

REPUBLIC OF KENYA



# REPORT

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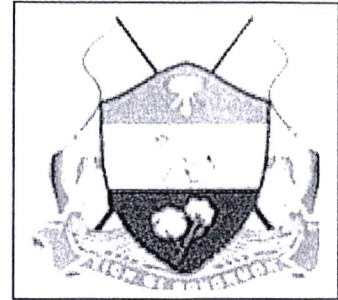
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## UGUNJA MUNICIPAL BOARD

FOR THE YEAR ENDED  
30 JUNE, 2025

## COUNTY GOVERNMENT OF SIAYA

23



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**UGUNJA MUNICIPAL BOARD**

*County Government of Siaya*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30 JUNE 2025**

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

**Ugunja Municipal Board**  
**County Government of Siaya**  
**Annual Report and Financial Statements for the Period ended 30 June 2025**

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**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act

**B. Definition of Key Terms**

**Fiduciary Management** - Members of Management directly entrusted with the entity's financial resources.

**Comparative Year**- Means the prior period.

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**2. Key Entity Information and Management**

**a) Background information**

Ugunja Municipal Board 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 in March 2023. The Municipality is under the County Government of *Siaya* and is domiciled in Kenya.

**b) Principal Activities**

The principal activity/mission/ mandate of the Municipal Board is to deliver service to the people of Ugunja. The Board’s Vision is to be a Municipality of choice in efficient service delivery and creation of opportunities for a better livelihood of Ugunja citizens. The Board’s Vision is to maintain high standards of service delivery that meets the expectation of the public by creating a favourable business and work environment through citizen involvement

**Key Management**

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

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

**c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 20xx and who had direct fiduciary responsibility were:

Ref	Position	Name
1	Municipality Manager	Fredrick Ochieng Opondo
2	Municipal Accountant	CPA. Victor Akama Misolo
3	Municipal Engineer	Eng. Daniel Kiprop
4	Social Development Officer	Jemima Odongo
5.	Environment Officer	Collins Obonyo
6.	Principal Supply Chain Officer	John Omondi Onyango
7.	Human Resource Officer	Stella Omondi
8	Municipal Planner	Cynthia Odhiambo.

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9.	Enforcement Officer	Vincent Ojwando.
10.	Administrative Officer	Osca Ombaka
11	Public health Officer	Ben Odhiambo

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**d) Fiduciary Oversight Arrangements**

The key fiduciary oversight bodies at the County for the period ended 30<sup>th</sup> June, 2025 were;

1. Siaya County Assembly
2. Public Accounts and Investment Committee
3. Budget and Appropriations Committee

**e) Registered Offices**

P.O. Box 803-40600

Ugunja Sub-County Offices

Ugunja-Siaya County

**f) Contacts**

Telephone: (+254) 728730437

E-mail: [Ujunjamunicipality@siaya.go.ke](mailto:Ujunjamunicipality@siaya.go.ke)

Website: [countygovernmentofsiaya.go.ke](http://countygovernmentofsiaya.go.ke)

**g) Bankers**

Commercial Banks

Account No.1327102951

**h) Independent Auditor**

Office of the Auditor General (OAG)

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**i) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue




P.O. Box 40112

City Square 00200




Nairobi, Kenya

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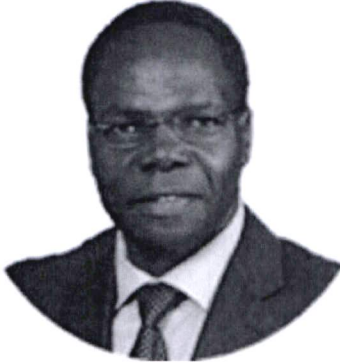
**3. Municipality Board**

Name	Details of qualifications and experience
<p>1.</p>  <p>AMB. Elkana Odembo</p>	<p><b>Board Chairman</b></p> <p><b>Date of Birth</b> August 1957</p> <p><b>Key qualifications:</b> Bachelor's degree with a major in Biology Holder of Master of Public Health</p>
<p>2.</p>  <p>Millicent Achieng Ogode</p>	<p><b>Board Vice Chairperson</b></p> <p><b>Date of Birth:</b> 31<sup>st</sup> October 1970</p> <p><b>Key qualifications:</b> Holder of B.A Public Administration. Holder of Diploma in Business Management. Holder of Certificate in Marketing Management</p>
<p>3.</p>  <p>Dickens Okumu Okello</p>	<p><b>Board Member, Business Community Representative</b></p> <p><b>Date of Birth</b> 28<sup>th</sup> November 1974</p> <p><b>Key qualifications:</b> Diploma in Human Resource Management</p>

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<p>4.</p> <hr/>  <p>Joseph Odemba</p>	<p><b>Board Member, Informal Sector Representative</b> 18<sup>th</sup> August 1976 <b>Key qualifications:</b> Holder of Bachelors of Arts (B.A) in Sustainable Development. Holder of Diploma in Human Development</p>
<p>5.</p>  <p>Madam Lucy Siang'a</p>	<p><b>Board Member, Representing women</b> <b>Date of Birth:</b> 28<sup>th</sup> August 1983 <b>Key qualifications</b> Bachelors of Business Management and Purchasing Supplies CPA KATC Finalist</p>
<p>6.</p>  <p>Mauren Atieno</p>	<p><b>Board Member</b> <b>Date of Birth:</b> 08/10/1981 <b>Key qualifications:</b> Holder of Diploma in Information Technology</p>

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<p>7</p>  <p>Fred Ochieng' Opondo</p>	<p><b>Municipal Manager</b></p> <p><b>Date of Birth:</b> 5th August 1977</p> <p><b>Key qualifications:</b> Holder of Masters of Science (MSc) Hospitality and Tourism Management. Holder of Bachelors of science (BSc) in Hotel &amp; Institutional Management</p>
<p>8.</p>  <p>Joseph Onyango</p>	<p><b>Board Member Chief Officer Lands</b></p> <p><b>Date of Birth:</b> 31<sup>st</sup> December 1965</p> <p><b>Key qualifications</b> Masters of Education in Leadership and Policy Studies Bachelors of Education Diploma in Sales &amp; Marketing Diploma in Education (DIPED), KISCO Diploma in Human Resource Management Diploma in Urban Planning and Management</p>
<p>9.</p>  <p>Mourice Otieno</p>	<p><b>Board Member, CECM Lands, Physical Planning, Housing and Urban Development</b></p> <p><b>Date of Birth:</b> 16<sup>th</sup> June 1958</p> <p><b>Key qualifications:</b> BA(Hons) B.Phils. MBA</p>

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**4. Key Management Team**

Name	Details of qualifications and experience
<p>1.</p>  <p>Fred Ochieng Opondo</p>	<p><b>Municipal Manager</b></p> <p><b>Date of Birth:</b> 5th August 1977</p> <p><b>Key qualifications:</b> Holder of Masters of Science (MSc) Hospitality and Tourism Management. Holder of Bachelors of science (BSc) in Hotel &amp; Institutional Management</p>
<p>2.</p>  <p>Oscar Odhiambo Ombaka</p>	<p><b>Municipal Administrative Officer</b></p> <p><b>Date of Birth:</b> 1<sup>st</sup> January 1988</p> <p><b>Key qualifications:</b> Holder of Bachelors of Business Management. Holder of Diploma in Technical Education. Holder of Diploma in Business Administration. Member of TVETA/T211042. Member TSC-668120-668120</p>
<p>3.</p>  <p>Jemima Odongo</p>	<p><b>Social Development Officer</b></p> <p><b>Date of Birth:</b> 23rd Sep 1985</p> <p>Key qualification: Holder of Bachelors of Science (Bsc) in Hospitality and Tourism management</p>

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<p>4.</p>  <p>CPA Victor Akama Misolo</p>	<p><b>Municipal Accountant</b></p> <p><b>Date of Birth:</b> 27<sup>th</sup> May 1989</p> <p><b>Key qualifications:</b> Certified Public Accountant (CPA-K) Member Number:31928</p>
<p>5</p>  <p>Collins Omondi Obonyo</p>	<p><b>Environmental Officer</b></p> <p><b>Date of Birth:</b> <b>21<sup>st</sup> August 1987</b></p> <p>Key Qualifications: Holder of Bachelors of Science (BSc) in Environmental Management. NEMA Associate Environment Impact Assessment /Audit Expert</p>
<p>6</p>  <p>Eng. Daniel Kiprop Samoei</p>	<p><b>Municipal Engineer</b></p> <p><b>Date of Birth:</b> 6<sup>th</sup> Feb 1993</p> <p><b>Key qualifications:</b> BSc. Civil Engineering. Member of Engineers Board of Kenya (EBK) No. A4661. Corporate member of Kenya Institution of Engineers of Kenya, No.M12238</p>
<p>7.</p> 	<p><b>Principal Supply Chain Management Officer</b></p> <p><b>Date of Birth: 1976</b></p> <p><b>Key qualifications:</b> Holder of MBA procurement and Supplies Management.</p>

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<p>John Omondi Onyango</p>	<p>Holder of BBA Supply Chain Management. Holder of Diploma in Purchasing and Supplies Management. Licenced member of Kenya Institute of Supplies Management (KISM) No.72679</p>
<p>8</p>  <p>Stella Omondi</p>	<p><b>Human Resource Officer</b> <b>Date of Birth:</b> 20/03/1992 Key Qualifications: Holder of Bachelor of Commerce, Human Resource Management, Diploma in Human Resource Management, Certificate in Human Resource Management</p>
<p>9</p>  <p>Cynthia Adhiambo Otieno</p>	<p><b>Municipal Physical Planner</b> <b>Date of Birth:</b> 27<sup>th</sup> April 1995 <b>Key Qualifications:</b> Holder of Bachelors of Arts in Urban and regional planning</p>

**5. Municipality Board Chairperson’s Report**

The past two years have proven that citizens yearn for quality and better services within their areas of residence and devolved units have positioned to fulfill this dream. With the transferred functions and having been given the full charter, Ugunja residents have embraced the new structure of a municipality to address numerous urbanization challenges from poor infrastructure, urban sprawl, solid waste management, uncontrolled developments among others.

The FY 2024/2025 defined the period when the Board had independence to implement the budget with at least three development projects undertaken. Public engagements through citizen forum and stakeholder meetings stood out as an important component for development. The management have been steadfast to establish the administrative structure to smoothly run the operations of the Board.

Standing out is the lack of a modern municipal market to address this huge infrastructural need coupled with inadequate accessibility within the urban area. There is need to have a deliberate approach to fund the Boards adequately and allow for revenue collection to enable entity defray costs of services being rendered. It’s in the anticipation of the Board that the revenue sharing formulae will be adopted to allow for urban areas to be well resourced to undertake the critical transferred functions.

The composition of the Board have been dented with the resignation of one member whose replacement is underway.

The Board is developing key planning instruments to enable it effectively discharge its mandates. The development of local land use plan and strategic plan are firmly on course and it’s expected that their completion will control development within the urban space while the strategic plan will spell out the strategic direction of the Board.

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**Name:**

**Chairperson of the Board**

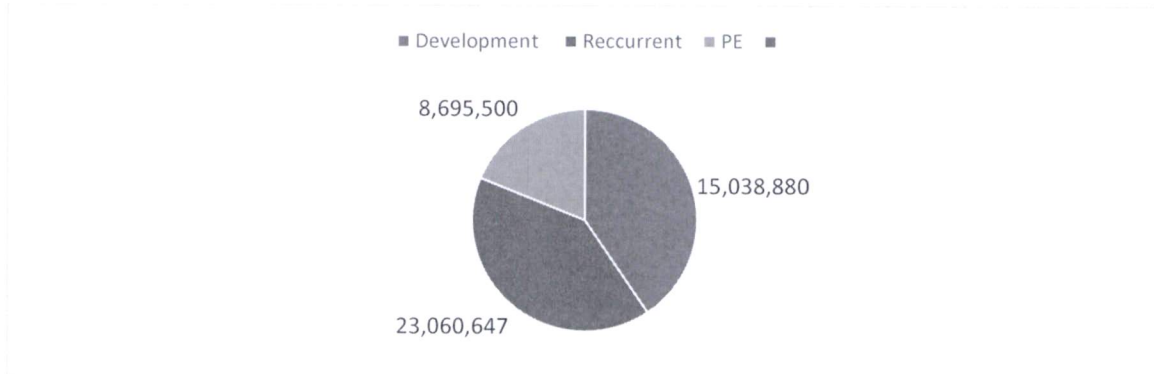
## **6. Report of the Municipality Manager**

Ugunja Municipal Board as an agency of the County Government of Siaya have experienced a stable management and governance since its inception in March 2023. The Board have consistently provided policy direction enabling the municipality discharge its mandate. The financial year 2024/2025 marked the period when the board independently undertook development projects that were earmarked to improve the infrastructural needs of the urban space. With a development budget of Ksh15M, the management have undertaken the installation of high mast in Got Osimbo, construction of parking Bay at the CBD and procured the installation of street light from Shell petrol station to Ambira Sub- County Hospital. The projects were procured competitively through the established process. With the exception of the installation of the street lights from Shell to Ambira Hospital whose award was to be financed before projects implementation, the high mast is completed and functional with the parking bay to undergo second phase of implementation.

The Management have planned for collaboration and partnerships. With local groups to extend waste management within residential areas to improve on sanitation. The Board is undertaking the Development of Local Land Use Development plan which will is anticipated to reorganize and control all developments within the municipal boundary.

Amidst the successes experienced, challenges are abound including release of resources to support some of the transferred functions, delay of disbursement of funds to enable timely execution of budgets and absorption. To effectively perform, the board need to have their resource allocations transferred to their municipal accounts for effective accountability. The Public Finance Management Act provides for how resources are to be allocated to the urban areas, a requirement that have not be implemented. Predictability of funds to be allocated at every financial year is important so that the Board can project its development programs with certainty.

**Illustration of Budget component for 2024/2025**



The total Municipal Budget was Ksh 38,099,527 with the development budget of Ksh 15,038,880 that financed Construction of Parking Bay at Ksh. 7,700,000, Installation of High Mast flood light at Got Osimbo at Ksh 3,500,000 and installation of street light from Shell petrol station to Ambira Hospital at 3,838,000. A total of Ksh 15,075,000 was spent for recurrent with Ksh. 8,695,500 was allocated for personal emoluments. The administration has gradually developed the workforce to a total of 14 permanent staff for key departments of the Board but still way below the staffing levels as per the required staff establishment. More pressing is the enforcement staff which requires robust establishment to enforce administrative and municipal demands.

The Board have engaged casual staff to clean market and public areas within the municipality. The Public Service Board is yet to delegate instruments to support effective recruitment of casual staff. Overallly the FY 2024/2025 implementation was faced with relatively low absorption of recurrent budgets occasioned by late disbursement of funds from the county treasury. Finally, it's in the anticipation that the Board will continuously get the support of the Principal County Government of Siaya to effectively delivery services and discharge all the transferred functions.

Name: **FREDERICK OUTHMAN OPARUA**  
Municipality Manager



**7. Statement of Performance Against Predetermined Objectives for the FY**

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Urban planning</b>	To control urban development	To create orderly development in urban areas	Number of developments conforming with rules and regulations governing urban development	In FY under review we, we didn't undertake any housing development program
<b>Service delivery</b>	Service to the people of Ugunja	Minimal/reduced complains	Implementation of service delivery charter Public complains resolution mechanism	In the financial year ended, there was no complains recorded by the people of Ugunja Ugunja Municipal Board developed a service delivery charter
<b>Infrastructural Development</b>	To ease movement within the CBD To improve security of Ugunja residents	Streetlighting within the CBD	Streetlights from Shell petrol station to Savanna Floodlight at Got Osimbo	In progress  Completed In progress

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<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
			Parking lanes within CBD	

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**8. Corporate Governance Statement**

**1) Composition and Size of the Board**

Ugunja Municipality is governed by a Board. The Board membership comprises Nine (10) members; Chairman, Secretary and six (8) members. These members will then appoint among themselves, the Board chair and members of the respective functional committee as need arises, The Manager is the Secretary to the Board.

**2) Appointment to the Board**

The governor, after wide consultation from strategic partners, appoints the members of the Board and individuals who share the value, commitments and have an interest to work with the municipality. The recruitment to Board membership is through headhunting, recommendations by management, Staff and other Board members, interviews and consensus among the Board members.

**3) Board Diversity**

The membership comprises;

- a) A Chairperson
- b) CECM Lands, physical planning and Urban development
- c) Chief officer lands, physical planning, housing and urban development
- d) Manager
- e) Six other persons appointed on the basis of their knowledge and experience

**4) Board and Member Performance.**

**a) Board Attendance**

Below is an extract from the attendance register for the Board meetings held in the period from 1<sup>st</sup> July 2024 to 30<sup>th</sup> June 2025.

S/No.	Name	No.of eligible Meetings	Actual Meetings	Attendance
1.	Amb. Elkanah Odemba	4	4	4
2.	Millicent Achieng Ogode	4	2	4
3.	Dickens Okumu Okello	4	4	4
4.	Joseph Odemba	4	4	4
5.	Madam Lucy Siang'a	4	4	4
6.	Mauren Atieno	4	4	4
7.	Moses Okoth	4	3	4
8.	Fred Ochieng Opondo(Manager)	4	4	4
9.	Joseph Omondi	4	2	4
10	Mourice Otieno	4	0	4

**Board Composition and Committees**

The following table represents the Board composition and its committee. There are four committees of the Board and each member is appointed to a committee. Each committee has at least three members.

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Member	Full Board	Finance and Economic planning committee	Human Resource and Administration committee	Urban management and service delivery committee	Legal and Audit compliance committee	Gender mainstreaming committee
Amb. Elkanah Odemba	√	√				
Millicent Achieng Ogode						√
Dickens Okumu Okello	√			√	√	
Joseph Odemba	√		√		√	
Madam Lucy Siang'a	√	√	√		√	
Mauren Atieno	√			√		√
Moses Okoth	√			√		√
Fred Ochieng Opondo(Manager)	√					
Joseph Onyango	√		√			
Mourice Otieno	√					

**Chairperson of the Board /Committees**

Member	Finance and Economic planning committee	Human Resource committee	Legal and Audit committee	Urban management and service delivery committee	Gender mainstreaming committee
Millicent Achieng Ogode					
Dickens Okumu Okello			√		
Joseph Odemba		√			
Madam Lucy Siang'a	√				
Mauren Atieno					√
Moses Okoth				√	

**b) Board Committee Attendance**

**i) Finance and economic planning committee**

Members	No. of Eligible Meetings	No. of Meetings attended	Attendance
Lucy Sianga	4	4	4
Amb.Elkana odembo	4	4	4

**ii) Human Resource Committee**

Members	No. of Eligible meetings	No. of Meetings attended	Attendance
Joseph Odemba	4	4	4
Nelly Achieng'	4	0	0

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Joseph Omondi	4	1	1
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**5) iii) Removal of Board members**

Membership to the Board shall be for a period of three years (3).

**6) Conflict of interest**

If a member is directly or indirectly interested in any contract, proposed contract or other matter before a Board of Managements and is present at a meeting of the Board of management at which the contract, proposed contract or other contract or other matter is the subject of consideration, he/she shall at the meeting and as soon as reasonably practicable after the commencement thereof, disclose the fact and shall not take part in the consideration or discussion of or vote on, any questions with respect to the contract or other matter to be counted in the quorum of the meeting during consideration of the matte

**7) Roles and Functions of the Board**

- a) Oversee the functions of the municipality in accordance with the provisions of the law
- b) Discharging all other functions conferred upon them by law.

**8) Remuneration and Expense Disbursement**

The remuneration of the members is within the benchmarks of the set SRC. Members of the board are paid sitting allowances when they attend functions of the board. Sitting allowance is paid at Kshs 12,000 to Board chair and Ksh.10, 000 for Vice Chairperson. The other board members are paid full board sitting allowance at the rate of 8000.However, for committee, board chair shall be paid at the rate of ksh.6500 while Vice chair at the rate of 5200.Other members of the board are paid committee allowances at the rate of ksh.3,900.

Board members are paid accommodation depending on the clustering matrix given by the SRC. For cities they are paid at the rate of ksh14000. Within county headquarters, they are paid allowance at the rate of ksh.10500 while town at the rate of 8400.They are also legible for lunch allowance at the rate of 1,500.

**9) Ethics and conduct**

The Chairperson guides the process of the meeting. It is the responsibility of the Chairperson to take measures to ensure that the proceedings are kept fair, civil and orderly. The following procedural guidelines are observed;

**10) Courtesy**

There are common rules of courtesy which the Board members observe and these include; punctuality, Use of mobile phones, apologies, etc.

**11) Virtual Meetings**

One or more members may participate in a meeting of the Board or a Committee of the Board or of Stakeholders by means of online meeting or similar communication.

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**1. Management Discussion and Analysis**

**SECTION A**

**The entity's operational and financial performance**

The entity project to receive Kshs.38, 099,527.00 as transfer from the county for the period ended 30<sup>th</sup> June 2025. However, the entity received Kshs.36, 847,414.00 which translates to 97% of the 2024/2025 annual budget.

**SECTION B**

**Entity's compliance with statutory requirements**

During the quarter ended 30<sup>th</sup> June 2025, there was no non-compliance issues recorded by the entity

**SECTION C**

**Key projects and investment decisions the entity is planning/implementing.**

There were three projects undertaken by the entity during the Quarter ended June 2025. Two one the projects are work in progress while one of the projects is complete. The projects are provided in the table below.

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY FY 2024/2025 (Kshs. Million)	Expenditure in FY 2024/25 (Kshs. Million)	Cumulative project expenditure as of 30th June 2025 (Kshs. Million)	Percentage (%) of Completion	Remarks/ Challenges faced in implementing Projects
1	Ugunja Municipal Board	Construction and Marking of Parking/Slots in Ugunja CBD	Ugunja CBD	13 March 2025	6/13/2025(Project to be extended )	7,228,801.00	7,700,000.00	Nil	Nil	62.00	Delay in payment
2	Ugunja Municipal Board	Installation of Floodlights at Got Osimbo	Ugunja CBD	02 March 2025	Completed	3,343,812.20	3,500,000.00	Nil	Nil	100.00	Delay in payment
3	Ugunja Municipal Board	Installation of Street Lights between Savanna and Shell	Ugunja CBD	18 Decemeber 2024	4/18/2025(Project to be extended0	3,820,781.00	3,838,880.00	Nil	Nil	0.00	Delay in payment
						14,393,394.20	15,038,880.00			81.00	

**SECTION D**

**Major risks facing the entity.**

The major risk facing the entity is liquidity risk arising from delays in the release of funds from the exchequer

**SECTION E**

**Material errors in statutory/financial obligations**

There were no material errors the entity faced during the period ended 30<sup>th</sup> June 2025.

**SECTION F**

**The entity's financial probity and serious governance issues**

There was financial probity during the period ended 30<sup>th</sup> June 2025

## **10. Environmental And Sustainability Reporting**

### **1. Sustainability strategy and profile**

Ugunja municipal board is in the process of forming a partnership agreement for a pilot project on riparian forest restoration with African Forest Ltd main focus on natural resource management, climate resilience, and community-driven economic growth.

### **2. Environmental performance**

Ugunja municipal board under the department of environment formulated the Ugunja municipal solid Waste management policy as a guiding framework in sustainable solid Waste management. The other national policies are as follows

- National Environment Policy, 2013
- Kenya Vision 2030

### **3. Employee welfare**

Ugunja Municipal Board relies on Human Resource policy and procedure manual for the public service. Therefore, all the recruitment process of the board is undertaken by the County Public Service Board. In the concluded financial year, the board engaged one staff as an intern in the department of social works.

The success and shortcomings of the in the environmental department are as follows

Success	Shortcomings
<ul style="list-style-type: none"> <li>✓ Hiring of casuals to clean the markets and public spaces</li> <li>✓ Purchase of solid Waste management tools and equipment's</li> <li>✓ Purchase of personal protective equipment's</li> <li>✓ Approved budget for fencing and compaction of solid Waste at the dumpsite</li> </ul>	<ul style="list-style-type: none"> <li>✓ Inadequacy in the collection and transportation of solid Waste</li> <li>✓ The dumpsite acreage is small</li> <li>✓ Residential areas are not covered in the municipal solid Waste management system</li> <li>✓ low investment in infrastructures to manage solid Waste</li> <li>✓ lack of by-laws to manage solid Waste</li> <li>✓ enforcement is still minimal</li> </ul>

Ugunja Municipal Board adheres to OSHA Act 2007 guidelines to: identify workplace hazards, evaluate health safety conditions, design and conduct health and safety surveys, recommend training

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for new and existing employees, recommend and track new safety practices and Accident / Incident Investigations.

**4. Market place practices**

Ugunja Municipal Board's fidelity to anti-corruption practices remains steadfast. A committee on anti-corruption is operational and reports to the EACC quarterly and annually on progress. Staff are allowed to do public participation both internally and for the county program-based budgets and national public participation activities.

Ugunja Municipal Board remains committed to access to Government Procurement Opportunities and promotion of local content in her procurement processes. The Board reserves 30% of all procurement for Persons with disabilities (PWDs), Youth and Women and a further 2% specifically for PWDs. Board announces all tenders in mainstream media and follows all laid down guidelines in evaluating and awarding contracts. However, the board still has pending bill issue with a few of its supplier having their payment rolling to the following financial year.

**5. Community Engagements**

Ugunja municipal board came up with a dumpsite to assist in waste management. The dumpsite is located at Sirandum. Since the initiation of the dumpsite, Ugunja municipality has ensured that its environment is clean and the health of people leaving around the town are also considered.

### **11. Report of the Municipality Board Members**

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

#### **Principal activities**

The principal activity of the Municipality is service delivery to the people of Ugunja.

#### **Performance**

The performance of the Municipality for the year ended June 30, 2025 are set out on page one

#### **Board Members**

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

#### **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.

.....  
*Fredrick*

Name: *FREDRICK OGHENZI OPANDE*

**Secretary of the Board**



## **12. Statement of Management's Responsibilities**

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

The Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Municipality, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

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

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

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Municipality Manager to indicate that the

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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 28th June 2025 and signed on its behalf by:

..... SPY O  
Name: **LUCY SIANG'A**  
Chairperson of the Board

..... Frederick Opondo  
Name: **FREDRICK OCHENG Opondo**  
Accounting officer of the Board



# REPUBLIC OF KENYA

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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 UGUNJA MUNICIPAL BOARD FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF SIAYA**

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Ugunja Municipal Board – County Government of Siaya set out on pages 1 to 51, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of cash flows, statement of changes in net assets 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 Ugunja Municipal Board as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and cities Act, 2011(Amended 2019) and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Variance in Use of Goods and Services**

The statement of financial performance and as disclosed in Note 12 to the financial statements reflects an amount of Kshs.4,418,414 relating to use of goods and services. However, review of ledger provided for audit revealed an amount of Kshs.4,911,893 during the year resulting to an unexplained and an unreconciled variance of Kshs.493,479.

In the circumstances, the accuracy and completeness of use of goods and services amounting to Kshs.4,911,893 could not be confirmed

#### **2. Unsupported Receivables from Non-Exchange Transactions**

The statement of financial position and as disclosed in Note 21 to the financial statements reflects a balance of Kshs.4,370,155 in respect of receivables from non-exchange transactions. However, the relevant supporting documentations were not provided for audit review. In addition, the opening balance of Kshs.560,000 is not supported by way of schedule.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.4,370,155 could not be confirmed.

#### **3. Variances in Property, Plant and Equipment**

The statement of the financial position and as disclosed under Note 24 to the financial statements reflects property, plant and equipment of Kshs.17,797,614. However, the schedules provided for audit reflect a balance of Kshs.16,521,945 while the asset register reflects a balance of Kshs.17,287,484 resulting in differences between the three sets of records. Further, opening balance amount of Kshs.1,746,199 has not been supported with schedules.

Under the circumstances, the accuracy of the property, plant and equipment balance of Kshs.17,797,614 as at 30 June, 2025 could not be confirmed.

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

### **Emphasis of Matter**

#### **Over - Expenditure under Staff Costs**

The statement of financial performance and as disclosed in Note 13 to the financial statements reflects an amount of Kshs.18,934,031 in respect of staff costs. However, the Board had a budget of Kshs.14,365,147 under staff costs and therefore, exceeded the budget amount by Kshs.4,568,884 or 32% of the approved budget. The over-expenditure indicates possible weaknesses in budgetary control, cash flow management, and financial planning.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Information**

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

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

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

# REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

## **Conclusion**

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

## **Basis for Conclusion**

### **1. Failure to Fully Transfer Municipality Functions to Ugunja Municipality Board**

The County Government of Siaya under the Urban Areas and Cities Act 2011(Amended in 2019), were given the powers and allowed to establish the Ugunja Municipality after meeting the desired thresholds set out through the Act and other laws governing this Country. The Board was inaugurated as per the Act, this therefore indicated that County Government was to transfer certain functions to the Municipalities from the County Government as was indicated through gazette Notice No.116: Vol. cxxvi. and the Ugunja Municipal Charter, 2023. However, critical functions including revenue collection and solid waste management, dumpsite management and collection of some rates had not been transferred to the municipality.

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

### **2. Construction and Installation of Steet Lights**

The statement of financial position and as disclosed in Note 24 to the financial statements reflect an amount of Kshs.10,169,188 in respect of property, plant and equipment which includes infrastructure assets balance of Kshs.7,255,344 and which further includes a payment of Kshs.3,820,781 to Kenya Power and Lighting Company for installation of street lights within Ugunja Municipality as per the contract agreement dated 18 December, 2024. However, site visit carried out in October 2025 revealed that works on the Project had not started despite partial payment having been made. No explanation has been provided for the delayed execution of works.

In the circumstances, there is no value for money amounting to Kshs.3,820,781 spent on undelivered street lighting project.

### **3. Delayed Construction and Marking of Parking Lot at Ugunja Town**

Review of the asset register provided for audit revealed work in progress amounting to Kshs.7,398,635 in respect of construction and marking of a parking lot in Ugunja Town. The contract was awarded to a firm at a contact sum of Kshs.7,228,801 as per contract agreement dated 27 February, 2025. The contract duration was for three (3) Months, commencing on 13 March, 2025 and expected completion date of June, 2025. A total of Kshs.7,398,635 had been paid to the contractor. However, a payment voucher and certificate of additional works amounting to Kshs.3,000,000 were not provided for audit review.

Further, physical inspection of the project in October, 2025, revealed the following unsatisfactorily matters;

- i) The works had stalled and the Contractor had abandoned the site.
- ii) The works had not been completed as only compacting of boulders was done and installation of culverts and digging of drainage system, with the laying of cabros and marking still pending.
- iii) The contractor had not sought extension of the contract period which had already expired.
- iv) There was no formal communication to the contractor by the monitoring and inspection team on the delayed implementation and delivery of the project.

In the circumstances, the value for money on the expenditure on the incomplete project could not be confirmed.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### Basis for Conclusion

#### 1. Lack of Strategic and Operational Plan

Review of documents and records maintained at Ugunja Municipal Board revealed that the entity does not have a Strategic Plan and Operational Plan. Lack of strategic and operational planning means that future events are not anticipated and planned for.

In the circumstances, in absence of the key policy documents, the effectiveness in risk management and governance structures in the Municipality could not be confirmed.

#### 2. Failure to Tag Municipal Board Assets

Note 24 to the financial statements reflects property, plant and equipment value of Kshs.17,797,614 which includes furniture & fittings and computer & ICT equipment

amounting to Kshs.593,920 and Kshs.1,274,046 respectively that had been acquired by the Board. However, a physical inspection carried out in the month of October,2025 revealed that the acquired assets had not been tagged for ease of identification, ownership and monitoring.

In the circumstances, the effectiveness of the internal controls in the management of the assets 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 Board of Management**

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 Board's ability to continue ability as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**02 December, 2025**

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

Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	40,657,569.90	-
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues ( <i>Specify</i> )	9	-	-
		<b>40,657,569.90</b>	-
<b>Revenue from exchange transactions</b>			
Interest income	10	-	-
Miscellaneous Income	11	-	-
		-	-
<b>Total revenue</b>		<b>40,657,569.90</b>	-
<b>Expenditure</b>			
Use of goods and services	12	4,418,414.00	-
Staff costs	13	18,934,031.00	-
Board expenses	14	289,700.00	-
Finance costs	15	-	-
Depreciation and amortization	16	470,530.89	-
Repairs and maintenance	17	-	-
<b>Total expenses</b>		<b>24,112,675.89</b>	-
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	18	-	-
<b>Surplus/(deficit) for the period</b>		<b>16,544,894.01</b>	-

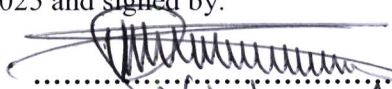
**Ugunja Municipal Board  
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Annual Report and Financial Statements for the Period ended 30 June 2025**

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The notes set out on pages 10 to 50 form an integral part of these Financial Statements. The entity financial statements were approved on \_\_\_\_\_ 2025 and signed by:

  
.....  
Name: **FREDERICK OTHMAN OPONDO**  
Municipality Manager

COUNTY GOVERNMENT OF SIAYA  
MUNICIPAL MANAGER  
UGUNJA MUNICIPAL BOARD  
P. O. Box 803 - 40600, SIAYA

  
.....  
Name: **VICTOR AKAMA MISOLO**  
Head of Finance  
ICPAK M/No **31928**

COUNTY GOVERNMENT OF SIAYA  
UGUNJA MUNICIPAL BOARD  
23 JUNE 2025  
MUNICIPAL  
ACCOUNTANT  
PO Box 803-40600, SIAYA

**Ugunja Municipal Board**  
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**15. Statement of Financial Position As At 30 June 2025**

Description	Note	2024/2025	01st July 2024
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	19	-	-
Receivables from exchange transactions	20	-	-
Receivables from non-exchange transactions	21	4,370,155.00	560,000.00
Prepayments	22	-	-
Inventories	23	493,479.00	-
<b>Total current assets</b>		<b>4,863,634.00</b>	<b>560,000.00</b>
<b>Non-current assets</b>			
Property, plant, and equipment	24	17,797,614.01	1,746,199.00
Intangible assets	25	-	-
Biological Assets	26	-	-
<b>Total Non-current Assets</b>		<b>17,797,614.01</b>	<b>1,746,199.00</b>
<b>Total assets (A)</b>		<b>22,661,248.01</b>	<b>2,306,199.00</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	27	4,370,155.00	560,000.00
Refundable deposits from customers	28	-	-
Provisions	29	-	-
Borrowings	30	-	-
Employee benefit obligations	31	-	-

**Ugunja Municipal Board  
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Deferred Income	32	-	-
Social Benefits	33	-	-
<b>Total current liabilities</b>		<b>4,370,155.00</b>	<b>560,000.00</b>
<b>Non-current liabilities</b>			
Provisions	29	-	-
Borrowings	30	-	-
Non-current employee benefit obligation	31	-	-
Deferred Income	32	-	-
Social Benefits	33	-	-
<b>Total Non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities (B)</b>		<b>4,370,155.00</b>	<b>560,000.00</b>
<b>Net Assets (A-B)</b>		<b>18,291,093.01</b>	<b>1,746,199.00</b>
<b>Represented by:</b>			
Capital/Development Grants/Fund		1,746,199.00	1,746,199.00
Reserves		-	-
Accumulated surplus		16,544,894.01	-
<b>Net Assets/Equity</b>		<b>18,291,093.01</b>	<b>1,746,199.00</b>

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 28<sup>th</sup> June 2025 and signed by:

.....  
**Name:** *Fredrick Ogwenya Opondo*  
**Municipality Manager**  
**Date:** *26/11/2025*

COUNTY GOVERNMENT OF SIAYA  
MUNICIPAL MANAGER  
UGUNJA MUNICIPAL BOARD  
P. O. Box 803 - 40600, SIAYA

.....  
**Name:** *Victor Akama Misob*  
**Head of Finance**  
**ICPAK M/No** *31928*  
**Date:** *26/11/2025*

COUNTY GOVERNMENT OF SIAYA  
UGUNJA MUNICIPAL BOARD  
26 NOV 2025  
MUNICIPAL ACCOUNTANT  
P.O. Box 803-40600, SIAYA

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

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
<b>Bal. as at 1 July 2023</b>	-	-	-	-
Surplus/(deficit) for the year	-	-		
Funds received during the year	-	-		
Revaluation gain/loss	-	-		
<b>Bal. as at 30 Jun 2024</b>	<b>1,746,199.00</b>	-	-	-
<b>Bal. as at 1 July 2024</b>	<b>1,746,199.00</b>	-	-	<b>1,746,199.00</b>
Surplus/(deficit) for the year	-	-	16,544,894.01	<b>16,544,894.01</b>
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
<b>Balance as at 30 June 2025</b>	<b>1,746,199.00</b>	-	<b>16,544,894.01</b>	<b>18,291,093.01</b>

**Ugunja Municipal Board**  
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**17. Statement Of Cash Flows for The Year Ended 30 June 2025**

Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		36,847,414.90	-
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous receipts ( <i>Specify</i> )		-	-
<b>Total Receipts</b>		<b>36,847,414.90</b>	<b>-</b>
<b>Payments</b>			
Use of goods and services		4,499,148.00	-
Staff costs		18,934,031.00	-
Board expenses		289,700.00	-
Finance costs		-	-
<b>Total Payments</b>		<b>23,722,879.00</b>	<b>-</b>
<b>Net cash flows from operating activities</b>	34	<b>13,124,535.90</b>	<b>-</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets		(13,124,535.90)	-
Proceeds from sale of PPE		-	-
<b>Net cash flows used in investing activities</b>		<b>(13,124,535.90)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Receipts from Capital grants		-	-
Proceeds from borrowings		-	-

**Ugunja Municipal Board**  
**County Government of Siaya**  
**Annual Report and Financial Statements for the Period ended 30 June 2025**

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Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		-	-
Cash And Cash Equivalents At 1 July 2024	19	-	-
<b>Cash And Cash Equivalents At 30 June 2025</b>	19	-	-

Ugunja Municipal Board  
 County Government of Siaya  
 Annual Report and Financial Statements for the Period ended 30 June 2025

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
<b>Budget carryovers from the previous year*</b>	-	-	-	-	-	0%
<b>Receipts</b>						
Transfers from the County Government	38,099,527.00	-	38,099,527.00	36,847,414.00	1,252,113.00	97%
Public contributions and donations	-	-	-	-	-	0%
Interest income	-	-	-	-	-	0%
Miscellaneous income ( <i>specify</i> )	-	-	-	-	-	0%
<b>Total Receipts</b>	<b>38,099,527.00</b>	<b>-</b>	<b>38,099,527.00</b>	<b>36,847,414.00</b>	<b>1,252,113.00</b>	<b>97%</b>
<b>Payments</b>						
Use of goods and services	8,195,500.00	-	8,195,500.00	4,499,148.00	3,696,352.00	55%
Board expenses	500,000.00	-	500,000.00	289,700.00	210,300.00	58%
Staff Costs	14,365,147.00	-	14,365,147.00	18,934,031.00	(4,568,884.00)	132%
Finance costs	-	-	-	-	-	0%
<b>Total expenditure Payments</b>	<b>23,060,647.00</b>	<b>-</b>	<b>23,060,647.00</b>	<b>23,722,879.00</b>	<b>(662,232.00)</b>	<b>103%</b>
<b>Capital Expenditure Payments</b>	<b>15,038,880.00</b>	<b>-</b>	<b>15,038,880.00</b>	<b>13,124,535.00</b>	<b>1,914,345.00</b>	<b>87%</b>

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Surplus for the period	-	-	-	-	-	
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Budget Utilization was 70%. The Utilization did not reach 90% due to delays in payments from county treasury

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
1	Actual Surplus Amounts as per the statement of Budget	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
5	Reason for differences	-
6	Closing Cash and Cash Equivalent as per the statement of Cash flows	-

## **19. Notes to the Financial Statements**

### **1. General Information**

Municipality is established by and derives its authority and accountability from urban areas and Cities Act 2013. The Municipality is under the Siaya County Government and is domiciled in Kenya.

The *entity's* principal activity is Service delivery to the people of Ugunja.

### **2. Statement of Compliance and Basis of Preparation**

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

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, National treasury circulars 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 30<sup>th</sup> June 2024.

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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	<b><i>Applicable 1<sup>st</sup> January 2025</i></b>

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	<p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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.

#### **4. Significant Accounting Policies**

##### **a) Revenue recognition**

###### **i) Revenue from non-exchange transactions**

###### ***Transfers from other government entities***

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

###### **ii) Revenue from exchange transactions**

###### ***Interest income***

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

##### **b) Budget information**

The original budget for FY 2024/2025 was approved by the County Assembly on - (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.

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,

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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.

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

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

**Financial assets**

**Classification of financial assets**

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

### **Subsequent measurement**

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

#### **Amortized cost**

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

#### **Fair value through net assets/ equity**

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

#### **Fair value through surplus or deficit**

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

#### **Trade and other receivables**

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

### **Impairment**

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

### **Financial liabilities**

#### **Classification**

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

#### **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 City/Municipality.

**g) Provisions**

Provisions are recognized when the Municipality has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Municipality expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**h) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and/or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the needs of society as a whole. The entity recognises a social benefit as an expense for the social benefits scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

**i) Contingent liabilities**

The Municipality does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**j) Contingent assets**

The Municipality does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs

**k) Nature and purpose of reserves**

The Municipality 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.

**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 City/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.

**1. Comparative figures**

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

**2. 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.

**3. 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.

There were no judgements, estimates or assumptions made in preparation of this financial report.

### **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*

**6. Transfers from the County Government**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent		-
Payments by County on behalf of the entity	40,657,569.90	-
Unconditional development grants	-	-
<b>Total</b>	<b>40,657,569.90</b>	<b>-</b>

**(a) Transfers from County Government entities (Categorized)**

(a) Transfers from County Government entities (Categorized) Name Of The Entity Sending The Grant	Amount recognized to Statement of financial performance* Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2023/2025
			Kshs	Kshs	Kshs
Department	-	-	-	-	-
Ministry	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**7) Public Contributions and Donations**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**8. Levies, Fines and penalties**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others ( <i>indicate and specify</i> )	-	-
<b>Total</b>	-	-

**9. Other Revenues from Non exchange transactions**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others ( <i>indicate and specify</i> )	-	-
<b>Total</b>	-	-

**10. Interest income**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others ( <i>Specify</i> )	-	-
<b>Total interest income</b>	-	-

**11. Miscellaneous income**

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

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**12. Use of Goods and Services**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Utilities, supplies and services	30,000.00	-
Communication, supplies and services	-	-
Domestic travel and subsistence	135,000.00	-
Daily subsistence allowance	1,634,938.00	-
Printing, advertising, supplies & services	149,720.00	-
Rent and rates	240,000.00	-
Training expenses		-
Hospitality supplies and services	505,400.00	-
Purchase of safety gears	613,900.00	-
Specialized materials and services		-
Office and general supplies and services	214,956.00	-
Fuel, oil and lubricants	500,000.00	-
office curtains	192,060.00	-
Purchase of uniform and clothing	146,530.00	-
Routine maintenance – other assets	55,910.00	-
Contracted Professional Services	-	-
Audit fees	-	-
supplies and accessories for computers		-
Bank Charges	-	-
Social Benefit expenses*	-	-
Landscaping and beautification	-	-
<b>Total</b>	<b>4,418,414.00</b>	<b>-</b>

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**13. Staff costs**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Salaries and wages	18,575,771.00	-
Social security contribution	358,260.00	-
Other staff costs ( <i>Daily Subsistence Allowance</i> )		-
<b>Total</b>	<b>18,934,031.00</b>	<b>-</b>

**14. Board expenses**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	289,700.00	-
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	-	-
Conference Costs	-	-
Board arrears		-
<b>Total</b>	<b>289,700.00</b>	<b>-</b>

**15. Finance costs**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**16. Depreciation and amortization**

Description	2024/2025	2023/2024
	KShs	KShs
Property, plant and equipment	470,530.89	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>470,530.89</b>	<b>-</b>

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**17. Repairs and Maintenance**

Description	2024/2025	2023/2024
	KShs	KShs
Property- Buildings	-	-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
<b>Total repairs and maintenance</b>	-	-

**18. Gain/(loss) on disposal of assets**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	-	-

**19. Cash and cash equivalents**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	-	-
Others( <i>specify</i> )	-	-
<b>Total cash and cash equivalents</b>	-	-

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

Financial institution	Account number	2024/2025	2023/2024
		Kshs.	Kshs.
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
<b>Sub- total</b>		-	-
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-

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Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
<b>e) Current account</b>			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
<b>d) Others(specify)</b>			
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		-	-

**20. Receivables from exchange transactions**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
<b>Current Receivables</b>		
Service, water and electricity debtors	-	-
Other exchange debtors		-
Less: impairment allowance	-	-
<b>Total Current receivables (a)</b>	-	-
<b>Non-Current receivables</b>		
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-

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Total Non- current receivables (b)	-	-
Total	-	-

Ageing analysis for Receivables from exchange transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	-	%	0	%
Between 2-3 years	-	%	0	%
Over 3 years	-	%	0	%
<b>Total (a+b)</b>	<b>0</b>	<b>%</b>	<b>0</b>	<b>%</b>

21. Receivables from Non-Exchange transaction

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Transfer from County Executive	4,370,155.00	560,000.00
Transfer from XXXX Fund	-	-
<b>Total</b>	<b>4,370,155.00</b>	<b>560,000.00</b>

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Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	4,370,155.00	100%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>4,370,155.00</b>	<b>100%</b>	<b>-</b>	<b>%</b>

**22. Prepayments**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Other ( <i>specify</i> )	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**23. Inventories**

Description	Insert Current 2024/2025	23/2024
	Kshs.	Kshs.
Stationery	493,479.00	-
Consumables	-	-
Other inventories( <i>specify</i> )	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	<b>493,479.00</b>	<b>-</b>

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**Detailed Disclosure on Inventories**

	2024/2025 Ksh	2023/2024 Ksh
<b>Opening balance</b>	-	-
Additional Inventory in the year	493,479.00	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
<b>Closing balance</b>	<b>493,479.00</b>	-

24. Property, Plant and Equipment

Description	Land	Building	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Depreciation Rate		2%	12.50%	12.50%	12.50%	33.30%		
As at 1st July 2024	-	-	-	-	1,298,116.00	448,083.00	-	1,746,199.00
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2024	-	-	-	-	1,298,116.00	448,083.00	-	1,746,199.00

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Additions for the year	-	-	-	3,434,563.00	593,920.00	1,274,046.00	11,219,416.00	16,521,945.00
Disposals for the year	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2025</b>	-	-	-	<b>3,434,563.00</b>	<b>1,892,036.00</b>	<b>1,722,129.00</b>	<b>11,219,416.00</b>	<b>18,268,144.00</b>
<b>Depreciation and impairment</b>	-	-	-	-	-	-	-	-
<b>At 1st July 2024</b>	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	193,197.83	277,333.06	-	470,530.89
Impairment	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-
<b>As at 30 June 2025</b>	-	-	-	-	-	-	-	-

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Depreciation for the year	-	-	-		193,197.83	277,333.06	-	470,530.89
Disposals for the year	-	-	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2025</b>	-	-	-	<b>3,434,563.00</b>	<b>1,698,838.17</b>	<b>1,444,795.94</b>	<b>11,219,416.00</b>	<b>17,797,613.11</b>
	-	-	-	-	-	-	-	-
<b>NBV as at 30<sup>th</sup> Jun 2024</b>	-	-	-	-	<b>1,298,116.00</b>	<b>448,083.00</b>	-	<b>1,746,199.00</b>
<b>NBV as at 30<sup>th</sup> Jun 2025</b>	-	-	-	<b>3,434,563.000</b>	<b>1,698,838.17</b>	<b>1,444,795.94</b>	<b>11,219,416.000</b>	<b>17,797,613.11</b>

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**25. Intangible assets**

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

**26. Biological Assets**

Description	2024/2025	2023/2024
	Kshs	Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
<b>Total</b>	-	-

**27. Trade and other payable**

Description	Insert Current FY		Insert Comparative FY	
	Kshs.		Kshs.	
Trade payables	4,370,155.00		560,000.00	
Retentions	-		-	
Accrued expenses	-		-	
Other payables (Specify)	-		-	
<b>Total trade and other payables</b>	<b>4,370,155.00</b>		<b>560,000.00</b>	

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<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	4,370,155.00	100%	-	%
1-2 years		%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>4,370,155.00</b>	<b>100%</b>	<b>-</b>	<b>%</b>

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**28. Refundable deposits from customers**

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

**29. Provisions**

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

**30. Borrowings**

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

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
<b>Total</b>	-	-

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

The table below shows the Distribution of borrowings:

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

### 31. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

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32. Deferred Income

Description	2024/2025	2023/2024
	Kshs	Kshs
National/County Government	-	-
International Funding Bodies	-	-
Public Contributions and Donations	-	-
<b>Total Deferred Income</b>	-	-

The deferred income movement is as follows:

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

*Include columns as needed for the various sources of income deferred*

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*Analysed as:*

Description	Amount
	Kshs
Current	-
Non- Current	-
<b>Total</b>	-

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**33. Social Benefit Liabilities**

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

**34. Cash generated from operations**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
<b>Surplus/ (deficit) for the year before tax</b>	<b>16,544,894.01</b>	-
<b>Adjusted for:</b>		
Depreciation	470,530.89	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	(493,479.00)	-
Increase in receivables	(3,810,155.00)	-
Increase in payables	3,810,155.00	-
<b>Net cash flow from operating activities</b>	<b>16,521,945.90</b>	-

**35. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

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

**c) Key management remuneration**

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

**d) Due from related parties**

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

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**e) Due to related parties**

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

**36. Contingent liabilities**

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

**37. Contingent Assets**

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

### 38. Financial risk management

The Municipality's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Municipality's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Municipality does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Municipality's financial risk management objectives and policies are detailed below:

#### I. Credit risk

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

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
<b>At 30 June 2025</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

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<b>At 30 June 2024</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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

The table below represents cash flows payable by the City/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.
<b>At 30 Jun 2025</b>				

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Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30 Jun 2024</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### III. Market risk

The Board has put in place an internal audit function to assist it in assessing the risk faced by the City/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 City/Municipality's income or the value of its holding of financial instruments. The objective of market risk management is to manage and

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control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The City/Municipality's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the City/Municipality's exposure to market risks or the manner in which it manages and measures the risk.

**IV. Foreign currency risk**

The City/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 City/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.
At 30 June 2025		
Financial assets	-	-
Investments	-	-
Cash	-	-
Debtors/ receivables	-	-
Liabilities		
Trade and other payables	-	-
Borrowings	-	-
Net foreign currency asset/(liability)	-	-

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**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	Effect on surplus/ deficit	Effect on
	currency rate		Equity
	Kshs.	Kshs.	Kshs.
2025			
Euro	10%	-	-
USD	10%	-	-
2024			
Euro	10%	-	-

**V. Interest rate risk**

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

**Management of interest rate risk**

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

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**VI. Capital risk management.**

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

Description	2024/2025	2023/2024
	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	0%	0%

**39. Program for Results (PforR) Disclosure**

<b>Name of the PforR: N/A</b>	
<b>Financing Partners: N/A</b>	
<b>Purpose of the PforR: N/A</b>	
<b>Expenditure Details</b>	<b>Amount in Kshs</b>
Cumulative actual expenditures for the previous years	-
Actual expenditure in the current financial year.	
1. <i>Employee Cost</i>	-
2. <i>Use of goods and Services</i>	-
3. <i>Grants and Subsidies</i>	-

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4. <i>Building of ECDE facilities</i>	-
5. <i>Others (specify)</i>	-
<b>Sub-total</b>	-
<b>Cumulative Actual Expenditures to date</b>	-

**20. Appendices**

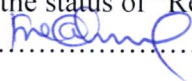
**Appendix 1. Progress on Follow up of Auditors Recommendations.**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
			(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)

**Guidance Notes:**

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

.....  


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

COUNTY GOVERNMENT OF SIAYA  
MUNICIPAL MANAGER  
UGUNJA MUNICIPAL BOARD  
P. O. Box 803 - 40600, SIAYA

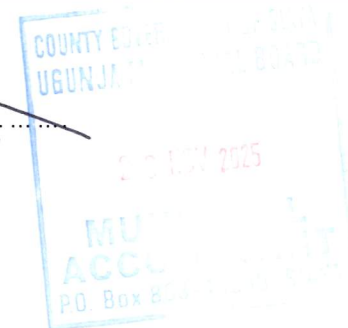
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**Appendix 2: Inter-Entity Transfers**

CITY/MUNICIPALITY NAME:				
Breakdown of Transfers from the County Executive of xxx County				
FY 20xx/20xx				
a.	Recurrent Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
			-	
			-	
		Total	-	
b.	Development Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
			-	
			-	
			-	
		Total	-	
c.	Direct Payments	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
			-	
			-	
		Total	-	

*Victor Akama*

*[Signature]*



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

**Appendix 3: Reporting of Climate Relevant Expenditures**

Name of the Organization  
 Telephone Number  
 Email Address  
 Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications) .....

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

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**Appendix 4: Disaster Expenditure Reporting Template**

Date:

Entity

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



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