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REPORT

OF

THE AUDITOR-GENERAL

ON

MUNICIPALITY OF ELDORET

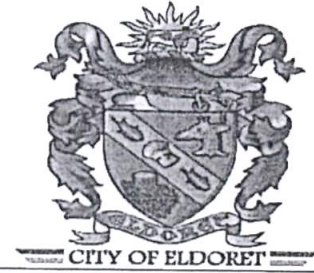
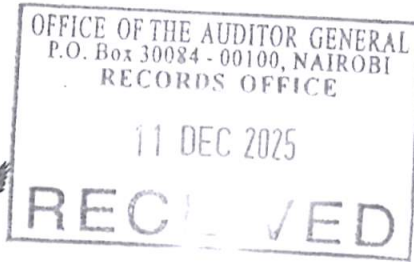
FOR THE YEAR ENDED

30 JUNE, 2025

COUNTY GOVERNMENT OF UASIN GISHU

PAPERS LAID	
DATE	19/2/26
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MUNICIPALITY OF ELDORET

County Government of Uasin Gishu

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

FY	Financial Year
IDeP	Integrated Development Plan
IPSAS	International Public Sector Accounting Standards
OSHA	Occupational Safety & Health Act
PSASB	Public Sector Accounting Standards Board
SRC	Salaries and Remuneration Commission
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
UACA	Urban Areas and Cities Act
UIG	Urban Institutional Grants
UDG	Urban Development Grants
UGC	Uasin Gishu County

2. Key Entity Information and Management

a) Background information

As at the time of the preparation of this report, the Municipality of Eldoret had been granted Municipality charter and conferred with the status of a Municipality, a culmination of a three-year process that meticulously adhered with the laid down process under Sections 5, 7 and 8 of Urban Areas and Cities Act (UACA), No. 13 of 2011, where the entity derives its accountability and authority. The charter was granted on 15th August 2024 being the successor to the Municipality of Eldoret which had been granted Municipal Charter on 17th December 2018. In accordance with Section 11 (b) of UACA, there is a principal and agency relationship between the Municipality and County Government of Uasin Gishu. The Municipality of Eldoret is domiciled in Kenya.

Section 12 of UACA states that management of a Municipality shall be vested in the county government and administered on its behalf by a board constituted in accordance with section 13 of the Act, a manager appointed pursuant to section 28 and such other staff or officers as the county public service may determine.

The board of the Municipality of Eldoret is a body corporate with perpetual succession and a common seal and in its corporate name is capable of suing and being sued, taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property, borrowing money or making investments, entering into contracts and doing or performing all other acts or things for the proper performance of its functions in accordance with the act or any other written law.

b) Principal Activities

The Eldoret Municipality Charter articulates the functions of the Municipality as enumerated hereunder:

- a) Promote, regulate and provide mechanisms for refuse collection and recycling, solid waste management service, general sanitation and controlling all forms of nuisance;
- b) Subject to existing laws, promote and provide water and sanitation services and infrastructure within the Municipality;
- c) Construct and maintain urban roads and associated infrastructure;
- d) Construct and maintain storm drainage and flood controls;

- e) Construct and maintain walkways and other non-motorized transport infrastructure;
- f) Construct and maintain recreational parks, green spaces and public amenities and entertainments;
- g) Construct and maintain street lighting;
- h) Construct, maintain and regulate traffic controls, auto-cycle transport, non-motorized transport and parking facilities;
- i) Construct and maintain bus stands and taxi stands;
- j) Regulate outdoor advertising;
- k) Construct, maintain and regulate urban commerce, Municipality markets and abattoirs;
- l) Construct and maintain fire stations, provide fire-fighting services, emergency preparedness and disaster management;
- m) Promote, regulate and provide sports and cultural activities;
- n) Promote, regulate and provide for animal control and welfare;
- o) Develop and enforce Municipality plans and development controls;
- p) Provide Municipality administration services including construction and maintenance of administrative offices;
- q) Promote and undertake infrastructural development and services including housing and health facilities within the Municipality;
- r) Promote and regulate urban agriculture
- s) Promote and regulate pre –primary education, childcare facilities and county vocational institutions and centres;
- t) Provide, maintain and regulate cemeteries, crematories and other burial places;
- u) Control and regulate alcoholic beverages; and
- v) Any other function as may be delegated or assigned by the County Executive Committee or County Assembly legislation.

c) Key Management

The Municipality management is under the following key organs:

- County Department for Lands, Physical Planning, Housing and Urban Development
- Municipality Board
- Municipality Manager
- Municipality Management Departmental heads

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

S/No	Position	Name
1.	Acting Municipality Manager	Julius Koech
2.	Head of Finance	Lamek Keino
3.	Head of Administration	Moses Ruttoh
4.	Head of Human Resources	Abigael Mukosi
5.	Head of Engineering	Eng. David Lelei
6.	Head of Environment	Gideon Kirwa
7.	Head of Public Health	Alex Amdany
8.	Head of Transport	William Kiplagat

e) Fiduciary Oversight Arrangements

The Key oversight activities are undertaken by the following:

a. Municipality Board

The Municipality has the overarching responsibility to oversee the affairs of the Municipality

b. Municipality Board Audit Committee

- i) The committee has board delegated functions on auditing of Municipality resources.
- ii) Monitor the effectiveness of the Municipality performance management and performance information
- iii) Provide strong and effective oversight of the internal audit function
- iv) Provide independent review of reporting functions to ensure the integrity of financial reporting

c. County Assembly committees

(a) Economic Planning Committee of the County Assembly

Provide oversight role and operation of the finance and economic planning department

(b) Budget and Appropriation Committee

- i. Examine annual and supplementary budget estimates of expenditure presented to the house
- ii. Provide oversight on the presentation and implementation of the budget

(c) Public Accounts and Investment Committee

- i. Increase public confidence in the credibility of the government institution through providing oversight role on financial performance
- ii. To examine reports and accounts on the public investments.

f) The Senate County Public Accounts Committee

Provides oversight to county government entities on financial matters

g) Registered Offices

Municipality of Eldoret Headquarters,
Stadium Road, Eldoret
P.O Box 40 – 30100
Eldoret, Kenya

h) Municipality of Eldoret Contacts

The Municipal Manager
Telephone: (254) – 053 - 2016215, 053 - 2016125, 053 - 2016600
E - Mail: Municipality.manager@uasingishu.go.ke
Website: [www.Municipal .uasingishu.go.ke](http://www.Municipal.uasingishu.go.ke)

i) Bankers

Central Bank of Kenya
Uganda Road
P.O. Box 6000 - 00200
Eldoret Branch, Eldoret, Kenya

Kenya Commercial Bank
P.O Box 560 – 30100
Eldoret, Kenya

Cooperative Bank
P.O Box 2948 – 30100
Eldoret, Kenya

j) Independent Auditor




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

k) Principal Legal Adviser




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

3. The Municipal Board




The Board of the Municipality requires alignment with Section 13 (1A) of Urban Areas and Cities (Amendment) Act of 2019 which provides for an eleven-member board. The current board which aligns with Section 13 of Urban Areas and Cities Act, 2011 and constitutes nine members as below. The Municipality Manager and subsequently the Chief Officer, County Executive Member are ex-officio members of the board.

Name	Details of qualifications, experience and committee
 <p data-bbox="293 972 528 1025">Mr. Julius Kitur Chairman of the Board</p>	<p data-bbox="772 658 1422 757">a) Post Graduate Diploma in Correctional Services and Security Management, b) Bachelor of Business Management</p> <p data-bbox="772 763 991 790">Work Experience</p> <ul data-bbox="900 797 1230 860" style="list-style-type: none"> • Public Service - 14 years, • Private Sector - 12 years <p data-bbox="772 866 1114 896">Year of Birth: 26th June 1970</p>
 <p data-bbox="293 1314 596 1361">Mrs. Beatrice Kemboi Vice Chairperson of the Board</p>	<p data-bbox="772 1032 1110 1097">a) Bachelor of Arts, b) Certified Public Secretary</p> <p data-bbox="772 1104 911 1131">Committee</p> <p data-bbox="772 1137 1129 1202">Vice Chair – Full Board Human Resource Committee,</p> <p data-bbox="772 1209 986 1236">Work Experience</p> <p data-bbox="772 1243 1070 1308">Public Service - 17 years, Private Sector - 20 years</p> <p data-bbox="772 1314 1114 1344">Date of Birth: 24th July 1958</p>
 <p data-bbox="293 1771 448 1814">Peter Mwaniki Board Member</p>	<p data-bbox="772 1406 1254 1435">Diploma in Library Information Systems</p> <p data-bbox="772 1442 986 1469">Work Experience</p> <p data-bbox="772 1476 1062 1505">Public Service - 20 years</p> <p data-bbox="772 1512 927 1538">Committees</p> <p data-bbox="772 1545 1278 1673">Audit Committee, Culture, Sports and Social Services, Environment Committee, Finance and Human Resource Committee</p> <p data-bbox="772 1718 979 1783">Year of Birth 28th August 1968</p>

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Name	Details of qualifications, experience and committee
 <p>Walter Ayot Board Member, Chairman, Culture, Sports and Social Services Committee</p>	<p>a) Diploma in Automotive Electrical Engineering b) Certificates in Public Oversight in Project Management, Resource Mobilization, Children’s Rights and Protection Advocacy, SACCO’S Management, Marketing, Procurement, Leadership and Management, Leadership Transformation.</p> <p>Work Experience Public Service - 10 years, Private Sector - 30 years</p> <p>Committees Culture Sports and Social Services</p> <p>Year of Birth 15th October 1969</p>
 <p>Ms. Winnie Maru, Board Member, Chairperson, Environment Committee</p>	<p>BSc. Computing and Internet Systems</p> <p>Work Experience Public Service - 17 years, Private Sector - 10 years</p> <p>Committees Environment Committee, Planning and Operations Committee, Audit Committee, Culture, Sports and Social Services</p> <p>Year of Birth 24TH June 1974</p>
 <p>Richard Omanyala Board Member, Chairman, Audit Committee</p>	<p>a) Diploma in Purchasing and Supply - IPS, London b) Diploma in Christian and Religious Studies - Carlile College c) Certificate in Land Disputes Arbitration, d) Certificate in International Monetary Fund Projects - IMF</p> <p>Work Experience Public Service - 14 years, b) Private Sector - 30 years</p> <p>Committees Environment Committee, Planning and Operations Committee</p> <p>Year of Birth: 1953</p>

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Name	Details of qualifications, experience and committee
 <p>Dr. Job K. Ngetich Board Member, Chairman, Planning and Operational Committee</p>	<p>PhD. Environmental Planning and Management</p> <p>Work Experience Public Service - Ministry of Lands and Physical Planning - 18 years, University Lecturer - 6 years</p> <p>Committees Planning and Operations Committee, Audit Committee, Environment Committee</p> <p>Year of Birth 21st March 1969</p>
 <p>Dr. Janeth Kosgei County Executive Committee Member for and Board Member</p>	<ul style="list-style-type: none"> • PhD in Mathematics Education • Master's in Mathematics Education, • Bachelor of Education (Maths/Chemistry) <p>Formerly lecturer Moi University Department of Curriculum instructions and Educational Media School of Education. Worked in TSC as Mathematics/Chemistry teacher. Member of ANIE Professional Body and Board Member of various secondary schools.</p> <p>Date of Birth: 28th July 1975</p>
 <p>Julius Koech Chief Officer for Housing and Urban Development and Board Member</p>	<p>University of Pretoria (South Africa) - Doctor of Philosophy (PhD), Education Policy Studies (ongoing)</p> <p>Master of Science (MSc) Degree, Human Resource Development</p> <p>Master of Education (MEd) Degree in Educational leadership and policy studies. Postgraduate Diploma in International Relations.</p> <p>Work Experience Public Service – 24 Years</p> <p>Date of Birth: 22 February 1973</p>

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Name	Details of qualifications, experience and committee
 <p>Julius Koech Ag. Municipal Manager and Board Secretary</p>	<p>University of Pretoria (South Africa) - Doctor of Philosophy (PhD), Education Policy Studies (ongoing)</p> <p>Master of Science (MSc) Degree, Human Resource Development</p> <p>Master of Education (MEd) Degree in Educational leadership and policy studies. Postgraduate Diploma in International Relations.</p> <p>Work Experience Public Service – 24 Years</p> <p>Date of Birth: 22 February 1973</p>

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4. Key Management Team

	Details of qualifications and experience
 Julius Koech Ag. Municipal Manager	University of Pretoria (South Africa) - Doctor of Philosophy (PhD), Education Policy Studies (ongoing) Master of Science (MSc) Degree, Human Resource Development Master of Education (MEd) Degree in Educational leadership and policy studies. Postgraduate Diploma in International Relations. Work Experience Public Service – 24 Years Date of Birth: 22 February 1973
 CPA Lamek Keino Deputy Director Finance	Msc. Finance Bsc Actuarial Science CPA (K) Certified Public Accountant Certified Investment & Financial Analyst (Cifa) Finalist
 Moses Ruttoh Head of Administration	MBA Strategic Management Bachelor of Education Arts
 Abigael Mukosi Human Resource Officer	Bachelor of Science in Human Resource Management Higher Diploma in Human Resource Management Diploma in Human Resource Management
 Gideon Kirwa Environmental Officer	BSc. Environmental Science
 Eng. David Lelei, Municipality Engineer	Bsc Civil and Structural Engineering Registered Professional Engineer with Engineers Board of Kenya and Corporate Member of IEK
 William Kiplagat Transport Officer	Diploma in Records Management
 Alex Amdany Chief Public Health Officer	Diploma in environmental health science (Public Health)

5. Municipality Board Chairperson's Report

Municipality of Eldoret, For the Period Ended 30 June 2025

1. Introduction

On behalf of the Municipal Board, I am pleased to present this report as part of the financial statements for the period ended 30 June 2025. This year marked a critical period in our journey to strengthen urban governance, improve infrastructure and service delivery, and enhance the financial sustainability of our Municipality. The report outlines the Board's strategic guidance, oversight activities, and evaluation of the Municipality performance against its planned objectives under the fiscal framework for the year.

The Municipality of Eldoret Board has continued to discharge its mandate in accordance with its statutory obligations as provided for in the Urban Areas and Cities Act, No. 13 of 2011, the County Governments Act of 2012 and the Municipality Charter. While there have been many challenges in the exercise of the responsibilities as provided, the board has made many strides in the realization of its mandate.

2. Governance and Oversight

The Municipality Board maintained strong governance practices in line with the Urban Areas and Cities Act, 2011, and the Public Finance Management Act, 2012. Key areas of focus included: Oversight of Municipality development priorities and the performance of the Municipal Manager. Approval of key policy and planning instruments, including the Annual Development Plan (ADP), Municipal Integrated Development Plan (IDeP), and Annual Procurement Plans. Evaluation of project implementation progress and service delivery targets across infrastructure, solid waste, public health, and revenue enhancement. Monitoring of compliance with statutory financial reporting timelines and audit readiness.

3. Strategic Performance Overview

Despite resource constraints and external challenges, the Board is proud to report steady progress on several fronts:

a) Urban Infrastructure Development

Roads, drainage, and public lighting projects were prioritized, with notable progress in continued upgrading of 64 stadium, Maintenance of roads and drainages within the Municipality. Continued cleanliness of resident's premises, streets and social amenities (including parks) aimed at improving livelihoods and urban resilience.

b) Service Delivery and Environmental Management

Solid waste management coverage improved, with new community collection points expanded. Public sanitation facilities cleaned regularly to give citizens conducive environment to conduct their business.

4. Financial Oversight

The Board reviewed quarterly budget execution reports, expenditure patterns, and procurement performance. Key highlights include: Expenditure remained within the approved ceilings. Development spending accounted for [Approximately 30%] of total expenditure, in line with the minimum threshold set by PFM regulations. No major audit concerns were raised in the internal reviews conducted during the year.

The Board also ensured that the financial statements for period 2024/25 were prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and submitted to the Office of the Auditor-General within the statutory timelines

5. Successes

During the period under review, the board was able to achieve a number of milestones in the realization of its mandate.

Since 2021, the board has been pursuing the elevation of the Municipality of Eldoret to City Status. The approval for the conferment of the city status in November 2023 marked a key turning point in the history of Eldoret. The conferment of City status and grant of charter happened on August 15 2024. The period was also marked with the review of statutory documents including the IDeP 2021-2025 in accordance with Part V of UACA on integrated development planning and the Municipal Spatial Plan as well as the Urban Economic Plan

6. Challenges Faced

While notable achievements were realized, the Board acknowledges key challenges:

- Delays in disbursement of equitable share and conditional grants from the national government impacted project timelines.
- Land disputes in key project areas delayed site handovers and implementation of capital works.
- The rising cost of materials and fuel increased project delivery costs, requiring budget adjustments

7. Outlook for FY 2025/2026

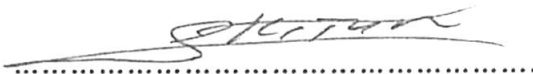
Looking ahead, the Board remains committed to strengthening urban systems and citizen-centred service delivery. Priorities for the coming year include:

- Completion of ongoing infrastructure projects, especially those targeting informal settlements.
- Expansion of digital platforms for service access and feedback.
- Enhanced monitoring and evaluation of cities project implementation.

We will also focus on strengthening partnerships with development agencies, the private sector, and the local community to accelerate our urban development agenda.

8. Appreciation

I wish to thank the Municipal Manager and team for their professionalism and commitment. I also thank the County Executive Committee, the County Assembly, and all development partners for their continued support. Lastly, I commend the residents of Municipality of Eldoret for their active participation and feedback, which continue to shape a more inclusive and responsive urban governance framework.



Name: Julius Kitur

Municipal Board Chairman

Date: 10/12/2025

7. Report of the Municipal Manager

I as a Municipal Manager in a Uasin-Gishu County, I have the honour of presenting the Annual Report and Financial Statements of Eldoret Municipality for the period ended 30th June 2025. This report provides a comprehensive overview of our financial performance, expenditure allocation, key initiatives, and governance standards as upheld during the year.

Financial Performance Overview

1.1 Budget Allocation

During the period 2024-2025 the Municipality budget expected a gross figure of Ksh 515,055,948 (This included the anticipated KUSP II Funds that eventually we didn't receive). After supplementary II budget, we received additional funds amounting to Kshs 39,673,660). For period 2025/2026, the County allocated the Municipality of Eldoret a KSh 179,188,710 budget of this: KSh 94,188,710 was designated for recurrent expenditure, KSh 85,000,000 (approximately 30% of total budget) was allocated to development projects—complying with the Public Finance Management Act's stipulation of at least 30% development allocation. Also, in anticipation of KUSP II Funds amounting to Kshs 385,000,000 for U.I.G and Kshs 32,000,000 for U.I.G for the period 2025/2026.

1.2 Key priority areas:

KSh 50,000,000 million dedicated to the urban development and management, supporting improvement of the Municipality Outlook, while KSh 35,000,000 allocated for land management and administration programme will bolster the outward developing centres for the Municipality.

1.3 Governance, Audit, and Controls

For the period 2023/2024 fiscal year (period ending 30 June 2024), the Auditor-General issued a qualified opinion, recognizing significant improvements in financial accuracy despite material misstatements. Previously, the Municipality of Eldoret had received qualified opinion between FY 2019–2022. The qualified opinion marks a positive shift in governance and internal controls. The Municipal Manager remains committed to addressing all audit observations, enhancing financial reporting frameworks, and strengthening internal control systems to promote full compliance

1.4 Strategic Priorities and Outcomes

Digitization and Efficiency: Continued implementation of digital platforms such as human resource department on leave application has significantly improved efficiency and compliance on staff performance.

Enhanced Enforcement: Aggressive recovery strategies and monitoring of Municipality cleanliness has attracted much investors and create a conducive environment for investment.

Infrastructure and Social Investment: Allocation to critical sectors including infrastructure, markets, and drainages underlines our commitment to inclusive development and Municipality modernization

1.5 Forward-Looking Outlook

With prudent budgeting, the Municipality of Eldoret is well-positioned to execute transformative development and service delivery in the period 2025/2026. Continued efforts will focus on: Strengthening audit compliance and achieving an unqualified audit opinion, scaling up digital and citizen-centric platforms, Intensifying cost-effective public service delivery across sectors.

2. Solid Waste Management

Under the year of review 2024/2025 a number of items were purchased including, Brush Cutters, Makuti Brooms, this has played a critical role in ensuring that the safety of the staff working under the solid waste management function is enhanced.

Comment on value-for-money

There are several achievements the Municipality of Eldoret made in terms of value for money. Some examples include:

- Reducing Waste: Implementing initiatives to reduce waste, such as recycling programs or composting facilities can help to save money and improve the environment.
- Improving Public Services: Investing in public services, such as parks, can help to improve the quality of life for residents and make the Municipality more attractive to potential residents and businesses.
- Increasing Efficiency: Implementing new technologies such as automated traffic management systems, can help to save money and improve the quality of services provided.
- Building Infrastructure: Investing in infrastructure, such continue upgrading of 64 stadium.

Implementation challenges of strategic objectives for the Municipality

- Operationalization of the Municipality structure
- Inadequate funding for projects
- Lack of revenue streams to address Municipality financial challenges directly
- Overreliance on donor funds
- Inadequate human capital Municipality to design and implement projects


The Municipality status has been achieved as per the requirements of Urban Areas and Cities Act and the Municipality Charter.

Concluding Remarks:

The fiscal year ended 30 June 2025 has been one of strong financial performance, enhanced governance, and impactful budgetary execution. Eldoret Municipality continues to build on its momentum, channelling resources toward infrastructure, services, and citizen welfare, while reinforcing accountability and operational excellence. If you'd like to delve deeper into specific areas, such as detailed development, project performance, or audit management actions, I'd be happy to put those together.

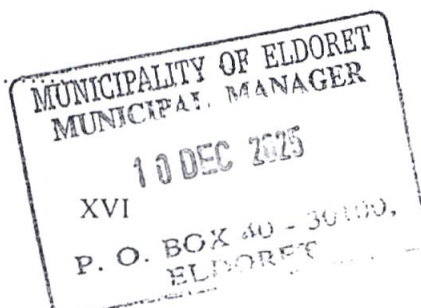
Note:

This report is constructed based on available public data up to June 2025, extrapolated into a full fiscal-year narrative. Actual FY for the period Ended 2024/2025 financial statements and audit findings will be key to refining and validating the complete official report.



Name: Julius Koech

Ag. Municipal Manager



8. Statement of Performance against Predetermined Objectives for the period Ended 2024/2025

Introduction

Overview and Strategic Alignment

The County's performance is assessed against its Programme-Based Budget (PBB) for FY 2024/2025, framed around the "Nguzo Kumi" (Ten Pillars) development agenda. Key areas of focus include: Safe drinking water access, Quality healthcare services, Agricultural productivity, Road infrastructure improvements, Electricity Municipality access, Quality education, Enhanced business environment and public service delivery, Efficient revenue mobilization and fiscal management, Effective resource utilization and project implementation, Robust monitoring and evaluation systems.

Under 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 strategic objectives of the Municipality of Eldoret as outlined on "2020 - 2024 Strategic Plan" as follows:

1. Urban Governance and administration
2. Improve level of governance and accountability
3. Municipality Service delivery
4. Strengthen waste collection and disposal
5. Strengthen urban planning functions
6. Improve infrastructure
7. Promote trade and investments
8. Improve the corporate visibility of the Municipality
9. Ensure operations and maintenance for physical infrastructure, movable and immovable assets

Progress on Attainment of Strategic Development Objectives.

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement. The Table below provides the progress attained on the above stated objectives:

Key Areas	Strategic Objective	Indicator	Performance
Urban Governance and administration	Developing Eldoret Municipality Board	Documented	100%

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	Service Charter		
	Improve the level of governance and accountability	Documented Board Charter	100%
Improvement of Urban Planning infrastructure.	Strengthen Urban Planning Function	Build and equip GIS lab	Pending
Promotion of Trade and Investments	Industrialization	Establish an industrial area zone near the source of raw materials.	Pending
Corporate Visibility of the Municipality	Improve the corporate visibility of the Municipality image	Rebranding	Pending
Waste Collection and disposal	Develop a recycling for waste within the Municipality		Pending
Traffic and Parking Management	Develop an infrastructure development Plan		Ongoing
Strengthen sports, arts and culture	Build and equip a social hall		Pending

Strengths:

Proactive planning in urban management and infrastructure integrity. Adoption of inter-agency approach (e.g. partnership) shows commitment to safety and standards.

Challenges:

Solid waste target not yet met. Infrastructure gaps in resource constraints. Lack of publicly reported performance data (e.g., actual kilometres of roads built)

Rationale of Performance Gaps:

Procurement delays and land administration issues on implementation of some projects. Institutional capacity Municipality improving, but full results are still emerging. Monitoring and reporting mechanisms, though referenced in public portal is required better transparency and public dissemination.

Recommendations for Future Improvement

Strengthen M&E Frameworks – Provide clear performance metrics (e.g., km of roads built and maintained) and report them publicly. Enhance Transparency – Early disclosure of full-year performance data would build trust and accountability. Address Capital Municipality Bottlenecks – Expedite procurement processes. Leverage Partnerships – Expand collaborations like that with World Bank across other sectors and counties.

9. Corporate Governance Statement

a. Process of appointment and removal of Board members

Pursuant to Municipality of Eldoret charter the Board of the Municipality shall be appointed through a competitive process by executive committee with approval by the County Assembly. A member of the Municipality may be removed from office on any of the grounds provided under 3.12.1 by:

- i. The County Governor,
- ii. A resolution of the board of the Municipality supported by at least two-thirds of the members of the board of the Municipality; or
- iii. Upon petition by the residence in the Municipality
- iv. The procedure for the removal or petition for removal of a member of the board of the Municipality under 3.12.1 above shall be provided by regulation under the urban areas and cities Act and, in the absence, thereof in accordance with the Kenyan labour law.
- v. Any vacancy arising out of the removal of a member of the board of the Municipality is filled in the manner provided under article 3.3.

b. Roles and functions of the Municipality Board

The board of the Municipality shall perform the following functions-

- i. To promote regulate and provide mechanisms for refuse collection and recycling, solid waste management service, general sanitation and controlling all forms of nuisance.
- II. Subject to existing laws, promote and provide water and sanitation services and infrastructure within the Municipality.
- III. Construct and maintain urban roads and associated infrastructure.
- IV. Construct and maintain storm drainage and flood controls.
- V. Construct and maintain walk and other non-motorized transport infrastructure.
- VI. Construct and maintain recreational parks, green spaces and public amenities and entertainments.
- VII. Construct and maintain street lighting.
- VIII. Construct, maintain and regulate traffic controls, auto cycles transport, non-motorized transport and parking facilities.
- IX. Construct and bus stands and taxi stands.
- X. Regulate outdoor advertising activities.
- vi. Construct, maintain and regulate urban commerce, municipal markets and abattoirs.

c. Training, Municipality board members and member's performance

The board of Municipality is trained once in every quarter of a financial year.

d. Number of Municipality board meetings held and the attendance to those meetings by members

The Board of the Municipality shall hold its sittings to transact the business of the board once every three months.

e. Succession Plan

The Board has implemented the Municipality Structure as approved by the Executive and the County Assembly.

f. Existence of Service charter

The Municipality is in has a Service Charter in accordance with the Municipality Charter and the applicable law.

g. Conflict of interest

Pursuant to the Municipality of Eldoret charter a member of the board of the Municipality who has a conflict of interest in any discussions or decisions- making regarding any subject or transaction under considerations by the board of Municipality, shall not participate in the discussions or decisions making, and not entitle to vote or agree to the subject or transaction relating to it.

h. Board remuneration

The board is remunerated in accordance with the guidelines of the Salaries and Remuneration Commission.

i. Ethics and conduct as well as governance audit undertaken if any

The audit of the Board of the Municipality shall be as provided under section 46 and 47 of urban areas and cities act.

10. Management Discussion and Analysis

The Municipality of Eldoret formed in accordance to Urban Areas and Cities Act, 2011 as qualifying condition for access of World Bank funded Kenya Urban Support Programme. The World Bank entered to memorandum of Understanding with National Government for support of counties on service delivery in urban areas. This required creation of Municipality as an entity of funding. The funding is done through two programmes namely Urban Intuitional Grant (UIG) intended for Operations and Maintenance costs of the Municipality. The Urban Development Grant (UDG) for development projects.

a. Income Receipts

Descriptions	Amount
Transfers from other governments entities	148,939,177
TOTAL	148,939,177

b. Expenditure

Expenses	Amount
Use of goods and services	76,148,598
Depreciation and amortization expense	10,011,755
Total expenses	86,160,353

11. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

Municipality of Eldoret derives its existence from the Urban Areas and Cities Act, 2011 and subsequent Urban Areas and Cities (Amendment) Act, 2019. The Municipality ensures compliance with all necessary legislations and ensures the service delivery to the people of Eldoret.

ii) Environmental Performance

Municipality of Eldoret has put measures and policies that ensure conservation of the environment and protection of the ecosystem. This is done through garbage waste management and planting of trees on public land and greening of public parks.

iii) Employee Welfare

The Municipality has put in place policies that ensure employees welfare are well guarded and all staff are given fair and just treatment. All staff matters are considered through selected committee that evaluates staff matter and advise according for necessary action such promotion, deployment, reprimanding and or dismissal.

Municipality of Eldoret is an equal opportunity employer with consideration for merit as prerequisite for hiring. The County ensures applicants are not discriminated by gender, religious background, ethnicity within the Municipality or any other form of personality.

The Municipality conducts annual staff appraisal that help to identify training needs and ways of improving staff productivity. The annual targets are negotiated and agreed between the officer and the supervisor at the beginning of the year.

iv) Market place practices -

The Municipality of Eldoret is tasked with mandates as outlined on Urban Areas and Cities Act, 2011. In delivering its mandates the Municipality ensure maximum benefit to the citizenly and that public funds are utilized in the most efficient and effective manner.

v) Community Engagements -

The Municipality of Eldoret undertakes public participation in order to identify the community priority and obtain views of the stakeholders.

12. Report of the Municipality Board Members

The Municipality submits its report together with the audited financial statements for the period ended June 30, 2025, which show the state of the Municipality affairs.

Principal activities

The Municipality principal activities are;

- (a) Provision of Municipality services e.g., solid waste management.
- (b) Management and promotion of a safe and healthy environment.
- (c) Promotion of the participation of residents in the governance of the Municipality.
- (d) Open Spaces and Parks Maintenance.

Performance

The results of the Municipality for the period ended 30th June, 2025 are set out on page 1- 5.

Board

The members of the Board who served during the whole financial year are shown on page viii-xi.

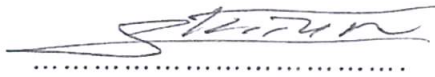
Dividends/Surplus remission

The Municipality is not required to remit any surplus or pay any dividends and the amount is appropriated in the subsequent financial year.

Auditors

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

By Order of the Board



.....
Name: Julius Kitur,

Title: Municipal Board Chairman

Date: 10/12/2025

13. 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 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 period 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 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

County Government of Uasin Gishu

Municipality of Eldoret

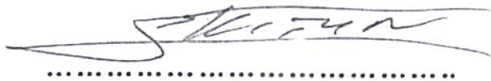
Annual Report and Financial Statements for the Period ended June 30, 2025

systems of internal financial control. In preparing the financial statements, the Municipality Manager has assessed the Municipality 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.

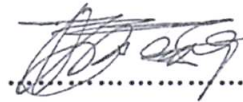
Approval of the financial statements

The Municipality financial statements were approved by the Board on and signed on its behalf by:



Name: Julius Kitur

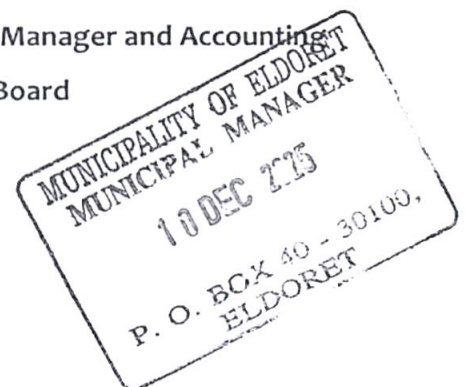
Municipality Board Chairman



Name: Julius Koech

Ag. Municipal Manager and Accounting

Officer of the Board



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MUNICIPALITY OF ELDORET FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF UASIN GISHU

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 the Municipality of Eldoret set out on pages 1 to 24, which comprise of statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets,

Report of the Auditor-General on Municipality of Eldoret for the year ended 30 June, 2025 - County Government of Uasin Gishu

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 the Municipality of Eldoret 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 Presentation and Disclosure in Financial Statements

Review of the annual reports and financial statements submitted for audit revealed the following anomalies: -

- (i) A Note on cash generated from operations has not been included in the financial statements as required by the Public Sector Accounting Standards Board (PSASB) reporting template.
- (ii) Appendix 1: Progress on Follow Up of Auditors Recommendations-In the audit report of 2023-2024, various issues were raised in the report on the financial statements and the report on the lawfulness and effectiveness in the use of public resources. However, not all the issues raised were included in the progress on follow up of auditor's recommendations.
- (iii) Inter-entity transfers under Appendix (ii) to the financial statements reflects recurrent grants of Kshs.76,148,598 and development grants of Kshs.74,721,329. However, there were no bank statements to support these transfers.
- (iv) Note 6a reflects property, plant and equipment prior year depreciation as at June, 2024 for furniture and fittings of Kshs.2,176,080 and total depreciation balance of Kshs.15,056,372. However, review of the prior year financial statements revealed depreciation for furniture and fittings of Kshs.954,000 and total depreciation balance of Kshs.13,834,292. No prior year adjustments were passed to correct the current balances.
- (v) The statement of changes in net assets reflects prior year adjustment for depreciation balance of Kshs.(668,787) of surplus funds. However, no workings were provided to support this balance.
- (vi) The statement of financial performance reflects depreciation expense of Kshs.10,011,755 whereas Note 3 to the financial statement reflects Kshs.10,061,130 thereby leading to an unexplained variance of Kshs.49,375.

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

2. Transfers from the County Government

The statement of financial performance and Note 1 to the financial statements reflect transfers from the County Government amount of Kshs.148,939,177. However, there was no direct transfer of funds from the County Government to the Municipality of Eldoret bank accounts. It was noted that the County Executive made payments on behalf of Municipality of Eldoret amounting to Kshs.148,939,177 and on which the Accounting Officer treated as transfers.

In the circumstances, the accuracy and completeness of transfer from the County Government amount of Kshs.148,939,177 could not be confirmed.

3. Misclassification of Expenses

The statement of financial performance and Note 4 to the financial statements reflects repairs and maintenance expenses of Kshs.72,791,878. Included in this expenses is advertisement costs of Kshs.3,634,000 that was misclassified as repairs and maintenance.

In the circumstances, the accuracy and completeness of repairs and maintenance expenses of Kshs.72,791,878 could not be confirmed.

4. Overstatement of Other General Expenses

The statement of financial performance reflects use of goods and services amount of Kshs.76,148,598 which includes other general expenses of Kshs.5,248,198 as disclosed in Note 2 to the financial statements. Examination of expenditure schedules revealed that payments for the supply of computers and printers of Kshs.1,844,310 were erroneously included in other general expenses and also capitalized in property, plant and equipment resulting to double accounting and hence overstatement of other general expenses by Kshs.1,844,310.

In the circumstances, the accuracy and completeness of other general expenses of Kshs.5,248,198 could not be confirmed.

5. Misstatement of Expenditure Under Hospitality, Supplies and Services

The statement of financial performance reflects use of goods and services amount of Kshs.76,148,598 which according to Note 2 to the financial statements includes hospitality supplies and services expenses amounting to Kshs.44,851,190. However, review of the expenditure records in support of the expenses revealed board expenses which were misclassified as hospitality supplies and services expenses totaling Kshs.1,179,000.

Further, the respective schedules provided in support of the expenditure reflected Kshs.45,493,190 which differed with Note 2 to the financial statements resulting to unexplained variance of Kshs.642,000.

In the circumstances, the accuracy and completeness of hospitality supplies and services expenses of Kshs.44,851,190 could not be confirmed.

6. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.1,232,250,255. However, Note 6a to the financial statements reflects Kshs.1,233,541,272 resulting to unexplained variance of Kshs.1,291,017. Further, review of asset management systems of the Municipality of Eldoret revealed the following anomalies;

6.1 Asset Register

A comprehensive asset register detailing the assets owned, rate of depreciation and the net book values was not provided for audit review.

6.2 Valuation of Property, Plant and Equipment

Valuation report from a recognized valuer was not provided to support the values of the reported assets. This was contrary to the requirements of paragraph 49 of International Public Sector Accounting Standard (IPSAS) 17, Property, Plant and Equipment.

6.3 Lack of Depreciation and Amortization Policy

The Municipality did not provide a policy on depreciation and amortization. Therefore, it could not be established how depreciation and amortization amount of Kshs.10,011,755 were arrived at.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.1,232,250,255 reported could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Municipality of Eldoret 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

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budgeted receipts and actual amount on a comparable basis of Kshs.693,828,904 and Kshs.194,450,006 respectively leading to under receipts of Kshs.499,378,898 or 72%.

The under receipts impacted negatively on the delivery of services to the residents of the Municipality of Eldoret.

2. Transitioning from Municipality of Eldoret to City of Eldoret

The Municipality of Eldoret was chartered on 17 December, 2018 and subsequently upgraded to Municipality status on 18 June, 2025, in accordance with Section 11.12(1) of Legal Notice No. 112, Legislative Supplement No. 54 and the Charter awarded on 18 June, 2025. The Charter stipulates that the transition from Municipality to City status take effect upon publication in Kenya Gazette through, Kenya Gazette Supplement No. 91, on 18 June, 2025. This meant that the City status was in place for only 12 days for the year ended 30 June, 2025.

In the circumstances, the Municipality's financial statements have been prepared for the period ended 30 June 2025, as the structures required to support the resource-utilization operations of the City had not been established by the close of the financial year.

My opinion is not modified in respect of this matter.

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under report on Financial Statements, Report on Lawfulness and Effectiveness in the use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, they remain unresolved. Refer to **Appendix I**.

Other Information

Management is responsible for the Other Information set out on page iii to xxv which comprise of Key Entity Information and Management, Municipality Board, Key Management Team, Municipality Board Chairperson's Report, Report of the Municipality Manager, Statement of Performance against the Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of 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 Municipality of Eldoret financial statements, my responsibility is to read the other information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the 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. Upgrading of 64 Stadium in the Municipality of Eldoret

The County Government engaged a local contractor on behalf of the Municipality of Eldoret on 9 April, 2021 for Upgrading of 64 Stadium at a contract sum of Kshs.1,163,563,926 with the contractor having been paid a sum of Kshs.699,571,028 or 60% of the contract sum up to the period ending 30 June, 2024. The contract commencement date was 12 May, 2021 with estimated completion date of 9 August, 2022 and three extensions having so far been made and the latest approved to 8 December, 2025.

During the year under review, the contractor was paid Kshs.40,789,500 on 8 April, 2025 as part payment of Interim Payment Certificate (IPC) No.6. of Kshs.120,697,044 with the total measured works so far being Kshs.820,268,072. However, examination of the project file revealed the following anomalies;

- i. The then Municipal Manager appointed a Project Implementation Team (PIT) to monitor the project performance. However, there were no reports to show the team was effective and discharged this mandate.
- ii. The performance bond expired on 1 April, 2025 and no renewal was done.
- iii. Review of the payment certificates and measurement sheets revealed tendered items provided for in the submitted priced Bills of Quantities and bonded by the contract agreement amounting Kshs.513,649,505 which had not been executed. This implied that the contract price is currently at Kshs.1,333,917,577 yet there were no revised bills of quantities and addendum to the contract agreement in place to effect these changes.
- iv. Certificate No. 6 indicates total measured works of Kshs.820,268,072 which includes materials on site of Kshs.9,207,700 whose inclusion in the payment certificate is not clear. This is contrary to clause 21.1 of the tender document which

Report of the Auditor-General on Municipality of Eldoret for the year ended 30 June, 2025 - County Government of Uasin Gishu

states that contractor will be paid for the quantity of work done at the rate in the Bills of Quantities for each item.

- v. Examination of the payment document and Payment Certificate No.6 dated 25 January, 2024 revealed that a variation in price and works amounting Kshs.363,397,474 had been effected and fully paid for. However, there was no evidence that the variation of price and works was approved by an evaluation committee before they were submitted, through the head of procurement function, to the accounting officer for approval, as required by Regulation 132 (2) (b) of Public Procurement and Asset Disposal Regulations, 2020. In addition, the extra works/variations were effected without a budgetary allocation contrary to Regulation 50 of the Public Finance Management (County Governments) Regulations, 2015. However, Management did not give any explanation for the omission of some-contracted works totaling Kshs.245,854,279 at the execution stage .
- vi. There is no evidence of any formal notices issued as provided for under clause 18 of the tender document.
- vii. There is no evidence to show that Management had claimed any liquidated damages for the delay from the contractor as per the terms of the contract.
- viii. Physical verification exercise done in the Month of October, 2025 revealed that the contractor was still on site although there was no activity; only one (1) employee was found on site providing security. No documentary evidence was provided to show plans by management to ensure completion of the project.

In the circumstances, value for money for the expenditure of Kshs.699,571,025 may not be realized.

2. Citizen Fora

As previously reported, review of the records of the Municipality of Eldoret on compliance with the law on Citizen Fora revealed the following anomalies;

- i. The Municipality did not conduct a Citizen Fora and therefore the citizens were not involved in the administration and management of the affairs of the Municipality.
- ii. The Board had not developed mechanisms for the participation of the residents in the management and administration of the Municipality.
- iii. The annual meeting of the Citizen Fora envisaged under Regulation 33. (1) of the Urban Areas and Cities (General) Regulations, 2022 was not held.
- iv. No reports were prepared under Section 22 (4) of the Urban Areas and Cities Act, 2011 on the decisions made in respect of petitions or presentations made in the citizen fora and the reasons for such decisions.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

The Municipality of Eldoret was granted Municipal Charter on 17 December, 2018 and later granted Municipality charter on 18 June, 2025 which granted operational independence from the County Government of Uasin Gishu. However, review of the operations revealed that the Municipality did not have an independent budget but was controlled by the County Executive. In addition, it was noted that the Municipality has 158 seconded staff from the County Executive out of which 146 staff were on permanent and pensionable terms, 1 casual staff, 4 staff on local contract and 7 staff on probation.

In the circumstances, Management cannot effectively deliver services to the residents of the Municipality of Eldoret.

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 those Charged with Governance

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

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

The 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, the 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 of Eldoret'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

05 December, 2025

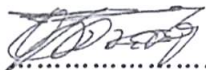
Appendix I: Unresolved Prior Year Audit Matters

No	Year	Issue
1	2023-2024	Transfers from the County Government
2	2023-2024	Double Reporting of Expenditure in Financial Statements
3	2023-2024	Unsupported Board Expenses
4	2023-2024	Unsupported Payments on Advertising, Printing Supplies and Services
5	2023-2024	Unsupported Expenditure on Travel Costs
6	2023-2024	Daily Subsistence Allowance and Domestic Travel and Subsistence
7	2023-2024	Unsupported Expenditure on Other General Expenses
8	2023-2024	Unsupported Expenditure on fuel, Oil and Lubricants
9	2023-2024	Asset Register
10	2023-2024	Valuation of Property, Plant and Equipment
11	2023-2024	Lack of Depreciation and Amortization Policy
12	2023-2024	Work in Progress
13	2023-2024	Citizen Fora

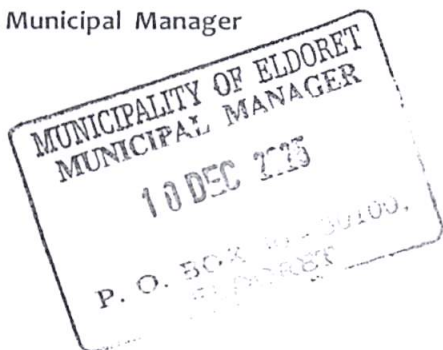
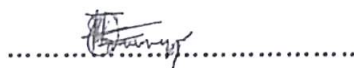
15. Statement of Financial Performance for the Period Ended 30th June 2025.

Description	Notes	2024-2025	2023-2024
		Kshs	Kshs
Revenue from Non-exchange transactions			
Transfer from the County Governments	1	148,939,177	41,279,479
		148,939,177	41,279,479
Revenue from exchange transactions			
Total revenue		148,939,177	41,279,479
Expenditure			
Use of Goods and services	2	76,148,598	40,516,850
Depreciation and Amortization	3	10,011,755	2,873,948
Repairs and Maintenance	4	72,791,878	762,629
Total Expenses		158,952,231	44,153,427
Surplus/(deficit) for the period		(10,013,054)	2,873,948

The notes set out on pages 6 to 25 form an integral part of these Financial Statements. The entity financial statements were approved on 10/12/2025 and signed by:



Name: Julius Koech
Ag. Municipal Manager

Name: Lamek Keino, CPA
Deputy Director and Head of Finance
ICPAK M/No: 30334

County Government of Uasin Gishu
Municipality of Eldoret
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16. Statement of Financial Position as at 30th June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	5	2,877,019	2,878,318
Total Current Assets		2,877,019	2,878,318
Non-Current Assets			
Property, plant and equipment	6a	1,232,250,255	436,434,420
Work in Progress			487,176,011
Total Non- Current Assets		1,232,250,255	923,610,431
Total Assets		1,235,127,274	926,488,749
Liabilities			
Current Liabilities			
Trade and other payables	7	79,907,544	
Total Current Liabilities		79,907,544	
Net assets		1,155,219,730	926,488,749
Accumulated surplus		-14,730,657	-4,048,816
Capital/Development Grants/Fund		1,169,950,387	930,537,565
Total Net Assets		1,155,219,730	926,488,749
Total Net Assets and Liabilities		1,155,219,730	926,488,749

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 10/12/2025 and signed by:



Name: Julius Koech

Ag. Municipal Manager

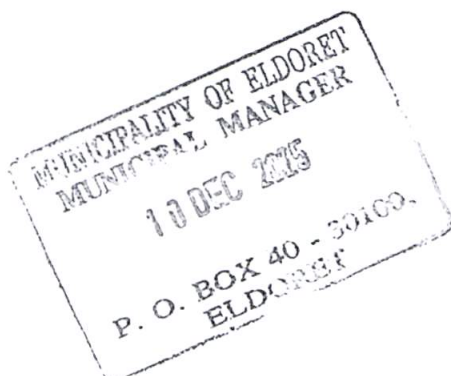
Date:



Name: Lamek Keino, ICPAK M/No: 30334

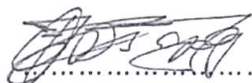
Deputy Director and Head of Finance

Date: ... 10/12/2025



17. Statement of Changes in Net Assets for the Period Ended 30th June 2025

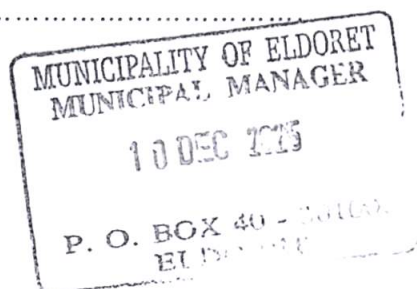
Description	Development Grants/Fund	Reserve	surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2023 (previous year)	853,824,259	0	-1,174,868	852,649,391
Surplus/(deficit) for the year		0	-2,873,948	-2,873,948
Funds received during the year-UDG	6,951,579	0		6,951,579
funds received during the year-UGC	69,761,727	0		69,761,727
Revaluation gain/Transfer of depreciation		0		
Bal as at 30 Jun 2024	930,537,565	0	-4,048,816	926,488,749
Bal as at 1 July 2024 (current year)	930,537,565	0	-4,048,816	926,488,749
Surplus/(deficit) for the year		0	-10,013,054	-10,013,054
Prior Year Adjustment for depreciation			-668,787	-668,787
Prior Year Adjustment (Work in Progress)	198,623,322			198,623,322
Funds received during the year-UDG	0			0
Funds received during the year-UGC	40,789,500			40,789,500
Revaluation gain				0
Balance as at 30 June 2025	1,169,950,387	0	-14,730,657	1,155,219,730



Name: Julius Koech
Ag. Municipal Manager
Date:



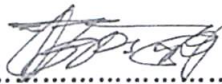
Name: Lamek Keino, ICPAK M/No: 30334
Deputy Director and Head of Finance
Date: 10/12/2025



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18. Statement of Cash Flows for the Period Ended 30th June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government	1	148,939,177	41,279,479
Public contributions and donations			
Interest received			
Miscellaneous receipts			
Total Receipts		148,939,177	41,279,479
Payments			
Use of goods and services	2	76,148,598	40,516,850
Staff costs			
Board expenses			
Repairs and Maintenance	4	72,791,878	762,629
Total Payments		148,940,476	41,279,479
Net cash flows from operating activities		-1,299	0
Cash flows from investing activities			
Purchase of PPE & intangible assets		-42,633,810	- 81,202,286
Proceeds from sale of PPE			
Net cash flows used in investing activities		-42,633,810	- 81,202,286
Cash flows from financing activities			
Receipt from development grants		42,633,810	77,044,774
Net cash flows used in financing activities		42,633,810	77,044,774
Net increase/(decrease) in cash & cash equivalents		-1,299	-4,157,512
Cash And Cash Equivalents At 1 July		2,878,318	7,035,830
Cash And Cash Equivalents At 30 June	5	2,877,019	2,878,318



Name: Julius Koech

Ag. Municipal Manager

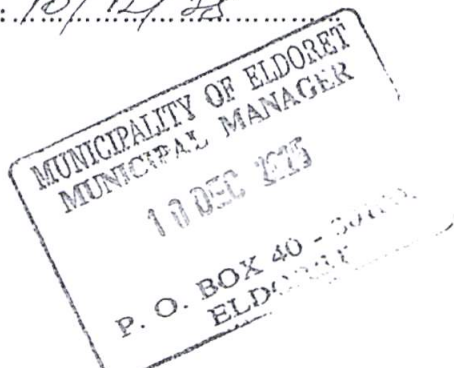
Date: 10/12/25



Name: Lamek Keino, ICPAK M/No: 30334

Deputy Director and Head of Finance

Date: 10/12/2025



County Government of Uasin Gishu
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19. Statement of Comparison of Budget & Actual Amounts for the Period ended 30th June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable	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*	-	-	-	-	-	0
Receipts						
Transfers from the County Government -Recurrent	199,047,976.00	-	199,047,976.00	148,939,177.00	50,108,799.00	75%
Transfers from the County Government-Dev	71,847,961.00	-	71,847,961.00	42,633,810.00	29,214,151.00	59%
Transfers from the County Government-UIG	35,000,000.00	-	35,000,000.00	-	35,000,000.00	0%
Transfers from the County Government-UDG	385,055,948.00		385,055,948.00	-	385,055,948.00	0%
Miscellaneous income (Bank opening balances)	-	2,877,019.00	2,877,019.00	2,877,019.00	-	100%
Total Receipts	690,951,885.00	2,877,019.00	693,828,904.00	194,450,006.00	499,378,898.00	28%
Payments						
Use of goods and services	101,222,277.00	2,877,019.00	104,099,296.00	76,148,598.00	27,950,698.00	73%
Repairs and maintenance	99,673,660.00		99,673,660.00	72,791,878.00	26,881,782.00	73%
Total expenditure Payments	200,895,937.00	2,877,019.00	203,772,956.00	148,940,476.00	54,832,480.00	73%
Capital Expenditure Payments	490,055,948.00		490,055,948.00	42,633,810.00	447,422,138.00	9%
Surplus for the period				2,875,720.00	(2,875,720.00)	

Budget notes:

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	2,875,720.00
1	UIG KCB ACCOUNT BANK CHARGES	1299
2	Reason for differences	xx
3	Reason for differences	xx
4	Reason for differences	xx
	Closing Cash and Cash Equivalent as per the statement of Cash flows	2,877,019.00

20. Notes to the Financial Statements

1. General Information

Municipality of Eldoret is established by and derives its authority and accountability from urban area and Cities Act 2011 and the Municipality Charter.

2. Statement of Compliance and Basis of Preparation

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

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

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

3. Application of New and revised standards (IPSAS)

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <ul style="list-style-type: none"> IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to OtherIPSAS resulting fromIPSAS41, Financial Instruments	Applicable: 1st January 2023: <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

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Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits Now</i> deletes the term composite social security benefits as it is no longer defined in IPSAS. • <i>IPSAS 29: Financial instruments: Recognition and Measurement Standard</i> no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

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	<p>Applicable 1st January 2025</p> <p>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 cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

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Standard	Effective date and impact:
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii. Early adoption of standards

The Municipality of Eldoret adopts International Public Sector Accounting Standard on accrual basis reporting because it found the Municipality Financial Reporting at a nascent stage.

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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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 22nd July 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. The Municipality 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.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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 financial performance has been presented under section of the statement of comparison of budget and actual amounts 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) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

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

Financial assets

Classification of financial assets

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

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

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments.

Movements in fair value are presented in either surplus or deficit or through net assets/equity subject to certain criteria being met.

Amortized cost

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

Fair value through net assets/equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

And significant judgments made by management in determining the expected credit loss (ECL) are set out in.

Financial liabilities

Classification

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

f) 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 cost of Municipality , but excluding borrowing costs.

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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.

g) 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.

h) 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 need of society as a whole. The entity recognises a social benefit as an expense for the social benefit 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.

i) 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.

j) 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.

k) Nature and Purpose of Reserves

The Municipality has no financial reserves.

l) 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.

m) 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.

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported in the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) 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.

p) 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 Manager and Municipality Accountant.

q) 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. For the purposes of these financial statements, cash and cash equivalents also include short-term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

r) Comparative figures

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

s) 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 are indicative of conditions that arose after the reporting date.

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

t) 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.

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Notes to the Financial Statements

1. Transfers from the County Government

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	148,939,177	41,279,479
UIG	-	-
UDG	-	-
Total	148,939,177	41,279,479

N/B Total expenditure of recurrent kshs 83,666,465 and kshs 65,272,712 totalling to Kshs 148,939,177 has been treated as transfer from County government.

2. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Utilities, supplies and services	102,590	278,172
Communication, supplies and services	0	525,000
Hospitality supplies and services	44,851,190	12,463,575
Office and general supplies and services	276,743	250,000
Routine maintenance-Other Assets	0	0
Printing, advertising, supplies & services	91,640	1,371,000
Specialized materials and services/Sanitary	27,827	48,168
Trade Shows and Exhibitions	0	222,140
Travel Costs (airlines, bus, railway, mileage allowances, etc.)	1,637,910	1,638,300
Supplies and Accessories for Computers and Printers	0	0
Domestic travel and subsistence	0	3,330,450
Other general expenses	5,248,198	1,004,095
Daily Subsistence Allowance	2,034,650	1,569,400
Bank Charges	1,299	-
Fuel, oil and lubricants	21,876,551	17,816,550
Total	76,148,598	40,516,850

3. Depreciation and amortization

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Property, Plant and Equipment	10,011,755	2,873,948
Total	10,011,755	2,873,948

4. Repairs and Maintenance

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Repairs and Maintenance	72,791,878	762,629
	72,791,878	762,629

5. Cash and cash equivalents

Description	2024-2025	2023-2024
	Kshs.	Kshs.
UDG- Co-op Bank Account Number 011419576581100	2,877,019	2,877,979
UIG-Kcb Bank Account Number 12588437260	0	339
UDG- Central Bank 1000372068	0	0
Total	2,877,019	2,878,318
Description	2024-2025	2023-2024

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

Description	2024-2025	2023-2024
	Kshs.	Kshs.
UDG- Co-op Bank Account Number 011419576581100	2,877,019	2,877,979
UIG-Kcb Bank Account Number 12588437260	0	339
UDG- Central Bank 1000372068	0	0
Total Cash and Cash Equivalent	2,877,019	2,878,318

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(Notes to the Financial Statements Continued)

6a. Property, Plant and Equipment

Description	Land	Building	Motor vehicles	Furniture and fittings 10%	Computers 30%	Roads, Civil Works & Infrastructure 2%	Capital Work In Progress	Total
As at 1st July 2023 (previous year)				1,590,000		444,605,112	410,047,325	937,444,723
Additions	-			4,073,600	-		77,128,686	81,202,286
Disposals	-	-	-		-			-
Transfers/adjustments		-	-					
As at 30th June 2024	-			5,663,600	-	444,605,112	487,176,011	1,018,647,009
Additions for the year		-	-	0	1,844,310		120,697,044	122,541,354
Prior year Adjustment	-	-	-	-	-	-	198,623,322	198,623,322
As at 30th June 2025 (current year)				5,663,600	1,844,310	444,605,112	806,496,377	1,258,609,399
Depreciation and impairment								
At 1 July 2023 (previous year)				477,000		11,705,424		12,182,424
Depreciation	-			1,699,080	-	1,174,868		2,873,948
Impairment	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-
As at 30 June 2024	-	-	-	2,176,080	-	12,880,292	-	15,056,372
Depreciation for the year	-	-	-	566,360	553,293	8,892,102	-	10,011,755
Disposals for the year	-	-	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-	-	-
Transfer/adjustment								
As at 30th June 2025 (current year)	-	-	-	2,742,440	553,293	21,772,394	-	25,068,127
NBV as at 30th Jun 2024 (previous year)		-	-	4,709,600		431,724,820	487,176,011	923,610,431
NBV as at 30th Jun 2025 (current year)				2,921,160	1,291,017	422,832,718	806,496,377	1,233,541,272

N/B Prior Year Adjustments for work in Progress (Understatement in IPC)

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6b. Work in Progress

Upgrading Of 64 Stadium					
Analysis of Payments					
Ipc	Date of payment	Cheque Nos.	Kusp	Gok	Total Amount
1	17.05.2022	160161162163	142,308,783.85	-	142,308,783.85
2	17.05.2022	139140141138	125,310,919.00	-	125,310,919.00
3	18.05.2022		-	83,862,841.57	137,738,255.00
	08.07.2022	175176177178	53,875,413.43	-	
4	16.11.2022	196197198199	58,575,646.25	103,400,000.98	161,975,647.23
5	10.05.2023		-	52,704,000.00	118,465,727.50
	14.09.2023		-	65,761,727.00	
6	14.03.2025		-	40,789,500.00	40,789,500.00
	Payables(IPC 6)		-	79,907,544.00	79,907,544.00
	As at 30 th June, 2025	Total Payment Up to Date	380,070,762.53	426,425,613.55	806,496,376.58

7. Trade and other Payables

No	Current Liabilities	Amount
1	Other Payables	79,907,544
		79,907,544

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(Notes to the Financial Statements Continued)

8. Capital Fund

Description	2024-2025	2023-2024
	Kshs.	Kshs.
1 st July	-	-
UDG	2,877,019	2,877,979
County development funds in CRF	71,844,310	73,835,327
Totals	74,721,329	76,713,306

Other Disclosures

9. Related party balances

a) Nature of related party relationships

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

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

10. 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 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 '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.

Notes to the Financial Statements

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 assessment 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 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:

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.

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 on-going 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 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

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managing market risk rests with the Audit and Risk Management Committee. Municipality 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.

21. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

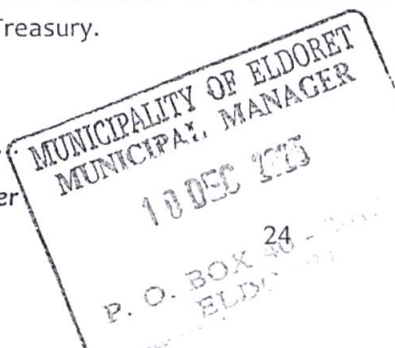
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe
1.0	Lack of operational independence of the Municipality	Management are working modalities with county executive to ensure Municipality get independence	No resolved	N/A
2.0	Failure to observe gender equity on board composition	The appointment of the CECM for Lands, Housing & Urban development to represent gender has resolved the gender rule	Resolved	N/A
3.0	Lack of independent audit function	Audit department shall be established upon advertisement as per the structure	Not Resolved	N/A

Guidance Notes:

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


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Ag. Municipal Manager




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Appendix 2: Inter Entity Transfers

MUNICIPALITY NAME: ELDORET					
Breakdown of Transfers from the County Executive of Uasin Gishu County					
	FY 2024/2025	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate	
a.	Recurrent Grants		0	2024/2025	
	Opening Balance and Receipting				
	County Government Recurrent Expense		76,148,598	2024/2025	
	Total		76,148,598		
b.	Development Grants			Indicate the FY to which the amounts relate	
	Opening Balance and Receipts UDG		2,877,019	2024/2025	
	County Government Development		71,844,310	2024/2025	
	Total		74,721,329		
c.	Direct Payments			Indicate the FY to which the amounts relate	
			0	2024/2025	
	Total		0		

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

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 Deputy Director, Finance

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 Director, Finance