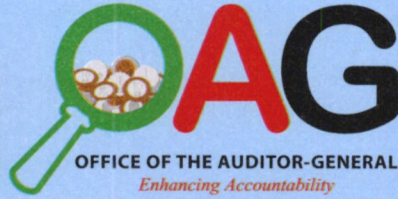


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REPORT

OF

THE AUDITOR-GENERAL

ON

RUIRU MUNICIPALITY

FOR THE YEAR ENDED
30 JUNE, 2025

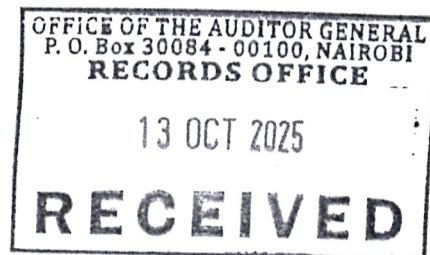
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RUIRU MUNICIPALITY
County Government of Kiambu

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

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



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1. Acronyms and Definition of Key Terms

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act
DOSH	Department of Occupational Health and Safety
KUSP	Kenya Urban Support Programme
MAUD	Municipal Administration and Urban Development
OAG	Office of the Auditor General
UACA	Urban Areas and Cities Act
AUIP	Annual Urban Investment Plans
ISUDP	Integrated Strategic Urban Development Plans
IPSAS	International Public Sector Accounting Standards
APA	Annual Performance Assessment
IDEP	Integrated Development Plans
PAP	Project Affected Persons
P4R	Performance for Results
PFMA	Public Finance Management Act
PPADA	Public Procurement and Disposal Act
NMT	Non-Motorized Transport
NEMA	National Environment and Management Authority
CIDP	County Integrated Development Plan
SDG	Sustainable Development Goals
ESMP	Environmental and Social Management Plan

2. Key Entity Information and Management

a) Background information

Ruiru Municipality was established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 and Cities and Municipal Charter on 27th June, 2018, the Municipality is under the County Government of Kiambu and is domiciled in Kenya.

b) Principal Activities

The municipality vision is to provide affordable, reliable and equitable distribution of services by creating a world class industrial and technological hub through harnessing partnerships and promoting green energy use. The municipality's mission is to be an innovative and sustainable industrial city.

The municipality will strive to achieve the above Mission by;

- a) Contributing actively to the development of its environment, human and social capital;
- b) Offering high-quality services to all who live in, do business in or visit Ruiru Municipality; and being known for its responsive, efficient, effective

c) Key Management

The Municipality management is under the following key organs:

- County department of in charge of Municipalities i.e. municipal Administration and Urban development
- Board of Management
- Municipal Manager
- Management
- County Planning and Urbanization Assembly Committee

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:

SN	Position	Name
1	Municipality Manager	Joanne N. Kihori
2	Resident Engineer	Eng. John Wachira
3	Programme Coordinator	Martin Kangiri
4	Assistant Resident Engineer	Eng. Rukunga

e) Fiduciary Oversight Arrangements

- i) Audit and Risk Management Committee-The board sub-committee comprises of three key board members who reports to the overall board on audit and risk matters. Members who sit in this committee are representatives of professional bodies who are in good standing.
- ii) Kiambu County Assembly: The municipal budget is anchored in the department of Land, Housing Physical Planning Municipal Administration and Urban Development before execution, it's approved by the County Assembly of Kiambu. Quarterly reports are also submitted to ensure budget executions are adhered.
- iii) Kenya Urban Support Program – The State Department of Housing and Urban Development manages the overall grant for all the municipalities in the counties. As part of their monitoring, the County submit quarterly statements of expenditure as part of control
- iv) Office of the Auditor General: The OAG has a statutory obligation where it audits financial statements for all the municipals in the County
- v) Internal Audit: The county has a vibrant internal audit office that undertakes internal controls for the undertaking of the programs.
- vi) World Bank Office: This is the main donor of the program and undertakes impact assessments on improvement of urban areas in the counties to support devolution.

f) Registered Offices

P.O. Box 2344-00900

Ruiru Municipal Manager's Office

Off Ruiru-Kiambu Road,

KENYA

g) Contacts

Telephone: 0718318881

E-mail: ruirumunicipality@kiambu.go.ke

Website: <https://kiambu.go.ke/ruiru-municipality>

h) Bankers

Commercial Banks

Family Bank, Ruiru Branch

A/c No-024000031555, Ruiru Branch.

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 Office of the County Attorney




County Government of Kiambu

P.O. Box 2344 - 00200

Kiambu, Kenya

3. Municipality Board

Name	Details of qualifications and experience
<p>1. Samuel Mwaniki</p>  <p>Independent Board Member</p>	<p>Age: 45 Samuel Mwaniki Waithaka. ID.2051538 Dip.in industrial chemistry, Dip.in Management, Dip.in safety Aviation (international)certificate in fire and safety. A member of Occupational health and safety. Chairman Board of Management Wahundura high Sch, Uhuru Kenyatta Sec. Chairman Kahawa Sukari Welfare association, Municipal Board, Ruiru. Finance, Revenue & Audit committee Legal committee</p>
<p>2. Dr. David Muchina Kamau</p>  <p>Independent Board Member</p>	<p>Age:50 Academic profession: Harvesters Bible College-Diploma in Theology Pathfinder International-Certificate on paralegal free aid/counselling, Luther Rice Institute Work experience: C.E.O-Goshen Havilah Ltd, Director at Denkam Education Centre, Director at Leanmol Senior Academy, Bishop at Shalom Christ Ambassador Miracle Church of Africa Infrastructure Development Committee Finance, Revenue & Audit committee</p>
<p>3.Hon. Salome Kimata OGW</p>  <p>Independent Board Member</p>	<p>Age: 43 She is a social practitioner holder of Bachelor of Arts in Public Administration and Governance & Executive Masters in Business Administration. She has over 20 years working experience in NGO; s, Private & Public Sectors where she served in different capacities i.e., Legislator, Executive Director, Program Coordinator, Project Head, Advocacy Manager and Senior Computer Programmer, Founder of United Disability Empowerment in Kenya (UDEK). Currently working at Forces Network Global serving as Inclusion & Diversity Director. She has received several recognition awards by the Government, Private Sector and UN Agency On advocacy and capacity building. Legal committee Gender Mainstreaming committee</p>

<p>4. Monica Muthoni Mwangi</p>  <p>Independent Board Member</p>	<p>Age:45 Academic profession: Masters of Business Administration Swiss Management Academy, Nairobi Bachelor of Business (Marketing & Management), Edith Cowan University, Australia Work experience: Sales & Marketing Manager, Nairobi Law Monthly Publication Manager, Venjack Ltd Gender Mainstreaming committee Finance, Revenue & Audit committee</p>
<p>5. Simon Githiora Njuguna (Rev.)</p>  <p>Independent Board Member</p>	<p>Age: 54 Academic profession: Masters of Theology in peace building BBA Bachelor of Business Administration (HRM) CPA I Certified Public Accountant Work experience: Church Minister National Youth Director, Head of Department and departmental staff, Coordination, network and Partnership in charge of international engagements. Infrastructure Development Committee Finance, Revenue & Audit committee Legal committee Gender Mainstreaming committee</p>
<p>6. Francis K. Kaminju</p>  <p>Independent Board Member</p>	<p>Age: 65 Years Education: Higher National Dip. Business Management National Dip. B. Management part two Advanced National Cert. Business Administration East African Certificate of Education. (EACE) Career Backgrounds: 1997 - 2007: General Electricity International Inc. (Geii) Materials Co-Ordinator/ Administrations Manager. Overhauling and subsequent maintenance work on 35 U26 locomotive engines for Kenya railways Infrastructure Development Committee Finance, Revenue & Audit committee</p>

7. Veronica Gitau



Independent Board Member

Age: 48yrs

Academic profession:

Diploma – Purchasing &Supplies Management Kenya
School of Professional (SPS)

Certificate of Training and Leadership St Paul
University.

Work experience:




Kenyatta university- as a Purchasing Officer

Super Clear Company - Manager.

Legal committee

Gender Mainstreaming committee

4. Key Management Team

Name	Details of qualifications and experience
<p>1. Joanne Nduta Kihori - Municipality Manager</p> 	<p>Academic profession: Age: 38 BAC (PR) Daystar University Higher Diploma – Air travel & Related Studies College Customer Care Training –Safaricom Headquarters Sales & marketing, Customer Service Karatina High School</p> <p>Work Experience: Safaricom Headquarters – customer Care Capital Real-time/capital FM – Sales & Marketing and Customer Service Supervisor EABL (Pilsner Pool Challenge/Tournament)- Assistant Coordinator Nairobi and Coast Region No Bantu enterprises – Founder & Director</p>
<p>2.CECP MAUD</p>  <p>Salome Muthoni Wainaina</p>	<p>Age:52 Salome Wainaina is a holder of a Bachelor of Economics and Political Science degree and has an MBA in Strategic Management. She additionally has certifications in Leadership and Governance courses. She has over 20 years' experience in marketing and strategic management in both private and public sector.</p>
<p>8. Chief Officer MAUD</p> 	<p>Age:39 Martin has an ongoing Ph.D. Urban Economics-University of South Africa, an Executive Diploma in Urban Development - London School of Economics and Political Science, Master of Economics (Finance) and Bachelor of Arts (Economics). Martin is an Economist with over ten years working experience for both public and private sector organizations in Coordination, supervision and promotion of economic ties with development partners. He is the Ag. Chief Officer Municipal administration & Urban Development and the County Programme Coordinator-Kenya Urban Support Programme and the Technical Team Leader (TTL)-Creation of Thika Industrial Smart City, Kabete, Githunguri, Juja, Gatundu, Githurai and Kimende Municipalities. Current Chief Officer Municipal Administration and urban Development.</p>

5. Municipality Board Chairperson's Report

Ruiru Municipality is located in Kiambu County and borders Nairobi's City boundary.

It is the most populated urban area in the jurisdiction of Kiambu County. It is a dormitory town for the nation's capital and is connected by both rail and road.

The urban area covers an area of 292 km² with eight wards that define the municipality. Ruiru has been absorbing Nairobi City's urban overspill due to proximity to the primate city, availability of large tracts of developable land, and their relative lower prices as compared to Nairobi and with improved road accessibility. The improvement of the Nairobi-Thika Superhighway and opening of the Eastern and Northern By-pass roads further increased Ruiru's attractiveness to new developments. Ruiru has since emerged as a busy commercial hub that hosts several industries and is well connected by road and rail to neighbouring towns. Ruiru's fast-paced urban growth, however, was largely market-driven and not guided by deliberate urban planning and coordination. It is thus now challenged with a leap-frogging pattern of urban growth which has resulted to several challenges such as: premature loss of agricultural lands, scattered settlements un-serviced by appropriate public physical infrastructure, environmental degradation, etc. Backlogs in the requisite social infrastructure services such as health and education were also engendered by the planning area's fast population growth.

With the establishment of the Ministry of Nairobi Metropolitan Development, the council fell within the metropolitan boundaries. This was a growth opportunity to the municipality since it enjoyed the benefits attached to it; for instance, the infrastructure improved, specifically the roads due to the construction of the Nairobi-Thika superhighway, construction of the BRT system from Thika to Nairobi and the proposed construction of Ruiru Railway Station.

Ruiru is also an industrial town with several major factories, including Devki Steel Mills, Super Foam, Spinners & Spinners Garment Factory and Ruiru Feeds. It is well served by banks and shopping malls and currently is enjoying a housing boom, as many coffee estates are converted into residential areas, including an upcoming multi-billion Tatu City and Northlands City.

ICT businesses are also emerging, including Smart Edge PASHA centre, a digital village by the KICT Board where the community can buy computers and get free computer training.

The Municipality has a number of successes which include;

- ❖ Establishment of the municipality through a charter granted by the Kiambu County Government executive.
- ❖ Establishment of the board and the Municipal Manager's office.
- ❖ Drafting and approval of the Annual Urban Investment Plans.
- ❖ Funding of the municipalities through the World Bank Programme for three consecutive years.
- ❖ Infrastructural projects that have enabled ease of movement of people, goods and services, enhanced security, improved municipal aesthetics amongst others.

The Municipality has also had its fair share of challenges ranging from:

- ❖ Delayed delegation of municipal functions by the County Government.
- ❖ Inadequate budgetary allocations to meet the infrastructure needs of the municipality.
- ❖ Lack of adequate political goodwill by the county executive in the day to day running of the municipality's activities including lack of budgetary allocation to the Municipality.
- ❖ Delayed municipal board remuneration.
- ❖ Gender balance quorum in the board.

Ruiru Municipality was established through a charter dated 27th June 2018. Ruiru Municipality has 8 wards namely; Biashara, Gitothua, Gatong'ora, Kahawa Wendani, Kahawa Sukari, Mwiki, Mwhoko and Kiuu. Ruiru Municipality's Population was 490,007 as per (2019 Census).

The Municipal manager was appointed in accordance with the Urban Areas and Cities Act, 2011 (Amended 2019) and reports to the Municipal Board. The Municipal Board was established, inaugurated and is headed by a chairperson elected by the Board members.

Since the establishment of the Municipality through the Kenya Urban Support Programme, as guided by the Urban Areas and Cities Act, 2011 (Amended, 2019) the Municipality has been allocated Ksh 1,094,827,116 for the last three financial years. The money has been utilized on infrastructural projects ranging from roads, street lighting, fire and disaster management equipment, liquid and solid waste management, urban aesthetics, recreational facilities, non-motorized transport among others.

The management of these projects are overseen by Project Implementation Teams which handle various issues ranging from Environmental issues, social safeguard issues, and contract payment structures.

These projects have changed the face of the municipality with the following key benefits realized:

- ❖ Street lighting has helped beef up security as well as enabling more night working hours for traders in the informal sector such as street hawkers and vendors.
- ❖ The constructed sewer lines have helped lower construction costs to building developers as well as managing liquid waste more efficiently.
- ❖ Public parks contribute to the carbon sinks of the highly urbanized municipality as well as providing a place where people can recreate.
- ❖ Job creation.
- ❖ Newly constructed roads enhance the movement of goods, people and services.

A number of challenges have however been realized, ranging from:

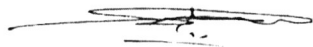
- ❖ Inadequacy of funds to invest more on infrastructural projects to serve the high population.
- ❖ Vandalism of street furniture such as road signs.
- ❖ Overlapping of the board's functions with those of the Sub County Administrator.
- ❖ Delayed delegations of functions as stipulated by UACA 2011, (Amended 2019).

Future outlook of the Municipality Board

As per the strategic focus areas outlined in the Municipal Draft Strategic Plan (2022-2027), emphasis has been put on the following areas; ease of doing business, employment creation, environmental sustainability, health, youth and gender empowerment, education, trade and industry as well as improving the overall road connectivity of the municipality. Our ability to serve the public in Ruiru municipality has been clearly outlined and an exciting future lies ahead if we all work together to make this the incredible Municipality that our children will inherit from us.

On the governance front, the Board inducted 6 new board members into the activities and operations of the Municipality. The 6 members have brought on the board fresh and diverse perspectives and increased the efficiency and reach of the Municipality.

Name: Samuel Mwaniki



Ruiru Municipality, Board Chairman.

6. Report Of the Municipality Manager

I am pleased to present the annual report and financial statement of Ruiru Municipal Board and demonstrate how far we have come.

Ruiru Municipal Board has continued to operate within a progressively challenging environment. The municipality reviewed strategic plan 2024/25 - 2027/28 anchored to the CIDP III. It will be used to improve service delivery and ensure achievement of set targets emphasizing on areas of priority in UACA 2011 amended 2019.

Financial Overview

The financial performance during the period was dependent on the Annual Performance Appraisal (APA) on the performance of the municipality under KUSP- World Bank conditional grant which is a Performance for Results Program(P4R). The Municipality is supported by the budget vote in its operations.

Public Participation

The municipality was able to conduct several citizen fora, stakeholder forums and various citizen engagement facilitated by the World Bank Fund and the Municipal Administration Department Kiambu County.

Staff Acquisition

The municipality has requested for the deployment of staff in line with the proposed governance and institution framework proposed to the county for the operationalization of the municipality.

Future Plans

Ruiru municipality has however faced similar challenges over the years including – insufficient funding, The municipality will continue to partner with development partners to strengthen municipalities.

Name: Joanne N. Kihori



Municipality Manager

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

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a County Government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board including a statement of the county government entity’s performance against predetermined objectives. The key development objectives of the Ruiru Municipality are:

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

All the projects listed below were completed project on the previous years, since there was no funding for the year FY 2024/2025. Detailed analysis for each objective and outcome is presented in the table below;

Programme Name: Ruiru Municipality						
Objective: To Improve Infrastructural Developments in Ruiru Municipality and it’s Urban Areas						
Outcome: Creation of liveable cities, improved urban infrastructure, revenue improvement						
Sub Programme	Key output	Key performance indicator	Baseline		Planned Target FY 23/24	Actual FY 23/24
			Year	Value		
General Administration & Support Services: Costing of Salaries	Improved efficiency and effectiveness in quality service delivery	No. of Officers Recruited	2022	0	2	1
Staff Training and development programs	Sustainable and satisfied work force	No. of staff sponsored for promotional, refresher courses & CPD programs	2022	0	10	12
Operation & Maintenance: General office	Consistency of information, methods, skills and controls	No. of offices equipped & furnished and general office maintenance	2022	0	1	1
	Improvement of Roads	Kilometres of Roads Constructed	2022	km	10km	10km

Construction and upgrading of Municipal Infrastructures	Improvement of Sewer System	Kilometres of Sewer lines constructed	2022	km	0km	0km
	Improvement of Street Lighting	No. of Street Lights Installed	2022	0	70	60
	Improvement of Bus Parks	No. Bus parks Rehabilitated	2022	0	0	0
	Improvement of Market sheds & Ablution Blocks	No. of Market sheds & Ablution Blocks	2022	0	0	0
	Construction & Rehabilitation of Stadium	No. of Stadia built or rehabilitated	2022	0	0	0
	Provision of Waste Management & Equipment	No. of Waste Management stations constructed or/& Equipment bought	2022	0	0	0
	Improvement of NMT & Parking Lots	No. of NMTs & Parking Lots constructed	2022	km	8km	8km
	Construction of Recreational centers	No. Recreational facilities Constructed	2022	0	0	0
	Construction of Fire station and Purchase of Disaster management Equipment	No. of Fire stations constructed and Disaster management Equipment Purchased	2022	0	0	0
	Construction of Storm water Drains	Kilometers of storm water Drains Constructed	2022	km	10 km	10 km
Renewable Energy and Climate Change	Incorporation of green energy as an alternative source of power within the municipality	No. of KWh units of wind energy generated	2022	0	0	0
		Volume of bio gas produced	2022	0	0	0
		No. of KWh units of solar PV energy generated	2022	0	0	0
Total						

8. Corporate Governance Statement

- i. Process of appointment and removal of Board members-**Ruiru Municipality Board has been appointed and fully constituted through a competitive process by the county executive committee, with the approval of the county assembly as per the Urban Areas and Cities Act 2011.

Removal of any board member can only be done by the county governor, the board, supported by the vote of at least two-thirds of the members of the board and upon petition by the residents of a city or municipality.

ii. Roles and functions of the Municipality Board members

The Boards major roles and functions include but is not limited to:

- Oversee the affairs of the city or municipality;
- Develop and adopt policies, plans, strategies and programmes, and may set targets for delivery of services;
- Formulate and implement an integrated development plan;
- Monitor and, where appropriate, regulate city and municipal services where those services are provided by service providers other than the board of the city or municipality;
- Establish, implement and monitor performance management systems
- As may be delegated by the county government, promote and undertake infrastructural development and services within the city or municipality;

- iii. Induction and training, Municipality Board members and member's performance-**The board has been inducted and trained on project management, corporate ethics, social safeguard issues and process of creating a municipal strategic plan among others.

- iv. Number of Municipality Board meetings held and the attendance to those meetings by members-**The Board holds four board meetings annually in addition to the committee meetings.

- v. Succession Plan-**A board member is only allowed to hold office for a 5-year term.

- vi. Existence of a service charter-**The Board has an established charter.

vii. Board remuneration-The Board is remunerated as guided by the salaries and remuneration commission.

viii. Ethics and Conduct- This is guided by the Public Officer Ethics Act, 2003 & Related Regulations

Applies to public officers, including municipal and county board members.

Duties include:

- a. Upholding honesty and integrity.
- b. Acting with diligence and professionalism.
- c. Using public resources responsibly.
- d. Avoiding misuse of office for personal benefit.
- e. Maintaining confidentiality

ix. Governance Audit-The governance audit is guided by the various policy legislations at the national and county level which are then scaled down at the municipality level.

x. Communication Policy- The key goals and objectives of the policy include establishing dynamic information systems, promoting public communication, managing digital platforms, and disseminating County information through various media.

xi. Terms of reference of Committees-The various committees appointed are tasked with:

- **Scope:** Provide oversight, review legislation/budget, conduct fact-finding, and engage with stakeholders.
- **Process:** Issue reports after inquiries, submit recommendations to the Assembly, and engage in public participation

xii. Policy on related party transactions-There isn't a specific RPT policy tailored for the municipality but the existing legal frameworks ranging from integrity standards to accounting rules and oversight bodies provide a solid foundation to regulate and monitor related party transactions at the county level.

These transactions are governed by broader national legal and governance frameworks that explicitly prohibit conflicts of interest and enforce transparency at the county level.

9. Management Discussion and Analysis

The municipality has increased revenue collection improving financial performance of the entity within the year by improving service delivery and enforcement.

The county devolved all functions to the municipalities thus making them autonomous.

	Project	Project Budget	Awarded Budget	Overall Progress
1	Upgrading of Full Gospel Kamiti Rd to Githunguri Primary Bypass Road to bituminous standards.	50,000,000	47,640,257.50	Project Complete & In Use
2	Upgrading of Ruiru Town Parking lots and NMT to Paving Blocks standards and improved drainage in Ruiru Municipality	50,000,000	50,344,174.29	Project Complete & In Use
3	Upgrading of Kahawa Wendani Maguna to Kiuu river road to bituminous standards	50,000,000	46,308,827.19	Project Complete & In Use
4	Upgrading of Gitothua Mama Shop to Bypass Road and upgrading of 300 metres road near Chief Camp in Gatong'ora to bituminous standards in Ruiru Municipality	50,000,000	47,044,853.86	Project Complete & In Use

Compliance with statutory requirements

The municipality is compliant with the various statutory requirements:

- NEMA requirements were complied with by obtaining the licenses for our projects
- KRA on remittance of statutory deductions

Major risks facing the organization

1. Unaligned Ruiru Municipality Charter

The municipality needs support and goodwill from the County Government for the charter to be reviewed and aligned to the UACA 2011, (Amended, 2019).

2. Lack of implementation of the Governance and Institutional Framework

The municipality needs support and goodwill from the County Government for deployment of staff and delegation of responsibilities according to the UACA 2011, (Amended,2019).

10. Environmental And Sustainability Reporting

Ruiru municipality exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three pillars of sustainability ie economic viability, environmental protection and social equity: putting the residents/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

1. Sustainability strategy and profile.

A sustainability responsibility strategy is a prioritized set of actions. It provides us with agreed framework to focus investment and drive performance, as well as engage in internal and external stakeholders within the municipality. Sustainability responsibility has helped has to make decision mostly on natural resource use where by the resources available are utilized responsibly not only for the current generation but also for the future use. The municipality sustainability strategy has been informed by various sustainable development efforts where the municipality is focused on SDG no. 11 which is to 'make cities and human settlements inclusive, safe, resilient and sustainable urban areas which ensures effective urban development and management'. Programmes of the National Government and the CIDP also informs that sustainability strategy of the municipality. The municipality has been able to develop a strategic plan anchored in the CIDP III of the Kiambu County Government. This strategic plan, a product of public participation considers the five pillars of sustainability: Governance, The Economy, Environment, Culture and Social pillars.

2. Environmental performance

The municipality is located next to rich agricultural areas and recognizes that environmental sustainability as the greatest challenge of the 21st century and commits to ensuring that all its major strategies and operations consider their environmental and ecological aspects and impacts. This has been achieved by increasing forest cover within the municipality by planting more trees in public institutions roads and giving out seedlings to the community.

The Municipality has a robust Solid Waste Management Policy and Solid Waste Management Plan approved by the Municipal Board. This policy framework is a response to the growing challenges of solid waste management within the municipality and creates a blueprint for:

- a. Protecting public health and environment
- b. Facilitating public and private sector collaboration and participation.
- c. Encouraging full stakeholder support.

- d. Unfolding of more detailed plants, programmes and project
- e. Structure planning and sustainability
- f. Effective and achievable implementation and monitoring
- g. Promoting greater public awareness and behavior change.

The municipality has ensured that contractors adhere strictly to their Environmental and Social Management Plans (ESMP) prepared by the municipality and contractors

The ESMPs prepared are based on an overall environmental and social assessment, which includes

- (i) the general baseline at project areas
- (ii) Evaluation of potential environmental and social impacts of different project components and subcomponents and
- (iii) Assessment of environmental practices in different ongoing and completed projects. This standardized ESMPs provides the guidelines for the preparation of all mitigation plans to respond to the anticipated project impacts once projects begin after contractors are procured.

3. *Employee welfare*

Currently, the hiring of employees is guided by the County Public Service Board with a manager appointed on 27 June 2018. Four more employees i.e., Civil and Electrical Engineer, Surveyor and Environment Officer were seconded to the manager by the Chief Officer, Municipal Administration to assist the manager in the implementation of the Kenya Urban Support Program -World Bank Grant. Policies that guide Staff development are currently undertaken by the Department of Municipal Administration although the municipality has been willing to take care of its own employees.

The municipality has requested for the deployment of more staff in order to discharge its mandate under the UACA 2011, 2019 after delegation of responsibilities by the County and its allocation of attendant resources.

The municipality always ensures that contractors of projects stay on compliance to the *Occupational Safety and Health Act of 2007*, OSHA guidelines and require registration of contractors with Department of Occupational Health and Safety (DOSHS).

4. Market place practices

The municipality has increase established more market centres to improve support the economic development for the farmers and other traders within and outside municipality.

The market centers are established in line with modern standards to promote sustainability solid waste management and promote economic growth.

a) Responsible competition practice.

The municipality has ensured that all its practices adhere to the relevant legal and institutional framework including the competition act (2010). Procurement of contractors is done through competitive bidding and preventing unfair and misleading market conduct;

b) Responsible Supply chain and supplier relations

The municipality has ensured that all its practices adhere to the relevant legal and institutional framework including the Public Procurement and Asset Disposal Act (2015)-PPADA and the Public Procurement and Asset Disposal Regulations (2020)-PPADR, Circulars from County and National Government and Executive Orders from the Office of the President. This is included in procurement planning, procurement processing, inventory and asset management, disposal of assets and contract management.

The Municipality also maintains good relationships and has ensured that suppliers and contractors are treated fairly and equally.

c) Responsible marketing and advertisement

The municipality has ensured advertisement for competitive bidding of projects as well as public participation forums.

d) Product stewardship

Consumer rights in Kenya are fundamental rights afforded to consumers provided for under the Bill of Rights in the Constitution of Kenya (2010). Article 46(1) (TCK) provides that consumers have certain rights in respect of goods and services offered by public entities or private persons: -

- To goods and services of reasonable quality;
- To the information necessary for them to gain full benefit from goods and services;
- To the protection of their health, safety, and economic interests; and
- To compensation for loss or injury arising from defects in goods or services.

The municipality is aware of the legal framework protecting these rights in the undertaking of infrastructural projects and consumption of public goods and service delivery.

5. Community Engagements

The municipality has undertaken various CSR engagements within the projects undertaken in the municipality sensitizing the community on their health. In particular, the municipality did a HIV /AIDs campaign.

The municipality also undertook awareness campaigns on COVID-19 prevention and care by buying masks and ensuring COVID protocols are adhered to in the workplace.

11. Report of the Municipality Board Members

The Board Members submit their report together with the audited financial statements for the period ended 30th June 2025 which shows the state of the municipality's affairs.

Principal activities

The principal activity of the Municipality is to strengthen urban institutions and to provide the necessary urban infrastructure to the residents.

Performance

The performance of the Municipality for the financial period ended 30th June, 2025 is set out on page 1 to 7 of this report.

Board Members

The members of the Board who served during the year are shown as per section 2 of this report.

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.



Name: Joanne N. Kihori

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. In preparing the financial statements, the Municipality Manager has assessed the Municipality's ability to continue as a going concern and 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 Municipality's financial statements were approved by the Board on 28th August 2025 and signed on its behalf by:



Name: Samuel Mwaniki
Chairperson of the Board



Name: Joanne N. Kihori
Municipal Manager

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON RUIRU MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ruiru Municipality set out on pages 1 to 45, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for

the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Ruiru Municipality as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Urban Areas and Cities Act, 2011.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

1.1 Unsupported Prior Year Adjustments

The statement of changes in net assets and as disclosed in Note 40a to the financial statements reflects prior year adjustments on capital fund and accumulated surplus balances of Kshs.1,091,021,820 and Kshs.176,799,384 respectively. However, the adjustments were not supported with journal vouchers, reconciliations, or detailed movement schedules of the underlying assets.

1.2 Misstatement of Prior Year Adjustments

The statement of changes in net assets and as disclosed in Note 40a to the financial statements reflects prior year adjustment on capital fund amount of Kshs.1,091,021,820. However, review of property, plant and equipment movement schedule disclosed in Note 24 to the financial statements reflects transfer/adjustment of Kshs.858,630,560 resulting to an unexplained variance of Kshs.232,391,260.

1.3 Misstatement of Property, Plant and Equipment

The statement of financial position and as disclosed in Note 24 to the financial statements reflects property, plant and equipment net book value balance of Kshs.849,054,826. However, the asset register for the Municipality included six (6) motor vehicles, metallic cabinet, coat hanger, two (2) water dispensers and one (1) Hp laptop which were not accounted for in the financial statements.

1.4 Variance Between Property, Plant and Equipment and Asset Movement Schedule

The statement of financial position and as disclosed on Note 24 to the financial statements reflects property, plant and equipment balance of Kshs.849,054,826. However, re-computation of schedules provided for audit revealed the following unexplained variances;

Description	Financial Statements (Kshs.)	Assets Schedule (Kshs.)	Variance (Kshs.)
Accumulated Depreciation	241,966,994	216,440,455	25,526,539
Depreciation for the Year	65,167,610	64,475,980	691,630
Net Book Value for the Year	849,054,826	874,581,364	(25,526,538)

Further, the property, plant and equipment balance of Kshs.849,054,826 differs with the trial balance amount of Kshs.1,091,021,820 resulting to an unexplained variance of Kshs.241,966,994.

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

2. Variance Between Final Budget and County Approved Budget

Review of the statement of comparison of budget and actual amounts for the year and the County's approved budget revealed the following inconsistencies;

Description	Final Budget (Kshs.)	County Approved Budget (Kshs.)	Variance (Kshs.)
Total Receipts	4,831,283	506,040,960	501,209,677
Total Expenditure	1,800	7,000,000	6,998,200
Capital Budget	0	499,040,960	499,040,960

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

3. Undisclosed Depreciation Method

The statement of financial performance and as disclosed in Note 16a to the financial statements reflects depreciation and amortization charge of Kshs.65,167,610. Further, included in Note 24 to the financial statements are depreciation rates of 10% on solar lighting and associated works, 12.5% on motor vehicles and 5% on road infrastructure. However, the method of depreciation adopted was not stated in the significant accounting policies section.

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Ruiru Municipality Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total expenditure amount of Kshs.1,800 against actual receipts of Kshs.4,831,283 resulting to an underutilization of Kshs.4,829,483 or 99% of the actual receipts.

The underutilization affected the planned activities of the Municipality 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 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 years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Ruiru Municipality in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in the Financial Statements
2	2023/2024	Double Accounting of Infrastructure Projects
3	2023/2024	Misstatement of Property, Plant and Equipment
4	2023/2024	Unreconciled Cash and Cash Equivalents
5	2023/2024	Non-Compliance with Public Sector Accounting Standards Board Reporting Template
6	2023/2024	Failure to Maintain a Retention Account
7	2023/2024	Failure to Provide Annual Revenue Estimates
8	2023/2024	Irregular Composition of the Board
9	2023/2024	Lack of Supporting Documents for the Newly Appointed Board Members
10	2023/2024	Failure to Convene the Minimum Threshold of Board Meetings
11	2023/2024	Lack of Risk Management Policy and Disaster Recovery
12	2023/2024	Lack of Board and Committee Charter

Other Information

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

In connection with my audit on the Ruiru 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 no 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, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with Public Sector Accounting Standards Board Reporting Template

Review of the financial statements presented for audit revealed the following anomalies;

- i. The report of Municipality Manager does not include project performance against actual, programmes implemented and risk management strategies, making use of pictures, tables, pie charts, and graphs.
- ii. The statement of financial performance reflects depreciation and amortization amount of Kshs.65,167,610. However, the corresponding Note 16a to the financial statements reflects Nil amount resulting to an unexplained variance of Kshs.65,167,610.

- iii. Appendix 1 on progress on follow up of auditor's recommendation does not highlight the audit observation and only indicates the audit title.
- iv. Section 8 on corporate governance statement includes a sub head on number of Board meetings held and the attendance to those meetings by members. However, the number of meetings attended by members is not included.

In the circumstances, the financial statements do not comply with prescribed Public Sector Accounting Standards Board reporting template.

2. Non-Funding and Dormancy in Operations of Ruiru Municipality

Review of Ruiru Municipality records provided for audit revealed the following;

- i. Whereas the County Government budgeted for funds totalling Kshs.560,722,432 for Ruiru Municipality operations in the year under review, in the County Budget, there was no substantial disbursement of the budgeted funds to support the activities of the Municipality. This was contrary to Section 43 of the Urban Areas and Cities Act, 2011 which requires the County Government to fund the Municipality.
- ii. The Municipality did not undertake any activities, projects, or operational transactions throughout the financial year except for a pending payment for a prior year project.
- iii. A total of Kshs.600,000 was issued to the Municipality by the County Government as an Authority to Incur Expenditure (AIE) in the year under review. However, there was no record of the amount being utilized for any administrative or service delivery purposes. Further, the AIE was not supported with returns of expenditure.
- iv. The Municipality had a bank and cashbook balance of Kshs.4,829,483 as at the end of the financial year. However, the only expenditure recorded was bank charges, indicating lack of programmatic or administrative activity during the year.

In the circumstances, inactivity of the Municipality throughout the year undermines its legally mandated role in Urban/Municipality service delivery, as envisioned in the Urban Areas and Cities Act, 2011.

3. Failure to Conduct Citizen Fora

Review of Ruiru Municipality operations and records revealed that the Citizen Fora, as mandated by the Urban Areas and Cities Act, 2011 was not conducted during the year under review. The Citizen Fora, which allows residents to deliberate on a variety of important matters, including the provision of services, budget estimates, development plans, and National legislation were not convened during the financial year. Management prepared an annual schedule of Citizen Fora for the year under review, however, there was no evidence that the Municipality invited petitions, representations, or feedback from the Citizen Fora, despite the clear requirement in the law for such engagement. In

addition, the Board did not receive or respond to any petitions or representations raised by citizens concerning the administration or management of urban affairs within its jurisdiction.

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

4. Lack of Ownership Documents and Updated Asset Register

Review of the asset register revealed that the Municipality had several motor vehicles, one (1) skip loader, one (1) fire engine and backhoe, however, the log books for the motor vehicles KCY337A, KCZ176P, KCV114Z, KDA107R, KDB254Q and KDA155L were found to have been registered under different private companies.

Further, motor vehicle registration numbers KDA107R, KDB254Q and KDA155L were not traced in the asset register. In addition, log books for vehicles registration numbers 22CG362A, 22CG272A and 22CG378A were not provided despite the vehicles having been recorded in the asset register.

In the circumstances, the ownership of the assets could not be confirmed.

5. Lack of Board and Committee Charter

The Municipality as per the Urban Areas and Cities Act, 2011 is required to have a Board in place and ensure that the committees of the Board are constituted. However, review of the Municipal records indicated that the Board had not developed or adopted a Board charter since inception in 2018. Further, the Board had three (3) committees established to run the affairs of the Board, however, none of the committees had developed a charter that outlines its roles and responsibilities. In addition, the committees did not meet within the year under review.

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

6. Failure to Provide Approved Annual Revenue and Expenditure Estimates

Management did not provide an approved annual revenue and expenditure estimates for Ruiru Municipality for the financial year ended 30 June, 2025 contrary to the requirements of Section 45(1) of the Urban Areas and Cities Act, 2011 which states that, three months before the commencement of each financial year, a Board or Town Committee shall cause to be prepared estimates of the revenue and expenditure of a Board or Town Committee for that year. Further, it was not possible to confirm whether Management complied with the process of preparation and submission of annual estimates for approval by the County Assembly as required by law.

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

7. Failure to Conduct Annual Performance Review of Integrated Development Plan

The Municipality did not conduct annual performance review of the Integrated Development Plan contrary to Section 42 of the Urban Areas and Cities Act, 2011 which

requires the City or Municipal Board to review its Integrated Development Plan annually to assess its performance in accordance with performance management tools set by it.

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

8. Irregular Composition of the Board

Review of Gazette Notice dated 7 February, 2025 revealed that Ruiru Municipality had appointed seven (7) Board Members. However, review of the County Assembly Sectoral Committee on Planning and Urbanization report on vetting of the Ruiru Municipality Board nominees revealed that two (2) Board members gazetted on 7 February, 2025 were not vetted. Further, no information was provided as an indication that four (4) Board Members were nominated by a professional association, private sector, registered association of the informal sector and registered neighborhood association in the area, with the approval of the County Assembly. This was contrary to Section 14 of the Urban Areas and Cities Act, 2011 which requires the Board of a Municipality to comprise nine members of whom four shall be appointed and five elected in the prescribed manner. In addition, review of Board minutes dated 17 July, 2024 revealed that the Board Members held a meeting before being gazetted.

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

9. Lack of Annual Governance Audit and Performance Evaluation

Review of records relating to Board activities revealed no evidence of the Board having undertaken an annual governance audit during the year under review. The annual governance audit is expected to address governance practices including leadership and strategic management, transparency and disclosure, compliance with laws and regulations, Board independence and governance, consistent shareholder engagement and value enhancement among others.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance

section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Risk Management Policy and Disaster Recovery Plan

Review of the Municipality's records revealed that the Municipality operated without an approved risk management policy and thus had no framework for management of risks. Further, the Municipality did not have a disaster recovery or business continuity plan in place. In the absence of a disaster recovery or business continuity plan, Management lacked a blue print for identifying, preventing and mitigating against disasters and ensuring that its operations are not interrupted. In addition, there were no mechanisms in place to recover lost data in case of a disaster.

In the circumstances, the effectiveness of the internal controls and management of risks of Ruiru Municipality 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 the Management and the Municipality Board

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

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

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

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

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 November, 2025

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

Description	Note	30.06.2025	30.06.2024
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues	9	-	-
		-	-
Revenue from exchange transactions			
Interest income	10	-	-
Miscellaneous Income	11	-	-
		-	-
Total revenue		-	-
Expenditure			
Use of goods and services	12	1,800.00	-
Staff costs	13	-	-
Board expenses	14	-	-
Finance costs	15	-	9,645.00
Depreciation and amortization	16a	65,167,610.00	-
Repairs and Maintenance	17	-	-
Infrastructure projects	16b	-	15,349,433.00
Total expenses		65,169,410.00	15,359,078.00
Other gains/losses			
Gain/loss on disposal of assets	18	-	-
Surplus/(deficit) for the period		(65,169,410.00)	(15,359,078.00)

The notes set out on pages 8 to 46 form an integral part of these Financial Statements. The entity financial statements were approved on 28th August, 2025 and signed by:



.....

Name: Joanne N. Kihori
Municipality Manager



.....

Name: CPA. Brian Mwangi
Head of Finance
ICPAK M/No. 34935

15. Statement of Financial Position As At 30 June 2025

Description	Note	30.06.2025	30.06.2024
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	19	4,829,483.00	4,831,283.00
Receivables from exchange transactions	20	-	-
Receivables from non-exchange transactions	21	-	-
Prepayments	22	-	-
Inventories	23	-	-
Total current assets		4,829,483.00	4,831,283.00
Non-current assets			
Property, plant, and equipment	24	849,054,826.00	232,391,260.00
Intangible assets	25	-	-
Biological Assets	26	-	-
Total Non-current Assets		849,054,826.00	232,391,260.00
Total assets (A)		853,884,309.00	237,222,543.00
Liabilities			
Current liabilities			
Trade and other payables	27	-	-
Refundable deposits from customers	28	-	-
Provisions	29	-	-
Borrowings	30	-	-
Employee benefit obligations	31	-	-
Deferred Income	32	-	-
Social Benefits	33	-	-
Total current liabilities		-	-
Non-current liabilities			
Provisions	29	-	-
Borrowings	30	-	-
Non-current employee benefit obligation	31	-	-
Deferred Income	32	-	-
Social Benefits	33	-	-
Total liabilities (B)		-	-

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

Net Assets (A-B)		853,884,309.00	237,222,543.00
Represented by:			
Capital/Development Grants/Fund	40 a	1,091,021,820.00	0
Reserves			
Accumulated surplus		(237,137,511.00)	237,222,543.00
Net Assets/Equity		853,884,309.00	237,222,543.00

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 28th August 2025 and signed by:



.....
Name: Joanne N. Kihori
Municipality Manager
Date: 28/08/2025



.....
Name: CPA. Brian Mwangi
Head of Finance
ICPAK M/No. 34935
Date:28/08/2025

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

Description	Capital/ Development Grants/Fund	Revaluatio n Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Balance as at 1st July 2023			20,200,961.00	20,200,961.00
Surplus/(deficit) for the period			(15,369,078.00)	(15,369,078.00)
Funds received during the year				-
Revaluation gain				-
Balance as at 30th June 2024	-	-	4,831,883.00	4,831,883.00
				-
Balance as at 1st July 2024	-	-	4,831,283.00	4,831,283.00
Surplus/(deficit) for the period		-	(65,169,410.00)	(65,169,410.00)
Funds received during the year				
Prior year adjustment Note 40 a	1,091,021,820. 00			1,091,021,820.00
Prior year adjustment -Note 40 a			(176,799,385.00)	(176,799,385.00)
Revaluation gain				-
Balance as at 30th June 2025	1,091,021,820. 00	-	(237,137,511.00)	853,884,309.00

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

Description	Note	30.06.2025	30.06.2024
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	-
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous receipts (Specify)		-	-
Total Receipts		-	-
Payments			
Use of goods and services		1,800.00	-
Staff costs		-	-
Board expenses		-	-
Finance costs		-	9,645
Total Payments		1,800.00	9,645
Net cash flows from operating activities	34	(1,800.00)	(9,645.00)
Cash flows from investing activities			
Purchase of PPE & intangible assets		-	(15,359,433.00)
Proceeds from sale of PPE		-	-
Net cash flows used in investing activities		-	(15,359,433.00)
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		(1,800.00)	(15,369,078.00)
Cash And Cash Equivalents At 1 July	19	4,831,783.00	20,200,861.00
Cash And Cash Equivalents At 30 June	19	4,829,983.00	4,831,783.00

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*	4,831,283.00	0	4,831,283.00	4,831,283.00	-	0
Receipts						
Transfers from the County Government	-	0	0	0	0	%
Public contributions and donations	-	0	0	0	0	%
Interest income	-	0	0	0	0	%
Miscellaneous income (specify)	-	0	0	0	0	%
Total Receipts	4,831,283.00	-	4,831,283.00	4,831,283.00	-	100%
Payments						
Use of goods and services	1,800.00	-	1,800.00	1,800.00	-	100%
Board expenses	-	0	0	0	0	%
Staff Costs	-	0	0	0	0	%
Finance costs	-	0	0	0	0	%
Total expenditure Payments	1,800.00	-	1,800.00	1,800.00	-	100%
Capital Expenditure Payments	-	0	0	0	0	
Surplus for the period	4,829,483.00	-	4,829,483.00	4,829,483.00	-	

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	4,829,483.00
1	Reason for differences The surplus balance refers to retention money held in the account; there was no grant budget for the financial year.	0
	Closing Cash and Cash Equivalent as per the statement of Cash flows	4,829,483.00

19. Notes to the Financial Statements

1. General Information

Ruiru Municipality is established by and derives its authority and accountability from Urban and Cities Act (Amended 2019). The Municipality is under the Kiambu County Government and is domiciled in Kenya.

The Municipality principal activity is Municipal Administration and Urban Development services.

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 Municipalities 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.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, world Bank Project Appraisal Document (PAD, World Bank Program Operations Manual (POM), 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	Applicable 1st January 2025 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.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 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.
IPSAS 45: Property Plant and Equipment	Applicable 1st January 2025 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.
IPSAS 46: Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by:

	<ul 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>
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>
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>
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>
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> <ul 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 measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements

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	understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.
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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 *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024/25 was approved by the County Assembly on 11th 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.

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 00 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.

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.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

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.

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.

Notes to the Financial Statements

6. Transfers from the County Government

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	00	00
Payments by County on behalf of the entity	00	00
Unconditional development grants	00	00
Total	00	00

(a) Transfers from County Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of financial performance* Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	30.06.2024
			Kshs	Kshs	Kshs
State Department	00	00	00	00	00
Ministry	00	00	00	00	00
	00	00	00	00	00
Total	00	00	00	00	00

7. Public Contributions and Donations

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Donation from development partners	00	00
Contributions from the public	00	00
Total	00	00

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8. Levies, Fines and penalties

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Levies	00	00
Fines	00	00
Penalties	00	00
Others	00	00
Total	00	00

9. Other Revenues

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Transfers from other government entities	00	00
Others	00	00
Total	00	00

10. Interest income

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Interest income from investments	00	00
Interest income on bank deposits	00	00
Others	00	00
Total interest income	00	00

11. Miscellaneous income

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Income from sale of tender documents	00	00
Others	00	00
Total other income	00	00

12. Use of Goods and Services

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Utilities, supplies and services	00	00
Communication, supplies and services	00	00
Domestic travel and subsistence	00	00
Foreign travel and subsistence	00	00
Printing, advertising, supplies & services	00	00
Rent and rates	00	00
Training expenses	00	00
Hospitality supplies and services	00	00
Insurance costs	00	00
Specialized materials and services	00	00
Office and general supplies and services	00	00
Fuel, oil and lubricants	00	00
Other operating expenses	00	00
Routine maintenance – vehicles and other equipment	00	00
Routine maintenance – other assets	00	00
Contracted Professional Services	00	00
Audit fees	00	00
Hire of Transport, equipment etc	00	00
Bank Charges	1,800	00
Social Benefit expenses*	00	00
Total	1,800	00

13. Staff costs

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Salaries and wages	00	00
Staff gratuity	00	00
Social security contribution	00	00
Other staff costs	00	00
Total	00	00

14. Board expenses

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Chairman/Members' Honoraria	00	00
Sitting allowances	00	00
Medical Insurance	00	00
Induction and Training	00	00
Travel and accommodation	00	00
Conference Costs	00	00
Other allowances	00	00
Total	00	00

15. Finance costs

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Interest on Bank overdrafts	00	00
Other costs		9,645.00
Interest on loans from banks	00	00
Total	00	9,645.00

16. (a) Depreciation and amortization

Description	30.06.2025	30.06.2024
	KShs	KShs
Property, plant and equipment	65,167,610	00
Intangible assets	00	00
Investment property carried at cost	00	00
Total depreciation and amortization	00	00

16(b) Infrastructural Assets

Description	30.06.2025	30.06.2024
	KShs	KShs
Property, plant and equipment	00	15,359,433
Intangible assets	00	00
Investment property carried at cost	00	00
	00	15,359,433

17. Repairs and Maintenance

Description	30.06.2025	30.06.2024
	KShs	KShs
Property- Buildings	00	00
Office equipment	00	00
Furniture and fittings	00	00
Motor vehicle expenses	00	00
Maintenance of civil works	00	00
Total repairs and maintenance	00	00

18. Gain/(loss) on disposal of assets

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Property, plant and equipment	00	00
Intangible assets	00	00
Total	00	00

19. Cash and cash equivalents

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Fixed deposits account	00	00
On – call deposits	00	00
Current account	4,829,483.00	4,831,283.00
Others	00	00
Total cash and cash equivalents	4,829,483.00	4,831,283.00

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

Financial institution	Account number	30.06.2025	30.06.2024
		Kshs.	Kshs.
a) Fixed deposits account			
Kenya Commercial bank		00	00
Equity Bank, etc		00	00
Sub- total		00	00
b) On - call deposits			
Kenya Commercial bank		00	00
Equity Bank - etc		00	00
Sub- total		00	00
c) Current account			
Family bank UDG A/c		4,829,483.00	4,831,283.00
Equity Bank - etc		00	00
Sub- total		00	00
d) Others(specify)		00	00
Cash in transit		00	00
Cash in hand		00	00
Mobile Money		00	00
Sub- total		4,829,483.00	4,831,283.00
Grand total		4,829,483.00	4,831,283.00

20. Receivables from exchange transactions

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Current Receivables		
Service, water and electricity debtors	00	00
Other exchange debtors	00	00
Less: impairment allowance	(00)	(00)
Total Current receivables (a)	00	00
Non-Current receivables		
Service, water and electricity debtors	00	00
Other exchange debtors	00	00
Less: impairment allowance	(00)	(00)
Total Non- current receivables (b)	00	00
Total	00	00

Ageing analysis for Receivables from exchange transactions

Description	30.06.2025		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	00	%	00	%
Between 1- 2 years	00	%	00	%
Between 2-3 years	00	%	00	%
Over 3 years	00	%	00	%
Total (a+b)	00	%	00	%

21. Receivables from Non-Exchange transaction

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Transfer from County Executive	00	00
Transfer from Fund	00	00
Total	00	00

Ageing analysis for Receivables from non-exchange transactions

Description	30.06.2025		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	00	%	00	%
Between 1- 2 years	00	%	00	%
Between 2-3 years	00	%	00	%
Over 3 years	00	%	00	%
Total	00	%	00	%

22. Prepayments

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Insurance	00	00
Rent	00	00
Water	00	00
Internet	00	00
Other	00	00
Total	00	00

23. Inventories

Description	30.06.2025	30.06.2024
	Kshs	Kshs
Consumable stores	00	00
Medical supplies	00	00
Spare parts and meters	00	00
Water for distribution	00	00
Other goods held for resale	00	00
Catering	00	00
Less: allowance for impairment	(00)	(00)
Total inventories at the lower of cost and net realizable value	00	00

Detailed Disclosure on Inventories

	30.06.2025	30.06.2024
Opening balance	00	00
Additional Inventory in the year	00	00
Inventory expensed in the year	00	00
Write-downs in the year	00	00
Others	00	00
Closing balance	00	00

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24. Property, Plant and Equipment

Description	Motor vehicles	Solar Lighting and associated works	Road infrastructure	Work in progress	Total
	Shs	Shs	Shs	Shs	Shs
Depreciation Rate	12.50%	0.10	5%		
As at 1 July 2023 (previous year)	-	-	217,032,007.00	-	217,032,007.00
Additions	-	-	15,359,253.00	-	15,359,253.00
Disposals	-	-	-	-	-
Transfers/adjustments	-	-		-	-
Revaluation Adjustment	-	-			-
As at 30th June 2024	-	-	232,391,260.00	-	232,391,260.00
Additions for the year	-	-	-	-	-
Disposals for the year	-	-	-	-	-
Transfer/adjustments	102,756,910.00	44,362,434.00	711,511,216.00	-	858,630,560.00
Revaluation Adjustment	-	-			
As at 30th June 2025(current year)	102,756,910.00	44,362,434.00	1,176,293,736.00	-	1,091,021,820.00
Depreciation and impairment					
At 1 July 2024 (previous year)	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-
As at 30 June 2024	-	-	-	-	-

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Depreciation for the year	4,436,243.00	12,844,614.00	47,886,753.00	-	65,167,610.00
Disposals for the year	-	-	-	-	-
Impairment for the year	-	-	-	-	
Transfer/adjustment	38,552,697.00	13,067,244.00	125,179,443.00	-	176,799,385.00
As at 30th June 2025 (current year)	42,988,940.00	25,911,858.00	173,066,196.00	-	241,966,994.00
NBV as at 30th Jun 2024 (previous year)	102,756,910.00	44,362,434.00	1,176,293,736.00	-	1,091,021,820.00
NBV as at 30th Jun 2025(current year)	59,767,970.00	18,450,576.00	1,003,227,540.00	-	849,054,826.00

During the preparation of the financial statements for 2024/2025, it was noted that *Other Assets* within Property, Plant and Equipment were misstated in the prior year comparative disclosures. The balances have been restated to align with the audited financial statements. Ref note 40. As at 30th June 2025, donor-funded assets had a net book value of **Kshs. 849,054,826** (2024: Kshs. 1,091,021,820). The reduction mainly reflects annual depreciation of **Kshs. 65,167,610** and adjustments of **Kshs. 176,799,385**. Assets comprise motor vehicles, solar lighting, and road infrastructure, accounted for in line with **IPSAS 17** and **PSASB** guidelines.

25. Intangible assets

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Cost		
At beginning of the year	00	00
Additions	00	00
At end of the year	00	00
Amortization and impairment	00	00
At beginning of the year	00	00
Amortization	00	00
At end of the year	00	00
Impairment loss	00	00
At end of the year	00	00
NBV	00	00

26. Biological Assets

Description	30.06.2025	Insert Comparative FY
	Kshs	Kshs
Trees in a plantation forest	00	00
Animals: Dairy Cattle, Pigs, Sheep	00	00
Others specify	00	00
Total	00	00

27. Trade and Other Payables

Description	30.06.2025		30.06.2024	
	Kshs.		Kshs.	
Trade payables	00		00	
Retentions	00		0	
Accrued expenses	00		00	
Other payables	00		00	
Total trade and other payables	00		0	
Ageing analysis:	Current FY	% of the Total	Comparati ve FY	% of the Total
Under one year	00	%	00	%
1-2 years	00	%	00	%
2-3 years	00	%	00	%
Over 3 years	00	%	00	%
Total	00	%	00	%

28. Refundable deposits and prepayments from customers

Description	30.06.2025		30.06.2024	
	Kshs		Kshs	
Rent deposits	00		00	
Prepayments	00		00	
Others	00		00	
Total	00		00	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	00	%	00	%
1-2 years	00	%	00	%
2-3 years	00	%	00	%
Over 3 years	00	%	00	%
Total	00	%	00	%

29. Provisions

Description	30.06.2025		30.06.2024	
	Kshs.		Kshs.	
Balance at the beginning of the year	00		00	
Additional Provisions	00		00	
Provision utilised	(00)		(00)	
Balance at the end of the year	00		00	
Current Portion of provision	00		00	
Long term portion of provision	00		00	
Total Provisions	00		00	

30. Borrowings

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

Description	30.06.2025		30.06.2024	
	Kshs.		Kshs.	
Short term borrowings (current portion)	00		00	
Long term borrowings	00		00	
Total	00		00	

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Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Balance at beginning of the period	00	00
Borrowings during the year	00	00
Repayments of borrowings during the period	(00)	(00)
Balance at end of the period	00	00

The table below shows the Distribution of borrowings:

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Borrowings		
Kenya Shilling loan from KCB	00	00
Kenya Shilling loan from Barclays Bank	00	00
Kenya Shilling loan from Consolidated Bank	00	00
Borrowings from other government institutions	00	00
Total balance at end of the year	00	00

31. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Current benefit obligation	00	00	00	00
Non-current benefit obligation	00	00	00	00
Total	00	00	00	00

32. Deferred Income

Description	30.06.2025	30.06.2024
	Kshs	Kshs
National/County Government	00	00
International Funding Bodies	00	00
Public Contributions and Donations	00	00
Total Deferred Income	00	00

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	00	00	00	00
Additions during the year	00	00	00	00
Transfers to capital fund	(00)	(00)	(00)	(00)
Transfers to income statement	(00)	(00)	(00)	(00)
Other transfers	(00)	(00)	(00)	(00)
Balance carried forward	00	00	00	00

Analysed as:

Description	Amount
	Kshs
Current	00
Non- Current	00
Total	00

33. Social Benefit Liabilities

Description	30.06.2025	Insert previous FY
	Kshs	Kshs
Health social benefit scheme	00	00
Unemployment social benefit scheme	00	00
Orphaned and vulnerable benefit scheme	00	00
PWD benefit scheme		
Elderly social benefit scheme	00	00
Total	00	00
Current social benefits	00	00
Non- current social benefits	00	00
Total (tie to totals above)	00	00

34. Cash generated from operations

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	(65,169,410.00)	(15,359,078.00)
Adjusted for:		
Depreciation	65,167,610.00	-
Amortisation	-	-
Gains/ losses on disposal of assets/acquisition	-	15,349,433.00
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables		-
Net cash flow from operating activities	(1,800.00)	(9,645.00)

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/scheme is related to the following entities:

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

b) Related party transactions

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Transfers from related parties'	00	00
Transfers to related parties	00	00

c) Key management remuneration

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Board Members	00	00
Key Management Compensation	00	00
Total	00	00

d) Due from related parties

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Due from parent Ministry	00	00
Due from County Government	00	00
Due from County Assembly	00	00
Total	00	00

e) Due to related parties

Description	30.06.2025	30.06.2024
	Kshs.	Kshs.
Due to parent Ministry	00	00
Due to County Government	00	00
Due to Key management personnel	00	00
Due to County Assembly	00	00
Total	00	00

36. Contingent liabilities

Contingent liabilities	30.06.2025	30.06.2024
	Kshs.	Kshs.
Court case against the entity	00	00
Bank guarantees	00	00
Total	00	00

37. Contingent Assets

Contingent liabilities	30.06.2025	30.06.2024
	Kshs.	Kshs.
Court case against the entity	00	00
Others Specify	00	00
Total	00	00

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	00	00	00	00
Receivables from non-exchange transactions	00	00	00	00
Bank balances	00	00	00	00
Total	00	00	00	00
At 30 June 2024 (previous year)				
Receivables from exchange transactions	00	00	00	00
Receivables from non-exchange transactions	00	00	00	00
Bank balances	00	00	00	00
Total	00	00	00	00

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. Municipality has significant concentration of credit risk on amounts due from none.

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	00	00	00	00
Current portion of borrowings	00	00	00	00
Provisions	00	00	00	00
Employee benefit obligation	00	00	00	00
Total	00	00	00	00
At 30 Jun 2024 (previous year)				
Trade payables	00	00	00	00
Current portion of borrowings	00	00	00	00
Provisions	00	00	00	00
Employee benefit obligation	00	00	00	00
Total	00	00	00	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	00	00	00
Investments	00	00	00
Cash	00	00	00
Debtors/ receivables	00	00	00
Liabilities			
Trade and other payables	00	00	00
Borrowings	00	00	00
Net foreign currency asset/(liability)	00	00	00

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%	00	00
USD	10%	00	00
2024 (previous year)			
Euro	10%	00	00
USD	10%	00	00

V. Interest rate risk

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

Management of interest rate risk

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

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	30.06.2025	30.06.2024
	Kshs.	Kshs.
Revaluation reserve	00	00
Capital/Development Grants/Municipality	1,091,021,820.00	232,391,260.00
Accumulated surplus	(237,137,511.00)	4,831,293.00
Total Funds	853,884,309.00	237,222,553.00
Total borrowings	00	00
Less: cash and bank balances	(00)	(00)
Net debt/(excess cash and cash equivalents)	00	00
Gearing	00%	00%

39. Program for Results (PforR) Disclosure

Name of the PforR: Kenya Urban Support Program. KUSP 1	
Financing Partners: World Bank Grant	
Purpose of the PforR: Development	
Expenditure Details	Amount in Kshs
Cumulative actual expenditures for the previous years	1,091,190,392.00
Actual expenditure in the current financial year.	
1. Employee Cost	00
2. Use of goods and Services	1,800/=
3. Grants and Subsidies	00
4. Building of ECDE facilities	00
5. Others	00
Sub-total	1,800/=
Cumulative Actual Expenditures to date	1,091,192,192.00

40. PRIOR PERIOD ADJUSTMENTS

a) Property, Plant and Equipment – Donor Funded Assets and Capitalization

As at 30th June 2025, the County has recognized donor-funded assets under **Property, Plant and Equipment**, comprising motor vehicles, solar lighting and associated works, and road infrastructure. These assets were capitalized in accordance with the requirements of **IPSAS 17 – Property, Plant and Equipment**, which requires assets to be recognized when future economic benefits or service potential are expected to flow to the entity and the cost or fair value can be reliably measured.

During the year, transfers and adjustments amounting to **Kshs. 858,630,560.00** were made from donor-funded projects to recognize completed works as capital assets. The closing balance of capitalized donor-funded assets as at **30th June 2025** was **Kshs. 1,091,021,820.00**, compared to **Kshs. 232,391,260.00** as at 30th June 2024.

Depreciation has been charged in accordance with the applicable useful lives of the respective asset categories. The current year depreciation expense amounted to **Kshs. 65,167,610.00**, with transfers/adjustments of **Kshs. 176,799,385.00**, bringing total accumulated depreciation to **Kshs. 241,966,994.00** as at 30th June 2025.

The resulting **Net Book Value (NBV)** of donor-funded assets was **Kshs. 849,054,826.00** as at 30th June 2025, compared to **Kshs. 1,091,021,820.00** as at 30th June 2024.

Management has capitalized these donor-funded assets in line with PSASB reporting templates and IPSAS 17 guidance to ensure faithful representation, transparency, and accountability in financial reporting.

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20. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/NRO/RUIRU MUNICIPALITY/2023-2024(7)	2.2 Failure to Depreciate Property, Plant and Equipment	The depreciation was to be done in the resubmitted Annual FS. Depreciation has been according to the depreciation Schedule for Municipalities in line with IPSAS 17 and PSASB guidelines	Resolved	FY 24/25
OAG/NRO/RUIRU MUNICIPALITY/2023-2024(7)	Unresolved Prior Year Matters	Were addressed in the resubmitted Annual FS response to the Management Letter	Resolved	FY 24/25



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To be Signed by the Accounting officer of the Entity

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Appendix 2: Inter-Entity Transfers

MUNICIPALITY NAME:				
Breakdown of Transfers from the County Executive of 00 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>
			00	
			00	
		Total	00	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			00	
			00	
			00	
		Total	00	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			00	
			00	
		Total	00	

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



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

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Appendix 3: Reporting of Climate Relevant Expenditures

Name of the Organization: - Ruiru Municipality
 Telephone Number 0718318881
 E-mail: ruirumunicipality@kiambu.go.ke
 Website: <https://kiambu.go.ke/ruiru-municipality>

Name of CEO/MD/Head/Municipal Manager _

Name and contact details of contact person (in case of any clarifications) **Joanne N. Kihori**0718318881

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

Appendix 4: Disaster Expenditure Reporting Template

Date: 30/06/2025

Entity: Ruiru Municipality

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