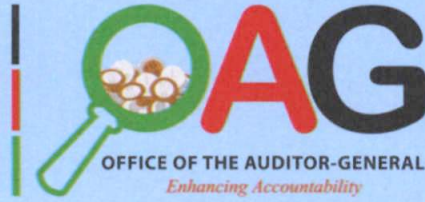


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



REPORT

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

GILGIL MUNICIPALITY

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

COUNTY GOVERNMENT OF NAKURU

PAPERS LAID	
DATE	24/02/2026
TABLED BY	LELEONE
COMMITTEE	
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78

2. Key Entity Information and Management

a) Background information

Municipality of Gilgil is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011(amended 2019) and Cities and Municipal Charter on (6th July, 2022). The Municipality is under the County Government of Nakuru and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the Municipality are to enhance the well-being and standard of living of its inhabitants.

Vision

- ▶ *An inclusive, sustainable and prosperous Municipality*

Mission

- ▶ *To enhance the well-being of Gilgil residents through responsive, efficient, and inclusive governance.*

Objectives of the Municipality

The objectives of the Municipality of Gilgil are to:

- (a) Provide for efficient and accountable management of the affairs of the Municipality;
- (b) Provide for a governance mechanism that will enable the inhabitants of the Municipality to;
 - (i) Participate in determining the social services and regulatory framework which will best satisfy their needs and expectations;
 - (ii) Verify whether public resources and authority are utilized or exercised, as the case may be, to their satisfaction;
 - (iii) Enjoy efficiency in service delivery;
- (c) Vigorously 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;
- (d) Provide a high standard of social services in a cost effective manner to the inhabitants of the Municipality;

- (e) 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;
- (f) Provide for services, by laws and other matters for Municipality's benefit;
- (g) Foster the economic, social and environmental well-being of its community.

c) Key Management

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

- Department of Lands Planning, Housing and Urban Development
- Board of Management
- Accounting Officer/ Municipality Manager
- Sectional Heads of Departments

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:

Ref	Position	Name
1	Municipality Manager	Joseph Mwangi Njeru
2	Head of departments	Head of Accounting Unit – Kennedy Karanja Njoroge Head of Procurement – Paul Mbugua Mungai

e) Fiduciary Oversight Arrangements

i) Audit and Risk Management Committee

The county Audit and Risk Management committee is concerned with the Risk Oversight, internal Controls and is constantly seeking to keep the municipality compliant with relevant laws and regulations. At the Municipal Board level, there is in place an audit and risk committee to provide oversight on board expenditure and operations.

ii) County Assembly committees

The county assembly in discharging its mandate of oversight over the county entities takes the following steps:

- Form a dedicated oversight committee within the county assembly responsible for financial matters related to the municipality.
- Develop terms of reference outlining the committee's purpose, composition, responsibilities, authority, and reporting mechanisms.
- Ensure the oversight committee comprises members with financial expertise, legal knowledge, and a good understanding of municipal operations.
- Conduct regular reviews and audits of the municipality's financial statements, budgets, expenditures, and financial management practices.
- Scrutinize and approve the municipality's budget, ensuring alignment with the municipality's strategic goals and compliance with financial regulations.
- Monitor revenue collection processes, disbursements, and expenditures to ensure compliance with the approved budget and financial regulations.

iii) Committees of the Senate

The Senate receives the report of the auditor general and proceeds to take any further inquiry on raised issues and to recommend the matters to relevant agencies.

f) Registered Offices

P.O. Box - 20116

Bondeni Social Hall, Gilgil – Nyahururu Road

Gilgil, Kenya

g) Contacts

Telephone: (+051)2214142

E-mail: www.Nakuru.go.ke.

Website: www.Nakuru.go.ke

h) Bankers

Family Bank

Account Name: KUSP II Special Purpose Account for Gilgil Municipality

Account No: 019000065623

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 County Attorney

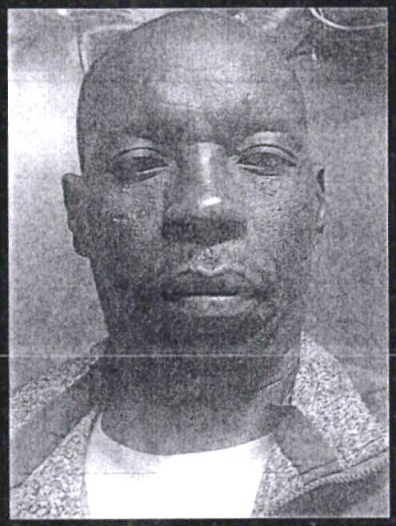
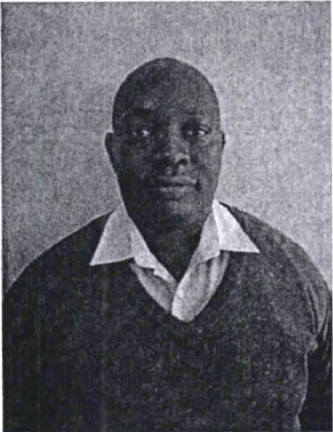
P.O. Box 2870-20100

Nakuru, Kenya




3. Municipality Board

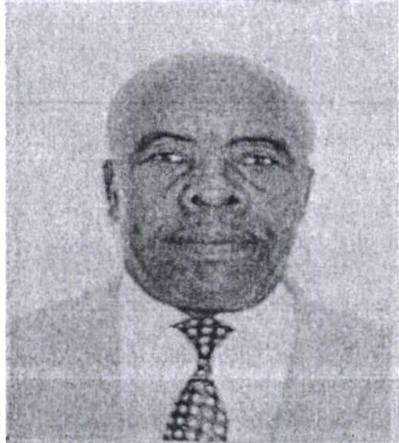

Serial No.	Name	Details of qualifications and experience
1	 <p>JOSEPH MAINA THEURI</p>	<p>Age: 59 Years</p> <p><i>Key academic and professional qualifications:</i></p> <p>Master's Degree in Project Planning & Management- (University of Nairobi)</p> <p>Bachelor's Degree in Business Administration Finance Major (Maseno University)</p> <p>College Diploma in Sales and Marketing- (University of Nairobi)</p> <p>Procurement (Government Training Institute)</p> <p>College Diploma in Dairy Technology (Egerton University).</p> <p><i>Work Experience:</i></p> <p>Assistant Centre Manager- - (Goodyear Tire and Rubber Company St. Louis United States)</p> <p>Managing Director – (Naivasha Water and Sewerage Company)</p> <p>Managing Director – (Nyahururu -Water Sanitation Company)</p> <p>Technical Sales Manager – (Auto Xpress)</p> <p>Senior Production Supervisor – (Firestone East Africa)</p> <p>Board Trustee – (Waumini Insurance Brokers)</p> <p>Nakuru Branch Committee Member – (Kenya Institute of Management)</p> <p>Board Member: Non-Executive Member Board Chairperson</p>


2	 <p>SHAMMA WANGUI NJUGUNA</p>	<p>Age: 46 Years <i>Key academic and professional qualifications:</i> Diploma in human resource – (Mount Kenya University) Diploma Pharmacological Technician – (Kabete Technical Training Institute) Diploma In Social Works And Project Management – (Mosop Institute Of Technology) <i>Work Experience:</i> Businessperson</p> <p>Board Member: Non-Executive Member Board Vice-Chairperson</p>
3	 <p>TERESIA KARUGI KURUMA</p>	<p>Age:50 Years <i>Key academic and professional qualifications:</i> Master’s Degree of Counselling – (New Life Bible College and Seminary) Bachelor of Business Management (Entrepreneurship) Second Class Honors - Upper Division – (Mount Kenya University) Diploma in Business Management Credit I – (Mount Kenya University) Counselling Certification (Ongoing) – (Kenya Counselling Psychological Association of Kenya) <i>Work Experience:</i> Businessperson</p> <p>Board Member: Non-Executive Member Chairperson Finance Committee</p>

4	 <p>JOSPHAT KIARIE WAWERU</p>	<p>Age: 46 Years <i>Key academic and professional qualifications:</i> Diploma in Human Resource Management – (Kenya Methodist University) <i>Work Experience:</i> Businessperson</p> <p>Board Member: Non-Executive Member Chairperson Environment Committee Committee</p>
5	 <p>ARCH. MBOGO KIMANI</p>	<p>Age: 42 Years <i>Key academic and professional qualifications:</i> Bachelor of Architecture (Hons.) – (University of Nairobi) Bachelor of Architecture Studies, (Hons.) – (University of Nairobi) <i>Work Experience:</i> Decalogue International Ltd – (Director/Architect) Batiment Group Limited – (Architect) BGL – (Graduate Architect) Interior Designer – (Cornices and Interiors)</p> <p>Board Member: Non-Executive Member Chairperson Urban Planning and Infrastructure Development Committee</p>

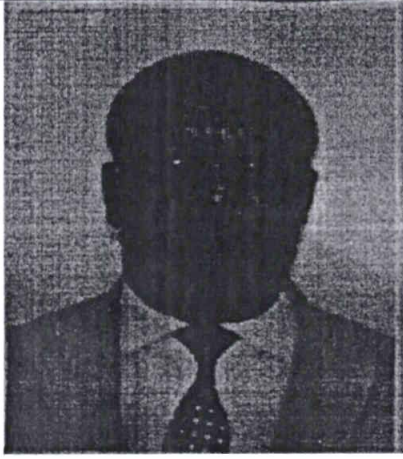
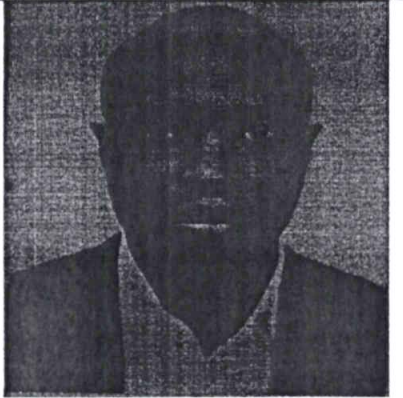

County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025

6	 <p>PAULINE NDUNGE MBUVA</p>	<p>Age: 60 Years <i>Key academic and professional qualifications:</i> Bachelor of Education – (Kenyatta University) Diploma in Guidance and Counseling – (Migori Campus) P1 Certificate – (Highridge Teachers College) <i>Work Experience:</i> Teachers Service Commission Businessperson</p> <p>Board Member: Non-Executive Member Board Member</p>
7	 <p>STEPHEN KIMANI</p>	<p>Age: 37 Years <i>Key academic and professional qualifications:</i> Pursing Master Degree in Leadership and Management – (Mount Kenya University) Bachelor holder in Education – (St. Paul University) Diploma in Education – (Foundation Institute of Africa) Certificate of Teachers Training – (Nyanchwa Teachers College) <i>Work Experience: Businessperson</i></p> <p>Board Member: Non-Executive Member Board Member</p>
8	 <p>JOSEPH MWANGI NJERU</p>	<p>Age: 55Years <i>Key Academic Professional Qualification.</i> Master’s Degree in Education Management Leadership and Administration (Mount Kenya University(2019) Bachelor’s degree in education and community development(Mount Kenya University 2014). Diploma in Education Management and Administration (Kenya Education Management Institute(2016). Diploma in Human Resource Management.(kenya Education Staff Institute)(2014). Certificate in Education Management (Kenya Education Management institute)2001. Certificate In Primary Teacher-Egoji Teachers College(1991-1993) <i>Work Experience.</i> Senior Headteacher Primary Schools Administration and Management (1999-2025)</p>

	 <p>JOSEPH MWANGI NJERU</p>	<p>Associate part-time lecturer-Mount Kenya University-2020-2025. Primary School Teacher-1995-1998. Part time Tutor St Ann and NEEMA ECD College-2014-2019. Chairperson Kenya Primary School Head teacher Association Gilgil Chapter (2016-2023) Trainer Facilitator-Build Africa (Education Management). Kenya and World Vision Kenya (KIAMBOGOKO IPA) 2000-2019. Board Member: Municipal Manager</p>
<p>9</p>	 <p>HON. JOHN KIHAGI</p>	<p>Mr. John Karanja Kihagi is a graduate of the University of Nairobi with a Bachelor of Science in Surveying (1996) and a Master of Arts in Planning (2000). He is a registered and practicing Physical Planner, Licensed Surveyor and Environmental Impact Assessment/Audit Lead Expert. Previously, he served as the Principal Consultant at Geosurvey Engineering & Environmental Services Ltd, where he led consultancy work in Land Surveying, Physical Planning and Environmental Impact Assessment/Audit. He has over 26 years' post-graduation experience gained from the public service, private practice, civil society and political arenas. Mr Kihagi served as the Member of National Assembly representing Naivasha Constituency (2013-2017). He has also served as a Land Surveyor at the Ministry of Public Works (1997-2005) and as a Lecturer at both Jomo Kenyatta University of Agriculture and Technology (JKUAT, 2003-2005) and Kenya Institute of Surveying and Mapping (KISM, 1998-2000).</p>

10	 ARCH. KAMAU KURIA	Age 56 Bachelors in Architecture Jomo Kenyatta University of Agriculture & Technology Chief Officer Housing and Urban Development Chief (2022 to Date) Board of directors' Geothermal Development Cooperation (2018-2022) Chair of Audit Committee of The Board Director Nakuru City Board (2019-2022) Chair Infrastructure Committee of The Board
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4. Key Management Team

1.		MUNICIPAL MANAGER
2.		HEAD OF ACCOUNTING UNIT
3.		HEAD OF PROCUREMENT

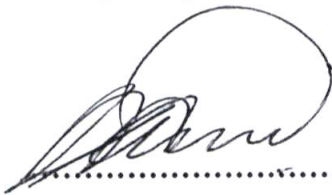
5. City/Municipality Board Chairperson’s Report

I am glad to present the Annual Report for the Municipality of Gilgil for the year ended June 30th 2025. The Municipality is mandated by the County Government of Nakuru to deliver services to the residents within Gilgil Municipality area. Our role is clearly spelt out in the Municipal Charter and in the Urban area and Cities Act 2019. The Governance of the municipality is in the hands of the Board of Directors. The Board members have the responsibility of developing the vision and strategy of the Municipality and play an oversight role to the municipal executives. The Municipal Manager is the secretary of the Board and also the head of the Executive team, who are responsible for the implementation of strategy and the policies on approval by the Board.

At the end of the last financial year, the implementation of the Cabral project commenced. The project is located along the main business centre and will create paved walkways and vehicle parking spaces that are of Cabral paved. The new look walkways will improve the being of the beneficiaries. The Financing of the project is with funds from the budgetary allocation (equitable share) by the County Government of Nakuru. Meanwhile we qualified for the Kenya Urban Support Programme that will fund projects within the Municipality area. The successful execution of projects and satisfying performance conditions will guarantee the Municipality qualifying for future development support. With the involvement of stake holders, the municipality has already identified priority areas that would be considered over the forthcoming planning period. These would include; Disaster management Canter, Construction of the Parking slots, installation of street lights, rehabilitation of parks, open green spaces, town beautification etc.

During the last financial year, we faced challenges in trying to operationalize the Municipality. We experienced delays in the disbursement of the needed funds which contributed to the low absorption rate. Following a break-in and vandalism of our Bondeni offices, operations were temporarily affected before we were relocated to the sub-county administrators’ offices on a temporary basis. For the future the issue of a reasonable office space will have to be addressed as the Municipality endeavours to handle all functions as spelt out in the UACA Act. Another challenge has been the inadequate deployment of needed staff to the Municipality. Nevertheless, we are working with the County Government to have staffing issues resolved. Recently we were able to get on board a full time Manager to replace the previous Acting Manager.

Currently, we are also working to develop policy documents; including the Integrated Strategic Urban Development Plan. We look forward to creating an enabling private partnership framework; so as to attract needed resources and expertise to support the growth of Gilgil Municipality. We will to strive to work with key actors and stakeholders to develop and execute plans that will support the anticipated growth within our Municipality. And we make Gilgil the best place to live in Kenya.



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Name: Joseph Theuri
Chairperson of the Board

County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025

6. Report of the Municipality Manager

Below highlighted is the breakdown of allocated budget amounts in relation to the actual expenditures for the current financial year ended 30th June, 2025.

Table 1: Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
Budget carryovers from the previous year*	-	-	-	-	-	xxx
Receipts						
Transfers from the County Government	65,255,214	17,007,722	48,247,492	2,532,690	45,714,802	5%
Public contributions and donations	-	-	-	-	-	%
Interest income	-	-	-	-	-	%
Miscellaneous income (<i>specify</i>)	-	-	-	-	-	%
Total Receipts	65,255,214	17,007,722	48,247,492	2,532,690	45,714,802	5%
Payments				-		
Use of goods and services	8,825,000		8,875,000	2,526,910	6,348,090	28%
Board expenses	10,600,000	-	10,600,000	2,133,770	8,466,230	20%
Staff Costs	3,260,000	-	3,260,000	-	3,260,000	0%
Finance costs	-	-	-	-	-	-
Repairs and maintenance	900,000	-	600,000	199,980	400,020	33%

*County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025*

Total expenditure Payments	23,585,000	250,000	23,335,000	4,860,660	18,474,340	21%
Capital Expenditure Payments	41,670,214	16,757,722	24,912,492	211,500	24,700,992	1%
Surplus for the period	-	-	-	(2,539,470)	2,539,470	

During the financial year 2024/25, Municipality of Gilgil operated under an approved supplementary budget of Kshs. 48,247,492, revised downward from an initial allocation of Kshs. 65,255,214. Despite this allocation, actual receipts totaled Kshs. 2,532,690—representing a 5% absorption rate and leaving a performance deficit of Kshs. 45,714,802, with no other revenue realized from contributions, interest, or miscellaneous sources. On expenditure, the municipality recorded total actual spending of Kshs. 2,532,690 against the budgeted recurrent and development outlays, again reflecting a 5% execution rate.

While recurrent expenditure absorbed Kshs. 4,860,660 in some categories—most notably use of goods and services (20–28%) and repairs and maintenance (33%)—other key allocations such as staff costs (Kshs. 3,260,000) and grants funding under UIG (Kshs. 7,000,000) remained completely unutilised as the monies in question hadn't been received by the municipality before year end. Capital expenditure had an allocation of Kshs. 24,912,492 (under development budget of Kshs. 23,448,778 and capital expenses of Kshs. 1,463,714) budgeted but virtually no spending recorded apart from Kshs. 211,500 for furniture purchases, giving a 1% absorption rate.

Quarterly trends showed no spending in Q1, gradual uptake in Q2 and Q3, and modest improvement in Q4, but overall performance remained low. The municipality ultimately reported a deficit of Kshs. 2,539,470 under trade payables for the financial year ended 30th June, 2025.

County Government of Nakuru

Municipality of Gilgil

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

Table 2: Municipality Budget Absorption for Financial Year Ended 30th June 2025

	Revised Estimates FY 2023/2024	Actual FY 2023/2024	Approved Supplementary FY 2024/2025	Actual Q1 FY 2024/2025	Actual Q2 FY 2024/2025	Actual Q3 FY 2024/2025	Actual Q4 FY 2024/2025	Actual FY 2024/2025	Variance On Annual Target FY 2024/2025	Budget Execution Rate
Current Expenditure										
2100000 Compensation to Employees	-		3,200,000	-				-	3,200,000	0%
2200000 Use of goods and services	4,690,000	1,877,325	13,075,000	-	551,930	885,760	1,095,000	2,532,690	10,542,310	18%
2400000 Interest Payments								-	-	
2600000 Current grants and other Transfers			7,000,000	-				-	7,000,000	0%
2700000 Social Benefits	-		60,000	-				-	60,000	0%
3100000 Acquisition of Non-Financial Assets	310,000		1,463,714	-				-	1,463,714	0%
4100000 Acquisition of Financial Assets	-							-	-	
4500000 Disposal of Financial Assets								-	-	
Sub Total	5,000,000	1,877,325	24,798,714	-	551,930	885,760	1,095,000	2,532,690	22,266,024	10%
Capital Expenditure										
Non-Financial Assets	-	-	23,448,778	-				-	23,448,778	0%
Capital Transfers Govt. Agencies								-		
Sub Total	-	-	23,448,778	-	-	-	-	-	23,448,778	0%
Grand Total	5,000,000	1,877,325	48,247,492	0	551,930	885,760	1,095,000	2,532,690	45,714,802	5%

- *Physical progress based on outputs, outcomes, and impacts since the establishment of Municipality, (encouraged to use actual figures and percentages)*

Since its elevation to a municipality, Gilgil has made notable strides in formal urban governance—establishing planning and infrastructure committees and rolling out a comprehensive ADP for 2025–2026. Community feedback signals improvements in planning for cabro installation drainage and proposed solar lighting systems. Looking ahead continued execution of these plans could translate into measurable outcomes—enhanced night-time security and increased business activity. These changes would reinforce broader impacts already underway, as evidenced by the town’s population growth over time, a diversifying economy anchored by institutional presence and rising interest in Gilgil’s strategic position along major transport corridors.

- *Comment on each of the programs implemented by the Municipality and how they have been achieved.*

Administration and Planning

The Administration and Planning program serves as the essential framework for the municipality's operations, promoting efficient and transparent governance. This is achieved through the budgeting streamlines and expenditure tracking. The municipality also ensures fiscal responsibility through audits and transparent reporting to the public and county government. Additionally, the municipality strives towards improvement of service delivery and public accessibility to information.

Personnel Services

The Personnel Services program is dedicated to building a professional, motivated, and skilled workforce capable of delivering high-quality public services. This is accomplished through transparent, merit-based hiring processes conducted in collaboration with the County Public Service Board, with all job vacancies publicly advertised. The municipality also allocates a portion of its budget for continuous professional development, making regular training sessions on topics like financial management and technical skills mandatory for all staff. Finally, a human resources department addresses staff welfare and performance management, handling employee relations and conducting annual performance reviews to ensure accountability and reward for meeting targets.

Planning and Infrastructure Development

This critical program aims to improve the physical environment and connectivity within the municipality. Urban planning is guided by a master plan created with input from both urban planners and the community, which directs urban growth, zoning regulations, and the allocation of land for various uses. The municipality is also actively involved in roads and transport, through cabro and drainage works funded by the municipal budget and in collaboration with other government levels and World Bank funding.

Environmental Management

The Environmental Management program focuses on protecting the environment, promoting sustainable practices, and improving public health. This is achieved by ensuring a comprehensive waste management system with designated collection points and regular schedules, while also promoting recycling and waste segregation. Furthermore, the municipality has initiated green spaces and conservation efforts through tree-planting programs and by actively protecting designated green spaces to promote biodiversity and environmental health. This will be achieved in collaboration with the Water, Energy, Environment, Natural Resources and Climate Change department.

Trade and Tourism

This program is designed to stimulate economic growth and create employment opportunities. To achieve this, the municipality focuses on promoting market development with modern market stalls and business centers with the respective county departmental agencies having the necessary budgeted funding. The municipality also provides support for local businesses through holding public foras to engage stakeholders actively. It also plans in future to organize trade fairs to help local businesses showcase their products.

Social Services

This program aims to address the social needs of the community to ensure the well-being of residents in collaboration with other related county departments based on available budget allocations. Key focus areas on youth development and community support programs; plans to supports through running youth empowerment programs that offer mentorship and skills training.

Lastly, community support programs implementation to assist vulnerable groups and create safe public spaces like parks and community halls, often in partnership with community-based organizations.

– *Comment on value-for-money achievements,*

Municipality has demonstrated a strong commitment to achieving value for money across its programs. In public services and utilities, the municipality has secured significant external funding to address infrastructure, roads and sewerage needs, enabling it to deliver essential services without overstressing limited local resources. Being a young municipality, we've haven't achieved much as desired but through the continuing NMT cabro works being undertaken there has been tremendous facelift of the business frontage.

Improved service delivery and transparency in the municipal operations has saved both time and money for residents. From a financial and institutional management perspective, regular audits ensures efficient budget utilization, while a focus on technical and capacity building has resulted in a more proficient workforce, maximizing the impact of every shilling spent.

– *List the implementation challenges of strategic objectives for the Municipality and the entity's future outlook (here you could mention the budget allocation for the coming year and the programs that the entity wishes to undertake in line with the Municipality's strategic plan).*

While Municipality of Gilgil has made significant strides in implementing its strategic programs, several challenges must be navigated. These include financial constraints, as limited resources can hinder the scale and speed of planned infrastructure projects. Technical capacity is another challenge, as the adoption of new systems like E-GP requires continuous training to ensure staff are proficient. Furthermore, community participation can be a challenge, requiring on-going efforts to engage residents in planning and policy-making.

Looking ahead, the municipality's strategic outlook is optimistic, with a focus on core areas for the coming financial year. A significant portion of the budget is expected to be allocated to the Planning and Infrastructure Development program, with a specific focus on expanding the road network and improving drainage systems to accommodate the municipality's rapid growth.

Additionally, the Environmental Management program will see increased focus with increases in county budget funding for green initiatives and waste management systems, in line with the strategic plan's emphasis on sustainable urban development and public health.

– *Highlight key risk management strategies*

Financial Risk Management: The municipality mitigates financial risk by leveraging external funding from the equitable share and other development partners. It also conducts regular audits to ensure efficient budget utilization and prevent waste.

Operational Risk Management: To address the risk of infrastructure failure and high maintenance costs, the municipality opts for modern, durable technologies for its projects so as to have a very long service life.

Institutional Risk Management: The municipality manages the risk of inefficiency and poor service delivery by investing in technical and capacity-building initiatives to create a more proficient workforce.



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Name: Joseph M.Njeru
Municipality Manager

7. Statement of Performance Against Predetermined Objectives for the FY

The key development objectives of the Municipality of Gilgil FY 2024-2025 are:

- a) Improved infrastructural development through construction of parking lots and installation of solar street lights;
- b) Improved environmental management through purchase and installation of litter bins and
- c) Rehabilitation of parks/green spaces;
- d) Improved Social Services through rehabilitation of social halls.
- e) Administration and Planning

Program	Objective	Outcome	Indicator	Performance
Planning and Infrastructure Development	To enhance the Municipality infrastructure, including transportation networks, utilities, and public facilities, to support economic growth.	Enhanced quality of life for residents and improved economic development.	Number of parking slots cabro paved. Number of master plans developed. Number of solar streetlights installed.	In FY under review we were able to achieve 45% of NMT Cabro works.
Environmental Management & Urban Greening	To promote sustainable environmental practices and enhance urban biodiversity and aesthetic appeal through the	Sustainable and healthy environment for residents through well-maintained public green spaces for recreation and ecological benefits.	Purchase and installation of litter bins. Rehabilitation of parks/green spaces. Purchase and planting	Budget constraints as a result of budget cuts during supplementary 1 budget, led to un-actualization in planned programmes. To be rolled over to the next period based on

*County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025*

Program	Objective	Outcome	Indicator	Performance
	development and maintenance of green spaces.		of trees.	availability of funds from the county treasury.
Social Services & Community Development	To improve access to essential social services, strengthen community resilience, and promote inclusive development for all residents, particularly vulnerable groups.	Enhanced well-being of vulnerable populations and Increased participation of marginalized groups in decision-making processes.	Rehabilitation of social halls. Marking of national events and celebrations. Holding of public participation forums.	Increased public participation forums during the implementation of NMT project. Budget constraints as a result of budget cuts during supplementary 1 led to the limitation in rehabilitation of social hall.
Urban governance & administration	Improved management of municipal affairs.	Enhanced governance and transparency in municipal operations.	Number of Board Resolutions passed.	Continuous throughout the FY as per statutory requirements. Cabro project implemented and on-going.

8. Corporate Governance Statement

- i. *Appointment of Board members, Process of appointment and removal of directors, The size, diversity, and demographics of the Board, Existence of the board charter*

Process of Appointment of Gilgil Municipality Board Members

Three (3) members of the Board of the Municipality shall be appointed by the County Governor and approved by the County Assembly; four (4) members of the Board shall be nominated by the following association and appointed by the County Governor with approval of the County Assembly— (i) an umbrella body representing Professional Associations in the area; (ii) (iii) an association representing the private sector in the area; a cluster representing registered associations of the informal sector in the area; and (iv) a cluster representing registered neighbourhood associations in the area (v) an ordinary resident or has a permanent dwelling in the municipality; and (vi) carries on business in the municipality or has lived in the municipality for at least five years; The process typically involves the following steps:

- 1) ***Vacancy Announcement:*** The County Government of Nakuru, which oversees Gilgil Municipality, announces the vacancies for board members. This announcement usually includes the qualifications required for the positions, application procedures, and deadlines.
- 2) ***Application and Screening:*** Interested individuals submit their applications, which are then reviewed by a screening committee. The committee assesses the applicants' qualifications, experience, and suitability for the roles.
- 3) ***Interviews:*** Shortlisted candidates are typically interviewed by the screening committee or a panel of experts. The interviews are designed to assess the candidates' knowledge, skills, and commitment to serving the municipality.
- 4) ***Recommendation:*** The screening committee prepares a list of recommended candidates based on the interviews and other assessments.
- 5) ***County Assembly Approval:*** The recommended candidates' names are submitted to the Nakuru County Assembly for approval. The assembly conducts hearings to vet the candidates and ensure their suitability for the positions.
- 6) ***Appointment:*** If approved by the county assembly, the Governor of Nakuru appoints the recommended candidates to the Gilgil Municipality Board.

Process of Removal of Gilgil Municipality Board Members

Removal of members of the Board of the Municipality:

(1) A member of the Board of the Municipality shall cease to hold office if the member—

(a) is unable to perform the functions of the office by reason of mental or physical infirmity;

(b) is declared or becomes bankrupt or insolvent;

(c) is convicted of a criminal offence and sentenced to a term of imprisonment of six months or more;

(d) resigns in writing to the County Governor;

(e) without reasonable cause, the member is absent from three consecutive meetings of the Board or Committee of the Board of the Municipality within one financial year;

(f) is found guilty of professional misconduct by the relevant professional body;

(g) is disqualified from holding a public office under the Constitution;

(h) fails to declare his or her interest in any matter being considered or to be considered by the Board or Board Committees;

(i) engages in any gross misconduct; or

(j) dies.

(2) A member of the Board of the Municipality may be removed from office by—

(a) the County Governor subject to articles 17(3) of this Charter;

(b) a resolution of the Board of the Municipality supported by at least two-thirds of the members of the Board of the Municipality;

(c) petition by the residents of the Municipality to the County Assembly; or

(d) adverse recommendation by a Committee of the Assembly having taken into account the provisions of article 17(3).

(3) The procedure for the removal or petition for removal of a member of the Board of the Municipality under 17(2) above shall be as may be provided by the Assembly Standing Orders, County legislation or regulations.

(4) Any vacancy arising out of the removal of a member of the Board of the Municipality may be filled in the manner provided under Article 7 and 8 above.

ii. Roles and functions of the board

The Board of the Municipality shall perform the following functions (County Government Of Nakuru - the Municipality of Gilgil Charter) —

- (a) Oversee the affairs of the Municipality;
- (b) Develop or adopt policies, plans, strategies and programme and set targets for service delivery;
- (c) Formulate and implement an integrated development plan;
- (d) Control, land sub-division, land development and zoning by public and private sectors for any purpose, including industry, commerce, markets, shopping and other employment centers, residential areas, recreational areas, parks, entertainment, passenger transport, agriculture, and freight and transit stations within the framework of the spatial and master plans for the Municipality as delegated by the County Government of Nakuru;
- (e) Promoting and undertaking infrastructural development and services within Municipality as delegated by the County Government of Nakuru;
- (f) Developing and managing schemes, including site development in collaboration with the relevant national and county agencies;
- (g) Maintaining a comprehensive database and information system of the administration; (h)
- (i) (h) Administering and regulating its internal affairs;
- (i) Implementing applicable national and county legislation;
- (j) Entering into contracts, partnerships or joint ventures as it may consider necessary for the discharge of its functions;
- (k) Monitoring and, where appropriate, regulating municipal services where those services are provided by service providers other than the Board of the Municipality;
- (l) Preparing and submitting its annual budget estimates to the relevant County Treasury for consideration and submission to the County Assembly for approval as part of the annual County Appropriation Bill;
- (m) Collecting rates, taxes levies, duties, fees and surcharges on fees as delegated by the County Government of Nakuru;
- (n) Settling and implementing tariff, rates and tax and debt collection policies as delegated by the County Government of Nakuru;
- (o) Monitoring the impact and effectiveness of any services, policies, programs or plans;
- (p) Establishing, implementing and monitoring performance management systems;
- (q) Promoting a safe and healthy environment;
- (r) Facilitating and regulating public transport; and

*County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025*

(s) Performing such other functions as may be legislated or delegated by the County Government of Nakuru or as provided by article 5 of this Charter.

iii. Induction, training, and development

The Board Members were inducted December 2023 at Utalii Hotel. Training for the board members is a continuous endeavour that is structured through workshops and seminars to compliment the development of members.

iv. Board and members performance

The board has been involved in various community-focused initiatives and public participation foras on the implementation of NMT project and deliberations on budget implementation for FY 2025/26.

v. Number of Board meetings held and the attendance to those meetings by members

The municipality in the financial year 2024/2025 held five full board meetings and held committee meetings for its four respective committees as below:

Board Members	Full Board Meeting				
	16/09/2024	1/10/2024	6/12/2024	29/01/2025	4/4/2025
Joseph Theuri	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Shamma Wangui	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Teresia Karugi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Pauline Mbuva	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mbogo Kimani	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Stephen Kimani	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Josphat Kiarie	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Board Members	Finance & Administration Committee Meeting		
	19/07/2024	16/10/2024	27/05/2025
Teresia Karugi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Stephen Kimani	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Pauline Mbuva	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Board Members	Urban Planning & Infrastructure Development Committee Meeting		
	2/8/2024	1/10/2024	26/06/2025
Shamma Wangui	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mbogo Kimani	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Stephen Kimani	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Board Members	Environment, Trade, Tourism and Social Services Committee Meeting		
	2/8/2024	16/10/2024	27/06/2025
Josphat Kiarie	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Pauline Mbuva	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Teresia Karugi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Board Members	Audit, Risk and Compliance Committee Meeting
	2/8/2024
Shamma Wangui	<input checked="" type="checkbox"/>
Josphat Kiarie	<input checked="" type="checkbox"/>
Mbogo Kimani	<input checked="" type="checkbox"/>

vi. *Succession plan*

Succession planning is a systematic process that ensures the continuity of leadership and operations within an organization. It involves identifying, developing, and preparing potential successors to fill critical roles when incumbents leave. Board members shall hold office for a term of five years, upon completion of their term the process of appointment as guided by UACA Act 2011 will be followed.

vii. *Policy to manage conflict of interest.*

The municipality has implemented strong internal controls to manage risks and protect the public's interests. These controls include mandatory disclosure of information, clear policies and procedures, independent oversight, and training for municipal employees to uphold ethical standards.

viii. *Board remuneration*

The Board of the Municipality shall not be entitled to a salary. However, members of the Board of the Municipality shall be paid such allowances as the County Executive Committee shall, on the advice of the Salaries and Remuneration Commission, determine.

ix. *Ethics and Conduct*

The Municipality of Gilgil, as a public body within Nakuru County, is bound by a comprehensive framework of ethics and conduct rooted in the Kenyan Constitution and various National and County

County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025

laws i.e The Constitution of Kenya, The Leadership and Integrity Act, 2012, The Public Officer Ethics Act, The County Governments Act, 2012, The Urban Areas and Cities Act, 2011.

x. Governance audit

The Municipality of Gilgil was elevated to this status relatively recently, which presents its own set of governance challenges. The municipality faces issues related to financial controls, legal compliance and delegation of responsibilities.

xi. Communication policy

As a devolved government entity in Kenya, Municipality of Gilgil communication policy is not a standalone document but is part of a broader framework established by the **Nakuru County Government** and National laws. The overarching goal is to ensure transparency, accountability, and effective public participation.

xii. Terms of Reference of Committees

The Municipality of Gilgil, as a body under the County Government of Nakuru, operates through various committees. The functions and responsibilities of these committees can be inferred from official meeting minutes and county reports.

xiii. Policy on related party transactions

Municipality of Gilgil does not have a separate, stand-alone "Policy on Related Party Transactions." Instead, its conduct is governed by national and county-level legal frameworks that address conflicts of interest, procurement, and financial management. These laws are designed to prevent the very issues that such a policy would cover, ensuring that all transactions are conducted in a fair, transparent, and arms-length manner.

9. Management Discussion and Analysis

Under this section, the management shall give a report:

a. On the operational and financial performance of the Municipality during the period,

Municipality of Gilgil financial performance during the FY 2024/2025 was characterized by a very low budget absorption rate. The municipality was entirely dependent on transfers from the Nakuru County Government, as it did not generate any Own Source Revenue.

Despite having an approved budget of over Kshs. 48,247,492, the municipality only spent KShs. 2,532,690, resulting in a total budget absorption rate of just 5%. This low absorption was largely driven by a complete lack of development expenditure, as no funds were spent on the approved projects. Recurrent expenditure under administration and planning program (Kshs.11,288,714), while having a slightly higher absorption rate of 22%, was still significantly below the approved budget, indicating underutilization of funds allocated for staff compensation and day-to-day operations.

The failure to implement development projects, such as the NMT Cabro Installation, points to significant challenges in project execution and financial management during this period.

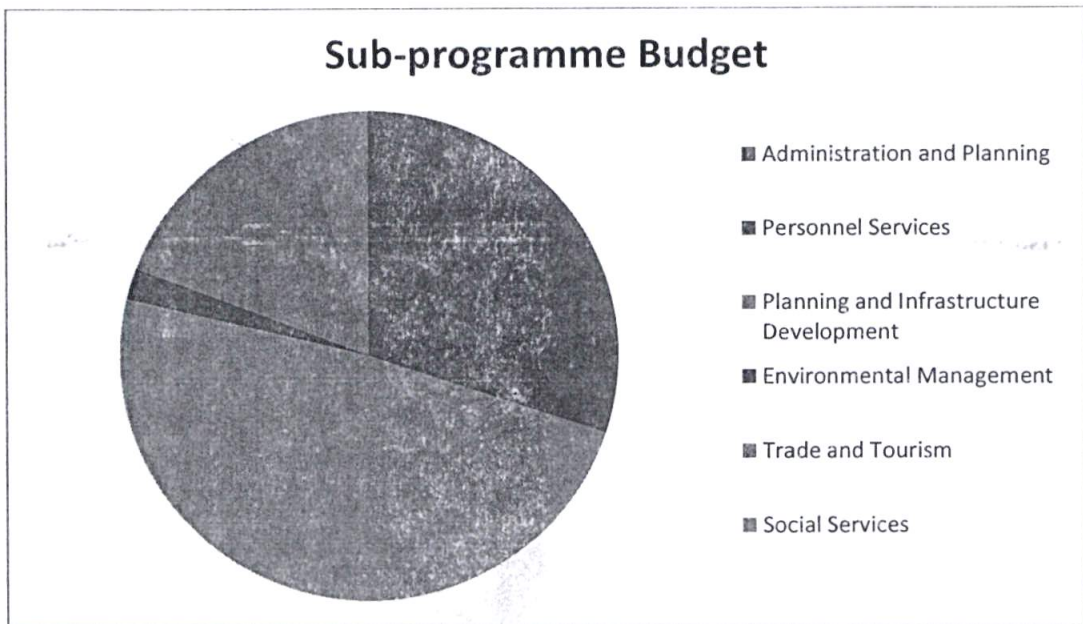


Diagram 1: Municipality Sub-programme Budget

b. Entity's key projects or investments decision implemented or ongoing,

Gilgil Municipality is actively pursuing various key projects and investments to enhance its urban infrastructure and improve the quality of life for its residents. These initiatives are being undertaken with support from the Nakuru County Government and World Bank funding.

The municipality is investing in several other areas, including the installation of solar-powered streetlights to enhance security and urban beautification projects such as the rehabilitation of parks,

*County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025*

the installation of litter bins, and tree-planting. The municipality has also expressed interest in adopting a Non-Motorized Transport (NMT) infrastructure model to improve pedestrian and cyclist mobility.

c. Municipality's compliance with statutory requirements,

The Municipality complies with the following statutory requirements;

- ❖ Composition of the Board; The board composition meets the necessary legal threshold for operation*
- ❖ Gender equity- The Composition of the board meets 1/3 gender rule*
- ❖ No of Board Meetings Held; The board has held 5 board meetings*
- ❖ Financial reporting; The management adheres to the PFM and PPADA Act requirements with respect to expenditure and reporting.*

d. Major risks facing the Municipality, material arrears in statutory and other financial obligations, and

Gilgil Municipality faces slight operational and financial risks, particularly its high dependency on county transfers, extremely low budget absorption rate, and institutional and human resource constraints. The management is working on the improvement in the next financial year.

e. Any other information considered relevant to the users of the financial statements.)

Civic engagement with stakeholders and other development partners is of high importance in the municipality achieving its objectives.

10. Environmental And Sustainability Reporting

1. Sustainability strategy and profile

Gilgil Municipality's sustainability agenda is shaped by several global, national, and local drivers. Climate change remains a key influence, with priorities geared toward resilience measures such as water conservation, afforestation, and sustainable land use, in line with the national government's directive to accelerate forest cover. The Municipality also anchors its development agenda on the United Nations Sustainable Development Goals (SDGs), with particular emphasis on clean water and sanitation (SDG 6), good health and well-being (SDG 3), and sustainable cities and communities (SDG 11). Its mission to enhance the well-being of residents through responsive, efficient, and inclusive governance reflects these international commitments. At the same time, macroeconomic dynamics—including inflation and supply chain disruptions—pose challenges by affecting project costs and funding flows, especially given the Municipality's reliance on county transfers linked to national exchequer releases. To address these realities, Gilgil's development plans and sectoral reports highlight three broad priorities: strengthening urban infrastructure through improved roads, drainage, street lighting, and public spaces; promoting environmental conservation via tree planting, beautification, and solid waste management; and enhancing community well-being through the rehabilitation of social halls and initiatives that foster social cohesion.

2. Environmental performance

i) Environmental Policy and Guiding Principles

Municipality of Gilgil's environmental policy is not a standalone document but is guided by the broader policies and legal frameworks established by the National Environment Management Authority (NEMA) and the Nakuru County Government. Key guiding principles include:

- Compliance with the County Waste Management Act.
- Sustainable Urban Development: Integrating environmental considerations into urban planning and infrastructure development to ensure a healthy and clean living environment.
- Waste Management: Promoting an integrated waste management strategy that includes reduction, reuse, recycling, and safe disposal.
- Climate Resilience: Implementing measures to mitigate the effects of climate change and enhance the community's adaptive capacity.
- Public-Private Partnerships: Encouraging collaboration with private entities and community groups to achieve environmental goals.

Evidence of this policy in action is seen in the requirement for Environmental and Social Impact Assessments (ESIA) for projects like the proposed installation of an incinerator or the upgrading of roads. These assessments detail mitigation measures for potential environmental impacts.

ii) Successes, Shortcomings, and Mitigation Measures

Successes:

- **Strategic Planning:** The municipality has successfully integrated environmental sustainability into its planning documents, such as the Annual Development Plan (ADP), which includes a focus on a "Sustainable Environment for Municipality Residents."
- **Partnership Initiatives:** The municipality has fostered partnerships with stakeholders' tree planting exercises.
- **Waste Management Infrastructure:** The municipality is committed to improving the handling and disposal of hazardous waste, which will benefit industries and public health.
- **Urban Greening:** Efforts have been made in urban beautification, including tree-planting exercises and the rehabilitation of green spaces.

Shortcomings:

- **Lack of Implementation:** A major shortcoming is the gap between policy and implementation. The low budget absorption rate for the FY 2024/2025 indicates that many planned environmental projects may not have been executed.
- **Inadequate Waste Management Infrastructure:** Despite plans the municipality continues to face challenges with waste management. While a new facility is a positive step, it is not yet fully operational.
- **Environmental Impact of Projects:** While ESIA's are a requirement, there is often a challenge in ensuring full compliance and effective monitoring of mitigation measures during and after project implementation. For example, during road construction, there are risks of dust, noise, and soil erosion that require careful management.

Mitigation Measures:

- **Increase Budgetary Allocation and Absorption:** The municipality needs to prioritize funding for environmental projects and improve its project management to ensure these funds are utilized effectively.
- **Enforce Environmental Regulations:** Strengthen the enforcement of environmental regulations to hold organizations and individuals accountable for environmental degradation.
- **Public Awareness Campaigns:** Launch public awareness campaigns to educate residents on the importance of environmental conservation, proper waste disposal, and climate change adaptation.

iii) Efforts to Manage Biodiversity

The municipality's efforts to manage biodiversity are primarily focused on tree planting and afforestation initiatives.

- Tree Planting: The ongoing tree planting exercises, often in collaboration with other organizations, are a key strategy for increasing forest cover, which contributes to local biodiversity and climate resilience.
- Urban Beautification: The rehabilitation of parks and green spaces provides habitats for local flora and fauna, contributing to urban biodiversity.

iv) Effective Waste Management (Reduce, Reuse, Recycle, Disposal)

The municipality's waste management strategy is guided by the Nakuru County Waste Management Policy.

- Waste Segregation: There are efforts to promote waste segregation at the source, with the provision of solid waste collection bins. However, the effectiveness of this system in practice and the level of public compliance is a continuous challenge.
- Disposal Methods: The implementation of a new incinerator facility will be a major step towards providing a modern and effective disposal route for hazardous waste. For non-hazardous waste, the municipality relies on a system of collection and disposal at approved county landfills.
- "Reduce, Reuse, Recycle": While the policy promotes these principles, a formalized and widely-implemented program for recycling is not prominently reported. This area represents a significant opportunity for the municipality to engage with the private sector and community groups.

v) Efforts to Reduce Environmental Impact of the Organization's Operations

Municipality of Gilgil is taking steps to reduce its own environmental footprint, aligning with best practices for sustainable organizations.

- Paperless Office: There is a move towards the digital presentations to reduce the use of paper, a common practice in modern administration.
- Waste Segregation: Bins are provided within the municipal compound for waste segregation.
- Vehicle Maintenance: The municipality is expected to maintain its fleet of vehicles regularly to reduce carbon dioxide emissions.

vi) Initiatives Around Climate Change

Municipality of Gilgil is actively planning to engage in initiatives to address climate change and promote climate-smart technologies in collaboration with the Water, Energy, Environment, Natural Resources and Climate Change department projects funded by programs like the Financing Locally-Led Climate Action (FLLoCA), which supports initiatives such as water projects aimed at improving community resilience to drought. The municipality plans to invest in solar-powered streetlights to enhance security and reduce energy consumption, a key aspect of green building and urban development. Community-Led Initiatives: The municipality supports community-led initiatives, such as the Gilgil Township community garden, which promotes sustainable agriculture and food security, both of which are crucial for adapting to a changing climate.

3. Employee welfare

i) Policies Guiding the Hiring Process

Municipality of Gilgil, as an entity of the Nakuru County Government, adheres to the County Public Service Board policies and guidelines, as well as the broader constitutional and legislative framework on human resource management. Gilgil Municipality's hiring practices are guided by constitutional provisions that prohibit discrimination on the basis of gender, age, disability, or other status, with the Nakuru County Government's Gender and Development Policy (2021–2027) providing a framework for promoting equality and affirmative action to ensure the inclusion of men, women, youth, and vulnerable groups. Recruitment and staff appraisal are overseen by the County Public Service Board, with the County Assembly exercising oversight functions, while citizen engagement is facilitated through public participation forums and the preparation of annual development plans that allow stakeholders to influence policy priorities, including those related to human resource management. Importantly, these policies are subject to periodic review and improvement which emphasizes the evolving nature of institutional commitments to equal opportunity and diversity.

ii) Skills and Career Management, Appraisal, and Reward Systems

Gilgil Municipality's sub-sector reports and development plans highlight the continuous need to strengthen human resource capacity through staff training and skills development. In line with legal requirements, the municipality also implements performance contracting and staff appraisal systems under the oversight of the County Public Service Board, aimed at ensuring accountability and linking performance to career progression, even though the exact appraisal metrics remain unspecified. Additionally, staff remuneration and allowances, determined by the Salaries and Remuneration Commission (SRC), form a significant part of recurrent expenditure and provide a standardized reward system consistent with public service guidelines.

iii) Safety and Compliance with Occupational Safety and Health Act (OSHA) 2007

The Municipality of Gilgil is obligated, like all workplaces in Kenya, to comply with the Occupational Safety and Health Act (OSHA) of 2007, which requires employers to safeguard employee welfare by promoting safety, preventing work-related injuries and diseases, and ensuring healthy working conditions. Evidence of compliance is typically reflected in Environmental and Social Impact Assessment (ESIA) reports prepared for municipal projects. In practice, the municipality demonstrates its commitment to workplace safety through maintaining proper sanitation and aim at minimizing risks and ensuring a safe working environment.

4. Market place practices

The organisation should outline its efforts to:

a) Responsible competition practice.

Gilgil Municipality upholds fair competition and transparency in its procurement processes by conducting project tendering through an open competitive method, with opportunities

advertised on platforms such as the Public Procurement Information Portal (PPIP). The process is guided by the Competition Act 2010. Affirmative action is also promoted through the Access to Government Procurement Opportunities (AGPO) scheme, which reserves tenders for women, youth, and persons with disabilities. In addition, the municipality operates under national anti-corruption laws, including the Public Officer's Ethics Act and the Anti-Corruption and Economic Crimes Act, and enhances accountability by engaging citizens through public participation forums where concerns and suspected malpractices can be raised. Political leaders, including the Governor and Municipal Board members, also take part in public forums to deliberate on development priorities. To ensure fairness among competitors, standardized tender documents and strict provisions against unfair practices are applied, guaranteeing that all bidders are evaluated on equal terms and within a level playing field.

b) Responsible Supply chain and supplier relations

Gilgil Municipality upholds good business practices and financial integrity by operating within the legal and regulatory framework of the County Government of Nakuru, guided by the Public Finance Management Act and the Public Procurement and Asset Disposal Act. Transparency is promoted through the publication of tenders and procurement notices on official government portals, ensuring equal access to information for all suppliers. Strong internal controls and audits safeguard financial management by preventing fraud, maintaining proper documentation, and ensuring accountability, while the use of digital platforms for supplier registration, prequalification, and tendering enhances efficiency and fairness. Payment practices are also formalized, requiring proper documentation and compliance with national regulations which mandates timely settlement of invoices, while ongoing efforts to address pending bills demonstrate a commitment to supporting supplier stability. Procurement is conducted primarily through open competitive tendering, evaluated against transparent criteria by a procurement committee, and supported by inclusivity measures like the Access to Government Procurement Opportunities (AGPO) program, which reserves tenders for women, youth, and persons with disabilities.

c) Responsible marketing and advertisement or Responsible engagement with the citizens

The municipality, under the County Government of Nakuru, is committed to transparent, honest, and respectful engagement with its citizens. This is achieved through a multi-faceted approach that prioritizes public participation, clear communication, and the delivery of accurate information.

Municipality of Gilgil is actively engaged in ethical and responsible communication and outreach with its citizens. By prioritizing public forums, transparent reporting through its

website and media, and honest communication, it fosters an environment of trust and accountability. These efforts are aligned with the principles of good governance and aim to ensure that the development of the municipality is a collaborative process that benefits all residents. The municipality's commitment to these practices is evident in its ongoing efforts to involve citizens in key decisions, from urban development to budgetary allocations.

d) Product stewardship or Awareness creation

The Municipality of Gilgil approach focuses on transparency, public participation, and the establishment of clear channels for redress and information dissemination. Municipality's efforts to safeguard citizen rights and interests are integrated into its governance and service delivery framework. By prioritizing public participation through consultative forums, ensuring transparency with public information on its website, and engaging in dispute resolution, the municipality is working to build trust and accountability. While challenges persist, the municipality's proactive approach to information dissemination and dispute resolution is a crucial step towards upholding the rights and welfare of its citizens.

5. Corporate Social Responsibility/Community Engagements

Municipality of Gilgil places strong emphasis on public participation, sensitization, and civic education in its governance processes, consistent with constitutional requirements. Citizen involvement is facilitated through consultative forums such as the Public Urban Engagement Forum where residents engaged with municipal leaders and the Governor's office on urban development priorities. Such forums enable stakeholders to propose projects while raising concerns, such as youth employment in on-going development projects and the need for improved road infrastructure. Public participation also extends to the budget-making process, where the County Treasury issues notices inviting citizen input on key financial documents like the County Fiscal Strategy Paper, with reports published online and memoranda accepted to ensure accountability in resource allocation. Similarly, during Gilgil's elevation to municipal status, a series of public consultations were conducted in line with the Urban Areas and Cities Act, reinforcing community ownership of governance decisions. Beyond governance, the municipality also embraces community-oriented initiatives that reflect the principles of corporate social responsibility (CSR). Environmental sustainability is prioritized through tree-planting programs, as highlighted in the 2023/24 Sub-Sector Report, supporting national and county climate action goals while improving air quality and preventing soil erosion. The municipality also conducts clean-up exercises that promote civic responsibility, social cohesion, and community pride. In addition, infrastructure development and service delivery remain core functions, with investments in roads, office rehabilitation, and projects like non-motorized transport upgrades providing direct benefits to residents and enhancing quality of life.

11. Report of the Municipality Board Members

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

Principal activities

Pursuant to section 21 of the Urban Areas and Cities Act, the County Executive delegated the following functions to the Municipal Board of Gilgil:

1. Development Control:
 - a) Development surveillance and compliance;
 - b) Outdoor advertisement control
2. Solid Waste management:
 - a) Cleansing functions;
 - b) Oversight and enforcement of service providers on municipal solid waste collections;
 - c) Management of Public Open Spaces (POS) including parks, gardens, squares, boulevards, streets and footpaths and children playgrounds, within the municipal boundaries.
3. On-street parking:
 - a) Delineation of parking spaces and improving infrastructure of the parking spaces;
 - b) Oversight and enforcement of service providers on parking services, within the municipal boundaries.

Performance

The performances of the Municipality for the year ended June 30, 2025 are set out on page xxii.

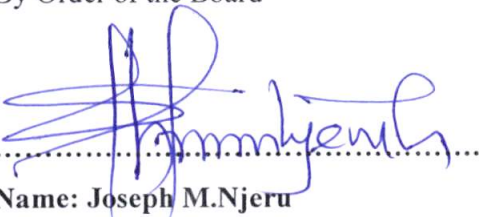
Board Members

The members of the Board who served during the year are shown on page vii to xii.

Auditors

The Auditor General is responsible for the statutory audit of the Municipality in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....

Name: Joseph M.Njeru

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 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 manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

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

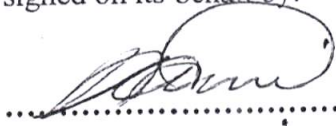
The Municipality Manager further confirms the completeness of the accounting records which have been relied upon in the preparation of financial statements as well as the adequacy of the systems of internal financial control.

County Government of Nakuru
Municipality of Gilgil
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 (*disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements*). Nothing has come to the attention of the Municipality Manager to indicate that the Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

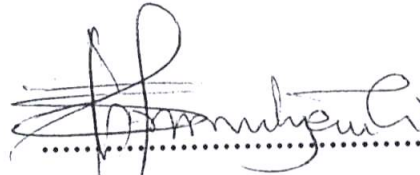
Approval of the financial statements

The City/Municipal/City's financial statements were approved by the Board on 27/08/2025 and signed on its behalf by:



.....

Name: Joseph Theuri
Chairperson of the Board



.....

Name: Joseph M. Njeru
Accounting officer of the Board

REPUBLIC OF KENYA



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Website: www.oagkenya.go.ke

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

REPORT OF THE AUDITOR-GENERAL ON MUNICIPALITY OF GILGIL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF NAKURU

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 that 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 Municipality of Gilgil – County Government of Nakuru set out on pages 1 to 48, 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 the 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, financial statements present fairly, in all material respects, the financial position of Municipality of Gilgil – County Government of Nakuru as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Urban Areas and Cities Act, 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Failure to Disclose Material Uncertainty Related to Going Concern

The Municipality reported deficit for the year amounting to Kshs.1,777,389, increasing the accumulated deficit as at 30 June, 2025 to a balance of Kshs.2,744,179. Further, the statement of financial position reflects current liabilities balance of Kshs.2,539,470 which exceeds the current assets of Nil balance, resulting to a negative working capital of Kshs.2,539,470.

The Municipality is therefore technically insolvent and its ability to continue as a going concern is dependent upon support from the County Government and its creditors. However, this material uncertainty has not been disclosed in the financial statements.

In the circumstances, Management is unable to meet its obligations as and when they fall due.

2. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects nil amount in relation to purchase of property, plant and equipment and intangible assets. However, note 24 to the financial statements reflects assets additions and disposals amounting to Kshs.361,500 and Kshs.197,940 respectively, resulting in an unexplained variance of Kshs.361,500 and Kshs.197,940.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

3. Un Explained Variance in the Board Expenses

The statement of financial performance and as disclosed in Note 14 to the financial statements reflect Board expenses amount of Kshs.1,839,270. However, the supporting payment schedules provided for audit reflects an amount of Kshs.1,908,770, resulting in an unexplained variance of Kshs.69,500.

In the circumstances, the accuracy and completeness of board expenses amounting to Kshs.1,839,270 could not be confirmed.

4. Unsupported Repairs and Maintenance Expense

The statement of financial performance and as disclosed in Note 17 to the financial statements reflects repairs and maintenance expenses amount of Kshs.199,980 in respect of repairs of buildings, However, there were no pre-inspection reports to confirm the need for repairs and post-inspection reports to confirm whether the repairs were undertaken as required on the building property. Further, Management did not provide the payment schedules and vouchers supporting the repairs and maintenance.

In the circumstances the accuracy, completeness and regularity of the repairs and maintenance amounting to Kshs.199,980 could not be confirmed.

5. Unsupported Property Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.55,186,033 as disclosed in Note 24 to the financial statements. The balance includes land and buildings with a net book value of Kshs.51,533,237 and Kshs.2,940,000. However, the land and buildings which were transferred from Nakuru County Government to the Municipality in the financial year 2023/2024 were not supported with ownership documents, valuation reports and transfer documents, making it difficult to confirm the accuracy and completeness of their reported values.

Further, the asset register provided for audit was missing critical details such as serial numbers, tag numbers, and acquisition dates. As a result, the audit could not confirm whether Management conducted proper verification and condition assessment of all assets under the Municipality's control during the year.

In the circumstances, the accuracy, completeness, existence and valuation of the property, plant and equipment balance of Kshs.55,186,033 could not be fully confirmed.

6. Non-Disclosure of Adopted Depreciation Policy

The statement of financial performance reflects depreciation and amortization amount of Kshs.230,641 as disclosed in Notes 16 and 24 to the financial statements. However, review of the significant accounting policies in the financial statements, schedules and the computations for depreciation and amortization expenses, revealed that Management has not disclosed the adopted depreciation and amortization policy on property, plant and equipment contrary to the accounting standards.

In the circumstances, the accuracy and completion of depreciation and amortization amounting to Kshs.230,641 could not be fully confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Municipality of Gilgil - County Government of Nakuru Management in accordance with ISSAI 130 on the Code of Ethics. I have

fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amount reflects final receipts budget and actual on comparable basis amounts of Kshs.48,247,492 and Kshs.2,532,690 respectively, resulting to under-funding of Kshs.45,714,802 or 95% of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior year audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Municipality in 2024/2025 revealed that the following nine (9) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Lack of a Trial Balance
2	2023/2024	Variance in Transfers from the County Government
3	2023/2024	Unsupported Board Expenses
4	2023/2024	Unsupported Property, Plant and Equipment
5	2023/2024	Non-Compliance with the Law on Independence of Municipalities
6	2023/2024	Failure to Open a Bank Account for the Municipality
7	2023/2024	Lack of an Approved Staff Establishment
8	2023/2024	Failure to Establish an Audit Committee
9	2023/2024	Lak of Fraud Policy and Risk Management Strategies

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the 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

1. Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 27 to the financial statements reflects trade and other payables balance of Kshs.2,539,470. Review of aging analysis trade payables balance of Kshs.102,500 had been outstanding for over one (1) year.

In the circumstances, the Municipality's may incur additional and avoidable costs of interest and penalties due to the failure to settle the long outstanding.

2. Failure to Offer Key Services

The statement of financial performance reflects total expenditure of Kshs.4,124,511 which was paid by the County Executive on behalf of the Municipality. Review of the Municipality's operations revealed that there was no evidence to indicate the provision and existence of services as guided by the Urban Areas and Cities (Amendment) Act, 2019. The services include planning and development control, traffic control and parking, street lighting, cemeteries and crematoria, libraries, storm drainage, control of drugs, sports and cultural activities, abattoirs, refuse collection, solid waste management, pollution (air, water, soil) control, child care facilities, community centers, constituent University campuses, polytechnic, stadium, airstrip, theatre, library/ICT services, local economic development plan, Museum/cultural centers, emergency preparedness, funeral parlour, recreational parks and animal control and welfare.

In addition, majority of the services are offered by the County Executive through the Department of Lands, Housing, Urban Area Development, and Physical Planning and the National Government. This was contrary to the first schedule of the Urban Areas and Cities Act, 2011. Similarly, Section 12 (2) of the Act states that the Board of an area granted the status of a City or Municipality under this Act shall be a body corporate with perpetual succession and a common seal.

In the circumstances, the effectiveness of service delivery to the public as envisaged in the law could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual

Basis and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and 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.

Those charged with governance are 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

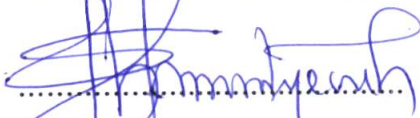
09 December, 2025


*Municipality of Gilgil
County Government of Nakuru
Annual Report and Financial Statements for the year ended June 30, 2025*

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

Description	Note	Current FY	Comparative FY
		2024/25	2023/24
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	2,532,690	1,877,325
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues (<i>Specify</i>)	9	-	-
		2,532,690	1,877,325
Revenue from exchange transactions			
Interest income	10	-	-
Miscellaneous Income	11	-	-
		-	-
Total revenue		2,532,690	1,877,325
Expenditure			
Use of goods and services	12	1,854,620	1,435,095
Staff costs	13	-	-
Board expenses	14	1,839,270	1,409,020
Finance costs	15	-	-
Depreciation and amortization	16	230,641	-
Repairs and maintenance	17	199,980	-
Total expenses		4,124,511	2,844,115
Other gains/losses			
Gain/loss on disposal of assets	18	185,569	-
Surplus/(deficit) for the period		(1,777,389)	(966,790)

The notes set out on pages 23 to 44 form an integral part of these Financial Statements. The entity financial statements were approved on 27/08/2025 and signed by:


 Name: Joseph M. Njeru
 Municipality Manager


 Name: Kennedy Karanja
 Head of Finance
 ICPAK M/No: 29215

County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025

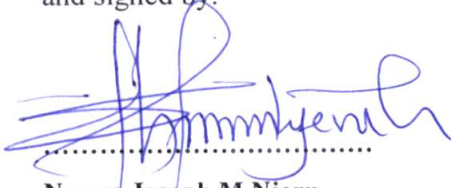
15. Statement of Financial Position As At 30 June 2025

Description	Note	Current FY 2024/25	Comparative FY 2023/24
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	19	-	-
Receivables from exchange transactions	20	-	-
Receivables from non-exchange transactions	21	-	-
Prepayments	22	-	-
Inventories	23	-	-
Total current assets		-	-
Non-current assets			
Property, plant, and equipment	24	55,186,033	55,240,742
Intangible assets	25	-	-
Biological Assets	26	-	-
Total Non-current Assets		55,186,033	55,240,742
Total assets (A)		55,186,033	55,240,742
Liabilities			
Current liabilities			
Trade and other payables	27	2,539,470	966,790
Refundable deposits from customers	28	-	-
Provisions	29	-	-
Borrowings	30	-	-
Employee benefit obligations	31	-	-
Deferred Income	32	-	-
Social Benefits	33	-	-
Total current liabilities		2,539,470	966,790
Non-current liabilities			
Provisions	29	-	-
Borrowings	30	-	-
Non-current employee benefit obligation	31	-	-
Deferred Income	32	-	-
Social Benefits	33	-	-
Total liabilities (B)		2,539,470	966,790

*County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025*

Net Assets (A-B)		52,646,563	54,273,952
Represented by:			
Capital/Development Grants/Fund		55,390,742	55,240,742
Reserves		-	-
Accumulated surplus		(2,744,179)	(966,790)
Net Assets/Equity		52,646,563	54,273,952

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 27/08/2025 and signed by:



Name: Joseph M. Njeru

Municipality Manager

Date:



Name: Kennedy Karanja

Head of Finance

ICPAK M/No

Date:

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

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2023	55,240,742	-		55,240,742
Surplus/(deficit) for the year		-	(966,790)	(966,790)
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
Bal as at 30 Jun 2024	55,240,742	-	(966,790)	54,273,952
Bal as at 1 July 2024	55,240,742	-	(966,790)	54,273,952
Surplus/(deficit) for the year		-	(1,777,389.38)	(1,777,389.38)
Funds received during the year	150,000.00	-	-	150,000.00
Revaluation gain/loss	-	-	-	-
Balance as at 30 June 2025	55,390,742	-	(2,744,179)	52,646,563

Municipality of Gilgil
County Government of Nakuru
Annual Report and Financial Statements for the year ended June 30, 2025

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

Description	Note	Current FY	Comparative FY
		2024/25	2023/24
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government		2,532,690	1,877,325
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous receipts (<i>Specify</i>)		-	-
Total Receipts		2,532,690	1,877,325
Payments			
Use of goods and services		1,854,620	1,435,095
Staff costs		-	-
Board expenses		1,839,270	1,409,020
Finance costs		-	-
Repairs and maintenance		199,980	-
Total Payments		3,893,870	2,844,115
Net cash flows from operating activities	34	(1,361,180)	(966,790)
Cash flows from investing activities			
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		(1,361,180)	(966,790)
Cash And Cash Equivalents At 1 July	19	-	-
Cash And Cash Equivalents At 30 June	19	-	-

*Municipality of Gilgil
County Government of Nakuru
Annual Report and Financial Statements for the year ended June 30, 2025*

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
Budget carryovers from the previous year*	-	-	-	-	-	xxx
Receipts						
Transfers from the County Government	65,255,214	17,007,722	48,247,492	2,532,690	45,714,802	5%
Public contributions and donations	-	-	-	-	-	%
Interest income	-	-	-	-	-	%
Miscellaneous income (<i>specify</i>)	-	-	-	-	-	%
Total Receipts	65,255,214	17,007,722	48,247,492	2,532,690	45,714,802	5%
Payments						
Use of goods and services	8,825,000		8,875,000	1,854,620	7,020,380	21%
Board expenses	10,600,000	-	10,600,000	1,839,270	8,760,730	17%
Staff Costs	3,260,000	-	3,260,000	-	3,260,000	0%
Finance costs	-	-	-	-	-	-
Repairs and maintenance	900,000	-	600,000	199,980	400,020	33%
Total expenditure Payments	23,585,000	250,000	23,335,000	3,893,870	19,441,130	17%
Capital Expenditure Payments	41,670,214	16,757,722	24,912,492	211,500	24,700,992	1%
Surplus for the period	-	-	-	(1,572,680)	1,572,680	

(Budget carryovers This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the CRF. The funds need to be budgeted afresh. Budget carryovers should not include third-party funds such as contractors' retention.)*

Budget notes

The original approved budget was Kshs. **65,255,214** against a final budget of Kshs. **48,247,492** as a result of a supplementary budget passed on occurrence of reduction in the disbursed amount of equitable share from the National Government on occurrence of gen-Z protests that negatively impacted revenue projections.

The actual amounts on expenditure were Kshs. 2,382,960 against an approved budget of Kshs. 48,247,492 resulting to 5% absorption rate. There was trade payables of Kshs. 2,539,470 incurred in May-June 2025 paid in July 2025 as a result of delay in payment disbursement. Recurrent grants

*County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025*

and other transfers had a significant allocation of Kshs. 7,000,000, yet no funds were utilised as the amounts had not been received from donor funding at the close of the financial year under UIG World Bank funding. For development expenditure, an amount of Kshs. 23,448,778 was earmarked for the acquisition of non-financial assets, but again, no spending occurred within the financial year as a result of delay in project implementation.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	(1,572,680)
1	Capital Expenditure - Credit Purchases not reflected in the cashflow.	211,500
	Closing Cash and Cash Equivalent as per the statement of Cash flows	(1,361,180)

19. Notes to the Financial Statements

1. General Information

Municipality of Gilgil is established by and derives its authority and accountability from Urban Areas & Cities Act (No. 13 of 2011). The Municipality is under the County Government Nakuru and is domiciled in Kenya.

The *Municipality's* principal activity is to enhance the well-being and standard of living of its inhabitants.

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 *Municipality's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

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

3. Application of New and revised standards (IPSAS)

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across

	<p>IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and

*County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025*

	<p>measure any impairment in accordance with IPSAS 26.</p> <p>iii. Disclosures that identify and explain the amounts in the Municipality's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
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iii. Early adoption of standards

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

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024/25 was approved by the County Assembly on 25th June, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality recorded reduction appropriations of Kshs.17,007,722 on 9TH 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 Cashflows 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 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. We are guided by the National Treasury and Planning Policy on Asset and Liability Management in the Public Sector (2020) and guidelines for Management of Specific Categories of Assets and Liabilities on the depreciation policy applied.

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. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).*

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 Municipality's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting

contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through 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 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 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 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 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 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 creates and maintains reserves in terms of specific requirements.
Municipality to state the reserves maintained and appropriate policies adopted

m) Changes in accounting policies and estimates

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

n) Employee benefits – Retirement benefit plans

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

o) Foreign currency transactions

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

p) Borrowing costs

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

q) Related parties

The Municipality 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 Managers and Municipality Accountant.

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Events after the reporting period

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorized for issue. Two types of events can be identified:

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

(b) Those that are indicative of conditions that arose after the reporting date (*non-adjusting events after the reporting date*).

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

u) Currency

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

5. Significant judgments and sources of estimation uncertainty

The preparation of the 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 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.

County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements

6. Transfers from the County Government

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	-	-
Payments by County on behalf of the entity	2,532,690.00	1,877,325
Unconditional development grants	-	-
Total	2,532,690.00	1,877,325

(a) Transfers from County Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of financial performance*	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
xx State Department	-	-	-	-	-
XX Ministry	-	-	-	-	-
Total	-	-	-	-	-

7. Public Contributions and Donations

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

8. Levies, Fines and penalties

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others (<i>indicate and specify</i>)	-	-
Total	-	-

9. Other Revenues

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others (<i>indicate and specify</i>)	-	-
Total	-	-

10. Interest income

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others (<i>Specify</i>)	-	-
Total interest income	-	-

11. Miscellaneous income

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others (<i>specify</i>)	-	-
Total other income	-	-

County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025

12. Use of Goods and Services

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Utilities, supplies and services	-	-
Communication, supplies and services	198,000.00	398,385
Domestic travel and subsistence	1,287,220.00	478,700
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	-	172,000
Rent and rates	-	-
Training expenses	141,460.00	126,200
Hospitality supplies and services	214,500.00	50,000
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	-	177,050
Fuel, oil and lubricants	-	-
Other operating expenses (<i>Specify</i>)	13,440.00	32,760
Routine maintenance – vehicles and other equipment	-	-
Routine maintenance – other assets	-	-
Contracted Professional Services	-	-
Audit fees	-	-
Hire of Transport, equipment etc	-	-
Bank Charges	-	-
Social Benefit expenses*	-	-
Total	1,854,620.00	1,435,095

13. Staff costs

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Salaries and wages	-	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs (<i>Specify</i>)	-	-
Total	-	-

14. Board expenses

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	647,950.00	206,800
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	798,820.00	1,202,220
Conference Costs	392,500.00	-
Other allowances (<i>Specify</i>)	-	-
Total	1,839,270.00	1,409,020

15. Finance costs

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

16. Depreciation and amortization

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Property, plant and equipment	230,640.63	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	230,640.63	-

County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025

17. Repairs and Maintenance

Description	Current FY 2024/25	Comparative FY 2023/24
	KShs	KShs
Property- Buildings	199,980.00	-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
Total repairs and maintenance	199,980.00	-

18. Gain/(loss) on disposal of assets

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Property, plant and equipment	185,568.75	-
Intangible assets	-	-
Total	185,568.75	-

19. Cash and cash equivalents

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	-	-
Others(<i>specify</i>)	-	-
Total cash and cash equivalents	-	-

County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025

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

Financial institution	Account number	Current FY 2024/25	Comparative FY 2023/24
		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) Current account			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
d) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
Sub- total		-	-
Grand total		-	-

20. Receivables from exchange transactions

Description	Current FY 2024/25	Comparative FY 2023/24
	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	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Non- current receivables (b)	-	-
Total	-	-

County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025

Ageing analysis for Receivables from exchange transactions

Description	Current FY 2024/25		Comparative FY 2023/24	
	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)	-	%	-	%

21. Receivables from Non-Exchange transaction

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Transfer from County Executive	-	-
Transfer from OX Fund	-	-
Total	-	-

Ageing analysis for Receivables from non-exchange transactions

Description	Current FY 2024/25		Comparative FY 2023/24	
	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	-	%	-	%

22. Prepayments

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Other (specify)	-	-
Total	-	-

23. Inventories

Description	Current FY 2024/25	Comparative FY 2023/24
	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

	Current FY 2024/25	Comparative FY 2023/24
Opening balance	-	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	-	-

County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025

24. Property, Plant and Equipment

Description	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation Rate		2%	0%	12.5%	30%	0%		
As at 1 July 2023 (previous year)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	51,533,237.43	3,000,000.00	-	449,405.00	258,100.00	-	-	55,240,742.43
Revaluation Adjustment	-	-	-	-	-	-	-	-
As at 30th June 2024	51,533,237.43	3,000,000.00	-	449,405.00	258,100.00	-	-	55,240,742.43
Additions for the year	-	-	-	211,500.00	150,000.00	-	-	361,500.00
Disposals for the year	-	-	-	197,940.00	-	-	-	197,940.00
Transfer/adjustments	-	-	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-	-	-	-
As at 30th June 2025 (current year)	51,533,237.43	3,000,000.00	-	462,965.00	408,100.00	-	-	55,404,302.43
Depreciation and impairment								
At 1 July 2023 (previous year)		-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-
Transfers/ Adjustments		-	-	-	-	-	-	-
As at 30 June 2024	-	-	-	-	-	-	-	-
Depreciation for the year		60,000.00	-	48,210.63	122,430.00	-	-	230,640.63
Disposals for the year		-	-	12,371.25	-	-	-	12,371.25
Impairment for the year		-	-	-	-	-	-	-

*County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025*

Transfer/adjustment		-	-	-	-	-	-	-
As at 30 th June 2025 (current year)	-	60,000.00	-	35,839.38	122,430.00	-	-	218,269.38
								-
NBV as at 30 th Jun 2024 (previous year)	51,533,237.43	3,000,000.00	-	449,405.00	258,100.00	-	-	55,240,742.43
NBV as at 30 th Jun 2025 (current year)	51,533,237.43	2,940,000.00	-	427,125.63	285,670.00	-	-	55,186,033.06

County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025

25. Intangible assets

Description	Current FY 2024/25	Comparative FY 2023/24
	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	-	-

26. Biological Assets

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs	Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
Total	-	-

27. Trade and Other Payables

Description	Current FY 2024/25		Comparative FY 2023/24	
	Kshs.		Kshs.	
Trade payables	1,028,480.00		535,990.00	
Retentions	-		-	
Accrued expenses	-		-	
Other payables (<i>Specify</i>)	1,510,990.00		430,800.00	
Total trade and other payables	2,539,470.00		966,790.00	
Ageing analysis:	Current FY 2024/25	% of the Total	Comparative FY 2023/24	% of the Total
Under one year	2,436,970.00	96%	-	%
1-2 years	102,500.00	4%	-	%
2-3 years	-		-	%
Over 3 years	-		-	%
Total	2,539,470.00	100%	-	%

28. Refundable deposits and prepayments from customers

Description	Current FY 2024/25		Comparative FY 2023/24	
	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	-	%	-	%

29. Provisions

Description	Current FY 2024/25	Comparative FY 2023/24
	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	-	-

30. Borrowings

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

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025

Description	Current FY 2024/25	Comparative FY 2023/24
	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	Insert Current FY	Insert Comparative FY
	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	-	-

31. 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	-	-	-	-

32. Deferred Income

Description	Current FY 2024/25	Comparative FY 2023/24
	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	-	-	-	-

Include columns as needed for the various sources of income deferred

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
Total	-

County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025

33. Social Benefit Liabilities

Description	Current FY 2024/25	Comparative FY 2023/24
	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)	-	-

Social benefit schemes include benefits such as cash transfers for the unemployed or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g. poverty, age, unemployment among others.

34. Cash generated from operations

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	(1,777,389.38)	(966,790.00)
Adjusted for:		
Depreciation	230,640.63	-
Amortisation	-	-
Gains/ losses on disposal of assets	(185,568.75)	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	(1,361,180.00)	(966,790.00)

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

35. Related party balances

a) Nature of related party relationships

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

- a) The County Government of Nakuru.
- b) The Department of Lands Physical Planning, Housing and Urban Development.
- c) County Assembly.
- d) Key management.
- e) Gilgil Municipal Board; etc.

b) Related party transactions

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Transfers from related parties'	2,532,690.00	1,877,324.95
Transfers to related parties	-	-

c) Key management remuneration

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Board Members	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Due from parent Ministry	-	-
Due from County Government	2,539,470.00	966,790.00
Due from County Assembly	-	-
Total	2,539,470.00	966,790.00

County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025

e) Due to related parties

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government		
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

36. Contingent liabilities

Contingent liabilities	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Bank guarantees	-	-
Total	-	-

37. Contingent Assets

Contingent liabilities	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Others Specify	-	-
Total	-	-

38. 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. The 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 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 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 (current year)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2024 (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the Municipality's statement of financial position)

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

*County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025*

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

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

II. Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 Jun 2025 (current year)				
Trade payables	-	2,436,970.00	102,500.00	2,539,470.00
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	2,436,970.00	102,500.00	2,539,470.00
At 30 Jun 2024 (previous year)				-
Trade payables	-	966,790.00	-	966,790.00
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	966,790.00	-	966,790.00

III. Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the 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 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 Municipality's exposure to market risks or the manner in which it manages and measures the risk.

IV. Foreign currency risk

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

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

(The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.)

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 (current year)			
Euro	10%	-	-
USD	10%	-	-
2024 (previous year)			
Euro	10%	-	-
USD	10%	-	-

V. Interest rate risk

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

Management of interest rate risk

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

County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025

VI. Capital risk management.

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

Description	Current FY 2024/25	Comparative FY 2023/24
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/Municipality	-	-
Accumulated surplus	2,744,179.38	966,790.00
Total Funds	2,744,179.38	966,790.00
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	xx%	xx%

39. Program for Results (PforR) Disclosure

This disclosure note is for entities that are implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework.

Name of the PforR: 00xx	
Financing Partners: 000x	
Purpose of the PforR: 0xx	
Expenditure Details	Amount in Kshs
Cumulative actual expenditures for the previous years	-
Actual expenditure in the current financial year.	
1. Employee Cost	-
2. Use of goods and Services	-
3. Grants and Subsidies	-
4. Building of ECDE facilities	-
5. Others (specify)	-
Sub-total	-
Cumulative Actual Expenditures to date	-

County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025

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: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
OAG/NRO/GILGIL-MUNICIPALITY/2023/2024/14	Lack of a Trial Balance	We acknowledge the audit observation regarding the lack of a trial balance. We have attached the trial balance as required.	<input checked="" type="checkbox"/>	
OAG/NRO/GILGIL-MUNICIPALITY/2023/2024/14	Variance in Transfers from the County Government	We acknowledge and agree with the audit observation regarding the discrepancies between the financial statements and supporting records. We recognize the importance of accurate and reliable financial reporting. The above was as a result of an erroneous summation amount in the statement of financial performance and we have rectified to portray actual transfers paid up from the County Government as Kshs.1,877,324.95 and the variance of Kshs.966,790.00 being pending bills to make a total of Kshs. 2,844,115.	<input checked="" type="checkbox"/>	

*County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025*

OAG/NRO/GILGIL- MUNICIPALITY/2023/2024/14	Unsupported Board Expenses	We acknowledge the audit observation regarding the unsupported board expenses and wish to declare that for the issue of attendance registers, we have attached attendance lists duly signed as required. Being a new Municipality, we didn't have an Annual Work Plan in place as by the time we came into operations the County exercise had been concluded. However, we were guided by an Integrated Annual Calendar of Activities for FY 2023/24 (2 ND Half) for the Board operations (Attached for reference).	<input checked="" type="checkbox"/>	
OAG/NRO/GILGIL- MUNICIPALITY/2023/2024/14	Unsupported Property, Plant and Equipment	We acknowledge and agree with the audit observation regarding the unsupported property, plant and equipment balance. We recognize the importance of adequate documentation and valuation for accurate financial reporting. Being a new Municipality, we are working on transfer of the respective assets to the Municipality from the mother departments and adoption of the depreciation policy for the County Government of Nakuru currently under review for implementation. Attached is the asset register for the Municipality of Gilgil.	<input checked="" type="checkbox"/>	
OAG/NRO/GILGIL- MUNICIPALITY/2023/2024/14	Non-Compliance with the Law on Independence of Municipalities	We acknowledge and agree with the audit recommendation to grant the Municipality full autonomy and having operational funds to its official bank account. We understand the rationale behind this suggestion: to enhance accountability and ensure accurate financial record-keeping. Being a new Municipality, we are committed to implementing the recommendations in a timely and effective manner in collaboration with the County Executive.		

County Government of Nakuru

Municipality of Gilgil

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

OAG/NRO/GILGIL-MUNICIPALITY/2023/2024/14	Failure to Open a Bank Account for the Municipality	We acknowledge and agree with the audit observation regarding the non-disclosure of bank details and balances in the financial statements. We recognize the importance of transparency and full disclosure in financial reporting. Being a new a Municipality we didn't have any bank details as we commenced operations in the 2 nd Half of the Fy 2023/2024 thus the reason of non- disclosure.	<input checked="" type="checkbox"/>	
OAG/NRO/GILGIL-MUNICIPALITY/2023/2024/14	Lack of an Approved Staff Establishment	We acknowledge and agree with the audit observation regarding the absence of an approved staff establishment. Being a new Municipality, we are in the process of preparation and implementation of an approved Staff Establishment by the CPSB.	<input checked="" type="checkbox"/>	
OAG/NRO/GILGIL-MUNICIPALITY/2023/2024/14	Failure to Establish an Audit Committee	We acknowledge the audit recommendation to establish and activate an Audit and Risk Management Committee. We recognize the importance of an effective Audit Committee in enhancing governance, risk management, and internal control processes. The management in collaboration with the County Executive is working to have an effective County Audit and Risk Management Committee in place, while at the Municipal Board level there's in place an audit and risk committee.		
OAG/NRO/GILGIL-MUNICIPALITY/2023/2024/14	Lack of Fraud Policy and Risk Management Strategies	We acknowledge and agree with the audit recommendation to develop a comprehensive data recovery plan, implement a robust risk management policy, and conduct regular risk assessments of key financial risk areas. We recognize the importance of these measures in safeguarding the Municipality's assets, ensuring operational continuity, and mitigating potential risks. Being a new Municipality, the Management in collaboration with the County Executive is in the process of working to have one.		

Guidance Notes:

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

.....

To be Signed by the Accounting officer of the Entity

*County Government of Nakuru
Municipality of Gilgil
Annual Report and Financial Statements for the year ended June 30, 2025*

Appendix 2: Inter-Entity Transfers

MUNICIPALITY NAME: GILGIL MUNICIPALITY				
Breakdown of Transfers from the County Executive of Nakuru County				
FY 2024/2025				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			2,532,690	FY 2024/2025
		Total	XXX	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
			xx	
		Total	XXX	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			xx	
			xx	
		Total	2,532,690	

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

.....
Signed by the Head of Accounts of the Entity and the transferring Entities

Appendix 3: Reporting of Climate Relevant Expenditures

Name of the Organization: Municipality of Gilgil
 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