



KAPSABET MUNICIPALITY

County Government of Nandi

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

Insert acronyms and glossary of terms used in the report e.g.

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

Kapsabet 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 1st November 2017 The Municipality is under the County Government of Nandi and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the Municipality is to ...

- i) Provide efficient and accountable management of the affairs of municipality
- ii) Pursue the development opportunities
- iii) Provide high standard of social services
- iv) Promote social cohesiveness
- v) Provision of services
- vi) Foster the economic social and environmental wellbeing of its community

c) Key Management

The Kapsabet Municipality management is under the following key organs:

- County department in charge of Municipalities
- Board of Management
- Accounting Officer/Municipality Manager
- Management

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	Ag. Municipality Manager	Ag. LORREINE JERONO
2	Head of Technical Department	HILLARY KOECH
3	Head of Corporate Department	JOSEPH NGETICH

e) Fiduciary Oversight Arrangements

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

No.	Name	Designation
1.	Hillary Serem	CECM-Finance and Economic Planning
2.	CPA Edwin Maiyo	Head of Internal Audit
3.	Amos Magut	County Attorney

f) Registered Offices

P.O. Box 311-30300
Kapsabet municipality
Adjacent to Kapsabet law court
KENYA

g) Contacts

Telephone: (+254) 725421592
E-mail: municipality@nandi.go.ke
Website: www.nandi.go.ke

h) Bankers

- 1.Nandi County Kenya Urban Institutional Grants A/C No 1000397101 CBK
- 2.Kapsabet Municipality Urban Development Grants A/C No 1000397117 CBK
- 3.Kapsabet Municipality-UDG A/C No 1260069508 KCB
- 4.Nandi County UIG A/C No 1260069338 KCB

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. Kapsabet Municipality Board

The Kapsabet Municipality Board was not in place during the year in review 2023/2024 financial year due to the elapse of their tenure. In this case the CECM for Administration Public Service and ICT was the oversight authority.

Serial No.	Name	Details of qualifications and experience
1		
3		
4		
5		
6		
7		
8		
9		

4. Key Management Team

Serial No	Name	Details of qualifications and experience
1.	LORREINE JERONO	Ag. MUNICIPAL MANAGER
2.	HILLARY KOECH	SNR. SUPRETENDANT ENGINEER
3.	JOSEPH NGETICH	HEAD OF SUPPPLY CHAIN MANAGEMENT

5. CECM ADMINISTRATION PUBLIC SERVICE AND ICT REPORT ON BEHALF OF THE MUNICIPALITY

On behalf of the Municipality Administration Committee, it is my pleasure to present the Kapsabet financial statements for the year ended 30th June 2024. The financial statements reflect the financial performance of the Municipality over the past one year.

Sustainability

In order to ensure sustainability, the Municipality has been conducted as basic assessment of available options for feasible financing tools that would assure the f Municipality of its long term sustainability. The Municipality has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options to ensure the Municipality is a going concern.

Review of performance

Income and statement of performance.

The Municipality did not earn any revenue from exchange transactions.

Expenditures

The total expenditures during the period amounted to Kshs. 255,424 out of which the Municipality administrative expenses, amounted to Kshs. 255,424

Future outlook

The Municipality focuses on building a robust and sustainable Municipality with a motivated workforce and operational structures that enhance efficiency and effectiveness of service delivery. The Municipality looks forward to continued support from the County Government and development partners in the execution of its mandate.

Appreciation

.....
Name: Isaiah K Ketter
CECM

6. Report of the Municipality Manager

It is my pleasure to present the Kapsabet Municipality financial statements for the year ended 30th June 2024. The financial statements reflect the financial performance of the Municipality over the past year.

The Municipality was established on 2018 with an anticipated objective of enhancing services delivery to the residence.

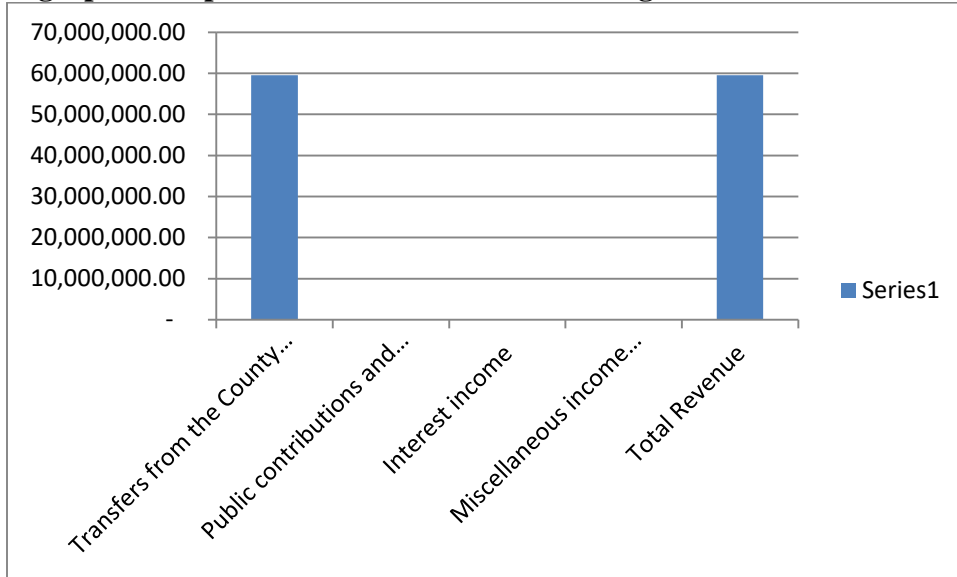
Financial Performance

a) Revenue

During the reporting period, the Municipality had projected revenues of KShs **104,111,265**. Out of the projected revenue, the Municipality realised KShs **50,205,051** in actual revenues, representing **52%** performance. In the table below, we present an analysis of revenue performance during the year.

Revenue classification	Revenue budget (KShs)	Actual (KShs)	Realisation (%)
Revenue	KShs	KShs	
Transfers from the County Government	104,111,265	50,205,051	52
Public contributions and donations	-	-	-
Interest income	-	-	-
Miscellaneous income (specify)	-	-	-
Total Revenue	104,111,265	50,205,051	52

A graphical representation of the revenue budget is as shown below:



b) Cash flows

In the FY 2023/2024, we did not have many liquidity disruptions. This was as a result of proper planning and better loan collections. The cash and cash equivalents was Kshs 10,438,722

Conclusion

In FY 2023/2024 good progress was made and the momentum has been created to enable Kapsabet Municipality continue on a growth trajectory. We have identified Municipality gaps and areas to improve on in the subsequent years.

I take this opportunity to thank the Municipality Administration Committee for their support. I also thank Municipality staff for their dedication and teamwork that saw Nandi County Kapsabet Municipality achieves its objectives for the year under review.

.....
 Name: Lorreine Jerono
 Ag. Municipality Manager

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

Anticipated programme objectives to be attained.

- a. reduced number of accident attributed vehicle and non-vehicle conflicts
- reduced travel time enhancing productivity and convenience
- c. emerging new development on the road corridor
- d. transformation of estate to a mixed used area from purely residential estate hence creating new frontiers on otherwise unutilized areas

Challenges

- a. explosion in the utilization of the facility rendering the previous route unusable
- Potential accidents being a residential estate with institutions surrounding
- c. main truck sewer crossing with perpetual overflow and spillage
- d. axle load control of heavy traffic

Opportunities

- a. Extension of connectivity on the neighbouring and connection roads
 - b. opening up the area for support with other donor programmes
 - c. effective monitoring and protection of the riparian from encroachment and pollution.
- Potential for upgrading and improvement of the slum due to proximity to town areas

the key development objective of the program's agreements/plan are to:

- a. support for the establishment, operationalization and strengthening of the institutional framework for urban management.

Strengthening coordination of urban finances.

Provision of support for planning, urban infrastructure and service delivery

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measureable, achievable, realistic and time-bound (SMART) and converted into development outcomes.

Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Urban planning Spatial Plan	To control urban development	To create orderly development in urban areas	Number of developments conforming with rules and regulations governing urban development	In FY under review we increased Housing unit by xx%.
Integrated	To promote	Shared economic	Number of jobs	In the financial year

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Program	Objective	Outcome	Indicator	Performance
Development Plan	shared economic growth and job creation	growth and job creation	created	under review
Physical Infrastructure	-	-	-	-
Jua Kali sheds	To decongest market	More traders in market	Number of accidents has reduced	In FY2023/24 market has been increased by 100%
Extension of Sewer line	To improve economic and working environment	Smooth movement of pedestrians.	Sewer blockages has been minimized	
Non-Motorized Transport	To improve hygiene and working environment			
High masts	To reduce conflict between pedestrians and motorists			
Fresh produce Market	To provide lights so as to encourage 24 hour economy			
	To improve small scale vendors and access of farm produce to markets therefore improve the economy			

8. Corporate Governance Statement

The Kapsabet municipality exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guide us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

a) Sustainability strategy and profile

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

b) Environmental performance

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

Some of the enabling environmental policies that Kapsabet municipality adopted from Nandi County Government Laws and National Laws include;

- i) Environmental management and coordination Act 1999
- ii) Environmental management and coordination waste regulation 2006
- iii) Draft solid waste management bill and policy

The policies are implemented through Kapsabet municipality solid waste management plan.

9. Management Discussion and Analysis

The municipal manager of Kapsabet municipality and the programme manager for Kenya Urban Support Programme are responsible for the preparation and presentation of the programme's financial statements, which gives a true and fair view of the state of the affairs of the municipality for and as at the end of the financial year ended 2024

This responsibility includes:

- i. maintaining adequate financial management arrangement 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 implementation and maintaining internal control relevant tom the preparation and fair presentation of the financial statements and ensuring that they are free from material ,wether due to error of fraud.

Iv.Safeguarding the assets of the municipality

10. Environmental and Sustainability Reporting

1. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

In the financial year 2023-2024 the municipality leadership had to strike a balance between politics and service provision to the public, value for money remains to be our key objective.

The Kapsabet municipality has advocated for all the stakeholders to work together in promoting participatory and inclusive governance and accountability.

The strategy has been achieved through public participation in planning for budget making process.

2. Environmental performance

When the municipality provide finances to invest in projects such as building a road, providing people with water the aim is to ensure that the people and the environment are protected from potential adverse impacts. This is done through policies that identify, avoid, and minimize harm to people and the environment. These policies requires the units to address certain environmental and social risks in order to receive further support for investment projects from experience including environmental and social considerations into project design and implementation to improve development outcomes.

Safeguard Policies

The current environmental and social policies are known as the "Safeguard Policies," the mechanism for addressing environmental and social issues in our project design, implementation and operation, and they provide a framework for consultation with communities and for public disclosure. Examples of these requirements include conducting environmental and social impact assessments, consulting with affected communities about potential project impacts, and restoring the livelihoods of displaced people.

3. Employee welfare

Kapsabet municipality has provided instruction, training and supervision so as to ensure health and safety at work of his workers.

Policies have been put in place to ensure Employment of worker at any machine or in any process that may cause ill health or bodily injury is prohibited unless worker has been fully instructed about the hazards involved and precautions that must be observed. Worker should be properly trained or required to work under supervision of experienced persons

4. Market place practices-

To ensure responsible competition practices, Kapsabet municipality has undertaken vigorous training at various sub counties on emerging issues of corruption both touching on county staff and the public.

The municipality has ensured that fair competition environment exist for all the residents living in the municipality by eliminating all unethical or illegal business practices.

During the financial year 23/24 there was timely payment to the suppliers. 30% of the total contracts for the year were reserved to groups under AGPO

To maintain ethical marketing, Kapsabet municipality has embarked on ensuring that products of various companies operating within the county are not only benefiting consumers but also socially responsible and environmentally suitable.

To safeguard customer rights and interest, Kapsabet municipality has adopted weight & measures to ensure that majority of products sold to the public meet the required quantity and quality.

5. Community Engagements

Measures Established for PWDs

- i. Kapsabet municipality in partnership with Eldoret Textile Manufacturing Company Ltd trained registered groups for Persons Living with Disabilities to produce face masks that was bought back and marketed to the public by the Company. The benefits from sales were shared among the members of the respective groups to assist cushion their livelihoods during the pandemic.
- ii. Received and distributed a consignment of food items to cushion severely vulnerable households against hunger during this pandemic in partnership with the Church of Jesus

Christ for the Latter-Day Saints. priority was given to beneficiaries from households of Persons Living with Disabilities.

- iii. Partnered with Kenya Society for Blind to distribute white canes for the Visually Impaired (VIs) together with packages of basic food items to support and improve their livelihood during the pandemic. The consignment of food donated to as an accompaniment to be distributed together with white canes to the visually impaired comprised of rice, Beans, sugar, green grams, bar of soap and salt.
- iv. Signed MOUs with the following Bodies; Kenya Society for the Blind, King of Christ ambassadors, Partners for Care and Bethany Kids to facilitate donation of various types of Assistive Devices including wheel chairs, special seats for Disabled children, mobility carts, crutches and white canes.

11. Report of the City/Municipality Board Members

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

Principal activities

The principal activities of the Municipality are *(continue to be)*

Performance

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

Board Members

The members of the Board who served during the year are shown on page viii and the changes in the Board during the financial year are as shown below:

Auditors

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

By Order of the Board

.....

Name: Lorreine Jerono

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 City/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 City/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 City/Municipality’s transactions during the financial year ended June 30, 2023, and the financial position as at that date.

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

In preparing the financial statements, the Directors have assessed the Municipality's ability to continue as a going concern .

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

Approval of the financial statements

The Municipal financial statements were approved by the CECM Administration public service and ICT on behalf of the Board on ____ 2024

.....
Name: Isaiah K Ketter
CECM Administration
Public Service and ICT

.....
Name: Lorreine Jerono
Accounting officer of the Board

13. Report of the Independent Auditor on Kapsabet Municipality

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

Description	Note	2024-2024	2022-2023
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6		1,194,559
Public contributions and donations	7		-
Levies Fines and Penalties	8		-
Other revenues (<i>Specify</i>)	9		-
			1,194,559
Revenue from exchange transactions			
Interest income	10		-
Miscellaneous Income	11		-
			-
Total revenue			1,194,559
Expenditure			
Use of goods and services	12	255,424	1,153,153
Staff costs	13		-
Board expenses	14		-
Finance costs	15		-
Depreciation and amortization	16		-
Repairs and maintenance	17		-
Total expenses		255,424	1,153,153
Other gains/losses			
Gain/loss on disposal of assets	18		-
Surplus/(deficit) for the period		- 255,424	41,406

The notes set out on pages 24 to 38 form an integral part of these Financial Statements. The entity financial statements were approved on _____ 2024 and signed by:

.....
Name: Lorreine Jerono
Ag. Municipality Manager

.....
Name: Fredrick Kering
Accountant

15. Statement of Financial Position As At 30 June 2024

Description	Note	2024-2024	2022-2023
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	19	10,438,722	50,205,368
Receivables from exchange transactions	20	-	-
Receivables from Non- exchange transactions	21	-	-
Prepayments	22	-	-
Inventories	23	-	-
Total current assets		10,438,722	50,205,368
Non-current assets			
Property, plant, and equipment	24	142,469,334	102,958,112
Intangible assets	25	-	-
Total Non-current Assets		142,469,334	102,958,112
Total assets		152,908,056	153,163,480
Liabilities			
Current liabilities			
Trade and other payables	26	-	-
ReMunicipalityable deposits from customers	27	-	-
Provisions	28	-	-
Borrowings	29	-	-
Employee benefit obligations	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
Total current liabilities		-	-
Non-current liabilities			
Provisions	28	-	-
Borrowings	29	-	-
Non-current employee benefit obligation	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
Total liabilities		-	-

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Description	Note	2024-2024	2022-2023
		Kshs.	Kshs.
Net assets			
Capital/Development Grants/Municipality		58,291,174	58,291,174
Reserves		-	-
Accumulated surplus		94,616,882	94,872,306
Total net assets and liabilities		152,908,056	153,163,480

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 _____ 2024 and signed by:

.....
Name: Lorreine Jerono
Ag. Municipality Manager
Date:

.....
Name: Fredrick Kering
Accountant
Date:

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

Description	Capital/ Development Grants/Municipality	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2022 (previous year)	-	-	-	-
Surplus/(deficit) for the year		-	94,830,900	94,872,306
Municipalities received during the year	58,291,174	-	-	58,291,174
Revaluation gain	-	-	-	-
Bal as at 30 Jun 2023	58,291,174	-	94,830,900	94,830,900
Bal as at 1 July 2023 (current year)	58,291,174	-	94,830,900	153,163,480
Surplus/(deficit) for the year	-	-	- 255,424	- 255,424
Municipalities received during the year		-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2024	58,291,174	-	94,616,882	152,908,056

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

Description	Note	2022-2023	2021-2022
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	59,485,733
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous receipts (<i>Specify</i>)		-	-
Total Receipts		-	59,485,733
Payments		-	
Use of goods and services		255,424	1,153,153
Staff costs		-	-
Board expenses		-	-
Finance costs		-	-
Total Payments		255,424	1,153,153
Net cash flows from operating activities	33	-255,424	58,332,580
Cash flows from investing activities			
Purchase of PPE & intangible assets		39,511,222	102,958,112
Proceeds from sale of PPE		-	-
Net cash flows used in investing activities		39,511,222	102,958,112
Cash flows from financing activities			
Receipts from Capital grants		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash equivalents		- 39,766,646	(44,625,532)
Cash And Cash Equivalents At 1 July	19	50,205,368	94,830,900
Cash And Cash Equivalents At 30 June	19	10,438,722	50,205,368

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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 on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	B	c=(a+b)	d	e=(c-d)	f=d/c
Revenue		Kshs.	Kshs.	Kshs.	Kshs.	
Transfers from the County Government	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Bal b/d	50,204,051	-	50,204,051	50,204,051	-	100
Total Revenue	50,204,051	-	50,204,051	50,204,051	50,204,051	100
Expenses						
Use of goods and services	254,107	-	254,107	254,107	-	100
Board expenses	-	-	-	-	-	-
Staff Costs	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-
Total Expenditure	254,107	-	254,107	254,107	-	100
Surplus for the period	49,949,944	-	49,949,944	49,949,944	50,204,051	100
					- 50,204,051	
Capital Expenditure	49,695,837	-	49,695,837	39,511,222	50,204,051	79.5061

19. Notes to the Financial Statements

1. General Information

Kapsabet Municipality is established by and derives its authority and accountability from urban areas and cities Act. The Municipality is under the Nandi County Government and is domiciled in Kenya.

The *entity's* principal activity is Improve the living standards of all residents of Kapsabet Municipality by offering quality and sustainable services in an equitable and transparent manner through modern technology, innovation, enhanced workforce, environmental sustainability and entrepreneurship in all spheres of life.

2. Statement of Compliance and Basis of Preparation

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

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

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

3. Application of New and revised standards (IPSAS)

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p>

Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>State the impact of the standard to the Entity if relevant</i></p>

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ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>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 cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>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:</p> <p>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.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

iii. *Early adoption of standards*

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

(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 *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such Municipalities.

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 2022/23 was approved by the County Assembly on - (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 - (Amount) on - (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 entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (Amend as appropriate).*

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

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows 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 City/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 City/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 City/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 City/Municipality creates and maintains reserves in terms of specific requirements.
City/Municipality to state the reserves maintained and appropriate policies adopted

l) Changes in accounting policies and estimates

The City/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 City/Municipality provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the City/Municipality pays fixed contributions into a separate Municipality and will have no legal or constructive obligation to pay further contributions if the City/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 City/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 City/Municipality, or vice versa. Members of key management are regarded as related parties and comprise the Board members, the City/Municipality Managers and City/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 City/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 City/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 City/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 City/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 City/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 Municipalitys 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	2023-2024	2022-2023
	Kshs.	Kshs.
Transfers from County Govt. – CRF TO SPA -UIG	-	1,194,559
Transfers from County Govt. – CRF TO SPA -UDG	-	-
Payments by County on behalf of the entity	-	-
Total	-	1,194,559

(a) Transfers from County Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of financial performance* Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital Municipality.	Total grant income during the year	Insert Comparative FY
			Kshs	Kshs	Kshs
xx State Department	-	-	-	-	-
XX Ministry	-	-	-	-	-
Total	-	-	-	-	-

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

The details of the reconciliation have been included under appendix xxx

7. Public Contributions and Donations

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

Notes to the Financial Statements

8. Levies, Fines and penalties

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others (<i>indicate and specify</i>)	-	-
Total	-	-

9. Other Revenues from Non-Exchange Transactions

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others (<i>indicate and specify</i>)	-	-
Total	-	-

(Provide a brief explanation for this revenue)

10. Interest income

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Interest income from investments	-	-
Interest income on bank deposits	-	-
Others (<i>Specify</i>)	-	-
Total interest income	-	-

(Provide brief explanation for this revenue)

11. Miscellaneous income

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Income from sale of tender documents	-	-
Others (<i>specify</i>)	-	-
Total other income	-	-

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified Any writebacks or recoveries from write offs).

Notes to the Financial Statements

12. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Utilities, supplies and services	-	-
Communication, supplies and services	-	-
Domestic travel and subsistence	180,000	1,144,500
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	-	-
Rent and rates	-	-
Training expenses	-	-
Hospitality supplies and services	-	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	-	-
Fuel, oil and lubricants	-	-
Other operating expenses (<i>Specify</i>)	69,617	-
Routine maintenance – vehicles and other equipment	-	-
Routine maintenance – other assets	-	-
Contracted Professional Services	-	-
Audit fees	-	-
Hire of Transport, equipment etc	-	-
Bank Charges	5,807	8,653
Social Benefit expenses*	-	-
Total	255,424	1,153,153

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

13. Staff costs

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Salaries and wages	-	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs (<i>Specify</i>)	-	-
Total	-	-

Notes to the Financial Statements

14. Board expenses

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

15. Finance costs

Description	2023-2024	2023-2024
	Kshs.	Kshs.
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

16. Depreciation and amortization

Description	2023-2024	2023-2024
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	-	-

Notes to the Financial Statements

17. Repairs and Maintenance

Description	2023-2024	2022-2023
	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	2023-2024	2022-2023
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

19. Cash and cash equivalents

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	10,438,722	50,205,368
Others(<i>specify</i>)	-	-
Total cash and cash equivalents	10,438,722	50,205,368

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

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Notes to the Financial Statements

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

Financial institution	Account number	2023-2024	2022-2023
		Kshs.	Kshs.
a) a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) c) Current account			
Nandi County Kenya Urban Institutional Grants A/C No 1000397101 CBK		-	1,194,559
Kapsabet Municipality Urban Development Grants A/C No 1000397117 CBK		-	13,983,959
Kapsabet Municipality-UDG A/C No 1260069508 KCB		10,438,551	34,970,079
Nandi County UIG A/C No 1260069338 KCB		171	56,771
Sub- total		10,438,722	50,205,368
d) d) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
Sub- total		-	-
Grand total		10,438,722	50,205,368

20. Receivables from exchange transactions

Description	2023-2024	2022-2023
	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	-	-

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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	-	%	0	%
Between 1- 2 years	-	%	0	%
Between 2-3 years	-	%	0	%
Over 3 years	-	%	0	%
Total (a+b)	-	%	0	%

21. Receivables from Non-Exchange transaction

Description	2023-2024	2022-2024
	Kshs.	Kshs.
Transfer from County Executive	-	-
Transfer from Municipality	-	-
Total receivables from non-exchange transactions	-	-

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	-	%	-	%

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22. Prepayments

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

23. Inventories

Description	2023/2024	2022-2023
	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	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 2023 (previous year)	-	102,958,112	-	-	-	-	-	102,958,112
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
As at 30th June 2024	-	102,958,112	-	-	-	-	-	102,958,112
Additions for the year	-	30,131,201	-	-	980,021	8,400,000	-	39,511,222
Disposals for the year	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
As at 30th June 2024 (current year)	-	133,089,313	-	-	980,021	8,400,000	-	142,469,334
Depreciation and impairment								
At 1 July 2023 (previous year)	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-

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Description	Land	Building	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 30 June 202	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-
Disposals for the year	-	-	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
As at 30 th June 2024 (current year)	-	-	-	-	-	-	-	-
NBV as at 30 th Jun 2023 (previous year)	-	102,958,112	-	-	-	-	-	102,958,112
NBV as at 30 th Jun 2024 (current year)	-	133,089,313	-	-	980,021	8,400,000	-	142,469,334

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

(Notes to The Financial Statements Continued)

25. Intangible assets

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
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:	2023-2024	% of the Total	2022-2023	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

Notes to the Financial Statements

27. Municipality 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	2023-2024		2022-2023	
	Kshs.		Kshs.	
Balance at the beginning of the year	-		-	
Additional Provisions (<i>Specify</i>)	-		-	
Provision utilised	-		-	
Balance at the end of the 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	-		-	

(NB: the total of this statement should tie to note 29 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed)

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Description	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

31. Deferred Income

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

The deferred income movement is as follows:

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

Include columns as needed for the various sources of income deferred

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
Total	-

Notes to the Financial Statements

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)	-	-

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

33. Cash generated from operations

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax		58,332,580
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	-	58,332,580

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

Notes to the Financial Statements

34. Related party balances

a) Nature of related party relationships

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

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

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	-	-

Notes to the Financial Statements

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	-	-

35. Contingent liabilities

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

(Give details)

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

37. Financial risk management

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

I. Credit risk

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

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

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2024 (current year)				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx
At 30 June 2023(previous year)				
Receivables from exchange transactions	xxx	xxx	xxx	xxx
Receivables from non-exchange transactions	xxx	xxx	xxx	xxx
Bank balances	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

Notes to the Financial Statements

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

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

II. Liquidity risk management

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

The table below represents cash flows payable by the City/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 (current year)				
Trade payables		xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx
At 30 Jun 2023(previous year)				
Trade payables	xxx	xxx	xxx	xxx
Current portion of borrowings	xxx	xxx	xxx	xxx
Provisions	xxx	xxx	xxx	xxx
Employee benefit obligation	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx

Notes to the Financial Statements

III. Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the City/Municipality's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The City/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 City/Municipality's exposure to market risks or the manner in which it manages and measures the risk.

IV. Foreign currency risk

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

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

(The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.)

Notes to the Financial Statements

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Municipality'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 (current year)			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx
2023 (previous year)			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx

V. Interest rate risk

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

VI. Capital risk management.

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

Description	Insert Current FY	Insert Comparative FY
	Kshs.	Kshs.
Revaluation reserve	xxx	xxx
Capital/Development Grants/City/Municipality	xxx	xxx
Accumulated surplus	xxx	xxx
Total Municipalitys	xxx	xxx
Total borrowings	xxx	xxx
Less: cash and bank balances	(xxx)	(xxx)
Net debt/(excess cash and cash equivalents)	xxx	xxx
Gearing	xx%	xx%

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)

Guidance Notes:

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

.....

To be Signed by the Accounting officer of the Entity

*County Government of Nandi
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Appendix 2: Inter Entity Transfers

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

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

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

Appendix 3: Reporting of Climate Relevant Expenditures

Name of the Organization

Telephone Number

Email Address

Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications)

Project Name	Project Description	Project Objectives	Project Activities					Source Of Municipalitys	Implementing Partners
				Q1	Q2	Q3	Q4		

Appendix 4: Disaster Expenditure Reporting Template

Date:

Entity

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