



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



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

Your Ref:

Your Ref:

Date:

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

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

Auditor General for Local Government Responsibility

The responsibility of the Auditor General is to express an opinion on the financial statements of the Local Government, 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 consonant 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 Okehi Local Government Area, Kogi State, for the year ended 31 December 2018, show a true and fair view of the state of affairs, the cash flow and the financial position as at that date.

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



OKEHI LOCAL GOVERNMENT OBANGEDE

Kogi State of Nigeria

Telegraphic Address:
LOCADMIN OBANGEDE
058-500008, 500100

Ref No

OFFICE OF THE CHAIRMAN/ADMINISTRATOR
Okehi Local Govt. Obangede
P.M.B. 1124 Okene,
Kogi State

*All communication should be addressed to the Chairman/
Administrator and please quote number and date of this letter*

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

Responsibility For the Financial Statements

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

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

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

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

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

Anokehi Mariam O.
Local Government Treasurer (LGT)
Okehi Local Government, Kogi State
31 July 2020



OKEHI LOCAL GOVERNMENT OBANGEDE

Kogi State of Nigeria

Telegraphic Address:
LOCADMIN OBANGEDE
058-500008, 500100

Ref No

OFFICE OF THE CHAIRMAN/ADMINISTRATOR
Okehi Local Govt. Obangede
P.M.B. 1124 Okene,
Kogi State

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

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

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

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

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

Maliki Amoto Oseni
Director of Local Government Administration

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Financial Performance

	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
REVENUE			
Government Share of FAAC (Statutory Revenue)	9	1,519,276,896	1,415,665,716
Government Share of VAT	10	397,390,774	377,876,587
Tax Revenue	11	832,620	1,691,500
Non-Tax Revenue	12	2,869,470	544,550
Aid and Grants	13	-	-
Interest Earned	14	-	-
TOTAL REVENUE		1,920,369,760	1,795,778,353
EXPENDITURES			
Salaries & Wages	15	689,080,295	1,238,538,989
Social Benefits	16	158,796,205	
Overhead Cost	17	888,693,810	622,360,391
Depreciation Charges	23	55,457,994	149,041,668
Impairment (Loss) on Investment	22	-	-
TOTAL EXPENDITURES		1,792,028,304	2,009,941,048
Surplus/(Deficit) from Operating Activities for the Period		128,341,456	(214,162,695)
Public Debt Charges	18	1,420,000	6,781,749
Total Non-Operating Revenue/(Expenses)		126,921,456	(220,944,444)
Surplus/(Deficit) from Ordinary Activities		126,921,456	(220,944,444)
Net Surplus/ (Deficit) for the Period		126,921,456	(220,944,444)

ANOKEHI MARIAM O.

Local Government Treasurer (LGT)

Treasurer Okehi Local Government

Kogi State

Okehi Local Government of Kogi State					
Financial Statements for the Year Ended 31 December 2018					
Statement of Financial Position					
ASSETS	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017	
Current Assets					
Cash and Cash Equivalents	19	133,674,974		308,176,831	
Prepayment	20	-		-	
Other Current Assets	20b	1,486,000		-	
Total Current Assets			135,160,974		308,176,831
Non-Current Assets					
Long Term Loans	21	-		-	
Investments	22	-		-	
Property, Plant & Equipment	23	1,576,972,383		1,394,324,832	
Intangible Assets	24	-		-	
Total Non-Current Assets			1,576,972,383		1,394,324,832
Total Assets			1,712,133,357		1,702,501,663
LIABILITIES					
Current Liabilities					
Short Term Loans & Debts	25	4,125,504,516		2,834,561,051	
Unremitted Deductions	26	-		-	
Payables	27	-		-	
Total Current Liabilities			4,125,504,516		2,834,561,051
Non-Current Liabilities					
Long Term Borrowings	28	-		-	
Total Non-Current Liabilities			-		-
Total Liabilities			4,125,504,516		2,834,561,051
Net Assets			(2,413,371,159)		(1,132,059,388)
NET ASSETS/EQUITY					
Reserves	29	(2,540,292,615)		(911,114,944)	
Accumulated Surpluses/(Deficits)		126,921,456		(220,944,444)	
Total Net Assets/Equity			(2,413,371,159)		(1,132,059,388)

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

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Change in Assets/Equity

Description	Reserves	Accumulated Surpluses/(Deficits)	Total
Closing Balance 31 December 2017	(911,114,944)	(220,944,444)	(1,132,059,388)
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/Deficit	-		
Opening Balance as at 01 January 2018	-	-	-
Credit Transactions	-	-	-
Debit Transactions	-	-	-
Net Surplus/(Deficit)	-	126,921,456	126,921,456
Reserves (Note 29)	(2,540,292,615)		(2,540,292,615)
Closing Balance as at 31 December 2018	(2,540,292,615)	126,921,456	(2,413,371,159)



ANOKEHI MARIAM O.

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

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

Description	Notes	Year Ended 31 December 2018	Year Ended 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Inflows			
Government Share of FAAC (Statutory Revenue)	9	1,519,276,896	1,415,665,716
Government Share of VAT	10	397,390,774	377,876,587
Tax Revenue	11	832,620.00	1,691,500
Non-Tax Revenue	12	2,869,470	544,550
Aid and Grants	13	-	-
Interest Earned	14	-	-
Total Inflow From Operating Activities		1,920,369,760	1,795,778,352.58
Less Outflows:			
Salaries & Wages	15	689,080,295	1,238,538,989
Social Benefits	16	158,796,205	
Overhead Cost(s)	17	888,693,810	622,360,391
Transfer to other Government Entities		-	-
Finance Cost	18	1,420,000	-
Finance Cost			
Total Outflow From Operating Activities		1,737,990,310	1,860,899,380
Net Cash Flow From Operating Activities		182,379,450	(65,121,027)
CASH FLOWS FROM INVESTING ACTIVITIES			
LESSS OUTFLOW:			
Purchase/Construction/Rehabilitation of PPE	23	(297,275,843)	-
Purchase/ Construction of Investment Property		-	-
Purchase of Intangible Assets		-	-
Acquisition of Investments		-	-
Dividends Received		-	-
Net Cash Flow From Investing Activities		(297,275,843)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings - Short Term Loan	25	1,290,943,465	318,963,871
Proceeds from Borrowings - Long Term Loan	28	-	-
Repayment of Borrowings		(1,350,548,929)	-
Distribution of Surplus/Dividends Paid		-	-
Net Cash Flow From Financing Activities		(59,605,464)	318,963,871
Net Cash Flow From All Activities		(174,501,856)	253,842,844
Open Cash Balance		308,176,831	54,333,987
Closing Cash Balance		133,674,974	308,176,831

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

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Statement of Comparison of Budget and Actual

	Notes	Budget			Actual for the Year Ended 31 December 2018	Difference Between Budget & Actual
		Original	Supplementary	Final		
RECURRENT REVENUE						
Government Share of FAAC (Statutory)	9	2,556,480,030	1,353,500,000	3,909,980,030	1,040,366,693	(2,869,613,337)
Excess Crude	9		-	-	2,998,595	2,998,595
Budget Augmentation/Budget Support Facility	9		-	-	-	-
Exchange Difference	9		-	-	7,688,421	7,688,421
Refund from Federal Government	9		-	-	468,223,188	468,223,188
Non-oil Revenue	9		-	-	-	-
FOREX Equalization	9		-	-	-	-
Excess Bank Charge	9		-	-	-	-
Government Share of VAT	10	491,783,340	-	491,783,340	397,390,774	(94,392,566)
Tax Revenue	11	19,776,430	-	19,776,430	832,620	(18,943,810)
Non-Tax Revenue	12				2,869,470	2,869,470
TOTAL RECURRENT REVENUE		3,068,039,800	-	4,421,539,800	1,920,369,760	(2,501,170,040)
CAPITAL RECEIPT						
TOTAL CAPITAL RECEIPT		-	-	-	-	-
TOTAL REVENUE		3,068,039,800	-	4,421,539,800	1,920,369,760	(2,501,170,040)
RECURRENT EXPENDITURES						
Salaries & Wages	15	1,130,754,200		1,130,754,200	689,080,295	441,673,905
Social Benefits	16	42,172,810		42,172,810		42,172,810
Overhead Cost	17	791,842,350	640,000,000	1,431,842,350	888,693,810	543,148,540
Public Debt Charges	18	422,595,740	-	422,595,740	55,457,994	367,137,746
Impairment (Loss) on Investment	22	-	-	-		-
TOTAL RECURRENT EXPENDITURES		2,387,365,100	640,000,000	3,027,365,100	1,633,232,099	1,394,133,001
CAPITAL EXPENDITURE						
Property, Plant & Equipment (PPE)	23	1,180,674,700	713,500,000	1,894,174,700	297,275,843	1,596,898,857
TOTAL CAPITAL EXPENDITURE		1,180,674,700	713,500,000	1,894,174,700	297,275,843	1,596,898,857
TOTAL EXPENDITURE		3,568,039,800	1,353,500,000	4,921,539,800	1,930,507,942	2,991,031,858

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

Okehi Local Government of Kogi State		
Financial Statements for the Year Ended 31 December 2018		
Reconciliation of Net Surplus/Deficit To Net Cash flow from Operating Activities		
Description	Notes	Year Ended 31 December 2018
Net Surplus/(Deficit) as per Statement of Financial Performance		126,921,456
Add/(Less) non-cash items		
Depreciation and amortisation	23	55,457,994
Impairment of Investments	22	-
Total non-cash Items		182,379,450
Add/(Less) movements in statement of financial position items		
Increase/(Decrease) in Short Term Loan (Proceeds from Borrowing)	25	1,290,943,465
Increase/(Decrease) in Long Term Loan (Proceeds from Borrowing)	28	-
(Increase)/decrease in Loan Repayment	9 a	(1,350,548,929)
Total movements in working capital items		(59,605,464)
Add/(Less) items classified as investing activities		
Purchase of PPE	23	(297,275,843)
Total items classified as investing activities		(297,275,843)
Net cash flow from All (Operating) Activities		(174,501,856)
Cash & Cash Equivalent as at 01 January 2018		308,176,831
Cash & Cash Equivalent as at 31 December 2018		133,674,974

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

1. Introduction

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

2. Legal Basis and Accounting Framework

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

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

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

In discharging this statutory responsibilities, he;

- a) Ensures that all Ministries, Departments and Agencies keep proper books and records which disclose with reasonable assurance and accuracy of the financial position of the State.
- b) Takes such steps as are reasonably open to him to safeguard the assets of the State and to prevent and detect fraud and irregularities
- c) Establishes and maintain an adequate system of internal control designed to provide reasonable assurance that the transactions recorded reflect the deployment of all financial resources by 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.

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

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

b) Basis of measurement

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

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

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

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

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

c) Presentation Currency

All amounts have been presented in the currency of the Nigeria Naira (₦) which is the functional currency of Okehi 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 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.

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

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

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

5. Accounting Period

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

6. Summary of Significant Accounting Policies

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

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

6.1 Revenue

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

a) Revenue from Non-exchange Transactions

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

i) Taxes Receipts

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

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

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

ii) Levies, Fees and Fines

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

iii) Statutory Allocation

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

iv) Capital Receipts

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

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

v) Other Revenue from Non-Exchange Transactions

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

b) Revenue From Exchange Transactions

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

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

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

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

i) Revenue From Other Services

Revenue from other services include proceeds from Private Sector Developer's Programme, toll revenue, proceeds from hospital units and other miscellaneous revenue from exchange transactions. 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.

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

6.4 Inventory

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

6.5 Financial Instrument

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

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

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

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

a) Classification

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

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

ii) Loans and Receivables

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

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iii) Available-for-sale Investments

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

iv) Financial Liabilities at Amortized Cost

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

b) Categories & Measurement

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 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.

d) 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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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

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.

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)

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.

a) Depreciation Rates

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

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

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

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6.7 Public Debt Charge

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

6.8 Impairment of Non-financial Asset

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

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

6.9 Cash-generating Units

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

7.0 Foreign Currency Transactions

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

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

8. Significant Accounting Judgement, Estimates & Assumptions

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 Okehi 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 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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Notes to the Financial Statements

Note 9 : Government Share of FAAC (Statutory Revenue)

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	
1	Forex Equalisation	-	-	-	-
2	Recovered Excess Bank Charges	-	-	-	11,206,546
3	Statutory Allocation	1,040,366,693	3,909,980,030	2,869,613,337	1,250,110,209
4	Exchange Difference	7,688,421	-	(7,688,421)	89,533,890
5	NNPC Refund	-	-	-	
6	JAAC Special Allocation	468,223,188	-	(468,223,188)	
7	Budget Augmentation	-	-	-	
8	Non-oil Revenue	-	-	-	
9	Solid Minerals (Oil Excess Revenue)	2,998,595	-	(2,998,595)	64,815,071
10	Ganished Fund	-	-	-	
11	Salary Bailout	-	-	-	
Total Statutory Revenue		1,519,276,896	3,909,980,030.00	2,390,703,134	1,415,665,716

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

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Notes to the Financial Statements

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

S/N	MONTH	NET SRA	TOTAL DEDUCTION	EXCHANGE DIFFERENCE	NNPC REFUND	FOREX EQUALIZATION	EXCESS BANK CHARGES	SOLID MINERAL / NON-OIL REVENUE	JAAC SPECIAL ALLOCATION	CBN CONDITION AL BSF	TOTAL
1	January	78,527,260		7,688,421							86,215,681
2	February										-
3	March	84,209,008									84,209,008
4	April	88,713,046									88,713,046
5	May	82,107,977							468,223,188		550,331,165
6	June	91,436,949									91,436,949
7	July	87,474,193									87,474,193
8	August	191,903,211									191,903,211
9	September	104,420,821						2,998,595			107,419,415
10	October	121,322,805									121,322,805
11	November	1,334,026									1,334,026
12	December	108,917,398									108,917,398
-											
Total		1,040,366,693	-	7,688,421	-	-	-	2,998,595	468,223,188	-	1,519,276,896

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

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Value Added Tax (VAT)	397,390,774	491,783,340	(94,392,566)	377,876,587
Total		397,390,774	491,783,340.00	(94,392,566)	377,876,587

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

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

S/N	Month	Year Ended 31 December 2018	Year Ended 31 December 2017
	January	30,273,712	-
	February	-	55,019,946
	March	34,520,434	-
	April	31,784,554	28,814,810
	May	29,801,559	-
	June	31,828,004	-
	July	34,083,154	29,386,204
	August	30,600,060	-
	September	28,760,816	29,664,992
	October	45,333,215	234,697,102
	November	28,300,752	293,533
	December	72,104,514	-
Total		397,390,774	377,876,587

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

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Note 11 : Tax Revenue

S/N	Tax Revenue	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Licences			-	-
2	Harwkrs Permit	216,980		216,980	1,691,500
3	Fees general	315,340		315,340	-
4	Certificate: Birth &Death, Citizenship	165,040		165,040	-
5	Various Licenses	135,260		135,260	
Total		832,620.00	-	832,620.00	1,691,500.00

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

Note 12 : Non Tax Revenue

Administrative Code	Description	Year Ended 31 December 2018		
		Actual	Budget	Variance
				-
	HawkersPermit			-
	Produce Buying	64,020		64,020
	Rent/ Alloca- Tion OnLand	1,387,960		1,387,960
	Earning - General	1,417,490		1,417,490
				-
Total		2,869,470	-	2,869,470

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NOTE 15 : Salaries & Wages

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017	
		Actual			Budget	Variance	Actual
SALARIES AND WAGES		Gross Salary	Payment	Balance Payable			
1	SALARIES	655,553,645	184,064,885	471,488,759	1,130,754,200	946,689,315	1,233,740,989
						-	
Total SALARIES AND WAGES		655,553,645	184,064,885	471,488,759	1,130,754,200	946,689,315	1,233,740,989
CONTRIBUTION							
1	Monthly Allowances					-	4,798,000
2	Other Allowances	33,526,651	33,526,651			(33,526,651)	
						-	
Total ALLOWANCE AND SOCIAL CONTI		33,526,651	33,526,651	-	-	(33,526,651)	4,798,000
Grand Total Salaries & Wages		689,080,295	217,591,536	471,488,759	1,130,754,200	913,162,664	1,238,538,989

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

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Notes to the Financial Statements

NOTE 16 : Social Benefits

S/N	Description	Year Ended 31 December 2018				Year Ended 31 December 2017
		Actual		Budget	Variance	Actual
SOCIAL BENEFITS		Gross Pension	Payment	Balance Payable		
1	Actual Pension	158,796,205	158,796,205	-	(158,796,205)	-
2	Gratuity & Arrears				-	
3	Contribution to SUBEB for Teachers				-	
4	Burial Expenses				-	-
Total SOCIAL BENEFITS		158,796,205	158,796,205	-	(158,796,205)	-

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

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Notes to the Financial Statements

NOTE 17 : Overhead Costs

Economic Code	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
	Repair & Maintenance	95,656,021		(95,656,021)	35,323,510
	Traveling Expenses	90,982,610		(90,982,610)	120,000
	Printing & Stationeries	19,086,553		(19,086,553)	21,213,500
	Communication & Postages	63,703,389		(63,703,389)	
	Fueling & Lubricants	27,165,354		(27,165,354)	
	Rehabilitation Expenses			-	24,391,500
	Cleaning & Fumigation			-	7,410,000
	Professional Charges	129,529,484		(129,529,484)	10,935,000
	Gifts & Donations	161,946,089		(161,946,089)	38,954,200
	Security Expenses	87,740,345		(87,740,345)	127,129,610
	Office Expenses	35,240,985		(35,240,985)	269,339,071
	Cultural & Tourism Expenses			-	20,151,000
	Education & Science Development			-	6,280,000
	Sport & Youth Development	2,780,000		(2,780,000)	900,000
	Medical expenses	39,551,207		(39,551,207)	43,833,000
	Grants			-	16,380,000
	Cleaning & Fumigation	6,609,195		(6,609,195)	
	Legal Services	4,199,425		(4,199,425)	
	Medical Expenses	1,460,000		(1,460,000)	
	Subvention:			-	
	Pension			-	
	LGEA-SUBEB	123,043,153		(123,043,153)	
		888,693,810	-	(888,693,810)	622,360,391

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.

		888,693,810	-	(888,693,810)	622,360,391
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Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

NOTE 18 : Public Debt Charges

S/N	Description	Year Ended 31 December 2018			Year Ended 31 December 2017
		Actual	Budget	Variance	Actual
1	Bank Charges (Other Than Interest)	1,420,000	-	(1,420,000)	6,781,749
		-	-	-	-
Total PUBLIC DEBT CHARGES		1,420,000	-	(1,420,000)	6,781,749

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

Note 19 : Cash & Cash Equivalent (By Banks)

S/N	Bank Name	Year Ended 31 December 2018	Year Ended 31 December 2017
		Amount	Amount
1	Cash in the till	280	4,876
2	Zenith Bank Plc	450,510	450,531
3	UBA Bank Plc	109,629	45,290,339
4	Access Bank Plc	132,632,235	261,947,949
5	Kogi Savings & Loans Ltd	415,237	415,237
6	Ogaminana MFB	67,084	67,899
		133,674,974	308,176,831

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

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 20 b: Other Current Assets

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Receivables	1,486,000	
2	Advances	-	
Total		1,486,000	-

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

Note 20 C: Receivables

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

The receivable above represent amount owed by customers for benefit enjoyed.

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Notes to the Financial Statements

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

Description	Furnitures & Fittings	Office Equipment	Plants & Machinery	Infrastructures	Teaching & Learning Aids	Agricultural Equipment	Motor Vehicles	Land	Buildings	Total
<u>COST/REVALUATION</u>	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Balance b/forward 01 January 2018	20,617,940		8,200,000				68,694,764	31,715,750	1,205,926,080	1,335,154,534
Additions During the year		3,392,000		199,069,290	6,173,454	2,400,000	8,861,337		77,379,762	297,275,843
Revaluation										-
Recognition of Legacy PPE										-
PPE under Test Running										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	20,617,940	3,392,000	8,200,000	199,069,290	6,173,454	2,400,000	77,556,101	31,715,750	1,283,305,842	1,632,430,377
<u>ACCUMULATED DEPRECIATION</u>										
DEPRECIATION RATE	20%	25%	10%	1%	25%	20%	25%		2%	
Balance b/forward 01 January 2018										-
Additions During the year										-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Prior Year Adjustment	-	-	-	-	-	-	-	-	-	-
Total Charge for the Year	4,123,588	848,000	820,000	2,587,901	1,543,363	480,000	19,389,025	-	25,666,117	55,457,994
Balance c/forward 31 December 2018	4,123,588	848,000	820,000	2,587,901	1,543,363	480,000	19,389,025	-	25,666,117	55,457,994
<u>ACCUMULATED IMPAIRMENT</u>										
Balance b/forward 01 January 2018	-	-	-	-	-	-	-	-	-	-
Additions During the year	-	-	-	-	-	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	-	-	-	-
Balance c/forward 31 December 2018	-	-	-	-	-	-	-	-	-	-
<u>NET BOOK VALUE</u>										
Balance as at 31 December 2018	16,494,352	2,544,000	7,380,000	196,481,389	4,630,090	1,920,000	58,167,076	31,715,750	1,257,639,726	1,576,972,383
Balance as at 01 January 2018										

Okehi Local Government of Kogi State

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Notes to the Financial Statements

Note 25 : Short Term Loans & Debts

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Short Term Borrowings	-	-
2	Salary Payables (25a)	3,576,031,313	2,627,400,308
3	Other Payables (25b)	542,741,091	200,428,631
4	Term Loan (25c)	6,732,113	6,732,113
Total LOANS AND DEBTS (SHORT-TERM)		4,125,504,516	2,834,561,051

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

Note 25a : Salary Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Balance b/f	2,627,400,308	
2	Salary Payables for the year	471,488,759	1,794,475,607
3	Lga Leave Allowance	285,948,411	213,511,236
4	Political Office Holders	191,193,834	177,855,834
5	Salary Payables LGEA-Teachers		395,166,153
6	Salary Payables LGEA-Admin		46,391,477
Total LOANS AND DEBTS (SHORT-TERM)		3,576,031,313	2,627,400,308

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

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Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 25b : Other Payables

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Leave allowance payables		
2	Pension	269,541,952	200,428,631
3	Contractor-GYB - Model Schools	116,764,762	
4	Contractors-Construction Of Abobo Cattle Market	134,080,258	
6	Contractors-Pedestrian Bridge	7,469,114	
7	Contractors- Electrification	7,885,006	
8	Contractors-Ihima Central Market	7,000,000	
Total Other Payables		542,741,091	200,428,631

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

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

S/N	Description	Year Ended 31 December 2018	Year Ended 31 December 2017
1	Overdraft from Union Bank	6,732,113	6,732,113
Total LOANS AND DEBTS (SHORT-TERM)		6,732,113	6,732,113

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

Okehi Local Government of Kogi State

Financial Statements for the Year Ended 31 December 2018

Notes to the Financial Statements

Note 29 : Reserves

S/N	Description	Amount	Amount
1	Opening Balance as at 01 January 2018		(1,132,059,388)
	IPSA Adjustments		
2	Recognition of Legacy PPE		
3	Prior years Adjustments	(1,408,233,227)	
	Total IPSA Adjustments		(1,408,233,227)
	Closing Balance as at 31 December 2018		(2,540,292,615)