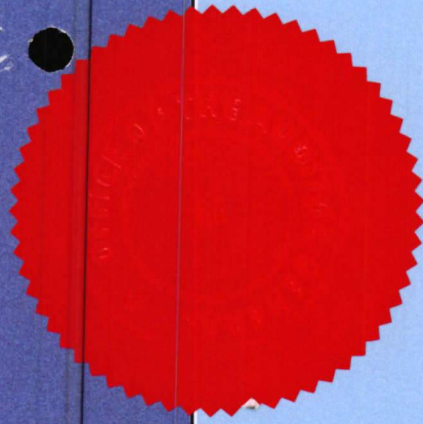
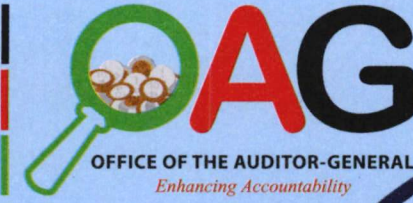


REPUBLIC OF KENYA



REPORT

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ON

COUNTY REVENUE FUND

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF NAIROBI CITY

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331



COUNTY REVENUE FUND

County Government of Nairobi City

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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1. Acronyms and Definition of Key Terms

a. Acronyms

<i>ADP</i>	<i>Annual Development Plan</i>
<i>AIE</i>	<i>Authority to Incur Expenditure</i>
<i>CA</i>	<i>County Assembly</i>
<i>CARA</i>	<i>County Allocation of Revenue Act</i>
<i>CBK</i>	<i>Central Bank of Kenya</i>
<i>CECM</i>	<i>County Executive Committee Member</i>
<i>CE</i>	<i>County Executive</i>
<i>CG</i>	<i>County Government</i>
<i>CIDP</i>	<i>County Integrated Development Plan</i>
<i>COG</i>	<i>Council of Governors</i>
<i>CRA</i>	<i>Commission on Revenue Allocation</i>
<i>CRF</i>	<i>County Revenue Fund</i>
<i>CT</i>	<i>County Treasury</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>MCA</i>	<i>Member of County Assembly</i>
<i>OAG</i>	<i>Office of the Auditor General</i>
<i>OCOB</i>	<i>Office of the Controller of Budget</i>
<i>OSR</i>	<i>Own Source Revenue</i>
<i>PFM</i>	<i>Public Finance Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>NT</i>	<i>National Treasury</i>
<i>WB</i>	<i>World Bank</i>
<i>KRB</i>	<i>Kenya Roads Board</i>
<i>Kshs</i>	<i>Kenya Shillings</i>
<i>FY</i>	<i>Financial Year</i>

b. Definition of Key Terms

Fiduciary Management: The key management personnel who had financial responsibility

2. Key Entity Information and Management

a) Background information

Article 207 of the Constitution of Kenya provides for the establishment of the County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government.

b) Key Management Team

The County Revenue Funds day-to-day management is under the following key organs:

No.	Designation	Name
1.	CECM Finance and Economic planning	Charles K. Kerich
2.	C.O Finance	Asha Abdi
3.	Head of County Treasury (Accounting)	Caroline Wang'ang'a

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 20xx and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance and Economic Planning	Charles K. Kerich
2.	Accounting Officer in charge of Finance	Asha Abdi
3.	Head of County Treasury (Accounting)	Caroline Wang'ang'a

d) Fiduciary Oversight Arrangements

The Nairobi City County Assembly Budget and Appropriations Committee and Public Accounts Committee provide oversight on County Financial Management. The Budget and Appropriations committee oversees and monitors budget preparation and implementation while the Public Accounts Committee reviews all reports of the Auditor-general in matters related to the management of finances. The County has an established audit committee which strengthens the independence and the processes around internal auditing.

*County Government of Nairobi City
County Revenue Fund
Annual Report and Financial Statements for the financial year ended 30th June, 2025*

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

j) County Attorney

P.O. Box 30075 – 00100,

City Hall Building,

City Hall Way,

Nairobi, Kenya

3. Statement by the CECM Finance

The equitable share for the financial year 2024 - 2025 amounting to Kshs 20,178,712,719 was received within the year and Kshs 11,790,746,945 of own source revenues were deposited in the County revenue fund bank account. The county has not been meeting own source revenue targets over the years and the County Government is concerned about this trend. To address the poor performance of own source revenues, the county government has operationalised the Nairobi County Revenue Administration Act, 2021 which establishes Nairobi City County Revenue Authority as an independent organ responsible for efficient and effective collection of revenues.

The table below shows the budgets and Actuals of Exchequer releases and Own source revenues in the current financial year.

Revenue Source	Budget	Actual	% of Realization
Equitable Share	20,179,390,632	20,178,712,719	100%
Transfers from Other Government Entities	1,418,168,818	404,579,053	29%
Budget carryovers from the previous year	1,904,553,513	1,478,402,303	78%
County Own Generated Receipts	17,002,380,988	11,790,746,945	69%
Total	40,504,493,951	33,852,441,020	84%

Disbursements made from the CRF during the year are as tabulated below;

Transfers to;	Budget	Actual	% of Disbursement
County Executive	37,865,462,862	31,258,982,752	83%
County Assembly	2,639,031,089	1,855,712,090	70%
Total Payments	40,504,493,951	33,112,279,571	82%

.....
CECM Finance and Economic Planning
County Government of Nairobi City

4. Management Discussion and Analysis

The equitable share for the financial year 2024 - 2025 amounting to Kshs 20,178,712,719 was received within the year and Kshs 11,790,746,945 of own source revenues were deposited in the County revenue fund bank account. The county has not been meeting own source revenue targets over the years and the County Government is concerned about this trend. To address the poor performance of own source revenues, the county government has operationalised the Nairobi County Revenue Administration Act, 2021 which establishes Nairobi City County Revenue Authority as an independent organ responsible for efficient and effective collection of revenues.

The table below shows the budgets and Actuals of Exchequer releases and Own source revenues in the last five financial years

Financial Year		Equitable Share	Transfers from Other Government Entities	Proceeds from Domestic and Foreign Grants	Returned CRF issues	County Own Generated Receipts	Total
2020-2021	Budget	19,500,070,512	1,027,534,933	182,730,217	711,888,103	16,459,511,170	37,881,734,935
	Actuals	19,500,070,511	-	74,527,819	168,031,327	9,711,076,181	29,453,705,838
2021-2022	Budget	19,250,000,000	-	166,791,329	600,000,000	19,610,744,671	39,627,536,000
	Actuals	19,249,677,414	-	-	1,442,555	8,958,551,070	28,209,671,039
2022-2023	Budget	19,249,677,412	1,127,000,000	159,404,625	800,000,000	18,277,834,347	39,613,916,384
	Actuals	19,249,677,414	927,334,931	131,569,932	9,038	9,299,452,841	29,608,044,156
2023-2024	Budget	20,072,059,113	-	446,556,020	1,245,044,473	18,710,365,412	40,474,025,018
	Actuals	20,072,059,115	-	434,227,490	44,727,335	11,538,305,577	32,089,319,517
2024-2025	Budget	20,179,390,632	1,418,168,818	-	1,904,553,513	17,002,380,988	40,504,493,951
	Actuals	20,178,712,719	404,579,053	-	1,478,402,303	11,790,746,945	33,852,441,020

5. Overview of the County Revenue Fund Operations

a) Background

Article 207 of the Constitution of Kenya provides for the establishment of a County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government. As outlined under Section 109 of the Public Finance Management (PFM) Act, 2012 the County Treasury is responsible for administration of the County Revenue Fund. The County Revenue Fund is maintained as the County Exchequer Account at the Central Bank of Kenya.

b) Receipts into the County Revenue Fund

County Government revenue is received through the appointed County Receiver of Revenue by the County Executive Committee Member for finance to the County Treasury pursuant to Section 157 (1) of the PFM Act 2012. Revenue includes Exchequer releases, grants from development partners, proceeds from domestic and foreign borrowings, own source revenue, and other miscellaneous deposits in the County Revenue Fund Account.


c) Transfers from the County Revenue Fund

The withdrawal of funds from the County Revenue Fund is authorized by the County Appropriation Act. The County Treasury is required to seek the Controller of Budget's approval for withdrawal of funds from the County Revenue Fund to the County Executive and County Assembly bank accounts pursuant to Section 109 (6) of the PFM Act 2012. These entities are responsible for the administration of their respective approved budgets.

d) Financial Reporting requirements

The Accounting Officer for the County Revenue Fund is required to prepare and submit the financial statements to the Auditor-General and a copy to the Controller of Budget, and the Commission on Revenue Allocation.

This statement therefore covers the operations of the County Exchequer Account for the financial year ended 30th June 2025


.....

CEC Member – Finance and Economic Planning
County Government of Nairobi City

6. Statement of Management Responsibility

Article 207 of the Constitution, Sections 109 and 167 of the Public Finance Management Act, 2012 requires a County Revenue Fund established by the Constitution, an Act of Parliament or county legislation to prepare financial statements for the Fund for each financial year in a form prescribed by the Public Sector Accounting Standards Board and submit to the Auditor General and a copy to the Commission on Revenue Allocation and the Controller of Budget.

The Accounting Officer at the County Treasury is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on June 30, 2025 This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Revenue Fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the County Revenue Fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer accepts responsibility for the County Revenue Fund's financial statements, which have been prepared on the Accrual Basis Method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the County Revenue Fund's financial statements give a true and fair view of the state of the County Revenue Fund's transactions during the financial year ended June 30, 2025, and of its financial position as at that date.

The Accounting Officer further confirms the completeness of the accounting records maintained for the County Revenue Fund, which have been relied upon in the preparation of its financial statements, as well as the adequacy of the systems of internal financial control. The Accounting Officer confirms that the County Revenue Fund has complied fully with applicable Government Regulations and the terms of external financing covenants. Further, the Accounting Officer confirms that the County Revenue Fund's Financial Statements have been prepared in a form that complies with relevant Accounting Standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the Financial Statements

The County Revenue Fund's financial statements were approved and signed on 28th October, 2025.

Signature _____



Name Asha Abdi

Chief Officer Finance /Accounting Officer

County Government of Nairobi City

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COUNTY REVENUE FUND FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF NAIROBI CITY

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Revenue Fund - County Government of Nairobi City set out on pages 1 to 21, which comprise of the statement of

Report of the Auditor-General on County Revenue Fund for the year ended 30 June, 2025 – County Government of Nairobi City

financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Revenue Fund - County Government of Nairobi City as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unremitted Revenue

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects non-exchange own source revenue amount of Kshs.8,033,462,195. Review of records provided revealed that the Nairobi City County Alcoholic Drinks and Licensing Board collected revenue totalling Kshs.338,270,716. However, analysis of payment schedules revealed that only Kshs.47,450,584 was swept to the County Revenue Fund Bank Account leading to an unremitted revenue amount of Kshs.290,820,132 which was not reported as a receivable in the County Revenue Fund (CRF) financial statements.

In the circumstances, the accuracy and completeness of own source revenue amount of Kshs.8,033,462,195 could not be confirmed.

2. Variances Between Amounts Reported in the Statement of Receiver of Revenue and County Revenue Fund

2.1 Variances in the Reported Revenue

The statement of financial performance and as disclosed in Notes 9 and Note 10 to the financial statements reflect amounts of Kshs.8,033,462,195 and Kshs.3,957,696,681 in respect of non-exchange own source revenue and exchange own source revenue respectively, totalling Kshs.11,991,158,876. However, analysis of the statement of revenue and disbursements of the Receiver of Revenue indicates that own source revenue collected during the year totals Kshs.28,869,874,594 from ten (10) revenue streams. This amount differs with the reported amount of Kshs.11,991,158,876 in the County Revenue Fund financial statements resulting in an unexplained variance of Kshs.16,878,715,718.

Further, the statement of financial performance reflects own source revenue amount of Kshs.11,991,158,876 while the Receiver of Revenue under the statement of revenue and disbursements reflects disbursements to County Revenue Fund (CRF) amount of Kshs.11,735,305,103 resulting in an unreconciled variance of Kshs.255,853,773.

2.2 Variances in Receivables Balance

The statement of financial position and as disclosed in Note 14 to the financial statements reflect account receivable from exchange transactions balance of Kshs.200,411,931 which relates to receivables from the Receiver of Revenue. However, the reported payables in the receiver of revenue due to CRF totals Kshs.62,969,842,806 resulting to an unreconciled variance of Kshs.62,769,430,875.

In the circumstances, the accuracy and completeness of financial statements could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Revenue Fund-County Government of Nairobi City Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total revenue budget and actual on comparable basis of Kshs.40,504,493,951 and Kshs.33,852,441,020 respectively, resulting to an under-funding of Kshs.6,652,052,931 or 16% of the budget.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1. Late Disbursements of Transfers from Other Government Agencies

The statement of financial performance indicates that the County Revenue Fund (CRF) received transfers from other Government agencies revenue totalling Kshs.404,579,053 as disclosed in Note 7 to the financial statements. However, review of revenue records indicated that funds amounting to Kshs.284,521,250 or 7% of the transfers were received in July, 2025 after the end of the financial year under review.

The late disbursement of transfers from other Government agencies affects timely implementation of approved projects or activities which may impact negatively on service delivery to the citizens.

2. Unresolved Prior Year Audit Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements and Lawfulness and Effectiveness in Use of Public Resources, respectively. Review of the status during audit of the County Revenue Fund-County Government of Nairobi City in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Unremitted Revenue
2	2023/2024	Inaccuracies in the Statement of Comparison of Budget and Actual Amounts
3	2023/2024	Budgetary Control and performance

My opinion is not modified in respect of these matters.

Other Information

Management is responsible for the Other Information set out on page iv to xi which comprise of Key Entity Information and Management, Statement by the CECM Finance, Management Discussion and analysis, Overview of the County Revenue Fund Operations and Statement of Management Responsibility. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the County Revenue Fund-Count Government of Nairobi City financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

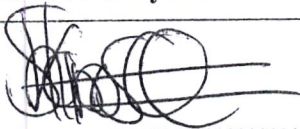

FCPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

19 December, 2025

8. Statement of Financial Performance for the year ended 30th June, 2025

Description	Notes	2024 - 2025 Kshs.
Revenue from non-exchange transactions		
Exchequer releases	6	20,178,712,719
Transfers from other government agencies	7	404,579,053
Return to CRF from County Entities	8	157,064
Non-Exchange Own Source Revenue	9	8,033,462,195
Revenue from exchange transactions		
Exchange Own Source Revenue	10	3,957,696,681
Total Revenue		32,574,607,712
Expenses		
Transfers to County Executive	11	31,459,394,683
Transfers to County Assembly	12	1,855,712,090
Total Expenses		(33,315,106,773)
Surplus for the year		(740,499,061)



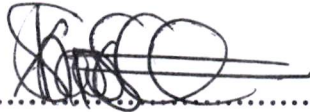
Name: Asha Abdi
Chief Officer - Finance
Date: 28th October, 2025



Name: Caroline Wang'ang'a
Head of County Treasury - Accounting
ICPAK Member No: 15768
Date: 28th October, 2025

9. Statement of Financial Position as at 30th June, 2025

Description	Note	2024 - 2025	Opening Statement
			1st July 2024
		Kshs	Kshs
ASSETS			
Current Assets			
Cash and Cash equivalents	13	737,746,179	1,478,245,240
Receivables from Exchange Transactions	14	200,411,931	-
Total Current Assets		938,158,110	1,478,245,240
Total Assets (A)		938,158,110	1,478,245,240
LIABILITIES			
Current Liabilities			
Accounts Payable	15	200,411,931	-
Total Current Liabilities		200,411,931	-
Total Liabilities (B)		200,411,931	-
Net Assets(A-B)		737,746,179	1,478,245,240
Represented by:			
Accumulated Surplus		737,746,179	1,478,245,240
Net Assets		737,746,179	1,478,245,240



Name: Asha Abdi

Chief Officer - Finance

Date: 28th October, 2025



Name: Caroline Wang'ang'a

Head of County Treasury - Accounting

ICPAK Member No: 15768

Date: 28th October, 2025

County Government of Nairobi City

County Revenue Fund

Annual Report and Financial Statements for the financial year ended 30th June, 2025

10. Statement of Changes in Net Assets for the year ended 30th June, 2025

Description	Accumulated Surplus
As at July 1, 2024	1,478,245,240
Surplus/ deficit for the Period	(740,499,061)
Additions during the Period	-
As at June 30, 2025	737,746,179

11. Statement of Cash Flows for the year ended 30th June, 2025

		2024 - 2025
	Notes	Kshs
Cash flows from operating activities		
Receipts		
Exchequer releases		20,178,712,719
Transfers from other government agencies		404,579,053
Return to CRF from County Entities		157,064
Own Source Revenue		11,790,746,945
Total receipts		32,374,195,781
Payments		
Transfers to County Executive (operating activities)		31,258,982,752
Transfers to County Assembly (operating activities)		1,855,712,090
Other transfers		-
Total Payments		33,114,694,842
Net cash flows from/(used in) operating activities		(740,499,061)
Cash flows from investing activities		-
Net cash flows from/(used in) investing activities		-
Cash flows from financing activities		-
Net cash flows from from/(used in) financing Activities		-
Net increase/(decrease) in cash &		(740,499,061)
Cash equivalents		
Cash and cash equivalents at 1 July	15	1,478,245,240
Cash and cash equivalents at 30 June	15	737,746,179

12. Statement of Comparison of Budget Actual Amounts for the Year Ended 30th June, 2025

Description	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realization Difference	% of Realization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year*	1,000,000,000	904,553,513	1,904,553,513	1,478,245,239	426,308,274	78%
Receipts						
Exchequer releases	20,855,390,632	(676,000,000)	20,179,390,632	20,178,712,719	677,913	100%
Transfers from other government agencies	1,296,950,169	121,218,649	1,418,168,818	404,579,053	1,013,589,765	29%
Return to CRF from County Entities	-	-	-	157,064	(157,064)	
Own Source Revenue	20,411,926,033	(3,409,545,045)	17,002,380,988	11,790,746,945	5,211,634,043	69%
Total Revenue	43,564,266,834	(3,059,772,883)	40,504,493,951	33,852,441,020	6,652,052,931	84%
Payments						
Transfers to County Executive	40,004,154,998	(2,138,692,136)	37,865,462,862	31,258,982,752	6,606,480,110	83%
Transfers to County Assembly	3,560,111,836	(921,080,747)	2,639,031,089	1,855,712,090	783,318,999	70%
Total Payments	43,564,266,834	(3,059,772,883)	40,504,493,951	33,114,694,842	7,389,799,109	82%
Surplus	-	-	-	737,746,178		

Budget Notes

1. The budget underutilization in transfers to county executive and county assembly was as a result of underfunding of the budget from own generated revenues where a performance of 69% was attained from budgeted collections of Kshs 17,002,380,988.
2. The changes between original and final budget were mainly due to budget cuts after revising own source revenue targets downwards.

13. Notes to the Financial Statements

1. General Information

The County Revenue Fund is established by and derives its authority and accountability from Article 207 of the Constitution of Kenya 2010. The Fund is wholly owned by the Nairobi City County Government and is domiciled in Kenya. The Fund's principal activity is banking own generated receipts and exchequer releases received from the National Treasury.

2. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Accrual-Basis IPSAS financial reporting under the Accrual-Basis of accounting, as prescribed by the PSASB and Section 167 of the PFM Act 2012. The Financial Statements are presented in Kenya Shillings, which is the functional and reporting currency of the Fund, all values are rounded off to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented. The financial statements are prepared on accrual basis while the cashflow statement is prepared using the direct method.

These Financial Statements were authorized for issue by the Accounting officer on 15th August, 2025.

Basis of preparation

Reporting entity

This report relates to the financial operations of the County Revenue Fund, which is domiciled at the County Treasury and has a bank account maintained at the Central Bank of Kenya.

Revenues

Revenues include funds deposited in the County Revenue Fund pursuant to Article 207 of the Constitution of Kenya and Section 109 of the PFM Act 2012.

Expenses

Expenses are based on the County Government Appropriation Act. The exchequer requests are received by County Treasury, which rationalizes the requests based on the available balance, consolidates the requests and forwards them to Controller of Budget (COB) for approval. Once the approval of COB is obtained, the funds are released to the County Assembly and County Executive operational accounts appropriately.

3. Adoption of New and Revised Standards

i) *New and amended standards and interpretations in issue effective in the year ended 30th June 2025.*

There were no new and amended standards issued in the financial year.

ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30th June 2025*

Standard	Effective date and impact:
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.

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Standard	Effective date and impact:
	<ul style="list-style-type: none"><li data-bbox="395 365 1382 472">ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.<li data-bbox="395 472 1382 687">iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year.

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Revenue Transfers

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

Own Source Revenue

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on 26th June, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional two appropriations on the 2024/2025 budget following the governing body's approval. The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the fund's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The Fund assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

The Fund classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year

e) Events after the reporting period

There were no material adjusting and non-adjusting events after the reporting period.

f) Currency

The financial statements are presented in Kenya Shillings (Kshs) are rounded off to the nearest shilling.

5. Significant judgments and sources of estimation uncertainty

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

Notes to the financial statements**6. Exchequer releases**

The following is an analysis by revenue type of the receipts collected in the County Revenue Fund:

	2024 - 2025
	Kshs.
Equitable Share (a)	20,178,712,719
Total (d=a+b+c)	20,178,712,719

7. Transfers from other government agencies

	2024 - 2025
	Kshs.
Road Maintenance Levy	120,057,803
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	24,521,250
IDA - KISIP II	260,000,000
Total	404,579,053

8. Return to CRF from County Entities

	2024 - 2025
	Kshs.
Recurrent Account (County Executive)	1,121
Development Account (County Executive)	153,262
Recurrent Account (County Assembly)	1,101
Development Account (County Assembly)	1,580
Total	157,064

Notes to the financial statements continued

9. Non-Exchange Own Source Revenue

	2024 - 2025
	Kshs.
Land rates	3,508,605,647
Unified Business permits	2,757,410,305
Physical planning and development	1,525,034,810
Food Handlers Certificates	102,029,724
Others receipts	140,381,709
Total	8,033,462,195

10. Exchange Own Source Revenue

	2024 - 2025
	Kshs.
Property rent	828,014,981
Parking fees	2,029,894,926
Market fees	235,504,129
Advertising	663,870,714
Miscellaneous receipts	200,411,931
Total	3,957,696,681

11. Transfers to County Executive

	2024 - 2025
	Kshs.
Recurrent Account	27,257,644,351
Development Account	4,172,702,082
Special Purpose A/c (Danida Primary Health care SPA)	29,048,250
Total	31,459,394,683

Notes to the financial statements continued

12. Transfers to County Assembly

	2024 - 2025
	Kshs.
Recurrent Account	1,737,533,140
Development Account	118,178,950
Total	1,855,712,090

13. Cash and Cash equivalents

	2024 - 2025	Opening Statement 1st July 2024
	Kshs.	Kshs.
County Exchequer Account - (CBK Account number 1000171863)	737,746,179	1,478,245,240
Total	737,746,179	1,478,245,240

County Government of Nairobi City

County Revenue Fund

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Notes to the financial statements continued

14. Receivables from Exchange Transactions

Description	2024 - 2025	Opening Statement 1st July 2024
	Kshs	Kshs
Other debtors (non-exchange transactions)	200,411,931	-
Less: impairment allowance	-	-
Total	200,411,931	-

15. Accounts Payable

Description	2024 - 2025	Opening Statement 1st July 2024
	Kshs	Kshs
Payables to County Executive	200,411,931	-
Payables to County Assembly	-	-
Total Accounts Payable	200,411,931	-

16. Disclosure of Balances in Revenue Collection Accounts

County Government Own source revenue is recognized in the financial statements when it has been swiped to CRF. Revenue collection account balances are disclosed as at the end of the reporting period as below.

Name Of Bank, Account No. & Currency	Amount in bank account currency*	Ex. rate (if in foreign currency)	2024 - 2025	Opening Statement 1st July 2024
	Kshs	Kshs	Kshs	Kshs
Cooperative Bank, KRA - Nairobi County Revenue Collection, 01141709410000	Kshs	-	-	22,042,110
Equity Bank, KRA - Nairobi County Revenue Collection, 1770279910476	Kshs	-	-	1,459,744
Co-operative Bank Nairobi City County Revenue Account 01141232396600	Kshs	-	25,536,553	-
Equity Bank Nairobi City County Revenue Account 1600284509139	Kshs	-	23,175,438	-
Credit Bank NCC Operations Account 0191007000269	Kshs	-	15 1,699,940	-
Total			200,411,931	23,501,854

14. Appendices

Appendix 1: Progress on follow up of Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor;

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
1.	Unremitted Revenue by Nairobi city County Alcoholic Drinks and Licensing Board	Nairobi city County Alcoholic Drinks and Licensing Board is established pursuant to the provision of Nairobi City County Alcoholic Drinks and Licensing Act, 2014. The Act establishes a fund to which all funds appropriated and collected by the board are to be retained. The Provisions of PFM Act section 109 (2) (a) and (b) provide that funds can be excluded from payment into the CRF because of a provision of the PFM Act or another Act of parliament, and is payable into another county public fund established for a specific purpose.	Resolved	
2.	Inaccuracies in the Statement of Comparison of Budget and Actual Amounts	The revenues collected by the Liquor board were not remitted to County Revenue Fund. The Kshs. 270,747,747 could not therefore be recognized in the financial statements of the County Revenue Fund. The Kshs. 29,252,253 referred	Resolved	

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		<p>to above as unreconciled variance is the difference between budgeted revenues of Kshs 300,000,000 and actual revenues collected of Kshs. 270,747,747. The issue of reconciling the two amounts should not therefore arise.</p>		
<p>Budgetary Control and Performance - Underfunding and under absorption of the budget</p>	<p>The County faced several significant challenges that hindered its ability to meet the own source revenue targets set for the financial year 2023/2024. This resulted in underfunding and under absorption of the budget as highlighted above. A combination of systemic inefficiencies, external disruptions, and administrative delays were the primary factors that contributed to the underperformance. Revenue collection system downtimes and street demonstrations in July 2024 affected attainment of own source revenue targets. The county has however come up with the following revenue raising measures;</p> <ul style="list-style-type: none"> • End-to-end Automation of all revenue streams • Full Implementation of Nairobi City County Revenue Authority (NCCRA) • Full Rollout of Universal Business Permit (UBP) • Devolve revenue collection to all 	<p>Resolved</p>		

		sub-counties <ul style="list-style-type: none">• Formulate policies on pricing tariffs, waivers, UBP etc• Have enforcement wing attached to the revenue office for compliance• Expanding tax base through issuing and collecting more titles• Stakeholder engagement, Civic education and public participation on self-billing and payments• Implementation and enforcement of the current finance bill 2023/2024.		
	Unresolved Prior Year Matters	Management has come up with an audit implementation matrix where Auditors recommendations as highlighted in the Management Letter are addressed and implemented.	Resolved	



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Name: Asha Abdi

Chief Officer Finance

Date: 28th October, 2025

Appendix 2. Analysis of Receipts from National Treasury Exchequer Releases

Period 2024 - 2025	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)
Equitable Share	1,706,125,025	6,668,040,754	3,329,487,599	8,475,059,341	20,178,712,719
Total	1,706,125,025	6,668,040,754	3,329,487,599	8,475,059,341	20,178,712,719

Appendix 3. Analysis of Receipts from Own Source Revenue per Quarter

(a) Non-Exchange own source revenue

Period 2024-2025	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)
Land Rates	196,074,592	142,363,884	1,974,387,401	1,195,779,770	3,508,605,647
Unified Business permit	268,881,225	322,159,358	1,363,055,364	803,314,358	2,757,410,305
Plans and Inspections (Building Permits)	434,454,160	421,195,656	316,879,305	352,505,689	1,525,034,810
Food Handlers Certificates	22,673,506	18,433,500	30,551,510	30,371,208	102,029,724
Other Incomes/Unallocated	38,682,082	31,401,408	35,007,463	35,290,756	140,381,709
Total	960,765,566	935,553,806	3,719,881,043	2,417,261,781	8,033,462,195

(b) Exchange own source revenue

Period 2024-2025	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)
Parking fees	403,102,547	415,717,240	624,117,208	586,957,931	2,029,894,926
Billboards and advertisements	96,830,108	188,022,729	205,184,225	173,833,652	663,870,714
House and Stall Rent	109,158,566	180,840,370	147,219,979	390,796,066	828,014,981
Markets	44,760,036	50,097,349	45,997,986	94,648,758	235,504,129
Miscellaneous Receipts	-	-	-	200,411,931	200,411,931
Total	653,851,257	834,677,688	1,022,519,398	1,446,648,338	3,957,696,681

Appendix 4: Analysis of Transfers from the County Revenue Fund

Period - 2024/2025	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)
County Executive -Recurrent	2,654,370,857	9,495,008,379	6,112,192,311	8,996,072,804	27,257,644,351
County Executive -Development	-	627,017,358	891,939,286	2,653,745,438	4,172,702,082
County Assembly - Recurrent	169,861,972	415,853,431	443,671,197	708,146,540	1,737,533,140
County Assembly - Development	-	-	58,280,000	59,898,950	118,178,950
Special Purpose A/c (Danida Primary Health care SPA)	29,048,250	-	-	-	29,048,250
Total	2,853,281,079	10,537,879,168	7,506,082,794	12,417,863,732	33,315,106,773