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Republic of Kenya



# Kenya National Audit Office

**REPORT**

**OF**

**THE**

**AUDITOR GENERAL**

**ON**

**THE ABSTRACTS OF ACCOUNTS  
OF THE COUNTY COUNCIL OF  
MERU CENTRAL**

**FOR THE  
YEAR  
ENDED**

**30 JUNE 2006**



## **KENYA NATIONAL AUDIT OFFICE**

### **REPORT OF THE AUDITOR GENERAL ON THE ABSTRACTS OF ACCOUNTS OF THE COUNTY COUNCIL OF MERU CENTRAL FOR THE YEAR ENDED 30 JUNE 2006**

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The attached Abstracts of Accounts of the County Council of Meru Central, which comprise the Balance Sheet as at 30 June 2006, the Recurrent Account and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory notes have been audited under my direction in accordance with the provisions of Section 23 of the Public Audit Act, 2003.

#### **1.0 The Management's Responsibility for the Abstracts of Accounts**

The Management is responsible for the preparation and fair presentation of Abstracts of Accounts in accordance with the Local Government Act, Cap 265; the Local Authorities Transfer Fund (LATF) Act, 1998; the International Public Sector Accounting Standards (IPSASs) and other generally accepted accounting principles. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Abstracts of Accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **2.0 Responsibility of the Auditor General**

My responsibility is to express an opinion on the Abstracts of Accounts based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those Standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance that the Abstracts of Accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Abstracts of Accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Abstracts of Accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Council's preparation and fair presentation of the Abstracts of Accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as an evaluation of the overall presentation of the Abstracts of Accounts.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for the audit opinion.

### **3.0 Qualification Points**

#### **3.1 Format and Accuracy of the Accounts**

- (i) The Abstracts of Accounts for 2005/2006 were prepared using the Simplified Accounting System format which had not been approved by the Minister for Local Government, as required by Section 229 (2) of the Local Government Act, Cap 265. The Council was therefore in breach of the law.
- (ii) The Accounts for 2005/2006 reflect an unexplained Suspense Account balance of Kshs.15,244,709.00 as at 30 June 2006, while the Capital Provision Account of Kshs.31,065,324.00 was not explained or supported. In addition, the Accounts do not show reference notes to the Accounts as required by the Accounting Standards.
- (iii) The process of sharing of assets and liabilities between the Council on one hand and the County Councils of Nyambene, Meru South, Tharaka and the Town Council of Chogoria on the other, had not been finalized by 30 June 2006.

In view of the foregoing, it was not possible to ascertain the accuracy of the Abstracts of Accounts for the year ended 30 June 2006.

### **3.2 Fixed Assets**

The Fixed Assets balance increased from Kshs.67,719,017.00 as at 30 June 2005 to Kshs.75,462,051.00 as at 30 June 2006. However, the Council did not during the year maintain a Fixed Assets Register, while ownership documents and valuation reports for various assets belonging to it were not produced for audit review. Further, no provision for depreciation was made in the Accounts during the period. In the circumstances, it was not possible to confirm the ownership and accuracy of the Fixed Assets stated at Kshs.75,462,051.00 as at 30 June 2006.

### **3.3 Renewals Funds**

Section 219 of the Local Government Act, Cap 265 requires the Council to create and set aside adequate renewals funds to provide for the entire or partial replacement of some or all of its assets, which, owing to depreciation or other cause, will require at some future date to be replaced. However, no renewals funds or reserves were created and set aside as required. The Council was therefore in breach of the law. Further, it was also not clarified how the Council intended to finance replacement of its depreciable Fixed Assets, in future, in absence of the renewals funds.

### **3.4 Debtors**

The Debtors balance stood at Kshs.39,269,151.00 as at 30 June 2006. However, the Council did not avail the relevant supporting documents including debtors ledger, schedules or listings, for audit verification. Further, no provision for bad and doubtful debts was made in the Accounts during the year. As a result, it was not possible to confirm the correctness and recoverability of the Debtors balance of Kshs.39,269,151.00 as at 30 June 2006.

### **3.5 Cash and Bank Balances**

The Cash and Bank balance increased from Kshs.26,120,796.25 as at 30 June 2005 to Kshs.27,022,041.08 as at 30 June 2006. However, the relevant bank reconciliation statements and bank balances confirmation certificates in support of the balances were not provided for audit review. In consequence, it was not possible to confirm the accuracy of the balance of Kshs.27,022,041.08 as at 30 June 2006.

### **3.6 Creditors and Accruals**

The Creditors and Accruals balance increased from Kshs.11,664,140.90 as at 30 June 2005 to Kshs.15,715,908.00 as at 30 June 2006. However, the Council did not maintain during the year the Creditors ledgers and other related records in support of the balances. Consequently, it was not possible to ascertain the accuracy of the Creditors and Accruals balance of Kshs.15,715,908.00 as at 30 June 2006.

### **3.7 Investments**

The Investments balance stood at Kshs.888,448.00 as at 30 June 2006. However, the relevant investment certificate(s) showing the nature, terms and conditions or the period covered by the Investments were not made available for audit review. As a result, it was not possible to confirm the accuracy of the Investments balance as at 30 June 2006.

### **3.8 Loans Outstanding**

The Loans Outstanding balance as at 30 June 2006 remained unchanged at Kshs.1,496,083.00 as in the previous year. However, the relevant Loans Agreements were not however made available for audit review, with the result that the correctness of the balance of Kshs.1,496,083.00 could not be confirmed. Further, the purposes for which the loans were taken has not been disclosed. In addition, no evidence was seen to show that Ministerial authorization for borrowing was sought and obtained as required by the Local Government Act, Cap 265. Consequently, it was not possible to ascertain the legality and accuracy of the Outstanding balance of Kshs.1,496,083.00 as at 30 June 2006.

### **3.9 Local Authorities Transfer Fund (LATF)**

- (i) During the year, the Council received a sum of Kshs.52,488,613.00 in respect of LATF grants from the Ministry of Local Government. However, no separate and distinct Balance Sheet was prepared as required.
- (ii) Various educational institutions were granted bursaries amounting to Kshs.6,070,833.00 on behalf of needy students. However, there was no documentary evidence seen to confirm that such bursaries were received and disbursed to the students.

### **3.10 Budget and Budgetary Control**

- (i) During the year under review, the Council did not operate within the approved estimates. It incurred an over-expenditure of Kshs.3,396,904.15 without Ministerial approval as required. The Council was therefore in breach of the law.

### **3.11 Non-Response to the Draft Report**

The Abstracts of Accounts and the relevant records for 2005/2006 were audited and a Draft Report of the Auditor General on the Accounts forwarded to the Council for comments on 08 October 2007. However, no response has been received to date. As a result, it has not been possible to determine the actions which may have been taken, if any, to redress the issues raised.

## **4.0 Opinion**

In my opinion, because of the effects of the matters discussed in the preceding paragraphs, the Abstracts of Accounts do not give a true and fair view of the financial position of the Council as at 30 June 2006 and of its surplus and cash flows for the year then ended.

### **Report on Other Legal and Regulatory Requirements**

As required by Section 24 of the Public Audit Act, 2003, I report, based on the audit, that: not all the information and explanations required for the purpose of the audit were received; the Accounts were not properly maintained; and the Financial Statements do not fully comply with the Local Government Act, Cap 265.



**A. S. M. Gatumbu**  
**AUDITOR GENERAL**

**Nairobi**

**6 January 2011**

MERU COUNTY COUNCIL

ABSTRACT OF ACCOUNTS

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE  
2006.

MERU CENTRAL COUNTY COUNCIL



COUNTY HALL,  
P.O BOX 3,  
MERU.


28<sup>TH</sup> DECEMBER 2006.

MCC/ADM/2/8/VOL.X11/42.

THE PERMANENT SECRETARY,  
MINISTRY OF LOCAL GOVERNMENT  
P.OBOX 30004  
NAIROBI

REF: ABSTRACT OF ACCOUNTS FOR FINANCIAL YEAR 2005/2006.

We are hereby submitting to you the 2005/2006 Abstract of Accounts as per the LATF requirements.

  
(S.M. MUGUNA)  
AG. COUNTY CLERK

CC  
THE PERMANENT SECRETARY,  
MINISTRY OF FINANCE,  
P.O BOX 30007,  
NAIROBI.

CONTROLLER AND AUDITOR GENERAL  
KENYA NATIONAL AUDIT OFFICE  
EASTERN PROVINCE  
P.O BOX 113 - 60100  
EMBU



MINUTES OF THE SPECIAL FINANCE, STAFF AND GENERAL PURPOSES  
COMMITTEE MEETING HELD IN THE COMMITTEE ROOM 314, COUNTY  
HEADQUARTERS, MERU TOWN ON THURSDAY 9<sup>TH</sup> NOVEMBER 2006 AT  
12.00 NOON.

PRESENT:

➤ Cllr. Martin Kirema Francis	-	Chairman.
➤ Cllr. Zaverio Gikunda Rukwaro	-	Ex-Official
➤ Cllr. Johnson Mwobobia Kiugu	-	Ex-Official
➤ Cllr. John Kithinji Ntiba	-	Member
➤ Cllr. Elisha Nkamani	-	"
➤ Cllr. John Gikunda Mukiira	-	"
➤ Cllr. Steven M. Marete	-	"
➤ Cllr. Festus Mugambi M'Ithinji	-	"
➤ Cllr. Anastasia Wanja Joseph	-	"
➤ Cllr. Stanley Ringera Rwito	-	"
➤ Cllr. James M'Itonga M'Mirianga	-	"
➤ Cllr. Kenneth Kirimi Murithi	-	"
➤ Cllr. Zaverio Gikunda Rukwaro	-	"
➤ Cllr. Francis Mwongera Ikunyua	-	"

ABSENT WITH APOLOGY

- None.

IN ATTENDANCE.

➤ Mr. S.M. Muguna	-	Ag. County Clerk
➤ Mr. S.R. Itunga	-	Ag. County Treasurer
➤ Mrs. Mary Mucangi	-	Ag. Deputy Treasurer
➤ Mr. Michael Njoroge	-	Internal Auditor
➤ Mr. James Nyamu	-	A.O.1 Taking Minutes.

MIN. NO. S.F.S & G.P.C 54/2006

OPENING PRAYERS.

Before the meeting commenced its transactions, prayers were said by Councillor John Kithinji Ntiba.

MIN. NO. S.F.S & G.P.C 55/2006

COMMUNICATION FROM THE  
CHAIR.

The Meeting was called to order at 11.30 A.M. with Chairman Francis K. Martin in the Chair. He thanked the members for showing up at the meeting. He said that the business for discussion at the meeting was specially to deal with prioritized projects for funding through Local Authority Service Delivery Action Plan (LASDAP).

MIN. NO. S.F.S & G.P.C. 56/2007 PRESENTATION OF THE PRIORITISED  
LASDAP PRIORITISED PROJECTS AND  
ACTIVITIES FOR F/Y 2007/2008

(a) INTRODUCTION

The Ag. County Treasurer tabled the list of projects/activities, which were recommended by various stakeholders for funding through the LASDAP activities during the financial year 2007/2008.

Copies of all prioritized projects/activities were distributed to the members.

(b) BRIEFING

The County Treasurer briefly presented the background information and detailed analysis of the prioritized projects and activities discussed and prioritized during the LASDAP Consultative, Technical and Consensus Meetings.

(c) RESOURCE ENVELOPE

Members had earlier been provided with the list of the prioritized projects/activities proposed beforehand. The Resource Envelope was read to the Committee and the Treasurer tabled the minutes of the Consultative Meetings and the Technical Committee Meetings at which a list of LASDAP prioritized activities/projects were listed.

The list of projects and activities prioritized at the previous meetings attended by Stakeholders and citizens pleased the Committee Members.

(d) COMMITTEES RECOMMENDATION

Following acceptance and approval of the LASDAP prioritized projects and activities by the Committee.

*It was proposed by Councillor Elisha Nkamani*

AND

*Seconded by Councillor John Gikunda Mukiira*

AND

**RESOLVED**

*Unanimously that the Special Finance, Staff and General Purposes Committee adopts and approves the LASDAP list of qualified projects/activities prioritized at the Consensus Meeting held at the County Hall on 13<sup>th</sup> November 2006 at 10.30 A.M. as set forth in the following List (Appendix 'A')*

MIN. NO. S.F.S. & G.P.C. 57/2007

CLOSING PRAYER.

There being no other business to be transacted, the meeting closed with prayers led by Councillor John Kithinji Ntiba at 2.00 P.M.

MIN. NO S.F.C. & G.P.C. 58/2007 APPROVAL OF ANNUAL STATEMENT OF  
ACCOUNTS (ABSTRACT OF ACCOUNTS)  
FOR FINANCIAL YEAR ENDING 30<sup>TH</sup> JUNE  
2006.

The County Treasurer tabled the Annual Abstract of Accounts of the County Council of Meru Central for the Financial Year ended 2006.

He informed the Committee about the Simplified Accounting System (S.A.S) developed by the Ministry of Local Government, under the Kenya Local Government Reform Program. (K.L.G.R.P)

The Treasurer read to the Committee the statement and detailed recurrent accounts giving a clear picture at a glance on the operation of the Council for the year beginning 1<sup>st</sup> July 2005 and ended 30<sup>th</sup> June 2006.

*And it was proposed by Councillor Martin K. Francis*

*And*

*Seconded by Councillor John Gikunda*

*And*

*It was unanimously carried and*

RESOLVED.

*That the Finance, Staff and General Purposes Committee hereby approve the abstract of accounts of this Council for the period ending 30<sup>th</sup> June 2006 for presentation to the Full Council accordingly.*



(S.M. MUGUNA)

AG. COUNTY CLERK.

Minute Confirmed by: -

-----  
*Chairman, Finance, Staff &  
General Purposes Committee*

Date \_\_\_\_\_

COUNTY COUNCIL OF MERU CENTRAL FINAL  
ACCOUNT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2006.

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## TREASURER'S REPORT

### INTRODUCTION.

I have the pleasure of presenting the Abstract of accounts for the county council of Meru Central for the Financial year ended 30<sup>th</sup> June 2006.

We adopted the layout of the simplified Accounting system (SAS) developed by the ministry of local government under the Kenya Local Government Reform Programme. (KLGRP)

The county council of Meru central has Ten (10) operational centres:

1. Clerks
2. Civic
3. Treasures
4. Works
5. Community
6. Hostel, Hotel and Massionettes.
7. Mcc Rental Houses.
8. NHC Rental Houses.
9. Markets
10. LATF.
11. Operational cost centres account statements.

Financial performance of each responsibility centre is shown separately. These performance statements of income and expenditure are in Kenya Shilings and alongside these comparative figures of approved Budget for the year are given and the Actuals for the previous year 2004/2005.

A detailed summary of the performance statement is shown in one page as an aggregated recurrent account, giving a clear picture at a glance the operations of the council for the year.

**COUNTY COUNCIL OF MERU CENTRAL**  
**BALANCE SHEET FOR THE YEAR ENDED 30TH JUNE 2006**

FIXED ASSET	2005/2006	2004/2005
Buildings	32,452,406	29,954,392.00
Motor vehicles	37,549,237	32,304,237.00
Equipment	3,725,355	3,725,335.00
TOTAL FIXED ASSETS	73,726,998	65,993,964
OTHER LONG TERM OUTLAY	846,605	846,605
INVESTMENTS	888,448	888,448
TOTAL	75,462,051	67,719,017
CURRENT ASSETS		
Debtors	39,269,151.00	39,674,503.80
Petty Cash /cash in hand	284,308	2,000
80% crop cess A/C No. 281,971824	5,534,248.65	5,308,083.75
20% Crop cess A/C No. 181217447	38,287.10	1,098.183.70
General fund A/C No.281970010	281,883	732,901.80
LATF A/C NO.281970835	18,959,121.15	13,365,197.20
CONSOLIDATED BANK A/C NO. 012-003-019-7000	1,924,193.18	5,614,429.80
TOTAL CURRENT ASSETS	66,291,192.08	64,329,496.45
CURRENT LIABILITIES		
CREDITORS & ACCRUALS	15,715,908.00	11,664,140.90
NET CURRENT ASSETS	50,575,284.08	52,665,355.55
Represented by	126,037,355.08	120,384,372.55
Authority Equity/Capital cash	65,567,544.77	59,563,119.55
General Account	8,135,398.34	18,434,120.00
Loans redeemed	450,182	450,182
Loans Outstanding	1,496,083	1,496,083
CAPITAL PROVISION A/C	31,065,324	31065324
Suspense (Unexplained difference)	15,244,709	
other balances.	20,348,910.65	9,875,544
TOTAL	126,037,355.08	120,384,372.55

SIGNATURE.....  
COUNTY CLERK  
Date...26/7/07.....

SIGNATURE.....  
COUNTY TREASURER  
Date...26/7/07.....

**INCOME VARIANCES**

<i>SOURCES OF COPORATE</i>	<i>2005/2006</i>	<i>2005/2006</i>	<i>% OF COLLECTED</i>	<i>REMAKS</i>
<i>INCOME</i>	<i>BUDGET</i>	<i>ACTUAL INCOME</i>	<i>AMOUNT TO</i>	
	<i>KSH</i>	<i>KSH</i>	<i>BUDGETED AMT</i>	
CESSSES	9,393,600	4,652,181	-50.47%	UNFAVOURABLE
FEES & CHARGES	10,633,050	9,669,867	-9.06%	UNFAVOURABLE
SINGLE BUSSINES PERMIT	18,700,000	20,959,974	12.00%	FAVOURABLE
LAND TAXES RENTS	13,550,330	7,591,541	-43.96%	UNFAVOURABLE
TOTAL	52,276,980	42,873,583	-17.99%	UNFAVOURABLE

**EXPENDITURE VARIANCE**

<i>DEPARTMENT</i>	<i>2005/2006</i>	<i>2005/2006</i>	<i>VARIANCE</i>	<i>REMARKS</i>
	<i>BUDGTED AMOUNT</i>	<i>ACTUAL EXPENDITURE</i>		
	<i>KSH</i>	<i>KSH</i>		
PERSONNEL	36,252,151	40,997,092	13.10%	UNFAVOURABLE
OPERATORS	20,298,384	30,897,427	36.83%	UNFAVOURABLE
MAINTENANCE	44,627,954	27,996,262	35.96%	FAVOURABLE
TOTAL	101,178,489	99,890,787	10.40%	FAVOURABLE

<b>CASH FLOW STATEMENT</b>		
<b>RECCURENT ACTIVITIES</b>		
	<b>2005/2006</b>	<b>2004/2005</b>
	<b>KSHS.</b>	<b>KSHS.</b>
<b>INCOME</b>		
Land Taxes (Rents and Rates)		
Licences	7,591,541.00	14,021,165.00
Fees & Charges	20,959,974.00	18,830,765.00
Cess	9,669,867.00	12,948,713.00
LATF	4,652,181.00	10,012,814.00
<b>TOTAL INCOME</b>	<b>55,863,957.00</b>	<b>42,191,794.00</b>
<b>EXPENSES:</b>	<b>98,737,520.00</b>	<b>98,005,257.00</b>
Total Expenditure		
Net Recurrent Activities	73,815,396.00	84,886,251.00
Working Capital Changes	19,610,904.00	13,119,000.00
Decrease/(Increase) In Current assets	19,610,904.00	13,119,000.00
Increase/(Decrease) In creditors & Accruals	(2461695.43)	27,566,812.00
<b>TOTAL EXPENSES</b>	<b>(2631068.07)</b>	<b>11,479,923.70</b>
Cash Flow/Outflow After working capital changes	<b>(5092763.5)</b>	<b>16,086,889.00</b>
Return on Investment & Servicing of finance	14,578,140.50	29,205,888.65
Interest paid		
Interest received		
Cash flow/(outflow) after return on invested & servicing of finance		
Investing activities	14,518,140.50	29,205,888.65
(Increase) /Decrease in fixed assets		
Increase/Decrease in other assets	5,245,000.00	14,790,000.00
Cash inflow/(outflow) After investing activities		88,297.00
Financing activities	9,273,140.50	14,327,591.65
Increase (Decrease) in capital cash		
Increase (Decrease) in other balances	22,113,555.58	27,360,195.00
Cashflow/outflow after financing activities	10,473,366.65	3,507,966.55
cash & Cash equipment at the beginning of the year.	2,367,048.43	9,524,637.35
	24,654,992.65	34,179,630.00
Cash & Cash equipment at the nd of the year	27,022,041.08	24,654,992.65
	27,022,041	24,654,992





**COUNTY COUNCIL OF MERU CENTRAL**  
**INCOME SUMMARY FOR YEAR ENDED JUNE 2006**

	2004/2005	2005/2006	BUDGET	2005/2006
	ACTUALS	APPROVED	VARJANCE	ACTUALS
SUBJECT HEAD	KSHS.	KSHS.	%	KSHS.
<b>SERVICE INCOME</b>				
<b>CESS</b>				
20% Tea, Coffee, Pyrethrum	6,873,173	4,080,000		3,503,498
Hides & skin				
Wattle bark				
80% Crop cess, tea coffee	3,139,642	5,313,600		11,148,685
<b>TOTAL CESS</b>	<b>10,012,815</b>	<b>9,393,600</b>	<b>-102%</b>	<b>4,652,181</b>
<b>FEES &amp; OTHER CHARGES</b>				
50% Fines MCC By laws		17,500		
Telephone calls		200		
Sale of Minutes, Tenders	168,204	178,550		125,600
5% Commission on Voluntary - deductions				
Gate fees, Hire & other stadium charges	249,140	200,000		100,498
Barter market fees	5,167,118	408,200		4,993,640
Sale of plan & services	3,987,262	699,800		295,000
General revenue A/C		26,000		
Misc income interest on investment general sales		168,000		
Misc income Hire of Giaki farm	315,804	421,000		
Cattle sale auction	529,305	472,000		583,049
Vehicle parking fees	2,531,880	-4,368,000		3,572,080
<b>TOTAL FEES &amp; OTHER CHARGES</b>	<b>12,948,713</b>	<b>10,633,050</b>	<b>10%</b>	<b>9,659,867</b>
<b>LICENCES</b>				
Single Business Permit	18,830,765	18,000,000		19,024,098
Dev. Fees Permission & Royalties		700,000		1935876
<b>TOTAL LICENCES</b>	<b>18,830,765</b>	<b>1,870,000</b>	<b>1.70%</b>	<b>20,969,974</b>
<b>RENTS &amp; RATES</b>				
House Rent: Staff houses	2,802,225	2,880,000		969,290
: NHC	232,800	240,000		255,020
: Shops & Maisonnets	1,325,014	1,570,000		868,537
: Hostel		612,000		440,000
: County Hotel	2,972,276	1,440,000		1,200,000
<b>RENTS &amp; RATES</b>				
Stand Premium				
Land rents: Public Land				
Land rating: CILOR	1,672,167	2,187,450		266,410
Land rating: Annual site value rate Timau	864,349	460,000		1,403,115
House Rent, Butchery & Office				
Market Stalls Rent	168,400	189,700		123,650
Plot Rents	3,983,934	4,301,100		2,061,519
<b>TOTAL RENTS &amp; RATES</b>	<b>14,021,165</b>	<b>13,650,330</b>	<b>-78.50%</b>	<b>7,591,541</b>
<b>TOTAL CORPORATE INCOME</b>	<b>56,813,458</b>	<b>52,276,980</b>	<b>-27.70%</b>	<b>42,873,563</b>
<b>TOTAL LATF INCOME</b>	<b>42,191,794</b>	<b>52,489,613</b>	<b>0%</b>	<b>55,863,967</b>
<b>TOTAL INCOME</b>	<b>99,005,252</b>	<b>104,766,593</b>	<b>-11.99%</b>	<b>99,737,520</b>

**MERU COUNTY COUNCIL**  
**EXPENDITURE SUMMARY**  
**FOR THE YEAR ENDED 30TH JUNE 2006**

SUBJECTS HEADS	2004/2005	2005/2006	Budget	2005/2006
	ACTUALS	APPROVED	variation	ACTUALS
	KSHS	KSHS	%	KSHS
<b>PERSONNEL</b>				
Salary and Wages	12,183,950	15,060,880		8,266,930
Salary arrears	3,159,280	9,236,647		7,598,713
P.F.	3,536,533	4,198,369		3,223,459
S.F	29,580			
N.S.S.F.	3,752,943	1,413,643		1,347,203
Leave Allowance	797,229	4,333,046		464,455
House Allowance	5,898,000	7,626,000		5,613,000
Provision for gratuity		721,881		27,333
Acting/special duty allowance	101,964	145,244		125,459
Car and cycle/barrier allowance				
Ntethio Sacco	3,337,079	2,597,301		1,799,549
P.A.Y.E. Kenya Revenue Authority	379,943	137,560		137,560
N.H.I.F.	490,815	5,757		86,030
KLGWU	169,618	615,541		132,060
Cllrs Sitting Allowance	8,467,573	9,288,000		12,175,321
Superfund	29,580			
Cotu	69,907			
<b>TOTAL PERSONNEL</b>	<b>4,240,400</b>	<b>51,479,869</b>		<b>40,997,072</b>

**MERU COUNTY COUNCIL**  
**EXPENDITURE SUMMARY**  
**FOR THE YEAR ENDED 30TH JUNE 2006**

SUBJECT HEAD	2004/2005	2005/2006	Budget	2005/2006
	Actuals	Approved	variation	Actuals
	KSHS	KSHS	%	KSHS
<b>OPERATIONS</b>				
Casual wages	1,724,639	130,084		952,048
Travelling & subsistence	6,680,066	3,217,000		6,122,412
Training course & exam fees	225,480	820,000		505,597
Insurance other than vehicles	569,392	800,000		526,944
Audit & accounting fees	45,000	100,000		400,000
bank charges	164,902	108,512		135,671
legal fees	915,000	1,635,813		2,679,649
clothing & uniform	181,939	700,000		114,630
loan cargos	30,861			240
licences books and discs	3,100	500,000		120,000
sewerage & property rates	3,200	580,000		1,700
vehicle licences & insurance	710,722	813,800		851,189
petrol oil & tyres	2,519,576	3,071,430		4,495,813
Misc grant to SH Group		200,000		
Interest on bank & draft	72,088	25,000		139,302
printing & stationery	1,354,053	500,000		717,777
telephone & postage	1,035,196	800,000		1,285,719
Misc ALGAH Subscription	67,965	800,000		27,000
Misc entertainment of visitors	58,624	100,000		213,114
Chairman's allowance	541,237			182,200
Councillors sitting & travelling all	3,913,544	2,710,000		1,297,049
Councillors arrears/allowance	800,000			47,450
Councillors seminar	76,480			
Councillors education tour	2,542,200			
Furniture fitting & bedding	88,297	385,000		
Equipment tools & Materials	134,225	223,000		427,629
Misc, Government accommodation				
Other building costs M/Shelters	522,940	350,000		1,231,969
Plot Compensation expenses				
Planning expenses	122,258			730,509
Agriculture show expenses				
LASDAP facilitation		200,000		213,250
Accountancy fees final account				
Mobile Phones				
Education Bursaries	3,454,147	2,500,000		6,070,833
Water project				
Other Projects -school & churches				
Survey fees & planning adm.				
Sundry creditors (LATF provision)				
Medical treatment	53,200			
Electricity water & conservancy	617,926	550,000		682,208
Computer Maintenance & software	101,430	250,000		121,100
ward off-administration		600,000		
Seminars	76,460			
cycle allowance	50,000	500,000		
HIV/AIDS ASSISTANCE		300,000		
Staff X-Mass Annual Party		100,000		
Donation to Hiv/Aids victims in uganda	100,000	50,000		
Consultancy fee		400,000		10,000
N.H.C. Loan charges	3,,861			
bus park				894,425
<b>TOTAL OPERATIONS</b>	<b>41,174,557</b>	<b>30,897,639</b>		<b>30,897,427</b>

**MERU COUNTY COUNCIL**  
**EXPENDITURE SUMMARY**  
**FOR THE YEAR ENDED 30TH JUNE 2006**

SUBJECT HEADS	2004/2005	2005/2006	Budget	2005/2006
	ACTUALS	APPROVED	variation	ACTUALS
	KSHS	KSHS	KSHS	KSHS
<b>MAINTENANCE</b>				
Repairs & maintenance office	3,928,698			1,073,833
Vehicle repairs & maintenance	2,270,877	1,341,000		2,184,415
road repairs & maintenance	824,035	1,928,000		1,980,376
cleaning materials	33,551			
Upkeep of ground stadium		100,000		
survey & town planning	122,258			603,500
Repairs & maintenance-building	379,086	650,000		753,805
Bridge construction culvert & Moulding	303,155			
Purchase of Motor vehicle	4,462,500			
Market repairs	152,637			
Purchase of computer software				
Education schools rehabilitation	4,282,126	6,197,000		2,493,752
Health activities	309,517	1,510,000		652,701
Water & sanitation Activities	993,908	1,815,000		1,476,140
Other activities	211,721	1,050,000		469,752
Construction of barriers & wiring signboard				
Purchase of office equipment	3,500	50,000		54,466
Vehicle renewal costs		200,000		
Vehicle & Plant	97,387			

Purchase of Lorry				5,245,000
VAT on all materials				3,855,638
Purchase of Civic car		4,800,000		
Repair of Plants	2,202,838			7,780,780
Office Maintenance	3,565,344			5969392
Market & bus park	152,637	200,000		5,399
Purchase of other Council Vehicles	4,462,500	4,300,000		
Toilets water & electrification	164,964			
Repair & maintenance of houses		5,000		
Medical bills impatient/coffin		200,000		197313
Physical planning		200,000		200,000
<b>TOTAL MAINTENANCE</b>	<b>28,400,439</b>	<b>24,546,000</b>		<b>27,996,262</b>
<b>TOTAL EXPENDITURE</b>	<b>73,815,396</b>	<b>1,06,923,508</b>		<b>94,173,532</b>

MERU COUNTY COUNCIL  
FINANCIAL ACCOUNTS FOR THE ENDED 30TH JUNE 2006  
1B CLERKS DEPARTMENT

MISSION STATEMENT

- A To provide advice to elected Council in the policy management of the Council  
B To provide leadership to the paid staff of the Council ensuring smooth operations, effective personnel administration and legality of actions.

CODE		2004/2005	2005/2006	BUDGET	2005/2006
		ACTUAL	APPROVED	VARIATION	ACTUALS
		KSHS	KSHS	KSHS	KSHS
	<b>SERVICE INCOME</b>				
1E-16A	Annual site value rate Tlmau	864,348	460,000		1,403,115
1E-17	Land rating (In leu)	1,872,167	2,187,400		266,410
	<b>TOTAL INCOME</b>	<b>2,536,515</b>	<b>2,647,460</b>	<b>-58.56%</b>	<b>1,669,526</b>
	<b>EXPENDITURE</b>				
	<b>PERSONNEL</b>				
1E-001	Salary and Wages	2,787,420	4,105,180		2,713,310
1E-003	Councils contribution -NSSF	64,800	112,600		62,800
1E-004	Councils contribution -PF	466,084	951,005		629,232
1E-005	Councils contribution - SF				
	NHIF				
1E-006	Salary arrears				
1E-012	House allowance	1,494,000	2,274,000		1,422,000
1E-013	Acting/special duty allowance	69,244	69,244		69,244
1E-015	Leave allowance	236,366	120,816		74,606
	<b>Total Personnel/operation</b>	<b>5,331,743</b>	<b>7,623,044</b>	<b>53.46%</b>	<b>5,041,464</b>
1E-014	Travel & subsistence allowance	680,537	680,000		2,529,643
1E-016	Training course & Exam fee	131,100	300,000		382,584
1E-018	Medical treatment	63,200	200,000		34,388
1E-031	Printing stationery & advert	1,354,053	500,000		717,771
1E-032	Telephone & postage	1,035,196	800,000		1,285,719
1E-037	Clothing & uniform	106,579	200,000		104,464
1E-041	Electricity water & conservancy	440,461	400,000		398,831
1E-045	Sewerage & property rates	1,700	12,000		
1E-046					
1E-052	Petrol, oil & tyres	993,460	800,000		1,031,430
1E-053	Vehicle licenses & insurance	2,522,617	213,800		851,189
1E-072	Bursaries	134,000	200,000		8,000
1E-081	Misc ALGAK subscription	67,966	80,000		270,000
1E-082	Misc Entertainment of visitors	68,624	100,000		213,114
1E-086	Casual wages	303,761	384,084		597,719
	<b>Total operations</b>	<b>5,613,133</b>	<b>4,769,884</b>	<b>-30%</b>	<b>8,424,848</b>
1E-041	Repairs & maintenance of office	363,364	260,000		574,627
1E-051	Vehicle repairs & maintenance	826,682	500,000		692,020
1E-054	Other vehicle cost-renewals				
1E-064	Purchase of office equipment	300,000			1,200
	Repairs of building & equipment				
	<b>Total Maintenance</b>	<b>1,189,936</b>	<b>1,060,000</b>	<b>3.60%</b>	<b>1,167,847</b>
	<b>Total expenditure</b>	<b>12,133,812</b>	<b>13,452,920</b>	<b>5%</b>	<b>14,634,159</b>
	<b>Surplus(Deficit)</b>	<b>-10,606,627</b>		<b>-3%</b>	<b>-12,964,634</b>

**MERU COUNTY COUNCIL**  
**FINANCIAL ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2006**  
**ID CIVIC EXPENSES**

**MISSION STATEMENT**

*To facilitate the presentation of the public view to ensure that policies of the council are in accordance with the aspirations of the public.*

		2004/2005	2005/2006	BUDGET	2005/2006
	SUBJECT HEAD	ACTUALS	APPROVED	VARIATION	ACTUAL
CODE		KSHS	KSHS	%	KSHS
	EXPENDITURE				
	OPERATIONS				
1D-022	Cllrs sitting Allowance	8,467,573	9,288,000		12,175,321
	SUB TOTAL	8,467,573	9,288,000		12,175,325
	OPERATIONS				
1D-021(a)	Chairmans special Allowance		400,000		91,500
1D-021(b)	Chairmans Travel Allowance	541,237	250,000		90,700
1D-014	Other Travel & Subsistence Allow.	753,647	960,000		1,035,490
1D-023(a)	Ward offices & furniture		500,000		79,359
1D-023(b)	ward offices administration		600,000		12,000
1D-023	Seminars	76,460			
1D-025	Cllr Education Tour	2,542,200			
	SUB TOTAL : OPERATIONS	3,913,544	2,710,000	129.60%	1,297,049
	TOTAL	123,811,117	11,998,000	-4.60%	13,472,370



MERU COUNTY COUNCIL  
 FINAL ACCOUNTS 2005/2006  
 IC-TREASURERS DEPARTMENT

MISSION STATEMENT

- 1 To provide financial advice to the Councillors, the town clerk and other service officers.
- 2 To establish and operate sound financial systems for the council.
- 2 To ensure financial transactions are properly recorded and internal controls adhered to.
- 4 To collect all revenues properly due to Council.
- 5 To prepare annual financial statements in accordance with section 229(f) of the local Government Act cap 285.

CODE		2004/2005	2005/2006	BUDGET	2005/2006
	SUBJECT HEAD	ACTUALS	APPROVED	VARIANCE	ACTUAL
		KSHS	KSHS	%	KSHS
	Produce cess				
	House rent, butchery & office				
1C-712	50% Finer mcd laws		17,500		
	Misc. Interest on Investment				
1C-782	Misc. Interest on General Rev fund		26,000		
1C-794	sale of minutes Tender	168,204	120,580		125,500
1C-785	Telephone calls		200		
	Misc. Income General		198,000		
	Travel wholesalers & 2nd hand clothes				
1C-19E	Dev. fees permission & royalties		700,000		1,936,876
1C-19C	Single business permit	19,930,756	19,000,000		19,024,098
	Occupation licence				
1C-18J	20% Tea coffee produce	6,073,172	4,000,000		3,503,496
1C-18B	Hides & skins cess				
	Bus park fees	2,331,380	4,368,000		3,572,060
	Misc. General & sale of absolute stores & vehicles				
	TOTAL INCOME	28,404,021	27,490,280	2.40%	28,161,150
	EXPENDITURE				
	PERSONNEL				
1C-001	Salaries & wages	2,346,960	3,240,900		2,197,000
1C-003	Councils contribution -NSSF	38,400	50,400		38,800
1C-004	Councils contribution -PF	332,268	721,881		497,424
1C-011	Provision of Gratuity				
1C-012	House allowance	1,260,000	1,770,000		1,057,000
1C-013	Acting special allowance	42,720	88,000		66,215
1C-015	Prov. for leave allowance	135,030	88,998		52,364
	TOTAL PERSONNEL	4,155,378	5,859,179	62.40%	3,308,803
	OPERATION				
1c-014	Travel & subsistence allowance	1,453,785	500,000		1,369,317
1c-016	Training courses & exam fees	94,380	400,000		123,013
1c-034	Audit & accountancy fees	45,000	100,000		100,000
1c-035	Bank charges	108,390	52,500		82,219
1c-036	Legal fees	165,000	200,000		532,068
1c-037	Clothing & Uniform		100,000		
1c-038	Loan charges				
1c-039	Licences Books & Disc	3,100	500,000		120,000
1c-031	Computer maintenance & software	101,420	250,000		121,100
1c-018	Medical Treatment				
1c-033	Insurance other than vehicles	569,392	300,000		626,944
	Sewerage and property rates				
1c-052	Patrol oils & tyres	177,825	240,000		135,549
1c-084	Interest on Bank overdraft	72,066	25,000		139,302
1c-053	Vehicle licence & insurance	13,578	300,000		
1c-036	Casual wages	61,085			70,429
	TOTAL OPERATIONS	2,865,553	3,497,500	7.78%	30,985,155
	MAINTENANCE				
	Repair & maintenance of office				
	Repair & maintenance of vehicles	7,646	120,000	124.716	1,119,146
	Purchase of office Equipment	3,900	50,000		54,486
	TOTAL MAINTENANCE	11,546	170,000	14	1,370,327
	TOTAL INCOME	28,404,021	27,490,280	15	28,161,150
	TOTAL EXPENDITURE	7,032,079	9,626,679	11.12%	8,377,648
	NET SURPLUS/DEFICIT	21,371,942	17,863,601	24.15%	19,783,502

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MERU CENTRAL COUNTY  
 FINANCIAL ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2006.  
 IE WORKS DEPARTMENT

		2004/2005	2005/2006	BUDGET	2005/2006
		ACTUALS	APPROVED	VARIATION	ACTUALS
CODE		KSH.	KSH.	%	KSH.
	SERVICE INCOME				
IE-18A	80% Crop cess, tea, and coffee	3,139,642.00	5,313,600.00		1,148,685.00
	<b>TOTAL INCOME</b>	3,139,642.00	5,313,600.00	-78.30%	1,148,685.00
	EXPENDITURE				
	PERSONNEL				
IE-01	Salary & Wages	762,780.00	1,060,140.00		787,080.00
	Council's contribution - NSSF	26,400.00	33,600.00		26,400.00
	Council's contribution - PF	110,508.00	240,102.00		174,804.00
	Salary arrears				
	House allowance	37,800.00	534,000.00		378,000.00
IE-015	Leave allowance	75,885.00	31,099.00		12,372.00
19	Bonus		40,000.00	28.90%	1,378,656.00
	<b>TOTAL PERSONNEL</b>	1,353,573.00	1,938,941.00		
	Operations				
IE-014	Traveling & subsistence allowance	430,396.00	235,000.00		204,280.00
IE-016	Course & Exam		150,000.00		
	Cycle Allowance		50,000.00		
IE-037	Clothing & Uniform	11,760.00	150,000.00		
IE-043	Electricity, Water and Conservancy	58,157.00	50,000.00		83,504.00
IE-044	Furniture and Fittings		75,000.00		
IE-045	Sewage and Property		34,000.00		
IE-052	Petrol, Oil and Tyres	431,482.00	1,100,000.00		273,017.00
IE-053	Vehicle licence and Insurance		300,000.00		
IE-061	Equipments, tools and materials	116,600.00	105,000.00		23,022.00
IE-086	Casual Wages	365,309.00	260,000.00		654,537.00
	<b>TOTAL OPERATIONS</b>	1,413,704.00	2,509,000.00	34.20%	1,650,120.00
	MAINTENANCE				
IE-041	Physical Planningg	200,000.00			200,000.00
IE-041	Report and Maintenance of buildings	300,000.00	300,000.00		211,881.00
IE-051	Vehicle repair and Maintenance	1,251,000.00	800,000.00		572,899.00
	RCCO				
	<b>TOTAL MAINTENANCE</b>	1,751,000.00	1,100,000.00	10.47%	984,780.00
	<b>TOTAL EXPENDITURE</b>	4,518,277.00	55,547,941.00	27.70%	984,780.00
	<b>SURPLUS (DEFICT)</b>	1,378,635.00	234,341.00	-1123%	(2,864,871.00)

**MERU CENTRAL COUNTY COUNCIL**  
**2P-HOSTEL,COUNTY HOTEL-2005/2006 FINAL ACCOUNT**

		2004/2005	2005/2006	BUDGET	2005/2006
		ACTUALS	APPROVED	VARIATION	ACTUALS
		Kshs.	Kshs.	%	Kshs.
CODE	<b>INCOME</b>				
701	House rent-shops & Maissonettes	1,325,015	157,000		868,537
704	Rents-Meru County Hotel	2,972,276	1,440,000		1,200,000
706	Other rents-Hostel restaurants		612,000		444,000
719	Other fees-Hostel Accomodation				
	<b>TOTAL INCOME</b>	<b>42,997,291</b>	<b>3,622,000</b>	<b>24.13%</b>	<b>2,512,537</b>
	<b>PERSONNEL</b>				
2P-001	Staff salaries				
2P-003	Councils contribution to NSSF				
2P-012	House allowance				
2P-015	Provision for leave allowances				
	<b>TOTAL PERSONNEL</b>	<b>NIL</b>	<b>NIL</b>		<b>NIL</b>
	<b>OPERATIONS</b>				
2P-037	clothing and Uniform				
2P-043	water,electricity etc	58,633	100,000		10,186
2P-044	Furniture & fittings beddings	89,297	310,000		
2P-086	Casual wares				16,273
2P-081	Minor Accomodation tax				
	<b>TOTAL OPERATION</b>	<b>146,930</b>	<b>410,000</b>	<b>-1%</b>	<b>26,459</b>
	<b>MAINTENANCE</b>				
2P-041	Repair & maintance of building	33,551	300,000		541,924
2P-064	Other purchase-cleaning materials				
	<b>TOTAL MAINTENANCE</b>	<b>33,551</b>	<b>300,000</b>	<b>-1%</b>	<b>541,924</b>
	<b>TOTAL EXPENDITURE</b>	<b>180,481</b>	<b>710,000</b>	<b>-1%</b>	<b>568,383</b>
	<b>NET SURPLUS(DEFICIT)</b>	<b>4,115,810</b>	<b>2,912,000</b>	<b>20.80%</b>	<b>1,944,154</b>

**MERU CENTRAL COUNTY COUNCIL**  
**MARKET DEPARTMENT**  
**6A-2005-2006 FINAL ACCOUNTS**  
**MISSION STATEMENT**

*A.To provide market sites for local traders to undertake their business.*

*B.To generate revenues for the Council.*

		2004/2005	2005/2006	BUDGET	2005/2006
	SUBJECT HEAD	ACTUAL	APPROVED	VARIABLE	ACTUALS
		KSH.	KSH.	%	Ksh.
	<b>SERVICE INCOME</b>				
	Market Stall rent	168,400	189,700		123,650
	Plots Rents	3,983,934	4,201,180		2,061,519
	Barter Market Fees	5,167,118			4,993,640
	Sale of Plans and Services	3,987,262	699,800		295,000
	Standard premiums				
	Cattle sale Auction	529,305	472,000		583,049
	Other Income of Giaki Farm		421,000		
	<b>TOTAL INCOME</b>	<b>13,836,019</b>	<b>10,065,680</b>	<b>30.04%</b>	<b>8,056,858</b>
	<b>EXPENDITURE</b>				
	<b>PERSONNEL</b>				
6A-001	Salaries and wages	5,471,160	5,841,080		5,205,056
6A-003	Councils Contribution -NSSF	172,800	177,600		180,760
6A-004	Councils Contribution -PF	781,308	1,292,456		1,223,386
6A-012	House allowance	2,478,000	2,760,000		2,478,000
6A-013	Acting/Special Duty Allowance				
6A-017	Leave Allowance	294,913	170,730		294,913
	Barrier allowance				
	Salary arrears				
	<b>TOTAL PERSONNEL</b>	<b>9,19,8181</b>	<b>10,431,866</b>	<b>-8.60%</b>	<b>9,382,115</b>
	<b>OPERATIONS</b>				
6A-014	Travelling & Subsistence allowance	3,291,051	900,000		1,538,714
6A-016	Staff training and exam fees		120,000		
6A-001	Consultancy fees		400,000		10,000
6A-03	Clothing & Uniform				10,176
6A-031	Printing, stationary & advert.	63,600	250,000		240
6A-038	Loan charges-Nkubu Market				
6A-046	other building conts-market Shelters	522,940	350,000		1,231,969
6A-047	Buspark	353,991	2,200,000		894,425
6A-052	Petrol, oil, and tyres		700,000		707,819
6A-053	Vehicle lincos & insurance				
6A-057	plot compensation expenses				
	planning Expenses				
6A-061	Equipment, Tools and Materials	7,625	118,000		127,620
6A-086	Casual Wages	994,484	200,000		638,674
	<b>TOTAL OPERATIONS</b>	<b>5,233,691</b>	<b>5,238,000</b>	<b>-66.83%</b>	<b>5,033,637</b>
	<b>MAINTENANCE</b>				
6A-041B	Physical planning		200,000		197,892
6A-057	Vehicle repair and maintainance	186,647	421,000		
6A-054	Vehicle Rewal conts				
	<b>TOTAL MAINTENANCE</b>	<b>186,647</b>	<b>821,000</b>	<b>-34.79%</b>	<b>197,892</b>
	<b>TOTAL EXPENDITURE</b>	<b>14,618,519</b>	<b>16,490,866</b>	<b>-18.96%</b>	<b>14,740,653</b>
	<b>NET SURPLUS (DEFICIT)</b>	<b>(7,82500)</b>	<b>-6,425,186</b>	<b>176.97%</b>	<b>-6,683,795</b>

**MERU COUNTY COUNCIL**  
**FINAL ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2006**  
**9A MCC RENTAL & STAFF HOUSES SCHEME**

	SUBJECT HEAD	HEAD	2004/2005	2005/2006	BUDGET	2005/2006
			ACTUALS	APPROVED	VARIABLE	ACTUAL
			KSH.	KSH.	%	KSH.
	<b>Service income</b>					
701	<b>House rent</b>		2,802,225	2,650,000		969,290
	<b>TOTAL INCOME</b>		2,802,225	2,650,000	-8.13%	969,290
	<b>EXPENDITURE</b>					
	<b>OPERATIONS</b>					
A-045	Sewage and property			12,000		
A-043	Electricity, water & conservancy					
	<b>TOTAL OPERATIONS</b>		NIL	12,000	0%	NIL
	<b>MAINTENANCE</b>					
041(A)	Medical bills					117,313
	Impatient / coffin			200,000		80,000
A-041	Repair and maintenance		7,906	100,000	-92.92%	
	<b>TOTAL EXPENDITURE</b>		7,906	312,000	-77.59%	197,313
	<b>NET SURPLUS (DEFICIT)</b>		2,723,139	2,338,000	10.62%	771,977



**MERU CENTRAL COUNTY COUNCIL**  
**FINAL ACCOUNTS FOR THE YEAR ENDED JUNE 2006**  
**LATF REVENUE FUNDS ACCOUNTS**

SUBJECT HEAD	ACTUALS	APPROVED	VARIANCE	ACTUALS
SERVICE INCOME	2004/2005	2005/2006		2005/2006
	Kshs.	Kshs.	Kshs.	Kshs.
LATF DISBURSEMENTS	42,191,794	52,488,613		55,863,957
TOTAL INCOME	42,191,794	52,488,613		55,863,957
EXPENDITURE				
PERSONNEL				
Salary Arrears	3,159,280	3,278,468		3,689,910
Wages	123,350			300,000
Super Fund	29,500			
NHIF	276,975	5,757		5,757
NSSF	3,431,343			1,020,043
KRA/PAYE	379,943	137,560		137,560
Provident Fund (Pf)	1,757,953	842,688		842,688
Ntention sacco	3,337,099	2,597,301		1,799,549
KLGWU	169,618	615,541		132,060
COTU	69,907			
Gratuity				27,333
Leave allowance/arrears	14,355			30,201
TOTAL PERSONNEL	12,749,403	8,497,358	8.20%	7,985,101
OPERATIONS				
Operations/staff & Sub				477,708
Audit/Accountancy Fee				300,000
Bank Charges	56,012			53,452
Advertisements				22,414
GRF	30,861			642,218
COURSES				700,099
Electricity water & cons	60,685			94,628

Cllrs allow/arrers	800,000			47,450
PETTY CASH	444,627			76,510
LASDAP facilitation	65,100	200,000		50,000
Petrol, Oil & tyres	562,828			2,347,898
Education bursaries	3,320,147	2,500,000		6,070,833
Legal fees	750,000	1,435,813		915,517
<b>TOTAL OPERATIONS</b>	<b>6,090,260</b>	<b>4,135,813</b>	<b>-61.60%</b>	<b>11,798,829</b>
<b>MAINTENANCE</b>				
Purchase of civic car		4,800,000		
Repair of Plants	2,202,838			780,780
<b>BUILDING MATERIALS</b>				<b>5,969,392</b>
Strategic Planning				
Office Maintenance	3,565,344			
Markets & Busparks	152,637	200,000		5,399
Purchase of Computer software				
Survey & town planning	122,258			603,500
Purchase of other council vehicles	4,462,500	4,300,000		
Education/school Rehab	4,282,126	6,197,000		2,493,752
health activities	3,09,517	1,510,000		652,700
Purchase of a Lorry				5,245,000
Road Maintenance	824,035	1,928,000		1,980,376
Water & sanitation	993,908	1,815,000		1,476,140
Other activities-community utilities	211,721	1,050,000		469,752
Construction of Nkubu office	164,964			
toilets, water & electrification				
VAT on all materials				3,855,638
<b>TOTAL MAINTENANCE</b>	<b>17,291,848</b>	<b>21,800,000</b>	<b>68%</b>	<b>23,532,429</b>
<b>TOTAL EXPENDITURE</b>	<b>36,131,511</b>	<b>34,433,171</b>	<b>9.07%</b>	<b>43,316,358</b>
<b>NET SURPLUS/DEFICIT</b>	<b>6,060,283</b>	<b>18,055,442</b>	<b>-13.70%</b>	<b>12,547,599</b>



MERU CENTRAL COUNTY COUNCIL

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup>  
JUNE 2006

*NOTES TO THE ACCOUNTS*

1. Accounting concepts

1.1 Introduction

The SAS that has been applied in the presentation of these accounts is based on the accepted accounting concepts that are: -

- (a) Going concern.
- (b) Accrual.
- (c) Realization
- (d) Dual aspect.

1.2 Going concern concept

The values have been treated on the assumption that the authority will continue in its operations.

1.3 Accrual concept

The accrual concept is applied both in ascertaining the revenues for a period and ascertaining the expenses to be charged against revenues. In other words revenues and costs are recognized as they are earned or incurred.

## **1.4 Realization concept/prudence**

This concept requires that revenue is not anticipated until realization is assessed with reasonable certainty. For example interest income accruing on the council's FDR invested with the ministry of local authority has not been taken in consideration in the account.

## **1.5 Dual concept**

The concept requires that all transactions have dual aspect, that is, every debit entry must have a corresponding credit entry and the balance is the difference between them.

## **2. Accounting policies**

**2.1 Accruals of income and expenditure.**

**2.2 Revenues**

Plots rent outstanding at the end of year are accrued as debtors.

**2.3 Employee**

Salary arrears and provision for leave allowance are accrued as creditors within the current liabilities.

## **3. Fixed Assets**

These include building, motor vehicles, equipment's and furniture as shown on the balance sheet

### (a) Investments

The Council invested with Business Finance Co-Ltd. On 26-1-89 Kshs. 1,000,000.00 at 13 ½ p.a.

Interest rate Kshs. 100,000.00 was realized principal in 1989  
Kshs. 100,000.00 was realized principal in June 89.

On 6/9/89 there was interest of Kshs. 81,329.70, which was capitalized. The total amount invested therefore was Kshs. 8881,329.70 or approximately Kshs. 881,330.00.

The Council has also savings with Meru Central Farmers amounting to Kshs. 7,118.00. The total investment therefore is Kshs. 888,448.00.

## VALUATION

### (a) Building

The buildings have not been valued, the figures in the balance sheet stand at cost and there is no additional during the year 2005/2006. However, some items have been omitted which includes:

1. County Hotel	13,516,648.00
2. D.E.B.Houses	600,000.00
3. Old Education Office	30,000.00
4. Nkubu Stadium	400,000.00
5. Nkubu Market	1,247,328.00
<b>TOTAL</b>	<b><u>15,793,976</u></b>

Hence, the change in the total value of Buildings is Kshs. 32,452,406

### **(b) Motor Vehicles**

No valuation has been done on the motor vehicles and the values on the balance sheet are at cost.

A new Lorry KAT 502X was bought at 5,245,000

### **© Furniture and Equipment's**

The values in the balance sheet are stated at a cost. Valuation to be done to establish current value.

### **(D) Other Long Term Outlay**

These are capital items with no sale value streetlights, roads and boundaries.

## **FIXED ASSETS SCHEDULES**

### **FIXED ASSETS HELD AT THEIR CURRENT VALUATIONS ARE:-**

#### **MCC BUILDING**

Senior Staff Quarters	139,832
Junior Staff Quarters	128,279
Guest House	20,038
A.D.C. Hostel	182,855
A.D.C. office block & Chamber	3,545,701
Clerk's House – Class IV	68,040
A.D.C. Garage panelly M. Urban	55,905
Workshop – Near S S Quarters	87,537
New A.D.C. Offices 2 <sup>nd</sup> & 3 <sup>rd</sup> Floors	4,021,330
Butchers shop	14,200
Githongo Veterinary Holdings	42,340
Kibirichia Veterinary Holdings	40,905
G.T.C. Mulanthankari	16,520

Chugu A.D.C. Centre	120,088
African Court Building – Kaaga Printers	18,122
Assistant Clerks House	27,282
Senior Staff House – Treasurer	37,031
Staff House – Chairman	14,494
Nkubu Rental Housing Scheme N.H.C	438,044
Shops and Maisonnette	5,792,225
Nkubu Market	1,247,326
Gaitu Market Stalls	175,150
Igoji Market Stalls	178,785
Market Stalls Nkubu D.E.B. Houses	600,000
County Hotel	13,516,648
Giaki Farm	200,000
Mitunguu Barrier Market	10,000
Ntirimiti Barrier Houses	200,000
Nkubu Stadium	400,000
(Meru Herbal) Old Education Office	30,000
Angaine Dormitor	5,995
Maendeleo Centre Nkubu	9,734
Staff House – Welfare workers	31,384,406

#### NORTH IMENTI

Councils Office & Chamber	220,000.00
Kinoru Works Office	70,000.00
Kiirua Hall & Offices	35,000.00
Kibirichia H/Centr	65,000.00
Kibirichia Hall & Offices	38,000.00
Kibirichia Staff Houses	55,000.00
Abothuguchi Hall & Offices	45,000.00
U/Abothuguchi N/Centre	40,000.00
Staff Houses U/Abothuguchi	30,000.00

#### TOTAL

598,000.00

#### SOUTH IMENTI

Hall & Office Kanyakine	220,000.00
Social Hall & Office Nkubu	180,000.00
Two Staff Houses - Kanyakine	70,000.00
	470,000.00

#### TOTAL BUILDING

32,452,406

## MOTOR VEHICLES

LAND ROVER KUH 692	193,232.00
LAND ROVER KUE 399	214,748.00
GRADER KQP 297	537,510.00
GRADER KWE 176	2,614,952.00
SUBARU SLW KWE 226	400,400.00
SUZUKI SIERRA KWE 241	346,774.00
HANOMEG LOADER KAB 255Q	4,200,000.00
LAND ROVER 110 KAR 106L	3,510,000.00
PEUGEOT 504 KAM 043T	1,799,000.00
TOYOTA HILUX KAM 045T	2,515,699.00
GRADER KOMATSU KAR 561L	14,790,000.00
LAND ROVER KAA 960C	400,000.00
LAND ROVER KTK 407	181,000.00
GRADER KRH 511	600,000.00
LORRY KAT 502X	5,245,000.00
<b>TOTAL</b>	<b><u>37,549,237.00</u></b>
EQUIPMENTS AND TOOLS	
INVESTMENTS	3,725,335.00
BUSINESS FINANCE CO (FDR)	881,330.00
MERU CENTRAL FARMERS (SAVINGS)	7,118.00
TOTAL INVESTMENTS	888,488.00
OTHER LONG TERM CAPITAL OUTLAY	846,605.00

**NOTES**

PETTY CASH & CASH IN HAND			
GENERAL REVENUE FUND A/C NO 281970010	284,308.00		
80% CROP CESS A/C NO 281971824	281,883.00		
20% CROP CESS A/C NO 281970835	5,534,248.65		
LAFT A/C NO 281970835	38,287.10		
CONSOLIDATED BANK A/C NO 012-003-019-7000	18,959,121.15		
	1,924,193.18		
	27,022,041.08		
<b>DEBTORS</b>			
PROPERTY RATES & LAND RATES			
C/LOR	4,338,946.00		
PLOT RENTS	7,416,076.00		
HOUSE RENTS	25,211,125.00		
	2,071,556.00		
<b>OTHERS</b>			
JOEL K. MATHIU	38,037,703.00		
MERU AREA ADM EXP A/C	103,765.75		
MERU AREA PETROL A/C	27,445.00		
LOANSTO TO STAFF	7,258.00		
MERU AREA SUSPENSE A/C	10,478.00		
EX-COUNCIL STAFF (KLGW)	3,823.00		
KINA BANDA	4,203.00		
MERU CASH STORE LIMITED	1,770.00		
MESSING BLLS	30.00		
TOTAL DEBTORS	72,675.05	231,448	
	39,269,151		

## CREDITORS AND ACCRUALS

Salary Arrears	
Accruals	3,278,460
Leave allowances Arrears	7,252,041
Legal fees	459,500
K.L.G.W.U	1,435,813
Ex-Council Staff Court order A/c	615,541
Survey fees	182
House valuation Fees	145,147
Insurance	1,683
Suspense	1,062,801
Accrued loan interest	115,697
<b>Total</b>	<b>15,715,908</b>



