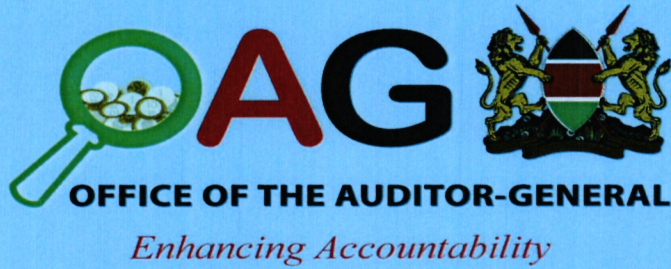


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REPORT

OF

THE AUDITOR-GENERAL

ON

KISUMU COUNTY ASSEMBLY CAR AND MORTGAGE SCHEME FUND

**FOR THE YEAR ENDED
30 JUNE, 2019**

PAPERS LAID	
DATE	09/03/2022
TABLED BY	SML
COMMITTEE	—
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KISUMU COUNTY ASSEMBLY
CAR LOAN AND MORTGAGE FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED JUNE 30, 2019



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

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1.0 KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Kisumu County Assembly car loan scheme is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. Section 167 of the Public Finance Management (PFM) Act 2012 mandates the administrator of public funds with the preparation of annual financial statements.

For proper management of the fund and as advised by the SRC in the circular under the reference, Kisumu County adopted the PFM regulations 2014 to guide in the operationalization of the fund. The SRC in its circular reference SRC/ADM/CIR/1/13 Vol.III (128) dated 17th December 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers. The fund is wholly owned by the County Assembly of Kisumu and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the fund is to provide car loans and mortgage facility to members of the Assembly

Core Values

The fund upholds the values of accountability, transparency, excellence, accessibility, integrity, responsiveness, equity and team work.

c) Fund Administration Committee

Ref	Name	Position
1	Hon. Johnson Guya	Chairperson
2	Hon. Prisca Auma Misachi	Member
3	Hon. John Ageng'o	Member

d) Key Management

Ref	Name	Position
1	Mr. Owen Ojuok	Fund Administrator
2	Mr. Boaz Ouko	Staff Representative

e) Registered Offices

P.O. Box 86 – 40100,
Kisumu County Assembly Buildings
Kisumu,
KENYA

f) Fund Contacts

E-mail: kisumuassembly@gmail.com
Website: www.kisumuassembly.go.ke

g) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
(KISUMU BRANCH)
P.O. Box 19828 - 00100
Nairobi, Kenya

h) Independent Auditors

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

i) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112

City Square 00200
Nairobi, Kenya

2.0 FUND MANAGEMENT COMMITTEE CHAIRPERSON'S REPORT

It is my pleasure to present, on behalf of the Management Committee, the Kisumu County Assembly car loan and mortgage fund financial statements for the year ended 30th June 2019. The financial statements present the financial performance of the fund over the past year.

Sustainability

The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that the fund's going concern is secured.

The fund has conducted a basic assessment of available options for feasible financing tools that would assure the fund of its long term sustainability. The fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options.

Review of performance

Income

The fund earned revenues amounting to KShs. 3,740,909.00 from interest income. Overall income increased by 81% from the previous financial year.

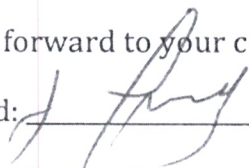
Expenditures

The total expenditures during the period amounted to KShs. 457,039.00 out of which the administration expenses amounted to KShs. 444,000.00 and general expenses KShs 13,039.00. These comprised 97% and 3 % of total expenditures respectively.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the County Assembly Service Board, the fund administrator and his support team and fellow management committee members for their continued support which made us achieve these results.

I look forward to your continued support in the year 2019/2020.

Signed: 

Hon. Johnson Guya

Management Committee Chairman

3.0 REPORT OF THE FUND ADMINISTRATOR

It is my pleasure to present Kisumu County Assembly car loan and mortgage fund financial statements for the year ended 30th June 2019. The financial statements present the financial performance of the fund over the past year.

The fund was established during the first assembly and is now serving the second assembly members. At the beginning of the fund's operations in 2017, the funds had the initial amount of KShs. 197,543,244.00. No additional amount has been received by the fund in the period under reporting. Since then, the fund has disbursed a total amount of Kshs 244,000,000 as loan to members with a total of 49 beneficiaries.

Financial Performance

Loans

During the financial year 2018/2019, the fund disbursed 20 new loans bringing the total loan beneficiaries to date to 118.

a) Cash flows

In the FY 2018/2019, the fund has not experienced any liquidity disruptions. This has been mainly aided by the fact that repayment deductions are made at source. The cash and cash equivalents increased from KShs 6,413,343.00 as at 30th June 2018 to KShs 45,900,488.00 as at 30th June 2019

Conclusion

FY 2018/2019 was generally a favourable year for the fund. The fund has achieved some commendable progress which has enabled it to create an admirable momentum which the fund can leverage on to pursue a trajectory of that will launch it into greater spheres of success in the coming years.

I take this opportunity to thank the County Assembly Service Board and the Management Committee for their support. I wish also want to thank all staff who we have worked hand in hand to ensure that the Kisumu County Assembly Car Loan and Mortgage Fund achieves its mission.

Signed: Owen Ojuok

Owen Ojuok
Fund Administrator

4.0 CORPORATE GOVERNANCE STATEMENT

4.1 THE KISUMU COUNTY ASSEMBLY SERVICE BOARD

The Kisumu County Assembly Car Loan and Mortgage Fund is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014 and Section 167 of the Public Finance Management (PFM) Act 2012. Its mandate is to provide car loans to members of staff. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the CASB and the Fund Management Committee at its apex.

The operations of the fund are governed by The Kisumu County Assembly Car Loan and Mortgage Rules and Regulations made on 26th April, 2014. The structure is designed to ensure an informed decision making process based on accurate reporting to the Fund Management Committee.

4.2 THE FUND MANAGEMENT COMMITTEE

The Kisumu County Assembly Car Loan and Mortgage Rules and Regulations provides that the Management Committee shall be made up of members, including the chairman, and shall consist of a chairperson and other members nominated by fellow members. The Fund Management Committee is responsible for the long-term strategic direction of the fund and guidance of the Fund Administrator and his support team. The Fund Management Committee exercises leadership, enterprise, integrity and judgment in directing the Fund.

The Committee is provided with full, appropriate and timely information that enables it to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the fund is delegated to the fund administrator but the Fund Management Committee is responsible for establishing and maintaining the fund's system of internal controls for the realization of its mandate of providing car loan and mortgage facility to members.

Committee Meetings

The Fund Management Committee meets regularly or as required in order to monitor the implementation of the fund's strategic plan and achievement of the targets as agreed upon with the fund administrator and the support team.

5.0 MANAGEMENT DISCUSSION AND ANALYSIS

The fund continues to register growth over the years and the management has put measures in place to safeguard against risks. The Fund'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 Fund does not hedge any risks and has in place policies to ensure that credit is only extended to members with established credible and reliable credit history.

The management has ensured that we comply with statutory requirements relating to the functions of the fund and also making sure that statutory deductions are remitted on time to avoid incurring penalties and interests for non-compliance.

BUSINESS PERFORMANCE

Revenue

The fund earned revenues amounting to KShs. 3,802,199.40 from interest income. Overall income reduced by 60%. But this was a righting measure as the previous financial years income was mainly bolstered by the unpaid interest by the previous managers.

Cash flow

In the FY 2018/2019, the fund has not experienced any liquidity disruptions. This has been mainly aided by the fact that repayment deductions are made at source. The cash and cash equivalents increased from KShs 6,413,343.00 as at 30th June 2018 to KShs 45,900,488.00 as at 30th June 2019.

6.0 REPORT OF THE MANAGEMENT COMMITTEE

The Fund Management Committee submits their report together with the unaudited financial statements for the year ended June 30, 2019 which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to provide car loan and mortgage financing to the members of the Assembly

Results

The results of the Fund for the year ended June 30, 2019 are set out on pages _to _.

Auditors

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

By Order of the Fund Management Committee



Johnson Guya

Chairman

Fund Management Committee

Date: 10/07/2019

7.0 STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Kisumu County Assembly Car Loan and Mortgage Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2019. 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 Fund;
- 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 Fund;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Administrator of the Kisumu County Assembly Car Loan and Mortgage Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012.

The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2019, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the Kisumu County Assembly Car Loan and Mortgage Fund has assessed the Fund'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 Administrator to indicate that the Fund 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 Fund's financial statements were approved by the Board on 10th July 2019 and signed on its behalf by:

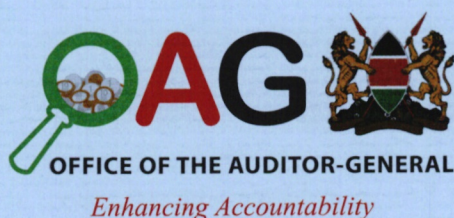
Owen Ojuok:

Owen Ojuok

Administrator - Kisumu County Assembly Car Loan and Mortgage Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KISUMU COUNTY ASSEMBLY CAR AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Kisumu County Assembly Car and Mortgage Scheme Fund set out on pages 12 to 20, which comprise the statement of financial position as at 30 June, 2019, the statement of financial performance, the statement of changes in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

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

Basis for Disclaimer of Opinion

1. Non-Submission of Trial Balance

The Fund's Management did not provide a trial balance to support the figures in the financial statement for the under year under review.

In the circumstance, completeness, accuracy and authenticity of the figures in the financial statement for the year ended 30 June, 2019 could not be confirmed.

2. Inaccuracies in the Financial Statements

The Fund's statement of financial performance reflects Kshs.3,345,160 on surplus for the year under review. However, the statement of changes in net assets reflects Kshs.3,312,619 resulting to an unexplained variance of Kshs.32,541. In addition, the statement reflects Kshs.5,450,485 on surplus comparative balance. However, the 2017/2018 audited financial statements reflects Kshs.5,479,485 resulting to an unexplained variance of Kshs.29,000.

3. Presentation of the Financial Statements

The Fund's financial statements do not have a statement of comparison of budget and actual amounts contrary to International Public Sector Accounting Standards (IPSAS) No.1 and the format prescribed by the Public Sector Accounting Board (PSASB).

In the circumstances, the financial statements are not prepared in accordance with the format prescribed by the PSASB

4. Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.45,900,488. However, the bank certificate, the cash book and bank reconciliations were not provided for audit.

In the circumstances, accuracy of the cash and cash equivalents balance of Kshs.45,900,488 as at 30 June, 2019 could not be confirmed.

5. Long-Term Receivables

The statement of financial position as at 30 June, 2019 reflects long term receivables balance of Kshs.212,895,157. However, a review of the car and mortgage repayment schedule revealed Kshs.168,348,862 resulting to an unreconciled and an unexplained variance of Kshs.44,546,295. Further, a reconciliation of the opening balance with repayments made during the year and new loans issued during the year showed a closing loan balance of Kshs.209,549,997 resulting in an unexplained variance of Kshs.3,345,160.

In the circumstances, completeness, accuracy and validity of the long-term receivables balance of Kshs.212,895,157 as at 30 June, 2019 could not be confirmed.

6. Unsupported Loan Repayments

The statement of cash flow reflects proceeds from loan principal repayment amounting to Kshs.58,4872,145. However, supporting documents including a mortgage and car loan amortization schedule were not provided for audit.

In the circumstances, the completeness and accuracy of the Kshs.58,4872,145 for the year ended 30 June, 2019 could not be confirmed.

7. Unsupported Interest Income

The statement of financial performance for the year under review reflects Interest income of Kshs.3,802,199. However, supporting documents including a mortgage and car loan amortization schedule were not provided for audit verification.

In the circumstances, the accuracy of the Kshs.3,802,199 for the year ended 30 June, 2019 could not be confirmed.

8. Unsupported Fund Administration Expense

The statement of financial performance for the year under review reflects Kshs.444,000 on fund administration expenses. However, supporting documents including signed committee meetings minutes were not provided for audit.

In the circumstances, the accuracy of the Kshs.444,000 for the year ended 30 June, 2019 could not be confirmed.

9. Unsecured Loans

The statement of cashflows reflects loan disbursements paid out of Kshs.19,000,000. A review of the loan documents provided for audit revealed that there was no evidence of co-ownership of properties acquired by the beneficiaries contrary to Regulation 9(1) of Public Finance Management (Kisumu County Assembly Mortgage and Car Loan Fund) Regulations, 2014.

In the circumstances, the Fund's Management was in breach of law.

10. Late Submission of the Financial Statements

The Fund's financial statements for the year ended 30 June, 2019 was submitted to the Auditor General on 18 February, 2019 contrary to Section 167(3) of the Public Finance Management Act, 2012 and Section 47(1) of the Public Audit Act, 2015 stipulated deadline of 30 September, 2019.

In the circumstances, the Fund's Management was in breach of law.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of

my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control 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 control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to abolish the Fund or 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the entity 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 International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, and Internal Controls, Risk Management and Governance sections of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of the Kisumu County Assembly Car and Mortgage Scheme Fund in accordance with ISSAI 130 on 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 February, 2022

8.0 FINANCIAL STATEMENTS


8.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2019

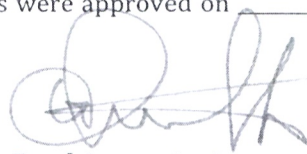
	Note	2018/2019 KShs	2017/2018 KShs
Revenue			
Interest income	1	3,802,199.40	9,515,895.00
Total revenue		<u>3,802,199.40</u>	<u>9,515,895.00</u>
Expenses			
Fund administration expenses	2	444,000.00	683,000.00
General expenses	3	13,039.00	3,353,410.50
Total expenses		<u>457,039.00</u>	<u>4,036,410.50</u>
Surplus/(Deficit) for the period	5	<u><u>3,345,160.40</u></u>	<u><u>5,450,484.50</u></u>

8.2 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2019

	Note	2018/2019 KShs	2017/2018 KShs
Assets			
Current assets			
Cash and cash equivalents	4	45,900,488.00	6,413,343.00
		<u>45,900,488.00</u>	<u>6,413,343.00</u>
Non-current assets			
Long term receivables (Loans)	5	212,895,156.90	249,037,141.50
		<u>212,895,156.90</u>	<u>249,037,141.50</u>
Total assets		<u>258,795,644.90</u>	<u>255,450,484.50</u>
Liabilities			
		-	-
Total liabilities		-	-
Net assets		258,795,644.90	255,450,484.50
Revolving Fund Reserves		255,450,484.50	250,000,000.00
		-	-
Accumulated surplus (Deficit)	65	3,345,160.40	5,450,484.50
Total equity		<u>258,795,644.90</u>	<u>255,450,484.50</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2019 and signed by:


Administrator of the Fund
 Name: Owen Ojuok


Fund Accountant
 Name: Geoffrey Omollo

8.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30TH JUNE 2019

	Revolving Fund	Revaluation Reserve KShs	Accumulated surplus KShs	Total KShs
Balance as at 1 st July 2017	250,000,000.00	-	-	250,000,000.00
Surplus/(deficit) for the period	5,450,484.50	-	-	5,450,484.50
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30th June 2018	255,450,484.50	-	-	255,450,484.50
Balance as at 1 st July 2018	255,450,484.50	-	-	255,450,484.50
Surplus/(deficit) for the period	3,312,619.00	-	-	3,312,619.00
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30th June 2019	258,763,103.50	-	-	258,763,103.50

8.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2019

	Note	FY 2018/2019 KShs	FY 2017/2018 KShs
Cash flows from operating activities			
Receipts			
Interest received	1	3,207,531.00	9,515,895.00
Total Receipts		3,207,531.00	9,515,895.00
Payments			
Fund administration expenses	2	444,000.00	712,000.00
General expenses	3	13,039.00	3,353,410.50
Total Payments		457,039.00	4,065,410.50
Net cash flows from operating activities		2,750,492.00	5,450,484.50
Cash flows from investing activities			
Proceeds from loan principal repayment		58,487,144.65	35,770,099.70
Loan disbursements paid out	6	(19,000,000.00)	(226,900,000.00)
Net cash flows used in investing activities		39,487,144.65	(191,129,900.30)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		39,487,144.65	(191,129,900.30)
Cash and cash equivalents at 1st July	4	6,413,343.35	197,543,243.65
Cash and cash equivalents at 30th June	4	45,900,488.00	6,413,343.35

9.0. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Revenue recognition

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 each period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

3. Provisions

Provisions are recognized when the Entity 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 Entity 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.

Contingent liabilities

The Entity 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.

Contingent assets

The Entity 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 Entity 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.

4. Events after the reporting period

There were no material adjusting and non- adjusting events after the reporting period

5. Ultimate and Holding Entity

The entity is a County Public Fund established by Section 167 of the Public Finance Management (PFM) Act 2012. Its ultimate parent is the KISUMU county assembly.

6. Currency

The financial statements are presented in Kenya Shillings (KShs).

10.0 NOTES TO THE FINANCIAL STATEMENTS

1. Interest income

**COUNTY ASSEMBLY OF KISUMU
CAR LOAN AND MORTGAGE SCHEME
MONTHLY INTEREST CALCULATIONS
FY 2018/2019**

	MONTH	MORTGAGE LOANS	CAR LOAN	TOTAL
2	Jul-18	187,376.00	129,473.95	316,849.95
3	Aug-18	187,376.00	129,473.95	316,849.95
4	Sep-18	187,376.00	129,473.95	316,849.95
5	Oct-18	187,376.00	129,473.95	316,849.95
6	Nov-18	187,376.00	129,473.95	316,849.95
7	Dec-18	187,376.00	129,473.95	316,849.95
8	Jan-19	187,376.00	129,473.95	316,849.95
9	Feb-19	187,376.00	129,473.95	316,849.95
10	Mar-19	187,376.00	129,473.95	316,849.95
11	Apr-19	187,376.00	129,473.95	316,849.95
12	May-19	187,376.00	129,473.95	316,849.95
13	Jun-19	187,376.00	129,473.95	316,849.95
		2,248,512.00	1,553,687.40	3,802,199.40

2. Fund Administration Expenses

	FY2018/2019
	KShs
Committee Subsistence	444,000.00
Professional services costs	-
	-
Total	444,000.00

COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME

3. General Expenses

Description	FY2018/2019
	KShs
Bank charges	13,039.00
Total	13,039.00

4. Cash and Cash Equivalent

Description	FY2018/2019
	KShs
Cash at Bank as at 1 st July, 2018	6,413,343.00
Cash at Bank as at 30 th June, 2019	45,900,488.00

5. Accumulated Surplus/(Deficit for the Period

Description	FY2018/2019
	KShs
Surplus for the period	3,345,160.40

6. Summary of Loan Disbursements and Beneficiaries for FY 2018/2019

COUNTY ASSEMBLY OF KISUMU
CAR LOAN AND MORTGAGE SCHEME
CAR LOAN BENEFICIARIES

FY 2018/2019				
Sr No.	Name	DISBURSEMENT	INTEREST	TOTAL
1	Hon Paul Odhiambo Okiri	2,000,000.00	114,512.70	2,114,512.70
2	Hon Mohamed Khan Aslam	1,000,000.00	57,256.35	1,057,256.35
3	Hon Benny Pete Oiko	2,000,000.00	111,923.27	2,111,923.27
4	Hon Beatrice Pamela Adhiambo Ochieng	1,000,000.00	54,666.92	1,054,666.92
5	Hon Stephen Ouma Owiti	500,000.00	28,628.28	528,628.28
6	Hon George Ogutu Oluoch	1,000,000.00	54,666.92	1,054,666.92
7	Hon David Onyango Arao	1,000,000.00	57,256.35	1,057,256.35
8	Hon Julius Ochieng Genga	1,000,000.00	57,265.35	1,057,265.35
9	Hon Ojuok Philemon Juma	1,500,000.00	85,884.53	1,585,884.53
10	Hon John Obura Atieno	2,000,000.00	111,923.27	2,111,923.27

COUNTY ASSEMBLY OF KISUMU CAR LOAN AND MORTGAGE SCHEME

11	Hon Roy Ochieng Samo	2,000,000.00	114,512.70	2,114,512.70
12	Hon Jane Juma Manuche	2,000,000.00	121,004.48	2,121,004.48
13	Hon Sally Achieng Okudo	1,000,000.00	54,666.99	1,054,666.99
14	Hon Rashid Onyango Miruka	1,000,000.00	57,256.35	1,057,256.35
15	Hon Jackton Ojwang Ogendo	1,000,000.00	57,256.35	1,057,256.35
16	Hon Florence Awino Olango	2,000,000.00	111,922.23	2,111,922.23
17	Hon Inviolete Adhiambo	2,000,000.00	111,923.30	2,111,923.30
18	Hon Carren Atieno Muga	1,000,000.00	54,666.92	1,054,666.92
19	Hon Aoko Otieno Olga	2,000,000.00	109,333.83	2,109,333.83
20	Hon Seth Ogutu Okumu	1,000,000.00	54,666.92	1,054,666.92
	TOTAL	28,000,000.00	1,581,194.01	29,581,194.01