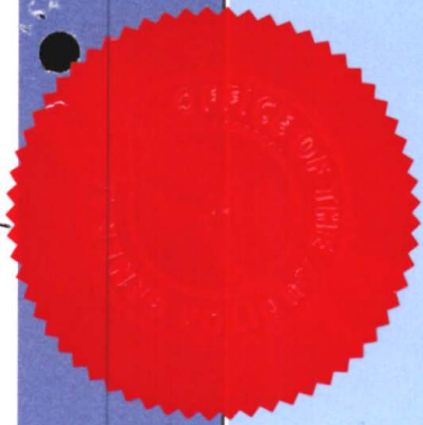


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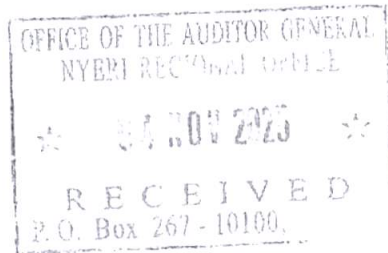
MURANG'A MUNICIPALITY

FOR THE YEAR ENDED
30 JUNE, 2025

| PAPERS LAID | |
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| DATE | 29/02/2026 |
| TABLED BY | WELERWA |
| COMMITTEE | |
| DATE OF THE TABLE | POLYARP |

COUNTY GOVERNMENT OF MURANG'A

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MUNICIPALITY OF MURANG'A
County Government of Murang'a

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

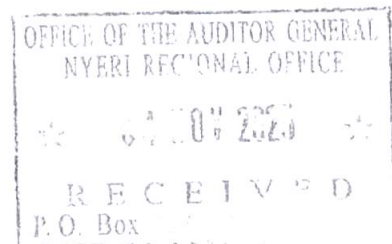
Prepared in accordance with the Accrual Basis of Accounting Method under the International
Public Sector Accounting Standards (IPSAS)

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1. Acronyms and Definition of Key Terms

A. Acronyms

| | |
|-------|--|
| 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 entity's financial resources.

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

Municipality of Murang'a is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 and Cities and Municipal Charter on 3/12/2019.

The Municipality is under the County Government of Murang'a and is domiciled in Kenya

b) Principal Activities

The principal activity/mission/ mandate of the City/ Municipality is to provide requisite infrastructure services to the municipal residents as provided in the first schedule of the Urban Areas and Cities (Amendment) Act, 2019.

2.1. Objectives of the Municipality

- i) Provide for efficient and accountable management of the affairs of the Municipality.
- ii) Provide for a governance mechanism that enable the inhabitants of the Municipality to:

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- iii) Participate in determining the social services and regulatory framework which will best satisfy their needs and expectations.
- iv) Verify whether public resources and authority are utilized or exercised, as the case may be, to their satisfaction.
- v) Enjoy efficiency in service delivery.
- vi) 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.
- vii) Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality.
- viii) 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.
- ix) Providing for services, regulations and other matters for Municipality's benefit.
- x) Fostering the economic, social and environmental well-being of its community.

2.2. Functions of the Municipality

The functions of the Municipality based on the Charter and gazetted 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;

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- (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;
- (p) Municipal administration services (including construction and maintenance of administrative office)

c) Key Management

The Murang'a Municipality management is under the following key organs:

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

d) Fiduciary Management

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

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| Ref | Position | Name |
|-----|---|-----------------------|
| 1 | Municipality Manager | Benard Mugo |
| 2 | Municipal Administrator | Peter Makara Ngure |
| 3 | Directorate of Finance, Administration, IT and Economic Planning | Stephen Maina Kamiri |
| 4 | Legal, Education, Social Services and Partnerships | Edith Kingori |
| 5 | Municipal Engineer | Eng. Virginia Kariuki |

e) Fiduciary Oversight Arrangements

- i) Audit and Risk Management Committee
- ii) County Assembly committees
- iii) Committees of the Senate

f) Registered Offices

P.O. Box
205
Municipal
Offices
Murang'a Law Court
Road NAIROBI,
KENYA

g) Contacts

Telephone: (+254) 060-2030271

Email: murangamunicipal@gmail.com

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Website: murangamunicipal.go.ke

h) Bankers

Kenya Commercial Banks

Murang'a

| | | |
|-----------------------|---------------------|--|
| Kenya Commercial bank | UDG A/C 1331452511 | |
| | | |
| | OPER A/C 1259505336 | |

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

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3. Murang'a Municipality Board

| Serial No. | Name | Details of qualifications and experience |
|------------|---|---|
| | Board Member | |
| 1 |  Ruth Waithira Muiruri Board chairperson | Holder of Business Administration (MBA) Strategic Management Option, Post Graduate Diploma in Law and Bachelor's Degree in Law. She started working with Eco-Bank Kenya Limited from 2009- 2013, Guaranty Trust Bank from November 2013 to March 2019, Kenya Mortgage Refinance Company Limited from June to October 2020. Currently working with S.K Muendo & Co. Advocates. She was nominated to represent Law Society of Kenya. She was born on 27 th January 1982 |
| 2 |  Mr. Kenneth Gitau Kamau Deputy Chairperson. | Holds Bachelors of Business Administration (Finance), Diploma in Business Management and Certificate in Business Management. He worked with Car and General Limited from 1998- 1999. He is currently working with Equity Bank Limited from June 1 2000 to date. He was nominated as a governor appointee. He was born on 1977. Associate of Informal Sector. He is an independent director chairing the finance and administration Committee and also a member of legal committee. |

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| | | |
|---|---|--|
| 3 |  <p>Margaret Wambui Kariuki Board Member (independent director)</p> | <p>Holds Diploma in Business management. She was born on 1972. She has worked with Murang'a County Council from 1982-1990, L&A Creations, Director Gichohi Transport Limited and Director Gichohi Investment Kenya Limited. She was born on 10th December 1960.</p> <p>A member of transport and Health committees</p> |
| 4 |  <p>Mr. Lameck Muiruri Ngigi Chairman Infrastructure Committee.</p> | <p>Attained Diploma in Business Management, and Certificate in Social Work. He has worked as Manager Emmanuel Café from 2004-2005, Savic Motors from 2005-2007 and Emmic Investment Ltd from 2015-2022. He was nominated as a Governor appointee</p> <p>He was born on 15th August 1977.</p> <p>A member of health committee.</p> |
| 5 |  <p>Mr. Peter Kimani Gikonyo. Chairman – Health committee</p> | <p>Holds a Diploma in Film and Video Production. He is the Proprietor Central Studios Limited. He was nominated to represent Informal Sector. He was born on 1960. Also a member of transport committee.</p> |



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| | | |
|---|--|--|
| 6 |  <p>Mrs. Caroline Kaari Nyaga Chairperson legal committee</p> | <p>Holds Master in Education, and Bachelor of Education. She has worked with Maragua Little Angels nursery school as a teacher from 1989-1990, A.P Nursery School Marsabit as a teacher from 1990-1992, Sisters Primary / Nursery as a teacher from 1993-1998, Precious Angels School as a teacher and Maragua E.C.D.E college both as a teacher and College administrator from 2010-2014. She was nominated to represent social sector. She was born on 1969.</p> |
| 7 |  <p>Bishop George Peter Irungu Kariuki Board member (independent director)</p> | <p>Holds Master of Divinity, Bachelor of Arts in Bible and Theology, Honorary Doctor of Divinity and Diploma in Bible and Theology. He was nominated to represent religious community. He was born on 22nd October 1971. A member of legal and finance committees.</p> |
| 8 |  <p>Mr. Bernard Mugo Municipality manager</p> | <p>Has bachelor Degree of Business Management- Finance and Banking from Mt. Kenya University and currently pursuing master's in Business Administration. Has certifications in the following courses</p> <ul style="list-style-type: none"> • Customer Service; • Risk management, • Anti- Money Laundering, • Fraud Detection, <p>Environmental and Social Risk. He has over 13 years of work experience in financial Institutions.</p> |




4. Key Management Team

| Serial No | Name | Details of qualifications and experience |
|-----------|---|--|
| 1. |  <p>Benard Mugo</p> | <p>Municipality manager</p> <p>Has bachelor Degree of Business Management- Finance and Banking from Mt. Kenya University and currently pursuing master's in Business Administration. Has certifications in the following courses</p> <ul style="list-style-type: none">• Customer Service;• Risk management,• Anti- Money Laundering,• Fraud Detection,• Environmental and Social Risk. <p>He has over 13 years of work experience in financial Institutions.</p> |
| 2 |  <p>Peter Makara Ngure</p> | Deputy Manager |

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| | | |
|---|---|--|
| 3 |  <p>Mr. Stephen Maina Kamiri</p> | Head of Directorate of Finance, Administration, IT and Economic Planning CPA (K) Holder. |
| 4 |  <p>Eng. Virginia Kariuki</p> | Head of directorate of Transport, Infrastructure, Public Works, Housing and Urban Planning |
| 5 |  <p>Mrs. Edith Kingori</p> | Head of Legal, Education, Social Services and Partnerships |

5. Municipality of Murang'a Board Chairperson's Report

During the 2024/2025 financial year, the Municipality of Murang'a achieved significant progress in infrastructure development, particularly in the upgrading of municipal roads to bitumen standards, installation of streetlights to support a 24-hour economy, construction of stormwater drainage systems, and cabro paving of parking areas within the Central Business District (CBD). These developments have enhanced accessibility, safety, and business growth within the municipality.

The Municipal Board has provided strategic leadership in the formulation and implementation of key policies and plans including the Integrated Development and Economic Plan (IDEP), the Environmental Impact Assessment framework, and the delineation of Kenol and Kangare municipalities. The Board's oversight role has contributed to improved service delivery and enhanced compliance with statutory and fiscal requirements.

The Board held quarterly meetings and committee sessions as required by the Urban Areas and Cities Act, ensuring effective oversight and decision-making. It also monitored implementation of ongoing projects under KUSP funding, reviewed performance reports from the management team, and ensured accountability in financial and operational activities.

During the financial year, changes were effected within the Board and management structure to strengthen governance and operational efficiency. The adjustments ensured balanced representation across sectors, and enhanced coordination between departments.

Going forward, the Board seeks to consolidate partnerships with development agencies, the County Government, and other stakeholders to improve funding consistency and service delivery. Strategic focus areas include expansion of road and drainage infrastructure, increased automation of revenue systems, promotion of sustainable urban management practices, and continuous staff capacity development.

During the Financial Year 2024/2025, Murang'a Municipality encountered a number of operational and financial challenges that affected the timely implementation of planned projects and delivery of urban services. Key challenges included:

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- **Delayed Disbursement of Funds**

The Municipality experienced delays in the release of funds from both the National Treasury and the County Treasury. This led to interruptions in project execution timelines, delayed payments to contractors, and slowed implementation of critical service delivery initiatives.

Inadequate Funding for Core Municipal Functions

Essential urban management functions such as solid waste management, storm water drainage maintenance, street lighting, and upkeep of public infrastructure remained underfunded. This constrained the Municipality's ability to provide comprehensive and efficient services to residents.

- **Limited Staffing and Technical Capacity**

The Municipality continued to operate with an insufficient technical workforce in critical areas such as engineering, urban planning, environment management, and project supervision, affecting efficiency in project execution and oversight.

Public Encroachment and Urban Planning Compliance Issues


Encroachment on public land, illegal structures, and non-compliance with zoning and building regulations hindered smooth implementation of public infrastructure works and increased enforcement demands.

- **Inadequate Community Awareness and Participation**

While public participation remains central to municipal operations, limited awareness among some community members led to resistance to certain projects and reduced local ownership of municipal initiatives.

- **Weather-Related Disruptions**

Heavy rains during certain periods disrupted construction works, damaged infrastructure under development, and increased maintenance needs, particularly for drainage and road networks



Name: Ruth Waithira Muiruri
Chairperson of the Board



6. Report of the Municipality Manager

During the 2024/2025 financial year, the Municipality of Murang'a registered notable progress in implementing its core mandates despite financial and operational challenges.

The Municipality's revenue performance was primarily supported by transfers from the County Government of Murang'a. Although the overall receipts were below the approved budget, the Municipality continued to strengthen its internal systems through automation of the cashiering process and adoption of a cashless payment system. These measures aimed at enhancing transparency, sealing loopholes, and broadening the revenue base in readiness for future own-source revenue generation.

Significant milestones were realized in infrastructure improvement, including upgrading of municipal roads to bitumen standards, expansion of stormwater drainage systems, and enhancement of street lighting across major urban centers. These interventions have improved mobility, security, and created a 24-hour business environment, contributing to job creation and local economic growth.

The Municipality continued to deliver essential services such as solid waste management, drainage maintenance, and fire and disaster response. The acquisition of a new fire engine equipped with modern technology has strengthened the Municipality's emergency preparedness and improved residents' safety.

Despite these achievements, service delivery was constrained by delayed disbursement of funds from the National Treasury through the County Government. Limited funding also affected the timely implementation of planned development projects.

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The Municipality looks forward to timely release of funds to enable uninterrupted service delivery. It will continue pursuing innovative revenue strategies, strengthen partnerships, and uphold accountability in the management of public resources.



Bernard Mugo
Manager
Municipality of Murang'a



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

Guidance

The key development objectives of the Municipality of Murang'a, as outlined in its Strategic Plan and the Urban Areas and Cities Act, are to:

- a) Provide quality physical infrastructure.
- b) Strengthen urban planning and management.
- c) Enhance good urban governance, administration, and service delivery.

Below we provide the progress on attaining the stated objectives:

| Program | Objective | Outcome | Indicator | Performance |
|---|---|--|---|--|
| Urban Planning and Development Control | To promote orderly and sustainable urban development | Improved physical planning and regulated development within the Municipality | Number of approved development applications conforming with planning and building regulations | 95% of applications approved met planning standards; zoning plan implementation ongoing. |
| Infrastructure Development | To improve access and mobility within the Municipality | Improved road network, drainage, and lighting systems | Kilometers of roads upgraded to bitumen standards; Number of streetlights installed | 5 km of roads upgraded; 120 new streetlights installed, improving safety and business activity. |
| Solid Waste Management and Environment | To enhance environmental cleanliness and waste management | Clean and healthy municipal environment | Percentage of waste collected and properly disposed; Number of dumpsites rehabilitated | 85% of solid waste collected weekly; 2 dumpsites rehabilitated; community sensitization on 5Rs ongoing |
| Governance and Administration | To strengthen municipal governance and accountability | Improved compliance, transparency, and | Number of public participation forums held; Compliance with | 4 public participation meetings held; 80% of audit recommendations implemented. |

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| Program | Objective | Outcome | Indicator | Performance |
|---|--|--|---|--|
| | | citizen participation | audit recommendations | |
| Social Services and Economic Empowerment | To promote inclusive social and economic development | Increased access to social amenities and youth empowerment opportunities | Number of youth and women programs supported; Number of education and training centers assisted | 3 youth sports initiatives supported; 2 ECDE centers equipped; vocational training programs sustained. |

Overall, the Municipality of Murang'a achieved satisfactory progress in implementing its 2024/2025 objectives. Most planned targets were partially achieved due to delayed fund disbursement, though notable improvement was realized in infrastructure, governance, and environmental management. The Municipality continues to prioritize efficiency, accountability, and citizen engagement in future planning cycles.

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.

Four (4) members shall be appointed through a competitive process by the County Executive Committee and approved by the County Assembly.

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 neighbourhood 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;

ii. 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: -

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

iii. Removal

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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-

- i) A majority decision of the members of Board of the Municipality at a duly convened meeting where quorum is present or;
- ii) 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, it's 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. Nakuru Municipality, so as to borrow new ideas on how to improve Murang'a Municipality. Recently July this year the board had retreat at Kasarani sports on consultative meeting on by-law and strategic planning

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 Murang'a has gazetted a Municipality charter that details the functions and objectives of Murang'a Municipality the charter was gazetted on 20th December 2020. Key among them include;

County Government of Murang'a

Municipality of Murang'a

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

- 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 Murang'a 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) Key risk facing the Municipality is non remittance of statutory deductions for employees like NHIF, SACCO deductions etc. Payment of staff salaries has also been in arrears.
- f) 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

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 Waste. Success:

- 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.
- Insufficient casual labourers.
- 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

1. Mukuyu social hall.

2. Mukuyu ECDE centre.

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:

i. 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. The 'Kikwetu' Organization partner provided the games referees and umpires.

ii. 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.

iii. Market place practices

e Ethical Marketing

The Municipality practices and promote truthful advertising and avoid misleading claims or deceptive promotions.

The municipality practices and advocates respectful customer privacy by Protecting consumer data collected through marketing efforts.

- Customer Relationship Management (CRM)

County Government of Murang'a

Municipality of Murang'a

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

The municipality continue building long-term relationships through Loyalty programs, Personalized communication, effective complaint resolution, feedback and surveys.

- Fair Competition

The municipality continues to promote ethical competitive practices.

- Corporate Social Responsibility (CSR)

The Murang'a municipality continue to promote;

- Responsible consumption and sustainable products.
- community initiatives, local suppliers, and charitable programs.
- Aligning product offerings with social and environmental values.
- Inclusive and Accessible Offerings

The Murang'a municipality strives to ensure the services/Products are available to different demographics, Considering accessibility for people with disabilities and pricing considerations.

County Government of Murang'a

Municipality of Murang'a

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

11. Report of the Municipality of Murang'a Board Members

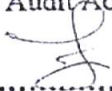
The Board Members submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Municipality of Murang'a affairs.

The principal activities of the Municipality are to offer services to residents in an efficient and accountable manner. The principal requirement for the Municipality 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 30th June 2025 are set on Page 1. The Board Members who have served during the year as shown on pages (vii) – (ix). 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


.....
Name: Bernard Mugo



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

The Municipality of Murang'a 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 Municipality of Murang'a Manager is of the opinion that the financial statements give a true and fair view of the state of Murang'a Municipality's transactions during the financial year ended June 30, 2025, and the financial position as at that date.

The Municipality of Murang'a 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.

County Government of Murang'a

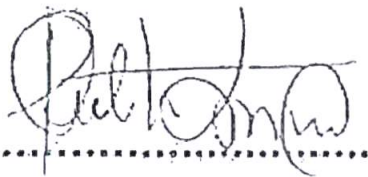
Municipality of Murang'a

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

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 Municipality of Murang'a Manager to indicate that the Municipality of Murang'a 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 Municipality of Murang'a financial statements were approved by the Board on 20th August 2025 and signed on its behalf by:



Name: Ruth Waithira Muiruri
Chairperson of the Board



Name: Bernard Mugo
Accounting officer of the Board



REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Murang'a Municipality set out on pages 1 to 44, which comprise of the statement of financial position as at

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Murang'a Municipality 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 the Urban Areas and Cities Act, 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Presentation and Disclosures of the Financial Statements

Review of the financial statements for the year ended 30 June, 2025 revealed presentation and disclosure anomalies as follows:

- i. The financial statements did not reflect the financial years of audit, under Note 18(b) and Note 19.
- ii. There were missing page numbers on pages xxi, xxiii, xxv, xxvii
- iii. Management did not comply with the recommended presentation template since the statement of changes in net assets, statement of cashflows and key entity information and management were not printed on new pages

In the circumstances, the financial statements as submitted were not presented in the format recommended by the Public Sector Accounting Standards Board (PSASB).

2. Unconfirmed Depreciation

The statement of financial position reflects property, plant and equipment amounting to Kshs.148,883,076 as disclosed in Note 23 to the financial statements. The audit revealed that depreciation of Kshs.211,834 was charged on computers. However, Management had not developed and approved a depreciation policy specifying the useful life of assets, methods of depreciation, and treatment of assets in the first and last year of their useful life.

In the circumstances, the accuracy and appropriateness of the depreciation charge of Kshs.211,834 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

Review of the statement of comparison of budget and actual amounts revealed the following:

- i. The final receipts target on transfers from the County Government was Kshs.103,441,824 against actual receipts of Kshs.58,608,421, resulting in under-absorption of Kshs.44,833,403 or 43% of the target.
- ii. The final recurrent expenditure budget was Kshs.73,307,233 against actual expenditure of Kshs.55,702,242, resulting in under-expenditure of Kshs.17,604,991 or 24%.
- iii. Final capital expenditure budget was Kshs.45,371,824 against actual expenditure of Kshs.9,878,794, resulting in under-expenditure of Kshs.35,493,030 or 78%.
- iv. The budget prepared was not balanced, with total budgeted receipts of Kshs.103,441,824 against total expenditure budget of Kshs.118,679,057, resulting in a deficit of Kshs.15,237,233, contrary to Regulation 31 (c) of the Public Finance Management Regulations, County Governments 2015.

In the circumstances, failure to receive revenue as budgeted and under-expenditure may have hindered the Municipality's ability to implement planned programs and deliver services effectively.

My opinion is not modified in respect of these matters.

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. Except for the effects of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management is responsible for the Other Information set out on page ii to xxxi which comprise of Key Entity Information and Management, Functions of the Municipality, Key

Management Team, Chairpersons' Report, Report of the Municipality Manager, Statement of Performance Against Predetermined Objectives, Statement of Corporate Governance, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board Members and 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 and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

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 Open an Interest-Bearing Project Bank Account

The statement of financial position reflects cash and cash equivalents of Kshs.62,433 as disclosed under Note 16. However, review of the Municipality's operations bank account revealed that it was not an interest-bearing account, contrary to clause 2.4.3 of the Kenya Urban Support Programme (KUSP) Financial Management Procedures Manual, 2017 which states that the operations of a project bank account would be from an interest-bearing account operated by the PCT at a bank as per Treasury policies and Public Finance Management Act, 2012.

In the circumstances, Management was in breach of the agreed loan agreement conditions.

2. Lack of Operational Autonomy of Murang'a Municipality

The Municipality was granted its Municipal Charter on 3rd December 2019 through Gazette Notice No. 11, which was expected to provide operational independence from the County Executive. However, review of its operations revealed lack of autonomy, as the Municipality's budget was prepared and controlled by the County Executive without approval by the Municipality Board. In addition, the County Executive continued to perform several functions transferred to the Municipality under Section 5 of the Municipal Charter, including regulation and provision of refuse collection and solid waste management services, development and enforcement of municipal plans and development controls, advertisement, and construction and maintenance of street lighting. This is contrary to Section 21(1)(a) of the Urban Areas and Cities Act, 2011 which gives Municipality Boards executive authority as delegated by County Executives.

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

3. Non-Compliance with Data Controller Registration Requirements

Audit revealed that in the financial year under review, the Management of Murang'a Municipality processed payment of allowances for which information was collected from the payees. Management did not have a certificate of registration as a data controller from the ODPC, 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 effects of the matters 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 for Conclusion

Lack of Data Protection Policy

Audit revealed that the Murang'a 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

The 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

16 December, 2025

County Government of Murang'a

Municipality of Murang'a

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

14. Statement of Financial Performance

| Description | Note | Current FY | Comparative FY |
|---|------|--------------------|-------------------|
| | | 2024-2025 | 2023-2024 |
| | | Kshs. | Kshs. |
| Revenue from non-exchange transactions | | | |
| Transfers from the County Government | 6 | 55,708,131 | 62,347,783 |
| Public contributions and donations | 7 | - | 172,151 |
| Levies Fines and Penalties | 8 | - | - |
| Other revenues (<i>Specify</i>) | 9 | - | - |
| | | 55,708,131 | 62,519,934 |
| Revenue from exchange transactions | | | |
| Interest income | 10 | - | - |
| Miscellaneous Income | | - | - |
| | | - | - |
| Total revenue | | 55,708,131 | 62,519,934 |
| Expenditure | | | |
| Use of goods and services | 11 | 5,047,511 | 7,565,264 |
| Staff costs | 12 | 50,097,174 | 51,496,621 |
| Board expenses | 13 | 1,813,500 | 710,850 |
| Finance costs | 14 | - | 4,412 |
| Depreciation and amortization | 15 | 211,834 | 211,834 |
| Repairs and maintenance | | - | 2,255,782 |
| Total expenses | | 57,170,019 | 62,244,763 |
| Other gains/losses | | | |
| Gain/loss on disposal of assets | | - | - |
| Surplus/(deficit) for the period | | (1,461,888) | 275,171 |

15. Statement of Financial Position

| Description | Note | 2024/2025 | 2023/2024 |
|--|------|--------------------|--------------------|
| | | Kshs. | Kshs. |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 18 | 72 | 19,327 |
| Receivables from exchange transactions | 19 | - | - |
| Receivables from non-exchange transactions | 20 | - | - |
| Prepayments | 21 | - | - |
| Inventories | 22 | - | - |
| Total current assets | | 72 | 19,327 |
| Non-current assets | | | |
| Property, plant, and equipment | 23 | 148,883,076 | 139,216,117 |
| Intangible assets | 24 | - | - |
| Total Non-current Assets | | 148,883,076 | 139,216,117 |
| Total assets (A) | | 148,883,148 | 139,235,444 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 26 | 1,347,380 | 116,581 |
| Refundable deposits from customers | | - | - |
| Provisions | | - | - |
| Borrowings | | - | - |
| Employee benefit obligations | | - | - |
| Deferred Income | | - | - |
| Social Benefits | | -- | - |
| Total current liabilities | | 1,347,380 | 116,581 |
| Non-current liabilities | | | |
| Provisions | 28 | - | - |
| Borrowings | 29 | - | - |
| Non-current employee benefit obligation | 30 | - | - |
| Deferred Income | 31 | - | - |
| Social Benefits | 33 | - | - |
| Total liabilities (B) | | 1,347,380 | 116,581 |

County Government of Murang'a

Municipality of Murang'a

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

| Description | 2024/2025 | | 2023/2024 |
|---------------------------------|-----------|--------------------|--------------------|
| | | Kshs. | Kshs. |
| Deferred Income | 31 | - | |
| Social Benefits | 33 | - | |
| Total liabilities (B) | | 1,347,380 | 116,581 |
| Net Assets (A-B) | | 147,535,768 | 139,118,863 |
| Represented by: | | | |
| Capital/Development Grants/Fund | | 148,618,093 | 138,739,299 |
| Reserves | | - | - |
| Accumulated surplus | | (1,082,325) | 379,563 |
| Net Assets/Equity | | 147,535,768 | 139,118,863 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 20th August 2025 and signed by:

Name: Bernard Mugo
Municipality of Murang'a
Manager
Date:



Name: Stephen Maina Kamiri
Head of Finance
ICPAK M/No 9046
Date:

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

| Description | Capital/Development Grants/Fund | Revaluation Reserve | Accumulated surplus | Total |
|-------------|---------------------------------|---------------------|---------------------|-------|
| | Kshs. | Kshs. | Kshs. | Kshs. |

County Government of Murang'a

Municipality of Murang'a

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

| | | | | |
|--------------------------------|-------------|---|-------------|-------------|
| Bal as at 1 July 2023 | 138,739,299 | - | 104,390 | 138,843,689 |
| Surplus/(deficit) for the year | | - | 275,173 | 275,173 |
| Funds received during the year | - | - | - | - |
| Revaluation gain/loss | - | - | - | - |
| Bal as at 30 Jun 2024 | 138,739,299 | - | 379,563 | 139,118,862 |
| | | | | - |
| Bal as at 1 July 2024 | 138,739,299 | - | 379,563 | 139,118,862 |
| Surplus/(deficit) for the year | | - | (1,461,888) | (1,461,888) |
| Funds received during the year | 9,878,794 | - | - | 9,878,794 |
| Revaluation gain/loss | - | - | - | - |
| Balance as at 30 June 2025 | 148,618,093 | - | (1,082,325) | 147,535,768 |

17. Statement of Cash Flows for The Year Ended 30 June 2025

| Description | Note | FY 2024-2025 | FY 2023-2024 |
|---|------|------------------|------------------|
| | | Kshs. | Kshs. |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from the County Government | 6 | 1,824,185 | 5,990,940 |
| Public contributions and donations | | - | 172,151 |
| Interest received | | - | - |
| cash transferred to County UIG A/C | | (111) | |
| Miscellaneous receipts | | - | - |
| Total Receipts | | 1,824,074 | 6,163,091 |
| Payments | | | |
| Use of goods and services | | 1,211,900 | 5,562,727 |
| Staff costs | | - | |
| Board expenses | | 631,429 | 710,850 |
| Finance cost | | - | 4412 |
| Total Payments | | 1,843,329 | 6,277,989 |
| Net cash flows from operating activities | | (19,255) | (114,897) |

County Government of Murang'a

Municipality of Murang'a

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

| Description | Note | FY 2024-2025 | FY 2023-2024 |
|--|------|-----------------|------------------|
| | | Kshs. | Kshs. |
| Purchase of PPE & intangible assets | | - | - |
| Proceeds from sale of PPE | | - | - |
| Net cash flows used in investing activities | | - | - |
| | | | |
| Cash flows from financing activities | | | |
| Receipts from Capital grants | | - | - |
| Proceeds from borrowings | | - | - |
| Repayment of borrowings | | - | - |
| Net cash flows used in financing activities | | | |
| -Net increase/(decrease) in cash & cash equivalents | | (19,255) | (114,897) |
| Cash And Cash Equivalents At 1 July | 19 | 19,327 | 134,224 |
| Cash And Cash Equivalents At 30 June | 19 | 72 | 19,327 |

County Government of Murang'a

Municipality 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 utilization |
|---|--------------------|------------------|--------------------|----------------------------|------------------------|------------------|
| | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. | p |
| | a | b | c=(a+b) | d | e=(c-d) | f=d/c |
| Budget carryovers from the previous year* | - | | | | | % |
| Receipts | | | | | | |
| Transfers from the County Government | 103,441,824 | 15,237,233 | 118,679,057 | 58,608,421 | 60,070,636 | 49 |
| Public contributions and donations | - | - | - | - | - | |
| Interest income | - | - | - | - | - | |
| other receipts -UIG Fund | 14,000,000 | (14,000,000) | - | - | - | |
| Total Receipts | 117,441,824 | 1,237,233 | 118,679,057 | 58,608,421 | 60,070,636 | 49 |
| Payments | | | | | | |
| Use of goods and services | 19,570,000 | 1,237,233 | 20,807,233 | 4,619,168 | 16,188,065 | 22 |
| Board expenses | 1,000,000 | - | 1,000,000 | 985,900 | 14,100 | 99 |
| Staff Costs | 51,500,000 | - | 51,500,000 | 50,097,174 | 1,402,826 | 97 |
| Finance costs | - | - | - | - | - | |
| Total expenditure Payments | 72,070,000 | 1,237,233 | 73,307,233 | 55,702,242 | 17,604,991 | 76 |
| Capital Expenditure Payments | 45,371,824 | - | 45,371,824 | 9,878,794 | 35,493,030 | 22 |
| Surplus for the period | - | - | - | 2,906,179 | 42,465,645 | |

County Government of Murang'a

Municipality of Murang'a

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

Budget notes

Budget Reconciliation

| | Description of Particulars | Amount in Kshs |
|---|---|----------------|
| | Actual Surplus Amounts as per the statement of Budget | 42,465,645 |
| | Reason for differences; | |
| 1 | The UDG Fund - SH 35,371,824 was not received in the FY 2024/2025 as envisioned | |
| 2 | Delayment in exchequer release | |
| 3 | Lack of prioritisation of municipality activities by county executive | |
| 4 | Lack of operational autonomy | |
| | Closing Cash and Cash Equivalent as per the statement of Cash flows | 72 |

19. Notes to the Financial Statements

1. General Information

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

The Murang'a municipality's principal activity is service delivery of Murang'a Municipality.

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 entity'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 Murang'a 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.

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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 Murang'a 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 *Entity* 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 2024/25 was approved by the County Assembly on 30th April, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality of Murang'a upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality of Murang'a recorded additional appropriations of Ksh. 1,237,233 on 7th January, 2025 following the governing body's approval.

The 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 17 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 Municipality of Murang'a 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 entity 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 entity, 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 entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity 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 entity'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 entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity

manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through 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 entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. 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 entity 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 Municipality.

h) Provisions

Provisions are recognized when the Municipality of Murang'a 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 Municipality of Murang'a 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 entity 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 entity will incur in fulfilling the present obligations represented by the liability.

j) Contingent liabilities

The Municipality of Murang'a 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 Municipality of Murang'a 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 Municipality of Murang'a 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 Municipality of Murang'a creates and maintains reserves in terms of specific requirements.

m) Changes in accounting policies and estimates

The Municipality of Murang'a 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 Municipality of Murang'a provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Municipality of Murang'a pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the Municipality of Murang'a 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.

i) Related parties

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

j) 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 Municipality of Murang'a 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 Murang'a 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 Municipality of Murang'a 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 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 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.

Notes to the Financial Statements

6. Transfers from the County Government.

| Description | FY 2024-2025 | FY2023-2024 |
|--|-------------------|-------------------|
| | Kshs. | Kshs. |
| Transfers from County Govt. – Recurrent | 1,824,074 | 5,990,940 |
| Payments by County on behalf of the entity | 63,762,851 | 56,356,843 |
| Unconditional development grants | | |
| Total | 65,586,925 | 62,347,783 |

(a) Transfers from County Government entities (Categorized)

| Name Of The Entity Sending The Grant | Amount recognized to Statement of financial performance * Kshs | Amount deferred under deferred income Kshs | Amount recognised in capital fund. | Total grant income during the year | 2023-2024 |
|--------------------------------------|--|---|------------------------------------|------------------------------------|-------------------|
| | | | Kshs | Kshs | Kshs |
| KUSP (UIG) | (111) | 0 | 0 | (111) | 2,339,915 |
| County Treasury | 55,708,242 | - | 9,878,794 | 65,587,036 | 60,007,868 |
| Total | 55,708,131 | - | 9,878,794 | 65,586,925 | 62,347,783 |

7. Public Contributions and Donations

| Description | 2024-2025 | 2023-2024 |
|------------------------------------|-----------|----------------|
| | Kshs. | Kshs. |
| Donation from development partners | - | 172,151 |
| Contributions from the public | - | - |
| Total | - | 172,151 |

11. Use of Goods and Services

| Description | 2024-2025 | 2023-2024 |
|---|------------------|------------------|
| | Kshs. | Kshs. |
| Utilities, supplies and services | | - |
| Communication, supplies and services | | 6,960 |
| Domestic travel and subsistence | 1,855,880 | 390,700 |
| Foreign travel and subsistence | - | 1,337,523 |
| Printing, advertising, supplies & services | 574,819 | 55,000 |
| Training expenses | - | 1,767,390 |
| Hospitality supplies and services | 611,835 | 398,600 |
| solid waste management | - | - |
| Specialized materials and services | - | 847,660 |
| Office and general supplies and services | 609,408 | 973,319 |
| Fuel, oil and lubricants | 640,000 | - |
| Other operating expenses (Specify) | - | 652,181 |
| Routine maintenance – vehicles and other equipment | 150,000 | - |
| Public participation | 604,000 | - |
| Beautification works | - | 1,019,350 |
| Bank charges | 1,569 | - |
| Hire of Transport, equipment etc | | - |
| pending bills (printing and specialised materials) | - | 116,581 |
| Social Benefit expenses* | - | - |
| Total | 5,047,511 | 7,565,264 |

12. Staff costs

| Description | 2024-2025 | 2023-2024 |
|------------------------------|-------------------|-------------------|
| | Kshs. | Kshs. |
| Salaries and wages | 50,097,174 | 51,496,621 |
| Staff gratuity | - | - |
| Social security contribution | - | - |
| Other staff costs (Specify) | - | - |
| Total | 50,097,174 | 51,496,621 |

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8. Levies, Fines and penalties

| Description | FY 2024-2025 | FY 2023-2024 |
|--------------|--------------|--------------|
| | Kshs. | Kshs. |
| Levies | | |
| Fines | | |
| Penalties | | |
| Others | | |
| Total | | |

9. Other Revenues

| Description | FY 2024-2025 | FY 2023-2024 |
|--|--------------|--------------|
| | Kshs. | Kshs. |
| Transfers from other government entities | | |
| Others | | |
| Total | | |

Interest income

| Description | FY 2024-2025 | FY 2023-2024 |
|----------------------------------|--------------|--------------|
| | Kshs. | Kshs. |
| Interest income from investments | | |
| Interest income on bank deposits | | |
| Others | | |
| Total interest income | | |

10. Miscellaneous income

| Description | FY 2024-2025 | FY 2023-2024 |
|--------------------------------------|--------------|--------------|
| | Kshs. | Kshs. |
| Income from sale of tender documents | | |
| Others (<i>specify</i>) | | |
| Total other income | | |

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13. Board expenses

| Description | 2024-2025 | 2023-2024 |
|-------------------------------------|------------------|----------------|
| | Kshs. | Kshs. |
| Chairman/Members' Honoraria | - | - |
| Sitting allowances | 1,813,500 | 710,850 |
| Medical Insurance | - | - |
| Induction and Training | - | - |
| Travel and accommodation | - | - |
| Conference Costs | - | - |
| Other allowances (<i>Specify</i>) | - | - |
| Total | 1,813,500 | 710,850 |

14. Finance costs

| Description | 2024-2025 | 2023-2024 |
|------------------------------|-----------|-----------|
| | Kshs. | Kshs. |
| Interest on bank drafts | - | - |
| Interest on loans from banks | - | - |
| Total | - | - |

15. Depreciation and amortization

| Description | 2024-2025 | 2023-2024 |
|--|----------------|-----------|
| | Kshs | Kshs |
| Property, plant and equipment | 211,834 | 211,834 |
| Intangible assets | 0 | 0 |
| Investment property carried at cost | 0 | 0 |
| Total depreciation and amortization | 211,834 | 0 |

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 | - | 2,255,782 |
| Total repairs and maintenance | - | 2,255,782 |

17. Gain/(loss) on disposal of assets

| Description | 2024-2025 | 2023-2024 |
|-------------------------------|-----------|-----------|
| | KShs | KShs |
| Property, plant and equipment | | |
| Intangible assets | | |
| Total | | |

18. Cash and cash equivalents

| Description | 2024-2025 | 2023-2024 |
|--|-----------|---------------|
| | Kshs | Kshs |
| Fixed deposits account | - | - |
| On – call deposits | - | - |
| Current account | 72 | 19,327 |
| Others(<i>specify</i>) | - | - |
| Total cash and cash equivalents | 72 | 19,327 |

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

| Financial Institution | Account number | Insert Current FY | Insert Comparative FY |
|--|----------------|-------------------|-----------------------|
| | | Kshs. | Kshs. |
| a) Fixed deposits account | | | |
| Kenya Commercial bank | | | |
| Equity Bank, etc | | | |
| Sub- total | | | |
| b) On - call deposits | | | |
| Kenya Commercial bank | | | |
| Equity Bank - etc | | | |
| Sub- total | | | |
| c) c) Current account | | | |
| Kenya Commercial bank - 1.Operations a/c | 1259504336 | 71 | 19,215 |
| 2. UDG A/C | 1331452511 | 1 | 1 |
| 3. U.I.G | 1263560784 | - | 111 |
| Sub- total | | 72 | 19,327 |
| d) Others(specify) | | | |
| Cash in transit | | - | |
| Cash in hand | | - | |
| Mobile Money | | - | |
| Sub- total | | - | |
| Grand total | | 72 | |

19. Receivables from exchange transactions

| Description | Insert Current FY | Insert Comparative FY |
|--|-------------------|-----------------------|
| | Kshs. | Kshs. |
| Current Receivables | | |
| Service, water and electricity debtors | | |
| Other exchange debtors | | |
| Less: impairment allowance | | |
| Total Current receivables (a) | | |
| Non-Current receivables | | |
| Service, water and electricity debtors | | |

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| | | |
|---|--|--|
| Other exchange debtors | | |
| Less: impairment allowance | | |
| Total Non- current receivables (b) | | |
| Total | | |

Ageing analysis for Receivables from exchange transactions

| Description | FY 2024/2025 | | FY 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 | | % | | % |
| Total (a+b) | | % | | % |

20. Receivables from Non-Exchange transaction

| Description | FY 2024/2025 | | FY 2023/2024 | |
|--------------------------------|--------------|--|--------------|--|
| | Kshs. | | Kshs. | |
| Transfer from County Executive | | | | |
| Transfer from XXXX Fund | | | | |
| Total | | | | |

Ageing analysis for Receivables from non-exchange transactions

| Description | FY 2024/2025 | | FY 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 | | % | | % |
| Total | | % | | % |

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21. Prepayments

| Description | FY 2024/2025 | FY 2023/2024 |
|--------------|--------------|--------------|
| | Kshs. | Kshs. |
| Insurance | | |
| Rent | | |
| Water | | |
| Internet | | |
| Other | | |
| Total | | |

22. Inventories

| Description | FY 2024/2025 | FY 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 | | |
| Total inventories at the lower of cost and net realizable value | | |

Detailed Disclosure on Inventories

| | FY 2024/2025 | FY 2023/2024 |
|----------------------------------|--------------|--------------|
| Opening balance | | |
| Additional Inventory in the year | | |
| Inventory expensed in the year | | |
| Write-downs in the year | | |
| Others specify | | |
| Closing balance | | |

23. Property, Plant and Equipment

| Description | Land | Building | Motor vehicles | Furniture and fittings | Computer s | Roads Network | Capital Work in progress | Total |
|---|------|----------|----------------|------------------------|------------|---------------|--------------------------|-------------|
| | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs |
| Depreciation Rate | | % | % | % | 30% | % | | |
| As at 1 July 2023 (previous year) | - | - | - | - | - | 138,721,838 | - | 138,721,838 |
| Additions | - | - | - | - | 706,112 | - | - | 706,112 |
| Disposals | - | - | - | - | - | - | - | - |
| Transfers/adjustments | - | - | - | - | - | - | - | - |
| Revaluation Adjustment | - | - | - | - | - | - | - | - |
| As at 30th June 2024 | - | - | - | - | 706,112 | 138,721,838 | - | 139,427,950 |
| Additions for the year | - | - | - | - | - | 9,878,794 | - | 9,878,794 |
| Disposals for the year | - | - | - | - | - | - | - | - |
| Transfer/adjustments | - | - | - | - | - | - | - | - |
| Revaluation Adjustment | - | - | - | - | - | - | - | - |
| As at 30th June 2025 (current year) | - | - | - | - | 706,112 | 148,600,632 | - | 149,306,744 |
| Depreciation and impairment | | | | | | | | |
| At 1 July 2023(previous year) | - | - | - | - | 211,834 | - | - | 211,834 |
| Depreciation | - | - | - | - | 211,834 | - | - | 211,834 |

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| Description | Land | Building | Motor vehicles | Furniture and fittings | Computer s | Roads Network | Capital Work in progress | Total |
|---|------|----------|----------------|------------------------|------------|---------------|--------------------------|-------------|
| | Shs | Shs | Shs | Shs | Shs | Shs | Shs | Shs |
| Depreciation Rate | | % | % | % | 30% | % | | |
| mpairment | - | - | - | - | - | - | - | - |
| Transfers/ Adjustments | - | - | - | - | - | - | - | - |
| As at 30 June 2024 | - | - | - | - | 211,834 | - | - | 211,834 |
| Depreciation for the year | - | - | - | - | 211,834 | - | - | 211,834 |
| Disposals for the year | - | - | - | - | - | - | - | - |
| mpairment for the year | - | - | - | - | - | - | - | - |
| Transfer/adjustment | - | - | - | - | - | - | - | - |
| As at 30th June 2025 (current year) | - | - | - | - | 423,668 | - | - | - |
| NBV as at 30th Jun 2024 (previous year) | - | - | - | - | 494,278 | 138,721,838 | - | 139,216,116 |
| NBV as at 30th Jun 2025 (current year) | - | - | - | - | 282,444 | 148,600,632 | - | 148,883,076 |

24. Intangible assets

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

25. Biological Assets

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

26. Trade and Other Payables

| Description | FY 2024/2025 | | FY 2023/2024 | |
|---------------------------------------|-------------------|-----------------------|-----------------------|-----------------------|
| | Kshs. | % of the Total | Kshs. | % of the Total |
| Trade payables | | | | |
| Retentions | | | | |
| Accrued expenses | 1,347,380 | | 116,581 | |
| Other payables | | | | |
| Total trade and other payables | 1,347,380 | | 116,581 | |
| | | | | |
| Ageing analysis: | Current FY | % of the Total | Comparative FY | % of the Total |
| Under one year | 1,347,380 | % | 116,581 | % |
| 1-2 years | | % | | % |
| 2-3 years | | % | | % |

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| | | | | |
|--------------|--|---|--|---|
| Over 3 years | | % | | % |
| Total | | % | | % |

27. Refundable deposits and prepayments from customers

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

28. Provisions

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

29. Borrowings

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

| Description | FY 2024/2025 | FY 2023/2024 |
|---|--------------|--------------|
| | Kshs. | Kshs. |
| Short term borrowings (current portion) | | |
| Long term borrowings | | |
| Total | | |

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

The table below shows the Distribution of borrowings:

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

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 | | | | |
| Total | | | | |

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31. Deferred Income

| Description | FY 2024/2025 | FY 2023/2024 |
|------------------------------------|--------------|--------------|
| | Kshs. | Kshs. |
| National/County Government | | |
| International Funding Bodies | | |
| Public Contributions and Donations | | |
| Total Deferred Income | | |

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 | |
| Total | |

32. Social Benefit Liabilities

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

33. Cash generated from operations

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

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34. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Municipality of Murang'a 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 City/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) Municipality of Murang'a Board; etc.

b) Related party transactions

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

c) Key management remuneration

| Description | FY 2024/2025 | FY 2023/2024 |
|-----------------------------|--------------|--------------|
| | Kshs. | Kshs. |
| Board Members | | |
| Key Management Compensation | | |
| Total | | |

d) Due from related parties

| Description | FY 2024/2025 | FY 2023/2024 |
|----------------------------|--------------|--------------|
| | Kshs. | Kshs. |
| Due from parent Ministry | | |
| Due from County Government | | |
| Due from County Assembly | | |
| Total | | |

e) Due to related parties

| Description | FY 2024/2025 | FY 2023/2024 |
|---------------------------------|--------------|--------------|
| | Kshs. | Kshs. |
| Due to parent Ministry | | |
| Due to County Government | | |
| Due to Key management personnel | | |
| Due to County Assembly | | |
| Total | | |

35. Contingent liabilities

| Contingent liabilities | FY 2024/2025 | FY 2023/2024 |
|-----------------------------------|--------------|--------------|
| | Kshs. | Kshs. |
| Court case xxx against the entity | | |
| Bank guarantees | | |
| Total | | |

36. Contingent Assets

| Contingent liabilities | FY 2024/2025 | FY 2023/2024 |
|-------------------------------|--------------|--------------|
| | Kshs. | Kshs. |
| Court case against the entity | | |
| Others Specify | | |
| Total | | |

37. Financial risk management

The Municipality's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. 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 Municipality of Murang'a 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 Municipality's financial risk management objectives and policies are detailed below:

I. Credit risk

The Municipality of Murang'a 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 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 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. |
|--|-----------------------|---------------------------|-------------------|-------------------|
| At 30 June 2025 | | | | |
| Receivables from exchange transactions | - | - | - | - |
| Receivables from non-exchange transactions | - | - | - | - |
| Bank balances | 72 | 72 | - | - |
| Total | 72 | 72 | - | - |
| At 30 June 2024 | | | | |
| Receivables from exchange transactions | - | - | - | - |
| Receivables from non-exchange transactions | - | - | - | - |
| Bank balances | 19,327 | 19,327 | - | - |
| Total | 19,327 | 19,327 | - | - |

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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 Municipality of Murang'a has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Municipality of Murang'a has significant concentration of credit risk on amounts due from

The Municipality of Murang'a 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 Municipality of Murang'a Manager, who has built an appropriate liquidity risk management framework for the management of the City/Municipality's short, medium and long-term liquidity management requirements. The Municipality of Murang'a manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Municipality of Murang'a 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. |
| At 30 Jun 2025 | | | | |
| Trade payables | | | | |
| Current portion of borrowings | | | | |
| Provisions | | | | |
| Employee benefit obligation | | | | |
| Total | | | | |
| At 30 Jun 2024 | | | | |
| Trade payables | | | | |
| Current portion of borrowings | | | | |
| Provisions | | | | |
| Employee benefit obligation | | | | |
| Total | | | | |

III. Market risk

The Board has put in place an internal audit function to assist it in assessing the risk faced by the Municipality of Murang'a 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 City/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 City/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 City/Municipality's exposure to market risks or the manner in which it manages and measures the risk.

IV. Foreign currency risk

The Municipality of Murang'a 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 Municipality of Murang'a'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. |
| At 30 June 2025 (current year) | | | |
| Financial assets | | | |
| Investments | | | |
| Cash | | | |
| Debtors/ receivables | | | |
| Liabilities | | | |
| 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. |
| 2025 | | | |
| Euro | 10% | | |
| USD | 10% | | |
| 2024 | | | |
| Euro | 10% | | |
| USD | 10% | | |

V. Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity'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 City/Municipality's capital risk management is to safeguard the City/Municipality's ability to continue as a going concern. The Municipality of Murang'a capital structure comprises of the following City/Municipality:

| Description | FY 2024/2025 | FY 2023/2024 |
|--|--------------------|--------------------|
| | Kshs. | Kshs. |
| Revaluation reserve | - | - |
| Capital/Development Grants/City/Municipality | 148,618,093 | 138,739,299 |
| Accumulated surplus | (1,082,325) | 379,563 |
| Total Funds | 147,535,768 | 139,118,862 |
| Total borrowings | - | - |
| Less: cash and bank balances | 72 | 19327 |
| Net debt/(excess cash and cash equivalents) | 72 | 19327 |
| Gearing | 0.00005% | 0.014% |

38. Program for Results (for) Disclosure

| Name of the PforR: | |
|---|-----------------------|
| Financing Partners: | |
| Purpose of the PforR: | |
| Expenditure Details | Amount in Kshs |
| Cumulative actual expenditures for the previous years | |
| Actual expenditure in the current financial year. | |
| Sub-total | |
| Cumulative Actual Expenditures to date | |

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. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|-----------------------------------|--|
| 1 | Incuracies in the Financial Statements | Corrections and amendments have been done | Resolved | |
| 2 | 3.0 Unsupported | There was an error in the placing of the cost of Roads on this category of WIP. The roads are completely done and the cost indicated there as Ksh 141,682,087.78 as the actual cost incurred. The wording (WIP) have now been removed to reflect the true position. | Resolved | |

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| Reference No. on the external audit Report | Issue/ Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|---|---|--|
| | work in progress | Annex: Amended Financial Report and Statements. | | |
| 3 | Emphasis of matter Budgetary control and performance | It is true that the underperformance and underexpenditure of the budget affected the planned activities and impacted negatively on service delivery to the public. Annex 4 Draft Murang'a Municipality By-laws | Not yet Resolved. This is due to delays in exchequer release | |
| | | | | |

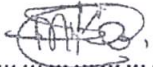
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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|---|---|---|---|
| 4 | Failure to maintain a Valuation Roll for Property | The task of development of a valuation role for property for Murang'a County Government including Municipality is being undertaken by the County executive and is currently at an advanced stage. | On process | 30/06/2026 |
| | | | | |



.....
To be Signed by the Accounting officer of the Entity

Appendix 2: Inter-Entity Transfers



.....
Signed by the Head of Accounts of the Entity 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 | | | | | Source Of Funds | Implementing Partners |
|--------------|---------------------|--------------------|--------------------|----|----|----|----|-----------------|-----------------------|
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

Appendix 4: Disaster Expenditure Reporting Template

Date:

Entity:

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

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