

REPUBLIC OF KENYA



*Enhancing Accountability*



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KABARNET MUNICIPALITY**

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

**COUNTY GOVERNMENT OF BARINGO**



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# KABARNET MUNICIPALITY

*County Government of Baringo*

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2024

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

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

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**Contents**

1. ACRONYMS & GLOSSARY OF TERMS .....	II
2. KEY MUNICIPALITY INFORMATION AND MANAGEMENT .....	III
3. MUNICIPALITY BOARD .....	VI
4. KEY MANAGEMENT TEAM .....	XIII
5. MUNICIPALITY BOARD CHAIRPERSON'S REPORT .....	XV
6. REPORT OF THE MUNICIPALITY MANAGER .....	XVI
7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FY 2023/2024 .....	XX
8. CORPORATE GOVERNANCE STATEMENT .....	XXII
9. MANAGEMENT DISCUSSION AND ANALYSIS .....	XXV
10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING .....	XXVI
11. REPORT OF THE MUNICIPALITY BOARD MEMBERS .....	XXVIII
12. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES .....	XXX
13. REPORT OF THE AUDITOR GENERAL ON FOR KABARNET MUNICIPALITY .....	XXXII
14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024. ....	1
15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024 .....	3
16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024 .....	5
17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024 .....	6
18. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024 .....	7
19. NOTES TO THE FINANCIAL STATEMENTS .....	8
20. APPENDICES .....	46

**1. Acronyms & Glossary of Terms**

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

## 2. Key Municipality Information and Management

### a) Background information

b) Kabarnet Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 and Cities and Municipal Charter on 13<sup>th</sup> June 2019. The Municipality is under the County Government of Baringo and is domiciled in Kenya.

### c) Principal Activities

The principal mandate of the Kabarnet Municipality to transform the livelihoods of Kabarnet residents by creating a conducive framework that offers quality services to all citizens in fair, equitable and transparent manner by embracing community managed development initiatives for environmental sustainability, adaptability of technology, innovation and entrepreneurship in all spheres of life

### d) Key Management

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

- The department of Housing and urban development.
- The Municipal Board.
- Municipality Manager

### e) Fiduciary Management

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

Ref	Position	Name
1	Municipality Manager	Mr Julius Bolei
2	Accountant	Mr George kiprotich
3	Environment officer	Miss Frida Kiptolong
4	Accountant	Mr Robert Lagat

**f) Fiduciary Oversight Arrangements**

- i. Baringo County Government,  
Audit and Risk Management Committee,  
P.O. Box 53-30400,  
Kabarnet.
- ii. Baringo County Assembly lands committees,  
P. O. Box 159-30400,  
Kabarnet.
- iii. Committees of the Senate,  
P.O Box 6100,  
Nairobi.

**g) Registered Offices**

P.O. Box 53-30400,  
Fire Station Building,  
Opposite prison,  
Kabarnet, KENYA

**h) Contacts**

Telephone:(+254) 0722783420  
E-mail: kabarnetmunicipality.com  
Website: [www.baringo.go.ke](http://www.baringo.go.ke)

**i) Bankers**

Commercial Banks  
Branch: Kabarnet Branch  
Bank Name: Kabarnet Town admin a/c  
Account Number: 1151177962  
Kabarnet :Branch, Kenya

**j) Independent Auditor**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**k) Principal Legal Adviser**

The Attorney General

State Law Office

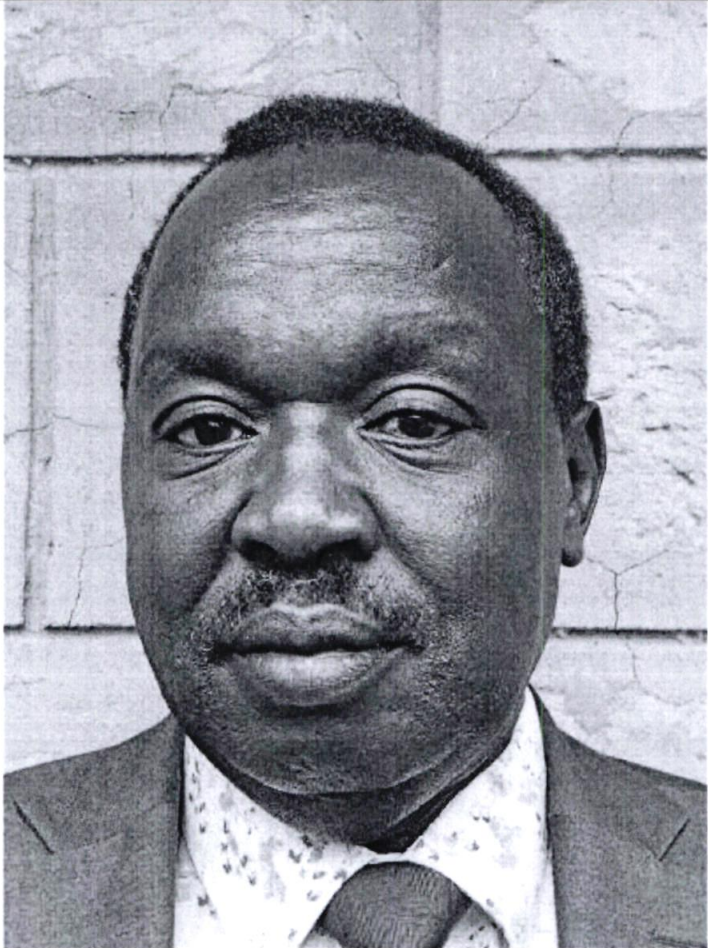
Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

### 3. Municipality Board



	<p><b>Date of birth:</b> 29<sup>th</sup> Sept 1961</p> <p><b>Academic and professional qualifications:</b> Bachelor of Arts-University of Nairobi.</p> <p><b>Work Experience:</b> Business man Formerly Regional Manager Kenya National Assurance Company</p> <p><b>Chairman-Kabarnet Municipal Board</b></p> <p><b>Independent Board member</b></p>
<p>Mr. Kiprop Cheserem</p>	

2



Miss Zubeda Ali



**Date of birth:** 16<sup>th</sup> Aug 1985  
**Academic and professional qualifications:** Bachelor of Journalism and Mass Communication  
**Work Experience:**  
**Freelance Journalist and Communication at NAWEZA Foundation**  
**Currently: Vice chair-Kabarnet Municipality Board**


<p>3</p>	 <p>Mr. Julius Bolei, HSC</p>	<p><b>Date of birth:</b>12 /08/1965</p> <p><b>Academic and professional qualifications:</b> MED, BA, Diploma in Education.</p> <p><b>Work experience:</b>  <b>Currently</b> Municipal Manager  <b>Formerly</b> –Sub County Administrator, Principal, Deputy <b>Principal</b></p> <p><b>Secretary to the Board</b></p>
<p>4</p>	 <p>Dr. Marycent Yator</p>	<p><b>Date of birth:</b>01 /01/1968</p> <p><b>Academic and professional qualifications:</b> PHD, MSC</p> <p><b>Monitoring and Evaluation in Mt Kenya university</b></p> <p><b>Work experience:</b>  <b>Currently</b> Board Member Kabarnet Municipality</p>

5		<p><b>Date of birth:</b> 6<sup>th</sup> June 1975.</p> <p><b>Academic and professional qualifications:</b> Doctor of philosophy in counselling psychology, Masters of Education in psychology, Bachelor of Education Arts.</p> <p><b>Work experience:</b> Currently Lecturer in chuka University</p> <p><b>Board Member</b></p>
6		<p><b>Date of birth:</b> 21<sup>ST</sup> Dec, 1967.</p> <p><b>Academic and professional qualifications:</b> Kenya Institute of Management</p> <p><b>Work experience:</b> Currently Business man 2010-2011 in charge of Depot operation at Kenya National Corporation limited</p> <p>Board Member kabarnet Municipality</p>

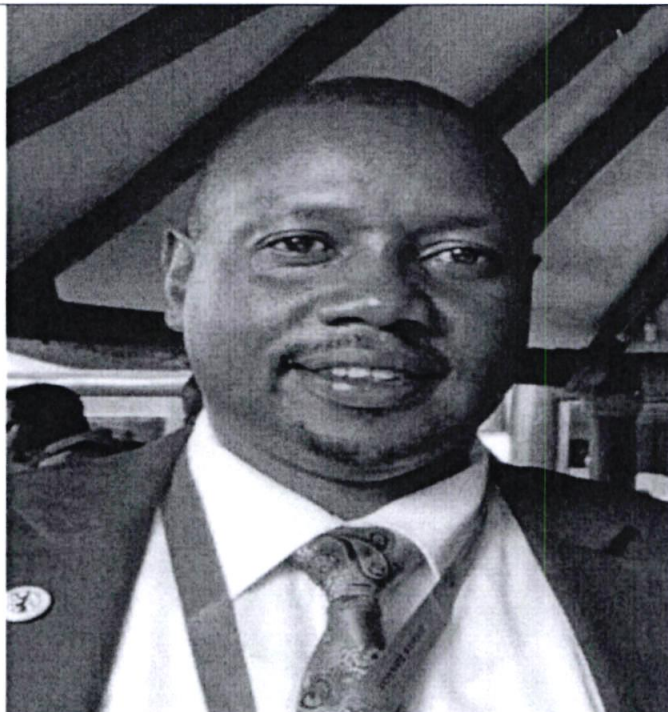
Dr. David Kiptui

Mr Isaiah Kiprop

<p>7</p>	 <p>Ms Irene Chebon</p>	<p><b>Date of birth:</b>21<sup>st</sup> sept 1978.</p> <p><b>Academic and professional qualifications:</b> Bachelors of Environmental studies, Diploma in land Survey</p> <p><b>Work experience:</b> Practicing land Surveyor. Board Member</p>
<p>8</p>	 <p>Mr Solomon Cheboi</p>	<p><b>Date of birth:</b>.1972</p> <p><b>Academic and professional Qualifications:</b> Diploma in Food and Beverage Management and certificate in Computer systems</p> <p><b>Work experience:</b> Formerly Director Diwani hotel <b>Currently: Board Member</b></p>

9	 <p>Miss Nancy Nelechurai Cathy</p>	<p><b>Date of birth:</b> 15<sup>th</sup> July 1992.</p> <p><b>Academic and professional Qualifications:</b> Masters of Business Administration (Strategic Leadership Development Program, Strategic Management option), Bachelors of Education</p> <p><b>Work experience:</b> <b>currently:</b> C.O HUD <b>Formerly:</b> Court Assistant/Judiciary, Teacher (Nyahururu -Munyaka School, Ngambo High School, kiserian Sec School)</p>
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10



Hon. Arch. Reuben Ruto

**Date of birth:** 25/4/1971

**Academic and professional qualifications:** On going PHD in project planning and mgt. Masters of Urban management.

**Work experience:**


**currently:** CECM LHUD



**Formerly :** managing partner-Arc-one consult ltd, Deputy director building service judiciary. **Board**

**Member Kabarnet**

**Municipality**

**4. Key Management Team**

Serial No	Name	Details of qualifications and experience
1.	 <p><i>Mr Julius Bolei, HSC</i></p>	<p><i>Municipal manager</i></p>

2.	 <p>Miss Nancy Nelechurai</p>	Chief Officer lands Housing and Urban Development
3.	 <p>Hon Arch Reuben Rutto</p>	The County Executive Committee member

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

Kabarnet Municipality board was inaugurated in 2019.

During the financial year ended 30<sup>th</sup> June 2024 significant success was registered.

Infrastructure development, development of roads and improvement of existing, parking spaces with cabro finishes and walk ways.

Development of the first recreational, public toilet and completion and expansion of a wholesale market.

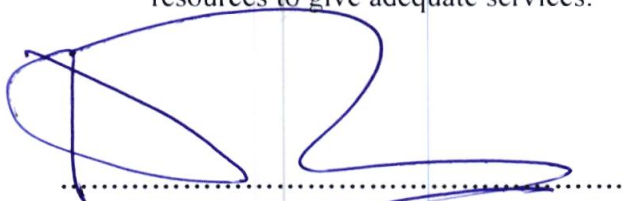
Development of the annual development plan that has seen implantation of street lighting points in shopping centres and street lighting, water and environmental conservation projects and drainage works and public toilets.

The board has had subcommittee and full board meetings where various deliberations on planning and infrastructure, finance and administration, environment and safety

Audit and governance matters was deliberated, approved and implemented

In spite of the success noted above the recorded challenges were as follow;

- ✓ Inadequate development budget where upon few projects were funded. The recurrent budget of 6 million for the year and all activities was also inadequate.
- ✓ Few functions have been transferred, are still yet with the departments e.g. Land and Planning, Revenue Collection, Roads and Water.
- ✓ Lack of core staff as Engineering, Planning and Survey, Revenue and Finance Cleaners and Enforcement Officers.
- ✓ Lack of funds to complete the stalled office block and lack of enough furniture's.
- ✓ The team remained focused and managed to plan and approve the stated projects notwithstanding the inadequate budget except that from world bank -Kenya Urban Support Programme.
- ✓ With adequate budget and transfer of function, the present board is very resourceful and dedicated to accomplish its mandate.
- ✓ The municipality should be funded and made autonomous as envisaged by the act so as to achieve the intended goals. With the increasing population moving to urban areas we need resources to give adequate services.



**Name:Mr Kiprop Cheserem**

**Chairperson of the Board**

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

Kabarnet Municipality was inaugurated on 11<sup>th</sup> September 2019 after meeting all the required conditions. Although we are progressing well, we are yet to overcome most of the challenges;

### **CHALLENGES**

1. **Budgetary Allocations** - The budget allocations are inadequate and for quite sometime, It had been anchored within the mother department LHUD.
2. **Staffing** - We have inadequate staff, most of them especially the technical staff do not report to the Municipal Administration but to their mother departments. This has slowed down on performance.

The staff that directly report to the Manager are;

- i. Fire Officers.
- ii. Conservancy Staff.
- iii. Security.
- iv. Enforcement.

Most of them work on as casuals thus they are demotivated.

### **PROGRAMS/DEVELOPMENT PROJECTS.**

Through the support of KUSP which has been running for almost Five (5) years the municipality has made great progress and has impacted positively in the lives of the residents; socially and economically.

Below is a template of the projects so far done and their impact.

### **KUSP PROJECTS**

<b>S/NO</b>	<b>PROJECT</b>	<b>LOCATION</b>	<b>IMPACT</b>
1.	Market Phase I - Stalls	Kabarnet Municipal Market	80 stalls for market members and are in use..
2.	Recreation Park	Museum	Complete and in use. Municipal residents are able to relax and enjoy the beauty of our municipality
3.	Market Phase II - Wholesales	Market	Complete and in use.
4.	Anyiny Jua Kali Road	Jua Kali	Completed. Boost transport

*County Government of Baringo*

*Kabarnet Municipality*

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

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			within and ease congestion in the main road.
5.	NMT walkways, Footbridge at Kaptimbor, Partitioning of Market stalls and renovations of Firestation.	Kabarnet Town	Ease movement of residents of the municipality and provide services to the people of Kabarnet

The County Government through its budgetary allocation has been of great support to the Municipality. The table below indicates the projects so far done and its impact.

**COUNTY SUPPORTED PROJECTS;**

<b>S/No</b>	<b>Projects</b>	<b>Location</b>	<b>IMPACT</b>
1.	Municipality offices	Fire station	Inadequate Funds. Creation of more Offices for technical staff.
2.	Installation of Floodlights.	Kaprogonya, Kapkut, Kator, Airstrip, Seguton, Kapsoo, Kituro, Kitumbei, Kapchomuso, Riwo and Bondeni.	Completed. Enhance security in centre's surrounding the municipality.
3.	Construction of Market Stalls.	Kapsoo	Assist Baringo technical college students and the residents of Kapsoo.
4.	Street Lights.	Bondeni Centre and Kaptimbor Centre	Completed Improve security within the said areas
5.	Water Tank.	Sironoi	It will help the local residents to acquire clean water.
6.	Fuel.	Sironoi - Kimoso Road	Data Collection. Open new areas which was inaccessible before.
7.	Installation of VIP Toilet.	Kasoio	Completed Improve sanitation within the area.
8.	Fencing of Kituro- Kabilat	Kituro	Completed.

*County Government of Baringo*

*Kabarnet Municipality*

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

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	and Kongmet Water Catchment/ purchase and installation of water pumb		Constant supply of water
9.	Cabro Paving.	CBD	Complete and in use
10	Maintenance Floodlights.	Town	Improve security within the town and assist in ease of business.
11	Garbage Collection Management. Purchase of Skips bins	Municipality	Done. Assist in solid waste management within the town.
12	Cabro works- roll over	Town	Completed.

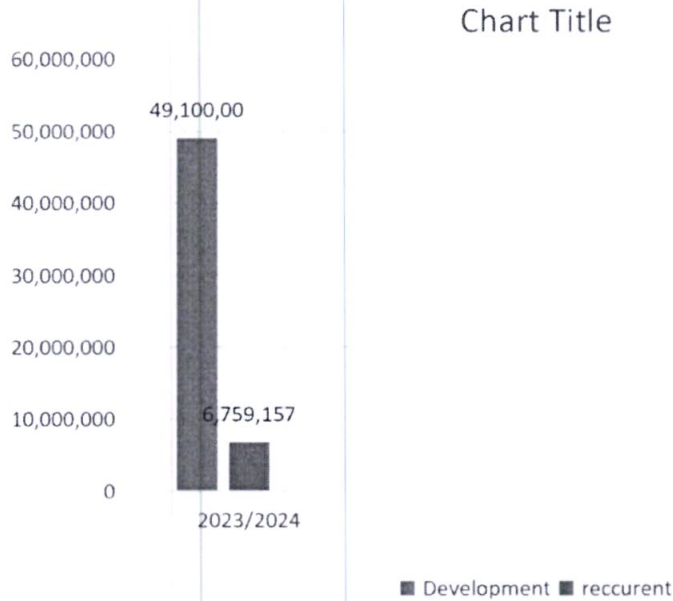
**OTHER PROGRAMMES INCLUDE;**

1. **Clean up exercise** - University of Eldoret students in association with Baringo County Government Staff Clean up exercise
2. **Planting of trees** - This was done by Baringo County Liberal minds.
3. **Kabarnet Hurth partnerships** - The twin town Kabarnet Hurth was sign in 1988, since then it has continued to support Kabarnet Municipality some of the projects include;
  - i. Slaughter House.
  - ii. Fire Station.

During covid 19 to date, they have been supporting most of the vulnerable households with food stuffs, water tank and other essential items. So far, they have supported over 4200 households. Apart from vulnerable members of society they have also supported Institutions like Kituro Vocational training by buying assorted equipment's for students, infrastructure development, bursaries and food item for sunrise children's home and Kabarnet Hurth day secondary.

**BUDGET**

Budget Allocation.



**Development Fund Amounting – Ksh.49,100,00**

**Recurrent Amounting – Ksh.6,759,157.00**

**CONCLUSION OF RECOMMENDATIONS.**

Despite the challenges, The Municipal administration is quite optimistic that the future is bright and that urban development is the way to go. Currently the Municipality population as per the 2019 census stands at 47,000 persons. This may have increased to over 50,000 currently.

The following are some of our recommendations;

1. Enhance budgetary allocation
2. A formula to be agreed on how revenue is allocated to the Municipality.
3. Strengthening of the Municipality structures as a semi-autonomous county agency.
4. Empowering the municipal administration to effectively run the Municipality.
5. Transfer of all the municipal functions as emphasized in the urban areas and cities act 2011 and the Municipal charter.

Name: Mr Julius Bolei  
Municipality Manager



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

### **Introduction**

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

- a) Provide quality physical infrastructure.
- b) Urban planning.
- c) Urban governance and administration
- d) Harmonizing national, regional and county planning requirements. The plan proposals are re-aligned to the planning proposals at the National, Regional and county levels.
- e) A Systemized Planning approach. Planning Proposals are based on harmonizing the functionality of both man-made and natural subsystems including human settlements, transport, economic and social environments for sustainable development.
- f) Equity in development. An expert approach is used to analyse and propose alternative sources of livelihood across all areas of productivity.
- g) Protecting of historical, cultural heritage and environmentally sensitive areas.
- h) Assessing the potential sites for key infrastructure.

### **Challenges**

- **Budget**  
In adequate resource envelope contributed by Baringo County Government to the Kabarnet municipality.
- **Inadequate technical Staffing**  
We lack some key technical staff in kabarnet Municipality to run the organisation in orderly manner like Surveyor, physical Planner, Works officer, Quantity surveyor and architect.

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

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- **Mobility of administering the municipality**

There is only one vehicle which supervises the activities of the municipality from Development control, urban planning and others.

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Urban planning</b>	To control urban development	To create orderly development in urban areas	Number of developments conforming with rules and regulations governing urban development	In FY 2021/2022 a total of 30 plans was approved under review we increased Housing unit by 40%.
Physical infrastructure	To increase parking area	To increase Revenue collection within CBD	Increase in parking slots	-in FY 2022/2023 total of 20 slot was increased in the year under review.

## **8. Corporate Governance Statement**

### **Eligibility for appointment as member of the board of the Municipality**

Each member of the Board of the Municipality shall have the following qualifications:

- a) holds at least a diploma from an institution recognized in Kenya;
- b) Has a distinguished career in a medium level management position in either the private or public sector.
- c) Holds at least five years' post qualification professional experience; and satisfies the requirements of Chapter Six of the Constitution;
- d) Is ordinarily resident or has a permanent dwelling in the municipality; and
- e) Carries on business in the municipality or  
Has lived in the municipality for at least five years

### **Removal of members of the board of the municipality**

A member of the Board of the Municipality shall cease to hold office if the member:

- a) is unable to perform the functions of the office by reason of mental or physical infirmity;
- b) is declared or becomes bankrupt or insolvent;
- c) is convicted of a criminal offence and sentenced to a term of imprisonment of six months or more;
- d) resigns in writing to the County Governor;
- e) without reasonable cause, the member is absent from three consecutive meetings of the Board or Committee of the Board of the Municipality within one financial year;
- f) is found guilty of professional misconduct by the relevant professional body;
- g) is disqualified from holding a public office under the Constitution;
- h) fails to declare his or her interest in any matter being considered or to be considered by the Board or Board Committees;
- i) engages in any gross misconduct; or
- j) Dies.

The Board of the Municipality shall perform the following functions:

- a. Oversee the affairs of the Municipality;

- b. Develop or adopt policies, plans, strategies and programmes and set targets for service delivery;
- c. Formulate and implement an integrated development plan;
- d. Control land, land sub-division, land development and zoning by public and private sectors for any purpose, including industry, commerce, markets, shopping and other employment centers, residential areas, recreational areas, parks, entertainment, passenger transport, agriculture, and freight and transit stations within the framework of the spatial and master plans for the Municipality as delegated by the County Government of Baringo
- e. Promoting and undertaking infrastructural development and services within Municipality as delegated by the County Government of Baringo
- f. Developing and managing schemes, including site development in collaboration with the relevant national and county agencies;
- g. Maintaining a comprehensive database and information system of the administration;
- h. Administering and regulating its internal affairs;
- i. Implementing applicable national and county legislation;
- j. Entering into contracts, partnerships or joint ventures as it may consider necessary for the discharge of its functions;
- k. Monitoring and, where appropriate, regulating municipal services where those services are provided by service providers other than the Board of the Municipality;
- l. Preparing and submitting its annual budget estimates to the relevant County Treasury for consideration and submission to the County Assembly for approval as part of the annual County Appropriation Bill;
- m. Collecting rates, taxes levies, duties, fees and surcharges on fees as delegated by the County Government of Baringo
- n. Settling and implementing tariff, rates and tax and debt collection policies as delegated by the County Government of Baringo
- o. Monitoring the impact and effectiveness of any services, policies, programs or plans;
- p. Establishing, implementing and monitoring performance management systems;
- q. Promoting a safe and healthy environment;
- r. Facilitating and regulating public transport
- s. Performing such other functions as delegated by the County Government of Baringo.

**Remuneration of the members of the board of the municipality**

The Board of the Municipality shall not be entitled to a salary.

- a.* However, members of the Board of the Municipality shall be paid such allowances as the County Executive Committee shall, with the approval of the County Assembly, and on the advice of the Salaries and Remuneration Commission, determine

**9. Management Discussion and Analysis**

During the period under review, Kabarnet Municipality had Recurrent amounting to 6,759,157 and Development Fund amounting to 49,100,00

Development funds was implemented as follow

	<b>Development project for the Financial year 2023/2024</b>		Project status
1	Construction of Municipal office block	10,000,000	Ongoing
2	Cabro works ,manhole covers and marking of parking slots at kabarnet	5,000,000	Ongoing
3	Storm water drains	5,000,000	Moved in supplementary
4	Kapsoo Market stalls	3,500,000	completed
5	Building of Incinerator	7,000,000	Moved in supplementary
6	Kabarnet Town dump site road	1,500,000	Moved in supplementary
7	Fire engine Shipping & Clearing	2,000,000	Completed
8	Implementation of the Kenya Urban support project	15,100,000	Completed
		49,100,00	

**KUSP PROJECT**

- This is Donor Fund under KENYAN URBAN SUPPORT PROGRAMME used to construct recreational park, market phase ii and Anyiny Jua kali road and is complete and paid.
- As kabarnet Municipality we are faced with inadequate allocation of Funds for development of project within Municipality.
- Kabarnet Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011.

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

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

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

The top management especially the Accounting Officer should make reference to sustainable efforts, broad trends in political and macroeconomic factors affecting sustainability priorities, reference to international best practices and key achievements and failure.

### **2. Environmental performance**

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

### **3. Employee welfare**

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The Municipality should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

### **4. Market place practices**

The organisation should outline its efforts to:

#### **a) Responsible competition practice.**

**b) Responsible Supply chain and supplier relations**

Explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

**c) Responsible marketing and advertisement**

Outline efforts to maintain ethical marketing practices

**d) Product stewardship**

Outline efforts to safeguard consumer rights and interests

**5. Community Engagements**

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community (The Municipality gives details of CSR activities carried out in the year and the impact to the society. The statement may also include how the Municipality promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives) Where no CSR activities are undertaken during the year, there is no need to include the statement).

## **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, 2024 which show the state of the Municipality affairs.

### **Principal activities**

The principal activities of the Municipality are ....

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

### **Performance**

The performance of the Municipality for the year ended June 30, 2024 are set out on page 1


**Board Members**

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

**Auditors**

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

By Order of the Board



.....  
**Name: Mr Julius Bolei**  
**Secretary of the Board**

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

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

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

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

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

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

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

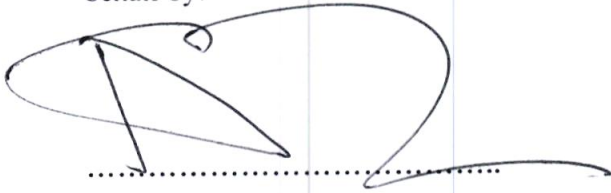
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assessed the Municipality's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Municipality Manager to indicate that the Municipality will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Municipal's financial statements were approved by the Board on 6/8/2024 and signed on its behalf by:



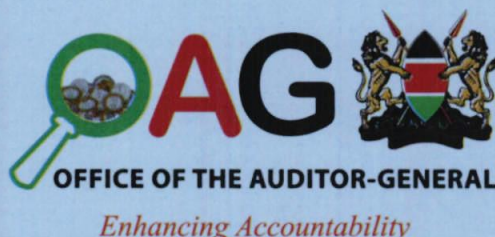
Name: Mr Kiprop Cheserem  
Chairperson of the Board



Name: Mr Julius Bolei  
Accounting officer of the Board

23 DEC 2024

# REPUBLIC OF KENYA



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

Telephone: +254-(20) 3214000  
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## **REPORT OF THE AUDITOR-GENERAL ON KABARNET MUNICIPALITY FOR THE YEAR ENDED 30 JUNE, 2024 – COUNTY GOVERNMENT OF BARINGO**

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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 Kabarnet Municipality – County Government of Baringo set out on pages 1 to 47 which comprise the statement of financial position as at 30 June, 2024 and the statement of performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I 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 effects 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 Kabarnet Municipality as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the County Governments Act, 2012, the Urban Areas and Cities Act, 2011 and the Public Finance Management Act, 2012.

### Basis for Qualified Opinion

#### 1. Inaccuracies in the Financial Statements

- i. The statement of financial position reflects an unexplained suspense balance of Kshs.4,739,969.
- ii. Additions of non-current assets amounting to Kshs.47,184,020 were omitted in the investing activities of the statement of cash flows.
- iii. The statement of cashflows reflects unsupported suspense amount of Kshs.4,119,812 in the investing activities.
- iv. The statement of cashflows reflects an incorrect suspense amount of Kshs.681 on the financing activities.

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

#### 2. Inaccurate and Incomplete Fixed Assets

The statement of financial position reflects property, plant and equipment amounting to Kshs.105,670,094 as disclosed in Note 24 to the financial statements. However, there was no fixed assets register maintained. In addition, the assets have not been depreciated.

In the circumstances, the completeness and presentation and disclosure of the property, plant and equipment balance of Kshs.105,670,094 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kabarnet 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 matter described in the Basis for Qualified Opinion Section of my report, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

#### **Unresolved Prior Year Audit Matter**

The audit report of the previous year highlighted several issues in respect of the financial statements and Lawfulness and Effectiveness in Use of Public Resources. Management's report on the progress made in resolving the issues at Annex 6 to the financial statements indicates that the issues have been resolved. However, Management has not provided evidence on how the issues were resolved.

### **Other Information**

The Municipality Board is responsible for the other information set out on page iii to xxxii which comprise of Key Municipalities Information and Management, The Municipality Board of Directors, 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 of Directors, Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### Conclusion

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

### Basis for Conclusion

#### 1. Non-Deduction of Taxes

The statement of financial performance reflects Board expenses amounting to Kshs.764,500 as disclosed in Note 14 to the financial statements. However, the Board Members were not taxed contrary to Section 3(2)(ii) of the Income Tax Act, 2021 which provides that subject to this Act, income upon which tax is chargeable under this Act, income in respect of employment or services rendered.

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

#### 2. Irregular Employment of Casual Workers

The statement of financial performance reflects staff costs amounting to Kshs.2,693,900 as disclosed in Note 13 to the financial statements. Review of records revealed that the amount relates to casual wages paid to nineteen (19) casual workers who have been engaged for more than twelve (12) months. This was contrary to Section 37 of the Employment Act, 2007 which provides for the conversion of casual employment to regular employment terms for casual workers who have worked continuously for more than three months.

In the circumstances, Management was in breach of law.

#### 3. Irregular Board Meetings

The statement of financial performance reflects Board expenses amounting to Kshs.764,500 as disclosed in Note 14 to the financial statements. However, review of the Board minutes revealed that the Board of Management held two (2) Board meetings in the financial year under review contrary to Section 8(1(a) State Corporations Act CAP 446 which requires the Board of every state corporation to meet not less than four times

*Report of the Auditor-General on Kabarnet Municipality for the year ended 30 June, 2024 – County Government of Baringo*

in every financial year and not more than four months shall elapse between the date of one meeting and the date of the next meeting.

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

#### **4. Lack of Independence of the Municipality**

The Municipality was awarded a Charter on 13 June, 2019 which granted it operational independence from the County Government of Baringo. However, review of the operations of Municipality revealed its budget was prepared and controlled by the County Executive of Baringo which had no prior approval by the Municipality's Board. The County has continued to perform functions which were transferred to the Municipality as provided for through Gazette Notice No.3844 dated 16 March, 2023 which included development controls, development approvals, development compliance, surveillance and enforcement and control of outdoor advertisement, solid waste management and street parking.

This was in contravention of Section 12(1) of the Urban Areas and Cities Act, 2011, which states that the Management of the Municipality shall be vested in the County Governments and Administered on its behalf by a Board, Manager and Staff constituted and appointed in accordance with the Act.

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

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

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

#### **Conclusion**

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

#### **Basis for Conclusion**

##### **Lack of Risk Management Policy**

Municipality's Management has not put in place a risk management policy, strategies and risk register to mitigate against possible risks. This is in contravention of Regulation 158,

of the Public Finance Management (County Governments) Regulations, 2015 which requires Accounting Officer to ensure that a County Government Entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations

In the circumstances, the Municipality is exposed to possible losses of funds and interruptions operations of business where unexpected events occur with no plan to mitigate their impact.

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

### **Responsibilities of Management and Municipality Board of Management**

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

In preparing the financial statements, Management is responsible for assessing the 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.

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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**

**31 December, 2024**

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

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

Description	Note	FY2023/2024	FY2022/2023
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	60,285,124.50	9,259,006.00
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues	9	-	-
		-	
<b>Revenue from exchange transactions</b>			
Interest income	10	-	-
Miscellaneous Income	11	-	-
		-	
<b>Total revenue</b>		<b>60,285,124.50</b>	<b>9,259,006.00</b>
<b>Expenditure</b>			
Use of goods and services	12	5,202,141.75	5,785,044.00
Staff costs	13	2,693,900.00	2,378,300.00
Board expenses	14	764,500.00	795,540.00
Finance costs	15	-	-
Depreciation and amortization	16	-	-
Repairs and maintenance	17		
<b>Total expenses</b>		<b>8,660,541.75</b>	<b>8,958,884.00</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	18	-	-
<b>Surplus/(deficit) for the period</b>		<b>51,624,582.95</b>	<b>300,122.00</b>

The development funds of ksh **49,100,00** was not transferred to Municipality account but Municipality management and board participated in the process and implementation.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Municipality financial statements were approved on   6/8   2024 and signed by:

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

---



.....  
**Name: Julius Bolei**  
**Municipality Manager**



.....  
**Name: GEORGE KIPROTICH**  
**Head of Finance**  
**ICPAK M/No 18980**

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

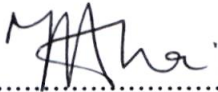
**15. Statement of Financial Position As At 30 June 2024**

Description	Note	FY2023/2024	FY2022/2023
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	19	716.25	51,304,583.2
Receivables from exchange transactions	20	-	-
Receivables from Non- exchange transactions	21	-	-
Prepayments	22	-	-
Inventories	23	-	-
<b>Total current assets</b>		<b>716.25</b>	<b>51,304,583.2</b>
<b>Non-current assets</b>			
Property, plant, and equipment	24	105,670,094.00	58,486,074
suspense		4,739,969.00	
Intangible assets	25	-	-
<b>Total Non-current Assets</b>		<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>110,410,779.25</b>	<b>109,790,657.2</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	26	-	-
Refundable deposits from customers	27	-	-
Provisions	28	-	-
Borrowings	29	-	-
Employee benefit obligations	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
<b>Total current liabilities</b>		<b>-</b>	<b>-</b>
<b>Non-current liabilities</b>			
Provisions	28	-	-
Borrowings	29	-	-
Non-current employee benefit obligation	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
<b>Total liabilities</b>		<b>-</b>	<b>-</b>
<b>Net assets</b>		<b>110,410,779.25</b>	<b>109,790,657.2</b>

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

Description	Note	FY2023/2024	FY2022/2023
		Kshs.	Kshs.
Development Grants		58,786,196.00	58,486,074.00
Reserves		-	-
Accumulated surplus		51,624,582.95	300,122.00
<b>Total net assets and liabilities</b>		<b>110,410,779.00</b>	<b>58,786,196.00</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Municipality financial statements were approved on 6/8 2024 and signed by:



Name: Mr Julius Bolei  
 Municipality Manager

Date:





Name: Mr George Kiprotich  
 Head of Finance

ICPAK M/No 18980

Date:

16. Statement of Changes In Net Assets For the Year Ended 30 June 2024

Description	Development Grants	Revaluati on Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
<b>Bal as at 1 July 2022</b>	<b>454.00</b>	<b>0</b>	<b>0</b>	<b>454.00</b>
Surplus/(deficit) for the year	300,122.00	-		300,122.00
Funds received during the year	58,486,074.00	-	-	58,486,074.00
Revaluation gain	-		-	-
<b>Bal as at 30 June 2023</b>	<b>58,786,196.00</b>	<b>-</b>	<b>-</b>	<b>58,786,196.00</b>
<b>Bal as at 1 July 2023</b>	<b>58,786,196.00</b>	<b>-</b>	<b>0</b>	<b>58,786,196.00</b>
Surplus/(deficit) for the year		-	51,624,583.00	51,624,583.00
Funds received during the year	-	-	-	
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2024</b>	<b>58,786,196.00</b>	<b>-</b>	<b>51,624,583.00</b>	<b>110,410,779.00</b>

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

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

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		5,091,733.00	9,259,006.00
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous receipts ( <i>Specify</i> )		-	-
<b>Total Receipts</b>		<b>5,091,733.00</b>	<b>9,259,006.00</b>
<b>Payments</b>			
Use of goods and services		1,633,367.75	5,785,044.00
Staff costs		2,693,900.00	2,378,300.00
Board expenses		764,500.00	795,540.00
Finance costs		-	-
<b>Total Payments</b>		<b>5,091,767.75</b>	<b>8,958,884.00</b>
<b>Net cash flows from operating activities</b>	33	<b>-34.75</b>	<b>300,122.00</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets		-47,184,020.00	-58,486,074.00
Proceeds from sale of PPE		-	-
Suspense		-4,119,812.20	
<b>Net cash flows used in investing activities</b>		<b>-51,303,832.20</b>	<b>-58,486,074.00</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>(51,303,866.95)</b>	<b>7,837,065.02</b>
Cash And Cash Equivalents At 1 July 2023	19	51,304,583.20	43,467,518.00
<b>Cash And Cash Equivalents At 30 June 2024</b>	19	<b>716.25</b>	<b>51,304,583.2</b>

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

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>Revenue</b>		<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	
Transfers from the County Government	57,759,157.00	-	57,759,157.00	60,285,124.50	(2,525,967.5)	105%
Public contributions and donations	-	-	-	-	-	%
Interest income	-	-	-	-	-	%
Miscellaneous income	-	-	-	-	-	%
<b>Total Revenue</b>	<b>57,759,157.00</b>	<b>-</b>	<b>57,759,157.00</b>	<b>60,285,124.50</b>	<b>(2,525,967.5)</b>	<b>105%</b>
<b>Expenses</b>						
Use of goods and services	5,559,157.00	-	5,559,157.00	5,202,141.75	357,015.25	94%
Board expenses	1,200,000.00	-	1,200,000.00	764,500.00	435,500.00	64%
Staff Costs	-	-	-	2,693,900.00	-	%
Finance costs	-	-	-	-	-	%
<b>Total Expenditure</b>	<b>6,759,157.00</b>	<b>-</b>	<b>6,759,157.00</b>	<b>8,660,541.75</b>	<b>792,515.25</b>	<b>88%</b>
<b>Surplus for the period</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>319,999.75</b>	<b>-</b>	
<b>Capital Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>%</b>

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

### **1. General Information**

Kabarnet Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011 and Cities and Municipal Charter on *13<sup>th</sup> June 2019*. The Municipality is under the County Government of Baringo and is domiciled in Kenya.

The Municipality's principal activity is

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

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

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

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

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

*i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

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

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

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

**County Government of Baringo**

**Kabarnet Municipality**

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

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

*iii. Early adoption of standards*

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

*(Notes to financial statements continued)*

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

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

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

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

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

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

###### *Interest income*

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

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

The original budget for FY 2023/2024 was approved by the County Assembly on 30<sup>th</sup> June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget.

The municipality's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were

recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Municipality recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**d) Intangible assets**

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

*(Significant accounting policies continued)*

**e) Financial instruments**

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

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 Municipality measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial assets**

**Classification of financial assets**

The Municipality classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Municipality'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 Municipality 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 Municipality 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 Municipality manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

### **Trade and other receivables**

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

*(Significant accounting policies continued)*

### **Impairment**

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

### **Financial liabilities**

#### **Classification**

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

#### **f) Inventories**

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

Raw materials: purchase cost using the weighted average cost method

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

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

*(Significant accounting policies continued)*

**g) Provisions**

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

**h) Social Benefits**

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

**i) Contingent liabilities**

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

*(Significant accounting policies continued)*

**j) Contingent assets**

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

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

**k) Nature and purpose of reserves**

The Municipality creates and maintains reserves in terms of specific requirements.

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

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

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

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

*(Significant accounting policies continued)*

**n) Foreign currency transactions**

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

**o) Borrowing costs**

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

**p) Related parties**

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

**q) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short-term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

*(Significant accounting policies continued)*

**r) Comparative figures**

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

**s) Events after the reporting period**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorized for issue.

Two types of events can be identified:

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

(b) Those that are indicative of conditions that arose after the reporting date

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

**t) Currency**

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

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

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

State all judgements, estimates and assumptions made.

### **Estimates and assumptions.**

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

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

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

The condition of the asset based on the assessment of experts employed by the Municipality.

The nature of the asset, its susceptibility and adaptability to changes in technology and processes.

The nature of the processes in which the asset is deployed.

Availability of funds to replace the asset.

Changes in the market in relation to the asset.

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

*Notes to the Financial Statements*

**6. Transfers from the County Government**

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	5,966,641.75	6,580,706.00
Payments by County on behalf of the Municipality	3,013,900.00	2,678,300.00
conditional development grants	51,304,583.2	-
<b>Total</b>	<b>60,285,124.50</b>	<b>9,259,006.00</b>

**(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	FY 2022/2023
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department	-	-	-	-	-
Ministry	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**7. Public Contributions and Donations**

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

Notes to the Financial Statements

8.

Levies, Fines and penalties

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others (indicate and specify)	-	-
<b>Total</b>	-	-

9. Other Revenues from Non-Exchange Transactions

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others	-	-
<b>Total</b>	-	-

10. Interest income

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others	-	-
<b>Total interest income</b>	-	-

11. Miscellaneous income

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others	-	-
<b>Total other income</b>	-	-

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

*Notes to the Financial Statements*

**12. Use of Goods and Services**

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Utilities, supplies and services	1,628,600.00	1,589,414.00
Communication, supplies and services	100,000.00	95,000.00
Domestic travel and subsistence	705,400.00	405,100.00
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	-	-
Rent and rates	-	-
Training expenses	-	-
Sanitary and cleaning materials, supplies and services	40,500.00	34,200.00
Insurance costs	-	-
Water and Sewerage Charges	400,000.00	-
Subscriptions to Newspapers	17,520.75	-
Specialized materials and services	-	-
Office and general supplies and services	123,923.00	127,400.00
Fuel, oil and lubricants	1,345,000.00	1,690,000.00
Internet connection	10,000.00	8,000.00
Catering Services	146,775.00	49,860.00
Hospitality supplies and services	33,410.00	221,530.00
Purchase of safety gears	99,965.00	47,980.00
Other fuels	-	6,440.00
Utilities supplies and services	-	477,185.00
Routine maintenance – vehicles and other equipment	322,178.00	771,690.00
Routine maintenance – other assets	226,238.00	232,220.00
Contracted Professional Services	-	-
Audit fees	-	-
Hire of Transport, equipment etc	-	26,000.00
Bank Charges	2,632.75	3,025.00
Social Benefit expenses*	-	-
<b>Total</b>	<b>5,202,141.75</b>	<b>5,785,044.00</b>

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

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13. Staff costs

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Salaries and wages	2,693,900.00	2,378,300.00
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs ( <i>Specify</i> )	-	-
<b>Total</b>	<b>2,693,900.00</b>	<b>2,378,300.00</b>

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

Notes to the Financial Statements

14. Board expenses

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	764,500.00	795,540.00
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	-	-
Conference Costs	-	-
Other allowances ( <i>Specify</i> )	-	-
<b>Total</b>	<b>764,500.00</b>	<b>795,540.00</b>

15. Finance costs

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

16. Depreciation and amortization

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>-</b>	<b>-</b>

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

Notes to the Financial Statements

17. Repairs and Maintenance

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Property- Buildings	-	-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
<b>Total repairs and maintenance</b>	-	-

18. Gain/(loss) on disposal of assets

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	-	-

19. Cash and cash equivalents

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	716.25	51,304,583.2
Others( <i>specify</i> )	-	-
<b>Total cash and cash equivalents</b>	<b>716.25</b>	<b>51,304,583.2</b>

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

Notes to the Financial Statements

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

Financial institution	Account number	FY 2023/2024	FY 2022/2023
		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>			
Kenya Commercial bank	1151177962	541.25	576.00
Access Bank -	01400130000011	175.00	51,304,007.2
<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>		<b>716.25</b>	<b>51,304,583.2</b>

20. Receivables from exchange transactions

Description	FY 2023/2024	FY 2022/2023
	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	-	-

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

<b>Total Non- current receivables (b)</b>	-	-
<b>Total receivables from exchange transactions</b>	-	-

**Ageing analysis for Receivables from exchange transactions**

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

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

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Transfer from County Executive	-	-
Transfer from Kabarnet Fund	-	-
<b>Total receivables from non-exchange transactions</b>	-	-

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

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

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

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**22. Prepayments**

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments( <i>specify</i> )	-	-
<b>Total</b>	-	-

**23. Inventories**

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Stationery	-	-
Consumables	-	-
Other inventories( <i>specify</i> )	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	-	-

(Notes to the Financial Statements Continued)

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
As at 1 July 2023	-	58,486,074.00	-	-	-	-	-	58,486,074.00
Additions	-	47,184,020.00	-	-	-	-	-	47,184,020.00
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2024	-	-	-	-	-	-	-	-
Additions for the year	-	-	-	-	-	-	-	-
Disposals for the year	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2024	-	105,670,094.00	-	-	-	-	-	105,670,094.00
<b>Depreciation and impairment</b>								
At 1 July 2023		-	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-
Transfers/ Adjustments		-	-	-	-	-	-	-

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

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>As at 30 June 2023</b>		-	-	-	-	-	-	-
Depreciation for the year		-	-	-	-	-	-	-
Disposals for the year		-	-	-	-	-	-	-
Impairment for the year		-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2024</b>		-	-	-	-	-	-	-
<b>NBV as at 30<sup>th</sup> Jun 2023</b>	-	-	-	-	-	-	-	-
<b>NBV as at 30<sup>th</sup> Jun 2024</b>	-	-	-	-	-	-	-	-

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

(Notes to The Financial Statements Continued)

25. Intangible assets

Description	FY 2023/2024	FY 2022/2023
	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	-	-
<b>NBV</b>	-	-

26. Trade and other payables from exchange transactions

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

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

Notes to the Financial Statements

27. Refundable deposits from customers

Description	FY 2023/2024		FY 2022/2023	
	KShs		KShs	
Rent deposits	-		-	
Others ( <i>specify</i> )	-		-	
<b>Total</b>	-		-	
<b>Ageing analysis:</b>	<b>FY2023/2024</b>	<b>% of the Total</b>	<b>FY 2022/2023</b>	<b>% of the Total</b>
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	-	<b>%</b>	-	<b>%</b>

28. Provisions

Description	FY 2023/2024	FY 2022/2023
	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>	-	-

29. Borrowings

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

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
<b>Total</b>	-	-

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

Description	FY 2023/2024	FY 2022/2023
	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	FY 2023/2024	FY 2022/2023
	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>	-	-

**30. Employee Benefit Obligations**

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

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

Notes to the Financial Statements

31. Deferred Income

Description	FY 2023/2024	FY 2022/2023
	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	-	-	-	-

Analysed as:

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

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

Notes to the Financial Statements

32. Social Benefit Liabilities

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
People Living with disabilities benefit scheme		
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
<b>Total</b>	-	-
Current social benefits	-	-
Non- current social benefits	-	-
<b>Total (tie to totals above)</b>	-	-

33. Cash generated from operations

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
<b>Surplus/ (deficit) for the year before tax</b>	<b>51,624,583.00</b>	<b>300,122.00</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>	<b>-34.75</b>	<b>-</b>

34. Related party balances

a) Nature of related party relationships

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

- a) The County Government.

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

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

**b) Related party transactions**

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

**c) Key management remuneration**

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Board Members	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

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

*Notes to the Financial Statements*

**e) Due to related parties**

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

**35. Contingent liabilities**

Contingent liabilities	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Court case against the entity	-	-
Bank guarantees	-	-
<b>Total</b>	-	-

**36. Contingent Assets**

Contingent liabilities	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Court case against the entity	-	-
Others Specify	-	-
<b>Total</b>	-	-

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

*Notes to the Financial Statements*

**37. Financial risk management**

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

**I. Credit risk**

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

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

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

*Notes to the Financial Statements*

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

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

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

**II. Liquidity risk management**

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

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

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

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

*Notes to the Financial Statements*

**III. Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the City/Municipality's income or the value of its holding of financial instruments. The objective of market risk management is to manage and 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 City/Municipality's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

*Notes to the Financial Statements*

**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>2024</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2023</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.

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

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*Notes to the Financial Statements*

**VI. Capital risk management.**

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

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


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

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	Unconfirmed transfer from county government of Baringo		Resolved	
2	Use of goods and services		Resolved	
3	Irregular board expenses		Resolved	
4	Undisclosed cash and cash equivalent		Resolved	
1	Failure to develop and implement an intergrated development plan		Resolved	
2	Lack of independence of the Municipality		Resolved	
3	Failure to submit Financial statement to the auditor General		Resolved	
4	Irregular expenditure on fuel,oil and lubricants		Resolved	
5	Irregular expenditure on routine maintenance of motor vehicle		Resolved	
6	Irregular employment of casuals		Resolved	
7	Failure to issue temporary imprest		Resolved	

  
 Accounting officer of the Municipality

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

**Appendix 2: Inter Entity Transfers**

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

.....  
*Head of Accounts*

**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