

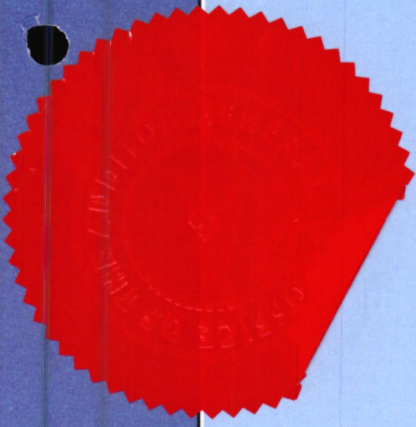
REPUBLIC OF KENYA



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OFFICE OF THE AUDITOR-GENERAL  
Enhancing Accountability



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**MAVOKO MUNICIPALITY**

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

PARLIAMENT PAPERS LAW  
DATE 19/11/2025  
TABLED BY ✓ J. Mutinda on behalf of Majority Leader  
COMMITTEE -  
CLERK AT THE TABLE Belinda



Revised 30<sup>th</sup> June 2025



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**MAVOKO MUNICIPALITY**  
*County Government of Machakos*

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

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

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

**A. Acronyms**

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

**B. Definition of Key Terms**

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

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

## 2. Key Entity Information and Management

### a) Background information

Mavoko 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 27<sup>th</sup> June 2018 The Municipality is under the County Government of Machakos and is domiciled in Kenya.

### b) Principal Activities

#### Vision.

- To be the leading municipality in service Delivery

#### Mission.

- Bringing together all the available resources, identifying the opportunities and purposefully taking an integrated approach to have all policies programmes and activities aligned towards raising the welfare and sustainable quality of life and healing our society, people and ecosystems.

#### Core Functions.

- (a) Promotion, regulation and provision of refuse collection and solid waste management services;
- (b) Construction and maintenance of urban roads and associated infrastructure;
- (c) Construction and maintenance of storm drainage and flood controls;
- (d) Construction and maintenance of walkways and other non-motorized transport infrastructure;
- (e) Construction and maintenance of recreational parks and green spaces;
- (f) Construction and maintenance of street lighting;
- (g) Construction and maintenance of bus stands and taxi stands;

- (h) Regulation and control of outdoor advertising;
- (i) Construction, maintenance, management and regulation of municipal markets and abattoirs;
- (j) Construction and maintenance of fire stations; provision of fire-fighting services, emergency preparedness and disaster management;
- (k) Promotion, regulation and provision of municipal sports and cultural activities;
- (l) Promotion, regulation and provision of animal control and welfare;
- (m) Development and enforcement of municipal plans and development controls;
- (n) Municipal administration services (including construction and maintenance of administrative offices);
- (o) Promoting and undertaking infrastructural development and services within municipality;

**Core Values.**

- Integrity
- Transparency
- Innovation
- Accountability
- Equity
- Professionalism
- Customer focus.

**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 (*specify*)

**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.	Municipal Manager	Josyline Nzeki
2.	Chief Executive Committee Member	Nathaniel Nganga
2.	Chief Officer	Maureen Maingi
3.	Accountant	Michael Musyoki

**e) Fiduciary Oversight Arrangements**

*[Provide a high-level description of the key fiduciary oversight arrangements covering (say)]:*

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

**f) Registered Offices**

P.O. Box 1996-90100  
Off Athi River Road, Athi River  
Machakos County, KENYA

**g) Contacts**

Tel 0721307130  
Email: [nzekijosyline@gmail.com](mailto:nzekijosyline@gmail.com)  
Website: machakosgovernment.co.ke

**h) Bankers**

Commercial Banks  
A. SBM Bank -Account Number 0342375684003

**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  
Harambee Avenue  
P.O. Box 40112

City Square 00200

Nairobi, Kenya

3. Municipality Board

Name	Details of qualifications and experience
<p>1. Shadrack K. Mbuta</p> 	<ul style="list-style-type: none"> <li>• Chairman of Mavoko Municipal Board.</li> <li>• A trained Urban Planner, GIS expert as well as Environmental planning and management expert with over 14 years of experience.</li> <li>• Holder of master of science degree (M.sc) Geographic Information Systems (GIS) from the University of Nairobi and B.A (Urban and Regional Planning) from the University of Nairobi.</li> <li>• Holds a Certificate in Environmental Impact Assessment and Environmental Audit from Africa Nazarene University.</li> <li>• Registered Lead Expert with the National Environment Management Authority (NEMA).</li> <li>• Displays an array of skills in Team leading, Coordination and supervision of GIS, Planning and Environment Management projects, Development Control as well as Budget Preparation.</li> <li>• Has work and research experience in planning, environment and social development issues.</li> </ul> <p>Has valuable knowledge and experience in research methods, project proposal writing, technical report preparation, public participation methodologies and advocacy.</p>
<p>2. Florence Loko Nzomo</p>	<ul style="list-style-type: none"> <li>• Born 25<sup>th</sup> August 1968</li> <li>• Holds a diploma in Business Management from the Kenya Institute of Management.</li> <li>• Degree ongoing</li> <li>• BOG Teacher in 1995</li> </ul>





- Worked as a court Clerk between 1996-2008
- Management Director- Mwisaf Limited 2008-2017
- Self Employed 2017

3. Juliet Wamiri





- Born 19<sup>th</sup> September 1969
- Holds a Master’s degree in Business Administration (MBA)- Marketing Option (UON)
- A Bachelor of Arts – Moi University
- Current chairperson for the Mavoko Alliance of Residents Association.
- Immediate past chair of Syokimau Residents Association.
- Highly experienced Marketing practitioner with over twenty-five years’ experience in the field of marketing.
- Has held senior management positions in various organizations and has been involved in the development of effective marketing strategies, policies and successful implementation strategies for the same.
- Disciplined and effective communicator, team player with well-developed interpersonal skills.
- Able to stimulate winning teams guided by common organizational goals, vision and mission.
- Innovative, creative and able to work under pressure to meet deadlines.
- Observes good corporate governance, with a high

	<p>degree of integrity and accountability.</p>
<p>4. Caroline Ndungu</p> 	<ul style="list-style-type: none"> <li>• Born in 1990.</li> <li>• Holds a Master’s degree in Gender &amp; Development studies (UON).</li> <li>• A Bachelor of Arts degree in Sociology (UON).</li> <li>• A diploma in counselling among other social impact short courses.</li> <li>• She is a Development and Program Management Specialist with over 10 years’ experience in community based programming, to promote community health and wellbeing.</li> <li>• She is equally an expert in stake holder engagement among them community gate keepers (formal and informal), government bodies, private and development partners.</li> </ul> <p>She is currently the Director of Highway Community Health Resource Centres (HCHRC) a Kenyan NGO supporting the informal community health and wellness needs.</p>
<p>5. Benedict Nzioki Musembi</p> 	<ul style="list-style-type: none"> <li>• MBA – International Relations</li> <li>• Diploma – Management</li> <li>• Diploma – Strategic Studies</li> <li>• PSC (K)</li> <li>• Silver Structure (SS) Lt. Col (Rtd)</li> </ul>
<p>1. Josyline Syukau Nzeki</p>	<ul style="list-style-type: none"> <li>• Holds Master’s degree in Community Development</li> <li>• Bachelors Degree in Project Management</li> <li>• Diploma in Computer application</li> <li>• Over twenty years in public service</li> </ul>



4. Key Management Team

<i>Serial No</i>	<i>Name</i>	<i>Details of qualifications and experience</i>
1.	<p><i>Josyline Syukau Nzeki</i>  Municipal Manager</p> 	<ul style="list-style-type: none"> <li>• <i>Holds Master's degree in Community Development</i></li> <li>• <i>Bachelors Degree in Project Management</i></li> <li>• <i>Diploma in Computer application</i></li> </ul> <p><i>Over twenty years in public service</i></p>
2.	<p><i>Michael Musyoki</i>  Municipal Accountant</p> 	<p><i>A Certified Public Accountant of Kenya CPA-K</i></p> <p><i>Holds a Master's Degree in Project Planning and Management</i></p> <p><i>Holds a Bachelor's degree in Education (Arts) Economics and mathematics</i></p> <p><i>Over ten years' experience in Public sector and five years' experience in banking</i></p>

## **5. Municipality Board Chairperson's Report**

Mavoko Municipality was created through a charter signed on the 27<sup>th</sup> June 2018.

The board comprises of 7 members, whereby Four (4) members of the board of the Municipality were recommended by the County Executive Committee Member in charge of Urban Development for nomination by the Governor and approved by the County Assembly.

The other three (3) members of the board were recommended by the County Executive Committee Member in charge of Urban Development under the following umbrella bodies;

- a) An umbrella body representing professional associations in the area;
- b) An association representing the private sector in the area;
- c) A cluster representing registered associations of the informal sector in the area;
- d) A cluster representing registered neighbourhood associations in the area; and
- e) An association of the Municipality and appointed by the County Executive Committee with the approval of the County Assembly.

Mavoko Municipality is the best municipality in the country and so far we have managed to buy 3 skip loaders, 2 tipping trucks, a farm tractor and backhoe loader which are very key in management of solid waste.


Also the municipality has managed to construct NMT and parking bays as well as upgrading of Mlolongo access roads into paved standards

To determine the UDG priorities, we have a consultative approach and sought views through public participation fora, and meetings with both external and internal stakeholders. The municipality being the industrial hub of the County improved infrastructure is very important. We have decided to do connectivity on major towns to boost our intended 24hour economy and improve the per capita income of the municipality.

Accordingly, during the various stakeholder engagements we have been having it has been agreed that priority be given on the following areas

- Solar lighting
- Improvement of infrastructure
- Roads and drainage

I wish to thank the board members for their cooperation so far and I look forward to making Mavoko Municipality the place to be.



.....  
**Shadrack Mbuta**

**Chairperson of the Board**

## 6. Report Of the Municipality Manager

Since the inception of Mavoko municipality in the year 2019, the municipality has implemented projects for the Kenya Urban Support Program as follows;

S/no	Activity (as per plan/budget)	Planned timings from – to/ months	Assessment of progress (delayed, on schedule or ahead of schedule)	Estimated physical completion (%)	Comments
<b>FY2018/19</b>					
1.	Supply, Installation and Commissioning of Integrated Solar Streetlights	Sep.2018-March 2019	Complete	100%	Completed.
2.	Supply and delivery of 150 large waste collection bins to Mavoko Municipality	Aug. 2019-Dec 2019	Delivered	100%	Delivered.
3.	Upgrading of Mlolongo access roads to paved standards (lot 1)	Sep.2018-May 2019	Complete	100%	Completed.
4.	Upgrading of Mlolongo access roads to paved standards (lot 2)	Sep.2018-May 2019	Complete	100%	Completed.
5.	Upgrading of Mlolongo access roads to paved standards (lot 3)	Sep.2018-May 2019	Complete	100%	Completed.
6.	Supply and delivery of 3 skip loaders to Mavoko Municipality	Sep.2018-May 2019	Delivered	100%	Delivered.
<b>FY2019/20</b>					
1.	Projects Consultancy and			100%	Completed.

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	Design				
2.	Construction of Mavoko Lot 2 Projects: Athi River market parking and Solar Street Light	Feb – August, 2021	Completed	100%	Project complete and public enjoying the benefits.
3.	Construction of Mlolongo Lot 1 Projects: Roads and NMT Facilities to concrete blocks paved standards of missing links within Mlolongo urban area	Feb – August, 2021	Completed	100%	Project complete and with very high impact to the Business community
4.	Construction to concrete blocks paved standards of select roads and NMT in Makutano (Kyumbi) Centre	Feb – August, 2021	Completed	100%	Complete and with High impact on the community.
5.	Construction of Roads parking and NMT Facilities in Mlolongo Town - Lot 2	May – Dec 2021	Completed	100%	Project complete and public enjoying the benefits.
6.	Purchase of 2 tipper trucks, back hoe and a farm tractor.	Marc – June 2022	Delivered	100%	Procured through government to government method.
<b>FY2020/21</b>					
1.	Part Construction of Nyambura Stage- EPZ - Makadara Road	25 <sup>th</sup> Feb 2022 – 25 <sup>th</sup> Oct 2022	Completed	100%	Project complete and public enjoying the benefits.
2	Drainage Extension of Nyambura Road-	28 <sup>th</sup> June 2023-11 <sup>th</sup> August 2023	Completed	100%	The project is complete and in use.

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

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	Open drainage.				
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Mavoko Municipality is ready to work closely with the State Department for Housing Urban Development to ensure that KUSP 2 impacts on people of Mavoko optimally.

We also highly appreciate the support accorded by the Machakos County Government that has highly impacted on Mavoko residents both economically and socially besides improving the Municipal Image.



.....  
**Josyline S. Nzeki**  
**Municipal Manager**

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

The key development objectives of the Mavoko Municipality Integrated Development Plan are to:

- a) Provide quality physical infrastructure.
- b) Urban planning.
- c) Provide proper Solid waste management

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Urban planning</b>	Review of Mavoko Municipality Boundary	To ascertain the boundaries for Planning Purposes	Proper boundaries identified and mapped	In FY under review we completed the exercise successfully
Solid waste Management	Ensure all solid waste from the Municipality is collected and transported to the designated dump sites	A clean municipality with all solid waste properly managed	Enough resources availed to support the exercise	In FY under review enough fuel and equipment was availed to support the exercise

## **8. Corporate Governance Statement**

The Municipality is composed of 9 board members. The board members are appointed on a five year term on a part time basis.

Mavoko municipality has an existing board which comprises of 9 board members who were gazetted on 23<sup>rd</sup> October 2020.

### **Board meetings**

**The municipality held 4 board meetings as follows;**

#### **1<sup>st</sup> board meeting on 16<sup>th</sup> august 2024**

##### **Members present**

1. Jonathan Makau -Secretary
2. Shadrack Mbuta -Chairman
3. Florence Nzomo Loko-Vice chairperson
4. Steven Muthami Kivuva-Member
5. Benedit Nzioki Musembi
6. Juliet Wamiri
7. Caroline Ndungu

#### **2<sup>nd</sup> board members meeting on 9<sup>th</sup> December 2024**

##### **Members present**

1. Jonathan Makau -Secretary
2. Shadrack Mbuta -Chairman
3. Florence Nzomo Loko-Vice chairperson
4. Benedit Nzioki Musembi
5. Stephen Muthami Kivuva
6. Juliet Wamiri
7. Caroline Ndungu

#### **3<sup>rd</sup> board members meeting on 27<sup>th</sup> March 2024**

##### **Members present**

1. Josyline Nzeki -Secretary
2. Shadrack Mbuta -Chairman
3. Florence Nzomo Loko-Vice chairperson
4. Benedit Nzioki Musembi
5. Stephen Muthami Kivuva
6. Juliet Wamiri
7. Caroline Ndungu

#### **4<sup>th</sup> board members meeting on 26<sup>th</sup> June 2024**

##### **Members present**

1. Josyline Nzeki -Secretary
2. Shadrack Mbuta -Chairman

3. Florence Nzomo Loko-Vice chairperson
4. Stephen Muthami Kivuva
5. Benedit Nzioki Musembi
6. Juliet Wamiri
7. Caroline Ndungu

### **SUCCESSION PLAN.**

The board members are appointed on a five year term on a part time basis

#### **Existence of the board charter**

All the 3 municipalities have a board charter signed on 27<sup>th</sup> June 2018 by H.E the Governor

#### **Process of appointment and removal of board members**

4 members of the board of the municipality shall be recommended by CECM in charge of urban development for nomination by the governor and approval by the county assembly.

In appointing the board members, the CECM shall ensure gender equity, representation of persons with disabilities, youth and marginalized groups.

A board member shall cease to hold office if the member: -

- is unable to perform the functions of the office by reason of mental or physical infirmity
- is declared or becomes bankrupt
- Resigns in writing to the county governor
- Engages in any gross misconduct
- A member dies

#### **Roles and functions of the board**

- Oversee the affairs of the municipality
- Implement an integrated development plan
- Administering and regulating its internal affairs
- Implementing applicable national and county policies and legislation
- Promoting a safe and healthy environment etc

#### **Induction and training**

All the board members were inducted and trained in July 2020 as well as in November 2020.

#### **Board and member performance**

All board members are actively involved in the activities of the municipalities and they have performed satisfactorily

#### **Conflict of interest**

The charter has clearly stated that there shall be a principal and agency relationship between the board of municipality and the county government of Machakos. A member is supposed to declare any conflict of interest he/she has in the municipality.

#### **Board remuneration**

The board of a municipality may be considered for a retainer depending on the work load in consideration of prudence.

Members of the board of municipality shall be eligible to such allowances as the CECM shall determine, in line with SRC guidelines.

#### **Ethics and conduct**

The conduct of board members is guided by chapter 6 of the constitution on integrity and ethics.

## **9. Management Discussion and Analysis**

The Urban Areas and Cities Act, of 2011 requires that each Municipality board shall prepare the statement of financial performance & statement of financial position of the board at the end of each quarter. The purpose of this report is therefore to provide a record of the activities for the financial year ending 30<sup>th</sup> June 2024, to report on performance against the budget of the Municipality for the period reported on, and to promote accountability to the local community for the decisions made throughout the year.

During the period under review, the Municipality didn't receive any funding but had only **KShs. 41,269** in its accounts being balances for the previous period.

The Municipality was established in 2018 and its funding is mainly from grants from the National government through Kenya Urban Support Programme (KUSP), which is a five year programme from financial year 2017/2018 to 2022/2023.

### **Physical progress based on outputs, outcomes, and impacts since the establishment of Municipality**

Since the inception of the Municipality we been able to implement the following activities

- Purchase of 150 large Waste Collection Bins,
- Purchase of 3 Skip Loaders,
- Upgrading of Mlolongo Access Roads,
- Installation of Integrated Solar Street Lights in Athiriver Town and at Joska,
- Construction of Roads and Non-motorised Facilities in Mlolongo and Makutano Towns,
- Construction of Athiriver Market parking and Non-motorised Facilities,
- Purchase of a Backhoe Loader,
- Tarmacking of a 1.3 km Nyambura-Epz Road,
- Purchase of an agricultural Tractor,
- Purchase of 2 large Tipper/Dump trucks,
- Purchase of a Tipping Truck.

## **SECTION A**

### **The Municipality's operational and financial performance.**

#### **Budget Performance**

As indicated above the Municipality didn't receive any funds during the period but had **Ksh. 41,269**. These funds have been utilized to purchase manhole covers for the drainage along Nyambura stage road.

#### **Value-for-money achievements**

Mavoko Municipality main mandate is to provide effective and efficient services for its residents and therefore our main infrastructural focus is mainly on waste management, connectivity, urban social economic infrastructure and storm water drainage among others. The infrastructural implementation of the above projects has had a positive impact on residents of Mavoko Municipality through ensuring access through tarmacking of the Municipal roads, street lighting and construction of parking as well as non-motorised transport as well as efficiency in waste collection brought about by

the presence of trucks, tractor and Skip loaders. All this has improved service delivery to the residents of Mavoko Municipality, therefore value for money has been achieved.

**Challenges**

- Shortage of cleaning staff.
- Inadequate funding.

**Recommendations**

There is need to employ more staff especially cleaning staff.  
There is also need to allocate enough funds to the board and other functions of the municipality by the County assembly and Executive as per the transfers of functions. The executive to also transfer the board's allocation to its bank accounts for easy accountability and reporting.

**Conclusion**

The Municipality is keen on enforcing fiscal responsibility principles with major focus on economy, efficiency and effectiveness in the implementation of all its programmes. The funds received during the previous periods were used for their eligible intended purposes and have been duly accounted for.

## **10. Environmental and Sustainability Reporting**

Mavoko Municipality exists to transform lives. This is our purpose; the driving force behind everything we do. Our vision is to be a globally competitive hub that ensures optimal utilization of resources, social and economic sustainability for the prosperity of all and wealth creation. It is what guides us to deliver our strategy, which is founded on three pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar:

### **1. Sustainability Strategy and Profile**

Mavoko Municipality through its mission statement aims to provide effective leadership and a conducive environment for social, economic, cultural and political development through policy formulation and policy results. It aims to realise a democratic political system founded on issue-based politics, respect to the rule of law and protection of the rights and freedoms of every individual in the society. We advocate for speedy quality development and efficient service delivery espousing principles of good governance by advocating for integrity, transparency, accountability, devolution of power and sustainability in implementation of all development programmes and projects.

### **2. Environmental Performance**

The purpose of the Mavoko Municipality solid waste management draft and integrated Development Plan is meant to address the growing environmental challenges and mitigation of the climate change. This will protect the environment for the current and future generations and progressively strive to meet the realization of the right to healthy and clean environment.

The key interventions that the county will focus on are:

- Control of air, land and water pollution
- Management and conservation of the environment
- Law enforcement

The overriding policy goal is to entrench the rights to clean and healthy environment which is sustainable and renewable. The policy goal is to provide better quality life for current generations without compromising the quality of life for the future generation through sustainable management of environment and natural resources.

### **3. Employee Welfare**

Mavoko Municipality always puts into consideration all the relevant laws, policies and guidelines during its recruitment process. These include; the Constitution of Kenya (2010), the Employment Act (2007), County Government Acts (2012) and the County Public Service Human Resource Manual (2016). The Constitution of Kenya (2010), Article 27 (8) provides that affirmative action should be factored where the state is required to take legislative and other measures to ensure that no more than two-thirds of the members of elective or appointive bodies are of the same gender.

### **4. Market Place Practices**

Mavoko Municipality gives a fair opportunity to all residents and traders within its boundaries. The municipality services are delivered fairly and equitably to all corners of the municipality.

### **5. Community Engagements**

The Mavoko Municipality conducted four public participations within the year. Other forms of citizen engagement included public participation in Integrated Development Plan (IDeP)

## 11. Report of the Municipality Board Members

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

### Principal activities

The principal activities of the Municipality are; Promotion, regulation and provision of refuse collection and solid waste management services and Promoting and undertaking infrastructural development and services within municipality.

### Performance

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

### Board Members

The members of the Board who served during the year are shown on page (vii)The were no changes in the Board during the financial year.

### Auditors

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

By Order of the Board



.....  
**Josyline Nzeki**

**Secretary of the Board**

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

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

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

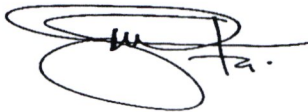
The Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required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

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

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

**Approval of the financial statements**

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



.....

**Shadrack Mbuta**  
**Chairperson of the Board**



.....

**Josyline Nzeki**  
**Accounting officer of the Board**

# REPUBLIC OF KENYA



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Monrovia Street  
P.O Box 30084-00100  
NAIROBI

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

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Mavoko Municipality set out on pages 1 to 48 which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of cash flows, statement of

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*Report of the Auditor-General on Mavoko Municipality for the year ended 30 June, 2025*

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mavoko Municipality as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Urban Areas and Cities Act, 2011 (Amended 2019) and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1.0 Unsupported Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.559,543,301 as disclosed in Note 24 to the financial statements. However, the valuation report, fixed assets register and ownership documents for the assets were not provided for audit review.

In the circumstances, the accuracy, completeness, existence and ownership of the property, plant and equipment balance of Kshs.559,543,301 could not be confirmed.

#### **2.0 Undisclosed Revenue from Exchange Transactions**

The statement of financial performance reflects Nil revenue from exchange transactions. However, review of documents revealed that the Municipality had not opened a bank account for its revenue collection contrary to Section 23(1) of the Urban Areas and Cities Act, 2011 which requires every Municipality to establish a Revenue Fund where all revenues collected by the Municipality must be deposited. In addition, the County Government of Machakos collects and banks revenue on behalf of the Municipality. However, the supporting documents for the revenue collected were not provided for audit review and no disclosure Note was made in the financial statements.

In the circumstances, the accuracy and completeness of the Nil revenue from exchange transactions could not be confirmed.

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

## **Key Audit Matters**

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

## **Other Information**

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

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Failure to Prepare Budget**

The Municipality Management did not prepare a budget for the financial year 2024/2025 for submission to the County Treasury for approval by the County Assembly. This is contrary to Section 175 (5) of the Public Finance Management Act, 2012 which stipulates that the Urban area or City shall prepare and submit budget requests to the County

Treasury upon approval by the Board in sufficient time, in the case of Cities and Municipalities, for their approval as part of the Annual County Appropriation Bill.

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

## **2. Non-Compliance with Law on Ethnic Composition and Disabilities Distribution**

During the year under review, the total number of employees of the Municipality was eighty-four (84) out of which sixty four (64) or approximately 76% of the employees were from the dominant ethnic community in the County .This is contrary to Section 65 (1) (e) of the County Governments Act, 2012 which states that in selecting candidates for appointment, the County Public Service Board shall consider the need to ensure that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the County.

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

## **3. Lack of a Strategic Plan**

During the year under review, Management did not develop a Strategic Plan for the Municipality. This is contrary to Section 39 (1) of the Urban Areas and Cities Act, 2011 which stipulates that a Board or Town Committee shall, within the first year of its election, adopt a single, inclusive strategic plan for the development of the City or Urban area for which it is responsible.

Although Management prepared an Integrated Development Plan which acts as a basis for preparation of the Strategic Plan, the document is in draft stage yet to be approved.

In the circumstances, Management was in breach of the law and the Municipality may not be able to achieve its goals and objectives.

## **4. Failure to Fully Operationalize the Municipality**

Review of records revealed that the Municipality was granted a Charter on 27 June, 2018 which transformed it to a Corporate body status. However, during the year under review, the Municipality was not allocated any funding by the County Assembly to perform its functions apart from Kshs.35,628,370 which was paid by the County Government on behalf of the Municipality. Although Management indicated that the County Government Management had transferred sixteen (16) functions to the Municipality as per Gazette Notice number 11612 dated 23 August, 2024, there were no resources allocated to operationalize the functions.

In the circumstances, the Municipality was not able to perform its functions as prescribed in the Charter.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern

them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

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

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

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

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

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**

**05 November, 2025**

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

Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	35,628,370	-
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>35,628,370</b>	<b>-</b>
<b>Expenditure</b>			
Use of goods and services	12	41,269	1,087,468
Staff costs	13	35,080,370	-
Board expenses	14	548,000	-
Finance costs	15	-	-
Depreciation and amortization	16	5,048,152	6,730,870
Repairs and maintenance	17		
<b>Total expenses</b>		<b>40,717,791</b>	<b>7,818,338</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	18	-	-
<b>Surplus/(deficit) for the period</b>		<b>(5,089,421)</b>	<b>(7,818,338)</b>

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



.....  
Josyline Nzeki  
Municipality Manager



.....  
Michael Musyoki  
Head of Finance  
ICPAK M/No 13428

15. Statement of Financial Position As At 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	19	0	41,068
Receivables from exchange transactions	20	-	-
Receivables from non-exchange transactions	21	-	-
Prepayments	22	-	-
Inventories	23	-	-
<b>Total current assets</b>		<b>0</b>	<b>41,068</b>
<b>Non-current assets</b>			
Property, plant, and equipment	24	559,543,301	564,591,454
Intangible assets	25	-	-
Biological Assets	26	-	-
<b>Total Non-current Assets</b>		<b>559,543,301</b>	<b>564,591,454</b>
<b>Total assets (A)</b>		<b>559,543,301</b>	<b>564,632,522</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>-</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>		<b>-</b>	

*County Government of Machakos  
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Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
<b>Net Assets (A-B)</b>		<b>559,543,301</b>	<b>564,632,522</b>
<b>Represented by:</b>			-
Capital/Development Grants/Fund		559,543,301	564,632,522
Reserves		-	-
Accumulated surplus		-	
<b>Net Assets/Equity</b>		<b>559,543,301</b>	<b>564,632,522</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 \_\_\_\_\_ 2025 and signed by:



.....  
**Josyline Nzeki**  
**Municipality Manager**  
**Date:**



.....  
**Michael Musyoki**  
**Head of Finance**  
**ICPAK M/No 13428**  
**Date:**

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

Description	Capital/Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
<b>Bal as at 1 July 2023 (previous year)</b>	<b>572,450,860</b>	-	-	<b>572,450,860</b>
Surplus/(deficit) for the year	(7,818,338)	-	-	(7,818,338)
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
<b>Bal as at 30 Jun 2024</b>	<b>564,632,522</b>	-	-	<b>564,632,522</b>
<b>Bal as at 1 July 2024 (current year)</b>	<b>564,632,522</b>	-	-	<b>564,632,522</b>
Surplus/(deficit) for the year	(5,089,421)	-	-	(5,089,421)
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
<b>Balance as at 30 June 2025</b>	<b>559,543,101</b>	-	-	<b>559,543,101</b>

*(Provide details on the nature and purpose of reserves)*

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

Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		35,628,370	-
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous receipts ( <i>Specify</i> )		-	-
<b>Total Receipts</b>		<b>35,628,370</b>	<b>-</b>
<b>Payments</b>			
Use of goods and services		41,269	1,087,468
Staff costs		35,080,370	-
Board expenses		548,000	-
Finance costs		-	-
<b>Total Payments</b>		<b>35,669,639</b>	<b>1,087,468</b>
<b>Net cash flows from operating activities</b>	34	<b>(41,269)</b>	<b>(1,087,468)</b>
<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>(-)</b>	<b>(-)</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>(-)</b>	<b>(-)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>(41,269)</b>	<b>-1,087,468</b>
Cash And Cash Equivalents At 1 July	19	41,269	1,128,536
<b>Cash And Cash Equivalents At 30 June</b>	19	<b>0</b>	<b>41,068</b>

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).

Comparative FY refers to the financial year preceding the current year.

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
<b>Budget carryovers from the previous year*</b>	-	41,269	41,269	41,269	-	-
<b>Receipts</b>						
Transfers from the County Government	-	35,628,370	35,628,370	35,628,370	(-)	100%
Public contributions and donations	-	(-)	-	-	(-)	%
Interest income	-	(-)	-	-	(-)	%
Miscellaneous income ( <i>specify</i> )	-	(-)	-	-	(-)	%
<b>Total Receipts</b>	-	35,669,639	35,669,639	35,669,639	-	100%
<b>Payments</b>						
Use of goods and services	-	(41,269)	41,269	41,269	(-)	100%
Board expenses	-	(548,000)	548,000	548,000	(-)	100%
Staff Costs	-	(35,080,370)	35,080,370	35,080,370	(-)	100%
Finance costs	-	(-)	-	-	(-)	%
<b>Total expenditure Payments</b>	-	(35,669,639)	35,669,639	35,669,639	(-)	100%
<b>Capital Expenditure Payments</b>	-	-	-	-	-	
<b>Surplus for the period</b>	-	-	-	A	-	

*(Budget carryovers\* This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the CRF. The funds need to be budgeted afresh. Budget carryovers should not include third-party funds such as contractors' retention.)*

*(Entities can present the Statement of Comparison of Budget & Actual amounts in a different format/categorization as approved by the governing body.)*

### Budget notes

*[Provide an explanation of differences between actual and budgeted amounts (any over-utilisation and underutilisation of below 90%)]  
(Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes.*

### Budget Reconciliation

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

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

### **1. General Information**

Mavoko Municipality is established by and derives its authority and accountability from the Urban Areas and Cities Act. The Municipality is under the Machakos County Government and is domiciled in Kenya.

### **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)**

*(When an IPSAS becomes effective on 1<sup>st</sup> January 2025, it is applicable in Kenya from 1<sup>st</sup> July 2025)*

- 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.*

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

	<i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 46: Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 47: Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 48: Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 49: Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 50: Exploration For & Evaluation of Mineral	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></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> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for</li> </ol>

Resources	<p>exploration and evaluation expenditures.</p> <p>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.</p> <p>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 understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
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**iii. Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

#### 4. Significant Accounting Policies

##### a) Revenue recognition

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

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

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

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

###### *Interest income*

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

##### b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on. 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 recorded 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 Cashflows 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 Municipality recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**d) Intangible assets**

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

**e) Biological Assets**

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

**f) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (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 cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

#### **Subsequent measurement**

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

#### **Amortized cost**

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

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

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

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

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

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

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

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

#### **Impairment**

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

##### **g) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

Raw materials: purchase cost using the weighted average cost method

Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current

replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Municipality.

**h) Provisions**

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

**i) Social Benefits**

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

**j) Contingent liabilities**

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

**k) Contingent assets**

The Municipality does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality in the notes to the

financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured

reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs

**l) Nature and purpose of reserves**

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

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

The Municipality recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

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

The Municipality provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the Municipality does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to scheme obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefits are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**o) Foreign currency transactions**

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

**p) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**q) Related parties**

The Municipality regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Municipality, or vice versa. Members of key management are regarded as related parties and comprise the Board members, the Municipality Managers and Municipality Accountant.

**r) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

**s) Comparative figures**

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

**t) Events after the reporting period**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorized for issue. Two types of events can be identified:

(a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

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

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

**u) Currency**

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

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

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

State all judgements, estimates and assumptions made.

### **Estimates and assumptions.**

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

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

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

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

Notes to the Financial Statements

6. Transfers from the County Government

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	-	-
Payments by County on behalf of the entity	35,628,370	-
Unconditional development grants	-	-
<b>Total</b>	<b>35,628,370</b>	<b>-</b>

(Provide brief explanation for this revenue)

(a) Transfers from County Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund	Total grant income during the year	2023/2024
	Kshs	Kshs	Kshs	Kshs	Kshs
xx State Department	xx	xx	xx	xx	xx
XX Ministry	xx	xx	xx	xx	xx
<b>Total</b>	<b>xx</b>	<b>xx</b>	<b>xx</b>	<b>xx</b>	<b>xx</b>

(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the sending County office. An acknowledgement note/receipt should be raised in favour of the sending County office.) \*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6

The details of the reconciliation have been included under appendix -

7. Public Contributions and Donations

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

**8. Levies, Fines and penalties**

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

**9. Other Revenues**

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

(Provide a brief explanation for this revenue)

**10. Interest income**

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

(Provide brief explanation for this revenue)

**11. Miscellaneous income**

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

12. Use of Goods and Services

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Utilities, supplies and services	-	-
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>Capital Works</i> )	41,029	1,086,413
Routine maintenance – vehicles and other equipment	-	-
Routine maintenance – other assets	-	-
Contracted Professional Services	-	-
Audit fees	-	-
Hire of Transport, equipment etc	-	-
Bank Charges	240	1,055
Social Benefit expenses*	-	-
<b>Total</b>	<b>41,269</b>	<b>1,087,468</b>

\*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

13. Staff costs

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Salaries and wages	35,080,370	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs ( <i>Specify</i> )	-	-
<b>Total</b>	<b>35,080,370</b>	<b>-</b>

**14. Board expenses**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	548,000	-
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	-	-
Conference Costs	-	-
Other allowances ( <i>Specify</i> )	-	-
<b>Total</b>	<b>548,000</b>	<b>-</b>

**15. Finance costs**

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

**16. Depreciation and amortization**

Description	2024/2025	2023/2024
	KShs	KShs
Property, plant and equipment	5,048,152	6,730,870.
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>5,048,152.52</b>	<b>6,730,870.</b>

**17. Repairs and Maintenance**

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

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

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

**19. Cash and cash equivalents**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	0	41,068
Others( <i>specify</i> )	-	-
<b>Total cash and cash equivalents</b>	<b>0</b>	<b>41,068</b>

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

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

Financial institution	Account number	2024/2025	2023/2024
		Kshs.	Kshs.
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
<b>Sub- total</b>		-	-
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
<b>c) Current account</b>			
SBM Bank	3423756844001	0	41,068
Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
<b>d) Others(specify)</b>			
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		-	-

20. Receivables from exchange transactions

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

**Ageing analysis for Receivables from exchange transactions**

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

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Transfer from County Executive	-	-
Transfer from -X Fund	-	-
<b>Total</b>	-	-

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

Description	2024/2025		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	-	%	-	%

**22. Prepayments**

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

**23. Inventories**

Description	Insert Current FY	Insert Comparative FY
	Kshs.	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**

	Insert Current FY	Insert Comparative FY
<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>	-	-

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24. 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>X%</b>	<b>25%</b>	<b>X%</b>	<b>X%</b>	<b>X%</b>		
<b>As at 1 July 2024 (previous year)</b>	-	-	<b>58,626,464.60</b>	-	-	<b>544,398,843.63</b>	-	<b>603,025,308.23</b>
Additions	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfers/adjustments	-	-	(-)	-	(-)	(-)	-	(-)
Revaluation Adjustment	-	-	-	-	-			
<b>As at 30<sup>th</sup> June 2025</b>	-	-	<b>58,626,464.60</b>	-	-	<b>544,398,843.63</b>	-	<b>603,025,308.23</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>58,626,464.60</b>	-	-	<b>544,398,843.63</b>	-	<b>603,025,308.23</b>
<b>Depreciation and impairment</b>								
<b>At 1 July 2024 (previous year)</b>		-	-	-	-	-	-	-

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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>X%</b>	<b>25%</b>	<b>X%</b>	<b>X%</b>	<b>X%</b>		
Depreciation		-	38,433,854.53	-	-	-	-	-
Impairment		-	-	-	-	(-)	-	(-)
Transfers/ Adjustments		-	-	-	(-)	(-)	-	(-)
<b>As at 30 June 2025</b>		-	38,433,854.53	-	-	-	-	-
Depreciation for the year		-	5,048,152.52	-	-	-	-	-
Disposals for the year		(-)	(-)	(-)	-	(-)	(-)	(-)
Impairment for the year		-	(-)	-	-	(-)	-	(-)
Transfer/adjustment		-	(-)	(-)	-	(-)	(-)	-
<b>As at 30<sup>th</sup> June 2025 (current year)</b>		-	43,482,007.05	-	-	-	-	-
<b>NBV as at 30<sup>th</sup> Jun 2024 (previous year)</b>		-	20,192,610.07	-	-	544,398,843.63	-	564,591,453.70
<b>NBV as at 30<sup>th</sup> Jun 2025 (current year)</b>		-	15,144,457.55	-	-	544,398,843.63	-	559,543,301.18

(Include a brief description of WIP as a footer.)

**25. Intangible assets**

Description	2024/2025	2023/2024
	Kshs.	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	-	-
NBV	-	-

**26. Biological Assets**

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

**27. Trade and Other Payables**

Description	2024/2025		2023/2024	
	Kshs.		Kshs.	
Trade payables	-		-	
Retentions	-		-	
Accrued expenses	-		-	
Other payables ( <i>Specify</i> )	-		-	
<b>Total trade and other payables</b>	-		-	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	-	%	-	%

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

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

**29. Provisions**

Description	2024/2025		2023/2024	
	Kshs		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>	-		-	

**30. Borrowings**

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

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

(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)

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

The table below shows the Distribution of borrowings:

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

### 31. Employee Benefit Obligations

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

**32. Deferred Income**

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

The deferred income movement is as follows:

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

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

*Analysed as:*

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

### 33. Social Benefit Liabilities

Description	2024/2025	Insert previous FY
	Kshs	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.*

### 34. Cash generated from operations

Description	2024/2025	2023/2024
	Kshs	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>	-	-

*(The total of this statement should tie to the cash flow section on net cash flows from operating activities)*

**35. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

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

**c) Key management remuneration**

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

**d) Due from related parties**

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

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e) Due to related parties

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

36. Contingent liabilities

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

(Give details)

37. Contingent Assets

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

### 38. Financial risk management

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

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

#### I. Credit risk

The Municipality has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience, and other factors. Individual risk limits are set based on internal or external assessments in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Municipality's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
<b>At 30 June 2025 (current year)</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2025 (previous 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 Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Municipality has significant concentration of credit risk on amounts due from -.

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

## **II. Liquidity risk management**

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

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

Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
<b>At 30 Jun 2025 (current year)</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 Jun 2025 (previous 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%	-	-
<b>2025 (previous 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 Municipality capital structure comprises of the following Municipality:

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/Municipality	-	-
Accumulated surplus	-	-
<b>Total Funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	<b>xx%</b>	<b>xx%</b>

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

*This disclosure note is for entities that are implementing Programs for Results (PforR). 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 PforR: --xx</b>	
<b>Financing Partners: ---x</b>	
<b>Purpose of the PforR: -xx</b>	
<b>Expenditure Details</b>	<b>Amount in Kshs</b>
Cumulative actual expenditures for the previous years	-
Actual expenditure in the current financial year.	
1. Employee Cost	-
2. Use of goods and Services	-
3. Grants and Subsidies	-
4. Building of ECDE facilities	-
5. Others (specify)	-
<b>Sub-total</b>	-
<b>Cumulative Actual Expenditures to date</b>	-

20. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Failure to Fully Operationalize the Municipality	Review of records revealed that the Municipality was granted a charter on 27 June 2018 granting it a corporate body status. However, during the year under review the municipality was not allocated any funding by the County Assembly to perform its functions other than the	<i>The County Government of Machakos is in the process of fully operationalizing the Municipality as per the charter. The Governor transferred sixteen functions to the Mavoko Municipality as per gazette notice number 11612 dated 23<sup>rd</sup> August 2024. The County</i>	Not Resolved	1 Year

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>donor funding of Kshs. 219,872,065 that was received in the financial year 2019/2020 through the Kenya Urban Support Programme. Although Management explained that the County Government Management had transferred sixteen (16) functions to the Municipality as per Gazette Notice number 11612 dated August 2024, no resources were allocated.</p>	<p><i>government has allocated KES 10,200,000 for recurrent expenditure and KES 17,840,000 for development for FY 2024/2025. The county Government will continue allocating more resources as it fully operationalizes the Municipality.</i></p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	In the circumstances, the Municipality has not been able to perform its functions as prescribed in the Charter.			
1. Failure to prepare budget	The Municipality Management did not prepare a budget for Financial Year 2023/2024 for submission to the County Treasury for approval by the County assembly. This is contrary to section 175(5) of the Public Finance	<i>The management prepared budget estimates and presented to the board for approval on 17<sup>th</sup> march 2023. The budget was considered by the County assembly and approved as part of the annual county appropriation bill</i>	Not resolved	Immediately

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Management act which stipulates that the urban area or city shall prepare and submit Budget requests to the County Treasury upon approval by the board in sufficient time, in case of cities and Municipalities, for their approval as part of the annual County Appropriation bill. In the Circumstances, Management was in breach of the law</p>			

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*Guidance Notes:*

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

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

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**Appendix 2: Inter-Entity Transfers**

MUNICIPALITY NAME			
Breakdown of Transfers from the County Executive of- County			
	<b>FY 2025/2025</b>		
a.	Recurrent Grants	Bank Statement Date	Amount (Kshs.)
			xx
			xx
	<b>Total</b>		-
b.	Development Grants	Bank Statement Date	Amount (Kshs.)
			xx
			xx
	<b>Total</b>		xx
c.	Direct Payments	Bank Statement Date	Amount (Kshs.)
			xx
			xx
	<b>Total</b>		-

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

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

**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