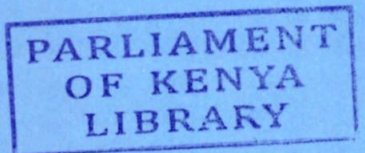


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

NANYUKI MUNICIPALITY

**FOR THE YEAR ENDED
30 JUNE, 2024**

PAPERS LAID	
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OFFICE OF THE AUDITOR - GENERAL
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27 SEP 2024 456
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NANYUKI MUNICIPALITY

County Government of Laikipia

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2024

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

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1. Acronyms & Glossary of Terms

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

a) Background information

- b) **Nanyuki Municipality** is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 (amended 2019) and Cities and Municipal Charter on **22nd March 2023**. Nanyuki Municipality is under the County Government of **Laikipia** and is domiciled in Kenya.

c) Principal Activities

Our vision

To be a model municipality in Kenya, celebrated for its seamless blend of natural beauty cultural diversity, modern infrastructure and an environmental conscious community.

Our mission

To enhance the quality of life for our residents and visitors by fostering sustainable development, preserving our rich cultural heritage and providing efficient services that promote a harmonious and thriving community.

The principal activities of Nanyuki municipality are;

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

d) Key Management

Nanyuki Municipality's management is under the following key organs:

- County department of lands, physical planning, housing and urban development in charge of Municipalities
- Board of management

Ref	Position	Name
1	The Municipal Manager & Secretary of the Municipal board	Alexander Maina Mwangi
2	Chairperson of the board	Abdi Sora
3	Vice-chairperson of the board	Cecilia Muthoni Gichohi
4	Board member	Lucy Muthoni Bolton
5	Board member	Linnet Wairimu Ndung'u
6	Board member	Peter Wahome Gathigia
7	Board member	David Macharia Kanyoi
8	Board member	Michael Muriithi King'uku
9	County executive committee member	Martin Ekwam

- The Accounting Officer of the Municipality is The Municipal Manager/secretary of the Municipal board,

Ref	Position	Name
1	The Accounting Officer, The Municipal Manager & Secretary to the Board	Alexander Maina Mwangi

- Management is by the following team

Ref	Name	Position
1	Alexander Maina Mwangi	Municipal Manager
2	Lucy-Ann Maitho	Municipal Land Surveyor
3	Diana Wangari	Social Development Officer
4	CPA Mary Wachiuri	Head of Treasury Accounting
5	Mary Gathoni	Procurement Officer
6	Peter Wanyoike	Finance and Accounting Officer
7	Joseph Ndung'u	Municipal Planner
8	Christopher Thuku	Communications and Public Relations officer
9	Samuel Methu Ng'ang'a	Head of finance

County Government of Laikipia

Nanyuki Municipality

Annual Report and Financial Statements for the year ended June 30, 2024

e) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

Ref	Position	Name
1	Municipality Manager	Alexander Maina Mwangi
2	Head of Treasury	Mary Wachiuri
3	Internal Audit	Nelson Ochungo
4	County Executive Committee Member (Finance)	Samuel Wachira
5	County Executive Committee Member (land, housing and urban development)	Martin Ekwam

f) Fiduciary Oversight Arrangements

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

g) Registered Offices

P.O. Box 04 – 10400

County Government Offices

Nanyuki-Nyeri Highway

Nanyuki, Kenya

h) Contacts

Telephone: (+254) 721729551

E-mail: nanyukimunicipality@laikipia.go.ke

Website: www.laikipia.go.ke

i) Bankers

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000 - 00200

Nairobi, Kenya

Equity Bank Ltd

P.O. Box 52 - 20300

Nyahururu, 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

City Square 00200

Nairobi, Kenya

3. Municipality Board

NAME	Details and experience
<p>1. </p>	<p>Name: abdi sora Date of birth: 12th dec 1974 Academic qualifications: b.com (accounting), acca, ihrm Work experience: gm, borana conservancy, ceo loldaiga conservancy Status: independent director Representation: board chairman</p>
<p>2. </p>	<p>Name: cecilia muthoni gichohi Date of birth: 1991 Academic qualification: bachelor of law, pgd ksl (kenya school of law) Experience: partner muthoni and muthoni advocates Status: independent director Representatison: board vice chairperson</p>
<p>3. </p>	<p>Name: lucy muthoni bolton Date of birth: 15th april 1980 Academic qualifications: diploma in hotel Management/degree in wildlife management Work experience: hospitality/manager, Status: independent director Committee chaired: audit and compliances committee</p>
<p>4. </p>	<p>Name: linnet wairimu ndung'u Date of birth: 1st jan 1991 Academic qualifications: ba. Psychology (counselling) Work experience: ceo nimmo homestays Status: independent director Committee chaired: gender mainstreaming youth, culture, sports and social services</p>

5. 	<p>Name: peter wahome gathigia</p> <p>Date of birth: 31st jan 1962</p> <p>Academic qualifications: higher urban development studies, diploma in human resources</p> <p>Work experience: works officer, laikipia county</p> <p>Status: independent director</p> <p>Committee chaired: physical planning and public works</p>
6. 	<p>Name: david macharia kanyoi</p> <p>Date of birth: 13th mar 1978</p> <p>Academic qualification: b.a theology and divine studies</p> <p>Work experience: director, damaka motor care garage</p> <p>Status: independent director</p> <p>Committee chaired: finance, environment and general purposes</p>
7. 	<p>Name: michael muriithi king'uku</p> <p>Date of birth: 1971</p> <p>Academic qualification: diploma in hotel management</p> <p>Work experience: hospitality management</p> <p>Status: independent director</p> <p>Committee chaired: human resource, ict and administration</p>

4. Key Management Team

Serial No	Name	Details of qualifications and experience
1.	<i>Alexander Maina Mwangi</i>	He has worked in the county government and previously in the county council. He has been an administrator and has also been in charge of environment in Laikipia west sub county thus has a vast knowledge in management

5. Municipality Board Chairperson’s Report

I am happy to present to you Nanyuki Municipality's financial statement for FY 2023–2024. It outlines the vision, objectives, and strategies of the Municipal Board. It spells out how we have fulfilled our obligations to the people of Nanyuki Municipality and those of Laikipia County. It is the result of extensive engagements with the people of Nanyuki and the county government of Laikipia. It’s anchored on the pillars we consider important for effective management of the municipality; and it’s in line with our strategic priorities. We thank all the people involved in the preparation of this document for their dedication, suggestions and advice. In particular, we thank Governor and the County Government of Laikipia for their unwavering support. We also appreciate contributions from organized groups and individual residents of Nanyuki; and we promise to continue this engagement during our yearly fulfilment of municipality mandate. We will work with county departments to deliver quality services to the people of Nanyuki. Since Nanyuki is a municipality connecting people from three different counties, Laikipia, Nyeri and Meru, we understand that our performance will impact a greater population. For this, our promise to the people of Laikipia is that we will strive to succeed. The current Nanyuki municipal Board is the inaugural board of the Municipality and the second urban board in Laikipia county. It’s composed of 9 members. We will work closely with stakeholders and partners to fill the resource gaps and, we hope our efforts will make Nanyuki indeed the most desirable place to live, work, and invest.



.....

Name: Abdi Sora
Chairperson of the Board

6. Report Of the Municipality Manager

Nestled in the heart of Kenya, Nanyuki Municipality is a vibrant and diverse destination that offers a unique blend of natural beauty, cultural richness and modern amenities.

Surrounded by stunning landscapes and brimming with history Nanyuki is a place where both locals and visitors can experience the best that Kenya has to offer. Nanyuki has been hosting the administrative county headquarters of Laikipia county since its inception. It has a population of 72,000.

Through the Strategic Plan which is an important tool for the municipality staff. It clarifies our board's strategic intentions; defines the principles that guide our operations; and specifies our priorities. It also reminds us of our primary objective - to serve the residents of Nanyuki. The strategic plan helps our staff to engage colleagues, partners and other stakeholders on the kind of community and municipality we want, how we can work better, together; and what we need to improve. It outlines expected outcomes; lists our strategies; states our commitment to stakeholders; and clarifies our priorities. The residents of Nanyuki have expressed very high expectations; and it is against these expectations that our performance will be measured. We thank the board and the county government for the guidance that this plan provides. We have work closely with the county government to develop budget alignment strategies and accountability mechanisms that ensure adequate resourcing and follow through with this Plan. We will endeavour to continuously report on progress to our stakeholders as provided in law and through a vigorous and transparent process of engagement. Every year, we will review and update the strategies and initiatives identified in the plan.

Areas of Improvement

- Sewer system – Enhance the sewer line
- Solid waste management – Procure garbage trucks
- Provision of clean water - Boost water supply (Increase pipeline capacity)
- Storm water management – Improve drainage infrastructure
- Disaster management – procure a fire track and enhance responsiveness
- Road network – upgrading of Nanyuki access roads



.....
Name: Alexander Maina Mwangi
Municipality Manager

7. Statement of Performance Against Predetermined Objectives for the FY 2023/2024

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a County Government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board including a statement of the county government entity's performance against predetermined objectives. The key development objectives of Nanyuki Municipality for FY 2023/2024 are to:

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

8. Corporate Governance Statement

In appointing members of the Board of the Municipality, the County Executive Committee shall ensure gender equity, representation of persons with disability, youth and marginalized groups. The term of the members of the Board of the Municipality shall be five (5) years on a part-time basis. Removal of members of the board of the municipality remains specified in Nanyuki municipality charter.

The roles and functions of Nanyuki Municipal board member will stand as specified by the charter.

The municipality will do induction and training for board member from time to time to enhance their performance.

The Board of the Municipality shall hold its sittings to transact the business of the Board once every three months Notwithstanding Article the Chairperson of the Board of the Municipality may, and upon request in writing by at least one-third of the members of the Board of the Municipality shall, convene a special meeting to transaction any urgent business of the Board of the municipality. All regular meetings of the Board of the Municipality called for the purpose of transacting public business, where a majority of the members elected are present, shall be open to the public. The excluded, however, no by-laws, resolution, rule or regulation shall be finally adopted at such an executive session. A majority of the members of the Board of the Municipality is a quorum to conduct business, but a smaller number may meet and compel attendance of absent members as prescribed by Board of the Municipality Rules.

The Board of the Municipality shall be a corporate body with perpetual succession and a common seal and shall in its own corporate name, be capable of:

- (a) Suing and being sued;
- (b) Taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property;
- (c) Borrowing money or making investments within the limits imposed by law;
- (d) Entering into contracts; and
- (e) Doing or performing all other act or things for the proper performance of its.

The municipality function in accordance with the Urban Areas and Cities Act or any other written law which may lawfully be done or performed by a body corporate. There

shall be a principal and agency relationship between the Board of the Municipality and the County Government of Laikipia.

Municipal Charter for Nanyuki Municipality under Section 9 of the Urban Areas and Cities Act empowers the County Governor, on the resolution of the County Assembly, to confer on a qualifying town, the status of a Municipality by grant of charter in the prescribed form.

WHEREAS;

The Urban Areas and Cities Act does not have the prescribed form of a Municipal Charter IN EXERCISE of The Powers Conferred By Section 9 Of The Urban Areas & Cities Act (No. 13 Of 2011), I HIS EXCELLENCY, EGH, JOSHUA IRUNGU, the Governor of Laikipia County certifies that this Charter set out in the Schedule hereto has been granted to Nanyuki Municipality of in accordance with the provisions of the Act.

The Municipality board members or staff will not at one time be involved in conflict of interest. The Act defines situations when an individual board member's personal interest or the interest of their immediate family (spouse or dependent child) conflict with the broader municipality interest. It also imposes consequences on board members when they put their personal interests first. A member of the Board of the Municipality shall cease to hold office if the member: fails to declare his or her interest in any matter being considered or to be considered by the Board or Board Committee and as deduced under the Urban Areas and Cities act no 13 of 2011 article 16

A member of a board shall cease to hold office if the member;

- (a) is unable to perform the functions of the office by reason of mental or physical infirmity;
- (b) is declared or becomes bankrupt or insolvent;
- (c) is convicted of a criminal offence and sentenced to a term of imprisonment of six months or more;
- (d) resigns in writing to the county governor;
- (e) without reasonable cause, the member is absent from three consecutive meetings of the board or committee within one financial year;
- (f) is found guilty of professional misconduct by the relevant professional body;
- (g) is disqualified from holding a public office under the Constitution;

(h) is convicted of an offence and is sentenced to imprisonment for a term of six months or more;

(i) in any particular case, the member fails to declare his or her interest in any matter being considered or to be considered by the board or committee;

(j) engages in any gross misconduct; or

(k) dies.

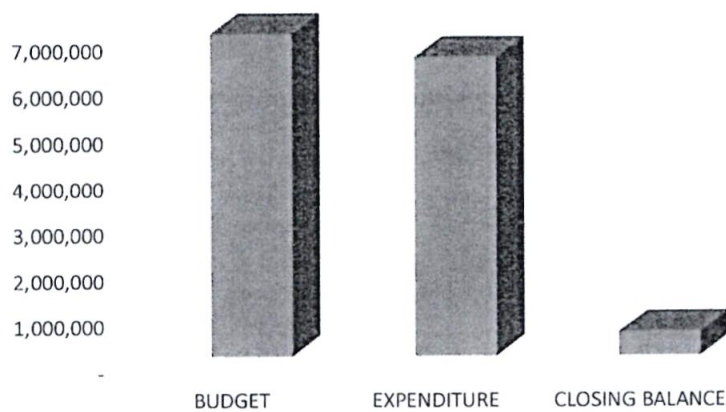
[Act No. 12 of 2012, Sch.]

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

9. Management Discussion and Analysis

NANYUKI MUNICIPALITY ANALYSIS	
	AMOUNT
BUDGET	7,000,000
EXPENDITURE	6,483,395
CLOSING BALANCE	516,605

FINANCIAL ANALYSIS



KEY PROJECTS

In the financial period, the municipality did not have any

10. Environmental And Sustainability Reporting

Nanyuki Municipality exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on Environmental policy and environmental performance: putting the residents/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

Environmental policy guiding Nanyuki municipality

The municipality depends on the national and county environmental laws and policies in day-to-day environmental management

1. Environment Management and Coordination Act (EMCA 1999) Amended 2015.
 - The Environmental (Impact Assessment and Audit) Regulations, 2009 Legal Notice No. 101;
 - The Environmental Management and Coordination (Waste Management) Regulations, 2006 Legal Notice No. 121
 - The Environmental Management and Coordination (Water Quality) Regulations, 2006 Legal Notice No. 120;
 - The Environmental Management and Coordination (Noise and Excessive Vibration Pollution Control) Regulations, 2009 Legal Notice No. 61;
 - The Environmental Management and Coordination (Air Quality Regulations 2014)
2. National Environment Policy (NEP 2012)
 - The policy sets out important provisions relating to the management of ecosystems and the sustainable use of natural resources, and recognizes that natural systems are under intense pressure from human activities particularly for critical ecosystems including forests, grasslands and arid and semi-arid lands. The objectives of the Policy include developing an integrated approach to Environmental management, strengthening the legal and institutional framework for effective coordination, promoting environmental management tools
 - The NEP applies during construction of infrastructure project i.e. on Environmental & Social Management and Monitoring Plan (ESMMP)
3. County Environment Action Plan (CEAP 2020-2024)- Intended to provide guidelines on solutions to some environmental impacts in the county.
4. The Laikipia County Climate Change bill 2021

Biodiversity Management

1. Success;

- Sustainable management of solid waste

2. Shortcomings

- General reduction of natural resources ability to sustain population growth
- Increased poor land use system diminishing the viability of soils hence reducing farm productivity

3. Efforts towards biodiversity management

- Strict laws preventing cutting down of trees
- Incentives for reforestation and afforestation
- Concerted efforts by government, private institutions and civil society organizations and measures that enhance nature's ability to provide critical ecosystem services.

Policies on waste management;

- National Solid Waste Management strategy (2015)
- Environmental Management and Coordination (Waste Management) Regulations of 2006
- Nanyuki Municipality Solid Waste Management Policy (Ongoing)

11. Report of the Municipality Board Members

The Board Members submit their report together with the financial statements for the year ended June 30, 2024 which show the state of Nanyuki Municipality affairs.

Principal activities

The principal activities of the Municipality are;

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

Performance

The performance of the Municipality for the year ended June 30, 2024 are set out on page xx

Board Members

The members of the Board who served during the year are shown on page vi

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: Alexander Maina Mwangi

Secretary of the Board

12. Statement of Management's Responsibilities

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

The Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 2024. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Municipality,
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) Safeguarding the assets of the Municipality,
- (v) Selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Urban Areas and Cities Act No. 13 of 2011*. The Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Municipality's transactions during the financial year ended June 30, 2024, and the financial position as at that date.

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

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 Municipal's financial statements were approved by the Board on 31st July 2024 and signed on its behalf by:



.....

Name: Abdi Sora
Chairperson of the Board

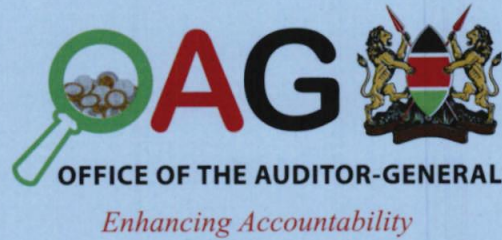


.....

Name: Alexander Maina Mwangi
Accounting officer of the Board

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NANYUKI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on the 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 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 the 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 Nanyuki Municipality set out on pages 1 to 46 which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of

Report of the Auditor-General on Nanyuki Municipality for the year ended 30 June, 2024

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 Nanyuki Municipality as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act, 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Errors and inaccuracies in the Presentation of the annual report and Financial Statement

The annual reports and the financial statements prepared and presented for audit reflects the following errors:

- i. The names of the board members on page viii were written in small letters while they are proper nouns.
- ii. The secretary to the board was missing from the list of board members on page viii
- iii. Key management information provided on page x was missing a passport-size photograph
- iv. The statement of performance against pre-determined objectives of the financial year on page xiv had no table containing progress reports and performance indicators.
- v. Inaccurate statement of cash flows on page 6 as it omitted the payments for acquisition of assets.

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

2. Inaccurate Cash and Cash Equivalents Balance

The statement of financial position and Note 19 to the financial statements reflect cash and cash equivalents balance of Kshs.516,605. However, the statement of cash flows reflected cash and cash equivalents amount of Kshs.2,438,421 leading to an unexplained variance of Kshs.1,921,605.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance amounting to Kshs.516,605 could not be confirmed.

3. Plant, Property and Equipment

The statement of financial position and Note 24 to the financial statements reflects property, plant, and equipment balance of Kshs.513,540 as at 30 June 2024. During the

year, the Municipality acquired furniture amounting to Kshs.1,043,500. However, the full amount was not disclosed in the financial statements leading to an unexplained variance of Kshs.456,597.

In the circumstances, the accuracy and completeness of the property plant and equipment balance of Kshs.513,540 could not be confirmed.

4. Failure to Prepare a Trial Balance

During the year under review, management failed to prepare a trial balance and present it together with the financial statements for audit. The accuracy of transactions and account balances rely on the correctness of a balanced trial balance.

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

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

Key Audit Matters

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

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of Municipality Board Annual Work Plan

During the year under review, management did not provide a Board calendar and annual work plan for audit review. This was contrary to Section 1.9 of Chapter 1 of the Mwongozo Code of Governance for state corporations issued in January 2015 which requires Board members to ensure the development of an annual Board Work Plan.

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

2. Irregular Convention of Special Board Meetings

The statement of financial performance reflects board expenses amounting to Kshs.1,283,100, as disclosed in Note 14 to the financial statements, which includes sitting allowances expenditure of Kshs.196,000. During the year under review, the Nanyuki Municipality Board held five (5) special board meetings, as evidenced by the minutes and records provided for audit. However, no evidence was provided to demonstrate that a written request from at least one-third of the board members was submitted to justify the convening of these special board meetings. This contravenes Section 23(2) of the Urban Areas and Cities Act, 2019, which stipulates that the chairperson may, and upon request in writing by at least one-third of the members of the board, shall convene a special meeting to transact any urgent business of the board.

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

3. Failure to Make Returns to the County Executive

The Audit of the Nanyuki Municipality Board operations revealed that there was no evidence presented to demonstrate compliance with Section 51 of the Urban Areas and Cities Act, 2011, which requires every board to furnish the County Executive Committee and any other designated persons with (a) certified copies of proceedings or minutes of the board or its committees within twenty-one days after the confirmation of the minutes; (b) records of any of its accounts; and (c) reports, statistics, and documents as may be required by the County Executive Committee.

Therefore, the Board's failure to adhere to these reporting obligations limits the effective oversight by the County Executive.

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

4. Failure to Sign Minutes of Nanyuki Municipality Board

The statement of receipts and payments reflects board expenses amount of Kshs.1,283,100 as disclosed in Note 14 to the financial statements which includes sitting allowances expenditure of Kshs.196,000. However, review of the Nanyuki Municipality Board records revealed that the minutes of board meetings were not signed by the Chairperson and the Secretary. This is contrary to Annexure I-E (8) (e) of Mwongozo, which provides that minutes must be drawn up for every board and committee meeting with resolutions highlighted therein. The meeting should be circulated to all board members as soon as possible after the meeting. Upon confirmation, the minutes should be signed by the Chairperson and added to the records of the organization.

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

5. Unbudgeted Expenditure

The statement of comparison of budget and actual indicated an approved budget of Kshs.600,000 for the acquisition of assets. However, the Municipality acquired furniture amounting to Kshs.1,043,500, which was Kshs.443,500 above the approved budget. No explanation was provided for the over-expenditure contrary to Section 164 (2)(a) of the Public Finance Management Act, 2012 which states that the accounting officer shall include in the financial statements the status of each vote compared with the appropriation for the vote and a statement explaining any variations between the actual expenditure and the sums voted.

In the circumstances, Management was in breach of the law

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Failure to Institute Internal Audit Function

During the year under review, it was noted that the Municipality did not have an internal audit arrangement contrary to Section 73(1) (a) of the Public Finance Management Act, 2012 which stipulates that every county government entity shall ensure that it has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board. In addition, no evidence was provided to indicate the presence and work of an audit committee and their meetings during the year.

In the circumstances, the effectiveness of internal control, risk management and governance could not be confirmed.

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

Responsibilities of the Management and Municipality Board

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for 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 IFPP 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

30 December, 2024

14. Statement of Financial Performance for The Year Ended 30 June 2024.

Description	Notes	Period ended 30th June 2024	Period ended 30th June 2023
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	7,000,000	-
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues (<i>Specify</i>)	9	-	-
		7,000,000	-
Revenue from exchange transactions			
Interest income	10	-	-
Miscellaneous Income	11	-	-
		-	-
Total revenue		7,000,000	-
Expenditure			
Use of goods and services	12	4,564,844	-
Staff costs	13	-	-
Board expenses	14	1,283,100	-
Finance costs	15	-	-
Depreciation and amortization	16	73,363	-
Repairs and maintenance	17	48,548	-
Total expenses		5,969,855	-
Other gains/losses			
Gain/loss on disposal of assets	18	-	-
Surplus/(deficit) for the period		1,030,145	-

County Government of Laikipia
Nanyuki Municipality
Annual Report and Financial Statements for the year ended June 30, 2024

The notes set out on pages 8 to 44 form an integral part of these Financial Statements. The entity financial statements were approved on 31st July 2024 and signed by:



.....
Name: Alexander Maina Mwangi
Municipality Manager



.....
Name: Samuel Methu Ng'ang'a
Head of Finance
ICPAK M/No: 15681

15. Statement of Financial Position as at 30 June 2024

Description	Note	Period ended	Period ended
		30th June 2024	30th June 2023
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	19	516,605	-
Receivables from exchange transactions	20	-	-
Receivables from non-exchange transactions	21	-	-
Prepayments	22	-	-
Inventories	23	-	-
		516,605	-
Non-current assets			
Property, plant, and equipment	24	513,540	-
Intangible assets	25	-	-
Total Non-current Assets		513,540	-
Total assets		1,030,145	-
Liabilities			
Current liabilities			
Trade and other payables	26	-	-
Refundable deposits	27	-	-
Provisions	28	-	-
Borrowings	29	-	-
Employee benefit obligations	30	-	-
Differed income	31	-	-
Social Benefits	32	-	-
		-	-
Non-current liabilities			
Provisions	28	-	-
Borrowings	29	-	-
Non-current employee benefit obligation	30	-	-
Differed income	31	-	-
Social Benefits	32	-	-
Total liabilities		-	-
Net assets		1,030,145	-
Capital/Development Grants/Fund		-	-
Reserves		-	-
Accumulated surplus		1,030,145	-
Total net assets and liabilities		1,030,145	-

*County Government of Laikipia
Nanyuki Municipality
Annual Report and Financial Statements for the year ended June 30, 2024*

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 31st July 2024 and signed by:



.....
Name: Alexander Maina Mwangi
Municipality Manager
Date: 31st July 2024



.....
Name: Samuel Methu Ng'ang'a
Head of Finance
ICPAK M/No: 15681
Date: 31st July 2024

16. Statement of Changes in Net Assets for the Year Ended 30 June 2024

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

Balance as at 1 July 2022	-	-	-	-
Surplus/(deficit) for the period	-	-	-	-
Funds received during the year	-	-	-	-
Prior Year Adjustment			-	-
Revaluation gain	-	-	-	-
Balance as at 30th June 2023	-	-	-	-

Balance as at 1 July 2023	-	-	-	-
Surplus/(deficit) for the period	-	-	1,030,145	1,030,145
Funds received during the year	-	-	-	-
Prior Year Adjustment				
Revaluation gain	-	-	-	-
Balance as at 30th June 2024	-	-	1,030,145	1,030,145

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17. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	Period ended	Period ended
		30th June 2024	30th June 2023
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6	7,000,000	-
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous receipts (<i>Specify</i>)		-	-
Total Receipts		7,000,000	-
Payments			
Use of goods and services	12	4,564,844	-
Staff costs		-	-
Board expenses		-	-
Finance costs		-	-
Total Payments		4,564,844	-
Net cash flows from/ (used in) operating activities		2,435,156	-
Cash flows from investing activities			
Purchase of PPE & intangible assets		513,540	-
Proceeds from sale of PPE		-	-
Net cash flows from/ (used in) investing activities		513,540	-
Cash flows from financing activities			
Receipts from Capital grants		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash flows from/(used in) financing activities		-	-
Net increase/(decrease) in cash & cash equivalents		1,921,616	-
Cash And Cash Equivalents as at 1 st July	19	516,605	-
Cash And Cash Equivalents as at end of the period	19	2,438,221	-

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18. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2024

Description	Original budget*	Adjustments*	Final budget*	Actual on comparable basis for the period ended 30th June 2024	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=d/c
Revenue		Kshs.	Kshs.	Kshs.	
Transfers from the County Government	2,000,000	5,000,000	7,000,000	7,000,000	100
Public contributions and donations	-	-	-	-	-
Interest income	-	-	-	-	-
Miscellaneous income (<i>specify</i>)	-	-	-	-	-
Adjustments	-	-	-	-	-
Total Revenue	2,000,000	5,000,000	7,000,000	7,000,000	100
Expenses					
Use of goods and services	1,000,000	4,000,000	5,000,000	4,564,844	91
Board expenses	350,000	1,000,000	1,350,000	1,283,100	95
Staff Costs	-	-	-	-	-
Finance costs	-	-	-	-	-
Maintenance and repairs	50,000	-	50,000	48,548	97
Acquisition of Assets	600,000	-	600,000	586,903	-
Total Expenditure	2,000,000	5,000,000	7,000,000	6,483,395	93
Surplus for the period	-	-	-	516,605	
Capital Expenditure	-	-	-	-	-

19. Notes to the Financial Statements

1. General Information

Nanyuki Municipality is established by and derives its authority and accountability from Public Finance Management Act No 18 of 2012. The Municipality is under the Laikipia County Government and is domiciled in Kenya.

The *Municipality's* principal activity is;

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

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

County Government of Laikipia

Nanyuki Municipality

Annual Report and Financial Statements for the year ended June 30, 2024

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

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

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 2024.*

There are no new standards effective in the financial year ended 30th June 2024.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

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

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Nanyuki Municipality

Annual Report and Financial Statements for the year ended June 30, 2024

	<p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

iii. Early adoption of standards

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

(Notes to financial statements continued)

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Municipality* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2023/24 was approved by the County Assembly on xxx (Date). Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality recorded additional appropriations of 5,000,000 (Five million shillings only) on xxxx (Date) following the governing body's approval.

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

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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.

(Significant accounting policies continued)

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. *The Municipality does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Municipality's financial statements.*

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

Financial assets

Classification of financial assets

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

(Significant accounting policies continued)

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.

(Significant accounting policies continued)

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

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

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 capacity, but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Municipality.

(Significant accounting policies continued)

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.

(Significant accounting policies continued)

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 creates and maintains reserves in terms of specific requirements.

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.

(Significant accounting policies continued)

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 Managers 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.

(Significant accounting policies continued)

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

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

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 Continued)

6. Transfers from the County Government

Description	Period ended 30th June 2024	Period ended 30th June 2023
	Kshs.	Kshs.
Transfers from County Govt.	7,000,000	-
Payments by County on behalf of the entity	-	-
Unconditional development grants	-	-
Total	7,000,000	-

(a) Transfers from County Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance for the period	Amount deferred under deferred income during the period	Amount recognised in capital fund during the period	Total transfers for the period ended 30th June 2024	Total transfers for the period ended 30th June 2023
	KShs	KShs	KShs	KShs	KShs
Department	-	-	-	-	-
Department	-	-	-	-	-
Total	-	-	-	-	-

7. Public Contributions and Donations

Description	Period ended 30th June 2024	Period ended 30th June 2023
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

County Government of Laikipia

Nanyuki Municipality

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(Notes to The Financial Statements Continued)

8. Levies, Fines and penalties

Description	Period ended 30th June 2024	Period ended 30th June 2023
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others (<i>indicate and specify</i>)	-	-
Total	-	-

9. Other Revenues from Non-Exchange Transactions

Description	Period ended 30th June 2024	Period ended 30th June 2023
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others (<i>indicate and specify</i>)	-	-
Total	-	-

10. Interest income

Description	Period ended 30th June 2024	Period ended 30th June 2023
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others (<i>Specify</i>)	-	-
Total interest income	-	-

11. Miscellaneous income

Description	Period ended 30th June 2024	Period ended 30th June 2023
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others (<i>specify</i>)	-	-
Total other income	-	-

(Notes to The Financial Statements Continued)

12. Use of Goods and Services

Description	Period ended 30th June 2024	Period ended 30th June 2023
	Kshs.	Kshs.
Utilities, supplies and services	-	-
Communication, supplies and services	-	-
Domestic travel and subsistence	1,935,664	-
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	150,000	-
Rent and rates	-	-
Training expenses	1,864,531	-
Hospitality supplies and services	206,432	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	398,637	-
Fuel, oil and lubricants	-	-
Other operating expenses (<i>Specify</i>)	-	-
Routine maintenance – vehicles and other equipment	-	-
Routine maintenance – other assets	-	-
Contracted Professional Services	-	-
Audit fees	-	-
Hire of Transport, equipment etc	-	-
Social benefit expenses*	-	-
Bank Charges	9,580	-
Total	4,564,844	-

County Government of Laikipia

Nanyuki Municipality

Annual Report and Financial Statements for the year ended June 30, 2024

(Notes to The Financial Statements Continued)

13. Staff costs

Description	Period ended 30th June 2024	Period ended 30th June 2023
	Kshs.	Kshs.
Salaries and wages	-	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs (<i>Specify</i>)	-	-
Total	-	-

14. Board expenses

Description	Period ended 30th June 2024	Period ended 30th June 2023
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	196,000	-
Medical Insurance	-	-
Induction and Training	1,087,100	-
Travel and accommodation	-	-
Conference Costs	-	-
Other allowances (<i>Specify</i>)	-	-
Total	1,283,100	-

15. Finance costs

Description	Period ended 30th June 2024	Period ended 30th June 2023
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

(Notes to The Financial Statements Continued)

16. Depreciation and amortization

Description	Period ended 30th June 2024	Period ended 30th June 2023
	KShs	KShs
Property, plant and equipment	73,363	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	73,363	-

17. Repairs and Maintenance

Description	Period ended 30th June 2024	Period ended 30th June 2023
	KShs	KShs
Property- Buildings	-	-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	48,548	-
Maintenance of civil works	-	-
Total repairs and maintenance	48,548	-

18. Gain/(loss) on disposal of assets

Description	Period ended 30th June 2024	Period ended 30th June 2023
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

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(Notes to The Financial Statements Continued)

19. Cash and cash equivalents

Description	Period ended 30th June 2024	Period ended 30th June 2023	Prior Year Audited
	Kshs.	Kshs	Kshs.
Fixed deposits account	-	-	-
On – call deposits	-	-	-
Current account	516,605	-	-
Others(<i>specify</i>)	-	-	-
Total	516,605	-	-

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

Financial institution	Account number	Period ended 30th June 2024	Period ended 30th June 2023	Prior Year Audited
		Kshs.	Kshs	Kshs.
a) Current account				
1. Nanyuki Municipality Operations Account	0270284510469	500,762	-	-
2. Nanyuki Municipality Development Account	0270284510885	15,843	-	-
Sub- total		516,605	-	-
b) Others(<i>specify</i>)				
Cash in transit		-	-	-
Cash in hand		-	-	-
Mobile Money		-	-	-
Sub- total		-	-	-
Grand total		516,605	-	-

(Notes to The Financial Statements Continued)

20. Receivables from exchange transactions

Description	Period ended 30th June 2024	Period ended 30th June 2023
	Kshs.	Kshs.
Current Receivables		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables (a)	-	-
Non-Current receivables		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total non-current receivables (b)	-	-
Total receivables from exchange transactions	-	-

Ageing analysis for Receivables from exchange transactions

Description	2023/2024		2022/2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

(Notes to The Financial Statements Continued)

21. Receivables from non-Exchange transaction

Description	Period ended 30th June 2024	Period ended 30th June 2023
	Kshs.	Kshs.
Transfer from County Executive	-	-
Outstanding imprest	-	-
Total receivables from non-exchange transactions	-	-

Ageing analysis for Receivables from non-exchange transactions

Description	2023/2024		2022/2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

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22. Prepayments

Description	Period ended 30th June 2024	Period ended 30th June 2023
	Kshs.	Kshs.
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(<i>specify</i>)	-	-
Total	-	-

23. Inventories

Description	Period ended 30th June 2024	Period ended 30th June 2023
	Kshs.	Kshs.
Stationery	-	-
Consumables	-	-
Other inventories(<i>specify</i>)	-	-
Total inventories at the lower of cost and net realizable value	-	-

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(Notes to the Financial Statements Continued)

24. Property, Plant and Equipment

Description	Furniture and fittings	Computers	Construction and Civil works	Building	construction of roads	Construction of Bridge	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 st July 2023	-	-	-	-	-	-	-
Additions	586,903	-	-	-	-	-	586,903
(less) Disposals	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-
totals of additions, disposals & transfers	586,903	-	-	-	-	-	586,903
Depreciation and impairment:							
Depreciation	73,363	-	-	-	-	-	73,363
Impairment	-	-	-	-	-	-	-
total depreciation and impairment	73,363	-	-	-	-	-	73,363
NBV as at 30th June 2024	513,540	-	-	-	-	-	513,540

County Government of Laikipia

Nanyuki Municipality

Annual Report and Financial Statements for the year ended June 30, 2024

(Notes to The Financial Statements Continued)

25. Intangible assets

Description	Period ended 30th June 2024	Period ended 30th June 2023
	Kshs.	Kshs.
Cost		
At beginning of the period/ year	-	-
Additions	-	-
At end of the period/ year	-	-
Amortization and impairment	-	-
At beginning of the period/year	-	-
Amortization	-	-
At end of the period/year	-	-
Impairment loss	-	-
At end of the period/year	-	-
NBV	-	-

(Notes to The Financial Statements Continued)

26. Trade and other payables from exchange transactions

Description	2023/2024		2022/2023	
	Kshs.		Kshs.	
Trade payables	-		-	
Retentions	-		-	
Accrued expenses	-		-	
Other payables (<i>Specify</i>)	-		-	
Total trade and other payables	-		-	
Ageing analysis:	2022/2023	% of the Total	2021/2022	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

County Government of Laikipia

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(Notes to The Financial Statements Continued)

27. Refundable deposits from customers

Description	2022/2023		2021/2022	
	KShs		KShs	
Rent deposits	-		-	
Others (specify)	-		-	
Total	-		-	
Ageing analysis:	2022/2023	% of the Total	2021/2022	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

28. Provisions

Description	Period ended 30th June 2024	Period ended 30th June 2023
	Kshs.	Kshs.
Balance at the beginning of the period/year	-	-
Additional Provisions during the period / year	-	-
Provision utilised during the period/ year	-	-
Balance at the end of the period/year	-	-
Current Portion of provision	-	-
Long term portion of provision	-	-
Total Provisions	-	-

29. Borrowings

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

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

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Nanyuki Municipality

Annual Report and Financial Statements for the year ended June 30, 2024

(Notes to The Financial Statements Continued)

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Balance at beginning of the period	-	-
Borrowings during the year	-	-
Repayments of borrowings during the period	-	-
Balance at end of the period	-	-

The table below shows the Distribution of borrowings:

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

30. Employee Benefit Obligations

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

County Government of Laikipia

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Annual Report and Financial Statements for the year ended June 30, 2024

(Notes to The Financial Statements Continued)

31. Deferred Income

Description	2023/2024	2022/2023
	Kshs	Kshs
National/County Government	-	-
International Funding Bodies	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

The deferred income movement is as follows:

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

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
Total	-

County Government of Laikipia

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Annual Report and Financial Statements for the year ended June 30, 2024

(Notes to The Financial Statements Continued)

32. Social Benefit Liabilities

Description	Period ended 30th June 2024	Period ended 30th June 2023
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
People living with disabilities benefits scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

33. Cash generated from operations

Description	Period ended 30th June 2024	Period ended 30th June 2023
	Kshs.	Kshs.
Surplus/ (deficit) for the period before tax	2,435,156	-
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	2,435,156	-

(Notes to The Financial Statements Continued)

34. Related party balances

a) Nature of related party relationships

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

- a) The County Government of Laikipia
- b) The Parent County Government Ministry of Lands, Housing and Urban development
- c) County Assembly of Laikipia
- d) Key management.

Ref	DESIGNATION	NAME
1.	Municipality Manager	Alexander Maina Mwangi
2.	Municipality Head of Finance	Samuel Methu
3.	Municipality Accountant	Peter Wanyoike

e) Municipality Board;

Ref	Position	Name
1	The Municipal Manager & Secretary of the Municipal board	Alexander Maina Mwangi
2	Chairperson of the board	Abdi Sora
3	Vice-chairperson of the board	Cecilia Muthoni Gichohi
4	Board member	Lucy Muthoni Bolton
5	Board member	Linnet Wairimu Ndung'u
6	Board member	Peter Wahome Gathigia
7	Board member	David Macharia Kanyoi
8	Board member	Michael Muriithi King'uku
9	County executive committee member	Martin Ekwam

County Government of Laikipia

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Annual Report and Financial Statements for the year ended June 30, 2024

(Notes to The Financial Statements Continued)

b) Related party transactions

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Board Members	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
Total	-	-

e) Due to related parties

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

County Government of Laikipia

Nanyuki Municipality

Annual Report and Financial Statements for the year ended June 30, 2024

(Notes to The Financial Statements Continued)

35. Contingent liabilities

Contingent liabilities	2023/2024	2022/2023
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Bank guarantees	-	-
Total	-	-

36. Contingent Assets

Contingent liabilities	2023/2024	2022/2023
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Others Specify	-	-
Total	-	-

(Notes to The Financial Statements Continued)

37. Financial risk management

The Municipality's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. 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 does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

I. Credit risk

The Municipality has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external 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's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2024				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

(Notes to The Financial Statements Continued)

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

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

II. Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 Jun 2024				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 Jun 2023				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

(Notes to The Financial Statements Continued)

III. Market risk

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

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

IV. Foreign currency risk

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

Description		Other currencies	Total
	Kshs.	Kshs.	Kshs.
At 30 June 2024			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

(Notes to The Financial Statements Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs.	Kshs.	Kshs.
2024			
Euro	10%	-	-
USD	10%	-	-
2023			
Euro	10%	-	-
USD	10%	-	-

V. Interest rate risk

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

Management of interest rate risk

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

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(Notes to The Financial Statements Continued)

VI. Capital risk management.

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

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/City/Municipality	-	-
Accumulated surplus	-	-
Total Funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

20. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

The Municipality is has only operated for the financial year under review since inception thus has no report from the external auditor, thus no management comments.

Guidance Notes:

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



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Accounting officer of the Municipality

Name; Alexander Maina Mwangi

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Appendix 2: Inter Entity Transfers

NANYUKI MUNICIPALITY NAME:				
Breakdown of Transfers from the County Executive of 2023/2024				
	FY 2022/2023			
a.	Recurrent	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	-
		30/06/2024	6,000,000	FY 2023/2024
		Total	6,000,000	
b.	Development	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	-
		30/06/2024	1,000,000	FY 2023/2024
		Total	1,000,000	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	-
			-	
			-	
		Total	-	

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Name: Alexander Maina Mwangi
Municipality Manager



Name: Samuel Methu Ng'ang'a
Head of Finance

Appendix 3: Reporting of Climate Relevant Expenditures

Name of the Organization; **Nanyuki Municipality**
 Telephone Number; **0721729551**
 Email Address; **nanyukimunicipality@laikipia.go.ke**
 Name of CEO/MD/Head; **Alexander Maina Mwangi**

Name and contact details of contact person (in case of any clarifications)
Alexander Maina Mwangi
0721729551

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

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Appendix 4: Disaster Expenditure Reporting Template

Date: 31st July 2024

Entity: Nanyuki Municipality

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

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