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**BOMET MUNICIPALITY**  
*County Government of Bomet*

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

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

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

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Acronyms and Definition of Key Terms

**A. Acronyms**

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

**B. Definition of Key Terms**

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

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

PSASB	Public Sector Accounting Standards Board
IPSAS	Public Sector Accounting Standards
PFM	Public financial management
IDEP	Integrated Development Plan
NIUPLAN	Nairobi Integrated Urban Development Master Plan
SDGs	Sustainable Development Goals
MTP III	Third Medium Term Plan.

## 2. Key Entity Information and Management

### a) Background information

Bomet 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 26<sup>th</sup> May 2018. The Municipality is an entity of the County Government of Bomet.

### b) Principal Activities

The principal activity of the Municipality is to facilitate urbanization process in Bomet County through integrated urban and regional planning management framework of Kenya urban centres and towns.

### c) Key Management

Ref	Position	Name
1.	Chairman of the Board	Rev. Philex Korir
2.	Chief Officer Lands, Housing and Urban Planning	Issah Yarrow
3.	Chief Officer finance	Mileah Chepkoech
4.	Vice Chairlady	Cherono Kosgei
5.	Board Member	Flavian Kenduiywa
6.	Board Member	Jonah Rotich
7.	Board Member	Hon. Joseph Kirui
8.	Municipal Manager	Davis Kipkirui

### d) Fiduciary Management

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

Ref	Position	Name
1	Municipal Manager	Davis Kipkirui
2	Deputy Manager	Richard Kirui
3	Project Coordinator	Chirchir Erick
4	Finance Officer	CPA Christopher Kibet
5	Accountant	CPA Peter Langat
6.	HRM Officer	Tangus Robert
7.	Procurement Officer	Tere Erick
8	Enviromental Officer	Nelly Chepwogen
9	Valuer	Mary Chemu

**e) Fiduciary Oversight Arrangements**

**3. Committee on Finance, ICT and Economic Planning;**

**Key Fiduciary Activities:**

- Presented to the County Assembly the proposal for the basis of allocating revenue among County
- Executive Departments and County Assembly and considered the bill dealing with county financial matters
- Examined financial statements submitted to the County Assembly and make recommendations for improving the management of government's public finances
- Monitored adherence by the County Assembly to the principles of public finance set out in the Constitution, and to the fiscal responsibility principles of the PFM Act (2012).

**4. Audit and Risk Management Committee Bomet Municipality Board Members**

1. Cheronko Kosgei
2. Flavian Kenduiwa
3. Hon. Joseph Kirui
4. Charlotte Chelangat

**Key Fiduciary Activities:**

- Examined departmental expenditures by summoning Municipal manager and relevant staff
- Monitored all budgetary matters.

**5. Public Accounts/Investments Committee;**

**Key Fiduciary Activities:**

- Examined departmental expenditures by summoning CECMs;
- Examined responses to OAG reports 2023/24, accounts and workings of the county public investments.

**6. Budget and Appropriations Committee;**

**Key Fiduciary Activities:**

- Discussed and reviewed the Budget Policy Statement and budget estimates and make recommendations to the County Assembly;
- Considered the appropriation bill;
- Provided general direction on budgetary matters;
- Monitored all budgetary matters

**f.) Registered Offices**

Bomet Municipality  
P.O. Box 19- 20400  
Old HRs office  
Next to Bomet Huduma Centre

**g.) Contacts**

Telephone: (254)710256100  
bometmunicipality@gmail.com  
Website: [www.bometcounty.go.ke](http://www.bometcounty.go.ke)

**h.) Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
i) UIG Account number 1000385747  
P.O Box 60000  
City Square 00200  
Nairobi, Kenya  
  
ii) Central Bank of Kenya  
Haile Selassie Avenue  
UDG Account number 1000385758  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Equity Bank of Kenya  
Bomet Branch  
i) UDG Account number 1220278947148  
P.O Box 75104-00200  
Nairobi.  
  
ii) UIG Account number 1220278947204  
P.O Box 75104-00200  
Nairobi.  
  
iii) Retention Account  
Account number 1220284039609  
P.O Box 75104-00200  
Nairobi.

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3. Diamond Trust Bank Limited

i) Bomet Municipality urban development grant

Account number 0242595001

P.O Box 61711 – 00200

Bomet

ii) Bomet municipality institution Grant

Account number 0242595002

P.O Box 61711 – 00200

Bomet

iii) Bomet Municipality Operation Accounts

Account Number 0278931002

P.O Box 61711 – 00200

Bomet

**f) Independent Auditor**

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**g) Principal Legal Adviser**

The Attorney General

State Law Office




Harambee Avenue




P.O. Box 40112





City Square 00200

Nairobi, Kenya

3.Municipality Board





Name	Details of qualifications and experience
 <p>Rev. Philex Korir Chairman</p>	<p>D.O.B: 1967</p> <p><b>Academic /Professional qualification:</b></p> <ul style="list-style-type: none"> <li>• Bachelors of Theology</li> <li>• Diploma in Guidance and Counselling</li> <li>• Diploma in Pastoral Ministry</li> </ul> <p><b>Work experience:</b></p> <ul style="list-style-type: none"> <li>• Chairman, Pastor’s Interdenominational Fellowship (2014-2019)</li> <li>• Senior Pastor, Imani Fellowship A.G.C Bomet (2004 to date)</li> <li>• Chairman of the board, Bomet Municipality (2018 to date)</li> </ul>
 <p>Ms. Cherono Kosgei Vice Chairperson</p>	<p>D.O.B: 24/08/1982</p> <p><b>Academic /Professional qualification:</b></p> <ul style="list-style-type: none"> <li>• Doctor of Philosophy in Business Administration (ongoing)</li> <li>• Master’s in Business Administration</li> <li>• Bachelors in Business Management</li> </ul> <p><b>Work experience:</b></p> <ul style="list-style-type: none"> <li>• Chief Executive Officer, KNCCI Bomet Chapter</li> <li>• Part-time lecturer, Maasai Mara and University Of Kabianga (2019 to date)</li> <li>• Deputy Director of Cooperative, Bomet County (2016-2017)</li> <li>• Credit Officer, KIE (2014-2015)</li> <li>• Vice chairperson of the Board, Bomet Municipality (2018 to date)</li> </ul>
 <p>Mr. Jonah Rotich Member</p>	<p>D.O.B: 1958</p> <p><b>Academic /Professional qualification:</b></p> <ul style="list-style-type: none"> <li>• Diploma in Water Technology</li> <li>• Diploma in building construction</li> </ul> <p><b>Work experience:</b></p> <ul style="list-style-type: none"> <li>• Chairman, Bomet Jua Kali Association (2001 to date)</li> <li>• Board member, Bomet Municipality (2018 to date)</li> <li>• Draughtsman II, Ministry of Water Nyamira District (1989-2000)</li> </ul>






 <p>Mrs. Flavian Kenduiwo Member</p>	<p><b>D.O.B:</b> 16/03/1987</p> <p><b>Academic /Professional qualification:</b></p> <ul style="list-style-type: none"> <li>• Bachelors in Science in Natural Resource Management</li> <li>• Certificate in Environmental Impact Assessment</li> </ul> <p><b>Work experience:</b></p> <ul style="list-style-type: none"> <li>• Finance Chairperson, Nyongores Water Resource Users Association (2016 to date)</li> <li>• Registration Assistant, Ministry of Interior and Coordination of National Government (2019)</li> <li>• Board member, Bomet Municipality (2018 to date)</li> </ul>
 <p>Hon. Joseph Kirui Member</p>	<p><b>D.O.B:</b> 05.12.1963</p> <p><b>Academic /Professional qualification</b></p> <ul style="list-style-type: none"> <li>• BBM Enterprise Management</li> <li>• MBA Entrepreneurship</li> </ul> <p><b>Work experience:</b></p> <ul style="list-style-type: none"> <li>• 15 YRS Banking</li> <li>• 10 YRS CDF Projects Management</li> <li>• 4 YRS Civic Education Work in County</li> <li>• 9 MONTHS County Executive Committee Member</li> <li>• Member of the Board, Bomet Municipality</li> </ul>
 <p>Issa Yarrow Kahn Member</p>	<p><b>D.O.B</b> 1978</p> <p><b>Academic /Professional qualification:</b></p> <p><b>Phd Ongoing</b>          MPPA. Masters in Public Policy And Administration</p> <p><b>Work experience</b></p> <ul style="list-style-type: none"> <li>• OOP. Aridlands Resource Management Project 2003 ...2006</li> <li>• KRES... Emergency Operations Manager 2007..2012</li> <li>• Garisa County. Sub County Administrator 2014..2017</li> <li>• Garisa County. Sub County CECM Road And Agri. 2018..2022</li> <li>• Bomet County. CO Lands 2023 To Date</li> </ul>

 Joseph Langat Member	<p><b>D.O.B:</b> 09/11/1973</p> <p><b>Academic /Professional qualification:</b></p> <ul style="list-style-type: none"> <li>• BED (Arts)- Kiswahili &amp; C.R.E</li> <li>• Primary Teachers Certificate, P1 Certificate</li> <li>• Leadership MLM Certificate – International Christian Ministries</li> <li>• Certificate in Principles of Good Primary Practice</li> </ul> <p><b>Work experience:</b></p> <ul style="list-style-type: none"> <li>• Member, Bomet County Education Board (2014 to date)</li> <li>• Examiner KCPE, Kiswahili Insha KNEC (2000 to date)</li> <li>• Executive Secretary, KNUT Bomet Branch (2013 to date)</li> <li>• Board member, Bomet Municipality (2018 to date)</li> </ul>
 Charlotte Chelangat Member	<p><b>D.OB:</b> 29/05/1980</p> <p><b>Academic/Professional qualification:</b></p> <ul style="list-style-type: none"> <li>• Master of Business Administration (Ongoing)</li> <li>• Bachelor of Business Information Technology</li> </ul> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>• Head of Administration Bomet TTC- 2008-2019</li> <li>• Member of the board, Bomet Municipality</li> </ul>
 Kipkononden David Member	<p><b>D.O.B:</b> 24/12/1960</p> <p><b>Academic /Professional qualification:</b></p> <ul style="list-style-type: none"> <li>• Bachelors of Education</li> </ul> <p><b>Work experience:</b></p> <ul style="list-style-type: none"> <li>• Principal of secondary school</li> <li>• Principal Siwot Polytechnic</li> <li>• BOM chair Chepkitwal Secondary School</li> <li>• Member of the board, Bomet Municipality</li> </ul>
 Municipal Manager Davis Kipkirui	<p><b>D.O.B</b> 25<sup>th</sup> Dec 1983</p> <ul style="list-style-type: none"> <li>• BED (Arts)- Kiswahili &amp; History</li> </ul> <p><b>Work experience:</b></p> <ul style="list-style-type: none"> <li>• Secretary of the Board, Bomet Municipality Aug 2025to date</li> <li>• Municipal Manager, Bomet Municipality Aug 2025</li> <li>• MCA Longisa Ward (2017 -2022)</li> <li>• County Youth &amp; Sports Officer (2015- 2016)</li> <li>• TSC Teacher</li> </ul>

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4. Key Management Team

Name	Details of qualifications and experience
<p>1. Municipal Manager                      Davis Kipkirui</p> 	<p>D.O.B 25<sup>th</sup> Dec 1983</p> <ul style="list-style-type: none"> <li>• BED (Arts)- Kiswahili &amp; History</li> <li>• Secretary of the Board, Bomet Municipality Aug 2025 to date</li> <li>• Municipal Manager, Bomet Municipality August 2025</li> </ul>
<p>2. Deputy Manager                      Richard Kirui</p> 	<p>D.O.B 25<sup>TH</sup> DEC 1974</p> <ul style="list-style-type: none"> <li>• BED (Arts)- Kiswahili &amp; History</li> <li>• Senior Management Course Certificate</li> <li>• Certificate in Environmental and Social Safeguards</li> <li>• Certificate in Principles of Good Primary Practice</li> </ul>
<p>3. Project Coordinator                      Chirchir Eric</p> 	<p>BA Urban and Regional planning -University of Nairobi                      Reg planner No. 0296</p>
<p>4 Municipal Head of Finance.                      Christopher Kibet</p> 	<p><b>Qualifications</b>                      BCOM (Accounting Options)                      MSC Commerce ongoing                      CPA(K),                      CPS(K),                      CISA                      ACCA                      Member to ICPAK, ICS, IIA.</p>

<p>5 Human Resource Officer                  Robert Tangus</p>  <p>Robert Tangus</p>	<p>Degree: Bsc. Business Management (HR option On)                  Institution: Institute of Human Resource Management, Kenya                  Higher Diploma: Human Resources Management                  Institution: Institute of Human Resource Management, Kenya                  Diploma: Personnel Management</p>
<p>6 Municipal Procurement Officer                  Terer Erick</p> 	<p>Moi university- Kericho Campus                  Bachelor of Business and Management (Procurement Option)</p>
<p>7 Principal Environment and Climate Change Officer                  Nelly Chepwogen</p> 	<p>NIRAS, Aarhus Denmark                  Climate Change: Adaptation, Mitigation and Resilience Cert.                  Jomo Kenyatta University of Agriculture &amp; Technology                  Master'---MSC Occupational Safety and Health Makerere                  University Kampala, Uganda                  Bachelor of Science... Environmental Management</p>
<p>8. Municipal Accountant                  Peter Langat</p> 	<p>Bachelor of Commerce (ongoing KCA)                  CPAK (KCA)                  Member ICPAK</p>
<p>9. Mary Chemutai                  valuer</p> 	<p>Bachelor of real estate and property management                  Registered valuer</p>

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- **Challenges faced**

The major challenge faced was delay in completion of projects; this has led to payment bills, which are likely to affect the execution of the subsequent years projects; the other challenge is inadequate budgetary allocation to develop the basic policies and regulations

- **Future outlook of the Municipality Board**

The municipal board will continue to develop basic infrastructure, which befits an urban area. We expect phase two of Kenya Urban Support Program to help us to better address the challenges of Bomet backstreet roads which requires to be improved to bitumen standards; more extension of sewer line especially in the western part of Bomet town.



.....  
**Name:** Rev Philex Korir  
**Chairperson of the Board**

## 12. Report of the Municipality Manager

The process to establish these Municipalities were attributed to the stringent guidelines set by the World Bank to Counties and Municipalities to qualify for Urban Development Grant and Urban Institutional Grant funding. We appreciate the World Bank and National Program Coordination team for the immense support through which Bomet Municipality was established and is participating in the program. There are notable achievements in Bomet municipality under Kenya urban Support Program which played a key role in the establishment and operationalization of Bomet Municipality as an urban institution as highlighted below.

- **Successes made.**

Bomet Municipality has witnessed transformation of basic urban infrastructure as a result of upgrading of roads to bitumen standards; construction of a fire station. Development and maintenance of market are among the priority projects which have successfully been completed. A skip loader which was acquired has made a significant improvement in the solid waste management

- **Review of the Municipality Board's performance**

Bomet municipality managed to carry out all the programs and projects which had been budgeted for during the year under review. However due to inflation, prices of construction materials have continued to rise prompting the contractors and suppliers to request for price variation. This wasn't possible since most of the projects were funded by Kenya Urban Support program which doesn't anticipate variations of contract values.

- **Challenges faced**

The major challenge faced now is lack of independence which grant us the powers to operate independence from the county government. As at now there is inadequate budgetary allocation to develop the basic policies and regulations.

- **Future outlook of the Municipality Board**

The municipal board will continue to develop basic infrastructure, which befits an urban area. We expect phase two of Kenya Urban Support Program to help us to better address the challenges of Bomet backstreet roads which requires to be improved to bitumen standards; more extension of sewer lines especially in the western part of Bomet town.



.....  
**Name:** Davis Kipkirui  
**Municipality Manager**

### 13. Statement of Performance Against Predetermined Objectives for the FY 2024/25

#### 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 Bomet Municipality integrated development plan 2020- 2025 are;

#### Strategic development objectives

The Bomet municipal IDEP 2020-2025 has identified key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's "Big Four", NIUPLAN, SDGs and the MTP III.

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The key development objectives of the Reviewed Bomet municipal IDEP 2020-2025 are to:

- 1) To improve cleanliness of the Municipality and promote liveable urban spaces by efficiently collecting and managing solid waste through sustainable waste management practices both at the community and Municipality wide level
- 2) To improve sanitation in the Municipality through provision of adequate and proper storm water drainage facilities, adequate water supply to households and effective liquid waste disposal in all the urban areas within the Municipality
- 3) To increase accessibility to affordable and quality health care by constructing 3 dispensaries, upgrading two dispensaries to health centres, constructing 4 new health centres and upgrading one health centre to a level 4 (Sub-County) hospital
- 4) To improve liveability in residential areas through provision of adequate and accessible basic services and amenities
- 5) To promote local economic development by providing adequate and appropriate spaces and facilities for industrial development, wholesale and retail traders, jua kali artisans, transport operators, tourism activities, talent development and inclusion of marginalized communities in economic activities
- 6) To promote investments in the Municipality by providing appropriate and adequate water, sewer and road infrastructural facilities
- 7) To enhance the capacity of the Municipality in delivering its mandate to the people of Bomet through establishing necessary structures and increasing its financial resources
- 8) To increase revenue for the Municipality through optimal utilization of existing sources, enhanced revenue collection measures and promotion of local investment

Below we present the progress made in attaining the objectives of the reviewed IDEP 2020-2025 for Bomet municipality.

Program	Objectives	Outcome	Indicator	Performance FY 2024/2025
Urban Connectivity	To ease human and vehicular movement	To improve mobility in urban areas	Length of the road improved to bitumen standards	In FY 2022/2023 we increased roads under bitumen standards by 5%
Improved sanitation	To enhance solid and liquid waste management	To have a healthy liveable environment	Length of sewer line constructed Number of solid waste equipment's aquired	Solid waste equipments required cover increased by 25 % Sewer line cover increased by 5%
Improvement of basic services and amenities	To minimise risks on life and property	To boost support services eg response to fire disaster	Number of basic services and amenities provided	0
Develop and maintain recreational facilities	Promote investments and urban tourism	For psycho-social wellbeing of residents	Number of recreational facilities developed	0
Enhancing the capacity of the municipality to provide services	To improve service delivery	To effectively and efficiently provide municipal services	Number of staff engaged as per staff establishment and trainings	Basic staff increased by 20%
Improvement in revenue	To improve sustainability	To make the municipal sustainable	Number of revenue streams developed / percentage of revenue collected	0

The achievements of the strategic Development Objectives as documented in the Bomet Municipal Integrated Development Plan 2020- 2025

1. Construction of 4.2 Km of roads to bitumen standard. These are in Longisa, Chebirir, Silibwet and Longisa
2. Construction of Bomet Market and rehabilitation of old stalls
3. Construction of Bomet Fire station
4. Acquisition of solid waste handling equipment

#### 14. Corporate Governance Statement

According to Bomet Municipality Charter and Urban Cities Act

##### a.) Appointment as member of the board of the Municipality

A person shall be qualified for appointment as a member of the board if that person:

- (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 carries on business in the municipality or has lived in the municipality for at least five years.

A person shall not be appointed as a member of the Board if that person;

- (a) Is an undischarged bankrupt;
- (b) As been removed from office for contravening the Constitution or any other law;
- (c) Is not a citizen of Kenya; or
- (d) Has in the conduct of his or her affairs not met any statutory obligations.

##### b.) 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.

A member of the Board of the Municipality may be removed from office by the County Governor;

- (a) a resolution of the Board of the Municipality supported by at least two-thirds of the members of the Board of the Municipality; or
- (b) petition by the residents of the Municipality.

The procedure for the removal or petition for removal of a member of the Board of the Municipality under above shall be provided by Regulations under the Urban Areas and Cities Act.

Any vacancy arising out of the removal of a member of the Board of the Municipality may be filled in the manner provided under Article above.

**c.) Roles and functions of the Municipality Board members,**

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 centres, 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 Bomet;
- (e) Promoting and undertaking infrastructural development and services within Municipality as delegated by the County Government of Bomet;
- (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 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 Bomet;
- (n) Settling and implementing tariff, rates and tax and debt collection policies as delegated by the County Government of Bomet;
- (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; and
- (s) Performing such other functions as delegated by the County Government of Bomet.

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**d.) Induction and training, Municipality Board members and member's performance,**

The members of the Municipality have undergone Induction training in which they were Provided core information to enable them to understand the organization and their roles and to also Provide all relevant governance documents e.g. role descriptions, terms of reference of committees

**e.) Number of Municipality Board meetings held and the attendance to those meetings by members, Meetings of the Board of the Municipality**

The Board of the Municipality hold its sittings to transact the business of the Board once every three months.

Notwithstanding Article 3.12.1, the Chairperson of the Board of the Municipality may, and upon request in writing by at least one-third of the members of the Board of the Municipality shall, convene a special meeting to transaction any urgent business of the Board of the Municipality.

All regular meetings of the Board of the Municipality called for the purpose of transacting public business, where a majority of the members elected are present, shall be open to the public.

The Board shall have the privilege of holding executive sessions from which the public is excluded, however, no by-laws, resolution, rule or regulation shall be finally adopted at such an executive session.

The board held none statutory meeting during the fiscal year. During the year under Review the board fails to hold meeting due to lack of quorum to transact the business of the board

**2. Succession plan,**

The procedure for the succession of a member of the Board of the Municipality are stipulated in the Urban Areas and Cities Act 2011.

**3. Existence of a service charter,**

Bomet Municipality has a signed charted granted by the Governor

**4. Conflict of interest,**

Board members have assigned a declaration form on Conflicts of Interests

**5. Board remuneration,**

The Board of the Municipality is not entitled to a salary. However, members of the Board of the Municipality are 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.

**Ethics and conduct as well as governance audit undertaken if any**

Professional ethics is to be upheld by all municipality staff as provided for by the law.

### **15. Management Discussion and Analysis**

During the financial year 2024/25, Bomet Municipality had an approved budget of kshs 26,690,000 for recurrent and ksh 56,347,589 for development making it a total of kshs 83,037,589 whereas the expenditure was kshs NIL for recurrent and kshs 2,995,600 for development.

#### **Financial performance of the Municipality during the year.**

There has been inadequate budgetary allocation to the municipal entity during the year under review.

**Operational Performance.** The municipal programs and activities were affected by underfunding

#### **Compliance with the statutory requirement**

The statutory requirements like quarterly meetings, procurement procedures were complied with.

**Major risks facing the municipality-** inadequate budgetary allocation and inadequate technical staff is a major risk facing the municipality.

## 16. Environmental And Sustainability Reporting

The Board of the Municipality of Bomet and the County Government of Bomet work towards implementing municipal plans that are prepared and implemented as per the County Governments Act of 2012 and the Urban areas and Cities Act of 2011 (amended 2019). The Integrated Urban Development Plan of Bomet ensure the municipality is able to deal with the effects of urbanization such as urban sprawl, rise of informal settlements and uncontrolled developments. Below are the specific objectives:

- 1) To provide a framework to facilitate security of land tenure
- 2) To identify and analyse planning issues and challenges, harness existing opportunities and propose intervention measures for mitigating the planning issues and challenges
- 3) To propose appropriate land uses, locations and permissible densities
- 4) To provide a policy framework for socio-economic investments, economic use of space, infrastructure services and public facilities
- 5) To facilitate the implementation of County Urban Institutional Development Strategy

The municipal board and staff ensure proper planning through the control of development, provide services to the residents and provide proper Governance structures. It also develop adequate policies and regulations that govern the Municipality.

### 1. Sustainability strategy and profile

Adequate public participation is carried out so that people present their views prior to the implementation of the projects. This minimizes politicization during its implementation

### 2. Environmental performance

An environmental and impact assessment report is carried out before the commencement of any project; to examine the extent to which the implementation of the project affects flora and fauna.

### 3. Employee welfare

Bomet municipality gives equal opportunity to all, without discriminating in terms or gender or tribe. The Bomet municipal is compliant with policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

### 4. Market place practices

The Bomet Municipality outline its efforts to:

#### a) Responsible competition practice.

Every tender is advertised for competitive bidding as per Procurement and disposal act 2015 and other guidelines issued by PPRA.

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

All bids are evaluated based on merit and reasons for bidders' success or unsuccessful are communicated to the bidders as per Procurement act 2015

### 5. Community Engagements

There were no CSR activities carried out during the month under review

## 9. Environmental And Sustainability Reporting

The Board of the Municipality of Bomet and the County Government of Bomet work towards implementing municipal plans that are prepared and implemented as per the County Governments Act of 2012 and the Urban areas and Cities Act of 2011 (amended 2019). The Integrated Urban Development Plan of Bomet ensure the municipality is able to deal with the effects of urbanization such as urban sprawl, rise of informal settlements and uncontrolled developments. Below are the specific objectives:

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**10. Report of the Municipality Board Members**

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

**Principal activities**

The principal activity/mission/ mandate of the Municipality is to facilitate urbanization process in Kenya through integrated urban and regional planning management framework of Kenya urban centres and towns

**Performance**

The performance of the Municipality for the year ended June 30, 2025 are set out on page 1-42

**Board Members**

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

**Auditors**

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

By Order of the Board

.....  
**Name: Davis Kipkirui**  
**Secretary of the Board**

## 11. 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 financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 2025. This responsibility includes:

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

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

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

In preparing the financial statements, the Municipality Manager has 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 financial statements were approved by the Board on **13/10/2025** and signed on its behalf  
by:

.....

**Name: Rev Philex Korir**

**Chairperson of the Board**

.....

**Name: Davis Kipkirui**

**Accounting officer of the Board**

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t Municipality  
al Report and Financial Statements for the year ended June 30, 2025

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. Report of the Independent Auditor on Bomet Municipality

County Government of Bomet  
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20. Statement of Financial Performance for The Year Ended 30 June 2025.

Description	Note	2024/2025	2023/2024
		KShs	KShs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	5,528,806
Public contributions and donations	7	200	
Levies Fines and Penalties	8		-
Other revenues			-
<b>Revenue from exchange transactions</b>			
Interest income	10	-	-
Miscellaneous Income	11	-	-
			-
<b>Total revenue</b>		<b>200</b>	<b>5,528,806</b>
<b>Expenditure</b>			
Use of goods and services	12	-	5,212,806
Staff costs	13	-	-
Board expenses	14	-	316,000
Finance costs	15	-	-
Depreciation and amortization	16	5,594,368	-
Repairs and maintenance	17	-	-
<b>Total expenses</b>		<b>5,594,368</b>	<b>5,528,806</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	18	-	-
<b>Surplus/(deficit) for the period</b>		<b>(5,594,168)</b>	<b>-</b>

The notes set out on pages 22 to 42 form an integral part of these Financial Statements. The entity financial statements were approved on 13/10/2025 and signed by:

.....  
 Name: Davis Kipkirui  
 Municipality Manager

.....  
 Name : Kibet Christopher  
 Head of Finance  
 ICPAK M/No 11543

21. Statement of Financial Position As At 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	19	12,458	12,258
Receivables from exchange transactions	20		-
Receivables from non-exchange transactions	21	32,309,300	-
Prepayments	22		-
Inventories	23		-
<b>Total current assets</b>		<b>32,321,758</b>	<b>12,258</b>
<b>Non-current assets</b>			
Property, plant, and equipment	24	55,597,243	58,196,011
Intangible assets	25		-
Biological Assets	26		-
<b>Total Non-current Assets</b>		<b>55,597,243</b>	<b>58,208,269</b>
<b>Total assets (A)</b>		<b>87,919,001</b>	<b>58,208,269</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	27	2,995,600	-
Refundable deposits from customers	28	-	-
Provisions	29	-	-
Borrowings	30	-	-
Employee benefit obligations	31	-	-
Deferred Income	32	-	-
Social Benefits	33	-	-
<b>Total current liabilities</b>		<b>2,995,600</b>	<b>-</b>
<b>Non-current liabilities</b>			
Provisions	29	-	-
Borrowings	30	-	-
Non-current employee benefit obligation	31	-	-
Deferred Income	32	-	-
Social Benefits	33	-	-
<b>Total liabilities (B)</b>		<b>2,995,600</b>	<b>-</b>
<b>Net Assets (A-B)</b>		<b>84,923,401</b>	<b>58,208,269</b>


County Government of Bomet  
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Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
<b>Represented by:</b>			
Capital/Development Grants/Fund			
Reserves		32,309,300	-
Accumulated surplus		52,614,101	58,208,269
<b>Net Assets/Equity</b>		<b>84,923,401</b>	<b>58,208,269</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 13/10/2025 and signed by:

  
 .....  
 Name: Davis Kipkirui  
 Municipality Manager  
 Date: 14/10/2025

COUNTY GOVERNMENT OF BOMET  
 BOMET MUNICIPALITY  
 P.O. Box 10-210400, BOMET, KENYA

  
 .....  
 Name: Kibet Christopher  
 Head of Finance  
 ICPAK M/No 11543  
 Date: 14/10/2025

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

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2023 (previous year)	58,208,269	-	-	58,208,269
Surplus (deficit) for the year		-	-	
Funds received during the year		-	-	
Revaluation gain/loss		-	-	
<b>Bal as at 30 Jun 2024</b>	<b>58,208,269</b>	<b>-</b>	<b>92,250,701</b>	<b>150,458,970</b>
Bal as at 1 July 2024 (current year)	58,208,269	-	-	58,208,269
Surplus (deficit) for the year	(5,594,168)		(5,594,168)	(5,594,168)
Funds received during the year	32,309,300			32,309,300
Revaluation gain/loss				
<b>Balance as at 30 June 2025</b>	<b>84,923,401</b>		<b>86,656,533</b>	<b>84,923,401</b>

County Government of Bomet  
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23. Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		-	5,528,806
Public contributions and donations		200	-
Interest received			-
Miscellaneous receipts			-
<b>Total Receipts</b>		<b>200</b>	<b>5,528,806</b>
<b>Payments</b>			
Use of goods and services		-	5,212,806
Staff costs		-	
Board expenses		-	316,000
Finance costs		-	
<b>Total Payments</b>		<b>-</b>	<b>5,528,806</b>
<b>Net cash flows from operating activities</b>	34	<b>200</b>	<b>-</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets		-	-
Proceeds from sale of PPE		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Receipts from Capital grants		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>			<b>-</b>
Cash And Cash Equivalents At 1 July 2024	19	12,258	4,786,458
<b>Cash And Cash Equivalents At 30 June 2025</b>	19	<b>12,458</b>	<b>12,258</b>

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs. a	Kshs. b	Kshs. c=(a+b)	Kshs. d	Kshs. e=(c-d)	f=d/c
Budget carryovers from the previous year*	-	-	-	-	-	-
Receipts						
Transfers from the County Government	73,898,289	-23,170,000	50,728,289		50,728,289	0%
Public contributions and donations	0	-	0	200	-200	0%
Interest income	-	-	-	-	0	-
Miscellaneous income (specify)	-	-	-	-	0	-
KUSP II	34,800,000	-2,490,700	32,309,300		32,309,300	0%
<b>Total Receipts</b>	<b>108,698,289</b>	<b>( 25,660,700)</b>	<b>83,037,589</b>	<b>200</b>	<b>83,037,389</b>	<b>0%</b>
Payments						
Use of goods and services	5,600,000	300,000	5,900,000	0	5,900,000	0%
Board expenses	1,000,000	-500,000	500,000	0	500,000	0%
Staff Costs	40,000,000	-19,730,000	20,270,000	0	20,270,000	0%
Finance costs	20,000	0	20,000	0	20,000	0%
<b>Total expenditure Payments</b>	<b>46,620,000</b>	<b>-19,930,000</b>	<b>26,690,000</b>	<b>0</b>	<b>26,690,000</b>	<b>0%</b>
<b>Capital Expenditure Payments</b>	<b>62,078,289</b>	<b>(5,730,700)</b>	<b>56,347,589</b>	<b>0</b>	<b>56,347,589</b>	<b>0%</b>
Surplus for the period	0	0	0	200	-200	

County Government of Bomet  
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**Budget notes**

<b>Budget Reconciliation</b>		Amount in Kshs
Description of Particulars		
	Actual Surplus Amounts as per the statement of Budget	200
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>200</b>

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

### **1. General Information**

Bomet Municipality is established by and derives its authority and accountability from PFM Act. The Municipality is under the Bomet County Government and is domiciled in Kenya.

The principal activity of the Municipality is to facilitate urbanization process in Bomet County through integrated urban and regional planning management framework of Kenya urban centres and towns

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

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

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

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

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

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

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

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

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

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

	<ul style="list-style-type: none"><li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li><li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li></ul>
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*iii. Early adoption of standards*

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

**4. Significant Accounting Policies**

**a) Revenue recognition**

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

*Transfers from other government entities*

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services, and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the 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 have been acquired using such funds.

**ii) Revenue from exchange transactions**

*Interest income*

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

**b) Budget information**

The original budget for FY 2024/25 was approved by the County Assembly on ... Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality recorded additional appropriations of (ksh 108.698,289) on following the governing body's approval.

The Municipality's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis

using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cash flows has been presented under section xxx of these financial statements.

**e) 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.

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**e) Biological Assets**

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

**f) Financial instruments**

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

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

**Financial assets**

**Classification of financial assets**

The 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 entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise

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on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

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

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

#### **Impairment**

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

#### **Financial liabilities**

##### **Classification**

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

#### **g) Inventories**

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

Raw materials: purchase cost using the weighted average cost method

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

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

or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the City/Municipality.

**h) Provisions**

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

**i) Social Benefits**

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

**j) Contingent liabilities**

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

**k) Contingent assets**

The Municipality does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are

appropriately reflected in the financial statements. If it has become *virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably*, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs

**l) Nature and purpose of reserves**

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

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

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

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

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

**o) Foreign currency transactions**

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

**p) Borrowing costs**

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

**q) Related parties**

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

**r) Cash and cash equivalents**

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

**s) Comparative figures**

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

**t) Events after the reporting period**

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

Two types of events can be identified:

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

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

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

**u) Currency**

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

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

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

State all judgements, estimates and assumptions made.

### **Estimates and assumptions.**

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

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

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

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

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Notes to the Financial Statements

6. Transfers from the County Government

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent		
Payments by County on behalf of the entity	-	5,528,806
Unconditional development /Recurrent grants	-	-
<b>Total</b>	-	<b>5,528,806</b>

7. Public Contributions and Donations

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Donation from development partners KUSP11	-	-
Contributions from the public	200	-
<b>Total</b>	<b>200</b>	<b>-</b>

8. Levies, Fines and penalties

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

9. Other Revenues

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**10. Interest income**

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

**11. Miscellaneous income**

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

**12. Use of Goods and Services**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Utilities, supplies and services	-	-
Communication, supplies and services	-	-
Domestic travel and subsistence	-	3,682,700
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	-	-
Rent and rates	-	-
Training expenses	-	1,432,800
Hospitality supplies and services	-	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	-	-
Fuel, oil and lubricants	-	-
Other operating expenses	-	97,306
Routine maintenance – vehicles and other equipment	-	-
Routine maintenance – other assets	-	-
Contracted Professional Services	-	-
Bank Charges	-	-
Social Benefit expenses*	-	-
<b>Total</b>	-	<b>5,212,806</b>

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13. Staff costs

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Salaries and wages	-	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

14. Board expenses

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	-	-
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	-	316,000
Conference Costs	-	-
Other allowances Z	-	-
<b>Total</b>	<b>-</b>	<b>316,000</b>

15. Finance costs

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

16. Depreciation and amortization

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Property, plant and equipment	5,594,368	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>5,594,368</b>	<b>-</b>

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**17. Repairs and Maintenance**

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

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

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

**19. Cash and cash equivalents**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current accounts	12,458	12,258
Others (UIG)	-	-
<b>Total cash and cash equivalents</b>	<b>12,458</b>	<b>12,258</b>

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

Financial institution	Account number	2024/2025	2023/2024
		Kshs.	Kshs.
<b>a) Fixed deposits account</b>			
Equity Bank -UDG RETENTION ACCOUNT	1220284039609	126	126
<b>Sub- total</b>		<b>126</b>	<b>126</b>
<b>b) Current account</b>			
Equity Bank	1220278947148	12085	12085
Equity Bank	220278947204	47	47
CBK UDG Account	1000385758	-	-
CBK UIG Account	1000385747	-	-
Diamond Trust Bank	0242595001	-	-
Diamond Trust Bank	0242595002	-	-
Diamond Trust Bank	0278931002	200	-
<b>Sub- total</b>		<b>12,132</b>	<b>12,132</b>
<b>Grand total</b>		<b>12,458</b>	<b>12,258</b>

20. Receivables from exchange transactions

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

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Ageing analysis for Receivables from exchange transactions

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

21. Receivables from Non-Exchange transaction

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Transfer from County Executive	32,309,300	-
Transfer from the Fund	-	-
<b>Total</b>	<b>32,309,300</b>	<b>-</b>

Ageing analysis for Receivables from non-exchange transactions

Description	2024/2025		2023/2024	
	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>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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22. Prepayments

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

23. Inventories

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Consumable stores	-	-
Medical supplies	-	-
Spare parts and meters	-	-
Water for distribution	-	-
Other goods held for resale	-	-
Catering	-	-
Less: allowance for impairment	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	-	-

Detailed Disclosure on Inventories

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

24. Property, Plant and Equipment

Description	Land		Building		Motor vehicles		Furniture and fittings		Computers		Other Assets		Capital Work in progress		Total		
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	
<b>Depreciation Rate</b>																	
<b>As at 1 July 2024</b>		11,196,011		9,500,000	2,339,915						35,160,085					58,196,011	
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2024</b>	-	11,196,011	-	9,500,000	2,339,915	-	35,160,085	-	58,196,011	-	-	-	-	-	-	58,196,011	-
Additions for the year	-	-	-	-	2,995,600	-	-	-	-	-	-	-	-	-	-	2,995,600	-
Disposals for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2025</b>	-	11,196,011	-	9,500,000	5,335,515	-	35,160,085	-	61,191,611	-	-	-	-	-	-	61,191,611	-
<b>Depreciation and impairment</b>																	
<b>At 1 July 2024</b>		-		-	-		-	-	-	-		-		-	-	-	-
Depreciation		-		-	-		-	-	-	-		-		-	-	-	-
Impairment		-		-	-		-	-	-	-		-		-	-	-	-

Description	Depreciation Rate							Shs
	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets	Capital Work in progress	
Depreciation rate		2%	12.5%	12.5%	33.3%	10%	-	-
Transfers/ Adjustments								
As at 30 June 2024	11,196,011	9,500,000	5,335,515	-	-	-	61,191,611	-
Depreciation for the year	223,920	1,187,500	666,939	-	-	-	5,594,368	-
Disposals for the year	-	-	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2025 (current year)	223,920	1,187,500	666,939	-	-	-	5,594,368	-
NBV as at 30 <sup>th</sup> June 2024 (previous year)	11,196,011	9,500,000	5,335,515	-	-	-	61,191,611	-
NBV as at 30 <sup>th</sup> Jun 2025 (current year)	10,972,091	8,312,500	4,668,576	-	-	-	55,597,243	-

25. Intangible assets

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

26. Biological Assets

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

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Description	2024/2025		2023/2024	
	Kshs.		Kshs.	
Trade payables		2,995,600		-
Retentions		-		-
Accrued expenses		-		-
Other payables		-		-
<b>Total trade and other payables</b>		<b>2,995,600</b>		-
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	2,995,600	100%	-	0%
1-2 years	-	0%	-	0%
2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
<b>Total</b>	<b>2,995,600</b>	<b>100%</b>	<b>-</b>	<b>0%</b>

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28. Refundable deposits and prepayments from customers

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

29. Provisions

Description	2023/2024		2024/2025	
	Current FY	% of the Total	Comparative FY	% of the Total
Balance at the beginning of the year	-	%	-	%
Additional Provisions	-	%	-	%
Provision utilised	-	%	-	%
<b>Balance at the end of the year</b>	-	%	-	%
Current Portion of provision	-	%	-	%

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Long term portion of provision	-	-
<b>Total Provisions</b>	-	-

**30. Borrowings**

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

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

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

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The table below shows the Distribution of borrowings:

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

**31. Employee Benefit Obligations**

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

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**32. Deferred Income**

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

The deferred income movement is as follows:

Description	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	-	-	-	-

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*Analysed as:*

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

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**33. Social Benefit Liabilities**

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

**34. Cash generated from operations**

Description	2024/2025	2023/2024
	Kshs.	Kshs.
<b>Surplus/ (deficit) for the year before tax</b>	(5,594,168)	-
Adjusted for:		
Depreciation	5,594,368	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
<b>Working Capital adjustments</b>	<b>200</b>	-
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
<b>Net cash flow from operating activities</b>	<b>200</b>	-

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**35. Related party balances  
a) Nature of related party relationships**

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

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

**b) Related party transactions**

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

**c) Key management remuneration**

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

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**d) Due from related parties**

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

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**c) Due to related parties**

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

**36. Contingent liabilities**

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

**37. Contingent Assets**

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

**38. Financial risk management**

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

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**39 .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	Unsupported Transfers from the County Government	The payments made by county on behalf of the municipality as indicated under note 6 is well supported by payment vouchers and expenditure returns and confirmation letter of inter entity transfers from the head of accounts confirming the payments on behalf of the Municipality	Not Resolved	
2	Unsupported Use of Goods and Services	The relevant payment vouchers together with supporting documents properly attached have been availed for audit verification. The supporting schedules and copies of payment vouchers for Kshs.5,113,306	Resolved	
3	Inaccuracy of depreciation and amortisation	its indeed been noted that an amount of depreciation had been indicated under note 33 which ought to have been removed since the entity had neither received formal ownership documents to determine the costs of some of the assets inherited from the defunct	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4	Unsupported Cash and Cash Equivalents	<p>authorities nor done valuation to determine the carrying amounts of assets. We have since initiated the process of verification, identification and recording of our assets as well as customizing own policy on assets upon getting full autonomy of the municipality.</p> <p>The management has noted and provided , certificates of bank balances, cash books, bank statements and bank reconciliations for your verification</p>	<b>Resolved</b>	
5	Unsupported Property, Plant and Equipment	<p>The Municipality has not defined the policy of valuation/depreciation and disposal nor the assets have been subjected to any form of valuation and therefore the figures may not give a fair realistic figure. This is because the assets of the municipality were still being disclosed in the county executives report on cash basis since most assets had not yet been formally handed over to the municipality.</p>	<b>Not Resolved</b>	
6	Unsupported Capital/Development Grants/ fund	<p>The anomaly in statement of changes in net assets has been noted and resulted in restated figures of Kshs.34,747,000 which had been reconciled by passing the necessary journal entries</p>	<b>Not Resolved</b>	
7	Inaccuracy of cash flows from operating activities	<p>Its true that there was an omission of a figure of Kshs.4,774,200 which was due to oversight while transferring data from the work sheets to</p>	<b>Resolved</b>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
8	Inaccuracies in the Statement of Comparison of Budget and Actual Amounts	the template but has been well indicated in note 33 comprising of settlement of trade payables in the retention account. The necessary journal entries have been passed to correct the anomaly	<b>Resolved</b>	
9	Unsupported prior Adjustments	The management has noted the anomaly and corrected accordingly	Resolved	
	<u>Unresolved Prior Year Matters</u>	Its indeed true that there were restated figures in the previous financial year to correct errors that had been noted in the financial statement. The journal entries were passed		
1	Lack of an Approved Annual Budget	Bomet Municipality operated on an annual approved budget for the financial year 2023/2024, which is proposed by the Municipal Board. The evidence are attached Bomet Municipal annual investment plan and budget, board approval minutes and Assembly Approved budget. The budget being part of the county budget is eventually approved by the county assembly	<b>Resolved</b>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2	Lack of Independence of the Municipality	the county Government of Bomet has continuously made progress to ensure that Bomet municipality is independent. Functions have been transferred to Bomet Municipality vide Kenya gazette notice No. 1280 of 2024. The Bomet county public service Board has seconded key staff to perform the transferred functions effective on 1 <sup>st</sup> July 2024. The county government has set up administrative offices for the municipality. Enhancement of the municipal budget has also been carried through the county Fiscal strategy paper (CFSP) for the financial year 2025/2026, this increased the budget ceiling for Bomet Municipality.	Not Resolved	
3	Lack of an Approved Staff Establishment	Bomet Municipality has got a staff establishment approved by the Bomet county assembly on 19 <sup>th</sup> October 2020. Further Bomet County Public service board deployed staff to Bomet Municipality. Evidence of minutes approving the staff establishment and secondment letters of staff by Bomet County public service board are hereby attached	Not Resolved	
4	Lack of Training Needs Assessment	The municipality has an approved training need assessment copy attached	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
5	Failure to Review the Municipality's Integrated Development Plan	Bomet Municipality Reviewed its Integrated Development Plan (IDEP) during the financial year under review. IDEP and the board's approval minutes	Not Resolved	
6.	Lack of Policies and By-laws	Bomet municipality has commenced on the instruments that will be the basis of most of the by-laws, for example Bomet county assembly approved Bomet Municipal Intergrated Strategic Urban Development Plan (ISUDP) on 6 <sup>th</sup> February,2025. This will guide on the by laws regarding land and zoning regulations	Not Resolved	
7	Unconfirmed and Recruitment of the Municipality Board	Bomet municipal board was constituted as per the provisions of Urban Areas and Cities Act 2011 (Amendment 2019) Evidence attached is the newspaper advertisement, vetting, and approval by the Bomet County Assembly. The board has been meeting at least once every quarter as evidenced by the highlights of the board meeting minutes. work plans and minutes	Resolved	
	REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK			



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

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

