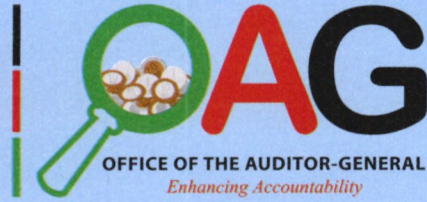


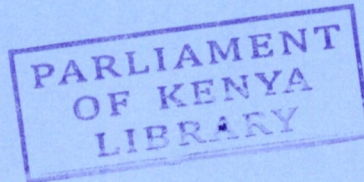
REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL  
*Enhancing Accountability*



PAPERS LAID	
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COMMITTEE	—
CLERK AT THE TABLE	Ms. Nabalayo

# REPORT

OF

**THE AUDITOR-GENERAL**

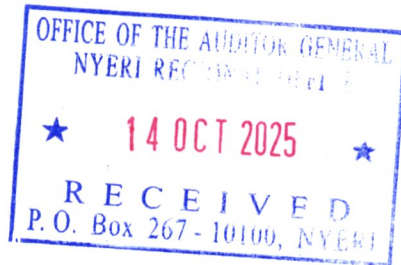
ON

**KANGARI MUNICIPALITY**

**FOR THE YEAR ENDED  
30 JUNE, 2025**

**COUNTY GOVERNMENT MURANG'A**

Revised 30<sup>th</sup> June 2025



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**KANGARI MUNICIPALITY**  
*County Government of Murang'a*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2025**

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

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*County Government of Murang'a  
Kangari Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*

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*Kangari Municipality*  
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**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act

**B. Definition of Key Terms**

**Fiduciary Management** - Members of Management directly entrusted with the Kangari Municipality's financial resources.

**Comparative Year**- Means the prior period.

## **2. Key Kangari Municipality Information and Management**

### **a) Background information**

Kangari Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011(amended 2019) and Cities and Municipal Charter on 20/7/2022. The Kangari Municipality is under the County Government of Murang'a and is domiciled in Kenya.

### **b) Principal Activities**

The principal activity/mission/ mandate of the Kangari Municipality is to ...

#### **1.1. Objectives of the Municipality**

1. Provide for efficient and accountable management of the affairs of the Municipality.  
Provide for a governance mechanism that enable the inhabitants of the Municipality to:
  - Participate in determining the social services and regulatory framework which will best satisfy their needs and expectations.
  - Verify whether public resources and authority are utilized or exercised, as the case may be, to their satisfaction.
  - Enjoy efficiency in service delivery.
2. Pursue the developmental opportunities which are available in the Municipality and to institute such measures as are necessary for achieving public order and the provisions of civic amenities, so as to enhance the quality of life of the inhabitants of the Municipality.
3. Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality.
4. Promote social cohesiveness and a sense of civic duty and responsibility among the inhabitants and stakeholders in the Municipality in order to facilitate collective action and commitment towards achieving the goal of a harmonious and stable community.
5. Providing for services, regulations and other matters for Municipality's benefit.
6. Fostering the economic, social and environmental well-being of its community.

#### **2. Functions of the Municipality**

The functions of the Municipality based on the Charter and gazette delegated functions include;

- (a) Promotion, regulation and provision of refuse collection and solid waste management services;
- (b) Promotion and provision of water and sanitation services and infrastructure (in areas within the Municipality not served by the Water and Sanitation Provider);
- (c) Construction and maintenance of municipal roads and associated infrastructure;
- (d) Construction and maintenance of storm drainage and flood controls;

- (e) Construction and maintenance of walkways and other non-motorized transport infrastructure;
  - (f) Construction and maintenance of recreational parks and green spaces;
  - (g) Construction and maintenance of street lighting;
  - (h) Construction, maintenance and regulation of traffic controls and parking facilities;
  - (i) Construction and maintenance of bus stands and taxi stands;
  - (j) Regulation of outdoor advertising;
  - (k) Construction, maintenance and regulation of municipal markets and abattoirs;
  - (l) Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management;
  - (m) Promotion, regulation and provision of municipal sports and cultural activities;
  - (n) Promotion, regulation and provision of animal control and welfare;
  - (o) Development and enforcement of municipal plans and development controls;
- Municipal administration services (including construction and maintenance of administrative office)

**c) Key Management**

The Kangari Municipality's management is under the following key organs:

- County Department in charge of Municipalities
- Board of Management
- Accounting Officer/ Kangari Municipality Manager
- Management

**d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

Ref.	Position	Name
1	Municipality Manager	David Kamweti Njuguna
2	Municipal Admin Clerk	Dennis Migwi



**County Government of Murang'a**  
**Kangari Municipality**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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3	Directorate of Finance, Administration, IT and Economic Planning ....	Robert Kang'ethe
4	Municipal Engineer	Sebastian Bubiru

**e) Fiduciary Oversight Arrangements**

- i) Directorate Internal Audit: George Mburu
- ii) County Treasury Director incharge of Funds: Anthony Waithaka
- iii) County Assembly:

**f) Registered Offices**

P.O. Box 205  
Kangari Offices  
Njiris Road  
NAIROBI, KENYA

**g) Contacts**

Telephone: (+254) 060-230271  
E-mail: [info@muranga.go.ke](mailto:info@muranga.go.ke)  
Website: [muranga.go.ke](http://muranga.go.ke)

**h) Bankers**

Kenya Commercial Banks.  
Kangari  
OPERATIONS A/C 1335600620


**i) Independent Auditor**

Auditor General  
Office of The Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya


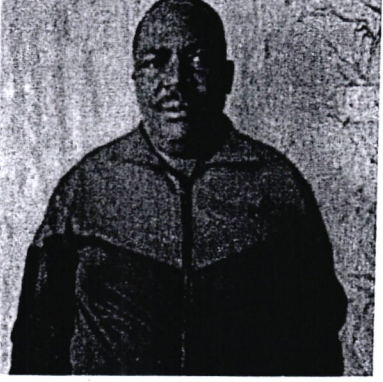
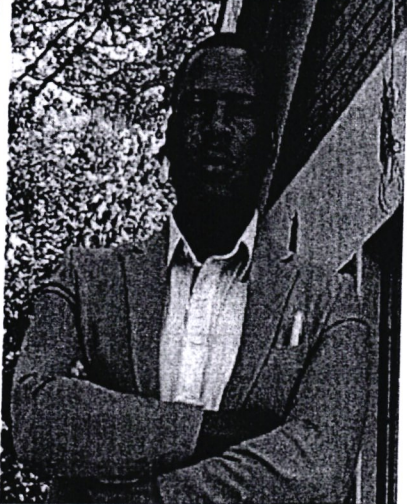
**j) Principal Legal Adviser**


The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya


3. Kangari Municipality Board



Serial No.	Name	Details of qualifications and experience
1	<p>Board chairman</p>  <p>Kenneth Gaitho Gichuru</p>	<p>Kenneth Gaitho Gichuru is a biochemist with a Master of Science and a First-Class Bachelor's degree in Biochemistry from Kenyatta University. He specializes in nano-formulation of drug delivery systems and drug characterization using in vitro and in vivo techniques. With research experience at Kenya Medical Research Institute (KEMRI), Kenya Agricultural and Livestock Research Organization (KALRO), International Livestock Research Institute (ILRI), and Kuwait Institute for Scientific Research (KISR), he brings strong technical and analytical skills in molecular techniques, nano-formulation, and ICT tools. Currently serving as Chairperson of the Board, he is a member of the Kenya Society for Biochemistry and Molecular Biology (KSBMB) and the International Society for Nanomedicine (ISNM), and a recipient of the Master of Science Scholarship from Kenyatta University.</p>
2		<p>Rebecca Wangui Gitonga. The vice chair Kangari municipality. A pharmaceutical technologist a Diploma holder from Thika technical training institute. A member of KPA membership number 06608. awarded</p>

*County Government of Murang'a  
Kangari Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025*


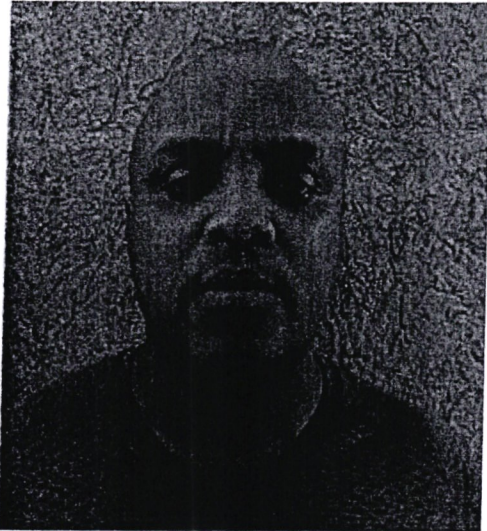
	 <p>Vice chairperson Rebecca Wambui Gitonga</p>	<p>membership award of 2024. Manager and supretedant mairi pharm.</p>
3	 <p>Mr Simon Kamunye Kieru</p>	<ol style="list-style-type: none"> <li>2. Bachelor Degree</li> <li>3. Teaching</li> <li>4. Principal</li> <li>5. Chair Education committee</li> <li>6. Guidance and counselling</li> <li>7. TSC teacher</li> <li>8. Chair man sports Gatanga</li> <li>9. Best principal Gatang</li> </ol>
4	 <p>Benson Njuguna Gaitho</p>	<ol style="list-style-type: none"> <li>1. Educational Background - Bachelor of Arts, Nairobi University, Diploma - Institute for the Management of Information Systems (IMIS)</li> <li>2. Area(s) of Expertise - Management, Administration and Communication</li> <li>3. Professional Experience (previous roles, achievements, or years of service) - Law Firm Administrator - 3yrs, Project Manager - 5yrs</li> <li>4. Current Role (committee) Chairman, vice etc - Board Member,</li> </ol>

		<p>Convener Administration and Finance Committee</p> <p>5. Key Skills and Competencies - Management, Finance, Information Systems Management</p> <p>6. Professional Memberships/Affiliations (e.g., LSK, TSC, professional bodies) - Licenciate Member Institute for the Management of Information Systems (IMIS)</p> <p>7. Notable Projects/Contributions in your area of expertise - Establishment of Game Mashinani Platform</p> <p>9. Awards/Recognitions (if any)</p> <p>10. Professional passport photo</p>
5	 <p>Mr. Isaac Chege Mugucia</p>	<p>I hold a Diploma in Laboratory Technology and Diploma in Political Science. I have worked and specialized in transport industry and building/ construction management with fifteen years' experience. . CURRENT ROLE 1. Municipal Board Member. 2. Health and Sanitary Committee Confiner. KEY SKILLS AND COMPETENCES 1. Leadership and Management competence. 2. Professionalism and work ethic. 3. Strong teamwork and collaboration. 4. Effective communication skills. 5. Strong time management and organization skills. NOTABLE PROJECTS Construction of: 1. Kirere Police Post. 2. Kigumo Sacco Head Office</p>

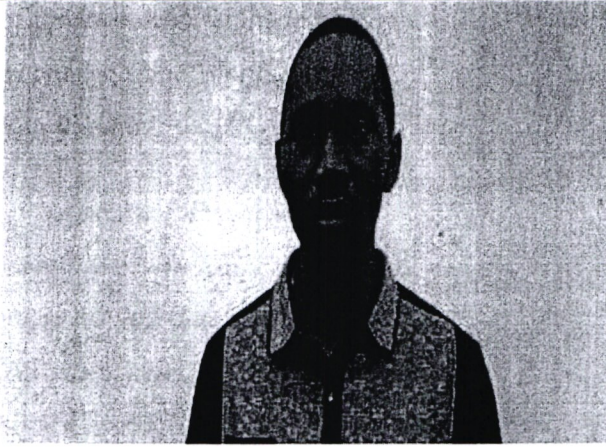

6	 <p>Hellen Nyambura Kuria</p>	<p>Born on 28/08</p> <p>Education BACKGROUND Institution Qualification 2018-2020 Presbyterian Church of East Africa University 1984-1987 Kibutha Secondary School 1976-19783 Ichichi Primary School Diploma in Theology. -Counselling. Kenya Certificate of Secondary Education 023- To date 2020-2020 2011-2011 1997-2009</p> <p>Institution Member in Kangari Municipal Board. Director Abardare Bongo Ecolodge, Gatare. Director Ikumbi Tea Fare Trade Committee. Community Based Facilitator In Agriculture. Kigumo Bursary Committee Chairperson. National Agriculture And Rural Inclusive Growth Project Duties 1. Teaching Farmers On Best Practises Of Farming so as to improve their Production. Community Health Worker Duties 1. Educating community on balance diet so as to improve people health 2. Advising Parents on children under 5 years to be fully immunised 3. communicable diseases not to spread eg (TB) 4. Dealing with lifestyle diseases Kenya Tea Development Agency Duties 1. Tea Collection Cleark 2. Advising farmers how to produce quality tea</p>
---	--	--

<p>7</p>	<p>Mr. Laban Thuo Wambui</p> 	<p>Laban Thuo Wambui, covener roads transport and infrastructure. Diploma in Business management, bachelor of commerce degree(majors Finance). Served as constituency admin office of Kandara member of parliament. Kandara constituency uwezo fund chair, board member Githumu high school, Gituru high school and Gituru day sec school.</p>
<p>8</p>	 <p>Mr. David Kamweti Njuguna          Municipality Manager</p>	<p>David Kamweti Njuguna is a graduate of Law and an Advocate of the High Court of Kenya. He is the Founder and Managing Partner at Kamweti Njuguna &amp; Co. Advocates, where he has led the firm with distinction and commitment to excellence in legal practice.</p> <p>A Certified Professional Mediator, David brings a wealth of experience in conflict resolution and strategic decision-making. He is also the founding Municipality Manager of Kangari Municipality, where he has been instrumental in establishing systems of governance, service delivery, and community development.</p> <p>David's leadership is marked by vision, professionalism, and a strong dedication to both the legal field and municipal governance.</p>

4. Key Management Team

Sl. No.	Name	Details of qualifications and experience
1.	 <p><b>Mr. David Kamweti Njuguna</b>                      Municipal Manager</p>	<p>Municipality Manager</p> <p>David Kamweti Njuguna is a graduate of Law and an Advocate of the High Court of Kenya. He is the Founder and Managing Partner at Kamweti Njuguna &amp; Co. Advocates, where he has led the firm with distinction and commitment to excellence in legal practice</p>
2.	 <p><b>Mr. Samuel Karuru Maina</b></p>	<p>Head of Urban Planning</p>



3.	 Sebastian Bubiru	Head of directorate of Transport, Infrastructure, Public Works, Housing and Urban Planning
4.	 Mr. Robert Kang'ethe	Head of Finance

**5. Kangari Municipality Board Chairperson's Report**

The year under review was a milestone for Kangari Municipality as it took its first steps as a new urban governance institution. Key achievements included the initiation of a modern office block to improve administration and cabro paving works to modernize public spaces and enhance accessibility. The Board also supported numerous stakeholder engagements with matatu associations, landlords, and the business community, ensuring inclusivity in decision-making. Despite challenges such as limited resources and the pressures of rapid urban growth, the Municipality has laid a strong foundation for sustainable development. Looking ahead, the Board is committed to completing ongoing projects, expanding stakeholder participation to include youth and women, and strengthening partnerships with the County and National Government. With continued support from residents and stakeholders, Kangari is on course to grow into a model Municipality founded on inclusivity, sustainability, and transformation.)



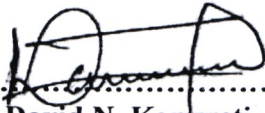
.....  
**Name: Kenneth Gaitho Gichuru**

**Chairperson of the Board**



**6. Report of the Kangari Municipality Manager**

The year under review marked a significant milestone for Kangari Municipality as a newly established urban governance entity. During this period, the Municipality initiated key infrastructure projects including the construction of a modern-office block to enhance administrative efficiency and service delivery, as well as cabro paving works within the municipal precincts to modernize public spaces, improve accessibility, and create a more conducive environment for business and social activities. Recognizing the importance of inclusive development, the Municipality held numerous stakeholder engagements. These meetings provided platforms for dialogue on transport management, property compliance, market infrastructure, and investment opportunities, thereby fostering a participatory approach to decision-making. Despite challenges such as limited resources and the pressures of rapid urban growth, the Municipality laid a solid foundation for institutional growth and sustainable service delivery. With the continued support of stakeholders, National government, the County Government, and residents, the Municipality is on course to grow into a model urban centre that delivers inclusive and sustainable transformation.



Name: **David N. Kamweti**  
**Kangari Municipality Manager**



7. Statement of Performance Against Predetermined Objectives for the FY 2024/2025

Guidance

The key development objectives of the Kangari Municipality (state the period of the strategic document/plan) plan are to:

- a) Provide quality physical infrastructure.
- b) Urban planning.
- c) Urban governance and administration

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Urban planning	To control urban development	To create orderly development in urban areas	Number of developments conforming with rules and regulations governing urban development	In FY under review we increased Housing unit by xx%.
Program 2	-	-	-	-

**8. Corporate Governance Statement**

**a) Process of appointment and removal of Board Members**

**i. Appointment**

As outlined by the Urban Areas and Cities Act sec.8 the board shall comprise of (9) members.

- i. Four (4) members shall be appointed through a competitive process by the County Executive Committee and approved by the County Assembly.
  - ii. Three (3) members shall be nominated by the following umbrella bodies
    - An umbrella body representing professional associations in the area;
    - An association representing the private sector in the area;
    - A cluster representing registered associations of the informal sector in the area;
    - A cluster representing registered neighborhoods associations in the area;
    - An association of the Municipality;

And appointed by the County Executive committee with the approval of the County Assembly;

- The County Executive Member for the time being responsible for cities and urban areas or his/her representative;
  - The chief officer responsible for urban development;
- iii. Two (2) members; the executive responsible for finance and the municipal manager who shall be ex-officio members. The municipal manager shall be the Secretary of the Board.

In appointing the members of the Board of the Municipality; the County Executive Committee shall ensure gender equality, representation of persons with disability, youth and marginalized groups. Each member should have the following qualifications: -

- i. Be a Kenyan Citizen
- ii. Be ordinarily resident or have a permanent dwelling in the Municipality or;
- iii. Carry on business in the municipality or;
- iv. Have lived in the Municipality for at least five (5) years.

**ii. Removal**

The term of the members of the Board of the Municipality shall be **five (5) years** on part time basis. However, the chairperson and vice-chairperson of the Board of the Municipality may be removed by-

- iii. A majority decision of the members of Board of the Municipality at a duly convened meeting where quorum is present or;
- iv. Upon petition by the resident of the Municipality.

**b) Roles and functions of the Municipality Board Members**

- i. The board of the Municipality shall have powers and perform all functions vested in boards of municipalities under the Urban Areas and Cities Act, 2011, the County Government Act, 2012 and the Municipality By-laws.
- ii. The Board of the Municipality shall provide for the exercise of these powers and for the performance of all the duties and obligations imposed on the Board of the Municipality.
- iii. Subject to the Kenya Constitution and any other written law, the Board of the Municipality shall; within the boundaries of the Municipality of Murang'a-
  - Exercise executive authority as delegated by the County Executive Committee of the County government of Murang'a.
  - Ensure implementation and compliance with policies formulated by both the National and County Government
  - Ensure participation of the residents in decision making, its activities and programs
  - Promote constitutional values and principles
  - Make By-laws or make recommendations for issues to be included in the By-laws.

**c) Induction and training, Municipality Board members and member's performance**

The board has been trained on strategic leadership to enhance their leadership skills. More so, the board members have participated in benchmarking with other board members from various Municipalities e.g.

**Number of Municipality Board meetings held and the attendance to those meetings by members**

We have established 4 Committees as follows: -

- Finance, Administration, Public Service, IT & Economic Planning
- Public Health, Sanitation, Water & Environment
- Legal, Education & Social Services
- Transport, Infrastructure, Public Works & Housing

The committees hold quarterly meetings; in addition, the full board meeting is held once in a quarter (3 months)

**d) Succession Plan**

Any vacancy arising out of removal of any member of the board of the Municipality may be filled in the manner provided under Article 10 and 12 respectively of the Urban Areas and Cities Act.

**e) Existence of a Service Charter**

The Municipality of Kangari has gazetted a Municipality charter that details the functions and objectives of Kangari Municipality the charter was gazetted on 20<sup>th</sup> July 2022. Key among them include;

- i. To provide for efficient and accountable management of the affairs of the Municipality.
- ii. Provide for services, regulations and other matters for Municipality's benefit
- iii. Fostering the economic, social and environmental well- being of its community.
- iv. Pursue the development developmental opportunities which are available in the Municipality and institute such measures as are necessary for achieving public order and the provisions of civic amenities, so as to enhance the quality of life of the inhabitants of the Municipality.

**f) Conflict of interest**

The board members are not supposed to procure or contract for supply of goods and services because they are part of the management. In any case one of them is interested he/she has to declare the interest and withdrawal from the deliberations from the matter in question.

**g) Board Remunerations**

The board members are not entitled to any salaries. However, they are paid allowances as determined by the County Executive Committee with approval of the County Assembly and as advised by the Salaries and Remuneration Commission.

- All payment to board members are prepared in total adherence to laid down guidance assalary and remuneration commission directives.
- Board members are paid sitting allowance, transport reimbursement when they attend committee meetings.
- The board members are not salaried and therefore do not qualify for salaries because they are not full-time director.

**h) Ethics and conduct as well as governance audit undertaken if any**

Before entering upon the duties of their offices, the members of the board must take and subscribe to the oath or affirmation as stipulated in the Urban Areas and Cities Act sec.52

We have also established an attendance register where every member signs the register. This is also used to tabulate the remuneration.

- The board members were vetted by the county assembly before taking the prescribed oath.
- Every committee meeting maintains attendance register from which board remuneration are computed from.

**9. Management Discussion and Analysis**

- a) During the year Kangari Municipality achieved tremendous results in areas of revenue collection. This has been occasioned by automation of revenue collection by adoption of cashless transaction that is meant to seal all loopholes in revenue collection.
- b) On project implementation we undertook key programs on Road Infrastructure development by upgrading roads to bitumen standards. We also did drainages tunnels for storm water drain. The essence was to make the Municipality a 24hour economy.
- c) We are in total compliance with the statutory requirements like statutory payment to the Kenya Revenue Authority, carry out Environmental Impact Assessment (EIA) before the start of every project and ensuring strict adherence to the Public Finance Management Act that govern smoothness on the use of Public Funds.
- d) On ICT we have confined in confidentiality and followed all the regulations provided in the Kenya Communication Authority. This ensured that financial data is secure and can only be accessed by the relevant officials.
- e) The Municipality is facing risk from lack of sustainable funding from the County Government in order to carry out its mandate. There is also health hazard posed by poor solid waste disposal due to lack of financial facilitation to collect refuse on daily basis from all the garbage pits



**10. Environmental and Sustainability Reporting**

**1. Sustainability strategy and profile**

Environmental policy, refers to measures put in place regarding the effects of human activities on the environment, particularly those measures that are designed to prevent or reduce harmful effects of human activities on ecosystems. Environmental law works to protect land, air, water, and soil. Negligence of these laws results in various punishments like fines, community service, and in some extreme cases, jail term. Without these environmental laws, the government would not be able to punish those who threaten the environment poorly. The department of Environment is guided by 7 principles namely:

**1. Sustainability Strategy and Profile**

- a) Polluter Pays Principle (PPP)
- b) User Pays Principle (UPP)
- c) Precautionary Principle (PP)
- d) Principle of Responsibility.
- e) Principle of Effectiveness and Efficiency.
- f) Principle of Proportionality.
- g) Principle of Participation.

The department also is guided by EMCA guidelines and has a solid waste management policy

Efforts to manage biodiversity:

- a) Support local farms.
- b) Save the bees.
- c) Plant local flowers, fruits and vegetables.
- d) Take shorter showers.
- e) Respect local habitats.
- f) Know the source.

## **2. Environmental Performance**

Success and Shortcoming efforts to manage Solid

WasteSuccess:

- Improved health due to timely collection of garbage.
- Availability of vehicles to collect garbage.
- Cleaned markets and streets.
- Improved hygiene.

Shortcoming

- Limited environmental awareness combined with low motivation has inhibited innovation and the adoption of new technologies that could transform waste management.
- Lack of timely allocation of funds for consistent collection of garbage.
- Blocked drainages when it rains.
- Inadequate financing.
- Poor infrastructure and technology.
- Lack of public awareness on good sanitary practices.
- Inadequate legal and regulatory.

Efforts to manage solid Waste.

As citizens of Murang'a municipality, we have a responsibility to manage our waste sustainably. We can do this following the 5R's of waste management: These 5R's include:

Reduce, Reuse, Recycle, Recover and Residual management.

Reduce Environmental Impacts of the organization's product

Reducing your workplace's environmental impact is a very different story.

1. Watch your water usage.
2. Go paperless (if you can!).
3. Recycle if you can't go paperless.
4. Use recycled

### **3. Employees Welfare**

#### *Community Engagements*

The department conduct participation on quarterly basis to take proposal on the need of community for implementation some of the successful community projects

At the end of every day the vulnerable children, the aged and widows are identified and given assistance in form Christmas gift like foodstuff. The municipality has also identified:

#### **v. Youths and Sports**

The Municipality partnered with other youth organization and held two successful tournaments. The participants were drawn from clubs within the Municipality. The winners were awarded sport equipment, and refreshments and sitting arrangement were catered for by municipality.

#### **vi. Education**

The municipality continuously support ECD centers by ensuring the staff and teachers and support staff are adequate, learning materials are available and feeding programs are in place. The vocational centers within the jurisdiction are well equipped with trainers and other necessities.

Short courses like computer packages, hair dressing, manicure, and pedicure are also offered on demand basis.

## **11. Report of the Kangari Municipality Board Members**

The Board Members submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Municipality of Kangari affairs.

The principal activities of the Municipality are to offer services to residents in an efficient and accountable manner. The principal requirement for the Municipality is to assist its residents to participate in all decision making at the grass root through public forums. It is in these forums that they can verify with assurance whether their resources are utilized with fairness to meet their satisfaction.

The Municipality is supposed to create an enabling environment for business growth prospects by creating opportunities which are available in the Municipality and instigating such measures that are necessary in achieving quality life for the residents.

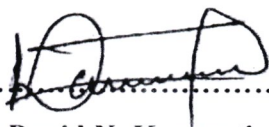
Ensure that there is a functional Municipality that can sustain itself through local resource by collecting all resources in its area of jurisdiction as cited in Finance Act.

The performance of the Municipality for the year ended 30<sup>th</sup> June 2025 are set on Page.... The Board Members who have served during the year as shown on page (i).

Auditor General is responsible for the Statutory Audit of the Municipality in accordance with Article 229 of the constitution of Kenya, Public Audit Act 2015

The Kenya National Audit office representatives from the regional office were allowed to carry out the audit for the year ended 30<sup>th</sup> June 2025 in accordance to section 23 of the Public Audit Act 2015, which empowers the Auditor General to appoint an Auditor on his/her behalf.

By Order of the Board



Name: David N. Kamweti

Secretary of the Board



## **12. Statement of Management's Responsibilities**

Section 180 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of the Kangari Municipality established by Urban Areas and Cities Act No. 13 of 2011 shall prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Kangari Municipality manager is responsible for the preparation and presentation of the Kangari Municipality's financial statements, which give a true and fair view of the state of affairs of the Kangari Municipality for and 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 Kangari Municipality, (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 Kangari Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Kangari Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Urban Areas and Cities Act No. 13 of 2011*. The Kangari Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Kangari Municipality's transactions during the financial year ended June 30, 2025, and the financial position as at that date.

The Kangri Municipality Manager further confirms the completeness of the accounting records which have been relied upon in the preparation of financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Kangari Municipality Manager to indicate

**County Government of Murang'a**  
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**Annual Report and Financial Statements for the year ended June 30, 2025**

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that the Kangari Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Municipal's financial statements were approved by the Board on \_\_\_ 2025 and signed on its behalf by:

.....  


**Name: Kenneth Gaitho Gichuru**  
**Chairperson of the Board**

.....  


**Name: David K. Njuguna**  
**Accounting officer of the Board**



# REPUBLIC OF KENYA



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HEADQUARTERS  
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P.O Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON KANGARI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF MURANG'A**

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### **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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities 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**

#### **Opinion**

I have audited the accompanying financial statements of Kangari Municipality - County Government of Murang'a set out on pages 1 to 42, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance,

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*Report of the Auditor-General on Kangari Municipality for the year ended 30 June, 2025 - County Government of Murang'a*

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, the financial statements present fairly, in all material respects, the financial position of Kangari Municipality - County Government of Murang'a 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 Urban Areas and Cities Act No. 13 of 2011(amended 2019) and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kangari Municipality - County Government of Murang'a 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 opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **Other Information**

The Management is responsible for the Other Information set out on page iv to xxvi which comprise Key Entity Information and Management, Functions of the Municipality, Municipality Board, Municipality Chairperson's Report, Report of the Municipality Manager, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Municipality Board Members, Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Municipality's 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, 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 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, except for the effects of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else 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**

### **1. Failure to Submit Bank Reconciliation Statements to the National Treasury**

Review of the bank reconciliation statements for the financial year under review showed that bank reconciliations were not submitted to the National Treasury and a copy to the Auditor-General as required under Regulation 90(1) of Public Finance Management (National Government) Regulations, 2015.

In the circumstances, Management was in breach of the law.

### **2. Independence of the Municipality**

The Municipality was granted a Municipal Charter on 20 July, 2022, which was intended to confer operational independence from the County Government of Murang'a. However, a review of the Municipality's operations revealed that it has not fully exercised the expected autonomy, as outlined below:

- i) The Municipality's budget was prepared and controlled by the County Executive, with no evidence of approval by the Municipality Board.
- ii) The County Government has continued to perform several functions that were formally transferred to the Municipality under Paragraph 2.3.1 of the Kangari Municipality Charter, including:
  - a. Regulation and provision of refuse collection and solid waste management services.
  - b. Development and enforcement of Municipality plans and development controls.
  - c. Oversight of advertisements.
  - d. Construction and maintenance of street lighting.

This is contrary to Section 12(1) of the Urban Areas and Cities Act, 2011 which states that the Management of a municipality shall be vested in the County Government and administered on its behalf by a board constituted in accordance with the Act; a manager appointed pursuant to section 28; and such other staff or officers as the county public service may determine and Section 12 (2) of the Act further provides that the Board shall be a body corporate with perpetual succession and a common seal and shall, in its corporate name, be capable of doing or performing all other acts or things for the proper

performance of its functions in accordance with this Act or any other written law which may lawfully be done or performed by a body corporate.

In the circumstances, Management was in breach of the law.

### **3. Non-Deduction of Capacity Building Levy**

During the Year under review, Management entered into a contract worth Kshs.49,269,248 with a service providing company. However, the Municipality failed to recover and remit the capacity building levy to Public Procurement Regulatory Authority contrary to Paragraph 3.(1) of The Public Procurement Capacity Building Levy order, 2023 which provides that there shall be paid a Levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes.

In the circumstances, Management was in breach of the law.

### **4. Non-Compliance with Data Controller Registration Requirements**

The audit revealed that in the financial year under review, the Management of the Municipality processed payment of allowances for which information was collected from the payees. However, Management did not have a certificate of registration as a data controller as required under Section 18 of the Data Protection Act, 2019. Further, no application for registration had been submitted, and no evidence was provided to confirm compliance with statutory registration requirements.

In the circumstances, Management was in breach of the law.

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, except for the effect of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis of Conclusion**

### **Lack of Data Protection Policy**

The audit revealed that the Municipality did not have a formally documented Data Protection Policy. Further, there were no internal guidelines or documented procedures outlining how personal data was collected, processed, stored, or shared, contrary to Regulation 23 of the Data Protection Regulations, 2021. In the absence of a documented policy, the entity is exposed to the risk of non-compliance with data protection requirements and potential misuse or mishandling of personal data.

In the circumstances, there is high risk of unauthorized access, misuse, or breach of personal data.

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 the Management and the Municipality Board**

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 governance.

In preparing the financial statements, Management is responsible for assessing the Municipality'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 comply with the authorities which govern them and that public resources are applied in an effective way.

The Municipality Board is responsible for overseeing the Municipality'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, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**13 November, 2025**

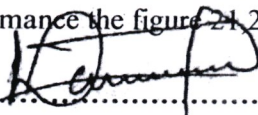
**Kangari Municipality**  
**County Government of Murang'a**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**14. Statement of Financial Performance for The Year Ended 30 June 2025.**

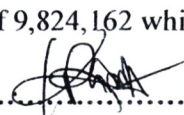
Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	21,247,381	-
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues ( <i>Specify</i> )		-	-
<b>Revenue from exchange transactions</b>			
Interest income	9	-	-
Miscellaneous Income	10	-	-
		-	-
<b>Total revenue</b>		<b>21,247,381</b>	<b>-</b>
<b>Expenditure</b>			
Use of goods and services	11	1,900,170	-
Staff costs	12	18,929,131	-
Board expenses	13	280,700	-
Finance costs	14	-	-
Depreciation and amortization	15	-	-
Repairs and maintenance	16	-	-
<b>Total expenses</b>		<b>21,110,001</b>	<b>-</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	17	-	-
<b>Surplus/(deficit) for the period</b>		<b>137,380</b>	<b>-</b>

The notes set out on pages 22 to 27 form an integral part of these Financial Statements. The Kangari Municipality financial statements were approved on \_\_\_\_\_ 2025 and signed by;

NOTE; In note the figure of 31,071,543(30,571,543+500,000) but in statement of financial performance the figure 21,247,381 excludes the figure of 9,824,162 which is capital expenditure.

  
 .....

Name: David K. Njuguna  
 Kangari Municipality Manager

  
 .....

Name: Robert K. Mwangi  
 Head of Finance



*County Government of Murang'a  
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15. Statement of Financial Position As At 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	18	137,380	-
Receivables from exchange transactions	19	-	-
Receivables from non-exchange transactions	20	-	-
Prepayments	21	-	-
Inventories	22	-	-
<b>Total current assets</b>		<b>137,380</b>	<b>-</b>
<b>Non-current assets</b>			
Property, plant, and equipment	23	9,824,162	-
Intangible assets	24	-	-
Biological Assets	25	-	-
<b>Total Non-current Assets</b>		<b>9,824,162</b>	<b>-</b>
<b>Total assets (A)</b>		<b>9,961,542</b>	<b>-</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	26	-	-
Refundable deposits from customers	27	-	-
Provisions	28	-	-
Borrowings	29	-	-
Employee benefit obligations	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
<b>Total current liabilities</b>		<b>-</b>	<b>-</b>
<b>Non-current liabilities</b>			
Provisions	28	-	-
Borrowings	29	-	-
Non-current employee benefit obligation	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
<b>Total liabilities (B)</b>		<b>0</b>	<b>-</b>

**County Government of Murang'a  
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Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Net Assets (A-B)</b>		-	-
<b>Represented by:</b>			
Capital/Development Grants/Fund		9,824,162	-
Reserves		-	-
Accumulated surplus		-	-
<b>Net Assets/Equity</b>		<b>137,380</b>	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kangari Municipality financial statements were approved on \_\_\_\_\_ 2025 and signed by:

.....  


**Name: David K. Njuguna**  
**Kangari Municipality**  
**Manager**

**Date:**

.....  


**Name: Robert K. Mwangi**  
**Head of Finance**

**Date:**



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**16. Statement of Changes in Net Assets for the Year Ended 30 June 2025**

Description	Capital/	Revaluation	Accumulated	Total
	Development Grants Fund	Reserve	surplus	
		KShs.	KShs.	KShs.
<b>Bal as at 1 July 2023 (previous year)</b>	-	-	-	-
Surplus/(deficit) for the year		-	-	-
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
<b>Bal as at 30 Jun 2024</b>	-	-	-	-
<b>Bal as at 1 July 2024 (current year)</b>	-	-	-	-
Surplus/(deficit) for the year	137,380	-	-	137,380
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
<b>Balance as at 30 June 2025</b>	<b>137,380</b>	-	-	<b>137,380</b>



*Kangari Municipality  
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17. Statement Of Cash Flows for The Year Ended 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		31,071,543	-
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous receipts		-	-
<b>Total Receipts</b>		<b>31,071,543</b>	<b>-</b>
<b>Payments</b>			
Use of goods and services		1,900,170	-
Staff costs		18,929,131	-
Board expenses		280,700	-
Finance costs		-	-
<b>Total Payments</b>		<b>21,110,001</b>	<b>-</b>
<b>Net cash flows from operating activities</b>	33	<b>9,961,542</b>	<b>-</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets		9,824,162	-
Proceeds from sale of PPE		-	-
<b>Net cash flows used in investing activities</b>		<b>9,824,162</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Receipts from Capital grants		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>			<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>137,380</b>	<b>-</b>
Cash And Cash Equivalents At 1 July 2025	18	137,380	-
<b>Cash And Cash Equivalents At 30 June 2025</b>	18	<b>137,380</b>	<b>-</b>

Kangari Municipality  
 County Government of Murang'a  
 Annual Report and Financial Statements for the year ended June 30, 2025

18. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2025

Description	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
<b>Budget carryovers from the previous year</b>	-	-	-	-		
<b>Receipts</b>					0	
Transfers from the County Government	23,000,000	-	23,000,000	21,247,381	1,752,619	92.38
Public contributions and donations	-	0		0	0	
UDG	10,000,000	-	10,000,000	9,824,162	175,838	98.24
Miscellaneous income (UIG)	10,500,000	-10,500,000		-		
<b>Total Receipts</b>	<b>43,500,000</b>	<b>-10,500,000</b>	<b>33,000,000</b>	<b>31,071,543</b>	<b>1,928,457</b>	<b>94.16</b>
<b>Payments</b>					0	
Use of goods and services	13,000,000	-10,500,000	2,500,000	1,900,170	599,830	76.0
Board expenses	500,000	-	500,000	280,700	219,300	56.14
Staff Costs	20,000,000	-	20,000,000	18,929,131	1,070,869	94.65
Acquisition of assets	10,000,000		10,000,000	9,824,162	175,838	98.24
Finance costs	-	-		-		
<b>Total expenditure Payments</b>	<b>43,500,000</b>	<b>-10,500,000</b>	<b>33,000,000</b>	<b>30,934,163</b>	<b>2,065,837</b>	<b>93.73</b>
<b>Capital Expenditure Payments</b>	-	-	-	-		
<b>Surplus for the period</b>	-	-	-	<b>137,380</b>		

Budget notes

**Budget Reconciliation**

	Description of Particulars	Amount (in Rs. only)
	Actual Surplus Amounts as per the statement of Budget	<b>137,380</b>
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>137,380</b>

**19. Notes to the Financial Statements**

**1. General Information**

Kangari Municipality is established by and derives its authority and accountability from Urban and Cities Act 2019. The Kangari Municipality is under the Murang'a County Government and is domiciled in Kenya.

The *Kangari Municipal's* principal activity is providing essential services to residence of Kangari

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the *Kangari Municipality's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Kangari Municipality*.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Application of New and revised standards (IPSAS)**

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

- iii. Early adoption of standards*

The Kangari Municipality 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**

###### ***Transfers from other government entities***

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 *Kangari Municipality* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

###### **ii) Revenue from exchange transactions**

###### ***Interest income***

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

##### **b) Budget information**

The original budget for FY 2024/2025 was approved by the County Assembly on xxx (Date). 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 Kangari Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Kangari Municipality recorded additional appropriations of xxx (Amount) on xxx (Date) following the governing body's approval.

The Kangari Municipality's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on

accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cash flows has been presented under section xxx of these financial statements.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Kangari Municipality recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**d) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

**e) Biological Assets**

The Kangari Municipality recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the Kangari Municipality, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

**f) 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.

A financial instrument is any contract that gives rise to a financial asset of one Kangari Municipality and a financial liability or equity instrument of another Kangari Municipality. At initial recognition, the Kangari Municipality 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 Kangari Municipality 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 Kangari Municipality'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 cash flows 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 Kangari Municipality 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 Kangari Municipality 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 Kangari Municipality manages financial assets with the objective of realizing cash flows

through solely the sale of the assets would result in a fair value through a 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 Kangari Municipality 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 Kangari Municipality recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

#### **Financial liabilities**

##### **Classification**

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

#### **g) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

Raw materials: purchase cost using the weighted average cost method

Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement

cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Kangari Municipality.

**h) Provisions**

Provisions are recognized when the Kangari Municipality has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Kangari Municipality expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**i) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and/or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the needs of society as a whole. The Kangari Municipality recognises a social benefit as an expense for the social benefits scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the Kangari Municipality will incur in fulfilling the present obligations represented by the liability.

**j) Contingent liabilities**

The Kangari Municipality does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**k) Contingent assets**

The Kangari Municipality does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Kangari Municipality in the

notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured

reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs

**l) Nature and purpose of reserves**

The Kangari Municipality creates and maintains reserves in terms of specific requirements.

**m) Changes in accounting policies and estimates**

The Kangari Municipality recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**n) Employee benefits – Retirement benefit plans**

The Kangari Municipality provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Kangari Municipality pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the Kangari Municipality does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to scheme obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefits are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**o) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

**p) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**q) Related parties**

The Kangari Municipality regards a related party as a person or an Kangari Municipality with the ability to exert control individually or jointly, or to exercise significant influence over the Kangari Municipality, or vice versa. Members of key management are regarded as related parties and comprise the Board members, the Kangari Municipality Managers and Kangari Municipality Accountant.

**r) 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 various commercial banks at the end of the financial year.

**s) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**t) Events after the reporting period**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorized for issue.

Two types of events can be identified:

(a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

(b) Those that are indicative of conditions that arose after the reporting date.

The Kangari Municipality should indicate whether there are material adjusting and non-adjusting events after the reporting period.

**u) Currency**

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

## **5. Significant judgments and sources of estimation uncertainty**

The preparation of the Kangari Municipality'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.

State all judgements, estimates and assumptions made.

### **Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Kangari Municipality based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Kangari Municipality. Such changes are reflected in the assumptions when they occur.

### **Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- i) The condition of the asset based on the assessment of experts employed by the Kangari Municipality.
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii) The nature of the processes in which the asset is deployed.
- iv) Availability of funds to replace the asset.
- v) Changes in the market in relation to the asset.

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**Notes to the Financial Statements**

**6. Transfers from the County Government**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	500,000	-
Payments by County on behalf of the Kangari Municipality	30,571,543	-
Unconditional development grants	-	-
<b>Total</b>	<b>31,071,543</b>	<b>-</b>

**(a) Transfers from County Government entities (Categorized)**

Name Of The Kangari Municipality Sending The Grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund	Total grant income during the year	Percent Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department	-	-	-	-	-
Ministry	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**7. Public Contributions and Donations**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



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**8. Levies, Fines and penalties**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others	-	-
<b>Total</b>	-	-

**9. Other Revenues**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others	-	-
<b>Total</b>	-	-

**Interest income**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others	-	-
<b>Total interest income</b>	-	-

**10. Miscellaneous income**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others)	-	-
<b>Total other income</b>	-	-

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**11. Use of Goods and Services**

Description	2024/2025	2023/2024
	Kshs	Kshs
Utilities, supplies and services	-	-
Communication, supplies and services	-	-
Domestic travel and subsistence	-	-
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	-	-
Rent and rates	-	-
Training expenses	-	-
Hospitality supplies and services	-	-
Public fora	80,000	-
Specialized materials and services	-	-
Office and general supplies and services	-	-
Fuel, oil and lubricants	-	-
Other operating expenses (Operations Imprest)	1,818,250	-
Routine maintenance – vehicles and other equipment	-	-
Routine maintenance – other assets	-	-
Contracted Professional Services	-	-
Audit fees	-	-
Hire of Transport, equipment etc	-	-
Bank Charges	1,920	-
Social Benefit expenses*	-	-
<b>Total</b>	<b>1,900,170</b>	<b>-</b>

**12. Staff costs**

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries and wages	18,929,131	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs ( <i>Specify</i> )	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**13. Board expenses**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	280,700	-
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	-	-
Conference Costs	-	-
Other allowances	-	-
<b>Total</b>	<b>280,700</b>	<b>-</b>

**14. Finance costs**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**15. Depreciation and amortization**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>-</b>	<b>-</b>

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**16. Repairs and Maintenance**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Property- Buildings	-	-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
<b>Total repairs and maintenance</b>	-	-

**17. Gain/(loss) on disposal of assets**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	-	-

**18. Cash and cash equivalents**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Fixed deposits account	137,380	-
On – call deposits	-	-
Current account	-	-
Others	-	-
<b>Total cash and cash equivalents</b>	<b>137,380</b>	-

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Detailed analysis of the cash and cash equivalents are as follows:

Financial institution	Account number	2024/2025	2023/2024
		Kshs.	Kshs.
<b>a) Fixed deposits account</b>			
Kenya Commercial bank	A/C 1335600620	137,380	-
Equity Bank, etc		-	-
<b>Sub- total</b>		-	-
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
<b>c) Current account</b>			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
<b>d) Others(specify)</b>			
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>137,380</b>	-

**19. Receivables from exchange transactions**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
<b>Current Receivables</b>		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total Current receivables (a)</b>	-	-
<b>Non-Current receivables</b>		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-

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Total Non- current receivables (b)	-	-
Total	-	-

Ageing analysis for Receivables from exchange transactions

Description	2024/2025		2023/2024	
	Kshs.		Kshs.	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	-	%	-	%

20. Receivables from Non-Exchange transaction

Description	2024/2025		2023/2024	
	Kshs.		Kshs.	
Transfer from County Executive	-		-	
Transfer from Fund	-		-	
<b>Total</b>	-		-	

Ageing analysis for Receivables from non-exchange transactions

Description	2024/2025		2023/2024	
	Kshs.		Kshs.	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	-	%	-	%

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**21. Prepayments**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Other	-	-
<b>Total</b>	-	-

**22. Inventories**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Consumable stores	-	-
Medical supplies	-	-
Spare parts and meters	-	-
Water for distribution	-	-
Other goods held for resale	-	-
Catering	-	-
Less: allowance for impairment	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	-	-

**Detailed Disclosure on Inventories**

	2024/2025	2023/2024
<b>Opening balance</b>	-	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
<b>Closing balance</b>	-	-

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23. Property, Plant and Equipment

Description	Land Shs	Building Shs	Motor vehicles Shs	Furniture and fixtures Shs	Computers Shs	Other Assets Shs	Capital Work in progress Shs	Total Shs
<b>Depreciation Rate</b>		<b>X%</b>	<b>X%</b>	<b>X%</b>	<b>X%</b>	<b>X%</b>		
<b>As at 1 July 2023 (previous year)</b>	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2024</b>	-	-	-	-	-	-	-	-
Additions for the year	-	4,846,475	-	-	-	4,977,687	-	<b>9,824,162</b>
Disposals for the year	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2025 (current year)</b>	-	-	-	-	-	-	-	-
<b>Depreciation and impairment</b>								
<b>At 1 July 2023 (previous year)</b>		-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-



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Description	Land Shs	Building Shs	Motor vehicles Shs	Furniture and fixtures Shs	Computer s Shs	Other Assets Shs	Capital Work in progress Shs	Total Shs
<b>Depreciation Rate</b>		<b>X%</b>	<b>X%</b>	<b>X%</b>	<b>X%</b>	<b>X%</b>		
Impairment		-	-	-	-	-	-	-
Transfers/ Adjustments		-	-	-	-	-	-	-
<b>As at 30 June 2025</b>		-	-	-	-	-	-	-
Depreciation for the year		-	-	-	-	-	-	-
Disposals for the year		-	-	-	-	-	-	-
Impairment for the year		-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2025 (current year)</b>		-	-	-	-	-	-	-
<b>NBV as at 30<sup>th</sup> Jun 2024(previous year)</b>	-	-	-	-	-	-	-	-
<b>NBV as at 30<sup>th</sup> Jun 2025 (current year)</b>	-	-	-	-	-	-	-	-

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24. Intangible assets

Description	2024/2025	2023/2024
	Kshs.	Kshs.
<b>Cost</b>		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
<b>NBV</b>	-	-

25. Biological Assets

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
<b>Total</b>	-	-

26. Trade and Other Payables

Description	2024/2025		2023/2024	
	Current FY	% of the Total	Comparative FY	% of the Total
Trade payables	-		-	
Retentions	-		-	
Accrued expenses	-		-	
Other payables	-		-	
<b>Total trade and other payables</b>	-		-	
<b>Ageing analysis:</b>				
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	-	%	-	%

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**27. Refundable deposits and prepayments from customers**

Description	2024/2025		2023/2024	
	Kshs.		Kshs.	
Rent deposits	-		-	
Prepayments	-		-	
Others	-		-	
<b>Total</b>	-		-	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	-	%	-	%

**28. Provisions**

Description	2024/2025		2023/2024	
	Kshs.		Kshs.	
Balance at the beginning of the year	-		-	
Additional Provisions	-		-	
Provision utilised	-		-	
<b>Balance at the end of the year</b>	-		-	
Current Portion of provision	-		-	
Long term portion of provision	-		-	
<b>Total Provisions</b>	-		-	

**29. Borrowings**

The table below shows the classification of borrowings long-term and current borrowings:

Description	2024/2025		2023/2024	
	Kshs.		Kshs.	
Short term borrowings (current portion)	-		-	
Long term borrowings	-		-	
<b>Total</b>	-		-	

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Description	2024/2025	2023/2024
	Kshs.	Kshs.
<b>Balance at beginning of the period</b>	-	-
Borrowings during the year	-	-
Repayments of borrowings during the period	-	-
<b>Balance at end of the period</b>	-	-

The table below shows the Distribution of borrowings:

Description	2024/2025	2023/2024
	Kshs.	Kshs.
<b>Borrowings</b>		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
<b>Total balance at end of the year</b>	-	-

**30. Employee Benefit Obligations**

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

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**31. Deferred Income**

Description	2024/2025	2023/2024
	Kshs	Kshs
National/County Government	-	-
International Funding Bodies	-	-
Public Contributions and Donations	-	-
<b>Total Deferred Income</b>	-	-

The deferred income movement is as follows:

Description	County government	International funders/donors	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	-	-	-	-
Additions during the year	-	-	-	-
Transfers to capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

*Analysed as:*

Description	Amount
	Kshs
Current	-
Non- Current	-
<b>Total</b>	-

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**32. Social Benefit Liabilities**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
PWD benefit scheme		
Elderly social benefit scheme	-	-
<b>Total</b>	-	-
Current social benefits	-	-
Non- current social benefits	-	-
<b>Total (tie to totals above)</b>	-	-

**33. Cash generated from operations**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
<b>Surplus/ (deficit) for the year before tax</b>	9,961,542	-
<b>Adjusted for:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
<b>Net cash flow from operating activities</b>	<b>9,961,542</b>	-

**34. Related party balances**

**a) Nature of related party relationships**

Entities and other parties related to the Kangari Municipality include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The Kangari Municipality/scheme is related to the following entities:

- a) The County Government.
- b) The Parent County Government Ministry.
- c) County Assembly.
- d) Key management.
- e) Kangari Municipality Board; etc.

**b) Related party transactions**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Transfers from related parties'	-	-
Transfers to related parties	-	-

**c) Key management remuneration**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Board Members	280,700	-
Key Management Compensation	-	-
<b>Total</b>	<b>280,700</b>	<b>-</b>

**d) Due from related parties**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**e) Due to related parties**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
<b>Total</b>	-	-

**35. Contingent liabilities**

Contingent liabilities	2024/2025	2023/2024
	Kshs.	Kshs.
Court case against the Kangari Municipality	-	-
Bank guarantees	-	-
<b>Total</b>	-	-

**36. Contingent Assets**

Contingent liabilities	2024/2025	2023/2024
	Kshs.	Kshs.
Court case against the Kangari Municipality	-	-
Others	-	-
<b>Total</b>	-	-



### 37. Financial risk management

The Kangari Municipality's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Kangari Municipality's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Kangari Municipality does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Kangari Municipality's financial risk management objectives and policies are detailed below:

#### I. Credit risk

The Kangari Municipality has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience, and other factors. Individual risk limits are set based on internal or external assessments in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Kangari Municipality's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Kangari Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
<b>At 30 June 2025 (current year)</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2024 (previous year)</b>				
Receivables from exchange transactions	-	-	-	-

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Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Kangari Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Kangari Municipality has significant concentration of credit risk on amounts due from xxx.

The Kangari Municipality Board sets policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

## **II. Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Kangari Municipality Manager, who has built an appropriate liquidity risk management framework for the management of the Kangari Municipality's short, medium and long-term liquidity management requirements. The Kangari Municipality manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Kangari Municipality under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
<b>At 30 Jun 2025 (current year)</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 Jun 2024 (previous year)</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

### **III. Market risk**

The Board has put in place an internal audit function to assist it in assessing the risk faced by the Kangari Municipality on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Kangari Municipality's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Kangari Municipality's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Kangari Municipality's exposure to market risks or the manner in which it manages and measures the risk.

### **IV. Foreign currency risk**

The Kangari Municipality has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the Kangari Municipality's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	Other currencies		Total
	KShs.	KShs.	KShs.
<b>At 30 June 2025 (current year)</b>			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
<b>Liabilities</b>			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs.	Kshs.	Kshs.
<b>2025 (current year)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2024 (previous year)</b>			
Euro	10%	-	-
USD	10%	-	-

**V. Interest rate risk**

Interest rate risk is the risk that the Kangari Municipality's financial condition may be adversely affected as a result of changes in interest rate levels. The Kangari Municipality's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

**Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

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**VI. Capital risk management.**

The objective of the Kangari Municipality's capital risk management is to safeguard the Kangari Municipality's ability to continue as a going concern. The Kangari Municipality capital structure comprises of the following Kangari Municipality:

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/Kangari Municipality	-	-
Accumulated surplus	137,437	-
<b>Total Funds</b>	<b>137,437</b>	-
Total borrowings	-	-
Less: cash and bank balances	(137,437)	-
Net debt/(excess cash and cash equivalents)	0	-
<b>Gearing</b>	<b>%</b>	<b>%</b>

**38. Program for Results (For) Disclosure**

<b>Name of the PforR:</b>	
<b>Financing Partners:</b>	
<b>Purpose of the PforR:</b>	
Expenditure Details	Amount in Kshs.
Cumulative actual expenditures for the previous years	-
Actual expenditure in the current financial year.	
1. Employee Cost	-
2. Use of goods and Services	310,700
3. Grants and Subsidies	-
4. Building of ECDE facilities	-
5. Finance cost	1,863
<b>Sub-total</b>	<b>312,563</b>
<b>Cumulative Actual Expenditures to date</b>	<b>312,563</b>

20. Appendices

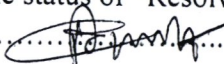
Appendix 1. Progress on Follow up of Auditors Recommendations.

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

Reference No. in the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe (Provide when you expect the issue to be resolved)

Guidance Notes:

- a) Use the same reference numbers as contained in the external audit report.
- b) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Kangari Municipality responsible for implementation of each issue.
- d) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to County Treasury.

.....  .....

To be Signed by the Accounting officer of the Kangari Municipality

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**Appendix 2: Inter-Kangari Municipality Transfers**

KANGARI MUNICIPALITY				
Breakdown of Transfers from the County Executive of Murang'a County				
FY 2024/2025				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
		4 <sup>th</sup> MARCH 2025	500,000	2024/2025
		<b>Total</b>	<b>500,000</b>	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
			-	
		<b>Total</b>	-	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		<b>Total</b>	-	

(The above amounts have been communicated to and reconciled with the parent Department in the County.)



.....  
 Signed by the Head of Accounts of the Kangari Municipality and the transferring Entities

**Appendix 3: Reporting of Climate Relevant Expenditures**

Name of the Organization  
 Telephone Number  
 Email Address  
 Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications) .....

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		



**Appendix 4: Disaster Expenditure Reporting Template**

Date:

Kangari Municipality

Column I Person/Institution	Column II Sub- programme	Column III Disaster Type	Column IV Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure Item	Column VI Amount (KShs.)	Column VII Comments

