



RUMURUTI MUNICIPALITY

County Government of Laikipia

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

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1. Acronyms & Glossary of Terms

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

2. Key Entity Information and Management

a) Background information

Rumuruti Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011(amended 2019) and Cities and Municipal Charter on 27th August 2018. Rumuruti Municipality is under the County Government of *Laikipia* and is domiciled in Kenya.

b) Principal Activities

Our vision

To be the most preferred municipality to work, live and invest.

Our mission

To improve the livelihood of our community by providing quality and substantial services, creating and enabling environment for business investment and promoting equity and cohesion

The principal activities of Rumuruti Municipality are;

- i) Provide for efficient and accountable management of the affairs of the Municipality.
- ii) Provide for a governance mechanism that will enable the inhabitants of the Municipality to;
 - a. Participate in determining the social services and regulatory framework which will best satisfy their needs and expectations.
 - b. Verify whether public resources and authority are utilized or exercised, as the case may be, to their satisfaction.
 - c. Enjoy efficiency in service delivery
- iii) Vigorously pursue the developmental opportunities which are available in the Municipality and to institute such measures as are necessary for achieving public order and the provisions of civic amenities, so as to enhance the quality of life of the inhabitants of the Municipality.
- iv) Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality.
- v) Promote social cohesiveness and a sense of civic duty and responsibility among the inhabitants and stakeholders in the Municipality in order to facilitate collective action and commitment towards achieving the goal of a harmonious and stable community.
- vi) Providing for services and other matters for Municipality's benefit.
- vii) Fostering the economic, social and environmental well-being of its community.

c) **Key Management**

Rumuruti Municipality's management is under the following key organs:

- County department of land, housing and urban development
- Board of Management comprises the following members

| Ref | Position | Name |
|-----|-----------------------------------|-----------------------|
| 1 | Secretary of the board | Jackson Maina Kibocha |
| 2 | Chairperson of the board | Peter Rukwaro |
| 3 | Vice-chairperson of the board | Faith Ntarara |
| 4 | Board member | Saul Cheruiyot |
| 5 | Board member | Mathea Gikunju |
| 6 | Board member | Agnes Lokoro |
| 7 | Board member | Issack Sheikh |
| 8 | Board member | Peris Kinyua |
| 9 | Board member | Richard Kamunya |
| 10 | Board member | Patricia Lelegwe |
| 11 | County executive committee member | Martin Ekwam |

- The Accounting Officer of the Municipality is The Municipal Manager/secretary of the Municipal board, **Jackson Maina Kibocha**
- Management is by the following team

| Ref | Name | Position |
|-----|---------------------------|------------------------------------|
| 1 | Jackson Maina Kibocha | Municipal Manager |
| 2 | Peter Manyara Maina | Municipal Land Surveyor |
| 3 | Samuel Kibe | Public Health Officer |
| 4 | CPA Ng'ang'a Methu Samuel | Head of Accounting Municipality |
| 6 | Kennedy Maina Wanyeki | Head of Procurement |
| 7 | Zachary Maina Gategi | Finance Officer |
| 8 | Joseph Irungu Kariuki | Enforcement Officer |
| 9 | Mary W Ng'ang'a | Office Administrative Assistant II |
| 10 | Julia Wairimu Mbaria | Fire Marshal Officer |
| 11 | Catherine W Wainaina | Environment Officer |
| 12 | Mary Mumbi Gathura | Public Relation Officer |
| 13 | Fiona W Wachira | Environmental Specialist |
| 14 | Andrew Kipkenda | Urban Planner |
| 15 | Winfred W Nyamu | Architect |
| 16 | Anne Njambi Macharia | Civil Engineer |
| 17 | Lithira George Mwiti | Quantity Surveyor |
| 18 | Peter Wanyoike | Municipal accountant |

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

| Ref | Position | Name |
|------------|--|-----------------------|
| 1 | Municipality Manager | Jackson Maina Kibocha |
| 2 | Head of Treasury | Mary Wachiuri |
| 3 | Internal Audit | Nelson Ochungo |
| 4 | County Executive Committee Member (Finance) | Samuel Wachira |
| 5 | County Executive Committee Member (land, housing and urban development) | Martin Ekwam |

e) Fiduciary Oversight Arrangements

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

f) Registered Offices

P.O. Box 46 – 20321

Fire Station Building

Rumuruti-Mararal Highway

RUMURUTI, KENYA

g) Contacts

Telephone: (+254) 721463491

E-mail: rumuruti@laikipia.go.ke

Website: www.laikipia.go.ke

h) Bankers

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000 - 00200

Nairobi, Kenya

Equity Bank Ltd

P.O. Box 52 - 20300

Nyahururu, Kenya

i) Independent Auditor

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue


P.O. Box 40112



City Square 00200

Nairobi, Kenya

3. Municipality Board

| Name | Details of qualifications and experience |
|--|--|
|  <p data-bbox="240 751 488 842">Peter Rukwaro CHAIRPERSON</p> | <p data-bbox="553 344 1448 520">He is 53 years old, has a Bachelor's of Education (Arts) from University of Nairobi, a Diploma in Education Management from the Kenya Educational Management Institute, Certificate in Teacher's Proficiency Course offered by the Ministry of Education and a Primary Teacher Certificate from Kamwenja Teachers College.</p> <p data-bbox="553 527 1448 779">He runs a business within Rumuruti Town and is a member of the Rumuruti Business Forum. He is currently the head teacher at Manyatta Primary School where through his leadership and management, the school has consistently had an outstanding performance. For instance, in last year K.C.P.E results, the school emerged No. 13 out of 82 primary schools in Laikipia West District and No.6 among the public schools in the same District.</p> <p data-bbox="553 785 1448 884">Previously he has taught in other schools. He has taken up short courses to advance his career including the teacher's proficiency course and school-based teacher development course both</p> |
|  <p data-bbox="232 1178 505 1241">Faith Ntarara VICE CHAIRPERSON</p> | <p data-bbox="553 896 987 926">FAITH NTARARA CHARLES</p> <p data-bbox="553 932 1448 1073">She is 46 years old, has a masters and a Bachelor's Degree in Business Administration, both from the Kenya Methodist University, she is computer literate and has a certificate in secretariat studies from St. Mary Secretarial College</p> <p data-bbox="553 1079 1448 1142">She undertook occupational and safety awareness course between 2nd and 6th April 2013.</p> <p data-bbox="553 1148 1448 1289">She has held various positions which include sales and marketing executive at the Nanyuki Water and Sewerage company, depot manager of Trojan International Limited (Nanyuki), and transport and logistics manager at Millennium Dealers</p> |
|  <p data-bbox="217 1661 431 1724">Richard Kamunya MEMBER</p> | <p data-bbox="553 1352 1040 1381">RICHARD KAMUNYA MURAGE</p> <p data-bbox="553 1388 1448 1570">He is 42 years old, has a Bachelor's Degree In Education Science (Maths and Chemistry) from Maseno University, he has certifications in debt collection; effective debt collection and credit control; anti money laundering; fraud and IT security awareness and Ethics and Ethical decision making from different reputable organizations.</p> <p data-bbox="553 1577 1448 1717">Though holding a Bachelor's in Education, he has had a very successful career in the banking sector. He has made many tangible achievements over the various positions he has held among them being that:</p> <p data-bbox="553 1724 1448 1892">He grew the loan book from Kshs. 30M to Kshs. 70M and maintained a quality of 2% against a target of 3% by the bank when he was the Relationship Officer (Agriculture) at Equity Bank; he spearheaded the development of land realization templates; championed the setting up of an external debt management unit; and, was recognized as the best</p> |

| | |
|---|---|
| | <p>staff when he was the senior officer, Debt Recovery Unit at Chase Bank. He later became the manager Corporate Recovery at the bank. He is currently the manager – Corporate Recovery at SBM Bank (K) Ltd.</p> |
|  <p>Mathea Gikunju MEMBER</p> | <p>DAVID MATHEA GIKUNJU He is 37 years old, has a Bachelor's of Laws from Kampala International University and a Diploma in Law from the Kenya School of Law. He is also computer literate. He is a legal practitioner and currently practices Law in the Name and style of Mathea Gikunju & Co. Advocates. He has been previously working in other legal firms. He is a member of the Law Society of Kenya Nyahururu Chapter whose jurisdiction extends even to Rumuruti the said Municipality and serves in the said chapter as the vice-chairperson.</p> |
|  <p>Saul Cheruiyot MEMBER</p> | <p>SAUL KIPKORIR CHERUIYOT He is 52 years old, has a certificate in Approach Radar Control from Qatar aeronautical college and à Certificate in Basic Aerodrome Control and certificate in approach procedural control and rating from the East African School of Aviation. He is currently in Agri-business. Previously, he has held various positions which include working as 'approach radar' and an aerodrome controller, both at Jomo Kenyatta International Airport and Mombasa International Airport. He has demonstrated that he satisfactorily executed his roles and responsibilities in his various positions.</p> |
|  <p>Peris Kinyua MEMBER</p> | <p>PERIS MUTHONI KINYUA She has a Bachelor's of Arts- Urban and Regional Planning from Maseno University. She has worked as a Physical Planner in the Ministry of Lands and Physical Planning under which her duties and responsibilities included the following, Development control and conflict management. Managing and Updating Physical Planning records and information. Advising and training communities on physical planning, and land management. Carrying out research and studies related to physical planning.</p> |
|  <p>Issack Sheikh MEMBER</p> | <p>ISAACK OSMAN SHEIKH He is currently pursuing a Bachelor of Business Administration from the East African University and has a Diploma in Business Management from the Kenya Institute of Management. He has had an array of experience through his career life which includes the following: Managing Director of the Times Service Station; Project Manager of the Green County Construction Co. Ltd; Project Coordinator of the Nomadic Agenda (Urban Refugee Program, Nairobi); and Board Member of the Nomadic Development Group - Laikipia County Representative.</p> |

| | |
|--|---|
| | <p>He has also held different positions of leadership including member of the Laikipia Education Board, Patron of the Laikipia Camel Group, Member Board of Governors- Laikipia Airbase Secondary School and School Head Captain - Mandera Secondary School</p> |
|  <p>Patricia Lelegwe MEMBER</p> | <p>PATRICIA RUMI LELEGWE Academic credentials - She has a diploma in Agricultural Education and Extension from Egerton University. She is' computer literate and has undertaken other short courses in course of her career as indicated in her resume. She has worked in Samburu as an extension officer from 2009-2013 as well as a crop officer from 2013-2019. Before that, she taught at Gatundia Secondary school as a BOG employed teacher for 2 years. In addition, she is trained in HIV /AIDS mainstreaming Agro-processing, computerized project cycle management and Participatory Rural Appraisals.</p> |
|  <p>Agnes Lokoro MEMBER</p> | <p>AGNES M LOKORO She is 28 years old, has a Bachelor's of Science in Agribusiness Management and Trade from Machakos University. She undertook her internship and later worked at Waridi Flower Farm Limited where she had been bestowed upon several responsibilities which she handled professionally and to the best of her ability. She was a school captain both at Ndururi Secondary School and Kitengela Academy and therefore her leadership skills are distinguishable. Currently she is on private business.</p> |

4. Key Management Team

| Serial No | Name | Details of qualifications and experience |
|-----------|---|--|
| 1. |  <p>Jackson M. Kibocha MANAGER/SECRETARY</p> | <p>RUMURUTI MUNICIPALITY MANAGER JACKSON MAINA KIBOCHA He was born on 20th may 1973 He has a Post Graduate Diploma in Project Management, Senior Management Course, and Holds a Bachelor's of Art Degree He has worked as a Ward Administrator of Segera Ward, Sub-County Administrator of Laikipia North, and Currently the Municipal Manager of Rumuruti Municipality He is responsible for the overview of the municipality and its performance, the municipal board secretary and the head of the municipal staff</p> |

5. Municipality Board Chairperson’s Report

I am happy to present to you Rumuruti Municipality's financial statement for FY 2023–2024. It outlines the vision, objectives, and strategies of the Municipal Board. It spells out how we have fulfilled our obligations to the people of Rumuruti Municipality and those of Laikipia County. It is the result of extensive engagements with the people of Rumuruti and the county government of Laikipia. It’s anchored on the pillars we consider important for effective management of the municipality; and it’s in line with our strategic priorities. We thank all the people involved in the preparation of this document for their dedication, suggestions and advice. In particular, we thank Governor and the County Government of Laikipia for their unwavering support. We also appreciate contributions from organized groups and individual residents of Rumuruti; and we promise to continue this engagement during our yearly fulfilment of municipality mandate. We will work with county departments to deliver quality services to the people of Rumuruti. Since Rumuruti is the county headquarters, we understand that our performance will impact the whole county. For this, our promise to the people of Laikipia is that we will strive to succeed.

The needs are many and resources, as usual, are limited, small size of economy, small skills pool, Inadequate Housing, Inadequate hospitality services and Lack of Sewer system are the main challenges we have in Rumuruti and developing one will require immense investments the municipality may not have at present. The current Rumuruti municipal Board is the inaugural board of the Municipality and the first urban board in Laikipia county. It’s composed of 11 members. We will work closely with stakeholders and partners to fill the resource gaps and, we hope our efforts will make Rumuruti indeed the most desirable place to live, work, and invest



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Name: Peter Rukwaro
Chairperson of the Board

6. Report Of the Municipality Manager

Rumuruti Municipality is the formal headquarters of Laikipia County. The municipality is centrally located and thus easily accessible from all parts of Laikipia County.

Rumuruti's population has grown from 32,993 in 2009 to a projected population of 50,000 in 2024. Most of the population is below the age of 35. The rate of population growth is expected to rise owing to the status as county headquarters, the construction of the Nyahururu – Maralal highway, and the growing integration of northern Kenya to the rest of the country, in which Rumuruti acts as gateway.

Through the Strategic Plan which is important tool for the municipality staff. It clarifies our board's strategic intentions; defines the principles that guide our operations; and specifies our priorities. It also reminds us of our primary objective - to serve the residents of Rumuruti. The strategic plan helps our staff to engage colleagues, partners and other stakeholders on the kind of community and municipality we want, how we can work better, together; and what we need to improve. It outlines expected outcomes; lists our strategies; states our commitment to stakeholders; and clarifies our priorities. The residents of Rumuruti have expressed very high expectations; and it is against these expectations that our performance will be measured. We thank the board and the county government for the guidance that this plan provides. We have work closely with the county government to develop budget alignment strategies and accountability mechanisms that ensure adequate resourcing and follow through with this Plan. We will endeavour to continuously report on progress to our stakeholders as provided in law and through a vigorous and transparent process of engagement. Every year, we will review and update the strategies and initiatives identified in the plan.

Areas of Improvement

- Sewer system – Establish a sewer system
- Solid waste management – Procure one additional garbage truck
- Provision of clean water - Boost water supply (Increase pipeline capacity)
- Storm water management – Improve drainage infrastructure
- Office space – Construct a new office block
- Road network – Opening and upgrading of Rumuruti access roads



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Name: Jackson Maina Kibocha
Municipality Manager

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

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 Rumuruti Municipality for FY 2023/2024 are to:

- a) Provide quality physical infrastructure.
- b) Urban planning.
- c) Urban governance and administration

Below we provide the progress on attaining the stated objectives:

| Program | Objective | Outcome | Indicator | Performance |
|-------------------------------------|------------------------------|--|--|---|
| Urban planning | To control urban development | To create orderly development in urban areas | Number of developments conforming with rules and regulations governing urban development | In the FY 2023-2024, we approved the physical and land use plan for Rumuruti municipality |
| Urban governance and administration | Managing urban growth | provide inhabitants with better job opportunities and improved healthcare, housing, safety and social development. | Jobs created and improvement on healthcare facilities | |

| Program | Objective | Outcome | Indicator | Performance |
|---|------------------------------------|---|--|---|
| Provide quality physical infrastructure | Meeting economic development goals | increases the competitiveness of the Municipality economy | Number of physical infrastructure developments | In FY 2023-2024, We constructed a box culvert to enhance road accessibility |

8. Corporate Governance Statement

In appointing members of the Board of the Municipality, the County Executive Committee shall ensure gender equity, representation of persons with disability, youth and marginalized groups. The term of the members of the Board of the Municipality shall be five (5) years on a part-time basis. Removal of members of the board of the municipality remains specified in Rumuruti municipality charter.

The roles and functions of Rumuruti Municipal board member will stand as specified by the charter.

The municipality will do induction and training for board member from time to time to enhance their performance.

The Board of the Municipality shall hold its sittings to transact the business of the Board once every three months Notwithstanding Article 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 excluded, however, no by-laws, resolution, rule or regulation shall be finally adopted at such an executive session. A majority of the members of the Board of the Municipality is a quorum to conduct business, but a smaller number may meet and compel attendance of absent members as prescribed by Board of the Municipality Rules.

The Board of the Municipality shall be a corporate body with perpetual succession and a common seal and shall in its own corporate name, be capable of:

- (a) Suing and being sued;
- (b) Taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property;
- (c) Borrowing money or making investments within the limits imposed by law;
- (d) Entering into contracts; and
- (e) Doing or performing all other act or things for the proper performance of its.

The municipality function in accordance with the Urban Areas and Cities Act or any other written law which may lawfully be done or performed by a body corporate. There

shall be a principal and agency relationship between the Board of the Municipality and the County Government of Laikipia.

Municipal Charter for Rumuruti Municipality under Section 9 of the Urban Areas and Cities Act empowers the County Governor, on the resolution of the County Assembly, to confer on a qualifying town, the status of a Municipality by grant of charter in the prescribed form.

WHEREAS;

The Urban Areas and Cities Act does not have the prescribed form of a Municipal Charter IN EXERCISE of The Powers Conferred By Section 9 Of The Urban Areas & Cities Act (No. 13 Of 2011), I HIS EXCELLENCY, EGH, JOSHUA IRUNGU, the Governor of Laikipia County certifies that this Charter set out in the Schedule hereto has been granted to Rumuruti Municipality of in accordance with the provisions of the Act.

The Municipality board members or staff will not at one time be involved in conflict of interest. The Act defines situations when an individual board member's personal interest or the interest of their immediate family (spouse or dependent child) conflict with the broader municipality interest. It also imposes consequences on board members when they put their personal interests first. A member of the Board of the Municipality shall cease to hold office if the member: fails to declare his or her interest in any matter being considered or to be considered by the Board or Board Committee and as deduced under the Urban Areas and Cities act no 13 of 2011 article 16

A member of a board 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 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) is convicted of an offence and is sentenced to imprisonment for a term of six months or more;

(i) in any particular case, the member fails to declare his or her interest in any matter being considered or to be considered by the board or committee;

(j) engages in any gross misconduct; or

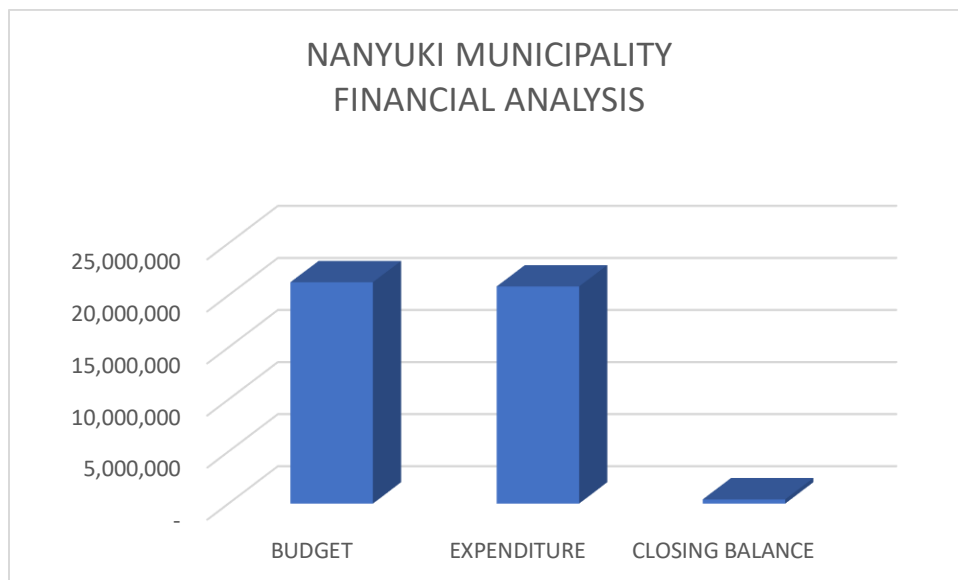
(k) dies.

[Act No. 12 of 2012, Sch.]

The Board of the Municipality shall not be entitled to a salary. However, members of the Board of the Municipality shall be paid such allowances as the County Executive Committee shall, with the approval of the County Assembly, and on the advice of the Salaries and Remuneration Commission determine.

9. Management Discussion and Analysis

| RUMURUTI MUNICIPALITY ANALYSIS | |
|--------------------------------|------------|
| | AMOUNT |
| BUDGET | 21,252,800 |
| EXPENDITURE | 20,849,910 |
| CLOSING BALANCE | 402,890 |



KEY PROJECTS

In the financial period, the municipality managed to construct a box culvert to enhance road accessibility.

The municipality's expenditures were within its budget limits, it is however expecting a lot of support from the county government and KUSP in order to enhance effective performance and service delivery

10. Environmental And Sustainability Reporting

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

Environmental policy guiding Rumuruti municipality

The municipality depends on the national and county environmental laws and policies in day-to-day environmental management

1. Environment Management and Coordination Act (EMCA 1999) Amended 2015.
 - The Environmental (Impact Assessment and Audit) Regulations, 2009 Legal Notice No. 101;
 - The Environmental Management and Coordination (Waste Management) Regulations, 2006 Legal Notice No. 121
 - The Environmental Management and Coordination (Water Quality) Regulations, 2006 Legal Notice No. 120;
 - The Environmental Management and Coordination (Noise and Excessive Vibration Pollution Control) Regulations, 2009 Legal Notice No. 61;
 - The Environmental Management and Coordination (Air Quality Regulations 2014)
2. National Environment Policy (NEP 2012)
 - The policy sets out important provisions relating to the management of ecosystems and the sustainable use of natural resources, and recognizes that natural systems are under intense pressure from human activities particularly for critical ecosystems including forests, grasslands and arid and semi-arid lands. The objectives of the Policy include developing an integrated approach to Environmental management, strengthening the legal and institutional framework for effective coordination, promoting environmental management tools
 - The NEP applies during construction of infrastructure project i.e. on Environmental & Social Management and Monitoring Plan (ESMMP)
3. County Environment Action Plan (CEAP 2020-2024)- Intended to provide guidelines on solutions to some environmental impacts in the county.
4. The Laikipia County Climate Change bill 2021

Biodiversity Management

1. Success;

- Protection of Ewaso Narok Wetland (*Marura swamp*)
- Sustainable management of solid waste

2. Short comings

- General reduction of natural resources ability to sustain population growth
- Scarcity of resources i.e., water from Ewaso Narok River, pasture for livestock
- Increased poor land use system diminishing the viability of soils hence reducing farm productivity

3. Efforts towards biodiversity management

- Strict laws preventing cutting down of trees
- Incentives for reforestation and afforestation
- Concerted efforts by government, private institutions and civil society organizations and measures that enhance nature's ability to provide critical ecosystem services.

Policies on waste management;

- National Solid Waste Management strategy (2015)
- Environmental Management and Coordination (Waste Management) Regulations of 2006
- Rumuruti Municipality Solid Waste Management Policy (Ongoing)

11. Report of the Municipality Board Members

The Board Members submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of Rumuruti Municipality affairs.

Principal activities

The principal activities of the Municipality are;

- i) Provide for efficient and accountable management of the affairs of the Municipality.
- ii) Provide for a governance mechanism that will enable the inhabitants of the Municipality to;
 - a. Participate in determining the social services and regulatory framework which will best satisfy their needs and expectations.
 - b. Verify whether public resources and authority are utilized or exercised, as the case may be, to their satisfaction.
 - c. Enjoy efficiency in service delivery
- iii) Vigorously pursue the developmental opportunities which are available in the Municipality and to institute such measures as are necessary for achieving public order and the provisions of civic amenities, so as to enhance the quality of life of the inhabitants of the Municipality.
- iv) Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality.
- v) Promote social cohesiveness and a sense of civic duty and responsibility among the inhabitants and stakeholders in the Municipality in order to facilitate collective action and commitment towards achieving the goal of a harmonious and stable community.
- vi) Providing for services and other matters for Municipality's benefit.
- vii) Fostering the economic, social and environmental well-being of its community.

Performance

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

Board Members

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

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



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Name: Jackson Maina Kibocha
Secretary of the Board

12. Statement of Management’s Responsibilities

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

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

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Municipality,
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) Safeguarding the assets of the Municipality,
- (v) Selecting and applying appropriate accounting policies, 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, 2024, and the financial position as at that date.

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

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

Approval of the financial statements

The Municipal 's financial statements were approved by the Board on 31st July 2024 and signed on its behalf by:



.....

Name: Peter Rukwaro
Chairperson of the Board



.....

Name: Jackson Maina Kibocha
Accounting officer of the Board

13. Report of the Independent Auditor

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

| Description | Notes | Period ended 30th June 2024 | Period ended 30th June 2023 |
|--|-------|-----------------------------|-----------------------------|
| | | Kshs. | Kshs. |
| Revenue from non-exchange transactions | | | |
| Transfers from the County Government | 6 | 10,133,144 | 2,000,000 |
| Public contributions and donations | 7 | - | - |
| Levies Fines and Penalties | 8 | - | - |
| Other revenues (<i>Specify</i>) | 9 | - | - |
| | | 10,133,144 | 2,000,000 |
| Revenue from exchange transactions | | | |
| Other revenues from Non exchange transactions | | 2,339,914 | - |
| Interest income | 10 | - | - |
| Miscellaneous Income | 11 | - | - |
| | | 2,339,914 | - |
| Total revenue | | 12,473,058 | 2,000,000 |
| Expenditure | | | |
| Use of goods and services | 12 | 8,540,781 | - |
| Staff costs | 13 | - | - |
| Board expenses | 14 | - | - |
| Finance costs | 15 | - | 102,000 |
| Depreciation and amortization | 16 | 12,917,531 | - |
| Repairs and maintenance | 17 | - | - |
| Total expenses | | 21,458,312 | 7,216,567 |
| Other gains/losses | | | |
| Gain/loss on disposal of assets | 18 | - | - |
| Surplus/(deficit) for the period | | 8,985,254 | 5,216,567 |

The notes set out on pages 8 to 44 form an integral part of these Financial Statements. The entity financial statements were approved on 31st July 2024 and signed by:



.....
Name: Jackson Maina Kibocha
Municipality Manager



.....
Name: Samuel Methu Ng'ang'a
Head of Finance
ICPAK M/No: 15681

15. Statement of Financial Position as at 30 June 2024

| Description | Note | Period ended | Period ended |
|--|------|--------------------|--------------------|
| | | 30th June 2024 | 30th June 2023 |
| | | Kshs. | Kshs. |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 19 | 402,890 | 8,779,742 |
| Receivables from exchange transactions | 20 | - | - |
| Receivables from non-exchange transactions | 21 | - | 100,000 |
| Prepayments | 22 | - | - |
| Inventories | 23 | - | - |
| | | 402,890 | 8,879,742 |
| Non-current assets | | | |
| Property, plant, and equipment | 24 | 124,940,776 | 103,007,528 |
| Intangible assets | 25 | - | - |
| Total Non-current Assets | | 124,940,776 | 103,007,528 |
| Total assets | | 125,343,666 | 111,887,270 |
| | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 26 | - | - |
| Refundable deposits from customers | 27 | - | - |
| Provisions | 28 | - | - |
| Borrowings | 29 | - | - |
| Employee benefit obligations | 30 | - | - |
| Deferred Income | 31 | - | - |
| Social Benefits | 32 | - | - |
| Non-current liabilities | | | |
| Provisions | 28 | - | - |
| Borrowings | 29 | - | - |
| Non-current employee benefit obligation | 30 | - | - |
| Deferred Income | 31 | - | - |
| Social Benefits | 32 | - | - |
| Total liabilities | | - | - |
| | | | |
| Net assets | | 125,343,666 | 111,887,270 |
| Capital/Development Grants/Fund | | 76,101,604 | 76,101,604 |
| Reserves | | - | - |
| Accumulated surplus | | 49,242,062 | 35,785,668 |
| Total net assets and liabilities | | 125,343,666 | 111,887,272 |

County Government of Laikipia
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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 31st July 2024 and signed by:



.....
Name: Jackson Maina Kibocha
Municipality Manager
Date: 31st July 2024



.....
Name: Samuel Methu Ng'ang'a
Head of Finance
ICPAK M/No: 15681
Date: 31st July 2024

16. Statement of Changes in Net Assets for the Year Ended 30 June 2024

| Description | Capital/ Development Grants/Fund | Revaluation Reserve | Accumulated surplus | Total |
|-------------|--|------------------------|------------------------|-------|
| | | Kshs. | Kshs. | Kshs. |
| | | | | |

| | | | | |
|---|-------------------|---|-------------------|---------------------|
| Balance as at 1 July 2022 | 76,101,604 | - | 52,298,665 | 128,400,269 |
| Surplus/(deficit) for the period | - | - | (16,557,810) | (16,557,810) |
| Funds received during the year | - | - | - | - |
| Prior Year Adjustment (reversed prior year payments) | | | 44,813 | 44,813 |
| Revaluation gain | - | - | - | - |
| Balance as at 30th June 2023 | 76,101,604 | - | 35,785,668 | 111,887,272 |

| | | | | |
|--|-------------------|---|-------------------|--------------------|
| Balance as at 1 July 2023 | 76,101,604 | - | 35,785,668 | 111,887,272 |
| Surplus/(deficit) for the period | - | - | (8,985,254) | (8,985,254) |
| Funds received during the year | - | - | - | - |
| Prior Year Adjustment (reversed prior year payments ksh.) | | | 22,441,648 | 22,441,648 |
| Revaluation gain | - | - | - | - |
| Balance as at 30th June 2024 | 76,101,604 | - | 49,242,062 | 125,343,666 |

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

| Description | Note | Period ended | Period ended |
|---|------|--------------------|---------------------|
| | | 30th June 2024 | 30th June 2023 |
| | | Kshs. | Kshs. |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from the County Government | 6 | 10,133,144 | 2,000,000 |
| Other Revenues from Non-exchange transactions | | 2,339,914 | - |
| Interest received | | - | - |
| Miscellaneous receipts (<i>Specify</i>) | | - | - |
| Total Receipts | | 12,473,058 | 2,000,000 |
| Payments | | | |
| Use of goods and services | 12 | 8,440,781 | 7,114,567 |
| Staff costs | | - | - |
| Board expenses | | - | 102,000 |
| Finance costs | | - | - |
| Total Payments | | 8,440,781 | 7,216,567 |
| Net cash flows from/ (used in) operating activities | | 4,032,277 | - 5,216,567 |
| Cash flows from investing activities | | | |
| Purchase of PPE & intangible assets | | 12,409,129 | 11,572,482 |
| Proceeds from sale of PPE | | - | - |
| Net cash flows from/ (used in) investing activities | | 12,409,129 | 11,572,482 |
| Cash flows from financing activities | | | |
| Receipts from Capital grants | | - | - |
| Proceeds from borrowings | | - | - |
| Repayment of borrowings | | - | - |
| Net cash flows from/(used in) financing activities | | - | - |
| Net increase/(decrease) in cash & cash equivalents | | - 8,376,852 | - 16,789,049 |
| Cash And Cash Equivalents as at 1 st July | 19 | 8,779,742 | 25,568,791 |
| Cash And Cash Equivalents as at end of the period | 19 | 402,890 | 8,779,742 |

County Government of Laikipia
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18. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2024

| Description | Original budget* | Adjustments* | Final budget* | Actual for the period ended 30th June 2024 | Performance Difference | % of utilisation |
|---|-------------------|-------------------|-------------------|--|------------------------|------------------|
| | Kshs. | Kshs. | Kshs. | Kshs. | | |
| | a | b | c=(a+b) | d | | e=d/c |
| Revenue | | Kshs. | Kshs. | Kshs. | | |
| Transfers from the County Government | 10,133,144 | - | 10,133,144 | 10,133,144 | - | 100% |
| Public contributions and donations | - | - | - | - | - | |
| Interest income | - | - | - | - | - | |
| Other revenues from Non-exchange Transactions | - | 2,339,914 | 2,339,914 | 2,339,914 | - | 100% |
| Miscellaneous income | - | - | - | - | - | - |
| Opening Cash and cash equipment | - | 8,779,742 | 8,779,742 | 8,779,742 | - | 100% |
| Total Revenue | 10,133,144 | 11,119,656 | 21,252,800 | 21,252,800 | - | |
| Expenses | | | | | | |
| Use of goods and services | 2,000,000 | 6,619,656 | 8,619,656 | 8,440,781 | 178,875 | 98% |
| Board expenses | - | - | - | - | - | |
| Staff Costs | - | - | - | - | - | |
| Finance costs | - | - | - | - | - | |
| Acquisition of Assets | 8,133,144 | 4,500,000 | 12,633,144 | 12,409,129 | 224,015 | 98% |
| Total Expenditure | 10,133,144 | 11,119,656 | 21,252,800 | 20,849,910 | 402,890 | 98% |
| Surplus for the period | - | - | - | 402,890 | 402,890 | |
| Capital Expenditure | - | - | - | - | - | - |

19. Notes to the Financial Statements

1. General Information

Rumuruti Municipality is established by and derives its authority and accountability from Public Finance Management Act No 18 of 2012. The Municipality is under the Laikipia County Government and is domiciled in Kenya.

The *Municipality's* principal activity is;

- i) Provide for efficient and accountable management of the affairs of the Municipality.
- ii) Provide for a governance mechanism that will enable the inhabitants of the Municipality to;
 - a. Participate in determining the social services and regulatory framework which will best satisfy their needs and expectations.
 - b. Verify whether public resources and authority are utilized or exercised, as the case may be, to their satisfaction.
 - c. Enjoy efficiency in service delivery
- iii) Vigorously pursue the developmental opportunities which are available in the Municipality and to institute such measures as are necessary for achieving public order and the provisions of civic amenities, so as to enhance the quality of life of the inhabitants of the Municipality.
- iv) Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality.
- v) Promote social cohesiveness and a sense of civic duty and responsibility among the inhabitants and stakeholders in the Municipality in order to facilitate collective action and commitment towards achieving the goal of a harmonious and stable community.
- vi) Providing for services and other matters for Municipality's benefit.
- vii) Fostering the economic, social and environmental well-being of its community.

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, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Application of New and revised standards (IPSAS)

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

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

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

| Standard | Effective date and impact: |
|--|---|
| IPSAS 43: Leases | <i>Applicable 1st 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 1st 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 1st 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 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. |

| | |
|--|--|
| | <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |
| IPSAS 47: Revenue | <p>Applicable 1st January 2026</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>Applicable 1st January 2026</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>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> |

iii. Early adoption of standards

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

(Notes to financial statements continued)

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2023/24 was approved by the County Assembly on xxx (Date). 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 xxxxxx (Amount) on xxxx (Date) 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 financial performance has been presented under section xxx of these financial statements.

c) Property, plant and equipment

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

d) Intangible assets

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

(Significant accounting policies continued)

e) Financial instruments

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

(Significant accounting policies continued)

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 surplus or deficit model.

Trade and other receivables

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

(Significant accounting policies continued)

Impairment

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

Financial liabilities

Classification

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

f) Inventories

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

Raw materials: purchase cost using the weighted average cost method

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

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

(Significant accounting policies continued)

g) Provisions

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

h) Social Benefits

Social benefits are cash transfers provided to;

- i) specific individuals and / or households that meet the eligibility criteria,
- ii) mitigate the effects of social risks and
- iii) Address the need of society as a whole.

The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

i) Contingent liabilities

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

(Significant accounting policies continued)

j) Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

(Significant accounting policies continued)

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

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

(Significant accounting policies continued)

r) Comparative figures

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

s) Events after the reporting period

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

- (a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) Those that are indicative of conditions that arose after the reporting date (*non-adjusting events after the reporting date*).

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

t) Currency

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

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made.

Estimates and assumptions.

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

Useful lives and residual values

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

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

Notes to the Financial Statements

6. Transfers from the County Government

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|--|--------------------------------|--------------------------------|
| | Kshs. | Kshs. |
| Transfers from County Govt. – Recurrent | 10,133,144 | 2,000,000 |
| Payments by County on behalf of the entity | - | - |
| Unconditional development grants | - | - |
| Total | 10,133,144 | 2,000,000 |

(a) Transfers from County Government entities (Categorized)

| Name of the Entity Sending The Grant | Amount recognized to Statement of Financial performance for the period | Amount deferred under deferred income during the period | Amount recognised in capital fund during the period | Total transfers for the period ended 30th June 2024 | Total transfers for the period ended 30th June 2023 |
|--------------------------------------|--|---|---|---|---|
| | KShs | KShs | KShs | KShs | KShs |
| Department | - | - | - | - | - |
| Department | - | - | - | - | - |
| Total | - | - | - | - | - |

7. Public Contributions and Donations

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|------------------------------------|--------------------------------|--------------------------------|
| | Kshs. | Kshs. |
| Donation from development partners | - | - |
| Contributions from the public | - | - |
| Total | - | - |

(Notes to The Financial Statements Continued)

8. Levies, Fines and penalties

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|--|--------------------------------|--------------------------------|
| | Kshs. | Kshs. |
| Levies | - | - |
| Fines | - | - |
| Penalties | - | - |
| Others (<i>indicate and specify</i>) | - | - |
| Total | - | - |

9. Other Revenues from Non-Exchange Transactions

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|--|--------------------------------|--------------------------------|
| | Kshs. | Kshs. |
| Transfers from other government entities | 2,339,914 | - |
| | - | - |
| Total | 2,339,914 | - |

10. Interest income

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|----------------------------------|--------------------------------|--------------------------------|
| | Kshs. | Kshs. |
| Interest income from investments | - | - |
| Interest income on bank deposits | - | - |
| Others (<i>Specify</i>) | - | - |
| Total interest income | - | - |

11. Miscellaneous income

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|--------------------------------------|--------------------------------|--------------------------------|
| | Kshs. | Kshs. |
| Income from sale of tender documents | - | - |
| Others (<i>specify</i>) | - | - |

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| | | |
|---------------------------|---|---|
| Total other income | - | - |
|---------------------------|---|---|

(Notes to The Financial Statements Continued)

12. Use of Goods and Services

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|--|--|--|
| | Kshs. | Kshs. |
| Utilities, supplies and services | 10,411 | - |
| Communication, supplies and services | - | - |
| Domestic travel and subsistence | 5,209,460 | 6,040,672 |
| Foreign travel and subsistence | - | - |
| Printing, advertising, supplies & services | - | - |
| Rent and rates | - | - |
| Training expenses | 1,365,555 | - |
| Hospitality supplies and services | 146,992 | 590,475 |
| Insurance costs | - | - |
| Specialized materials and services | - | - |
| Office and general supplies and services | 1,598,799 | 130,000 |
| Fuel, oil and lubricants | - | - |
| Other operating expenses | - | 150,000 |
| Routine maintenance – vehicles and other equipment | 204,954 | - |
| Routine maintenance – other assets | - | 200,000 |
| Contracted Professional Services | - | - |
| Audit fees | - | - |
| Hire of Transport, equipment etc | - | - |
| Social benefit expenses | - | - |
| Bank Charges | 4,610 | 3,420 |
| Total | 8,540,781 | 7,114,567 |

(Notes to The Financial Statements Continued)

13. Staff costs

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|--------------------------------------|--------------------------------|--------------------------------|
| | Kshs. | Kshs. |
| Salaries and wages | - | - |
| Staff gratuity | - | - |
| Social security contribution | - | - |
| Other staff costs (<i>Specify</i>) | - | - |
| Total | - | - |

14. Board expenses

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|-------------------------------------|--------------------------------|--------------------------------|
| | Kshs. | Kshs. |
| Chairman/Members' Honoraria | - | - |
| Sitting allowances | - | 102,000 |
| Medical Insurance | - | - |
| Induction and Training | - | - |
| Travel and accommodation | - | - |
| Conference Costs | - | - |
| Other allowances (<i>Specify</i>) | - | - |
| Total | - | 102,000 |

15. Finance costs

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|------------------------------|--------------------------------|--------------------------------|
| | Kshs. | Kshs. |
| Interest on Bank overdrafts | - | - |
| Interest on loans from banks | - | - |
| Total | - | - |

(Notes to The Financial Statements Continued)

16. Depreciation and amortization

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|--|--------------------------------|--------------------------------|
| | KShs | KShs |
| Property, plant and equipment | 12,917,531 | - |
| Intangible assets | - | - |
| Investment property carried at cost | - | - |
| Total depreciation and amortization | 12,917,531 | - |

17. Repairs and Maintenance

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|--------------------------------------|--------------------------------|--------------------------------|
| | KShs | KShs |
| Property- Buildings | - | - |
| Office equipment | - | - |
| Furniture and fittings | - | - |
| Motor vehicle expenses | - | - |
| Maintenance of civil works | - | - |
| Total repairs and maintenance | - | - |

18. Gain/(loss) on disposal of assets

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|-------------------------------|--------------------------------|--------------------------------|
| | Kshs. | Kshs. |
| Property, plant and equipment | - | - |
| Intangible assets | - | - |
| Total | - | - |

(Notes to The Financial Statements Continued)

19. Cash and cash equivalents

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|--------------------------|--------------------------------|--------------------------------|
| | Kshs. | Kshs |
| Fixed deposits account | - | - |
| On – call deposits | - | - |
| Current account | 402,890 | 8,779,742 |
| Others(<i>specify</i>) | - | - |
| Total | 402,890 | 8,779,742 |

Notes to the Financial Statements

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

| | Account number | Period ended 30th June 2024 | Period ended 30th June 2023 |
|--|-------------------|--------------------------------|--------------------------------|
| | | Kshs. | Kshs |
| a) Current account | | | |
| 1. Rumuruti Municipality UDG Account | 0270278999622 | 765 | 1,985,815 |
| 2. Rumuruti Municipality UIG Account | 0270278999614 | 253 | 14,179 |
| 3. Rumuruti Municipality Operation Account | 0270280804572 | 401,873 | 6,779,749 |
| Sub- total | | 402,890 | 8,779,742 |
| b) Others(specify) | | | |
| Cash in transit | | - | - |
| Cash in hand | | - | - |
| Mobile Money | | - | - |
| Sub- total | | - | - |
| Grand total | | 402,890 | 8,779,742 |

(Notes to The Financial Statements Continued)

20. Receivables from exchange transactions

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|---|--------------------------------|--------------------------------|
| | Kshs. | Kshs. |
| Current Receivables | | |
| Service, water and electricity debtors | - | - |
| Other exchange debtors | - | - |
| Less: impairment allowance | - | - |
| Total Current receivables (a) | - | - |
| Non-Current receivables | | |
| Service, water and electricity debtors | - | - |
| Other exchange debtors | - | - |
| Less: impairment allowance | - | - |
| Total Non- current receivables (b) | - | - |
| Total receivables from exchange transactions | - | - |

Ageing analysis for Receivables from exchange transactions

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

(Notes to The Financial Statements Continued)

21. Receivables from non-Exchange transaction

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|---|--------------------------------|--------------------------------|
| | Kshs. | Kshs. |
| Transfer from County Executive | - | - |
| Outstanding imprest | - | 100,000 |
| Total receivables from non-exchange transactions | - | 100,000 |

Ageing analysis for Receivables from non-exchange transactions

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

22. Prepayments

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|-------------------------------------|--------------------------------|--------------------------------|
| | Kshs. | Kshs. |
| Prepaid rent | - | - |
| Prepaid insurance | - | - |
| Prepaid electricity costs | - | - |
| Other prepayments(<i>specify</i>) | - | - |
| Total | - | - |

(Notes to The Financial Statements Continued)

23. Inventories

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|--|--------------------------------|--------------------------------|
| | Kshs. | Kshs. |
| Stationery | - | - |
| Consumables | - | - |
| Other inventories(<i>specify</i>) | - | - |
| Total inventories at the lower of cost and net realizable value | - | - |

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(Notes to the Financial Statements Continued)

24. Property, Plant and Equipment

| Description | Furniture and fittings | Computers | Construction and Civil works | Building | construction of roads | Construction of Bridge | Total |
|---|------------------------|----------------|------------------------------|-------------------|-----------------------|------------------------|--------------------|
| | Shs | Shs | Shs | Shs | Shs | Shs | Shs |
| As at 1 st July 2023 | 3,648,379 | 409,404 | 4,852,281 | 11,286,949 | 82,810,515 | - | 103,007,528 |
| Additions | - | - | - | 1,756,589 | 4,613,352 | 6,039,188 | 12,409,129 |
| (less) Disposals | - | - | - | - | - | - | - |
| Adjustments | - | - | - | - | 22,441,650 | - | 22,441,650 |
| totals of additions, disposals & transfers | 3,648,379 | 409,404 | 4,852,281 | 13,043,538 | 109,865,517 | 6,039,188 | 137,858,307 |
| Depreciation and impairment: | | | | | | | |
| Depreciation | 456,047 | 122,821 | 970,456 | 260,871 | 10,986,552 | 120,784 | 12,917,531 |
| Impairment | - | - | - | - | - | - | - |
| total depreciation and impairment | 456,047 | 122,821 | 970,456 | 260,871 | 10,986,552 | 120,784 | 12,917,531 |
| NBV as at 30th June 2024 | 3,192,332 | 286,583 | 3,881,825 | 12,782,667 | 98,878,965 | 5,918,404 | 124,940,776 |
| | | | | | | | |
| NBV as at 30 June 2023 | 3,648,379 | 409,404 | 4,852,281 | 11,286,949 | 82,810,515 | - | 103,007,528 |
| NBV as at end of the period 30th June 2024 | 3,192,332 | 286,583 | 3,881,825 | 12,782,667 | 98,878,965 | 5,918,404 | 124,940,776 |

(Notes to The Financial Statements Continued)

25. Intangible assets

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|------------------------------------|--------------------------------|--------------------------------|
| | Kshs. | Kshs. |
| Cost | | |
| At beginning of the period/ year | - | - |
| Additions | - | - |
| At end of the period/ year | - | - |
| | | |
| Amortization and impairment | - | - |
| At beginning of the period/year | - | - |
| Amortization | - | - |
| At end of the period/year | - | - |
| Impairment loss | - | - |
| At end of the period/year | - | - |
| NBV | - | - |

26. Trade and other payables from exchange transactions

| Description | 2023/2024 | | 2022/2023 | |
|---------------------------------------|------------------|---------------------------|------------------|---------------------------|
| | Kshs. | | Kshs. | |
| Trade payables | - | - | - | - |
| Retentions | - | - | - | - |
| Accrued expenses | - | - | - | - |
| Other payables (<i>Specify</i>) | - | - | - | - |
| Total trade and other payables | - | - | - | - |
| | | | | |
| Ageing analysis: | 2022/2023 | % of the Total | 2021/2022 | % of the Total |
| Under one year | - | % | - | % |
| 1-2 years | - | % | - | % |
| 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total | - | % | - | % |

(Notes to the Financial Statements continued)

27. Refundable deposits from customers

| Description | 2023/2024 | | 2022/2023 | |
|---------------------------|------------------|-----------------------|------------------|-----------------------|
| | KShs | | KShs | |
| Rent deposits | - | | - | |
| Others (<i>specify</i>) | - | | - | |
| Total | - | | - | |
| | | | | |
| Ageing analysis: | 2022/2023 | % of the Total | 2021/2022 | % of the Total |
| Under one year | - | % | - | % |
| 1-2 years | - | % | - | % |
| 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total | - | % | - | % |

28. Provisions

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|--|-----------------------------|-----------------------------|
| | Kshs. | Kshs. |
| Balance at the beginning of the period/year | - | - |
| Additional Provisions during the period / year | - | - |
| Provision utilised during the period/ year | - | - |
| Balance at the end of the period/year | - | - |
| | | |
| Current Portion of provision | - | - |
| Long term portion of provision | - | - |
| Total Provisions | - | - |

29. Borrowings

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

| Description | 2023/2024 | 2022/2023 |
|---|-----------|-----------|
| | Kshs. | Kshs. |
| Short term borrowings (current portion) | - | - |
| Long term borrowings | - | - |
| Total | - | - |

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| Description | 2023/2024 | 2022/2023 |
|--|-----------|-----------|
| | Kshs. | Kshs. |
| Balance at beginning of the period | - | - |
| Borrowings during the year | - | - |
| Repayments of borrowings during the period | - | - |
| Balance at end of the period | - | - |

The table below shows the Distribution of borrowings:

| Description | 2023/2024 | 2022/2023 |
|---|-----------|-----------|
| | Kshs. | Kshs. |
| Borrowings | | |
| Kenya Shilling loan from KCB | - | - |
| Kenya Shilling loan from Barclays Bank | - | - |
| Kenya Shilling loan from Consolidated Bank | - | - |
| Borrowings from other government institutions | - | - |
| Total balance at end of the year | - | - |

30. Employee Benefit Obligations

| Description | Defined benefit plan | Post-employment medical benefits | Other Provisions | Total |
|---|----------------------|----------------------------------|------------------|-------|
| | Kshs. | Kshs. | Kshs. | Kshs. |
| Current benefit obligation | - | - | - | - |
| Non-current benefit obligation | - | - | - | - |
| Total employee benefits obligation | - | - | - | - |

(Notes to the Financial Statements continued)

31. Deferred Income

| Description | 2023/2024 | 2022/2023 |
|------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| National/County Government | - | - |
| International Funding Bodies | - | - |
| Public Contributions and Donations | - | - |
| Total Deferred Income | - | - |

The deferred income movement is as follows:

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

Analysed as:

| Description | Amount |
|--------------|--------|
| | Kshs |
| Current | - |
| Non- Current | - |
| Total | - |

(Notes to the Financial Statements continued)

32. Social Benefit Liabilities

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

33. Cash generated from operations

| Description | Period ended 30th June 2024 | Period ended 30th June 2023 |
|---|--------------------------------|--------------------------------|
| | Kshs. | Kshs. |
| Surplus/ (deficit) for the period before tax | 4,032,277 | - 5,216,567 |
| Adjusted for: | | |
| Depreciation | - | - |
| Amortisation | - | - |
| Gains/ losses on disposal of assets | - | - |
| Interest income | - | - |
| Finance cost | - | - |
| Working Capital adjustments | | |
| Increase in inventory | - | - |
| Increase in receivables | - | - |
| Increase in payables | - | - |
| Net cash flow from operating activities | 4,032,277 | - 5,216,567 |

(Notes to the Financial Statements continued)

34. Related party balances

a) Nature of related party relationships

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

- a) The County Government of Laikipia
- b) The Parent County Government Ministry of Lands, Housing and Urban development
- c) County Assembly of Laikipia
- d) Key management.

| Ref | DESIGNATION | NAME |
|------------|------------------------------|-----------------------|
| 1. | Municipality Manager | Jackson Maina Kibocha |
| 2. | Municipality Head of Finance | Samuel Methu |
| 3. | Municipality Accountant | Peter Wanyoike |

- e) Municipality Board;

| Ref | Position | Name |
|------------|-----------------------------------|-----------------------|
| 1 | Secretary of the board | Jackson Maina Kibocha |
| 2 | Chairperson of the board | Peter Rukwaro |
| 3 | Vice-chairperson of the board | Faith Ntarara |
| 4 | Board member | Saul Cheruiyot |
| 5 | Board member | Mathea Gikunju |
| 6 | Board member | Agnes Lokoro |
| 7 | Board member | Issack Sheikh |
| 8 | Board member | Peris Kinyua |
| 9 | Board member | Richard Kamunya |
| 10 | Board member | Patricia Lelegwe |
| 11 | County executive committee member | Martin Ekwam |

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(Notes to the Financial Statements continued)

b) Related party transactions

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

c) Key management remuneration

| Description | 2023/2024 | 2022/2023 |
|-----------------------------|-----------|-----------|
| | Kshs. | Kshs. |
| Board Members | - | - |
| Key Management Compensation | - | - |
| Total | - | - |

d) Due from related parties

| Description | 2023/2024 | 2022/2023 |
|----------------------------|-----------|-----------|
| | Kshs. | Kshs. |
| Due from parent Ministry | - | - |
| Due from County Government | - | - |
| Due from County Assembly | - | - |
| Total | - | - |

e) Due to related parties

| Description | 2023/2024 | 2022/2023 |
|---------------------------------|-----------|-----------|
| | Kshs. | Kshs. |
| Due to parent Ministry | - | - |
| Due to County Government | - | - |
| Due to Key management personnel | - | - |
| Due to County Assembly | - | - |
| Total | - | - |

(Notes to the Financial Statements continued)

35. Contingent liabilities

| Contingent liabilities | 2023/2024 | 2022/2023 |
|-----------------------------------|-----------|-----------|
| | Kshs. | Kshs. |
| Court case xxx against the entity | - | - |
| Bank guarantees | - | - |
| Total | - | - |

36. Contingent Assets

| Contingent liabilities | 2023/2024 | 2022/2023 |
|-----------------------------------|-----------|-----------|
| | Kshs. | Kshs. |
| Court case xxx against the entity | - | - |
| Others Specify | - | - |
| Total | - | - |

(Notes to the Financial Statements continued)

37. Financial risk management

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

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

I. Credit risk

The Municipality has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Municipality's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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

(Notes to the Financial Statements continued)

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

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

II. Liquidity risk management

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

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

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

(Notes to the Financial Statements continued)

III. Market risk

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

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

IV. Foreign currency risk

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

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

(Notes to the Financial Statements continued)

Foreign currency sensitivity analysis

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

| Description | Change in currency rate | Effect on surplus/ deficit | Effect on equity |
|-------------|----------------------------|-------------------------------|---------------------|
| | Kshs. | Kshs. | Kshs. |
| 2024 | | | |
| Euro | 10% | - | - |
| USD | 10% | - | - |
| 2023 | | | |
| Euro | 10% | - | - |
| USD | 10% | - | - |

V. Interest rate risk

Interest rate risk is the risk that the Municipality's financial condition may be adversely affected as a result of changes in interest rate levels. The Municipality's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

(Notes to the Financial Statements continued)

VI. Capital risk management.

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

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

20. Appendices

Appendix 1. Progress on Follow up of Auditors Recommendations.

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|--|--------------------------------------|--|---|
| OAG/EURO/RUMURUTI M./2022/2023 (15) | Un-supported cash and cash equivalent s | Provide bank certificates | resolved | |
| OAG/EURO/RUMURUTI M./2022/2023 (15) | Un-supported depreciation | Provide a reference for depreciation | Resolved | |
| OAG/EURO/RUMURUTI M./2022/2023 (15) | Unresolved prior year issues | Address unresolved issues | Resolved | |
| OAG/EURO/RUMURUTI M./2022/2023 (15) | Failure to maintain a Fixed asset register. | Provide fixed asset register | Resolved | |
| | | | | |

Guidance Notes:

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



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Accounting officer of the Municipality

Name; Jackson Maina Kibocha

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

Appendix 2: Inter Entity Transfers

| RUMURUTI MUNICIPALITY | | | | |
|---|-----------------|----------------------------|-----------------------|--------------|
| Breakdown of Transfers from the County Executive of 2023/2024 | | | | |
| FY 2023/2024 | | | | |
| a. | Recurrent | <u>Bank Statement Date</u> | <u>Amount (Kshs.)</u> | - |
| | | 30/06/2024 | 10,133,144 | FY 2023/2024 |
| | | Total | 10,133,144 | |
| b. | Development | <u>Bank Statement Date</u> | <u>Amount (Kshs.)</u> | - |
| | | 30/06/2024 | 2,339,914 | FY 2023/2024 |
| | | Total | 2,339,914 | |
| c. | Direct Payments | <u>Bank Statement Date</u> | <u>Amount (Kshs.)</u> | - |
| | | | - | |
| | | | - | |
| | | Total | - | |

Name: Jackson maina Kibocho
 Municipality Manager

Name: Samuel Methu Ng'ang'a
 Head of Finance

Appendix 3: Reporting of Climate Relevant Expenditures

Name of the Organization; **Rumuruti Municipality**
 Telephone Number; **0721463491**
 Email Address; rumuruti@laikipia.go.ke
 Name of CEO/MD/Head; **Jackson Maina Kibocha**

Name and contact details of contact person (in case of any clarifications)
[Jackson Maina Kabocha](#)
[0721463491](tel:0721463491)

| Project Name | Project Description | Project Objectives | Project Activities | | | | | Source Of Funds | Implementing Partners |
|--------------|---------------------|--------------------|--------------------|----|----|----|----|-----------------|-----------------------|
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

Appendix 4: Disaster Expenditure Reporting Template

Date: **31st July 2024**

Entity: **Rumuruti Municipality**

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