<b>155,383,450</b>	<b>1,334,203,560</b>
<b>TOTAL EXPENDITURE</b>		<b>4,736,245,180</b>	<b>538,771,710</b>	<b>5,275,016,890</b>	<b>2,879,339,272</b>	<b>2,395,677,618</b>
 <b>JOSHUA O. OGBAJE</b> Local Government Treasurer (LGT) Olamaboro Local Government Kogi State						

<b>Olamaboro Local Government of Kogi State</b>		
<b>Financial Statements for the Year Ended 31 December 2019</b>		
<b>Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities</b>		
<b>Description</b>	<b>Notes</b>	<b>Year Ended 31 December 2019</b>
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>(548,811,635)</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	140,849,271
Impairment of Investments	22	-
<b>Total non-cash Items</b>		<b>(407,962,364)</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	631,955,467
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	542,650,348
(Increase)/decrease in Loan Repayment	9 a	(659,018,905)
<b>Total movements in working capital items</b>		<b>515,586,910</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(155,383,450)
<b>Total items classified as investing activities</b>		<b>(155,383,450)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(47,758,904)</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>50,677,245</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>2,918,342</b>

**Olamaboro Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 2019, 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 2019**  
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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 2019**  
**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 2019**  
**Notes to the Financial Statements**

Thus, in line with the Format, the 2019 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 Olamaboro 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 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 2019**  
**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 2019. 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 2019**  
**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 2019**  
**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 2019**  
**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 2019**  
**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.

**Olamaboro Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
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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.

**Olamaboro Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**Notes to the Financial Statements**

For the fourth Transitional Financial Statements for the year ended 31 December 2019, Olamaboro Local Government has recognized financial liabilities measured at amortized cost. These include Olamaboro 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. 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.

**Olamaboro Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
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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.

**Olamaboro Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
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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.

**Olamaboro Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
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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.



**Olamaboro Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
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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:

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

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**

**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 Olamaboro 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 Olamaboro Local Government, or a present obligation that arises from past events but is not recognised because:

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j. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or,

k. 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.

**l. 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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**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, 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.

**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 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 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	30,285,173	-	(30,285,173)	9,449,590
2	Recovered Excess Bank Charges	485,904	-	(485,904)	8,864,647
3	Statutory Allocation	1,358,479,167	4,859,591,520	3,501,112,353	1,370,415,691
4	Exchange Difference	2,856,783	-	(2,856,783)	4,026,710
5	NNPC Refund	-	-	-	-
6	JAAC Special Allocation	-	-	-	-
7	Budget Augmentation	542,650,348	-	(542,650,348)	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	6,232,521	-	(6,232,521)	3,490,137
10	Augumentation	-	-	-	-
11	Salary Bailout	-	-	-	-
<b>Total Statutory Revenue</b>		<b>1,940,989,896</b>	<b>4,859,591,520.00</b>	<b>2,918,601,624</b>	<b>1,396,246,775</b>

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 ALLOCATI ON	BAILOUT FUNDS	TOTAL
1	January	92,532,131		-		5,974,749					98,506,880
2	February	98,088,418		237,054		3,344,745					101,670,217
3	March	96,004,913		-		1,334,176					97,339,089
4	April	69,546,997		204,426		1,896,065					71,647,489
5	May	101,539,353		189,833		3,966,916					105,696,102
6	June	136,700,120		284,120		4,565,726					141,549,966
7	July	136,752,401		255,310		-					137,007,711
8	August	132,716,451		248,879		-				542,650,348	675,615,678
9	September	133,739,719		739,258		-	485,904				134,964,880
10	October	129,677,496		232,197		572,517					130,482,211
11	November	127,647,628		273,398		3,563,216		2,095,775			133,580,018
12	December	103,533,540		192,307		5,067,064		4,136,746			112,929,656
-											
<b>Total</b>		<b>1,358,479,167</b>	<b>-</b>	<b>2,856,783</b>	<b>-</b>	<b>30,285,173</b>	<b>485,904</b>	<b>6,232,521</b>	<b>-</b>	<b>542,650,348</b>	<b>1,940,989,896</b>

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

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	368,826,934	303,095,980	65,730,954	362,410,604
<b>Total</b>		<b>368,826,934</b>	<b>303,095,980.00</b>	<b>65,730,954</b>	<b>362,410,604</b>

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 2019	Year Ended 31 December 2018
1	January	33,682,116	27,912,534
2	Febuary	-	-
3	March	34,822,893	31,790,204
4	April	31,774,415	29,269,182
5	May	36,754,274	27,447,794
6	June	35,901,941	29,384,921
7	July	36,698,025	28,200,110
8	August	31,861,846	31,455,963
9	September	30,267,395	26,516,540
10	October	31,176,081	37,800,983
11	November	35,216,272	26,074,808
12	December	30,671,676	66,557,563
<b>Total</b>		<b>368,826,934</b>	<b>362,410,604</b>

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 2019

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**Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	IGR- Development Levy	4,203,027		4,203,027	2,127,115
2	IGR - Liquor License Fees	338,500		338,500	259,500
3	IGR - Market rates	326,800		326,800	301,700
4	IGR – Trade Permit License	790,000		790,000	618,480
5	IGR – Hawkers Permit	33,000		33,000	31,220
6	IGR – Motor Park Levies			-	20,000
7	IGR – Trade/bus. Operating Fee			-	121,600
8	IGR- Registration of Voluntary Organizat	58,300.00		58,300	-
9	IGR – Parking fee			-	105,100
10	IGR - Unspecified Revenue			-	236,130
11	IGR – Tenement Rate	240,000			
<b>Total</b>		<b>5,989,627</b>	<b>-</b>	<b>5,749,627</b>	<b>3,820,845</b>

**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.**

**Note 12 : Non Tax Revenue**

Administrative Code	Description	Year Ended 31 December 2019		
		Actual	Budget	Variance
	IGR- Earnings from use of L.G. Vehicles	187,000		187,000
	IGR – Market Rates			-
				-
				-
<b>Total</b>		<b>187,000</b>	<b>-</b>	<b>187,000</b>

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**NOTE 15 : Salaries & Wages**

S/N	Description	Year Ended 31 December 2019					Year Ended 31 December 2018
		Actual			Budget	Variance	Actual
<b>SALARIES AND WAGES</b>		<b>Gross Salary</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	SALARY	675,419,163	363,387,101	312,032,061	2,089,712,830	1,726,325,729	640,586,364
						-	
<b>Total SALARIES AND WAGES</b>		<b>675,419,162.79</b>	<b>363,387,101.35</b>	<b>312,032,061.44</b>	<b>2,089,712,830</b>	<b>1,726,325,729</b>	<b>640,586,364</b>
<b>ALLOWANCE AND SOCIAL CONTRIBUTION</b>							
1	Allowance to Rulers					-	7,738,929
2	Gagos Monthly Allowance	16,597,053	16,597,053			(16,597,053)	26,884,000
3	Annual Leave					-	-
4	Overtime Allowance	915,000	915,000			(915,000)	-
5	Honourarium & Siting Allowance	3,500,000	3,500,000			(3,500,000)	3,500,000
6	Corpers Allowance				-		-
		-				-	
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>21,012,053</b>	<b>21,012,052.50</b>	<b>-</b>	<b>-</b>	<b>(21,012,053)</b>	<b>38,122,929</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>696,431,215</b>	<b>384,399,154</b>	<b>312,032,061</b>	<b>2,089,712,830</b>	<b>1,705,313,676</b>	<b>678,709,292</b>

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 2019. 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 2019				Year Ended 31 December 2018	
		Actual			Budget	Variance	Actual
<b>SOCIAL BENEFITS</b>		<b>Gross Pension</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	Actual Pension	428,824,999	303,993,320	124,831,679	352,464,130	48,470,810	254,349,813
						-	
<b>Total SOCIAL BENEFITS</b>		<b>428,824,999</b>	<b>303,993,320</b>	<b>124,831,679</b>	<b>352,464,130</b>	<b>48,470,810</b>	<b>254,349,813</b>

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 2019

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**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	Repairs & Maintainance	29,098,480		(29,098,480)	25,020,162
	Agricultural Development	46,522,632		(46,522,632)	32,607,298
	Transportation & Travelling	67,974,818		(67,974,818)	55,335,013
	Professional Services	58,630,188		(58,630,188)	80,502,163
	Printing & Stationery	61,003,130		(61,003,130)	88,997,984
	Security Expense	90,862,421		(90,862,421)	186,909,242
	Welfare Packages	93,289,538		(93,289,538)	22,962,878
	Remittance of vat, wht & stamp duty to firs	17,903,247		(17,903,247)	15,349,718
	Medical Expenses	10,242,424		(10,242,424)	93,142,452
	Grading, Heaping & Repair of Roads	65,929,958		(65,929,958)	81,245,021
	Repair of Water Facilities	3,680,000		(3,680,000)	
	Staff Monitoring Exercise			-	7,571,429
	Advertisement & Publicity	13,230,000		(13,230,000)	22,745,476
	Entertainment & Meals	17,135,000		(17,135,000)	8,679,465
	Festival Celebration expenses	18,259,776		(18,259,776)	
	Rent	180,053		(180,053)	
	Gifts & Donation	37,636,402		(37,636,402)	41,563,990
	Environmental saniation & Disease control	115,153,082		(115,153,082)	7,574,900
	Training, Workshops & Seminar	24,237,000		(24,237,000)	8,719,169
	Culture & Tourism			-	20,389,000
	Youth & Sport Development	28,929,776		(28,929,776)	34,745,041
	Local government operation expenses			-	-
	Clearing of Right of ways	286,554,210			406,217,938
	<b>Subvention:</b>				
	LGEA-SUBEB	470,868,936			345,407,560
	<b>Satutory Expenses:</b>				
	1% Local Government Service Commission	7,947,390		(7,947,390)	
	1% Min. for Local Government & Chieftancy Affairs	10,394,790		(10,394,790)	
	1% AUDITOR General for LG	10,053,955		(10,053,955)	
	5% - Council of Chiefs	8,566,561		(8,566,561)	
				-	
		<b>1,594,283,767</b>	<b>-</b>	<b>(836,860,621)</b>	<b>1,585,685,898</b>
<p>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.</p>					
		<b>1,594,283,767</b>	<b>-</b>	<b>(836,860,621)</b>	<b>1,585,685,898</b>



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**NOTE 18 : Public Debt Charges**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	4,415,840	-	(4,415,840)	704,893
		-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>4,415,840</b>	<b>-</b>	<b>(4,415,840)</b>	<b>704,893</b>

The Olamaboro 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 2019	Year Ended 31 December 2018
		Amount	Amount
1	Cash in the till	6	151
2	UBA Bank Plc	1,209,041	-
3	Access Bank Plc	1,706,929	50,611,804
4	FCMB	2,365	65,291
		<b>2,918,341</b>	<b>50,677,246</b>

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.

**Olamaboro Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 20 b: Other Current Assets**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Receivables	19,400,000	151,780,000
2	Advances	-	88,466,501
<b>Total</b>		<b>19,400,000</b>	<b>240,246,501</b>

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 2019	Year Ended 31 December 2018
1	GLO Nigerian Communication Ltd	7,700,000	6,600,000
2	MTN Nigerian Communication Ltd	7,000,000	6,000,000
3	AIRTEL Nigerian Communication Ltd	3,500,000	3,000,000
4	ETISALAT Nigerian Communication Ltd	1,200,000	1,000,000
5	Loan to State Government	-	135,180,000
<b>Total</b>		<b>19,400,000</b>	<b>151,780,000</b>

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 2019**

**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
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	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
Additions During the year		725,000		135,160,000					19,498,450	155,383,450
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>85,281,750</b>	<b>1,325,000</b>	<b>34,950,000</b>	<b>215,313,248</b>	<b>-</b>	<b>-</b>	<b>73,729,000</b>	<b>661,400,500</b>	<b>4,936,767,425</b>	<b>6,008,766,923</b>
<b><u>ACCUMULATED DEPRECIATION</u></b>										
<b>DEPRECIATION RATE</b>	<b>20%</b>	<b>25%</b>	<b>10%</b>	<b>1%</b>	<b>25%</b>	<b>20%</b>	<b>25%</b>		<b>2%</b>	
Balance b/forward 01 January 2019	17,056,350	150,000.00	3,495,000	1,041,992.22	-	-	18,432,250	-	98,345,380	138,520,972
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	17,056,350	331,250	3,495,000	2,799,072	-	-	18,432,250	-	98,735,349	140,849,271
<b>Balance c/forward 31 December 2019</b>	<b>34,112,700</b>	<b>481,250</b>	<b>6,990,000</b>	<b>3,841,064</b>	<b>-</b>	<b>-</b>	<b>36,864,500</b>	<b>-</b>	<b>197,080,728</b>	<b>279,370,242</b>
<b><u>ACCUMULATED IMPAIRMENT</u></b>										
Balance b/forward 01 January 2019	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>NET BOOK VALUE</u></b>										
Balance as at 31 December 2019	51,169,050	843,750	27,960,000	211,472,183	-	-	36,864,500	661,400,500	4,739,686,697	5,729,396,680
Balance as at 01 January 2019	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

**Olamaboro Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25 : Short Term Loans & Debts**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Salary Payables (25a)	2,221,962,491	1,909,930,429
2	Other Payables (25b)	1,111,720,796	946,437,077
3	Term Loan (Note 25c)	158,180,948	3,541,262
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>3,491,864,235</b>	<b>2,859,908,768</b>

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 2019	Year Ended 31 December 2018
	Balance b/f	1,909,930,429	1,503,875,524
1	Salary Payables for the year	312,032,061	406,054,905
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>2,221,962,491</b>	<b>1,909,930,429</b>

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 2019	Year Ended 31 December 2018
1	Leave allowance payables	986,889,117	858,771,844
2	Pension (Note 16)	124,831,679	51,516,392
3	Deposit (Unremitted Deductions)		36,148,841
<b>Total Other Payables</b>		<b>1,111,720,796</b>	<b>946,437,077</b>

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 2019**

**Notes to the Financial Statements**

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

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Unyogba MFB Loan	771,262	3,541,262
2	Loan in respect of IGR generation (NEXIA)	157,409,686	
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>158,180,948</b>	<b>3,541,262</b>

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 2019	Year Ended 31 December 2018
1	PAYE	3,021,572	18,798,987
2	NULGE DUE	1,040,178	1,933,626
3	M&HWUN DUE	256,016	1,094,186
4	WHT	7,403,396	9,944,278
5	VAT	1,161,089	4,377,764
6	NUP	358,119	
7	NASU	80,628	
8	STAMP DUTY	74,521	
<b>Total Unremitted Deductions</b>		<b>13,395,519</b>	<b>36,148,841</b>

**Olamaboro Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 27 : Payables**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Contract Retention Fees (Abba Aдаудu & Co.)	1,000,000	
<b>Total Payables</b>		<b>1,000,000</b>	<b>-</b>

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 2019 are Contractual obligations, Pension and Gratuity arrears, Staff Salary arrears and Other obligations.

**Note 28 : Long Term Borrowing**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
	Balance b/d	79,837,882	
1	Domestic Borrowing	542,650,348	79,837,882
2	Multi lateral Loan (Note 28 b)	-	-
<b>Total Long Term Borrowings</b>		<b>622,488,231</b>	<b>79,837,882</b>

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 2019		Year Ended 31 December 2018
		Gross Loan	Net for LGA	
1	Salary Bail Out	542,650,348	542,650,348	79,837,882
<b>TOTAL</b>		<b>542,650,348</b>	<b>-</b>	<b>79,837,882</b>

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 2019

#### Notes to the Financial Statements

#### Note 29 : Reserves

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2019		3,066,039,598
	<b>IPSA Adjustments</b>		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(880,865,406)	
	<b>Total IPSA Adjustments</b>		<b>(880,865,406)</b>
<b>Closing Balance as at 31 December 2019</b>			<b>2,185,174,191</b>

**OMALA LOCAL GOVERNMENT OF  
KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**





**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 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 Omala 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.

**Ocholi Mariam**  
**Local Government Treasurer (LGT)**  
**Omala Local Government, Kogi State**  
**31 July 2020**



**OFFICE OF THE D.L.G**

# **OMALA LOCAL GOVERNMENT COUNCIL**

Our Ref: \_\_\_\_\_ Your Ref: \_\_\_\_\_ Date: \_\_\_\_\_

**Omala 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. 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 2019 useful in significant areas of information requirements.

**Omale Joseph**  
**Director of Local Government Administration**

**Omala Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Statement of Financial Performance**

	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	1,826,290,004	1,179,621,053
Government Share of VAT	10	323,547,983	451,792,323
Tax Revenue	11	-	5,069,431
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>2,149,837,988</b>	<b>1,636,482,807</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	702,501,328	648,399,321
Social Benefits	16	285,518,381	177,207,086
Overhead Cost	17	1,314,783,652	937,588,998
Depreciation Charges	23	92,914,755	90,157,727
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>2,395,718,117</b>	<b>1,853,353,132</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>(245,880,129)</b>	<b>(216,870,325)</b>
Public Debt Charges	18	2,260,051	461,226
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>(248,140,180)</b>	<b>(217,331,551)</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>(248,140,180)</b>	<b>(217,331,551)</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>(248,140,180)</b>	<b>(217,331,551)</b>

**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 2019					
Statement of Financial Position					
ASSETS	Notes	Year Ended 31 December 2019		Year Ended 31 December 2018	
<b>Current Assets</b>					
Cash and Cash Equivalents	19	3,071,125		39,495,843	
Prepayment	20	-		-	
Other Current Assets	20b	-		-	
<b>Total Current Assets</b>			<b>3,071,125</b>		<b>39,495,843</b>
<b>Non-Current Assets</b>					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	3,665,697,223		3,695,730,585	
Intangible Assets	24	-		-	
<b>Total Non-Current Assets</b>			<b>3,665,697,223</b>		<b>3,695,730,585</b>
<b>Total Assets</b>			<b>3,668,768,348</b>		<b>3,735,226,429</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Short Term Loans & Debts	25	2,518,212,111		2,021,427,518	
Unremitted Deductions	26	-		-	
Payables	27	-		-	
<b>Total Current Liabilities</b>			<b>2,518,212,111</b>		<b>2,021,427,518</b>
<b>Non-Current Liabilities</b>					
Long Term Borrowings	28	-		-	
<b>Total Non-Current Liabilities</b>			<b>-</b>		<b>-</b>
<b>Total Liabilities</b>			<b>2,518,212,111</b>		<b>2,021,427,518</b>
<b>Net Assets</b>			<b>1,150,556,237</b>		<b>1,713,798,911</b>
<b>NET ASSETS/EQUITY</b>					
Reserves	29	1,398,696,417		1,931,130,462	
Accumulated Surpluses/(Deficits)		(248,140,180)		(217,331,551)	
<b>Total Net Assets/Equity</b>			<b>1,150,556,237</b>		<b>1,713,798,911</b>
<p><b>OCHOLI MARIAM</b>  Local Government Treasurer (LGT)  Omala Local Government  Kogi State</p>					

**Omala Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Statement of Change in Assets/Equity**

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
<b>Closing Balance 31 December 2017</b>	<b>1,931,130,462</b>	<b>(217,331,551)</b>	<b>1,713,798,911</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
<b>Opening Balance as at 01 January 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(248,140,180)	(248,140,180)
Reserves (Note 29)	1,398,696,417		1,398,696,417
<b>Closing Balance as at 31 December 2018</b>	<b>1,398,696,417</b>	<b>(248,140,180)</b>	<b>1,150,556,237</b>

**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 2019			
Statement of Cashflow			
Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	1,826,290,004	1,179,621,053
Government Share of VAT	10	323,547,983	451,792,323
Tax Revenue	11	-	5,069,431
Non-Tax Revenue	12	-	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>2,149,837,988</b>	<b>1,636,482,807</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	702,501,328	648,399,321
Social Benefits	16	285,518,381	177,207,086
Overhead Cost(s)	17	1,314,783,652	937,588,998
Transfer to other Government Entities		-	-
Finance Cost	18	2,260,051	461,226
Finance Cost			
<b>Total Outflow From Operating Activities</b>		<b>2,305,063,413</b>	<b>1,763,656,631</b>
<b>Net Cash Flow From Operating Activities</b>		<b>(155,225,425)</b>	<b>(127,173,823)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(62,881,393)	(127,416,712)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(62,881,393)</b>	<b>(127,416,712)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	496,784,594	355,921,862
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(315,102,494)	(62,017,647)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>181,682,100</b>	<b>293,904,215</b>
<b>Net Cash Flow From All Activities</b>		<b>(36,424,718)</b>	<b>39,313,680</b>
<b>Open Cash Balance</b>		<b>39,495,843</b>	<b>182,164</b>
<b>Closing Cash Balance</b>		<b>3,071,125</b>	<b>39,495,843</b>
<p><b>OCHOLI MARIAM</b>  Local Government Treasurer (LGT)  Omala Local Government  Kogi State</p>			

Omala Local Government of Kogi State						
Financial Statements for the Year Ended 31 December 2019						
Statement of Comparison of Budget and Actual						
	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
RECURRENT REVENUE		Original	Supplementary	Final		
Government Share of FAAC (Statutory Revenue)	9	3,953,375,350	345,558,000	4,298,933,350	1,022,380,940	(3,276,552,410)
Excess Crude	9		-	-	5,901,237	5,901,237
Budget Augmentation/Budget Support Facility	9		-	-	477,755,041	477,755,041
Exchange Difference	9		-	-	2,244,857	2,244,857
Refund from Federal Government	9		-	-	290,689,062	290,689,062
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	26,286,909	26,286,909
Excess Bank Charge	9		-	-	1,031,959	1,031,959
Government Share of VAT	10	318,704,260	-	318,704,260	323,547,983	4,843,723
Tax Revenue	11	12,295,020		12,295,020	-	(12,295,020)
Non-Tax Revenue	12				-	-
<b>TOTAL RECURRENT REVENUE</b>		<b>4,284,374,630</b>	<b>-</b>	<b>4,629,932,630</b>	<b>2,149,837,988</b>	<b>(2,480,094,642)</b>
<b>CAPITAL RECEIPT</b>						
		-	-	-	-	-
<b>TOTAL CAPITAL RECEIPT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>		<b>4,284,374,630</b>	<b>-</b>	<b>4,629,932,630</b>	<b>2,149,837,988</b>	<b>(2,480,094,642)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	1,834,201,180	6,170,300	1,840,371,480	702,501,328	1,137,870,152
Social Benefits	16	150,802,630		150,802,630	285,518,381	(134,715,751)
Overhead Cost	17	977,179,480	154,748,000	1,131,927,480	1,314,783,652	(182,856,172)
Public Debt Charges	18	282,529,340	-	282,529,340	2,260,051	280,269,289
Impairment (Loss) on Investment	22	-	-	-		-
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>3,244,712,630</b>	<b>160,918,300</b>	<b>3,405,630,930</b>	<b>2,305,063,413</b>	<b>1,100,567,517</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	1,039,662,000	184,639,700	1,224,301,700	62,881,393	1,161,420,307
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,039,662,000</b>	<b>184,639,700</b>	<b>1,224,301,700</b>	<b>62,881,393</b>	<b>1,161,420,307</b>
<b>TOTAL EXPENDITURE</b>		<b>4,284,374,630</b>	<b>345,558,000</b>	<b>4,629,932,630</b>	<b>2,367,944,806</b>	<b>2,261,987,824</b>
<b>OCHOLI MARIAM</b>						
Local Government Treasurer (LGT)						
Omala Local Government						
Kogi State						

<b>Omala Local Government of Kogi State</b>		
<b>Financial Statements for the Year Ended 31 December 2019</b>		
<b>Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities</b>		
Description	Notes	Year Ended 31 December 2019
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>(248,140,180)</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	92,914,755
Impairment of Investments	22	-
<b>Total non-cash Items</b>		<b>(155,225,425)</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	496,784,594
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(315,102,494)
<b>Total movements in working capital items</b>		<b>181,682,100</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(62,881,393)
<b>Total items classified as investing activities</b>		<b>(62,881,393)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(36,424,718)</b>
Cash & Cash Equivalent as at 01 January 2019		39,495,843
Cash & Cash Equivalent as at 31 December 2019		3,071,125



**Omala 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 Omala Local Governments of Kogi State for the financial year ended 31 December 2019, 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 2019 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 Omala 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 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.

**Omala 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 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 2019. 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.

**e. 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 2019, Omala Local Government has recognized financial liabilities measured at amortized cost. These include Omala 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. 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

**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 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.

**d. 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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**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**

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.

**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)**

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:

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

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**

**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 Omala 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 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.

**Omala Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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.



**Omala Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

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

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	26,286,909	-	(26,286,909)	-
2	Recovered Excess Bank Charges	1,031,959	-	(1,031,959)	666,245
3	Statutory Allocation	1,022,380,940	4,298,933,350	3,276,552,410	1,022,037,226
4	Exchange Difference	2,244,857	-	(2,244,857)	152,304,906
5	NNPC Refund	-	-	-	-
6	JAAC Special Allocation	290,689,062	-	(290,689,062)	-
7	Budget Augmentation	477,755,041	-	(477,755,041)	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	5,901,237	-	(5,901,237)	3,588,676
10	Ganished Fund	-	-	-	-
11	Salary Bailout	477,755,041	-	(477,755,041)	1,024,000
<b>Total Statutory Revenue</b>		<b>1,826,290,004</b>	<b>4,298,933,350</b>	<b>2,472,643,346</b>	<b>1,179,621,053</b>

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 2019. 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	BAILOUT/ REFUNDS	TOTAL
1	January	89,338,191		-					-		89,338,191
2	February			224,454					76,071,613		76,296,067
3	March			-		10,026,267			66,723,255		76,749,522
4	April			193,560		8,089,097	1,031,959		73,439,323		82,753,939
5	May	85,236,024		179,743					-		85,415,767
6	June			-					-		-
7	July	129,206,221		269,017					-	424,583,916	554,059,154
8	August	254,008,645		477,389					-		254,486,034
9	September	125,701,757		239,887					-		125,941,643
10	October	121,855,458		219,855					-		122,075,313
11	November	119,933,485		258,866				1,984,376	-		122,176,728
12	December	97,101,158		182,085		8,171,546		3,916,861	74,454,870	53,171,124	236,997,645
-											
<b>Total</b>		<b>1,022,380,940</b>	<b>-</b>	<b>2,244,857</b>	<b>-</b>	<b>26,286,909</b>	<b>1,031,959</b>	<b>5,901,237</b>	<b>290,689,062</b>	<b>477,755,041</b>	<b>1,826,290,004</b>

**Omala Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

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

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	323,547,983	318,704,260	4,843,723	451,792,323
<b>Total</b>		<b>323,547,983</b>	<b>318,704,260.00</b>	<b>4,843,723</b>	<b>451,792,323</b>

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 2019

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

S/N	Month	Year Ended 31 December 2019	Year Ended 31 December 2018
1	January	30,002,191	-
2	February	-	24,846,031
3	March	31,007,520	28,260,510
4	April	28,254,117	26,002,423
5	May	28,043,080	24,390,918
6	June	-	26,212,046
7	July	31,920,832	128,043,985
8	August	61,002,471	25,083,253
9	September	-	52,797,878
10	October	54,699,756	33,617,702
11	November	31,306,586	23,183,935
12	December	27,311,431	59,353,642
<b>Total</b>		<b>323,547,983</b>	<b>451,792,323</b>

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 2019

**Omala Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	2% Development Levy			-	2,327,889
2	Earnings			-	438,950
3	Market Rate			-	435,050
4	Timber & Forest fees			-	781,522
5	Tenement rate			-	850,000
6	Licenses fee			-	30,020
7	Shops & Kiosks			-	70,000
8	Departmental stores & Workshop permits			-	136,000
<b>Total</b>		-	-	-	<b>5,069,431</b>

**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 2019**

**Notes to the Financial Statements**

**NOTE 15 : Salaries & Wages**

S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018	
		Actual			Budget	Variance	Actual
<b>SALARIES AND WAGES</b>		<b>Total Salary</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	Salary	539,563,476	301,464,966	238,098,510	1,840,371,480	1,300,808,004	526,523,821
2	Political Office holders	48,250,609	36,371,104.56	11,879,504		(48,250,609)	
<b>Total SALARIES AND WAGES</b>		<b>587,814,085</b>	<b>337,836,070.74</b>	<b>249,978,014</b>	<b>1,840,371,480</b>	<b>1,252,557,395</b>	<b>526,523,821</b>
<b>ALLOWANCE AND SOCIAL CONTRIBUTION</b>							
1	Non-regular allowance	96,783,243	96,783,243			(96,783,243)	
2	Honorarium & Sitting Allowance	17,904,000	17,904,000			(17,904,000)	
3	Other Allowances					-	116,875,500
4	Sitting Allowance					-	5,000,000
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>114,687,243</b>	<b>114,687,243</b>	<b>-</b>	<b>-</b>	<b>(114,687,243)</b>	<b>121,875,500</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>702,501,328</b>	<b>452,523,314</b>	<b>249,978,014</b>	<b>1,840,371,480</b>	<b>1,137,870,152</b>	<b>648,399,321</b>

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 2019. 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 2019**

**Notes to the Financial Statements**

**NOTE 16 : Social Benefits**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018	
		Actual	Budget	Variance	Actual	
<b>SOCIAL BENEFITS</b>		<b>Total Pension</b>	<b>Payment</b>	<b>Balance Payable</b>		
1	Pension	285,518,381	174,628,739	110,889,643	150,802,630	(134,715,751)
						-
<b>Total SOCIAL BENEFITS</b>		<b>285,518,381</b>	<b>174,628,739</b>	<b>110,889,643</b>	<b>150,802,630</b>	<b>(134,715,751)</b>

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 2019.

**Omala Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	Repairs & Maintenance	21,082,400		(21,082,400)	17,040,000
	Gift & Donations	31,118,541		(31,118,541)	69,883,050
	Transport & Traveling	102,996,786		(102,996,786)	113,326,000
	Professional Services	42,419,407		(42,419,407)	104,274,459
	Printing & Stationery	13,603,500		(13,603,500)	13,250,476
	Security Service	202,727,871		(202,727,871)	186,203,943
	General Expenses	27,169,745		(27,169,745)	55,416,095
	Environmental Sanitation & Decease control	44,131,844		(44,131,844)	53,039,351
	Advert & Publicity			-	8,758,857
	Medical Expenses	51,846,668		(51,846,668)	57,630,000
	Education & Sport Development	11,980,000		(11,980,000)	2,550,000
	Communication & Postages			-	350,000
	Cultural & Tourism Expenses	4,444,000		(4,444,000)	3,900,000
	Training	49,005,000		(49,005,000)	-
	Meal & Refreshment	8,452,000		(8,452,000)	
	Welfare package	73,555,222		(73,555,222)	
	Newspaper & Periodicals	1,423,000		(1,423,000)	
	Clearing of Right ways	88,292,291		(88,292,291)	
	Rehabilitation/Repair of road	50,273,800		(50,273,800)	
	Repair of Public school	1,010,000		(1,010,000)	
	Erosion and Flood control	120,880,000		(120,880,000)	
	Rehabilitation of ICT	305,000		(305,000)	
	Purchase of Agric input	54,142,857		(54,142,857)	
	<b>Subventions:</b>			-	
	LGEA-SUBEB	269,477,657		(269,477,657)	251,966,767
	<b>Satutory Expenses:</b>			-	
	1% Local Government Service Commission	7,507,108		(7,507,108)	
	1% Min. for Local Government & Chieftancy Affairs	19,178,587		(19,178,587)	
	1% Auditor General for Local Government	8,375,530		(8,375,530)	
	5% - Council of Chiefs	9,384,838		(9,384,838)	
				-	
		<b>1,314,783,652</b>	<b>-</b>	<b>(1,314,783,652)</b>	<b>937,588,998</b>
<p>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.</p>					
		<b>1,314,783,652</b>	<b>-</b>	<b>(1,314,783,652)</b>	<b>937,588,998</b>

**Omala Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 18 : Public Debt Charges**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	2,260,051	282,529,340	280,269,289	461,226
		-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>2,260,051</b>	<b>282,529,340</b>	<b>280,269,289</b>	<b>461,226</b>

The Omala Local Government Area of Kogi State Public Debt Charges include interest on unmatured 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 2019	Year Ended 31 December 2018
		Amount	Amount
1	Cash in the till	13,631	2,838
2	UBA Bank Plc	1,074,732	
3	Access Bank Plc	1,982,762	39,418,719
4	FCMB	-	74,287
		<b>3,071,125</b>	<b>39,495,843</b>

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 Omala 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.

**Omala Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**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
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	32,962,100	-	21,200,000	110,416,712	-	-	40,490,000	86,450,000	3,494,369,500	3,785,888,312
Additions During the year	1,100,000	900,000		27,000,000		7,130,000			26,751,393	62,881,393
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>34,062,100</b>	<b>900,000</b>	<b>21,200,000</b>	<b>137,416,712</b>	<b>-</b>	<b>7,130,000</b>	<b>40,490,000</b>	<b>86,450,000</b>	<b>3,521,120,893</b>	<b>3,848,769,705</b>
<b><u>ACCUMULATED DEPRECIATION</u></b>										
<b>DEPRECIATION RATE</b>	<b>20%</b>	<b>25%</b>	<b>10%</b>	<b>1%</b>	<b>25%</b>	<b>20%</b>	<b>25%</b>		<b>2%</b>	
Balance b/forward 01 January 2019	6,592,420	-	2,120,000	1,435,417.26	-	-	10,122,500	-	69,887,390	90,157,727
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	6,812,420	225,000	2,120,000	1,786,417	-	1,426,000	10,122,500	-	70,422,418	92,914,755
<b>Balance c/forward 31 December 2019</b>	<b>13,404,840</b>	<b>225,000</b>	<b>4,240,000</b>	<b>3,221,835</b>	<b>-</b>	<b>1,426,000</b>	<b>20,245,000</b>	<b>-</b>	<b>140,309,808</b>	<b>183,072,482</b>
<b><u>ACCUMULATED IMPAIRMENT</u></b>										
Balance b/forward 01 January 2019	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2019	-	-	-	-	-	-	-	-	-	-
<b><u>NET BOOK VALUE</u></b>										
Balance as at 31 December 2019	20,657,260	675,000	16,960,000	134,194,878	-	5,704,000	20,245,000	86,450,000	3,380,811,085	3,665,697,223
Balance as at 01 January 2019	26,369,680	-	19,080,000	108,981,295	-	-	30,367,500	86,450,000	3,424,482,110	3,695,730,585



**Omala Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25 : Short Term Loans & Debts**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Salary Payables (25a)	2,193,480,859	1,943,502,845
2	Other Payables (25b)	188,814,315	77,924,672
3	Loan in respect of IGR generation (NEXIA)	135,916,937	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>2,518,212,111</b>	<b>2,021,427,518</b>

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 25 : Salary Payables**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
	Balance b/f	1,943,502,845	1,623,562,198
1	Salary Payables for the year	249,978,014	319,940,648
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>2,193,480,859</b>	<b>1,943,502,845</b>

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 25 : Other Payables**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Balance b/f	77,924,672	41,943,458
2	Pension	110,889,643	35,981,215
<b>Total Other Payables</b>		<b>188,814,315</b>	<b>77,924,672</b>

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**

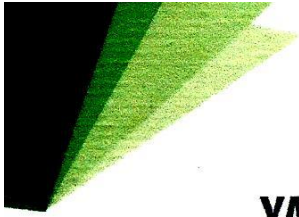
**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**


**Note 29 : Reserves**

<b>S/N</b>	<b>Description</b>	<b>Amount</b>	<b>Amount</b>
1	Opening Balance as at 01 January 2019		1,713,798,911
	<b>IPSA Adjustments</b>		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(315,102,494)	
	<b>Total IPSA Adjustments</b>		(315,102,494)
<b>Closing Balance as at 31 December 2019</b>			<b>1,398,696,417</b>

**YAGBA EAST LOCAL GOVERNMENT OF  
KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**



# 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 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).

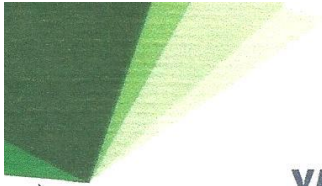
As the Treasurer and the Local Government Accounting Officer for the receipts and payments of Government, I am saddled with the responsibility of general supervision of accounts and the preparation of Financial Statements that is compliant with IPSAS Accrual Basis.

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 Yagba East 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.

**Aliyu Taibat**   
**Local Government Treasurer (LGT)**  
**Yagba East Local Government, Kogi State**  
**31 July 2020**



# YAGBA EAST LOCAL GOVERNMENT COUNCIL

 Yagba East Local Government Area  
P.M.B. 1005, Isanlu, Kogi State.

Our Ref: \_\_\_\_\_

Your Ref: \_\_\_\_\_

Date: \_\_\_\_\_

## **Yagba East 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. 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 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 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 2019 useful in significant areas of information requirements.


**Engr. David Aina**  
**Director of Local Government Administration**

**Yagba East Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Statement of Financial Performance**

	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	1,897,699,933	1,503,156,878
Government Share of VAT	10	367,821,852	353,848,414
Tax Revenue	11	6,584,850	24,652,557
Non-Tax Revenue	12	5,514,084	5,747,900
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>2,277,620,719</b>	<b>1,887,405,749</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	732,640,710	658,736,578
Social Benefits	16	273,661,869	171,540,172
Overhead Cost	17	1,335,481,618	737,218,625
Depreciation Charges	23	85,886,097	70,203,427
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>2,427,670,294</b>	<b>1,637,698,802</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>(150,049,576)</b>	<b>249,706,947</b>
Public Debt Charges	18	4,811,289	1,152,678
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>(154,860,865)</b>	<b>248,554,269</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>(154,860,865)</b>	<b>248,554,269</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>(154,860,865)</b>	<b>248,554,269</b>

  
**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 2019**  
**Statement of Financial Position**

ASSETS	Notes	Year Ended 31 December 2019		Year Ended 31 December 2018	
<b>Current Assets</b>					
Cash and Cash Equivalents	19	1,383,818		19,231,903	
Prepayment	20	-		-	
Other Current Assets	20b	2,300,000		85,030,690	
<b>Total Current Assets</b>			<b>3,683,818</b>		<b>104,262,593</b>
<b>Non-Current Assets</b>					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	1,438,164,005		1,445,874,258	
Intangible Assets	24	-		-	
<b>Total Non-Current Assets</b>			<b>1,438,164,005</b>		<b>1,445,874,258</b>
<b>Total Assets</b>			<b>1,441,847,824</b>		<b>1,550,136,852</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Short Term Loans & Debts	25	2,130,158,227		1,830,695,525	
Unremitted Deductions	26	32,301,246		42,405,246	
Payables	27	-		-	
<b>Total Current Liabilities</b>			<b>2,162,459,473</b>		<b>1,873,100,771</b>
<b>Non-Current Liabilities</b>					
Long Term Borrowings	28	-		-	
<b>Total Non-Current Liabilities</b>			<b>-</b>		<b>-</b>
<b>Total Liabilities</b>			<b>2,162,459,473</b>		<b>1,873,100,771</b>
<b>Net Assets</b>			<b>(720,611,650)</b>		<b>(322,963,919)</b>
<b>NET ASSETS/EQUITY</b>					
Reserves	29	(565,750,785)		(571,518,188)	
Accumulated Surpluses/(Deficits)		(154,860,865)		248,554,269	
<b>Total Net Assets/Equity</b>			<b>(720,611,650)</b>		<b>(322,963,919)</b>

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 2019**  
**Statement of Cashflow**

Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	1,897,699,933	1,503,156,878
Government Share of VAT	10	367,821,852	353,848,414
Tax Revenue	11	6,584,850	24,652,557
Non-Tax Revenue	12	5,514,084	5,747,900
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>2,277,620,719</b>	<b>1,887,405,749</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	732,640,710	658,736,578
Social Benefits	16	273,661,869	171,540,172
Overhead Cost(s)	17	1,335,481,618	761,983,668
Transfer to other Government Entities		-	-
Finance Cost	18	4,811,289	1,152,677.91
Finance Cost			
<b>Total Outflow From Operating Activities</b>		<b>2,346,595,487</b>	<b>1,593,413,097</b>
<b>Net Cash Flow From Operating Activities</b>		<b>(68,974,768)</b>	<b>293,992,652</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(78,175,844)	(426,348,385)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(78,175,844)</b>	<b>(426,348,385)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	299,462,702	464,846,641
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(170,160,176)	(369,870,924)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>129,302,526</b>	<b>94,975,717</b>
<b>Net Cash Flow From All Activities</b>		<b>(17,848,085)</b>	<b>(37,380,016)</b>
<b>Open Cash Balance</b>		<b>19,231,904</b>	<b>56,611,919</b>
<b>Closing Cash Balance</b>		<b>1,383,818</b>	<b>19,231,904</b>

**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 2019**

**Statement of Change in Assets/Equity**

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
<b>Closing Balance 31 December 2018</b>	<b>(571,518,188)</b>	<b>248,554,269</b>	<b>(322,963,919)</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-	-	-
<b>Opening Balance as at 01 January 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(154,860,865)	(154,860,865)
Reserves (Note 29)	(565,750,785)		(565,750,785)
<b>Closing Balance as at 31 December 2019</b>	<b>(565,750,785)</b>	<b>(154,860,865)</b>	<b>(720,611,650)</b>



**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 2019**

**Statement of Cashflow**

Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	1,897,699,933	1,503,156,878
Government Share of VAT	10	367,821,852	353,848,414
Tax Revenue	11	6,584,850	24,652,557
Non-Tax Revenue	12	5,514,084	5,747,900
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>2,277,620,719</b>	<b>1,887,405,749</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	732,640,710	658,736,578
Social Benefits	16	273,661,869	171,540,172
Overhead Cost(s)	17	1,335,481,618	761,983,668
Transfer to other Government Entities		-	-
Finance Cost	18	4,811,289	1,152,677.91
Finance Cost			
<b>Total Outflow From Operating Activities</b>		<b>2,346,595,487</b>	<b>1,593,413,097</b>
<b>Net Cash Flow From Operating Activities</b>		<b>(68,974,768)</b>	<b>293,992,652</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(78,175,844)	(426,348,385)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(78,175,844)</b>	<b>(426,348,385)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	299,462,702	464,846,641
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(170,160,176)	(369,870,924)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>129,302,526</b>	<b>94,975,717</b>
<b>Net Cash Flow From All Activities</b>		<b>(17,848,085)</b>	<b>(37,380,016)</b>
<b>Open Cash Balance</b>		<b>19,231,904</b>	<b>56,611,919</b>
<b>Closing Cash Balance</b>		<b>1,383,818</b>	<b>19,231,904</b>

**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 2019**

**Statement of Comparison of Budget and Actual**

	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
		Original	Supplementary	Final		
<b>RECURRENT REVENUE</b>						
Government Share of FAAC (Statutory Revenue)	9	4,907,484,240	546,000,000	5,453,484,240	1,113,948,234	(4,339,536,006)
Excess Crude	9		-	-	6,327,553	6,327,553
Budget Augmentation/Budget Support Facility	9		-	-	484,676,313	484,676,313
Exchange Difference	9		-	-	2,407,029	2,407,029
Refund from Federal Government	9		-	-	257,993,621	257,993,621
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	30,747,360	30,747,360
Excess Bank Charge	9		-	-	1,599,823	1,599,823
Government Share of VAT	10	427,031,550	-	427,031,550	367,821,852	(59,209,698)
Tax Revenue	11	50,000,000		50,000,000	6,584,850	(43,415,150)
Non-Tax Revenue	12	-		-	5,514,084	5,514,084
<b>TOTAL RECURRENT REVENUE</b>		<b>5,384,515,790</b>	<b>546,000,000</b>	<b>5,930,515,790</b>	<b>2,277,620,719</b>	<b>(3,652,895,071)</b>
<b>CAPITAL RECEIPT</b>						
		-	-	-	-	-
<b>TOTAL CAPITAL RECEIPT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>		<b>5,384,515,790</b>	<b>546,000,000</b>	<b>5,930,515,790</b>	<b>2,277,620,719</b>	<b>(3,652,895,071)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	909,551,950	302,000,000	1,211,551,950	732,640,710	478,911,240
Social Benefits	16	84,545,620		84,545,620	273,661,869	(189,116,249)
Overhead Cost	17	1,183,051,340	144,000,000	1,327,051,340	1,335,481,618	(8,430,278)
Public Debt Charges	18	-	-	-	4,811,289	(4,811,289)
Impairment (Loss) on Investment	22	-	-	-		-
<b>TOTAL RECURRENT EXPENDITURES</b>			<b>446,000,000</b>	<b>2,623,148,910</b>	<b>2,346,595,487</b>	<b>276,553,423</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	3,253,542,020	100,000,000	3,353,542,020	78,175,844	3,275,366,176
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>3,253,542,020</b>	<b>100,000,000</b>	<b>3,353,542,020</b>	<b>78,175,844</b>	<b>3,275,366,176</b>
<b>TOTAL EXPENDITURE</b>		<b>3,253,542,020</b>	<b>546,000,000</b>	<b>5,976,690,930</b>	<b>2,424,771,331</b>	<b>3,551,919,599</b>

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 2019		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2019
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>(154,860,865)</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	85,886,097.01
Impairment of Investments	22	-
<b>Total non-cash Items</b>		<b>(68,974,768)</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	299,462,702.42
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment		(170,160,176)
<b>Total movements in working capital items</b>		<b>129,302,526.42</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(78,175,844)
<b>Total items classified as investing activities</b>		<b>(78,175,844)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(17,848,085)</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>19,231,904</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>1,383,818</b>

**Yagba East Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
**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 2019, 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 2019**  
**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 2019**  
**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 2019**  
**Notes to the Financial Statements**

Thus, in line with the Format, the 2019 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 2019**  
**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 2019. 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 2019**  
**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 2019**  
**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 2019**  
**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.

**vi. 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 2019**  
**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**  
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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 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-

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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 2019, 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.

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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 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.



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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 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.

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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 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:

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

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 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	30,747,360	-	(30,747,360)	-
2	Recovered Excess Bank Charges	1,599,823	-	(1,599,823)	15,449,951
3	Statutory Allocation	1,113,948,234	5,453,484,240	4,339,536,006	999,290,906
4	Exchange Difference	2,407,029	-	(2,407,029)	4,088,108
5	NNPC Refund	-	-	-	-
6	JAAC Special Allocation	257,993,621	-	(257,993,621)	339,482,776
7	Budget Augmentation	484,676,313	-	(484,676,313)	140,997,209
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	6,327,553	-	(6,327,553)	3,847,928
10	Ganished Fund	-	-	-	-
11	Salary Bailout	-	-	-	-
<b>Total Statutory Revenue</b>		<b>1,897,699,933</b>	<b>5,453,484,240.00</b>	<b>3,555,784,307</b>	<b>1,503,156,878</b>

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 2019. 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	BAILOUT/ SPECIAL FUNDS	TOTAL
1	January	102,885,148		-		-	-		-		102,885,148
2	February	-		240,669		10,833,646	-		87,994,515		99,068,830
3	March	-		-		10,587,721	-		78,372,065		88,959,786
4	April	-		207,543		-	1,106,510		84,644,356		85,958,409
5	May	95,103,466		192,728		-	-		-		95,296,193
6	June	-		-		-	-		-		-
7	July	138,849,820		288,452		-	-		-	484,676,313	623,814,585
8	August	273,903,747		511,877		-	-		-		274,415,624
9	September	136,045,488		257,217		-	493,313		-		136,796,018
10	October	131,921,326		235,738		564,121	-		-		132,721,185
11	November	129,860,507		277,567		-	-	2,127,731	-		132,265,805
12	December	105,378,732		195,239		8,761,872	-	4,199,822	6,982,685		125,518,350
-											
<b>Total</b>		<b>1,113,948,234</b>	<b>-</b>	<b>2,407,029</b>	<b>-</b>	<b>30,747,360</b>	<b>1,599,823</b>	<b>6,327,553</b>	<b>257,993,621</b>	<b>484,676,313</b>	<b>1,897,699,933</b>

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

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	367,821,852	427,031,550	(59,209,698)	353,848,414
<b>Total</b>		<b>367,821,852</b>	<b>427,031,550</b>	<b>(59,209,698)</b>	<b>353,848,414</b>

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 2019

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

S/N	Month	Year Ended 31 December 2019	Year Ended 31 December 2018
1	January	32,890,737	27,253,073
2	February	-	31,031,132
3	March	34,002,385	-
4	April	31,017,364	28,566,655
5	May	43,613,202	26,790,404
6	June	-	28,702,584
7	July	35,045,791	30,722,207
8	August	66,934,629	27,529,820
9	September	-	25,889,729
10	October	59,993,218	36,901,355
11	November	34,375,482	25,453,116
12	December	29,949,045	65,008,337
<b>Total</b>		<b>367,821,852</b>	<b>353,848,414</b>

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 2019

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**Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Development tax	5,360,210			24,184,310
2	Tenement rate	1,224,640			468,247
				-	-
<b>Total</b>		<b>6,584,850</b>	<b>-</b>	<b>-</b>	<b>24,652,557</b>

**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 2019		
		Actual	Budget	Variance
	Abattoir/Slaughter Slab Licenses	135,613		135,613
	Liquor Licenses	98,500		98,500
	Bake House Licenses	32,500		32,500
	Proceed From Restaurant	12,120		12,120
	Registration Of Voluntary Organisation	300,000		300,000
	Hackers permit	6,000		6,000
	Hiring services	10,000		10,000
	Birth/Death Registration	5,000		5,000
	Marriage/Divorce Fees	123,500		123,500
	Timber/Forest Fees	1,584,045		1,584,045
	Billboard/Advert Fees	239,000		239,000
	Survey fees	416,300		416,300
	Burial fees	100,000		100,000
	Penalty	16,000		16,000
	Earning From Rent	505,000		505,000
	Earning From Commercial Activities	492,500		492,500
	Earning From Medical Services	52,100		52,100
	Earning From Market	1,368,075		1,368,075
	Sales	17,831		17,831
				-

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**NOTE 15 : Salaries & Wages**

S/N	Description	Year Ended 31 December 2019				Year Ended 31 December 2018	
		Actual		Budget	Variance	Actual	
<b>SALARIES AND WAGES</b>		<b>Total Salary</b>	<b>Payment</b>	<b>Balance Payable</b>			
1	Salary	722,368,724	514,767,682	207,601,042	1,211,551,950	489,183,226	653,536,047
						-	
<b>Total SALARIES AND WAGES</b>		<b>722,368,724</b>	<b>514,767,682</b>	<b>207,601,042</b>	<b>1,211,551,950</b>	<b>489,183,226</b>	<b>653,536,047</b>
<b>ALLOWANCE AND SOCIAL CONTRIBUTION</b>							
1	Sundry Allowances	-				-	5,200,531
2	Non Regular Allowances	10,271,986	10,271,986			(10,271,986)	
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>10,271,986</b>	<b>10,271,986</b>	<b>-</b>	<b>-</b>	<b>(10,271,986)</b>	<b>5,200,531</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>732,640,710</b>	<b>525,039,668</b>	<b>207,601,042</b>	<b>1,211,551,950</b>	<b>478,911,240</b>	<b>658,736,578</b>

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 2019. The cumulative figure paid through respective Economic Line items are as shown above.



**Yagba East Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 16 : Social Benefits**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018	
		Actual	Budget	Variance	Actual	
<b>SOCIAL BENEFITS</b>		<b>Gross Pension</b>	<b>Payment</b>	<b>Balance Payable</b>		
1	Pension	273,661,869	273,661,869	-	84,545,620	(189,116,249)
2	Death Benefit					-
<b>Total SOCIAL BENEFITS</b>		<b>273,661,869</b>	<b>273,661,869</b>	<b>-</b>	<b>84,545,620</b>	<b>(189,116,249)</b>

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 2019.

**Yagba East Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	Traveling & Transport	19,707,500		(19,707,500)	39,751,379
	Utility Expenses	1,054,500		(1,054,500)	302,600
	Materials & Supplies	79,970,989		(79,970,989)	84,924,188
	Maintenance Services	19,513,490		(19,513,490)	29,325,200
	Training	7,416,572		(7,416,572)	43,947,066
	Other Services	76,984,079		(76,984,079)	65,592,000
	Consulting & Professional Servicee	45,575,767		(45,575,767)	99,955,381
	Fuel & Lubricants	32,554,200		(32,554,200)	51,071,650
	Entertainment & Meals	15,004,650		(15,004,650)	15,004,650
	Honourarium & sitting allowances	30,792,428		(30,792,428)	21,368,100
	Publicity & Advertisement	4,015,000		(4,015,000)	4,015,000
	Medical Expenses	3,900,000		(3,900,000)	3,900,000
	Welfare packages	39,726,750		(39,726,750)	39,726,750
	Subscription to professional bodies	500,000		(500,000)	500,000
	Youth & Sport Development	2,000,000		(2,000,000)	22,297,500
	Repairs/Rehabilitation expenses	363,455,720		(363,455,720)	
	Clearing of farmland for farmers	6,553,300		(6,553,300)	
	Environmental preservation expenses	38,200,000		(38,200,000)	
	Festivity celebration expenses	5,507,000		(5,507,000)	
	Monitoring & Evaluation expenses	25,061,000		(25,061,000)	
	<b>Subventions:</b>				
	LGEA-SUBEB	370,341,281		(370,341,281)	238,790,233
	<b>Statutory Contribution:</b>			-	
	1% Local Government Service Commission	6,807,204		(6,807,204)	
	1% Min. for Local Government & Chieftancy Affairs	11,410,087		(11,410,087)	
	1% Auditor General for Local Government	10,114,001		(10,114,001)	
	5% - Kogi State Council of Chiefs	12,698,082		(12,698,082)	
	Refunds to JAAC	106,618,020		(106,618,020)	1,511,971
				-	
		<b>1,335,481,618</b>	<b>-</b>	<b>(1,335,481,618)</b>	<b>761,983,668</b>
<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>					
		<b>1,335,481,618</b>	<b>-</b>	<b>(1,335,481,618)</b>	<b>761,983,668</b>

**Yagba East Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**NOTE 18 : Public Debt Charges**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	4,811,289	-	(4,811,289)	1,152,678
		-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>4,811,289</b>	<b>-</b>	<b>(4,811,289)</b>	<b>1,152,678</b>

The Yagba East 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 2019	Year Ended 31 December 2018
		Amount	Amount
1	Cash in the till	66,825	1,070
2	UBA Bank Plc	1,111,168	-
3	First Bank Plc	92,058	33,063
4	Access Bank Plc	113,767	19,197,770
		<b>1,383,818</b>	<b>19,231,903</b>

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.

**Yagba East Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 20b: Other Current Assets**

<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	Receivables	2,300,000	8,320,000
2	Advances	-	76,710,690
<b>Total</b>		<b>2,300,000</b>	<b>85,030,690</b>

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

**Note 20c: Receivables**

<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	MTN	1,000,000	3,250,000
2	GLO	800,000	3,200,000
3	AIRTEL	200,000	670,000
4	9 MOBILE	300,000	1,200,000
<b>Total</b>		<b>2,300,000</b>	<b>8,320,000</b>

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

**Yagba East Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**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
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	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
Additions During the year		28,464,284	200,000	7,249,800		42,261,760				78,175,844
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-		-	-		-	-
<b>Balance c/forward 31 December 2019</b>	<b>48,091,721</b>	<b>39,177,223</b>	<b>37,927,200</b>	<b>449,169,538</b>	<b>136,000</b>	<b>43,671,760</b>	<b>129,848,128</b>	<b>65,675,000</b>	<b>780,556,959</b>	<b>1,594,253,529</b>
<b><u>ACCUMULATED DEPRECIATION</u></b>										
<b>DEPRECIATION RATE</b>	<b>20%</b>	<b>25%</b>	<b>10%</b>	<b>1%</b>	<b>25%</b>	<b>20%</b>	<b>25%</b>		<b>2%</b>	
Balance b/forward 01 January 2019	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
Additions During the year										-
Disposal During the year	-	-	-	-		-			-	-
Prior Year Adjustment	-	-	-	-		-			-	-
<b>Total Charge for the Year</b>	<b>9,618,344</b>	<b>9,794,306</b>	<b>3,792,720</b>	<b>5,839,204</b>	<b>34,000</b>	<b>8,734,352</b>	<b>32,462,032</b>	<b>-</b>	<b>15,611,139</b>	<b>85,886,097</b>
<b>Balance c/forward 31 December 2019</b>	<b>19,236,688</b>	<b>12,472,540</b>	<b>7,565,440</b>	<b>11,584,161</b>	<b>68,000</b>	<b>9,016,352</b>	<b>64,924,064</b>	<b>-</b>	<b>31,222,278</b>	<b>156,089,524</b>
<b><u>ACCUMULATED IMPAIRMENT</u></b>										
Balance b/forward 01 January 2019	-	-	-	-		-	-		-	-
Additions During the year	-	-	-	-		-	-		-	-
Disposal During the year	-	-	-	-		-	-		-	-
<b>Balance c/forward 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b></b>	<b>-</b>	<b>-</b>	<b></b>	<b>-</b>	<b>-</b>
<b><u>NET BOOK VALUE</u></b>										
Balance as at 31 December 2019	28,855,033	26,704,682	30,361,760	437,585,378	68,000	34,655,408	64,924,064	65,675,000	749,334,681	1,438,164,005
Balance as at 01 January 2019	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

**Yagba East Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25 : Short Term Loans & Debts**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	1,748,021,429	1,540,420,387
3	Other Payables (25b)	281,878,604	281,878,604
4	Term Loan (25c)	100,258,194	8,396,533
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>2,130,158,227</b>	<b>1,830,695,525</b>

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 2019	Year Ended 31 December 2018
1	Balance b/f	1,540,420,387	1,174,033,264
2	Salary Payables for the year	207,601,042	366,387,123
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>1,748,021,429</b>	<b>1,540,420,387</b>

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

<b>Note 25b : Other Payables</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	Pension	277,029,604	277,029,604
2	Rent Payables	1,240,000	1,240,000
3	Hotel Bills Payable	3,609,000	3,609,000
<b>Total Other Payables</b>		<b>281,878,604</b>	<b>281,878,604</b>
<p>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</p>			

<b>Yagba East Local Government of Kogi State</b>			
<b>Financial Statements for the Year Ended 31 December 2019</b>			
<b>Notes to the Financial Statements</b>			
<b>Note 25 : Short Term Loans &amp; Debts (Loan Payables)</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	ACCESS BANK (Overdraft)	778,338	8,396,533
2	Loan-NEXIA Agbo Abel & Co	99,479,856	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>100,258,194</b>	<b>8,396,533</b>
<p>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</p>			

<b>Note 26 : Unremitted Deductions</b>			
<b>S/N</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>	<b>Year Ended 31 December 2018</b>
1	Withholding Tax	5,650,460	2,950,218
2	Value Added Tax	2,000	2,950,218
3	Paye	13,713,373	14,476,215
6	NULGE	2,643,581	2,878,601
7	Health & Medical Union	629,378	292,650
8	Staff CTCS	9,179,313	18,562,720
9	NUT/NASU	294,625	294,625
10	NUP	188,517	
<b>Total Unremitted Deductions</b>		<b>32,301,246</b>	<b>42,405,246</b>

<b>Note 29 : Reserves</b>			
<b>S/N</b>	<b>Description</b>	<b>Amount</b>	<b>Amount</b>
1	Opening Balance as at 01 January 2018		(241,236,706)
	<b>IPSA Adjustments</b>		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(324,514,079)	
	<b>Total IPSA Adjustments</b>		(324,514,079)
<b>Closing Balance as at 31 December 2018</b>			<b>(565,750,785)</b>



**YAGBA WEST LOCAL GOVERNMENT OF  
KOGI STATE  
AUDITED FINANCIAL STATEMENTS  
FOR  
THE YEAR ENDED 31 DECEMBER 2019**



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 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 Yagba West 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.

**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 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. 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 2019 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 2019**

**Statement of Financial Performance**

	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>REVENUE</b>			
Government Share of FAAC (Statutory Revenue)	9	1,888,503,955	1,400,526,604
Government Share of VAT	10	321,340,851	351,902,999
Tax Revenue	11	5,165,029	6,717,698
Non-Tax Revenue	12	2,047,450	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>TOTAL REVENUE</b>		<b>2,217,057,284</b>	<b>1,759,147,301</b>
<b>EXPENDITURES</b>			
Salaries & Wages	15	659,252,519	587,576,134
Social Benefits	16	670,573,478	411,101,621
Overhead Cost	17	1,249,311,072	670,822,797
Depreciation Charges	23	92,553,610	67,526,622
Impairment (Loss) on Investment	22	-	-
<b>TOTAL EXPENDITURES</b>		<b>2,671,690,678</b>	<b>1,737,027,174</b>
<b>Surplus/(Deficit) from Operating Activities for the Period</b>		<b>(454,633,394)</b>	<b>22,120,128</b>
Public Debt Charges	18	8,102,890	8,732,818
<b>Total Non-Operating Revenue/(Expenses)</b>		<b>(462,736,285)</b>	<b>13,387,310</b>
<b>Surplus/(Deficit) from Ordinary Activities</b>		<b>(462,736,285)</b>	<b>13,387,310</b>
<b>Net Surplus/ (Deficit) for the Period</b>		<b>(462,736,285)</b>	<b>13,387,310</b>

  
**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 2019				
Statement of Financial Position				
ASSETS	Notes	Year Ended 31 December 2019		Year Ended 31 December 2018
<b>Current Assets</b>				
Cash and Cash Equivalents	19	25,639,937		84,799,615
Prepayment	20	-		-
Other Current Assets	20b	8,000,000		74,757,913
<b>Total Current Assets</b>			<b>33,639,937</b>	<b>159,557,528</b>
<b>Non-Current Assets</b>				
Long Term Loans	21	-		-
Investments	22	1,050,000		1,050,000
Property, Plant & Equipment	23	2,828,987,923		2,774,481,594
Intangible Assets	24	-		-
<b>Total Non-Current Assets</b>			<b>2,830,037,923</b>	<b>2,775,531,594</b>
<b>Total Assets</b>			<b>2,863,677,860</b>	<b>2,935,089,121</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Short Term Loans & Debts	25	4,230,169,471		3,456,992,599
Unremitted Deductions	26	14,939,414		22,004,185
Payables	27	-		-
<b>Total Current Liabilities</b>			<b>4,245,108,885</b>	<b>3,478,996,785</b>
<b>Non-Current Liabilities</b>				
Long Term Borrowings	28	479,979,089		-
<b>Total Non-Current Liabilities</b>			<b>479,979,089</b>	<b>-</b>
<b>Total Liabilities</b>			<b>4,725,087,974</b>	<b>3,478,996,785</b>
<b>Net Assets</b>			<b>(1,861,410,114)</b>	<b>(543,907,663)</b>
<b>NET ASSETS/EQUITY</b>				
Reserves	29	(1,398,673,829)		(557,294,973)
Accumulated Surpluses/(Deficits)		(462,736,285)		13,387,310
<b>Total Net Assets/Equity</b>			<b>(1,861,410,114)</b>	<b>(543,907,663)</b>



**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 2019**

**Statement of Change in Assets/Equity**

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
<b>Closing Balance 31 December 2018</b>	<b>(557,294,973)</b>	<b>13,387,310</b>	<b>(543,907,663)</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
<b>Opening Balance as at 01 January 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	(462,736,285)	(462,736,285)
Reserves (Note 29)	(1,398,673,829)		(1,398,673,829)
<b>Closing Balance as at 31 December 2019</b>	<b>(1,398,673,829)</b>	<b>(462,736,285)</b>	<b>(1,861,410,114)</b>



**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 2019**

**Statement of Cashflow**

Description	Notes	Year Ended 31 December 2019	Year Ended 31 December 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Inflows</b>			
Government Share of FAAC (Statutory Revenue)	9	1,888,503,955	1,400,526,604
Government Share of VAT	10	321,340,851	351,902,999
Tax Revenue	11	5,165,029	6,717,698
Non-Tax Revenue	12	2,047,450	-
Aid and Grants	13	-	-
Interest Earned	14	-	-
<b>Total Inflow From Operating Activities</b>		<b>2,217,057,284</b>	<b>1,759,147,301</b>
<b>Less Outflows:</b>			
Salaries & Wages	15	659,252,519	587,576,134
Social Benefits	16	670,573,478	411,101,621
Overhead Cost(s)	17	1,249,311,072	670,822,797
Transfer to other Government Entities		-	-
Finance Cost	18	8,102,890.34	8,732,818
Finance Cost			
<b>Total Outflow From Operating Activities</b>		<b>2,587,239,959</b>	<b>1,678,233,369</b>
<b>Net Cash Flow From Operating Activities</b>		<b>(370,182,675)</b>	<b>80,913,932</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>LESSS OUTFLOW:</b>			
Purchase/Construction/Rehabilitation of PPE	23	(147,059,939)	(271,002,461)
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
<b>Net Cash Flow From Investing Activities</b>		<b>(147,059,939)</b>	<b>(271,002,461)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings - Short Term Loan	25	773,176,872	654,294,142
Proceeds from Borrowings - Long Term Loan	28	479,979,089	-
Repayment of Borrowings		(795,073,025)	(505,039,275)
Distribution of Surplus/Dividends Paid		-	-
<b>Net Cash Flow From Financing Activities</b>		<b>458,082,935</b>	<b>149,254,867</b>
<b>Net Cash Flow From All Activities</b>		<b>(59,159,679)</b>	<b>(40,833,662)</b>
<b>Open Cash Balance</b>		<b>84,799,615</b>	<b>125,633,278</b>
<b>Closing Cash Balance</b>		<b>25,639,936</b>	<b>84,799,615</b>



**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 2019**

**Statement of Comparison of Budget and Actual**

	Notes	Budget			Year Ended 31 December 2019	Difference Between Budget & Actual
		Original	Supplementary	Final		
<b>RECURRENT REVENUE</b>						
Government Share of FAAC (Statutory Revenue)	9	4,287,474,610	-	4,287,474,610	1,363,670,016	(2,923,804,594)
Excess Crude	9		-	-	6,191,292	6,191,292
Budget Augmentation/Budget Support Facility	9		-	-	479,979,089	479,979,089
Exchange Difference	9		-	-	2,355,195	2,355,195
Refund from Federal Government	9		-	-	-	-
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	30,078,135	30,078,135
Excess Bank Charge	9		-	-	6,230,227	6,230,227
Government Share of VAT	10	328,090,520	-	328,090,520	321,340,851	(6,749,669)
Tax Revenue	11	40,860,850		40,860,850	5,165,029	(35,695,821)
Non-Tax Revenue	12			-	2,047,450	2,047,450
<b>TOTAL RECURRENT REVENUE</b>		<b>4,656,425,980</b>	<b>-</b>	<b>4,656,425,980</b>	<b>2,217,057,284</b>	<b>(2,439,368,696)</b>
<b>CAPITAL RECEIPT</b>						
		-	-	-	-	-
<b>TOTAL CAPITAL RECEIPT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE</b>		<b>4,656,425,980</b>	<b>-</b>	<b>4,656,425,980</b>	<b>2,217,057,284</b>	<b>(2,439,368,696)</b>
<b>RECURRENT EXPENDITURES</b>						
Salaries & Wages	15	2,303,776,440		2,303,776,440	659,252,519	1,644,523,921
Social Benefits	16	42,172,820		42,172,820	670,573,478	(628,400,658)
Overhead Cost	17	814,765,460		814,765,460	1,249,311,072	(434,545,612)
Public Debt Charges	18	-	-	-	8,102,890	(8,102,890)
Impairment (Loss) on Investment	22	-	-	-		
<b>TOTAL RECURRENT EXPENDITURES</b>		<b>3,160,714,720</b>	<b>-</b>	<b>3,160,714,720</b>	<b>2,587,239,959</b>	<b>573,474,761</b>
<b>CAPITAL EXPENDITURE</b>						
Property, Plant & Equipment (PPE)	23	1,414,443,400		1,414,443,400	147,059,939	1,267,383,461
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,414,443,400</b>	<b>-</b>	<b>1,414,443,400</b>	<b>147,059,939</b>	<b>1,267,383,461</b>
<b>TOTAL EXPENDITURE</b>		<b>4,575,158,120</b>	<b>-</b>	<b>4,575,158,120</b>	<b>2,734,299,898</b>	<b>1,840,858,222</b>

  
**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 2019		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2019
<b>Net Surplus/(Deficit) as per Statement of Financial Performance</b>		<b>(462,736,285)</b>
<b>Add/(Less) non-cash items</b>		
Depreciation and amortisation	23	92,553,610
Impairment of Investments	22	-
<b>Total non-cash Items</b>		<b>(370,182,675)</b>
<b>Add/(Less) movements in statement of financial position items</b>		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	773,176,872
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	479,979,089
(Increase)/decrease in Loan Repayment		(795,073,025)
<b>Total movements in working capital items</b>		<b>458,082,935</b>
<b>Add/(Less) items classified as investing activities</b>		
Purchase of PPE	23	(147,059,939)
<b>Total items classified as investing activities</b>		<b>(147,059,939)</b>
<b>Net cash flow from All (Operating) Activities</b>		<b>(59,159,679)</b>
<b>Cash &amp; Cash Equivalent as at 01 January 2019</b>		<b>84,799,615</b>
<b>Cash &amp; Cash Equivalent as at 31 December 2019</b>		<b>25,639,936</b>

**Yagba West Local Government of Kogi State**  
**Financial Statements for the Year Ended 31 December 2019**  
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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 Yagba West Local Governments of Kogi State for the financial year ended 31 December 2019, 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.

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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 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.
- e.

**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 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.

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Thus, in line with the Format, the 2019 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**  
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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 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 2019. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Yagba West Local Government of Kogi State**  
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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.

**b. 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.

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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**  
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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 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 2019**  
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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. 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

**Yagba West Local Government of Kogi State**  
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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 2019, Yagba West Local Government has recognized financial liabilities measured at amortized cost. These include Yagba West Local and foreign debts and investments.

**iii. 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

**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 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:

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

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 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	
1	Forex Equalisation	30,078,135	-	(30,078,135)	25,802,633
2	Recovered Excess Bank Charges	6,230,227	-	(6,230,227)	17,839,381
3	Statutory Allocation	1,363,670,016	4,287,474,610	2,923,804,594	1,167,505,534
4	Exchange Difference	2,355,195	-	(2,355,195)	4,000,063
5	NNPC Refund	-	-	-	-
6	JAAC Special Allocation	-	-	-	178,799,833
7	Budget Augmentation	479,979,089	-	(479,979,089)	-
8	Non-oil Revenue	-	-	-	-
9	Solid Minerals (Oil Excess Revenue)	6,191,292	-	(6,191,292)	6,579,160
10	Ganished Fund	-	-	-	-
11	Salary Bailout	-	-	-	-
<b>Total Statutory Revenue</b>		<b>1,888,503,955</b>	<b>4,287,474,610</b>	<b>2,398,970,655</b>	<b>1,400,526,604</b>

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 2019. 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	SPECIAL FUNDS/BAIL OUT	TOTAL
1	January	91,197,126					-				91,197,126
2	February	98,700,645		235,486			-				98,936,131
3	March	84,025,537				10,575,588	-				94,601,124
4	April	74,699,550		203,074		10,359,719	1,082,681				86,345,025
5	May	90,668,053		188,577			-				90,856,630
6	June	30,204,800					-				30,204,800
7	July	135,767,491		282,240			-				136,049,731
8	August	267,544,800		500,854			-				268,045,654
9	September	132,737,379		251,677			482,690				133,471,747
10	October	128,704,029		230,661		569,639	-				129,504,329
11	November	126,687,589		271,590			-	2,081,911		479,979,089	609,020,178
12	December	102,733,018		191,035		8,573,190	4,664,856	4,109,381			120,271,479
-											
<b>Total</b>		<b>1,363,670,016</b>	<b>-</b>	<b>2,355,195</b>	<b>-</b>	<b>30,078,135</b>	<b>6,230,227</b>	<b>6,191,292</b>	<b>-</b>	<b>479,979,089</b>	<b>1,888,503,955</b>

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

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	321,340,851	328,090,520	(6,749,669)	351,902,999
<b>Total</b>		<b>321,340,851</b>	<b>328,090,520.00</b>	<b>(6,749,669)</b>	<b>351,902,999</b>

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 2019

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

S/N	Month	Year Ended 31 December 2019	Year Ended 31 December 2018
1	January	32,259,780	26,727,294
2	February	-	-
3	March	33,348,205	30,425,935
4	April	30,413,777	28,006,540
5	May	3,402,070	26,266,275
6	June	-	28,158,567
7	July	34,363,194	30,137,193
8	August	65,638,845	26,995,407
9	September	-	25,389,981
10	October	58,836,947	36,184,094
11	November	33,705,131	24,957,450
12	December	29,372,901	68,654,263
<b>Total</b>		<b>321,340,851</b>	<b>351,902,999</b>

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 2019

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**Note 11 : Tax Revenue**

S/N	Tax Revenue	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Community Tax			-	40,500
2	License	11,200		11,200	20,000
3	Market Collection	15,000		15,000	16,000
4	Trade Permit	214,600		214,600	849,198
5	Liquid License			-	7,500
6	Shop Permit	239,100		239,100	190,900
7	Billboard Advertisement Fee	38,300		38,300	168,500
8	Tender services	300,000		300,000	
9	Birth & Death registration fee	7,000		7,000	
10	Association Fees	2,000		2,000	30,000
11	Agricultural Veterinary Service			-	10,000
12	Development Levy	3,828,729		3,828,729	291,000
13	State Of Origin Certificate	476,100		476,100	140,700
14	Toll Gate			-	110,500
15	C Of O Certificate			-	75,900
16	Tenement Rate	23,000		23,000	5,000
17	Sales Of Unserviceable Item			-	2,845,000
18	Mass Transit			-	372,000
19	Marriage/Divorce fee	10,000		10,000	-
20	Hiring Of Plant And Equipment			-	1,545,000
<b>Total</b>		<b>5,165,029</b>	<b>-</b>	<b>5,165,029</b>	<b>6,717,698</b>

**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 12 : Non Tax Revenue**

<b>Administrative Code</b>	<b>Description</b>	<b>Year Ended 31 December 2019</b>		
		<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
	Hiring services	370,000		370,000
	Earning from Plant & Equipment hiring	500,000		500,000
	Earning from Toll gate	607,400		607,400
	Rent on govt building	24,000		24,000
	Rent on Land	200,000		200,000
	Rent & Premium on land allocation	131,000		131,000
	Rent on plots of land	215,000		215,000
	Interest income	50		50
	<b>Total</b>	<b>2,047,450</b>	<b>-</b>	<b>2,047,450</b>

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**NOTE 15 : Salaries & Wages**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018	
		Actual	Budget	Variance	Actual	
<b>SALARIES AND WAGES</b>		<b>Total Salary</b>	<b>Payment</b>	<b>Balance Payable</b>		
1	Salaries	659,252,519	334,595,860	324,656,659	2,303,776,440	1,969,180,580
						-
<b>Total SALARIES AND WAGES</b>		<b>659,252,519</b>	<b>334,595,860</b>	<b>324,656,659</b>	<b>2,303,776,440</b>	<b>1,969,180,580</b>
<b>ALLOWANCE AND SOCIAL CONTRIBUTION</b>						
						-
						-
<b>Total ALLOWANCE AND SOCIAL CONTRIBUTION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total Salaries &amp; Wages</b>		<b>659,252,519</b>	<b>334,595,860</b>	<b>324,656,659</b>	<b>2,303,776,440</b>	<b>1,969,180,580</b>

These are salaries and wages paid by Yagba West Local Government Area of Kogi State to Civil Servants as compensation for holding office or employment for the period January to December 2019. 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 2019				Year Ended 31 December 2018	
		Actual			Budget	Variance	Actual
SOCIAL BENEFITS		Gross Pension	Payment	Balance Payable			
1	Pension	670,573,478	382,104,143	288,469,335		(670,573,478)	411,101,621
						-	
<b>Total SOCIAL BENEFITS</b>		<b>670,573,478</b>	<b>382,104,143</b>	<b>288,469,335</b>	<b>-</b>	<b>(670,573,478)</b>	<b>411,101,621</b>

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 2019.

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**NOTE 17 : Overhead Costs**

Economic Code	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
	Travelling expenses-Data Of LGA	61,451,370		(61,451,370)	21,687,476
	Professional Services	49,214,750		(49,214,750)	172,974,211
	Printing & Stationery	5,948,500		(5,948,500)	3,428,700
	Security Expenses	56,840,000		(56,840,000)	60,350,000
	Advert & Publicity			-	1,384,275
	Refreshment and meal	19,320,000		(19,320,000)	29,323,000
	Honorarium and sitting allowances	13,371,429		(13,371,429)	25,419,048
	Repairs & Maintenance	10,820,000		(10,820,000)	17,237,305
	Fueling & Lubricants	3,930,694		(3,930,694)	-
	Local training	138,577,000		(138,577,000)	2,971,971
	Welfare package	10,086,000		(10,086,000)	4,034,496
	Youth & Spot Development	10,000,000		(10,000,000)	35,775,000
	Special day celebration	7,920,000		(7,920,000)	1,000,000
	Grant to community /NGO			-	28,322,200
	Drug & Medical	56,572,860		(56,572,860)	45,689,924
	Educational development expenses-feeding programme	8,686,111		(8,686,111)	-
	Legal Services	411,905		(411,905)	3,200,000
	Rent	212,000		(212,000)	-
	Special day celebration			-	1,000,000
	Teaching aids expenses			-	3,000,000
	Clearing & Fumigation	13,334,286		(13,334,286)	
	Clearing of Highways	80,381,224		(80,381,224)	
	Repayment of Nexia facility	151,288,417		(151,288,417)	
	Agricultural input and fertilizer	1,900,000		(1,900,000)	
	Environmental management-bush burning and tracing	3,500,000		(3,500,000)	
	Water facilities expenses	1,500,000		(1,500,000)	
	Maintenance of road - Right of way	245,011,650		(245,011,650)	
	<b>Subventions:</b>				
	LGEA-SUBEB	270,906,202			214,025,190
	<b>Statutory Contribution:</b>			-	
	1% Local Government Service Commission	6,597,256		(6,597,256)	
	1% Min. for Local Government & Chieftancy Affairs	7,668,140		(7,668,140)	
	1% Auditor General for Local Government	7,668,140		(7,668,140)	
	5% - Kogi State Council of Chiefs	6,193,138		(6,193,138)	
		<b>1,249,311,072</b>	<b>-</b>	<b>(978,404,869)</b>	<b>670,822,797</b>
<p><b>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.</b></p>					
		<b>1,249,311,072</b>	<b>-</b>	<b>(978,404,869)</b>	<b>670,822,797</b>



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**NOTE 18 : Public Debt Charges**

S/N	Description	Year Ended 31 December 2019			Year Ended 31 December 2018
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	8,102,890	-	(8,102,890)	8,732,818
		-	-	-	-
<b>Total PUBLIC DEBT CHARGES</b>		<b>8,102,890</b>	<b>-</b>	<b>(8,102,890)</b>	<b>8,732,818</b>

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 2019	Year Ended 31 December 2018
		Amount	Amount
1	Cash in the till		978
2	UBA Bank Plc	3,163,308	2,964,202
3	First Bank Plc		212,122
4	Access Bank Plc	22,476,629	81,622,314
		<b>25,639,937</b>	<b>84,799,615</b>

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.

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**Note 20 b: Other Current Assets**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Receivables	8,000,000	-
2	Advances	-	74,757,913
<b>Total</b>		<b>8,000,000</b>	<b>74,757,913</b>

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 2019	Year Ended 31 December 2018
1	Unretired Imperest Advance		64,451,600
2	Personal Advance (Motor & Bicycle Loan)		10,306,313
<b>Total</b>		<b>-</b>	<b>74,757,913</b>

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 2019	Year Ended 31 December 2018
1	Loan to Okene LG	8,000,000	
<b>Total</b>		<b>8,000,000</b>	<b>-</b>

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

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**Note 22 : Investments**

Details of Investment		Book Value as at 31 December 2019	Unit of Stock	Market Price Per Unit as at 31 December 2019	Market Value as at 31 December 2019	Impairment (Loss) on Investment
<b>Foreign Investments</b>						
1		-	-	-	-	-
<b>Total Foreign Investments</b>		-		-	-	
<b>Domestic Investments</b>						
2	Investment	500,000			500,000	-
3	Allied Bank (Debenture)	50,000			50,000	-
4	Urban Development Bank (Shares)	500,000			500,000	-
<b>Total Domestic Investments</b>		<b>1,050,000</b>			<b>1,050,000</b>	-
<b>Total Foreign &amp; Domestic Investments</b>		<b>1,050,000</b>			<b>1,050,000</b>	-

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 2019

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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
<b><u>COST/REVALUATION</u></b>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2019	44,637,805	6,600,000	10,800,000	216,770,125	-	-	13,168,946	62,090,700	2,487,940,639.65	2,842,008,215
Additions During the year		6,380,000	3,000,000	12,000,000		113,679,939			12,000,000	147,059,939
Revaluation										-
Recognition of Legacy PPE										
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>44,637,805</b>	<b>12,980,000</b>	<b>13,800,000</b>	<b>228,770,125</b>	<b>-</b>	<b>113,679,939</b>	<b>13,168,946</b>	<b>62,090,700</b>	<b>2,499,940,640</b>	<b>2,989,068,155</b>
<b><u>ACCUMULATED DEPRECIATION</u></b>										
<b>DEPRECIATION RATE</b>	<b>20%</b>	<b>25%</b>	<b>10%</b>	<b>1%</b>	<b>25%</b>	<b>20%</b>	<b>25%</b>		<b>2%</b>	
Balance b/forward 01 January 2019	8,927,561	1,650,000	1,080,000	2,818,012	-	-	3,292,237	-	49,758,813	67,526,622
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
<b>Total Charge for the Year</b>	<b>8,927,561</b>	<b>3,245,000</b>	<b>1,380,000</b>	<b>2,974,012</b>	<b>-</b>	<b>22,735,988</b>	<b>3,292,237</b>	<b>-</b>	<b>49,998,813</b>	<b>92,553,610</b>
<b>Balance c/forward 31 December 2019</b>	<b>17,855,122</b>	<b>4,895,000</b>	<b>2,460,000</b>	<b>5,792,023</b>	<b>-</b>	<b>22,735,988</b>	<b>6,584,473</b>	<b>-</b>	<b>99,757,626</b>	<b>160,080,232</b>
<b><u>ACCUMULATED IMPAIRMENT</u></b>										
Balance b/forward 01 January 2019	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
<b>Balance c/forward 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>NET BOOK VALUE</u></b>										
Balance as at 31 December 2019	26,782,683	8,085,000	11,340,000	222,978,102	-	90,943,951	6,584,473	62,090,700	2,400,183,014	2,828,987,923
Balance as at 01 January 2019	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

**Yagba West Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 25 : Short Term Loans & Debts**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	3,494,841,679	3,170,185,020
3	Other Payables (25b)	543,139,571	254,670,236
4	Term Loan (25c)	192,188,221	32,137,343
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>4,230,169,471</b>	<b>3,456,992,599</b>

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 2019	Year Ended 31 December 2018
1	Balance b/f	3,170,185,020	2,802,698,457
2	Salary Payables for the year	324,656,659	367,486,563
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>3,494,841,679</b>	<b>3,170,185,020</b>

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 2019	Year Ended 31 December 2018
1	Bank Loan (First Bank)	32,137,343	32,137,343
2	Loan-NEXIA Agbo Abel & Co	160,050,878	-
<b>Total LOANS AND DEBTS (SHORT-TERM)</b>		<b>192,188,221</b>	<b>32,137,343</b>

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 2019**

**Notes to the Financial Statements**

**Note 26 : Unremitted Deductions**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Withholding Tax	993,442	
2	Value Added Tax	254,972	
3	Medical Due	1,588,297	
4	Paye	5,365,898	
5	NULGE	4,672,527	
6	Water rate due	2,064,278	
7	Unremitted Deductions		22,004,185
<b>Total Unremitted Deductions</b>		<b>14,939,414</b>	<b>22,004,185</b>

**Note 28 : Long Term Borrowing**

S/N	Description	Year Ended 31 December 2019	Year Ended 31 December 2018
1	Capital Market Bonds & Other Long Term Borrowing (Note 28 a)	479,979,089	-
2	Multi lateral Loan (Note 28 b)	-	-
<b>Total Long Term Borrowings</b>		<b>479,979,089</b>	<b>-</b>

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 2019			Year Ended 31 December 2018
		Gross Loan		Net for LGA	
1	Salary Bail Out	479,979,089		479,979,089	
			-	-	
<b>TOTAL</b>		<b>479,979,089</b>	<b>-</b>	<b>479,979,089</b>	<b>-</b>

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.

**Yagba West Local Government of Kogi State**

**Financial Statements for the Year Ended 31 December 2019**

**Notes to the Financial Statements**

**Note 29 : Reserves**

<b>S/N</b>	<b>Description</b>	<b>Amount</b>	<b>Amount</b>
1	Opening Balance as at 01 January 2019		(543,907,663)
	<b>IPSA Adjustments</b>		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(854,766,166)	
	<b>Total IPSA Adjustments</b>		(854,766,166)
<b>Closing Balance as at 31 December 2019</b>			<b>(1,398,673,829)</b>