

REPUBLIC OF KENYA



**REPORT**

**OF**



**THE AUDITOR-GENERAL**

**ON**

**KILGORIS MUNICIPALITY**

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

**COUNTY GOVERNMENT OF NAROK**

	PAPERS LAID
DATE	04.12.2025
TABLED BY	S.M.L.
COMMITTEE	-
CLERK AT THE TABLE	Abdirahman



---

**KILGORIS MUNICIPALITY**  
*County Government of Narok*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2025**

---

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

*(Leave this page blank)*



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

---

1.	Acronyms and Definition of Key Terms.....	ii
2.	Key Entity Information and Management.....	iii
3.	City/Municipality Board .....	vii
4.	Key Management Team .....	xii
5.	City/Municipality Board Chairperson’s Report .....	xiii
6.	Report Of the City/Municipality Manager .....	xiv
7.	Statement of Performance Against Predetermined Objectives for the FY2025 .....	i
8.	Corporate Governance Statement .....	i
9.	Management Discussion and Analysis.....	ii
10.	Environmental And Sustainability Reporting .....	iii
11.	Report of the City/Municipality Board Members .....	v
12.	Statement of Management’s Responsibilities .....	vi
13.	Report of the Independent Auditor .....	viii
14.	Statement of Financial Performance for The Year Ended 30 June 2025 .....	1
15.	Statement of Financial Position As At 30 June 2025.....	2
16.	Statement of Changes In Net Assets For the Year Ended 30 June 2025 .....	4
17.	Statement Of Cash Flows for The Year Ended 30 June 2025.....	5
18.	Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2025 ..	6
19.	Notes to the Financial Statements .....	8
20.	Appendices .....	43

## **Acronyms and Definition of Key Terms**

### **A. Acronyms**

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act
MSC	Masters in computer Science
BSC	Bachelors in Computer Science
CPA	Certified Public Accountant
ECDE	Early Childhood Development Education
BS	Bachelors in Science
MA	Masters in Arts
IT	Information Technology
ICPAK	Institute of Public Accountant of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Financial Management

### **B. Definition of Key Terms**

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

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

## **Key Entity Information and Management**

### **a) Background information**

The Kilgoris Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011(amended 2019) and Cities and Municipal Charter on 29<sup>th</sup> August 2019. The Municipality is under the County Government of Narok and is domiciled in Kenya.

### **b) Principal Activities**

- a. Promotion, regulation and provision of refuse collection and solid waste management services;
- b. Promotion and provision of water and sanitation services and infrastructure (in areas within the Municipality not served by the Water and Sanitation Provider);
- c. Construction and maintenance of urban roads and associated infrastructure;
- d. Construction and maintenance of storm drainage and flood controls;
- e. Construction and maintenance of walkways and other non-motorized transport infrastructure;
- f. Construction and maintenance of recreational parks and green spaces;
- g. Construction and maintenance of street lighting;
- h. Construction, maintenance and regulation of traffic controls and parking facilities;
- i. Construction and maintenance of bus stands and taxi stands;
- j. Regulation of outdoor advertising;
- k. Construction, maintenance and regulation of municipal markets and abattoirs;
- l. Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management;
- m. Promotion, regulation and provision of municipal sports and cultural activities;
- n. Promotion, regulation and provision of animal control and welfare;
- o. Development and enforcement of municipal plans and development controls;
- p. Municipal administration services (including construction and maintenance of administrative offices);
- q. Promoting and undertaking infrastructural development and services within municipality;
- r. Any other functions as may be delegated by the County Executive Committee Member and provided in the Urban Areas and Cities Act, 2011 and the Urban Areas and Cities (Amendment), Act 2019

### ***Narok Municipality's vision, mission, and core objectives***

**Vision:** An environmentally, culturally conscious, and well-governed municipality that sustainably uses its resources to economically, socially and culturally empower her residents.

**Mission:** Marshal adequate resources for inclusive, harmonious, and sustainable growth and development of the Municipality

**Core Objectives:** providing essential urban services like waste Management, water, Sanitation, Road Maintaince, urban planning, development controls and infrastructure maintainace,

**c) Key Management**

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

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

**d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

Ref	Position	Name
1	Kilgoris Municipality Manager	Peter Somitoi
2	Head of departments	Daudi Naisho

**e) Fiduciary Oversight Arrangements**

- i) Audit and Risk Management Committee
- ii) County Assembly Committees-Physical Planning deals with the Kilgoris Municipality Matters as an Oversight Authority to matters that pertains with the Municipality.
- iii) Committees of the Senate

**f) Registered Offices**

P.O. Box 11-Kilgoris  
Kilgoris Municipality Offices  
Kilgoris-Kisii Highway  
KENYA.

**g) Contacts**

Telephone: (+254) 726401828  
E-mail: [petersomitoi@gmail.com](mailto:petersomitoi@gmail.com)  
Website: [Narokcountygovernment.go.ke](http://Narokcountygovernment.go.ke)

**h) Bankers**

Commercial Banks  
NCBA-Narok  
1.. Kilgoris Municipality Urban Development Grant Account No 9457770038

**i) Independent Auditor**

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

**j) Principal Legal Adviser**

The Attorney General  
State Law Office

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



---

Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya



**k) County Attorney**

Narok County Attorney  
Narok County Offices  
Narok- Nakuru Highway  
P.O. Box 898-20500  
Narok, Kenya.


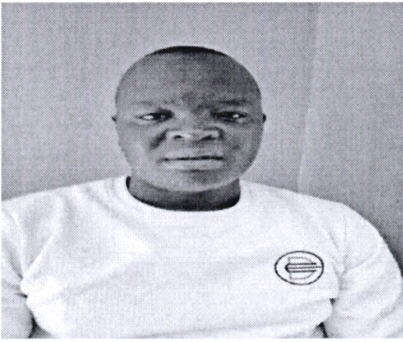
**Kilgoris Municipality Board**

Serial No.	Name	Details of qualifications and experience
1	Board Chair person Michael Oloibiruini Maito 	Born in 1969 Bachelor of Science in Public Administration and Leadership Diploma in County Governance from Jomo Kenyatta University of Agriculture and Technology. Served as an Area Councillor in the former defunct Local Authority.
2	Board Vice-Chairperson Emily Shankil 	Born in 1962 Bachelor of Education in early Child and Primary Education, Diploma in ECDE Serving in the Board as Associations of the private sector Representative.



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

<p>3</p>	<p>Board Member          Ziporah R chepkemoi</p> 	<p>Born in 1993.          MSC in Computer Science, BSC IN          Computer Science and Technology and          Diploma in Christian Ministry.          In the Board she serves as the Umbrella of          Professional Association Representative</p>
<p>4</p>	<p>Board Member          John Kiloli</p> 	<p>Bachelor of Arts Kiswahili, with IT from Maseno          University. Serves in the Board as Registered          Neighbourhood Association Representative</p>

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

<p>5</p>	<p>Board Member          Charles Kimutai Langat</p> 	<p>He is a representative of informal Sector Association.          Bachelor of library and information Science and diploma in information Science          Performed chairpersons responsibilities at Angata Barikoi Health centre and as the project Manager Kilgoris Constituency development fund.</p>
<p>6</p>	<p>Board Member          James K Ntengelesh</p> 	<p>Born in 1995.          Bachelor of Science degree in Agricultural Extension Education.          In the Board ,he is a representative of Special groups.</p>

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



<p>7</p>	<p>Board Member          Lilian Wangari Mwangi</p> 	<p>Bachelor of Arts (Economics) from Rongo University.</p> <p>Accounting Certificate- CPA Part 1&amp;2</p>
<p>8</p>	<p>Peter Somitoi          Municipal Manager</p> 	<p><i>Born in 1988.          Degree Holder in Business Administration and Diploma in Tourism Management.          Worked as the revenue Officer for Narok Water and sewerage services Company.          Currently Manager Kilgoris Municipality</i></p>
<p>9</p>	<p>Daudi Naisho          Chief Officer-Physical Planning and Urban Development</p>	<p><i>Profession: Agriculture Engineers          Education credential: MA: Governance and Ethics, BS: Agricultural Engineering, Diploma in Finance and Banking          Work Experience: Over 20 years in Senior Management of Agriculture department.</i></p>



*Current position: Chief officer, physical planning and urban development.*

*Appointed as Chief Officer-Physical Planning and Urban Development in October 2022*

**Key Management Team**

<b>S/ No</b>	<b>Name</b>	<b>Details of qualifications and experience</b>
1.	<p>Peter Somitoi            Municipal Manager</p> 	<p><i>Born in 1988.            Degree Holder in Business Administration and            Diploma in Tourism Management.            Worked as the revenue Officer for Narok Water and            sewerage services Company.            Currently Manager Kilgoris Municipality</i></p>
2.	<p>Daudi Naisho            Chief Officer-Physical Planning and            Urban Development</p> 	<p><i>Profession: Agriculture Engineers            Education credential: MA: Governance and            Ethics, BS: Agricultural Engineering, Diploma in            Finance and Banking            Work Experience: Over 20 years in Senior            Management of Agriculture department.            Current position: Chief officer, physical planning            and urban development.            Appointed as Chief Officer-Physical Planning and            Urban Development in October 2022</i></p>

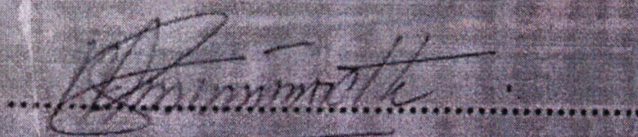
County Government of Narok  
Kilgoris Municipality  
Annual Report and Financial Statements for the year ended June 30, 2025

**Municipality Board Chairperson's Report**

*The Kilgoris Municipality Board was Constituted only the other day within the financial year under review, therefore it had not done hopefully next financial year it will receive support from the County Government for it to be able to perform its Mandate.*

*The Municipality of Kilgoris had experienced mainly delayance in transfer of Functions and resources thus this hindered its full Operationalization.*

*The Kilgoris Municipality looks forward to finalize the development of Municipality by-laws, strategic plans, Annual plans and integrated development plans that will act as a guide to the Municipality resulting to efficiency in its operations.*



Name:

MICHAEL OLEMATO

**Chairperson of the Board**

**Report of the Municipality Manager**

*The Kilgoris Municipality which was established through the Municipal Charter on 29<sup>th</sup> August 2019, the Municipal Board was formerly constituted within the Financial Year in review whereby this delayed the operationalization of the Municipality.*

*The Municipality of Kilgoris had experienced mainly delayance in transfer of Functions and resources for it to be able to perform its Mandate. The municipality of Kilgoris had done little in this financial year for lack of receipts of grants and transfers from the Government.*

*The Kilgoris Municipality hopefully looks forward to finalize the development of Municipality by-laws, strategic plans, Annual plans and integrated development plans that will act as a guide to the Municipality resulting to efficiency in its operation.*



.....

**Name: Peter Somitoi**

**Municipality Manager**

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

***Guidance***

The key development objectives of the Kilgoris Municipality plan are to:

- a) Provide quality physical infrastructure.
- b) Urban planning.
- c) Urban governance and administration
- d) Solid Waste Management

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Urban planning	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 increased Housing unit by 0%.
Urban governance and administration	To promote good governance	To create an efficient and effective management.	Trainings and Workshops Conducted	-
Solid Waste Management	To promote a hygiene Environment.	To create a conducive environment	Solid waste management rules adherence.	-

**Corporate Governance Statement**

The Kilgoris Municipality board members are appointed by the county public service board then vetted by the county assembly. The role of the board members is stipulated in the Urban Areas and Cities Act, 2011, No. 13. Since the time of engagement, the board members had been inducted on issues of budgeting implementation, how to conduct board meetings and corporate governance matters.

The Kilgoris Municipality managed to conduct the board meeting once in the financial year under review.

**Management Discussion and Analysis**

During the financial year 2024/2025 the Kilgoris Municipality operational and financial performance was minimal no key entity projects or investments decisions implemented..

## Environmental and Sustainability Reporting

### 1. Sustainability strategy and profile

The municipality of Kilgoris was established in October 29, 2019, the Municipality forms the Transmara west Central region. The set-up of the Municipality is anchored on the enactment of Urban Areas Cities Act, 2011, No. 13. In the first five years of the Counties the Urban Areas Cities Act, 2011, was never implemented as most of the Counties did not focus on Management of towns until 2018 when the world bank brought the Kenya Urban Support Programme as an incentive to counties to create the Urban institutions in terms of administration and managers until Managers are put in place.

### 2. Environmental performance

Through Citizen fora where usually the citizens of all sectors like traders bodaboda industry are engaged on issues related to the day to day operations such as solid waste management The Municipality is also Making by-laws that is in draft stage to guide on waste management within the Municipality.

### 3. Employee welfare

The recruitment of staff is entirely done by the Narok County Service Board of which the recruitment of Municipal staff is ongoing. Hopefully the Service board will speed up on the process of recruitment.

### 4. Market place practices

#### a) Responsible competition practice.

The Municipality ascribe to values of and principles of good governance as articulated in article 10 & 232 of the Constitution. The ethics and Anti-Corruption act of 2023 and the principle and values of the public service as stipulated in article 232 of the constitution

- b) **Responsible Supply chain and supplier relations**  
The procurement is centralized at the supply chain department. The Municipality still rely on the department in budgeting and procurement process.
- c) **Responsible marketing and advertisement or Responsible engagement with the citizens**
- d) **Product stewardship or Awareness creation**  
Mostly effort to safe guard consumer rights and interest issues are by Trade department.
- 5. **Corporate Social Responsibility/Community Engagements**  
During board meetings under citizen for a package the Municipality engages the public making awareness and guide on matters of well grooming their work places.

**Report of the Kilgoris 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 Kilgoris Municipality affairs.

**Principal activities**

The principal activities of the Kilgoris Municipality are stipulated in section 20 of the Urban Areas and Cities Act, 2011

**Performance**

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

**Board Members**

The members of the Board who served during the year are shown on previous pages. No changes in the Board during the financial year apart from that contract service for some members ended, thus recruitment to fill the vacant positions are ongoing.

**Auditors**

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

By Order of the Board



.....  
Name: *Peter Somufoi*

Secretary of the Board

### **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 City/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 City/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 City/Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of City/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.

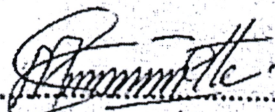
In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Municipality Manager to indicate that the Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

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

to indicate that the Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Municipal financial statements were approved by the Board on 2025 and signed on its behalf by:



Name: *Michael Matto*  
Chairperson of the Board



Name: *Peter Somitai*  
Accounting officer of the Board

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON KILGORIS MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2025 – COUNTY GOVERNMENT OF NAROK**

---

### **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 Disclaimer of Opinion is issued when the Auditor-General is unable to obtain sufficient appropriate audit evidence to form an opinion on the financial statements. 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**

#### **Disclaimer of Opinion**

I have audited the accompanying financial statements of Kilgoris Municipality - County Government of Narok set out on pages 1 to 44, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with

the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **Basis for Disclaimer of Opinion**

#### **1. Failure to Comply with the Recommended Reporting Template**

Review of the Municipality's financial statements revealed the following errors and inaccuracies;

- i. The Municipality has used the County Government of Narok logo instead of the Kilgoris Municipality logo as required.
- ii. The page on Acronyms and Glossary of key terms is missing various acronyms such as ICPAK, PFM, IPSAS among others.
- iii. The financial statements did not include key reports such as the report by the Board Chairman, report of the Municipality Manager, Statement of Performance Against Predetermined Objectives for the financial year 2024/2025, Corporate Governance Statement, Environmental and Sustainability Reporting, Report of the Municipality Board Members and the blank page on the Report of the Auditor-General.
- iv. The Municipality Board and key management sections did not include photos and some required details of the Board members and the key management team.
- v. The financial statements do not have the required headers.
- vi. The report on the management discussion and analysis did not have all the information requires as per the prescribed reporting template.

Management has not provided any explanation for the anomalies observed.

In the circumstances, Management did not comply with the recommended reporting template as prescribed by the Public Sector Accounting Standards Board.

#### **2. Non-Compliance with the Law on Board Composition**

The Municipality Board section of the financial statements indicates that the Municipality has seven (7) Board Members against the required nine (9) members. Further, the gazette notice on the appointment of the Board Members, the member's appointment letters and acceptance letters were not provided for audit verification.

In the circumstances, Management and the appointing authority were in breach of the law.

#### **3. Failure to Conduct Board Meetings**

Review of the annual report and financial statements revealed no evidence that the Board conducted meetings and transacted business of the Municipality as required by the Section 23 (1) and (2) of Urban Areas and Cities Act, 2011.

In the circumstances, the Municipality did not benefit from the oversight and administration functions of the Board as envisaged in the law.

#### **4. Failure by the County Government to Allocate Funds to the Municipality**

Review of the financial statements and available information revealed that the Kilgoris Municipality did not receive any funding from the Narok County Executive in the year under review. This happened despite the County Government having allocated funds for the Municipality in its budget for the financial year 2024-2025.

In the circumstances, the planned activities of the Municipality may not be implemented and its operations remain dysfunctional.

#### **5. Lack of an Annual Work Plan for the Municipality**

Review of the annual report and financial statements revealed that the statement of budget and actual comparison did not indicate the budget estimates for the year under review. In addition, Management did not provide any evidence to confirm the existence of the annual income and expenditure estimates.

This is contrary to Section 45 of the Urban Areas and Cities Act, 2011 which requires that three months before the commencement of each financial year, a board or town committee shall cause to be prepared estimates of the revenue and expenditure of a board or town committee for that year. The annual estimates shall make provision for all the estimated revenue and expenditure of the board for the financial year to which it relates. The annual estimates shall be tabled before the board or town committee for adoption and approval. The annual estimates approved by the board or town committee under subsection (3) shall be submitted to the county governor for submission to the county assembly for its approval.

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

#### **6. Failure by the Municipality to Operationalize its Bank Account**

Review of available records and documentation provided revealed that the Municipality operated a commercial bank account at NCBA, account number 9457770017. However, Management did not provide evidence on the existence of a balance in the bank through the provision of bank statements, bank reconciliation statements, certificate of bank balance and a board of survey report. In addition, no cash book was provided as proof that there was a properly maintained cash management function as required by law. This is contrary to Section 46 (1) of the Urban Areas and Cities Act, 2011 provides that the board or town committee shall cause to be kept all proper books and records of account of its income, expenditure, assets and liabilities.

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

#### **7. Lack of Statutory Municipal Plans**

Review of documents and records provided by the Management of Kilgoris Municipality revealed non-existence or non-consideration of key vital plans as

envisaged in Section 111 (1) of the County Governments Act, 2012. The plans include the Municipal land use plans, building and zoning plans and the location of recreational areas and public facilities.

Failure to put in place the statutory plans undermine the functionality of the Municipality as envisaged in the law and impacts negatively on service delivery to the public.

## **8. Failure to Offer Key Services**

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

Available information revealed that a majority of the services are offered by the County Government and the National Government contrary to the Urban Areas and Cities Act, 2011.

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

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

### **Conclusion**

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

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

### **Conclusion**

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matter(s) described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for my audit conclusion.

## **Responsibilities of the Management and those Charged with Governance**

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

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

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

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

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

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

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give

an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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

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

**Nairobi**

**25 November, 2025**

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

**Statement of Financial Performance for The Year Ended 30 June 2025**

Description	Note	2024/2025
		FY Kshs.
<b>Revenue from non-exchange transactions</b>		
Transfers from the County Government	6	-
Public contributions and donations	7	-
Levies Fines and Penalties	8	-
Other revenues ( <i>Specify</i> )	9	-
		-
<b>Revenue from exchange transactions</b>		
Interest income	10	-
Miscellaneous Income	11	-
		-
<b>Total revenue</b>		-
<b>Expenditure</b>		
Use of goods and services	12	-
Staff costs	13	-
Board expenses	14	-
Finance costs	15	-
Depreciation and amortization	16	-
Repairs and maintenance	17	-
<b>Total expenses</b>		-
<b>Other gains/losses</b>		
Gain/loss on disposal of assets	18	-
<b>Surplus/(deficit) for the period</b>		-

The entity financial statements were approved on 28<sup>th</sup> August 2025 and signed by:



Name: Peter Somitoi  
Municipality Manager



Name: Lorna Nchike  
Principal Accountant  
ICPAK M/No 9551


Statement of Financial Position as at 30 June 2025


Description	Note	F/Y 2024/2025
		Kshs.
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	19	-
Receivables from exchange transactions	20	-
Receivables from non-exchange transactions	21	-
Prepayments	22	-
Inventories	23	-
<b>Total current assets</b>		
<b>Non-current assets</b>		
Property, plant, and equipment	24	-
Intangible assets	25	-
Biological Assets	26	-
<b>Total Non-current Assets</b>		
<b>Total assets (A)</b>		-
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	27	-
Refundable deposits from customers	28	-
Provisions	29	-
Borrowings	30	-
Employee benefit obligations	31	-
Deferred Income	32	-
Social Benefits	33	-
<b>Total current liabilities</b>		
<b>Non-current liabilities</b>		
Provisions	29	-
Borrowings	30	-
Non-current employee benefit obligation	31	-
Deferred Income	32	-
Social Benefits	33	-
<b>Total liabilities (B)</b>		

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

Description	Note	F/Y 2024/2025
		Kshs.
<b>Net Assets (A-B)</b>		-
<b>Represented by:</b>		
Capital/Development Grants/Fund		-
Reserves		-
Accumulated surplus		-
<b>Net Assets/Equity</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> August 2025 and signed by:

  
 .....  
 Name: **Peter somitai**  
 Municipality Manager  
 Date: 28<sup>th</sup> August, 2025

  
 .....  
 Name: **Lorna Nchiko**  
 Principal Accountant  
 ICPAK M/No 9551  
 Date: 28<sup>th</sup> August, 2025

Statement of Changes in Net Assets for the Year Ended 30 June 2025FY 2024/25

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
<b>Bal as at 1 July 2024 (current year)</b>	-	-	-	-
Surplus/(deficit) for the year		-	-	-
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
<b>Balance as at 30 June 2025</b>	-	-	-	-

**Statement of Cash Flows for The Year Ended 30 June 2025**

Description	Note	F/Y 2024/2025
		Kshs.
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Transfers from the County Government		-
Public contributions and donations		-
Interest received		-
Miscellaneous receipts ( <i>Specify</i> )		-
<b>Total Receipts</b>		-
<b>Payments</b>		
Use of goods and services		-
Staff costs		-
Board expenses		-
Finance costs		-
<b>Total Payments</b>		-
<b>Net cash flows from operating activities</b>	34	-
<b>Cash flows from investing activities</b>		
Purchase of PPE & intangible assets		-
Proceeds from sale of PPE		-
<b>Net cash flows used in investing activities</b>		-
<b>Cash flows from financing activities</b>		
Receipts from Capital grants		-
Proceeds from borrowings		-
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	19	-
<b>Cash And Cash Equivalents At 30 June</b>	19	-

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
Budget carryovers from the previous year*	-					xxx
Receipts						
Transfers from the County Government						%
Public contributions and donations						%
Interest income						%
Miscellaneous income ( <i>specify</i> )						%
Total Receipts						%
Payments						
Use of goods and services						%
Board expenses	2,200,000		2,200,000		2,200,000	%
Staff Costs	4,033,383		4,033,383		4,033,383	%
Finance costs	-					%
Total expenditure Payments						%
Capital Expenditure Payments						
Surplus for the period						

**Budget notes**

**Budget Reconciliation**

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

## **Notes to the Financial Statements**

### **1. General Information**

Kilgoris Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No 13 of 2011. The Kilgoris Municipality is under the Narok County Government and is domiciled in Kenya.

The *entity's* principal activity as stated in the previous pages.

### **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 (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Application of New and revised standards (IPSAS)**

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

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

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

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

	<ul 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> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1<sup>st</sup> January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements</li> </ul>

	understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.
--	---

*iii. Early adoption of standards*

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

**a) Revenue recognition**

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

*Transfers from other government entities*

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

**ii) Revenue from exchange transactions**

*Interest income*

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

**b) Budget information**

The original budget for FY 2024/25 was approved by the County Assembly on within the stipulated time. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the

respective approvals in order to conclude the final budget. Accordingly, the Municipality did not record additional appropriations. The Municipality's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cash flows has been presented under section 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 City/Municipality recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**d) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

**e) Biological Asset**

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

**f) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).*

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

**Financial assets**

**Classification of financial assets**

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

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

#### **Subsequent measurement**

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

#### **Amortized cost**

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

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

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

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

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity

manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through a surplus or deficit model.

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

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

#### **Impairment**

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

#### **Financial liabilities**

##### **Classification**

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

#### **e) 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.

**f) Provisions**

Provisions are recognized when the City/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 City/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.

**g) 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.

**h) Contingent liabilities**

The City/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.

**i) Contingent assets**

The City/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

**j) Nature and purpose of reserves**

The City/Municipality creates and maintains reserves in terms of specific requirements.  
*Municipality to state the reserves maintained and appropriate policies adopted*

**k) Changes in accounting policies and estimates**

The City/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.

**l) Employee benefits – Retirement benefit plans**

The City/Municipality provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the City/Municipality pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the City/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.

**m) Foreign currency transactions**

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

**n) 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.

**o) Related parties**

The City/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 City/Municipality Managers and City/Municipality Accountant.

**p) 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.

**q) Comparative figures**

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

**r) 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 City/Municipality should indicate whether there are material adjusting and non- adjusting events after the reporting period.

**s) Currency**

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

#### **4. Significant judgments and sources of estimation uncertainty**

The preparation of the City/Municipality's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made.

##### **Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Municipality based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the City/Municipality. Such changes are reflected in the assumptions when they occur.

##### **Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- i) The condition of the asset based on the assessment of experts employed by the Municipality.
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii) The nature of the processes in which the asset is deployed.
- iv) Availability of funds to replace the asset.
- v) Changes in the market in relation to the asset.

*Notes to the Financial Statements*

**5. Transfers from the County Government**

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

Description	F/Y 2024/2025
	Kshs.
Transfers from County Govt. – Recurrent	-
Payments by County on behalf of the entity	-
Unconditional development grants	-
<b>Total</b>	-

*During the financial year -2024/0025 the municipality had not received any transfers nor unconditional development grants*

**6. Public Contributions and Donations**

Description	F/Y 2024/25
	Kshs.
Donation from development partners	-
Contributions from the public	-
<b>Total</b>	-

**7. Levies, Fines and penalties**

Description	F/Y 2024/25
	Kshs.
Levies	-
Fines	-
Penalties	-
Others ( <i>indicate and specify</i> )	-
<b>Total</b>	-

**8. Other Revenues**

Description	F/Y 2024/25
	Kshs.
Transfers from other government entities	-
Others ( <i>indicate and specify</i> )	-
<b>Total</b>	-

**9. Interest income**

Description	F/Y 2024/25
	Kshs.
Interest income from investments	-
Interest income on bank deposits	-
Others ( <i>Specify</i> )	-
<b>Total interest income</b>	-

**10. Miscellaneous income**

Description	F/Y 2024/25
	Kshs.
Income from sale of tender documents	-
Others ( <i>specify</i> )	-
<b>Total other income</b>	-

**11. Use of Goods and Services**

Description	F/Y 2024/25
	Kshs.
Utilities, supplies and services	-

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

Description	F/Y 2024/25
	Kshs.
Communication, supplies and services	-
Domestic travel and subsistence	-
Foreign travel and subsistence	-
Printing, advertising, supplies & services	-
Rent and rates	-
Training expenses	-
Hospitality supplies and services	-
Insurance costs	-
Specialized materials and services	-
Office and general supplies and services	-
Fuel, oil and lubricants	-
Other operating expenses ( <i>Specify</i> )	-
Routine maintenance – vehicles and other equipment	
Routine maintenance – other assets	-
Contracted Professional Services	-
Audit fees	-
Hire of Transport, equipment etc	-
Bank Charges	-
Social Benefit expenses*	-
<b>Total</b>	-

**12. Staff costs**

Description	F/Y 2024/25
	Kshs.
Salaries and wages	-
Staff gratuity	-
Social security contribution	-
Other staff costs ( <i>Specify</i> )	-
<b>Total</b>	-

**13. Board expenses**

Description	F/Y 2024/25
	Kshs.
Chairman/Members' Honoraria	-
Sitting allowances	-
Medical Insurance	-
Induction and Training	-
Travel and accommodation	-
Conference Costs	-
Other allowances ( <i>Specify</i> )	-
<b>Total</b>	<b>-</b>

**14. Finance costs**

Description	F/Y 2024/25
	Kshs.
Interest on Bank overdrafts	-
Interest on loans from banks	-
<b>Total</b>	<b>-</b>

**15. Depreciation and amortization**

Description	F/Y 2024/25
	KShs
Property, plant and equipment	-
Intangible assets	-
Investment property carried at cost	-
<b>Total depreciation and amortization</b>	<b>-</b>

**16. Repairs and Maintenance**

Description	F/Y 2024/25
	KShs
Property- Buildings	-
Office equipment	-
Furniture and fittings	-
Motor vehicle expenses	-
Maintenance of civil works	-
<b>Total repairs and maintenance</b>	-

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

Description	F/Y 2024/25
	Kshs.
Property, plant and equipment	-
Intangible assets	-
<b>Total</b>	-

**18. Cash and cash equivalents**

Description	F/Y 2024/25
	Kshs.
Fixed deposits account	-
On – call deposits	-
Current account	-
Others( <i>specify</i> )	-
<b>Total cash and cash equivalents</b>	-

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

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

Financial institution	Account number	F/Y 2024/25
		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	-	-
Equity Bank - etc	-	-
<b>Sub- total</b>	-	-
<b>c) Current account</b>		
Kenya Commercial bank	-	-
Equity Bank	-	-
NCBA Bank	-	-
<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>		-

19. Receivables from exchange transactions

Description	F/Y 2024/25
	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	-
<b>Total Non- current receivables (b)</b>	-
<b>Total</b>	-

**Ageing analysis for Receivables from exchange transactions**

Description	F/Y 2024/25	
	Kshs	
	Current FY	% of the total
Less than 1 year	-	0%
Between 1- 2 years	-	0%
Between 2-3 years	-	0%
Over 3 years	-	0%
<b>Total (a+b)</b>	-	<b>0%</b>

**20. Receivables from Non-Exchange transaction**

Description	F/Y 2024/25
	Kshs.
Transfer from County Executive	-
Transfer from other Fund	-
<b>Total</b>	-

**Ageing analysis for Receivables from non-exchange transactions**

Description	F/Y 2024/25	
	Kshs	
	Current FY	% of the total
Less than 1 year	-	
Between 1- 2 years	-	
Between 2-3 years	-	
Over 3 years	-	
<b>Total</b>	-	

**21. Prepayments**

Description	F/Y 2024/25
	Kshs.
Insurance	-
Rent	-
Water	-
Internet	-
Other ( <i>specify</i> )	-
<b>Total</b>	-

**22. Inventories**

Description	F/Y 2024/25
	Kshs
Consumable stores	-
Medical supplies	-
Spare parts and meters	-
Water for distribution	-
Other goods held for resale	-
Catering	-
Less: allowance for impairment	-
<b>Total inventories at the lower of cost and net realizable value</b>	-

*(Provide brief explanation on inventories)*

**Detailed Disclosure on Inventories**

	F/Y 2024/25
<b>Opening balance</b>	-
Additional Inventory in the year	-
Inventory expensed in the year	-
Write-downs in the year	-
Others specify	-
<b>Closing balance</b>	-

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

23. Property, Plant and Equipment

Description	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
<b>Depreciation Rate</b>	%	%	%	%	%	%		
<b>As at 1 July 2024 (previous year)</b>	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2025</b>	-	-	-	-	-	-	-	-
Additions for the year	-	-	-	-	-	-	-	-
Disposals for the year	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2025 (current year)</b>	-	-	-	-	-	-	-	-
<b>Depreciation and impairment</b>								
Depreciation		-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-
Transfers/ Adjustments		-	-	-	-	-	-	-

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

Description	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
<b>Depreciation Rate</b>	%	%	%	%	%	%		
<b>As at 30 June 2025</b>		-	-	-	-	-	-	-
Depreciation for the year		-	-	-	-	-	-	-
Disposals for the year		-	-	-	-	-	-	-
Impairment for the year		-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2025 (current year)</b>		-	-	-	-	-	-	-
<b>NBV as at 30<sup>th</sup> June 2025 (previous year)</b>	-	-	-	-	-	-	-	-
<b>NBV as at 30<sup>th</sup> June 2025 (current year)</b>	-	-	-	-	-	-	-	-

**24. Intangible assets**

Description	FY 2024/25	
	Kshs.	
<b>Cost</b>		
At beginning of the year	-	
Additions	-	
At end of the year	-	
<b>Amortization and impairment</b>		
At beginning of the year	-	
Amortization	-	
At end of the year	-	
Impairment loss	-	
At end of the year	-	
<b>NBV</b>	-	

**25. Biological Assets**

Description	FY 2024/25	
	Kshs	
Trees in a plantation forest	-	
Animals: Dairy Cattle, Pigs, Sheep	-	
Others specify	-	
<b>Total</b>	-	

**26. Trade and Other Payables**

Description	FY 2024/25	
	Kshs.	
Trade payables	-	
Retentions	-	
Accrued expenses	-	
Other payables ( <i>Specify</i> )	-	
<b>Total trade and other payables</b>	-	
<b>Ageing analysis:</b>	<b>FY 2024/25</b>	<b>% of the Total</b>
Under one year	-	%
1-2 years	-	%
2-3 years	-	%
Over 3 years	-	%
<b>Total</b>	-	%

**27. Refundable deposits and prepayments from customers**

Description	Insert Current FY	
	Kshs	
Rent deposits	-	
Prepayments	-	
Others ( <i>specify</i> )	-	
<b>Total</b>	-	
<b>Ageing analysis:</b>	<b>FY 2024/25</b>	<b>% of the Total</b>
Under one year	-	%
1-2 years	-	%
2-3 years	-	%
Over 3 years	-	%
<b>Total</b>	-	%

**28. Provisions**

Description	FY 2024/25
	Kshs.
Balance at the beginning of the year	
Additional Provisions ( <i>Specify</i> )	
Provision utilised	
<b>Balance at the end of the year</b>	
Current Portion of provision	
Long term portion of provision	
<b>Total Provisions</b>	

**29. Borrowings**

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

Description	FY 2024/25
	Kshs.
Short term borrowings (current portion)	
Long term borrowings	
<b>Total</b>	

(NB: the total of this statement should tie to note 29 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security, and interest rates should be disclosed)

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

Description	FY 2024/25
	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	FY 2024/25
	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>	

**30. Employee Benefit Obligations**

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

**31. Deferred Income**

	FY 2024/25
National/County Government	
International Funding Bodies	
Public Contributions and Donations	
<b>Total Deferred Income</b>	

The deferred income movement is as follows:

Description				
	Kshs	Kshs	Kshs	Kshs
Balance brought forward				
Additions during the year				
Transfers to capital fund				
Transfers to income statement				
Other transfers				
Balance carried forward				

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

*Analysed as:*

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

**32. Social Benefit Liabilities**

Description FY 2024/25	FY 2024/25
	Kshs
Health social benefit scheme	
Unemployment social benefit scheme	
Orphaned and vulnerable benefit scheme	
PWD benefit scheme	
Elderly social benefit scheme	
<b>Total</b>	
Current social benefits	
Non- current social benefits	
<b>Total (tie to totals above)</b>	

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

**33. Cash generated from operations**

Description	FY 2024/25
	Kshs.
<b>Surplus/ (deficit) for the year before tax</b>	
<b>Adjusted for:</b>	
Depreciation	
Amortisation	
Gains/ losses on disposal of assets	
<b>Working Capital adjustments</b>	
Increase in inventory	
Increase in receivables	
Increase in payables	
<b>Net cash flow from operating activities</b>	

**34. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

Description	FY 2024/25
	Kshs.
Transfers from related parties	
Transfers to related parties	

**c) Key management remuneration FY 2024/25**

Description	FY 2024/25
	Kshs.
Board Members	
Key Management Compensation	
<b>Total</b>	

**d) Due from related parties**

Description	FY 2024/25
	Kshs.
Due from parent Ministry	
Due from County Government	
Due from County Assembly	
<b>Total</b>	

**e) Due to related parties**

Description	FY 2024/25
	Kshs.
Due to parent Ministry	
Due to County Government	
Due to Key management personnel	
Due to County Assembly	
<b>Total</b>	

**35. Contingent liabilities**

Contingent liabilities	FY 2024/25
	Kshs.
Court case against the entity	
Bank guarantees	
<b>Total</b>	

**36. Contingent Assets**

Contingent liabilities	FY 2024/25
	Kshs.
Court case against the entity	
Others Specify	
<b>Total</b>	

### 37. Financial risk management

The Municipality's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Municipality's overall risk management programme focuses on 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 City/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 City/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 (current year)</b>				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
<b>Total</b>				

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for 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 Municipality Manager, who has built an appropriate liquidity risk management framework for the management of the Municipality's short, medium and long-term liquidity management requirements. The Municipality manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
<b>At 30 June 2025 (current year)</b>				
Trade payables				
Current portion of borrowings				
Provisions				
Employee benefit obligation				
<b>Total</b>				

**III. Market risk**

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

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

**IV. Foreign currency risk**

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

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

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

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs.	Kshs.	Kshs.
<b>2025 (current year)</b>			
Euro	10%		
USD	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.

**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	FY 2024/25
	Kshs.
Revaluation reserve	
Capital/Development Grants/City/Municipality	
Accumulated surplus	
<b>Total Funds</b>	
Total borrowings	
Less: cash and bank balances	
Net debt/(excess cash and cash equivalents)	
<b>Gearing</b>	

**38. Program for Results (P for R) Disclosure**

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

<b>Name of the P for R:</b>	
<b>Financing Partners:</b>	
<b>Purpose of the P for R:</b>	
<b>Expenditure Details</b>	<b>Amount in Kshs</b>
Cumulative actual expenditures for the previous years	
Actual expenditure in the current financial year.	
<ol style="list-style-type: none"> <li>1. Employee Cost</li> <li>2. Use of goods and Services</li> <li>3. Grants and Subsidies</li> <li>4. Building of ECDE facilities</li> <li>5. Others (specify)</li> </ol>	
<b>Sub-total</b>	
<b>Cumulative Actual Expenditures to date</b>	

**Appendices**

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

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

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

**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.



.....  
*Accounting officer*

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

---

**Appendix 2: Inter-Entity Transfers**

CITY/MUNICIPALITY NAME: NAROK				
Breakdown of Transfers from the County Executive of Narok County				
	FY 20xx/20xx			
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	
		<b>Total</b>		
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	
		<b>Total</b>		
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	
		<b>Total</b>		

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



.....  
*Head of Accounts of the Entity*

.....

*Head of Accounts of 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		

**Appendix 4: Disaster Expenditure Reporting Template**

Date:

Entity

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