EBONYI STATE GOVERNMENT OF NIGERIA

REPORT OF

THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE FINANCIAL STATEMENTS OF THE

13 LOCAL GOVERNMENTS

FOR THE YEAR ENDED

31ST DECEMBER, 2018

TO

EBONYI STATE HOUSE OF ASSEMBLY

HIS EXCELLENCY

ENGR. CHIEF DAVID NWEZE UMAHI FNSE, FNATE

EXECUTIVE GOVERNOR OF EBONYI STATE

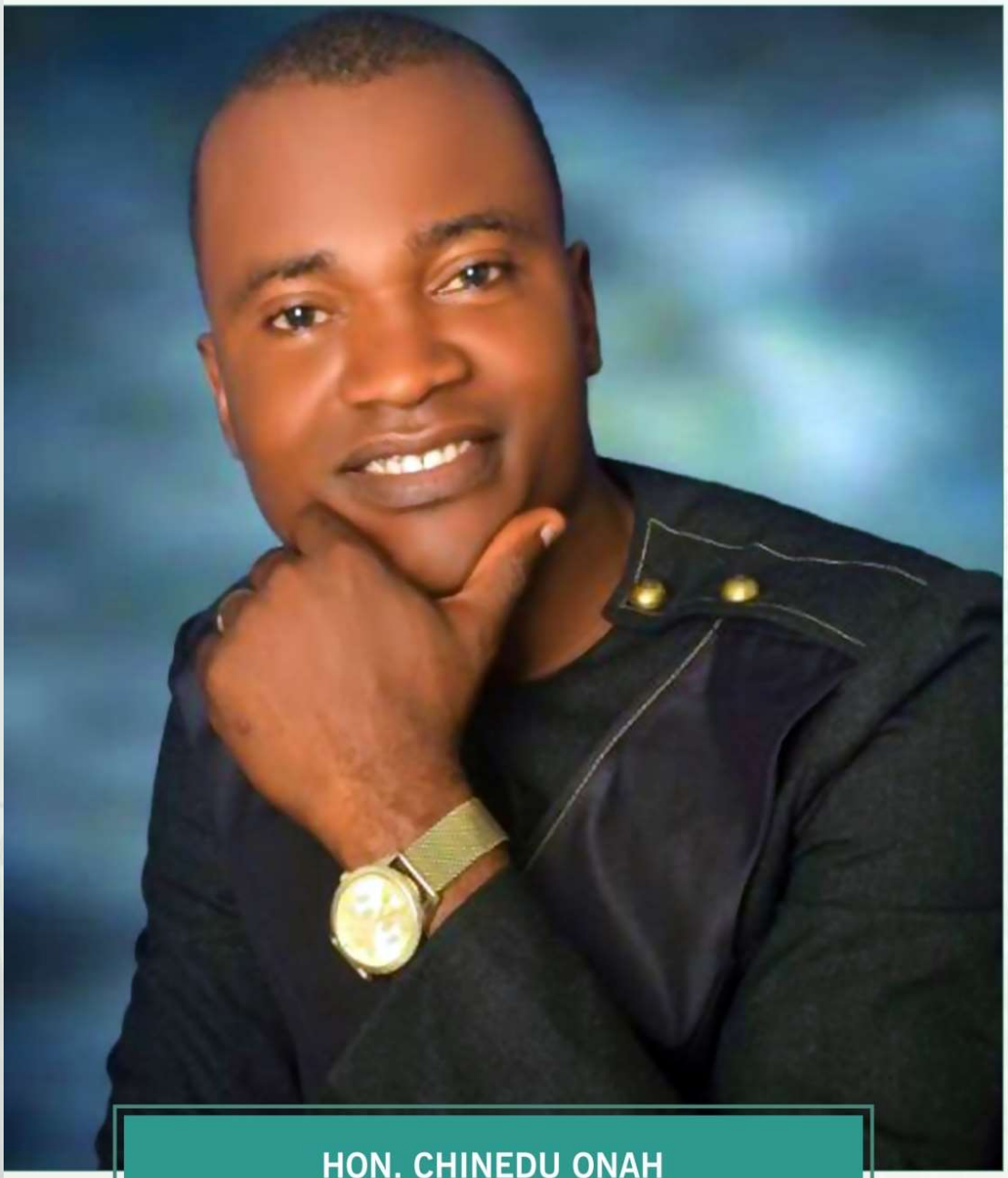
HIS EXCELLENCY

BARR. ERIC KELECHI IGWE PH.D

DEPUTY GOVERNOR OF EBONYI STATE

RT. HON.
OGBONNIA FRANCIS NWIFURU
SPEAKER EBONYI STATE HOUSE OF ASSEMBLY

MY LORD
JUSTICE ANSELEM NWIGWE
CHIEF JUSTICE OF EBONYI STATE



HON. CHINEDU ONAH

CHAIRMAN, HOUSE COMMITTEE ON PUBLIC ACCOUNTS

CHIEF BARR. SAMUEL OKORONKWO

HONOURABLE COMMISSIONER MLG,CM & RD/
CHAIRMAN JOINT ACCOUNTS AND ALLOCATION COMMITTEE (JAAC)
EBONYI STATE

DR. AUGUSTINE NWUZOR

PERMANENT SECRETARY MLG,CM & RD/
SECRETARY JOINT ACCOUNTS AND ALLOCATION COMMITTEE (JAAC)
EBONYI STATE

MR. EZE ENYA RICHARD
HOD, FINANCE AND ACCOUNTS,
JOINT ACCOUNTS AND ALLOCATION COMMITTEE (JAAC)
EBONYI STATE

MRS. ALOBU PAULINE NWANKWO
AG. AUDITOR-GENERAL FOR LOCAL GOVERNMENTS, EBONYI STATE.

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EBONYI STATE GOVERNMENT OF NIGERIA

REPORT OF

THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS OF

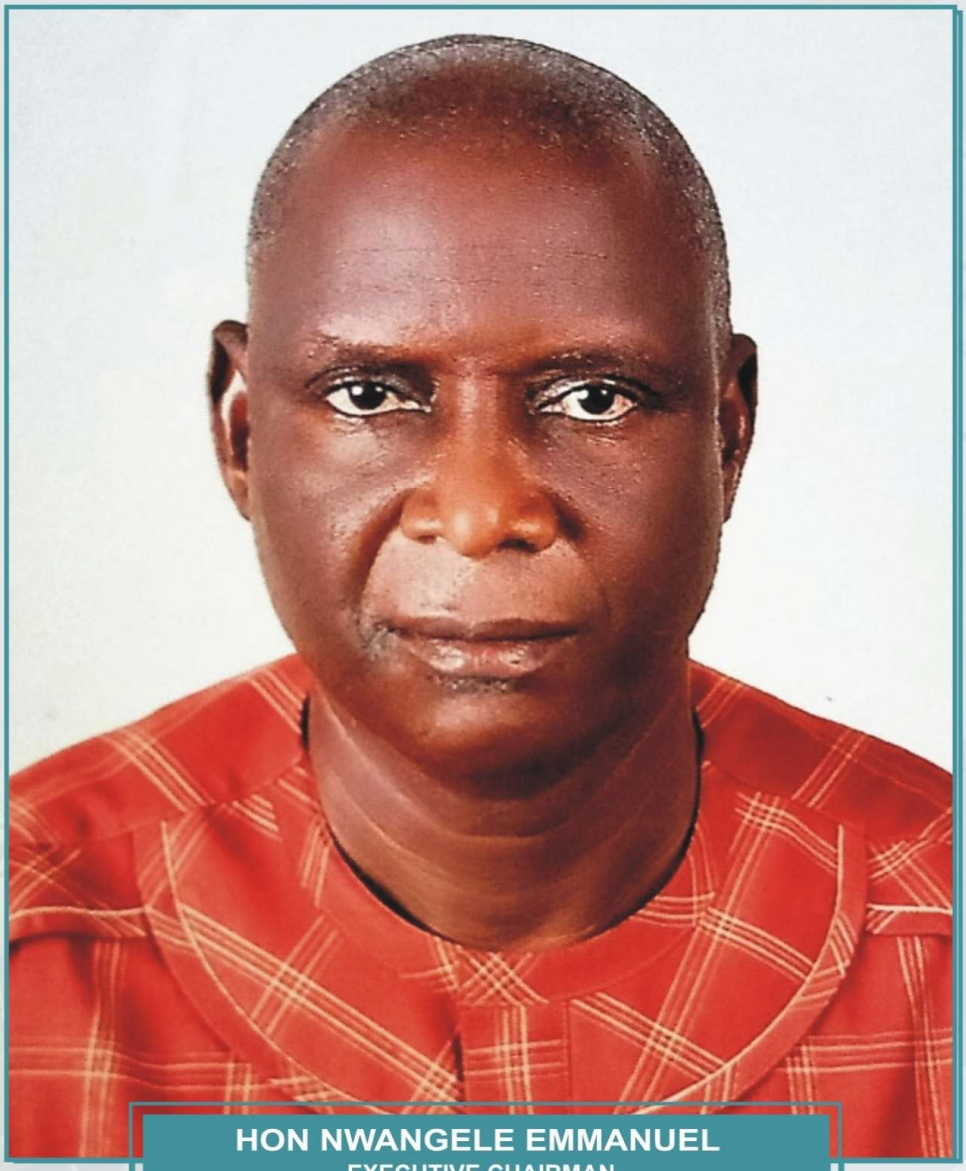
ABAKALIKI LOCAL GOVERNMENT

FOR THE YEAR ENDED

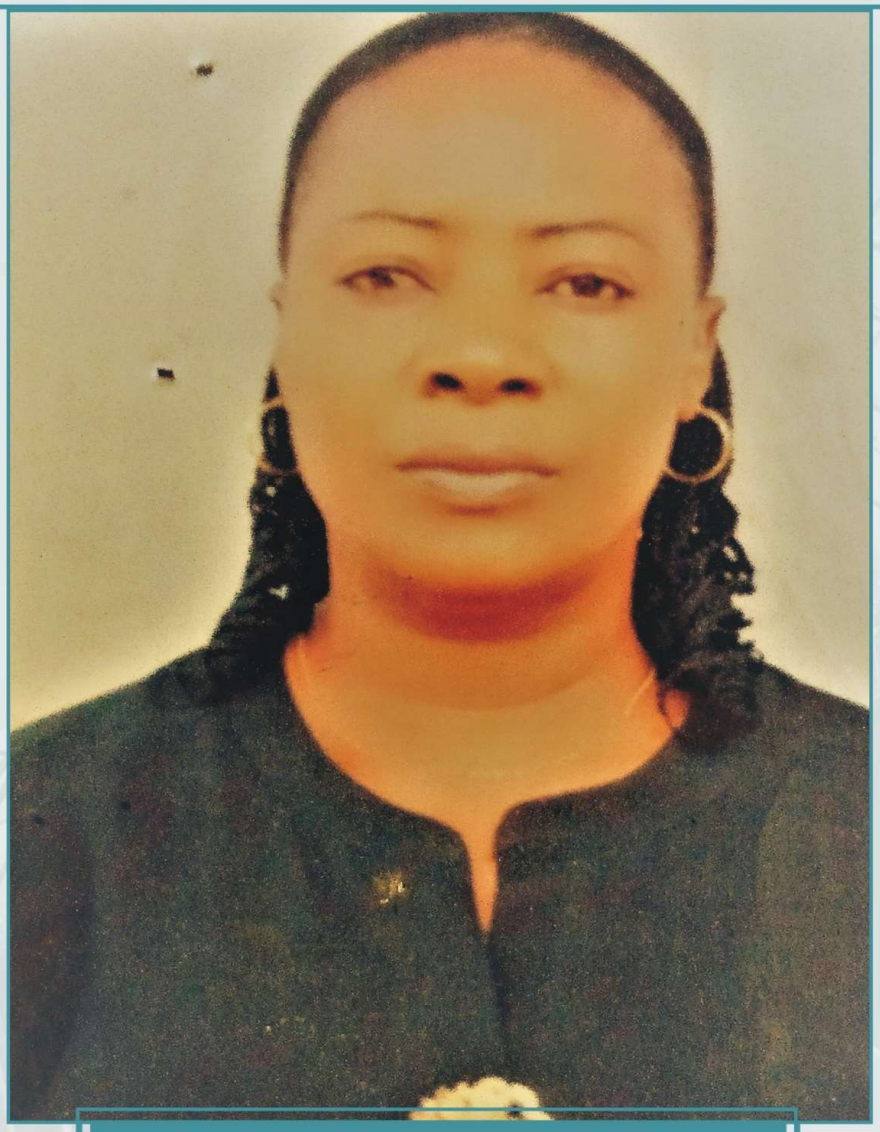
31ST DECEMBER, 2018

TO

EBONYI STATE HOUSE OF ASSEMBLY



HON NWANGELE EMMANUEL
EXECUTIVE CHAIRMAN
ABAKALIKI LOCAL GOVERNMENT,
EBONYI STATE



IGWE JANET UZOAKU
HPM
ABAKALIKI LOCAL GOVERNMENT,
EBONYI STATE

CHUKWU OLUWAFEMI CECILLIA
TREASURER,
ABAKALIKI LOCAL GOVERNMENT,
EBONYI STATE

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CHAPTER ONE

1.0. GENERAL OBSERVATION

1.1. Submission of the 2018 Financial Statements

In compliance with Ebonyi State Local Government Law (CAP.106) Sections 122 and 123 (i-iv) of 2009 with the provisions of the financial memorandum and other extant laws, the Financial Statements of Abakaliki Local Government for the year ended 31st December, 2018 was submitted to me on 2nd June, 2020.

1.2. Lump Budgetary Provisions Made For FAAC Revenue Items

Some FAAC revenue items were not provided for in the Local Government budget. Rather lump provision was made for Statutory Allocation as shown below:

Head	**2018 Actual (₦)**	**2018 Budget (₦)**
Excess bank charges	1,172,810.66	-
Augmented Fund Distribution	2,781,023.51	-
Forex Equalization	74,876,713.86	-
Local Government Council Net	1,949,967.86	-
	80,780,515.67	**-**

CHAPTER TWO

2.0. STATEMENT OF FINANCIAL PERFORMANCE

2.1. Internally Generated Revenue

Internally Generated Revenue (IGR) for the year ended 31st December, 2018 amounted to **thirty two million, eight hundred and ninety one thousand naira (₦32,891,000.00)**, representing **9.10%** of budgeted IGR for the year under review of **three hundred and sixty one thousand, six hundred naira (₦361,600.000.00)**. The revenue performance is a **43.11%** improvement over the 2017 IGR performance of **twenty three million, forty five thousand, five hundred naira (₦23,045,500.00)**.

The Council received a total of **forty one million, seven hundred and ninety seven thousand, eight hundred naira (₦41,797,800.00) from the State Government** as its **Share of the 10% State** IGR for the year ended 31st December, 2018.

The IGR budget performance including allocations from the State Government according to revenue subheads for Abakaliki Local Government for the year is as detailed below:

2017 Actual (₦)	Head	2018 Budget (₦)	2018 Actual (₦)	Performance (%)
-	10% State IGR	-	41,797,800.00	100.00
9,813,500.00	Licenses	160,200,000.00	11,810,000.00	7.37
290,000.00	Fines	5,000,000.00	234,000.00	4.68
5,764,600.00	Fees	40,200,000.00	5,482,000.00	13.64
2,500,000.00	Sales	7,000,000.00	6,042,500.00	86.32
2,406,100.00	Earnings	142,000,000.00	3,290,000.00	2.32
930,000.00	Rent	6,000,000.00	2,290,000.00	38.17
132,200.00	Miscellaneous	-	2,937,500.00	100.00
1,209,100.00	Tax	1,200,000.00	805,000.00	67.08
23,045,500.00		361,600,000.00	74,688,800.00	20.66

There was no budget for **10% State IGR** and **Miscellaneous Receipts** which generated **forty four million, seven hundred and thirty five thousand three hundred naira (₦44,735,300.00)** in the year.

The best IGR performance was on **Sales** which generated **six million, forty two thousand, five hundred naira (₦6,042,500.00)** or **86.32%** of its budget of **seven million naira (₦7,000,000.00)** in the year. Performances on other revenue subheads ranged from **67.08%** to **2.32%** as detailed below:

Taxes	–	67.08%
Rent	–	38.17%
Fees	–	13.64%
Licences	–	7.37%
Fines	–	4.68%
Earrings	–	2.32%

The Local Government needs to improve on their IGR efforts to achieve a greater proportion of budget collections in subsequent years.

2.2. Receipts from FAAC

For the year ended 31st December. 2018, Abakaliki Local Government collected a total sum of **two billion, eighty seven million, six hundred and thirty eight thousand, nine hundred and seventy seven naira, eighty kobo (₦2,087,638,977.80)** representing **84.23%** of budgeted receipts from Federation Accounts Allocation Committee (FAAC). This is a **24.12%** improvement on FAAC collections in 2017 amounting to **one**

billion, six hundred and eighty two million, three thousand, eight hundred and seventy three naira (₦1,682,003,873.00).

The details of the receipts against budgets and year 2017 figures for each FAAC revenue item are as shown below:

2017 (₦)	Head	2018 Budget (₦)	2018 Actual (₦)	% Performance
975,114,523.42	Statutory Allocation	1,562,600,000.00	1,575,925,574.91	100.85
13,254,785.02	Exchange rate gain	296,0254,000.00	128,841.58	0.04
-	Excess bank charges refund	-	1,172,810.66	100.00
3,995,723.44	Augmented fund distribution	-	2,781,023.51	100.00
-	Local Government Council Net	-	1,949,967.86	100.00
12,116,369.53	Excess crude	120,000,000.00	-	0.00
30,797,711.98	Non-oil revenue	-	-	-
128,044,319.54	Paris club refund	-	-	-
-	Forex equalization	80,000,000.00	74,876,713.64	93.60
1,682,003,813.00	VAT Allocation			82.85
		520,000,000.00	430,804,045.64	
,682,003,813.00		**2,478,624,000.00**	**2,087,638,977.80**	**84.23**

There were no receipts on **Excess Crude** in the year. **One hundred and twenty million naira (₦120,000,000.00)** had been provided on this subhead. No budgetary provisions were made on the following subheads which generated receipts as shown in the year:

Item	Budget ₦	Actual ₦
Excess Bank Charges	–	1,172,810.66
Augmented Fund Distributed	–	2,781,023.51
Local Government Net	–	

1,949,967.86

Statutory Allocation exceeded its budgetary provision by **0.85% or thirteen million, three hundred and twenty five thousand, five hundred and seventy four naira, ninety one kobo (₦13,325,574.91).**

Other FAAC revenue subheads performed quite creditably

93.60% for Forex Equalization

82.85% for Value Added Tax Allocations

2.3. RECURRENT EXPENDITURE

2.3.1. Personnel Cost

Personnel Cost for the year ended 31st December, 2018 for Abakaliki Local Government amounted to **six hundred and thirty six million, five hundred and thirty four thousand, six hundred and seventy five naira, fifty one kobo (₦636,534,675.51)**, a decrease of **8.55%** over the **six hundred and ninety six million, eighty two thousand, one hundred and eighty nine naira, sixty kobo (₦696,082,189.60)** paid as personnel cost in 2017.

The cost was incurred as follows:

2017 Actual ₦	Item	2018 Actual ₦
225,143,805.20	Local Government (LG) Staff	200,976,215.56
436,556,813.63	UBEB Teachers	344,874,066.76
34,381,570.77	Health Workers	90,684,375.19
696,082,189.60		636,534,657.51

A budget surplus of **seventy nine million, seven hundred and eighty eight thousand, three hundred and eighty seven naira, forty nine kobo**

(₦79,788,387.49) resulted from Personnel Cost in the year as detailed below:

Item	Budget ₦	Actual ₦	Variance ₦
LG Staff Salaries	162,616,875.00	200,976,215.56	(38,359,340.56)
UBEB Teachers	450,000,000.00	344,874,066.76	105,125,933.24
Health Workers Salary	103,706,170.00	90,684,375.19	13,021,794.81
	716,323,045.00	636,534,657.51	79,788,387.49

2.3.2. Overheads

Overheads of Abakaliki Local Government Council for the year ended 31st December, 2018 amounted to **seven hundred and ninety nine million, eight hundred and fifty nine thousand, five hundred and twenty eight naira, thirteen kobo (₦799,859,528.13)** an increase of **89.92%** over overhead incurred in year 2017 of **four hundred and twenty one million, one hundred and fifty one thousand, nine hundred and seventy two naira, ninety eight kobo (₦421,151,972.98).**

The following table is a comparison of actual overhead expenditure according to subheads for the year under review and the financial year 2017.

Overhead Subhead	2018 ₦	2017 ₦	Increase (Decrease) %
Traveling and Transport	543,000.00	1,394,520.00	(61.06)
Utilities	430,000.00	635,000.00	(32.28)
Materials and Supplies	3,193,592.24	1,605,000.00	98.98
Maintenance Services	3,404,000.00	19,839,398.76	(82.84)
Training and Capacity Building	200,000.00	345,000.00	(42.03)
Security and Safety Services	164,550,384.65	21,757,153.85	656.30
Consulting and Prof. Services	340,000.00	200,000.00	70.00
Fueling and Lubricants	393,000.00	5,455,941.53	(92.50)
Financial Charges	135,291.24	466,426.45	(73.14)
Depreciation/Amortization	170,588,328.24	124,925,798.53	36.55
Other Recurrent Expenditure	424,681,550.47	216,132,382.62	96.49
Public Debt Charges	31,400,381.29	28,395,351.24	10.58
	799,859,528.13	421,151,972.98	89.92

Significant increases in overhead costs were observed in the following subheads:

Subhead	Increase (%)
Materials and Supplies	98.98
Security and Safety Services	656.30
Consulting and Professional Services	70.00
Depreciation and Amortization	36.55
Other Recurrent Expenses	96.49

Audit inquiry revealed that the increases in **Materials and Supplies** and **Security and Safety** is related to expenses made during the clashes between some communities in the council area and communities in Cross River State.

Included in **Other Recurrent Expenses** on which a total of **four hundred and fifty three million, seventy six thousand, nine hundred and one naira, seventy one kobo (₦453,076,901.71)** was expended in the year are the following expenditure items:

Item	Amount (₦)
Refreshment and Meals	540,000.00
Honorarium and Sitting Allowances	300,000.00
Publicity and Advertisements	862,000.00
National Program on Immunization	1,150,000.00
Scholarships	60,000.00
Welfare Packages	28,534,999.99
JAC Processing Expenses	185,584,925.86
Special Day Celebrations	776,000.00
Sporting Activities	100,000.00
Annual Budget Expenses	530,000.00
Gender Related Expenses	43,261,715.38
Agric Related Programme Expenses	77,701,538.46
Traditional Rulers Upkeep	3,885,923.09
State Youth Empowerment	25,300,000.00
Admin Fund Charges	45,925,216.92
Subscription to DCs	2,400,000.00
Overhead Subventions to DCs	7,692,307.69
Ohaneze Ndigbo	76,923.08
	381,216,410.00

Significant decreases in overhead expenditure during the year against year 2017 figures were observed on:

Subhead	Decrease (%)
Travelling and Transport	61.06
Utilities	32.28
Maintenance Services	82.84
Training and Capacity Building	42.03
Fueling and Lubricant	92.80
Financial Charges	73.14

2.4. Surplus of Revenue Over Recurrent Expenditure for Year 2018

Abakaliki Local Government Council recorded a surplus of **five hundred and forty million, four hundred and eighty five thousand, seven hundred and thirty nine naira, eighty eight kobo (₦540,485,739.88)** for the year ended 31st December, 2018. This surplus represents a **63.19%** increase over the surplus for the previous year 2017 of **three hundred and thirty one million, one hundred**

and ninety nine thousand, eight hundred and four naira, sixty four kobo (₦331,199,804.64)

CHAPTER THREE

3.0. Statement of Financial Position

3.1. Current Assets

3.1.1. Cash and Cash Equivalents

As at 31st December, 2018, Abakaliki Local Government had Cash and Cash Equivalents amounting to **nine hundred and thirty six million, six hundred and thirty five naira, seventeen kobo (₦936,635.17)**. This balance when contrasts with Cash and Cash Equivalents of **four million, six hundred and eighty two thousand, one hundred and five naira, forty one kobo (₦4,682,105.41)** at the beginning of the year shows a drop in cash available of **80%**

The Cash and Cash Equivalent is made up of

Account	Amount (₦)
Council Revenue Account	375,519.63
Council Main Account	482,637.58
Council Agric Account	78,477.96
	936,635.17

3.1.2. Short Term Loan

The Short Term Loan represents advances to farmers of the Local Government during the year. The loans are recoverable in the first quarter of 2019. As at 31st December, 2019, this amounted to **seventeen million, six hundred and ninety two thousand, three hundred and seven naira, sixty nine kobo (₦17,692,307.69).**

To be IPSAS compliant, the term **Short Term Loan** should be **Receivables** under **Current Assets**.

3.2. Current Liabilities

3.2.1. Payables

Payables reported in the statement represent arrears of emoluments to the Local Government Staff amounting to **sixty eight million, four hundred and fifty one thousand, seven hundred and thirty three naira, thirty two kobo (₦68,451,733.32).**

3.3. Liquidity

The Council has a cash Ratio of **0.01,** i.e. **one kobo** in cash is available to defray every **one naira (₦1.00)** of Current Liabilities and Current Ratio of **0.27** meaning that Current Assets worth **27 Kobo** is available to defray every **one naira (₦1.00)** of Current Liabilities.

3.4. Non Current Liabilities

The Local Government had Non Current Liabilities amounting to **four hundred and forty million, sixty three thousand, five hundred and fifty one naira, forty eight kobo (₦440,063,551.48)** as at 31st December, 2018. This is made up of:

	₦
Arrears of Pension and Gratuity	271,669,337.66
Balance on salary Bail Out Loan	168,894,213.82
	440,063,551.48

3.5. Property, Plant and Equipment

Property, Plant and Equipment (PP&E) amounting to **seven hundred and seven million, one hundred and thirty thousand, nine hundred and thirty one naira, ninety six kobo (₦707,130,931.96)** were acquired by the Local Government in the year ended 31st December, 2018.

This represents a Capital Budget Performance of **48.17%** as the Council has a Capital Budget of **one billion, four hundred and sixty eight million, twenty four thousand naira (₦1,468,024,000.00)** for the year.

The following classes of Capital Assets were acquired:

Class	Amount (₦)
Building	131,373,634.31
Infrastructure - Water	9,833,332.00
Infrastructure - others	396,618,811.81
Plants and Machinery	60,000.00
Furniture and Fittings	342,000.00

Motor Vehicles	168,796,153.84
Office and Other Equipment	107,000.00
	707,130,931.96

Audit inquiry showed that capital budget performance depended on the availability of funds in the year.

CHAPTER FOUR

4.0. Consolidated Statement of Cash Flow

4.1. Sources of Fund

For the year ended 31st December, 2018, Abakaliki Local Government Area received fund from the following sources

Source	**Amount (₦)**
Statutory Allocation	1,656,834,932.16
Value Added Tax	430,804,045.64
10% State IGR	41,797,800.00
Internally Generated Revenue	32,891,000.00
	2,162,327,777.80

4.2. Uses of Fund

Funds generated in the period was on the following

Head	**Amount (₦)**
Salaries and Wages/Social Benefits	716,116,030.36
Overheads etc	631,976,310.91
Subvention to Development Centre	7,692,307.69
Public Debt Charges	28,395,351.24
Transfer to other Government Entities	57,070,008.03
Investments	724,823,239.65
	2,158,380,940.19

The Investments reported in the year included:

Head	**Amount (₦)**
Loans to Local farmers	17,692,307.69
Infrastructure: Other	396,618,811.81
Construction of Office Building	131,373,634.31
Furniture and Fittings	342,000.00
Procurement of Plants and Machinery	60,000.00
Office and Other Equipment	107,000.00
Procurement of Official Vehicles	168,796,153.84
Infrastructure: Water	9,833,332.00
	724,823,239.65

4.3. Cash and Cash Equivalent

The closing Cash and Cash Equivalent on the Consolidated Cash Flow Statement agrees with the **(nine hundred and thirty six thousand, six hundred and thirty five naira, seventeen kobo) ₦936,635.17** reported in the Statement of Financial Position as at 31st December, 2018.

AUDIT CERTIFICATE

The **Treasurer, Abakaliki Local Government** is responsible for the preparation of the Financial Statements in accordance with Sections 116 of the Ebonyi State Local Government Law (CAP.106) of 2009 and the relevant provisions of the International Public Sector Accounting Standards (IPSAS)/ Guideline issued by the Federation Accounts Allocation Committee (FAAC) Sub-committee on IPSAS implementation; Financial Memorandum; and for being satisfied that the Financial Statements for the year ended 31st December, 2018 give a true and fair view of transactions of the Local Government.

My responsibility is to express an opinion on these Financial Statements with regard to compliance of transactions to regulations and statutes, efficient use of resources and accuracy of accounting records, based on the audit conducted in accordance with International Standards on Auditing (ISA).

I have obtained the information and explanations I required and certify, as a result of my audit that in my opinion, the Financial Statements and the Notes to the Accounts are complete, in compliance with relevant statutes and show a true and fair view of the State of affairs as at 31st December, 2018 and the transactions for the fiscal year ended on that date.

Mrs. P.N. Alobu,
Ag. Auditor-General for
Local Governments,

Ebonyi State.

Office of the Auditor-General for
Local Governments,
P.M.B 075
Abakaliki,
Ebonyi State.
15th October, 2020.

ABAKALIKI LOCAL GOVERNMENT

EBONYI STATE OF NIGERIA

REPORT

OF THE

TREASURER

WITH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2018

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Consolidated Segment Reporting ……

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RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements of Abakaliki Local Government of Nigeria for the year ended 31st December,2018, have been prepared by me in accordance with the International Public Sector Accounting Standards (IPSAS), (First Time Adoption of Accrual Basis IPSAS) and the Guideline issued by the Federation Allocation Account Committee (FAAC) Sub-Committee on IPSAS implementation.

IPSAS 24 requires that an entity shall present a Comparison of Budget Amount for which it is held publicly accountable and Actual Amount either as a separate additional Financial Statement or as additional budget columns in the Financial Statements. Abakaliki Local Government opted for the former.

IPSAS 33 requires that recognition and/or measurement of Assets/Liabilities can be recognized for reporting within 3 years following the date of adoption. Abakaliki Local Government adopted Accrual Basis IPSAS in 1stJanuary, 2016.

ACCOUNTING AND REPORTING

All responsibilities bestowed on me as listed below have been fulfilled:

Ensuring that adequate system of internal controls are maintained to safeguard assets and provide reasonable assurance that the transactions as recorded are within statutory authority; and also that the use of all public financial resources by the Government are properly recorded.

Ensuring that proper books and records of accounts were kept to ensure that the Financial Statements reflect the financial position of Abakaliki Local Government and its operations for the year ended 31st December, 2018.

In compliance with IPSAS 33, I have prepared the following financial statements as at 31st December 2018.

Statement of Financial Performance
Statement of Financial Position
Statement of Cash flow
Statement of Changes in Net Assets/Equity
Statement of Comparison of Budget and Actual Amount
Notes to the Financial Statements

In my opinion, the consolidated financial statements and the Notes thereto reflect the financial position of Abakaliki Local Government of Nigeria as at 31st December, 2018.

TREASURER
ABAKALIKI LOCAL GOVERNMENT

CHAIRMAN
ABAKALIKI LOCAL

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following the adoption of the International Public Sector Accounting Standard (IPSAS) in Nigeria and National Chart of Accounts (NCOA, a standardized format of General Purpose Financial Statements (GPFS) have been designed and introduced for adoption by the Local Government. For effective and efficient use of the NCOA and GPFS, the accounting policies for IPSAS accrual basis accounting have been developed as a tool to direct the processes and procedures relating to financial reporting in Local State.

The General Purpose Financial Statements include:

Statement of Financial Position
Statement of Financial Performance
Statement of Cash Flow
Statement of net Assets/Equity
Statement of Budget Comparison and Actual
Notes to the Financial Statements.

1. **Basis of Preparation of Financial Statements:** The financial statements are prepared under the historical cost convention and in accordance with International Public Sector Accounting standards (IPSAS). Accrual basis concept is the basis of preparation of all accounts by all reporting entities in the Local Government.
2. **Accounting Period:** The accounting period (Fiscal Year) is from 1st January to 31st December. Each accounting year is divided into 12 calendar months and it is set up as such in the accounting system of the State.
3. **Reporting Currency:** The Reporting currency in preparation of General Purpose Financial Statements is Nigeria Naira.
4. **Consolidation of Financial Statements:** The consolidation of General Purpose Financial Statements is based on the financial transactions of all Departments and Agencies (DAs) of the Local Government. Government Business Entities (GBEs) are not included in the consolidations. Controlled Entities are fully consolidated from the date on which control is acquired.
5. **Notes to the Financial Statements:** Notes to the Financial Statements are presented in a manner that they cross reference to any related information in the Financial Statements.
6. **Comparative Information:** The General Purpose Financial Statements (GPFS) are designed to show all numerical information relating to previous year(s).
7. **Budget Figures:** A Statement of Comparison of Budget and Actual Amount is prepared for the determination of items of revenue and expenditure in respect to budgetary provisions. IPSAS 24 requires that an entity to present a comparison of budget amount for which it is held publicly accountable and actual amount either as a separate additional Financial Statement or as additional budget columns in the financial statements. Abakaliki Local Government opted for the former.
8. **Revenues:** Abakaliki Local Government recognizes revenues from non-exchange transactions such as fees, taxes and fines when the event occurs and the asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value can be measured reliably. Revenue from the sales of goods and services is recognized when significant risks and rewards of ownership has been transferred to the buyer. Similarly, gain on disposal of Property, Plant and Equipment (PP&E) is recognized at the date control of the asset is passed to the buyer.
9. **Expenditures:** Expenditures are classified as either recurrent or capital. All recurrent expenditures are reported on an accrual basis (ie they are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made). Recurrent Expenditures are reported in the Statement of Financial Performance. Payments for purchase of items of Capital nature (PP&E) are treated as Assets under Non-Current Assets in the Statement of Financial Position. At the end of the financial year, a schedule of PP&E is prepared as part of the Notes to GPFs.
10. **Assets under Construction** are not depreciated until the constructions are completed. Under construction assets acquired within a year are included in the schedule of PP&E for that year.
11. **Property, Plant and Equipment (PP&E):** Property, Plant and Equipment (PP&E) include:

Building
Infrastructure- Water
Infrastructure- Other
Plants & Machinery
Furniture & Fittings
Motor Vehicles
Office and other equipment
IT equipment

Infrastructure - Water assets include Boreholes, Dams and water pipes while Infrastructure-Others assets include road networks, electrification and bridges. Plant and Machinery includes Transformers and earth moving Machine such as Bulldozers, Graders among others.

12. **Depreciation/Amortization:** the following depreciation/amortization rates apply;

Building	3%
Infrastructure- Water	5%
Infrastructure- Other	5%
Plant & Machinery	15%
Furniture & Fittings	24%
Motor Vehicles	20%
Office & other Equipment	28%
IT Equipment	30%
Intangible Assets	20%
Biological Assets	20%
Under Constructions	0%

13. **Capitalization:** There is no capitalization threshold. Any amount spent in connection with PP&E, Biological Assets and Intangibles that met the definition of assets are capitalized and recognized as assets in the Statement of Financial Position. Other ones that didn't met the definition of assets are charged to the Statement of Financial Performance.
14. **Statement of Cash Flow:** Statement of Cash Flow is prepared using the direct method. The cash flow consists:
    Operating activities
    Investing activities
    Financing activities
15. **Cash and Cash Equivalent:** Cash and Cash Equivalent are cash balance on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of 6 months or less in which Abakaliki Local Government invests as part of its day-to-day cash management and which are readily convertible to known amount of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Asset in the Statement of Financial Position.
16. **Receivables:** Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment
    Receivables from non-exchange transactions are initially assessed at nominal amount or face value and subsequently adjusted for impairment.
17. **Loans:** Loans granted to other Government, agencies or individuals are shown separately in the Statement of Financial Position.
18. **Investments:** Investments made in government stock, quoted companies etc are disclosed as Financial Assets in the Statement of Financial Position.
19. **Transfer from Other Government Entities:** Transfer from other government entities are non-exchange items and are recognized as revenue in the Statement of Financial Performance.

20. **Transfer to Other Government Entities:** Transfer to other government entities are non-exchange items and are recognized as expenses in the Statement of Financial Performance.
21. **Borrowing Costs:** Borrowing Cost are capitalized against qualifying assets as part of PP&E. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Other borrowing costs not capitalized are charged to Statement of Financial Performance.
22. **Foreign Currency:** Foreign Currency transactions are translated into Naira, the reporting currency, using the spot rate as at last day of the financial year.

TREASURER
ABAKALIKI LOCAL GOVERNMENT

CHAIRMAN
ABAKALIKI LOCAL

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
Revenue		₦	₦
Share of Statutory Revenue	1	1,656,834,932.16	1,162,323,432.93
Share of Value Added Tax	2	430,804,045.64	519,680,440.07
Tax Revenue	3	805,000.00	1,209,100.00
Non Tax Revenue	4	29,148,500.00	21,704,200.00
10% State IGR	5	41,797,800.00	49,591,721.87
Other Revenues	6	2,937,500.00	132,200.00
Total Revenue (A)		**2,162,327,777.80**	**1,754,641,094.87**
Recurrent Expenditure			
Salaries and Wages	29	639,458,227.36	698,842,815.07
Social Benefits	37	86,661,504.45	191,853,487.41
Traveling and Transports	9	543,000.00	1,394,520.00
Utilities	10	430,000.00	635,000.00
Material and Supplies	11	3,193,592.24	1,605,000.00
Maintenance Services	12	3,404,000.00	19,839,398.76
Training and Capacity Building	13	200,000.00	545,000.00
Security and Safety Services	14	164,550,384.65	3.00
Consulting and Professional Services	15	340,000.00	200,000.00
Procurement of Fertilizer for Distribution to Farmers	19	41,797,800.00	49,591,721.87
Fuelling and Lubricants	16	393,000.00	5,455,941.53
Financial Charges	17	135,291.24	466,426.45
Depreciation/Amortization	18	170,588,328.24	124,925,798.53
Other Recurrent Expenses	19	424,681,550.47	216,132,382.62
Public Debt Services		31,400,381.29	28,395,351.24
Transfer to Other Govt Entities	8	57,070,008.03	61,801,292.90
Total Recurrent Expenditure (B)		**1,621,842,037.97**	**1,401,684,139.38**
Surplus for the year (A-B)		**540,485,739.88**	**331,199,804.64**

TREASURER
ABAKALIKI LOCAL GOVERNMENT

CHAIRMAN
ABAKALIKI LOCAL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
ASSETS			
CURRENT ASSETS			
Cash and Cash Eqiuvalent	21	936,635.17	4,682,105.41
Short Term Loan	22	17,692,307.69	-
TOTAL CURRENT ASSETS (A)		**18,628,942.86**	**4,682,105.41**
NON CURRENT ASSETS			
Property, Plants and Equipments	20	3,087,251,419.50	2,550,708,815.78
TOTAL NON CURRENT ASSETS (B)		**3,087,251,419.50**	**2,550,708,815.78**
TOTAL ASSETS (C = A+B)		**3,105,880,362.36**	**2,555,390,921.19**
LIABILITIES			
CURRENT LIABILITIES			
Payables	23	68,451,733.32	65,528,163.47
TOTAL CURRENT LIABILITIES (D)		**68,451,733.32**	**65,528,163.47**
NON CURRENT LIABILITIES			
Pension and Gratuity	24	271,669,337.66	228,120,765.59
Public Debt	25	168,394,213.82	196,789,565.06
TOTAL NON CURRENT LIABILITIES (E)		**440,063,551.48**	**424,910,330.65**
TOTAL LIABILITIES (F = D+E)		**508,515,284.80**	**490,438,494.12**
NET ASSETS/EQUITY (G = C-F)	26	**2,597,365,077.56**	**2,064,952,427.07**
CONTRIBUTED BY			
Accumulated Surplus		545,167,845.13	331,294,115.04
Reserves		2,052,197,232.43	1,733,658,312.03
		2,597,365,007.56	**2,064,952,427.07**

TREASURER
ABAKALIKI LOCAL GOVERNMENT

CHAIRMAN
ABAKALIKI LOCAL

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
OPERATING ACTIVITIES			
RECEIPTS:			
Share of Statutory Revenue	1	1,656,834,932.16	1,162,323,432.93
Share of Value Added Tax	2	430,804,045.64	519,680,440.07
Tax Revenue	3	805,000.00	1,209,100.00
Non-Tax Revenue	4	29,148,500.00	21,704,200.00
10% State IGR	5	41,797,800.00	
Other Revenues	7	2,937,500.00	132,200.00
Total Receipts (A)		**2,162,327,777.80**	**1,705,049,373.00**
PAYMENTS:			
Salaries and Wages	6	636,534,657.51	696,082,189.60
Social Benefits	34	79,581,372.85	184,807,786.89
Overhead Cost	31	381,216,410.00	227,095,904.14
Service Wide Vote	32	164,550,384.65	21,757,153.85
Programme Related Expences Agric Fert	33	86,209,515.38	1,230,769.23
Overhead Subvention to Development Centres	18	7,692,307.69	17,946,996.02
Transfer to Other Govt Entities	36	57,070,008.03	61,801,292.90
Total Payments (B)		**1,412,854,656.99**	**1,239,117,443.84**
NET CASH GENERATED FROM OPERATING ACTIVITIES (C = A-B)		**749,473,120.00**	**437,536,557.92**
INVESTING ACTIVITIES			
Short Term Loan	35	- 17,692,307.69	
Building	38	- 131,373,634.31	- 190,990,000.00
Infrastructure-Water	38	- 9,833,332.00	
Infrastructure-Others	38	- 396,618,811.81	- 170,619,903.53
Plants and Machinery	38	- 60,000.00	- 5,950,000.00
Furniture and Fittings	38	- 342,000.00	
Motor Vehicles	38	- 168,796,153.84	- 93,569,230.78
Office and Other Equipment	38	- 107,000.00	- 215,000.00
Activities (Public Debt Changes)		- 28,395,351.24	- 28,395,351.24
NET CASH USED IN INVESTING ACTIVITIES (D)		**- 753,218,590.89**	**- 489,739,485.55**
FINANCING ACTIVITIES			
NET CASH USED/GENERATED FROM FINANCING ACTIVITIES (E)			
NET CASH FLOW IN ALL ACTIVITIES (F = C+D+E)		- 3,745,470.08	4,587,794.85
OPENING CASH AND CASH EQUIVALENT (G)		4,682,105.25	94,310.40
CLOSING CASH AND CASH EQUIVALENT (H = F+G)		**936,635.17**	**4,682,105.25**

TREASURER
ABAKALIKI LOCAL GOVERNMENT

CHAIRMAN
ABAKALIKI LOCAL

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 2018

Actual		Actual	Final Budget	Original Budget	Variance
2017		2018	2018	2018	2018
₦		₦	₦	₦	₦
	Share of FAAC Allocation				
975,114,523.42	Share of Statutory Allocations	1,575,925,574.91	1,562,600,000.00	1,562,600,000.00	13,325,574.91
519,680,440.07	Share of VAT Allocation	430,804,045.64	120,000,000.00	120,000,000.00	310,804,045.64
12,254,785.02	Exchange Rate Gain	128,841.58	296,024,015.00	296,024,015.00	- 295,895,173.42
12,116,369.53	Excess Crude		520,000,000.00	520,000,000.00	- 520,000,000.00
	Excess Bank Charges Refund	1,172,810.66	-		1,172,810.66
3,995,723.44	Augmented Fund Distribution	2,781,023.51	-		
30,797,711.98	Non Oil Revenue		80,000,000.00	80,000,000.00	- 80,000,000.00
128,044,319.54	Paris Club Refund				
-	Forex Equalization	74,876,713.64	-		74,876,713.64
-	Local Govt Council Net	1,949,967.86			1,949,967.86
1,682,003,873.00	**Sub Total(A)**	**2,087,638,977.80**	**2,578,624,015.00**	**2,578,624,015.00**	**- 490,985,037.20**
	Internally Generated Revenue				
	10% State IGR	41,797,800.00			47,797,800.00
1,209,100.00	Taxes	805,000.00	1,200,000.00	1,200,000.00	- 395,000.00
9,813,500.00	Licences	11,810,000.00	167,200,000.00	167,200,000.00	- 155,390,000.00
290,000.00	Fines	234,000.00	5,000,000.00	5,000,000.00	1,276,500.00
5,764,600.00	Fees	5,482,000.00	46,200,000.00	46,200,000.00	- 40,718,000.00
2,500,000.00	Sales	6,042,500.00	-		6,042,500.00
2,406,100.00	Earnings	3,290,000.00	142,300,000.00	142,300,000.00	- 139,010,000.00
930,000.00	Rent	2,290,000.00	-		2,290,000.00
132,200.00	Other Receipts	2,937,500.00	-		2,937,500.00
23,045,500.00	**Sub Total(B)**	**80,688,800.00**	**361,900,000.00**	**361,900,000.00**	**- 273,211,200.00**
1,705,049,373.00	**Total Revenue(A+B) = C**	**2,162,327,777.80**	**2,940,524,015.00**	**2,940,524,015.00**	**- 778,196,237.20**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 2018

Actual		Actual	Final Budget	Original Budget	Variance
2017		2018	2018	2018	2018
₦		₦	₦	₦	₦
	Recurrent Expenditure by Nature				- 778,196,237.20
696,082,189.60	Personnel Cost	636,534,657.51	650,000,000.00	650,000,000.00	13,465,342.49
184,807,786.89	Social Benefit	79,581,372.85	100,000,000.00	100,000,000.00	20,418,627.15
255,491,255.35	Overhead Cost	381,216,410.84	420,000,000.00	420,000,000.00	38,783,589.16
21,757,153.85	Service Wide Vote	164,550,384.65	200,000,000.00	200,000,000.00	35,449,615.35
1,230,769.23	Programme Related Expenses	86,209,515.00	50,000,000.00	50,000,000.00	36,209,515.00
17,946,996.02	Overhead Subvention to DCs	7,692,307.69	10,000,000.00	10,000,000.00	2,307,692.31
	Public Debt Charges	28,395,351.24			28,395,351.24
61,801,292.90	Transfer to Other Govt Entities	1,441,250,007.81	75,000,000.00	75,000,000.00	17,929,991.97
1,239,117,443.84	**Sub Total(D)**	**1,441,250,007.81**	**1,505,000,000.00**	**1,505,000,000.00**	**63,749,992.19**
	Capital Expenditure by Sector				
196,940,000.00	Administrative	182,543,721.40	678,086,045.00	678,086,045.00	495,542,323.60
170,834,903.53	Economic	522,331,913.00	594,237,970.00	594,237,970.00	71,906,057.00
	Law and Justice		-		-
	Regional		-		-
93,569,230.78	Social	15,265,500.00	163,200,000.00	163,200,000.00	147,934,500.00
461,344,134.31	**Sub Total(E)**	**720,141,134.40**	**1,435,524,015.00**	**1,435,524,015.00**	**715,382,880.60**
4,587,794.85	**Surplus/(Deficit) for the year C-D-E**	**936,635.17**	**-**	**-**	**189,436,635.17**

TREASURER
ABAKALIKI LOCAL GOVERNMENT

CHAIRMAN
ABAKALIKI LOCAL

CONSOLIDATED SEGMENT REPORTING

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	ADMINISTRATIVE	ECONOMIC	LAW & JUSTICE	REGIONAL	SOCIAL	OTHERS	TOTAL
	₦	₦	₦	₦	₦	₦	₦
Revenue							
Taxes		805,000.00					805,000.00
Levy		11,810,000.00					11,810,000.00
Fines		234,000.00					234,000.00
Sales		6,042,500.00					6,042,500.00
Earnings		3,290,000.00					3,290,000.00
Rent		2,290,000.00					2,290,000.00
Fees		5,482,000.00					5,482,000.00
10% Stata IGR	41,797,800.00						41,797,800.00
Other Revenues						2,937,500.00	2,937,500.00
Share of Statutory Allocations						2,087,638,977.80	2,087,638,977.80
Total Revenue(A)	**41,797,800.00**	**29,953,500.00**	**-**	**-**	**-**	**2,090,576,477.80**	**2,162,327.777.80**
Expenses							
Personnel Cost	203,899,785.41				435,558,441.95		639,458,227.36
Overhead Cost	403,167,878.64	3,719,291.24			2,724,592.24		409,611,762.12
Service wide Vote	164,550,384.65						164,550,384.65
Programme Related Exp.		85,059,515.38			1,150,000.00		86,209,515.38
Depreciation/Amortisation						170,588,328.24	170,588,328.24
Other Recurrent Expenses						7,692,307.69	7,692,307.69
Transfer to Other Govt Entities						57,070,008.03	57,070,008.03
Social Benefit						86,661,504.45	86,661,504.45
Total Expenses(B)	**771,618,048.70**	**88,778,806.62**	**-**	**-**	**439,433,034.19**	**322,012,148.41**	**1,621,842,137.92**
Surplus/(Deficit) (A-B)	**- 729,820,248.70**	**- 58,825,306.62**	**-**	**-**	**- 439,433,034.19**	**1,768,564,329.39**	**540,485,739.88**

TREASURER
ABAKALIKI LOCAL GOVERNMENT

CHAIRMAN
ABAKALIKI LOCAL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
Note 1 Share of Statutory Revenue			
Statutory Allocation	1a	1,575,925,574.91	975,114,523.42
Exchange Rate Difference Gain	1b	128,841.58	12,254,785.02
Exess Bank Charges Refund	1d	1,172,810.66	
Augmented Fund Distribution	1e	2,781,023.51	3,995,723.44
Local Govt Council Net		1,949,967.86	
Excess Crude			12,116,369.53
Non oil Revenue			30,797,711.98
Paris Club Refund			128,044,319.54
Forex Equalization	1c	74,876,713.64	
Total		**1,656,834,932.16**	**1,162,323,432.93**
Note 1a Statutory Allocation			
January		127,183,938.81	53,479,154.15
February		122,467,137.58	67,349,625.59
March		130,248,743.25	59,456,207.96
April		112,454,552.89	69,026,150.70
May		139,720,990.73	62,925,955.66
June		135,905,074.42	74,676,987.57
July		141,424,779.92	139,002,222.52
August		136,439,209.99	91,752,750.01
September		133,166,494.32	131,779,243.93
October		133,166,494.32	100,147,806.76
November		138,259,319.05	
December		125,488,839.63	125,518,418.57
Total		**1,575,925,574.91**	**975,114,523.42**
Note 1b Exchange Rate Gain Allocation			
January			12,546,407.23
February			11,421,603.86
March			9,468,339.25
April			5,158,679.41
May			9,052,255.53
June			15,544,352.79
September		64,420.29	
October		64,421.29	12,254,785.02
Total		**128,841.58**	**12,254,785.02**
Note 1c Forex Equalization			
January		7,130,566.85	
March		30,645,024.54	
April		14,481,065.92	
May		111,581.22	
August		5,800,144.60	
November		16,475,611.69	
December		232,718.82	
Total		**74,876,713.64**	

Note 1d Excess Bank Charges Refund			
September		1,172,810.66	
Total		**1,172,810.66**	
Note 1e Augmented Fund Distribution			
August		2,781,023.51	
Total		**2,781,023.51**	
Note 1f Non Oil Revenue			
January			9,964,758.25
February			5,571,965.14
March			14,113,694.34
April			
May			1,147,294.25
Total			**30,797,711.98**
Note 2 Value Added Tax Allocation			
January		28,688,341.32	26,969,395.74
February		32,527,571.42	25,466,256.74
March		126,579,976.55	240,733,304.00
April		2,611,692.51	26,674,917.42
May		29,362,788.53	28,070,200.87
June		31,456,782.07	28,755,572.63
July		28,980,730.22	28,825,077.27
August		28,222,396.06	27,642,800.05
September		26,743,828.00	30,016,178.07
October		26,743,828.00	28,888,930.42
November		33,253,339.52	
December		35,632,771.44	27,637,806.86
Total		**430,804,045.64**	**519,680,440.07**
Note 3 Tax Revenue			
January		355,000.00	163,500.00
February		250,000.00	**81,900.00**
March		90,000.00	**157,000.00**
April		52,000.00	98,500.00
May		38,000.00	24,000.00
June		12,000.00	26,500.00
July		8,000.00	
October			382,700.00
November			275,000.00
Total Tax Revenue		**805,000.00**	**1,209,100.00**
Note 4 Non-Tax Revenue			
Licenses			
January		5,810,000.00	2,820,000.00
February		3,100,000.00	1,945,000.00
March		2,200,000.00	1,780,500.00
April			278,000.00
May		430,000.00	750,000.00
June		270,000.00	250,000.00
July			715,000.00
August			300,000.00
September			225,000.00
October			450,000.00
November			300,000.00
Sub Total		**11,810,000.00**	**9,813,500.00**

Fines			
January		189,500.00	95,000.00
February		42,000.00	160,000.00
March		2,500.00	35,000.00
Sub Total		**234,000.00**	**290,000.00**
Fees			
January		1,250,500.00	885,400.00
February		942,000.00	575,000.00
March		832,500.00	368,000.00
April		818,000.00	567,200.00
May		650,000.00	103,000.00
June		590,000.00	150,000.00
July		399,000.00	380,000.00
August			480,000.00
September			750,000.00
October			800,000.00
November			356,200.00
December			349,800.00
Fees - Sub Total		**5,482,000.00**	**5,764,600.00**
Sales			
February			
May		2,450,000.00	
June			2,500,000.00
October		3,277,500.00	
December		315,000.00	
Sales - Sub Total		**6,042,500.00**	**2,500,000.00**
Earnings			
January		985,000.00	670,000.00
February		532,000.00	450,000.00
March		441,000.00	684,000.00
April		455,000.00	367,500.00
May		340,000.00	
June		237,000.00	
November		80,000.00	
December		220,000.00	234,600.00
Earnings - Sub Total		**3,290,000.00**	**2,406,100.00**
Rent			
May		640,000.00	350,000.00
June		950,000.00	270,000.00
July		350,000.00	245,000.00
August		350,000.00	65,000.00
Rent - Sub Total		**2,290,000.00**	**930,000.00**
Total Non-Tax Revenue		**29,148,500.00**	**21,704,200.00**
Note 5 State IGR			
Share of 10% State IGR paid to LGAs		41,797,800.00	49,591,721.87
Note 6 Other Revenues			
Miscellaneous		2,937,500.00	132,200.00
Total -Other Revenues		**2,937,500.00**	**132,200.00**

Note 7 Salaries and Wages			
AI LG STAFF		200,976,215.56	225,143,805.20
UBEB		344,874,066.76	436,556,813.63
HEALTH		90,684,375.19	34,381,570.77
Total		**636,534,657.51**	**696,082,189.60**
Note 8 Transfer to Other Govt Entities			
Ebonyi State Govt			
Joint Project			
Police Reform		40,962,315.72	35,781,302.26
Scholarship Board			4,001,529.10
IGR		2,400,000.00	
Neighbourhood Watch Security		13,707,692.31	13,707,692.31
Sub Total		**57,070,008.03**	**53,490,523.67**
INEC			8,310,769.23
Sub Total			**8,310,769.23**
Total		**57,070,008.03**	**61,801,292.90**
Note 9 Traveling and Transports			
The Council		355,000.00	1,394,520.00
Administration		40,000.00	
Finannce		60,000.00	
Education		20,000.00	
Agriculture		20,000.00	
Works		10,000.00	
Health		20,000.00	
Planning & Statistics		18,000.00	
Total		**543,000.00**	**1,394,520.00**
Note 10 Utilities - General			
The Council		205,000.00	
Administration		50,000.00	
Finance		70,000.00	
Works		105,000.00	635,000.00
Total		**430,000.00**	**635,000.00**
Note 11 Materials and Supplies			
The Council		319,000.00	1,605,000.00
Administration		242,000.00	
Finance		320,000.00	
Education		2,004,592.24	
Agriculture		50,000.00	
Works		100,000.00	
Health		50,000.00	
Planning & Statistics		108,000.00	
Total		**3,193,592.24**	**1,605,000.00**

Note 12 Maintenance Services			

The Council		2,304,000.00	7,026,800.00
Administration		200,000.00	
Finannce		300,000.00	
Education		50,000.00	
Agriculture		40,000.00	
Works		400,000.00	12,812,598.76
Health		40,000.00	
Planning & Statistics		70,000.00	
Total		**3,404,000.00**	**19,839,398.76**
Note 13 Training and Capacity Building			
The Council		200,000.00	545,000.00
Total		**200,000.00**	**545,000.00**
Note 14 Security and Safety Services			
The Council		164,550,384.65	17,846,153.85
Administrative			3,911,000.00
Total		**164,550,384.65**	**21,757,153.85**
Note 15 Consulting and Professional Services			
The Council		40,000.00	
Administration			
Finance		300,000.00	200,000.00
Total		**340,000.00**	**200,000.00**
Note 16 Fuelling and Lubricants			
The Council		240,000.00	5,455,941.53
Administration		40,000.00	
Finannce		50,000.00	
Education		40,000.00	
Works		10,000.00	
Planning & Statistics		13,000.00	
Total		**393,000.00**	**5,455,941.53**
Note 17 Financial Charges			
The Council			132,160.75
Administration			
Finannce		135,291.24	334,265.70
Total		**135,291.24**	**466,426.45**
Note 18 Depreciation/Amortization			
Building	19	69,900,433.03	67,999,200.00
Infrastructure - Water	19	491,666.60	-
Infrastructure - Others	19	27,935,386.01	8,530,995.18
Plant and Machinery	19	3,164,625.00	3,712,500.00
Furniture and Fittings	19	3,869,192.83	4,983,043.20
Motor Vehicle	19	62,491,267.69	35,915,046.16
Office and Other Equipment	19	2,056,302.08	2,814,364.00
IT Equipment	19	679,455.00	970,650.00
Total		**170,588,328.24**	**124,925,798.53**

Note 19 Other Recurrent Expenses By Nature			
Refreshment and Meals		540,000.00	1,555,000.00
Honorarium and Sitting Allowances		300,000.00	17,800,000.00
Publicity and Advertisements		862,000.00	405,500.00
National Program on Immunization		1,150,000.00	
Scholarship		60,000.00	
Welfare Packages		28,534,999.99	15,572,861.54
JAC Processing Expenses		213,980,277.10	22,021,223.96
Special Day Celebrations		776,000.00	1,212,500.00
Sporting Activities		100,000.00	
Annual Budget Expenses		530,000.00	120,000.00
Agric Related Programme Expenses		43,261,715.38	50,822,491.10
Gender Related Expenses		77,701,538.46	300,000.00
Mother and Child Initiative		-	280,000.00
Common Services(Committes)		-	985,000.00
Traditional Rulers Upkeep		3,885,923.09	3,009,230.79
State Youth Empowerment		25,300,000.00	100,000.00
Administrative fund charges		45,925,216.92	149,857,652.32
Subscription to ALGON		2,400,000.00	12,131,000.00
Overhead Subventions to DCs		7,692,307.69	17,946,996.02
Ohaneze Ndigbo		76,923.08	
Total		**424,681,550.47**	**244,527,733.86**
Note 19A Public Debt Services			
Bailout Loan		28,395,351.24	

Note 20 Property, Plants and Equipments as at 31st December, 2018

Descriptions	Note	Building	Infrastructure - Water	Infrastructure - Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office & Other Equipment	Under Constructions	IT Equipments	Total
		₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Opening bal. 1/1/18		2,198,640,800.00	-	162,088,908.36	21,037,500.00	15,779,636.80	143,660,184.62	7,236,936.00	-	2,264,850.00	2,550,708,815.78
Reclassified											
Additions	38	131,373,634.31	9,833,332.00	396,618,811.81	60,000.00	342,000.00	168,796,153.84	107,000.00			707,130,931.96
Total		**2,330,014,434.31**	**9,833,332.00**	**558,707,720.17**	**21,097,500.00**	**16,121,636.80**	**312,456,338.46**	**7,343,936.00**	**-**	**2,264,850.00**	**3,257,839,747.74**
Depreciation		69,900,433.03	491,666.60	27,935,386.01	3,164,625.00	3,869,192.83	62,491,267.69	2,056,302.08	-	679,455.00	170,588,328.24
Written Down Value 31/12/18		**2,260,114,001.28**	**9,341,665.40**	**530,772,334.16**	**17,932,875.00**	**12,252,443.97**	**249,965,070.77**	**5,287,633.92**	**-**	**1,585,395.00**	**3,087,251,419.50**

Property, Plants and Equipments as at 31st December, 2017

Descriptions		Building	Infrastructure - Water	Infrastructure - Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office & Other Equipment	Under Constructions	IT Equipments	Total
		₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Opening bal. 1/1/16		2,075,650,000.00			18,800,000.00	20,762,680.00	86,006,000.00	9,836,300.00	0.00	3,235,500.00	2,214,290,480.00
Reclassified											-
Additions		190,990,000.00		170,619,903.53	5,950,000.00		93,569,230.78	215,000.00			461,344,134.31
Total		**2,266,640,000.00**	**0.00**	**170,619,903.53**	**24,750,000.00**	**20,762,680.00**	**179,575,230.78**	**10,051,300.00**	**0.00**	**3,235,500.00**	**2,675,634,614.31**
Depreciation		67,999,200.00	0.00	8,530,995.18	3,712,500.00	4,983,043.20	35,915,046.16	2,814,364.00	0.00	970,650.00	124,925,798.53
Written Down Value 31/12/17		**2,198,640,800.00**	**0.00**	**162,088,908.36**	**21,037,500.00**	**15,779,636.80**	**143,660,184.62**	**7,236,936.00**	**0.00**	**2,264,850.00**	**2,550,708,815.78**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
Note 21 Cash and Cash Equivalents			
Abakaliki LG (Revenue Account)		375,519.63	1,023,130.63
Abakaliki LG Council		482,637.58	483,616.25
Abakaliki LG Council Agric A/C		78,477.96	3,175,358.53
Total Cash and Cash Equivalents		**936,635.17**	**4,682,105.41**
Note 22 Short Term Loan			
Agric Loan		17,692,307.69	
Bailout fund		28,395,351.24	
Total		**46,087,658.93**	**-**
Note 23 Payables			
Employee Compensation			
Salary Arrears		68,451,733.32	65,528,163.47
Total		**68,451,733.32**	**65,528,163.47**
Note 25 Financial Liabilities			
Salary Bailout Loan		271,669,337.66	228,120,765.59
Total Financial Liabilities		271,669,337.66	228,120,765.59
Note 24 Pension and Gratuity			
Pension		108,667,735.06	91,248,306.24
Gratuity		163,001,602.60	136,872,459.35
Total		**271,669,337.66**	**228,120,765.59**
Note 26 Net Assets/Equity			
Accumulated Surplus		545,167,845.13	331,294,115.04
Reserves		2,052,197,232.43	1,733,658,312.03
Total		**2,597,365,077.56**	**2,064,952,427.07**
Note 27 Statutory Allocations			
Statutory Allocations from Federation Account		1,575,925,574.91	975,114,523.42
Exchange Rate Gain		128,841.58	12,254,785.02
Excess Bank Charges Refund		1,172,810.66	-
Augmented Fund Distribution		2,781,023.51	3,995,723.44
Local Govt Council Net		1,949,967.86	-
Excess Crude			12,116,369.53
Non oil Revenue			30,797,711.98
Paris Club Refund			128,044,319.54
Forex Equalization		74,876,713.64	-
Total		**1,656,834,932.16**	**1,162,323,432.93**
Note 28 Share of Value Added Tax			
VAT Allocation from Federation Account		430,804,045.64	519,680,440.07
Total		**430,804,045.64**	**519,680,440.07**

Note 29 Internally Generated Revenue			

Tax Revenue		805,000.00	1,209,100.00
Tax Revenue Sub Total		**805,000.00**	**1,209,100.00**
Licences		11,810,000.00	9,813,500.00
Fines		234,000.00	290,000.00
Fees		5,482,000.00	5,764,600.00
Sales		6,042,500.00	2,500,000.00
Earnings		3,290,000.00	2,406,100.00
Rent		2,290,000.00	930,000.00
Non-Tax Revenue Sub Total		**29,148,500.00**	**21,704,200.00**
Miscellaneous		2,937,500.00	132,200.00
Other Revenue Sub Total		**2,937,500.00**	**132,200.00**
Total		**32,891,000.00**	**23,045,500.00**
Note 30 Salaries and Wages			
Employee Compensation 31/12/2018	22	68,451,733.32	65,528,163.47
Reported in the Statement of Cash Flow	6	636,534,657.51	696,082,189.60
Employee Compensation 1/1/2018		- 65,528,163.47	- 62,767,538.00
TOTAL		**639,458,227.36**	**698,842,815.07**
Note 31 Overhead Cost			
Travel & Transport		543,000.00	1,394,520.00
Utility		430,000.00	635,000.00
Materials and Supplies		3,193,592.24	1,605,000.00
Maintenance		3,404,000.00	19,839,398.76
Training & Capacity Building		200,000.00	545,000.00
Consulting & Professional Services		340,000.00	200,000.00
Fuelling and Lubricants		393,000.00	5,455,941.53
Financial Charges		135,291.24	466,426.45
Refreshment and Meals		540,000.00	1,555,000.00
Honorarium and Sitting Allowances		300,000.00	17,800,000.00
Publicity and Advertisements		862,000.00	405,500.00
Scholarship		60,000.00	-
Welfare Packages		28,534,999.99	15,572,861.54
JAC Processing Expenses		185,584,925.86	22,021,223.96
Special Day Celebrations		776,000.00	1,212,500.00
Sporting Activities		100,000.00	
Annual Budget Expenses		530,000.00	120,000.00
Gender Related Expenses		77,701,538.46	300,000.00
Mother and Child Initiative		-	280,000.00
Common Services(Committees)		-	985,000.00
Traditional Rulers Upkeep		3,885,923.09	3,009,230.79
State Youth Empowerment		25,300,000.00	100,000.00
Administrative fund charges		45,925,216.92	121,462,301.08
Subscription to ALGON		2,400,000.00	12,131,000.00
Ohaneze Ndigbo		76,923.08	
Total		**381,216,410.00**	**227,095,904.14**
Note 32 Service wide Vote			
Security & Safety Services		164,550,384.65	21,757,153.85
Total		**164,550,384.65**	**21,757,153.85**
Note 33 Programme Related Expenses			
National Program on Immunization		1,150,000.00	-
Agric Related Programme Expenses		85,059,515.38	1,230,769.23
Total		**86,209,515.38**	**1,230,769.23**

Note 34 Social Benefits			
Pension		71,889,065.16	110,335,693.69
Gratuity		7,692,307.69	74,472,093.20
Total		**79,581,372.85**	**184,807,786.89**
Note 35 Term Loans			
Agric Loan		17,692,307.69	
Bailout fund		168,394,213.82	
Total			
Note 36 Transfer to Other Govt. Entities			
Reported in Statement of Financial Performance	7	57,070,008.03	61,801,292.90
Add: Prepayment as at 31/12/2018	36		
Total Transfer to Statement of Cash Flow		**57,070,008.03**	**61,801,292.90**
Note 37 Social Benefits			
Pension - Reported in the Statement of Cash Flow	33	71,889,065.16	110,335,693.69
Gratuity - Reported in the Statement of Cash Flow	33	7,692,307.69	74,472,093.20
Sub Total		**79,581,372.85**	**184,807,786.89**
Add: Closing balance 31/12/2018- Pension	24	72,962,534.24	69,472,527.74
Add: Closing balance 31/12/2018- Gratuity	24	326,424,815.65	322,834,690.55
Less: Opening balance 1/1/2018 - Pension		- 69,472,527.74	- 65,834,250.27
Less: Opening balance 1/1/2018 - Gratuity		- 322,834,690.55	- 319,427,267.50
Total		**86,661,504.45**	**191,853,487.41**

NOTE 38 SCHEDULE OF PROPERTY, PLANTS AND EQUIPMENT ACQUIRED DURING THE YEAR 2018

S/N	MONTH	DETAILS	Building	Infrastructure - Water	Infrastructure - Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office & Other Equipment	Total
			₦	₦	₦	₦	₦	₦	₦	₦
1	Jan-18	Meat mkt project	2,000,000.00					300,000.00		2,300,000.00
2	Jan-18	Meat mkt project	1,200,000.00							1,200,000.00
3	Feb-18	Ebia Electricity			500,000.00					500,000.00
4	April	mkt project at Ai Dc	11,419,700.00		11,538,461.54			79,230,769.23		102,188,930.77
5	April	mkt project at nkwegu	2,206,000.00		300,000.00					2,506,000.00
6	Jul-18	Grading of INEC rd			360,000.00					360,000.00
7	April	Meat mkt project	1,410,000.00							1,410,000.00
8	May	Streetlight Proj in Ai LGA			7,692,307.69			38,461,538.46		46,153,846.15
9	May	Comm Project in Ai LGA			6,389,817.19					6,389,817.19
10	july	Grading of Nkwegu mkt			720,000.00					720,000.00
11	May	Streetlight Proj in Ai LGA			15,461,538.46					15,461,538.46
12	June	Comm Project in Ai LGA			39,307,692.31					39,307,692.31
13	June	Grading at elugbala			560,000.00					560,000.00
14	June	payment for Vehicle						100,000.00		100,000.00
15	August	Electricity at ebia			700,000.00					700,000.00
16	Sep-18	Grading at obugiya			400,000.00					400,000.00
17	August	Comm Project in Ai LGA			2,530,250.00					2,530,250.00
18	August	Comm Project in Ai LGA			49,153,846.15			7,692,307.69		56,846,153.84
19	Mar-18	Electricity ebia			700,000.00					700,000.00
20	18-Sep	Electric Poles at Ngwegu			284,000.00					284,000.00
21	18-Aug	Electricity at Ebiya			700,000.00					700,000.00
22	01-Sep	Ebia Electricity			4,400,000.00					4,400,000.00
23	Sep-18	Electricity at onuakpara			5,200,000.00					5,200,000.00
24	Oct-18	Electricity at onuakpara			4,000,000.00					4,000,000.00
25	05-Apr	Renovation of C/M's qrts			6,517,700.00					6,517,700.00
26	18-Apr	Box Culverrt at Nkwegu			255,800.00					255,800.00
27	18-May	grading Nwanu Rd			1,612,000.00					1,612,000.00
28	18-Sep	Grading of Nwanu Road			3,000,000.00					3,000,000.00
29	26-Jun	Grading Nwanwu rd			300,000.00					300,000.00
30	18-Aug	Grading of Odagerida rd			700,000.00					700,000.00
31	05-Apr	Construction of open Stall at Nkegu mkt	3,902,000.00							3,902,000.00
32	18-Sep	Open Stall at Nkwegu mkt	4,316,000.00							4,316,000.00
33	18-Apr	Meat Market Project	1,000,000.00							1,000,000.00
34	Feb-18	Meat Market Project	1,000,000.00							1,000,000.00
35	Sept	Meat Market Project	2,000,000.00							2,000,000.00
36	Feb-18	Meat Market Project	1,000,000.00							1,000,000.00
37	March	Nkwegu mkt Toilet	500,000.00							500,000.00
38	Apr-18	Borehole @Cman lodge		666,666.00						666,666.00
39	Mar-18	comm dev boreholes		4,000,000.00						4,000,000.00
40	june//18	payment for LG Car						100,000.00		100,000.00
41	jan//2018	purchase of Vehicle						500,000.00		500,000.00
42	jan//2018	purchase of Vehicle						800,000.00		800,000.00
43	Apr-18	Procuremet of Chairs					342,000.00			342,000.00
44	Mar-18	Ai LG rural development			64,615,384.62					64,615,384.62
45	Apr-18	Grading of Nwanu Road			600,000.00					600,000.00

NOTE 38 SCHEDULE OF PROPERTY, PLANTS AND EQUIPMENT ACQUIRED DURING THE YEAR 2018

S/N	MONTH	DETAILS	Building	Infrastructure - Water	Infrastructure - Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office & Other Equipment	Total
			₦	₦	₦	₦	₦	₦	₦	₦
46	May-18	Comm Project in Ai LGA								-
47	Jun-18	Comm Project in Ai LGA								-
48	Jul-18	Comm Project in Ai LGA								-
49	Aug-18	Comm Project in Ai LGA								-
50	Sep-18	Comm Project in Ai LGA			4,000,000.00					4,000,000.00
51	Oct-18	Comm Project in Ai LGA			4,270,165.39			38,461,538.46		42,731,703.85
52	Nov-18	International Mrk	76,307,692.31		6,842,400.00					83,150,092.31
53	Aug-18	Ai LG rural development	3,610,000.00	500,000.00	53,846,153.85					57,956,153.85
54	Dec-18	Comm Project in Ai LGA	500,000.00		1,142,307.69					1,642,307.69
55	Dec-18	Comm Project in Ai LGA	18,502,242.00		16,930,660.00	60,000.00				35,492,902.00
56	Oct-18	Motorized Borehole		4,666,666.00						
57	Jun-18	Electricity at ebia			1,010,250.00					
58	Jun-18	Grading at Nkwegu mkt			1,050,000.00					
59	Oct-18	Comm Project in Ai LGA			76,923,076.92					
60	Jul-18	Meat mkt project			500,000.00					
61	Jul-18	Ebia Electricity			102,000.00					
62	Aug-18	Purchaseof vigilantee bus						3,150,000.00		
63	Mar-18	Nkwegu mkt Toilet	500,000.00							
64	Aug-18	Dredging at Reg mkt			723,000.00					
65	Apr-18	megaphone							107,000.00	
66	Aug-18	Grading at Nkwegu rd			780,000.00					
67	Apr-18									
	TOTAL		**131,373,634.31**	**9,833,332.00**	**396,618,811.81**	**60,000.00**	**342,000.00**	**168,796,153.84**	**107,000.00**	**617,618,939.04**

TREASURER
ABAKALIKI LOCAL GOVERNMENT

CHAIRMAN
ABAKALIKI LOCAL

EBONYI STATE GOVERNMENT OF NIGERIA

REPORT OF

THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS OF

AFIKPO NORTH LOCAL GOVERNMENT

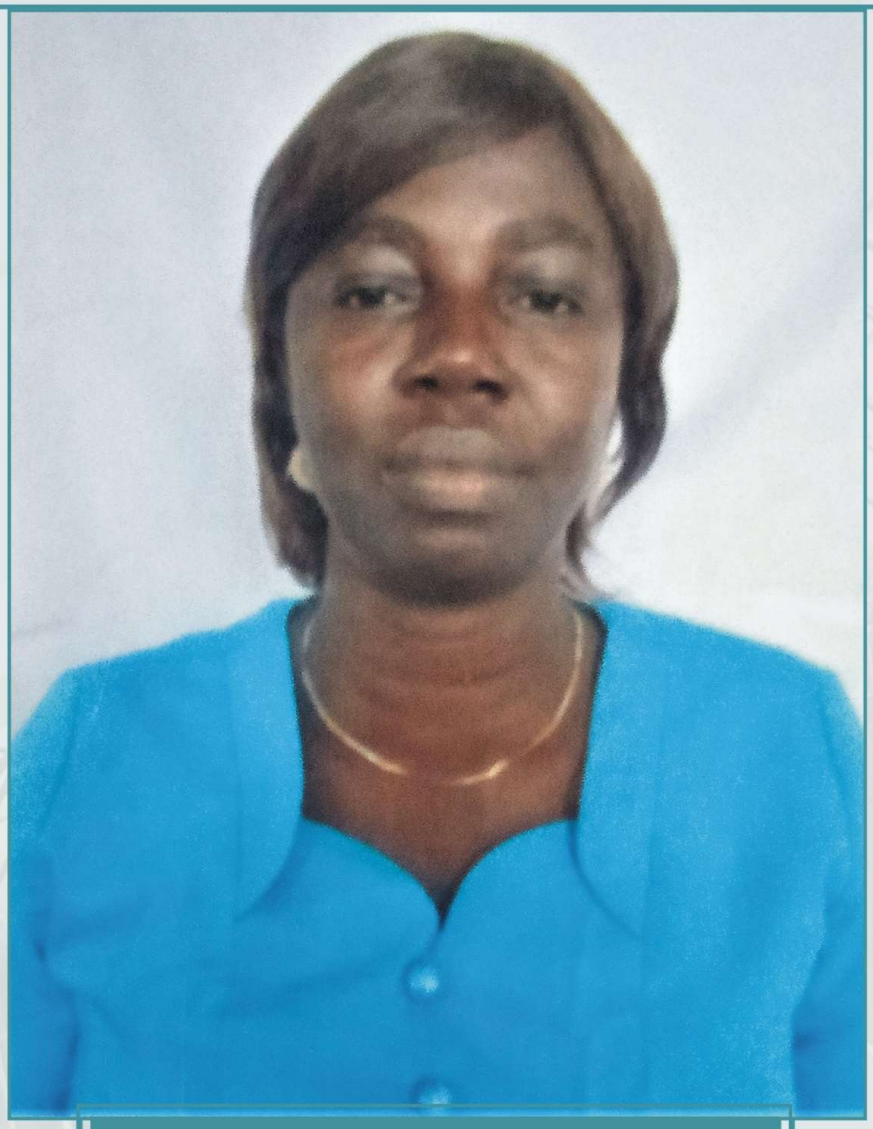
FOR THE YEAR ENDED

31ST DECEMBER, 2018

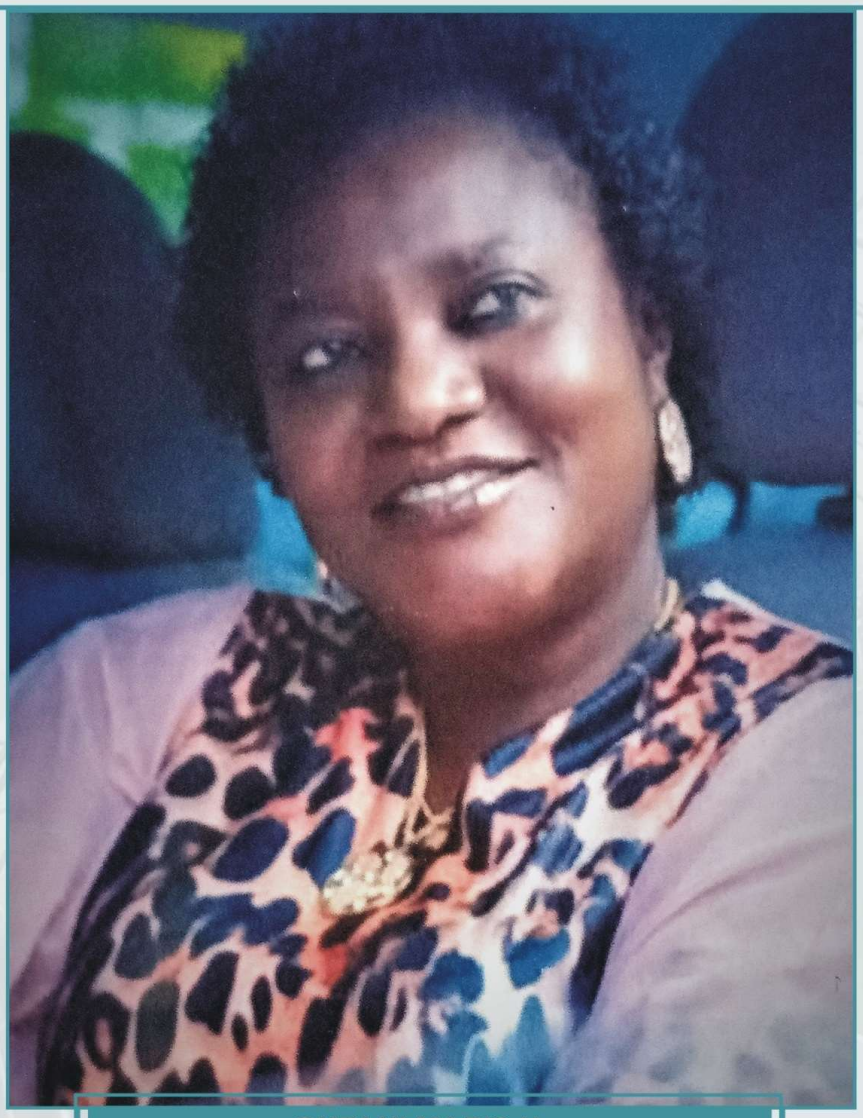
TO

EBONYI STATE HOUSE OF ASSEMBLY

HON. OGBONNAIA OKO ENYIM (JP)
EXECUTIVE CHAIRMAN
AFIKPO NORTH LOCAL GOVERNMENT,
EBONYI STATE



OGUDU U. ELIZABETH
HPM
AFIKPO NORTH LOCAL GOVERNMENT,
EBONYI STATE



OKPANI MARIS U.
TREASURER,
AFIKPO NORTH LOCAL GOVERNMENT,
EBONYI STATE

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CHAPTER ONE

1.0. General Observations

1.1. Submission of the 2018 Financial Statements

In compliance with the provisions of Ebonyi State Local Government Law (CAP. 106) of 2009 Sections 122 and 123 (i-iv), the financial memorandum and other extant laws, the Financial Statements of the Afikpo North Local Government for the year ended 31st December, 2018, was submitted to me on 15th June, 2020.

1.2. FAAC Allocations Not Disaggregated into Their Components

The budgeted amount for revenue from FAAC was not disaggregated into components of FAAC Allocations in Afikpo North Local Government budget for the year ended 31st December, 2018.

In the circumstance, Audit could not compare receipts in respect of those items to budgetary expectations by the Local Government at the beginning of 2018.

1.3. Absence of Prior Year Comparative Figures in the Statements

The Financial Statements for the year ended 31st December, 2018 had no prior year comparative figures. Prior year comparative figures provide activity trends and the direction of movement of performance indices.

The treasurer has been informed of this observation.

CHAPTER TWO

2.0. STATEMENT OF FINANCIAL PERFORMANCE

2.1. INTERNALLY GENERATED REVENUE

Internally Generated Revenue for the year ended 31st December, 2018 amounted to **forty one million, seven hundred and four thousand, eight hundred and sixty six naira (₦41,704,866.00)**. This contrasts with the IGR budget of **twenty seven million, four hundred and eighty five thousand, ninety seven naira (₦27,485,097.00)** for the year. This implies that the Local government achieved **151.74%** of budgeted Internally Revenue in the year. The IGR performance of Afikpo North Local Government Area for the year ended 31st December, 2018 is shown in the table below:

Item	Budgeted (₦)	Actual (₦)	Performance %
Internally Generated Revenue	27,485,097.00	41,704,866.00	151.74%

The good revenue performance recorded by the Local Government Area was driven by the allocation received from the State Government for which the Local Government Area exceeded her budget.

The following IGR Heads recorded zero performance for the year,

Item	Budget (₦)	Performance %
Taxes: Poll Tax/Rates	0.00	0.00
Other Revenue	0.00	0.00

The Revenue Head Licences recorded a total receipt of **five hundred naira (₦500.00)** only for the year.

Other Revenue heads generated the following sums in the year:

Item	(₦)
Fees	2,967,500.00
Earnings	3,334,066.00

The Local Government needs to intensify its IGR drive so that the proportion of its revenue arising from Local Government Area IGR can grow beyond the present **0.32%.** The structure of the Local Governments revenue is not sustainable considering the volatile nature of receipts from FAAC and the unpredictable nature of State Government IGR.

2.2. Receipts from FAAC

Receipts from FAAC for the year ended 31st December, 2018 amounted to **one billion, nine hundred and eighty three million, two hundred and seventy nine thousand, eight hundred and twenty three naira (₦1,983,279,823.00)** as detailed below:

Item	(₦)
Statutory Allocation	1,478,127,356.00
Exchange Ratio Difference Gain	120,983.00
Excess Bank Charge Refund	1,101,267.00
Augmented Fund Distribution	3,749,581.00
Local Government Council Net	1,831,017.00
Forex Equalization	72,492,120.00
Value Added Tax	425,857,499.00
	1,983,279,823.00

The percentage receipts from FAAC during the year amounted to **93.87%** of budget. FAAC receipts for the year of **two billion, one hundred and twelve million, seven hundred seventy four thousand, one hundred and eight naira, nineteen kobo (₦2,112,774,108.19)**. The 2018 budget did not present individual targets for items of receipts from FAAC.

A budget of **one billion, two hundred million naira (₦1,200,000,000.00)** was made for Receipts of Grants from International Donor Agencies. No funds were received in this respect by Afikpo North Local Government Area during the year ended 31st December, 2018.

2.2. Recurrent Expenditure

Afikpo North Local Government Area recorded a total Recurrent Expenditure of **one billion, six hundred and fifty six million, five hundred and fifty eight thousand, twenty five naira (₦1,656,558,025.00)**. This represents **181.07%** of the Recurrent Expenditure Budget of **nine hundred and fourteen million, eight hundred and ninety six thousand, eight hundred and thirty one naira, fifty six kobo (₦914,896,831.56)** for the year. Recurrent expenditure for the year was made up as follows:

Item	Budget (₦)	Actual (₦)	Variance
Personnel Cost	811,473,907.56	886,656,227.00	(75,182,319.44)
Overhead Costs	103,422,924.00	769,901,798.00	(666,478,874.00)
	914,896,831.56	1,656,558,025.00	(741,661,193.44)

Also included in overhead costs as reported are the following items not included in the budget:

Item	Amount (₦)
Depreciation/Amortization	38,148,400.00
Public Debt Charges	71,675,066.00
Transfer to other Government Entities (Police Reform)	51,528,401.00

2.3.1. Personnel Cost

Personnel Costs for the year ended 31st December, 2018 were incurred on the following:

Staff Category	Amount (₦)
Local Government General Staff	448,201,019.00
Local Government Health Staff	88,076,986.00
Universal Basic Education Board Staff	346,812,373.00

The Budget for 2018 did not provide detailed provision on the basis of the above categories to enable the assessment of budget performance.

2.3.2. Overheads

Overheads were incurred on the following subheads in the year ended 31st December, 2018.

Item	Amount (₦)
Travelling and Transport	355,000.00
Utilities	150,000.00
Materials and Supplies	180,000.00
Maintenance services	4,135,000.00
Training and Capacity Building	140,000.00
Security and Safety Services	197,640,760.00
Consulting and Professional	650,000.00
Fueling and Lubricants	50,000.00
Financial Charges	35,335.00
Agric Inputs	35,402,800.00
Public Debt Charges	71,657,066.00
Depreciation/Amortization	38,148,400.00
Other Recurrent Expenses	282,858,880.00

The expenses on Public Debts represent interests on Agricultural Loans obtained in the year and repayments of Bail Out Loan. Included in **Other Recurrent Expenses** are the following costs which are significant:

Item	Amount (₦)
Welfare packages	23,650,990.00
JAC Processing Expenses	152,769,619.00
Agric Related Program Expenses	55,923,677.00
Administrative State Charges	39,048,886.00

2.4. Surplus of Revenue over Recurrent Expenditure

The Local Government recorded a surplus of **three hundred and sixty eight million, four hundred and twenty six thousand, six hundred and sixty four naira (₦368,426,664.00)** over recurrent expenditure for the year ended 31st December, 2018.

CHAPTER THREE

3.0. STATEMENT OF FINANCIAL POSITION

3.1. CURRENT ASSETS

3.1.1. Cash and Cash Equivalents

As at 31st December, 2018, Cash and Cash Equivalents amounted **one hundred sixty five thousand, four hundred and ninety three naira (₦165,493.00)**. The amount contrasts with Cash and Cash Equivalents at the beginning of the year of **two hundred and ninety four thousand, two hundred and forty two naira (₦294,242.00)**. The bank accounts holding the Cash and Cash equivalents were not disclosed in the Statement.

3.1.2. Short-term Loan

This represents advances to farmers amounting to **eight million, six hundred naira (₦8,600,000.00)** not recovered at the end of the period. Recoveries from the farmers are due in the first half of 2019.

3.2. Current Liabilities

3.2.1. Payables

The payables amounting to **sixty four million, eight hundred and fifty thousand, two hundred and fifty naira (₦64,850,250.00)**

represents salary arrears owed some workers of the Local Government Council as at 31st December, 2018.

3.3. Liquidity State of the Local Government

The Council has a current ratio of **0.14**. This implies that **fourteen naira (₦14.00)** is available to defray every **one hundred naira (₦100.00)** of current liabilities**.**

3.4. Non Current Liabilities

The Council Area had Non-Current Liabilities amounting to **four hundred and forty million, sixty three thousand, five hundred and fifty one naira, forty eight kobo (₦440,063,551.48) as at 31st December, 2018. This is made up of:**

Internal Loans	-	168,394,213.82
Arrears of Pension and Gratuity	-	271,669,337.66
		440,063,551.48

3.5. Property, Plant and Equipment

Property, Plant, and Equipment amounting to **four hundred and fifty two million, five hundred and nineteen thousand, one hundred and sixty one naira (₦452,519,161.00)** were acquired by Afikpo North Local Government Area in the year ended 31st December, 2018 as against a total Capital Budget of **two billion, seven hundred and ninety million, four hundred and ninety thousand, nine hundred and twenty two naira (₦2,790,490,922.00)** representing a Capital Budget Performance of **16.22%** for the year.

The following classes of Assets were acquired in the year.

Item	Amount (₦)
Building	430,519,161.00
Plants and Machinery	5,000,000.00
Motor Vehicles	17,000,000.00
	452,519,161.00

Capital budget performance was limited by availability of fund in the year.

CHAPTER FOUR

4.0. Consolidated Statement of Cash Flow

4.1. Sources of Fund

For the year ended 31st December, 2018, Afikpo North Local Government Area received fund from the following sources

Source	**Amount (₦)**
Statutory Allocation	1,557,422,324.00
Value Added Tax	425,857,499.00
Internally Generated Revenue	41,704,866.00
Internal Loans	43,261,715.00
	2,068,246,404.00

4.2. Uses of Fund

Funds generated in the period was on the following

Head	**Amount (₦)**
Salaries and Wages/Social Benefits	962,671,750.00
Overheads	514,591,326.00
Public Debt Charges	71,657,066.00
Transfer to other Government Entities	51,328,401.00
Investments	461,119,161.00
	2,061,367,704.00

The Investments reported in the year included:

Head	**Amount (₦)**
Loans to Local farmers	8,600,000.00
Construction of Office Building	430,519,161.00
Procurement of Plants and Machinery	5,000,000.00
Procurement of Official Vehicles	17,000,000.00
	461,119,161.00

4.3. Cash and Cash Equivalent

The closing Cash and Cash Equivalent on the Consolidated Cash Flow Statement agrees with the **(one hundred and sixty five thousand, four hundred and nine three naira) ₦165,493.00** reported in the Statement of Financial Position as at 31st December, 2018.

AUDIT CERTIFICATE

The **Treasurer, Afikpo Local Government** is responsible for the preparation of the Financial Statements in accordance with Sections 116 of the Ebonyi State Local Government Law (CAP.106) of 2009 and the relevant provisions of the International Public Sector Accounting Standards (IPSAS)/ Guideline issued by the Federation Accounts Allocation Committee (FAAC) Sub-committee on IPSAS implementation; Financial Memorandum; and for being satisfied that the Financial Statements for the year ended 31st December, 2018 give a true and fair view of transactions of the Local Government.

My responsibility is to express an opinion on these Financial Statements with regard to compliance of transactions to regulations and statutes, efficient use of resources and accuracy of accounting records, based on the audit conducted in accordance with International Standards on Auditing (ISA).

I have obtained the information and explanations I required and certify, as a result of my audit that in my opinion, the Financial Statements and the Notes to the Accounts are complete, in compliance with relevant statutes and show a true and fair view of the State of affairs as at 31st December, 2018 and the transactions for the fiscal year ended on that date.

Mrs. P.N. Alobu,
Ag. Auditor-General for
Local Governments,
Ebonyi State.

Office of the Auditor-General for
Local Governments,

P.M.B 075
Abakaliki,
Ebonyi State.
15th October, 2020.

AFIKPO NORTH LOCAL GOVERNMENT

EBONYI STATE OF NIGERIA

REPORT

OF THE

TREASURER

WITH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2018

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RESPONSIBILITY FOR THE FINANCIAL STATEMENT

The Financial Statement of Afikpo North Local Government of Nigeria for the year ended 31st December, 2018, have been prepared by me in accordance with the international public sector accounting standard (IPSAS) and the Guideline Issued by the Federal Allocation Account Committee (FAAC) sub-committee on IPASA implementation.

IPSAS 24 requires that an entity shall present a comparison of budget account for which is held publicly accountable and actual amount either as separate additional financial statement or as additional budget columns in the financial statements. Afikpo North local government opted for the former.

IPSAS 33 requires that recognition and/ or measurement of asset/ liabilities can be recognized for reporting within 3 years following the date of adoption. Afikpo North local Government adopted Accrual basis IPSAS in 1st January, 2018.

Accounting and Reporting

All responsibilities bestowed on me as listed below has been fulfilled

a. Ensuring that adequate system of internal controls are maintained to safeguard assets and provide reasonable assurance that the transaction as recorded are within statutory authority: and also that the use of all public financial resources by the government are properly recorded.

b. Ensuring that proper books and records of accounts were kept to ensure that the financial statements reflects the financial position of Afikpo North local government and its operations for the year ended 31st December, 2018.

In compliance with IPSAS 33, I have prepared the following financial statements as at 31st December, 2018.

1. Statement of financial performance
2. Statement of financial position
3. Statement of cash flow
4. Statement of changes in Net Assets/ Equity
5. Statement of comparison of budget and actual amount
6. Notes to the financial statements

In my opinion, the consolidated financial statement and the notes thereto reflect the financial position of Afikpo North local government of Nigeria as at 31st December, 2018

Treasurer

AFIKPO NORTH LOCAL GOVERNMENT

CHAIRMAN

AFIKPO NORTH LOCAL

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following the adoption of the International Public Sector Accounting Standard (IPSAS) in Nigeria and National Chart of Account (NCOA), a Standardized Format of General Purpose Financial Statements (GPFS) have been designed and introduced for adoption by the Local Government. For effective and efficient use of the NCOA and GPFS, the accounting policies for IPSAS accrual basis accounting have been developed as a tool to direct the processes and procedures relating to financial reporting in Local States.

The General Purpose Financial Statement include:

i. Statement of Financial Position
ii. Statement of Financial Performance
iii. Statement of Cash Flow
iv. Statement of Net Assets/Equity
v. Statement of Budget Comparison and Actual
vi. Notes to the Financial Statements

1. **Basis of Preparation of Financial Statements:** The financial statements are prepared under the historical cost convention and in accordance with International Public Sector Accounting Standard (IPSAS). Accrual basis concept is the basis of preparation of all accounts by all reporting entities is the Local Government.
2. **Accounting Period:** The accounting period (Fiscal Year) is from 1st January to 31st December. Each accounting year is divided into 12 calendar months and it is set up as such in the accounting system of the local Government.
3. **Reporting Currency:** The Reporting currency in preparation of General purpose Financial Statements in Nigeria Naira.
4. **Consolidation of Financial Statement:** The consolidation of General Purpose Financial Statements is based on the financial transactions of all Department and Agencies (DAs) of the Local Government. Government Business Entities (GBEs) are not included in the consolidations. Controlled Entities are fully consolidated from the date on which control is acquired.
5. **Notes to the Financial Statements:** Notes to the Financial Statements are presented in a manner that they cross reference to any related information in the Financial Statements.
6. **Comparative Information:** The General Purpose Financial Statements (GPFS) are designed to show all numerical information relating to previous year(s)
7. **Budget Figures:** A Statement of Comparison of Budget and Actual Amount is prepared for the determination of items of revenue and expenditure in respect to budgetary provisions. IPSAS 24 requires that an entity to present a comparison of budget amount for which it is held publicly accountable and actual amount either as a separate additional Financial Statement or as additional budget columns in the financial statements. Afikpo North Local Government opted for the former.
8. **Revenues:** Afikpo North Local Government recognizes revenues from non- exchange transactions such as fees, Taxes and fines when the events occur and the asset recognition criteria are met. Other non- exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value can be measured reliably. Revenue from the sales of goods and services is recognized when significant risks and rewards of ownership has been transferred to the buyer. Similarly, gain on disposal of Property, Plant and Equipment (PP&E) is recognized at the date control of the asset is passed to the buyer.
9. **Expenditures:** Expenditure are classified as either recurrent or capital. All recurrent expenditure are reported on accrual basis (ie they are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made). Recurrent Expenditures are reported in the Statement of Financial Performance. Payments for Purchase of items of Capital Nature (PP&G) are treated as Assets under Non-Current Assets in the Statement of Financial Position. At the end of the financial year, a schedule of PP&E is prepared as part of the Notes to GPFs.
10. **Assets under Construction:** are not depreciated until the constructions are completed. Under construction assets acquired within a year are included in the schedule of PP&E for the year.
11. Property, Plant and Equipment (PP&E): Property, Plant and Equipment (PP&E) includes:
    i. Building

ii. Infrastructure – Water
iii. Infrastructure – Others
iv. Plants and Machinery
v. Furniture and Fittings
vi. Motor Vehicle
vii. Office and Other Equipments
viii. IT Equipment

Infrastructure – Water Assets include Boreholes, Dams and Water Pipes while infrastructure – Others Assets include Road Networks, Electrification and Bridges. Plants and Machinery includes transformers and earth moving Machines such as Bulldozers, Graders among others.

12. **Depreciation /Amortization**: the following depreciation/ amortization rates apply:

Building	3%
Infrastructure – Water	5%
Infrastructure – Others	5%
Plants and Machinery	15%
Furniture and Fittings	24%
Motor Vehicle	20%
Office and Other Equipment	28%
IT Equipment	30%
Intangible Assets	20%
Biological Assets	20%
Under Constructions	0%

13. **Capitalization:** There is no Capitalization threshold. Any amount spent in connection with PP&E, Biological Assets and intangibles that met the definition of assets are capitalized and recognized as assets in the Statement of Financial Position. Other ones that didn't met the definition of assets are charged to the Statement of Financial performance.
14. **Statement of Cash Flow**: Statement of Cash Flow Is prepared using the direct method
    The cash flow consists:
    i. Operating activities
    ii. Investing activities
    iii. Financing activities
15. **Cash and Cash Equivalent:** Cash and Cash Equivalent are cash balance on hand, held in Bank Accounts, demands deposit and other highly liquid investments with an original maturity of 6 months or less in which Afikpo North Local Government invests as part of its day – to – day cash management and which are readily convertible to known amount of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.
    i. **Receivables:** Receivables from exchange transactions are initially recognized initially at fair value and subsequently measured at amortized cost less provision for impairment
    ii. Receivables from non-exchange transactions are assessed at nominal amount or face value and subsequently adjusted for impairment.
16. **Loans:** Loans are granted to other Government Agencies or Individuals are shown separately in the Statement of Financial Position
17. **Investments**: Investments made in government stock quoted companies etc are disclosed as Financial Assets in the Statement of Financial Positions.
18. **Transfer from other Government Entities:** Transfer to other government entities are non-exchange items and are recognized as revenue in the Statement of Financial Performance.
19. **Transfer to Other Government Entities:** Transfer to other government entities are non-exchange items and are recognized as expenses in the Statement of Financial Performance.
20. **Borrowing Cost**: Borrowing Cost are capitalized against qualifying assets as part of PP&E. Such borrowing costs are capitalized over the period during which the asset is been acquired or constructed and

borrowings have been incurred. Other borrowing costs not capitalized are charged to Statement of Financial Performance.

21. Foreign Currency: Foreign Currency transactions are translated into Naira, the reporting currency, using the spot rate as at last day of the financial year.

Treasurer

AFIKPO NORTH LOCAL GOVERNMENT

CHAIRMAN

AFIKPO NORTH LOCAL

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31ST DECEMBER, 2018

Revenue	Note	2018
	₦	₦
Share of Statutory Revenue	1	1,557,422,324.00
Share of Value Added Tax	2	425,857,499.00
Tax Revenue	3	-
Non Tax Revenue	4	6,302,066.00
10% State IGR (Other Revenues)	5	35,402,800.00
Total Revenue (A)		**2,024,984,689.00**
Recurrent Expenditure		
Salaries and Wages	31	886,656,227.00
Social Benefits	39	87,169,156.00
Travelings and Transports	8	355,000.00
Utilities	9	150,000.00
Material and Supplies	10	180,000.00
Maintenance Services	11	4,135,000.00
Training and Capacity Building	12	140,000.00
Security and Safety Services	13	197,641,760.00
Consulting and Perfessional Services	14	650,000.00
Fuelling and Lubricicants	15	50,000.00
Financial Charges	16	35,335.00
Procurement of Fertilizer	18	35,402,800.00
Public debt services	17	71,657,066.24
Depreciation/Amortization	19	38,148,400.00
Other Reecurrent Expenses	20	282,858,880.00
Transfer to Other Govt Entities	7	51,528,401.00
Total Recurrent Expenditure (B)		**1,656,558,025.00**
Surplus for the year (A-B)		**368,426,664.00**

Treasurer

AFIKPO NORTH LOCAL GOVERNMENT

CHAIRMAN

AFIKPO NORTH LOCAL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER, 2018

	NOTE	2018
ASSETS	₦	₦
CURRENT ASSETS		
Cash and Cash Equivalent	22	165,493.00
Short Term Loan	23	8,600,000.00
Total Current Assets (A)		**8,765,493.00**
NON CURRENT ASSETS		
Property, Plants and Equipment	21	1,117,131,600.00
TOTAL NON CURRENT ASSETS (B)		
TOTAL ASSETS (C = A+B)		1,125,897,093.00
LIBBILITIES		
CURRENT LIABILIIES		
Payables	24	64,850,250.00
Total Current Liabilities (D)		64,852,250.00
Non Current Liabilities		
Internal Loan (Bailout Fund)	25	168,394,213.82
Pension and Gratuity	26	271,669,337.66
Total Non-Current Liabilities (E)		440,063,551.48
Total Liabilities (F=D+E)		504,915,801.48
Net Assets/Equity (G=C-F)	27	620,981,291.52
Contributed By		
Accumulated Surplus		368,720,906.00
Reserves		252,260,385.52
		620,981,291.52

Treasurer

AFIKPO NORTH LOCAL GOVERNMENT

CHAIRMAN

AFIKPO NORTH LOCAL

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER,2018

	Note	2018
	₦	₦
OPERATING ACTIVITIES		
RECEIPTS:		
Share of Statutory Revenue	1	1,557,422,324
Share of Value Added Tax	2	425,857,499
Tax Revenue	3	-
Non Tax Revenue	4	6,302,066
10% State IGR (Other Revenue)	5	35,402,800
Total Receipt for State (A)		**2,024,984,689**
Payment:		
Salaries and Wages	6	883,090,377
Social Benefits	7	79,581,373
Overhead Cost	32	295,294,294
Service Wide Vote	33	197,641,760
Programme Related Expenses	34	57,058,077
Public Debt Services	7	71,657,066
Transfer to Other Govt Entities		51,328,401
Total Payments (B)		**1,607,255,992**
Total Cash Generated From Operating Activities (C=A-B)		417,728,697
Investing Activities		
Short Term Loan	36	8,600,000
Building	40	430,519,161
Infrastructure Others	40	
Plants and Machinery	40	5,000,000
Motor Vehicles	40	17,000,000
Investment Property	40	35,402,800
under construction Assets		**496,521,961**
Net cash used in investing		
Financing Activities		
Proceeds From Internal Loan	38	43,261,715
Net Cash Used/Generated from Financing Activities (E)		
Net Cash Flow in all Activities (F=C+D+E)		-128,749
Opening Cash and Cash Equivalent (G)		292,242
Closing Cash and Cash Equivalent (H=F+G)		165,493
		43,590,701

Treasurer

AFIKPO NORTH LOCAL GOVERNMENT

CHAIRMAN

AFIKPO NORTH LOCAL

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT (PREPARED ON CASH BASIS)
FOR THE YEAR ENDED 31ST DECEMBER,2018

	2018	2018	2018	2018
	Actual	Final Budget	Original Budget	Variance
	₦	₦	₦	₦
Share of Statutary Allocations	1,478,127,356.00	1,484,774,108.00	1,484,774,108.00	(6,646,752.00)
Shares of VAT Allocation	425,857,499.00	430,000,000.00	430,000,000.00	(4,142,501.00)
Exchange Rate Gain	120,938.00	1,000,000.00	1,000,000.00	(879,062.00)
Forex Equalization	72,492,120.00	82,000,000.00	82,000,000.00	(9,507,880.00)
Excess Bank Charges Refund	1,101,267.00	14,000,000.00	14,000,000.00	(12,898,733.00)
Augmented Fund Distribution	3,749,581.00	100,000,000.00	100,000,000.00	(96,250,419.00)
Local Govt Council Net	1,831,017.00	1,000,000.00	1,000,000.00	831,017.00
Sub Total (A)	**1,983,279,778.00**	**2,112,774,108.00**	**2,112,774,108.00**	(129,494,330.00)
Internally Generated Revenue				
10% State IGR	35,402,800.00			35,402,800.00
Taxes	-	4,800,000.00	4,800,000.00	(4,800,000.00)
Licences	500.00	4,081,297.00	4,081,297.00	(4,080,797.00)
Fines				
Fees	2,967,500.00	5,702,297.00	5,702,297.00	(27,734,797.00)
Sales				
Earings	3,334,066.00	11,401,400.00	11,401,400.00	(8,067,334.00)
Rent		1,500,600.00	1,500,600.00	
Other Receipts				(1,506,600.00)
Sub Total (B)	**41,704,866.00**	**27,485,594.00**	**27,485,594.00**	20,219,272.00
AID and Grants	-	-	-	-
SubTotal (D)	-	-	-	-
Total Revenue (A+B+C)=D	**2,024,984,644.00**	2,570,991,409.00	2,570,991,409.00	(546,006,720.00)
Recrrent Expenditure by Nature				
Personnel Cost	883,090,066.00		754,569,158.00	(128,520,908.00)
Overhead Cost	259,891,489.00		103,422,924.00	(156,468,565.00)
Service Wide Vote	197,641,760.00		120,000,000.00	(77,641,760.00)
Personnel Cost	883,090,377.00	418,980,750.00	418,980,750.00	(464,109,627.00)
Overhead Cost	295,294,289.00	103,422,924.00	103,422,924.00	(191,871,365.00)
Service Wide Vote	197,641,760.00	232,579,408.00	232,579,408.00	34,937,648.00
Programme Related Expenses	57,058,077.00	40,000,000.00	40,000,000.00	17,879,571.00
Social Benefit	79,581,373.00	59,912,750.00	59,912,750.00	(19,668,623.00)
Public Debt Servicing	43,261,715.00	-	-	(43,261,715.00)
Transfer to Other Govt Entities	51,328,401.00	60,000,000.00	60,000,000.00	8,671,599.00
Sub Total (E)	**1,607,255,992.00**	**914,895,832.00**	**914,895,832.00**	(692,360,160.00)
Capital Expenditure by Sector				-
Administrative	395,563,204.00	995,163,000.00	995,163,000.00	564,643,839.00
Economic	17,000,000.00	805,663,961.00	805,663,961.00	788,663,961.00
Law and Justice		-	-	-
Regional		-	-	-
Social	5,000,000.00	989,663,961.00	989,663,961.00	984,663,961.00
Sub Total (F)	**417,563,204.00**	**2,790,490,922.00**	**2,790,440,922.00**	2,372,927,718.00
Surplus/(Deficit) for the year	165,493.00	(1,565,126,949.00)	(1,565,126,949.00)	1,565,292,442.00

Treasurer

AFIKPO NORTH LOCAL GOVERNMENT

CHAIRMAN

AFIKPO NORTH LOCAL

CONSOLIDATED SEGMENT REPORTING

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	ADMINISTRATIVE	ECONOMIC	LAW & JUSTICE	REGIONAL	SOCIAL	OTHERS	TOTAL
Revenue	₦	₦	₦	₦	₦	₦	₦
10% State IGR		35,402,800.00					35,402,800.00
Taxes							
Levy	500.00						500.00
Fines							
Sales							
Earnings	3,334,066.00						3,334,066.00
Rent							
Fees	2,967,500.00						2,967,500.00
Other Revenue							-
Invest income						1,983,279,823.00	1,983,279,823.00
Share of Statutory Allocations							-
Total Revenue (A)	6,302,066.00	**35,402,800.00**				**1,983,279,823.00**	**2,024,984,689.00**
Expenses:							
Personnel Cost	451,766,869.00				434,889,358.00		886,656,227.00
Overhead Cost	233,062,949.00	38,580,350.00			23,650,990.00		259,891,489.00
Service wide vote	197,641,760.00						197,614,760.00
Programme Related Exp.		56,558,077.00			500,000.00		57,058,077.00
Public Debt Services						43,261,715.00	43,261,715.00
Depreciation/Amortisation						38,148,400.00	38,148,400.00
Other Recurrent Expenses							
Transfer to Other Govt Entities						51,328,401.00	51,328,401.00
Social Benefit						87,169,156.00	87,169,156.00
Total Expenses (B)	882,471,578.00	95,138,427.00	-	-	459,040,348.00	219,907,672.00	1,656,558,025.00
Surplus/(Deficit) (A-B)	**(882,471,578.00)**	**(59,735,627.00)**	**-**	**-**	**(459,040,348.00)**	**1,763,372,151.00**	**368,426,664.00**

Treasurer

AFIKPO NORTH LOCAL GOVERNMENT

CHAIRMAN

AFIKPO NORTH LOCAL GOVERNMENT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018
		₦
Note 1. Share of Statutory Revenue		
Statutory Allocation	1a	1,478,127,356.00
Exchange Rate Difference Gain	1b	120,983.00
Exess Bank Charge Refund	1d	1,101,267.00
Augmented Fund Distribution		3,749,581.00
Local Govt Council Net		1,831,017.00
Forex Equalization	1c	72,492,120.00
Total		**1,557,422,324.00**
Note 1a. Statutory Allocation		
January		119,425,519.00
February		114,852,103.00
March		122,303,365.00
April		105,594,648.00
May		131,197,713.00
June		127,615,590.00
July		132,797,646.00
August		128,116,204.00
September		125,043,129.00
October		125,043,129.00
November		129,680,937.00
December		117,595,577.00
Total		**1,479,265,560.00**
Note 1b Exchange Rate Gain Allocation		
September		60,491.00
October		60,492.00
Total		**120,983.00**
Note 1 c Forex Equalization		
January		6,695,591.00
March		30,949,250.00
April		13,607,088.00
May		104,774.00
August		
November		15,470,573.00
December		218,523.00
Total		**67,045,799.00**
Note 1 d Excess Bank Charge Refund		
September		1,101,267.00
Total		1,101,267.00
Note 2 Value Added Tax Allocation		
January		28,983,896.00
February		32,867,796.00
March		18,714,052.00
April		2,452,375.00
May		29,668,596.00
June		31,785,534.00
July		29,309,471.00
August		28,503,318.00
September		27,022,456.00
October		27,022,456.00
November		33,577,459.00
December		35,978,449.00
Total		**325,885,858.00**

Note 3 Tax Revenue		
March		
April		
December		
Total Tax Revenue		-
Note 4 Non - Tax Revenue		
Licenses		
January		
February		
March		
April		
May		
June		-
July		500.00
August		
Sept.		
Oct.		
Nov.		
December		
Sub-Total		**500.00**
Fees		
January		292,500.00
February		314,000.00
March		275,000.00
April		208,000.00
May		125,410.00
June		224,000.00
July		297,000.00
August		224,000.00
Sept.		348,590.00
Oct.		274,500.00
Nov.		273,500.00
December		111,000.00
Total		**2,967,500.00**
Earning		
January		46,590.00
February		877,000.00
March		31,000.00
April		122,374.00
May		872,200.00
June		47,610.00
July		464,000.00
August		379,500.00
Sept.		73,090.00
Oct.		123,122.00
Nov.		19,500.00
December		276,000.00
Total		3,334,066.00
		6,666,052.00
Note 5		
Share of 10% State IGR		35,402,800.00
Total - Other Revenues		**35,402,800.00**
Note 6 Salaries and Wages		
All LG Staff		448,201,019.00
UBEB		346,812,986.00

Health		88,076,986.00
Total		**883,090,991.00**
Note 7 Transfer to Other Govt Entities		
Ebonyi State Govt:		
Joint Project		
Police Reform		37,620,709.00
Neighbourhood Watch Security		13,707,692.00
Total		**51,328,401.00**
Note 8 Travelling and Transports		
The Council		158,000.00
Administration		75,000.00
Finance		30,000.00
Education		35,000.00
Works		42,000.00
Planing and Statistics		15,000.00
Total		**355,000.00**
Note 9 Utilities - General		
Works		150,000.00
Total		**150,000.00**
Note 10 Materials and Supplies		
The Council		70,000.00
Administration		40,000.00
Finance		30,000.00
Planing and satistics		40,000.00
Total		**180,000.00**
Note 11 Maintenance Service		
The Council		2,759,550.00
Administration		65,000.00
Finance		60,000.00
Education		1,060,450.00
Works		250,000.00
Total		**4,195,000.00**
Note 12 Training and Capacity Building		
The Council		140,000.00
Administration		-
Total		**140,000.00**
Note 13 Security and Safety Service		
The Council		197,641,760.00
Total		**197,641,760.00**
Note 14 Consulting and professional Service		
The council		
Administration		150,000.00
Finance		500,000.00
Education		-
Total		**650,000.00**
Note 15 Fuelling and Lubricants		
The Council		50,000.00
Total		**50,000.00**
Note 16 Financial Charges		
Finance		35,335.00
Total		**35,335.00**

Note 17 public debt services		-
Salary Bail out loan		28,395,351.24
Agric Loan		43,261,715.00
Total		**71,659,066.24**
Note 18 Agric Inputs		-
Procurement of Fertilizer for Farmer		**35,402,800.00**
Total		**35,402,800.00**
Note 19 Depreciation/Amortization		
Building		33,998,400.00
Infrastructure - water		
Infrastructure - Other		
Plant and Machinery		750,000.00
Furniture and Fittings		
Motor Vehicle		3,400,000.00
Office and Other Equipment		
IT Equipment		
Total		**38,148,400.00**
Note 20 Other Recurrent Expenses By Nature		
Refreshment and Meals		185,000.00
National on Immunization		700,000.00
Subscription to ALGON		1,600,000.00
welfare packages		23,650,990.00
JAC processing expenses		152,769,619.00
Special day Celebration		400,000.00
Annual Budget Expenses		250,000.00
Agric Related Program Expenses		55,923,677.00
Government Donation		100,000.00
Mother and Child Initiative		300,000.00
Common Services (Committee)		1,330,000.00
Traditional Rulers up keep		3,885,923.00
State Youth Empowerment		738,462.00
Administrative State Charges		39,048,886.00
Recruitment and Appointment		1,550,000.00
Ohaneze ndi igbo		76,923.00
Mass Literacy		350,000.00
Total		**282,859,480.00**

Note 21 Property, Plants and Equipments as at 31st December, 2018

Note 21 Property, Plants and Equipments as at 31st December, 2018	Note	building	Infrastructure Water	Infratructure Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office and Other Equipments	Under Constructions	IT Equipments	Total
		₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Opening bal. 1/1/18		702,760,839.00	-	-				-	-	-	702,760,839.00
Reclassified											
Additions	36	430,519,161.00			5,000,000.00		17,000,000.00				452,519,161.00
Total		**1,133,280,000.00**	-	-	**5,000,000.00**	-	**17,000,000.00**	-	-		**1,155,280,000.00**
Depreciations		33,998,400.00	-		750,000.00		3,400,000.00	-	-	-	38,148,400.00
Written Down Value 31/12/18		**1,099,281,600.00**	-	-	**4,250,000.00**	-	**13,600,000.00**	-	-	-	**1,117,131,600.00**

Note 22 Cash and Cash Equivalents		
Afikpo North Local Govt A/C		162,493
Total Cash and Cash Equivalents		**162,493**
		-
Note 23 Short Term Loan		
Agric Loan		8,600,000
TOTAL		**8,600,000**
NOTE 24 PAYABLES		
Employee Compensation		
Salary Arrears		64,850,250
Total		**64,850,250**
		-
NOTE 25 INTERNAL LOANS		-
Bail Out Fund		168,394,214
Total		168,394,214
Note 26 Pension and Gratuity		
Pension		108,667,735
Gratuity		163,001,338
Total		**271,669,338**
Note 27 Net Assets/Equity		
Accumulated Surplus		368,720,906
Reserves		252,260,386
Total		**620,981,292**
Note 28 Statutory Allocations from Federation Account		
Allocations from Federation Account		1,478,127,356.00
Exchange Rate Gain		120,983.00
Excess Bank Charges Refund		1,101,267.00
Augmented Fund Distribution		3,479,581.00
Local Govt Net		1,831,017.00
Forex Equalization		721,492,120.00
Total		**2,206,152,324.00**
Note 29 Share of Value Added Tax		
VAT Allocation From Federation Account		425,857,499.00
Total		**425,857,499.00**
Note 30 Internally Generated Revenue		
Tax Revenue		-
Tax Revenue Sub Total		-
Licences	4	500.00
Fines	4	-
Fees	4	2,967,500.00
Sales	4	-
Earnings	4	3,334,066.00
Rent		-
Non-Tax Revenue Sub Total		-
Miscellaneous	5	6,302,066.00
Other Revenue Sub Total		
Total		**6,302,066.00**
Note 31 Salaries and Wages		
Employee Compensation 31/12/2019	23	64,850,250.00
Reported in the Statement of Cash Flow	6	883,090,377.00
Employee Compensation 1/1/2019		(61,284,400.00)
Total		**886,656,227.00**
Note 32 Overhead Cost		

Travel & Transport		355,000.00
Utility		150,000.00
Materials & Supplies		180,000.00
Maintenance		4,135,000.00
Training & capacity building		140,000.00
Consulting & Professional Services		650,000.00
Fuelling and Lubricants		50,000.00
Financial Charges		35,335.00
Refreshment and Meals		-
subscription to ALGON		1,600,000.00
Welfare Packages		23,650,990.00
JAC processing expenses		181,164,970.00
special day celebration		400,000.00
Annual budget expenses		250,000.00
Mother and Child initiative		300,000.00
Common Service (committee)		1,330,000.00
Traditional ruler up keep		3,885,923.00
State Youth Empowerment		738,462.00
Administrative fund charges		74,451,696.00
Recruitment and appointment		1,500,000.00
Ohaneze Ndi Igbo		126,923.00
Mass literacy		200,000.00
Total		**295,294,294.00**
Note 33 Service wide Vote		
Security and Safety Services		197,541,760.00
Government Donations		100,000.00
Total		**197,641,760.00**
Note 34 Programme Related Expenses		
National Programe on Immunization		700,000.00
Agricultural Programme Expenses		55,923,077.00
Total		**56,623,077.00**
Note 35 Social Benefits		
Pension		71,889,065.00
Gratuity		7,693,308.00
Total		**79,582,373.00**
Note 36 Short Terms Loans		
Agric Loan		8,600,000.00
Total		**8,600,000.00**
Note 37 Public Debt Service Paid		
Salary Bail out		
Agric Loan		43,261,715.00
Total		**43,261,715.00**
Note 38 proceeds from internal loan		
Agric Loan		43,261,715.00
Total		**43,261,715.00**
		-
Note 39 Social Benefits		-
Pension as Reported in the statement of Cash Flow		71,889,065.00
Gratuity as Reported in the Statement of Cash Flow		7,693,308.00
Sub Total		**79,581,373.00**
Add: Closing Balance 31/12/2019- Pension		75,348,236.00
Add: Closing Balance 31/12/2019- Gratuity		328,645,173.00
Less: Opening balance 1/1/2019- Pension		(72,458,261.00)
Less: Opening balance 1/1/2019- Gratuity		(323,947,365.00)
Total		**87,169,156.00**

NOTE 40 SCHEDULE OF PROPERTY, PLANTS AND EQUIPMENT ACQUIRED DURING THE YEAR 2018

	Building	Plants and Machinery	Motor Vehicles	Total
Council Quarter	430,519,161.00			430,519,161.00
Community Project			17,000,000.00	17,000,000.00
Gaint Generator		5,000,000.00		5,000,000.00
Total	**430,519,161.00**	**5,000,000.00**	**17,000,000.00**	**452,519,161.00**

Treasurer

AFIKPO NORTH LOCAL GOVERNMENT

CHAIRMAN

AFIKPO NORTH LOCAL

EBONYI STATE GOVERNMENT OF NIGERIA

REPORT OF

THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS OF

AFIKPO SOUTH LOCAL GOVERNMENT

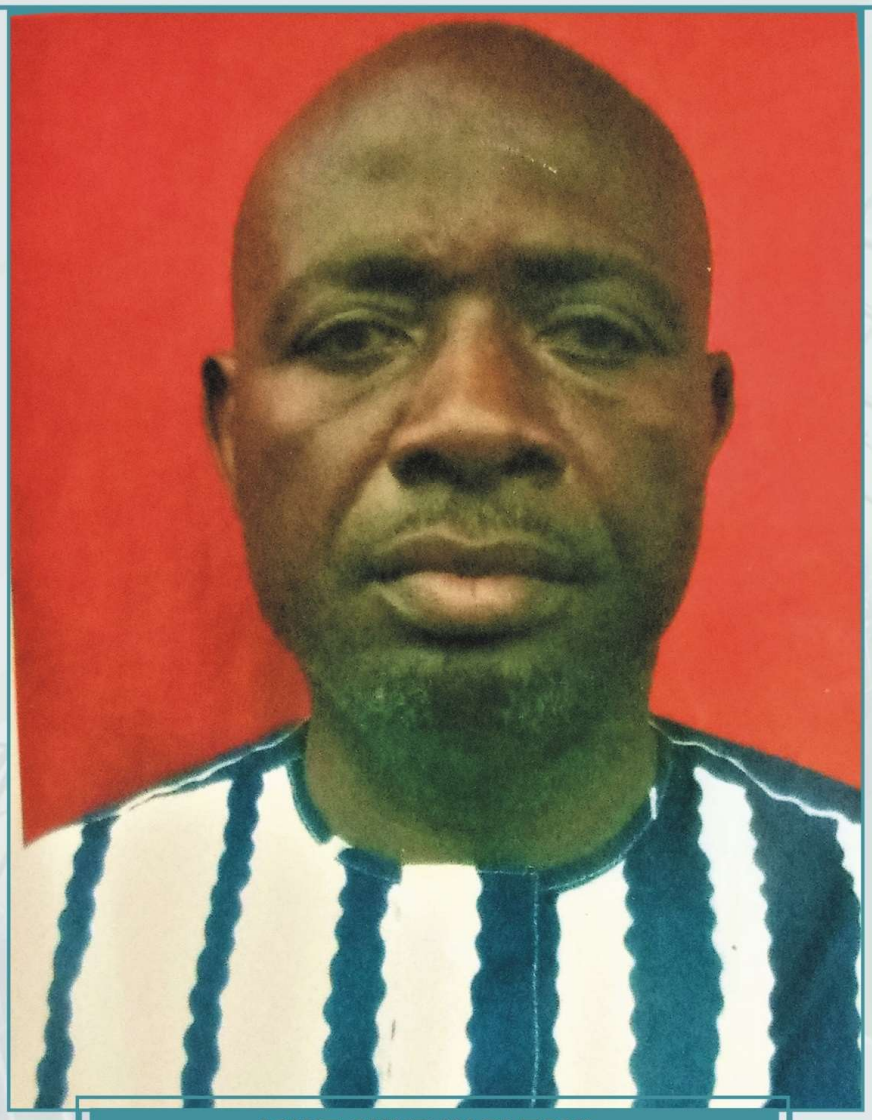
FOR THE YEAR ENDED

31ST DECEMBER, 2018

TO

EBONYI STATE HOUSE OF ASSEMBLY

HON. (BARR) ENI UDUMA CHIMA PhD
EXECUTIVE CHAIRMAN
AFIKPO SOUTH LOCAL GOVERNMENT,
EBONYI STATE



IGWE SUNDAY ELECHI
HPM
AFIKPO SOUTH LOCAL GOVERNMENT,
EBONYI STATE

OGBUEWU VINCENT
TREASURER,
AFIKPO SOUTH LOCAL GOVERNMENT,
EBONYI STATE

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CHAPTER ONE

1.0. General Observations

1.1. Submission of the 2018 Financial Statements

In accordance with Ebonyi State Local Government Law (CAP.106) of 2009 Sections 122 and 123 (i-iv), and other extant laws, the Financial Statements of Afikpo South Local Government Area for the year ended 31st December, 2018 were submitted to me on 15th June, 2020.

1.2. FAAC Budgeted Figures for Revenues Not Disaggregated

The budgeted amount for revenue from FAAC was not disaggregated into the components of FAAC allocations in Afikpo South Local Government annual budget for the year ended 31st December, 2018.

The treasurer has been advised to liaise with the head of planning to provide budget figures as appropriate in future.

1.3. Comparative Figures for 2017 not Presented

The comparative figures for 2017 revenue collections were not reported in the notes to the accounts presented for review. This hindered audit from comparing the level of performance of the 2018 internally generated revenue.

CHAPTER TWO

2.0 Statement of Financial Performance

2.1 Internally Generated Revenue

Afikpo South Local Government Area has Internally Generated Revenue of **sixty nine million, three hundred and twenty eight thousand, eight hundred naira (₦69,328,800.00)** for the year ended 31st December, 2018. This is over and above the budgeted figure of **ten million, seven hundred and ninety seven thousand, nine hundred and eighty five naira (₦10,797,985.00)** for the year under review.

Details are as shown below:

2017	Head	Budgeted 2018 (₦)	Actual 2018 (₦)	Performance %
	Share of State IGR	-	48,204,600.00	100.00
	Taxes	456,639.00	2,850,000.00	624.13
	Licenses	2,830,086.00	2,005,200.00	70.85
	Fines	-	1,324,000.00	0.00
	Fees	3,432,120.00	4,865,000.00	141.75
	Sales	-	2,160,000.00	0.00
	Earnings	4,079,140.00	4,150,000.00	101.74
	Rent	-	1,220,000.00	0.00
	Miscellaneous	-	2,550,000.00	0.00
		10,797,985.00	69,328,800.00	624.05

The Local Government Area generated revenue on the following revenue heads over and above budgetary provisions.

Head	Actual (₦)	Budget (₦)	Increase (₦)	performance %
Taxes	2,850,000.00	456,639.00	2,393,361.00	524.13
Fees	4,865,000.00	3,432,120.00	1,432,880.00	41.75
Earnings	4,150,000.00	4,079,140.00	70,860.00	1.74
	11,865,000.00	7,967,899.00	3,897,101.00	

The Council did not meet the provision for licenses by **29.15%** having budgeted **two million, eight hundred and thirty thousand, eight six naira (₦2,830,086.00)** for it.

The following revenue heads had no budgetary provisions but revenues, were generated under the heads.

They are:

	Amount ₦
Share of State IGR	48,204,600.00
Sales	2,160,000.00
Fees	1,324,000.00
Rent	1,220,000.00
Miscellaneous	2,550,000.00
Total	**55,458,600.00**

2.2. Revenue from FAAC

The sum of **two billion, two hundred and seven million, eighty five thousand, seven hundred and eighty three naira (₦2,207,085,783.00)** was estimated to be received from Federation Account Allocation Committee (FAAC) for the year ended 31st December, 2018 while, **one billion, nine hundred and ninety five million, seven hundred and ninety nine thousand, six hundred and twenty one naira (₦1,995,799,621.00)** was actually received, with **90.43%** performance.

Details are shown below:

2017	**Head**	**2018 Budget (₦)**	**2018 Actual (₦)**
	Statutory Allocation	1,717,756,560.00	1,491,991,098
	Exchange Rate Difference Gain	- 1,000,000.00	122,024
	Excess Bank Charges	1,000,000.00	1,110,748
	Augmented Fund	2,000,000.00	2,633,857
	L.G. Net	2,000,000.00	1,846,779
	Forex Equalization	40,000,000.00	72,880,852
	VAT	443,729,223.00	475,214,263
	Total	**2,207,085,783.00**	**1,995,799,621.00**

2.3 Personnel Cost

The Local Government Council budgeted to spend **one hundred and sixty three million, three hundred and ninety nine thousand, seven hundred and twenty seven naira, sixty nine kobo (₦163,399,727.69)** on personnel cost for the year under review but the sum of **five hundred and fifty seven million, twenty two thousand, three hundred and twenty four naira (₦557,022,324)** was actually spent same period. The sum of **three hundred and ninety three million, six hundred and twenty two thousand, five hundred and ninety six naira, thirty kobo (₦393,622,596.30)** was spent off the budgetary provisions for personnel cost in the council.

Details are as shown below:

Item	2018 Budget (₦)	2018 Actual (₦)	Variance
L.G. Staff	42,654,866	261,453,282	(2,187,989.62)
UBEB	-	223,748,144	(223,748,144)
Health	64,022,615	71,820,352	(7,797,737)
CRFC	56,722,246.69	-	56,722,246.69
	-	-	-
	163,399,727.69	557,022,324	393,622,596.30

There was no budgetary provision for UBEB Teachers in the Council but the sum of **two hundred and twenty three million, seven hundred and forty eight thousand, one hundred and forty four naira (₦223,748,144)** was spent for salaries of UBEB teachers.

2.4. Pension and Gratuity

Audit observed that the sum of **one hundred and one million, four hundred and thirty five thousand, four hundred and forty two naira (₦101,435,442)** was reported to have been incurred for pension and gratuity for the year under review.

Outstanding pensions and Gratuities amounted to **two hundred and seventy one million, six hundred and sixty nine thousand three hundred and thirty eight naira (₦271,669,338.00)** as at 31st December, 2018. This amount is made up of arrears of pension and arrears of gratuity.

2.5. Overhead Cost

The Local Government Council reported that the sum of **two hundred and thirty million, thirty eight thousand, four hundred and sixty one naira, fifty four kobo (₦230,038,461.54)** was budgeted as overhead cost for the year under review. However, the sum of **seven hundred and eighty five million, three hundred and ninety thousand, two naira, twenty four kobo (₦785,390,002.24)** was actually spent. The extra budgetary expenditure of **five hundred and fifty five million, three hundred and fifty one thousand, five hundred and ninety three naira, seventy kobo (₦555,351,593.70)** was made by the Council.

Details are as shown below:

Head	2018 Budget (₦)	2018 Actual (₦)	Variance
Travelling & Transport	1,550,000	1,640,000.00	(90,000.00)
Utilities	100,000	630,000.00	(530,000.00)
Materials & Supplies	2,150,000	2,960,000.00	(810,000.00)
Maintenance Service	5,000,000.00	24,310,000.00	(19,310,000.00)
Training & Capacity Building	13,238,461.54	11,538,462.00	(1,699,999.54)
Security & Safety Services	2,400,000.00	109,714,616.00	(107,314,616.00)
Consulting & Prof. Services	700,000.00	400,000.00	300,000.00
Fueling and Lubricants	150,000.00	724,000.00	(574,000.00)
Financial charges	350,000.00	8,780.00	341,220.00
Public Debt charges	-	28,395,351.24	(28,395,351.24)
Other Recurrent Expenses	4,400,000.00	550,817,224.00	(546,417,224.00)
Transfers to other Govt. Entities	200,000,000.00	54,251,592.00	145,748,408.00
	230,038,461.54	785,390,002.24	(555,351,593.70)

Other recurrent Expenses which had a budget of **four million, four hundred thousand naira (₦4,400,000.00)** has the following actual expenses.

Head	**Amount ₦**
Refreshment and meal	350,000.00
National Immunization	1,692,309.00
Subscription to ALGON	1,600,000.00
Welfare Packages	194,732,348.00
JAC processing expenses	149,832,026.76
Special day celebration	17,218,077.00
Annual budget expenses	300,000.00
Agric related programme expense	17,692,307.00
Government donation	30,769,231.00
Mother & child initiative	1,638,462.00
Common services (committee)	230,769.00
Traditional rulers upkeep	3,885,924.00
State youth empowerment	125,353,847.00
Administrative state charges	3,425,000.00
Recruitment and appointment	1,820,000.00
Ohaneze Ndigbo	76,923.00
Mass literacy	200,000.00
	550,817,223.76

CHAPTER THREE

3.0. STATEMENT OF FINANCIAL POSITION

3.1. CASH AND CASH EQUIVALENT

The cash and cash equivalent as at 31st December, 2018 stood at **two thousand and fifty one naira (₦2,051.00)** only. There was a very wide drop of cash and cash equivalent from **one million, eight hundred and forty six thousand, eight hundred and ten naira (₦1,846,810)** that was existing at the beginning of the financial year 2018.

Details are shown below

		₦
Cash and cash equivalent	31/12/18	2,051.00
Cash and cash equivalent	01/01/18	1,846,810.00
Drop in cash and cash equivalent	03/12/18	1,844,760.00

3.2. Property, Plant, and Equipment (PP & E)

The Local Government Council reported in Note 20 **Property, Plant and Equipment** that the written down value of PP & E as at 01/01/2018 stood at **eighty one million naira (₦81,000,000.00)** only. Audit could not confirm this as there was no comparative 2017 figures for PP & E in the financial statement. However, new PP & E was acquired in the reporting year as follows:

Class	₦
Building	68,040,712.00
Infrastructure others	76,307,692.00
Motor vehicle	92,307,962.00
Assets Under construction assets	370,000,000.00
Total	**606,656,366.00**

3.3. Internal Loan of ₦168,394,213.82 Not Reported in the Statement of Financial Position

That the sum of **one hundred and six eight million, three hundred and ninety four thousand, two hundred and thirteen naira, eight two kobo (₦168,394,213.82)** reported in the statement as Internal Loans represents outstanding balance from the salary Bail Out Loan obtained from the Federal Government in 2015.

The Council made a budgetary provision of the sum of **one billion, eight hundred and twenty four million, two hundred and forty seven thousand, six hundred and ninety three naira (₦1,824,247,693)** for capital projects but only the sum of **six hundred and six million, six hundred and fifty six thousand, three hundred and sixty six naira (₦606,656,366)** was actually spent representing only **33%** performance.

CHAPTER FOUR

4.0. Consolidated Statement of Cash Flow

4.1. Sources of Fund

For the year ended 31st December, 2018, Afikpo South Local Government Area received fund from the following sources

Source	**Amount (₦)**
Statutory Allocation	1,570,585,358.00
Value Added Tax	425,214,263.00
Internally Generated Revenue	21,124,200.00
10% State IGR	48.2404,600.00
	2,065,128,421.00

4.2. Uses of Fund

Funds generated in the period was on the following

Head	**Amount (₦)**
Salaries and Wages/Social Benefits	636,603,697.00
Overheads	750,947,646.76
Public Debt Charges	28,395,351.24
Transfer to other Government Entities	54,251,592.00
Investments	624,348,403.00
	2,094,546,690.00

The Investments reported in the year included:

Head	**Amount (₦)**
Loans to Local farmers	17,692,307.00
Construction of Office Building	68,040,712.00
Infrastructure: Others	76,307,692.00
Procurement of Official Vehicles	92,307,692.00
Assets Under Construction	370,000,000.00
	624,348,403.00

4.3. Cash and Cash Equivalent

The closing Cash and Cash Equivalent on the Consolidated Cash Flow Statement agrees with the **two hundred and fifty one naira (₦2,051.00)** reported in the Statement of Financial Position as at 31st December, 2018.

AUDIT CERTIFICATE

The **Treasurer, Afikpo South Local Government** is responsible for the preparation of the Financial Statements in accordance with Sections 116 of the Ebonyi State Local Government Law (CAP.106) of 2009 and the relevant provisions of the International Public Sector Accounting Standards (IPSAS)/ Guideline issued by the Federation Accounts Allocation Committee (FAAC) Sub-committee on IPSAS implementation; Financial Memorandum; and for being satisfied that the Financial Statements for the year ended 31st December, 2018 give a true and fair view of transactions of the Local Government.

My responsibility is to express an opinion on these Financial Statements with regard to compliance of transactions to regulations and statutes, efficient use of resources and accuracy of accounting records, based on the audit conducted in accordance with International Standards on Auditing (ISA).

I have obtained the information and explanations I required and certify, as a result of my audit that in my opinion, the Financial Statements and the Notes to the Accounts are complete, in compliance with relevant statutes and show a true and fair view of the State of affairs as at 31st December, 2018 and the transactions for the fiscal year ended on that date.

Mrs. P.N. Alobu,
Ag. Auditor-General for
Local Governments,
Ebonyi State.

Office of the Auditor-General for
Local Governments,
P.M.B 075

Abakaliki,
Ebonyi State.
15th October, 2020.

AFIKPO SOUTH LOCAL GOVERNMENT

EBONYI STATE OF NIGERIA

REPORT

OF THE

TREASURER

WITH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER, 2018

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RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Financial Statement of Afikpo South Local Government of Nigeria for the year ended 31st December, 2018, have been prepared by me in Accordance with the International Public Sector Accounting Standards (IPSAS) and the Guideline Issued by the Federal Allocation Account Committee (FAAC) Sub-committee on IPSAS implementation.

IPSAS 24 requires that an entity shall present a Comparison of Budget amount for which it is held publicly accountable and Actual Amount either as separate additional Financial Statement or as additional budget columns in the Financial Statements. Afikpo South Local Government opted for the former.

IPSAS 33 requires that recognition and /or measurement of Asset Liabilities can be recognized for reporting within 3 years following the date of adoption. Afikpo South Local Government adopted Accrual Basis IPSAS in 1st January, 2018.

ACCOUNTING AND REPORTING

All responsibilities bestowed on me as listed below has been fulfilled

c. Ensuring that adequate system of internal controls are maintained to safeguard assets and provide reasonable assurance that the transaction as recorded are within statutory authority: and also that the use of all public financial resources by the government are properly recorded.

d. Ensuring that proper books and records of accounts were kept to ensure that the Financial Statements reflect the financial position of Afikpo South Local Government and its operations for the year ended 31st December, 2019.

In compliance with IPSAS 33, I have prepared the following financial statement as at 31st December, 2018.

7. Statement of Financial Performance
8. Statement of Financial Position
9. Statement of Cash flow
10. Statement of Changes in Net Assets/ Equity
11. Statement of comparison of Budget and Actual Amount
12. Notes to the Financial Statements

In my opinion, the consolidated Financial Statements and the Notes thereto reflect the Financial Position of Afikpo South local government of Nigeria as at 31st December, 2018.

TREASURER
Afikpo South Local Government

CHAIRMAN
Afikpo South Local

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following the adoption of the International Public Sector Accounting Standard (IPSAS) in Nigeria and National Chart of Account (NCOA), a Standardized Format of General Purpose Financial Statements (GPFS) have been designed and introduced for adoption by the Local Government. For effective and efficient use of the NCOA and GPFS, the accounting policies for IPSAS accrual basis accounting have been developed as a tool to direct the processes and procedures relating to financial reporting in Local States.

The General Purpose Financial Statement include:

i. Statement of Financial Position
ii. Statement of Financial Performance
iii. Statement of Cash Flow
iv. Statement of Net Assert/Equity
v. Statement of Budget Comparison and Actual Amount
vi. Notes to the Financial Statements

10. Basis of Preparation of Financial Statements: The financial statements are prepared under the historical cost convention and in accordance with International Public Sector Accounting Standard (IPSAS). Accrual basis concept is the basis of preparation of all accounts by all reporting entities is the Local Government.

11. Accounting Period: The accounting period (Fiscal Year) is from 1st January to 31st December. Each accounting year is divided into 12 calendar months and it is set up as such in the accounting system of the local Government.

12. Reporting Currency: The Reporting currency in preparation of General purpose Financial Statements in Nigeria Naira.

13. Consolidation of Financial Statement: The consolidation of General Purpose Financial Statements is based on the financial transactions of all Department and Agencies (DAs) of the Local Government. Government Business Entities (GBEs) are not included in the consolidations. Controlled Entities are fully consolidated from the date on which control is acquired.

14. Notes to the Financial Statements: Notes to the Financial Statements are presented in a manner that they cross reference to any related information in the Financial Statements.

15. Comparative Information: The General Purpose Financial Statements (GPFS) are designed to show all numerical information relating to previous year(s)

16. Budget Figures: A Statement of Comparison of Budget and Actual Amount is prepared for the determination of items of revenue and expenditure in respect to budgetary provisions. IPSAS 24 requires that an entity to present a comparison of budget amount for which it is held publicly accountable and actual amount either as a separate additional Financial Statement or as additional budget columns in the financial statements. Ebonyi Local Government opted for the former.

17. Revenues: Afikpo South Local Government recognizes revenues from non- exchange transactions such as fees, Taxes and fines when the events occur and the asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value can be measured reliably. Revenue from the sales of goods and services is recognized when significant risks and rewards of ownership has been transferred to the buyer. Similarly, gain on disposal of Property, Plant and Equipment (PP&E) is recognized at the date control of the asset is passed to the buyer.

9. Expenditure: Expenditure are classified as either recurrent or capital. All recurrent expenditure are reported on accrual basis (i.e. they are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made). Recurrent Expenditures are reported in the Statement of Financial Performance. Payments for Purchase of items of Capital Nature (PP&G) are treated as Assets under Non-Current Assets in the Statement of Financial Position. At the end of the financial year, a schedule of PP&E is prepared as part of the Notes to GPFs.

22. Assets under Construction: are not depreciated until the constructions are completed. Under construction assets acquired within a year are included in the schedule of PP&E for the year.

23. Property, Plant and Equipment (PP&E): Property, Plant and Equipment (PP&E) includes:

i. Building
ii. Infrastructure – Water
iii. Infrastructure – Others

iv. Plants and Machinery
v. Furniture and Fittings
vi. Motor Vehicle
vii. Office and Other Equipments
viii. IT Equipment

Infrastructure – Water Assets include Boreholes, Dams and Water Pipes while infrastructure – Others Assets include Road Networks, Electrification and Bridges. Plants and Machinery includes transformers and earth moving Machines such as Bulldozers, Graders among others.

24. **Depreciation /Amortization**: the following depreciation/ amortization rates apply:

Building	3%
Infrastructure – Water	5%
Infrastructure – Others	5%
Plants and Machinery	15%
Furniture and Fittings	24%
Motor Vehicle	20%
Office and Other Equipment	28%
IT Equipment	30%
Intangible Assets	20%
Biological Assets	20%
Under Constructions	0%

25. **Capitalization:** There is no Capitalization threshold. Any amount spent in connection with PP&E, Biological Assets and intangibles that met the definition of assets are capitalized and recognized as assets in the Statement of Financial Position. Other ones that didn't meet the definition of assets are charged to the Statement of Financial performance.
26. **Statement of Cash Flow**: Statement of Cash Flow Is prepared using the direct method
    i. The cash flow consists:
    ii. Operating activities
    iii. Investing activities
    iv. Financing activities
27. **Cash and Cash Equivalent:** Cash and Cash Equivalent are cash balance on hand, held in Bank Accounts, demands deposit and other highly liquid investments with an original maturity of 6 months or less in which Ebonyi Local Government invests as part of its day – to – day cash management and which are readily convertible to known amount of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.
28. **Receivables:**

iii. Receivables from exchange transactions are initially recognized initially at fair value and subsequently measured at amortized cost less provision for impairment

iv. Receivables from non-exchange transactions are assessed at nominal amount or face value and subsequently adjusted for impairment.

29. **Loans:** Loans are granted to other Government Agencies or Individuals are shown separately in the Statement of Financial Position
30. **Investments**: Investments made in government stock quoted companies etc are disclosed as Financial Assets in the Statement of Financial Positions.
31. **Transfer from other Government Entities:** Transfer to other government entities are non-exchange items and are recognized as revenue in the Statement of Financial Performance.
32. **Transfer to Other Government Entities:** Transfer to other government entities are non-exchange items and are recognized as expenses in the Statement of Financial Performance.
33. **Borrowing Cost**: Borrowing Cost are capitalized against qualifying assets as part of PP&E. Such borrowing costs are capitalized over the period during which the asset is been acquired or

constructed and borrowings have been incurred. Other borrowing costs not capitalized are charged to Statement of Financial Performance.

34. Foreign Currency: Foreign Currency transactions are translated into Naira, the reporting currency, using the spot rate as at last day of the financial year.

TREASURER
Afikpo South Local Government

CHAIRMAN
Afikpo South Local

CONSOLIDATED STATEMNT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31ST DECEMBER, 2018

Revenue	Note	2018
		₦
Share of Statutory Revenue	1	1,570,585,358.00
Share of Value Added Tax	2	425,214,263.00
Tax Revenue	3	2,850,000.00
Non Tax Revenue	4	15,724,200.00
Other Revenues	5	2,550,000.00
10% State IGR	6	48,204,600.00
Total Revenue (A)		**2,065,128,421.00**
Recurrent Expenditure		
Salaries and Wages	32	600,456,401.00
Social Benefits	37	101,435,442.00
Travelings and Transports	9	1,640,000.00
Utilities	10	630,000.00
Agric Inputs	11	48,204,600.00
Material and Supplies	12	2,960,000.00
Maintenance Services	13	24,310,000.00
Training and Capacity Building	14	11,538,462.00
Security and Safety Services	15	109,714,616.00
Consulting and Perfessional Services	16	400,000.00
Fuelling and Lubricicants	17	724,000.00
Financial Charges	18	8,780.00
Public Debt services	19	28,395,351.24
Depreciation/Amortization	20	37,768,144.00
Other Reecurrent Expenses	21	550,817,223.76
Transfer to Other Govt Entities	8	54,251,592.00
Total Recurrent Expenditure (B)		**1,573,254,612.00**
Surplus for the year (A-B)		**491,873,809.00**

TREASURER
Afikpo South Local Government

CHAIRMAN
Afikpo South Local

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER, 2018

	NOTE	2018
ASSETS		**₦**
CURRENT ASSETS		
Cash and Cash Equivalent	23	2,051.00
Short Term Loan	24	17,692,307.00
Total Current Assets (A)		**17,694,358.00**
NON CURRENT ASSETS		
Property, Plants and Equipment	22	649,887,952.00
TOTAL NON CURRENT ASSETS (B)		**649,887,952.00**
TOTAL ASSETS (C = A+B)		**667,582,310.00**
LIABILITIES		
CURRENT LIABILIIES		
Payables	25	96,923,077.00
Total Current Liabilities (D)		**96,923,077.00**
Non Current Liabilities		
Internal Loan (Bailout Fund)	26	168,394,213.82
Pension and Gratuity	27	271,669,337.66
Total Non Current Liabilities (E)		**440,063,551.48**
Total liabilities (F=D+E)		**536,986,628.48**
Net Assets/Equity (G=C-F)	28	**130,595,681.52**
Contributed By		
Accumulated Surplus		493,720,619.00
Reserves		(363,124,937.48)
		130,595,681.52

TREASURER
Afikpo South Local Government

CHAIRMAN
Afikpo South Local

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER,2018

	Note	2018
		₦
OPERATING ACTIVITIES		
RECEIPTS:		
Share of Statutory Revenue	1	1,570,585,358.00
Share of Value Added Tax	2	425,214,263.00
Tax Revenue	3	2,850,000.00
Non Tax Revenue	4	15,724,200.00
10% State IGR		48,204,600.00
Other Revenues	5	2,550,000.00
Total Receipt for State (A)		**2,065,128,421.00**
Payment:		
Salaries and Wages	7	557,022,324.00
Social Benefits	36	79,581,373.00
Overhead Cost	33	542,874,583.76
Service Wide Vote	34	140,483,847.00
Agric Program	11	48,204,600.00
Programme Related Expenses	35	19,384,616.00
Public Debt Services	19	28,395,351.24
Transfer to Other Govt Entities	8	54,251,592.00
Total Payments (B)		**1,470,198,287.00**
Total Cash Generated From Operating Activities (C=A-B)		**594,930,134.00**
Investing Activities		
Short Term Loan	37	(17,692,307.00)
Building	22	(68,040,712.00)
Infrastructure -Water	22	
Infracstructure-Others	22	(76,307,692.00)
Plants and Machinery	22	-
Motor Vehicles	22	(92,307,692.00)
Under Construction Assets	22	(370,000,000.00)
NET CASH USED IN INVESTING ACTIVITIES (D)		**(624,348,403.00)**
Financing Activities		
Proceeds from Internal Loan		27,573,510.00
Net CASH USED/ GENERATED FROM FINANCING ACTIVITIES		**27,573,510.00**
NET CASH FLOW IN ALL ACTIVITIES (F=C+D+E)		**(1,844,759.00)**
Opening Cash and Cash Equivalent (G)		1,846,810.00
Closing Cash and Cash Equivalent (H=F+G)		**2,051.00**

TREASURER
Afikpo South Local Government

CHAIRMAN
Afikpo South Local

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT (PREPARED ON CASH BASIS)

FOR THE YEAR ENDED 31ST DECEMBER,2018

	2018	2018	2018	2018
	Actual	Final Budget	Original Budget	Variance
	₦	₦	₦	₦
Recrrent Expenditure by Nature				
Personnel Cost	557,022,324.00	101,677,481.00	101,677,481.00	455,344,843.00
Overhead Cost	545,700,532.00	130,838,462.00	130,838,462.00	414,862,070.00
Service Wide Vote	140,483,847.00	50,000,000.00	50,000,000.00	90,483,847.00
Programme Related Expenses	19,384,616.00	20,000,000.00	20,000,000.00	(615,384.00)
Social Benefit	79,581,373.00	56,722,747.00	56,722,747.00	22,858,626.00
Transfer to Other Govt Entities	54,251,592.00	30,000,000.00	30,000,000.00	24,251,592.00
Public Debt Servicing	25,569,403.00	4,999,500.00	4,999,500.00	20,569,903.00
Sub Total (D)	**1,421,993,687.00**	**394,238,190.00**	**394,238,190.00**	**1,027,755,497.00**
Capital Expenditure by Sector				-
Administrative	129,850,000.00	340,390,400.00	340,390,400.00	(210,540,400.00)
Economic	438,127,483.00	1,320,750,000.00	1,320,750,000.00	(882,622,517.00)
Law and Justice				-
Regional				-
Social	26,950,600.00	162,905,178.00	162,905,178.00	(135,954,578.00)
Sub Total (F)	**594,928,083.00**	**1,824,045,578.00**	**1,824,045,578.00**	**(1,229,117,495.00)**
Surplus/(Deficit) for the year C-D-E	**2,051.00**	**-**	**-**	**2,051.00**

TREASURER
Afikpo South Local Government

CHAIRMAN
Afikpo South Local

CONSOLIDATED SEGMENT REPORRT

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	ADMINISTRATIVE	ECONOMIC	LAW & JUSTICE	REGIONAL	SOCIAL	OTHERS	TOTAL
Revenue	₦	₦	₦	₦	₦	₦	₦
Taxes		2,850,000.00					2,850,000.00
Levy		2,005,200.00					2,005,200.00
Fines		1,324,000.00					1,324,000.00
Sales		2,160,000.00					2,160,000.00
Earnings		4,150,000.00					4,150,000.00
Rent		1,220,000.00					1,220,000.00
Fees		4,865,000.00					4,865,000.00
Other Revenue		2,550,000.00					2,550,000.00
Share of Statutory Allocations						1,995,799,621.00	1,995,799,621.00
Total Revenue (A)	-	**21,124,200.00**				**1,995,799,621.00**	**2,016,923,821.00**
Expenses:							
Personnel Cost	245,850,000.00	-			354,606,401.00	-	600,456,401.00
Overhead Cost		545,700,532.00					545,700,532.00
Service wide vote		140,483,847.00					140,483,847.00
Programme Related Exp.		19,384,616.00					19,384,616.00
Public Debt Services						25,569,408.00	25,569,408.00
Depreciation/Amortisation						37,768,144.00	37,768,144.00
Other Recurrent Expenses						-	-
Transfer to Other Govt Entities						54,251,592.00	54,251,592.00
Social Benefit						101,435,442.00	101,435,442.00
Total Expenses (B)	245,850,000.00	705,568,995.00	-	-	354,606,401.00	219,024,586.00	1,525,049,982.00
Surplus/(Deficit) (A-B)	(245,850,000.00)	(684,444,795.00)	-	-	(354,606,401.00)	1,776,775,035.00	491,873,839.00

TREASURER
Afikpo South Local Government

CHAIRMAN
Afikpo South Local

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018
Note 1. Share of Statutory Revenue	₦	₦
Statutory Allocation	1a	1,491,991,098.00
Exchange Rate Difference Gain	1b	122,024.00
Exess Bank Charge Rfund	1d	1,110,748.00
Augmented Fund Distribution		2,633,857.00
Local Govt Council Net		1,846,779.00
Forex Equalization	1c	72,880,852.00
Total		**1,570,585,358.00**
		-
Note 1a. Statutory Allocation		
January		120,453,607.00
February		115,891,191.00
March		123,356,228.00
April		106,503,672.00
May		132,327,143.00
June		128,614,184.00
July		133,940,850.00
August		129,219,107.00
September		126,119,577.00
October		126,119,577.00
November		130,817,680.00
December		118,628,282.00
Total		**1,491,991,098.00**
Note 1b Exchange Rate Gain Allocation		
september		61,012.00
october		61,012.00
Total		**122,024.00**
Note 1 c Forex Equalization		
January		6,753,231.00
March		30,980,347.00
April		13,724,226.00
May		105,677.00
August		5,493,212.00
November		15,603,755.00
December		220,404.00
Total		**72,880,852.00**
Note 1 d Excess Bank Charge Refund		
September		1,110,748.00
Total		**1,110,748.00**
Note 2 Value Added Tax Allocation		
January		29,011,771.00
February		32,899,854.00
March		119,758,386.00
April		2,473,487.00
May		29,697,437.00
June		31,816,649.00
July		29,309,471.00
August		28,529,813.00
September		27,048,734.00

October		27,048,734.00
November		31,608,028.00
December		36,011,899.00
Total		**425,214,263.00**
Note 3 Tax Revenue		
march		262,000.00
April		2,588,000.00
December		
Total tax Revenue		**2,850,000.00**
Note 4 Non - Tax Revenue		
Licenses		
January		
February		450,000.00
March		1,000,000.00
April		555,200.00
December		
Sub-Total		**2,005,200.00**
Sub Total		
Fines		
March		
April		420,000.00
December		904,000.00
Sub-Total		**1,324,000.00**
Fees		
January		
February		30,000.00
March		1,250,000.00
April		1,850,000.00
May		1,440,000.00
June		295,000.00
Fees Sub-Total		**4,865,000.00**
Fees - Sub Total		
Sales		
March		
April		1,860,000.00
May		300,000.00
Sales - Sub Total		**2,160,000.00**
Earnings		
March		500,000.00
April		1,745,000.00
May		1,500,000.00
June		405,000.00
Earning Sub-Total		**4,150,000.00**
Earnings - Sub Total		
Rent		
March		
April		1,220,000.00
May		
Rent Sub- Total		**1,220,000.00**
Total non tax revenue		**15,724,200.00**

Note 5 Other Revenue		
Miscellaneous		2,550,000.00
Total - Other Revenues		**2,550,000.00**
		-
Note 6 Revenue from State Government		-
LG Share of 10% State IGR		48,204,600.00
Total		**48,204,600.00**
Note 7 Salaries and Wages		
All LG Staff		261,453,828.00
UBEB		223,748,144.00
Health		71,820,352.00
Total		**557,022,324.00**
Note 8 Transfer to Other Govt Entities		
Ebonyi State Govt:		
Joint Project		
Police Reform		40,543,900.00
Neighbourhood Watch Security		13,707,692.00
Total		**54,251,592.00**
Note 9 Travelling and Transports		
The Council		340,000.00
Administration		270,000.00
Finance		500,000.00
Education		80,000.00
Works		420,000.00
Planning and statistics		30,000.00
Total		**1,640,000.00**
		-
Note 10 Utilities - general		-
Works		630,000.00
Total		**630,000.00**
		-
Note 11 Agric Inputs		-
Fertilizer for Distribution to Farmers		48,204,600.00
Total		48,204,600.00
Note 12 Materials and Supplies		
The Council		950,000.00
Administration		895,000.00
Finance		700,000.00
Planing and satistics		415,000.00
Total		**2,960,000.00**
		-
Note 13 Maintenance Service		
The Council		1,000,000.00
Administration		-
Finance		-
education		-
Works		23,310,000.00
Total		**24,310,000.00**
		-
Note 14 Training and Capacity Building		
The Council		11,538,462.00
Administration		
Total		**11,538,462.00**

Note 15 Security and Safety Service		
The Council		109,714,616.00
Total		**109,714,616.00**
Note 16 Consulting and Professional Service		
The council		100,000.00
Administration		300,000.00
Finance		
Education		
Total		**400,000.00**
Note 17 Fuelling and Lubricants		
The Council		724,000.00
Total		**724,000.00**
Note 18 Financial Charges		
Finance		8,780.00
Total		**8,780.00**
Note 19 public debt services		-
salary bail out loan		-
agric loan		28,395,351.00
Total		**28,395,351.00**
Note 20 Depreciation/Amortization		
Building		2,041,221.00
Infrastructure - water		-
Infrastructure - Other		3,815,385.00
Plant and Machinery		8,250,000.00
Furniture and Fittings		-
Motor Vehicle		23,661,538.00
Office and Other Equipment		-
IT Equipment		-
Total		**37,768,144.00**
Note 21 Other Recurrent Expenses By Nature		
Refreshment and Meals		350,000.00
national on immunization		1,692,309.00
subscription to ALGON		1,600,000.00
welfare packages		194,732,348.00
JAC processing expenses		149,832,026.76
special day celebration		17,218,077.00
annual budget expenses		300,000.00
Agric related program expenses		17,692,307.00
Government donation		30,769,231.00
Mother and child initiative		1,638,462.00
common services (committee)		230,769.00
traditional rulers up keep		3,885,924.00
state youth Empowerment		125,353,847.00
Administrative state charges		3,425,000.00
Recruitment and Appointment		1,820,000.00
Ohaneze ndi igbo		76,923.00
mass Literacy		200,000.00
Total		**550,817,223.76**

Note 22 Property, Plants and Equipments as at 31st December, 2018

Descriptions	Note	building	Infrastructure Water	Infratructure Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office and Other Equipments	Under Constructions	IT Equipments	Total
		₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Opening bal. 1/1/18			-	-	55,000,000.00		26,000,000.00	-	-	-	81,000,000.00
Reclassified											
Additions	36	68,040,712.00		76,307,692.00			92,307,962.00		370,000,000.00		606,656,366.00
Total		**68,040,712.00**	-	**76,307,692.00**	**55,000,000.00**	-	**118,307,962.00**	-	**370,000,000.00**		**687,656,366.00**
Depreciations		2,041,221.00	-	3,815,385.00	8,250,000.00		23,661,538.00	-	-	-	37,768,144.00
written Down Value 31/12/18		**65,999,491.00**	-	**72,492,307.00**	**46,750,000.00**	-	**94,646,424.00**	-	**370,000,000.00**	-	**649,888,222.00**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018
Note 23 Cash and Cash Equivalents	₦	₦
Afikpo South LG IGR Acc		2,051.00
Total Cash and Cash Equivalents		**2,051.00**
		-
Note 24 Short Term Loan		
Agric Loan		17,692,307.00
TOTAL		**17,692,307.00**
NOTE 25 PAYBLES		
Employee Compensation		
Salary Arrears		96,923,077.00
Total		**96,923,077.00**
		-
Note 26: Internal Loans		-
Salary Bailout Loan		168,394,213.82
Total		168,394,213.82
Note 27 Pension and Gratuity		
Pension		108,667,735.20
Gratuity		163,001,602.80
Total		**271,669,338.00**
Note 28 Net Assets/Equity		
Accumulated Surplus		493,720,619.00
Reserves		(363,124,937.00)
Total		**130,595,682.00**
Note 29 Statutory Allocations from Federation Account		
Statuary Allocation		1,491,991,098.00
Exchange Rate Different Gain		122,024.00
Excess Bank Charges Refund		1,110,748.00
Augmented Fund Distribution		2,633,857.00
Local Govt Net		1,846,779.00
Forex Equalization		72,880,852.00
Total		**1,570,585,358.00**
Note 30 Share of Value Added Tax		
VAT Allocation From Federation Account		425,214,263.00
Total		**425,214,263.00**
Note 31 Internally Generated Revenue		
Tax Revenue		2,850,000.00
Tax Revenue Sub Total		**2,850,000.00**
		-
Licences		2,005,200.00
Fines		1,324,000.00
Fees		4,865,000.00
Sales		2,160,000.00
Earnings		4,150,000.00
Rent		1,220,000.00
Non-Tax Revenue Sub Total		**15,724,200.00**
Miscellaneous		2,550,000.00
Other Revenue Sub Total		**2,550,000.00**
Total		**21,124,200.00**
Note 32 Salaries and Wages		

Employee Compensation 31/12/2018		96,923,077.00
Reported in the Statement of Cash Flow		557,022,324.00
Employee Compensation 1/1/2018		(53,489,000.00)
TOTAL		**600,456,401.00**
Note 33 Overhead Cost		
Travel & Transport		1,640,000.00
Utility		630,000.00
Materials & Supplies		2,960,000.00
Maintenance		24,310,000.00
Training & capacity building		11,538,462.00
Consulting & Professional Services		400,000.00
Fuelling and Lubricants		724,000.00
Financial Charges		8,780.00
Refreshment and Meals		350,000.00
subscription to ALGON		1,600,000.00
Welfare Packages		194,732,348.00
JAC processing expenses		149,832,026.76
special day celebration		17,218,077.00
Annual budget expenses		300,000.00
Mother and Child initiative		1,638,462.00
common service (committee)		230,769.00
traditional ruler up keep		3,885,924.00
state youth empowerment		125,353,847.00
administrative fund charges		3,425,000.00
recruitment and appointment		1,820,000.00
ohaneze ndi igbo		76,923.00
mass literacy		200,000.00
Total		**542,874,618.76**
Note 34 Service wide Vote		
Security and Safety Services		109,714,616.00
Government Donations		30,769,231.00
Total		**140,483,847.00**
Note 35 Programme Related Expenses		
National Programe on Immunization		1,692,309.00
Agricultural Programme Expenses		17,692,307.00
Total		**19,384,616.00**
Note 36 Social Benefits		
Pension		71,889,065.00
Gratuity		7,692,308.00
Total		**79,581,373.00**
Note 37 Short Terms Loans		
Agric Loan		17,692,307.00
Total		**17,692,307.00**
		-
Note 38 Public Debt Service Paid		-
Salary Bail Out		28,395,351.00
Total		**28,395,351.00**

NOTE 39 SCHEDULE OF PROPERTY, PLANTS AND EQUIPMENT ACQUIRED DURING THE YEAR 2018

Department	Building	Infrastucture Water	Infrastructure Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office & Other Equipment	Under Construction	IT Equipment	Total
				-						
The Council				-						
Works				-		20,000,000.00				20,000,000.00
Development Centres				-		72,307,692.00				72,307,692.00
Admin			72,492,307.00	-						72,492,307.00
Community Project	68,040,712.00			-				370,000,000.00		438,040,712.00
Total	**68,040,712.00**	**-**	**72,492,307.00**	**-**	**-**	**92,307,692.00**			**-**	**602,840,711.00**

TREASURER
Afikpo South Local Government

CHAIRMAN
Afikpo South Local

EBONYI STATE GOVERNMENT OF NIGERIA

REPORT OF

THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS OF

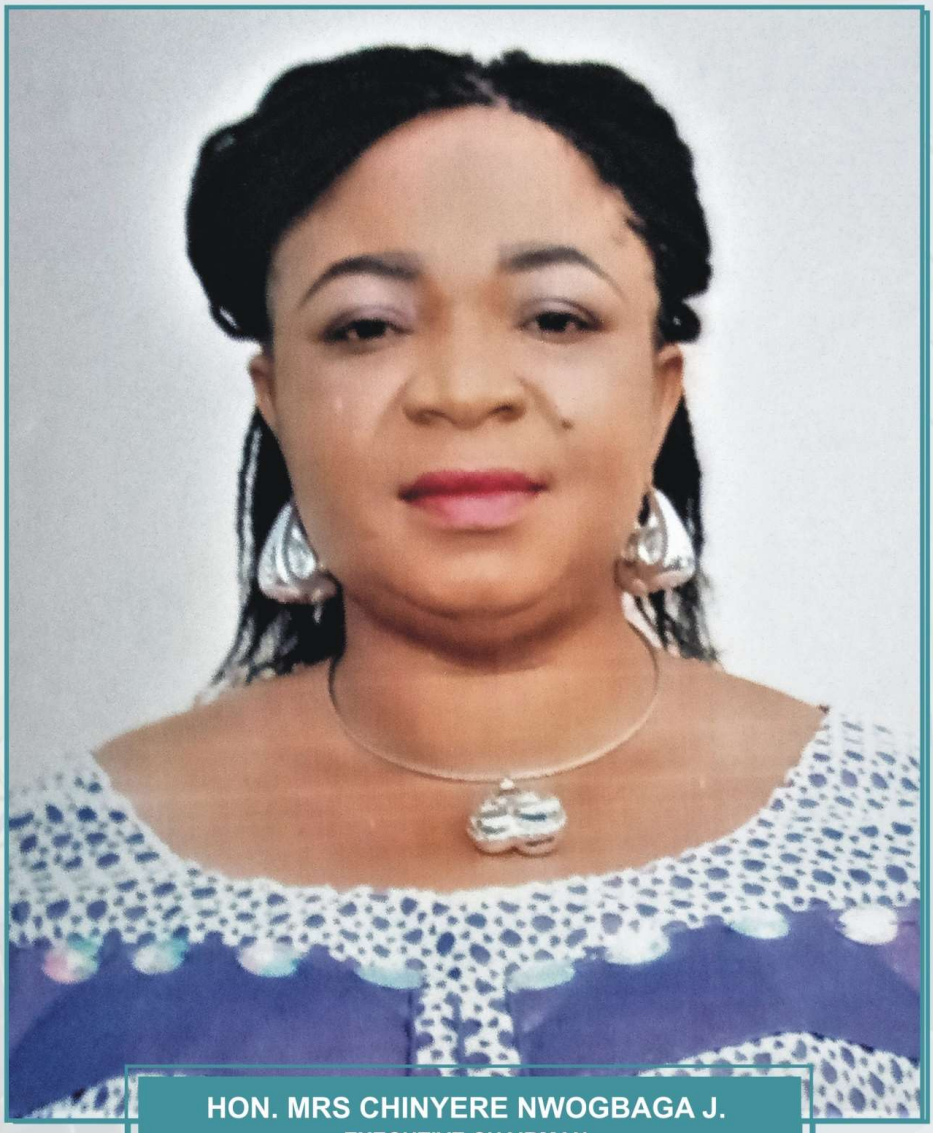
EBONYI LOCAL GOVERNMENT

FOR THE YEAR ENDED

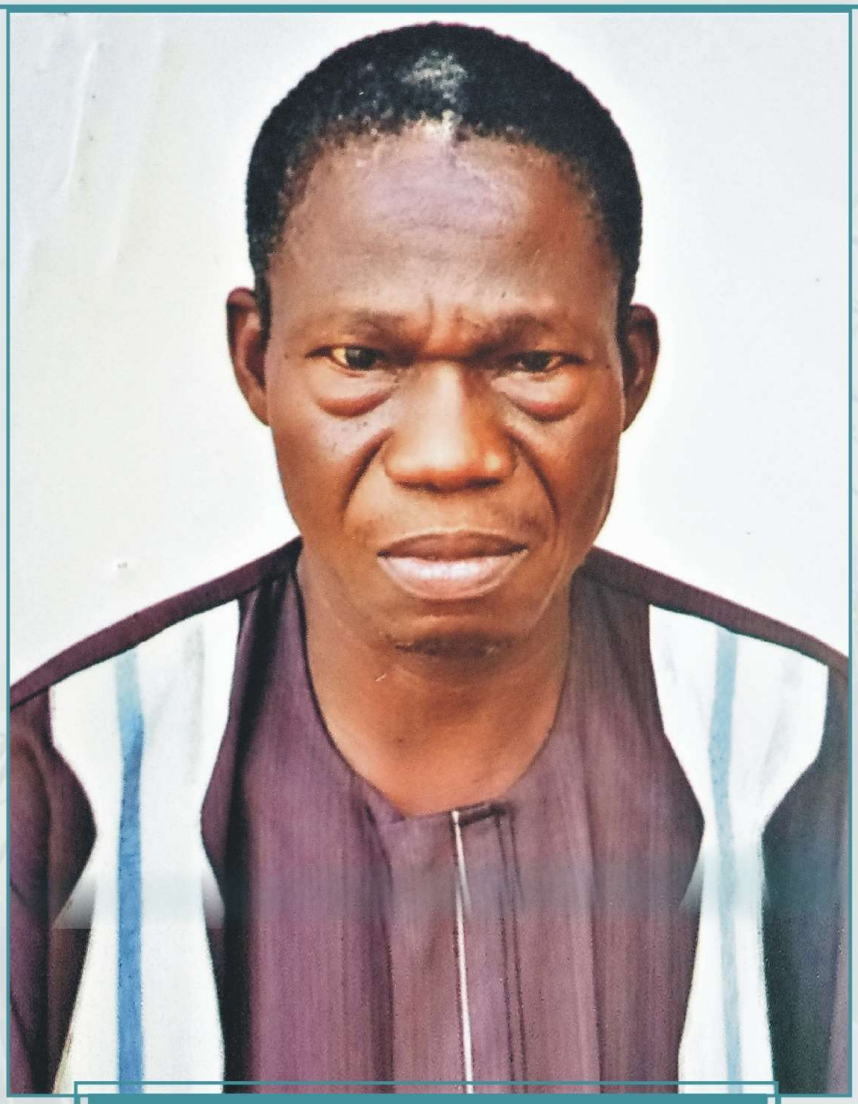
31ST DECEMBER, 2018

TO

EBONYI STATE HOUSE OF ASSEMBLY



HON. MRS CHINYERE NWOGBAGA J.
EXECUTIVE CHAIRMAN
EBONYI LOCAL GOVERNMENT,
EBONYI STATE



EVANG. CHRISTIAN OGWA O.
HPM
EBONYI LOCAL GOVERNMENT,
EBONYI STATE

MBAM IKECHUKWU I.
TREASURER,
EBONYI LOCAL GOVERNMENT,
EBONYI STATE

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CHAPTER ONE

1.0. GENERAL OBSERVATIONS

1.1. Submission of 2018 Financial Statement

In accordance with Ebonyi State Local Government Law 2009 (CAP.106) Sections 122 and 123 (i-iv) and other Extant Laws, the Financial Statements of Ebonyi Local Government Council for the year ended 31st December, 2018 was submitted to me on 16th June, 2020.

1.2. Component of FAAC Allocation Not Separated

The budgeted amount for revenue from FAAC was not separated into the component of FAAC allocation in Ebonyi Local Government Council annual budget for the year ended 31st December, 2018.

All expected receipts from FAAC were grouped into a single provision named **Statutory Allocation**.

1.3. Absence of Prior Year Comparative Figures in the Statements

The Financial Statements for the year ended 31st December, 2018 had no prior year comparative figures. Prior year comparative figures provide activity trends and the direction of movement of performance indices.

The treasurer has been informed of these observations and has been advised to reflect comparative figures in the Financial Statements of subsequent years.

CHAPTER TWO

2.0. Statement of Financial Performance

2.1. Internally Generated Revenue

Internally Generated Revenue (IGR) for the year ended 31st December, 2018, amounted to **sixty five million, nine hundred and nineteen thousand, four hundred naira (₦65,919,400.00**) representing **288.04%** of the Budgeted IGR of **twenty two million, eight hundred and eighty five thousand, five hundred and ninety naira (₦22,885,590.00)**.

There was no prior year comparison of figure with statement figure. The IGR Budget performance according to the Revenue subheads for Ebonyi Local Government for the year is detailed below:

Revenue Subhead	Revised Budget 2018 (₦)	Actual 2018 ₦	% Performance
Share of 10% State IGR	-	44,594,000.00	100.00
Taxes	2,044,044.00	2,983,000.00	145.90
Licence	3,858,521.00	3,450,000.00	89.40
Fines	187,000.00	1,286,000.00	687.70
Fees	5,022,050.00	5,532,000.00	110.15
Sales	350,000.00	1,050,000.00	300.00
Earnings	3,264,440.00	4,896,300.00	149.98
Rent	460,000.00	834,000.00	181.30
Other Receipts	7,699,535.00	1,293,600.00	16.80
	22,885,590.00	65,919,400.00	288.04

The best IGR performance was posted on **Fines** which generated **one million, two hundred and eighty six thosuand naira (₦1,286,000.00)** or **687.70%** of its budget of **one hundred and eighty seven thousand (₦187,000.00)** in the year. Five other IGR heads generated above budget performances as shown below:

Taxes	–	145.90%
Fines	–	687.70%
Fees	–	110.15%
Sales	–	300.00%
Earnings	–	149.98%
Rent	–	181.30%

No budgetary provision was made for share of State IGR from which the council received **forty four million, five hundred and ninety four thousand naira (₦44,594,000.00).**

The other two subheads, **Licenses** and **Other Receipts** had budget performances of **89.40%** and **16.80%** respectively. Other receipts generated **one million, two hundred and ninety three thousand, six hundred naira (₦1,293,600.00)** or **16.80%** of the budget of **seven million, six hundred and ninety nine thousand, five hundred and thirty nine naira (₦7,699,539.00)** in the year.

The Council needs to improve on their independent IGR efforts to achieve a greater proportion of budgeted collections in subsequent years.

2. 2. Receipts from FAAC

For the year ended 31st December, 2018 Ebonyi Local Government collected a total sum of **one billion, nine hundred and sixteen million, seven hundred and twelve thousand, eight hundred and eleven naira (₦1,916,712,811.00)** as against the budgetary provision of **two billion, five hundred and forty eighty million, one hundred and five thousand, eight hundred and nineteen naira (₦2,548,105,819.00**) representing **75.22%** FAAC Receipts Budget Performance.

The details of receipts against year 2018 budget figures for each FAAC revenue item are shown below:

Item	Actual 2018 (₦)	Budget 2018 (₦)	Performance %
Share of Statutory Allocation	1,438,510,243.00	1,293,105,819.00	111.24
Share of VAT Allocation	403,461,888.00	336,362,441.00.00	119.94
Exchange Rate Gain	117,666.00	1,000,000.00	11.76
Forex Equalization	69,430,682.00	198,966,914.00	34.89
Excess Bank charges	-	-	-
Refund	1,071,071.00	31,548,928.00	3.39
Augmented fund	-	-	-
Distribution	2,539,774.00	513,600,350.00	0.49
LGC Net	1,780,811.00	173,521,367.00	1.02
	1,916,712,811.00	2,548,105,819.00	75.22

Share of Statutory Allocation exceeded its budgetary provision by **11.24%** or **one hundred and forty five million, four hundred and four thousand, four hundred and twenty four naira** (**₦145,404,424.00)**, and share of VAT Allocation by **19% or sixty seven million, ninety nine thousand, four hundred and forty seven naira (₦67,099,447.00)**. Other FAAC revenue subheads performed quite creditably.

2.3. Recurrent Expenditure

2.3.1. Personnel Cost

Personnel cost for the year ended 31st December, 2018 for Ebonyi Local Government amounted to **eight hundred and twenty one million, two hundred and two thousand, two hundred and ninety one naira (₦821,202,291.00)** representing 93.46% of the **eight hundred and seventy eight million, six hundred and fifty thousand, two hundred and sixty six naira (₦878,650,266.00)** budgeted for personnel cost. Comparative figures for personnel cost for year 2017 was not reported in the statement.

The 2018 personnel cost was incurred as follows:

	Actual (₦)
Staff salaries	719,766,849.00
Social Benefits	101,435,442.00
	821,202,291.00

A budget surplus of **fifty seven million, four hundred and forty seven thousand, nine hundred and seventy five naira (₦57,447,975.00)** resulted from personnel cost in the year as detailed below:-

Item	Budget	Actual	Variance
	₦	₦	₦
Salaries & Wages	800,402,013.00	719,766,849.00	80,635,164.00
Social Benefits	78,248,253.00	101,435,442.00	(23,187,189.00)
	878,650,266.00	821,202,291.00	57,447,975.00

2.3.2. Overhead Cost

Ebonyi Local Government budgeted to spend a total sum of **three hundred and twenty six million, three hundred and thirty one thousand, one hundred and sixty eight naira (₦326,331,168.00)** on overhead in the year under review. But a total sum of **five hundred and nine million, four hundred and eighteen thousand, eight hundred and seventeen naira (₦509,418,817.00)** was actually spent.

The details are as shown below:

Head	**2018 Budget (₦)**	**2018 Actual (₦)**	**Variance (₦)**
Materials & Supply	1,340,000.00	3,786,000.00	(2,446,000.00)
Maintenance Services	39,419,206.00	25,621,538.00	13,797,668.00
Consulting & Professional	600,000.00	400,000.00	200,000.00
Fueling & Lubricant	1,140,000.00	500,000.00	640,000.00
Financial charges	-	3,868.00	(3,868.00)
Transfers to other entities	54,000,000.00	53,984,100.00	15,900.00
LT & T	1,950,000.00	1,820,000.00	130,000.00
Utilities	3,000,000.00	850,000.00	2,150,000.00
Training & Capacity Buildin	21,285,000.00	11,538,462.00	9,746,538.00
Security & Safety service	38,667,897.00	29,742,267.00	8,925,630.00
Other Recurrent Exp	164,929,065.00	381,900,967.00	(216,971,902.00)

Total	326,331,168.00	510,147,202.00	(183,816,034.00)

The sum of **one hundred and eighty three million, eight hundred and sixteen thousand, and thirty four naira (₦183,816,034.00)** was spent above the provision of budget for the year ended 31st December, 2018.

Audit observed that included in the **Other Recurrent Expenses** that amounted to **three hundred and eighty one million, nine hundred thousand, nine hundred and sixty seven naira (₦381,900,967.00)** were as follows.

Item	**Amount (₦)**
Refreshment and meals	500,000.00
National immunization	1,692,309.00
Subscription to ALGON	700,000.00
Welfare packages	194,732,348.00
JAC processing Exp	3,630,000.00
Special day celebration	17,218,077.00
Annual Budget Expenses	200,000.00
Agric Related Programme Expense	150,000.00
Government Donation	30,769,231.00
Mother & Child Initiative	1,638,462.00
Common Services	230,769.00
Traditional Rulers upkeep	3,885,924.00
State Youth Empowerment	125,353,847.0
Administrative charges	200,000.00

Ohaneze Ndigbo	1,000,000.00
Total	**381,900,967.00**

CHAPTER THREE

3.0 STATEMENT OF FINANCIAL POSITION

3.1. Current Asset

3.1.1. Cash and cash Equivalent

As at 31st December, 2018 Ebonyi Local Government Council had Cash and Cash Equivalent amounting to **five hundred and thirty eight thousand, nine hundred and fifty nine naira (₦538,959.00)**.

The Cash and Cash Equivalent is made up of:-

Account	**Amount**
	₦
Ebonyi Local Government UBA Account	119,681.00
Ebonyi Local Government Zenith Bank Account	212,321.00
Ebonyi Local Government FCMB Bank Account	180,957.00
Ebonyi Local Government main Account	26,000.00
	538,959.00

3.1.2 . Short term loan

The short term loan of **thirteen million, three hundred and eighty four thousand, six hundred and fifteen naira (₦13,384,615.00)** represents advances to farmers of the Local Government during the year. The loans are recoverable in the first quarter of 2019.

3.2. Current Liabilities

3.2.1. Payables

Payables reported in the statement represent arrears of emolument to the Local Government Council staff amounting to **seventy six million, nine hundred and twenty three thousand, seventy seven naira (₦76,923,077.00)**.

3.3. Liquidity Status of the Local Government

The council has a Cash Ratio of **0.01** i.e. **one naira (₦1.00)** is available to repay **one hundred naira (₦100.00)** worth of current liabilities. Also the Current Ratio stands at **0.21** implying that **twenty one kobo (₦0.21)** worth of current assets is available to defray every **one naira (₦1.00)** of current liabilities.

3.4. Property, Plant and Equipment

Property, plant and Equipment (PP&E) amounting to **six hundred and six million, six hundred and fifty six thousand, ninety six naira (₦606,656,096.00)** were acquired by the Local Government Council in the year ended 31st December, 2018. This represents a capital budget performance of **49.81%** as the council had a capital budget of **one billion, two hundred and seventeen million, seven hundred and ninety six thousand, two hundred and eighty seven naira (₦1,217,796,287.00**) for the year.

The following classes of Capital Assets were acquired:

Class	Amount (₦)
Building	68,040,712.00
Infrastructure and others	76,307,692.00
Plants and machinery	-
Furniture and fittings	-
Motor vehicles	92,307,962.00
Assets under construction	370,000,000.00
	606,656,366.00

Audit inquiry showed that capital budget performance depended on the availability of funds in the year.

CHAPTER FOUR

4.0. Consolidated Statement of Cash Flow

4.1. Sources of Cash

Ebonyi Local Government Area received cash from the following sources in the year ended 31st December, 2018.

Head	**Amount (₦)**
Statutory Allocation	1,513,450,247.00
Value Added Tax	403,461,888.00
Tax Revenue (IGR)	2,983,000.00
Non Tax Revenue (IGR)	17,048,800.00
Other Revenue	1,293,600.00
	1,938,237,535.00

4.2. Uses of Cash in the Year

Cash generated was used to fund

- Operating Activities
- Investing Activities

The sum of ₦1,316,110,468.00 was spent on operating activities as detailed below:

Head	**Amount (₦)**
Salaries and wages	683,120,180.00
Social Benefits	79,581,371.00
Overhead Costs	393,809,295.00
Service words vote	60,511,498.00
Programme Related Expenses	1,842,309.00
Public debt Services	43,261,715.00
Transfer to other entities	53,984,100.00
	1,316,110,468.00

₦622,040,711.00 was invested as detailed below:

Head	**Amount (₦)**
To provide Agric Loans for farmers	15,384,615.00
To Construct office buildings	68,040,712.00
To buy plants and machinery	76,307,692.00
To buy official vehicles	92,307,692.00
To buy other sundry equipment	370,000,000.00
	622,040,711.00

AUDIT CERTIFICATE

The **Treasurer, Ebonyi Local Government** is responsible for the preparation of the Financial Statements in accordance with Sections 116 of the Ebonyi State Local Government Law (CAP.106) of 2009 and the relevant provisions of the International Public Sector Accounting Standards (IPSAS)/ Guideline issued by the Federation Accounts Allocation Committee (FAAC) Sub-committee on IPSAS implementation; Financial Memorandum; and for being satisfied that the Financial Statements for the year ended 31st December, 2018 give a true and fair view of transactions of the Local Government.

My responsibility is to express an opinion on these Financial Statements with regard to compliance of transactions to regulations and statutes, efficient use of resources and accuracy of accounting records, based on the audit conducted in accordance with International Standards on Auditing (ISA).

I have obtained the information and explanations I required and certify, as a result of my audit that in my opinion, the Financial Statements and the Notes to the Accounts are complete, in compliance with relevant statutes and show a true and fair view of the State of affairs as at 31st December, 2018 and the transactions for the fiscal year ended on that date.

Mrs. P.N. Alobu,
Ag. Auditor-General for
Local Governments,
Ebonyi State.

Office of the Auditor-General for
Local Governments,
P.M.B 075

Abakaliki,
Ebonyi State.
15th October, 2020.

EBONYI LOCAL GOVERNMENT
EBONYI STATE OF NIGERIA

REPORT
OF THE
TREASURER
WITH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER, 2018

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RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Financial Statement of Ebonyi Local Government of Nigeria for the year ended 31st December, 2018, have been prepared by me in accordance with the International Public Sector Accounting Standards (IPSAS) (First Time Adoption of Accrual Basis IPSAS) and the Guideline Issued by the Federation Allocation Account Committee (FAAC) Sub-committee on IPSAS implementation.
IPSAS 24 requires that an entity shall present a Comparison of Budget amount for which it is held publicly accountable and Actual Amount either as separate additional Financial Statement or as additional budget columns in the Financial Statements. Ebonyi Local Government opted for the former.
IPSAS 33 requires that recognition and /or measurement of Assets Liabilities can be recognized for reporting within 3 years following the date of adoption. Ebonyi Local Government adopted Accrual Basis IPSAS in 1st January, 2018.

ACCOUNTING AND REPORTING

All responsibilities bestowed on me as listed below has been fulfilled

e. Ensuring that adequate system of internal controls are maintained to safeguard assets and provide reasonable assurance that the transactions as recorded are within statutory authority: and also that the use of all public financial resources by the government are properly recorded.

f. Ensuring that proper books and records of accounts were kept to ensure that the Financial Statements reflect the financial position of Ebonyi local government and its operations for the year ended 31st December, 2018.

In compliance with IPSAS 33, I have prepared the following financial statement as at 31st December, 2018.

13. Statement of Financial Performance
14. Statement of Financial Position
15. Statement of Cash flow
16. Statement of Changes in Net Assets/ Equity
17. Statement of comparison of Budget and Actual Amount
18. Notes to the Financial Statements

In my opinion, the consolidated Financial Statements and the Notes thereto reflect the Financial Position of Ebonyi local government of Nigeria as at 31st December, 2018.

Treasurer
Ebonyi Local Government

Chairman
Ebonyi Local Government

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following the adoption of the International Public Sector Accounting Standard (IPSAS) in Nigeria and National Chart of Account (NCOA), a Standardized Format of General Purpose Financial Statements (GPFS) have been designed and introduced for adoption by the Local Government. For effective and efficient use of the NCOA and GPFS, the accounting policies for IPSAS accrual basis accounting have been developed as a tool to direct the processes and procedures relating to financial reporting in Local States.

The General Purpose Financial Statement include:

vii. Statement of Financial Position
viii. Statement of Financial Performance
ix. Statement of Cash Flow
x. Statement of Net Assert/Equity
xi. Statement of Budget Comparison and Actual Amount
xii. Notes to the Financial Statements

18. **Basis of Preparation of Financial Statements:** The financial statements are prepared under the historical cost convention and in accordance with International Public Sector Accounting Standard (IPSAS). Accrual basis concept is the basis of preparation of all accounts by all reporting entities is the Local Government.
19. **Accounting Period:** The accounting period (Fiscal Year) is from 1st January to 31st December. Each accounting year is divided into 12 calendar months and it is set up as such in the accounting system of the local Government.
20. **Reporting Currency:** The Reporting currency in preparation of General purpose Financial Statements in Nigeria Naira.
21. **Consolidation of Financial Statement:** The consolidation of General Purpose Financial Statements is based on the financial transactions of all Department and Agencies (DAs) of the Local Government. Government Business Entities (GBEs) are not included in the consolidations. Controlled Entities are fully consolidated from the date on which control is acquired.
22. **Notes to the Financial Statements:** Notes to the Financial Statements are presented in a manner that they cross reference to any related information in the Financial Statements.
23. **Comparative Information:** The General Purpose Financial Statements (GPFS) are designed to show all numerical information relating to previous year(s)
24. **Budget Figures:** A Statement of Comparison of Budget and Actual Amount is prepared for the determination of items of revenue and expenditure in respect to budgetary provisions. IPSAS 24 requires that an entity to present a comparison of budget amount for which it is held publicly accountable and actual amount either as a separate additional Financial Statement or as additional budget columns in the financial statements. Ebonyi Local Government opted for the former.
25. **Revenues:** Ebonyi Local Government recognizes revenues from non- exchange transactions such as fees, Taxes and fines when the events occur and the asset recognition criteria are met. Other non- exchange revenues are recognized when it is

probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value can be measured reliably. Revenue from the sales of goods and services is recognized when significant risks and rewards of ownership has been transferred to the buyer. Similarly, gain on disposal of Property, Plant and Equipment (PP&E) is recognized at the date control of the asset is passed to the buyer.

9. Expenditure:

Expenditure are classified as either recurrent or capital. All recurrent expenditure are reported on accrual basis (ie they are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made). Recurrent Expenditures are reported in the Statement of Financial Performance. Payments for Purchase of items of Capital Nature (PP&G) are treated as Assets under Non-Current Assets in the Statement of Financial Position. At the end of the financial year, a schedule of PP&E is prepared as part of the Notes to GPFs.

35. **Assets under Construction:** are not depreciated until the constructions are completed. Under construction assets acquired within a year are included in the schedule of PP&E for the year.
36. Property, Plant and Equipment (PP&E): Property, Plant and Equipment (PP&E) includes:
    i. Building
    ii. Infrastructure – Water
    iii. Infrastructure – Others
    iv. Plants and Machinery
    v. Furniture and Fittings
    vi. Motor Vehicle
    vii. Office and Other Equipments
    viii. IT Equipment

Infrastructure – Water Assets include Boreholes, Dams and Water Pipes while infrastructure – Others Assets include Road Networks, Electrification and Bridges. Plants and Machinery includes transformers and earth moving Machines such as Bulldozers, Graders among others.

37. **Depreciation /Amortization**: the following depreciation/ amortization rates apply:

Building	3%	
Infrastructure – Water		5%
Infrastructure – Others		5%
Plants and Machinery		15%
Furniture and Fittings		24%
Motor Vehicle	20%	
Office and Other Equipment	28%	
IT Equipment	30%	
Intangible Assets	20%	

Biological Assets	20%
Under Constructions	0%

38. **Capitalization:** There is no Capitalization threshold. Any amount spent in connection with PP&E, Biological Assets and intangibles that met the definition of assets are capitalized and recognized as assets in the Statement of Financial Position. Other ones that didn't met the definition of assets are charged to the Statement of Financial performance.

39. **Statement of Cash Flow**: Statement of Cash Flow Is prepared using the direct method
The cash flow consists:
    i. Operating activities
    ii. Investing activities
    iii. Financing activities

40. **Cash and Cash Equivalent:** Cash and Cash Equivalent are cash balance on hand, held in Bank Accounts, demands deposit and other highly liquid investments with an original maturity of 6 months or less in which Ebonyi Local Government invests as part of its day – to – day cash management and which are readily convertible to known amount of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.
41. Receivables:
    i. Receivables from exchange transactions are initially recognized initially at fair value and subsequently measured at amortized cost less provision for impairment
    ii. Receivables from non-exchange transactions are assessed at nominal amount or face value and subsequently adjusted for impairment.
42. **Loans:** Loans are granted to other Government Agencies or Individuals are shown separately in the Statement of Financial Position
43. **Investments**: Investments made in government stock quoted companies etc are disclosed as Financial Assets in the Statement of Financial Positions.
44. **Transfer from other Government Entities:** Transfer to other government entities are non-exchange items and are recognized as revenue in the Statement of Financial Performance.
45. **Transfer to Other Government Entities:** Transfer to other government entities are non-exchange items and are recognized as expenses in the Statement of Financial Performance.
46. **Borrowing Cost**: Borrowing Cost are capitalized against qualifying assets as part of PP&E. Such borrowing costs are capitalized over the period during which the asset is been acquired or constructed and borrowings have been incurred. Other borrowing costs not capitalized are charged to Statement of Financial Performance.

47. Foreign Currency: Foreign Currency transactions are translated into Naira, the reporting currency, using the spot rate as at last day of the financial year.

_____	_____
Treasurer	**Chairman**
Ebonyi Local Government	**Ebonyi Local Government**

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31ST DECEMBER, 2018

Revenue	**Note**	**2018**
		₦
Share of Statutory Revenue	1	1,513,450,247.00
Share of Value Added Tax	2	403,461,888.00
Tax Revenue	3	2,983,000.00
Non Tax Revenue	4	17,048,800.00
10% State IGR	5	44,594,000.00
Other Revenues	6	1,293,600.00
Total Revenue (A)		**1,982,831,535.00**
Recurrent Expenditure		
Salaries and Wages	30	719,766,849.00
Social Benefits	37	101,435,442.00
Traveling and Transports	9	1,820,000.00
Utilities	10	850,000.00
Material and Supplies	11	3,786,000.00
Maintenance Services	12	25,621,538.00
Training and Capacity Building	13	11,538,462.00
Security and Safety Services	14	29,742,267.00
Consulting and Professional Services	15	400,000.00
Fuelling and Lubricants	16	500,000.00
Financial Charges	17	3,868.00
Public Debt Services	18	71,657,066.00
Depreciation/Amortization	19	84,363,239.00
Farm Input	20	44,594,000.00
Other Recurrent Expenses	21	381,900,967.00
Transfer to Other Govt Entities	8	53,984,100.00
Total Recurrent Expenditure (B)		1,531,963,798.24.00
Surplus for the year (A-B)		**450,867,736.76**

_____
Treasurer
Ebonyi Local Government

_____
Chairman
Ebonyi Local Government

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2018

	Note	2018
ASSETS		₦
CURRENT ASSETS		
Cash and Cash Equivalent	22	538,959
Short Term Loan	23	13,384,615
Total Current Assets (A)		**13,923,574**
NON CURRENT ASSETS		
Property, Plants and Equipment	20	1,217,796,017
TOTAL NON CURRENT ASSETS (B)		1,217,796,017
TOTAL ASSETS (C = A+B)		1,231,719,591
LIBBILITIES		
CURRENT LIABILIIES		
Payables	24	76,923,077
TOTAL CURRENT LIABILITIES (D)		76,923,077
NON CURRENT LIABILITIES		
Pension and Gratuity	25	271,669,337.66
Internal Loan (Bailout Fund)		168,394,213.82
Total Non Current Liabilities (E)		440,063,551.48
Total Liabilities (F=D+E)		516,986,628.48
Net Assets/Equity (G=C-F)	26	**714,732,962**
Contributed By		
Surplus for year		450,867,736.76
Reserves		263,865,225.76
		714,732,962.52

Treasurer
Ebonyi Local Government

Chairman
Ebonyi Local Government

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST DECEMBER,2018

	NOTE	2018
		₦
OPERATING ACTIVITIES		
RECEIPTS:		
Share of Statutory Revenue	1	1,513,450,247.00
Share of Value Added Tax	2	403,461,888.00
Tax Revenue	3	2,983,000.00
Non Tax Revenue	4	17,048,800.00
10% State IGR		44,594,000.00
Other Revenues	5	1,293,600.00
Total Receipt for State (A)		
Payment:		
Salaries and Wages		683,120,180.00
Social Benefits	34	79,581,371.00
Overhead Cost	31	393,809,295.00
Service Wide Vote	32	60,511,498.00
Programme Related Expenses	33	46,436,309.00
Public Debt Services	36	71,657,066.24
Transfer to Other Govt Entities		53,984,100.00
Total Payments (B)		**1,360,704,468.00**
Total Cash Generated From Operating Activities (C=A-B)		622,127,067.00
Investing Activities		
Short Term Loan	35	(15,384,615.00)
Building	36	(68,040,712.00)
Infrastructure Water	36	-
Infrastructure Other	36	-
Plants and Machinery	36	(76,307,692.00)
Motor Vehicles	36	(92,307,692.00)
Other Equipment	36	(370,000,000.00)
Investment Property	36	(44,594,000.00)
Net Cash Used in Investment Activities (D)		622,040,711
FINANCING ACTIVITIES		
Proceeds From Internal Loan		-
Net Cash Used/Generated from Financing Activities (E)		-
Net Cash Flow in all Activities (F=C+D+E)		86,356.00
Opening Cash and Cash Equivalent (G)		452,603.00
Closing Cash and Cash Equivalent (H=F+G)		**538,959.00**

Treasurer
Ebonyi Local Government

Chairman
Ebonyi Local Government

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT (PREPARED ON CASH BASIS)

FOR THE YEAR ENDED 31ST DECEMBER,2018

	2018	2018	2018	2018
	Actual	Final Budget	Original Budget	Variance
	₦	₦	₦	₦
Share of FAAC Allocations	1,438,510,243	1,293,105,819	1,293,105,819	145404424
Shares of VAT Allocation	403,461,888	336,362,441	336,362,441	67099447
Exchange Rate Gain	117,666	1,000,000	1,000,000	(882,334)
Forex Equalization	69,430,682	198,966,914	198,966,914	(129,536,232)
Excess Bank Charges Refund	1,071,071	31,548,928	31,548,928	(30,477,857)
Augmented Fund Distribution	2,539,774	513,600,350	513,600,350	(511,260,576)
Local Govt Council Net	1,780,811	173,521,367	173,521,367	(171,740,556)
Sub Total (A)	**1,916,712,135**	**2,548,105,819**	**2,548,105,819**	**(631,393,684)**
Internally Generated Revenue				
10% State Revenue	44,594,000	-	-	44,594,000
Taxes	2,983,000	2,044,044	2,044,044	938,956
Licenses	3,450,000	3,858,521	3,858,521	(428,521)
Fines	1,286,000	187,000	187,000	1,099,000
Fees	5,532,000	5,022,050	5,022,050	509,950
Sales	1,050,000	350,000	350,000	700,000
Earnings	4,896,300	3,264,440	3,264,440	1,631,860
Rent	834,000	460,000	460,000	374,000
Other Receipts	1,293,600	7,699,535	7,699,535	(6,405,935)
Sub Total (B)	**65,919,400**	**22,885,590**	**22,885,590**	(43,033,810)
AID and Grants	-	-	-	-
Sub-Total (D)	-	-	-	-
Total Revenue (A+B+C)=D	**1,982,831,535**	**2,570,991,409**	**2,570,991,409**	**(588,159,874.00)**

Treasurer
Ebonyi Local Government

Chairman
Ebonyi Local Government

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT (PREPARED ON CASH BASIS)

FOR THE YEAR ENDED 31ST DECEMBER,2018

	2018	2018	2018	2018
	Actual	Final Budget	Original Budget	Variance
	₦	₦	₦	₦
Personnel Cost	683,120,180	800,402,013	800,402,013	(117,281,835)
Overhead Cost	393,809,295	161,981,610	161,981,610	231,827,685
Service Wide Vote	60,511,498	-	-	60,511,498
Programme Related Expenses	46,436,309.00	-	-	46,436,309.00
Social Benefit	79,581,371	78,248,253	78,248,253	1,333,118
Overhead Subvention to DCS	43,261,715	-	-	43,261,715
Transfer to Other Govt Entities	53,984,100	-	-	53,984,100
Sub Total (E)	1,360,704,468	1,040,631,876	1,040,631,875	320,072,593.00
Capital Expenditure by Sector				-
Administrative	76,307,692	381,178,530	381,178,530	(304,870,838)
Economic	453,425,327	580,880,157	580,880,157	(127,454,830)
Law and Justice	-	-	-	-
Regional	-	-	-	-
Social	92,307,692	568,300,845	568,300,845	(475,993,153)
Sub Total (F)	**622,040,711**	**1,530,359,532**	**1,530,359,532**	(908,318,821)
Surplus/(Deficit) for the year(D-E-F)	86,356	-	-	86,356

Treasurer
Ebonyi Local Government

Chairman
Ebonyi Local Government

CONSOLIDATED SEGMENT REPORT

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	ADMINISTRATIVE	ECONOMIC	LAW & JUSTICE	REGIONAL	SOCIAL	OTHERS	TOTAL
Revenue	₦	₦	₦	₦	₦	₦	₦
Taxes		2,983,000					2,983,000
Levy		3,450,000					3,450,000
Fines		1,286,000					1,286,000
Sales		1,050,000					1,050,000
Earnings		4,896,300					4,896,300
Rent		834,000					834,000
Fees		5,532,000					5,532,000
Other Revenue	44,594,000					1,293,600	45,887,000
Share of Statutory Allocations						1,916,912,135	1,916,912,135
Total Revenue (A)	44,594,000	**20,031,300**				**1,918,205,735**	**1,982,831,535**
Expenses:							
Personnel Cost		179,994,735					719,766,849
Overhead Cost		393,809,295	-	-			393,809,295
Service wide vote		60,511,498	-	-			60,511,498
Programme Related Exp.		46,436,309					46,436,309
Public Debt Services						84,363,239	84,363,239
Depreciation/Amortization						43,261,715	43,261,715
Other Recurrent Expenses						-	-
Transfer to Other Govt Entities						53,984,100	53,984,100
Social Benefit						101,435,442	101,435,442
Total Expenses (B)	-	680,751,836.00	-	-	539,772,114	283,044,496	1,503,568,446.00
Surplus/(Deficit) (A-B)	44,594,000	(660,720,536)	-	-	-539,772,114	1,635,161,239	479,263,088

Treasurer
Ebonyi Local Government

Chairman
Ebonyi Local Government

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018
		₦
Note 1. Share Of Statutory Revenue		
Statutory Allocation	1a	1,438,510,243
Exchange Rate Difference Gain	1b	117,666
Excess Bank Charge Refund	1d	1,071,071
Augmented Fund Distribution		2,539,774
Local Govt Council Net		1,780,811
Forex Equalization	1c	69,430,682
Total		**1,513,450,247**
Note 1a. Statutory Allocation		
January		116,150,935
February		111,638,038
March		118,949,873
April		102,699,300
May		127,600,342
June		124,116,438
July		129,156,406
August		124,603,326
September		121,614,513
October		121,614,513
November		126,060,272
December		114,306,287
Total		**1,438,510,243**
Note 1b Exchange Rate Gain Allocation		
September		58,833
October		58,833
Total		**117,666**
Note 1 C Forex Equalization		
January		6,512,002
March		29,026,890
April		13,233,989
May		101,902
August		5,296,991
November		15,046,388
December		212,520
Total		**69,430,682**
Note 1 D Excess Bank Charge Refund		
September		1,071,071
Total		1,071,071
Note 2 Value Added Tax Allocation		
January		27,183,599
February		30,795,540
March		115,394,095
April		2,385,132
May		27,605,849
June		29,782,514
July		27,451,279
August		26,792,152
September		25,325,269
October		25,325,269
November		31,603,167
December		33,818,021
Total		**403,461,888**

Note 3 Tax Revenue		
March		875,000
April		667,000
December		1,441,000
Total Tax Revenue		**2,983,000**
Note 4 Non - Tax Revenue		
LICENSES:		
January		724,000
February		533,000
March		398,000
April		832,500
December		962,500
Sub-Total		**3,450,000**
FINES:		
March		298,000
April		564,000
December		424,500
Sub-Total		**1,286,500**
FEES:		
January		982,000
February		773,000
March		698,000
April		489,000
May		1,211,000
June		1,379,000
Fees Sub-Total		**5,532,000**
SALES:		
March		255,600
April		605,400
May		189,000
Sales - Sub Total		1,050,000
EARNINGS:		
March		1,324,000
April		985,300
May		1,672,000
June		915,000
Earning Sub-Total		**4,896,300**
RENT:		
March		235,000
April		189,000
May		410,000
Rent Sub- Total		**834,000**
Total Non Tax Revenue		**17,048,800**
Note 5 Revenue from State		
Share of 10% State IGR		44,594,000
Total		**44,594,000**
Note 6 Other Revenue		
Miscellaneous		1,293,600
Total - Other Revenues		**1,293,600**

Note 7 Salaries And Wages		
A I LG Staff		267,388,680
UBEB		337,046,325
Health		78,685,175
Total		**683,120,180**
Note 8 Transfer To Other Govt Entities		
Ebonyi State Govt:		
Joint Project		
Police Reform		40,276,408
Neighborhood Watch Security		13,707,692
Total		**53,984,100**
Note 9 Travelling And Transports		
The Council		480,000
Administration		1,055,000
Education		205,000
Works		80,000
Total		**1,820,000**
Note 10 Utilities - General		
Works		850,000
Total		**850,000**
Note 11 Materials And Supplies		
The Council		1,980,000
Administration		832,000
Finance		**715,000**
Mining and Statistics		259,000
Total		**3,786,000**
Note 12 Maintenance Service		
The Council		461,538
Administration		1,200,000
Finance		600,000
Education		50,000
Works		23,310,000
Total		**25,621,538**
Note 13 Training And Capacity Building		
The Council		11,538,462
Administration		
Total		**11,538,462**
Note 14 Security And Safety Service		
The Council		29,742,267
Total		**29,742,267**
Note 15 Consulting And Professional Service		
The Council		300,000
Administration		100,000
Finance		
Education		
Total		**400,000**
Note 16 Fuelling And Lubricants		
The Council		500,000
Total		**500,000**
Note 17 Financial Charges		

Finance		3,868
Total		**3,868**
Note 18 Public Debt Services		-
Salary Bailout Loan		28,395,351.24
Agric Loan		43,261,715
Total		**71,657,066.24**
Note 19 Depreciation/Amortization		
Building		16,051,316
Infrastructure - Water		-
Infrastructure - Other		3,815,385
Plant And Machinery		675,000
Furniture And Fittings		3,360,000
Motor Vehicle		60,461,538
Office And Other Equipment		-
It Equipment		-
Total		**84,363,239**
Note 20 Farm Inputs		
Fertilizer Distributed to Farmers		44,594,000
Total		**44,594,000**
Note 21 Other Recurrent Expenses By Nature		
Refreshment And Meals		500,000
National On Immunization		1,692,309
Subscription To ALGON		700,000
Welfare Packages		166,336,996.76
JAC Processing Expenses		3,630,000
Special Day Celebration		17,218,077
Annual Budget Expenses		200,000
Agric Related Program Expenses		150,000
Government Donation		30,769,231
Mother And Child Initiative		1,638,462
Common Services (Committee)		230,769
Traditional Rulers Up Keep		3,885,924
State Youth Empowerment		125,353,847
Administrative State Charges		200,000
Recruitment And Appointment		-
Ohaneze Ndi Igbo		1,000,000
Mass Literacy		-
Procurement of Fertilizer		44,594.000
Total		**353,505,615.76**

Note 22 Property, Plants and Equipments as at 31st December, 2018

Descriptions	Note	Building	Infrastructure Water	Infrastructure Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office & Other Equipments	Under Constructions	IT Equips	Total
		₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Opening bal. 1/1/18		467,003,160	0	0	4,500,000	14,000,000	210,000,000	0	0	0	695,503,160
Reclassified											
Additions	36	68,040,712		76,307,692			92,307,962		370,000,000		606,656,366
Total		**535,043,872**	**0**	**76,307,692**	**4,500,000**	**14,000,000**	**302,307,962**	**0**	**370,000,000**		**1,302,159,526**
Depreciations		16,051,316	0	3,815,385	675,000	3,360,000	60,461,538	0	0	0	84,363,239
written Down Value 31/12/18		**518,992,556**	**0**	**72,492,307**	**3,825,000**	**10,640,000**	**241,846,424**	**0**	**370,000,000**	**0**	**1,217,796,287**

Note 22b Cash and Cash Equivalents		
Ebonyi Local Govt A/c - UBA		119,681
Ebonyi Local Govt A/c - ZENITH BANK		212,321
Ebonyi Local Govt A/c - FCMB		180,957
Ebonyi Local Govt main A/c		26,000
Total Cash and Cash Equivalents		**538,959**
Note 23 Short Term Loan		
Agric Loan		13,384,615
TOTAL		**13,384,615**
NOTE 24 PAYABLES		
Employee Compensation		
Salary Arrears		76,923,077
Total		**76,923,077**
Note 25 Pension and Gratuity		
Pension		108,667,735.06
Gratuity		163,001,602.59
Total		**271,669,337.66**
Note 26 Net Assets/Equity		
Accumulated Surplus		450,867,736.76
Reserves		263,865,225.76
Total		**742,684,045**
Note 27 Statutory Allocations from Federation Account		
Allocations from Federation Account	1a	1,438,510,243
Exchange Rate Gain	1b	117,666
Excess Bank Charges Refund	1e	1,071,071
Augmented Fund Distribution	1c	2,539,774
Local Govt Net		1,780,811
Forex Equalization	1d	69,430,682
Total		**1,513,450,247**
Note 28 Share of Value Added Tax		
VAT Allocation From Federation Account	2	403,461,888
Total		**403,461,888**
Note 29 Internally Generated Revenue		
Tax Revenue		2,983,000
Tax Revenue Sub Total		**2,983,000**
Licences	4	3,450,000
Fines	4	1,286,500
Fees	4	5,532,000
Sales	4	1,050,000
Earnings	4	4,896,300
Rent		834,000
Non-Tax Revenue Sub Total		**17,048,800**
Miscellaneous	5	1,293,600
Other Revenue Sub Total		
Total		**1,293,600**
Note 30 Salaries and Wages		
Employee Compensation 31/12/2019		76,923,077
Reported in the Statement of Cash Flow		683,120,180
Employee Compensation 1/1/2019		-40,276,408
TOTAL		**719,766,849**
Note 31 Overhead Cost		

Travel & Transport		1,820,000
Utility		850,000
Materials & Supplies		3,780,000
Maintenance		25,621,538
Training & capacity building		11,538,462
Consulting & Professional Services		400,000
Fuelling and Lubricants		500,000
Financial Charges		3,868
Refreshment and Meals		500,000
Subscription to ALGON		700,000
Welfare Packages		194,732,348
JAC Processing Expenses		3,630,000
Special Day Celebration		17,218,077
Annual Budget Expenses		200,000
Mother and Child Initiative		1,638,462
Common Service (Committee)		230,769
Traditional Ruler Up Keep		3,885,924
State Youth Empowerment		125,353,847
Administrative Fund Charges		200,000
Recruitment and Appointment		
Ohaneze Ndi Igbo		1,000,000
Mass Literacy		
Total		**393,803,295**
Note 32 Service wide Vote		
Security and Safety Services		29,742,267
Government Donations		30,769,231
Total		**60,511,498**
Note 33 Programme Related Expenses		
National Programe on Immunization		1,692,309
Agricultural Programme Expenses		150,000
Total		**1,842,309**
Note 34 Social Benefits		
Pension		71,889,065
Gratuity		7,692,308
Total		**79,581,373**
Note 35 Short Terms Loans		
Agric Loan		15,384,615
Total		**15,384,615**
Note 36 public debt service paid		
Salary Bail Out		28,395,351
Agric Loan		43,261,715
Total		**71,657066.24**

NOTE 36 SCHEDULE OF PROPERTY, PLANTS AND EQUIPMENT ACQUIRED DURING THE YEAR 2018

Department	Building	Infrastructure Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office & Other Equipment	Total
	₦	₦	₦	₦	₦	₦	₦
The Council							
Works					20,000,000		20,000,000
Development Centers					72,307,692		72,307,692
Admin			76,307,692				76,307,692
Community Project	68,040,712					370,000,000	438,040,712
Total	**68,040,712**	-	**76,307,692**	-	**92,307,692**	**370,000,000**	**606,656,096**

EBONYI STATE GOVERNMENT OF NIGERIA

REPORT OF

THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS OF

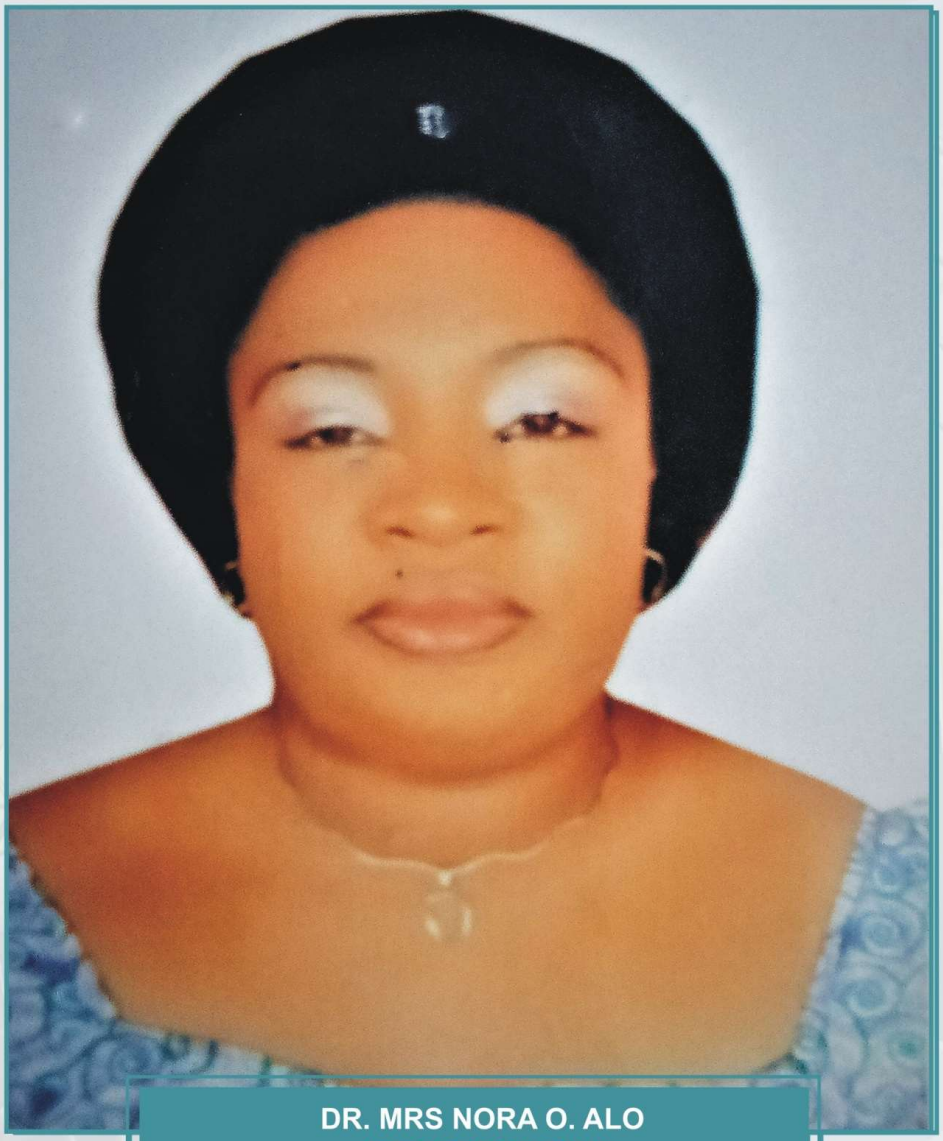
EZZA NORTH LOCAL GOVERNMENT

FOR THE YEAR ENDED

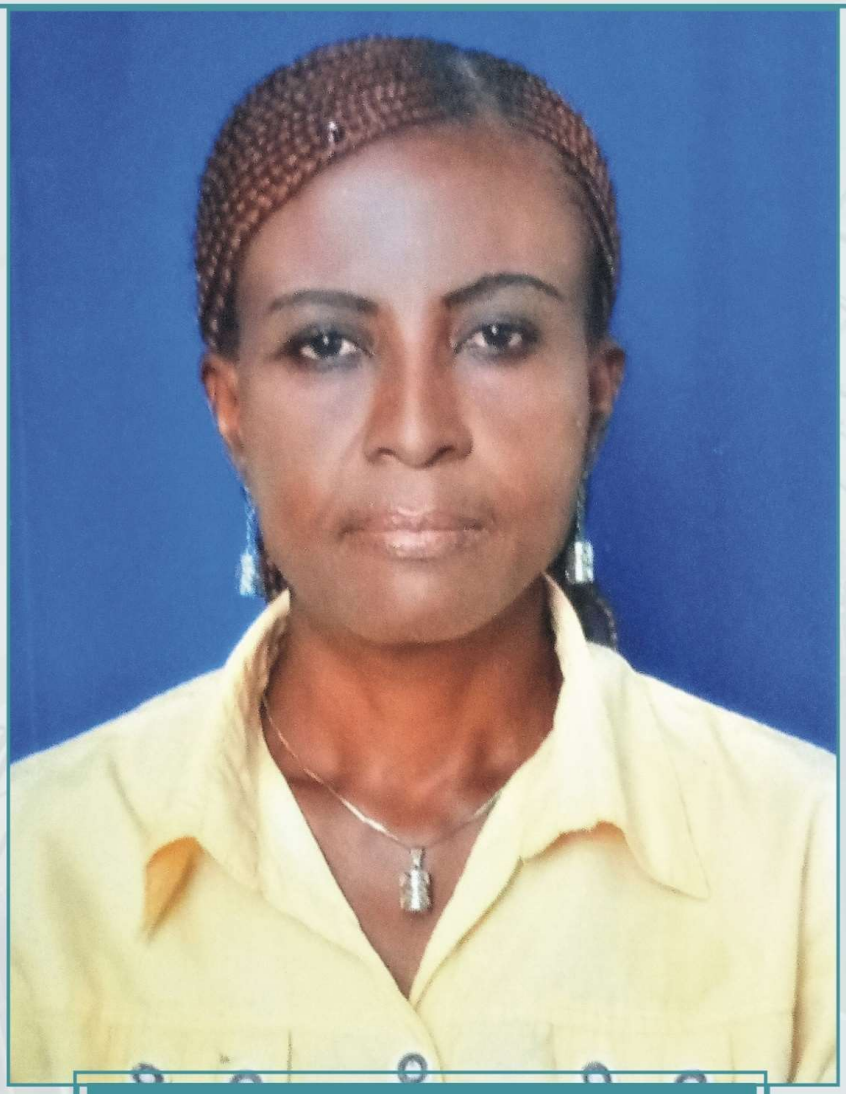
31ST DECEMBER, 2018

TO

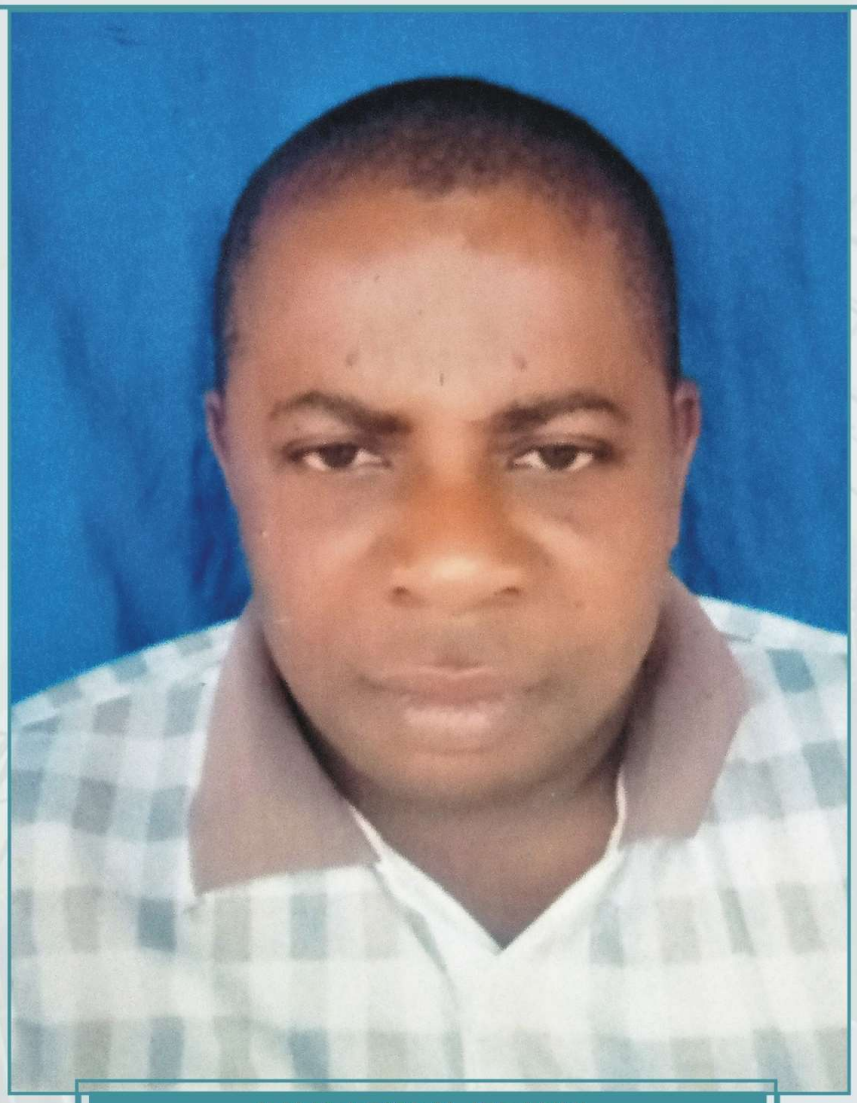
EBONYI STATE HOUSE OF ASSEMBLY



DR. MRS NORA O. ALO
EXECUTIVE CHAIRMAN
EZZA NORTH LOCAL GOVERNMENT,
EBONYI STATE



EGBEH MARIA N.
HPM
EZZA NORTH LOCAL GOVERNMENT,
EBONYI STATE



AJAH AGHA U. IFEANYI
TREASURER,
EZZA NORTH LOCAL GOVERNMENT,
EBONYI STATE

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CHAPTER ONE

1.0. General Observations

1.1. Submission of the 2018 Financial Statements

In accordance with Ebonyi State Local Government Law (CAP.106) Sections 122 and 123 (i-iv) of 2009 and other Extent Laws, the Financial Statements of Ezza North Local Government Area for the year ended 31st December, 2018 was submitted to me on 4th June, 2020.

1.2. Estimated FAAC Revenue Components Not Disaggregated

The budgeted amount for revenue from FAAC was not disaggregated into the components of Revenue receivable from FAAC for Ezza North Local Government annual budget for the year ended 31st December, 2018.

A single budget figure was shown for all receipts from FAAC making it difficult to assess revenue performance of the components.

The treasurer has been advised to liaise with the head of PRS to ensure that targets are set for all anticipated revenue sources.

1.3. Absence of Comparative Figures in the Notes to the Account

The notes to the Accounts showed only details for year 2018. The comparative figures (2017) shown in the Statements do not have explanatory notes. In the absence of these notes it was not possible to assess performances for make-up of figures in the Financial Statements.

E.g.: Components of Internally General Revenue.

CHAPTER TWO

2.0 STATEMENT OF FINANCIAL PERFORMANCE

2.1 Internally Generated Revenue (IGR)

The sum of **ninety four million, five hundred and eighty one thousand, eight hundred and thirty naira (₦94,581,830.00)** was estimated to be generated as IGR for the year ended 31st December, 2018 by the Local Government Council. A total of **one hundred and thirty million, six hundred and twenty seven thousand, eight hundred and sixteen naira, seventy two kobo (₦130,627,816.72)** was however, generated by the council. This represents a budget performance of **138.11%** for the year.

Details are shown below:

Head	Budget 2018 (₦)	Actual 2018 (₦)	Performance %
10% State IGR	-	31,785,400.00	100.00
Taxes	570,500.00	-	0.00
Fines	1,528,980.00	4,490,450.00	293.69
Sales	4,070,100.00	-	0.00
Earnings	45,901,030.00	49,461,967.00	107.76
Rent	4,388,600.00	-	0.00
Fees	32,945,020.00	32,490,000.00	98.62
Interest	-	-	0.00
Licenses	5,177,600.00	12,400,000.00	239.49
	94,011,330.00	130,627,412.72	138.11

Fines and licenses performed over and above their budgetary provisions at **193.69%** and **139.49%** respectively. Earnings also performed above the budget by **7.76%**. Taxes and Sales had budgets of **five hundred and seventy thousand naira (₦570,000.00)** and **four million, three hundred and eighty eight thousand, six hundred naira (₦4,388,600.00)** for the year respectively but no revenue was generated in those heads.

There was no budgetary provision for share of State Government IGR.

The Local Government Council did not present comparative figures for IGR in the notes to the account where the IGR was disaggregated. Audit could not, based on the shortcoming as mentioned, analyze the increase/decrease of IGR performances with respect to different heads in the previous reporting year 2017.

2.2. Revenue From FAAC

Total sum of **two billion, three hundred and forty eight million, nine hundred and ninety six thousand, six hundred and twenty naira (₦2,348,996,620)** was budgeted for the year as revenue from Federal Accounts Allocation Committee. However, only **one billion, nine hundred and fifty seven million, four hundred and twenty thousand, four naira, thirty-three kobo (₦1,957,420,004.33)** was actually generated. A shortfall of **three hundred and ninety one million, five hundred and seventy six thousand, six hundred and fifteen naira, sixty seven kobo (₦391,576,615.67)** representing about **16.67%** was not received.

Details are as shown below:

Head	**Budget 2018 (₦)**	**Actual 2018 (₦)**
Statutory Allocation		1,434,205,162.19
Value Added Tax		415,136,663.40
Forex Equalization		102,586,734.48
Add Fund from NNPC		2,531,532.45
Exchange Gain		117,283.86
Excess Bank Charges		1,067,595.52
Local Government Net		1,775,032.43
	2,348,996,620	**1,957,420,004.33**

The budgetary provisions for revenue from FAAC was not disaggregated into their components such as VAT, Exchange difference gain etc.

2.3. Personnel Cost

Budgetary provision of **one billion, forty million, nine hundred and sixty two thousand, thirty naira, eighty two kobo (₦1,040,962,030.82)** was made for personnel cost in the year under review but **seven hundred and eighty three million, seven hundred and fifty seven thousand, six hundred and sixty four naira, ten kobo (₦783,757,664.10)** was actually spent.

Details are as shown below:

Item	**2018 Budget (₦)**	**2018 Actual (₦)**	**Variance (₦)**
Local Govt. staff	360,923,440	353,923,390.00	7,000,050
UBEB staff	531,818,430.82	268,786,765.96	263,031,664.86
CONHESS	88,740,500.00	86,047,441.18	2,693,058.82
CRFC	59,479,660.00	75,000,066.96	(15,520,406.96)
	1,040,962,030.82	783,757,664.10	257,204,366.72

The Local Government overspent by **fifteen million, five hundred and twenty thousand, four hundred and six naira, ninety six kobo**

(₦15,520,406.96) on the salaries of political office holders of the council. No 2017 comparative figures were reported.

2.4 Overhead Cost

The total sum of **two hundred and seventy three million, one hundred thirty six thousand, six hundred and seventy seven naira, sixty three kobo (₦273,136,677.63)** was budgeted to be spent on overhead cost by the council for the year ended 31st December, 2018. However, the total sum of **three hundred and twenty two million, four hundred and eighteen thousand, three hundred and seventy six naira, sixty four kobo (₦322,418,376.64)** was actually spent on overhead for the period. The council made extra budgetary expenditure of **forty nine million, two hundred and eighty one thousand, six hundred and ninety nine naira, one kobo (₦49,281,699.01) (₦273,136,677.63 – ₦322,418,376.654)** on overhead.

Details are as shown below:

Head	Budget 2018 (₦)	Actual 2018 (₦)	Variance (₦)
Material & Supply	1,745,900.00	9,017,984.48	(7,272,084.48)
Security & Safety Service	9,992,300.00	215,065,649.32	(205,073,349.32)
LT & T	2,143,000.00	2,380,000	(237,000.00)
Honorarium	9,579,154.00	14,045,506.85	(4,466,352.85)
Maintenance Services	11,110,500.00	20,256,923.08	(9,146,423.08)
Admin & General Service:	17,470,000.00	-	17,470,000.00
Fuel & Lubricant	52,000.00	-	52,000.00
Financial charges	90,000.00	235,622.14	(145,622.14)
Government donation	210,000,000.00	-	210,000,000.00
Training & Capacity build	10,553,823.63	-	10,553,823.63
Grant to DC	-	61,039,767.69	(61,039,767.69)
Allowances	400,000.00	376,923.08	23,076.92
	273,136,677.63	322,418,376.64	(49,281,699.01)

The Local Government Council reported that no expenditure was made on the following which had budgetary provisions.

Head	Budget (₦)
Government Donations	210,000,000
Training & Capacity building	10,553,823,63

Admin & General services	17,470,000.00
Fuel & Lubricants	52,000.00

CHAPTER THREE

3.0. STATEMENT OF FINANCIAL POSITION

3.1. Cash and Cash Equivalent

Cash and cash equivalent for Ezza North Local Government as at 31st December, 2018 stood at **one hundred and fifty thousand, four hundred and forty four naira, thirty kobo (₦150,444.30)**.

3.2. Property, Plant and Equipment (PP & E)

Property, Plant and Equipment of Ezza North Local Government stood at **eight hundred and ninety eight million, eight hundred and fifty five thousand, sixty two naira, seventy nine kobo (₦898,855,062.79)** as at 31st December, 2018. There was a wide increase in the value of PP & E from **one hundred and twenty-one million, nine hundred and forty five thousand, three hundred and sixteen naira, three kobo (₦121,945,316.03)** at the beginning of the reporting year to **eight hundred and ninety eight million, eight hundred and fifty-five thousand, sixty two naira, seventy nine kobo (₦898,855,062.79)**.

Audit observed that the Local Government did not have any liability outstanding at the last date of the reporting year.

CHAPTER FOUR

4.0. Consolidated Statement of Cash Flow

4.1. Sources of Fund

For the year ended 31st December, 2018, Ezza North Local Government Area received fund from the following sources

Source	**Amount (₦)**
Statutory Allocation/VAT	1,957,420,004.33
Internally Generated Revenue	130,627,816.72
	2,088,047,821.05

4.2. Uses of Fund

Funds generated in the period was on the following

Head	**Amount (₦)**
Salaries and Wages/Social Benefits	876,296,850.76
Overheads etc	382,599,127.88
Investments	848,061,533.24
	2,106,930,511.88

The Investments reported in the year included:

Head	**Amount (₦)**
Purchase of Assets	75,000,000.00
Construction of Asset	105,561,533.24
Rehabilitation of Assets	133,000,000.00
Community and Rural Development	534,500,000.00
	848,061,533.24

4.3. Cash and Cash Equivalent

The closing Cash and Cash Equivalent on the Consolidated Cash Flow Statement agrees with the **one hundred and fifty thousand, four hundred and forty four naira, thirty (₦150,444.30)** reported in the Statement of Financial Position as at 31st December, 2018.

AUDIT CERTIFICATE

The **Treasurer, Ezza North Local Government** is responsible for the preparation of the Financial Statements in accordance with Sections 116 of the Ebonyi State Local Government Law (CAP.106) of 2009 and the relevant provisions of the International Public Sector Accounting Standards (IPSAS)/ Guideline issued by the Federation Accounts Allocation Committee (FAAC) Sub-committee on IPSAS implementation; Financial Memorandum; and for being satisfied that the Financial Statements for the year ended 31st December, 2018 give a true and fair view of transactions of the Local Government.

My responsibility is to express an opinion on these Financial Statements with regard to compliance of transactions to regulations and statutes, efficient use of resources and accuracy of accounting records, based on the audit conducted in accordance with International Standards on Auditing (ISA).

I have obtained the information and explanations I required and certify, as a result of my audit that in my opinion, the Financial Statements and the Notes to the Accounts are complete, in compliance with relevant statutes and show a true and fair view of the State of affairs as at 31st December, 2018 and the transactions for the fiscal year ended on that date.

Mrs. P.N. Alobu,
Ag. Auditor-General for
Local Governments,
Ebonyi State.

Office of the Auditor-General for
Local Governments,
P.M.B 075
Abakaliki,
Ebonyi State.

15th October, 2020.

ANNUAL ACCOUNT

OF THE TREASURER

EZZA NORTH LOCAL GOVERNMENT COUNCIL WITH FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2018

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EZZA NORTH LOCAL GOVERNMENT COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

THE RESPONSIBILITIES OF THE TREASURER

The Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 Cap 144 LFN and Public Finance Management Law 2011 as amended.

Ezza North Local Government initiated a three-year transition from 1st January, 2017 in order to achieve full compliance with the requirements of IPSAS 33 of the Accrual-based Ezza North Local Government Financial Statement for the financial year ended, 31st December, 2018. These Financial Statements are also in line with Generally Accepted Accounting Principles and practice and other government accounting regulations and pronouncements.

The Treasurer of the Ezza North Local Government is responsible for:

(a) Establishing and maintaining an adequate system of internal controls to provide adequate and reasonable assurance that transactions reported and recorded accurately and are within statutory authority.

(b) Ensuring the integrity and objectivity of the financial statement to reflect the financial position and performance of the Ezza North Local Government.

(c) Preparing its financial Statement using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

The Treasurer accepts responsibility for the Annual Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the traditional requirements of International Public Sector Accounting Standards and the requirements of the provisions of the Finance (Control and Management) Act 1958 Cap 144 LFN as amended. The Financial Statements provide adequate and reasonable assurance of the State of the Financial Affairs of the Ezza North Local Government and of its Financial performance and cash flows. The Treasurer further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of Financial Statements, as well as adequate systems of internal financial control.

Legal Basis Accounting Framework The accounting framework of the Ezza North Local Government focuses on reporting the budgetary activities of the government for the financial year as laid down in the appropriation law. The transitional financial statements of the Ezza North Local Government have been prepared using the accrual basis in accordance with the requirements of International Public Sector Accounting Standards (IPSAS) 33 – First time adoption of accrual IPSAS' and in accordance with Sections 13 and 14 of the Ezza North public finance Law 2011 while the office of the Treasurer of Ezza North is empowered to choose the basis of reporting.

Basis of Preparation

(a) Statement of Compliance Ezza North Local Government initiated accrual Basis IPSAS on January 2017 and elected to adopt the transitional exemptions in IPSAS 33 that allows it to apply a deemed cost and transitional period of up to two years. As a result of adopting these transitional exemptions and provisions, the Ezza North Local Government is not able to make an explicit and unreserved statement about its compliance with accrual basis IPSASs. These financial statements are therefore referred to as the second transitional IPSAS Financial Statements of Ezza North Local Government.

(b) Basis of Measurement

The financial statements have been prepared on the basis of historical cost, unless stated otherwise.

In this 2nd transitional financial statements for Ezza North Local Government, the following statements are presented:

- Statement of financial position as at 31st December, 2018
- Statement of financial performance for the year ended 31st December, 2018

- Statement of changes in net assets for the year ended 31st December, 2018
- Cash flow Statement for the year ended 31st December, 2018
- Statement of comparison of budget and actual information for the year ended 31st December 2018
- Note presenting a reconciliation of changes from its previous basis of accounting.

(c) Functional and Presentation Currency The Financial statements are presented in Naira, which is the functional and reporting currency of Ezza North Local Government and all values are rounded to the nearest thousand (₦000).

(d) Going Concern The financial statements have been prepared on a going concern basis.

Accounting Principles

The objective of the financial statements is to provide information about the financial position, performance and cash flows of Ezza North Local Government 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 Ezza North Local Government accountability to the resources entrusted to it.

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

Preparation of the financial statement 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.

Ezza North Local Government has adopted relevant IPSAS standards for the first time for the year beginning, 1 January 2017, and has also elected to adopt the transitional exemptions provided in IPSAS 33 on First Time adoption of Accrual Basis IPSAS. These financial statement are the 2nd transitional financial statement.

Accounting Periods The accounting year is from 1st January to 31st December.

Summary of Significant Accounting Policies

Ezza North Local Government has applied the following accounting policies in preparation of the financial statement for the year ended 31st December, 2018. These policies have been consistently applied to all the years presented, unless otherwise state.

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.

6.1.1 Revenue from Non-exchange Transactions These are transactions in which Ezza North Local Government receives value from, without directly giving appropriately equal value in exchange. This includes mainly direct and indirect taxes. In addition to taxes, Ezza North Local Government also receives payments from other parties, such as transfers, grants, fines and donations.

(a) Taxes Receipts Taxes are economic benefits or service potential compulsorily paid or payable to Ezza North Local Government, in accordance with laws and/or regulations, established to provide revenue to the Government. Taxes do not include fines or other penalties imposed for breach of the law. Ezza North Local Government 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 Ezza North Local Government Area Revenue Unit. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Ezza

North Local Government taxes include: Entertainment Tax, Capital Gain Tax, Stamp Duties, Development Lev)', Property Tax, Business Premises and other tax receipts.

(b) **Levies, Fees and Fines** These are inflows of future economic benefits or sendee potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Ezza North Local Government, as determined by Ezza North Revenue by 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.

(c) **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.

(d) **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 recognised when it is probable that the economic benefits or service potential related to the asset will flow to Ezza North Local Government and can be measured reliably.

(e) **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 Council. This is recognized at the fair value of the consideration received or receivable.

6.1.2 Revenue from Exchange Transactions These are transactions in which Ezza North 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 Ezza North 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 Ezza North 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 Ezza North Local Government.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

(a) **Rental Income** Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

(b) **Revenue from Other Services** Revenue from other services include proceeds from Private Sector Developer Programme, proceeds from hospital units and other miscellaneous revenue from exchange transactions. Ezza North Local Government recognizes revenue from rendering of services as it is earned, that is, as the services is provided. It is measured at the fair value of the consideration received or receivable.

(c) **Investment Income** Investment income consists of dividend income. Dividend income or similar distributions are recognized when Ezza North Local Government’s right to receive payment is established.

6.2. **Public Debt Charge** 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.

(a) 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 recognised when it is probable that the economic benefits or service potential related to the asset will flow to Ezza North Local Government and can be measured reliably.

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.

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 the Ezza North 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 costs.

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.

Ezza North 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.

Ezza North Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortised cost. Classification of financial liabilities is based on the nature or characteristic of the instrument. The Office of the Treasurer determines the classification of its financial assets and liabilities at initial recognition. For the 2nd Transitional Financial Statements for the year ended 31 December 2017, Ezza North Local Government has recognised financial liabilities measured at amortized cost. These include local and foreign debts and investments.

6.5.1 Classification

(a) 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 realised within twelve months; otherwise, they are classified as non-current assets.

(b) 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. Ezza North 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.

(c) 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 Ezza North Local Government intends to dispose of it within 12 months of the end of the reporting period. Ezza North Local Government has recognised some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

(d) Financial Liabilities at Amortised Cost Financial Liabilities at amortised cost include Payables, Other Liabilities and Debts.

6.5.2 Categories and Measurement

a) 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 realised or paid beyond twelve months of the reporting date, which are classified as long-term.

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

(c) 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 directors expect to dispose of it within twelve months.

(d) 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.

6.5.3. Recognition and De-recognition

Financial instruments are recognized when Ezza North 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 Ezza North Local Government has transferred substantially al) risks and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expires.

6.5.4 Reclassification

Ezza North 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 amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

6.5.5. 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.

6.5.6 . Impairment of Financial Assets Ezza North 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. 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, Ezza North 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.

6.5.7 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.

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 and Equipment (PP&E)

Ezza North Local Government performed an asset verification exercise in order to determine the deemed cost of some PP&E 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 Ezza North 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 Ezza North Local Government to fund the acquisition of property, plant and equipment are expensed immediately they are incurred.

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.

6.6.1 Depreciation Rates - The following standard rates shall be applied to all Ezza North Local Government assets

Item	Depreciation
Land	N/A
Building	2%
Constructed asset*	2%-10%
Heritage asset	N/A
Capital work in progress	N/A
Plant and machinery	5%
Motor vehicle	25%
Biological asset	io%-50%
Computer office & equipment	2.5%
Concession asset	5%
Leased asset	10%
Furniture and fitting	10%

*The following depreciation rates were used for constructed assets: bridges: 2%; roads: 5%; traffic lights: 5%; street

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.

6.7 Public Debt Charge Public debt charges are interest and other expenses incurred by Ezza North Local Government in connection with the borrowing of funds for qualifying assets. Ezza North 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.

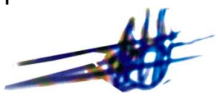
6.8 Impairment of Non-financial Asset

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. Ezza North Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Ezza North Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Ezza North 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 (amortisation) 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. An impairment loss shall be recognized 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.

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, Ezza North Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).
To the best of knowledge the system of internal control have operated adequately through the reporting period.



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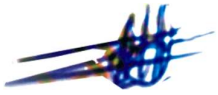
(Treasurer)

We accept responsibility for the integrity of these statements, the information they contain and their compliance with the finance (Control and Management) act 1958 as amended.
In our opinion, these financial statements fairly reflects the financial position of **EZZA NORTH LOCAL GOVERNMENT AREA, EBIAJI** as at 31st December, 2018 and its operation for the period ended on that date.



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Treasurer **Chairman**
Ezza North Local Government **Ezza North Local Government**

CONSOLIDATED FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31ST DECEMBER, 2018

ECONOMIC CODE	ITEM	NOTE	2018 (₦)	2017 (₦)
	REVENUE			
1101	Statutory Revenue (Allocation)	1	1,957,420,004.33	1,277,468,360.27
	Internally Generated Revenue	2	98,842,416.72	444,485,108.08
1402	Other capital receipts			351,804.45
1404	Debt forgiveness			
	10% State IGR	2b	31,785,400	45,142,751.46
	TOTAL OPERATING REVENUE	A	**2,088,047,821.05**	**1,812,590,775.72**
	EXPENDITURE			
2101	Salaries and wages	3	708,757,596.39	541,781,789.77
21010103	Consolidated revenue charges	4	75,000,066.96	75,000,066.96
	Procurement Farm Input	5	31,785,400	45,142,751.46
21020204	Employee compensation	7	12,465,506.85	-
2201	Social Benefits	8	79,581,372.82	148,389,495.63
2202	Overhead cost	9	322,418,376.64	-
	Depreciation	16	71,302,230.78	-
	Public Debt Service		28,395,351.24	28,395,351.24
	Total Expenditure B		1,329,705,901.68	
	Surplus/Deficit		758,341,919.37	

Treasurer
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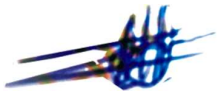
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31ST DECEMBER, 2018

CURRENT ASSETS		2018 (₦)	2017 (₦)
Cash and its equivalent	17	150,444.30	351,804.45
Inventories			
Receivables		43,261,715.38	
Prepayments			
TOTAL CURRENT ASSET (A)		**43,412,159.68**	**351,804.45**
NON CURRENT ASSETS			
Investments			
Property, plant and equipment	16	898,855,062.79	109,038,577.30
TOTAL ASSETS (A+B)-C		**942,267,222.47**	**109,390,381.75**
LIABILITIES			
CURRENT LIABILITIES			
Payables & other liabilities		-	128,044,319.54
Public funds	11	-	
Public debt (borrowings)		-	
TOTAL CURRENT LIABILITIES		**0.00**	**128,044,319.54**
NON CURRENT LIABILITIES			
Public debt (Bailout Fund)		168,394,213.82	196,789,565.06
Finance lease obligation			
Retirement benefits obligations		271,669.337.66	228,120,765.59
TOTAL LIABILITIES (D+E)=F		**440,063,551.48**	**552,954,650.19**
NET ASSETS/EQUITY (C-F)		**502,203,670.99**	**(443,564,268.44)**



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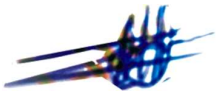
CONSOLIDATED STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 31ST DECEMBER, 2018

CASHFLOW FROM OPERATING ACTIVITIES	NOTE	2018 (₦)	2017 (₦)
INFLOWS			
Statutory Revenue (Allocation)	1	1,957,420,004.33	1,277,468,360.27
Internally Generate Revenue	2	98,842,416.72	444,485,108.08
10% State IGR	2b	31,785,400	
TOTAL INFLOW FROM OPERATING ACTIVITIES (A)		**2,088,047,821.05**	**1,722,305,272.80**
OUTFLOWS			
Salaries and wages	3	708,757,596.39	541,781,789.77
Consolidated revenue fund charges	4	75,000,066.96	75,000,066.96
Allowances	5	492,307.74	2,200,000.00
Employees compensation	6	12,465,506.85	-
Social benefits	7	79,581,372.82	148,389,495.63
Overhead cost	8	322,418,376.64	286,606,006.70
Agric Programme Cost	10	31,785,400	175,907,603.74
Public Debt Service	11	28,395,351.24	128,044,319.54
TOTAL OUTFLOW FROM OPERATING ACTIVITIES (B)		**1,258,895,978.64**	**1,357,929,282.34**
NET CASH FLOW FROM OPERATING ACTIVITIES (C=A-B)		**829,151,842.41**	**364,375,990.46**
CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of assets	12	(75,000,000)	91,769,221.78
Construction of assets	13	(105,561,533.24)	207,132,538.96
Rehabilitation of assets	14	(133,000,000)	-
Community and rural development projects	15	(515,791,669.32)	27,680,769.23
NET CASHFLOW FROM INVESTING ACTIVITIES (D)		**(829,353,202.56)**	**(326,582,529.77)**
CASHFLOW FROM FINANCING ACTIVITIES			
Public fund and proceeds from loan and other			
NET CASHFLOW FROM FINANCING ACTIVITIES (E)			
NET CASHFLOW FROM ALL ACTIVITIES (F=C-D+E)		**(201,306.15)**	**(326,582,529.77)**
OPENING BALANCE OF CASH AND ITS EQUIVALENTS		**(351,804.45)**	**351,804.45**
CLOSING BALANCE OF CASH AND ITS EQUIVALENTS	**18**	**150,444.30**	**351,804.45**



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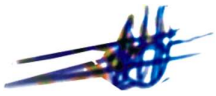
CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2018

		BUDGETED		ACTUAL ON COMPARABLE BASIS	DIFFERENCE IN BUDGET AND ACTUAL
		ORIGINAL	FINAL		
RECEIPTS	**NOTE**	**₦**	**₦**	**₦**	**₦**
Statutory revenue	1	3,548,996,620	3,548,996,620	1,957,420,004.33	1,591,576,615.67
Internally generate revenue	2	17,602,140.49	17,602,140.49	98,84 2,416.72	81,240,276.23
TOTAL RECEIPTS		**1,975,022,144.79**	**3,566,598,760.49**	**2,056,262,421.05**	**1,510,336,339.44**
PAYMENTS					
Personnel cost	3+6	759,979,434.31	759,979,434.31	721,223,103.99	38,756,330.32
Consolidated revenue fund charges	4	261,413,917.92	261,413,917.92	75,000,066.96	186,413,850.99
Overhead cost	8	135,197,408.63	195,197,408.63	279,898,596.79	144,701,188.16
Social benefits	7			79,581,372.82	
Grants	10			61,039,767.69	
Facility repayments	9				
Debt charges	11			43,261,715.38	
Capital expenditure	13-16	2,410,060,000	2,410,060,000	848,061,533.24	1,645,821,270.56
TOTAL PAYMENTS		**3,566,650,760.86**	**3,566,650,760.86**	**2,024,243,350.07**	**1,542,407,410.79**
NET RECEIPTS		**(1,591,628,616.07)**	**(1,591,628,616.07)**	**32,019,070.98**	**(1,559,609,545.09)**



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NOTE TO THE ACCOUNT

ECONOMIC CODE	ITEM	NOTE	2018 ₦
	REVENUE		**2,056,262,421.02**
1101	**Statutory Revenue**	**1**	**1,957,420,004.33**
	Statutory Allocation		1,434,205,162.19
	VAT allocation		415,136,663.40
	Forex equalization (1-5)		102,586,734.48
	LGC NET		1,775,032.43
	Additional fund from NNPC		2,531,532.45
	Share of exchange gain difference		117,283.86
	Excess bank charges		1,067,595.52
	Internally Generated Revenue	**2**	**98,842,416.72**
	Licences		
	Native liquor		680,000.00
	Dog licence		970,000.00
	Kiosk licence		810,000.00
	Liquor off & on		6,400,000.00
	Trade licence		3,540,000.00
	Total		**12,400,000.00**
	Fees General		
	Slaughter fees		790,000.00
	Impoundment or animal fine		2,450,000.000
	Marriage registration		7,800,000.00
	Advertisement fees		9,760,000.00
	Identification fees		4,500,000.00
	Naming of street fees		3,580,000.00
	Produce buying		2,660,000.00
	Association fee		950,000.00
	Total		**32,490,000.00**
	Fines		
	Obstruction		890,450.00
	Market fighting		3,000,000.00
	Pilfering		600,000.00
	Total		**4,490,450.00**
	Earning		
	Earning from market		2,850,000.00
	Tenant rate		5,700,000.00
	Earning from motor park		6,570,000.00
	Earning from industrial undertaking		4,600,000.00
	Earning from commercial undertaking		1,401,307.00
	Earning from tenant rate		7,600,000.00
	Trade licence		4,500,660.00
	Earning from cattle market		4,400,000.00
	Earning from transport		11,840,000.00
	Total		**49,461,967.00**
	10% State IGR	2b	31,785,400
NOTE 2B	Share of State Revenue		31,785,400
	Total		31,785,400
	EXPENDITURE		
	PERSONNEL COST		
2101	**Salaries and Wages**	**3**	**708,757,596.39**
	LG staff salaries		353,923,390.00

	UBEB staff salary		268,786,765.96
	CONHESS earners salary		86,047,441.18
21010103	**Consolidated Revenue Fund Charges**	**4**	**75,000,066.96**
	LG Council chairman		1,476,006.96
	Vice Chairman		1,386,216.00
	4 DC coordinator		5,544,864.00
	Leader		1,460,340.00
	Local government audit council		3,600,000.00
	11 councilors		14,631,408.00
	5 supervisors		6,474,360.00
	5 SAs		2,700,000.00
	Secretary		1,294,872.00
	22 Liaison officers		13,200,000.00
	32 Management committee		23,232,000.00
	Farm Inputs	5	31,785,400
	Fertilizer Distributed to Farmers		31,785,400
2102	**Allowances**	**6**	**376,923.08**
	Ohaneze Ndigbo		76,923.08
	LG Audit		300,000
21020204	**Employee Compensation**	**7**	**12,465,506.85**
	UBEB staff new year bonus		7,849,697.64
	LG staff new year bonus		4,615,809.21
2201	**Social Benefits**	**8**	**79,581,372.82**
22010101	Gratuity		7,692,307.69
22010102	Pension		71,889,065.13
2202	**Overhead Cost**	**9**	**322,418,376.67**
220203	Material and supplies		9,017,984.48
	Security and safety services		215,065,649.32
	LT & T		2,380,000.00
22020307	Honourarium		14,045,506.85
22020605	Maintenance services		20,256,923.08
22020312	Admin General		
22020101&2	Financial charges		235,622.14
22021002&3	Grant to DCs		61,039,767.69
	Allowances		376,923.08
	Cash and its equivalent (opening balance Treasury and Bank)	**18**	**9,184,771.76**
	Zenith Bank (Project)		9,068,930.34
	Zenith Bank (IGR)		115,841.42
	UBA (Main)		
	Cash is Nil		9,184,771.76
220210	Admin and General expenses	G	109,963,501.13
	LG Admin fund		42,295,039.60
	(Overhead of LEAs) General Admin		16,168,538.46
	Project monitoring		
	LG admin and security		
	Religious and welfare packages		9,192,307.69
	Refreshment and meals		
22021021	(Women development program) Special day celebration		25,649,923.08
	Budget expenses		650,000.00
	Empowerment		
	Christmas rice		14,707,692.30
	Miscellaneous/contingencies		400,000.00
3107	Imprest		1,235,366.00

	Below the line payments (Tax VAT expenditure WHT)		561,531.00
	Education tax		112,300.00
3110	**Loan Granted**	**9**	
	Agric refundable loan		
2204	**Currents**	**10**	**61,039,767.69**
	Grants to D/Cs		57,153,845.00
	Grants to Traditional rulers council		3,885,922.69
2206	**Public Debt Charges**	**11**	**168,394,213.84**
	Agric loan recovery		43,261,715.38
	Bailout Fund		211,655,929.22
	CAPITAL EXPENDITURE		**764,238,709.80**
2301	**Purchase of Assets**	**12**	**163,846,133.84**
	Furniture and fittings		
	Motor vehicles		125,384,615.38
	Motor vehicles and motorcycles		38,461,538.46
2302	**Construction of Assets**	**13**	**159,042,960.77**
	Boreholes		17,268,500.00
	Shops		14,437,000.00
	Bulldozing, grading and lateriting of roads		2,400,000.00
	Street light and electrification		48,629,768.46
	International market project		76,307,692.31
2303	**Rehabilitation of Assets**	**14**	**6,765,000.00**
	Roads		
	Reconstruction LG, perimeter fencing		
	Inter locking		6,765,000.00
	Replacement of zinc and wood (LG headquarters)		
	Other Capital Projects	**15**	**434,584,615.19**
	Community projects		238,461,538.46
	Rural developments		118,461,538.47
	BOI fund		76,923,076.92
	Human development (empowerment)		738,461.34
	Investment Procurement	15b	31,785,4000
24	**Depreciation Charges**	**16**	**31,376,316.30**
	Buildings		500,000.00
	Motor vehicle and motorcycle		27,961,538.47
	Plant and machinery		460,000.00
	Furniture and fittings		20,000.00
	Street light and electricity		931,488.43
	Borehole and bridges (const. of assets)		709,389.40
	Roads		793,900.00
	Cash and cash equivalent (closing balance Treasury and Bank)	**17**	**150,444.30**
	Zenith Bank (Project)		134,338.02
	Zenith Bank (IGR)		16,106.28
	UBA (Main)		Nil
	Statutory Allocation		
	January		115,774,018.79
	February		111,268,087.48
	March		118,949,872.63
	April		102,366,034.89
	May		127,186,271.69
	June		123,713,674,.56
	July		128,737,286.18

	August		124,198,981.48
	September		121,219,867.54
	October		121,219,867.54
	November		125,643,521.48
	December		113,927,677.93
	Total		**1,434,205,162.19**
	Police Reform		
	January		3,524,019.46
	February		3,514,101.66
	March		366,768.70
	April		3,490,825.39
	May		3,763,488.35
	June		3,725,340.01
	July		3,780,527.07
	August		3,730,671.37
	September		3,578,477.95
	October		3,578,477.95
	November		3,659,307.56
	December		3,540,965.71
	Total		**40,252,971.18**
	VAT Allocation		
	January		28,319,260.45
	February		32,102,741.49
	March		115,011,852.62
	April		2,377,392.46
	May		28,980,904.86
	June		31,046,120.24
	July		28,605,588.81
	August		27,871,588.43
	September		26,395,886.23
	October		26,395,880.23
	November		32,848,587.81
	December		35,180,859.77
	Total		**415,136,663.40**
	Forex Equalization (1)		
	January		3,103,853.88
	February		Nil
	March		25,077,492.91
	April		3,933,492.65
	May		101,571.05
	June		Nil
	July		Nil
	August		2,917,709.92
	September		Nil
	October		Nil
	November		3,267,065.68
	December		221,841.16
	Total		**38,623,027.25**
	Forex Equalization (2)		
	January		3,387,015.93
	February		Nil
	March		158,705.37
	April		4,381,238.36
	May		Nil

	June		Nil
	July		Nil
	August		Nil
	September		Nil
	October		Nil
	November		230,279.68
	December		Nil
	Total		**8,157,239.34**
	Forex Equalization (3)		
	January		Nil
	February		Nil
	March		Nil
	April		4,063,287.75
	May		Nil
	June		Nil
	July		Nil
	August		Nil
	September		Nil
	October		Nil
	November		4,453,857.41
	December		Nil
	Total		**8,517,145.16**
	Forex Equalization (4)		
	January		Nil
	February		Nil
	March		Nil
	April		Nil
	May		Nil
	June		Nil
	July		Nil
	August		Nil
	September		Nil
	October		Nil
	November		4,524,916.52
	December		Nil
	Total		**4,524,916.52**
	Forex Equalization (5)		
	January		Nil
	February		Nil
	March		Nil
	April		Nil
	May		Nil
	June		Nil
	July		Nil
	August		Nil
	September		Nil
	October		Nil
	November		2,511,433.03
	December		Nil
	Total		**2,511,433.03**
	LGC Net		
	January		Nil
	February		Nil
	March		Nil
	April		Nil

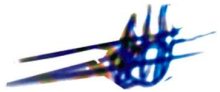
	May		Nil
	June		Nil
	July		1,775,032.43
	August		Nil
	September		Nil
	October		Nil
	November		Nil
	December		Nil
	Total		**1,775,032.43**
	Additional Fund from NNPC		
	January		Nil
	February		Nil
	March		Nil
	April		Nil
	May		Nil
	June		Nil
	July		Nil
	August		2,531,532.45
	September		Nil
	October		Nil
	November		Nil
	December		Nil
	Total		**2,531,532.45**
	Share of Exchange Gain Difference		
	January		Nil
	February		Nil
	March		Nil
	April		Nil
	May		Nil
	June		Nil
	July		Nil
	August		Nil
	September		58,641.93
	October		58,641.93
	November		Nil
	December		Nil
	Total		**117,283.86**
	Excess Bank Charges		
	January		Nil
	February		Nil
	March		Nil
	April		Nil
	May		Nil
	June		Nil
	July		Nil
	August		Nil
	September		1,067,595.52
	October		Nil
	November		Nil
	December		Nil
	Total		**1,067,595.52**

OLD VALUATION OF ASSETS

ASSETS	ASSET COST	DEPRECIATION	ACCUMULATED DEPRECIATION	TOTAL DEPRECIATION	NET BOOK VALUE
Motorcycles (25%)	18,461,538.48	4,615,384.62	4,615,384.62	9,230,769.24	9,230,769.24
Street light project (5%)	18,629,768.60	931,488.43	931,488.43	1,862,976.86	16,766,791.74
Bridges (2%)	18,200,970.00	364,019.40	364,019.40	728,038.80	17,472,931.20
Purchase of vehicle (25%)	93,384,615.40	23,346,153.85	46,692,307.70	70,038,461.55	23,346,153.85
Borehole (2%)	17,268,500.00	345,370.00	2,762,960.00	3,108,330.00	14,160,170.00
Furniture and fittings (10%)	200,000.00	20,000.00	60,000.00	80,000.00	120,000.00
Buildings (2%)	25,000,000.00	500,000.00	2,000,000.00	2,500,000.00	22,500,000.00
Plant and machinery (5%)	9,200,000.00	460,000.00	2,300,000.00	2,760,000.00	6,440,000.00
Road (5%)	15,878,000.00	793,900.00	3,175,600.00	3,969,500.00	11,908,500.00
TOTAL FOR THE YEAR		**31,376,316.30**			
TOTAL NET BOOK VALUE					**121,945,316.03**

NEW VALUATION OF ASSETS 2018

	BUILDING	M/V	MOTORCYCLE	MACHINERY	FIXTURES & FITTINGS	BOREHOLE	TOTAL
Purchase of Assets		23,346,153.00	9,230,769.24		120,000.00		32,696,922.24
Construction of Assets	56,739,722.00			6,440,000.00		14,160,170.00	77,339,892.94
Rehabilitation of Assets	11,908,500.00						11,908,500.00
Opening 1/1/2018	**68,648,222.94**	**23,346,153.00**	**9,230,769.24**	**6,440,000.00**	**120,000.00**	**14,160,170.00**	**121,945,316.00**
Additional 31/12/2018	348,516,533.24	76,000,000.00	75,000,000.00	100,000,000.00	55,000,000.00	193,500,000.00	848,061,533.24
Total Assets	**417,164,756.18**	**99,346,153.00**	**84,230,769.24**	**106,440,000.00**	**55,120,000.00**	**207,660,170.00**	**970,006,849.24**
Depreciation	8,344,195.12	24,836,538.25	21,057,692.31	5,322,000.00	5,512,000.00	6,229,805.10	71,302,230.78
Net Book Value	408,865,561.06	74,509,614.75	63,173,076.93	101,118,000.00	49,608,000.00	200,945,364.90	898,704,618.46



Treasurer
Ezza North Local Government

Chairman
Ezza North Local Government

EBONYI STATE GOVERNMENT OF NIGERIA

REPORT OF

THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS OF

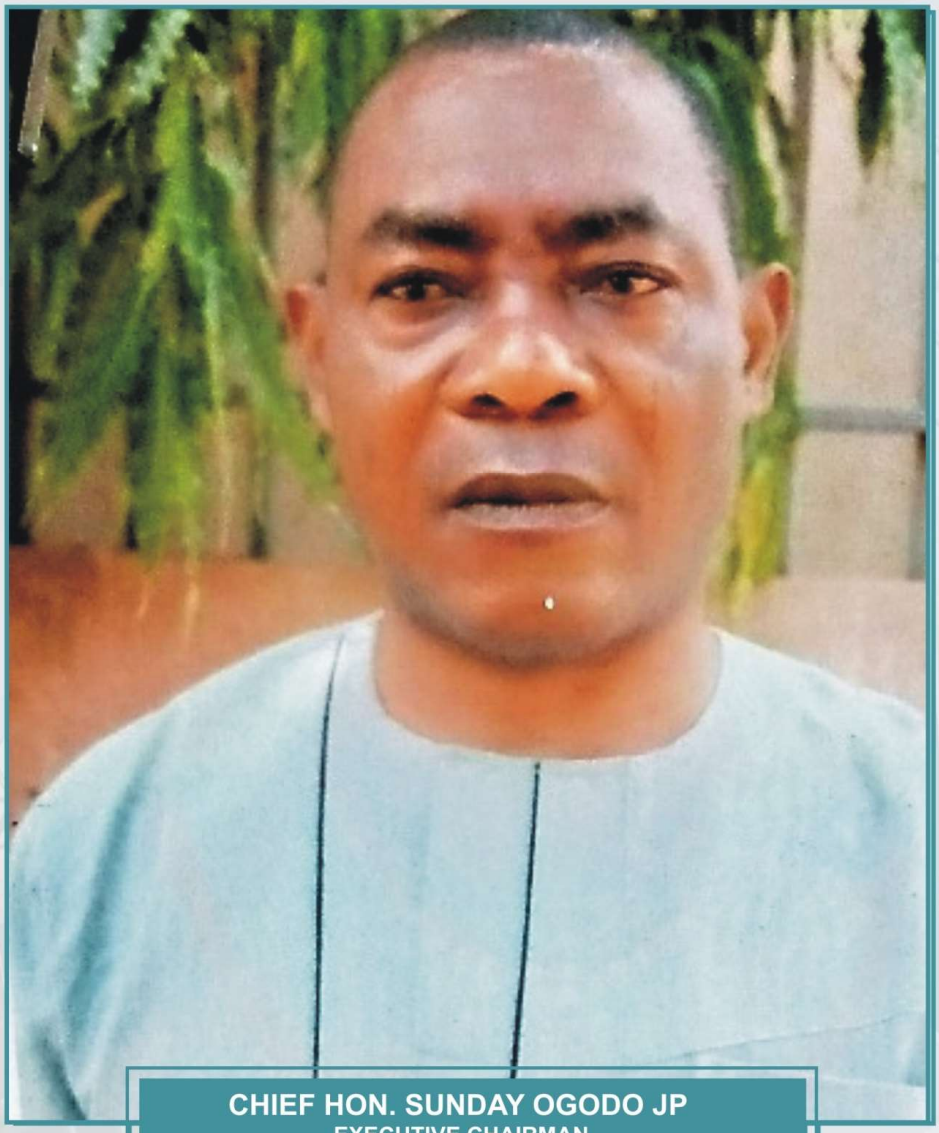
EZZA SOUTH LOCAL GOVERNMENT

FOR THE YEAR ENDED

31ST DECEMBER, 2018

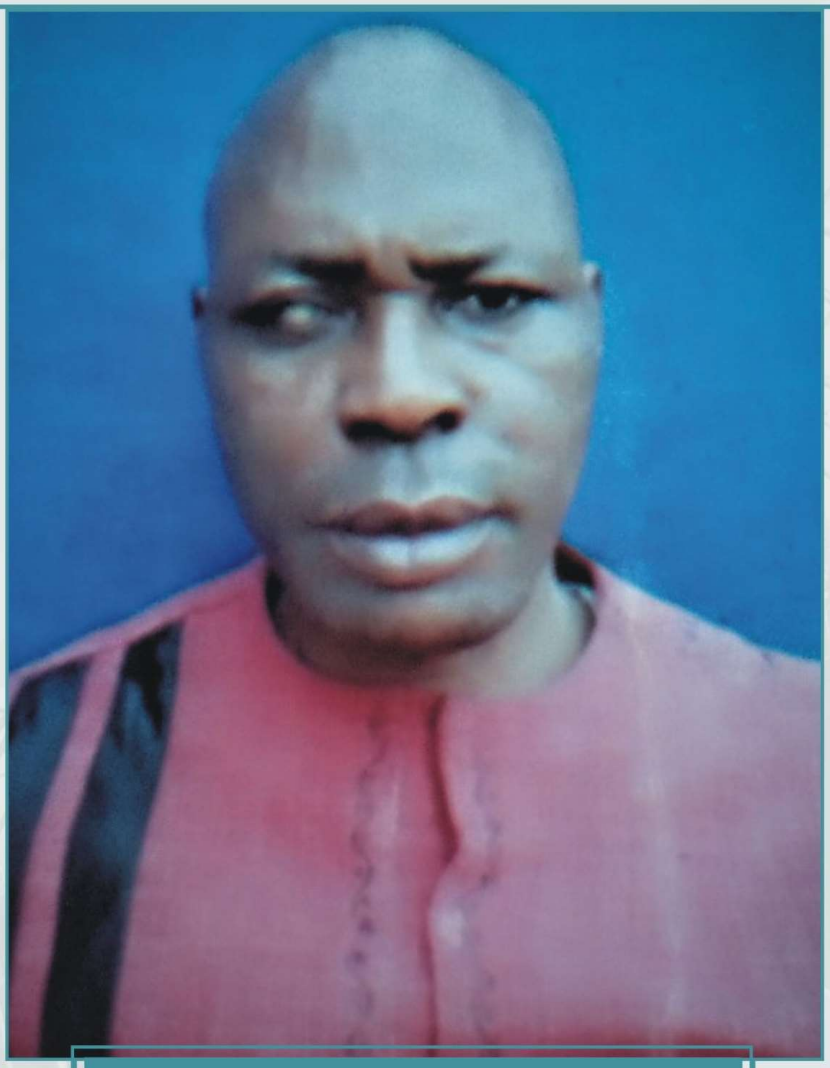
TO

EBONYI STATE HOUSE OF ASSEMBLY



CHIEF HON. SUNDAY OGODO JP
EXECUTIVE CHAIRMAN,
EZZA SOUTH LOCAL GOVERNMENT,
EBONYI STATE

MR. ADOKA MARTIN O.
HPM
EZZA SOUTH LOCAL GOVERNMENT,
EBONYI STATE



MR. NWORIE CHRISTOPHER OBASI
TREASURER,
EZZA SOUTH LOCAL GOVERNMENT,
EBONYI STATE

Salt of the nation

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CHAPTER ONE

2.0. General Observations

1.1. Submission of the 2018 Financial Statements

In accordance with Ebonyi State Local Government Law (CAP.106) of 2009 Sections 122 and 123 (i-iv) and other extent laws, the Financial Statements of Ezza South Local Government Area for the year ended 31st December, 2018 were submitted to me on 5th June, 2020.

1.2. FAAC Budgeted

Audit observed that the budgeted amount for revenue from FAAC was not disaggregated into the components of FAAC allocations in the Ezza South Local Government Council annual budget for the year ended 31st December, 2018. A lump sum provision was made for all receipts from FAAC.

Going forward, the council should ensure that budgetary provision is made for every revenue component.

1.3. Revenue

During the year under review, there were shortfalls in the targeted internal revenue heads as shown below:

Head	**Budget**	**Actual**	**Shortfall**
	₦	**₦**	**₦**
Licences	10,780,020.00	4,620,000.00	6,160,020.00
Fees	8,666,655.00	5,780,000.00	2,886,655.00
Earnings	17,026,300.00	7,180,000.00	9,846,300.00
	36,472,975.00	17,580,000.00	18,892,975.00

CHAPTER TWO

2.0. STATEMENT OF FINANCIAL PERFORMANCE

2.1. INTERNALLY GENERATED REVENUE (IGR)

Internally Generated Revenue (IGR) of **ninety two million, six hundred and sixteen thousand, five hundred naira (₦92,616,500.00)** only was generated by the Local Government Area for the year ended 31st December, 2018. This was against the budgetary provisions of **forty one million, six hundred and seventy three thousand, six hundred and eighty one naira (₦41,673,681.00)** for the IGR in the year under review. IGR budget performance was therefore **222.24%**.

Taxes, Rent and Fines generated revenue over and above their budgetary provisions by **86.07%, 25.07%** and **115.79% respectively**. The heads **Licences** and **earnings** performed below budgetary provisions at **42.867%** and **42.17%** respectively. Sales and miscellaneous had no budgetary provisions but they generated **sixty hundred thousand naira (₦600,000.00)** and **one million, six hundred and fifty thousand naira (₦1,650,000.00)** respectively. There was no budgetary provision for share of Revenue from the State Government which the Council generated **six four million, two hundred and eleven thousand, five hundred naira (₦64,211,500.00).**

Details are shown below:

Head	2018 Budget (₦)	2018 Actual (₦)	Performance (%)
Share of 10% State IGR	-	64,211,500.00	0.00
Taxes	3,050,000.00	5,675,000.00	186.07
Licences	10,780,020.00	4,620,000.00	42.86
Fines	231,706.00	500,000.00	215.79
Fees	8,666,655.00	5,780,000.00	66.69
Sales	-	600,000.00	100.00

Earnings		7,180,000.00	42.17
	17,026,300.00		
Rent	1,919,000.00	2,400,000.00	125.07
Miscellaneous	-	1,650,000.00	100.00
		92,616,500.00	222.24
	41,673,681.00		

Independent Internally Generated Revenue (excluding share of State IGR) of Ezza South Local Government for the year ended 31st December, 2018 amounted to **82.47%** of total Internally Generated Revenue for the financial year ended 31st December, 2017. IGR dropped by **six million, thirty nine thousand, four hundred and ninety naira (₦6,039,490.00).**

Details of Actual Internally Generated Revenue for the years 2017 and 2018 are shown below:

Head	2018 Actual (₦)	2017 Actual (₦)	Difference (₦)
Taxes	5,675,000.00	6,187,050.00	(512,050.00)
Licences	4,620,000.00	6,923,650.00	(2,303,650.00)
Fines	500,000.00	1,585,000.00	(1,085,000.00)
Fees	5,780,000.00	9,628,240.00	(3,848,240.00)
Sales	600,000.00	-	600,000.00
Earnings	7,180,000.00	5,522,550.00	1,657,450.00
Rent	2,400,000.00	2,730,500.00	(330,500.00)
Miscellaneous	1,650,000.00	1,867,500.00	(217,500.00)
	28,405,000.00	34,444,490.00	(6,039,490.00)

Only **earnings** generated more revenue in 2018 than the amount it generated in the year ended 31st December, 2017. The sum of **five million, five hundred and twenty two thousand, five hundred and fifty naira (₦5,522,550.00)** was generated in the year 2017 while, **seven million, one hundred and eighty thousand naira (₦7,180,000.00)** was generated in the year 2018.

2.2. Receipts From FAAC

The sum of tw**o billion, four hundred and thirty six million, nine hundred and eighty six thousand, three hundred and nineteen naira (₦2,436,986,319)** was budgeted to be received for the year ended 31st

December, 2018 while only **one billion, nine hundred and seventy nine million, one hundred and ninety thousand, six hundred and forty one naira, twenty seven kobo (₦1,979,190,641.27)** was actually generated for the period under review.

The budget figure for revenue from FAAC was not disaggregated to its components. Audit therefore, could not assess the performances of the components of FAAC allocations of the Local Government Area.

Head	2018 Budget (₦)	2018 Actual (₦)	Performance (%)
Statutory Allocation	2,436,986,319.00	1,490,568,790.21	
Exchange Rate gain		121,903.85	
Excess Bank Refund		1,109,650.22	
Augmented Dist.		2,631,254.52	
Local Government		1,844,954.46	
Council Net			
Non Oil Revenue		-	
Excess Crude		-	
Pairs Club Refund		-	
Forex Equalization		71,001,923.97	
VAT Allocation		411,912,164.04	
Total	2,436,986,319.00	1,979,190,641.27	81.21

There was an improvement in the revenue from FAAC received in the year ended 31st December, 2017 by **five hundred and forty seven million, three hundred thousand, five hundred and thirty two naira, fifty six kobo (₦547,300,532.56)**

Details are as shown below:

Head	Actual 2018 (₦)	Actual 2017 (₦)	Difference (₦)
Statutory Allocation	1,490,568,790.21	922,600,791.51	567,967,998.70
Exchange Rate gain	121,903.85	11,594,816.10	(11,472,912.25)
Excess Bank Refund	1,109,650.22	-	1,109,650.22
Augmented Dist.	2,631,254.52	3,780,538.10	(1,149,283.58)

Local Government Council Net	1,844,954.46	-	1,844,954.46
Non Oil Revenue	-	58,278,269.40	(58,278,269.40)
Excess Crude	-	16,344,719.96	(16,344,719.96)
Pairs Club Refund	-	128,044,319.54	(128,044,319.54)
Forex Equalization	71,001,923.97	-	71,001,923.97
VAT Allocation	411,912,164.04	291,246,654.10	120,665,509.94
	1,979,190,641.27	1,431,890,108.71	547,300,532.56

2.3. Personnel Cost

The total sum of **six hundred and forty million naira (₦640,000,000.00)** was budgeted to be spent for the personnel cost by the Local Government Area, but total sum of **six hundred and thirty-six million, four hundred and eighty four thousand, five hundred and eight nine naira, forty kobo (₦636,484,589.40)** was actually spent by the Council leaving a balance of **three million, five hundred and fifteen thousand, four hundred and ten naira (₦3,515,410.00)** unspent.

The Local Government Area overspent its budgetary provision on salaries for Health Department by **nineteen million, five hundred and eighty six thousand, forty nine naira, seventy eight kobo (₦19,586,049,78)** only representing about **21.53%** of the actual for the year ended 31st December, 2018.

Details are as shown below:

Head	2018 (₦)	2017 (₦)	Variance (₦)
Local Government Staff	231,068,213.77	220,568,213.77	10,500,000.00
UBEB		245,348,700.60	

	257,531,533.23		12,182,832.63
Health	71,400,253.00		(19,586,049.78
		90,986,302.78	)
CRFC	80,000,000.00		
		79,581,372.85	418,627.15
Total	640,000,000.00	636,484,590.00	3,515,410.00

A comparison of actual personnel cost for the year with the actual in the year ended 31st December, 2017 showed that personnel cost increased by **three million, five hundred and fifteen thousand, four hundred and ten naira (₦3,515,410).**

2.4. Overhead Cost

The total sum of **one hundred and fifty four million, eight hundred and sixteen thousand, seven hundred and sixty eight naira (₦154,816,768.00)** was budgeted to be spent as overhead by the council. However, a total sum of **five hundred and forty four million, six hundred and forty seven thousand, five hundred and eighty naira, ten kobo (₦544,647,580.10)** was actually spent on overhead. Extra-budgetary expenditure of **three hundred and eighty nine million, eight hundred and thirty thousand, eight hundred and thirteen naira, ten kobo (₦389,830,813.10)** was actually incurred on overhead for the year ended 31st December, 2018.

Details are as shown below:

Head	2018 Budget (₦)	2018 Actual (₦)	Variance (₦)
LT & T	3,400,000.00	1,500,000.00	1,900,000.00
Utility	350,000.00	300,000.00	50,000.00

Materials and Services	500,000.00	1,300,000.00	(800,000.00)
Maintenance Services	32,250,000.00	2,534,592.24	29,715,407.76
Training and Capacity Building	13,288,461.00	500,000.00	12,788,461.00
Consulting and Prof. Services	250,000.00	850,000.00	(600,000.00)
Public debt Charges	-	28,395,351.24	(28,395,351.24)
Fueling and Lubricants	1,150,000.00	1,000,000.00	150,000.00
Agric Inputs	-	64,211,500.00	(64,211,500.00)
Financial Charges	800,000.00	38,565.84	761,434.16
Security and Safety Services	100,478,307.00	157,598,821.65	(57,120,514.65)
Other Recurrent Expenses	2,350,000.00	288,484,251.29	(286,134,251.29)
	154,816,768.00	544,647,580.10	(389,830,812.10)

Security and safety service and **other recurrent expenses** had very large extra budgetary expenditures of **fifty seven million, one hundred and twenty thousand, five hundred and fourteen naira, sixty five kobo (₦57,120,514.65)** and **two hundred and eighty six million, one hundred and thirty four thousand, two hundred and fifty one naira, twenty nine kobo (₦286,134,251.29)** respectively.

A comparison of the actual overhead costs for the years ended 31st December, 2018 and 2017 showed that overhead cost increased in 2018 by **one hundred fifty six million, nine hundred and eighty three thousand, two hundred and seventy two naira, thirty six kobo (₦156,983,272.36)**.

Details are as shown below:

Head	2018 Actual (₦)	2017 Actual (₦)	Variance (₦)
LT & T	1,500,000.00	1,310,000.00	190,000.00
Utility	300,000.00	200,000.00	100,000.00
Materials and Services	1,300,000.00	1,735,000.00	(435,000.00)
Maintenance Services	2,534,592.24	14,442,598.76	(11,908,006.52)
Training and Capacity Building	500,000.00	748,000.00	(248,000.00)

Consulting and Prof. Services	850,000.00	200,000.00	650,000.00
Public Debt Charges	28,395,351.00	28,395,351.00	-
Fueling and Lubricants	1,000,000.00	2,025,000.00	(1,025,000.00)
Financial Charges	38,565.84	334,256.00	(295,690.16)
Security and Safety Services	157,598,821.65	66,850,227.56	90,748,594.09
Other Recurrent Expenses	288,484,251.25	209,277,876.30	79,206,374.95
	482,501,581.98	325,518,309.62	156,983,272.36

Expenses on **Security and Safety Services** and **Other Recurrent Expenses** widely increased in the year 2018 compared to year 2017.

CHAPTER THREE

3.0. STATEMENT OF FINANCIAL POSITION

3.1. Cash and Cash Equivalent

Cash and Cash Equivalent stood at **ten thousand, nine hundred and four naira, seventy kobo (₦10,904.70)** as at 31st December, 2018 against the sum of **thirteen million, two hundred and seventy four thousand, four hundred and sixteen naira, twenty kobo (₦13,274,416.20)** at the beginning of the financial year 2018. The Local Government had less cash and cash equivalent by **thirteen million, two hundred and sixty three thousand, five hundred and eleven naira, fifty kobo (₦13,263,511.50)** when compared to that of the previous year 2017.

3.2. Property, Plants and Equipment

Ezza South Local Government acquired Property, Plant and Equipment worth a total sum of **eight hundred and twenty million, one hundred and eighty nine thousand, seven hundred and twenty naira, fifty two kobo (₦820,189,720.52)** for the year ended 31st December, 2018.

The table below shows the details and % performance for the year under review.

Class	2018 Budget (₦)	2018 Actual (₦)	Performance (%)
Building	-	108,098,960.31	
Infrastructure workers	-	-	
Infrastructure others	-	394,233,076.91	
Plant & Machinery	-	5,000,000.00	
Furniture & Fitting	-	-	
Motor vehicles	-	170,846,153.84	
Office & other Equipment	-	3,550,000.00	
Assets under construction	-	138,461,529.46	
IT Equipment	-	-	
Total	1,256,660.00	820,189,720.52	6.5.27%

The cost of the PP & E acquired for the year is **65.27%** of the budgeted figure of **one billion, two hundred and fifty six million, six hundred and sixty thousand naira (₦1,256,660,000.00)** for the year.

3.3. Pension and Gratuity

Ezza South Local Government Area reported arrears of pension and gratuity owed to her staff under the non-current liabilities as follows:

Pension	108,667,735.06
Gratuity	163,001,602.59
Total	**271,669,337.66**

The implication is that the Local Government Area did not have it in mind to pay any arrears of pension and gratuity reported in the financial statement within the next 12 months.

3.4 Liquidity

The liquidity ratio for Ezza South Local Government Area as at 31st December, 2018 is **0.02%**. This implies that the council has **two kobo (₦0.02)** to defray every **one naira (₦1.00)** of current liabilities for the year under review.

CHAPTER FOUR

4.0. Consolidated Statement of Cash Flow

4.1. Sources of Fund

For the year ended 31st December, 2018, Ezza South Local Government Area received fund from the following sources

Source	**Amount (₦)**
Statutory Allocation	1,567,278,477.23
Value Added Tax	411,912,164.04
Share of 10% State IGR	64,211,500.00
Internally Generated Revenue	28,405,000.00
	2,071,807,141.27

4.2. Uses of Fund

Funds generated in the period was on the following

Head	**Amount (₦)**
Salaries and Wages/Social Benefits	636,484,590.00
Overheads	562,076,229.26
Subvention to Development Centres	1,844,954.46
Transfer to other Government Entities	46,782,850.84
Investments	837,882,028.21
	2,085,070,652.77

The Investments reported in the year included:

Head	**Amount (₦)**
Loans to Local farmers	17,692,307.69
Construction of Office Building	108,098,960.31
Infrastructure: Other	394,233,076.91
Procurement of Plants and Machinery	5,000,000.00
Procure of Official Vehicles	170,846,153.84
Office and other Equipment	3,550,000.00
Assets Under Construction	138,461,529.46
	837,882,028.21

4.3. Cash and Cash Equivalent

The closing Cash and Cash Equivalent on the Consolidated Cash Flow Statement agrees with the **ten thousand, nine hundred and four naira, seventy naira (₦10,904.70)** reported in the Statement of Financial Position as at 31st December, 2018.

AUDIT CERTIFICATE

The **Treasurer, Ezza South Local Government** is responsible for the preparation of the Financial Statements in accordance with Sections 116 of the Ebonyi State Local Government Law (CAP.106) of 2009 and the relevant provisions of the International Public Sector Accounting Standards (IPSAS)/ Guideline issued by the Federation Accounts Allocation Committee (FAAC) Sub-committee on IPSAS implementation; Financial Memorandum; and for being satisfied that the Financial Statements for the year ended 31st December, 2018 give a true and fair view of transactions of the Local Government.

My responsibility is to express an opinion on these Financial Statements with regard to compliance of transactions to regulations and statutes, efficient use of resources and accuracy of accounting records, based on the audit conducted in accordance with International Standards on Auditing (ISA).

I have obtained the information and explanations I required and certify, as a result of my audit that in my opinion, the Financial Statements and the Notes to the Accounts are complete, in compliance with relevant statutes and show a true and fair view of the State of affairs as at 31st December, 2018 and the transactions for the fiscal year ended on that date.

Mrs. P.N. Alobu,
Ag. Auditor-General for
Local Governments,
Ebonyi State.

Office of the Auditor-General for
Local Governments,
P.M.B 075

Abakaliki,
Ebonyi State.
15th October, 2020.

EZZA SOUTH LOCAL GOVERNMENT

EBONYI STATE OF NIGERIA

REPORT

OF THE

TREASURER

WITH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2018

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RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements of Ezza South Local Government of Nigeria for the year ended 31st December,2018, have been prepared by me in accordance with the International Public Sector Accounting Standards (IPSAS), (First Time Adoption of Accrual Basis IPSAS) and the Guideline issued by the Federation Allocation Account Committee (FAAC) Sub-Committee on IPSAS implementation.

IPSAS 24 requires that an entity shall present a Comparison of Budget Amount for which it is held publicly accountable and Actual Amount either as a separate additional Financial Statement or as additional budget columns in the Financial Statements. Ezza South Local Government opted for the former.

IPSAS 33 requires that recognition and/or measurement of Assets/Liabilities can be recognized for reporting within 3 years following the date of adoption. Ezza South Local Government adopted Accrual Basis IPSAS in 1stJanuary, 2016.

ACCOUNTING AND REPORTING

All responsibilities bestowed on me as listed below have been fulfilled:
Ensuring that adequate system of internal controls are maintained to safeguard assets and provide reasonable assurance that the transactions as recorded are within statutory authority; and also that the use of all public financial resources by the Government are properly recorded.

Ensuring that proper books and records of accounts were kept to ensure that the Financial Statements reflect the financial position of Ezza South Local Government and its operations for the year ended 31st December, 2018.

In compliance with IPSAS 33, I have prepared the following financial statements as at 31st December 2018.
Statement of Financial Performance
Statement of Financial Position
Statement of Cash flow
Statement of Changes in Net Assets/Equity
Statement of Comparison of Budget and Actual Amount
Notes to the Financial Statements

In my opinion, the consolidated financial statements and the Notes thereto reflect the financial position of Ezza South Local Government of Nigeria as at 31st December, 2018.

TREASURER
EZZA SOUTH LOCAL GOVERNMENT

CHAIRMAN
EZZA SOUTH LOCAL

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following the adoption of the International Public Sector Accounting Standard (IPSAS) in Nigeria and National Chart of Accounts (NCOA, a standardized format of General Purpose Financial Statements (GPFS) have been designed and introduced for adoption by the Local Government. For effective and efficient use of the NCOA and GPFS, the accounting policies for IPSAS accrual basis accounting have been developed as a tool to direct the processes and procedures relating to financial reporting in Local State.
The General Purpose Financial Statements include:
Statement of Financial Position
Statement of Financial Performance
Statement of Cash Flow
Statement of net Assets/Equity
Statement of Budget Comparison and Actual
Notes to the Financial Statements.

Basis of Preparation of Financial Statements: The financial statements are prepared under the historical cost convention and in accordance with International Public Sector Accounting standards (IPSAS). Accrual basis concept is the basis of preparation of all accounts by all reporting entities in the Local Government.
Accounting Period: The accounting period (Fiscal Year) is from 1st January to 31st December. Each accounting year is divided into 12 calendar months and it is set up as such in the accounting system of the State.
Reporting Currency: The Reporting currency in preparation of General Purpose Financial Statements is Nigeria Naira.
Consolidation of Financial Statements: The consolidation of General Purpose Financial Statements is based on the financial transactions of all Departments and Agencies (DAs) of the Local Government. Government Business Entities (GBEs) are not included in the consolidations. Controlled Entities are fully consolidated from the date on which control is acquired.
Notes to the Financial Statements: Notes to the Financial Statements are presented in a manner that they cross reference to any related information in the Financial Statements.
Comparative Information: The General Purpose Financial Statements (GPFS) are designed to show all numerical information relating to previous year(s).
Budget Figures: A Statement of Comparison of Budget and Actual Amount is prepared for the determination of items of revenue and expenditure in respect to budgetary provisions. IPSAS 24 requires that an entity to present a comparison of budget amount for which it is held publicly accountable and actual amount either as a separate additional Financial Statement or as additional budget columns in the financial statements. Ezza South Local Government opted for the former.
Revenues: Ezza South Local Government recognizes revenues from non-exchange transactions such as fees, taxes and fines when the event occurs and the asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value can be measured reliably. Revenue from the sales of goods and services is recognized when significant risks and rewards of ownership has been transferred to the buyer. Similarly, gain on disposal of Property, Plant and Equipment (PP&E) is recognized at the date control of the asset is passed to the buyer.
Expenditures: Expenditures are classified as either recurrent or capital. All recurrent expenditures are reported on an accrual basis (ie they are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made). Recurrent Expenditures are reported in the Statement of Financial Performance. Payments for purchase of items of Capital nature (PP&E) are treated as Assets under Non-Current Assets in the Statement of Financial Position. At the end of the financial year, a schedule of PP&E is prepared as part of the Notes to GPFs.
Assets under Construction are not depreciated until the constructions are completed. Under construction assets acquired within a year are included in the schedule of PP&E for that year.

Property, Plant and Equipment (PP&E): Property, Plant and Equipment (PP&E) include:
Building
Infrastructure- Water
Infrastructure- Other
Plants & Machinery
Furniture & Fittings
Motor Vehicles
Office and other equipment
IT equipment
Infrastructure - Water assets include Boreholes, Dams and water pipes while Infrastructure-Others assets include road networks, electrification and bridges. Plant and Machinery includes Transformers and earth moving Machine such as Bulldozers, Graders among others.
Depreciation/Amortization: the following depreciation/amortization rates apply;

Building	3%
Infrastructure- Water	5%
Infrastructure- Other	5%
Plant & Machinery	15%
Furniture & Fittings	24%
Motor Vehicles	20%
Office & other Equipment	28%
IT Equipment	30%
Intangible Assets	20%
Biological Assets	20%
Under Constructions	0%

Capitalization: There is no capitalization threshold. Any amount spent in connection with PP&E, Biological Assets and Intangibles that met the definition of assets are capitalized and recognized as assets in the Statement of Financial Position. Other ones that didn't met the definition of assets are charged to the Statement of Financial Performance.
Statement of Cash Flow: Statement of Cash Flow is prepared using the direct method. The cash flow consists:
Operating activities
Investing activities
Financing activities
Cash and Cash Equivalent: Cash and Cash Equivalent are cash balance on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of 6 months or less in which Ezza South Local Government invests as part of its day-to-day cash management and which are readily convertible to known amount of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Asset in the Statement of Financial Position.

Receivables: Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment
Receivables from non-exchange transactions are initially assessed at nominal amount or face value and subsequently adjusted for impairment.
Loans: Loans granted to other Government, agencies or individuals are shown separately in the Statement of Financial Position.
Investments: Investments made in government stock, quoted companies etc are disclosed as Financial Assets in the Statement of Financial Position.
Transfer from Other Government Entities: Transfer from other government entities are non-exchange items and are recognized as revenue in the Statement of Financial Performance.

Transfer to Other Government Entities: Transfer to other government entities are non-exchange items and are recognized as expenses in the Statement of Financial Performance.

Borrowing Costs: Borrowing Cost are capitalized against qualifying assets as part of PP&E. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Other borrowing costs not capitalized are charged to Statement of Financial Performance.

Foreign Currency: Foreign Currency transactions are translated into Naira, the reporting currency, using the spot rate as at last day of the financial year.

TREASURER
EZZA SOUTH LOCAL GOVERNMENT

CHAIRMAN
EZZA SOUTH LOCAL GOVERNMENT

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
Revenue		₦	₦
Share of Statutory Revenue	1	1,567,278,477.23	1,140,643,455.36
Share of Value Added Tax	2	411,912,164.04	291,246,654.10
Tax Revenue	3	5,675,000.00	6,187,050.00
Non Tax Revenue	4	21,080,000.00	26,389,940.00
Other Revenues	5	1,650,000.00	1,867,500.00
10% State IGR	6	64,211,500.00	46,921,013.64
Total Revenue (A)		**2,071,807,141.27**	**1,513,255,613.10**
Recurrent Expenditure			
Salaries and Wages	32	558,403,217.15	554,768,260.75
Social Benefits	36	85,039,996.36	190,581,073.36
Traveling and Transports	9	1,500,000.00	1,310,000.00
Utilities	10	300,000.00	200,000.00
Material and Supplies	11	1,300,000.00	1,735,000.00
Maintenance Services	12	2,534,592.24	14,442,598.76
Training and Capacity Building	13	500,000.00	748,000.00
Security and Safety Services	14	174,806,923.11	17,846,153.85
Consulting and Professional Services	15	850,000.00	200,000.00
Agric Input to Farmers	16	64,211,500.00	46,921,013.64
Fuelling and Lubricants	17	1,000,000.00	2,025,000.00
Financial Charges	18	38,565.84	334,256.70
Depreciation/Amortization	19	157,598,821.65	106,170,498.15
Other Recurrent Expenses	20	288,484,251.29	232,145,959.19
Public Debt Services	21	28,395,351.00	28,395,351.00
Transfer to Other Govt Entities	8	46,782,850.84	61,316,372.04
Total Recurrent Expenditure (B)		**1,411,746,069.72**	**1,183,823,172.79**
Surplus for the year (A-B)		**660,061,071.55**	**282,511,426.67**

TREASURER
EZZA SOUTH LOCAL GOVERNMENT

CHAIRMAN
EZZA SOUTH LOCAL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
ASSETS			
CURRENT ASSETS			
Cash and Cash Eqiuvalent	23	10,904.70	13,274,416.20
Short Term Loan	24	17,692,307.69	-
TOTAL CURRENT ASSETS (A)		**17,703,212.39**	**13,274,416.20**
NON CURRENT ASSETS			
Property, Plants and Equipments	22	2,976,907,073.39	2,314,316,174.53
TOTAL NON CURRENT ASSETS (B)		**2,976,907,073.39**	**2,314,316,174.53**
TOTAL ASSETS (C = A+B)		**2,994,610,285.78**	**2,327,590,590.73**
LIABILITIES			
CURRENT LIABILITIES			
Payables	25	53,500,000.00	52,000,000.00
TOTAL CURRENT LIABILITIES (D)		**53,500,000.00**	**52,000,000.00**
NON CURRENT LIABILITIES			
Internal Loans (Bailout Fund)	26	**168,394,213.82**	196,789,565.06
Pension and Gratuity	27	271,669,337.66	228,120,765.59
TOTAL NON CURRENT LIABILITIES (E)		**440,063,551.48**	**424,910,330.65**
TOTAL LIABILITIES (F = D+E)		**493,563,551.48**	**476,910,330.65**
NET ASSETS/EQUITY (G = C-F)	28	**2,501,046,734.30**	**1,850,680,260.08**
CONTRIBUTED BY			
Accumulated Surplus		942,678,375.80	282,617,304.26
Reserves		1,558,368,358.50	1,568,062,955.82
		2,501,046,734.30	**1,850,680,260.08**

TREASURER
EZZA SOUTH LOCAL GOVERNMENT

CHAIRMAN
EZZA SOUTH LOCAL GOVERNMENT

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
OPERATING ACTIVITIES			
RECEIPTS:			
Share of Statutory Revenue	29	1,567,278,477.23	1,140,643,455.36
Share of Value Added Tax	30	411,912,164.04	291,246,654.10
Tax Revenue	3	5,675,000.00	6,187,050.00
Non-Tax Revenue	4	21,080,000.00	26,389,940.00
Other Revenues	5	1,650,000.00	1,867,500.00
10% State IGR	6	64,211,500.00	
Total Receipts (A)		**2,071,807,141.27**	**1,466,334,599.46**
PAYMENTS:			
Salaries and Wages	6	556,903,217.15	551,268,260.75
Social Benefits	36	79,581,372.85	184,807,786.89
Overhead Cost	33	360,699,898.46	229,041,962.53
Service Wide Vote	34	174,806,923.11	17,846,153.85
Programme Related Expences	35	26,569,407.69	1,230,769.23
Overhead Subvention to Development Centres	23	1,844,954.46	22,868,082.89
Transfer to Other Govt Entities	8	46,782,850.84	61,316,372.04
Total Payments (B)		**1,247,188,624.56**	**1,068,379,388.18**
NET CASH GENERATED FROM OPERATING ACTIVITIES (C = A-B)		**824,618,516.71**	**397,955,211.28**
INVESTING ACTIVITIES			
Short Term Loan	37	(17,692,307.69)	
Building	38	(108,098,960.31)	(81,102,063.10)
Investment Property	38	64,211,500.00	
Infrastructure-Water	38		(3,115,817.00)
Infrastructure-Others	38	(394,233,076.91)	(122,703,060.66)
Plants and Machinery	38	(5,000,000.00)	(45,670,000.00)
Motor Vehicles	38	(170,846,153.84)	(25,837,000.00)
Office and Other Equipment	38	(3,550,000.00)	(1,491,401.32)
Under Construction Assets	38	(138,461,529.46)	(104,867,330.59)
NET CASH USED IN INVESTING ACTIVITIES (D)		**(837,882,028.21)**	**(384,786,672.67)**
FINANCING ACTIVITIES			
NET CASH USED/GENERATED FROM FINANCING ACTIVITIES (E)		**0.00**	**0.00**
NET CASH FLOW IN ALL ACTIVITIES (F = C+D+E)		(13,263,511.50)	13,168,538.61
OPENING CASH AND CASH EQUIVALENT (G)		13,274,416.20	105,877.59
CLOSING CASH AND CASH EQUIVALENT (H = F+G)		**10,904.70**	**13,274,416.20**

TREASURER
EZZA SOUTH LOCAL GOVERNMENT

CHAIRMAN
EZZA SOUTH LOCAL

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 2018

Actual		Actual	Final Budget	Original Budget	Variance
2017		**2018**	**2018**	**2018**	**2018**
₦		₦	₦	₦	₦
	Share of FAAC Allocation				
922,600,791.51	Statutory Allocation	1,490,568,790.21	1,741,986,319.00	1,741,986,319.00	(251,417,528.79)
291,246,654.10	Share of VAT Allocation	411,912,164.04	500,000,000.00	500,000,000.00	(88,087,835.96)
11,594,816.85	Exchange Rate Difference Gain	121,903.85	20,000,000.00	20,000,000.00	(19,878,096.15)
0.00	Exess Bank Charges Refund	1,109,650.22	15,000,000.00	15,000,000.00	(13,890,349.78)
3,780,538.10	Augmented Fund Distribution	2,631,254.52	10,000,000.00	10,000,000.00	(7,368,745.48)
0.00	Local Govt Council Net	1,844,954.46	50,000,000.00	50,000,000.00	(48,155,045.54)
58,278,269.40	Non Oil Revenue				
16,344,719.96	Excess Crude				
128,044,319.54	Paris Club Refund				
0.00	Forex Equalization	71,001,923.97	100,000,000.00	100,000,000.00	(28,998,076.03)
1,431,890,109.46	**Sub Total(A)**	**1,979,190,641.27**	**2,436,986,319.00**	**2,436,986,319.00**	**(457,795,677.73)**
	Internally Generated Revenue				
	10% State IGR	64,211,500.00			64,211,500.00
6,187,050.00	Taxes	5,675,000.00	3,050,000.00	3,050,000.00	2,625,000.00
6,923,650.00	Licences	4,620,000.00	10,780,020.00	10,780,020.00	(6,160,020.00)
1,585,000.00	Fines	500,000.00	231,706.00	231,706.00	268,294.00
9,628,240.00	Fees	5,780,000.00	8,666,655.00	8,666,655.00	5,780,000.00
0.00	Sales	600,000.00	-		600,000.00
5,522,550.00	Earnings	7,180,000.00	17,026,300.00	17,026,300.00	7,180,000.00
2,730,500.00	Rent	2,400,000.00	1,919,000.00	1,919,000.00	2,400,000.00
1,867,500.00	Other Receipts	1,650,000.00	-		1,650,000.00
34,444,490.00	**Sub Total(B)**	**92,616,500.00**	**41,673,681.00**	**41,673,681.00**	**50,942,819.00**
1,466,334,599.46	**Total Revenue(A+B)=D**	**2,071,807,141.27**	**2,478,660,000.00**	**2,478,660,000.00**	**(406,852,858.73)**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 2018

Actual		Actual	Final Budget	Original Budget	Variance
2017		2018	2018	2018	2018
₦		₦	₦	₦	₦
	Recurrent Expenditure by Nature				
551,268,260.75	Personnel Cost	556,903,217.15	560,000,000.00	560,000,000.00	3,096,782.85
184,807,786.89	Social Benefit	79,581,372.85	80,000,000.00	80,000,000.00	418,627.15
229,041,962.53	Overhead Cost	360,699,898.46	300,000,000.00	300,000,000.00	(60,699,898.46)
17,846,153.85	Service Wide Vote	174,806,923.11	200,000,000.00	200,000,000.00	25,193,076.89
1,230,769.23	Programme Related Expenses	26,569,407.69	30,000,000.00	30,000,000.00	3,430,592.31
22,868,082.89	Overhead Subvention to DCs	1,844,954.46	2,000,000.00	2,000,000.00	155,045.54
61,316,372.04	Transfer to Other Govt Entities	46,782,850.84	50,000,000.00	50,000,000.00	3,217,149.16
1,068,379,388.18	**Sub Total(E)**	**1,247,188,624.56**	**1,222,000,000.00**	**1,222,000,000.00**	**25,188,624.56**
	Capital Expenditure by Sector				
108,430,464.42	Administrative	309,307,683.30	451,930,000.00	451,930,000.00	142,622,316.70
227,570,391.25	Economic	525,024,344.91	696,860,000.00	696,860,000.00	171,835,655.09
	Law and Justice		-		-
	Regional		-		-
48,785,817.00	Social	3,550,000.00	107,870,000.00	107,870,000.00	104,320,000.00
384,786,672.67	**Sub Total(F)**	**837,882,028.21**	**1,256,660,000.00**	**1,256,660,000.00**	**418,777,971.79**
13,168,538.61	**Surplus/(Deficit) for the year D-(E+F)**	**(13,263,511.50)**	**-**	**-**	**14,348,443.50**

TREASURER
EZZA SOUTH LOCAL GOVERNMENT

CHAIRMAN
EZZA SOUTH LOCAL

CONSOLIDATED SEGMENT REPORTING

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	ADMINISTRATIVE	ECONOMIC	REGIONAL	SOCIAL	OTHERS	TOTAL
	₦	₦	₦	₦	₦	₦
Revenue						
Taxes		5,675,000.00				5,675,000.00
Licenses		4,620,000.00				4,620,000.00
Fines		500,000.00				500,000.00
Sales		600,000.00				600,000.00
Earnings		7,180,000.00				7,180,000.00
Rent		2,400,000.00				2,400,000.00
10% State IGR		64,211,500.00				64,211,500.00
Fees		5,780,000.00				5,780,000.00
Other Revenue		1,650,000.00				1,650,000.00
Share of Statutory Allocations					1,979,190,641.27	1,979,190,641.27
Total Revenue(A)	**-**	**92,616,500.00**	**-**	**-**	**1,979,190,641.27**	**2,071,807,141.27**
Expenses						
Personnel Cost	222,068,213.77			336,335,003.38		558,403,217.15
Overhead Cost	292,645,240.38	65,550,065.84	1,844,954.46	2,504,592.24		362,544,852.92
Service wide Vote	174,806,923.11					174,806,923.11
Programme Related Exp.		25,569,407.69		1,000,000.00		26,569,407.69
Depreciation/Amortisation					157,598,821.65	157,598,821.65
Transfer to Other Govt Entities					46,782,850.84	46,782,850.84
Social Benefit					85,039,996.36	85,039,996.36
Total Expenses(B)	**689,520,377.26**	**91,119,473.53**	**1,844,954.46**	**339,839,595.62**	**289,421,668.85**	**1,411,746,069.00**
Surplus/(Deficit) (A-B)	**(689,520,377.26)**	**1,497,026.47**	**(1,844,954.46)**	**(339,839,595.62)**	**1,689,768,972.42**	**660,061,071.55**

TREASURER
EZZA SOUTH LOCAL GOVERNMENT

CHAIRMAN
EZZA SOUTH LOCAL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
Note 1 Share of Statutory Revenue			
Statutory Allocation	1a	1,490,568,790.21	922,600,791.51
Exchange Rate Difference Gain	1b	121,903.85	11,594,816.85
Exess Bank Charges Refund	1d	1,109,650.22	0.00
Augmented Fund Distribution		2,631,254.52	3,780,538.10
Local Govt Council Net		1,844,954.46	
Non Oil Revenue	1e		58,278,269.40
Excess Crude			16,344,719.96
Paris Club Refund			128,044,319.54
Forex Equalization	1c	71,001,923.97	
Total		**1,567,278,477.23**	**1,140,643,455.36**
Note 1a Statutory Allocation			
January		120,334,586.14	50,599,092.48
February		115,744,389.71	63,722,584.77
March		123,234,338.87	56,254,258.55
April		106,398,435.26	65,308,822.45
May		132,185,390.23	59,537,146.77
June		128,587,000.63	70,655,339.64
July		133,808,502.24	131,516,409.03
August		129,091,424.76	86,811,505.47
September		125,994,957.63	124,682,416.10
October		125,994,957.63	94,754,455.57
November		130,686,080.43	
December		118,508,726.68	118,758,760.68
Total		**1,490,568,790.21**	**922,600,791.51**
Note 1b Exchange Rate Gain Alloc.			
January			11,870,734.12
February			10,806,505.81
March			8,958,432.14
April			14,930,950.56
May			8,564,756.16
June			14,707,228.58
July			
August			
September		60,951.90	
October		60,951.95	11,594,816.85
Total		**121,903.85**	**11,594,816.85**
Note 1c Forex Equalization			
January		6,746,557.58	
March		29,442,814.07	
April		13,710,674.53	
May		105,572.14	
August		5,487,784.12	
November		15,288,335.53	
December		220,186.00	
Total		**71,001,923.97**	
Note 1d Excess Bank Charges Refund			
September		1,109,650.22	
Total		**1,109,650.22**	
Note 1e Non Oil Revenue			
January			9,428,117.04

February			5,271,893.02
March			13,353,616.68
April			
May			1,085,507.96
December			29,139,134.70
Total			**58,278,269.40**
Note 2 Value Added Tax Allocation			
January		27,568,642.86	25,912,243.37
February		31,238,744.32	24,485,810.71
March		119,535,716.21	23,084,416.60
April		2,471,042.65	25,626,065.13
May		28,204,269.59	26,941,037.58
June		30,210,937.42	27,688,934.08
July		27,842,645.58	27,736,306.02
August		27,158,133.99	26,568,847.03
September		25,688,259.42	28,859,829.60
October		25,688,258.42	27,777,884.82
November		32,025,424.68	
December		34,280,088.90	26,565,279.16
Total		**411,912,164.04**	**291,246,654.10**
Note 3 Tax Revenue			
March		2,550,000.00	984,700.00
April			3,052,850.00
May		1,875,000.00	1,145,000.00
September		1,250,000.00	**1,004,500.00**
Total Tax Revenue		**5,675,000.00**	**6,187,050.00**
Note 4 Non-Tax Revenue			
Licenses			
May		800,000.00	1,628,200.00
June			1,965,800.00
July		1,350,000.00	
August			1,537,250.00
September		2,470,000.00	**1,792,400.00**
Sub Total		**4,620,000.00**	**6,923,650.00**
Fines			
June		500,000.00	835,000.00
July			750,000.00
Sub Total		**500,000.00**	**1,585,000.00**
Fees			
May		2,590,000.00	
June			3,872,900.00
July		2,150,000.00	
August			2,493,550.00
September		1,040,000.00	3,261,790.00
Fees - Sub Total		**5,780,000.00**	**9,628,240.00**
Sales			
December		600,000.00	
Sales - Sub Total		**600,000.00**	**-**
Earnings			
January		600,000.00	7,000,000.00
February		700,000.00	850,000.00
March		650,000.00	800,000.00
April		750,000.00	900,000.00
May		800,000.00	756,000.00
June		725,000.00	750,000.00
July		640,000.00	557,000.00
August		675,000.00	875,000.00
September		2,850,000.00	1,549,800.00

October		750,000.00	987,450.00
November		1,730,000.00	1,000,300.00
December		1,850,000.00	1,985,000.00
Earnings - Sub Total		**7,180,000.00**	**5,522,550.00**
Rent			
April		900,000.00	1,000,500.00
May		800,000.00	780,000.00
December		700,000.00	950,000.00
Rent - Sub Total		**2,400,000.00**	**2,730,500.00**
Total Non-Tax Revenue		**21,080,000.00**	**26,389,940.00**
Note 5 Other Revenues			
Miscellaneous		1,650,000.00	1,867,500.00
Total -Other Revenues		**1,650,000.00**	**1,867,500.00**
Note 6 10% State IGR		64,211,500.00	46,921,013.64
Total		**64,211,500.00**	**46,921,013.64**
Note 7 Salaries and Wages			
EZS LG Staff		220,568,213.77	289,990,773.59
UBEB		245,348,700.60	230,558,586.30
Health		90,986,302.78	30,718,900.86
Total		**556,903,217.15**	**551,268,260.75**
Note 8 Transfer to Other Govt Entities			
Ebonyi State Govt:			
Police Reform		33,075,158.53	35,296,381.40
Scholarship Board			4,001,529.10
Neighbourhood Watch Security		13,707,692.31	13,707,692.31
Sub Total		**46,782,850.84**	**53,005,602.81**
Grant to INEC			8,310,769.23
Sub Total			**8,310,769.23**
Total		**46,782,850.84**	**61,316,372.04**
Note 9 Traveling and Transports			
The Council		1,350,000.00	1,150,000.00
Administration		70,000.00	65,000.00
Finannce		80,000.00	95,000.00
Total		**1,500,000.00**	**1,310,000.00**
Note 10 Utilities - General			
Works		300,000.00	200,000.00
Total		**300,000.00**	**200,000.00**
Note 11 Materials and Supplies			
The Council		700,000.00	850,000.00
Administration		200,000.00	185,000.00
Finannce		250,000.00	375,000.00
Education		100,000.00	125,000.00
Agriculture			50,000.00
Works		50,000.00	50,000.00
Health			50,000.00
Planning & Statistics			50,000.00
Total		**1,300,000.00**	**1,735,000.00**
Note 12 Maintenance Services			
The Council		30,000.00	1,500,000.00
Education		2,004,592.24	75,000.00
Agriculture			55,000.00
Works		500,000.00	12,812,598.76
Total		**2,534,592.24**	**14,442,598.76**

Note 13 Training and Capacity Building			
The Council		500,000.00	650,000.00
Administration			98,000.00
Total		**500,000.00**	**748,000.00**
Note 14 Security and Safety Services			
The Council		174,806,923.11	17,846,153.85
Administration			
Total		**174,806,923.11**	**17,846,153.85**
Note 15 Consulting and Professional Services			
The Council		50,000.00	
Administration			
Finannce		800,000.00	200,000.00
Total		**850,000.00**	**200,000.00**
Note 16 Agric Input			
Distribution of Fertilizer to farmers		64,211,500.00	46,921,013.64
Total		**64,211,500.00**	**46,921,013.64**
Note 17 Fuelling and Lubricants			
The Council		1,000,000.00	1,575,000.00
Administration			450,000.00
Total		**1,000,000.00**	**2,025,000.00**
Note 18 Financial Charges			
The Council			
Administration			
Finannce		38,565.84	334,256.70
Total		**38,565.84**	**334,256.70**
Note 19 Depreciation/Amortization			
Building	20	38,486,038.85	36,333,061.89
Infrastructure - Water	20	4,423,001.31	4,655,790.85
Infrastructure - Others	20	62,590,049.23	45,135,153.03
Plant and Machinery	20	7,197,675.00	7,585,500.00
Furniture and Fittings	20	1,130,880.00	1,488,000.00
Motor Vehicle	20	41,423,150.77	9,067,400.00
Office and Other Equipment	20	1,718,026.51	1,005,592.37
IT Equipment	20	630,000.00	900,000.00
Total		**157,598,821.65**	**106,170,498.15**
Note 20 Other Recurrent Expenses By Nature			
Refreshment and Meals		3,000,000.00	
National Program on Immunizatin		1,000,000.00	
Subsription to ALGON		2,600,000.00	10,531,000.00
Welfare Packages		59,159,999.99	11,838,461.54
JAC Processing Expenses		152,769,618.36	33,559,685.50
Agric Related Programme Expenses		25,569,407.69	1,230,769.23
Common Services(Committes)		1,000,000.00	
Traditional Rulers		3,885,923.09	3,009,230.79
State Youth Empowerment		738,461.54	
Administrative fund charges		36,838,963.08	149,108,729.24
Overhead Subventions to DCs		1,844,954.46	22,868,082.89
Ohaneze Ndigbo		76,923.08	
Total		**288,484,251.29**	**232,145,959.19**
Note 21 Public Debt Charges			
Salary Bail out Loan		28,395,351.24	28,395,351.24
Total		**28,395,351.24**	28,395,351.24

Note 22 Property, Plants and Equipments as at 31st December, 2018

Descriptions	Building	Infrastructure - Water	Infrastructure - Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office & Other Equipment	Under Constructions	IT Equipments	Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Opening bal. 1/1/18	1,174,769,001.21	88,460,026.15	857,567,907.63	42,984,500.00	4,712,000.00	36,269,600.00	2,585,808.95	104,867,330.59	2,100,000.00	2,314,316,174.53
Reclassified										
Additions	108,098,960.31	-	394,233,076.91	5,000,000.00	-	170,846,153.84	3,550,000.00	138,461,529.46	-	820,189,720.52
Total	**1,282,867,961.52**	**88,460,026.15**	**1,251,800,984.54**	**47,984,500.00**	**4,712,000.00**	**207,115,753.84**	**6,135,808.95**	**243,328,860.05**	**2,100,000.00**	**3,134,505,895.05**
Depreciation	38,486,038.85	4,423,001.31	62,590,049.23	7,197,675.00	1,130,880.00	41,423,150.77	1,718,026.51	0.00	630,000.00	157,598,821.65
Written Down Value 31/12/18	**1,244,381,922.67**	**84,037,024.84**	**1,189,210,935.31**	**40,786,825.00**	**3,581,120.00**	**165,692,603.07**	**4,417,782.45**	**243,328,860.05**	**1,470,000.00**	**2,976,907,073.39**

Note 22 Property, Plants and Equipments as at 31st December, 2017

Descriptions	Building	Infrastructure - Water	Infrastructure - Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office & Other Equipment	Under Constructions	IT Equipments	Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Opening bal. 1/1/17	1,130,000,000.00	90,000,000.00	780,000,000.00	4,900,000.00	6,200,000.00	19,500,000.00	2,100,000.00	0.00	3,000,000.00	2,035,700,000.00
Reclassified										
Additions	81,102,063.10	3,115,817.00	122,703,060.66	45,670,000.00	-	25,837,000.00	1,491,401.32	104,867,330.59	-	384,786,672.67
Total	**1,211,102,063.10**	**93,115,817.00**	**902,703,060.66**	**50,570,000.00**	**6,200,000.00**	**45,337,000.00**	**3,591,401.32**	**104,867,330.59**	**3,000,000.00**	**2,420,486,672.67**
Depreciation	36,333,061.89	4,655,790.85	45,135,153.03	7,585,500.00	1,488,000.00	9,067,400.00	1,005,592.37	0.00	900,000.00	106,170,498.15
Written Down Value 31/12/17	**1,174,769,001.21**	**88,460,026.15**	**857,567,907.63**	**42,984,500.00**	**4,712,000.00**	**36,269,600.00**	**2,585,808.95**	**104,867,330.59**	**2,100,000.00**	**2,314,316,174.53**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
Note 23 Cash and Cash Equivalents		303.97	87,423.47
Ezza South LG - UBA		10,600.73	13,186,992.73
Ezza South LG - Polaris Bank		**10,904.70**	**13,274,416.20**
Total			
Note 24 Short Term Loan		17,692,307.69	
Agric Loan		**17,692,307.69**	
Total			
Note 25 Payables			
Employee Compensation		53,500,000.00	52,000,000.00
Salary Arrears		**53,500,000.00**	**52,000,000.00**
Total			
Note 26 Internal Loans			
Salary Bail Out Loan		271,669,337.66	228,120,765.59
Total		**271,669,337.66**	
Note 27 Pension and Gratuity		108,667,735.06	91,248,306.24
Pension		163,001,602.59	136,872,459.59
Gratuity		**271,669,337.65**	**228,120,765.83**
Total			
Note 28 Net Assets/Equity		942,678,375.80	282,617,304.26
Accumulated Surplus		1,558,368,358.50	1,613,730,787.30
Reserves		**2,556,409,163.10**	**1,896,348,091.56**
Total			
Note 29 Stautory Allocations		1,490,568,790.21	922,600,791.51
Statutory Allocation		121,903.85	11,594,816.85
Exchange Rate Difference Gain		1,109,650.22	-
Exess Bank Charges Refund		2,631,254.52	3,780,538.10
Augmented Fund Distribution		1,844,954.46	-
Local Govt Council Net			58,278,269.40
Non Oil Revenue			16,344,719.96
Excess Crude			128,044,319.54
Paris Club Refund		71,001,923.97	-
Forex Equalization		**1,567,278,477.23**	**1,140,643,455.36**
Total			
Note 30 Share of Value Added Tax		411,912,164.04	291,246,654.10
VAT Allocation from Federation Account		**411,912,164.04**	**291,246,654.10**
Total			
Note 31 Internally Generated Revenue		5,675,000.00	6,187,050.00
Tax Revenue		**5,675,000.00**	**6,187,050.00**
Tax Revenue Sub Total		4,620,000.00	6,923,650.00
Licences		500,000.00	1,585,000.00
Fines		5,780,000.00	9,628,240.00
Fees		600,000.00	0.00
Sales		7,180,000.00	5,522,550.00
Earnings		2,400,000.00	2,730,500.00
Rent		**21,080,000.00**	**26,389,940.00**
Non-Tax Revenue Sub Total		1,650,000.00	1,867,500.00

Miscellaneous		**1,650,000.00**	**1,867,500.00**
Other Revenue Sub Total		**28,405,000.00**	**34,444,490.00**
Total			
Note 32 Salaries and Wages		53,500,000.00	52,000,000.00
Employee Compensation 31/12/2018	23	556,903,217.15	551,268,260.75
Reported in the statement of Cash Flow		(52,000,000.00)	(48,500,000.00)
Employee Compensation 1/1/2018		**558,403,217.15**	**554,768,260.75**
TOTAL			
Note 33 Overhead Cost		1,500,000.00	1,310,000.00
Travel & Transport		300,000.00	200,000.00
Utility		1,300,000.00	1,735,000.00
Materials & and Supplies		2,534,592.24	14,442,598.76
Maintenance		500,000.00	748,000.00
Training & Capacity Building		850,000.00	200,000.00
Consulting & Professional Services		1,000,000.00	2,025,000.00
Fuelling and Lubricants		38,565.84	334,256.70
Financial Charges		3,000,000.00	-
Refreshment and Meals		2,600,000.00	10,531,000.00
Subsription to ALGON		59,159,999.99	11,838,461.54
Welfare Packages		181,164,969.60	33,559,685.50
JAC Processing Expenses		1,000,000.00	
Common Services(Committes)		3,885,923.09	3,009,230.79
Traditional Rulers		738,461.54	-
State Youth Empowerment		36,838,963.08	149,108,729.24
Administrative fund charges		76,923.08	-
Ohaneze Ndigbo		**296,488,398.46**	**229,041,962.53**
Total			
Note 34 Service Wide Vote		174,806,923.11	17,846,153.85
Security & Safety Services		**174,806,923.11**	**17,846,153.85**
Total			
Note 35 Programme Related Expences		1,000,000.00	
National Program on Immunizatin		25,569,407.69	1,230,769.23
Agric Related Programme Expenses		**26,569,407.69**	**1,230,769.23**
Total			
Note 36 Social Benefits		71,889,065.16	73,917,402.43
Pension		7,692,307.69	110,890,384.46
Gratuity		**79,581,372.85**	**184,807,786.89**
Total			
Note 37 Term Loans		17,692,307.69	
Agric Loan		**17,692,307.69**	
Total			

NOTE 36 SCHEDULE OF PROPERTY, PLANTS AND EQUIPMENT ACQUIRED DURING THE YEAR 2018

S/N	Nature	Location	Building	Infrastructure - Water	Infrastructure - Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office & Other Equipment	Under Construction	IT Equipment	Total
			₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
1	1000 Capacity Poultry Farm	Council HQ	31,791,268.00									31,791,268.00
2	Reconstruction of Imoha Market Phase 1	Eke Market								30,500,000.00		30,500,000.00
3	Reconstruction of Imoha Market Phase 2	Eke Market								30,445,461.00		30,445,461.00
4	Contruction of overhead Tank	Poultry Farm							1,200,000.00			1,200,000.00
5	Elecricity project at Inyimagu Amuzu, Ohafia Amuu, Orokome Umunwangu Idembia and Ihotor Ameka	Amuzu, Umunwangu Idembia and Ihoto Ameka								27,871,070.00		27,871,070.00
6	Construction of Ring Culverts 11 nos	All Communities in Ezza South			6,500,000.00							6,500,000.00
7	Construction of 1KM concrete Road Phase 1 in Egu-Ezi Ntezi Amuzu	Amuzu								49,644,998.46		49,644,998.46
8	Procurement of 2 nos 300KVA Transformer	Ezza South				5,000,000.00						5,000,000.00
9	Procurement of Motorcycles 28 nos							7,000,000.00				7,000,000.00
10	Overhead tank								2,350,000.00			
11	Electricity				8,000,000.00							
12	Community Projects		76,307,692.31		379,733,076.91			163,846,153.84				619,886,923.06
	TOTAL		**108,098,960.31**	**-**	**394,233,076.91**	**5,000,000.00**	**-**	**170,846,153.84**	**3,550,000.00**	**138,461,529.46**	**-**	**809,839,720.52**

TREASURER
EZZA SOUTH LOCAL GOVERNMENT

CHAIRMAN
EZZA SOUTH LOCAL GOVERNMENT

EBONYI STATE GOVERNMENT OF NIGERIA

REPORT OF

THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS OF

IKWO LOCAL GOVERNMENT

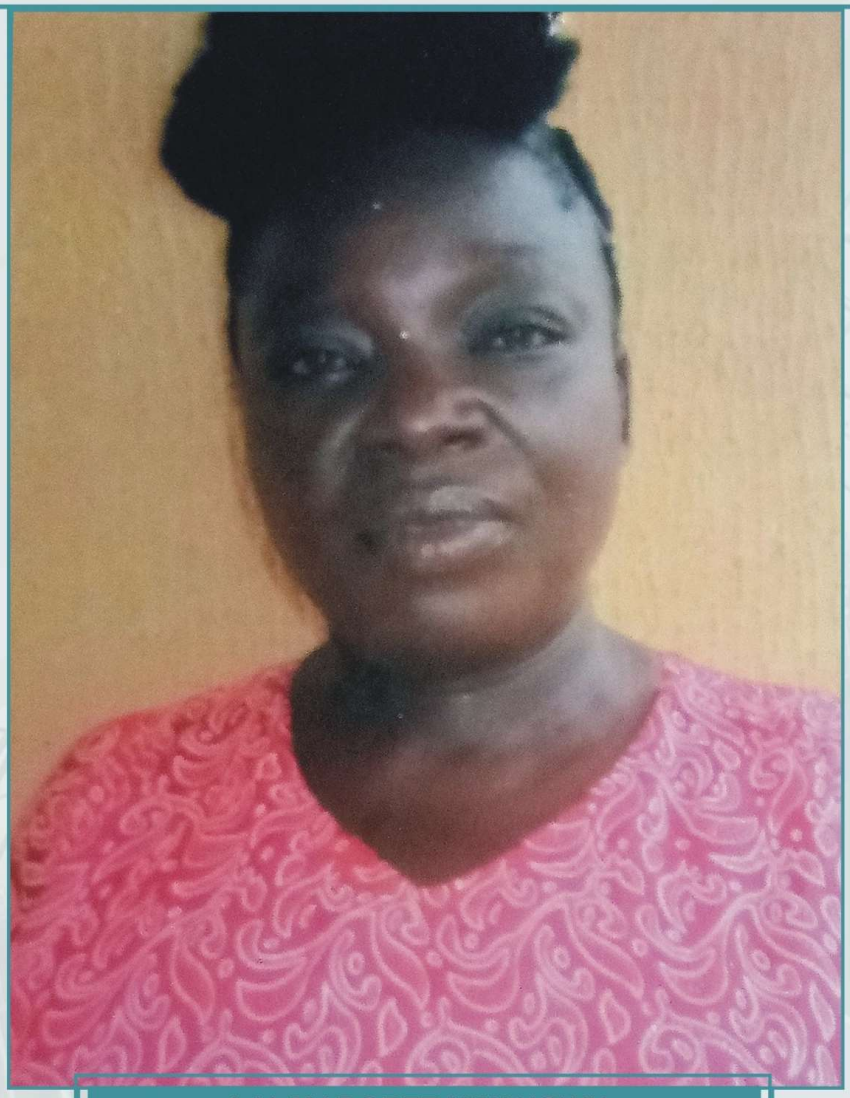
FOR THE YEAR ENDED

31ST DECEMBER, 2018

TO

EBONYI STATE HOUSE OF ASSEMBLY

ELDER JOHN NNABO N.
EXECUTIVE CHAIRMAN
IKWO LOCAL GOVERNMENT,
EBONYI STATE



AJA MARGRET NWANGWU
HPM
IKWO LOCAL GOVERNMENT,
EBONYI STATE

NWORIE EMMANUEL O.
TREASURER,
IKWO LOCAL GOVERNMENT,
EBONYI STATE

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CHAPTER ONE

1.0. General Observations

1.1. Submission of the 2018 Financial Statements

In accordance with Ebonyi State Local Government Law (CAP.106) Sections 122 and 123 (i-iv) of 2009 and other extant Laws, the Financial Statements of Ikwo Local Government for the year ended 31st December, 2018 was submitted to me on 2nd June, 2020.

1.2. Final Budget Figures for the Components of Revenue From FAAC Not Shown

The budgeted amount for revenue from FAAC was not disaggregated into the components of FAAC allocations in the Ikwo Local Government annual budget for the year ended 31st December, 2018.

A lump sum provision was made for all FAAC Revenue.

The Council has been advised on the need to provide targets for all revenue sources in subsequent year budgets.

CHAPTER TWO

2.0. STATEMENT OF FINANCIAL PERFORMANCE

2.1. INTERNALLY GENERATED REVENUE

Internally Generated Revenue (IGR) generated by Ikwo Local Government for the year ended 31st December, 2018 amounted to **sixty nine million, two hundred and twenty four thousand, three hundred naira (₦69,224,300.00)** out of a total IGR budget of **sixty eight million, three hundred and seventy nine thousand, nine hundred and ninety naira (₦68,379,990.00).** The IGR figure include**s** the sum of **fifty two million, seven hundred and thirty three thousand, two hundred naira (₦52,733,200.00)** received as the Local Government share of the 10% State IGR. This represents a budget performance of **101.23%** on IGR for the year.

Independent IGR i.e. IGR excluding shares of 10% State IGR, for the year dropped from the **twenty million, five hundred and thirty three thousand naira (₦20,533,000.00)** generated in 2017 to **sixteen million, four hundred and ninety one thousand, one hundred naira (₦16,491,100.00)**, a drop of **19.68%**.

The IGR Budget Performance according to revenue subheads is as detailed below:

2017 Actual **(₦)**	Rev. Subhead ₦	2018 Revised Budget **(₦)**	2018 Actual **(₦)**	Performance 2018%
2,625,000.00	Taxes	480,300.00	3,400,000.00	707.89
-	Levy	-	1,950,000.00	100.00
1,050,000.00	Fines	1,409,040.00	526,000.00	37.33
1,750,000.00	Sales	2,734,900.00	2,150,000.00	78.61
4,200,000.00	Earning	31,405,290.00	4,040,100.00	12.86
1,790,000.00	Rent	4,138,400.00	1,350,000.00	32.62
4,448,000.00	Fees	21,979,160.00	-	0.00
3,720,000.00	License	4,712,380.00	1,950,000.00	41.38
950,000.00	Other revenue	1,520,520.00	1,125,000.00	73.99
20,533,000.00		**68,379,990.00**	**16,491,100.00**	**24.12**

There were no budgetary provisions for **Levies and Share of IGR** in the year. However **one million, nine hundred and fifty thousand naira (₦1,950,000.00)** was generated from levies and **fifty two million, seven hundred thirty three thousand, two hundred naira (₦52,733,200.00)** received from the **State as 10% Share** . **Fees** with a revenue budget of **twenty one million, nine hundred and seventy nine thousand, one hundred and sixty naira (₦21,979,160.00)** did not contribute any revenue for the year.

Revenue generated for the other revenue subheads are as follows:

Subhead	Revenue ₦	Percentage (%) for Budget
Taxes		707.89
Sales		78.61
Other Revenue		73.99
Licences		41.38
Fines		37.33
Rent on Government Properties		32.62
Earnings		12.86

A **24.12%** Internally Revenue Budget performance shows that Ikwo Local Government Council still has to work on its revenue collection function to enable good IGR performance going forward.

2.2. Receipts from FAAC

Ikwo Local Government Council received a total of **two billion, three hundred and seventeen million, six hundred and thirty two thousand, four hundred and eighty five naira, sixty five kobo (₦2,317,632,485.65)** from Federation Accounts Allocation Committee for the year ended 31st December, 2018. This represents **104.80%** of budgeted receipts from FAAC of **two billion, two hundred and eleven million, four hundred and forty four thousand, one hundred and eighty naira (₦2,211,444,180.00)** for the year.

The details of the receipts against budget and year 2017 figures for each FAAC revenue item are as shown below:

Actual 2017 (₦)	Item	2018 Budget (₦)	Actual 2018 (₦)
107,798,874.36	Statutory Allocations	2,211,444,180.00	1,742,844,558.84
95,148,752.64	Exchange Rate Gain	-	142,435.40
-	Forex Equalization	-	83,722,979.09
-	Excess Bank Cheque Refund	-	1,296,541.75
4,417,270.77	Augmentation	-	3,074,420.00
34,046,859.00	Non-Oil Revenue	-	-
342,710,334.61	VAT	-	484,395,861.83
-	Local Govt. Council Net	- -	2,155,688.74
584,122,091.39		2,211,444,180.00	2,317,632,485.65

The **two billion, two hundred and eleven million, four hundred and forty four thousand, one hundred and eighty naira (₦2,211,444,180.00)** budgeted for FAAC receipts was not disaggregated into individual FAAC revenue sources. This made it impossible to assess the performance of each FAAC revenue source for the year.

2.3. Recurrent Expenditure

2.3.1. Personnel Cost

Personnel Cost of Ikwo Local Government for the year amounted to **eight hundred and eighty three million, ninety thousand, three hundred and seventy six naira, ninety one kobo (₦883,090,376.91)**.
The cost was incurred as follows:

Actual 2017 (₦)	Item	Actual 2018 (₦)
212,870,415.45	Local Government Staff	448,201,019.20
481,188,346.55	UBEB Teachers	346,812,372.03
30,495,286.68	Health Workers	88,076,985.68
724,554,048.68		883,090,376.91

An increase of **21.88%** resulted in Personnel Cost for the financial year 2018 over the same Cost in the year 2017.

2.3.2. Overheads

Overheads of Ikwo Local Government for the year ended 31st December, 2018 amounted to **six hundred and eighty four million, one hundred ninety eight thousand, six hundred and seventy two naira, seventy four kobo (₦684,198,672.74)** an increase of **37.94%** over overheads incurred in the previous year 2017 of **four hundred and ninety six million, one thousand, four hundred and forty three naira, sixty nine kobo (₦496,001,443.69)**.

The following table is a comparison of actual expenditure according to subheads for the year under review and the financial year 2017.

Overhead	2018 Actual ₦	2017 Actual ₦	Increase (Decrease)%
Traveling & Transport	540,000.00	480,000.00	12.50
Utilities	200,000.00	500,000.00	(60.00)
Materials & Supplies	160,000.00	4,435,000.00	(96.39)
Maintenance Services	4,454,592.25	24,157,598.76	(81.56)
Training & Capacity Building	120,000.00	860,000.00	(86.05)
Security & Safety Services	207,928,923.11	30,364,075.02	584.79
Consulting & Prof, Services	850,000.00	280,000.00	203.57
Fueling & Lubricants	70,000.00	13,600.00	414.71
Financial Charges	21,225.84	490,348.38	(95.67)
Public Debt Services	58,395,351.24	28,395,351.24	105.65
Depreciation/Amortization	105,669,076.81	105,669,076,81	-
Other Recurrent Expenses	303,018,496.03	270,002,022.70	12.23
Transfer to other Govt. Entities	55,504,206.67	58,749,722.02	(5.52)
	736,931,872.75	524,396,794.93	40.53

Significant increases in overhead expenditure were observed in the following subheads:

	% Increase over 2017
Public Debt Services	105.65
Travelling and Transport	12.50
Security & Safety Services	584.79
Consulting & Professional Services	203.57
Fueling & Lubricants	414.71
Other Recurrent Expenses	12.23

Also Depreciation Charges remained Constant in the two years at **one hundred and five million, six hundred and sixty nine thousand, seventy six naira, eighty one kobo (₦105,669,076.81)** each year.

The implication of this is that Property, Plant and Equipment was restored to its December 31, 2017 pre-depreciation level in 2018. The Council should take another look at this.

Significant reductions in overhead expenditure were observed on these subheads for 2018.

	% Decrease over 2017
Utilities	60.00
Materials & Supplies	96.39
Maintenance Services	81.56
Training and Capacity Building	86.05
Financial Charges	95.67
Transfer to other Entities	5.52

2.4. Surplus of Revenue over Recurrent Expenditure

Ikwo Local Government Council achieved a surplus of **six hundred and seventy nine million, five hundred and forty four thousand, five hundred and thirty naira sixty one kobo (₦679,544,530.61)** for the year ended 31st December, 2018 surplus for the year increased by **120.36%** over the councils surplus **three hundred and eight million,**

three hundred and seventy four thousand, three hundred and ten naira, forty eight kobo (₦308,374,310.48) of 2017.

CHAPTER THREE

3.0 Statement of Financial Position

3.1. Current Assets

3.1.1 . Cash and Cash Equivalents

As at 31st December, 2018, Ikwo Local Government Council had Cash and Cash Equivalents amounting to **one million, four hundred and seventy three thousand, thirty two naira, four kobo (₦1,473,032.04)**. The balance contrasts with Cash and Cash Equivalents amounting to **ten million, six hundred and twelve thousand, nine hundred naira, sixteen kobo (₦10,612,901.16)** at the beginning of the year.

The Cash and Cash Equivalent was held in the Council's FAAC Account.

3.1.2. Short Term Loan

Other Current Assets of the Council was the balance on the Short Term Loans advanced to farmers of the Local Government Council in the year. The Short Term Loans amount to **seventeen million, six hundred and ninety two thousand, three hundred and seven naira, sixty nine kobo (₦17,692,307.69)**. Audit inquiry showed that the loan is recoverable from beneficiaries in the first quarter of the year 2019.

3.2. Current Liabilities

3.2.1 . Payable

The payables reported in the Financial Statement represents Salary Arrears owed the staff of Ikwo Local Government Council as at 31st December, 2018. This amounts to **sixty four million, eight hundred and fifty thousand, two hundred and fifty naira (₦64,850,250.00)**.

3.3 Liquidity Ratios

Ikwo Local Government has a cash ratio of **0.02**. This means that two kobo is available to offset every one naira of current liability of the Council.

The Council also has a current ratio of **0.30** meaning that **thirty kobo (₦0.30)** of Current Assets is available to offset every **one naira (₦1.00)** of Current Liabilities.

3.4 Property, Plant and Equipment (PP&E)

Ikwo Local Government acquired Property, Plant and Equipment amounting to **eight hundred and seventeen million, eight hundred and fourteen thousand, eight hundred naira, eighty seven kobo (₦817,814,800.87)** in the year ended 31st December, 2018.

This represents **40.22%** of budgeted capital expenditure of **two billion, thirty three million, four hundred and twenty six thousand, three hundred and fifty naira (₦2,033,426,350.00)** for the year.

Classes of PP&E acquired in the year include:

Class	**Amount (₦)**
Buildings	47,374,781.31
Infrastructure – Water	79,907,692.31
Infrastructure – Others	517,222,052.32
Plants and Machinery	1,116,438.00
Motor Vehicles	163,846,153.84
Assets Under Construction	8,347,683.09
	817,814,800.87

The Council has PP&E valued at **one billion, seven hundred and forty two million, six hundred and forty three thousand, seven hundred and**

sixty-four naira, forty-nine kobo (₦1,742,643,764.49) after depreciation charges for the year in its books.

CHAPTER FOUR

4.0. Consolidated Statement of Cash Flow

4.1. Sources of Fund

For the year ended 31st December, 2018, Ikwo Local Government Area received fund from the following sources

Source	**Amount (₦)**
Statutory Allocation	1,833,236,624.30
Value Added Tax	484,395,861.83
Internally Generated Revenue	69,224,300.00
Internal Loans	30,000,000.00
	2,436,792,886.13

4.2. Uses of Fund

Funds generated in the period was on the following

Head	**Amount (₦)**
Salaries and Wages/Social Benefits	962,671,749.76
Overheads	517,403,238.02
Public Debt Charges	58,395,351.24
Transfer to other Government Entities	55,504,206.67
Investments	835,507,108.56
	2,429,441,654.25

The Investments reported in the year included:

Head	**Amount (₦)**
Loans to Local farmers	17,692,307.69
Construction of Office Building	47,374,781.31
Infrastructure: Water	79,907,692.31
Procurement of Plants and Machinery	1,116,438.00
Infrastructure: Other	517,222,052.32
Procurement of Official Vehicles	163,846,153.84
Assets Under Construction	8,347,683.09
	835,507,108.56

4.3. Cash and Cash Equivalent

The closing Cash and Cash Equivalent on the Consolidated Cash Flow Statement agrees with the **one million, four hundred and seventy three thousand, thirty**

two naira, four kobo (₦1,473,032.04) reported in the Statement of Financial Position as at 31st December, 2018.

AUDIT CERTIFICATE

The **Treasurer, Ikwo Local Government** is responsible for the preparation of the Financial Statements in accordance with Sections 116 of the Ebonyi State Local Government Law (CAP.106) of 2009 and the relevant provisions of the International Public Sector Accounting Standards (IPSAS)/ Guideline issued by the Federation Accounts Allocation Committee (FAAC) Sub-committee on IPSAS implementation; Financial Memorandum; and for being satisfied that the Financial Statements for the year ended 31st December, 2018 give a true and fair view of transactions of the Local Government.

My responsibility is to express an opinion on these Financial Statements with regard to compliance of transactions to regulations and statutes, efficient use of resources and accuracy of accounting records, based on the audit conducted in accordance with International Standards on Auditing (ISA).

I have obtained the information and explanations I required and certify, as a result of my audit that in my opinion, the Financial Statements and the Notes to the Accounts are complete, in compliance with relevant statutes and show a true and fair view of the State of affairs as at 31st December, 2018 and the transactions for the fiscal year ended on that date.

Mrs. P.N. Alobu,
Ag. Auditor-General for
Local Governments,
Ebonyi State.

Office of the Auditor-General for
Local Governments,
P.M.B 075
Abakaliki,
Ebonyi State.
15th October, 2020.

IKWO LOCAL GOVERNMENT

EBONYI STATE OF NIGERIA

REPORT

OF THE

TREASURER

WITH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2018

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RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements of Ikwo Local Government of Nigeria for the year ended 31st December,2018, have been prepared by me in accordance with the International Public Sector Accounting Standards (IPSAS), (First Time Adoption of Accrual Basis IPSAS) and the Guideline issued by the Federation Allocation Account Committee (FAAC) Sub-Committee on IPSAS implementation.

IPSAS 24 requires that an entity shall present a Comparison of Budget Amount for which it is held publicly accountable and Actual Amount either as a separate additional Financial Statement or as additional budget columns in the Financial Statements. Ikwo Local Government opted for the former.

IPSAS 33 requires that recognition and/or measurement of Assets/Liabilities can be recognized for reporting within 3 years following the date of adoption. Ikwo Local Government adopted Accrual Basis IPSAS in 1stJanuary, 2016.

ACCOUNTING AND REPORTING

All responsibilities bestowed on me as listed below have been fulfilled:
Ensuring that adequate system of internal controls are maintained to safeguard assets and provide reasonable assurance that the transactions as recorded are within statutory authority; and also that the use of all public financial resources by the Government are properly recorded.

Ensuring that proper books and records of accounts were kept to ensure that the Financial Statements reflect the financial position of Ikwo Local Government and its operations for the year ended 31st December, 2018.

In compliance with IPSAS 33, I have prepared the following financial statements as at 31st December 2018.

Statement of Financial Performance
Statement of Financial Position
Statement of Cash flow
Statement of Changes in Net Assets/Equity
Statement of Comparison of Budget and Actual Amount
Notes to the Financial Statements

In my opinion, the consolidated financial statements and the Notes thereto reflect the financial position of Ikwo Local Government of Nigeria as at 31st December, 2018.

TREASURER
IKWO LOCAL GOVERNMENT

CHAIRMAN
IKWO LOCAL GOVERNMENT

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following the adoption of the International Public Sector Accounting Standard (IPSAS) in Nigeria and National Chart of Accounts (NCOA, a standardized format of General Purpose Financial Statements (GPFS) have been designed and introduced for adoption by the Local Government. For effective and efficient use of the NCOA and GPFS, the accounting policies for IPSAS accrual basis accounting have been developed as a tool to direct the processes and procedures relating to financial reporting in the State.

The General Purpose Financial Statements include:

Statement of Financial Position
Statement of Financial Performance
Statement of Cash Flow
Statement of net Assets/Equity
Statement of Budget Comparison and Actual
Notes to the Financial Statements.

Basis of Preparation of Financial Statements: The financial statements are prepared under the historical cost convention and in accordance with International Public Sector Accounting standards (IPSAS). Accrual basis concept is the basis of preparation of all accounts by all reporting entities in the Local Government.

Accounting Period: The accounting period (Fiscal Year) is from 1st January to 31st December. Each accounting year is divided into 12 calendar months and it is set up as such in the accounting system of the State.

Reporting Currency: The Reporting currency in preparation of General Purpose Financial Statements is Nigeria Naira.

Consolidation of Financial Statements: The consolidation of General Purpose Financial Statements is based on the financial transactions of all Departments and Agencies (DAs) of the Local Government. Government Business Entities (GBEs) are not included in the consolidations. Controlled Entities are fully consolidated from the date on which control is acquired.

Notes to the Financial Statements: Notes to the Financial Statements are presented in a manner that they cross reference to any related information in the Financial Statements.

Comparative Information: The General Purpose Financial Statements (GPFS) are designed to show all numerical information relating to previous year(s).

Budget Figures: A Statement of Comparison of Budget and Actual Amount is prepared for the determination of items of revenue and expenditure in respect to budgetary provisions. IPSAS 24 requires that an entity to present a comparison of budget amount for which it is held publicly accountable and actual amount either as a separate additional Financial Statement or as additional budget columns in the financial statements. Ikwo Local Government opted for the former.

Revenues: Ikwo Local Government recognizes revenues from non-exchange transactions such as fees, taxes and fines when the event occurs and the asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value can be measured reliably. Revenue from the sales of goods and services is recognized when significant risks and rewards of ownership has been transferred to the buyer. Similarly, gain on disposal of Property, Plant and Equipment (PP&E) is recognized at the date control of the asset is passed to the buyer.

Expenditures: Expenditures are classified as either recurrent or capital. All recurrent expenditures are reported on an accrual basis (ie they are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made). Recurrent Expenditures are reported in the Statement of Financial Performance. Payments for purchase of items of Capital nature (PP&E) are treated as Assets under Non-Current Assets in the Statement of Financial

Position. At the end of the financial year, a schedule of PP&E is prepared as part of the Notes to GPFs.

Assets under Construction are not depreciated until the constructions are completed. Under construction assets acquired within a year are included in the schedule of PP&E for that year.

Property, Plant and Equipment (PP&E): Property, Plant and Equipment (PP&E) include:

Building
Infrastructure- Water
Infrastructure- Other
Plants & Machinery
Furniture & Fittings
Motor Vehicles
Office and other equipment
IT equipment

Infrastructure - Water assets include Boreholes, Dams and water pipes while Infrastructure-Others assets include road networks, electrification and bridges. Plant and Machinery includes Transformers and earth moving Machine such as Bulldozers, Graders among others.

Depreciation/Amortization: the following depreciation/amortization rates apply;

Building	3%
Infrastructure- Water	5%
Infrastructure- Other	5%
Plant & Machinery	15%
Furniture & Fittings	24%
Motor Vehicles	20%
Office & other Equipment	28%
IT Equipment	30%
Intangible Assets	20%
Biological Assets	20%
Under Constructions	0%

Capitalization: There is no capitalization threshold. Any amount spent in connection with PP&E, Biological Assets and Intangibles that met the definition of assets are capitalized and recognized as assets in the Statement of Financial Position. Other ones that didn't met the definition of assets are charged to the Statement of Financial Performance.

Statement of Cash Flow: Statement of Cash Flow is prepared using the direct method. The cash flow consists:

Operating activities
Investing activities
Financing activities

Cash and Cash Equivalent: Cash and Cash Equivalent are cash balance on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of 6 months or less in which Ikwo Local Government invests as part of its day-to-day cash management and which are readily convertible to known amount of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Asset in the Statement of Financial Position.

Receivables: Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment

Receivables from non-exchange transactions are initially assessed at nominal amount or face value and subsequently adjusted for impairment.

Loans: Loans granted to other Government, agencies or individuals are shown separately in the Statement of Financial Position.

Investments: Investments made in government stock, quoted companies etc are disclosed as Financial Assets in the Statement of Financial Position.

Transfer from Other Government Entities: Transfer from other government entities are non-exchange items and are recognized as revenue in the Statement of Financial Performance.

Transfer to Other Government Entities: Transfer to other government entities are non-exchange items and are recognized as expenses in the Statement of Financial Performance.

Borrowing Costs: Borrowing Cost are capitalized against qualifying assets as part of PP&E. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Other borrowing costs not capitalized are charged to Statement of Financial Performance.

Foreign Currency: Foreign Currency transactions are translated into Naira, the reporting currency, using the spot rate as at last day of the financial year.

TREASURER
IKWO LOCAL GOVERNMENT

CHAIRMAN
IKWO LOCAL GOVERNMENT

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
Revenue		₦	₦
Share of Statutory Revenue	1	1,833,236,624.30	1,358,743,503.54
Share of Value Added Tax	2	484,395,861.83	342,710,334.61
Tax Revenue	3	3,400,000.00	2,625,000.00
Non Tax Revenue	4	15,411,100.00	16,958,000.00
Other Revenues	5	1,125,000.00	950,000.00
10% State IGR	5B	52,733,200.00	54,823,630.01
Total Revenue (A)		**2,390,301,786.13**	**1,776,810,468.16**
Recurrent Expenditure			
Salaries and Wages	29	886,656,226.91	727,532,738.68
Social Benefits	37	87,169,155.87	190,078,345.30
Traveling and Transports	8	540,000.00	480,000.00
Utilities	9	200,000.00	500,000.00
Material and Supplies	10	160,000.00	4,435,000.00
Maintenance Services	11	4,454,592.24	24,157,598.76
Training and Capacity Building	12	120,000.00	860,000.00
Security and Safety Services	13	207,928,923.11	30,364,075.02
Consulting and Professional Services	14	850,000.00	280,000.00
Fuelling and Lubricants	15	70,000.00	13,600.00
Financial Charges	16	21,225.84	490,348.38
Public Debt Services	17	58,395,351.24	28,395,351.24
Depreciation/Amortization	18	105,669,076.81	105,669,076.81
Other Recurrent Expenses	19	303,018,496.83	241,606,671.46
Transfer to Other Govt Entities	7	55,504,206.67	58,749,722.02
Total Recurrent Expenditure (B)		**1,710,757,255.52**	**1,413,612,527.67**
Surplus for the year (A-B)		**679,544,530.61**	**308,374,310.48**

TREASURER
IKWO LOCAL GOVERNMENT

CHAIRMAN
IKWO LOCAL GOVERNMENT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
ASSETS			
CURRENT ASSETS			
Cash and Cash Eqiuvalent	21	1,473,032.04	10,612,901.16
Short Term Loan	22	17,692,307.69	-
TOTAL CURRENT ASSETS (A)		**19,165,339.73**	**10,612,901.16**
NON CURRENT ASSETS			
Investment Property			
Property, Plants and Equipments	20	1,742,643,764.46	1,030,498,040.41
TOTAL NON CURRENT ASSETS (B)		**1,742,643,764.46**	**1,030,498,040.41**
TOTAL ASSETS (C = A+B)		**1,761,809,104.19**	**1,041,110,941.57**
LIABILITIES			
CURRENT LIABILITIES			
Payables	23	64,850,250.00	61,284,400.00
TOTAL CURRENT LIABILITIES (D)		**64,850,250.00**	**61,284,400.00**
NON CURRENT LIABILITIES			
Financial Liability (Bailout Loan)	24	**168,394,213.82**	**196,789,565.06**
Pension and Gratuity	25	271,669,337.66	228,120,765.59
TOTAL NON CURRENT LIABILITIES (E)		**440,063,551.48**	**424,910,330.65**
TOTAL LIABILITIES (F = D+E)		**504,913,801.48**	**486,194,730.65**
NET ASSETS/EQUITY (G = C-F)	26	**1,256,895,302.71**	**554,916,210.92**
CONTRIBUTED BY			
Accumulated Surplus		1,075,369,079.34	395,824,548.73
Reserves		181,526,223.37	159,091,662.19
		1,256,895,302.71	**554,916,210.92**

TREASURER
IKWO LOCAL GOVERNMENT

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CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
OPERATING ACTIVITIES			
RECEIPTS:			
Share of Statutory Revenue	27	1,833,236,624.30	1,358,743,503.54
Share of Value Added Tax	28	484,395,861.83	342,710,334.61
Tax Revenue	3	3,400,000.00	2,625,000.00
Non-Tax Revenue	4	15,411,100.00	16,958,000.00
Other Revenues	5	1,125,000.00	950,000.00
10% State IGR	5B	52,733,200.00	
Total Receipts (A)		**2,390,301,786.13**	**1,721,986,838.15**
PAYMENTS:			
Salaries and Wages	6	883,090,376.91	724,554,588.68
Social Benefits	33	79,581,372.85	184,807,786.89
Overhead Cost	30	311,540,258.46	263,923,723.44
Service Wide Vote	31	208,028,923.11	31,064,075.02
Programme Related Expences	32	26,189,407.69	1,730,769.23
Public Debt Services	35	58,395,351.24	-
Transfer to Other Govt Entities	7	55,504,206.67	58,749,722.02
Total Payments (B)		**1,593,934,545.69**	**1,264,830,665.28**
NET CASH GENERATED FROM OPERATING ACTIVITIES (C = A-B)		**796,367,240.44**	**457,156,172.87**
INVESTING ACTIVITIES			
Short Term Loan	34	(17,692,307.69)	-
Building	38	(47,374,781.31)	(31,120,000.00)
Infrastructure-Water	38	(79,907,692.31)	(1,201,500.00)
Infrastructure-Others	38	(517,222,052.32)	(33,010,000.00)
Plants and Machinery	38	(1,116,438.00)	(755,000.00)
Motor Vehicles	38	163,846,153.84	(91,769,230.78)
Office and other Equipment			(1,170,000.00)
Under Construction Assets	38	(8,347,683.09)	(287,521,180.78)
NET CASH USED IN INVESTING ACTIVITIES (D)		**(835,507,108.56)**	**(446,546,911.56)**
FINANCING ACTIVITIES			
Investment Property	39	52,733,200.00	
Proceeds from Internal Loan	36	30,000,000.00	
NET CASH USED/GENERATED FROM FINANCING ACTIVITIES (E)		**30,000,000.00**	**-**
NET CASH FLOW IN ALL ACTIVITIES (F = C+D+E)		(9,139,868.12)	10,609,261.31
OPENING CASH AND CASH EQUIVALENT (G)		10,612,900.16	3,638.85
CLOSING CASH AND CASH EQUIVALENT (H = F+G)		**1,473,032.04**	**10,612,900.16**

TREASURER
IKWO LOCAL GOVERNMENT

CHAIRMAN
IKWO LOCAL GOVERNMENT

CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 2018

Actual		Actual	Final Budget	Original Budget	Variance
2017		**2018**	**2018**	**2018**	**2018**
₦		₦	₦	₦	₦
	Share of FAAC Allocation				
1,077,988,741.36	Share of Statutory Allocations	1,742,844,558.84	1,805,444,188.00	1,805,444,188.00	(62,599,629.16)
342,710,334.61	Share of VAT Allocation	484,395,861.83	450,000,000.00	450,000,000.00	34,395,861.83
95,148,752.64	Exchange Rate Gain	142,435.42	1,000,000.00	1,000,000.00	(857,564.58)
-	Excess Bank Charges Refund	1,296,541.75	1,000,000.00	1,000,000.00	296,541.75
4,417,270.77	Augmented Fund Distribution	3,074,420.46	2,000,000.00	2,000,000.00	1,074,420.46
-	Local Govt Council Net	2,155,688.74	2,000,000.00	2,000,000.00	155,688.74
34,046,859.08	Non Oil Revenue				
19,097,560.15	Excess Crude				
128,044,319.54	Paris Club Refund				
-	Forex Equalization	83,722,979.09	50,000,000.00	50,000,000.00	33,722,979.09
1,701,453,838.15	**Sub Total(A)**	**2,317,632,486.13**	**2,311,444,188.00**	**2,311,444,188.00**	**6,188,298.13**
	Internally Generated Revenue				
	10% State IGR	52,733,200.00			52,733,200.00
2,625,000.00	Taxes	3,400,000.00	480,300.00	480,300.00	2,919,700.00
3,720,000.00	Licences	1,950,000.00	4,712,380.00	4,712,380.00	- 2,762,380.00
1,050,000.00	Fines	526,000.00	1,409,040.00	1,409,040.00	- 883,040.00
4,448,000.00	Fees	5,395,000.00	21,979,160.00	21,979,160.00	- 16,584,160.00
1,750,000.00	Sales	2,150,000.00	2,734,900.00	2,734,900.00	- 584,900.00
4,200,000.00	Earnings	4,040,100.00	31,405,290.00	31,405,290.00	- 27,365,190.00
1,790,000.00	Rent	1,350,000.00	4,138,400.00	4,138,400.00	- 2,788,400.00
950,000.00	Other Receipts	1,125,000.00	1,520,520.00	1,520,520.00	- 395,520.00
20,533,000.00	**Sub Total(B)**	**72,669,300.00**	**68,379,990.00**	**68,379,990.00**	**4,289,310.00**
1,721,986,838.15	**Total Revenue(A+B)=C**	**2,390,301,786.13**	**2,379,824,178.00**	**2,379,824,178.00**	**10,477,608.18**
	Recurrent Expenditure by Nature				
724,554,588.68	Personnel Cost	883,090,376.91	885,000,000.00	885,000,000.00	1,909,623.09
184,807,786.89	Overhead Cost	311,540,258.46	260,000,000.00	260,000,000.00	- 51,540,258.46
263,923,723.44	Service Wide Vote	208,028,923.11	211,500,000.00	211,500,000.00	3,471,076.89
31,064,075.02	Programme Related Expenses	26,189,407.69	30,000,000.00	30,000,000.00	3,810,592.31
1,730,769.23	Social Benefit	79,581,372.85	82,000,000.00	82,000,000.00	2,418,627.15
58,749,722.02	Transfer to Other Govt Entities	55,504,206.67	56,000,000.00	56,000,000.00	495,793.33
	Public Debt Servicing	30,000,000.00	30,000,000.00	30,000,000.00	-
1,264,830,665.28	**Sub Total(D)**	**1,593,934,545.69**	**1,554,500,000.00**	**1,554,500,000.00**	**- 39,434,545.69**
	Capital Expenditure by Sector				
230,460,411.56	Administrative	172,193,836.93	190,000,000.00	190,000,000.00	17,806,163.07
164,130,000.00	Economic	583,405,579.32	595,133,448.00	595,133,448.00	11,727,868.68
	Law and Justice		-		-
	Regional		-		-
51,956,500.00	Social	39,294,792.15	40,190,730.00	40,190,730.00	895,937.85
446,546,911.56	**Sub Total(E)**	**794,894,208.40**	**825,324,178.00**	**825,324,178.00**	**30,429,969.60**
10,609,261.31	**Surplus/(Deficit) for the year C-D-E**	**1,473,032.04**	**-**	**-**	**1,473,032.04**

TREASURER
IKWO LOCAL GOVERNMENT

CHAIRMAN
IKWO LOCAL GOVERNMENT

CONSOLIDATED SEGMENT REPORTING

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	ADMINISTRATIVE	ECONOMIC	LAW & JUSTICE	REGIONAL	SOCIAL	OTHERS	TOTAL
	₦	₦	₦	₦	₦	₦	₦
Revenue							
Taxes		3,400,000.00					3,400,000.00
Levy		1,950,000.00					1,950,000.00
Fines		526,000.00					526,000.00
Sales		2,150,000.00					2,150,000.00
Earnings		4,040,100.00					4,040,100.00
Rent		1,350,000.00					1,350,000.00
Fees		5,395,000.00					5,395,000.00
Other Revenue		1,125,000.00					1,125,000.00
10% State IGR		52,733,200.00					52,733,200.00
Share of Statutory Allocations						2,317,632,486.13	2,317,632,486.13
Total Revenue(A)	**-**	**72,669,300.00**	**-**	**-**	**-**	**2,317,632,486.13**	**2,390,301,786.13**
Expenses							
Personnel Cost	451,766,869.20				434,889,357.71		886,656,226.91
Overhead Cost	252,921,240.38	56,084,425.84			2,534,592.24		311,540,258.46
Service wide Vote	208,028,923.11						208,028,923.11
Programme Related Exp.		25,689,407.69			500,000.00		26,189,407.69
Depreciation/Amortisation						105,669,076.81	105,669,076.81
Public Debt Services						30,000,000.00	30,000,000.00
Other Recurrent Expenses							-
Transfer to Other Govt Entities						55,504,206.67	55,504,206.67
Social Benefit						87,169,155.87	87,169,155.87
Total Expenses(B)	**912,717,032.69**	**81,773,833.53**	**-**	**-**	**437,923,949.95**	**278,342,439.35**	**1,710,757,255.52**
Surplus/(Deficit) (A-B)	**(912,717,032.69)**	**(9,104,533.53)**	**-**	**-**	**(437,923,949.95)**	**2,039,290,046.78**	**679,544,530.61**

TREASURER
IKWO LOCAL GOVERNMENT

CHAIRMAN
IKWO LOCAL GOVERNMENT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
Note 1 Share of Statutory Revenue			
Statutory Allocation	1a	1,742,844,558.84	1,077,988,741.36
Exchange Rate Difference Gain	1b	142,435.42	95,148,752.64
Excess Bank Charges Refund	1d	1,296,541.75	-
Augmented Fund Distribution		3,074,420.46	4,417,270.77
Local Govt Council Net		2,155,688.74	
Non Oil Revenue	1e	-	34,046,859.08
Excess Crude		-	19,097,560.15
Paris Club Refund			128,044,319.54
Forex Equalization	1c	83,722,979.09	
Total		**1,833,236,624.30**	**1,358,743,503.54**
Note 1a Statutory Allocation			
January		140,601,796.84	59,121,184.94
February		135,637,016.42	74,454,985.93
March		143,989,973.00	65,728,815.68
April		124,318,466.20	76,308,383.82
May		154,481,411.29	69,564,620.47
June		150,244,114.50	82,555,381.87
July		156,345,041.37	153,666,905.06
August		150,833,495.67	101,432,630.86
September		147,215,509.73	145,681,904.93
October		147,215,509.73	110,713,362.96
November		153,095,267.14	
December		138,866,956.95	138,760,564.84
Total		**1,742,844,558.84**	**1,077,988,741.36**
Note 1b Exchange Rate Gain Alloc.			
January			13,870,048.51
February			12,626,578.80
March			10,467,245.50
April			17,445,678.30
May			10,007,265.11
June			17,184,276.20
September		71,217.71	
October		71,217.71	13,547,660.22
Total		**142,435.42**	**95,148,752.64**
Note 1c Forex Equalization			
January		7,882,839.00	
March		34,813,835.32	
April		16,019,840.97	
May		123,353.00	
August		6,412,057.69	
November		18,213,782.55	
December		257,270.56	
Total		**83,722,979.09**	
Note 1d Excess Bank Charges Refund			
September		1,296,541.75	
Total		**1,296,541.75**	

Note 1e Non Oil Revenue			
January			11,016,036.52
February			6,159,805.39
March			15,602,683.81
May			1,268,333.36
Total		**-**	**34,046,859.08**
Note 1f Excess Crude			
February			9,430,068.34
April			5,702,918.16
May			3,964,573.65
Total		**-**	**19,097,560.15**
Note 2 Value Added Tax Allocation			
January		32,490,466.76	30,559,135.35
February		36,904,001.78	28,795,527.01
March		140,183,758.38	27,141,251.88
April		2,887,225.09	30,236,472.71
May		33,296,803.39	31,904,465.73
June		35,687,258.23	32,377,524.19
July		32,845,283.01	32,522,184.11
August		31,836,277.87	31,289,589.18
September		30,328,191.33	33,942,754.82
October		30,328,191.33	32,661,673.64
November		37,422,931.99	
December		40,185,472.67	31,279,755.99
Total		**484,395,861.83**	**342,710,334.61**
Note 3 Tax Revenue			
March		500,000.00	750,000.00
April		2,900,000.00	1,050,000.00
December			825,000.00
Total Tax Revenue		**3,400,000.00**	**2,625,000.00**
Note 4 Non-Tax Revenue			
Licenses			
January			550,000.00
February			715,000.00
March		1,000,000.00	865,000.00
April		950,000.00	670,000.00
December			920,000.00
Sub Total		**1,950,000.00**	**3,720,000.00**
Fines			
March			**450,000.00**
April		526,000.00	345,000.00
December			255,000.00
Sub Total		**526,000.00**	**1,050,000.00**
Fees			
January			125,000.00
February		30,000.00	245,000.00
March		1,500,000.00	765,000.00
April		2,120,000.00	1,678,000.00
May		1,745,000.00	985,000.00
June			650,000.00

Fees - Sub Total		**5,395,000.00**	**4,448,000.00**
Sales			
March			
April		2,150,000.00	1,750,000.00
May			
Sales - Sub Total		**2,150,000.00**	**1,750,000.00**
Earnings			
March		500,000.00	480,000.00
April		2,190,100.00	1,735,000.00
May		1,350,000.00	1,115,000.00
June			870,000.00
Earnings - Sub Total		**4,040,100.00**	**4,200,000.00**
Rent			
March			1,250,000.00
April		1,350,000.00	540,000.00
May			
Rent - Sub Total		**1,350,000.00**	**1,790,000.00**
Total Non-Tax Revenue		**15,411,100.00**	**16,958,000.00**
Note 5 Other Revenues			
Reimbursement		1,125,000.00	950,000.00
Total -Other Revenues		**1,125,000.00**	**950,000.00**
Note 5B Share of 10% State IGR			
Share of 10% State IGR		52,733,200.00	54,823,630.01
Total		**52,733,200.00**	**54,823,630.01**
Note 6 Salaries and Wages			
Ikwo LG Staff		448,201,019.20	212,870,415.45
UBEB		346,812,372.03	481,188,346.55
Health		88,076,985.68	30,495,826.68
Total		**883,090,376.91**	**724,554,588.68**
Note 7 Transfer to Other Govt Entities			
Ebonyi State Govt			
Police Reform		41,796,514.36	36,731,260.48
Neighbourhood Watch Security		13,707,692.31	13,707,692.31
Scholarship Board			4,001,529.10
Sub Total			**50,438,952.79**
Grant to INEC			8,310,769.23
Sub Total			**8,310,769.23**
Total		**55,504,206.67**	**58,749,722.02**
Note 8 Traveling and Transports			
The Council		340,000.00	370,000.00
Administration		70,000.00	20,000.00
Finance		50,000.00	40,000.00
Education		30,000.00	30,000.00
Works		40,000.00	
Planning & Statistics		10,000.00	20,000.00
Total		**540,000.00**	**480,000.00**
Note 9 Utilities - General			

Works		200,000.00	500,000.00
Total		**200,000.00**	**500,000.00**
Note 10 Materials and Supplies			
The Council		50,000.00	4,005,000.00
Administration		50,000.00	150,000.00
Finance		40,000.00	175,000.00
Planning & Statistics		20,000.00	105,000.00
Total		**160,000.00**	**4,435,000.00**
Note 11 Maintenance Services			
The Council		2,040,000.00	8,245,000.00
Administration		60,000.00	750,000.00
Finance		50,000.00	760,000.00
Education		2,004,592.24	1,590,000.00
Works		300,000.00	12,812,598.76
Total		**4,454,592.24**	**24,157,598.76**
Note 12 Training and Capacity Building			
The Council		120,000.00	860,000.00
Administration			
Total		**120,000.00**	**860,000.00**
Note 13 Security and Safety Services			
The Council		207,928,923.11	22,069,075.02
Administration			8,295,000.00
Total		**207,928,923.11**	**30,364,075.02**
Note 14 Consulting and Professional Services			
The Council		250,000.00	80,000.00
Finannce		600,000.00	200,000.00
Total		**850,000.00**	**280,000.00**
Note 15 Fuelling and Lubricants			
The Council		70,000.00	13,600.00
Total		**70,000.00**	**13,600.00**
Note 16 Financial Charges			
Finance		21,225.84	490,348.38
Total		**21,225.84**	**490,348.38**
Note 17 Public Debt Services			
Salary Bail out Loan		28,395,351.24	
Agric Loan		58,395,351.24	
Total		**58,395,351.24**	**-**
Note 18 Depreciation/Amortization			
Building	20	15,509,135.44	15,509,135.44
Infrastructure - Water	20	4,266,205.87	4,266,205.87
Infrastructure - Others	20	29,110,577.62	29,110,577.62
Plant and Machinery	20	8,614,978.20	8,614,978.20
Furniture and Fittings	20	-	-
Motor Vehicle	20	47,932,307.69	47,932,307.69
Office and Other Equipment	20	235,872.00	235,872.00
IT Equipment	20	-	
Total		**105,669,076.81**	**105,669,076.81**

Note 19 Other Recurrent Expenses By Nature			
Refreshment and Meals		135,000.00	9,004,300.00
National Program on Immunizatin		500,000.00	150,000.00
Publicity and Advertisement			800,000.00
Hon. and Sitting Allowances			250,000.00
Medical Expenses			7,050,000.00
Subsription to ALGON		1,600,000.00	11,161,000.00
Welfare Packages		23,650,999.99	14,663,461.54
JAC Processing Expenses		152,769,618.36	33,559,685.50
Special Day Celebrations		400,000.00	368,000.00
Annual Budget Expenses		200,000.00	2,000,000.00
Agric Related Programme Expenses		25,689,407.69	1,580,769.23
Government Donations		100,000.00	700,000.00
Mother and Child Initiative		300,000.00	80,000.00
Common Services(Committees)		1,330,000.00	250,000.00
Traditional Rulers Upkeep		3,885,923.09	2,633,076.94
State Youth Empowerment		738,461.54	950,000.00
Administrative fund charges		36,838,963.08	95,034,022.31
Subvention to DCs			34,864,077.17
Recruitment and Appointment		1,820,000.00	80,000.00
Ohaneze Ndigbo		126,923.08	-
Mass Literacy		200,000.00	-
Distribution of Fertilizer to farmers		52,733,200.00	54,823,630.01
Total		**303,018,496.83**	**270,002,022.70**

Note 20 Property, Plants and Equipments as at 31st December, 2018

Descriptions	Building	Infrastructure - Water	Infrastructure - Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office & Other Equipment	Under Constructions	IT Equipments	Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Opening bal. 1/1/18	469,596,400.00	5,416,425.00	64,989,500.00	56,316,750.00	0.00	75,815,384.62	842,400.00	357,521,180.78	0.00	1,030,498,040.41
Reclassified										-
Additions	47,374,781.31	79,907,692.31	517,222,052.32	1,116,438.00	-	163,846,153.84	-	8,347,683.09	-	817,814,800.87
Total	**516,971,181.31**	**85,324,117.31**	**582,211,552.32**	**57,433,188.00**	**0.00**	**239,661,538.46**	**842,400.00**	**365,868,863.87**	**0.00**	**1,848,312,841.28**
Depreciation	15,509,135.44	4,266,205.87	29,110,577.62	8,614,978.20	0.00	47,932,307.69	235,872.00	0.00	0.00	105,669,076.81
Written Down Value 31/12/18	**501,462,045.87**	**81,057,911.44**	**553,100,974.71**	**48,818,209.80**	**0.00**	**191,729,230.77**	**606,528.00**	**365,868,863.87**	**0.00**	**1,742,643,764.46**

Note 20 Property, Plants and Equipments as at 31st December, 2017

Descriptions	Building	Infrastructure - Water	Infrastructure - Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office & Other Equipment	Under Constructions	IT Equipments	Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Opening bal. 1/1/17	453,000,000.00	4,500,000.00	35,400,000.00	65,500,000.00	-	3,000,000.00	-	70,000,000.00	0.00	631,400,000.00
Reclassified										
Additions	31,120,000.00	1,201,500.00	33,010,000.00	755,000.00		91,769,230.78	1,170,000.00	287,521,180.78	-	446,546,911.56
Total	**484,120,000.00**	**5,701,500.00**	**68,410,000.00**	**66,255,000.00**	**0.00**	**94,769,230.78**	**1,170,000.00**	**357,521,180.78**	**0.00**	**1,077,946,911.56**
Depreciation	14,523,600.00	285,075.00	3,420,500.00	9,938,250.00	0.00	18,953,846.16	327,600.00	0.00	0.00	47,448,871.16
Written Down Value 31/12/17	**469,596,400.00**	**5,416,425.00**	**64,989,500.00**	**56,316,750.00**	**0.00**	**75,815,384.62**	**842,400.00**	**357,521,180.78**	**0.00**	**1,030,498,040.41**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
Note 21 Cash and Cash Equivalents			
Ikwo LG Allocation A/C		1,473,032.04	10,612,901.16
Total Cash and Cash Equivalents		**1,473,032.04**	**10,612,901.16**
Note 22 Short Term Loan			
Agric Loan		17,692,307.69	
Total		**17,692,307.69**	**-**
Note 23 Payables			
Employee Compensation			
Salary Arrears		64,850,250.00	61,284,400.00
Total		**64,850,250.00**	**61,284,400.00**
Note 24			
Financial Liability		**168,394,213.82**	**196,789,565.06**
Bailout Loan		**168,394,213.82**	**196,789,565.06**
Note 25 Pension and Gratuity			
Pension and		108,667,735.06	91,248,306.24
Gratuity		163,001,602.59	136,872,459.35
Total		**271,669,337.66**	**228,120,765.59**
Note 26 Net Assets/Equity			
Accumulated Surplus		1,075,369,079.34	395,824,548.73
Reserves		181,526,223.37	159,091,662.19
Total		**1,256,895,302.71**	**554,916,210.92**
Note 27 Statutory Allocations			
Statutory Allocation		1,742,844,558.84	1,077,988,741.36
Exchange Rate Difference Gain		142,435.42	95,148,752.64
Excess Bank Charges Refund		1,296,541.75	-
Augmented Fund Distribution		3,074,420.46	4,417,270.77
Local Govt Council Net		2,155,688.74	-
Non Oil Revenue			34,046,859.08
Excess Crude			19,097,560.15
Paris Club Refund			128,044,319.54
Forex Equalization		83,722,979.09	-
Total		**1,833,236,624.30**	**1,358,743,503.54**
Note 28 Share of Value Added Tax			
VAT Allocation from Federation Account		484,395,861.83	342,710,334.61
Total		**484,395,861.83**	**342,710,334.61**
Note 29 Internally Generated Revenue			
Tax Revenue		3,400,000.00	2,625,000.00
Tax Revenue Sub Total		**3,400,000.00**	**2,625,000.00**
Licences		1,950,000.00	3,720,000.00
Fines		526,000.00	1,050,000.00
Fees		5,395,000.00	4,448,000.00
Sales		2,150,000.00	1,750,000.00
Earnings		4,040,100.00	4,200,000.00
Rent		1,350,000.00	1,790,000.00
Non-Tax Revenue Sub Total		**15,411,100.00**	**16,958,000.00**
Reimbursement		1,125,000.00	950,000.00
Other Revenue Sub Total		**1,125,000.00**	**950,000.00**
Total		**19,936,100.00**	**20,533,000.00**
Note 30 Salaries and Wages			
Employee Compensation 31/12/2018	23.00	64,850,250.00	61,284,400.00
Reported in the statement of Cash Flow	6.00	883,090,376.91	724,554,588.68

Employee Compensation 1/1/2018		(61,284,400.00)	(58,306,250.00)
TOTAL		**886,656,226.91**	**727,532,738.68**
Note 31 Overhead Cost			
Travel & Transport		540,000.00	480,000.00
Utility		200,000.00	500,000.00
Materials & and Supplies		160,000.00	4,435,000.00
Maintenance		4,454,592.24	24,157,598.76
Training & Capacity Building		120,000.00	860,000.00
Consulting & Professional Services		850,000.00	280,000.00
Fuelling and Lubricants		70,000.00	13,600.00
Financial Charges		21,225.84	490,348.38
Refreshment and Meals		135,000.00	9,004,300.00
Publicity and Advertisement			800,000.00
Hon. and Sitting Allowances			250,000.00
Medical Expenses			7,050,000.00
Subsription to ALGON		1,600,000.00	11,161,000.00
Welfare Packages		23,650,999.99	14,663,461.54
JAC Processing Expenses		152,769,618.36	33,559,685.50
Special Day Celebrations		400,000.00	368,000.00
Annual Budget Expenses		200,000.00	2,000,000.00
Mother and Child Initiative		300,000.00	80,000.00
Common Services(Committees)		1,330,000.00	250,000.00
Traditional Rulers Upkeep		3,885,923.09	2,633,076.94
State Youth Empowerment		738,461.54	950,000.00
Administrative fund charges		36,838,963.08	149,857,652.32
Recruitment and Appointment		1,820,000.00	80,000.00
Ohaneze Ndigbo		126,923.08	-
Distribution of Fertilizer		52,733,200.00	
Mass Literacy		200,000.00	-
Total		**311,540,258.46**	**263,923,723.44**
Note 32 Service wide Vote			
Security & Safety Services		207,928,923.11	30,364,075.02
Government Donations		100,000.00	700,000.00
Total		**208,028,923.11**	**31,064,075.02**
Note 33 Programme Related Expenses			
National Program on Immunization		500,000.00	150,000.00
Agric Related Programme Expenses		25,689,407.69	1,580,769.23
Total		**26,189,407.69**	**1,730,769.23**
Note 34 Social Benefits			
Pension		71,889,065.16	110,335,693.69
Gratuity		7,692,307.69	74,472,093.20
Total		**79,581,372.85**	**184,807,786.89**
Note 35 Term Loans			
Agric Loan		**17,692,307.69**	
Total		**17,692,307.69**	**-**
Note 36 Public Debt Services			
Bail out fund		168,394,213.82	
Total		**168,394,213.82**	**-**
Note 37 Proceeds from Internal Loan			
Agric Loan		30,000,000.00	
Total		**30,000,000.00**	**-**
Note 38 Social Benefits			
Pension as Reported in the Statement of Cash Flow	33.00	71,889,065.16	110,335,693.69
Gratuity as Reported in the Statement of Cash Flow	33.00	7,692,307.69	74,472,093.20
Total		**79,581,372.85**	**184,807,786.89**

NOTE 39 SCHEDULE OF PROPERTY, PLANTS AND EQUIPMENT ACQUIRED DURING THE YEAR 2018

S/N	Nature	Location	Building	Infrastructure - Water	Infrastructure - Others	Plants and Machinery	Motor Vehicles	Under Construction	Total
			₦	₦	₦	₦	₦	₦	₦
1	200kv Transformer	Echara Ukwu				1,116,438.00			1,116,438.00
2	Borehole	Igboji Mkt, Ekpaomakaand Ochienyim		3,600,000.00					3,600,000.00
3	IKWO Noyo Ancestral Home	Ekpelu	1,537,600.00						1,537,600.00
4	Electricity Project at Ill Noyo	Ekpelu			841,047.00				841,047.00
5	Electricity Project at Obegu Rd	Echara Ukwu			1,800,000.00				1,800,000.00
6	1km Road Const	Eka - Awoke Ikwo			132,300,928.41				132,300,928.41
8	Front Fence	Ikwo LG Hqrs	6,000,000.00						6,000,000.00
9	Road	FUNAI junction to Ndiechi Echara Junction to Onuigboji						8,347,683.09	8,347,683.09
10	Road	Unigboji to Agubia			1,887,000.00				1,887,000.00
11	Bridge	Ophe Enyibichiri			660,000.00				660,000.00
13	Community Projects	Ikwo Communities	39,837,181.31	76,307,692.31	379,733,076.91		163,846,153.84		659,724,104.37
	TOTAL		**47,374,781.31**	**79,907,692.31**	**517,222,052.32**	**1,116,438.00**	**163,846,153.84**	**8,347,683.09**	**817,814,800.87**

TREASURER
IKWO LOCAL GOVERNMENT

CHAIRMAN
IKWO LOCAL GOVERNMENT

EBONYI STATE GOVERNMENT OF NIGERIA

REPORT OF

THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS OF

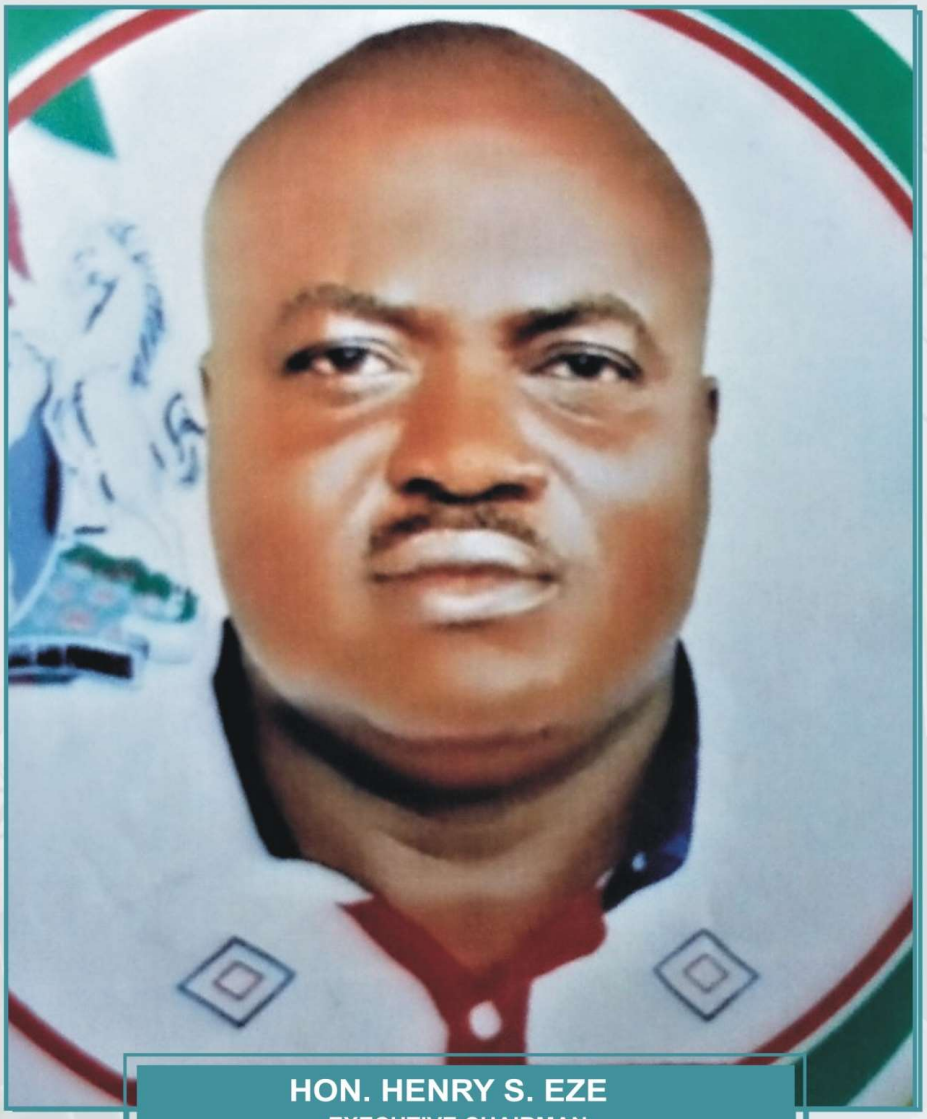
ISHIELU LOCAL GOVERNMENT

FOR THE YEAR ENDED

31ST DECEMBER, 2018

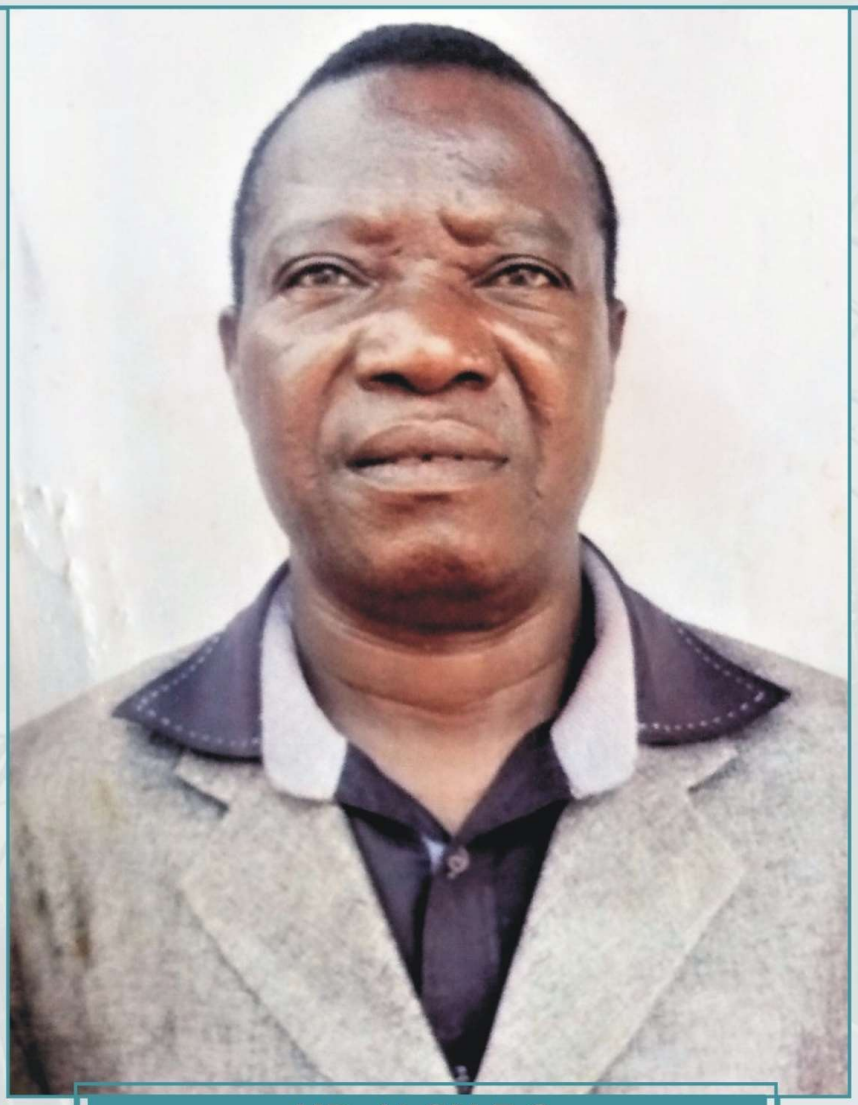
TO

EBONYI STATE HOUSE OF ASSEMBLY



HON. HENRY S. EZE
EXECUTIVE CHAIRMAN
ISHIELU LOCAL GOVERNMENT,
EBONYI STATE

PRINCE CHIMA FRANCIS I.
HPM
ISHIELU LOCAL GOVERNMENT,
EBONYI STATE



MR. ALOM E.O.
TREASURER,
ISHIELU LOCAL GOVERNMENT,
EBONYI STATE

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CHAPTER ONE

1.0. GENERAL OBSERVATIONS

1.1. Submission of the 2018 Financial Statements

In accordance with Ebonyi State Local Government Law (CAP.106) Sections 122 and 123 (i-iv) of 2009, and other extant Laws, the Financial Statements of Ishielu Local Government Area for the year ended 31st December 2018 was submitted to me on 15th June, 2020.

1.2. FAAC Revenue Allocations Not Disaggregated into Components Receipts

The budgeted amount for revenue from FAAC allocation was not disaggregated into the components of FAAC Receipts according to IPSAS Standard, in the Ishielu Local Government annual budget for the year ended 31st December, 2018.

CHAPTER TWO

2.0. STATEMENT OF FINANCIAL PERFORMANCE

2.1. INTERNALLY GENERATED REVENUE

Internally Generated Revenue (IGR) for the year ended 31st December, 2018 amounted to **two hundred and thirty two million, eight hundred and ninety thousand, six hundred and thirty nine naira, seven kobo (₦232,890,639.07)**. This represents **115.63%** of the IGR budget of Ishielu Local Government Council of **two hundred and one million, four hundred and one thousand, five hundred and thirty eight naira (₦201,401,538.00)** for the year. Of this amount generated, **one hundred and eighty three million, two hundred and fifty five thousand, eight hundred and thirty nine naira, seven kobo (₦183,255,839.07)** represents independent IGR (i.e. excluding receipts from the State in the form of share of 10% State IGR which amounted to **forty nine million, six hundred and thirty four thousand, eight hundred naira (₦49,634,800.00)**

The IGR budget performance according to subheads is as detailed below:

Head	2018 Budget **(₦)**	2018 Actual **(₦)**	Performance (%)
Share of State IGR	-	49,634,800.00	100.00
Taxes	1,000,000.00	-	0.00
Levy	-	-	0.00
Fuels	55,000,000.00	50,000,000.00	90.91
Sales	40,000,000.00	30,255,839.07	75.64
Earnings	8,951,538.00	-	0.00
Rent	450,000.00	-	0.00
Fees	48,000,000.00	50,000,000.00	104.17
Interests	-	-	0.00
Licences	48,000,000.00	53,000,000.00	110.42
	201,401,538.00	232,890,639.07	115.63

There was no budget for the following two subheads:

- Share of State IGR

- Levy
- Interests

Three revenue heads as detailed below with a total revenue budget of **two million, four hundred and one thousand, five hundred and thirty eight naira (₦10,401,538.00)** recorded nil revenue generation in the year.

Head	2018 Budget (₦)	2018 Actual (₦)	Performance %
Taxes	1,000,000.00	0.00	0.00
Earning	8,951,538.00	0.00	0.00
Rent	450,000.00	0.00	0.00
	10,401,538.00	0.00	0.00

The Local Government Council needs to properly organize its independent revenue collecting function to cover revenue collection in the communities. The nil collection recorded for **Taxes** and **Levy** point to a deficient revenue collection function.

2.2. Receipts From FAAC

For the year ended 31st December, 2018 receipts by Ishielu Local Government from the Federation Account Allocation Committee amounted to **two billion, nine million, five hundred and eleven thousand, five hundred and ninety seven naira, fifty four kobo (₦2,009,511,597.54)**. This represents **91.36%** of the budgeted receipt in this regard of **two billion, one hundred and ninety nine million, five hundred and forty seven thousand, five hundred and sixty naira, fifty four kobo** (**₦2,199,547,560.54**) for the year.

Receipts were received against the following FAAC revenue items:

Items	Amount (₦)
Statutory Allocation	1,017,495,506.00
VAT Allocation	427,635,146.88
Forex Equalization	74,120,358.84
Fund from NNPC	2,723,239.84
Exchanges Rate Gain	235,899,245.50

Excess Bank Charges Refund	1,148,442.13
LGCENET	250,489,658.35
	2,009,511,597.54

The Local Government Council did not make budget proposal for individual FAAC revenue items to enable assessment of budget performance for each item. Also prior year (2017) performance was not reported in the statement to enable an assessment of the direction of movement of FAAC revenue in the year.

These observed short comings need to be brought into the account in subsequent years to make the statement more readily understandable to users.

2.3. Recurrent Expenditure

Personnel Cost of the Council for the year ended 31st December, 2018 amounted to **seven hundred and ninety nine million, four hundred and thirty five thousand, one hundred eighty three naira, seventy five kobo (₦799,435,183.75).**

The cost was incurred as follows:

Items	2018 Budget (₦)	2018 Actual (₦)	Variance (₦)
Local Government Staff	151,895,260.00		(65,531,297.48)
		217,426,557.48	
Primary School	390,000,000.00		90,041,897.99
Teachers		299,958,102.01	
Health	57,653,679.00	77,282,924.14	(19,629,245.14)
Political Office Holders	112,891,863.00		(3,947,191.96)
		116,839,054.96	
Social Benefits	65,638,246.69	87,928,544.16	(22,290,297.47)
	778,079,048.69	799,435,182.75	(21,356,133.56)

The Council's Personnel Cost budget of **seven hundred and seventy eight million, seventy nine thousand, forty eight naira**, **sixty nine kobo (₦778,079,048.69)** was over spent to the tune of **twenty one million, three hundred and fifty six thousand, one hundred and thirty three naira**, **fifty six kobo (₦21,356,133.56)** or **2.74%** of the budget.

2.4. Overheads

Overheads for the year ended 31st December, 2018 amounted to **six hundred and eighty six million, one hundred and fifty two thousand, seven hundred and twelve naira, fifty seven kobo (₦686,152,712.57)**. An over expenditure of **three hundred and seven million, one hundred and sixty four thousand, two hundred and fifty one naira, three kobo (₦307,164,251.03)** over the overhead budget of **three hundred and seventy eight million, nine hundred and eighty eight thousand, four hundred and sixty one naira, fifty four kobo (₦378,988,461.54)** resulted in the year.

The following is an assessment of the councils overhead budget performance:

Items	2018 Budget (₦)	2018 Actual (₦)	Variance (₦)
Local Government Staff	2,850,000.00	3,885,923.09	(1,035,923.09)
Maintenance Services	2,700,000.00	11,976,153.84	(9,276,153.84)
Security Services	2,000,000.00	34,386,616.92	(32,386,616.92)
Consulting and Professional Service	1,200,000.00	1,380,000.00	(180,000.00)
Fueling and Lubricants	-	2,438,250.00	(2,438,250.00)
Utilities	-	500,000.00	

			(500,000.00)
Trainings and Capacity Building	-	500,000.00	
			(500,000.00)
Transfer to other Government Entities	-	66,044,188.23	
			(66,044,188.23)
Public Debt Service	-	28,395,351.00	(28,395,351.00)
Depreciation/Amortization	-		
		134,713,513.28	(134,713,513.28)
Financial Charges	-	99,651.84	(99,651.84)
Farm Inputs	-	49,634,800.00	(49,634,800.00)
Transport and Traveling	13,388,461.54	-	13,388,461.54
Other Recurrent Expenses	356,850,000.00	352,198,264.37	4,61,735.63
	378,988,461.54	636,152,712.57	(307,164,251.03)

There was no budget for **Fueling and Lubricants, Financial Charge**, **Utilities,** and **Public Debt Service, Farm Inputs**, **Training and Capacity Building**. The omission of these budget items is significant.

Significant over-expenditure was observed on **Other Recurrent Expenses**, **Maintenance Services** and **Security Services**.

Expenses classified as **other recurrent expenses** include:

Items	Amount (₦)
Refreshment and Meals	2,845,333.00
Welfare Packages	21,399,999.99
JAC Processing Expenses	170,653,845.29
Agric Related Program Expenses	25,569,407.69
Government Donation	1,750,000.00
Youth Empowerment	8,450,000.00
Admin Fund Charges	42,298,909.34
Overheads Subvention	78,153,845.98
Ohaneze Ndigbo	1,076,923.08
	352,198,264.37

2.5. Surplus of Revenue Over Recurrent Expenditure

Ishielu Local Government made a surplus of **six hundred and eighty five million, seven hundred and sixty thousand, thirty one naira, twelve kobo (₦685,760,031.12)** for the year ended 31st December, 2018.

This shows **156.63%** improvement on the council's surplus of **two hundred and sixty seven million, two hundred and thirteen thousand, sixty eight naira, thirty four kobo (₦267,213,068.34)** in 2017.

CHAPTER THREE

3.0. STATEMENT OF FINANCIAL POSITION

3.1. Current Assets

3.1.1. Cash and Cash Equivalents

Ishielu Local Government Council had Cash and Cash Equivalent amounting to **one hundred and sixty six thousand, forty four naira, seventy two kobo (₦166,044.72)** as at 31st December, 2018. This position is an improvement on the balance on the same account at the beginning of the year of **twenty nine thousand, four hundred and thirty four naira, fourteen kobo (₦29,434.14)**.

The Cash and Cash Equivalents were held in the following Council accounts:

	Amount
	₦
Council Account (Ecobank)	16,763.53
Council Account (UBA)	149,281.19
	166,044.72

3.1.2. Other Current Assets (Short Term Loan) (Receivables)

Short term loans amounting to **seventeen million, six hundred and ninety two thousand, three hundred and seven naira, sixty nine kobo (₦17,692,307.69)** was reported as at 31st December, 2018. This represents Agric Loans to farmers of Ishielu Local Government Council not yet recovered. The loan is due for recovery in the first quarter of year 2019.

3.2. Current Liabilities (Payables)

Payables in the Statement of Financial Position represent salary arrears owed staff of the Local Government Council as at 31st December, 2018. This amounted to **fifty one million, six hundred and eighty four thousand, five hundred naira (₦51,684,500.00)** as at 31st December, 2018.

3.3. Liquidity Status of Ishielu Local Government

Ishielu Local Government has a Cash Ratio of **0.003** and a current Ratio of **0.35** at 31st December, 2018. The implication of the Current Ratio is that current assets worth thirty five kobo are available to repay every one naira of current liabilities.

3.4. Property, Plant, and Equipment (PP & E)

Property, Plant, and Equipment (PP & E) acquired by the Local Government Council in the year ended 31st December, 2018 amounted to **eight hundred and sixty seven million, four hundred and thirty three thousand, twenty naira, fifty two kobo (₦867,433,020.52)** out of a capital budget of **one billion, six hundred and forty four million, one hundred and eighty four thousand, three hundred and eighty four naira, sixty two kobo (₦1,644,184,384.62).** Capital budget performance for the Local Government Council is therefore **52.76%.**

Assets acquired are in the following classes

Class of Asset	Amount (₦)
Building	285,685,921.61
Infrastructure:-Water	10,272,800.00
Infrastructure:-Others	257,011,736.57
Plants and Machinery	18,915,000.00
Furniture and fillings	1,600,000.00
Motor Vehicles	25,780,000.00
Office and other Equipment	3,500,000.00
Assets Under Construction	264,117,562.34
IT Equipment	550,000.00
	867,433,020.52

3.5. Non Current Liabilities

As at 31st December, 2018, Ishielu Local Government had arrears of Pension and Gratuity owed its retired staff amounting to **two hundred and seventy one million, six hundred and sixty nine thousand, three hundred and thirty seven naira, sixty six kobo (₦271,669,337.66).** Its classification as non-current assets shows payments of these arrears are not expected to be made within the next 12 months.

Also the Local Government had an Internal Loan balance of **one hundred and six eight million, three hundred and ninety four thousand, two hundred and thirteen naira (₦168,394,213.00).**This is the balance of the Federal Government salary Bail Out Loan obtained in 2015.

CHAPTER FOUR

4.0. Consolidated Statement of Cash Flow

4.1. Sources of Fund

For the year ended 31st December, 2018, Ishielu Local Government Area received fund from the following sources

Source	**Amount (₦)**
Statutory Allocation	1,581,876,450.66
Value Added Tax	427,635,146.88
10% State IGR	49,634,800.00
Internally Generated Revenue	183,255,839.07
	2,242,402,236.61

4.2. Uses of Fund

Funds generated in the period was on the following

Head	**Amount (₦)**
Salaries and Wages/Social Benefits	806,038,021.61
Overheads	406,904,242.00
Subvention to Development Centre	78,153,845.98
Transfer to other Government Entities	66,044,188.23
Investments	885,125,328.21
	2,242,265,626.03

The Investments reported in the year included:

Head	**Amount (₦)**
Loans to Local farmers	17,692,307.69
Infrastructure: Water	10,272,800.00
Construction of Office Building	285,685,921.61
Infrastructure: Other	257,011,736.57
Procurement of Plants and Machinery	18,915,000.00
Procurement of Official Vehicles	25,780,000.00
Assets Under Construction	264,117,562.34
Office Equipment and Filling	5,650,000.00
	885,125,328.21

4.3. Cash and Cash Equivalent

The closing Cash and Cash Equivalent on the Consolidated Cash Flow Statement agrees with the **one hundred and sixty six thousand, forty four naira,**

seventy two kobo ₦166,044.72 reported in the Statement of Financial Position as at 31st December, 2018.

AUDIT CERTIFICATE

The **Treasurer, Ishielu Local Government** is responsible for the preparation of the Financial Statements in accordance with Sections 116 of the Ebonyi State Local Government Law (CAP.106) of 2009 and the relevant provisions of the International Public Sector Accounting Standards (IPSAS)/ Guideline issued by the Federation Accounts Allocation Committee (FAAC) Sub-committee on IPSAS implementation; Financial Memorandum; and for being satisfied that the Financial Statements for the year ended 31st December, 2018 give a true and fair view of transactions of the Local Government.

My responsibility is to express an opinion on these Financial Statements with regard to compliance of transactions to regulations and statutes, efficient use of resources and accuracy of accounting records, based on the audit conducted in accordance with International Standards on Auditing (ISA).

I have obtained the information and explanations I required and certify, as a result of my audit that in my opinion, the Financial Statements and the Notes to the Accounts are complete, in compliance with relevant statutes and show a true and fair view of the State of affairs as at 31st December, 2018 and the transactions for the fiscal year ended on that date.

Mrs. P.N. Alobu,
Ag. Auditor-General for
Local Governments,
Ebonyi State.

Office of the Auditor-General for

Local Governments,
P.M.B 075
Abakaliki,
Ebonyi State.
15th October, 2020.

ISHIELU LOCAL GOVERNMENT

EBONYI STATE OF NIGERIA

REPORT

OF THE

TREASURER

WITH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER, 2018

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RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Financial Statements of Ishielu Local Government of Nigeria for the year ended 31st December, 2018, have been prepared by me in accordance with the International Public Sector Accounting Standard (IPSAS). The Time Adoption of Accrual Basis IPSAS and the Guideline issued by the Federation Allocation Account Committee (FAAC) Sub-Committee on IPSAS implementation.

IPSAS 24 requires that an entity shall present a Comparison of Budget Amount for which it is held publicly accountable and Actual Amount either as a separate additional Financial Statement or as additional budget columns in the Financial Statement. Ishielu Local Government opted for the former.

IPSAS 33 requires that recognition and/or measurement of Assets/Liabilities can be recognized for reporting within 3 years following the date of adoption. Ishielu Local Government adopted Accrual Basis IPSAS in 1st January, 2016.

ACCOUNTING AND REPORTING

All responsibilities bestowed on me as listed below have been fulfilled:

a. Ensuring that adequate system of internal controls are maintained to safeguard Assets and provide reasonable assurance that the transactions as recorded are within statutory authority; and also that the use of all public financial resources by the Government are properly recorded.
b. Ensuring that proper books and records were kept to ensure that the Financial Statements reflect the Financial Position of Ishielu Local Government and its operations for the year ended 31st December, 2018.

In compliance with IPSAS 33, I have prepared following Financial Statements as at 31st December, 2018.

1. Statement of Financial Performance
2. Statement of Financial Position
3. Statement of Cash Flow
4. Statement of Changes in Net Assets/Equity
5. Statement of Comparison of Budget and Actual Amount
6. Notes to the Financial Statements.

In my opinion, the Consolidated Financial Statements and the Notes thereto reflect the Financial Position of Ishielu Local Government of Nigeria as at 31st December, 2018.

TREASURER
ISHIELU LOCAL GOVERNMENT

CHAIRMAN
ISHIELU LOCAL

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following the adoption of the International Public Sector Accounting Standard (IPSAS) in Nigeria and National Chart of Accounts (NCOA), a standardized format of General Purpose Financial Statements (GPFS) have been designed and introduced by the Local Government. For effective and efficient use of NCOA and GPFS, the accounting policies for IPSAS accrual basis accounting been developed as a tool to direct the processes and procedures relating to Financial Reporting in the State.

The General Purpose Financial Statements include:

i. Statement of Financial Performance
ii. Statement of Financial Position
iii. Statement of Cash Flow
iv. Statement of Changes in Net Assets/Equity
v. Statement of Comparison of Budget and Actual Amount
vi. Notes to the Financial Statements.

1. **Basis of Preparation of Financial Statements:** The Financial Statements are prepared under the historical cost invention and in accordance with International Public Sector Accounting Standards (IPSAS). Accrual basis concept is the basis of preparation of all accounts by all reporting entities in the Local Government.
2. **Accounting Period:** The Accounting period (Fiscal Year) is January to 31st December. Each accounting year is divided into 12 Calendar months and it is set up as such in the Accounting System of the State.
3. **Reporting Currency:** The Reporting Currency in preparation of General Purpose Financial Statement is Nigeria Naira.
4. **Consolidated of Financial Statements:** The consolidation of General Purpose Financial Statements is based on the financial transactions of all Department and Agencies (DAs) of the Local Government. Government Business Entities (GBEs) are not included in the consolidations. Controlled Entities are fully consolidated from the date on which control is acquired.
5. **Notes to the Financial Statements:** Notes to the Financial Statements are presented in a manner that they cross reference to any related information in the Financial Statements.
6. **Comparative Information:** The General Purpose Financial Statements (GPFS) are designed to show all numerical information relating to previous year(s).
7. **Budget Figures:** A Statement of Comparison of Budget and Actual Amount is prepared for the determination of items of revenue and expenditure in respect to budgetary provisions. IPSAS 24 requires that an entity to present a comparison budget amount for which it is held publicly accountable and actual amount either as a separate additional Financial Statement or as additional budget columns in the Financial Statements. Ishielu Local Government opted for the former.
8. **Revenues:** Ishielu Local Government recognizes revenues from non-exchange transactions such as fees, taxes and fines when the event occurs and the Asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the Asset will flow to the entity and the fair value can be measured reliably. Revenue from the sales of goods and services is recognized when significant risks and rewards of ownership has been transferred to the buyer. Similarly, gain on disposal of Property, Plant and Equipment (PP&E) is recognized at the date control of the Asset is passed to the buyer.
9. **Expenditures:** Expenditures are classified as either recurrent or capital. All recurrent expenditures are reported on an accrual basis. (i.e. they are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made). Recurrent Expenditures are reported in the Statement of Financial Performance. Payments for purchase of items of Capital nature (PP&E) are treated as Assets under Non-Current Asset in the

Statement of Financial Position. At the end of the financial year, a schedule of PP&E is prepared as part of the Notes to GPFs.

10. **Assets under Construction:** Are not displayed until the constructions are completed. Under construction Assets acquired within a year are included in the schedule of PP&E for that year.
11. **Property, Plant and Equipment:** Property, Plant and Equipment (PP&E) include:

i. Building
ii. Infrastructure – Water
iii. Infrastructure – Others
iv. Plants & Machinery
v. Furniture & Fittings
vi. Motor Vehicles
vii. Office and other Equipment
viii. IT Equipment

Infrastructure – Water Assets include Boreholes, Dams and Water pipes while Infrastructure – Others Assets include Networks, Electrification and Bridges. Plant and Machinery includes Transformers and Earth moving Machines such as Bulldozers, Graders among others.

12. **Depreciation/Amortization:** The following Depreciation/Amortization rates apply:

Building	3%
Infrastructure – Water	5%
Infrastructure – Others	5%
Plants & Machinery	15%
Furniture & Fittings	24%
Motor Vehicles	20%
Office and other Equipment	28%
IT Equipment	30%
Intangible Assets	20%
Biological Assets	20%
Under Constructions	0%

13. **Capitalization:** There is no capitalization threshold. Any amount spent in connection with PP&E, Biological Assets and Intangibles that met the definition of Assets and recognized as Assets in the Statement of Financial Position. Other ones that didn't met the definition of Assets are charged to the Statement of Financial Performance.
14. **Statement of Cash Flow:** Statement of Cash Flow is prepared using the direct method. The Cash Flow consists:

i. Operating Activities
ii. Investing Activities
iii. Financing Activities

15. **Cash and Cash Equivalent:** Cash and Cash Equivalent are cash balance on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturing of 6 months or less in which Ishielu Local Government invests as part of its day-to-day cash management and which are readily convertible to known amount and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Asset in the Statement of Financial Position.
16. **Receivables:**

a. Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment.
b. Receivables from non-exchange are initially assessed at nominal amount or face value and subsequently adjusted for impairment.

17. **Loans:** Loans granted to other Government, Agencies or individuals are shown separately in the Statement of Financial Position.
18. **Investments:** Investments made in government stock, quoted companies etc are disclosed as Financial Assets in the Statement of Financial Position.
19. **Transfer from Other Government Entities:** Transfer from other government entities are non-exchange items and are recognized as revenue in the Statement of Financial Performance.
20. **Transfer to Other Government Entities:** Transfer to other government entities are non-exchange items and are recognized as expenses in the Statement of Financial Performance.
21. **Borrowing Costs:** Borrowing Cost are capitalized against qualifying assets as part of PP&E. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Other borrowing costs not capitalized are charged to Statement of Financial Performance.
22. **Foreign Currency:** Foreign Currency transactions are translated into Naira, the reporting currency, using the spot rate as at last day of the financial year.

TREASURER **CHAIRMAN**

ISHIELU LOCAL GOVERNMENT **ISHIELU LOCAL**

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
Revenue		₦	₦
Share of Statutory Revenue	1	1,581,876,450.66	1,140,643,455.36
Share of Value Added Tax	2	427,635,146.88	291,246,654.10
Tax Revenue	3	-	1,387,050.00
Non Tax Revenue	4	183,255,839.07	18,136,890.00
Other Revenues	5	-	1,867,500.00
10% State IGR	6	49,634,800.00	48,561,310.81
Total Revenue (A)		**2,242,402,236.61**	**1,501,842,860.27**
Recurrent Expenditure			
Salaries and Wages	32	729,906,148.76	551,864,260.75
Social Benefits	40	87,928,544.16	190,796,564.37
Traveling and Transports	9	3,020,000.00	1,310,000.00
Utilities	10	500,000.00	200,000.00
Material and Supplies	11	3,885,923.09	1,735,000.00
Maintenance Services	12	11,976,153.84	14,442,598.76
Training and Capacity Building	13	500,000.00	748,000.00
Security and Safety Services	14	34,386,616.92	17,846,153.85
Consulting and Professional Services	15	1,380,000.00	200,000.00
Fuelling and Lubricants	16	2,438,250.00	2,025,000.00
Financial Charges	17	99,651.84	334,256.70
Depreciation/Amortization	18	134,713,513.28	111,104,315.46
Public Debt Service	19	28,395,351.00	28,395,351.00
Other Recurrent Expenses	20	352,198,264.37	203,750,608.19
Procurement of Farm Input	21	49,634,800.00	48,561,310.81
Transfer to Other Govt Entities	8	66,044,188.23	61,316,372.04
Total Recurrent Expenditure (B)		**1,556,642,205.49**	**1,234,629,791.93**
Surplus for the year (A-B)		**685,760,031.12**	**267,213,068.34**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
ASSETS			
CURRENT ASSETS			
Cash and Cash Eqiuvalent	23	166,044.72	29,434.14
Short Term Loan	24	17,692,307.69	-
TOTAL CURRENT ASSETS (A)		**17,858,352.41**	**29,434.14**
NON CURRENT ASSETS			
Property, Plants and Equipments	22	3,042,293,796.51	2,309,574,289.27
TOTAL NON CURRENT ASSETS (B)		**3,042,293,796.51**	**2,309,574,289.27**
TOTAL ASSETS (C = A+B)		**3,060,152,148.92**	**2,309,603,723.41**
LIABILITIES			
CURRENT LIABILITIES			
Payables Public Debt	25	51,684,500.00	48,235,000.00
TOTAL CURRENT LIABILITIES (D)		**51,684,500.00**	**48,235,000.00**
NON CURRENT LIABILITIES			
Internal Loans (Bailout Fund)	26	**168,394,213.00**	**196,789,565.06**
Pension and Gratuity	27	271,669,337.66	228,120,765.59
TOTAL NON CURRENT LIABILITIES (E)		**440,063,551.48**	**424,910,330.65**
TOTAL LIABILITIES (F = D+E)		**491,748,051.48**	**473,145,330.65**
NET ASSETS/EQUITY (G = C-F)	28	**2,568,404,097.44**	**1,836,458,392.76**
CONTRIBUTED BY			
Accumulated Surplus		1,184,651,527.01	498,891,495.89
Reserves		1,383,752,570.43	1,337,566,896.87
TOTAL		**2,568,404,097.44**	**1,836,458,392.76**

TREASURER
ISHIELU LOCAL GOVERNMENT

CHAIRMAN
ISHIELU LOCAL

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
OPERATING ACTIVITIES			
RECEIPTS:			
Share of Statutory Revenue	1	1,581,876,450.66	1,140,643,455.36
Share of Value Added Tax	2	427,635,146.88	291,246,654.10
Tax Revenue	3	-	1,387,050.00
Non-Tax Revenue	4	183,255,839.07	18,136,890.00
Other Revenues	5	-	1,867,500.00
10% State IGR	6	49,634,800.00	
Total Receipts (A)		**2,242,402,236.61**	**1,453,281,549.46**
PAYMENTS:			
Salaries and Wages	7	726,456,648.76	551,268,260.75
Social Benefits	37	79,581,372.85	184,807,786.89
Overhead Cost	33	346,948,217.39	229,041,962.53
Service Wide Vote	34	34,386,616.92	17,846,153.85
Programme Related Expences	35	25,569,407.69	1,230,769.23
Overhead Subvention to Development Centres	36	78,153,845.98	22,868,082.89
Transfer to Other Govt Entities	8	66,044,188.23	61,316,372.04
Total Payments (B)		**1,357,140,297.82**	**1,068,379,388.18**
NET CASH GENERATED FROM OPERATING ACTIVITIES (C = A-B)		**885,261,938.79**	**384,902,161.28**
INVESTING ACTIVITIES			
Investment Property			
Short Term Loan	38	(17,692,307.69)	
Building	39	(285,685,921.61)	(189,257,892.15)
Infrastructure-Water	39	(10,272,800.00)	
Infrastructure-Others	39	(257,011,736.57)	(101,978,892.80)
Plants and Machinery	39	(18,915,000.00)	(68,634,597.93)
Furniture and Fittings	39	(1,600,000.00)	
Motor Vehicles	39	(25,780,000.00)	(25,107,221.85)
Office and Other Equipment	39	(3,500,000.00)	
IT Equipments	39	(550,000.00)	
Under Construction Assets	39	(264,117,562.34)	-
NET CASH USED IN INVESTING ACTIVITIES (D)		**(885,125,328.21)**	**(384,978,604.73)**
FINANCING ACTIVITIES			
NET CASH USED/GENERATED FROM FINANCING ACTIVITIES (E)		**-**	**-**
NET CASH FLOW IN ALL ACTIVITIES (F = C+D+E)		136,610.58	(76,443.45)
OPENING CASH AND CASH EQUIVALENT (G)		29,434.14	105,877.59
CLOSING CASH AND CASH EQUIVALENT (H = F+G)		**166,044.72**	**29,434.14**

TREASURER
ISHIELU LOCAL GOVERNMENT

CHAIRMAN
ISHIELU LOCAL

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 2018

Actual 2017 ₦		Actual 2018 ₦	Final Budget 2018 ₦	Original Budget 2018 ₦	Variance 2018 ₦
	Share of FAAC Allocation				
922,600,791.51	Statutory Allocation	1,017,495,506.00	1,504,547,560.54	1,504,547,560.54	(487,052,054.54)
291,246,654.10	Share of VAT Allocation	427,635,146.88	500,000,000.00	500,000,000.00	(72,364,853.12)
11,594,816.85	Exchange Rate Difference Gain	235,899,245.50	20,000,000.00	20,000,000.00	215,899,245.50
-	Exess Bank Charges Refund	1,148,442.13	15,000,000.00	15,000,000.00	(13,851,557.87)
3,780,538.10	Augmented Fund Distribution	2,723,239.84	10,000,000.00	10,000,000.00	(7,276,760.16)
-	Local Govt Council Net	250,489,658.35	50,000,000.00	50,000,000.00	200,489,658.35
58,278,269.40	Non Oil Revenue				-
16,344,719.96	Excess Crude				-
128,044,319.54	Paris Club Refund				-
-	Forex Equalization	74,120,358.84	100,000,000.00	100,000,000.00	(25,879,641.16)
1,431,890,109.46	**Sub Total(A)**	**2,009,511,597.54**	**2,199,547,560.54**	**2,199,547,560.54**	**(190,035,963.00)**
	Internally Generated Revenue				
1,387,050.00	Taxes	-	1,000,000.00	2,050,000.00	(1,000,000.00)
6,923,650.00	Licences	53,000,000.00	48,000,000.00	3,780,020.00	5,000,000.00
1,585,000.00	Fines	50,000,000.00	55,000,000.00	231,706.00	(5,000,000.00)
9,628,240.00	Fees	50,000,000.00	48,000,000.00	4,616,287.00	2,000,000.00
-	Sales	30,255,839.07	40,000,000.00	2,500,000.00	(9,744,160.93)
	Earnings		8,951,538.00	2,026,300.00	(8,951,538.00)
	Rent		450,000.00	1,250,000.00	(450,000.00)
1,867,500.00	Other Receipts 10% State IGR	49,634,800.00			49,634,800.00
21,391,440.00	**Sub Total(B)**	**232,890,639.07**	**201,401,538.00**	**16,454,313.00**	**31,489,101.07**
1,453,281,549.46	**Total Revenue(A+B)=D**	**2,242,402,236.61**	**2,400,949,098.54**	**2,216,001,873.54**	**(158,546,861.93)**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 2018

Actual		Actual	Final Budget	Original Budget	Variance
2017		2018	2018	2018	2018
₦		₦	₦	₦	₦
	Recurrent Expenditure by Nature				
551,268,260.75	Personnel Cost	726,456,648.76	126,648,939.00	126,648,939.00	(599,807,709.76)
184,807,786.89	Social Benefit	79,581,372.85	65,638,246.69	65,638,246.69	(13,943,126.16)
229,041,962.53	Overhead Cost	346,948,217.39	379,838,461.54	379,838,461.54	32,890,244.15
17,846,153.85	Service Wide Vote	34,386,616.92	-		(34,386,616.92)
1,230,769.23	Programme Related Expenses	25,569,407.69	-		(25,569,407.69)
22,868,082.89	Overhead Subvention to DCs	78,153,845.98	-		(78,153,845.98)
61,316,372.04	Transfer to Other Govt Entities	66,044,188.23	-		(66,044,188.23)
1,068,379,388.18	**Sub Total(E)**	**1,357,140,297.82**	**572,125,647.23**	**572,125,647.23**	**(785,014,650.59)**
	Capital Expenditure by Sector				
257,892,490.08	Administrative	329,158,229.30	651,930,000.00	651,930,000.00	322,771,770.70
101,978,892.80	Economic	551,917,098.91	796,860,000.00	796,860,000.00	244,942,901.09
	Law and Justice		-		-
	Regional		-		-
25,107,221.85	Social	4,050,000.00	195,393,384.62	195,393,384.62	191,343,384.62
384,978,604.73	**Sub Total(F)**	**885,125,328.21**	**1,644,183,384.62**	**1,644,183,384.62**	**759,058,056.41**
(76,443.45)	**Surplus/(Deficit) for the year D-(E+F)**	**136,610.58**	**(307,158.31)**	**(307,158.31)**	**443,768.89**

TREASURER
ISHIELU LOCAL GOVERNMENT

CHAIRMAN
ISHIELU LOCAL GOVERNMENT

CONSOLIDATED SEGMENT REPORTING

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	ADMINISTRATIVE	ECONOMIC	REGIONAL	SOCIAL	OTHERS	TOTAL
	₦	₦	₦	₦	₦	₦
Revenue						
Taxes		-				-
Levy		53,000,000.00				53,000,000.00
Fines		50,000,000.00				50,000,000.00
Sales		30,255,839.07				30,255,839.07
Fees		50,000,000.00				50,000,000.00
Other Revenue 10% State IGR		49,634,800.00				49,634,800.00
Share of Statutory Allocations					2,009,511,597.54	2,009,511,597.54
Total Revenue(A)	**-**	**232,890,639.07**	**-**	**-**	**2,009,511,597.54**	**2,242,402,236.61**
Expenses						
Personnel Cost	344,815,425.00			385,090,723.76		729,906,148.76
Overhead Cost	291,625,304.85	50,973,365.84	1,844,954.46	2,504,592.24		346,948,217.39
Service wide Vote	34,386,616.92					34,386,616.92
Programme Related Exp.		25,569,407.69				25,569,407.69
Subvention to Development Centres				78,153,845.98		78,153,845.98
Depreciation/Amortisation					138,070,436.36	138,070,436.36
Transfer to Other Govt Entities					66,044,188.23	66,044,188.23
Social Benefit					87,928,544.16	87,928,544.16
Total Expenses(B)	**670,827,346.77**	**76,542,773.53**	**1,844,954.46**	**465,749,161.98**	**292,043,168.75**	**1,507,007,405.49**
Surplus/(Deficit) (A-B)	**(670,827,346.77)**		**(1,844,954.46)**	**(465,749,161.98)**	**1,717,468,428.79**	**735,394,831.12**

TREASURER
ISHIELU LOCAL GOVERNMENT

CHAIRMAN
ISHIELU LOCAL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
Note 1 Share of Statutory Revenue			
Statutory Allocation	1a	1,017,495,506.00	922,600,791.51
Exchange Rate Difference Gain		235,899,245.50	11,594,816.85
Exess Bank Charges Refund		1,148,442.13	-
Augmented Fund Distribution		2,723,239.84	3,780,538.10
Local Govt Council Net		250,489,658.35	
Non Oil Revenue			58,278,269.40
Excess Crude			16,344,719.96
Paris Club Refund			128,044,319.54
Forex Equalization		74,120,358.84	
Total		**1,581,876,450.66**	**1,140,643,455.36**
Note 1a Statutory Allocation			
January		59,121,184.94	50,599,092.48
February		74,454,985.93	63,722,584.77
March		65,728,815.68	56,254,258.55
April		76,308,383.82	65,308,822.45
May		69,564,620.47	59,537,146.77
June		82,555,381.87	70,655,339.64
July		93,666,905.06	131,516,409.03
August		95,432,630.86	86,811,505.47
September		93,681,904.93	124,682,416.10
October		100,713,362.96	94,754,455.57
November		97,506,764.92	
December		108,760,564.56	118,758,760.68
Total		**1,017,495,506.00**	**922,600,791.51**
Note 2 Value Added Tax Allocation			
January		27,568,642.86	25,912,243.37
February		31,238,744.32	24,485,810.71
March		51,535,716.21	23,084,416.60
April		72,471,042.65	25,626,065.13
May		28,204,269.59	26,941,037.58
June		30,210,937.42	27,688,934.08
July		27,842,645.58	27,736,306.02
August		27,158,133.99	26,568,847.03
September		25,688,259.42	28,859,829.60
October		39,411,241.26	27,777,884.82
November		32,025,424.68	
December		34,280,088.90	26,565,279.16
Total		**427,635,146.88**	**291,246,654.10**
Note 3 Tax Revenue			
March			984,700.00
April			152,850.00
May			145,000.00

September			104,500.00
Total Tax Revenue		**-**	**1,387,050.00**
Note 4 Non-Tax Revenue			
Licenses			
May		8,800,000.00	1,628,200.00
June		9,470,000.00	1,965,800.00
July		12,800,000.00	
August		11,900,000.00	1,537,250.00
September		10,030,000.00	**1,792,400.00**
Sub Total		**53,000,000.00**	**6,923,650.00**
Fines			
January		5,500,000.00	835,000.00
February		8,000,000.00	
March		6,800,000.00	
April		9,500,000.00	
May		7,700,000.00	
June		5,750,000.00	
July		6,750,000.00	750,000.00
Sub Total		**50,000,000.00**	**1,585,000.00**
Fees			
January		6,500,000.00	
February		7,850,000.00	3,872,900.00
March		4,875,000.00	
April		5,700,000.00	
May		3,250,000.00	
June		8,250,000.00	
July		3,600,000.00	
August		4,175,000.00	2,493,550.00
September		5,800,000.00	3,261,790.00
Fees - Sub Total		**50,000,000.00**	**9,628,240.00**
Sales			
January		4,600,000.00	
February		5,370,000.00	
March		3,720,000.00	
April		3,460,000.00	
May		4,350,000.00	
June		4,955,839.07	
July		3,800,000.00	
Sales - Sub Total		**30,255,839.07**	**-**
Total Non-Tax Revenue		**183,255,839.07**	**18,136,890.00**
Note 5 Other Revenues			
5B Procurement of Fertilizer		49,634,800.00	
Reimbursement			1,867,500.00
Total -Other Revenues		**-**	**1,867,500.00**
Note 6 Share of State Revenue			
10% State IGR		**49,634,800.00**	48,561,310.81
Total		**49,634,800.00**	**48,561,310.81**

Note 7 Salaries and Wages			
LG Staff		224,526,870.04	289,990,773.59
UBEB		307,807,799.62	230,558,586.30
Health		77,282,924.14	30,718,900.86
Political Officers Salaries		116,839,054.96	
Total		**726,456,648.76**	**551,268,260.75**
Note 8 Transfer to Other Govt Entities			
Ebonyi State Govt:			
Police Reform		40,798,034.38	35,296,381.40
Ebonyi State House of Assembly		11,538,461.54	4,001,529.10
Neighbourhood Watch Security		13,707,692.31	13,707,692.31
Sub Total		**66,044,188.23**	**53,005,602.81**
Grant to INEC			8,310,769.23
Sub Total			**8,310,769.23**
Total		**66,044,188.23**	**61,316,372.04**
Note 9 Traveling and Transports			
The Council		2,826,500.00	1,150,000.00
Administration		101,500.00	65,000.00
Finance		92,000.00	95,000.00
Total		**3,020,000.00**	**1,310,000.00**
Note 10 Utilities - General			
Works		500,000.00	200,000.00
Total		**500,000.00**	**200,000.00**
Note 11 Materials and Supplies			
The Council		3,528,923.09	850,000.00
Administration		95,000.00	185,000.00
Finance		80,000.00	375,000.00
Education		35,000.00	125,000.00
Agriculture		20,000.00	50,000.00
Works		30,000.00	50,000.00
Health		32,000.00	50,000.00
Planning & Statistics		65,000.00	50,000.00
Total		**3,885,923.09**	**1,735,000.00**
Note 12 Maintenance Services			
The Council		2,850,000.00	1,500,000.00
Administration		250,000.00	
Education		2,736,153.84	75,000.00
Agriculture			55,000.00
Works		6,140,000.00	12,812,598.76
Total		**11,976,153.84**	**14,442,598.76**
Note 13 Training and Capacity Building			
The Council		500,000.00	650,000.00
Administration			98,000.00
Total		**500,000.00**	**748,000.00**
Note 14 Security and Safety Services			
The Council		32,346,616.92	17,846,153.85
Administration		2,040,000.00	
Total		**34,386,616.92**	**17,846,153.85**

Note 15 Consulting and Professional Services			
The Council		600,000.00	
Administration		480,000.00	
Finance		300,000.00	200,000.00
Total		**1,380,000.00**	**200,000.00**
Note 16 Fuelling and Lubricants			
The Council		1,520,000.00	1,575,000.00
Administration		918,250.00	450,000.00
Total		**2,438,250.00**	**2,025,000.00**
Note 17 Financial Charges			
Finance		99,651.84	334,256.70
Total		**99,651.84**	**334,256.70**
Note 18 Depreciation/Amortization			
Building	20	46,960,982.31	39,577,736.76
Infrastructure - Water	20	4,788,640.00	4,500,000.00
Infrastructure - Others	20	54,744,584.24	44,098,944.64
Plant and Machinery	20	12,212,911.24	11,030,189.69
Furniture and Fittings	20	1,514,880.00	1,488,000.00
Motor Vehicle	20	12,293,155.50	8,921,444.37
Office and Other Equipment	20	1,403,360.00	588,000.00
IT Equipment	20	795,000.00	900,000.00
Total		**134,713,513.28**	**111,104,315.46**
Note 19 Public Debt Service			
Salary Bailout Loan		**28,395,351.00**	
Total		**28,395,351.00**	
Note 20 Other Recurrent Expenses By Nature			
Refreshment and Meals		2,845,333.00	
Subscription to ALGON			10,531,000.00
Welfare Packages		21,399,999.99	11,838,461.54
JAC Processing Expenses		170,653,845.00	33,559,685.50
Agric Related Programme Expenses		25,569,407.69	1,230,769.23
Government Donations		1,750,000.00	
Common Services(Committees)			
Traditional Rulers			3,009,230.79
Youth Empowerment		8,450,000.00	
Administrative fund charges		42,298,909.34	149,108,729.24
Overhead Subventions to DCs		78,153,845.98	22,868,082.89
Ohaneze Ndigbo		1,076,923.08	
Total		**352,198,264.37**	**232,145,959.19**
Note 21 Farm Inputs			
Distribution of Fertilizer to Farmers		49,634,800.00	48,561,310.81
Total		**49,634,800.00**	**48,561,310.81**

Note 22 Property, Plants and Equipments as at 31st December, 2018

Descriptions	Building	Infrastructure - Water	Infrastructure - Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office & Other Equipment	Under Constructions	IT Equipments	Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Opening bal. 1/1/18	1,279,680,155.39	85,500,000.00	837,879,948.16	62,504,408.24	4,712,000.00	35,685,777.48	1,512,000.00	-	2,100,000.00	2,309,574,289.27
Reclassified										
Additions	285,685,921.61	10,272,800.00	257,011,736.57	18,915,000.00	1,600,000.00	25,780,000.00	3,500,000.00	264,117,562.34	550,000.00	867,433,020.52
Total	**1,565,366,077.00**	**95,772,800.00**	**1,094,891,684.73**	**81,419,408.24**	**6,312,000.00**	**61,465,777.48**	**5,012,000.00**	**264,117,562.34**	**2,650,000.00**	**3,177,007,309.79**
Depreciation	46,960,982.31	4,788,640.00	54,744,584.24	12,212,911.24	1,514,880.00	12,293,155.50	1,403,360.00	-	795,000.00	134,713,513.28
Written Down Value 31/12/18	**1,518,405,094.69**	**90,984,160.00**	**1,040,147,100.49**	**69,206,497.01**	**4,797,120.00**	**49,172,621.98**	**3,608,640.00**	**264,117,562.34**	**1,855,000.00**	**3,042,293,796.51**

Note 20 Property, Plants and Equipments as at 31st December, 2017

Descriptions	Building	Infrastructure - Water	Infrastructure - Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office & Other Equipment	Under Constructions	IT Equipments	Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Opening bal. 1/1/17	1,130,000,000.00	90,000,000.00	780,000,000.00	4,900,000.00	6,200,000.00	19,500,000.00	2,100,000.00	-	3,000,000.00	2,035,700,000.00
Reclassified										
Additions	189,257,892.15		101,978,892.80	68,634,597.93		25,107,221.85			-	384,978,604.73
Total	**1,319,257,892.15**	**90,000,000.00**	**881,978,892.80**	**73,534,597.93**	**6,200,000.00**	**44,607,221.85**	**2,100,000.00**	**-**	**3,000,000.00**	**2,420,678,604.73**
Depreciation	39,577,736.76	4,500,000.00	44,098,944.64	11,030,189.69	1,488,000.00	8,921,444.37	588,000.00	-	900,000.00	111,104,315.46
Written Down Value 31/12/17	**1,279,680,155.39**	**85,500,000.00**	**837,879,948.16**	**62,504,408.24**	**4,712,000.00**	**35,685,777.48**	**1,512,000.00**	**-**	**2,100,000.00**	**2,309,574,289.27**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
Note 23 Cash and Cash Equivalents			
Ishielu LG - Ecobank		16,763.53	10,318.57
Ishielu LG - UBA		149,281.19	19,115.57
Total Cash and Cash Equivalents		**166,044.72**	**29,434.14**
Note 24 Short Term Loan			
Agric Loan		17,692,307.69	
Total		**17,692,307.69**	**-**
Note 25 Payables			
Employee Compensation			
Salary Arrears		51,684,500.00	48,235,000.00
Total		**51,684,500.00**	**48,235,000.00**
Note 26 Internal Loan			
Salary Bailout Loan		168,394,213.00	196,789,565.06
Total		**168,394,214.00**	**196,789,565.06**
Note 27 Pension and Gratuity			
Pension		108,667,735.06	91,248,306.24
Gratuity		163,001,692.59	136,872,459.35
Total		**271,669,337.66**	**228,120,765.59**
Note 28 Net Assets/Equity			
Accumulated Surplus		1,184,651,527.01	498,891,495.89
Reserves		1,383,752,570.43	1,337,566,896.76
Total		**2,651,121,229.02**	**1,836,458,392.76**
Note 29 Statutory Allocations			
Statutory Allocation		1,017,495,506.00	922,600,791.51
Exchange Rate Difference Gain		235,899,245.50	11,594,816.85
Exess Bank Charges Refund		1,148,442.13	-
Augmented Fund Distribution		2,723,239.84	3,780,538.10
Local Govt Council Net		250,489,658.35	-
Non Oil Revenue			58,278,269.40
Excess Crude			16,344,719.96
Paris Club Refund			128,044,319.54
Forex Equalization		74,120,358.84	-
Total		**1,581,876,450.66**	**1,140,643,455.36**
Note 30 Share of Value Added Tax			
VAT Allocation from Federation Account		427,635,146.88	291,246,654.10
Total		**427,635,146.88**	**291,246,654.10**
Note 31 Internally Generated Revenue			
Tax Revenue		-	1,387,050.00
Tax Revenue Sub Total		**-**	**1,387,050.00**
Licences		53,000,000.00	6,923,650.00
Fines		50,000,000.00	1,585,000.00
Fees		50,000,000.00	9,628,240.00
Sales		30,255,839.07	-

Non-Tax Revenue Sub Total		**183,255,839.07**	**18,136,890.00**
Reimbursement		-	1,867,500.00
Other Revenue Sub Total		**-**	**1,867,500.00**
Total		**183,255,839.07**	**21,391,440.00**
Note 32 Salaries and Wages			
Employee Compensation 31/12/2018		51,684,500.00	48,235,000.00
Reported in the statement of Cash Flow	23	726,456,648.76	551,268,260.75
Employee Compensation 1/1/2018		(48,235,000.00)	(47,639,000.00)
TOTAL		**729,906,148.76**	**551,864,260.75**
Note 33 Overhead Cost			
Travel & Transport		3,020,000.00	1,310,000.00
Utility		500,000.00	200,000.00
Materials & and Supplies		3,885,923.09	1,735,000.00
Maintenance		11,976,153.84	14,442,598.76
Training & Capacity Building		500,000.00	748,000.00
Consulting & Professional Services		850,000.00	200,000.00
Fuelling and Lubricants		2,438,250.00	2,025,000.00
Financial Charges		99,651.84	334,256.70
Refreshment and Meals		2,845,333.00	-
Subscription to ALGON			10,531,000.00
Welfare Packages		21,399,999.99	11,838,461.54
JAC Processing Expenses		199,049,196.29	33,559,685.50
Farm Inputs		49,634,800.00	
Traditional Rulers			3,009,230.79
Youth Empowerment		8,450,000.00	-
Administrative fund charges		42,298,909.34	149,108,729.24
Ohaneze Ndigbo		1,076,923.08	-
Total		**346,948,217.39**	**229,041,962.53**
Note 34 Service wide Vote			
Government Donations		1,750,000.00	-
Security & Safety Services		34,386,616.92	17,846,153.85
Total		**34,386,616.92**	**17,846,153.85**
Note 35 Programme Related Expenses			
National Program on Immunization			
Agric Related Programme Expenses		25,569,407.69	1,230,769.23
Total		**25,569,407.69**	**1,230,769.23**
Note 37 Social Benefits			
Pension		71,889,065.16	73,917,402.43
Gratuity		7,692,307.69	110,890,384.46
Total		**79,581,372.85**	**184,807,786.89**
Note 38 Term Loans			
Agric Loan		17,692,307.69	
Total		**17,692,307.69**	**-**
Note 40 Social Benefits			
Pension as Reported in the Statement of Cash Flow	33	71,889,065.16	73,917,402.43
Gratuity as Reported in the Statement of Cash Flow	33	7,692,307.69	110,890,384.46
Total		**79,581,372.85**	**184,807,786.89**
Add:Closing balance 31/12/2018- Pension	24	62,719,163.55	59,264,725.23
Add:Closing balance 31/12/2018- Gratuity	24	294,627,256.35	289,734,523.36
Less: Opening balance 1/1/2018 - Pension		(59,264,725.23)	(57,463,749.58)
Less: Opening balance 1/1/2018 - Gratuity		(289,734,523.36)	(285,546,721.53)
Total		**87,928,544.16**	**190,796,564.37**

NOTE 36 SCHEDULE OF PROPERTY, PLANTS AND EQUIPMENT ACQUIRED DURING THE YEAR 2018

S/N	Nature	Building	Infrastructure - Water	Infrastructure - Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office & Other Equipment	Under Construction	IT Equipment	Total
		₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
1	Purchase of Assets	7,355,430.84			11,565,000.00	1,600,000.00	25,780,000.00	3,500,000.00		550,000.00	50,350,430.84
2	Construction of Assets	65,569,336.87	6,572,800.00	95,261,736.57					106,832,562.34		274,236,435.78
3	Rehabilitation of Assets	62,100,000.00		46,900,000.00							109,000,000.00
4	Commmunity and Rural	150,661,153.90	3,700,000.00	114,850,000.00	7,350,000.00				157,285,000.00		433,846,153.90
	TOTAL	**285,685,921.61**	**10,272,800.00**	**257,011,736.57**	**18,915,000.00**	**1,600,000.00**	**25,780,000.00**	**3,500,000.00**	**264,117,562.34**	**550,000.00**	**867,433,020.52**

TREASURER
ISHIELU LOCAL GOVERNMENT

CHAIRMAN
ISHIELU LOCAL GOVERNMENT

EBONYI STATE GOVERNMENT OF NIGERIA

REPORT OF

THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS OF

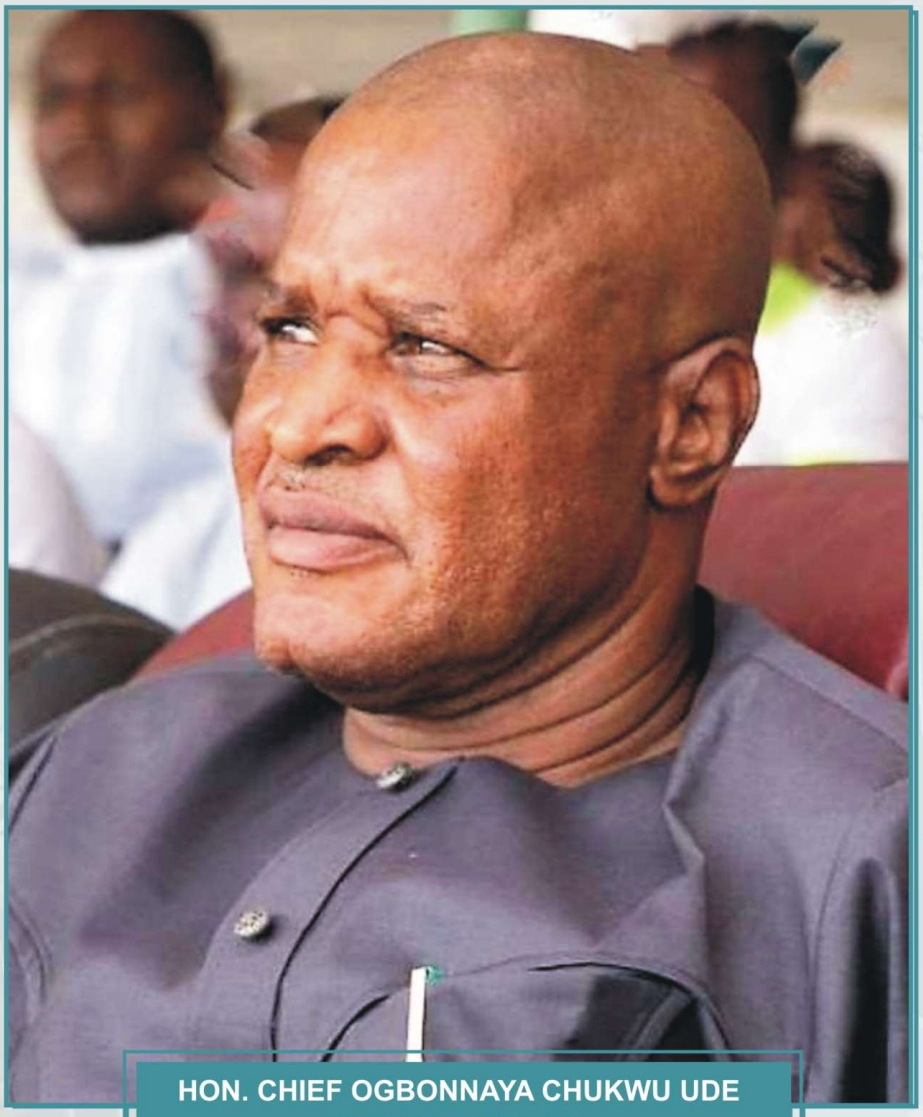
IVO LOCAL GOVERNMENT

FOR THE YEAR ENDED

31ST DECEMBER, 2018

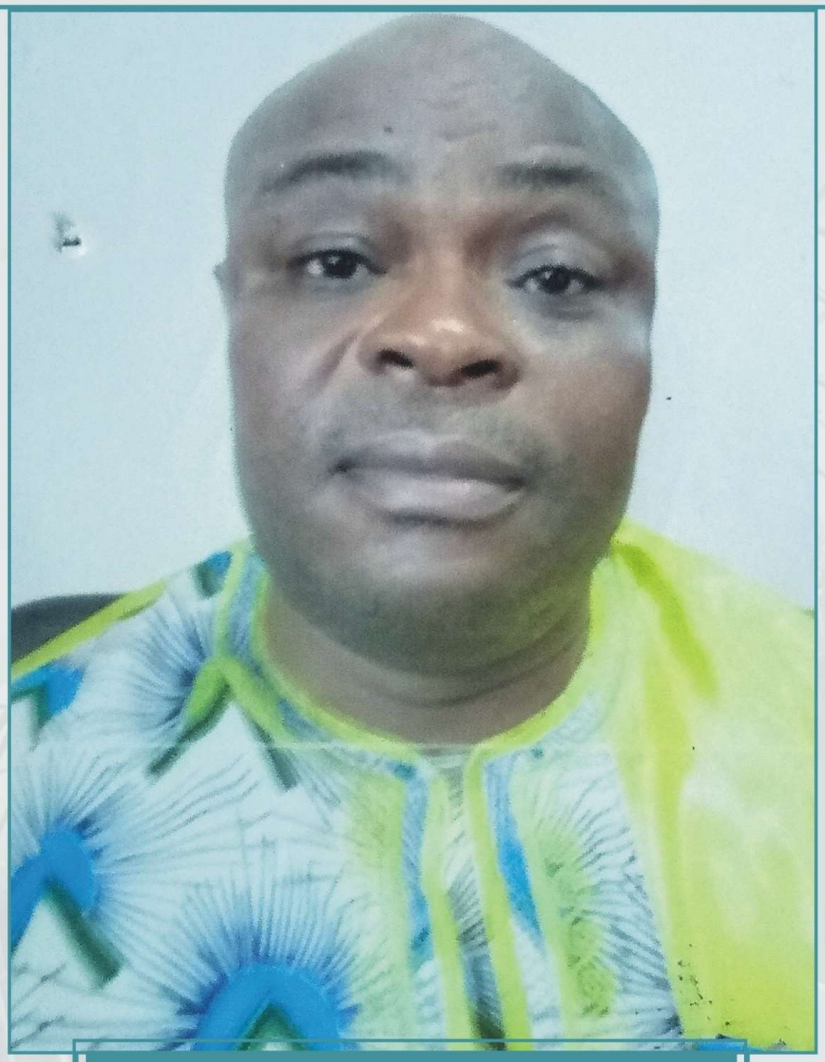
TO

EBONYI STATE HOUSE OF ASSEMBLY



HON. CHIEF OGBONNAYA CHUKWU UDE

EXECUTIVE CHAIRMAN
IVO LOCAL GOVERNMENT,
EBONYI STATE



NKAH IHEANACHO LEONARD
HPM
IVO LOCAL GOVERNMENT,
EBONYI STATE

CHUKWU ALEX A.
TREASURER,
IVO LOCAL GOVERNMENT,
EBONYI STATE

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CHAPTER ONE

1.0. GENERAL OBSERVATIONS

1.1. Submission of the 2018 Financial Statements

In accordance with Ebonyi State Local Government Law (CAP.106) Sections 122 and 123 (i-iv) of 2009, and other Extant Laws, the Financial Statements of Ivo Local Government for the year ended 31st December, 2018 was submitted to me on 4th June, 2020.

1.2 Final Budget Figures for Components of FAAC Revenue Not Disaggregated

The budgeted amount for revenue from FAAC was not disaggregated into the components of FAAC allocations in the Ivo Local Government Council annual budget for the year ended 31st December, 2018.

A lump sum provision for revenue from FAAC was made.

The council should, going forward, provide targets for all revenue sources for each year to encourage revenue collectors to work hard.

CHAPTER TWO

2.0. STATEMENT OF FINANCIAL PERFORMANCE

2.1. Internally Generated Revenue

Ivo Local Government recorded Internally Generated Revenue (IGR) of **fifty eight million, eighty three thousand, seven hundred naira (₦58,083,700.00)** for the year ended 31st December, 2018. This represents **195.57%** of the IGR budget of **twenty eight million, two hundred thousand naira (₦28,200,000.00)** for the year. Out of this amount **twenty three million, thirty two thousand naira (₦23,032,000.00)** represents independent IGR, i.e. IGR excluding share of **10% State IGR** distributed to Local Government Areas by this State Government.

The IGR budget performance according to revenue subheads is as detailed below:

2017 Actual (₦)	Subhead	2018 Actual (₦)	2018 Budget (₦)	Performance (%)
-	Share of State IGR	35,051,700.00	-	100.00
2,161,000.00	Taxes	3,050,000.00	2,500,000.00	122.00
2,625,600.00	Licences	3,890,000.00	5,050,000.00	77.03
576,000.00	Fines	1,009,200.00	2,500,000.00	40.37
3,050,700.00	Fees	6,215,500.00	9,700,000.00	64.08
750,000.00	Sales	875,000.00	-	100.00
3,359,500.00	Earnings	5,907,650.00	7,700,000.00	76.72
540,000.00	Rent	739,200.00	750,000.00	98.56
985,000.00	Other Receipts	1,345,450.00	1,500,000.00	89.70
14,047,800.00		23,032,000.00	29,700,000.00	195.57

IGR collection rose by **313.47%** over 2017 level. Taxes recorded **22%** above budget for the year.

The following IGR subheads recorded good revenue performances as shown below:

Rent	–	98.56%
Other Receipts	–	89.70%
Licences	–	77.03%
Earnings	–	76.72%

Fine and **Fees** recorded IGR performance of **40.37%** and **64.08%** respectively. There was no budget for **Sales** and **Share of State IGR** which generated **eight hundred and seventy five thousand (₦875,000.00) and thirty five million, fifty one thousand, seven hundred naira (₦35,051,700.00)**

in the year. No explanations were given for the non of budgetary provision for their subheads for the year.

2.2. Receipts from FAAC

For the fiscal year 2018, Ivo Local Government received **one billion, eight hundred and thirty seven million, nine hundred and eighty one thousand nine hundred and six naira eighty one kobo (₦1,837,981,906.81**) from Federation Accounts Allocation Committee (FAAC).This represents 138.77% of budgeted FAAC receipts of **one billion, three hundred and twenty four million, four hundred thirty seven thousand, one hundred and ninety one naira, fifty two kobo (₦1,324,437,191.52)**.

The Council received **five hundred and thirteen million, five hundred and forty four thousand, seven hundred and fifteen naira, twenty nine kobo (₦513,544,715.29)** above budgeted FAAC receipts for the period. Also, the Council received **four hundred and thirty eight million, eighty five thousand, nine hundred and eighty six naira, seventy eight kobo (₦438,085,986.78)** above FAAC receipts for year 2017 an increase of **31.29%.**

The details of the receipts against budget and 2017 figures for each FAAC revenue item are as shown below:

2017 Actual ₦	Item	2018 Budget ₦	2018 Actual ₦	Performance %
863,913,838.34	Statutory Allocation	969,437,191.52	1,395,302,409.99	143.93
258,268,094.62	Value Added Tax	300,000,000.00	369,507,447.14	123.17
76,253,416.19	Exchange Rate Gain	1,000,000.00	114,149.52	11.41
-	Excess Bank Charges	1,000,000.00	1,039,064.99	103.91
3,540,056.77	Augmented Fund	2,000,000.00	2,463,879.51	123.19
-	LGC Net	1,000,000.00	1,727,596.27	172.76
54,571,168.66	Non Oil Revenue	-	-	-
15,305,026.71	Excess Crude	-	-	-
128,044,319.00	Paris club refund	-	-	-
-	Forex Equalization	50,000,000	67,827,359.39	135.65
1,399,895,920.03		1,324,437,191.52	1,837,981,906.80	138.77

Except for **Exchange Rate Gain** all FAAC Revenue subheads from which the Local Government expected (budgeted) receipt achieved above budget performance for the year. Exchange Rate Gains recorded an **11.41%** performance.

The others performed as follows:

Statutory Allocation	-	143.93%
Value Added Tax	-	123.17%
Excess Bank Charge Refund	-	103.91%
Augmented Fund Distribution	-	123.19%
LGC Net	-	172.76%
Forex Equalization	-	135.77%

There were no budgets and no receipts on the following FAAC subheads in the year under review:

- Non Oil Revenue
- Excess Crude Account
- Paris Club Refund

2.3. Recurrent Expenditure

2.3.1. Personnel Cost

Ivo Local Government Council's Personnel Cost for the year ended 31st December, 2018 amounted to **five hundred and forty million, one hundred eighty seven thousand, two hundred and twenty two naira, twenty four kobo (₦540,187,222.84)** an increase of **2.37%** over Personnel Cost paid in 2017 by the Local Government.

The cost was incurred as follows:

2017 Actual (₦)	**Item**	**2018 Actual (₦)**
165,330,836.60	Council Staff	165,199,914.30
154,355,752.98	UBEB Teachers	208,688,290.69
23,162,380.89	Health Workers	75,415,421.75

182,807,786.89	Social Benefits (Pension & Gratuity)	86,932,010.85
527,686,752.36		540,187,222.84

Personnel Costs for the period were all within approved budget for the year.

2.3.2. Overheads

Overheads of the Council for the year ended 31st December, 2018 amounted to **nine hundred and twenty-five million, one hundred and thirty eight thousand, eight hundred and ninety three naira, twenty three kobo (₦925,138,893.23)** an increase of **63.60%** or **three hundred and fifty nine million, six hundred and thirty four thousand, seven hundred and forty eight naira, twenty three kobo (₦359,634,748.23)** over overhead costs for the previous year 2017 of **five hundred and sixty-five million, five hundred and four thousand, one hundred and forty five naira (₦565,504,145.00)**.

The following table is a comparison of actual overhead expenditure according to subheads for the year under review and the financial year, 2017.

Subhead	**2018 Actual (₦)**	**2017 Actual (₦)**	**Increase (Decrease) %**
Traveling & Transport	2,750,000	1,242,000	121.42
Utilities	600,000	350,000	71.43
Materials & Supplies	4,714,000	6,211,764.27	(24.11)
Maintenance Services	30,481,000	23,371,048.76	30.42
Training & Capacity Building	5,800,000	100,000	480.00
Security and Safety Services	214,762,307.73	23,686,153.85	806.20
Consulting & Professional Services	500,000	1,575,000	(68.25)
Fuel and Lubricants	4,000,000	540,000	640.74
Financial Changes	3,174.92	389,077.98	(99.18)

Farm Input	35,051,700.00	-	100.00
Depreciation/Amortization	153,585,037.93	132,925,298.21	15.54
Public Debt Service	28,395,351.24	28,395,351.24	-
Other Recurrent Expenses	390,728,009.86	285,934,004.08	46.58
Transfer to other Govt. Entities	53,768,311.55	60,784,446.61	(11.54)
	925,138,893.23	565,504,145.00	63.60

Significant increases in overhead expenditure were observed in the following subheads:

	% Increase over 2017
Traveling & Transport	121.42%
Maintenance Services	30.42%
Utilities	71.43%
Training & Capacity Building	480.00%
Security and Safety Services	806.70%
Fueling and Lubricants	640.74%
Depreciation/Amortization	15.54%
Other Recurrent Expenses	46.58%

Decreased overhead expenditure was observed on the following subheads:

	% Decrease over 2017
Materials & Supplies	24.11%
Consulting & Professional Services	68.25%
Financial Charges	99.18%
Transfer to other Govt. Entities	11.54%

There is no budget for **Farm Input** on which the sum of **thirty five million, fifty one thousand and seven hundred naira (₦35,051,700.00)** was spent in the year.

The '**Other Recurrent Expenses'** subhead on which a total of **three hundred and ninety million, seven hundred and twenty eight thousand, nine naira, eighty six kobo (₦390,728,009.86)** was expended is an aggregation of the following expenses:

	Amount (₦)
Refreshment and Meal	3,825,150.20
Honorarium & Sitting Allowances	1,250,000.00
Publicity and Advertisements	1,050,000.00
National Program on Immunization	1,940,000.00
Postage and Courier Services	105,000.00
Welfare Packages	28,144,999.99
JAAC Processing Expenses	152,769,618.36
Special Day Celebrations	1,314,909.00
Annual Budget Expenses	255,000.00
Agric Related Program Expenses	75,663,907.69
Gender Related Expenses	1,510,000.00
Government Donations	1,700.000.00
Mother and Child Initiative	700,000.00
Common Services	2,480,000.00
Traditional Rules upkeep	3,885,923.09
State Youth Empowerment	33,042,508.04
Admin Fund charges	70,295,040.00
Recruitment and Appointment	2,015,000.00
Subscription to ALGON	800,000.00
Service School fees	150,000.00
Subvention to DCs	7,754,030.41
Ohaneze Ndigbo	76,923.08
	390,728,009.86

CHAPTER THREE

3.0 STATEMENT OF FINANCIAL POSITION

3.1 CURRENT ASSETS

3.1.1. Cash And Cash Equivalents

As at 31st December, 2018, Ivo Local Government held Cash and Cash Equivalent amounting to **one million, one hundred and sixty two thousand, seven hundred and seventy three naira (₦1,162,773.00)**. This is an improvement on the balance of Cash and Cash Equivalents on 1st January, 2018 of **six hundred and seventy one thousand, four hundred and twenty seven naira, thirty two kobo (₦671,427.32)**.

The makeup of the balance is:-

	Amount (₦)
Council Account (UBA Bank)	537,131.17
Council Account (Zenith Bank)	250,361.37
Council Account (FCMB)	375,280.46
	1,162,773.00

3.1.2. Other Current Assets (Short Term Loan)

The short term loans of **seventeen million, six hundred and ninety two thousand, three hundred and seven naira, sixty nine kobo (₦17,692,307.69)** represents Agric Loans advanced to farmers in Ivo Local Government Council. The loans are recoverable in the first quarter of 2019.

3.2 Current Liabilities (Payables)

The payables reported in the financial statement of **sixty three million, two hundred and sixty five thousand, one hundred and forty seven naira, fifty kobo (₦63,265,147.50)** represents unpaid staff

salaries due to staff of the Local Government Council as at 31st December, 2018.

3.3. Liquidity Ratios

Ivo Local Government Council had a cash Ratio of **0.02** at 31st December, 2018 i.e. two kobo is available to defray every one naira of current liabilities. Also the current ratio of the Local Government Council at 31st December, 2018 was **0.30** meaning that thirty kobo worth of current assets is available to repay every one naira of current liabilities on that date.

3.4. Property, Plant and Equipment (PPE)

Ivo Local Government acquired PPE valued at **five hundred and seventy seven million, four hundred and forty three thousand, ninety eight naira, fifty five kobo (₦577,443,098.55)** in the year ended 31st December, 2018. This represents a **46.29%** capital budget performance.

The following classes of Assets were acquired in the period.

Class	**Amount (₦)**
Building	104,307,692.31
Infrastructure – others	255,052,660.20
Plants & Machinery	32,350,00.00
Motor vehicles	183,646,153.84
Office and other Equipment	2,086,592.20
	577,443,098.55

3.5. Non Current Liabilities

As at 31st December, 2018, Ivo Local Government had Non-current liabilities in the form of Arrears of Gratuity/Pensions and Balance on Internal Loans amounting to **four hundred and forty million, sixty-three thousand, five hundred and fifty-one naira, forty-eight kobo (₦440,063,551.48)** as detailed below:

Pension/Gratuity - 271,669,337.66

Internal Loan (Salary Bail Out)	-	168,394,213.32
		440,063,551.48

CHAPTER FOUR

4.0. Consolidated Statement of Cash Flow

4.1. Sources of Fund

For the year ended 31st December, 2018, Ivo Local Government Area received fund from the following sources

Source	**Amount (₦)**
Statutory Allocation	1,468,474,459.67
Value Added Tax	369,507,447.14
Internally Generated Revenue	58,083,700.00
	1,896,065,606.81

4.2. Uses of Fund

Funds generated in the period was on the following

Head	**Amount (₦)**
Salaries and Wages/Social Benefits	528,884,999.59
Overheads	710,031,513.34
Subvention to Development Centres	7,754,030.41
Transfer to other Government Entities	53,768,311.55
Investments	594,624,658.64
	1,895,063,513.53

The Investments reported in the year included:

Head	**Amount (₦)**
Loans to Local farmers	17,692,307.69
Construction of Office Building	104,307,692.31
Infrastructure: Others	255,052,660.20
Procurement of Plants and Machinery	32,350,000.00
Procurement of Official Vehicles	183,135,406.24
Office and other Equipment	2,086,592.20
	594,624,658.64

4.3. Cash and Cash Equivalent

The closing Cash and Cash Equivalent on the Consolidated Cash Flow Statement agrees with the **one million, one hundred and sixty two thousand, seven hundred and seventy three naira (₦1,162,773.00)** reported in the Statement of Financial Position as at 31st December, 2018.

AUDIT CERTIFICATE

The **Treasurer, Ivo Local Government** is responsible for the preparation of the Financial Statements in accordance with Sections 116 of the Ebonyi State Local Government Law (CAP.106) of 2009 and the relevant provisions of the International Public Sector Accounting Standards (IPSAS)/ Guideline issued by the Federation Accounts Allocation Committee (FAAC) Sub-committee on IPSAS implementation; Financial Memorandum; and for being satisfied that the Financial Statements for the year ended 31st December, 2018 give a true and fair view of transactions of the Local Government.

My responsibility is to express an opinion on these Financial Statements with regard to compliance of transactions to regulations and statutes, efficient use of resources and accuracy of accounting records, based on the audit conducted in accordance with International Standards on Auditing (ISA).

I have obtained the information and explanations I required and certify, as a result of my audit that in my opinion, the Financial Statements and the Notes to the Accounts are complete, in compliance with relevant statutes and show a true and fair view of the State of affairs as at 31st December, 2018 and the transactions for the fiscal year ended on that date.

Mrs. P.N. Alobu,
Ag. Auditor-General for
Local Governments,
Ebonyi State.

Office of the Auditor-General for
Local Governments,
P.M.B 075

Abakaliki,
Ebonyi State.
15th October, 2020.

IVO LOCAL GOVERNMENT

EBONYI STATE OF NIGERIA

REPORT

OF THE

TREASURER

WITH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2018

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RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements of Ivo Local Government of Nigeria for the year ended 31st December,2018, have been prepared by me in accordance with the International Public Sector Accounting Standards (IPSAS), (First Time Adoption of Accrual Basis IPSAS) and the Guideline issued by the Federation Allocation Account Committee (FAAC) Sub-Committee on IPSAS implementation.

IPSAS 24 requires that an entity shall present a Comparison of Budget Amount for which it is held publicly accountable and Actual Amount either as a separate additional Financial Statement or as additional budget columns in the Financial Statements. Ivo Local Government opted for the former.

IPSAS 33 requires that recognition and/or measurement of Assets/Liabilities can be recognized for reporting within 3 years following the date of adoption. Ivo Local Government adopted Accrual Basis IPSAS in 1stJanuary, 2016.

ACCOUNTING AND REPORTING

All responsibilities bestowed on me as listed below have been fulfilled:
Ensuring that adequate system of internal controls are maintained to safeguard assets and provide reasonable assurance that the transactions as recorded are within statutory authority; and also that the use of all public financial resources by the Government are properly recorded.

Ensuring that proper books and records of accounts were kept to ensure that the Financial Statements reflect the financial position of Ivo Local Government and its operations for the year ended 31st December, 2018.
In compliance with IPSAS 33, I have prepared the following financial statements as at 31st December 2018.

Statement of Financial Performance
Statement of Financial Position
Statement of Cash flow
Statement of Changes in Net Assets/Equity
Statement of Comparison of Budget and Actual Amount
Notes to the Financial Statements
In my opinion, the consolidated financial statements and the Notes thereto reflect the financial position of Ivo Local Government of Nigeria as at 31st December, 2018.

TREASURER
IVO LOCAL GOVERNMENT

CHAIRMAN
IVO LOCAL GOVERNMENT

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following the adoption of the International Public Sector Accounting Standard (IPSAS) in Nigeria and National Chart of Accounts (NCOA, a standardized format of General Purpose Financial Statements (GPFS) have been designed and introduced for adoption by the Local Government. For effective and efficient use of the NCOA and GPFS, the accounting policies for IPSAS accrual basis accounting have been developed as a tool to direct the processes and procedures relating to financial reporting in the State.

The General Purpose Financial Statements include:

Statement of Financial Position
Statement of Financial Performance
Statement of Cash Flow
Statement of net Assets/Equity
Statement of Budget Comparison and Actual
Notes to the Financial Statements.

Basis of Preparation of Financial Statements: The financial statements are prepared under the historical cost convention and in accordance with International Public Sector Accounting standards (IPSAS). Accrual basis concept is the basis of preparation of all accounts by all reporting entities in the Local Government.

Accounting Period: The accounting period (Fiscal Year) is from 1st January to 31st December. Each accounting year is divided into 12 calendar months and it is set up as such in the accounting system of the State.

Reporting Currency: The Reporting currency in preparation of General Purpose Financial Statements is Nigeria Naira.

Consolidation of Financial Statements: The consolidation of General Purpose Financial Statements is based on the financial transactions of all Departments and Agencies (DAs) of the Local Government. Government Business Entities (GBEs) are not included in the consolidations. Controlled Entities are fully consolidated from the date on which control is acquired.

Notes to the Financial Statements: Notes to the Financial Statements are presented in a manner that they cross reference to any related information in the Financial Statements.

Comparative Information: The General Purpose Financial Statements (GPFS) are designed to show all numerical information relating to previous year(s).

Budget Figures: A Statement of Comparison of Budget and Actual Amount is prepared for the determination of items of revenue and expenditure in respect to budgetary provisions. IPSAS 24 requires that an entity to present a comparison of budget amount for which it is held publicly accountable and actual amount either as a separate additional Financial Statement or as additional budget columns in the financial statements. Ivo Local Government opted for the former.

Revenues: Ivo Local Government recognizes revenues from non-exchange transactions such as fees, taxes and fines when the event occurs and the asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value can be measured reliably. Revenue from the sales of goods and services is recognized when significant risks and rewards of ownership has been transferred to the buyer. Similarly, gain on disposal of Property, Plant and Equipment (PP&E) is recognized at the date control of the asset is passed to the buyer.

Expenditures: Expenditures are classified as either recurrent or capital. All recurrent expenditures are reported on an accrual basis (ie they are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made). Recurrent Expenditures are reported in the Statement of Financial Performance. Payments for purchase of items of Capital nature (PP&E) are treated as Assets under Non-Current Assets in the Statement of Financial Position. At the end of the financial year, a schedule of PP&E is prepared as part of the Notes to GPFs.

Assets under Construction are not depreciated until the constructions are completed. Under construction assets acquired within a year are included in the schedule of PP&E for that year.

Property, Plant and Equipment (PP&E): Property, Plant and Equipment (PP&E) include:

Building
Infrastructure- Water
Infrastructure- Other
Plants & Machinery
Furniture & Fittings
Motor Vehicles
Office and other equipment
IT equipment

Infrastructure - Water assets include Boreholes, Dams and water pipes while Infrastructure-Others assets include road networks, electrification and bridges. Plant and Machinery includes Transformers and earth moving Machine such as Bulldozers, Graders among others.

Depreciation/Amortization: the following depreciation/amortization rates apply;

Building	3%
Infrastructure- Water	5%
Infrastructure- Other	5%
Plant & Machinery	15%
Furniture & Fittings	24%
Motor Vehicles	20%
Office & other Equipment	28%
IT Equipment	30%
Intangible Assets	20%
Biological Assets	20%
Under Constructions	0%

Capitalization: There is no capitalization threshold. Any amount spent in connection with PP&E, Biological Assets and Intangibles that met the definition of assets are capitalized and recognized as assets in the Statement of Financial Position. Other ones that didn't met the definition of assets are charged to the Statement of Financial Performance.

Statement of Cash Flow: Statement of Cash Flow is prepared using the direct method. The cash flow consists:

Operating activities
Investing activities
Financing activities

Cash and Cash Equivalent: Cash and Cash Equivalent are cash balance on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of 6 months or less in which Ivo Local Government invests as part of its day-to-day cash management and which are readily convertible to known amount of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Asset in the Statement of Financial Position.

Receivables: Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment

Receivables from non-exchange transactions are initially assessed at nominal amount or face value and subsequently adjusted for impairment.

Loans: Loans granted to other Government, agencies or individuals are shown separately in the Statement of Financial Position.

Investments: Investments made in government stock, quoted companies etc are disclosed as Financial Assets in the Statement of Financial Position.

Transfer from Other Government Entities: Transfer from other government entities are non-exchange items and are recognized as revenue in the Statement of Financial Performance.

Transfer to Other Government Entities: Transfer to other government entities are non-exchange items and are recognized as expenses in the Statement of Financial Performance.

Borrowing Costs: Borrowing Cost are capitalized against qualifying assets as part of PP&E. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Other borrowing costs not capitalized are charged to Statement of Financial Performance.

Foreign Currency: Foreign Currency transactions are translated into Naira, the reporting currency, using the spot rate as at last day of the financial year.

TREASURER
IVO LOCAL GOVERNMENT

CHAIRMAN
IVO LOCAL GOVERNMENT

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
Revenue		₦	₦
Share of Statutory Revenue	1	1,468,474,459.67	1,141,627,826.21
Share of Value Added Tax	2	369,507,447.14	258,268,094.62
Tax Revenue	3	3,050,000.00	2,161,000.00
Non Tax Revenue	4	18,636,550.00	10,901,800.00
Other Revenues	5	1,345,450.00	985,000.00
10% State IGR	6	35,051,700.00	43,936,351.85
Total Revenue (A)		**1,896,065,606.81**	**1,457,880,072.68**
Recurrent Expenditure			
Salaries and Wages	29	453,255,211.99	346,118,810.87
Social Benefits	35	86,932,010.85	190,878,259.08
Traveling and Transports	9	2,750,000.00	1,242,000.00
Utilities	10	600,000.00	350,000.00
Material and Supplies	11	4,714,000.00	6,211,764.27
Maintenance Services	12	30,481,000.00	23,371,048.76
Training and Capacity Building	13	5,800,000.00	100,000.00
Security and Safety Services	14	214,762,307.73	23,686,153.85
Consulting and Professional Services	15	500,000.00	1,575,000.00
Fuelling and Lubricants	16	4,000,000.00	540,000.00
Financial Charges	17	3,174.92	389,077.98
Public Debt Charge	18	28,395,351.24	28,395,351.24
Depreciation/Amortization	19	153,585,037.93	132,925,298.21
Other Recurrent Expenses	20	390,728,009.86	257,538,652.84
Procurement of Fertilizer	21	35,051,700.00	43,936,351.85
Transfer to Other Govt Entities	8	53,768,311.55	60,784,446.61
Total Recurrent Expenditure (B)		**1,430,274,416.07**	**1,118,042,215.55**
Surplus for the year (A-B)		**430,739,490.74**	**339,837,857.13**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
ASSETS			
CURRENT ASSETS			
Cash and Cash Eqiuvalent	23	1,162,773.00	671,427.32
Short Term Loan	24	17,692,307.69	-
TOTAL CURRENT ASSETS (A)		**18,855,080.69**	**671,427.32**
NON CURRENT ASSETS			
Property, Plants and Equipments	22	2,668,949,353.57	2,581,805,470.26
TOTAL NON CURRENT ASSETS (B)		**2,668,949,353.57**	**2,581,805,470.26**
TOTAL ASSETS (C = A+B)		**2,687,804,434.26**	**2,582,476,897.58**
LIABILITIES			
CURRENT LIABILITIES			
Payables	25	63,265,147.50	59,313,562.25
TOTAL CURRENT LIABILITIES (D)		**63,265,147.50**	**59,313,562.25**
NON CURRENT LIABILITIES			
Internal Loan (Bail Out Fund)	26	168,394,213.82	196,789,565.06
Pension and Gratuity	27	271,669,337.66	228,120,765.59
TOTAL NON CURRENT LIABILITIES (E)		**440,063,551.48**	**424,910,330.65**
TOTAL LIABILITIES (F = D+E)		**503,328,698.98**	**484,223,892.90**
NET ASSETS/EQUITY (G = C-F)	28	**2,184,475,735.28**	**1,321,624,879.43**
CONTRIBUTED BY			
Accumulated Surplus		1,207,367,615.99	776,628,125.25
Reserves		977,108,119.29	1,321,624,879.43
		2,184,475,735.28	**2,098,253,004.68**

TREASURER
IVO LOCAL GOVERNMENT

CHAIRMAN
IVO LOCAL GOVERNMENT

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
OPERATING ACTIVITIES			
RECEIPTS:			
Share of Statutory Revenue	1	1,468,474,459.67	1,141,627,826.21
Share of Value Added Tax	2	369,507,447.14	258,268,094.62
Tax Revenue	3	3,050,000.00	2,161,000.00
Non-Tax Revenue	4	18,636,550.00	10,901,800.00
Other Revenues	5	1,345,450.00	985,000.00
10% State IGR	6	35,051,700.00	
Total Receipts (A)		**1,896,065,606.81**	**1,413,943,720.83**
PAYMENTS:			
Salaries and Wages	7	449,303,626.74	342,848,970.47
Social Benefits	36	79,581,372.85	184,807,786.89
Overhead Cost	33	380,913,597.92	254,746,246.40
Service Wide Vote	34	216,462,307.73	35,386,153.85
Agric Inputs	21	35,051,700.00	
Programme Related Expences	35	77,603,907.69	1,730,769.23
Overhead Subvention to Development Centres		7,754,030.41	51,535,879.46
Transfer to Other Govt Entities	8	53,768,311.55	60,784,446.61
Total Payments (B)		**1,300,438,854.89**	**931,840,252.91**
NET CASH GENERATED FROM OPERATING ACTIVITIES (C = A-B)		**595,626,751.92**	**482,103,467.92**
INVESTING ACTIVITIES			
Infrastructure-Water	39	-	(45,128,540.00)
Infrastructure-Others	39	(255,052,660.20)	(174,401,275.00)
Plants and Machinery	39	(32,350,000.00)	(1,450,000.00)
Furniture and Fittings	39	-	(250,000.00)
Motor Vehicles	39	(183,646,153.84)	(96,094,930.78)
Office and Other Equipment	39	(2,086,592.20)	(4,650,000.00)
IT Equipments			(375,000.00)
Under Constructions			(28,345,632.68)
NET CASH USED IN INVESTING ACTIVITIES (D)		**(595,135,406.24)**	**(481,546,628.46)**
FINANCING ACTIVITIES			
Public Debt Charges		(28,395,351.24)	(28,395,351.24)
NET CASH USED/GENERATED FROM FINANCING ACTIVITIES (E)		**(28,395,351.24)**	**(28,395,351.24)**
NET CASH FLOW IN ALL ACTIVITIES (F = C+D+E)		491,345.68	556,839.46
OPENING CASH AND CASH EQUIVALENT (G)		671,427.32	114,587.86
CLOSING CASH AND CASH EQUIVALENT (H = F+G)		**1,162,773.00**	**671,427.32**

TREASURER
IVO LOCAL GOVERNMENT

CHAIRMAN
IVO LOCAL GOVERNMENT

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 2018

2017		2018	2018	2018	2018
Actual		Actual	Final Budget	Original Budget	Variance
₦		₦	₦	₦	₦
	Share of FAAC Allocation				
863,913,838.34	Share of Statutory Allocations	1,395,302,409.99	969,437,191.52	969,437,191.52	425,865,218.47
258,268,094.62	Share of VAT Allocation	369,507,447.14	300,000,000.00	300,000,000.00	69,507,447.14
76,253,416.19	Exchange Rate Gain	114,149.52	1,000,000.00	1,000,000.00	(885,850.48)
-	Excess Bank Charges Refund	1,039,064.99	1,000,000.00	1,000,000.00	39,064.99
3,540,056.77	Augmented Fund Distribution	2,463,879.51	2,000,000.00	2,000,000.00	463,879.51
-	Local Govt Council Net	1,727,596.27	1,000,000.00	1,000,000.00	727,596.27
54,571,168.66	Non Oil Revenue				
15,305,026.71	Excess Crude				
128,044,319.54	Paris Club Refund				
-	Forex Equalization	67,827,359.39	50,000,000.00	50,000,000.00	17,827,359.39
1,399,895,920.83	**Sub Total(A)**	**1,837,981,906.81**	**1,274,437,191.52**	**1,274,437,191.52**	**563,544,715.29**
	Internally Generated Revenue				
2,161,000.00	Taxes	3,050,000.00	2,500,000.00	2,500,000.00	550,000.00
2,625,600.00	Licences	3,890,000.00	5,050,000.00	5,050,000.00	(1,160,000.00)
576,000.00	Fines	1,009,200.00	2,500,000.00	2,500,000.00	(1,490,800.00)
3,050,700.00	Fees	6,215,500.00	9,700,000.00	9,700,000.00	6,215,500.00
750,000.00	Sales	875,000.00	-		875,000.00
3,359,500.00	Earnings	5,907,650.00	7,700,000.00	7,700,000.00	5,907,650.00
540,000.00	Rent	739,200.00	750,000.00	750,000.00	739,200.00
985,000.00	Other Receipts	1,345,450.00	-		1,345,450.00
14,047,800.00	**Sub Total(B)**	**23,032,000.00**	**28,200,000.00**	**28,200,000.00**	**12,982,000.00**
	Aid & Grants		1,200,000,000.00	1,200,000,000.00	(1,200,000,000.00)
-	**Sub Total (D)**	**-**	**1,200,000,000.00**	**1,200,000,000.00**	**(1,200,000,000.00)**
1,413,943,720.83	**Total Revenue(A+B+C)=D**	**1,861,013,906.81**	**2,502,637,191.52**	**2,502,637,191.52**	**(623,473,284.71)**
	Recurrent Expenditure by Nature				
342,848,970.47	Personnel Cost	449,303,626.74	460,191,479.92	460,191,479.92	10,887,853.18
184,807,786.89	Social Benefit	79,581,372.85	85,000,000.00	85,000,000.00	5,418,627.15
254,746,246.40	Overhead Cost	380,913,597.92	390,000,000.00	390,000,000.00	9,086,402.08
35,386,153.85	Service Wide Vote	216,462,307.73	220,000,000.00	220,000,000.00	3,537,692.27
1,730,769.23	Programme Related Expenses	77,603,907.69	80,000,000.00	80,000,000.00	2,396,092.31
51,535,879.46	Overhead Subvention to DCs	7,754,030.41	10,000,000.00	10,000,000.00	2,245,969.59
60,784,446.61	Transfer to Other Govt Entities	53,768,311.55	60,000,000.00	60,000,000.00	6,231,688.45
931,840,252.91	**Sub Total(E)**	**1,265,387,154.89**	**1,305,191,479.92**	**1,305,191,479.92**	**39,804,325.03**
	Capital Expenditure by Sector				
226,946,180.78	Administrative	62,278,899.89	463,415,454.14	463,415,454.14	401,136,554.25
208,021,907.68	Economic	507,856,506.35	742,030,257.46	742,030,257.46	234,173,751.11
	Law and Justice		-		-
	Regional		-		-
46,578,540.00	Social	25,000,000.00	42,000,000.00	42,000,000.00	17,000,000.00
481,546,628.46	**Sub Total(F)**	**595,135,406.24**	**1,247,445,711.60**	**1,247,445,711.60**	**652,310,305.36**
556,839.46	**Surplus/(Deficit) for the year D-E-F**	**491,345.68**	**(50,000,000.00)**	**(50,000,000.00)**	**68,641,345.68**

TREASURER
IVO LOCAL GOVERNMENT

CHAIRMAN
IVO LOCAL GOVERNMENT

CONSOLIDATED SEGMENT REPORTING

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	ADMINISTRATIVE	ECONOMIC	LAW & JUSTICE	REGIONAL	SOCIAL	OTHERS	TOTAL
	₦	₦	₦	₦	₦	₦	₦
Revenue							
Taxes		3,050,000.00					3,050,000.00
Levy		3,890,000.00					3,890,000.00
Fines		1,009,200.00					1,009,200.00
Fees		6,215,500.00					6,215,500.00
Sales		875,000.00					875,000.00
Earnings		5,907,650.00					5,907,650.00
Rent		739,200.00					739,200.00
Other Revenues						1,345,450.00	1,345,450.00
Share of Statutory Allocations						1,837,981,906.81	1,837,981,906.81
Total Revenue(A)	**-**	**21,686,550.00**	**-**	**-**	**-**	**1,839,327,356.81**	**1,861,013,906.81**
Expenses							
Personnel Cost	169,151,499.55				284,103,712.44		453,255,211.99
Overhead Cost	380,913,597.92						380,913,597.92
Service wide Vote	216,462,307.73						216,462,307.73
Programme Related Exp.	77,603,907.69						77,603,907.69
Depreciation/Amortisation						153,585,037.93	153,585,037.93
Other Recurrent Expenses						7,754,030.41	7,754,030.41
Transfer to Other Govt Entities						53,768,311.55	53,768,311.55
Social Benefit						86,932,010.85	86,932,010.85
Total Expenses(B)	**844,131,312.89**	**-**	**-**	**-**	**284,103,712.44**	**302,039,390.74**	**1,430,274,416.07**
Surplus/(Deficit) (A-B)	**(844,131,312.89)**	**21,686,550.00**	**-**	**-**	**(284,103,712.44)**	**1,537,287,966.07**	**430,739,490.74**

TREASURER
IVO LOCAL GOVERNMENT

CHAIRMAN
IVO LOCAL GOVERNMENT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
Note 1 Share of Statutory Revenue			
Statutory Allocation	1a	1,395,302,409.99	863,913,838.34
Exchange Rate Difference Gain	1b	114,149.52	76,253,416.19
Exess Bank Charges Refund	1e	1,039,064.99	-
Augmented Fund Distribution	1c	2,463,879.51	3,540,056.77
Local Govt Council Net		1,727,596.27	
Non Oil Revenue	1g		54,571,168.66
Excess Crude	1f		15,305,026.71
Paris Club Refund			128,044,319.54
Forex Equalization	1d	67,827,359.39	-
Total		**1,468,474,459.67**	**1,141,627,826.21**
Note 1a Statutory Allocation			
January		112,680,061.79	47,380,466.83
February		108,231,310.71	59,669,169.27
March		115,385,380.25	52,675,905.85
April		99,630,394.26	61,154,505.82
May		123,787,802.86	55,749,968.42
June		120,407,537.36	66,160,929.23
July		125,296,897.46	123,150,605.09
August		120,879,874.90	81,289,395.80
September		117,980,375.11	116,751,324.79
October		117,980,375.11	88,727,092.11
November		122,222,574.14	
December		110,819,826.04	111,204,475.13
Total		**1,395,302,409.99**	**863,913,838.34**
Note 1b Exchange Rate Gain Alloc.			
January			11,115,632.64
February			10,119,100.27
March			8,388,583.19
April			13,981,187.67
May			8,019,949.08
June			13,771,696.72
September		57,074.78	
October		57,074.74	10,857,266.62
Total		**114,149.52**	**76,253,416.19**
Note 1c Augmented Fund Distribution			
June			3,540,056.77
August		2,463,879.51	
Total		**2,463,879.51**	**3,540,056.77**
Note 1d Forex Equalization			
January		6,317,407.12	
March		28,640,930.18	
April		12,828,525.10	
May		98,856.66	
August		5,138,704.29	
November		14,596,756.15	
December		206,179.89	
Total		**67,827,359.39**	**-**
Note 1e Excess Bank Charges Refund			

September		1,039,064.99	
Total		**1,039,064.99**	**-**
Note 1f Excess Crude			
February			7,557,376.26
April			4,570,390.89
May			3,177,259.56
Total			**15,305,026.71**
Note 1g Non Oil Revenue			
January			8,828,391.27
February			4,936,546.10
March			12,504,188.53
May			1,016,458.43
June			27,285,584.33
Total			**54,571,168.66**
Note 2 Value Added Tax Allocation			
January		26,825,764.83	25,210,862.34
February		30,383,655.46	23,835,321.46
March		111,875,127.38	22,472,096.07
April		2,313,858.09	24,930,190.89
May		27,435,602.35	26,191,880.00
June		29,384,366.12	26,981,259.31
July		27,087,589.02	27,013,947.05
August		26,452,035.93	25,856,319.38
September		24,987,928.91	28,092,635.67
October		24,987,928.91	27,040,747.62
November		31,210,749.14	
December		33,388,605.83	25,853,697.17
Total		**369,507,447.14**	**258,268,094.62**
Note 3 Tax Revenue			
February		300,000.00	250,000.00
March		250,000.00	175,000.00
April		225,000.00	184,500.00
June		325,000.00	265,000.00
July		350,000.00	127,500.00
October		450,000.00	287,500.00
November		500,000.00	325,000.00
December		650,000.00	546,500.00
Total Tax Revenue		**3,050,000.00**	**2,161,000.00**
Note 4 Non-Tax Revenue			
LICENSES			
February		250,500.00	152,000.00
March		400,000.00	278,000.00
May		120,000.00	174,000.00
June		150,000.00	168,000.00
July		112,000.00	97,000.00
August		628,650.00	432,000.00
September		540,700.00	317,800.00
October		462,350.00	245,000.00
November		375,800.00	231,000.00
December		850,000.00	530,800.00
Sub Total		**3,890,000.00**	**2,625,600.00**
Fines			

February		92,450.00	42,000.00
April		75,450.00	64,750.00
May		124,350.00	88,500.00
July		187,500.00	
September		85,000.00	152,000.00
October		55,000.00	
November		214,200.00	127,250.00
December		175,250.00	101,500.00
Sub Total		**1,009,200.00**	**576,000.00**
Fees			
February		500,000.00	450,000.00
March		575,000.00	
April		450,000.00	345,150.00
May		602,500.00	367,000.00
July		835,600.00	
September		782,100.00	568,000.00
October		645,300.00	256,000.00
November		825,000.00	214,850.00
December		1,000,000.00	849,700.00
Fees - Sub Total		**6,215,500.00**	**3,050,700.00**
Sales			
May		875,000.00	
December			750,000.00
Sales - Sub Total		**875,000.00**	**750,000.00**
Earnings			
January		600,000.00	550,000.00
February		638,500.00	437,000.00
March		350,000.00	270,000.00
April		592,500.00	
May		294,550.00	412,790.00
June		642,250.00	264,870.00
July		192,500.00	
August		485,800.00	
September		645,300.00	250,940.00
October		463,750.00	
November		675,000.00	428,900.00
December		327,500.00	745,000.00
Earnings - Sub Total		**5,907,650.00**	**3,359,500.00**
Rent			
February		92,450.00	
April		75,450.00	49,000.00
May		104,350.00	
July		107,500.00	
September		85,000.00	324,000.00
October		55,000.00	
November		114,200.00	
December		105,250.00	167,000.00
Rent - Sub Total		**739,200.00**	**540,000.00**
Total Non-Tax Revenue		**18,636,550.00**	**10,901,800.00**
Note 5 Other Revenues			
5B Procurement of Fertilizer		35,051,700.00	
Miscellaneous		1,345,450.00	985,000.00
Total -Other Revenues		**1,345,450.00**	**985,000.00**
Note 6 Share of State Revenue			
10% StatevIGR		35,051,700.00	43,936,351.85
Total		**35,051,740.00**	**43,936,351.85**

Note 7 Salaries and Wages			
AI LG Staff		165,199,914.30	165,330,836.60
UBEB		208,688,290.69	154,355,752.98
Health		75,415,421.75	23,162,380.89
Total		**449,303,626.74**	**342,848,970.47**
Note 8 Transfer to Other Govt Entities			
Ebonyi State Govt:			
Police Reform		40,060,619.24	34,764,455.97
Scholarship Board			4,001,529.10
Neighbourhood Watch Security		13,707,692.31	13,707,692.31
Sub Total		**53,768,311.55**	**52,473,677.38**
INEC			8,310,769.23
Sub Total			**8,310,769.23**
Total		**53,768,311.55**	**60,784,446.61**
Note 9 Traveling and Transports			
The Council		950,000.00	1,242,000.00
Administration		1,700,000.00	
Education		100,000.00	
Total		**2,750,000.00**	**1,242,000.00**
Note 10 Utilities - General			
Works		600,000.00	350,000.00
Total		**600,000.00**	**350,000.00**
Note 11 Materials and Supplies			
The Council		3,154,000.00	6,211,764.27
Administration		10,000.00	
Finance		1,550,000.00	
Total		**4,714,000.00**	**6,211,764.27**
Note 12 Maintenance Services			
The Council		986,000.00	10,558,450.00
Administration		12,235,000.00	
Finance		700,000.00	
Works		16,560,000.00	12,812,598.76
Total		**30,481,000.00**	**23,371,048.76**
Note 13 Training and Capacity Building			
Administration		3,800,000.00	100,000.00
Finance		2,000,000.00	
Total		**5,800,000.00**	**100,000.00**
Note 14 Security and Safety Services			
The Council		201,662,307.73	17,846,153.85
Administration		11,600,000.00	5,840,000.00
Works		1,000,000.00	
Health		500,000.00	
Total		**214,762,307.73**	**23,686,153.85**
Note 15 Consulting and Professional Services			
The Council			1,375,000.00
Finance		500,000.00	200,000.00
Total		**500,000.00**	**1,575,000.00**
Note 16 Fuelling and Lubricants			
Works		4,000,000.00	540,000.00

Total		**4,000,000.00**	**540,000.00**
Note 17 Financial Charges			
Finannce		3,174.92	389,077.98
Total		**3,174.92**	**389,077.98**
Note 18 Public Debt Charges			
Salary Bailout Loan		28,395,351.24	28,395,351.24
Total		**28,395,351.24**	**28,395,351.24**
Note 19 Depreciation/Amortization			
Building	20	40,582,480.34	40,678,687.50
Infrastructure - Water	20	4,388,153.08	6,619,108.50
Infrastructure - Others	20	55,001,592.32	51,846,938.75
Plant and Machinery	20	5,957,510.63	1,300,012.50
Furniture and Fittings	20	1,568,494.08	2,063,808.00
Motor Vehicle	20	42,009,182.77	24,953,786.16
Office and Other Equipment	20	2,791,374.71	3,625,456.80
IT Equipment	20	1,286,250.00	1,837,500.00
Total		**153,585,037.93**	**132,925,298.21**
Note 20 Other Recurrent Expenses By Nature			
Refreshment and Meals		3,825,150.20	3,250,000.00
Honorarium and Sitting Allowances		1,250,000.00	700,000.00
Publicity and Advertisements		1,050,000.00	-
National Program on Immunization		1,940,000.00	-
Postage and Courier Services		105,000.00	-
Welfare Packages		28,144,999.99	20,672,161.54
JAAC Processing Expenses		152,769,618.36	33,559,685.50
Special Day Celebrations		1,314,909.00	1,340,000.00
Annual Budget Expenses		255,000.00	-
Agric Related Programme Expenses		75,663,907.69	1,730,769.23
Gender Related Expenses		1,510,000.00	
Government Donations		1,700,000.00	11,700,000.00
Mother and Child Initiative		700,000.00	-
Common Services(Committees)		2,480,000.00	-
Traditional Rulers		3,885,923.09	2,633,076.94
State Youth Empowerment		33,042,508.04	200,000.00
Administrative fund charges		70,295,040.00	146,476,431.41
Recruitment and Appointment		2,015,000.00	805,000.00
Subsription to ALGON		800,000.00	11,331,000.00
Service School Fees		150,000.00	-
Overhead Subventions to DCs		7,754,030.41	51,535,879.46
Ohaneze Ndigbo		76,923.08	-
Total		**390,728,009.86**	**285,934,004.08**
Note 21 Farm Inputs			
Fertilizer Distributed to Farmers		35,051,700.00	43,936,351.85
Total		**35,051,700.00**	**43,936,351.85**

Note 22 Property, Plants and Equipments as at 31st December, 2018

Descriptions	Note	Building	Infrastructure - Water	Infrastructure - Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office & Other Equipment	Under Constructions	IT Equipments	Total
		₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Opening bal. 1/1/18		1,248,441,652.50	87,763,061.50	844,979,186.25	7,366,737.50	6,535,392.00	26,399,760.00	7,882,603.20	11,435,400.00	4,287,500.00	2,245,091,292.95
Reclassified											
Additions		104,307,692.31	-	255,052,660.20	32,350,000.00	-	183,646,153.84	2,086,592.20	-	-	577,443,098.55
Total		**1,352,749,344.81**	**87,763,061.50**	**1,100,031,846.45**	**39,716,737.50**	**6,535,392.00**	**210,045,913.84**	**9,969,195.40**	**11,435,400.00**	**4,287,500.00**	**2,822,534,391.50**
Depreciation		40,582,480.34	4,388,153.08	55,001,592.32	5,957,510.63	1,568,494.08	42,009,182.77	2,791,374.71	-	1,286,250.00	153,585,037.93
Written Down Value 31/12/18		**1,312,166,864.47**	**83,374,908.43**	**1,045,030,254.13**	**33,759,226.88**	**4,966,897.92**	**168,036,731.07**	**7,177,820.69**	**11,435,400.00**	**3,001,250.00**	**2,668,949,353.57**

Note 22 Property, Plants and Equipments as at 31st December, 2017

Descriptions		Building	Infrastructure - Water	Infrastructure - Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office & Other Equipment	Under Constructions	IT Equipments	Total
		₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Opening bal. 1/1/17		1,225,105,000.00	87,253,630.00	862,537,500.00	7,216,750.00	8,349,200.00	28,674,000.00	8,298,060.00	-	5,750,000.00	2,233,184,140.00
Reclassified											
Additions		130,851,250.00	45,128,540.00	174,401,275.00	1,450,000.00	250,000.00	96,094,930.78	4,650,000.00	28,345,632.68	375,000.00	481,546,628.46
Total		**1,355,956,250.00**	**132,382,170.00**	**1,036,938,775.00**	**8,666,750.00**	**8,599,200.00**	**124,768,930.78**	**12,948,060.00**	**28,345,632.68**	**6,125,000.00**	**2,714,730,768.46**
Depreciation		40,678,687.50	6,619,108.50	51,846,938.75	1,300,012.50	2,063,808.00	24,953,786.16	3,625,456.80	-	1,837,500.00	132,925,298.21
Written Down Value 31/12/17		**1,315,277,562.50**	**125,763,061.50**	**985,091,836.25**	**7,366,737.50**	**6,535,392.00**	**99,815,144.62**	**9,322,603.20**	**28,345,632.68**	**4,287,500.00**	**2,581,805,470.26**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
Note 23 Cash and Cash Equivalents			
Ivo Local Govt A/c - UBA		537,131.17	45,785.49
Ivo Local Govt A/c - Zenith Bank		250,361.37	250,361.37
Ivo Local Govt A/c - FCMB		375,280.46	375,280.46
Total Cash and Cash Equivalents		**1,162,773.00**	**671,427.32**
Note 24 Short Term Loan			
Agric Loan		17,692,307.69	-
Total		**17,692,307.69**	**-**
Note 25 Payables			
Employee Compensation			
Salary Arrears		63,265,147.50	59,313,562.25
Total		**63,265,147.50**	**59,313,562.25**
26 Interval Loan			
Salary Bailout Loan		168,394,213.82	196,789,565.06
Total		**168,394,213.82**	**196,789,565.06**
Note 27 Pension and Gratuity			
Pension		68,632,715.27	64,973,816.46
Gratuity		315,438,174.82	311,746,435.63
Total		**384,070,890.09**	**376,720,252.09**
Note 28 Net Assets/Equity			
Accumulated Surplus		1,207,367,615.99	776,628,125.25
Reserves		977,108,119.29	1,321,624,879.43
Total		**2,184,475,735.28**	**2,098,253,004.68**
Note 29 Statutory Allocations			
Statutory Allocations from Federation Account	1a	1,395,302,409.99	863,913,838.34
Exchange Rate Gain	1b	114,149.52	76,253,416.19
Excess Bank Charges Refund	1e	1,039,064.99	-
Augmented Fund Distribution	1c	2,463,879.51	3,540,056.77
Local Govt Net		1,727,596.27	-
Non Oil Revenue			54,571,168.66
Excess Crude			15,305,026.71
Paris Club Refund			128,044,319.54
Forex Equalization	1d	67,827,359.39	-
Total		**1,468,474,459.67**	**1,141,627,826.21**
Note 30 Share of Value Added Tax			
VAT Allocation from Federation Account	2	369,507,447.14	258,268,094.62
Total		**369,507,447.14**	**258,268,094.62**

Note 31 Internally Generated Revenue			
Tax Revenue	3	3,050,000.00	2,161,000.00
Tax Revenue Sub Total		**3,050,000.00**	**2,161,000.00**
Licences	4	3,890,000.00	2,625,600.00
Fines	4	1,009,200.00	576,000.00
Fees	4	6,215,500.00	3,050,700.00
Sales	4	875,000.00	750,000.00
Earnings	4	5,907,650.00	3,359,500.00
Rent	4	739,200.00	540,000.00
Non-Tax Revenue Sub Total		**18,636,550.00**	**10,901,800.00**
Miscellaneous	5	1,345,450.00	985,000.00
Other Revenue Sub Total		**1,345,450.00**	**985,000.00**
Total		**23,032,000.00**	**14,047,800.00**
Note 32 Salaries and Wages			
Employee Compensation C/F		63,265,147.50	59,313,562.25
Reported in the Statement of Cash Flow	6	449,303,626.74	342,848,970.47
Employee Compensation B/F		(59,313,562.25)	(56,043,721.85)
TOTAL		**453,255,211.99**	**346,118,810.87**
Note 33 Overhead Cost			
Travel & Transport		2,750,000.00	1,242,000.00
Utility		600,000.00	350,000.00
Materials & and Supplies		4,714,000.00	6,211,764.27
Maintenance		30,481,000.00	23,371,048.76
Training & Capacity Building		5,800,000.00	100,000.00
Consulting & Professional Services		500,000.00	1,575,000.00
Fuelling and Lubricants		4,000,000.00	540,000.00
Financial Charges		3,174.92	389,077.98
Refreshment and Meals		3,825,150.20	3,250,000.00
Honorarium and Sitting Allowances		1,250,000.00	700,000.00
Publicity and Advertisements		1,050,000.00	-
Postage and Courier Services		105,000.00	-
Welfare Packages		28,144,999.99	20,672,161.54
Public Debt Service		28,395,351.24	
JAC Processing Expenses		152,769,618.36	33,559,685.50
Special Day Celebrations		1,314,909.00	1,340,000.00
Annual Budget Expenses		255,000.00	-
Gender Related Expenses		1,510,000.00	-
Mother and Child Initiative		700,000.00	-
Common Services(Committees)		2,480,000.00	-
Traditional Rulers		3,885,923.09	2,633,076.94
State Youth Empowerment		33,042,508.04	200,000.00
Administrative fund charges		70,295,040.00	146,476,431.41
Recruitment and Appointment		2,015,000.00	805,000.00
Subscription to ALGON		800,000.00	11,331,000.00
Service School Fees		150,000.00	-
Ohaneze Ndigbo		76,923.08	-
Total		**380,913,597.92**	**254,746,246.40**

Note 34 Service wide Vote			
Security and Safety Services		214,762,307.73	23,686,153.85
Government Donations		1,700,000.00	11,700,000.00
Total		**216,462,307.73**	**35,386,153.85**
Note 35 Programme Related Expenses			
National Program on Immunization		1,940,000.00	-
Agricultural Programme Expenses		75,663,907.69	1,730,769.23
Total		**77,603,907.69**	**1,730,769.23**
Note 36 Social Benefits			
Pension		71,889,065.16	73,917,402.43
Gratuity		7,692,307.69	110,890,384.46
Total		**79,581,372.85**	**184,807,786.89**
Note 37 Short Term Loans			
Agric Loan		17,692,307.69	-
Total		**17,692,307.69**	**-**
Note 38 Social Benefits			
Pension as Reported in the Statement of Cash Flow	33	71,889,065.16	73,917,402.43
Gratuity as Reported in the Statement of Cash Flow	33	7,692,307.69	110,890,384.46
Sub Total		**79,581,372.85**	**184,807,786.89**
Add: Closing balance - Pension	24	68,632,715.27	64,973,816.46
Add: Closing balance - Gratuity	24	315,438,174.82	311,746,435.63
Less: Opening balance - Pension		(64,973,816.46)	(62,721,645.36)
Less: Opening balance - Gratuity		(311,746,435.63)	(307,928,134.54)
Total		**86,932,010.85**	**190,878,259.08**

NOTE 39 SCHEDULE OF PROPERTY, PLANTS AND EQUIPMENT ACQUIRED DURING THE YEAR 2018

S/N	Department	Building	Infrastructure - Others	Plants and Machinery	Motor Vehicles	Office & Other Equipment	Total
		₦	₦	₦	₦	₦	₦
1	The Council	5,000,000.00			18,800,000.00	621,592.20	42,121,592.20
2	Works	3,000,000.00	37,405,000.00	32,350,000.00			72,755,000.00
3	Development Centres	20,000,000.00	5,000,000.00				25,000,000.00
4	Administration				1,000,000.00	1,465,000.00	2,465,000.00
5	Community Project	76,307,692.31	194,947,660.20		163,846,153.84		435,101,506.35
	TOTAL	**104,307,692.31**	**255,052,660.20**	**32,350,000.00**	**183,646,153.84**	**2,086,592.20**	**577,443,098.55**

TREASURER
IVO LOCAL GOVERNMENT

CHAIRMAN
IVO LOCAL GOVERNMENT

EBONYI STATE GOVERNMENT OF NIGERIA

REPORT OF

THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS OF

IZZI LOCAL GOVERNMENT

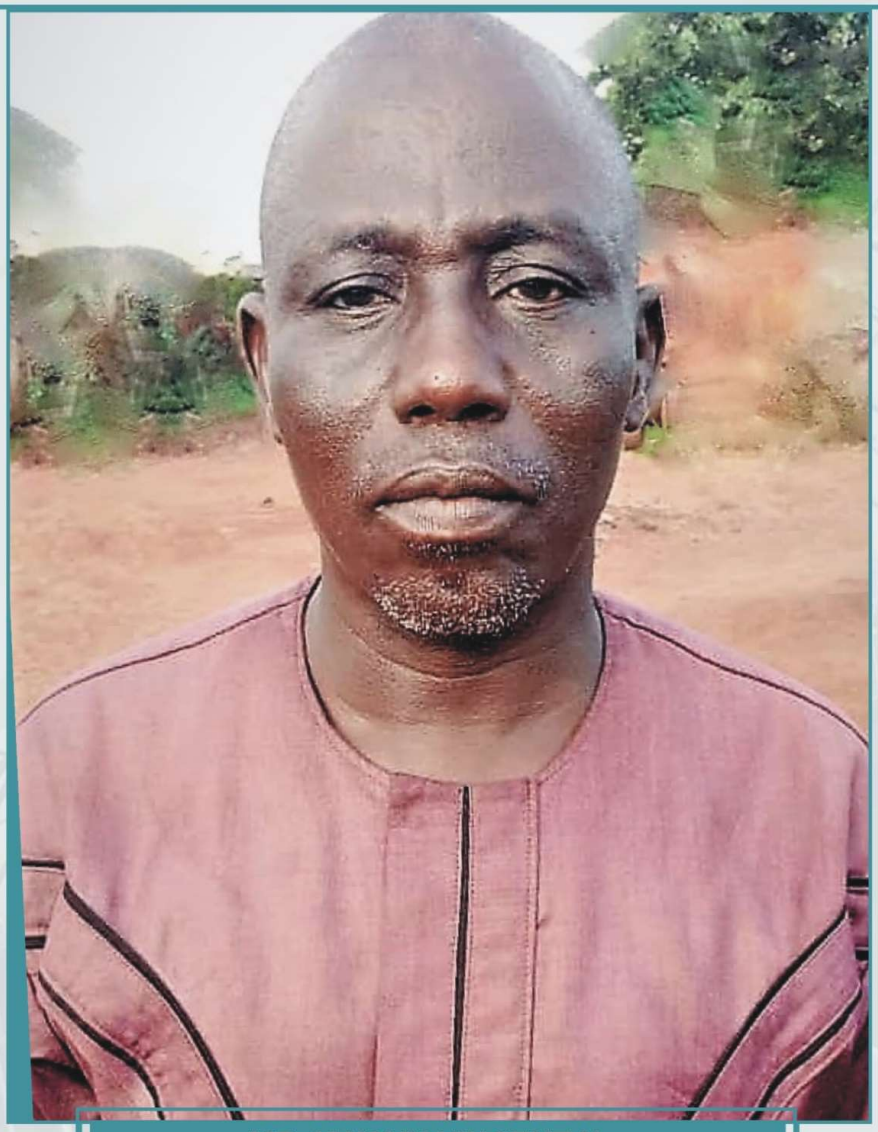
FOR THE YEAR ENDED

31ST DECEMBER, 2018

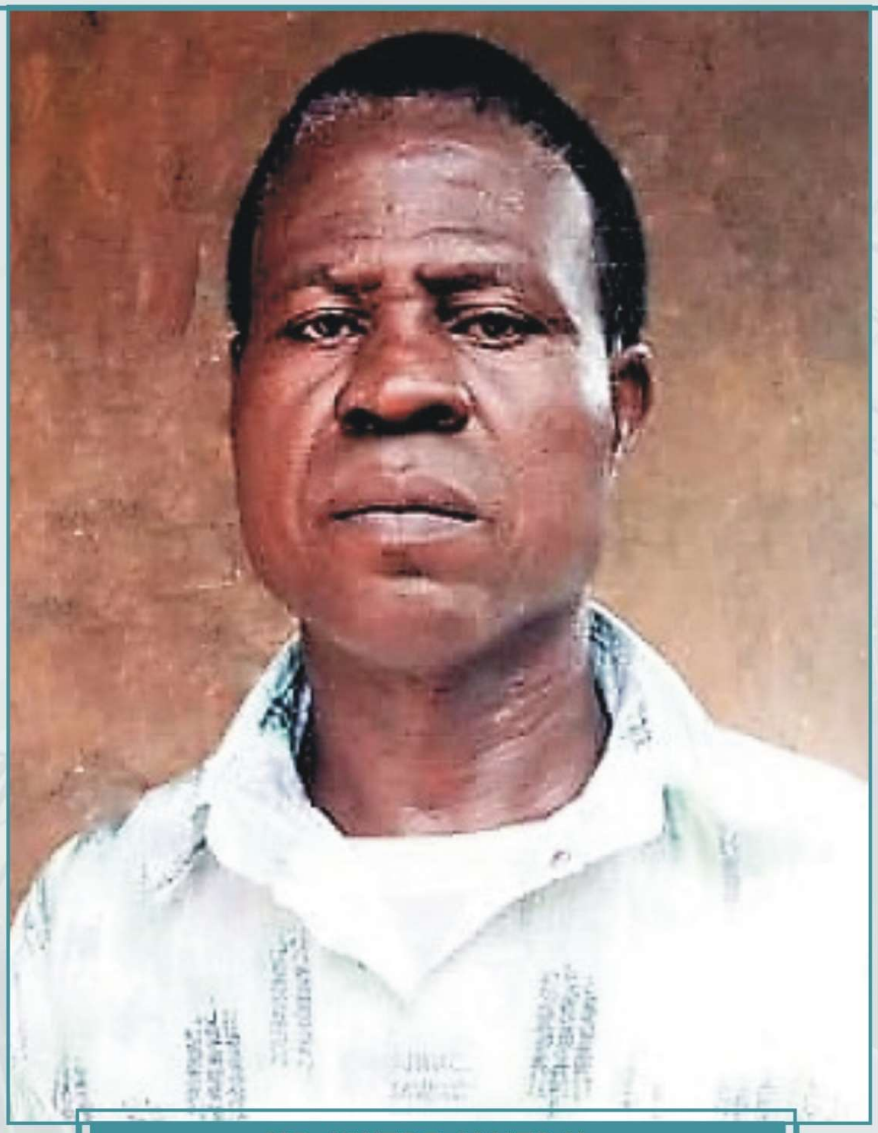
TO

EBONYI STATE HOUSE OF ASSEMBLY

HON. NWOGHA JAMES PAUL
EXECUTIVE CHAIRMAN
IZZI LOCAL GOVERNMENT,
EBONYI STATE



MR. NWOVU VINCENT N.
HPM
IZZI LOCAL GOVERNMENT,
EBONYI STATE



MR. NWEDE JAMES N.
TREASURER,
IZZI LOCAL GOVERNMENT,
EBONYI STATE

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CHAPTER ONE

1.0. GENERAL OBSERVATIONS

1.1. Submission of the 2018 Financial Statements

In accordance with Ebonyi State Local Government Law (CAP.106) Sections 122 and 123 (i-iv) of 2009, and other extant law, the Financial Statements of Izzi Local Government for the year ended 31st December, 2018 was submitted to me on 4th June, 2020.

1.2. Budget Figures Not Shown for some FAAC Revenue items

The budgeted amount for revenue from FAAC was not disaggregated into components of FAAC Allocations in the Izzi Local Government budget for the year ended 31st December, 2018.

A single budget was made for all receipts from FAAC. The Council should endeavour to make budgetary projections for all FAAC revenue items. The projection can be made using prior year receipts on such revenue items.

CHAPTER TWO

2.0. STATEMENT OF FINANCIAL PERFORMANCE

2.1. Internally Generated Revenue

Internally Generated Revenue (IGR) of Izzi Local Government for the year ended 31st December, 2018 amounted to **ninety two million, one hundred and twenty eight naira (₦92,128,000.00)**. This represents **275.01%** of the Council's IGR budget of **thirty three million, five hundred thousand naira (₦33,500,000.00)**.

IGR for the year can be classified into three types as follows:

Share of State Revenue	-	68,716,400.00
Tax Revenue	-	4,000,000.00
Non Tax Revenue	-	17,266,000.00
Other Revenue	-	2,145,600.00
		92,128,000.00

The IGR budget performance according to revenue subheads for Izzi Local Government Council for the year is as detailed below:

Subhead	Revised Budget (₦)	2018 Actual (₦)	% Performance
Share of State Revenue	-	68,716,400.00	100.00
Taxes	5,000,000.00	4,000,000.00	80.00
Licenses	7,500,000.00	2,950,000.00	39.33
Fines	2,500,000.00	1,850,000.00	74.00
Fees	9,000,000.00	7,960,000.00	88.44
Sales	5,000,000.00	2,516,000.00	50.32
Earnings	2,000,000.00	1,960,000.00	98.00
Rent	0.00	30,000.00	100.00
Other Receipts	2,500,000.00	2,145,600.00	85.82
	33,500,000.00	92,128,000.00	275.01

There was no budget for **Share of State IGR and Rent on Government Property,** which generated **sixty eight million, seven hundred and sixteen thousand, four hundred naira (₦68,716,400.00) and thirty thousand naira (₦30,000.00)** respectively in the year.

The best IGR performance was posted by **Earnings** which generated **98%** of its budget of **two million naira (₦2,000,000.00)**. Performance on other revenue subheads ranged from **39.33%** to **88.44%** as detailed below:

Fees	88.44%
Other Receipts	85.82%
Taxes	80.00%
Fines	74.00%
Sales	50.32%
Licenses	39.33%

2.2. Receipts from FAAC

For the year ended 31st December, 2018, Izzi Local Government Council collected a total of **two billion, five hundred and twelve million, three hundred and seventy-seven thousand, four hundred and ten naira (₦2,512,377,410.00)** representing **117.04%** of budgeted receipts from the Federation Account Allocation Committee (FAAC) of **two billion, one hundred and forty-six million, five hundred and ninety-three thousand, eight hundred and seventy seven naira (₦2,146,593,877.00)** for the year. FAAC receipts therefore exceeded budget provision by **17.04%** or **three hundred and sixty five million, seven hundred and eighty three thousand, five hundred and thirty three naira (₦365,783,533.00).**

The details of the receipts against budgets for each FAAC revenue item are as shown below:

Item	Budget (₦)	Actual (₦)	% Performance
Share of Statutory Allocation	1,896,593,877.00	2,130,233,860.00	112.32
Share of VAT Allocation	250,000,000.00	348,996,500.00	139.60
Exchange Rate Gain	-	396,600.00	100.00
Forex Equalization	-	28,960,150.00	100.00
Excess Bank Charges	-	1,200,340.00	100.00
Augmented Fund Distribution	-	594,560.00	100.00
L.G.C Net	- -	1,995,400.00	100.00
	2,146,593,877.00	2,512,377,410.00	117,04

There were no budgets for five FAAC items which generated a total of **thirty-three million, one hundred and forty-seven thousand, fifty naira (₦33,147,050.00)** for the year as follows.

	₦
Exchange Rate Gain	396,600.00
Forex Equalization	28,960,150.00
Excess Bank Charges	1,200,340.00
Augmented and Distribution	594,560.00
L.G.C Net	1,995,400.00
	33,147,050.00

The two FAAC revenue items for which budgetary provisions were made exceeded the provisions made for each of them: Statutory Allocation by **12.32%** and VAT Allocation by **39.60%**.

No explanation was given for the Council's failure to make budgetary provision for five FAAC revenue items for the year.

2.3. Recurrent Expenditure

2.3.1 . Personnel Cost

Personnel Cost for the year ended 31st December, 2018 for Izzi Local Government Council amounted to **eight hundred and fifty four million, one hundred and ninety three thousand, one hundred and forty four naira (₦854,193,144.00)** representing **247.25%** of the budget for personnel cost of **three hundred and forty five thousand, four hundred and eighty two thousand, nine hundred and forty five naira (₦345,482,945.00)** for the year.

The council exceeded its Personnel Cost budget for the year by **five hundred and eight million, seven hundred and ten thousand, one hundred and ninety-nine naira (₦508,710,199.00)** or **147.25%**.

The cost was incurred on:

	Amount
	₦
Salaries and Wages	788,315,100.00
Social Benefits	65,878,044.00
	854,193,144.00

2.3.2. Overheads

Overheads of Izzi Local Government for the year ended 31st December, 2018 amounted to **one billion, five hundred sixty-eight million, two hundred and ten thousand, nine hundred and seventy naira (₦1,568,210,970.00)**. This represents **541.36%** of the overhead budget of the Local Government Council of **two hundred and eighty-nine million, six hundred and seventy-eight thousand, eight hundred and ninety-nine naira (₦289,678,899.00)** for the year.

Overhead expenditure was incurred on the following subheads in the year.

Subhead	**Amount**
	₦
Traveling & Transports	856,000.00
Utilities	230,690.00
Materials & Supplies	165,100.00
Maintenance Services	4,240,000.00
Training and Capacity Building	110,000,000.00
Security and Safety Services	202,690,110.00
Farm Inputs	68,716,400.00
Consulting and Professional Services	755,000.00
Fueling and Lubricants	380,648.76
Financial Charges	31,256.00
Public Debt Services	28,395,351.24
Depreciation/Amortization	44,716,104.69

Other Recurrent Expenses	940,903,410.07
Transfer to other Government Entities	166,130,900.00
	1,568,210,970.76

The Overhead, **Other Recurrent Expenses** contains the following expenses:

	Amount ₦
Refreshment & Meals	1,692,309.00
National Program on Immunization	9,200,000.00
Subscription to ALGON	294,732,348.00
Welfare Packages	152,657,970.00
JAC Processing Expenses	152,657,970.00
Special Day Celebration	17,218,077.00
Annual Budget Expenses	1,500,000.00
Agric Related Program Expenses	80,569,407.00
Government Donations	30,769,231.00
Mother and Child Initiative	1,638,462.00
Common Services (Committee)	2,230,769.00
Traditional Rulers Upkeep	33,885,924.00
State Youth Empowerment	261,882,391.00
Admin. Charges	21,842,300.00
Recruitment and Appointment	18,230,400.00
Ohanaeze Ndigbo	2,853,822.00
Mass Literacy	10,000,000.00
	940,903,410.07

The **Transfers to Other Government Entities** represents the following payments by the Local Government Council:

	Amount ₦
Police Reform Deductions	40,543,900.00
Neighbourhood Watch	125,587,000.00
	166,130,900.00

The budget for Overhead was not dis-aggregated into the Overheads subheads used to prepare the Statement of Financial Performance. Also the Financial Statement did not present 2017 comparative figures. This made it impossible to further analyze the Statements to show budget performance or movement over the years of overhead expenditure.

2.4. Surplus of Revenue over Recurrent Expenditure

Surplus for the year ended 31st December, 2018 for Izzi Local Government amounted to **one hundred and eighty-two million, one hundred and one thousand, two hundred and ninety five naira, twenty four kobo (₦182,101,295.24)**.

CHAPTER THREE

3.0 STATEMENT OF FINANCIAL POSITION

3.1 Current Assets

3.1.1. Cash and Cash Equivalents

As at 31st December, 2018, Izzi Local Government had Cash and Cash Equivalents of **four hundred and fifty thousand, fifty-six naira (₦415,056.00)** only. This cash is held in the Local Government Council's IGR Account.

3.2. Current Liabilities (Payable)

The **Payable** represents salaries owed workers of Izzi Local Government Area as at 31st December, 2018. The Council intends to pay off the liability within the next 12 months hence its inclusion as current liabilities.

3.3 Liquidity Status

The Council had a cash ratio of **0.0075** as at 31st December, 2018.

3.4 Property, Plant and Equipment (PP & E)

Izzi Local Government Council acquired Property, Plant & Equipment worth **two hundred and thirty million, six hundred and eight thousand, two hundred and seventy two naira, ninety three kobo (₦230,608,272.93)** in the year ended 31st December, 2018. This is against a Capital Budget of **one billion, five hundred and forty six million, nine hundred and thirty two thousand, thirty two naira (₦1,546,932,032.00)** for the year.

CHAPTER FOUR

4.0. Consolidated Statement of Cash Flow

4.1. Sources of Fund

For the year ended 31st December, 2018, Izzi Local Government Area received fund from the following sources

Source	**Amount (₦)**
Statutory Allocation	2,163,380,910.00
Value Added Tax	348,996,500.00
Internally Generated Revenue	92,128,000.00
	2,604,505,410.00

4.2. Uses of Fund

Funds generated in the period was used on the following

Head	**Amount (₦)**
Salaries and Wages/Social Benefits	854,193,144.00
Overheads	1,328,968,614.83
Public Debt Charges	28,395,351.24
Transfer to other Government Entities	166,130,900.00
Investment	230,608,272.93

The Investments reported in the year included:

Head	**Amount (₦)**
Infrastructure: Others	72,671,449.93
Construction of Office Building	155,936,823.00
Procurement of Official Vehicles	2,000,000.00
	230,608,272.93

4.3. Cash and Cash Equivalent

The closing Cash and Cash Equivalent on the Consolidated Cash Flow Statement agrees with the **four hundred and fifteen thousand, fifty six naira**

(₦415,056.00) reported in the Statement of Financial Position as at 31st December, 2018.

AUDIT CERTIFICATE

The **Treasurer, Izzi Local Government** is responsible for the preparation of the Financial Statements in accordance with the relevant provisions of the International Public Sector Accounting Standards (IPSAS), Finances (Control and Management) Act of 1958; Financial Memorandum; Guideline issued by the Federation Accounts Allocation Committee (FAAC) Sub-committee on IPSAS implementation; and for being satisfied that the Financial Statements for the year ended 31st December, 2018; give a true and fair view of transactions of the Local Government.

My responsibility is to express an opinion on these Financial Statements with regard to, compliance of transactions to regulations and statutes, efficient use of resources and accuracy of accounting records, based on the audit conducted in accordance with International Standards on Auditing (ISA).

I have obtained the information and explanations I required and certify, as a result of my audit that in my opinion, the Financial Statements and the Notes to the Accounts are complete, in compliance with relevant statutes and show a true and fair view of the State of affairs as at 31st December, 2018 and the transactions for the fiscal year ended on that date.

Mrs. P.N. Alobu
Ag. Auditor-General for
Local Governments,
Ebonyi State.

Office of the Auditor-General for
Local Governments,
P.M.B 075
Abakaliki,
Ebonyi State.
7th July 2020.

IZZI LOCAL GOVERNMENT

EBONYI STATE OF NIGERIA

REPORT
OF THE
TREASURER
WITH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER, 2018

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RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Financial Statement of **Izzi** Local Government of Nigeria for the year ended 31st December, 2018, have been prepared by me in Accordance with the International Public Sector Accounting Standards (IPSAS) and the Guideline Issued by the Federal Allocation Account Committee (FAAC) Sub-committee on IPASA implementation.

IPSAS 24 requires that an entity shall present a Comparison of Budget amount for which it is held publicly accountable and Actual Amount either as separate additional Financial Statement or as additional budget columns in the Financial Statements. **Izzi** Local Government opted for the former.

IPSAS 33 requires that recognition and /or measurement of Asset Liabilities can be recognized for reporting within 3 years following the date of adoption. **Izzi** Local Government adopted Accrual Basic IPSAS in 1st January, 2018.

ACCOUNTING AND REPORTING

All responsibilities bestowed on me as listed below has been fulfilled

a. Ensuring that adequate system of internal controls are maintained to saf-eguard assets and provide reasonable assurance that the transaction as recorded are within statutory authority: and also that the use of all public financial resources by the government are properly recorded.
b. Ensuring that proper books and records of accounts were kept to ensure that the Financial Statements reflect the financial position of **Izzi** Local Government and its operations for the year ended 31st December, 2018.

In compliance with IPSAS 33, I have prepared the following financial statement as at 31st December, 2018.

1. Statement of Financial Performance
2. Statement of Financial Position
3. Statement of Cash flow
4. Statement of Changes in Net Assets/ Equity
5. Statement of comparison of Budget and Actual Amount
6. Notes to the Financial Statements

In my opinion, the consolidated Financial Statements and the Notes thereto reflect the Financial Position of **Izzi** Local Government of Nigeria as at 31st December, 2018.

TREASURER
Izzi Local Government

CHAIRMAN
Izzi Local Government

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following the adoption of the International Public Sector Accounting Standard (IPSAS) in Nigeria and National Chart of Account (NCOA), a Standardized Format of General Purpose Financial Statements (GPFS) have been designed and introduced for adoption by the Local Government. For effective and efficient use of the NCOA and GPFS, the accounting policies for IPSAS accrual basis accounting have been developed as a tool to direct the processes and procedures relating to financial reporting in Local States.

The General Purpose Financial Statement include:

i. Statement of Financial Position
ii. Statement of Financial Performance
iii. Statement of Cash Flow
iv. Statement of Net Assets/Equity
v. Statement of Budget Comparison and Actual Amount
vi. Notes to the Financial Statements

1. **Basis of Preparation of Financial Statements:** The financial statements are prepared under the historical cost convention and in accordance with International Public Sector Accounting Standard (IPSAS). Accrual basis concept is the basis of preparation of all accounts by all reporting entities is the Local Government.
2. **Accounting Period:** The accounting period (Fiscal Year) is from 1st January to 31st December. Each accounting year is divided into 12 calendar months and it is set up as such in the accounting system of the local Government.
3. **Reporting Currency:** The Reporting currency in preparation of General purpose Financial Statements in Nigeria Naira.
4. **Consolidation of Financial Statement:** The consolidation of General Purpose Financial Statements is based on the financial transactions of all Department and Agencies (DAs) of the Local Government. Government Business Entities (GBEs) are not included in the consolidations. Controlled Entities are fully consolidated from the date on which control is acquired.
5. **Notes to the Financial Statements:** Notes to the Financial Statements are presented in a manner that they cross reference to any related information in the Financial Statements.
6. **Comparative Information:** The General Purpose Financial Statements (GPFS) are designed to show all numerical information relating to previous year(s)
7. **Budget Figures:** A Statement of Comparison of Budget and Actual Amount is prepared for the determination of items of revenue and expenditure in respect to budgetary provisions. IPSAS 24 requires that an entity to present a comparison of budget amount for which it is held publicly accountable and actual amount either as a separate additional Financial Statement or as additional budget columns in the financial statements. Izzi Local Government opted for the former.
8. **Revenues:** Izzi Local Government recognizes revenues from non- exchange transactions such as fees, Taxes and fines when the events occur and the asset recognition criteria are met. Other non- exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value can be measured reliably. Revenue from the sales of goods and services is recognized when significant risks and rewards of ownership has been transferred to the buyer. Similarly, gain on disposal of Property, Plant and Equipment (PP&E) is recognized at the date control of the asset is passed to the buyer.
9. **Expenditure:** Expenditure are classified as either recurrent or capital. All recurrent expenditure are reported on accrual basis (ie they are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made). Recurrent Expenditures are reported in the Statement of Financial Performance. Payments for Purchase of items of Capital Nature (PP&G)

are treated as Assets under Non-Current Assets in the Statement of Financial Position. At the end of the financial year, a schedule of PP&E is prepared as part of the Notes to GPFs.

10. **Assets under Construction:** are not depreciated until the constructions are completed. Under construction assets acquired within a year are included in the schedule of PP&E for the year.
11. Property, Plant and Equipment (PP&E): Property, Plant and Equipment (PP&E) includes:
    ix. Building
    x. Infrastructure – Water
    xi. Infrastructure – Others
    xii. Plants and Machinery
    xiii. Furniture and Fittings
    xiv. Motor Vehicle
    xv. Office and Other Equipments
    xvi. IT Equipment

    Infrastructure – Water Assets include Boreholes, Dams and Water Pipes while infrastructure – Others Assets include Road Networks, Electrification and Bridges. Plants and Machinery includes transformers and earth moving Machines such as Bulldozers, Graders among others.
12. **Depreciation /Amortization**: the following depreciation/ amortization rates apply:

Building	3%	
Infrastructure – Water		5%
Infrastructure – Others	5%	
Plants and Machinery		15%
Furniture and Fittings		24%
Motor Vehicle	20%	
Office and Other Equipment		28%
IT Equipment		30%
Intangible Assets	20%	
Biological Assets	20%	
Under Constructions		0%

13. **Capitalization:** There is no Capitalization threshold. Any amount spent in connection with PP&E, Biological Assets and intangibles that met the definition of assets are capitalized and recognized as assets in the Statement of Financial Position. Other ones that didn't met the definition of assets are charged to the Statement of Financial performance.
14. **Statement of Cash Flow**: Statement of Cash Flow Is prepared using the direct method
    The cash flow consists:
    i. Operating activities
    ii. Investing activities
    iii. Financing activities
15. **Cash and Cash Equivalent:** Cash and Cash Equivalent are cash balance on hand, held in Bank Accounts, demands deposit and other highly liquid investments with an original maturity of 6 months or less in which Izzi Local Government invests as part of its day – to – day cash management and which are readily convertible to known amount of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Assets in the Statement of Financial Position.
16. **Receivables**: Receivables from exchange transactions are initially recognized initially at fair value and subsequently measured at amortized cost less provision for impairment. Receivables from non-exchange transactions are assessed at nominal amount or face value and subsequently adjusted for impairment.

17. **Loans:** Loans are granted to other Government Agencies or Individuals are shown separately in the Statement of Financial Position
18. **Investments**: Investments made in government stock quoted companies etc are disclosed as Financial Assets in the Statement of Financial Positions.
19. **Transfer from other Government Entities:** Transfer to other government entities are non-exchange items and are recognized as revenue in the Statement of Financial Performance.
20. **Transfer to Other Government Entities:** Transfer to other government entities are non-exchange items and are recognized as expenses in the Statement of Financial Performance.
21. **Borrowing Cost**: Borrowing Cost are capitalized against qualifying assets as part of PP&E. Such borrowing costs are capitalized over the period during which the asset is been acquired or constructed and borrowings have been incurred. Other borrowing costs not capitalized are charged to Statement of Financial Performance.
22. Foreign Currency: Foreign Currency transactions are translated into Naira, the reporting currency, using the spot rate as at last day of the financial year.

TREASURER
Izzi Local Government

CHAIRMAN
Izzi Local Government

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31ST DECEMBER, 2018

Revenue	Note	2018
		₦
Share of Statutory Revenue	1	2,163,380,910.00
Share of Value Added Tax	2	348,996,500.00
Tax Revenue	3	4,000,000.00
Non Tax Revenue	4	17,266,000.00
10% State IGR	5	68,716,400.00
Other Revenue	6	2,145,600.00
Total Revenue (A)		**2,604,505,410.00**
Recurrent Expenditure		
Salaries and Wages	27	788,315,100.00
Social Benefits	30	65,878,044.00
Travelings and Transports	9	856,000.00
Utilities	10	230,690.00
Material and Supplies	11	165,100.00
Maintenance Services	12	4,240,000.00
Training and Capacity Building	13	110,000,000.00
Security and Safety Services	14	202,690,110.00
Consulting and Professional Services	15	755,000.00
Fuelling and Lubricants	16	380,648.76
Financial Charges	17	31,250.00
Public Debt services	18	28,395,351.24
Procurement of Fertilizer	19	68,716,400.00
Depreciation/Amortization	21	44,716,104.69
Other Recurrent Expenses	20	940,903,410.07
Transfer to Other Govt Entities	8	166,130,900.00
Total Recurrent Expenditure (B)		**2,422,404,108.76**
Surplus for the year (A-B)		**182,101,301.24**

TREASURER
Izzi Local Government

CHAIRMAN
Izzi Local Government

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2018

	NOTE	2018
ASSETS		₦
CURRENT ASSETS		
Cash and Cash Equivalent	21	415,056.00
Short Term Loan	22	-
Total Current Assets (A)		**415,056.00**
NON CURRENT ASSETS		
Property, Plants and Equipment	20	1,023,220,718.31
TOTAL NON CURRENT ASSETS (B)		**1,023,220,718.31**
TOTAL ASSETS (C = A+B)		**1,023,635,774.31**
LIABILITIES		
CURRENT LIABILIIES		
Payables	23	55,612,900.00
Total Current Liabilities (D)		**55,612,900.00**
Non Current Liabilities		
Pension and Gratuity	24	271,669,337.66
Salary Bailout	25	**168,394,214.00**
Total Non Current Liabilities (E)		**440,063,551.00**
Total liabilities (F=D+E)		495,676,451.40
Net Assets/Equity (G=C-F)	26	**527,959,322.83**
Contributed By		
Accumulated Surplus		182,101,295.24
Reserves		345,858,027.59
		527,959,322.83

TREASURER
Izzi Local Government

CHAIRMAN
Izzi Local Government

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER,2018

	Note	2018
		₦
OPERATING ACTIVITIES		
RECEIPTS:		
Share of Statutory Revenue	1	2,163,380,910.00
Share of Value Added Tax	2	348,996,500.00
Tax Revenue	3	4,000,000.00
Non Tax Revenue	4	17,266,000.00
10% Stater IGR	5	68,716,400.00
Other Revenues	6	2,145,600.00
Total Receipt for State (A)		**2,604,505,410.00**
Payment:		
Salaries and Wages	27	788,315,100.00
Social Benefits	30	65,878,044.00
Overhead Cost	28	1,005,739,872.83
Service Wide Vote	29	233,459,341.00
Programme Related Expenses	30	89,769,401.00
Public Debt Services	18	28,395,351.24
Transfer to Other Govt Entities	8	166,130,900.00
Total Payments (B)		**2,377,688,010.07**
Total Cash Generated From Operating Activities (C=A-B)		**226,817,399.93**
Investing Activities		
Short Term Loan	21	-
Building	21	155,936,823.00
Infrastructure -Water	21	-
Infracstructure-Others	21	72,671,449.93
Plants and Machinery	21	-
Motor Vehicles	21	2,000,000.00
Under Construction Assets	21	-
NET CASH USED IN INVESTING ACTIVITIES (D)		**230,608,272.93**
Financing Activities		
Proceeds from Internal Loan		-
Net CASH USED/ GENERATED FROM FINANCING ACTIVITIES		**-**
NET CASH FLOW IN ALL ACTIVITIES (F=C+D+E)		**(3,790,873.00)**
Opening Cash and Cash Equivalent (G)		4,205,929.00
Closing Cash and Cash Equivalent (H=F+G)		415,056.00

TREASURER
Izzi Local Government

CHAIRMAN
Izzi Local Government

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT (PREPARED ON CASH BASIS)
FOR THE YEAR ENDED 31ST DECEMBER,2018

	2018	2018	2018	2018
	Actual	**Final Budget**	**Original Budget**	**Variance**
	₦	**₦**	**₦**	**₦**
Recurrent Expenditure by Nature				
Personnel Cost	788,315,100.00	345,482,945.00	345,482,945.00	442,832,155.00
Overhead Cost	1,009,400,274.00	191,801,903.00	191,801,903.00	817,598,371.00
Service Wide Vote	229,798,939.83	-	-	229,798,939.83
Programme Related Expenses	89,769,401.00	-	-	89,769,401.00
Social Benefit	65,878,044.00	-	-	65,878,044.00
Transfer to Other Govt Entities	166,130,900.00	97,876,996.00	97,876,996.00	68,253,904.00
public Debt Servicing	28,395,351.24	-	-	28,395,351.24
Sub Total (D)	**2,377,688,010.07**	**635,161,844.00**	**635,161,844.00**	1,742,526,166.07
Capital Expenditure by Sector				-
Administrative	-	381,796,637.00	381,796,637.00	(381,796,637.00)
Economic	230,608,272.93	628,678,472.00	628,678,472.00	(398,070,199.07)
Law and Justice	-			-
Regional	-			-
Social	-	536,456,923.00	536,456,923.00	(536,456,923.00)
Sub Total (F)	**230,608,272.93**	**1,546,932,032.00**	**1,546,932,032.00**	(1,316,323,759.07)
Surplus/(Deficit) for the year C-D-E	**(3,790,873.00)**	**-**	**-**	**(3,790,873.00)**

TREASURER
Izzi Local Government

CHAIRMAN
Izzi Local Government

CONSOLIDATED SEGMENT REPORT

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	ADMINISTRATIVE	ECONOMIC	LAW & JUSTICE	REGIONAL	SOCIAL	OTHERS	TOTAL
Revenue	₦	₦	₦	₦	₦	₦	₦
10% State IGR	68,716,400.00						68,716,400.00
Taxes		4,000,000.00					4,000,000.00
Levy		2,950,000.00					2,950,000.00
Fines		1,850,000.00					1,850,000.00
Sales		2,516,000.00					2,516,000.00
Earnings		1,960,000.00					1,960,000.00
Rent		30,000.00					30,000.00
Fees		7,960,000.00					7,960,000.00
Other Revenue		2,145,600.00					2,145,600.00
Investment Income		-					-
Share of Statutory Allocations						2,512,377,403.00	2,512,377,410.00
Total Revenue (A)	68,716,400.00	**23,411,600.00**				**2,512,377,403.00**	**2,604,505,410.00**
Expenses:							
Personnel Cost	788,315,100.00	-					788,315,100.00
Overhead Cost	1,005,739,873.00						1,005,739,873.00
Service wide vote	233,459,341.00						233,459,341.00
Programme Related Exp.	65,938,351.00						65,938,351.00
Public Debt Services						28,395,351.24	28,395,351.24
Depreciation/Amortisation						44,716,104.69	44,716,104.69
Other Recurrent Expenses				23,911,050.00			23,911,050.00
Transfer to Other Govt Entities						166,130,900.00	166,130,900.00
Social Benefit					65,878,044.00		65,878,044.00
Total Expenses (B)	2,093,452,665.00	-	-	23,911,050.00	65,878,044.00	239,242,356.00	2,422,404,115.00
Surplus/(Deficit) (A-B)	(2,024,736,265.00)	23,411,600.00	-	(23,911,050.00)	(65,878,044.00)	2,273,135,047.00	182,101,295.24

TREASURER
Izzi Local Government

CHAIRMAN
Izzi Local Government

NOTES TO THE FINANCIAL STATEMENTS		
FOR THE YEAR ENDED 31ST DECEMBER, 2018		
	Note	2018
		₦
Note 1. Share of Statutory Revenue		
Statutory Allocation	1	2,130,233,860
Exchange Rate Difference Gain	1b	396,600
Excess Bank Charge Refund	1d	1,200,340
Augmented Fund Distribution		594,560
Local Govt Council Net		1,995,400
Forex Equalization	1c	28,960,150
Total		**2,163,380,910**
Note 1a. Statutory Allocation		
January		156,512,118
February		151,253,294
March		160,283,558
April		169,967,073
May		171,940,069
June		198,827,387
July		174,036,848
August		199,483,510
September		195,456,118
October		195,456,168
November		170,887,099
December		186,130,618
Total		**2,130,233,860**
Note 1b Exchange Rate Gain Allocation		
September		198,300
October		198,300
Total		**396,600**
Note: 1c Forex Equalization		
January		8,774,850
March		1,790,629
April		6,416,703
May		137,311
August		7,137,638
November		4,416,667
December		286,352
Total		**28,960,150**
Note 1 d Excess Bank Charge Refund		
September		1,200,340
Total		**1,200,340**
Note 2 Value Added Tax Allocation		
January		33,667,607
February		38,258,947
March		28,314,540
April		3,213,939
May		34,514,777
June		26,997,016
July		34,041,759

August		32,955,138
September		31,437,912
October		31,437,912
November		32,557,865
December		21,599,088
Total		**348,996,500**
Note 3 Tax Revenue		
March		1,200,000
April		1,600,000
December		1,200,000
Total tax revenue		**4,000,000**
Note 4 Non - Tax Revenue		
Licenses		
January		450,160
February		900,000
March		560,000
April		396,500
December		643,340
Sub-Total		**2,950,000**
Fines		
March		250,000
April		945,000
December		655,000
Sub-Total		**1,850,000**
Fees		
January		950,650
February		1,220,400
March		1,720,500
April		2,090,000
May		1,345,000
June		633,450
Fees Sub-Total		**7,960,000**
Sales		
March		960,500
April		1,543,200
May		12,300
Sales - Sub Total		**2,516,000**
Earnings		
March		345,960
April		1,110,200
May		260,110
June		243,730
Earning Sub-Total		**1,960,000**
Rent		
March		30,000

April		
May		
Rent Sub- Total		**30,000**
Total non tax revenue		**17,266,000**
Note 5 10% State IGR		
Share of 10% State IGR		68,716,400.00
Total		**68,716,400.00**
Note 6 Other Revenue		
Miscellaneous		2,145,600
Total - Other Revenues		**2,145,600**
Note 5b 10% State IGR		68,716,400
Note 7 Salaries and Wages		
All LG Staff		316,050,865
UBEB		370,090,107
Health		102,174,128
Total		**788,315,100**
Note 8 Transfer to Other Govt Entities		
Ebonyi State Govt:		
Joint Project		
Police Reform		40,543,900
Neighborhood Watch Security		125,587,000
Total		**166,130,900**
Note 9 Travelling and Transports		
The Council		140,000
Administration		350,000
Finance		115,000
Education		98,000
Works		103,000
Planning and statistics		50,000
Total		**856,000**
Note 10 Utilities – general		
Works		230,690
Total		**230,690**
Note 11 Materials and Supplies		
The Council		45,000
Administration		48,900
Finance		50,000
Planning and statistics		21,200
Total		**165,100**
Note 12 Maintenance Service		
The Council		0
Administration		0
Finance		0
Education		0
Works		4,240,000
Total		**4,240,000**

Note 13 Training and Capacity Building		
The Council		100,000,000
Administration		10,000,000
Total		**110,000,000**
Note 14 Security and Safety Service		
The Council		202,690,110
Total		**202,690,110**
Note 15 Consulting and professional Service		
The council		189,600
Administration		250,600
Finance		135,900
Education		178,900
Total		**755,000**
Note 16 Fuelling and Lubricants		
The Council		86,000
Total		**86,000**
Note 17 Financial Charges		
Finance		31,256
Total		**31,256**
Note 18 Public Debt Services		
Salary bailout loan		28,395,351.24
Total		**28,395,351.24**
Note 19 Farm Input		
Procurement of Fertilizer to farmer		68,716,105.00
Total		**68,716,105.00**
Note 20 Other Recurrent Expenses By Nature		
Refreshment and Meals		1,692,309
National programmes On Immunization		9,200,000
Subscription To ALGON		294,732,348
Welfare Packages		152,657,970
JAC Processing Expenses		152,657,970
Special Day Celebration		17,218,077
Annual Budget Expenses		1,500,000
Agric Related Program Expenses		52,174,055.76
Government Donation		30,769,231
Mother and Child Initiative		1,638,462
Common Services (Committee)		2,230,769
Traditional Rulers Up Keep		33,885,924
State Youth Empowerment		261,882,391.00
Administrative State Charges		21,842,300
Recruitment and Appointment		18,230,400
Ohaneze Ndi Igbo		2,853,822
Mass Literacy		10,000,000
Total		**940,930,410.00**

NOTE 21 PROPERTY, PLANTS AND EQUIPMENTS AS AT 31ST DECEMBER, 2018

Prize	Building	Motor Vehicles	Infrastructure – Others	Total
	₦	₦	₦	₦
As at 1/1/18	308,000,000.00	2,000,000.00	527,328,550.07	837,328,550.07
New	**155,936,823.00**	**2,000,000.00**	**72,671,449.93**	**230,608,272.93**
Total	**463,936,823,**	**4,000,000.00**	**600,000,000.00**	**1,067,936,823.00**
Deprecation for the year	13,918,104,.69	8000,000.00	30,000,000.00	44,716,104.69
As at 1/1/18	450,018,718.31	3,200,000.00	570,000,000.00	1,023,220,718.31

Note 22 Cash and Cash Equivalents	
Izzi Local Govt IGR Account	415,056
Total Cash and Cash Equivalents	**415,056**
NOTE 23 PAYBLES	
Employee Compensation	
Salary Arrears	-
Total	**55,612,900**
	55,612,900
Note 24 Pension and Gratuity	
Pension	108,667,735.06
Gratuity	163,001,602.59
Total	**271,669,337.66**
Note 25 Internal Loans	
Salary Bail Out Loan	168,394,214.00
Total	**168,394,214.00**
Note 26 Net Assets/Equity	
Accumulated Surplus	182,101,295.00
Reserves	345,858,028.00
Total	**158,682,046.00**
Note 27 Salaries and Wages	
Employee Compensation 31/12/2019	58,784,000
Reported in the Statement of Cash Flow	788,315,100
Employee Compensation 1/1/2019	-58,784,000
TOTAL	**788,315,100**
Note 28 Overhead Cost	
Travel & Transport	856,000
Utility	230,690
Materials & Supplies	165,100
Maintenance	4,240,000
Training & capacity building	110,000,000
Consulting & Professional Services	755,000
Fuelling and Lubricants	86,000
Financial Charges	31,256
Refreshment and Meals	1,692,309
subscription to ALGON	9,200,000
Welfare Packages	294,732,348

JAC processing expenses	152,657,970
special day celebration	17,218,077
Annual budget expenses	1,500,000
Mother and Child initiative	1,638,462
common service (committee)	2,230,769
traditional ruler up keep	33,885,924
state youth empowerment	325,353,847
administrative fund charges	21,842,300
recruitment and appointment	18,230,400
Ohaneze Ndi Igbo	2,853,822
mass literacy	10,000,000
Total	**1,009,400,274**
Note 29 Service wide Vote	
Security and Safety Services	202,690,110
Government Donations	30,769,231
Total	**233,459,341**
Note 30 Programme Related Expenses	
National Programe on Immunization	9,200,000
Agricultural Programme Expenses	80,569,407
Total	**89,769,407**
Note 31 Social Benefits	
Pension	58,185,736
Gratuity	7,692,308
Total	**65,878,044**
Note 32 Short Terms Loans	
Agric Loan	-
Total	**-**
Note 33 public debt service paid	
salary bail out	
	168,374,213.82
Total	
	-
Note 34 proceeds from internal loan	-
agric loan	-
Total	**-**
Note 35 Social Benefits	
Pension as Reported in the statement of Cash Flow	58,185,736
Gratuity as Reported in the Statement of Cash Flow	7,692,308
Sub Total	**65,878,044**
Add:Closing Balance 31/12/2019- Pension	54,480,110
Add:Closing Balance 31/12/2019- Gratuity	32,000,000.0
Less:Opening balance 1/1/2019- Pension	(54,480,110.0)
Less:Opening balance 1/1/2019- Gratuity	(32,000,000.0)
Total	**65,878,044**

TREASURER
Izzi Local Government

CHAIRMAN
Izzi Local Government

EBONYI STATE GOVERNMENT OF NIGERIA

REPORT OF

THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS OF

OHAOZARA LOCAL GOVERNMENT

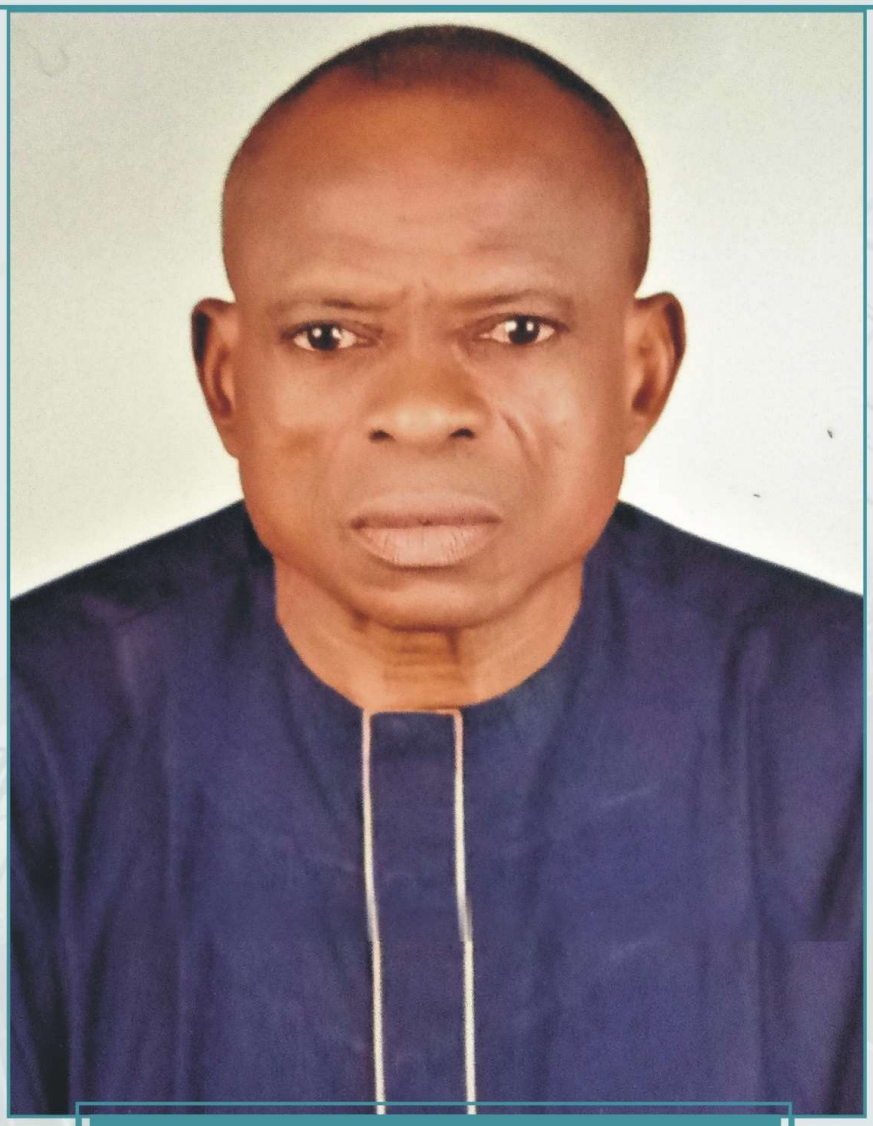
FOR THE YEAR ENDED

31ST DECEMBER, 2018

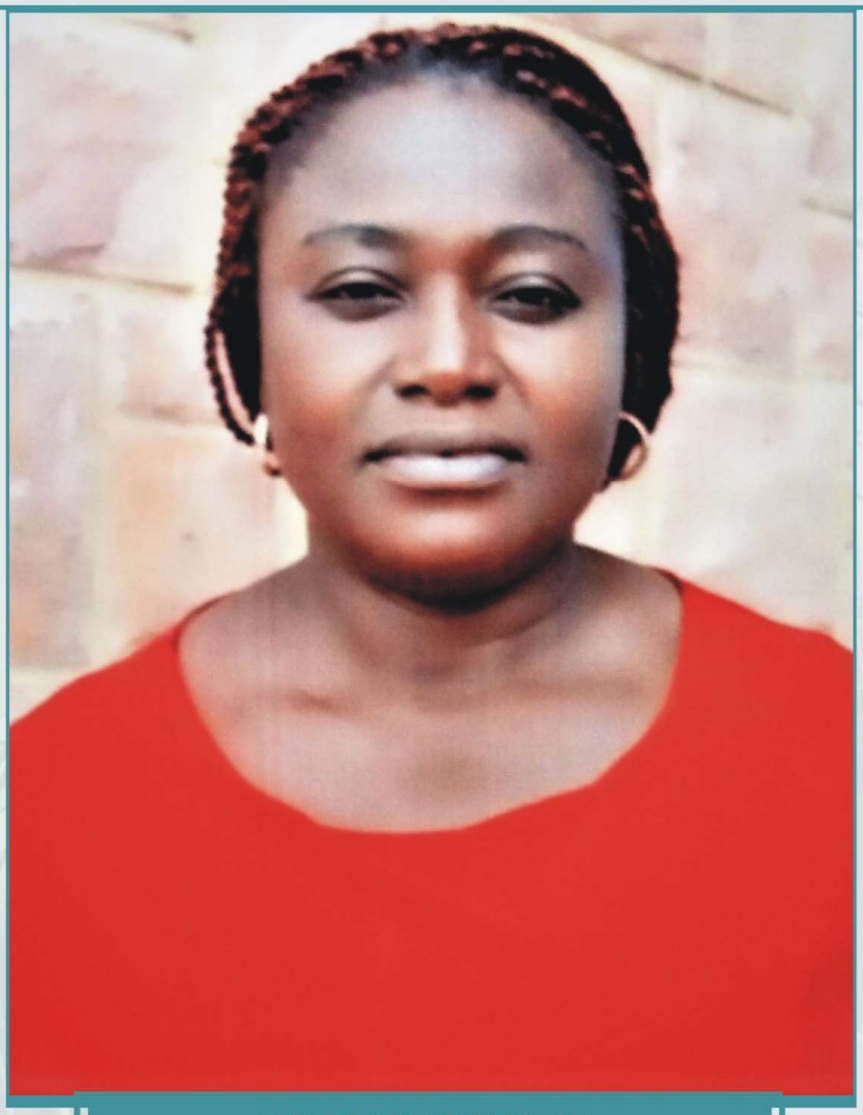
TO

EBONYI STATE HOUSE OF ASSEMBLY

HON. PRINCESS (MRS) IYOKU NKECHINYERE
EXECUTIVE CHAIRMAN
OHAOZARA LOCAL GOVERNMENT,
EBONYI STATE



ANYIGOR CHINEDU ALPHONSUS
HPM
OHAOZARA LOCAL GOVERNMENT,
EBONYI STATE



OKORO NKECHINYERE
TREASURER,
OHAOZARA LOCAL GOVERNMENT,
EBONYI STATE

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CHAPTER ONE

1.0. GENERAL OBSERVATIONS

1.1. Submission of the 2018 Financial Statements

In accordance with Ebonyi State Local Government Law (CAP.106) Sections 122 and 123 (i-iv) of 2009 and other Extant Laws, the Financial Statements of Ohaozara Local Government for the year ended 31st December, 2018 was submitted to me on 4th July, 2020.

1.2. Final Budget Figures Not Shown for Components of FAAC Revenue

The budgeted amount for revenue from FAAC was not disaggregated into components of FAAC allocations in Ohaozara Local Government annual budget for the year ended 31st December, 2018.

A single budget figure was shown for all receipts from FAAC for the year.

The treasurer has been advised to liaise with the head of PRS to ensure that target is set for all anticipated revenue.

1.3. Receipts Not Properly Classified

The receipt of **ninety two million, one hundred fifty three thousand, eight hundred and forty six naira (₦92,153,846.00)** reported in the statement as **Capital Receipts** was not classified to enable its identification.

Note 6 which were expected to further show details of the amount simply reports that the amount was received from JAC over several months.

1.4. Payments Not Properly Classified

Included in the expense item **Grants & Other Transfers** are the following items:

	Amount ₦
Ebonyi JAC Account	152,654,969.04
Local Government JAC Distribution	5,091,615.38
Local Government JAC Distribution	1,800,000.00
	159,546,584.42

No other details were included to properly show what these expenses pertain to.

Again, the sum of **forty million, six hundred and three thousand, nine hundred and sixty six naira eighty two kobo (₦40,603,966.82)** deducted at FAAC as Police Reform Deduction and credited to a State Government account was classified as **Public Debt Charges**. This classification is not correct.

1.5. Statement of Significant Accounting Polices Not Shown

Significant Accounting Polices applied in the preparation of the Financial Statement was not shown. Example of such expected polices are.

- Basis of Preparation of the Financial Statements
- Accounting period
- Reporting Currency etc

CHAPTER TWO

2.0. STATEMENT OF FINANCIAL PERFORMANCE

2.1. Internally Generated Revenue (IGR)

Internally Generated Revenue (IGR) for the year ended 31st December, 2018 amounted to **sixty million, five hundred and thirty-one thousand, one hundred and sixty one naira (₦60,531,161.00)** representing **205.19%** of the budgeted IGR of **twenty nine million, five hundred thousand naira (₦29,500,000.00)**.

The revenue performed creditably well in the year under review.

Performance on revenue subheads ranged in **1178% - 0%** as detailed below:

	Budget	**Actual**	**Performance**
	₦	**₦**	**%**
Share of State Revenue	-	32,350,600.00	100.00
Taxes	940,000.00	850,000.00	90.43
Earnings	1,104,900.00	-	
Rent	160,000.00	27,337,561.00	95.73
Fees	13,569,000.00	-	
Licences	13,725,600.00	-	

The Council needs to improve on their independent IGR efforts to achieve a greater proportion of budgeted collections in subsequent years especially in the area of fees and Licences.

2.2. Receipt From FAAC

For the year ended 31st December, 2018 Ohaozara Local Government council collected a total sum of **two billion**, **six million, two hundred and ninety five thousand, four hundred and six four naira, ninety three kobo (₦2,006,295,464.93)** representing **71.10%** of Budgeted receipts from Federation Account Allocation Committee (FAAC).

The details of the receipts against budget and year 2017 are as shown below:

2017 (₦)	Item	2018 Budget (₦)	2018 Actual (₦)
930,920,812.18	Statutory Allocation	2,821,680,000.00	1,504,971,843.83
30,996,422.74	VAT Allocation	-	422,897,231.56
16,492,116	Excess Crude Account	-	-
-	Forex Equalization	-	72,667,216.79
-	LGC Net	-	1,861,529.27
29,401,911.62	Petroleum Profit Tax	-	-
-	Excess Bank Charges	-	1,119,657.05
3,814,631.	Stabilization	-	-
-	Fund from NNPC	-	2,654,983.19
82,167,791.43	Exchange gain difference	-	123,003.24
1,363,793,685.76		**2,821,680,000.00**	**2,005,395,4644.93**

FAAC receipts achieved **71.07%** of budgeted receipts for the year. FAAC receipts increased by **47.05%** over 2017 receipts in the year un[[der review.

2.3. Recurrent Expenditure

2.3.1. Personnel Cost

Personnel Cost for the year ended 31st December, 2018 for Ohaozara Local Government Council amounted to **seven hundred and thirty three million, two hundred and fifty eight thousand, eight hundred and five naira, forty four kobo (₦733,258,805.4)** a decrease of 2.62% from the Personnel Cost incurred in 2017 of **seven hundred and fifty three million, fifty seven thousand, fifty one naira nine kobo (₦753,056,051.09).**

The cost was incurred as follows:

Item	2018 Actual (₦)	2017 Actual (₦)	% Increase (Decrease)
Local Government Salaries	237,963,741.31	234,883,705.01	1.32
Social Benefits	67,445,645.60	205,874,715.30	(67.24)
UBEB Salaries	309,222,740.61	265,476,813.88	16.48
CONHESS	114,740,752.43	43,811,586.11	161.90
CRFC	3,885,925.09	3,009,230.79	29.14
	733,258,805.04	753,056,051.09	2.62

2.3.2. Overheads

Overheads of Ohaozara Local Government for the year ended 31st December, 2018 amounted to **three hundred and eighty two million, six hundred and six thousand, eight hundred and sixty two naira eighty six kobo (₦382,606,862.86)**. This represents an increase of **32.31%** over overhead expenditure for the previous year ended 31st December, 2017 of **two hundred and eighty nine million, one hundred and seventy nine thousand, nine hundred and ninety seven naira, nine kobo (₦289,179,997.09).**

The following is a comparison of actual overhead expenditure according to subheads for the year under review and the financial year, 2017.

Overhead Subhead	2018 ₦	2017 ₦	% Increase (Decrease)
Admin Fund Charges	42,295,040.00	149,108,729.24	(71.64)
Financial Charges	257,246.28	686,160.39	(62.51)
Traveling & Transport	1,813,000.00	1,576,000.00	15.04
Empowerment	738,461.54	-	100.00
Religious Welfare	7,692,307.69	-	100.00
Ebonyi House Assembly	11,538,461.54	-	100.00
Local Government Audit	300,000.00	-	100.00
FFIRS	6,539,754.00	784,932.08	733.17
BIR	699,975.00	-	100.00
Mss Literacy	-	1,984,577.81	0.00
Maintenance Services	8,278,461.58	19,068,598.76	(56.59)
Security Services	159,876,923.07	26,377,153.85	506.12
Training & Staff Development	130,000.00	1,238,000.00	(89.50)
Consulting & Prof. Services	710,000.00	1,083,500.00	(34.48)
Fueling & Lubricants	180,000.00	152,500.00	18.04
Audit Fee	-	200,000.00	0.00
Distribution	-	28,305,868.56	0.00
Agro Services	-	1,230,769.23	0.00
Miscellaneous	35,644,385.32	20,036,646.15	77.90
Employee Compensation	12,665,506.84	-	-
Depreciation	92,822,340.00	34,466,670.00	169.31

The Local Government is yet to explain the reasons behind the following claimed overhead expenditure.

Ebonyi State House of Assembly	11,538,461.54
Local Government Audit	300,000.00
FIRS	6,539,754.00
BIR	699,975.00
	19,078,191.34

Employee compensation included in overhead represents staff bonuses that should be classified as personnel cost.

The expenditure of the sum of **thirty five million, six hundred and forty four thousand, three hundred and eighty five naira thirty two kobo (₦35,644,385.32)** is too big to be classified simply as **Miscellaneous Expense** without further details. Moreover, IPSAS has no place for **Miscellaneous** as expenditure head or subhead.

The Local Government should note the above observations.

CHAPTER THREE

3.0. STATEMENT OF FINANCIAL POSITION

3.1. Current Asset

3.1.1. Cash and Cash Equivalent

As at 31st December, 2018 Ohaozara Local Government Council had Cash and Cash Equivalent of **one hundred and six thousand, seven hundred and thirty seven naira, eighty two kobo (₦106,737.82)**.

The Cash and Cash Equivalent is held in the following bank accounts

Account	**Amount (₦)**
Zenith Bank	10,586.94
FCMB (Project)	7,033.38
UBA (IGR)	3,105.00
UBA (Project)	78,631.00
Cash at hand	7,381.50
	106,737.82

Other Current Assets the as at 31st December, 2018 the Local Government had the following other Current Assets:

Item	Amount (₦)
Accrued Taxes	877,501.00
Agric Loan Balances	17,692,307.69
Inventory	1,920,000.00
	20,489,808.69

The Inventory includes, Health Supplies, Sports Kits and Sundry Materials.

3.2. Current Liabilities

3.2.1. Payable

Payable reported in the statement amounted **sixty eight million, ninety two thousand, one hundred and twelve naira, thirty five kobo (₦68,092,112.35)** represents arrears of emolument to the Local Government of Ohaozara.

3.2.2. Contribution to Public Fund

This represents the council's financial support to SMEs in the area. The amount is repayable over the next hence its classification as current liabilities twelve months.

3.3. Non Current Liabilities

As at 31st December, 2018, Ohaozara Local Government had Non-current Liabilities in the form of arrears of pension and Gratuity to its retired members of staff.

The arrears is in respect of the following staff categories and amounts to **two hundred and seventy one million, six hundred and sixty nine thousand, three hundred and thirty seven naira, sixty six kobo (₦271,669,337.66).**

Item	Amount (₦)
UBEB Teachers	138,256,172.00
Local Government Staff	133,413,165.66
	271,669,337.66

Also the sum of **one hundred sixty eighty million, three hundred and nine four thousand, two and thirteen naira (₦168,394,213.82)** was still outstanding from the Bail Out Loan obtained by the Local Government Area in 2015 as at 31st December, 2018.

3.4. Property, Plant and Equipment (PPE)

The Local Government acquired PPE worth **six hundred and fifty two million, eighty three thousand, four hundred and eighty eight naira, sixty one kobo (₦652,083,488.61)** in the year ended 31st December, 2018. This represents a capital budget performance of **15.34%** as the sum of **four billion, two hundred and fifty one million, one hundred and eighty thousand naira (₦4,251,180,000.00)** was provided for capital projects in the year's budget.

The following classes of capital assets were acquired:

Class	**Amount (₦)**
Motor Vehicle	163,846,153.84
Street light	60,661,538.46
Drilling of Borehole	2,277,070.00
Building Bridges and Roads	48,989,034.00
Buildings	42,706,153.85
International market project	76,307,692.31

Furniture	1,140,000.00
EBSLG Community Project	238,463,538.46
EBSLG Loan project	17,692,307.69
	652,083,488.61

Audit inquiry showed that capital budget performance depended on the availability of funds in the year.

CHAPTER FOUR

4.0. Consolidated Statement of Cash Flow

4.1. Sources of Fund

For the year ended 31st December, 2018, Ohaozara Local Government Area received fund from the following sources

Source	**Amount (₦)**
Statutory Allocation	1,674,652,079.37
Value Added Tax	422,897,231.56
Internally Generated Revenue	61,361,161.00
Internal Loans	25,567,407.48
	2,184,477,879.41

4.2. Uses of Fund

Funds generated in the period was on the following

Head	**Amount (₦)**
Salaries and Wages/Social Benefits	737,381,112.78
Overheads	496,775,572.58
Transfer to other Government Entities	261,080,268.34
Investments	652,083,488.61
	2,147,320,442.31

The Investments reported in the year included:

Head	**Amount (₦)**
Loans to Local farmers	17,692,307.69
Infrastructure: Water	2,277,070.00
Construction of Office Building	42,706,153.85
Infrastructure: Other	425,561,803.23
Procurement of Official Vehicles	163,846,153.84
	652,083,488.61

4.3. Cash and Cash Equivalent

The closing Cash and Cash Equivalent on the Consolidated Cash Flow Statement agrees with the **one hundred and six million, seven hundred and thirty seven naira, eighty two kobo (₦106,737.82)** reported in the Statement of Financial Position as at 31st December, 2018.

AUDIT CERTIFICATE

The **Treasurer, Ohaozara Local Government** is responsible for the preparation of the Financial Statements in accordance with Sections 116 of the Ebonyi State Local Government Law (CAP.106) of 2009 and the relevant provisions of the International Public Sector Accounting Standards (IPSAS)/ Guideline issued by the Federation Accounts Allocation Committee (FAAC) Sub-committee on IPSAS implementation; Financial Memorandum; and for being satisfied that the Financial Statements for the year ended 31st December, 2018 give a true and fair view of transactions of the Local Government.

My responsibility is to express an opinion on these Financial Statements with regard to compliance of transactions to regulations and statutes, efficient use of resources and accuracy of accounting records, based on the audit conducted in accordance with International Standards on Auditing (ISA).

I have obtained the information and explanations I required and certify, as a result of my audit that in my opinion, the Financial Statements and the Notes to the Accounts are complete, in compliance with relevant statutes and show a true and fair view of the State of affairs as at 31st December, 2018 and the transactions for the fiscal year ended on that date.

Mrs. P.N. Alobu,
Ag. Auditor-General for
Local Governments,
Ebonyi State.

Office of the Auditor-General for
Local Governments,
P.M.B 075

Abakaliki,
Ebonyi State.
15th October, 2020.

OHAOZARA LOCAL GOVERNMENT

EBONYI STATE OF NIGERIA

REPORT

OF THE

TREASURER

WITH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2018

OHAOZARA LOCAL GOVERNMENT COUNCIL RESPONSIBILITY STATEMENT

These Financial Statements have been prepared by the Treasurer of **OHAOZARA LOCAL GOVERNMENT, OBIOZARA** in accordance with the provisions of the finance (Control and Management Act of 1958 as amended. The financial statement is in compliance with International Public Sector Accounting Standard (IPSAS).

The Treasurer is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance that the transaction recorded are within statutory authority and properly record the use of all public financial resources by **OHAOZARA LOCAL GOVERNMENT COUNCIL OBIOZARA**.

To the best of our knowledge, this system of internal controls has operated adequately throughout the reporting period.

----------	29/6/2020
Okoro Nkechinyere, CNA	**Date**
(Treasurer)	

We accept responsibility for the integrity of these financial statements, the information they contain and their compliance with the finance (Control and Management) act 1985 as amended.

In our opinion, this financial statement fairly reflects the financial position of **OHAOZARA LOCAL GOVERNMENT, OBIOZARA** as at 31st December, 2017 and its operation for the period ended on that date.

----------	29/6/2020
Okoro Nkechinyere, CNA	**Date**
----------	29-06-2020
Chairman	**Date**

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The Accounting Policies are the specific procedure, principles, bases, conventions,rules and practices selected and to be consistently applied in preparing and presenting the financial statements. Some of the accounting policies adopted in the preparation of 2018 Financial Statements are as follows:

1 **Legal Basis and Accounting Framework**

The accounting framework of Ohaozara Local Government Council focuses on reporting the budgetary activities of the council for the financial year as laid down in the Appropriation bill.The financial statements has been prepared using the accrual basis in accordance with the requirements of International Public Sector Accounting Standards(IPSAS) 33- "First time adoption of accrual IPSAS". IPSAS 33 requires that recognition and ⁄or measurement of Assets\ liabilities can be recognized for reporting within 3 years following the date of adoption . Ohaozara L .G.A adopted Accrual Basis IPSAS in 1st January 2016.

2 **Basis of Preparation and Measurement**

In line with the recommendation of FAAC ,for the adoption of IPSAS- Accrual Accounting for all Public Sector Entities in Nigeria, Ohaozara Local Government Council transits from the IPSAS-Cash Basis of Accounting to Accrual Basis of Accounting.

The adoption of Accrual Basis of Accounting helps in the assessment of financial performance as the financial performance, as the financial statement 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 change in Net assets of Ohaozara Local Government Council.

Thus, in line with the format, the 2018 Financial Statements comprise the following:

***Statement of Financial Performance**
***Statement of Financial Position**
***Cash Flow Statement**
***Statement of Changes in Net Assets**
***Statement of Comparison of Budgets and Actual Information**
***Notes for the Financial Statements**

The Financial Statements 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 F26 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.

3 **Accounting period**

The Accounting year is from 1st January to 31st December

OHAOZARA LOCAL GOVERNMENT COUNCIL

Statement of Financial Performance For The Year Ended 31st December,2018			
		2018	2017
		₦	₦
Revenue	**Note**		
Revenue from Non-exchange Transactions			
Taxation Income	1	850,000.00	659,200.00
Levies, Fees, and Fines	2	27,337,561.00	3,542,460.00
Statutory Allocation	3	2,005,395,464.93	1,363,793,685.76
Grants	4	–	5,631,600.00
Ebonyi JAC Release	7	92,153,846.00	263,778,410.17
10% State IGR	5	32,350,600.00	47,344,147.68
Other Revenue from Non-exchange Transactions	6	25,567,407.48	
Total Operating Revenue		2,183,654,879.41	1,684,749,503.61
Expenses			
Wages, Salaries and Social Benefits	8	737,381,112.78	756,906,051.09
Grants and Other Transfers	9	261,080,268.34	56,223,969.77
Overheads	10	322,135,122.86	302,057,474.77
Total Operating Expenses		1,320,596,503.98	1,115,187,495.63
Surplus for period before Capital Items, Foreign		863,058,375.43	566,562,008.00
Exchange Losses and public Debt Charges			
Depreciation	11	92,822,340.00	34,466,670.00
		92,822,340.00	34,466,670.00
Surplus/(Deficit) for the period		770,236,035.43	532,095,338.80

Okoro Nkechinyere, CNA
(Treasurer)

Chairman

Ohaozara Local Government Council

Statement of Financial Position as at 31st December, 2018

		2018		2017
Assets	**Note**	**₦**		**₦**
Current Assets				
Cash & Cash Equivalents	12	106,737.82		6,101,184.81
Recoverable from Non-Exchange Transactions	13	18,569,808.69		2,811,500.00
Inventory	14	1,920,000.00		2,850,500.00
		20,596,546.51		11,763,184.81
Non-Current Assets:				
Property, Plant & Equipment	15	999,376,612.00		382,052,386.00
		999,376,612.00		382,052,386.00
Total Assets		1,019,973,158.51		393,815,570.81
Liabilities				
Current Liabilities				
Payable & Other Liabilities	16	68,092,112.35		100,817,248.19
Public Funds	17	76,923,076.92		63,000,000.00
Total Current Liabilities		145,015,189.27		163,817,248.19
Non-Current Liabilities				
Retirement Benefit Obligations	18	271,669,337.66		2,281,207,665.59
Internal Loan (Bal Bailout)	19	168,394,213.82		196,789,565.06
Total Non current Liabilities		440,063,551.48		424,91 0,330.65
Total Liabilities		585,078,740.75		588,727,578.84
Net Assets				
Accumulated Surplus		434,894,417.76		(194,912,008.03)
Available for Sale Reserve		–		–
		434,894,417.76		(194,912,008.03)
Total Net Assets & Liabilities		**1,019,973,158.51**		**393,815,570.81**

Okoro Nkechinyere, CNA
(Treasurer)

Chairman

Ohaozara Local Government Council

Statement of Cash Flow For The Year Ended 31st December, 2018

		2018	2017
Cash Flow from Operating Activities	**Note**	**₦**	**₦**
Receipts			
Revenue from Non-Exchange Transactions:			
Net Tax Receipts	1	1,673,000.00	714,200.00
Levies, Fees and Fines	2	27,337,561.00	3,542,460.00
Statutory Allocation	3	2,005,395,464.93	1,363,793,685.76
Grants	4	–	5,631,600.00
Ebonyi JAC Release	5	92,153,846.00	263,778,410.17
Other Revenue from Non-Exchange Transactions	6	25,567,407.48	
Total Receipts		2,152,127,279.41	1,637,460,355.93
Payments			
Wages, Salaries & Social Benefits	7	669,935,467.18	555,031,335.79
Contribution to Gratuity&Pension Fund	7	67,445,645.60	205,874,715.30
Grants & Other Transfer Payments	8	261,080,268.34	56,223,969.77
Overheads	9	289,784,522.86	254,713,327.07
Payment to Suppliers		174,640,449.72	91,769,230.78
Total Payments		1,462,886,353.70	1,166,612,578.71
i. Net Cash Flows from Operating Activities		689,240,925.71	470,847,777.22
Purchase & Construction of Assets	19	710,146,565.00	-375,195,725.95
ii. Net Cash Flow used in Investing Activities		710,146,565.00	(375,195,725.95)
Cash Flows from Financing Activities			
Proceeds from Borrowings	5	25,567,407.48	–
Repayment of Borrowings		(68,719,291.57)	(89,781,048.15)
iii. Net Cash Flows used in Financing Activities.		(43,151,884.09)	(89,781,048.15)
Net Cash Flow (i)+(ii)+(iii)		(5,994,446.99)	5,871,003.12
Increase/Decrease in Cash & its Equivalents			
Closing Cash & Its Equivalents	11	106,737.82	6,101,184.81
Less Opening Cash & its Equivalents		6,101,184.81	230,181.69
Increase/Decrease in Cash & its Equivalents		(5,994,446.99)	5,871,003.12

Okoro Nkechinyere, CNA
(Treasurer)

Chairman

Ohaozara Local Government Council

Statement of Comparison of Budget and Actual Amount.
For The Year Ended 31st December,2018

Actual	Receipts	Note	Budgeted Original	Budgeted Final	Actual on Comparable Basis	Difference Final Budget and Actual
			₦	₦	₦	₦
2017 (N)	**Revenue from Non-Exchange Transactions**					
659,200.00	**Taxes**	20	940,500.00	940,500.00	850,000.00	90,500.00
4,142,460.00	**Other Internally Generated Revenue**	21	58,549,500.00	58,549,500.00	27,337,561.00	32,051,939.00
263,778,410.17	**Ebonyi JAC Release**	22	3,576,471,017.00	3,576,471,017.00	92,153,846.00	3,484,317,171.00
1,363,793,685.76	**Federal Transfer**	23	2,821,680,000.00	2,821,680,000.00	2,005,395,464.93	816,284,535.07
-			6,457,641,017.00	6,457,641,017.00	2,125,736,871.93	4,332,744,145.07
	Receipts from Loans	24	200,000,000.00	200,000,000.00	25,567,407.48	174,432,592.52
-			6,657,641,017.00	6,657,641,017.00	2,151,304,279.41	4,507,176,757.59
	Payments					
551,031,335.79	**Personnel Cost**	25	761,012,978.60	761,012,978.60	679,589,163.06	226,652,137.20
205,874,715.30	**Subvention Overhead**	26	46,550,202.00	46,550,202.00	67,445,645.60	13,203,135.91
254,713,327.07	**Overhead Cost**	27	43,007,000.00	43,007,000.00	289,784,522.86	(246,777,522.86)
466,964,956.71	**Capital Expenditures**	28	3,263,000,000.00	3,263,000,000.00	817,069,642.45	2,209,930,357.55
3,110,958,090.80	**Total Payments**		4,113,701,180.60	4,113,701,180.60	1,853,888,973.97	2,203,008,107.80
	Net Receipts				297,415,305.44	2,304,168,649.79

Adjustment to reconcile statement of comparism of Budget & Actual amounts to statement of cash flows

Net Receipts on Actual on comparable Basis	297,415,305.44
Increase in Receivables	468,395,906.27
Payment to Suppliers	164,986,153.84
Movement in Public funds	5,994,446.99

Okoro Nkechinyere, CNA
(Treasurer)

Chairman

Ohaozara Local Governnment Council

Note to Financial Statement For The Year Ended 31st December, 2018

	2018	2017
Taxation Income	₦	₦
Net Recoverables from Tax:		
Recoverable from Tax Receipts at the begining of the year	1,200,000.00	90,000.00
Less: Recoverables from Tax Receipts at the end of the yea	377,000.00	35,000.00
	823,000.00	55,000.00
Taxation during the year:		
Personal/Community Tax	600,000.00	459,200.00
Other Tax Receipts	250,000.00	200,000.00
Total Taxation Income	850,000.00	659,200.00
Net Tax Receipts	1,673,000.00	714,200.00
Levies, Fines and Fees		
Licenses	20,000.00	1,000.00
Fees	1,339,500.00	2,142,760.00
Rent on Government Building	3,500.00	14,500.00
Rent on Land & Others	6,875,061.00	1,304,700.00
Earnings	18,269,500.00	79,500.00
Total	27,337,561.00	3,542,460.00
Statutory Allocation:		
Statutory Allocation:	1,504,971,843.83	930,920,812.18
Value Added Tax	422,897,231.56	300,996,422.74
Forex Equalization	72,667,216.79	–
L.G.C. NET	1,861,529.27	–
Fund from NNPC	2,654,983.19	–
Exchange Gain Difference	123,003.24	82,167,791.43
Recovered Excess Bank Charge	1,119,657.05	–
Petroleum Profit Tax (PPT)	–	29,401,911.62
Excess Crude	–	16,492,116.77
Stablization	–	3,814,631.02
Total	2,005,395,464.93	1,363,793,685.76

			2,018.00	2,017.00
4	**Grants**		₦	₦
	Primary Health Care		–	5,631,600.00
5	Share of State Revenue			
	10% Share of State IGR		32,350,600.00	
6	**Other Revenue From Non-Exchange Transactions**			
	Recovered Agric Loan		25,567,407.48	–
7	**Ebonyi JAC Release (Overheads)**			
	Months			
	January	EBSLG JAC	22,152,842.00	841,000.00
	February	EBSLG JAC	30,000,000.00	_
	March	EBSLG JAC	_	11,558,872.54
	May	EBSLG JAC	_	23,829,614.41
	June	EBSLG JAC	_	25,750,398.03
	July	EBSLG JAC	10,000,000.00	_
	August	EBSLG JAC	_	128,216,366.80
	September	EBSLG JAC	30,000,000.00	_
	October	EBSLG JAC	_	45,505,235.31
	December	EBSLG JAC	_	28,076,923.08
	Total		**92,153,846.00**	**263,778,410.17**
8	**Wages, Salaries & Social Benefits**			
	CRFC (Traditional Rulers)		3,885,925.09	3,009,230.79
	LG Staff salaries		237,963,741.31	234,883,705.01
	UBEB Salaries		309,222,740.61	265,476,813.88
	CONHESS		114,740,752.43	43,811,586.11
			665,813,159.44	547,181,335.79
	Employee Benefits:			
	Pension		59,753,337.91	94,984,330.84
	Gratuity		7,692,307.69	110,890,384.46
			67,445,645.60	**205,874,715.30**
	Allowances:			
	Ebonyi STAs (August Dist.)		1,000,000.00	–
	Ohaneze Ndi Igbo		76,923.08	—
	NSCDC Allowances (10 Corp Members)		584,000.00	584,000.00
	Neigbourhood Watch (Dist.)		115,384.66	2,000,000.00
	Drivers (5)		105,000.00	105,000.00
	Security Men (10)		1,161,000.00	1,161,000.00
	Chairman,s Aids Allowance		180,000.00	–
	Councillors & FGPC Sitting Allowance		1,100,000.00	–
			4,122,307.74	**3,850,000.00**
	Total		**737,381,112.78**	**756,906,051.09**

Notes To Financial Statements For The Year Ended 31st December,2018

		2018	2017
9 **Grants &Other Transfers**		₦	₦
Grants to Dev. Centres (Dist.)		62,153,846.00	-
Ebonyi JAC Account	July &Aug	152,654,969.04	-
LG JAC Distribution	(July &Aug)	5,091,615.38	-
LG JAC Distribution	(August)	1,800,000.00	-
Share of IGR to Dev. Centres	(Aug.Dist)	237,409.00	-
Grants to INEC	(Feb.&Mar.Dist)	-	8,310,769.23
Grants to Scholarship Board	(Sept.Dist)	-	4,001,529.10
EBSCPW Board	(Oct .Dist)	-	11,538,461.54
		220,476,301.52	**23,850,759.87**
* **Public Dept. Charges- (Police Reform)**			
Months		₦	₦
January		3,580,476.91	2,876,833.22
February		3,570,074.94	3,009,251.63
March		366,768.94	2,933,894.87
April		3,490,825.39	3,025,257.05
May		3,763,488.35	2,967,019.80
June		3,725,340.01	3,114,134.18
July		3,780,527.07	3,693,303.52
August		3,730,671.37	3,242,222.99
September		3,637,591.08	3,624,347.30
October		3,637,591.08	3,322,368.79
November		3,722,362.37	_
December		3,598,249.55	3,564,576.55
		40,603,966.82	**35,373,209.90**
Total		**261,080,268.34**	**56,223,969.77**

10 OVERHEADS	2018	2017
	₦	₦
Admin Fund Charges	42,295,040.00	149,108,729.24
Financial Charges	257,246.28	686,160.39
Travelling & Transport	1,813,000.00	1,576,000.00
Youth Empowerment	738,461.54	-
Religious Welfare	7,692,307.69	-
Ebonyi House of Assembly	11,538,461.54	-
Local Govt. Audit	300,000.00	-
VAT & WHT	6,539,754.00	748,923.08
Educatior of WHT	699,975.00	
Mass & Literacy Programme	-	1,984,577.81
Maintanance Services	8,278,461.58	19,068,598.76
Other Services & Gen. Security	159,876,923.07	26,377,153.85
Training & Staff Development	130,000.00	1,238,000.00
Consulting & Professional Services	710,000.00	1,083,500.00
Fuelling & Lubricants	180,000.00	152,500.00
Audit Fee	-	200,000.00
Distribution	-	28,305,868.56
Agro Services	32,350,600.00	1,230,769.23
Miscellanous Expenses	35,644,385.32	20,036,646.15
Employee Compensation	12,665,506.84	-
Total	**322,135,122.86**	**254,713,327.07**

*** Breakdown of Employee Compensation**

UBEB New Year Bonus	7,849,697.64	-
LG New Year Bonus	4,615,809.20	-
Death Benefits	200,000.00	-
Total	**12,665,506.84**	-

11 **Depreciation**

The following Standard Rates was Applied to all assets

ITEMS	DEPRICIATION RATE
Land	NA
Building	2%
Constructed Assets	2-10%
Heritage Assets	NA
Capital Work in Progress	NA
Plant & Machinery	5%
Furniture & Fittings	10%
Motor Vehicle	25%

* **The following depreciation rates were used for constructed assets: Bridges 2%; Roads 5%; Street Light 5%.**

Depreciation Charges

	2018	2017
Description	₦	₦
Depreciation Charges - Bridge	107,630.00	107,630
Depreciation Charges - Road	3,276,627.00	3,276,627
Depreciation Charge- Motor Vehicle	22,942,308.00	22,942,308
Depreciation Charges - Furniture &Fittings	500,000.00	500,000
Depreciation Charges - Building	3,067,790.00	3,067,790
Depreciation Charges - Borehole	235,000.00	235,000
Depreciation Charges - Street light	4,337,315.00	4,337,315
Total Depreciation Charges - PPE	**34,466,670.00**	**34,466,670**

12 **Cash and Cash Equivalents**	2018 ₦	2017 ₦
Bank Balance:		
Zenith Bank	10,586.94	609,326.44
FCMB (Project)	7,033.38	2,868,981.47
UBA (IGR)	3,105.00	2,601,697.00
UBA (Project)	78,631.00	
FCMB (MDG)	-	19,315.25
Cash At hand	7,381.50	1,864.65
	106,737.82	***6,101,184.81***

13 **Recoverables from Non-Exchange Transactions**	2018 ₦	2017 ₦
Tax Receipts	877,501.00	609,700.00
EBLG Agric Refundable Loan	17,692,307.69	-
Other Recoverables	-	2,201,500.00
	18,569,808:69	**2,811,500.00**

14 **Inventory**	2018 ₦	2017 ₦
Health Supplies	1,300,000.00	1,180,000.00
Material & Supply	420,000.00	970,500.00
Sports Kits	200,000.00	700,000.00
	1,920,000.00	**2,850,500.00**

Notes To The Financial Statements For The Year Ended 31st December, 2018

	2018	2017
15 **Property,Plant and Equipment**	₦	₦
Cost :		
As at 1st January	416,519,056.00	33,051,823.00
Additions during the year	710,146,565.00	86,008,233.00
	1,126,665,621.00	**416,519,056.00**
Accumulated Depreciation:		
As at 1st January	34,466,670.00	17,442,315.00
Charge during the year	92,822,340.00	17,024,355.00
As at 31st December	**127,289,010.00**	**34,466,670.00**
Net Book Value:		
AS at 1st January	382,052,386.00	185,006,103.00
As at 31st December	**999,376,612.00**	**382,052,386**

	2018	2017
16 **Payables and Other Liabilities**	₦	₦
Sundry Payables	68,092,112.35	100,817,248.19

	2018	2017
17 **Public Funds**	₦	₦
Contribution to SMEs	76,923,076.92	63,000,000.00

	2018	2017
18 **Retirement Benefits Obligation**	₦	₦
UBEB	138,256,172.06	131,695,954.03
LG Staff	133,413,165.66	96,424,811.56
	271,669,337.66	228,120,765.59
19 Salary Bail Out Loan	168,394,213.82	196,789,565.06

20 ***Purchase & Construction of Assets***	**2018**	**2017**
	₦	**₦**
Motor Vehicle	163,846,153.84	79,846,153.86
Plant-Transformer	_	25,920,000.00
Mowing Machine	_	410,000.00
Streetlight	60,661,538.46	60,000,000.00
Drilling of Borehole	2,277,070.00	4,700,000.00
Building- Bridges & Roads	48,989,034.00	19,000,000.00
Buildings	100,769,230.24	53,034,204.63
International Market Project	76,307,692.31	_
Furniture	1,140,000.00	1,220,000.00
Electricity	_	60,826,000.00
EBSLG Community project	238,463,538.46	70,239,367.46
EBSLG Loan Project	17,692,307.69	_
Total	**710,146,565.00**	**375,195,725.95**

21. Taxes

Description	Original Budget 2018(₦)	Final Budget 2018(₦)	Final Budget 2017(₦)	Actual 2018(₦)	Actual 2017(₦)	Variance 2018(₦)
Community Tax	940,500.00	940,500.00	450,000.00	600,000.00	459,200.00	90,500.00
Property Tax	-	-	-	250,000.00	200,000.00	-
Total	940,500.00	940,500.00	450,000.00	850,000.00	659,200.00	90,500.00

22. Other Internally Generated Revenue

Description	Original Budget 2018(₦)	Final Budget 2018(₦)	Final Budget 2017(₦)	Actual 2018(₦)	Actual 2017(₦)	Variance 2018(₦)
Licences	13,725,600.00	13,725,600.00	9,413,770.00	20,000.00	1,000.00	13,705,600.00
Fees	13,569,000.00	13,569,000.00	15,230,900.00	1,339,500.00	2,142,760.00	12,229,500.00
Rent on Govt. Building	160,000.00	160,000.00	125,000.00	3,500.00	14,500.00	156,500.00
Rent on Land & Others	30,000,000.00	30,000,000.00	30,000,000.00	6,875,061.00	1,904,700.00	23,124,939.00
Earnings	1,104,900.00	1,104,900.00	1,680,330.00	18,269,500.00	79,500.00	(17,164,600.00)
Total	**58,549,500.00**	**58,549,500.00**	**56,450,000.00**	**27,337,561.00**	**4,142,460.00**	**32,051,939.00**

23. Capital Receipts

Description	Original Budget 2018(₦)	Final Budget 2018(₦)	Final Budget 2017(₦)	Actual 2018(₦)	Actual 2017(₦)	Variance 2018(₦)
Others/EBLG JAC	**3,576,471,017.00**	**3,576,471,017.00**	**2,345,500,000.00**	**92,153,846.00**	**263,778,410.17**	**3,484,317,171.00**

Notes To The Statement of Comparision of Budget and Actual Amount

For The Year Ended 31st December, 2018

24. Federal Transfer

Description	Initial Budget 2018(₦)	Final Budget 2018(₦)	Final Budget 2017(₦)	Actual 2018(₦)	Actual 2017(₦)	Variance 2018(₦)
Statutory Allocation	2,821,680,000.00	2,821,680,000.00	2,687,320,000.00	1,504,071,843.83	930,920,812.18	1,317,608,156.17
VAT	-	-	-	422,897,231.56	300,996,422.74	(422,897,231.56)
Forex Equalisation	-	-	-	72,667,216.79	-	(72,667,216.79)
L.G.C. NET	-	-	-	1,861,529.27	-	(1,861,529.27)
Fund from NNPC	-	-	-	2,654,983.19	-	(2,654,983.19)
Exchange Gain	-	-	-	123,003.24	82,167,791.43	(123,003.24)
Recovered Excess Bank Charges	-	-	-	1,119,657.05	-	(1,119,657.05)
Petroleum Profit Tax	-	-	-	-	29,401,911.62	-
Excess Crude	-	-	-	-	16,492,116.77	-
Stabilization	-	-	-	-	3,814,631.02	-
Total	**2,821,680,000.00**	**2,821,680,000.00**	**2,687,320,000.00**	**2,005,395,464.93**	**1,363,793,685.76**	**816,284,535.07**

25. Receipts from Loans

Description	Initial Budget 2018(₦)	Final Budget 2018(₦)	Final Budget 2017(₦)	Actual 2018(₦)	Actual 2017(₦)	Variance 2018(₦)
Recovered Agric Loan.	200,000,000.00	200,000,000.00	-	25,567,407.48	-	174,432,592.52

26. Personnel Cost

	₦	₦	₦	₦	₦	₦
CRFC	213,194,794.00	213,194,794.00	31,337,380.00	3,885,925.09	3,009,230.79	131,728,741.95
LG Salaries	191,467,365.00	191,467,365.00	107,571,424.00	23,796,341.31	234,883,705.01	(46,496,376.31)
UBEB	222,224,528.00	222,224,528.00	-	309,222,740.61	265,476,813.88	(86,998,212.61)
CONHESS/PHC	42,126,291.60	42,126,291.60	63,027,613.00	114,740,752.43	43,811,586.11	(72,614,460.83)
Miscellaneous	92,000,000.00	92,000,000.00	8,000,000.00	4,122,307.74	3,850,000.00	82,793,077.00
Total	**761,012,978.60**	**761,012,978.60**	**209,936,417.00**	**669,935,467.18**	**551,031,335.79**	**226,652,137.20**

27. Subvention Overhead

Pension	46,550,202.00	46,550,202.00	-	59,753,337.91	94,984,330.84	13,203,135.91
Gratuity	-	-	-	769,230,765.00	110,890,384.46	-
Total	**46,550,202.00**	**46,550,202.00**	**-**	**67,445,645.60**	**205,874,715.30**	**13,203,135.91**

28 **Overhead Cost**

Description	Initial Budget 2018 (₦)	Final Budget 2018 (₦)	Final Budget 2017 (₦)	Actual 2018(₦)	Actual 2017(₦)	Variance 2018(₦)
Admin Fund	11,620,000.00	11,620,000.00	2,900,000.00	42,295,040.00	149,108,729.24	(30,675,040.00)
Financial Charges	1,330,000.00	1,330,000.00	1,000,000.00	257,246.28	686,160.39	1,072,753.72
Travelling & Transport	4,565,000.00	4,565,000.00	4,150,000.00	1,813,000.00	1,576,000.00	2,752,000.00
Material & Supply	4,990,000.00	4,990,000.00	4,100,000.00	425,000.00	2,915,900.00	4,565,000.00
Maintenance Services	8,195,000.00	8,195,000.00	7,900,000.00	8,278,461.58	19,068,598.76	(83,461.58)
Other Services & Gen. Security	3,740,000.00	3,740,000.00	3,400,000.00	159,876,923.07	26,377,153.85	(156,136,923.07)
Training & Staff Dev.	4,320,000.00	4,320,000.00	400,000.00	130,000.00	1,238,000.00	4,190,000.00
Farm Input				32,350,600.00		32,350,600.00
Consulting & Professional Services	1,102,000.00	1,102,000.00	800,000.00	710,000.00	1,083,500.00	392,000.00
Fuelling & Lubricant	1,040,000.00	1,040,000.00	550,000.00	180,000.00	152,500.00	860,000.00
Audit fee	400,000.00	400,000.00	-	-	200,000.00	-
Miscellaneous	1,705,000.00	1,705,000.00	1,550,000.00	75,818,851.77	52,306,784.83	(74,113,851.77)
Total	**43,007,000.00**	**43,007,000.00**	**26,750,000.00**	**322,135,122.86**	**254,713,327.07**	**(279,128,122.86**

Ohaozara Local Government Council

Notes To The Statement of Comparision of Budget and Actual Amount
For The Year Ended 31st December, 2018

29 **Capital Expenditure**

Description	Initial Budget 2018 (₦)	Final Budget 2018(₦)	Final Budget 2017(₦)	Actual 2018(₦)	Actual 2017(₦)	Variance 2018(₦)
Reforms of Govt. & Governance	1,862,000,000.00	1,862,000,000.00	1,012,000,000.00	164,986,153.84	219,813,550.32	1,697,013,846.16
Societal Reorientation	5,000,000.00	5,000,000.00	3,000,000.00	-	26,377,153.85	-
Empowerment Thru. Agric.	240,000,000.00	240,000,000.00	22,000,000.00	106,923,076.91	35,588,461.54	133,076,923.09
Water Resources & Rural Dev.	85,000,000.00	85,000,000.00	52,000,000.00	120,738,608.47	4,700,000.00	(35,738,608.47)
Health	120,000,000.00	120,000,000.00	63,000,000.00	-	2,350,000.00	-
Skills & Knowledge	100,000,000.00	100,000,000.00	45,000,000.00	-	20,000,000.00	-
Power	200,000,000.00	200,000,000.00	176,000,000.00	60,661,538.46	86,746,300.00	139,338,461.54
Road	440,000,000.00	440,000,000.00	400,000,000.00	30,914,034.00	16,000,000.00	409,085,966.00
Housing & Urban Dev.	200,000,000.00	200,000,000.00	181,000,000.00	332,846,230.77	44,001,971.00	(132,846,230.77)
Youths & Sports	10,000,000.00	10,000,000.00	10,000,000.00	-	13,387,520.00	-
Total	**3,263,000,000.00**	**3,263,000,000.00**	**1,964,000,000.00**	**817,069,640.45**	**466,964,956.71**	**2,209,930,357.55**

Notes To The Financial Statements For The Year Ended 31st December,2018

*	**Capital Expenditure**	**2018** ₦	**2017** ₦
	Purchase of vehicle (EBSLG)	125,384,615.38	79,846,153.86
	Purchase of Motorcycles	38,461,538.46	–
	Purchase ofFurniture & Chairs	1,140,000.00	1,220,000.00
	Ebonyi Rice World	12,307,692.30	33,838,461.54
	Cultivation of Cassava & Rice	_	1,750,000.00
	EBSLG Agric Loan Project	17,692,307.67	_
	LG Contribution to SMEs	76,923,076.92	_
	EBSLG Rural Development	118,461,538.62	_
	Purchase of 6 no Transformer	_	19,420,000.00
	Purchase of LT/HT Transformer	_	6,500,000.00
	Purchase of Mowing Machine	_	410,000.00
	Drilling of Borehole at Uburu,okposi&Ugwu.	2,277,070.00	4,700,000
	Construction of culvert in all Wards of Ohaozara	_	16,000,000.00
	ALGON Security	_	26,377,154
	Ugwulangwu Street Light	35000000.00	_
	Solor Street Light of Uburu/ Okposi & Ugwulang	10,200,000.00	60,000,000.00
	Street Light Project (Distribution)	15,461,538.46	_
	Construction of Ekem Bridge of Okposi	4,181,500.00	_
	Construction of Culverts at Ugwulangwu	1,200,000.00	_
	Extension of Electricity to Uburu/ Okposi & Ugw	_	60,826,300.00
	Lateriting of Oke-efi Esu Rd. Ugwulangwu	4,000,000.00	_
	Grading of Aja-Mgbom Ugwulangwu Road	3,000,000.00	_
	Grading of Ohaofia - SDA Ugwulangwu Road	7,593,174.00	_
	Grading of Onuogo Okposi Okwu Court Area	6,139,360.00	_
	Gradeing of Jamica Road in Ugwulangwu	4,800,000.00	_
	Renovation of Treasuer's/Staff Quarters	1,000,000.00	2,100,000.00
	Construction of NRC building for Area Comman	5,000,000.00	2,000,000.00
	Construction of Widows House at Okposi	3,975,000.00	_
	Const.0f Chairman's lodge &Office Complex	5,000,000	28,000,000.00
	Construction of Sports pavillion	_	13,387,520.00
	Renovation of Chairman's Quarter/carpark Obic	3,100,000.00	4,000,000.00
	EBSLG Community Project	238,463,538.46	70,239,367.46
	International market Project	76,307,692.310	_
	Grading & Loteriting of Okposi Ugwulangwu Rd	_	13,000,000.00
	Construction of Agbaegim Okposi & Uchenyi Bridge of Ugwulangwu		3,000,000
	Free Eye Clinic	_	350,000.00
	Renovation of Classroom blks. At Ugwulangwu	_	20,000,000.00
	Total	**817,069,640.45**	**466,964,956.71**

Ohaozara Local Government Council
Financial Statement
For The Year Ended 31st December, 2018

Schedules To The Financial Statements

1 **Schedule of Ebonyi JAC Re**

Months		2018 ₦	2017 ₦
January	EBSLG JAC	22,152,842.00	841,000.00
February	EBSLG JAC	30,000,000.00	_
March	EBSLG JAC	_	11,558,872.54
May	EBSLG JAC	_	23,829,614.41
June	EBSLG JAC	_	25,750,398.03
July	EBSLG JAC	10,000,000.00	_
August	EBSLG JAC	_	128,216,366.80
Septembe	EBSLG JAC	30,000,000.00	_
October	EBSLG JAC	_	45,505,235.31
Decembe	EBSLG JAC	_	28,076,923.08
Total		**92,153,846.00**	**263,778,410.17**

2 **Schedule of Wages and Sa** **2018**

Months	LG STAFF ₦	UBEB ₦	CONHESS ₦
January	22,114,509.78	25,641,025.64	10,932,393.65
Febuary	19,583,642.61	27,007,121.62	11,199,858.42
March	22,283,081.25	21,095,076.63	11,584,473.80
April	22,283,081.25	26,319,273.90	11,584,473.80
May	22,283,081.25	26,139,414.29	11,584,473,80
June	22,124,970.01	25,963,747.98	–
July	19,583,642.61	25,641,025.64	10.652,498.38
August	13,864,479.79	21,095,076.63	10,652,498.38
Septembe	22,124,970.01	39,889,956.65	12,307,203.92
October	13,864,479.79	22,395,000.00	12,307,203.92
Novembe	12,135,727.25	44,790,000	–
Decembe	25,414,239.48	25,641,025.64	11,934,674.36
TOTAL	**237,963,741.31**	**309,222,740.61**	**114,740,752.43**

Ohaozara Local Government Council
Financial Statement
For The Year Ended 31st December, 2018

Schedules To The Financial Statements

Wages and Salaries -2017

Months	LG STAFF ₦	UBEB ₦	CONHESS ₦
JAN	29,611,527.57	25,451,113.92	–
FEB	29,611,527.57	26,417,386.97	–
MAR	29,722,371.57	25,396,273.02	–
APR	15,615,058.59	–	–
MAY	15,615,058.59	25,364,080.02	–
JUNE	17,048,305.30	25,077,293.76	–
JULY	17,027,461.30	24,956,870.48	11,108,584.98
AUG	21,723,031.20	38,717,066.78	–
SEP	17,099,390.18	24,732,409.71	–
OCT	20,086,941.96	–	10,485,831.17
NOV	21,723,031.20	24,682,159.61	11,108,584.98
DEC	–	24,682,159.61	11,108,584.98
TOTAL	**234,883,705.01**	**265,476,813.88**	**43,811,586.11**

3 Schedule of Contribution to Pension & Gratu 2018

Months	Pension ₦	Gratuity ₦
February	11,686,938.39	7,692,307.69
May	11,855,286.44	–
June	11,855,286.44	–
September	355,826.64	–
Total	**59,753,337.91**	**7,692,307.69**

Ohaozara Local Government Council
Financial Statement
For The Year Ended 31st December, 2018

Schedules To The Financial Statements

Schedule of Contribution to Pension & Gratuity - 2017

Months	Pension ₦	Gratuity ₦
JAN.	6,605,662.55	–
FEB	8,461,538.46	–
MAR	18,384,615.38	74,472,093.20
APR	–	–
MAY	9,923,076.92	–
JUNE	9,923,076.92	–
JULY	9,923,076.92	–
AUG	21,066,928.41	–
SEP	–	–
OCT	10,696,355.84	–
NOV	–	–
DEC	–	36,418,291.26
TOTAL	**94,984,330.84**	**110,890,384.46**

CRFC -FUNDING OF TRADITIONAL RULERS

Months	2018 ₦	2017 ₦
FEB	453,076.92	376,153.85
MARCH	376,153.85	376,153.85
APRIL	906,153.85	376,153.85
JUNE	453,076.92	376,153.85
JULY	–	752,307.69
AUGUST	376,153.85	376,153.85
SEP	1,244,384.62	–
OCT	–	376,153.85
DEC	76,923.08	–
TOTAL	**3,885,925.09**	**3,009,230.79**

Ohaozara Local Government Council
Financial Statement
For The Year Ended 31st December, 2018

Non-Current Assets Schedule (Property, Plant & Equipment)

	Land	Bridge	Road	Motor Vehicle	Furniture & Fittings	Building	Borehole	Streetlight	Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦
Cost: As at 1 Jan.18	4,000,000.00	5,381,500.00	65,532,534.00	91,769,231.00	5,000,000.00	153,389,491.00	4,700,000.00	86,746,300.00	416,519,056.00
Additions During The Year	-	-	30,914,034.00	163,896,154.00	1,090,000.00	332,846,231.00	120,738,608.00	60,661,538.00	710,146,565.00
AS at 31 Dec.18	4,000,000.00	5,381,500.00	96,446,568.00	255,665,385.00	6,090,000.00	486,235,722.00	125,438,608.00	147,407,838.00	1,126,665,621.00
Depreciation As at Jan.18	-	107,630.00	3,276,627.00	22,942,308.00	500,000.00	3,067,790.00	235,000.00	43,337,315.00	34,466,670.00
Charges for the year	-	107,630.00	4,822,328.00	63,916,346.00	609,000.00	9,724,714.00	6,271,930.00	7,370,392.00	92,822,340.00
AS at 31 Dec.18	-	215,260.00	8,098,955.00	86,858,654.00	1,109,000.00	12,792,504.00	6,506,930.00	11,707,707.00	127,289,010.00
NBV As at 1 Jan.2018	4,000,000.00	5,273,870.00	62,255,907.00	68,826,923.00	4,500,000.00	150,321,701.00	4,465,000.00	82,408,985.00	382,052,386.00
NBV As at 31 Dec.2018	4,000,000.00	5,166,240.00	88,347,613.00	168,806,731.00	4,981,000.00	473,443,218.00	118,931,678.00	135,700,132.00	999,376,612.00

Okoro Nkechinyere, CNA
(Treasurer)

Chairman

EBONYI STATE GOVERNMENT OF NIGERIA

REPORT OF

THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS OF

OHAUKWU LOCAL GOVERNMENT

FOR THE YEAR ENDED

31ST DECEMBER, 2018

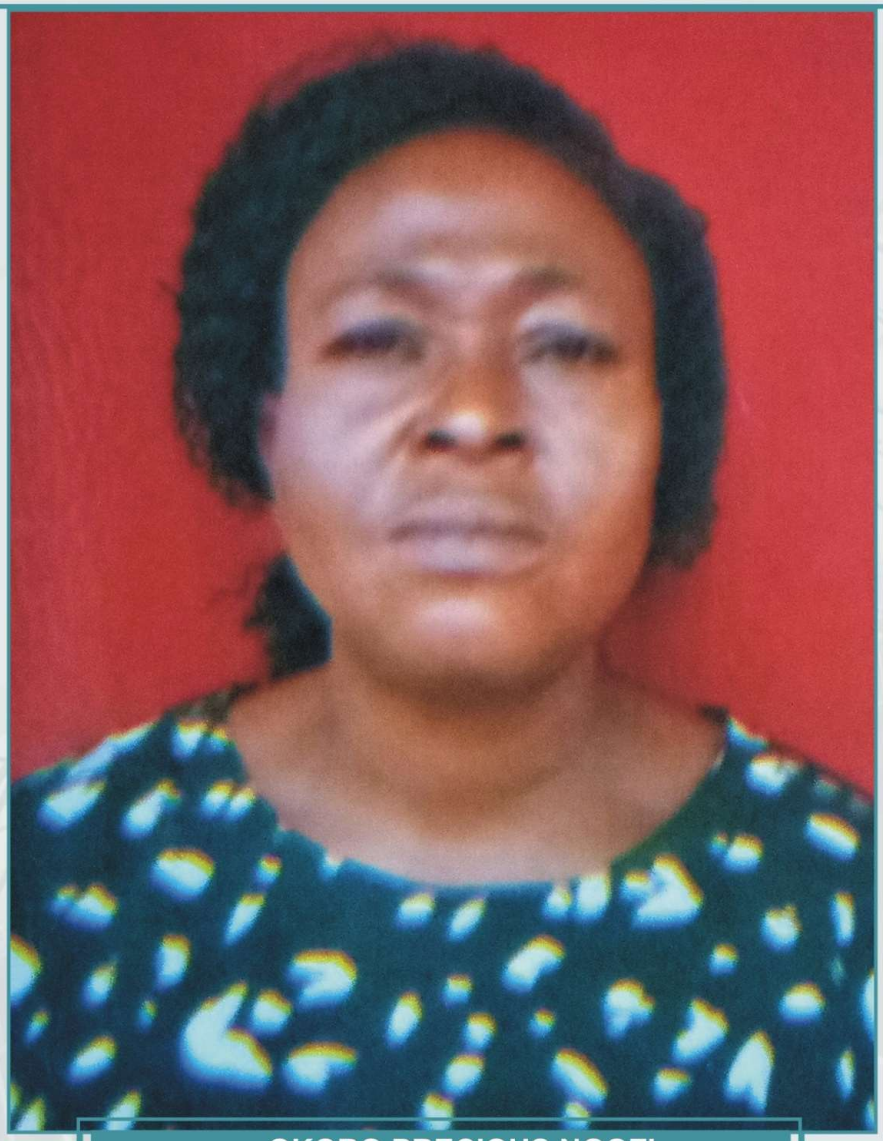
TO

EBONYI STATE HOUSE OF ASSEMBLY

HON. BARR. CLEMENT OMEKANNAYA ODAH

EXECUTIVE CHAIRMAN
OHAUKWU LOCAL GOVERNMENT,
EBONYI STATE

EZE OWOJIM
HPM
OHAUKWU LOCAL GOVERNMENT,
EBONYI STATE



OKORO PRECIOUS NGOZI
TREASURER,
OHAUKWU LOCAL GOVERNMENT,
EBONYI STATE

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CHAPTER ONE

1.0. GENERAL OBSERVATIONS

1.1. Submission of the 2018 Financial Statements

In accordance with Ebonyi State Local Government Law (CAP.106) Sections 122 and 123 (i-iv) of 2009 and other extant Laws, the Financial Statements of Ohaukwu Local Government for the year ended 31st December, 2018 was submitted to me on 3rd June, 2020.

1.2. Only Share of the Statutory Allocations was provided for in the 2018 Annual Budget

Ohaukwu Local Government budgeted for only **Share of Statutory Allocation** amounting to **one billion, four hundred thousand, one hundred and ninety two thousand, nine hundred and seventy five naira (₦1,400,192,975.00)** for the year 2018. Other components of FAAC revenues as listed below were not budgeted for.

They are

1. Share of Value Added Tax
2. Forex Equalization
3. Distribution of Stabilization
4. LGC Net
5. Excess Crude Account
6. Additional from NNPC
7. Share of Exchange gain difference
8. Excess PPT and
9. Excess Bank charges

Apart from Forex Equalization, Local Government Net, Additional Revenue from NNPC and Excess Bank Charges, all other heads/subheads had actuals for 2017 and therefore should have been provided for in the 2018 annual budget.

Therefore, the performances/variances as reported for those head as stated below should not have occurred if they were provided in the budget based on the 2017 actual.

Head	2018 Budget ₦	2018 Actual ₦	Variance
Forex Equalization	-	81,092,926.24	81,092,926.24
LGC Net	-	2,054,124.08	2,054,124.08
Additional from NNPC	-	2,929,570.01	2,929,570.01
Share of Exchange Gain	-	135,724.62	135,724.62
Excess Bank Charges	-	1,235,455.55	1,235,455.55

1.3. No relationship between closing balance in the Statement of Changes in Net Assets and Equity and Net Assets/Equity Reported in the Statement of Financial Position

Twenty three million, one hundred and twenty seven thousand four hundred and sixty six naira, seventy nine kobo (₦23,127,466.79) was reported in the Statement of Financial Position as Net Asset/Equity as at 31st December, 2018. However, the sum of **one billion, four hundred and ninety four million, nine hundred and fifty thousand, two hundred and eighteen naira, ninety seven kobo (₦1,494,950,218.97)** was reported as total Net Assets and Equity in the Statement of Changes in Net Assets and Equity.

CHAPTER TWO

2.0. STATEMENT OF FINANCIAL PERFORMANCE

2.1. Internally Generated Revenue

The Internally Generated Revenue (IGR) of Ohaukwu Local Government for the year ended 31st December, 2018, amounted to **three hundred and fourteen million, nine hundred and thirty three thousand, six hundred and sixty nine naira, six kobo (₦314,933,669.06)** out of a total IGR budget of **two hundred and twenty seven million, seventy five thousand, seven hundred and sixty naira (₦227,075,760.00)** for the year under review. This implies a budget performance of **138.69%** in IGR for the year.

The IGR for the year increased from **two hundred and seventy three million, five hundred and seventy one thousand, six hundred and twenty eight naira, sixty nine kobo (₦273,571,628.69)** generated in 2017 to **three hundred and fourteen million, nine hundred and thirty three thousand, six hundred and sixty nine naira, six kobo (₦314,933,669.06)**, which represents **15.12%** performance increase.

Details are as shown below:

Head	2018 Budget ₦	2018 Actual ₦	Performance %
Share of State Revenue	-	35,104,000.00	100.00
Licence - General	130,024,860.00	148,253,125.00	114.01
Fees – General	5,042,850.00	63,855,000.00	1.266.25
Fines – General	2,002,650.00	45,906,000.00	2.292.27
Sales – General	50,005,400.00	14,256,214.00	28.51
Earning - General	40,000,000.00	7,559,330.06	18.90
	227,075,760.00	314,933,667.06	138.69

Licences, **Fees**, and **Fines**, generated over and above their budgetary provision by **14.01%, 1.166.25%** and **2.192.27%** respectively, and the heads, **Sales** and **Earnings,** performed below budgetary provisions at **28.57%** and **18.90%** respectively. There was no budgetary provision for **10% Share of State Revenue** which generated **thirty five million, one hundred and four thousand naira (₦35,104,000.00)** for the year

Ohaukwu Local Government Area Non-tax Revenue, stands at about **20.28%**. Total Internally Generated Revenue for the Financial year ended 31st December, 2017, amounted to **two hundred and seventy three million, five hundred and seventy one thousand, six hundred and seventy eight naira, sixty nine kobo (₦273,571,678.69**).

Details of Actual Non Tax Revenue for the year 2017 and 2018 are as shown below:

Head	2018 (₦)	2017 (₦)	Variance (₦)
Licences	148,253,125.00	128,105,321.50	20,147,803.5
Fees	63,855,000.00	72,285,810.00	(8,430,810.00)
Fines	45,906,000.00	35,165,800.00	10,740,200.00
Sales	14,256,214.00	35,281,760.00	(21,025,546.00)
Earnings	7,559,330.06	4,732,937.19	2,826,392.87
	279,829,669.06	273,571,628.69	6,258,040.37

Only **Fees** and **Sales** had below performance in the year ended 31st December, 2018 by **sixty three million, eight hundred and fifty five thousand naira (₦63,855,000.00)** and **fourteen million, two hundred and fifty six thousand, two hundred and fourteen naira (₦14,256,214.00)** as against the amount generated in the year ended December, 2017 at **seventy two million, two hundred and eighty five thousand, eight hundred and ten naira (₦72,285,810.00)** and **thirty five million, two hundred and eighty one thousand, seven hundred and sixty naira (₦35,281,760.00**) respectively.

There was tremendous improvement achieved in the **Heads Licences, Fines,** and **Earnings** in the year 2018 as against the year ended December 31st, 2017.

2.2. Receipts from FAAC

The sum of **one billion, four hundred million, one hundred and ninety two thousand, nine hundred and seventy five naira (₦1,400,192,975)** only, was budgeted to be received from FAAC for the year ended 31st December, 2018. Actual receipts amounted to **one billion, six hundred and fifty million, three hundred and seventy eight thousand, four hundred and twenty six naira eight six kobo (₦1,650,378,426.86)** only, for the period under-review.

The budget figure for the revenue from FAAC was not disaggregated to its components, therefore it could not assess the performances of the components of FAAC allocation to the Local Government.

Head	2018 Budget ₦	2018 Actual ₦	Performance %
Statutory Allocation	1,400,192,975.00	1,650,378,426.86	66.40
Share of Value Added Tax		466,005,181.00	100.00
Forex Equalization (1-5)		81,092,926.24	100.00
LGC Net		2,054,124.08	100.00
Additional from NNPC		2,929,570.01	100.00
Exchange Gain Difference		135,724.62	100.00
Excess Bank Charges		1,235,455.55	100.00
	1,400,192,975.00	2,203,831,408.36	157.40

Audit also noted a huge improvement in the actual revenue from FAAC to Ohaukwu Local Government Area, in the period under-review by **two billion, two hundred and three million, eight hundred and thirty one thousand, four hundred and eight naira, thirty six kobo (₦2,203,831,408.36)** as against the budgetary provision at **one billion, four hundred million, one hundred ninety two thousand, nine hundred and seventy five naira (₦1,400,192,975.00)**.

The Council made a surplus of **eight hundred and three million, six hundred thirty six thousand, four hundred and thirty three naira, thirty six kobo (₦803,636,433.36)** representing **57.40%** performance.

There was also an improvement in the revenue from FAAC received, in the year ended 31st December, 2018 over that of the year ended 31st December, 2017 by **one hundred and sixty five million, four hundred and fifty five thousand, four hundred and sixty three naira, ninety six kobo (₦165,455,463.96) or 8.12%.**

Details are as shown below:

Head	2018 Actual ₦	2017 Actual ₦	Variance ₦
Statutory Allocation	1,650,378,427.86	1,467,864,027.60	250,185,451.86
Share of Value Added Tax	466,005,181.00	425,105,017.25	40,900,163.75
Forex equalization (1-5)	81,092,926.24	-	80,092,926.24
Distribution of Stabilization	-	4,209,152.31	4,209,152.31
LGC Net	2,054,124.08	-	2,054,124.08
Excess Crude Account	-	18,197,784.01	18,197,784.01
Additional for NNPC	2,929,570.01	-	2,929,570.01
Share of Exchange Gain difference	135,724.62	103,575,212.26	(103,439,488.35)
Excess PPT	-	19,424,750.97	19,424,750.97
Excess Bank charges	1,235,455.55	-	1,235,455.55
	2,203,831,408.36	2,038,375,944.4	165,455,463.96

2.3. Personnel Costs

A budget provision of **one billion, three hundred and eighty three million, fifteen thousand, six hundred and nineteen naira (₦1,383,015,619.00)** only, was made for personnel cost of the Local Government Council, while a total sum of **one billion, two hundred and ninety nine million, nine hundred and ninety nine thousand, seven hundred and fifty eight naira, seventy five kobo (₦1,299,999,758.75)** only, was actually spent by the council leaving a balance of **eighty three million, fifteen thousand, eight hundred and sixty naira, twenty five kobo (₦83,015,860.25)** unspent.

Details are as shown below:

Head	2018 Budget ₦	2018 Actual ₦	Variance ₦
Personnel Costs	1,294,431,219.00	1,116,135,286.79	178,295,932.21
CRFC	40,023,215.00	104,303,286.96	(64,280,071.96)
Social Benefits	48,561,185.00	79,561,185.00	(31,0023,183.85)
	1,383,015,619.00	**1,299,999,758.75**	**(83,015,860.25)**

The Local Government Council spent below budgetary provision on personnel costs, with balance of **eighty three million, fifteen thousand, eight hundred and sixty naira twenty five kobo (₦83,015,860.25)**.

A comparison of 2018 actual on personnel cost with the actual in the year ended 31st December, 2017 showed that personnel cost increased by **twenty six million three hundred and ninety thousand, seven hundred and eighty two naira, eighty seven kobo (₦26,390,782.87).**

Details are as shown below:

Head	2018 Actual ₦	2017 Actual ₦	Difference ₦
Personnel Costs	1,299,999,758.75	1,273,608,975.88	26,390,782.87

2.4. Overheads

Overhead expenditure of the council for the year ended 31st December, 2018 amounted to **five hundred and thirty million, nine hundred and seventy nine thousand, eighty one naira, seventy seven kobo (₦530,979,081.77).** This contrasts with the sum of **three hundred and ninety six million, two hundred and seventy nine thousand, three hundred and fifty six naira, fifty eight kobo (₦396,279,356.58)** spent on overhead in the year ended 31st December, 2017.

The following table is a comparison of actual overheads expenditure according to subheads for the year under review and the financial year 2017

Subhead	2018 Actual ₦	2017 Actual ₦	% Increases (Decreases)
Materials & Supplies	2,730,000.00	1,950,500.00	39.97
Maintenance Services	10,538,461.54	25,756,855.00	(59.09)
Security & Safety Services	121,557,692.36	122,925,350.00	(1.12)
Consulting & Prof. Services	450,000.00	500,000.00	(10.00)
Farm Inputs	35,104,000.00	-	100.00
Fuel and Lubricants	1,285,000.00	850,000.00	51.18
Financial Charges	144,136.06	105,675.75	36.40
Admin & Gen. Expenses	219,633,063.38	197,340,074.00	11.30
DC Overhead	4,115,923.09	5,750,345.25	(28.43)
Public Debt Charges	84,646,389.94	32,573,756.58	159.86
Depreciation	50,774,415.40	8,526,800.00	495.47
	530,976,081.77	396,279,356.58	33.99

Overhead expenditure for 2018 rose by **33.99%** over 2017 overhead cost.

Significant increases in overhead expenditure was observed in the following subheads:

	% Increase over 2017
Materials & Supplies	39.97
Fuel and Lubricants	51.18
Financial Charges	36.40
Public Debt charges	159.86
Depreciation	495.47

Decreased overhead expenditure was observed on the following:

	% Decrease over 2017

Maintenance Services	59.09
Security & Safety Services	1.12
Consulting and Professional Services	10.00
DC overhead	28.43

CHAPTER THREE

3.0. STATEMENT OF FINANCIAL POSITION

3.1. Current Assets:

3.1.1 Cash and Cash Equivalents

As at 31st December, 2018, Ohaukwu Local Government Council had Cash and Cash Equivalents amounting to **one million, one hundred and five thousand, two hundred and forty six naira, ninety three kobo (₦1,105,246.93)**. This position is an improvement on the balance on the same account at the beginning of the year of **one million, fifty-four thousand, eight hundred and ninety two naira, seventy eight kobo (₦1,054,892.78)**. The bank accounts holding the Cash and Cash Equivalent were disclosed in the statement as UBA.

3.2. Short term Loans

This represents advances to farmers amounting to **forty three million, two hundred and sixty one thousand, seven hundred and fifteen naira, thirty three kobo (₦43,261,715.38)** not yet recovered at the end of the period, Recoveries from the farmers are due in the first half of 2019.

3.3. Purchase of Assets

Ohaukwu Local Government Area acquired assets worth a total sum of **one hundred and sixty four million, five hundred and twenty-six thousand, one hundred and fifty three naira, ninety kobo (₦164,526,153.90)** for the year ended 31st December, 2018.

Details are as shown below:

S/N	Head	2018 Budgeted (₦)	2018 Actual (₦)
i.	Furniture & Fittings	-	680,000.00
ii.	Motor Vehicles	-	125,384,615.40
iii.	Motor Vehicles & Motorcycles	-	38,461,538.46
		124,000,000.00	**164,526,153.90**

There was no components figures on the Budget provisions to enable me determine the performance.

Ohaukwu Local Government Council, spent overhead above Budgetary provision in the purchase of Assets for the year ended 31st December, 2018, with 33.98% marginal spending on the **Heads.**

3.4 Rehabilitation of Assets

There were no functional figures disclosed as against the components in the budgetary provision, to determine the budget performance.

The total Rehabilitation of Assets incurred by the Council for the year ended 31st December, 2018, was **ten million, one hundred and ninety five thousand, five hundred naira (₦10,195,500.00)**.

There are:

i	Lateriting of Akparata & Inikiri road in Effium	8,350,000.00
ii	Reconstruction of LG perimeter fence (Local Government Headquarters)	1,295,000.00
iii	Painting of wall & pavilion (Ohaukwu Local Government)	495,000.00
iv	Replacement of zinc & wood (LG HQters)	55,500.00
		10,195,500.00

3.5. Community and Rural Development

The budget did not provide information on Budgetary provisions, therefore I could not ascertain the budgetary provision per community, as against the actual presented in the Financial Statement.

The Financial Statement disclosed the actual distribution of funds to the community projects, totaling **four hundred and thirty three million, four hundred and eighty six thousand, one hundred and fifty three naira, ninety kobo (₦433,486,153.90)**.

Details of the distribution are as shown below:

i	Effium Community Project	59,615,384.63
ii	Unuagara/Amechi Community Project	59,615,384.63
iii	Umuogudu Akpu Rural Development Project	59,050,769.25
iv	Ukwagba Ngbo Rural Development Project	59,050,769.25
v	Okposhi – Eshi Community Project	59,615,384.63
vi	Nsuluakpa/Amike Community Project	59,615,384.63
vii	Bank of Industry Fund (SMES)	76,923,076.92
		433,486,153.90

CHAPTER FOUR

4.0. Consolidated Statement of Cash Flow

4.1. Sources of Fund

For the year ended 31st December, 2018, Ohaukwu Local Government Area received fund from the following sources

Source	**Amount (₦)**
Statutory Allocation	1,737,826,227.36
Value Added Tax	466,005,181.00
Internally Generated Revenue	314,933,669.06
	2,518,765,077.42

4.2. Uses of Fund

Funds generated in the period was on the following

Head	**Amount (₦)**
Salaries and Wages/Social Benefits	1,300,022,838.60
Overheads	395,558,276.43
Public Debt Charges	84,646,389.74
Investments	738,487,038.60
	2,518,714,543.37

The Investments reported in the year included:

Head	**Amount (₦)**
Purchase of Assets	164,526,153.90
Construction of Assets	130,279,230.80
Rehabilitation of Assets	10,195,500.00
Community Development	433,486,153.90
	738,487,038.60

4.3. Cash and Cash Equivalent

The closing Cash and Cash Equivalent on the Consolidated Cash Flow Statement agrees with the **one million, one hundred and five thousand, four hundred and twenty six naira, ninety three kobo (₦1,105,426.93)** reported in the Statement of Financial Position as at 31st December, 2018.

AUDIT CERTIFICATE

The **Treasurer, Ohaukwu Local Government** is responsible for the preparation of the Financial Statements in accordance with Sections 116 of the Ebonyi State Local Government Law (CAP.106) of 2009 and the relevant provisions of the International Public Sector Accounting Standards (IPSAS)/ Guideline issued by the Federation Accounts Allocation Committee (FAAC) Sub-committee on IPSAS implementation; Financial Memorandum; and for being satisfied that the Financial Statements for the year ended 31st December, 2018 give a true and fair view of transactions of the Local Government.

My responsibility is to express an opinion on these Financial Statements with regard to compliance of transactions to regulations and statutes, efficient use of resources and accuracy of accounting records, based on the audit conducted in accordance with International Standards on Auditing (ISA).

I have obtained the information and explanations I required and certify, as a result of my audit that in my opinion, the Financial Statements and the Notes to the Accounts are complete, in compliance with relevant statutes and show a true and fair view of the State of affairs as at 31st December, 2018 and the transactions for the fiscal year ended on that date.

Mrs. P.N. Alobu,
Ag. Auditor-General for
Local Governments,
Ebonyi State.

Office of the Auditor-General for
Local Governments,
P.M.B 075

Abakaliki,
Ebonyi State.
15th October, 2020.

OHAUKWU LOCAL GOVERNMENT COUNCIL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2018

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OHAUKWU LOCAL GOVERNMENT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018
THE RESPONSIBILITIES OF THE TREASURER

The Financial Statements have been prepared in accordance with the provisions of the Finance (Control and Management) Act 1958 Cap 144 LFN and Public Finance Management Law2011 as amended.
Ohaukwu Local Government initiated a three-year transition from 1st January, 2016 in order to achieve full compliance with the requirements of IPSAS 33 of the Accrual-based Ohaukwu Local Government Financial Statement for the financial year ended, 31st December, 2018. These Financial Statements are also in line with Generally Accepted Accounting Principles and practice and other government accounting regulations and pronouncements.

The Accountant General of the Ohaukwu Local Government is responsible for:

(d) Establishing and maintaining an adequate system of internal controls to provide adequate and reasonable assurance that transactions reported and recorded accurately and are within statutory authority.

(e) Ensuring the integrity and objectivity of the financial statement to reflect the financial position and performance of the Ohaukwu Local Government.

(f) Preparing its financial Statement using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

The Accountant General accepts responsibility for the annual Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the traditional requirements of International Public Sector Accounting Standards and the requirements of the provisions of the Finance (Control and Management) Act 1958 Cap 144 LFN as amended.
The Financial Statements provide adequate and reasonable assurance of the State of the Financial Affairs of the Ohaukwu Local Government and of its Financial performance and cash flows. The Accountant General further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of Financial Statements, as well as adequate systems of internal financial control.

Legal Basis Accounting Framework

The accounting framework of the Ohaukwu Local Government focuses on reporting the budgetary activities of the government for the financial year as laid down in the appropriation law.
The transitional financial statements of the Ohaukwu Local Government have been prepared using the accrual basis in accordance with the requirements of International Public Sector Accounting Standards (IPSAS) 33 – First time adoption of accrual IPSAS' and in accordance with Sections 13 and 14 of the Ohaukwu public finance Law 2011 while the office of the Accountant General of Ohaukwu is empowered to choose the basis of reporting.

Basis of Preparation

(a) Statement of Compliance

Ohaukwu Local Government initiated accrual Basis IPSAS on January 2017 and elected to adopt the transitional exemptions in IPSAS 33 that allows it to apply a deemed cost and transitional period of up to three years. As a result of adopting these transitional exemptions and provisions, the Ohaukwu Local Government is not able to make an explicit and unreserved statement about its compliance with accrual basis IPSASs. These financial statements are therefore referred to as the third transitional IPSAS Financial Statements of Ohaukwu Local Government.

(b) Basis of Measurement

The financial statements have been prepared on the basis of historical cost, unless stated otherwise.

In this 2nd transitional financial statements for Ohaukwu Local Government, the following statements are presented:

- Statement of financial position as at 31st December, 2018

- Statement of financial performance for the year ended 31st December, 2018
- Statement of changes in net assets for the year ended 31st December, 2018
- Cash flow statement for the year ended 31st December, 2018
- Statement of comparison of budget and actual information for the year ended 31st December 2018
- Note presenting a reconciliation of changes from its previous basis of accounting.

(c) Functional and Presentation Currency

The Financial statements are presented in Naira, which is the functional and reporting currency of Ohaukwu Local Government and all values are rounded to the nearest thousand (₦000).

(d) Going Concern

The financial statements have been prepared on a going concern basis.

Accounting Principles

The objective of the financial statements is to provide information about the financial position, performance and cash flows of Ohaukwu Local Government 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 Ohaukwu Local Government accountability to the resources entrusted to it.

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

Preparation of the financial statement 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.

Ohaukwu Local Government has adopted relevant IPSAS standards for the first time for the year beginning, 1 January 2016, and has also elected to adopt the transitional exemptions provided in IPSAS 33 on First Time adoption of Accrual Basis IPSAS. These financial statement are the third transitional financial statement.

Accounting Periods

The accounting year is from 1st January to 31st December.

Summary of Significant Accounting Policies

OhaukwuLocal Government has applied the following accounting policies in preparation of the financial statement for the year ended 31st December, 2018. These policies have been consistently applied to all the years presented, unless otherwise state.

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.

6.1.1 Revenue from Non-exchange Transactions

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

(a) Taxes Receipts Taxes are economic benefits or service potential compulsorily paid or payable to Ohaukwu Local Government, in accordance with laws and/or regulations, established to provide revenue to the Government. Taxes do not include fines or other penalties imposed for breach of the law. Ohaukwu Local Government 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 Lagos 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. Ohaukwu Local Government taxes include: Pay-As-You-Earn, Tax on Contract, Withholding Tax, Entertainment Tax, Capital Gain Tax, Stamp Duties, Development Lev)', Property Tax, Business Premises and other tax receipts.

(b) Levies, Fees and Fines These are inflows of future economic benefits or sendee potentials from non-exchange transactions other than taxes. They are economic benefits or service potential received or receivable by Ohaukwu Local Government, as determined by Lagos 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.

(c) 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 recognised at point of receipt.

(d) Capital Receipts

These include grants and other capital receipts. Capital receipts are measured at fair value or when there is an 7enforceable claim to receive the asset if it is free from conditions. Capital receipts are recognised when it is probable that the economic benefits or service potential related to the asset will flow to Ohaukwu Local Government and can be measured reliably.

(e) 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 recognised at the fair value of the consideration received or receivable.

6.1.2 Revenue from Exchange Transactions

These are transactions in which Ohaukwu Local Government receives consideration from, and directly gives approximately equal value in

Revenue from the sale of goods and services is recognised 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 Ohaukwu Local Government.

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

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

(a) Rental Income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

(b) Revenue from Other Services

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

(c) Investment Income

Investment income consists of dividend income. Dividend income or similar distributions are recognised when Ohaukwu Local Government’s right to receive payment is established.

6.2 Public Debt Charge

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.

(d) 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 recognised when it is probable that the economic benefits or service potential related to the asset will flow to Ohaukwu Local Government and can be measured reliably.

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Revenue arising from the use by others of Ohaukwu Local Government's assets yielding rental income, interest, royalties and dividends or similar distributions, are recognised as they are earned in accordance with the substance of the relevant agreement. Revenue is recognised 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 Ohaukwu Local Government.

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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.

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 the Ohaukwu 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 costs.

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.

Ohaukwu 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.

Ohaukwu Local Government classifies its financial liabilities at fair value through surplus or deficit and at amortised 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 third Transitional Financial Statements for the year ended 31 December 2017, Ohaukwu Local Government has recognised financial liabilities measured at amortized cost. These include local and foreign debts and investments.

6.5.1 Classification

(a) 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 realised within twelve months; otherwise, they are classified as non-current assets.

(b) 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. Ohaukwu 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.

(c) 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 Ohaukwu Local Government intends to dispose of it within 12 months of the end of the reporting period. Ohaukwu Local Government has recognised some of its quoted and unquoted investments as well as managed funds as available-for-sale Investment.

(d) Financial Liabilities at Amortised Cost

Financial Liabilities at amortised cost include Payables, Other Liabilities and Debts.

6-5-2 Categories and Measurement

b) 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 realised or paid beyond twelve months of the reporting date, which are classified as long-term.

(b) Loans and Receivables

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

(c) Available-for-sale Investments

Available-for-sale investments are recognised 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 recognised 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 derecognised, at which time the cumulative gain or loss previously recognised in net assets shall be recognised in surplus or deficit. On the other hand, interest calculated using the effective interest method is recognised in surplus or deficit. Available-for-sale investments are classified as non-current asset, unless an investment matures within twelve months, or the directors expect to dispose of it within twelve months.

(d) Financial Liabilities at Amortized Cost

Financial liabilities measured at amortized cost are recognised 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.

6.5.3 Recognition and De-recognition

Financial instruments are recognised when Ohaukwu 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 derecognised when the rights to receive cash flows from the assets have expired or have been transferred and Ohaukwu Local Government has transferred substantially al) risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

6.5.4 Reclassification

Ohaukwu 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 amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

6.5.5 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 recognised 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.

6.5-6 Impairment of Financial Assets

Ohaukwu 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 reorganisation, 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.

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 recognised 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, Ohaukwu 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 recognised (such as an improvement in the debtor's credit rating), the

reversal of the previously recognised impairment loss is recognised in the statement of financial performance.

6.5.7 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.

Financial instruments denominated in a foreign currency are initially recognised 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 and Equipment (PPE)

Ohaukwu 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 recognised 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 Ohaukwu 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 Ohaukwu Local Government to fund the acquisition of property, plant and equipment are expensed immediately they are incurred.

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.

6.6.1 **Depreciation Rates**

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

Item	Depreciation Rate
Land	N/A
Building	2%
Constructed asset*	2%-10%
Heritage asset	N/A
Capital work in progress	N/A
Plant and machinery	5%
Motor vehicle	25%
Biological asset	io%-50%
Computer office & equipment	2.5%
Concession asset	5%
Leased asset	10%
Furniture and fitting	10%

*The following depreciation rates were used for constructed assets: bridges: 2%; roads: 5%; traffic lights: 5%; street

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.

6.7 Public Debt Charge

Public debt charges are interest and other expenses incurred by Ohaukwu Local Government in connection with the borrowing of funds for qualifying assets. Ohaukwu Local Government has adopted the benchmark treatment, under which public debt charges are recognised 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 sendee potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or sendee potential through depreciation. Ohaukwu Local Government assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, Ohaukwu Local Government will estimate the recoverable amount of the asset. For intangible assets, irrespective of whether there is any indication of impairment, Ohaukwu 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 (amortisation) 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 recognised 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
recognised 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.

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, Ohaukwu Local Government will determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

STATEMENTS OF RESPONSIBILITY, COMPLIANCE AND BASIS OF PREPARATION

These financial statements have been prepared by the Officer of **OHAUKWU LOCAL GOVERNMENT, EZZANGBO** in accordance with the Finance Control and Management Act 1958 as amended. The financial statement is in compliance with International Public Sector Accounting Standard (IPSAS). The financial

statements have been prepared on accrual basis, going concern basis and the accounting policies have been applied consistently through the period. The measurement base applied is the historical cost adjusted for revaluation of assets.

The Treasurer is responsible for establishing and maintaining a system of Internal Control designed to provide reasonable assurance that the transactions recorded are within statutory authority and properly record the use of all public resources by **OHAUKWU LOCAL GOVERNMENT, EZZANGBO.**

To the best of our knowledge, this system of Internal Control has operated adequately throughout the reporting period.

We accept responsibility for the integrity of these financial statements, the information they contain and the compliance with the Finance (Control and Management) Act 1958 as amended.

In our opinion, these financial statements fairly reflect the Financial Position of **OHAUKWU LOCAL GOVERNMENT, EZZANGO** as at **31ST DECEMBER, 2018** and its operations for the period ended on that date.

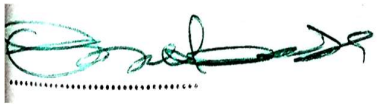
Treasurer

Chairman

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
Share of Statutory Revenue	1	1,737,826,227.36	1,613,270,927.15
Share of Value Added Tax	2	466,005,181.00	425,105,017.25
Tax Revenue		-	-
10% State IGR	3	35,104,000.00	52,240,630.22
Non Tax Revenue	4	279,829,669.06	273,571,628.69
Total Operating Revenue A		**2,518,765,077.42**	**2,364,188,203.31**
Recurrent Expenditure			
Salaries and Wages	5	1,116,135,178.79	1,041,535,625.55
Statutory of Officers' Salaries	6	104,303,286.96	104,303,286.96
Social Benefits	7	79,584,372.85	127,770,063.37
Materials & Supplies	8	2,730,000.00	1,950,500.00
Maintenance Services	9	10,538,461.54	25,756,855.00
Security and Safety Services	10	121,557,692.36	122,925,350.00
Consulting & Professional Services	11	450,000.00	500,000.00
Fuel and Lubricants	12	1,285,000.00	850,000.00
Financial Charges	13	144,136.06	105,675.75
Distribution of Fertilizer to Farmer	14	35,104,000.00	52,240,630.22
Admin & General Expenses	15	219,633,063.38	197,340,074.00
Admin Overhead to Development Centres & Others	16	4,115,923.09	5,750,345.25
Public Debt Charges	17	84,646,389.94	32,573,756.58
Depreciation Charges	22	50,774,415.40	8,526,800.00
Total Recurrent Expenditure (B)		**1,831,001,920.17**	**1,722,128,962.68**
Surplus for the Year (C = A - B)		**687,763,157.25**	**752,061,240.63**

Treasurer



Chairman

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
ASSETS			
CURRENT ASSETS			
Cash and its equivalent	24	1,105,426.93	1,054,892.98
Inventories		2,450,000.00	2,450,000.00
Receivables		10,685,325.00	10,685,325.00
Prepayments		5,871,349.00	5,871,349.00
TOTAL CURRENT ASSETS (A)		**20,112,100.93**	**20,061,566.98**
NON CURRENT ASSETS			
Investments		-	-
Property, Plant and Equipment	12	255,367,276.96	85,526,582.83
TOTAL NON CURRENT ASSETS (B)		**255,367,276.96**	**85,526,582.83**
TOTAL ASSETS (C = A + B)		**275,479,377.89**	**105,588,149.61**
LIABILITIES			
CURRENT LIABILITIES			
Payables and Other Liabilities		2,255,500.00	2,255,500.00
Public Funds		-	-
Public Debt (Borrowing)		-	-
TOTAL CURRENT LIABILTIES (D)		**2,255,500.00**	**2,255,500.00**
NON-CURRENT LIABILITIES			
Public Debt (Salary Bailout)		168,394,213.82	196,789,565.06
Finance Lease Obligations		-	-
Retirement Benefits Obligations	15	271,6[illegible]	[illegible]65.59
TO[illegible]URRENT LIABILITIES (E)		**440,0[illegible]**	**[illegible]30.65**
TOTAL LIABILITIES (F = D + E)		**442,319,051.48**	**427,165,830.65**
NET ASSETS & LIABILITIES (C - F)		**(166,893,673.59)**	**(321,577,681.04)**

Treasurer

Chairman

Treasurer

Chairman

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
Share of Statutory Revenue	1	1,737,826,227.36	1,613,270,927.15
Share of Value Added Tax	2	466,005,181.00	425,105,017.25
Tax Revenue		-	-
10% State IGR		35,104,100.00	
Non Tax Revenue	3	279,829,669.06	273,571,628.69
Total Operating Revenue A		**2,518,765,177.42**	**2,311,947,573.09**
OUTFLOWS			
Salaries and Wages	4	1,116,135,178.79	1,041,535,625.55
Statutory of Officers' Salaries	5	104,303,286.96	104,303,286.96
Social Benefits	6	79,584,372.85	127,770,063.37
Overhead Cost	23	395,558,276.43	355,178,800.00
Public Debt Charges	15	84,646,389.74	32,573,756.58
TOTAL OUTFLOW FROM OPERATING ACTIVITIES (B)		**1,780,227,504.77**	**1,661,361,532.46**
NET CASHFLOW FROM OPEARTING ACTIVITIES (C = A - B)		**738,537,672.65**	**650,586,040.63**
CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of Assets	18	164,526,153.90	74,672,464.00
Construction of Assets	19	130,279,230.80	85,682,952.00
Rehabilitation of Assets	20	10,195,500.00	63,465,554.04
Community & Rual Development	21	433,486,153.90	425,715,852.25
NET CASHFLOW FROM INVESTING ACTIVITIES (D)		**738,487,038.60**	**649,536,822.29**
CASHFLOW FINANCING ACTIVITIES			
Public Fund & proceeds from loan & other borrowing		-	-
Net Cashflow from Financing Activites (E)			
Net Cashflow from all activites (F = C - D + E)		50,534.05	1,049,218.34
Opening Balance of Cash and its Equivalents	23	**1,054,892.78**	**5,674.40**
Closing Balance of Cash and its Equivalent	22	**1,105,426.93**	**1,054,892.78**

CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 2018

ACTUAL		ACTUAL	FINAL BUDGET	SUPL. BUDGET	ORIGINAL BUDGET	VARIANCE
2017		2018	2018	2018	2018	
₦	REVENUE	₦	₦	₦	₦	₦
1,467,864,027.60	Share of Statutory Allocation	1,650,378,426.86	1,400,192,975.00		1,400,192,975.00	250,185,451.86
425,105,017.25	Share of Value Added Tax	466,005,181.00	-		-	466,005,181.00
-	Forex Equalization	81,092,926.24	-		-	81,092,926.24
4,209,152.31	Distribution of stabilization	-	-		-	-
-	LGCNET	2,054,124.08	-		-	2,054,124.08
18,197,784.01	Excess Crude Account	-	-		-	-
-	Additional from NNPC	2,929,570.01	-		-	2,929,570.01
103,575,212.26	Share of Exchange gain differ	135,724.62	-		-	135,724.62
19,424,750.97	Excess PPT	-	-		-	-
-	Excess Bank Charges	1,235,455.55	-		-	1,235,455.55
2,038,375,944.40	**Sub-Total A**	**2,203,831,408.36**	**1,400,192,975.00**		**1,400,192,975.00**	**803,638,433.36**
	Tax Revenue	**-**	**-**		**-**	**-**
	Non-Tax Revenue					
	10% State IGR	35,104,000.00				35,104,00
128,105,321.50	License - General	148,253,125.00	130,024,860.00		130,024,860.00	18,228,265.00
72,285,810.00	Fees - General	63,855,000.00	5,042,850.00		5,042,850.00	58,812,150.00
33,165,800.00	Fines - General	45,906,000.00	2,002,650.00		2,002,650.00	43,903,350.00
35,281,760.00	Sales - General	14,256,214.00	50,005,400.00		50,005,400.00	(35,749,186.00)
4,732,937.19	Earnings - General	7,559,330.06	40,000,000.00		40,000,000.00	(32,440,669.94)
273,571,628.69	**Sub-Total B**	**314,933,669.06**	**227,075,760.00**		**227,075,760.00**	**87,857,909.06**
2,311,947,573.09	**Total Revenue (A + B = C)**	**2,518,765,077.42**	**1,627,268,735.00**		**1,627,268,735.00**	**891,496,342.42**

CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 2018

ACTUAL		ACTUAL	FINAL BUDGET	SUPL. BUDGET	ORIGINAL BUDGET	VARIANCE
2017		2018	2018	2018	2018	
₦		₦	₦	₦	₦	₦
	RECURRENT EXPENDITURE					
1,041,535,625.55	Personnel Cost	1,116,135,178.79	1,294,431,219.00		1,294,431,219.00	178,296,040.21
104,303,286.96	Statutory Officers' Salaries	104,303,286.96	40,023,215.00		40,023,215.00	(64,280,071.96)
355,178,800.00	Overhead Cost	395,558,276.43	64,200,000.00		64,200,000.00	(331,358,276.43)
127,770,063.37	Social Benefits	79,584,372.85	48,561,185.00		48,561,185.00	(31,023,187.85)
1,628,787,775.88	**Sub Total D**	**1,695,581,115.03**	**1,447,215,619.00**		**1,447,215,619.00**	**(248,365,496.03)**
	CAPITAL EXPENDITURE					
74,672,464.00	Purchase of Assets	164,526,153.90	124,000,000.00		124,000,000.00	(40,526,153.90)
85,682,952.00	Construction of Assets	130,279,230.80	651,000,000.00		651,000,000.00	520,720,769.20
63,465,554.04	Rehabilitation of Assets	10,195,500.00	110,000,000.00		110,000,000.00	99,804,500.00
425,715,852.25	Community & Rural Development	433,486,153.90	687,900,000.00		687,900,000.00	254,413,846.10
649,536,822.29	**Sub Total E**	**738,487,038.60**	**1,572,900,000.00**		**1,572,900,000.00**	**834,412,961.40**
2,278,324,598.17	**Total Expenditure (D + E) = F**	**2,434,068,153.63**	**3,020,115,619.00**		**3,020,115,619.00**	**586,047,465.37**
33,622,974.92	**Surplus (Deficit) for the year**	**84,696,923.79**	**1,392,846,884.00**		**1,392,846,884.00**	**235,240,887.05**

Treasurer **Chairman**

CONSOLIDATED SEGMENT REPORTING
FOR THE YEAR ENDED 31ST DECEMBER, 2018

	ADMINISTRATIVE	ECONOMIC	REGIONAL	SOCIAL	OTHERS	TOTAL
	₦	₦	₦	₦	₦	₦
Revenue						-
Taxes		-				
License		148,253,125.00				148,253,125.00
Fees		63,855,000.00				63,855,000.00
Fines		45,906,000.00				45,906,000.00
Sales		14,256,214.00				14,256,214.00
Earnings		7,559,330.06				7,559,330.06
Other Revenue						
Share of Statutory Revenue					2,203,831,408.36	2,203,831,408.36
Total Revenue (A)		**279,829,669.06**			**2,203,831,408.36**	**2,483,661,077.42**
Expenses						
Personnel Cost	895,373,285.33			325,065,180.42		1,220,438,465.75
Overhead Cost	90,387,155.43	75,735,250.00	86,928,950.00	105,672,921.00		358,724,276.43
Subvention to Development Centres				1,730,000.00		1,730,000.00
Depreciation/Amortization					50,774,415.40	50,774,415.40
Transfer to other Government Entities					84,646,389.74	84,646,389.74
Social Benefits					79,584,372.85	79,584,372.85
Total Expenses (B)	**985,760,440.76**	**75,735,250.00**	**86,928,950.00**	**432,468,101.42**	**215,005,177.99**	**1,795,897,920.17**
Surplus (Deficit) A - B	**(985,760,440.76)**	**204,094,419.06**	**(86,928,950.00)**	**(432,468,101.42)**	**1,988,826,230.37**	**687,763,157.25**

Treasurer

Chairman

	NOTE	2018	2017
		₦	₦
REVENUE			
NOTE 1			
Statutory Revenue:			
Statutory Allocation	**1a**	1,650,378,426.86	1,467,864,027.60
Forex Equilization	**1b**	81,092,926.24	-
LGCNET	**1c**	2,054,124.08	-
Additional Fund from NNPC	**1d**	2,929,570.01	-
Share of exchange gain difference	**1e**	135,724.62	103,575,212.26
Excess Bank charges	**1f**	1,235,455.55	-
Distribution of Stabilization	**1g**	-	4,209,152.31
Excess Crude Account	**1h**	-	18,197,748.01
Excess PPT	**1i**	-	19,424,750.97
		1,737,826,227.30	**1,613,270,891.15**
		-	-
NOTE 1a:		-	-
Statutory Allocation:		-	-
January		128,271,329.90	139,516,667.94
February		139,133,342.33	100,565,724.48
March		134,839,123.20	122,356,746.09
April		120,861,611.43	108,981,624.92
May		141,420,517.30	102,555,592.08
June		137,440,065.60	114,934,297.43
July		143,198,362.00	135,782,949.46
August		137,996,346.90	156,378,386.16
September		137,510,418.50	151,630,396.30
October		134,510,418.50	141,765,623.22
November		147,310,945.60	96,698,009.76
December		147,885,945.60	96,698,009.76
		1,650,378,426.86	**1,467,864,027.60**
NOTE 1b			
Forex Equilization:			
January		7,511,441.23	-
February		-	-
March		33,528,103.23	-
April		16,265,096.42	-
May		-	-
June		-	-
July		-	-
August		-	-
September		-	-
October		6,187,496.67	-
November		17,355,645.36	-
December		245,143.33	-
		81,092,926.24	**-**
		-	
NOTE 1c		-	
LGCNET:		-	
July		2,054,124.08	-
		2,054,124.08	-
		-	-
NOTE 1d		-	-
Additional Fund from NNPC:		-	-
August		2,929,570.01	-
		2,929,570.01	-

		-	-
NOTE 1e		-	-
Share of Exchange Gain Difference:		-	-
January		-	13,216,565.10
February		-	12,031,681.12
March		-	9,974,084.20
April		-	16,623,730.11
May		-	9,535,775.65
June		-	16,374,643.90
July		-	-
August		-	-
September		67,862.31	-
October		67,862.31	12,909,366.09
November		-	12,909,366.09
December		-	-
		135,724.62	**12,909,366.09**
NOTE 1f			
Excess Bank Charges:			
September		1,235,455.55	-
		1,235,455.55	-
NOTE 1g			
Distribution of Stabilization			
July		-	4,209,152.31
		-	**4,209,152.31**
NOTE 1h			
Excess Crude Account:			
February		-	8,985,773.34
April		-	5,434,226.79
May		-	3,777,783.88
		-	**18,197,784.01**
NOTE 1i			
Excess PPT:			
January		-	10,497,019.09
February		-	5,869,587.90
March		-	14,867,567.79
May		-	1,208,576.19
		-	**32,442,750.97**
NOTE 2		-	
Share of Value added Tax			
January		31,385,945.11	34,499,462.34
February		35,632,643.92	32,811,520.63
March		133,467,533.74	31,213,995.30
April		33,751,195.05	34,184,987.27
May		32,153,967.73	35,773,757.86
June		34,458,300.28	36,308,493.57
July		31,277,630.41	36,431,320.79
August		30,786,411.21	35,213,342.22
September		29,286,929.93	37,785,230.24
October		29,286,929.93	36,548,837.87
November		36,211,660.77	36,548,837.87
December		38,861,002.29	37,785,230.24
		466,005,181.00	**425,105,017.25**
		-	

NOTE 3 10% State IGR		35,104,000.00	52,240,630.22
Total		**35,104,001.00**	**52,240,631.22**
		-	-
NOTE 4		-	
Non-Tax Revenue			
License – General		148,253,125.00	128,105,321.50
Fees – General		63,855,000.00	72,285,810.00
Fines – General		45,906,000.00	33,165,800.00
Sales – General		14,256,214.00	35,281,760.00
Earnings - General		7,559,330.06	4,732,937.19
		279,829,669.06	**273,571,628.69**
EXPENDITURE			
NOTE 5			
Salaries & Wages:			
LG Staff Salary		342,056,061.25	306,905,323.84
UBEB Staff Salary		616,711,304.44	579,751,226.26
Health Officers' Salary (CONHESS)		157,367,813.10	154,879,075.45
		1,116,135,178.79	**1,041,535,625.55**
		-	
NOTE 6		-	
Statutory Officers' Salaries:			
LG Council Chairman		1,476,006.96	1,476,006.96
Vice Chairman		1,386,216.00	1,386,216.00
Development Centre Coordinators (8)		11,089,728.00	11,089,728.00
Leader		1,460,340.00	1,460,340.00
Deputy Leader		1,445,844.00	1,445,844.00
Local Government Advisory (2)		7,200,000.00	7,200,000.00
Councillors (15)		19,951,920.00	19,951,920.00
Supervisors (5)		6,474,360.00	6,474,360.00
Liaison Officers (2)		1,200,000.00	1,200,000.00
Secretary		1,294,872.00	1,294,872.00
Management Committee (64)		46,464,000.00	46,464,000.00
Special Assistants (9)		4,860,000.00	4,860,000.00
		104,303,286.96	**104,303,286.96**
		-	-
		-	
		-	
NOTE 7		-	
Social Benefits:			
Gratuity		7,692,307.69	-
Pension		71,892,065.16	127,770,063.37
		79,584,372.85	**127,770,063.37**
NOTE 8			
Materials & Supplies:			
Printing of Non-security documents		200,000.00	350,000.00
Office stationeries & consumables		100,000.00	75,550.00
Medical supplies for measles vaccination & control of Lassa Fever, malaria & others		2,230,000.00	1,374,950.00
Provision of service materials		200,000.00	150,000.00
		2,730,000.00	**1,950,500.00**
		-	
NOTE 9		-	
Maintenance Services:			
Maintenance of motor vehicles		160,000.00	1,500,000.00
Maintenance of market/public places		2,500,000.00	8,750,000.00
Maintenance of street light		7,348,461.54	14,256,885.00
Office Maintenance:			

Political Office Holders		330,000.00	750,000.00
LG Principal Staff		200,000.00	500,000.00
		10,538,461.54	**25,756,885.00**
		-	
NOTE 10			
Security & Safety Services:			
LG Security		80,269,230.76	83,574,599.28
Internal Security		6,750,000.00	13,050,000.00
Ngbo/Agila Land dispute		25,500,000.00	15,650,000.00
ALGON Security		8,923,076.92	10,500,000.00
Neighbourhood Watch		115,384.66	150,750.72
		121,557,692.34	**122,925,350.00**
		-	
NOTE 11			
Consulting & Professional Services:			
Legal services		150,000.00	100,000.00
LG Audit		300,000.00	280,000.00
ICT Services		-	120,000.00
		450,000.00	**500,000.00**
NOTE 12			
Fuel & Lubricants:			
Plant/Generator fuel cost		1,285,000.00	850,000.00
		1,285,000.00	**850,000.00**
NOTE 13			
Financial charges:			
Bank charges		134,266.72	53,524.02
Other CRF bank charges		9,869.34	52,151.73
		144,136.06	**105,675.75**
		-	
NOTE 14 Farm Inputs		-	
Distribution of Fertilizer		**35,004,000.00**	
		-	
NOTE 15			
Admin & General Expenses:			
LG Admin Fund		100,383,086.50	99,591,569.95
Overhead of LEAs		2,004,592.24	1,973,210.15
Project monitoring		11,538,461.54	8,573,702.00
LG Admin & Security		60,114,615.39	40,781,941.22
Religions & Welfare packages		7,992,307.69	15,208,112.00
Refreshment & meals		1,700,000.00	1,500,000.00
Women Development Program		10,000,000.00	13,000,000.00
Budget Expenses		600,000.00	300,000.00
Youth Empowerment		738,461.54	1,500,000.00
Christmas Rice		12,307,692.30	10,000,000.00
Miscellaneous		8,476,923.08	2,000,000.00
Education Tax		500,000.00	450,000.00
Ohaneze Ndigbo		76,923.08	461,538.48
ALGON		3,200,000.00	2,000,000.00
		219,633,063.36	**197,344,074.00**
		-	
NOTE 16		-	
Admin Overheads to Development Centres & Others:			
Development Centres:			
Ohaukwu DC		216,250.00	443,427.77
Ohaukwu North DC		216,250.00	443,427.77
Ngbo East DC		216,250.00	443,427.77

Ngbo North DC		216,250.00	443,427.77
Ngbo West DC		216,250.00	443,427.77
Ngbo Central DC		216,250.00	443,427.77
Effium DC		216,250.00	443,427.77
Effium South DC		216,250.00	443,427.77
Traditional Rulers' Council		2,385,923.09	2,202,923.09
		4,115,923.09	**5,750,345.25**
		-	
NOTE 17		-	
Public Debt charges:			
Agric Loan Recovery		43,261,715.38	-
Transfer to other Government Entities (Police Reform)		41,384,674.36	32,573,756.58
		84,646,389.74	**32,573,756.58**
		-	
CAPITAL EXPENDITURE			
NOTE 18			
Purchase of Assets:			
Furniture & fittings		680,000.00	15,500.00
Motor vehicles		125,384,615.40	74,656,764.00
Motor vehicles & motorcycles		38,461,538.46	-
		164,526,153.90	**74,672,264.00**
		-	
NOTE 19		-	
Construction of Assets:			
Construction of Culvert at Akparata in Effium		3,000,000.00	-
Construction of Open Shops at Okwo Ngbo Mkt		5,300,000.00	2,500,000.00
Construction of Luck-up shops at Okwo Ngbo Mkt		6,310,000.00	-
Bulldozing, grading & lateriting of Ukwgba Ngbo roads		5,000,000.00	-
Street light & electrification		34,361,539.46	-
International market project		76,307,692.31	78,682,952.00
Bulldozing, Grading and Lateriting of Umuagara Road		-	4,500,000.00
		130,279,231.77	**85,682,952.00**
		-	
NOTE 20		-	
Rehabilitation of Assets:			
Lateriting of Akparata & Inikiri roads in Effium		8,350,000.00	-
Reconstruction of LG Perimeter fence (Ohaukwu LG Hters)		1,295,000.00	-
Painting of wall & pavilion (Ohaukwu LG Hters)		495,000.00	-
Replacement of Zinc & Wood (Ohaukwu LG Hters)		55,500.00	-
Rehabilitation of Amazoke-Ndiulo Adaburu Ebenyi Road		-	10,115,554.04
Rehabilitation of Ndiaguleke/Enyimbichiri/Nkoroma Road		-	9,200,000.00
Rehabilitation of Effium-Inikiri Bernard, Amangwu Road		-	10,000,000.00
Rehabilitation of Effium North Development Centre Road		-	8,100,000.00
Rehabiltation of Okposhi Ward II Road		-	7,250,000.00
Rehabilitation of Umuimama Road		-	6,950,000.00
Rehabilitation of Umuebe Farm Road		-	5,500,000.00
Rehabiltation of LG Admin Building		-	6,350,000.00
		10,195,500.00	**63,465,554.04**
		-	
NOTE 21		-	
Community and Rural Development:			
Effium Community Project		59,615,384.63	116,264,258.44
Umuagara/Amechi Community Project		59,615,384.63	-
Umuogudu Akpu Rural Development Project		59,050,769.25	-
Ukwagba Ngbo Rural Development Project		59,050,769.25	-
Okposhi-Eshi Community Project		59,615,384.63	-
Nsuluakpa/Amike Community Project		59,615,384.63	-

Bank of Industry fund (SMES)		76,923,076.92	76,923,076.93
Okposhi-Eheku Community Project		-	116,264,258.44
Umuogudu Oshia Rural Development Project		-	116,264,258.44
		433,486,153.90	**425,715,852.25**
NOTE 21B Investment Property		35,104,000.00	
NOTE 22		-	
Depreciation Charges:			
Building		1,253,000.00	1,253,000.00
Motor Vehicle		43,961,538.48	3,245,100.00
Plant & Machine		2,507,500.00	2,507,500.00
Furniture & Fittings		1,834,300.00	1,521,200.00
Street Light		1,218,076.92	-
		50,774,415.40	**8,526,800.00**
		-	
NOTE 23		-	
Overhead Cost:		-	
Materials and Supplies		2,730,000.00	1,950,500.00
Maintenace Services		10,538,461.54	25,756,855.00
Security and Safety Services		101,557,692.36	122,925,350.00
Farm Input		35,104,000.00	
Consulting and Professional Services		450,000.00	500,000.00
Fuel and Lubricants		1,285,000.00	850,000.00
Financial Charges		144,136.06	105,675.75
Admin and General Expenses		219,633,063.38	197,340,074.00
Admin Overhead to Development Centres and Others		4,115,923.09	5,750,345.25
		360,454,276.43	**355,178,800.00**
		-	
NOTE 24		-	
CLOSING BALANCES			
Cash & its equivalent			
Zenith Bank (Project Acct.)		1,097,080.43	956,270.58
Zenith Bank (Revenue Acct.)		(197.89)	89,902.81
UBA (Main Acct.)		8,544.39	8,719.39
First Bank (Main Acct.)		-	3,839.08
First Bank (Revenue Acct)		-	1,234.82
		1,105,426.93	**1,059,966.68**
		-	
NOTE 25		-	
OPENING BALANCES			
Cash & its equivalent			
Zenith Bank (Project Acct.)		956,270.58	-
Zenith Bank (Revenue Acct.)		89,902.81	-
UBA (Main Acct.)		8,719.39	-
First Bank (Main Acct.)		-	4,165.58
First Bank (Revenue Acct)		-	1,508.82
		1,054,892.78	**5,674.40**
		-	
NOTE 26		-	
Retirement Benefits Obligations:			
Balance as at 1st January: (A)			
Gratuity		127,256,320.30	120,150,000.00
Pension		9,345,410.33	8,765,500.00
		136,601,730.63	**128,912,500.00**
		-	
Amount Due for the Year: (B)			
Gratuity		113,564,666.60	94,672,815.00
Pension		79,514,386.71	60,783,179.00
		193,079,053.31	**135,455,994.00**
Total (A + B)		**329,680,783.94**	**264,371,794.00**

Less Amount paid for the Year: (C)			
Gratuity		7,692,307.69	-
Pension		71,892,065.16	127,770,063.37
		79,584,372.85	**127,770,063.37**
Balance as at 31st December: (A + B - C)		**250,096,411.10**	**136,601,730.63**
NOTE 27			
Property, Plant and Equipments:			
Building		55,132,000.00	16,265,000.00
Motor Vehicle		129,634,615.00	12,000,000.00
Plant and Machine		40,120,000.00	47,627,500.00
Furniture		7,337,200.00	9,634,082.83
Street Light		23,143,461.54	-
		255,367,276.54	**85,526,582.83**

DEPRECIATION SCHEDULE

S/N	ASSETS		COST	NBV AT JAN 1 2018	DEPRECIATION	ACCUMULATED DEPRECIATION	NBV AT DEC 31ST 2018
1	**Building**				**2%**		
	i. Chairman's Residential Building		10,000,000.00	1,000,000.00	200,000.00	1,200,000.00	8,800,000.00
	ii. Admin Main Building		15,000,000.00	1,500,000.00	300,000.00	1,800,000.00	13,200,000.00
	iii. Customary Court Building		2,000,000.00	200,000.00	40,000.00	240,000.00	1,760,000.00
	iv. Works & Social Welfare Building		1,500,000.00	150,000.00	30,000.00	180,000.00	1,320,000.00
	v. Legislative Building		1,500,000.00	150,000.00	30,000.00	180,000.00	1,320,000.00
	vi. Agric Department Building		1,700,000.00	170,000.00	3,400.00	204,000.00	1,496,000.00
	vii. Health Department Building		3,000,000.00	300,000.00	60,000.00	360,000.00	2,640,000.00
	viii. WASH Department & State Sub-teaching		2,500,000.00	250,000.00	50,000.00	300,000.00	2,200,000.00
	ix. Local Education Authority Builidng		3,500,000.00	350,000.00	70,000.00	420,000.00	3,080,000.00
	x. Council;s Primary School Building		5,000,000.00	500,000.00	100,000.00	600,000.00	4,400,000.00
	xi. DSS Building		1,950,000.00	195,000.00	39,000.00	234,000.00	1,716,000.00
	xii. Staff Residential Quarters		15,000,000.00	1,500,000.00	300,000.00	1,800,000.00	13,200,000.00
			62,650,000.00	**6,265,000.00**	**1,253,000.00**	**7,518,000.00**	**55,132,000.00**

DEPRECIATION SCHEDULE

S/N	ASSETS		COST	NBV AT JAN 1 2018	DEPRECIATION	ACCUMULATED DEPRECIATION	NBV AT DEC 31ST 2018
2	**Motor Vehicles**				**25%**		
	i. Bus A		3,000,000.00	2,250,000.00	750,000.00	1,500,000.00	1,500,000.00
	ii. Bus B		3,000,000.00	2,250,000.00	750,000.00	1,500,000.00	1,500,000.00
	iii. Bus C		3,000,000.00	2,250,000.00	750,000.00	1,500,000.00	1,500,000.00
	iv. Bus D		3,000,000.00	2,250,000.00	750,000.00	1,500,000.00	1,500,000.00
	Addition during the Year:						
	v. Bus E		5,500,000.00	-	1,375,000.00	1,375,000.00	4,125,000.00
	vii. Chairman's Official Vehicle		20,000,000.00	-	5,000,000.00	5,000,000.00	15,000,000.00
	viii. Vice Chairman's Official Vehicle		9,000,000.00	-	2,250,000.00	2,250,000.00	6,750,000.00
	ix. Secretary's Official Vehicle		5,426,153.90	-	1,356,538.48	1,356,538.48	4,069,615.45
	x. Legislative Leader's Official Vehicle		5,420,000.00	-	1,355,000.00	1,355,000.00	4,065,000.00
	xi. Utility Vehicle A		8,125,000.00	-	2,031,250.00	2,031,250.00	6,093,750.00
	xii. Utility Vehicle B		8,125,000.00	-	2,031,250.00	2,031,250.00	6,093,750.00
	xiii. Utility Vehicle C		8,125,000.00	-	2,031,250.00	2,031,250.00	6,093,750.00
	xiv. Neighbourhood Watch Vehicle A		10,000,000.00	-	2,500,000.00	2,500,000.00	7,500,000.00
	xiv. Neigbourhood Watch Vehicle B		10,000,000.00	-	2,500,000.00	2,500,000.00	7,500,000.00
	xvi. Neigbourhood Watch Vehicle C		10,000,000.00	-	2,500,000.00	2,500,000.00	7,500,000.00
	xvii. Neigbourhood Watch Vehicle D		10,000,000.00	-	2,500,000.00	2,500,000.00	7,500,000.00
	xviii. Environmental Sanitation Vehicle A		10,000,000.00	-	2,718,750.00	2,718,750.00	8,156,250.00
	xiv. Environmental Sanitation Vehicle B		10,000,000.00	-	2,718,750.00	2,718,750.00	8,156,250.00
	xv. Environmental Sanitation Vehicle C		10,000,000.00	-	2,718,750.00	2,718,750.00	8,156,250.00
	xvi. Environmental Sanitation Vehicle D		10,000,000.00	-	2,718,750.00	2,718,750.00	8,156,250.00
	xvii. Utility Vehicle D		8,125,000.00	-	2,031,250.00	2,031,250.00	6,093,750.00
	Xviii. HPM's Official Vehicle		350,000.00	-	875,000.00	875,000.00	2,625,000.00
			175,846,153.90	**9,000,000.00**	**43,961,538.00**	**46,211,538.00**	**129,634,615.00**

DEPRECIATION SCHEDULE

S/N	ASSETS		COST	NBV AT JAN 1 2018	DEPRECIATION	ACCUMULATED DEPRECIATION	NBV AT DEC 31ST 2018
3	**Plant and Machine:**				5%		
	i. Generating plant at Chairman's Qters		150,000,000.00	22,500.00	7,500.00	30,000.00	120,000.00
	ii. Earth moving machine		50,000,000.00	7,500,000.00	2,500,000.00	10,000,000.00	40,000,000.00
			50,150,000.00	**42,627,500.00**	**2,507,500.00**	**1,003,000.00**	**40,120,000.00**

DEPRECIATION SCHEDULE

S/N	ASSETS		COST	NBV AT JAN 1 2018	DEPRECIATION	ACCUMULATED DEPRECIATION	NBV AT DEC 31ST 2018
5	**Street Light**						
	i. Effium Urban Street Light		24,361,538.46		1,218,076.92	1,218,076.92	23,143,461.54
			24,361,538.46		**1,218,076.92**	**1,218,076.92**	**23,143,461.54**

DEPRECIATION SCHEDULE

S/N	ASSETS		COST	NBV AT JAN 1 2018	DEPRECIATION	ACCUMULATED DEPRECIATION	NBV AT DEC 31ST 2018
4	**Furniture & Fittings:**				**10%**		
	Executive Chairman's Office & Lodge						
	i. Executive Tables		950,000.00	47,500.00	95,000.00	570,000.00	380,000.00
	ii. Executive Chairs		1,200,000.00	600,000.00	120,000.00	720,000.00	480,000.00
	iii. Conference Table		1,500,000.00	7,500,000.00	150,000.00	900,000.00	600,000.00
	iv. Armed Padded Chairs		500,000.00	25,000.00	50,000.00	300,000.00	200,000.00
	v. Plastic Chairs		350,000.00	175,000.00	35,000.00	210,000.00	14,000.00
	vi. Executive Cushions		1,500,000.00	75,000.00	15,000.00	90,000.00	600,000.00
	vii. Steel Drawer		50,000.00	25,000.00	5,000.00	30,000.00	20,000.00
	viii. Refrigerators		180,000.00	90,000.00	18,000.00	108,000.00	72,000.00
	ix. Ceilling Fan		15,000.00	7,500.00	1,500.00	9,000.00	6,000.00
	x. Standing Fan		40,000.00	20,000.00	4,000.00	24,000.00	16,000.00
	Vice Chairman's Office:						
	i. Executive Table		50,000.00	25,000.00	5,000.00	300,000.00	20,000.00
	ii. Executive Chairs		45,000.00	225,000.00	4,500.00	27,000.00	18,000.00
	iii. Ceilling Fan		15,000.00	7,500.00	1,500.00	9,000.00	6,000.00
	Chairperson's Office:						
	i. Executive Tables		50,000.00	25,000.00	5,000.00	30,000.00	20,000.00
	ii. Executive Chairs		75,000.00	37,500.00	7,500.00	45,000.00	30,000.00
	iii. Executive Cushions		750,000.00	375,000.00	7,500.00	450,000.00	300,000.00
	iv. Ceilling Fan		10,000.00	5,000.00	1,000.00	6,000.00	4,000.00
	v. Wooden Cupboard		30,000.00	15,000.00	3,000.00	18,000.00	12,000.00
	LG Secretary's Office:						
	i. Executive Tables		50,000.00	25,000.00	5,000.00	30,000.00	20,000.00
	ii. Executive Chairs		35,000.00	17,500.00	3,500.00	21,000.00	14,000.00
	iii. Executive Cushions		500,000.00	250,000.00	5,000.00	300,000.00	200,000.00
	iv. Standing Fan		18,000.00	9,000.00	1,800.00	10,800.00	7,200.00
	Supervisors' Office (Five Supervisors):						
	i. Executive Tables		250,000.00	125,000.00	25,000.00	150,000.00	100,000.00
	ii. Executive Chairs		200,000.00	100,000.00	20,000.00	12,000.00	80,000.00
	Head of Personnel Management Office:						
	i. Executive Tables		100,000.00	50,000.00	10,000.00	60,000.00	40,000.00
	ii. Executive Chairs		75,000.00	37,500.00	7,500.00	45,000.00	30,000.00
	iii. Executive Cushions		300,000.00	150,000.00	30,000.00	180,000.00	120,000.00
	iv. Padded Armed Chairs		45,000.00	22,500.00	4,500.00	27,000.00	18,000.00
	v. Steel Drawers		35,000.00	17,500.00	3,500.00	21,000.00	14,000.00
	vi. Ceilling Fan		10,000.00	5,000.00	1,000.00	6,000.00	4,000.00
	ACAO's & PCA's Office:						
	i. Executive Tables		100,000.00	50,000.00	10,000.00	60,000.00	40,000.00
	ii. Executive Chairs		90,000.00	45,000.00	9,000.00	54,000.00	36,000.00
	iii. Padded Armed Chairs		35,000.00	175,000.00	3,500.00	21,000.00	14,000.00
	Admin General Office:						
	i. Executive Tables		95,000.00	47,500.00	9,500.00	57,000.00	38,000.00
	ii. Executive Chairs		80,000.00	40,000.00	8,000.00	48,000.00	32,000.00
	iii. Wooden Files Cupboard		75,000.00	37,500.00	7,500.00	45,000.00	30,000.00
	iv. Steel Drawer		40,000.00	20,000.00	4,000.00	24,000.00	16,000.00
	Treasurer's Office:						
	i. Executive Tables		85,000.00	42,500.00	8,500.00	51,000.00	34,000.00
	ii. Executive Chairs		70,000.00	35,000.00	7,000.00	42,000.00	28,000.00
	iii. Padded Armed Chairs		40,000.00	20,000.00	4,000.00	24,000.00	16,000.00

	iv. Executive Cushions		300,000.00	150,000.00	30,000.00	180,000.00	120,000.00
	v. Steel Drawer		45,000.00	22,500.00	4,500.00	27,000.00	18,000.00
	vi. Ceilling Fan		10,000.00	5,000.00	1,000.00	6,000.00	4,000.00
	Addition during the Year:						
	vii. Plastic Chairs		340,000.00	-	34,000.00	34,000.00	306,000.00
	Internal Auditor & Cashier's Office:						
	i. Executive Tables		100,000.00	50,000.00	10,000.00	60,000.00	45,000.00
	ii. Executive Chairs		80,000.00	40,000.00	8,000.00	48,000.00	32,000.00
	iii. Plastic Chairs		45,000.00	22,500.00	4,500.00	27,000.00	18,000.00
	iv. Steel Drawer		50,000.00	25,000.00	5,000.00	30,000.00	20,000.00
	v. Iron Save		100,000.00	50,000.00	10,000.00	60,000.00	40,000.00
	HOD PRS Office:						
	i. Executive Tables		50,000.00	25,000.00	5,000.00	30,000.00	20,000.00
	ii. Executive Chairs		35,000.00	17,500.00	3,500.00	21,000.00	14,000.00
	iii. Padded Armed Chairs		25,000.00	12,500.00	2,500.00	15,000.00	10,000.00
	iv. Wooden Cupboard		45,000.00	22,500.00	4,500.00	27,000.00	18,000.00
	HOD Health Office:						
	i. Executive Tables		50,000.00	25,000.00	5,000.00	30,000.00	20,000.00
	ii. Executive Chairs		30,000.00	15,000.00	3,000.00	18,000.00	12,000.00
	Immunization & M&E's Office:						
	i. Executive Tables		100,000.00	50,000.00	10,000.00	60,000.00	40,000.00
	ii. Plain Tables		40,000.00	20,000.00	4,000.00	24,000.00	16,000.00
	iii. Padded Armed Chairs		75,000.00	37,500.00	7,500.00	45,000.00	30,000.00
	vi. Deep Freezers		300,000.00	150,000.00	30,000.00	180,000.00	120,000.00
	Works Department:						
	i. Plain Tables		40,000.00	20,000.00	4,000.00	24,000.00	16,000.00
	ii. Padded Chairs		70,000.00	35,000.00	7,000.00	42,000.00	28,000.00
	iii. Steel Drawer		45,000.00	22,500.00	4,500.00	27,000.00	18,000.00
	Education/Social Welfare Department:						
	i. Executive Tables		50,000.00	25,000.00	5,000.00	30,000.00	20,000.00
	ii. Padded Chairs		35,000.00	17,500.00	3,500.00	21,000.00	14,000.00
	iii. Wooden Cupboard		40,000.00	20,000.00	4,000.00	24,000.00	16,000.00
	WASH Department:						
	i. Executive Tables		50,000.00	25,000.00	5,000.00	30,000.00	20,000.00
	ii. Padded Armed Chairs		40,000.00	20,000.00	4,000.00	24,000.00	16,000.00
	iii. Plain Tables		45,000.00	22,500.00	4,500.00	27,000.00	18,000.00
	iv. Cushions		250,000.00	125,000.00	25,000.00	150,000.00	100,000.00
	Agric Department:						
	i. Executive Tables		50,000.00	25,000.00	5,000.00	30,000.00	20,000.00
	ii. Executive Chairs		45,000.00	22,500.00	4,500.00	27,000.00	18,000.00
	iii. Padded Armed Chairs		35,000.00	17,500.00	35,000.00	21,000.00	14,000.00
	iv. Steel Drawer		50,000.00	25,000.00	5,000.00	30,000.00	20,000.00
	v. Plastic Chairs		340,000.00		34,000.00	34,000.00	306,000.00
	Other Fittings:						
	i. Rubber Tanks		400,000.00	200,000.00	40,000.00	240,000.00	160,000.00
	ii. Overhead Water Tank (Iron)		5,300,000.00	2,650,000.00	530,000.00	3,180,000.00	2,120,000.00
			18,343,000.00	**9,171,500.00**	**1,834,300.00**	**11,005,800.00**	**7,337,200.00**

EBONYI STATE GOVERNMENT OF NIGERIA

REPORT OF

THE AUDITOR-GENERAL FOR LOCAL GOVERNMENTS

ON THE ACCOUNTS OF

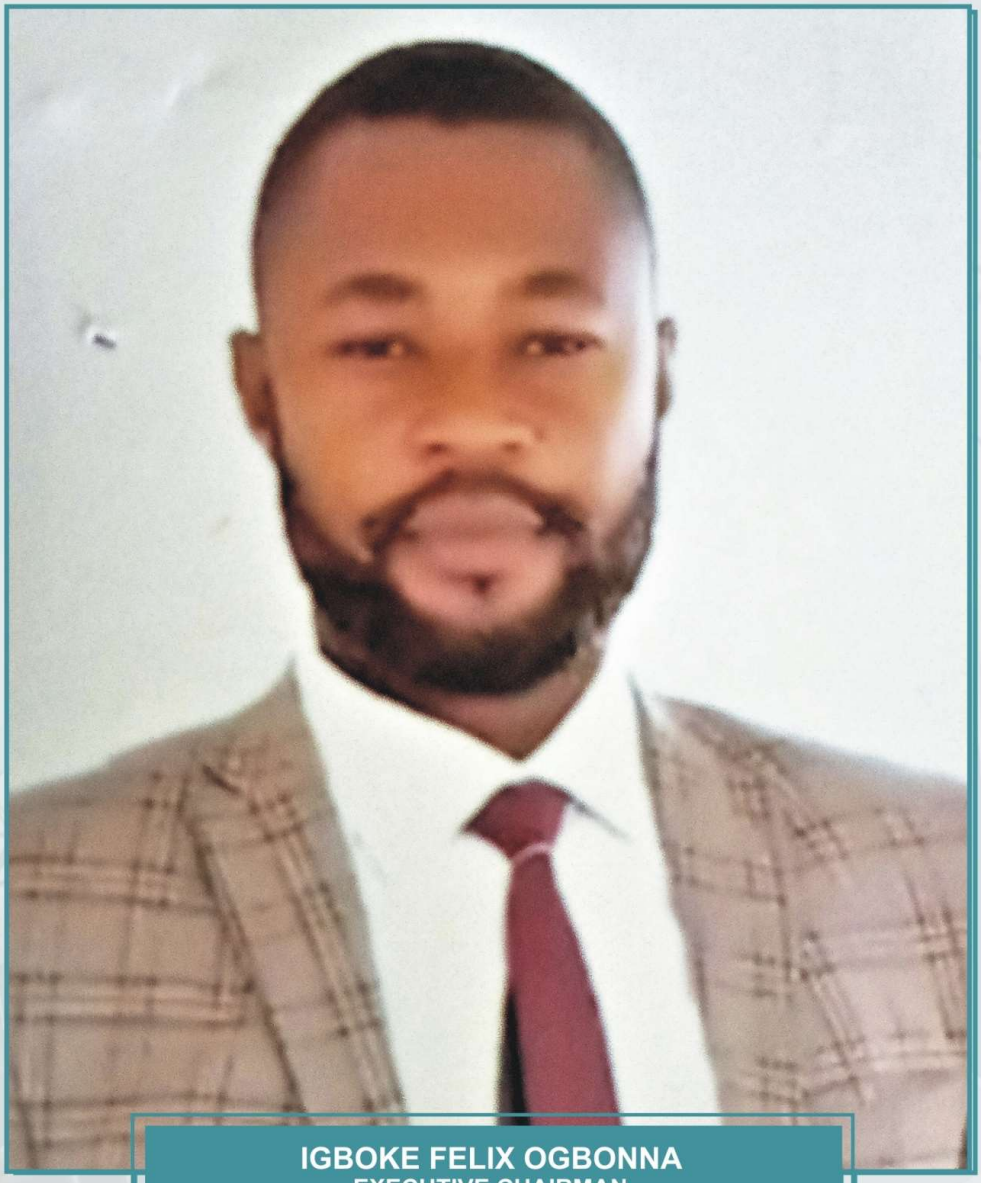
ONICHA LOCAL GOVERNMENT

FOR THE YEAR ENDED

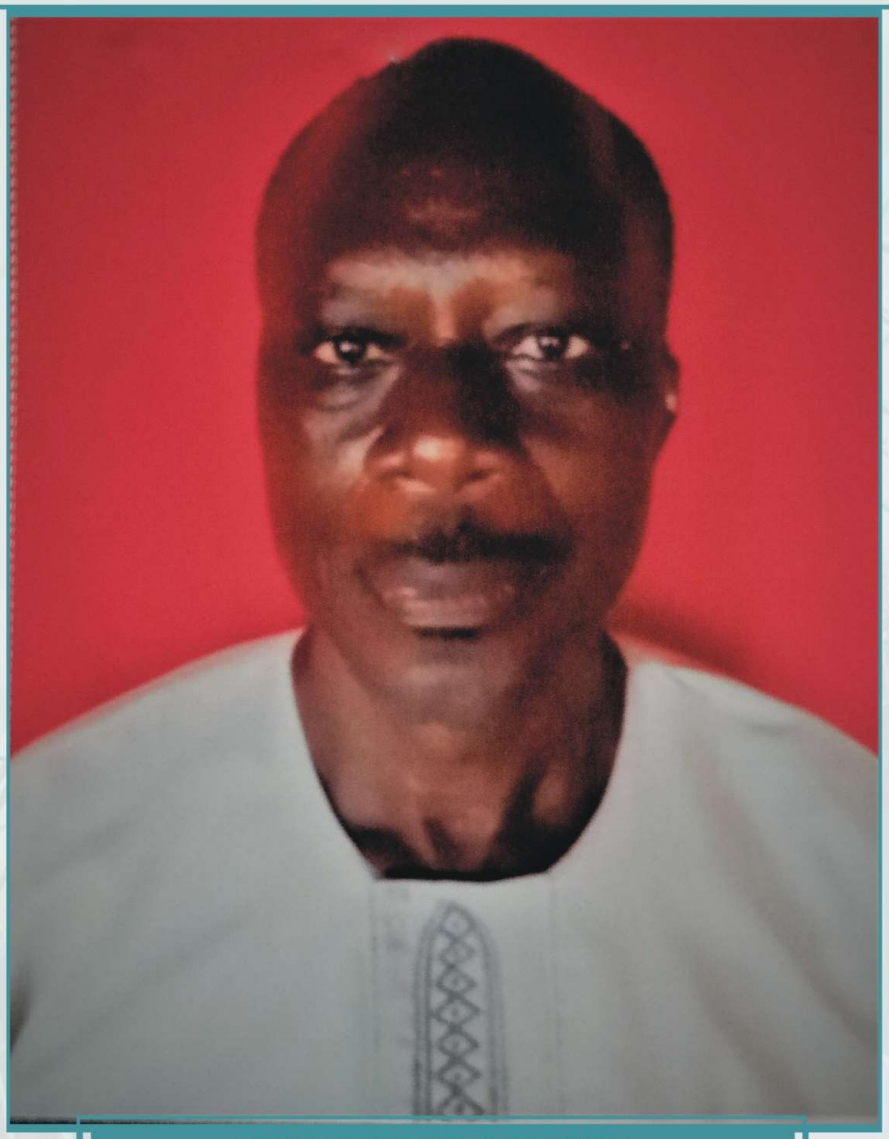
31ST DECEMBER, 2018

TO

EBONYI STATE HOUSE OF ASSEMBLY



IGBOKE FELIX OGBONNA
EXECUTIVE CHAIRMAN
ONICHA LOCAL GOVERNMENT,
EBONYI STATE



OTOZI PATRICK OGBONNA
HPM
ONICHA LOCAL GOVERNMENT,
EBONYI STATE

OKORIE UCHECHUKWU NWANI
TREASURER,
ONICHA LOCAL GOVERNMENT,
EBONYI STATE

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CHAPTER ONE

3.0. General Observations

1.1. Submission of the 2018 Financial Statements

In accordance with Ebonyi State Local Government Law (CAP.106) Sections 122 and 123 (i-iv) of 2009 and other extant laws, the Financial Statements of Onicha Local Government Area for the year ended 31st December, 2018 were submitted to me on 17th June, 2020.

1.2. FAAC Revenue Budget Figures Lumped Together as Share of Statutory Allocation

The budgeted amount for revenue from FAAC was not disaggregated into the components of FAAC allocations in the Onicha Local Government annual budget for the year ended 31st December, 2018.

The budgets for the items were lumped together as Share of Statutory Allocation.

Going forward, previous year performance should be used to provide for each FAAC revenue item during budget preparation.

1.3. Budgetary control not instituted

1.3.1. Revenue

During the year under review, there were short falls in the targeted Internally Generated Revenue (IGR) heads shown below:

Head	**Budget**	**Actual**	**Shortfall**
	₦	**₦**	**₦**
Taxes	4,800,300.00	-	4,800,300.00
Licences	4,712,380.00	-	4,712,380.00
Fines	1,409,040.00	-	1,409,040.00
Fees	21,979,160.00	6,379,040.00	15,600,120.00
Sales	2,734,900.00	-	2,734,900.00
Earnings	31,405,290.00	-	31,405,290.00
Rent	4,138,400.00	60,000.00	4,078,400.00
Other Receipts	1,520,520.00	- -	1,520,520.00
	72,699,990.00	6,439,040.00	66,260,950.00

Audit recommends that the Council should put in more efforts in generating revenues internally to augment receipts from FAAC.

CHAPTER TWO

2.0 STATEMENT OF FINANCIAL PERFORMANCE

2.1 Internally Generated Revenue

Onicha Local Government collected a total Internally Generated Revenue of **eighty four million, two hundred and seven thousand, four hundred and forty naira (₦84,207,440.00)** in the year ended 31st December, 2018. This represents **123.00%** of the Council's IGR budget of **sixty-eight million, three hundred and seventy nine thousand, nine hundred and ninety naira (₦68,379,990.00)** for the year.

The IGR budget performance according to revenue subheads is as detailed below:

2017 Actual (₦)	Item	2018Actual (₦)	2018 Budget (₦)	% performance
-	Share of State Revenue	77,768,400.00	-	100.00
-	Taxes	-	480,300.00	0.00
-	Licenses	-	4,712,380.00	0.00
15,376,000.00	Fines/Fees	6,379,040.00	23,388,200.00	27.28
-	Sales	-	2,734,900.00	0.00
-	Earnings	-	31,405,290.00	0.00
80,000.00	Rent	60,000.00	4,138,400.00	1.45
-	Other Receipts	-	1,520,520.00	0.00
15,456,000.00		84,207,440.00	68,379,990.00	123.00

IGR was generated on only three revenue subheads of:

10% Share of State Revenue - 100.00% (There was no budgetary provision)

Fines and Fees - 27.28% of budget

Rent - 1.45% of budget

The other IGR subheads including, **Taxes**, **Licenses, Sales, Earnings** and **Other Receipts** recorded zero revenue for the year.

The IGR for year 2018 of **eighty four million, two hundred and seven thousand, four hundred and forty naira (₦84,207,440.00)** represents a **444.82%** increase in revenue of the Local Government Council from the 2017

IGR of **fifteen million, four hundred and fifty-six thousand naira (₦15,456,000.00)**.

2.2. Receipts From FAAC

For the year ended 31st December, 2018, Onicha Local Government received the sum of **two billion, four hundred and eighty eight million, five hundred and twenty one thousand, five hundred and six naira, thirty one kobo (₦2,488,521,506.31)** from the Federation Account Allocation Committee. This receipt represents **112.53%** of budgeted FAAC receipts of **two billion, two hundred and eleven million, four hundred and forty four thousand, one hundred and eighty eight naira (₦2,211,444,188.00)** for the year.

The details of the receipts against budget and year, 2017 figures for each revenue item are as shown below:

2017 Actual (₦)	Item	2018 Budget (₦)	2018 Actual (₦)	% performance
836,988,741.36	Statutory Allocation	1,705,444,188.00	1,818,418,432.52	106.62
342,710,334.61	VAT Allocation	450,000,000.00	503,783,701.86	111.95
81,148,752.64	Exchange Rate Gain	1,000,000.00	148,652.14	14.87
-	Excess Bank Charges	1,000,000.00	1,353,130.37	135.31
4,417,270.77	Augmented Fund Distribution	2,000,000.00	3,208,606.06	160.43
-	Local Govt. Council Net	2,000,000.00	72,161,570.63	3,608.08
28,101,741.90	Non Oil Revenue	-	-	-
13,097,560.15	Excess Crude Account	-	-	-
128,044,319.54	Paris Club Refund	-	-	-
-	Forex Equalization	50,000,000.00	89,447,412.73	178.89
1,434,508,720.97		2,211,444,188.00	2,488,521,506.31	112.53

FAAC revenue rose by **73.48%** from 2017 receipts of **one billion, four hundred and thirty-four million, five hundred and eight thousand, seven hundred and twenty naira, ninety-seven kobo (₦1,434,508,720.97)**.

Except for the item 'Exchange Rate Gain' which posted a budget performance of **14.87%**, all FAAC revenue subheads provided for in the 2018 budget recorded above budget performances as detailed below:

	2018 % Performance	**2017 % Performance**
Statutory Allocation	106.62	6.62
VAT Allocation	111.95	11.95
Excess Bank Charges	135.31	35.31
Augmented Fund Distribution	160.43	60.43
Local Government Net	3,608.08	3,508.08
Forex Equalization	178.89	78.89

2.3. Recurrent Expenditure

2.4. Personnel Cost

Personnel Cost of Onicha Local Government Council for the year ended 31st December, 2018 amounted to **eight hundred and twenty nine million, seven hundred and sixty six thousand, three hundred and ninety six naira, fifty two kobo (₦829,766,396.52)** an increase of **8.17%** over personnel cost incurred in 2017 of **seven hundred and sixty seven million, one hundred and sixteen thousand, sixty three naira, six kobo (₦767,116,063.06)**.

The cost was incurred as follows:

2017 Actual (₦)	**Item**	**2018 Actual (₦)**
524,073,422.51	Salaries & Wages	744,044,328.10
243,042,640.55	Social Benefits	85,722,067.42
767,116,063.06		829,766,396.52

2.5. Overheads

Overheads of Onicha Local Government Council for the year ended 31st December, 2018 was the sum of **five hundred and eighty seven million, two hundred and thirty nine thousand, six hundred and seventy six naira, eighty kobo (₦587,239,676.80)** while the Local Government Area budgeted the sum of **six hundred and fifty million naira (₦650,000,000.00)** to be spent on overhead.

Details are as shown below:

Item	Actual 2018 (₦)	Budget 2018 (₦)	Variance
Transfer to other Government entities	58,983,940.56	70,000,000.00	11,016,059.44
Subvention to Development Centre	63,135,846.19	-	(63,135,846.19)
Farm Inputs	77.768,400.00	-	(77.768,400.00)
Public debt serving	43,261,715.38	-	(43,261,715.38)
Service wide vote	4,362,700.00	250,000,000.00	245,637,300.00
Programme related expense	7,445,300.00	30,000,000.00	22,554,700.00
Other overhead cost	332,281,774.67	300,000,000.00	(32,281,774.67)
	587,239,676.80	650,000,000.00	62,760,323.20

A comparison of the actual for the years 2018 and 2017 showed that overhead cost increased in 2018 by **two hundred and twenty four million, one hundred and forty six thousand, three hundred and seventy nine naira, seventy four kobo (₦224,146,379,74)** representing an increase of **61.73%**.

Details are as shown below:

Item	2018 Actual (₦)	2017 Actual (₦)	Increase/ Decrease
Transfer to other Government	58,983,940.56	58,749,722.02	234,218.54
Subvention to Development Centre	63,135,846.19	26,514,571.28	36,621,274.91
Public Debt Serving	43,261,715.38	-	43,261,715.38
Farm Inputs	77.768,400.00	-	77.768,400.00
Service wide vote	4,362,700.00	14,722,000.00	(10,359,300.00)
Programme Related Expense	7,445,300.00	13,449,100.00	(6,003,800.00)

Other Overhead Cost	332,281,774.67	249,657,903.76	82,623,870.91
	587,239,676.80	363,093,297.06	224,146,379.74

CHAPTER THREE

3.0. STATEMENT OF FINANCIAL POSITION

3.1. Cash and Cash Equivalent

Cash and Cash Equivalent standing at the end of the financial year 2018 was **two hundred and sixty three thousand, seven hundred and forty eight naira, thirty seven kobo (₦263,748.37)**. There was a sharp drop in cash and cash equivalent from **five million, four hundred and fifty thousand, six hundred and eighty nine, naira forty five kobo (₦5,450,689.45)** in the year 2017.

3.2. Short term loan

The short term loan of **seventeen million, six hundred and ninety two thousand, three and seven naira sixty nine kobo (₦17,692,307.69)** reported in the Statements of Financial Position were the loan recoverable within the next 12 months which the Local Government granted to the farmers of the Local Government.

3.3. Property, Plant and Equipment (PPE)

Onicha Local Government Area acquired property, plant and equipment worth a total sum of **one billion, one hundred and ninety five million, five hundred and ninety three thousand, three hundred and three naira, thirteen kobo (₦1,195,593,303.13)** for the year ended 31st December, 2018.

The table below shows PPE acquired in the year ended 31st December, 2018 according to class of Asset.

Class	**2018 Actual (₦)**
Buildings	187,633,076.93
Infrastructure – Water	6,000,000.00
Infrastructure – Others	318,890,000.00
Plant and Machinery	34,000,000.00
Motor Vehicles	163,846,153.84
Office and Other Equipment	210,000.00
Assets Under Construction	484,144,072.36
IT Equipment	900,000.00
	1,195,593,303.13

A comparison of the actual of capital expenditure of the Local Government Council with the actual of year 2017 showed that there was significant increase in the capital expenditures in the year 2018 by **120.72%**.

3.4 Payables

As at 31st December, 2018, the Local Government Area has salary arrears of **fifty four million, seven hundred and twenty one thousand, eight hundred and thirty four naira (₦54,721,834.00)**. The Local Government reported that the salary arrears could be paid off in the next 12 months.

3.5 Liquidity of Onicha Local Government is Low

The liquidity ratio of Onicha Local Government Area is 0.48. This implies that only N0.48 is available to defray every **one naira (₦1.00)** current liability.

CHAPTER FOUR

4.0. Consolidated Statement of Cash Flow

4.1. Sources of Fund

For the year ended 31st December, 2018, Onicha Local Government Area received fund from the following sources

Source	**Amount (₦)**
Statutory Allocation	1,984,737,804.45
Value Added Tax	503,783,701.86
10% State IGR	77,768,400.00
Internally Generated Revenue	6,439,040.00
Internal Loans	43,261,715.38
	2,615,990,661.69

4.2. Uses of Fund

Funds generated in the period was on the following

Head	**Amount (₦)**
Salaries and Wages/Social Benefits	820,729,238.23
Overheads	421,781,251.59
Subvention to DCs	63,135,846.19
Public Debt Charges	43,261,715.38
Transfer to other Government Entities	58,983,940.56
Investments	1,213,285,610.82
	2,621,177,602.77

The Investments reported in the year included:

Head	**Amount (₦)**
Loans to Local farmers	17,692,307.69
Construction of Office Building	187,633,076.93
Infrastructure: Water	6,000,000.00
Procurement of Plants and Machinery	34,000,000.00
Infrastructure: Others	318,890,000.00
Procurement of Official Vehicles	163,846,153.84
Office and other Equipment	1,110,000.00
Assets Under Construction	484,114,072.36
	1,213,285,610.82

4.3. Cash and Cash Equivalent

The closing Cash and Cash Equivalent on the Consolidated Cash Flow Statement agrees with the **two hundred and sixty three thousand, seven hundred and forty eight naira, thirty seven kobo (₦263,748.37)** reported in the Statement of Financial Position as at 31st December, 2018.

AUDIT CERTIFICATE

The **Treasurer, Onicha Local Government** is responsible for the preparation of the Financial Statements in accordance with Sections 116 of the Ebonyi State Local Government Law (CAP.106) of 2009 and the relevant provisions of the International Public Sector Accounting Standards (IPSAS)/ Guideline issued by the Federation Accounts Allocation Committee (FAAC) Sub-committee on IPSAS implementation; Financial Memorandum; and for being satisfied that the Financial Statements for the year ended 31st December, 2018 give a true and fair view of transactions of the Local Government.

My responsibility is to express an opinion on these Financial Statements with regard to compliance of transactions to regulations and statutes, efficient use of resources and accuracy of accounting records, based on the audit conducted in accordance with International Standards on Auditing (ISA).

I have obtained the information and explanations I required and certify, as a result of my audit that in my opinion, the Financial Statements and the Notes to the Accounts are complete, in compliance with relevant statutes and show a true and fair view of the State of affairs as at 31st December, 2018 and the transactions for the fiscal year ended on that date.

Mrs. P.N. Alobu,
Ag. Auditor-General for
Local Governments,
Ebonyi State.

Office of the Auditor-General for
Local Governments,
P.M.B 075

Abakaliki,
Ebonyi State.
15th October, 2020.

ONICHA LOCAL GOVERNMENT

EBONYI STATE OF NIGERIA

REPORT

OF THE

TREASURER

WITH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2018

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RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements of Onicha Local Government of Nigeria for the year ended 31st December,2018, have been prepared by me in accordance with the International Public Sector Accounting Standards (IPSAS), (First Time Adoption of Accrual Basis IPSAS) and the Guideline issued by the Federation Allocation Account Committee (FAAC) Sub-Committee on IPSAS implementation.

IPSAS 24 requires that an entity shall present a Comparison of Budget Amount for which it is held publicly accountable and Actual Amount either as a separate additional Financial Statement or as additional budget columns in the Financial Statements. Onicha Local Government opted for the former.

IPSAS 33 requires that recognition and/or measurement of Assets/Liabilities can be recognized for reporting within 3 years following the date of adoption. Onicha Local Government adopted Accrual Basis IPSAS in 1stJanuary, 2016.

ACCOUNTING AND REPORTING

All responsibilities bestowed on me as listed below have been fulfilled:

a. Ensuring that adequate system of internal controls are maintained to safeguard assets and provide reasonable assurance that the transactions as recorded are within statutory authority; and also that the use of all public financial resources by the Government are properly recorded.

b. Ensuring that proper books and records of accounts were kept to ensure that the Financial Statements reflect the financial position of Onicha Local Government and its operations for the year ended 31st December, 2018.

In compliance with IPSAS 33, I have prepared the following financial statements as at 31st December 2018.

1. Statement of Financial Performance
2. Statement of Financial Position
3. Statement of Cash flow
4. Statement of Changes in Net Assets/Equity
5. Statement of Comparison of Budget and Actual Amount
6. Notes to the Financial Statements

In my opinion, the consolidated financial statements and the Notes thereto reflect the financial position of Onicha Local Government of Nigeria as at 31st December, 2018.

TREASURER
ONICHA LOCAL GOVERNMENT

CHAIRMAN
ONICHA LOCAL GOVERNMENT

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following the adoption of the International Public Sector Accounting Standard (IPSAS) in Nigeria and National Chart of Accounts (NCOA, a standardized format of General Purpose Financial Statements (GPFS) have been designed and introduced for adoption by the Local Government. For effective and efficient use of the NCOA and GPFS, the accounting policies for IPSAS accrual basis accounting have been developed as a tool to direct the processes and procedures relating to financial reporting in the State.

The General Purpose Financial Statements include:

i. Statement of Financial Position
ii. Statement of Financial Performance
iii. Statement of Cash Flow
iv. Statement of net Assets/Equity
v. Statement of Budget Comparison and Actual
vi. Notes to the Financial Statements.

1. **Basis of Preparation of Financial Statements:** The financial statements are prepared under the historical cost convention and in accordance with International Public Sector Accounting standards (IPSAS). Accrual basis concept is the basis of preparation of all accounts by all reporting entities in the Local Government.
2. **Accounting Period:** The accounting period (Fiscal Year) is from 1st January to 31st December. Each accounting year is divided into 12 calendar months and it is set up as such in the accounting system of the State.
3. **Reporting Currency:** The Reporting currency in preparation of General Purpose Financial Statements is Nigeria Naira.
4. **Consolidation of Financial Statements:** The consolidation of General Purpose Financial Statements is based on the financial transactions of all Departments and Agencies (DAs) of the Local Government. Government Business Entities (GBEs) are not included in the consolidations. Controlled Entities are fully consolidated from the date on which control is acquired.
5. **Notes to the Financial Statements:** Notes to the Financial Statements are presented in a manner that they cross reference to any related information in the Financial Statements.
6. **Comparative Information:** The General Purpose Financial Statements (GPFS) are designed to show all numerical information relating to previous year(s).
7. **Budget Figures:** A Statement of Comparison of Budget and Actual Amount is prepared for the determination of items of revenue and expenditure in respect to budgetary provisions. IPSAS 24 requires that an entity to present a comparison of budget amount for which it is held publicly accountable and actual amount either as a separate additional Financial Statement or as additional budget columns in the financial statements. Onicha Local Government opted for the former.
8. **Revenues:** Onicha Local Government recognizes revenues from non-exchange transactions such as fees, taxes and fines when the event occurs and the asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value can be measured reliably. Revenue from the sales of goods and services is recognized when significant risks and rewards of ownership has been transferred to the buyer. Similarly, gain on disposal of Property, Plant and Equipment (PP&E) is recognized at the date control of the asset is passed to the buyer.
9. **Expenditures:** Expenditures are classified as either recurrent or capital. All recurrent expenditures are reported on an accrual basis (ie they are recognized in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made). Recurrent Expenditures are reported in the Statement of Financial Performance. Payments for purchase of items of Capital nature (PP&E) are treated as Assets under Non-Current Assets in the Statement of Financial Position. At the end of the financial year, a schedule of PP&E is prepared as part of the Notes to GPFs.
10. **Assets under Construction** are not depreciated until the constructions are completed. Under construction assets acquired within a year are included in the schedule of PP&E for that year.

11. **Property, Plant and Equipment (PP&E):** Property, Plant and Equipment (PP&E) include:
    i. Building
    ii. Infrastructure- Water
    iii. Infrastructure- Other
    iv. Plants & Machinery
    v. Furniture & Fittings
    vi. Motor Vehicles
    vii. Office and other equipment
    viii. IT equipment

    Infrastructure - Water assets include Boreholes, Dams and water pipes while Infrastructure-Others assets include road networks, electrification and bridges. Plant and Machinery includes Transformers and earth moving Machine such as Bulldozers, Graders among others.
12. **Depreciation/Amortization:** the following depreciation/amortization rates apply;

Building	3%
Infrastructure- Water	5%
Infrastructure- Other	5%
Plant & Machinery	15%
Furniture & Fittings	24%
Motor Vehicles	20%
Office & other Equipment	28%
IT Equipment	30%
Intangible Assets	20%
Biological Assets	20%
Under Constructions	0%

13. **Capitalization:** There is no capitalization threshold. Any amount spent in connection with PP&E, Biological Assets and Intangibles that met the definition of assets are capitalized and recognized as assets in the Statement of Financial Position. Other ones that didn't met the definition of assets are charged to the Statement of Financial Performance.
14. **Statement of Cash Flow:** Statement of Cash Flow is prepared using the direct method. The cash flow consists:
    i. Operating activities
    ii. Investing activities
    iii. Financing activities
15. **Cash and Cash Equivalent:** Cash and Cash Equivalent are cash balance on hand, held in bank accounts, demand deposits and other highly liquid investments with an original maturity of 6 months or less in which Onicha Local Government invests as part of its day-to-day cash management and which are readily convertible to known amount of cash and are subject to insignificant risk of changes in value. Cash and Cash Equivalent is reported under Current Asset in the Statement of Financial Position.

16. Receivables:

a. Receivables from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment
b. Receivables from non-exchange transactions are initially assessed at nominal amount or face value and subsequently adjusted for impairment.

17. **Loans:** Loans granted to other Government, agencies or individuals are shown separately in the Statement of Financial Position.
18. **Investments:** Investments made in government stock, quoted companies etc are disclosed as Financial Assets in the Statement of Financial Position.
19. **Transfer from Other Government Entities:** Transfer from other government entities are non-exchange items and are recognized as revenue in the Statement of Financial Performance.

20. **Transfer to Other Government Entities:** Transfer to other government entities are non-exchange items and are recognized as expenses in the Statement of Financial Performance.
21. **Borrowing Costs:** Borrowing Cost are capitalized against qualifying assets as part of PP&E. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Other borrowing costs not capitalized are charged to Statement of Financial Performance.
22. **Foreign Currency:** Foreign Currency transactions are translated into Naira, the reporting currency, using the spot rate as at last day of the financial year.

TREASURER
ONICHA LOCAL GOVERNMENT

CHAIRMAN
ONICHA LOCAL GOVERNMENT

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
Revenue		₦	₦
Share of Statutory Revenue	1	1,984,737,804.45	1,091,798,386.36
Share of Value Added Tax	2	503,783,701.86	342,710,334.61
10% State IGR	5	77,768,400.00	57,216,452.28
Non Tax Revenue	4	6,439,040.00	15,456,000.00
Total Revenue (A)		**2,572,728,946.31**	**1,507,181,173.25**
Recurrent Expenditure			
Farm Input		77,768,400.00	-
Salaries and Wages	30	744,044,328.10	524,073,422.51
Social Benefits	37	85,722,067.42	243,042,640.55
Traveling and Transports	8	483,000.00	2,413,000.00
Utilities	9	124,000.00	2,000.00
Material and Supplies	10	261,000.00	4,494,500.00
Maintenance Services	11	30,959,892.24	20,712,500.00
Training and Capacity Building	12	374,700.00	9,292,440.62
Security and Safety Services	13	4,362,700.00	14,722,000.00
Consulting and Professional Services	14	420,000.00	560,000.00
Fertilizer to Farmers	14B	77,768,400.00	57,216,452.28
Fuelling and Lubricants	15	12,928.75	494,550.00
Financial Charges	16	25,090.18	490,348.38
Public Debt Services	17	43,261,715.38	28,395,351.24
Depreciation/Amortization	18	102,996,652.45	47,604,911.69
Other Recurrent Expenses	19	370,202,309.69	251,162,236.04
Transfer to Other Govt Entities	7	58,983,940.56	58,749,722.02
Total Recurrent Expenditure (B)		**1,520,002,724.76**	**1,263,426,075.33**
Surplus for the year (A-B)		**1,052,726,221.55**	**243,755,097.92**

TREASURER
ONICHA LOCAL GOVERNMENT

CHAIRMAN
ONICHA LOCAL GOVERNMENT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalent	21	263,748.37	5,450,689.45
Short Term Loan	22	17,692,307.69	-
TOTAL CURRENT ASSETS (A)		**17,956,056.06**	**5,450,689.45**
NON CURRENT ASSETS			
Property, Plants and Equipments	20	2,049,177,625.23	956,580,974.55
TOTAL NON CURRENT ASSETS (B)		**2,049,177,625.23**	**956,580,974.55**
TOTAL ASSETS (C = A+B)		**2,067,133,681.29**	**962,031,664.00**
LIABILITIES			
CURRENT LIABILITIES			
Payables	23	54,721,834.00	51,825,371.28
TOTAL CURRENT LIABILITIES (D)		**54,721,834.00**	**51,825,371.28**
NON CURRENT LIABILITIES			
Internal Loans (Salary Bailout)	25	**168,394,213.82**	**196,789,565.06**
Pension and Gratuity	24	271,669,337.66	228,120,765.59
TOTAL NON CURRENT LIABILITIES (E)		**440,063,551.48**	**424,910,330.65**
TOTAL LIABILITIES (F = D+E)		**494,785,385.48**	**476,735,701.93**
NET ASSETS/EQUITY (G = C-F)	26	**1,572,348,295.81**	**485,295,962.07**
CONTRIBUTED BY			
Accumulated Surplus		1,348,326,908.96	295,600,687.41
Reserves		224,021,386.85	189,695,274.66
TOTAL		**1,572,348,295.81**	**485,295,962.07**

TREASURER
ONICHA LOCAL GOVERNMENT

CHAIRMAN
ONICHA LOCAL GOVERNMENT

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
OPERATING ACTIVITIES			
RECEIPTS:			
10% State IGR	3	77,768,400.00	
Share of Statutory Revenue	1	1,984,737,804.45	1,091,798,386.36
Share of Value Added Tax	2	503,783,701.86	342,710,334.61
Non-Tax Revenue	4	6,439,040.00	15,456,000.00
Total Receipts (A)		**2,572,728,946.31**	**1,449,964,720.97**
PAYMENTS:			
Salaries and Wages	6	741,147,865.38	524,554,588.68
Social Benefits	34	79,581,372.85	184,807,786.89
Overhead Cost	31	409,973,251.51	221,262,552.52
Service Wide Vote	32	4,362,700.00	14,722,000.00
Programme Related Expenses	33	7,445,300.00	13,449,100.00
Subvention to DCs		63,135,846.19	26,514,571.28
Public Debt Services	36	43,261,715.38	28,395,351.24
Transfer to Other Govt Entities	7	58,983,940.56	58,749,722.02
Total Payments (B)		**1,407,891,991.95**	**1,072,455,672.63**
NET CASH GENERATED FROM OPERATING ACTIVITIES (C = A-B)		**1,164,836,954.36**	**377,509,048.34**
INVESTING ACTIVITIES			
Short Term Loan	35	(17,692,307.69)	-
Building	39	(187,633,076.93)	(95,615,847.95)
Infrastructure-Water	39	(6,000,000.00)	(3,115,817.00)
Infrastructure-Others	39	(318,890,000.00)	(122,703,060.66)
Plants and Machinery	39	(34,000,000.00)	(45,670,000.00)
Motor Vehicles	39	(163,846,153.84)	(25,837,000.00)
Office and Other Equipments	39	(210,000.00)	(1,491,401.32)
IT Equipment	39	(900,000.00)	
Under Construction Assets	39	(484,114,072.36)	(78,352,759.31)
NET CASH USED IN INVESTING ACTIVITIES (D)		**(1,213,285,610.82)**	**(372,785,886.24)**
FINANCING ACTIVITIES			
Proceeds from Internal Loan	37	43,261,715.38	
NET CASH USED/GENERATED FROM FINANCING ACTIVITIES (E)		**43,261,715.38**	**-**
NET CASH FLOW IN ALL ACTIVITIES (F = C+D+E)		(5,186,941.08)	4,723,162.10
OPENING CASH AND CASH EQUIVALENT (G)		5,450,689.45	727,527.35
CLOSING CASH AND CASH EQUIVALENT (H = F+G)		**263,748.37**	**5,450,689.45**

TREASURER
ONICHA LOCAL GOVERNMENT

CHAIRMAN
ONICHA LOCAL GOVERNMENT

CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 2018

Actual		Actual	Final Budget	Original Budget	Variance
2017		**2018**	**2018**	**2018**	**2018**
₦		₦	₦	₦	₦
	Share of FAAC Allocation				
836,988,741.36	Share of Statutory Allocations	1,818,418,432.52	1,705,444,188.00	1,705,444,188.00	112,974,244.52
342,710,334.61	Share of VAT Allocation	503,783,701.86	450,000,000.00	450,000,000.00	53,783,701.86
81,148,752.64	Exchange Rate Gain	148,652.14	1,000,000.00	1,000,000.00	(851,347.86)
-	Excess Bank Charges Refund	1,353,130.37	1,000,000.00	1,000,000.00	353,130.37
4,417,270.77	Augmented Fund Distribution	3,208,606.06	2,000,000.00	2,000,000.00	1,208,606.06
-	Local Govt Council Net	72,161,570.63	2,000,000.00	2,000,000.00	70,161,570.63
28,101,741.90	Non Oil Revenue				
13,097,560.15	Excess Crude				
128,044,319.54	Paris Club Refund				
-	Forex Equalization	89,447,412.73	50,000,000.00	50,000,000.00	39,447,412.73
1,434,508,720.97	**Sub Total(A)**	**2,488,521,506.31**	**2,211,444,188.00**	**2,211,444,188.00**	**277,077,318.31**
	Internally Generated Revenue				
	10% State IGR"	77,768,400.00			77,768,400.00
-	Taxes		480,300.00	480,300.00	(480,300.00)
	Licences		4,712,380.00	4,712,380.00	(4,712,380.00)
-	Fines		1,409,040.00	1,409,040.00	(1,409,040.00)
15,376,000.00	Fees	6,379,040.00	21,979,160.00	21,979,160.00	(15,600,120.00)
	Sales		2,734,900.00	2,734,900.00	(2,734,900.00)
	Earnings		31,405,290.00	31,405,290.00	(31,405,290.00)
80,000.00	Rent	60,000.00	4,138,400.00	4,138,400.00	(4,078,400.00)
-	Other Receipts		1,520,520.00	1,520,520.00	(1,520,520.00)
15,456,000.00	**Sub Total(B)**	**84,207,440.00**	**68,379,990.00**	**68,379,990.00**	**15,827,450.00**
	Budget Financing				
	Agric Loan	43,261,715.38			43,261,715.38
-	**Sub Total(C)**	**43,261,715.38**			
1,449,964,720.97	**Total Revenue(A+B+C)=D**	**2,615,990,661.69**	**2,279,824,178.00**	**2,279,824,178.00**	**336,166,483.69**

	Recurrent Expenditure by Nature				
524,554,588.68	Personnel Cost	741,147,865.38	900,000,000.00	900,000,000.00	158,852,134.62
249,657,903.76	Overhead Cost	409,973,251.51	300,000,000.00	300,000,000.00	(109,973,251.51)
14,722,000.00	Service Wide Vote	4,362,700.00	250,000,000.00	250,000,000.00	245,637,300.00
13,449,100.00	Programme Related Expenses	7,445,300.00	30,000,000.00	30,000,000.00	22,554,700.00
184,807,786.89	Social Benefit	79,581,372.85	100,000,000.00	100,000,000.00	20,418,627.15
58,749,722.02	Transfer to Other Govt Entities	58,983,940.56	70,000,000.00	70,000,000.00	11,016,059.44
26,514,571.28	Subvention to DCs	63,135,846.19			
	Public Debt Servicing	43,261,715.38			(43,261,715.38)
1,072,455,672.63	**Sub Total(E)**	**1,407,891,991.95**	**1,650,000,000.00**	**1,650,000,000.00**	**242,108,008.05**
	Capital Expenditure by Sector				
141,285,847.95	Administrative	403,171,538.46	233,346,250.00	233,346,250.00	(169,825,288.46)
226,892,819.97	Economic	803,004,072.36	302,287,198.00	302,287,198.00	(500,716,874.36)
	Law and Justice		-		-
	Regional		-		-
4,607,218.32	Social	7,110,000.00	94,190,730.00	94,190,730.00	87,080,730.00
372,785,886.24	**Sub Total(F)**	**1,213,285,610.82**	**629,824,178.00**	**629,824,178.00**	**(583,461,432.82)**
4,723,162.10	**Surplus/(Deficit) for the year D-E-F**	**(5,186,941.08)**	**-**	**-**	**57,948,905.11**

TREASURER
ONICHA LOCAL GOVERNMENT

CHAIRMAN
ONICHA LOCAL GOVERNMENT

CONSOLIDATED SEGMENT REPORTING

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	ECONOMIC	LAW & JUSTICE	REGIONAL	SOCIAL	OTHERS	TOTAL
	₦	₦	₦	₦	₦	₦
Revenue						
Taxes	-					-
Levy	-					-
Fines	-					-
Sales	-					-
Earnings	-					-
Rent	60,000.00					60,000.00
Fees	6,379,040.00					6,379,040.00
Other Revenue						-
investment Income						-
Share of FAAC Allocations					2,488,521,506.31	2,488,521,506.31
Total Revenue(A)	**6,439,040.00**	**-**	**-**	**-**	**2,488,521,506.31**	**2,494,960,546.31**
Expenses						
Personnel Cost				375,289,569.74		744,044,328.10
Overhead Cost	21,595,333.53			2,534,592.24		331,781,774.67
Service wide Vote						4,362,700.00
Programme Related Exp.	7,445,300.00			500,000.00		7,945,300.00
Subvention to DCs				63,135,846.19		
Depreciation/Amortisation					102,996,652.45	102,996,652.45
Public Debt Services					43,261,715.38	43,261,715.38
Transfer to Other Govt Entities					58,983,940.56	58,983,940.56
Social Benefit					85,722,067.42	85,722,067.42
Total Expenses(B)	**29,040,633.53**	**-**	**-**	**441,460,008.17**	**290,964,375.80**	**1,442,234,324.76**
Surplus/(Deficit) (A-B)	**(22,601,593.53)**	**-**	**-**	**(441,460,008.17)**	**2,197,557,130.51**	**1,052,726,221.55**

TREASURER
ONICHA LOCAL GOVERNMENT

CHAIRMAN
ONICHA LOCAL GOVERNMENT

NOTES TO THE FINANCIAL STATEMENTS			
FOR THE YEAR ENDED 31ST DECEMBER, 2018			
	NOTE	2018	2017
		₦	₦
Note 1 Share of Statutory Revenue			
Statutory Allocation	1a	1,818,418,432.52	836,988,741.36
Exchange Rate Difference Gain	1b	148,652.14	81,148,752.64
Exess Bank Charges Refund	1d	1,353,130.37	0.00
Augmented Fund Distribution		3,208,606.06	4,417,270.77
Local Govt Council Net		72,161,570.63	
Non Oil Revenue	1e	0.00	28,101,741.90
Excess Crude		0.00	13,097,560.15
Paris Club Refund			128,044,319.54
Forex Equalization	1c	89,447,412.73	
Total		**1,984,737,804.45**	**1,091,798,386.36**
Note 1a Statutory Allocation			
January		145,601,366.84	79,121,184.94
February		152,637,016.42	74,454,985.93
March		153,989,973.00	65,728,815.68
April		151,318,466.20	76,308,383.82
May		154,481,411.29	69,564,620.47
June		150,244,114.50	92,555,381.87
July		156,345,041.37	73,666,905.06
August		155,933,495.45	72,432,630.86
September		147,215,509.73	65,681,904.93
October		148,564,892.64	88,713,362.96
November		153,095,267.14	
December		148,991,877.94	78,760,564.84
Total		**1,818,418,432.52**	**836,988,741.36**
Note 1b Exchange Rate Gain Alloc.			
January			11,870,048.51
February			12,626,578.80
March			10,467,245.50
April			12,445,678.30
May			10,007,265.11
June			11,184,276.20
September		73,256.47	
October		75,395.67	12,547,660.22
Total		**148,652.14**	**81,148,752.64**
Note 1c Forex Equalization			
January		8,352,871.32	
March		37,123,784.24	
April		16,019,840.97	
May		123,353.00	
August		6,412,057.69	
November		18,213,782.55	

December		3,201,722.96	
Total		**89,447,412.73**	
Note 1d Excess Bank Charges Refund			
September		1,353,130.37	
Total		**1,353,130.37**	
Note 1e Non Oil Revenue			
January			10,070,919.34
February			6,159,805.39
March			10,602,683.81
May			1,268,333.36
Total		**0.00**	**28,101,741.90**
Note 1f Excess Crude			
February			3,430,068.34
April			5,702,918.16
May			3,964,573.65
Total		**0.00**	**13,097,560.15**
Note 2 Value Added Tax Allocation			
January		36,490,466.82	30,559,135.35
February		37,904,001.78	28,795,527.01
March		142,183,758.38	27,141,251.88
April		6,887,225.09	30,236,472.71
May		35,296,803.39	31,904,465.73
June		37,687,258.23	32,377,524.19
July		32,845,283.01	32,522,184.11
August		31,836,277.87	31,289,589.18
September		30,328,191.33	33,942,754.82
October		30,328,191.33	32,661,673.64
November		38,810,771.96	
December		43,185,472.67	31,279,755.99
Total		**503,783,701.86**	**342,710,334.61**
Note 3 Farm Inputs			
Fertilizer for Distribution to Farmers		**77,768,400.00**	
Note 4 Non-Tax Revenue			
Fees and Fines			
January		518,000.00	1,357,800.00
February		394,000.00	1,204,000.00
March		365,000.00	849,200.00
April		443,000.00	1,629,000.00
May		487,040.00	750,000.00
June		479,000.00	1,136,000.00
July		680,000.00	1,096,300.00
August		612,000.00	1,548,000.00
September		652,000.00	890,000.00

October		597,000.00	1,638,000.00
November		610,000.00	1,675,000.00
December		542,000.00	1,602,700.00
Fees - Sub Total		**6,379,040.00**	**15,376,000.00**
Rent			
August		60,000.00	80,000.00
Rent - Sub Total		**60,000.00**	**80,000.00**
Total Non-Tax Revenue		**6,439,040.00**	**15,456,000.00**
Note 5 Other Revenues			
Total -Other Revenues			
Note 6 Salaries and Wages			
LG Staff	6a	364,868,835.27	212,870,415.45
UBEB	6b	247,127,114.53	281,188,346.55
Health	6c	129,151,915.58	30,495,826.68
Total		**741,147,865.38**	**524,554,588.68**
Note 6a Local Government Salaries			
February		27,651,243.14	
March		39,167,285.22	
April		28,071,064.90	
May		28,071,064.90	
June		40,538,064.90	
September		98,728,959.58	
December		102,641,152.63	
Total		**364,868,835.27**	
Note 6b UBEB Salaries			
February		31,199,697.14	
March		42,190,149.25	
April		29,802,886.22	
May		29,732,630.44	
June		29,521,794.83	
September		39,889,956.65	
December		44,790,000.00	
Total		**247,127,114.53**	
Note 6c Health Staff Salaries			
February		15,849,258.76	
March		16,236,807.58	
April		16,621,422.96	
May		16,621,422.96	
June		16,621,422.96	
September		10,652,498.38	
November		24,614,407.84	
December		11,934,674.36	
Total		**129,151,915.58**	

Note 7 Transfer to Other Govt Entities			
Ebonyi State Govt			
Police Reform		45,276,248.25	36,731,260.48
Neighbourhood Watch Security		13,707,692.31	13,707,692.31
Scholarship Board			4,001,529.10
Sub Total			**50,438,952.79**
Grant to INEC			8,310,769.23
Sub Total			**8,310,769.23**
Total		**58,983,940.56**	**58,749,722.02**
Note 8 Traveling and Transports			
The Council		233,000.00	2,413,000.00
Administration		80,000.00	
Finannce		65,000.00	
Education		50,000.00	
Works		35,000.00	
Planning & Statistics		20,000.00	
Total		**483,000.00**	**2,413,000.00**
Note 9 Utilities - General			
Works		124,000.00	2,000.00
Total		**124,000.00**	**2,000.00**
Note 10 Materials and Supplies			
The Council		111,000.00	4,494,500.00
Administration		50,000.00	
Finannce		60,000.00	
Planning & Statistics		40,000.00	
Total		**261,000.00**	**4,494,500.00**
Note 11 Maintenance Services			
The Council		2,098,300.00	14,406,000.00
Administration		2,232,000.00	6,306,500.00
Finannce		1,315,000.00	
Education		2,004,592.24	
Works		23,310,000.00	
Total		**30,959,892.24**	**20,712,500.00**
Note 12 Training and Capacity Building			
The Council		150,000.00	6,675,940.62
Administration		224,700.00	2,616,500.00
Total		**374,700.00**	**9,292,440.62**
Note 13 Security and Safety Services			
The Council		4,362,700.00	14,722,000.00
Administration			
Total		**4,362,700.00**	**14,722,000.00**
Note 14 Consulting and Professional Services			

The Council		120,000.00	560,000.00
Finannce		300,000.00	
Total		**420,000.00**	**560,000.00**
Note 15 Fuelling and Lubricants			
The Council		12,928.75	494,550.00
Total		**12,928.75**	**494,550.00**
Note 16 Financial Charges			
Finannce		25,090.18	490,348.38
Total		**25,090.18**	**490,348.38**
Note 17 Public Debt Services			
Loan Repayment		43,261,715.38	28,395,351.24
Total		**43,261,715.38**	**28,395,351.24**
Note 18 Depreciation/Amortization			
Building	20	21,593,713.48	16,458,475.44
Infrastructure - Water	20	661,751.31	380,790.85
Infrastructure - Others	20	23,454,395.38	7,905,153.03
Plant and Machinery	20	19,274,175.00	16,675,500.00
Furniture and Fittings	20	0.00	0.00
Motor Vehicle	20	37,383,150.77	5,767,400.00
Office and Other Equipment	20	359,466.51	417,592.37
IT Equipment	20	270,000.00	
Total		**102,996,652.45**	**47,604,911.69**
Note 19 Other Recurrent Expenses By Nature			
Refreshment and Meals		4,506,000.00	14,037,150.00
Subsription to ALGON		1,600,000.00	10,161,000.00
Welfare Packages		13,307,692.30	
JAC Processing Expenses		152,657,969.60	33,559,685.50
Special Day Celebrations			
Annual Budget Expenses			
Agric Related Programme Expenses		7,445,300.00	13,449,100.00
Government Donations			
Mother and Child Initiative			
Common Services(Committes)		3,630,076.97	
Traditional Rulers Upkeep		3,885,923.09	2,633,076.94
Youth Empowerment		77,661,538.46	950,000.00
Administrative fund charges		42,295,040.00	149,857,652.32
Subvention to DCs		63,135,846.19	26,514,571.28
Recruitment and Appointment			
Ohaneze Ndigbo		76,923.08	
Mass Literacy			
Total		**370,202,309.69**	**251,162,236.04**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2018

Note 20 Property, Plants and Equipments as at 31st December, 2018

Descriptions	Building	Infrastructure - Water	Infrastructure - Others	Plants and Machinery	Furniture and Fittings	Motor Vehicles	Office & Other Equipment	Under Constructions	IT Equipments	Total
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Opening bal. 1/1/18	532,157,372.51	7,235,026.15	150,197,907.63	94,494,500.00	0.00	23,069,600.00	1,073,808.95	148,352,759.31	0.00	956,580,974.55
Reclassified										-
Additions	187,633,076.93	6,000,000.00	318,890,000.00	34,000,000.00		163,846,153.84	210,000.00	484,114,072.36	900,000.00	1,195,593,303.13
Total	**719,790,449.44**	**13,235,026.15**	**469,087,907.63**	**128,494,500.00**	**0.00**	**186,915,753.84**	**1,283,808.95**	**632,466,831.67**	**900,000.00**	**2,152,174,277.68**
Depreciation	21,593,713.48	661,751.31	23,454,395.38	19,274,175.00	0.00	37,383,150.77	359,466.51	0.00	270,000.00	102,996,652.45
Written Down Value 31/12/18	**698,196,735.96**	**12,573,274.84**	**445,633,512.25**	**109,220,325.00**	**0.00**	**149,532,603.07**	**924,342.45**	**632,466,831.67**	**630,000.00**	**2,049,177,625.23**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	NOTE	2018	2017
		₦	₦
Note 21 Cash and Cash Equivalents			
Onicha Local Govt Council A/C		263,748.37	5,450,689.45
Total Cash and Cash Equivalents		**263,748.37**	**5,450,689.45**
Note 22 Short Term Loan			
Agric Loan		17,692,307.69	
Total		**17,692,307.69**	**-**
Note 23 Payables			
Employee Compensation			
Salary Arrears		54,721,834.00	51,825,371.28
Total		**54,721,834.00**	**51,825,371.28**
Note 24 Pension and Gratuity			
Pension		108,667,735.06	91,248,306.24
Gratuity		163,001,602.59	136,872,459.35
Total		**271,669,337.65**	**228,120,765.59**
Note 25 Internal Loans			
Salary Bailout Loan		168,394,213.82	196,789,565.06
Total		**168,394,213.82**	**196,789,565.06**
Note 26 Net Assets/Equity			
Accumulated Surplus		1,348,326,908.96	295,600,687.41
Reserves		224,021,386.85	189,695,274.66
Total		**1,572,348,295.81**	**485,295,962.07**
Note 27 Stautory Allocations			
Statutory Allocation		1,818,418,432.52	836,988,741.36
Exchange Rate Difference Gain		148,652.14	81,148,752.64
Exess Bank Charges Refund		1,353,130.37	-
Augmented Fund Distribution		3,208,606.06	4,417,270.77
Local Govt Council Net		72,161,570.63	-
Non Oil Revenue			28,101,741.90
Excess Crude			13,097,560.15
Paris Club Refund			128,044,319.54
Forex Equalization		89,447,412.73	-
Total		**1,984,737,804.45**	**1,091,798,386.36**
Note 28 Share of Value Added Tax			
VAT Allocation from Federation Account		503,783,701.86	342,710,334.61
Total		**503,783,701.86**	**342,710,334.61**
Note 29 Internally Generated Revenue			
Fees		6,379,040.00	15,376,000.00
Rent		60,000.00	80,000.00
Non-Tax Revenue Sub Total		**6,439,040.00**	**15,456,000.00**
Total		**6,439,040.00**	**15,456,000.00**
Note 30 Salaries and Wages			
Employee Compensation 31/12/2018	23	54,721,834.00	51,825,371.28
Reported in the statement of Cash Flow	6	741,147,865.38	524,554,588.68
Employee Compensation 1/1/2018		(51,825,371.28)	(52,306,537.45)
TOTAL		**744,044,328.10**	**524,073,422.51**

Note 31 Overhead Cost			
Travel & Transport		483,000.00	2,413,000.00
Utility		124,000.00	2,000.00
Materials & and Supplies		261,000.00	4,494,500.00
Maintenance		30,959,892.24	20,712,500.00
Training & Capacity Building		374,700.00	9,292,440.62
Consulting & Professional Services		420,000.00	560,000.00
Fuelling and Lubricants		12,928.75	494,550.00
Financial Charges		25,090.18	490,348.38
Refreshment and Meals		4,506,000.00	14,037,150.00
Subsription to ALGON		1,600,000.00	10,161,000.00
Welfare Packages		13,307,692.30	-
JAC Processing Expenses		152,657,969.60	33,559,685.50
Farm Inputs		77,768,400.00	-
Annual Budget Expenses		-	-
Common Services(Committes)		3,630,076.97	-
Traditional Rulers Upkeep		3,885,923.09	2,633,076.94
Youth Empowerment		77,661,538.46	950,000.00
Administrative fund charges		42,295,040.00	149,857,652.32
Ohaneze Ndigbo		76,923.08	-
Total		**409,973,251.51**	**249,657,903.76**
Note 32 Service wide Vote			
Security & Safety Services		4,362,700.00	14,722,000.00
Government Donations			-
Total		**4,362,700.00**	**14,722,000.00**
Note 33 Programme Related Expenses			
National Program on Immunization			-
Agric Related Programme Expenses		7,445,300.00	13,449,100.00
Total		**7,445,300.00**	**13,449,100.00**
Note 34 Social Benefits			
Pension		71,889,065.16	110,335,693.69
Gratuity		7,692,307.69	74,472,093.20
Total		**79,581,372.85**	**184,807,786.89**
Note 35 Term Loans			
Agric Loan		17,692,307.69	
Total		**17,692,307.69**	**-**
Note 36 Public Debt Services paid			
Agric Loan		43,261,715.38	
Total		**43,261,715.38**	**-**
Note 37 Proceeds from Internal Loan			
Agric Loan		43,261,715.38	
Total		**43,261,715.38**	**-**
Note 38 Social Benefits			
Pension as Reported in the Statement of Cash Flow	33	71,889,065.16	110,335,693.69
Gratuity as Reported in the Statement of Cash Flow	33	7,692,307.69	74,472,093.20
Total		**79,581,372.85**	**184,807,786.89**
Add:Closing balance 31/12/2018- Pension	24	63,348,731.75	59,823,743.48
Add:Closing balance 31/12/2018- Gratuity	24	287,238,541.67	284,622,835.37
Less: Opening balance 1/1/2018 - Pension		(59,823,743.48)	(5,739,252.67)
Less: Opening balance 1/1/2018 - Gratuity		(284,622,835.37)	(280,472,472.52)
Total		**85,722,067.42**	**243,042,640.55**

NOTE 39 SCHEDULE OF PROPERTY, PLANTS AND EQUIPMENT ACQUIRED DURING THE YEAR 2018

S/N	Nature	Building	Infrastructure - Water	Infrastructure - Others	Plants and Machinery	Motor Vehicles	Office & Other Equipment	Under Construction	IT Equipment	TOTAL
		₦	₦	₦	₦	₦	₦	₦	₦	₦
1	Enhancing Skills and knowledge								900,000.00	900,000.00
2	Housing and Community Development	10,900,000.00						218,314,072.36		229,214,072.36
3	Project Community Development	176,733,076.93		180,390,000.00	34,000,000.00			265,800,000.00		656,923,076.93
4	Water Resources and Rural Development		6,000,000.00							6,000,000.00
5	Reforming Govt. and governance (motorcycle)						210,000.00			210,000.00
6	Purchase + vehicles					163,846,153.84				163,846,153.84
7	Power			30,800,000.00						30,800,000.00
8	Roads and bridges			107,700,000.00						107,700,000.00
	TOTAL	**187,633,076.93**	**6,000,000.00**	**318,890,000.00**	**34,000,000.00**	**163,846,153.84**	**210,000.00**	**484,114,072.36**	**900,000.00**	**1,195,593,303.13**

TREASURER
ONICHA LOCAL GOVERNMENT

CHAIRMAN
ONICHA LOCAL GOVERNMENT