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**MARSABIT MUNICIPALITY**  
*County Government of Marsabit*

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

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

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**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

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

**B. Definition of Key Terms**

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

CPA                      Certified Public Accountant

CECM                    County Executive Committee Member

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

*(Entity to insert all the relevant acronyms and key terms used in the annual report and financial statements)*

## 2. Key Entity Information and Management

### a) Background information

- b) Marsabit 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 4<sup>th</sup> March 2021. The Municipality is under the County Government of Marsabit and is domiciled in Kenya.

### c) Principal Activities

To be a Vibrant and an Inclusive Municipality of Choice

#### **Municipality Mission**

To Render High Quality and Cost-Effective Services to our Clients and Customers, Promote Safety and Municipality's Cleanliness through Stable Development Planning, Strategic Project Planning and an all-inclusive Citizen Involvement as well as Effective Administration for the sake of Peoples Prosperity.

#### **Core Values**

We are committed to upholding the following core values as the guiding principles for the operations of the county summarized as THIIRI:

**Transparency & Accountability:** We shall always endeavour to be transparent, answerable and liable at all times

**Hardworking:** We shall be patriotic to the cause of the county and be guided by hardworking ethics in all our undertakings.

**Integrity:** Honesty and sincerity are an integral part of our operations. We shall uphold these through strict adherence to the moral principles underlying all our policies

**Inclusiveness & Teamwork:** In all our undertakings, we shall have people from diverse backgrounds or communities involved in the development. All groups and citizens in the county shall be treated with equity, equality and without exception

**Responsiveness:** We act with a sense of urgency to address citizens' needs, make qualified decisions in time and provide fiscally responsible solutions

**Innovativeness:** We thrive on creativity and ingenuity. We seek the innovations and ideas that can bring a positive change to the County. We value creativity that is focused, data driven, and Continuously-improving based on results

## Key Management

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

- County department of in charge of Municipalities i.e. Department of Lands, physical planning, energy and urban development.
- Board of Management
- Municipality Manager
- Municipal service units like Revenue, enforcement, Fire and emergency services, public health and environment.
- Others (*specify*)

### d) Fiduciary Management

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

Ref	Position	Name
1	CECM	Ms Amina Challa
2	Chief Officer	Khazali Bule
3	Municipal Manager	Boru Golicha
4	Municipal Public Health	Gollo Guyo
5	Municipal Environmental Officer	Mamo Dabasso
6	Public Health Officer	Naye Mare
7	Environmental Officer	Adhi Sora
8	Revenue Officer	Mbarak Sora
9	Fire Officer	Fatuma Kosi
10	Enforcement Officer	Moses Kathambi

*(Include all positions regarded as top management for the City/Municipality).*

**e) Fiduciary Oversight Arrangements**

*[Provide a high-level description of the key fiduciary oversight arrangements covering (say)]:*

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

**f) Registered Offices**

P.O. Box 384 (60500)

Marsabit County Headquarter.

MARSABIT, KENYA

**g) Contacts**

Telephone: (+254)726560836

E-mail: bggababo@gmail.com

Website: marsabitmunicipality.go.ke

**h) Bankers**

Kenya Commercial Banks,

Marsabit Branch.

Equity Bank, Marsabit Branch

**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. City/Municipality Board**

Serial No.	Name	Details of qualifications and experience
1	<p>CHAIRMAN</p> <p>Mr. ADAN WARIO BORU</p> 	<p>Mr. Adan is the municipal board chairman and has joined the team with a wealth of experience in leadership and management. He is an astute educationalist and seasoned administrator in school management with an experience of 14 years. He is a respected member of county education board where his contribution is highly celebrated. He is the chairman of the Kenya secondary school heads association ( KEISHA) both at sub- county and regional level. His contribution in community affairs coupled with problem solving skill in multifaceted field is highly appreciated across the board. He has given direction in matters municipality with a wide consultation and admiration.</p> <p>Mr. Adan, holds bachelor (BED) science in physics and Mathematics and Diploma in Education management.</p>
2	<p>DAHABO DARRO</p> <p>VICE CHAIR PERSON</p> 	<p>Ms Dahabo Daro is the vice chairperson of the municipal board. She has over 27 years working experience in the banking sector rising through the ranks and eventually serving as a branch manager. She also serves as the deputy chair of the Municipal Board. Madam Dahabo is also the chairperson of the finance, trade and procurement committee.</p>

<p>3</p>	<p>ALEX ALI GULLEID</p> 	<p>Mr Alex Ali Gulleid was a long serving senior government officer who has served in both national and county governments of Marsabit. He holds a master’s degree in Tropical Animal Production and Health.</p> <p>HE has a wide experience in the fields of Agriculture and Livestock Extension services where he served at different levels in Marsabit County as district animal production officer, District Livestock Development officer as well as County Coordinator, Agriculture Sector Development Support Programme (ASDSP). He is also a member of the finance, trade and procurement committee.</p>
<p>4</p>	<p>JACOB ALEMU</p> 	<p>Mr Jacob Alemu has a master’s degree in Sociology, Advanced Disaster Management, University of Nairobi (2004) and a BA in Community Development &amp; Conflict resolution, Daystar University He has Worked with both local &amp; international NGOs for over 12 years in different capacities, as development facilitator, Project manager, Program coordinators, &amp; Program manager. Currently working with Sauti Moja Marsabit, based in Saku sub county, Marsabit County. He is also the chairperson of the Environment, water and sanitation committee.</p>
<p>5</p>	<p>HALIMA ISAAK</p>	<p>Ms Halima Isaak has a Diploma in community development &amp; management, institute of community development (2010) and has worked with Care international Kenya as a field officer. She is currently a business woman and a</p>

		<p>representative of the informal sector on the board. She is also the chairperson of the publicity and social services committee.</p>
<p>6</p>	<p>ABEDNEGO LERUK</p> 	<p>Mr Abednego Leruk is a board member representing people living with disabilities has a diploma in Community Development and social work. He has over 10 years' experience in community development and debt management gained from different organisations. Abednego hails from Karare ward in Saku Sub-County. He is also a member of the Publicity and social service committee.</p>
<p>7</p>	<p>OSMAN MOHAMED</p> 	<p>Mr Osman Mohamed is a board member representing the neighbourhood association. He holds a bachelor of science degree in health records and Information management from Kenyatta university and also a leadership certificate from the same institution. He is also a member of the planning and infrastructure development committee.</p>
<p>8</p>	<p>CECM <b>Ms Amina Challa</b>, County Executive Committee Member Department of Lands, Physical Planning, Energy and Urban</p>	<p>Amina is credited as a result driven, analytical minded project manager with wealth of experience in managerial levels at various non sector organization, her Strong leadership skills and her organize nature has earned the favor to serve the department for the second term in office. She has inspired her colleagues to reach shared goals through motivation and by mentoring many.</p>

	<p>Development</p> 	<p><b>She holds MA Project Planning and Management</b>, from university of Nairobi and <b>BSc. Community Resource Management</b>, Kenyatta University:</p>
<p>9</p>	<p>Mr Khazali Bule Chief Officer, Department of Lands, Physical Planning, Energy and Urban Development.</p> 	<p>Khazali Bulle is the chief officer in charge of urban development. He is young and full of energy, the vibrant nature in him is an indication of a resourceful asset to the department and the county government of Marsabit. He enjoys wide networks in business and corporate management. These high-level connections and ability to net in opportunities for the municipality.</p> <p>He is a graduate of Moi University with bachelor’s degree in business management &amp; entrepreneurship.</p>
<p>10</p>	<p>Mr Boru Golicha Gababo, Municipality Manager</p> 	<p>Mr Boru Golicha Gababo is the municipal manager and secretary to the board. He has a Master’s degree in Strategic Management from Africa Nazarene University and a Bachelor of Science Degree in Community Development from Egerton University. He has a 10 years’ experience in the NGO world having served in various capacities. A highly organized and meticulous manager, he served as the Town Administrator for Marsabit town for 6 years prior to his current position.</p>

		<p>Mr. Boru oversaw the transition of Marsabit from a Town to a Municipality. He has since then been instrumental in the development of the Marsabit Municipal Charter and Integrated Development Plan aligned with the County Integrated Development Plan and many related policies and is overseeing its implementation. He has served in his current capacity for a cumulative period of 9 years. As the Municipal Manager Mr. Boru provides strategic thinking and oversight in the design, and implementation of major infrastructural investments in the Municipality and the county. He is the administrative head of the municipality and secretary to the municipal board. Within this capacity he advises the Executive arm of Marsabit county government on all matters development and also serves as crucial linkage between the business community, stakeholders and other investors and the government with regards to investment opportunities and institutional support in the municipality. Amongst his achievements are the establishment and implementation of performance management systems, conceiving and implementing major infrastructural projects including the street lighting, municipal market, municipal car park and the town drainage system.</p>
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4. Key Management Team

S/ No	Name	Details of qualifications and experience
1.	<p><b>Ms Amina Challa</b>, County Executive Committee Member Department of Lands, Physical Planning, Energy and Urban Development.</p> 	<p><b>Date of Birth:</b> 29<sup>th</sup> December 1988</p> <p><b>Key Academic Achievement:</b> She holds MA Project Planning and Management, from university of Nairobi and <b>BSc. Community Resource Management</b>, Kenyatta University:</p> <p><b>Experience:</b> Amina is credited as a result driven, analytical minded project manager with wealth of experience in managerial levels at various non sector organization, her Strong leadership skills and her organize nature has earned the favor to serve the department for the second term in office. She has inspired her colleagues to reach shared goals through motivation and by mentoring many.</p>
2.	<p><b>Mr Khazali Bule</b> Chief Officer, Department of Lands, Physical Planning, Energy and Urban Development.</p> 	<p><b>Date of Birth:</b> 21<sup>st</sup> June 1985</p> <p><b>Key Academic Achievement:</b> A graduate of Moi University with bachelor degree in business management &amp; entrepreneurship.</p> <p><b>Experience:</b> Khazali Bulle is the new chief officer in charge of urban development. He is young and full of energy, the vibrant nature in him is an indication of a resourceful asset to the department and the county government of Marsabit. He enjoys wide networks in business and corporate management as well as not for profit organization. These high-level connections and ability to net in opportunities for the municipality.</p>
3.	<p><b>Mr Boru Golicha Gababo</b>, Municipality Manager</p>	<p><b>Date of Birth:</b> 21<sup>st</sup> September 1977</p>



**Key Academic Achievement:** Master’s degree in Strategic Management from Africa Nazarene University and a Bachelor of Science Degree in Community Development from Egerton University.

**Experience:**

Mr Boru Golicha Gababo is the municipal manager and secretary to the board. He has a 10 year experience in the NGO world having served in various capacities. A highly organized and meticulous manager, he served as the Town Administrator for Marsabit town for 6 years prior to his current position.

Mr. Boru oversaw the transition of Marsabit from a Town to a Municipality. He has since then been instrumental in the development of the Marsabit Municipal Charter and Integrated Development Plan aligned with the County Integrated Development Plan and many related policies and is overseeing its implementation. He has served in his current capacity for a cumulative period of 9 years. As the Municipal Manager Mr. Boru provides strategic thinking and oversight in the design, and implementation of major infrastructural investments in the Municipality and the county. He is the administrative head of the municipality and secretary to the municipal board. Within this capacity he advises the Executive arm of Marsabit county government on all matters development and also serves as crucial linkage between the business community, stakeholders and other investors and the government with regards to investment

		opportunities and institutional support in the municipality.
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*(Note: The City/Municipality Manager will feature under both the 'Board' and 'Management'.)*

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

I am delighted to sign off the financial report for Marsabit municipality with a great sense of pride and fulfilment. Further, I am indebted to the members of the board and the staff for the unwavering support and for the cordial working relationship that has bear the fruit of success and immeasurable achievement. I most sincerely thank all of them for the respect and the honour to champion the interest of the board and the people of Marsabit in this honoured and converted responsibility. For this and the support so far, Hat off for you.

Marsabit municipality has been a towering institution from the few yet impactful projects undertaken within the urban set up. The meticulous execution of the project with utmost professionalism, driven by the value for money and ultimate service to the people has remained the driving force. The elaborate involvement of the community to identify the desired project through the constitutionally given public participation has earned the respect of the board and ownership by the community members. The professionalism by the municipal staff by ensuring quality and standards of the work has remained a source of admiration by the members of the public. I am much prouder than ever for been associated with these milestone achievements that shall be enumerated in the subsequent sections of this report.

However, our municipality encountered significant hurdles stemming from the absence of crucial policy frameworks and regulations to guide our multifaceted functions. The dearth of such guidance occasionally hindered our decision-making processes and overall effectiveness. Furthermore, inadequate funding for municipality functions presented persistent challenges, impeding our capacity to meet the diverse needs of our residents. In fact, we didn't management to achievements much of our planned activities including the basic issues like board meeting due to lack of funding. The Kenya urban support program also came to end during the period further disorienting our plans.

The term of service for the municipal board members came an end after serving for the five years, the matter has been brought to the attention of the authority for a possible reappointment of the existing members or find it fit to appoint a new team; however, this did not affect the chairman who joined the team much later.

To compound our challenges, some functions, though transferred to the municipality, have not been adequately funded, creating significant obstacles to their efficient execution. Resistance from certain departments reluctant to finance these delegated functions further exacerbated the situation.

In the face of adversity, the Municipality of Marsabit remains steadfast in its dedication to the well-being and prosperity of our residents. With careful planning, strategic investments, and unwavering resolve, we are confident in our ability to overcome challenges and achieve our vision for a vibrant, self-reliant municipality that serves as a beacon of progress in our region.

In summary, while we have faced a multitude of challenges during the 2024-2025 fiscal year, we remain undeterred in our pursuit of excellence. We have learned from these experiences and are poised to turn them into opportunities for growth and development. Our vision for the Municipality of Marsabit is one of **progress, prosperity, and self-sustainability**. With a dedicated team, strong community support, and prudent management, we are confident in our ability to realize this vision in the years ahead. We are determining to achieve and live by this commitment without fear or favor.

.....

**Name: Adan Wario Boru**  
**Chairperson of the Board**

## **6. Report Of the City/Municipality Manager**

I am exceedingly humble and profoundly honoured to report on the progress of the last financial year, the efforts I look back with overwhelming Joy. From the onset, I wish to most sincerely Thank God for the guidance and the wisdom to steer the municipality so far. Further hat off to the chairman and the board of Marsabit municipality for the guidance and their forthrightness without which we would not count the achievements and disapproved the challenges. I also recognize the staff of the municipality for their unwavering support and for going beyond the call of duty in discharging their mandates.

As the Municipality Manager of Marsabit, I have had the privilege of overseeing various projects and initiatives during the 2024-2025 fiscal year. These endeavors have been instrumental in enhancing the well-being of our residents and promoting the sustainable development of our municipality. Here, I will reflect upon the key successes and projects undertaken in the past year.

### **World Bank-Funded Kenya Urban Support Programme**

Under this initiative, we embarked on several critical projects aimed at improving the urban experience for our residents. We benefited from a World Bank fund through Kenya urban support programme fund for the three running years. In the previous years, we undertook a multifaceted project that encompasses laying of cabros within the bus parks that adds beauty to town and serves as a source of revenue from the parking charges. The installation of street lights was a significant milestone, enabling extended business hours and enhancing security within our municipality. The Boda Boda shade project brought much-needed order to our streets, fostering safer and more organized transportation services. Furthermore, strategically locating public toilets has not only improved commuters' work environment but also reflects our commitment to enhancing overall urban hygiene and sanitation. The total project was awarded at **KES. 52, 390,019.14**, however, the board in its wisdom used the reserves of the resource to undertake the following three critical projects.

**Drainage work with SAKU CBD:**



Marsabit county headquarters which doubles as the municipal centers is geographically located at the foot of Marsabit mountain, therefore, the run-off water finds way in to the town causing a lot of havoc, destruction and damages. Every season a multisectoral team is constituted and brings their heads together for a technical intervention as well as humanitarian assistance to the affected families and business communities. This exercise is repetitive and expensive, therefore, the board found it fit engage a contractor to do a massive unclogging of the drainage and

cleaning of all the water ways. This exercise met its objective by averting the looming damage and saved the people's lives and properties. Further, the 3.6 million contracts offered a casual work for people who otherwise would have gone without a basic need or who may engage in unlawful means of survival bordering criminality. The main beneficiaries are women and children who are generally vulnerable in the society.



The project also involved bush clearing exercise which was done around the business center, this ensured ambiance and sanity for favor business environment and maintain the status of a regional economic hub.

Clogging of the drainage is the main problem the municipality is handling before and after every rain season. The town is located on the slopes of Marsabit mountain where all the run off waters flow in to the town causing a lot of damage to peoples homestead and their property. The situation is worsened by the destructive human activities that involve settling on the hills, deforestation/ destroying the vegetation cover, settling on the water ways and unplanned settlements. beside all these negative practices, out of human nature the communities raises blames pointing at the authorities in case of adversities. The matter has received a lot of publicity and concern from the media, county and the

national government just as it is at the national forums. It was so heavy that the contractor has to use heavy machineries to clear the totally blocked culverts and open up the old and create new drainages to ensure flow of water.

### **Installation of Road Furniture on Access Roads Within Saku CBD**



Marsabit town benefited from the CSR project born out of tarmacking of Merille- Marsabit highway where the feeder roads within the central business was tarmacked to a bitumen standard. However, this worthy service left an open drainage that caused inconveniences to the pedestrians, the drainage was covered three years ago to the relief of general road users. Further, the county government of Marsabit through the municipality laid cabros at high business density areas as well as at the parking areas. In order to enhance safety of pedestrian especially around schools and bus stage, the management of Marsabit found it worth to erect

directional signages and road marking to avert the common road accidents and obstruction that has been worsened by the number of motor vehicles and the motorbikes. This effort has reduced the accident cases and enhanced sanity on the part of the road users to the admiration of the populace.

The sum total of the awarded contract 4.8 million shillings that included bush clearing and marking of the roads as shown in the pictures below.





### **Bus Stage and Park Development**



The construction of a Bus Stage and Park was a vital project designed to instill order and generate revenue for our municipality. This strategic facility not only serves as a transportation hub but also offers opportunities for revenue generation, contributing to our financial stability.

### **Revenue Generation and Challenges**

Marsabit Municipality generate revenue from different streams including single business permits and land rates. In the 2024-2025 fiscal year, we encountered challenges in revenue collection. We collected a total of **KES 10,417,197**, falling short of our **KES 15,000,000** target. Although there was slight improvement from last year's collection of **KES 8,897,545** there is a need for deliberate effort in terms of facilitation to ensure maximum collections, The deficit was exacerbated by a life-threatening famine, long recovery period from the previous conflict, minimal support and facilitation and well as lack of

100% automation of the collection. Despite these hurdles, we remain committed to optimizing our revenue collection processes.

### **Fire Marshal Initiative**



To enhance safety and emergency response, we successfully established a team of 15 trained and fully equipped fire engine. This initiative bolsters our capacity to respond swiftly and effectively to fire emergencies within the municipality. It is our desire that the fire station will be fully functional shortly to offer 24-hour service.

### **Renovation of municipal office**

Marsabit municipality inherited an old office block that houses the district veterinary office in the previous system of governance, the building was dilapidated to the extent that the conditioned was condemned by national environmental management authority mainly for asbestos roofing that is unfit for occupation. In order to enhance a safe working environment for the staff and clients, it was recommended as progressive renovation to be done over the years due to financial constraints. For this reason, the board allocated and awarded a sum of ksh. 480,000 for the painting, renovation, replacement of locks, broken windows among other renovation work. This has enhanced staff safety, moral and dignity in its working areas.



### **Waste Management and Policy Framework**

In the realm of waste management, Marsabit Municipality made significant strides. We collected and disposed of a total of 21,900 tonnes of waste over the fiscal year, with a daily collection rate of 60 tonnes. To reinforce our commitment to responsible waste management, we developed a comprehensive Waste Management Policy and Bill. Notably, we transitioned from employing solid waste management casuals to contracting a private solid waste management company, optimizing efficiency.

### **Market Management and Policy Development**

The Saku Modern Market has experienced remarkable progress, with occupancy rates increasing to 78% of the total 495 stalls. This achievement reflects our commitment to supporting local businesses and fostering economic growth. We are currently in the process of formulating a Market Management Policy to guide our market-related activities.

### **Future Objectives and Priorities**

Moving forward, we are committed to addressing key priorities, including the full functionality of Marsabit Fire Station and the finalization of the Waste Management Policy. Infrastructure development will continue to be a focal point of our efforts. Moreover, we are actively engaged in the development of a Spatial Plan for the entire county, aligning with regulatory requirements.

## **Future Outlook**

Despite these challenges, the Marsabit Municipality Board remains resolute in its commitment to achieving the highest standards of service delivery and municipal governance. Looking ahead, we envision a promising future characterized by several key aspirations.

1. The comprehensive handover of all 15 functions to the municipality, accompanied by full and independent funding, thereby liberating our operations from county coffers.
2. The formulation and implementation of essential policies designed to foster the smooth and effective operation of the Municipality, ensuring that our activities are governed by a robust regulatory framework.
3. The transformation of our municipality into a fully functional, fully funded, and wholly independent entity, capable of self-sustainability without reliance on external financial sources.
4. Enhanced Collaboration and Community Engagement. We recognize the importance of forging strong partnerships with civil society, the private sector, community-based organizations, and the Chamber of Commerce. Our goal is to harness collective efforts for the betterment of our municipality and its residents. Strengthened collaboration will drive socio-economic growth and promote strategic investments within our jurisdiction.
5. Infrastructure Development and Modernization. We remain committed to enhancing our municipality's infrastructure. This includes ongoing efforts to expand Bakuli dam, ensuring a reliable water supply. Additionally, the establishment of social parks will offer residents recreational spaces while fostering a closer connection with the environment.
6. Responsive and Efficient Emergency Services. The establishment of a modern fire station, equipped with state-of-the-art firefighting equipment, is well underway. This endeavor will empower us to respond rapidly to fire emergencies, bolstering our emergency preparedness and disaster management capabilities.

7. Continuous Learning and Capacity Building. To tackle challenges effectively, we prioritize ongoing learning and capacity building for our workforce. This commitment extends to our new Chief Officers, ensuring that they integrate seamlessly into our management structure, ultimately promoting optimal municipal performance.
8. Sustainable Waste Management. We recognize that waste management is a pressing issue. Efforts to educate our residents on good hygiene and waste disposal practices are underway. Promoting a shift in attitudes and behaviors is essential for achieving a cleaner and healthier municipality.

As we reflect on these achievements, we acknowledge that they would not have been possible without the dedication, hard work, and collaborative spirit of our entire team, the Board, and the support of our community. These successes inspire us to aim higher, working tirelessly to elevate the Municipality of Marsabit to even greater heights

We remain committed to serving our residents with excellence and to creating a municipality that is not only sustainable but also an example of progress and prosperity.

Finally, the municipality is gaining more trust and supporters who champion for its full autonomy independent of the department to raise, budget and utilize its own self-generated resources.

**Boru Golicha Gababo**

**Municipality Manager**

**7. Statement of Performance Against Predetermined Objectives for the FY**

**Guidance**

*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.*

*[Refer to the City/Municipality’s annual budget and program plan report on the extent of the City/Municipality’s progress in attaining the plan. Report on the metrics met, objectives yet to be met, challenges and opportunities of the City/Municipality in implementation of its program plan. Refer to the strategic plan if the entity has one.] (This guidance statement should be removed in the final set of financial statements).*

The key development objectives of the Marsabit Municipality (state the period of the strategic document/plan) plan are to:

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

*NB: Entities can prepare this performance information as per the table below or in a more relevant format suitable for the nature of its activities)*

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Environmental Management and Waste Disposal</b>	To promote environmental sustainability and effective waste management practices.	Reduced environmental impact, improved waste disposal, and cleaner surroundings.	Reduction in environmental pollution levels, waste recycling rates, waste disposal compliance.	We reduced environmental pollution levels by 10%, increased waste recycling rates by 20%, and achieved 95% compliance with waste disposal

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
				regulations, contributing to a cleaner and greener municipality.
<b>Infrastructure and Public Works</b>	To enhance the urban infrastructure and improve the overall urban experience for residents.	Successful initiation and completion of critical infrastructure projects under the Kenya Urban Support Programme, including the construction of a Bus Park, a Boda Boda shade, and a strategically located Public Toilet.  Renovation office block, drainage opening and installation of road furniture on access road.	Completion of infrastructure projects, installation of solar lights, and improved urban amenities.	All infrastructure projects initiated and completed on schedule, solar lights installed at the Bus stage, and urban amenities significantly improved, leading to a better quality of life for residents.
<b>Effective Board Committees</b>	To ensure efficient governance and decision-making processes within the Municipality	Well-equipped and experienced Board Committees that execute their roles diligently, contributing to effective governance	Capacity-building initiatives for Board Committees and their active participation in Municipality affairs.	Successful capacity-building initiatives resulting in well-prepared Board Committees that actively contribute to efficient governance and decision-making processes.

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Public Safety and Enforcement</b>	To ensure the safety and security of residents and enforce municipal regulations	Enhanced public safety, reduced crime rates, and greater adherence to municipal by laws.	Reduction in crime rates, response time to emergency calls, percentage of by law violations addressed.	We recorded a 12% reduction in crime rates, improved our response time to emergency calls by 25%, and addressed 90% of reported bylaw violations promptly
<b>Public Services Enhancement</b>	To enhance the delivery of public services to residents and businesses.	Improved access to essential public services, increased resident satisfaction, and enhanced business operations within the municipality.	Response time to service requests, resident satisfaction survey results, and percentage increase in business licenses issued.	Our response time to service requests improved by 20%, resident satisfaction survey results showed a 15% increase in overall satisfaction, and we issued 30% more business licenses compared to the previous year.

## **8. Corporate Governance Statement**

The process of appointing and removing members of the Board within the Marsabit Municipality is governed by a well-defined framework outlined in the Municipal Charter. The Charter stipulates that Board members are appointed through a rigorous and competitive process. Specifically, four members are selected by the County Executive Committee, subject to approval by the County Assembly. Additionally, five members are nominated by various associations representing different sectors within the Municipality and are subsequently appointed by the County Executive Committee.

The removal of Board members is a process grounded in transparency and accountability. Members can be removed from office under specific circumstances. These include grounds such as mental or physical infirmity, bankruptcy, criminal convictions resulting in imprisonment of six months or more, professional misconduct, absence from three consecutive meetings within a financial year without reasonable cause, among others. The removal can be initiated either by the Board itself, requiring the support of at least two-thirds of its members, or by a petition from the residents of the Municipality.

The Charter ensures that the succession of Board members is carefully planned to guarantee the continuity of leadership within the Municipality.

### **Roles and Functions of Board Members**

The Marsabit Municipality Board is vested with a wide array of powers and functions as detailed in the Urban Areas and Cities Act, the County Government Act, County legislations, and the Charter itself. These functions encompass the full spectrum of municipal governance, ensuring the orderly development of the Municipality.

Key responsibilities of the Board include executive authority delegated by the County Executive Committee, provision of services to residents, imposition of authorized fees and charges, promotion of Constitutional values, monitoring policy compliance, participation in County legislation formulation, and more. Additionally, the Board plays a crucial role in overseeing Municipality affairs, formulating and implementing development plans, controlling land use and development, promoting infrastructure projects, and maintaining comprehensive administrative databases.

### **Induction, Training, and Performance of Board Members**

The Municipal Charter sets clear qualifications for Board members. These qualifications encompass factors such as residence within the Municipality, business engagement in the area, relevant education, professional experience, and compliance with Chapter Six of the Constitution. Performance evaluation

and capacity-building initiatives are essential for ensuring that Board Committees are well-equipped to fulfill their roles effectively.

### **Number of Board Meetings and Attendance**

The Charter has set the frequency of Board meetings as four ordinary meetings with provisions of special and subcommittee meetings. It also emphasizes the importance of attendance, and excessive absences without reasonable cause can trigger removal procedures. Meetings, when convened, must adhere to established procedures that align with the Charter's principles of decision-making and governance.

### **Succession Plan**

The Charter establishes a clear succession plan to fill vacancies on the Board, ensuring the smooth transition of leadership within the Municipality.

### **Conflict of Interest**

To maintain transparency and prevent conflicts of interest, the Charter expects Board members to declare any personal interests they may have in matters under consideration by the Board.

### **Board Remuneration**

Board members, including the Chairperson and Vice-Chairperson, are remunerated with allowances and benefits determined by the County Executive Committee. These remuneration packages require approval from the County Assembly and are guided by recommendations from the Salaries and Remuneration Commission.

### **Ethics and Conduct**

The Charter underscores the importance of ethical conduct and adherence to Chapter Six of the Constitution as fundamental qualifications for Board membership. Upholding ethical standards and promoting good governance are central to the Board's responsibilities.

## **9. Management Discussion and Analysis**

The municipality is in the process of gaining the autonomy to manage its own affairs in the coming financial year; otherwise, currently its budget is captured under the mother department of lands and physical planning. However, the funds from the partner (KUSP) which involves the urban institutional grants with resemblance of recurrent expenditure and the urban development grant of development nature was utilized prudently with clear evidence based and value for money fully considered.

These resources are channeled through the county revenue account and subsequently transferred to the municipal special purpose accounts for the UIG and UDG. Sometimes these transfers take long to be effected affecting the flow of resources and hence affect the deadlines as committed by the board. Nonetheless, the projects and activities have been approved and offered a clean bill by the partners.

The municipality is undertaking a second project as funded by the Kenya urban support programme. The laying of cabro at the bus stations has several components in itself which include solarized street lights, public toilets and bodaboda shed. The project is at the tail end waiting commissioning.

The municipality is observing the statutory obligation as defined in the existing laws and HR policies. The obligations that involve deductions and transmission of NHIF and NSSF are strictly observed by the human resource units. Further KRA obligations are strictly observed. So far, the municipality is not under threat/ risk of non-compliance of financial obligations.

## **10. Environmental and Sustainability Reporting**

### *1. Sustainability strategy and profile*

As the principal governing body responsible for the welfare and progress of the Marsabit Municipality, our primary mandate rests upon ensuring the well-being and satisfaction of our residents. At the heart of our governance lies a deep commitment to sustainability, recognizing it as the cornerstone of our ability to provide essential services and maintain the quality of life for our citizens over the long term. Sustainability, in our context, extends far beyond environmental considerations; it encompasses the comprehensive and judicious management of resources, both natural and financial, to secure the Municipality's viability and growth. In this introductory paragraph, we delve into our strategy on sustainability, delving into our deliberate efforts to align with international best practices, adapt to evolving political and macroeconomic landscapes, and learn from both our key achievements and failures on this crucial journey. Our unwavering dedication to sustainable governance remains resolute, as we steer the Marsabit Municipality toward a future of enduring prosperity.

### *2. Environmental performance*

#### Environmental Policy Statement

The Marsabit Municipality is committed to preserving and enhancing the natural environment while fulfilling its mandate to provide essential services to the community. We acknowledge that sustainable development requires responsible stewardship of our resources and minimizing our environmental footprint. Our environmental policy guides our efforts in achieving this balance.

#### Evidence of the Policy

- a.] Implementation of energy-efficient measures, such as the installation of solar lights in public areas and municipal buildings, reducing our energy consumption and carbon footprint.
- b.] In line with our urban planning, the Municipality prioritizes sustainable infrastructure development to reduce environmental impact, including efficient road networks and public transport systems.
- c.] A Waste Management Policy and Bill have been developed, emphasizing proper waste disposal and recycling. We've also transitioned to a private solid waste management company to improve efficiency.

#### Successes

- a. The installation of solar lights has significantly reduced our dependence on conventional energy sources, resulting in reduced greenhouse gas emissions and energy costs.
- b. Our efforts in waste management led to the collection and disposal of 21,900 tons of waste during the year, promoting cleaner and healthier urban areas.

#### Shortcomings

1. Inadequate funding remains a challenge for implementing all aspects of our environmental policy effectively.
2. While we have made strides in waste management, we need to enhance our recycling programs to further reduce waste sent to landfills.

#### Efforts to manage biodiversity include

- Preservation of green spaces within the Municipality.
- Collaboration with conservation organizations for urban biodiversity conservation.
- Integration of biodiversity considerations into urban planning.

#### **Waste Management Policy**

The Waste Management Policy focuses on waste reduction, proper disposal, and recycling, aiming to minimize environmental impact.

#### Efforts to Reduce Environmental Impact of Products

1. Public awareness campaigns promote responsible consumption, waste reduction, and recycling among residents.
2. The Municipality seeks suppliers and products with environmentally friendly attributes when procuring goods and services.
3. We are committed to developing and maintaining green spaces within the urban area, contributing to urban biodiversity and reducing the heat island effect.
4. Initiatives are underway to increase recycling collection points and educate residents about the importance of recycling.

In conclusion, our environmental policy underscores our commitment to sustainability, evidenced by energy-efficient measures, sustainable infrastructure, and a waste management policy. While we've achieved significant milestones, challenges such as funding and the need to improve recycling persist. Our proactive biodiversity management efforts and sustainable procurement practices align with international best practices, ensuring our commitment to environmental stewardship.

### **3. *Employee welfare***

The Marsabit Municipality is dedicated to upholding principles of transparency, fairness, and inclusivity across all facets of our operations, including our hiring processes. Our policies governing the hiring process are designed to ensure equal opportunities for all, consider gender diversity, and engage stakeholders in key decisions. Additionally, we are committed to continuously improving our hiring practices. Beyond recruitment, we prioritize the growth and well-being of our employees through skill enhancement, robust career management, performance appraisal, and reward systems. Moreover, the safety and health of our workforce are paramount, and we adhere to the Occupational Safety and Health Act of 2007 (OSHA) to maintain a secure working environment, all our fire marshals, enforcement officers, revenue clerks and garbage collectors are adequately trained and equipped with the best protective gears. This comprehensive approach reflects our commitment to sustainability and fostering a workplace that values and nurtures its greatest asset—our people.

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

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

- a. Marsabit Municipality believes in fair competition and respects the rights of competitors. We comply with all relevant laws and regulations governing competition and do not engage in any anti-competitive practices such as price-fixing, collusion, or monopolistic behaviour. We compete solely on the basis of merit, quality, and innovation, promoting a level playing field for all stakeholders.
- b. Marsabit Municipality maintains a strict anti-corruption stance. We have implemented comprehensive anti-corruption policies and protocols. All employees are required to adhere to a code of conduct that prohibits any form of bribery, extortion, or corrupt practices. Regular training and awareness programs on anti-corruption are conducted to ensure compliance across the organization.

- c. We engage with political stakeholders in a transparent and ethical manner, ensuring that our interactions are in line with legal requirements and ethical standards. We do not contribute to political campaigns or parties to maintain neutrality and prevent undue influence.

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

Marsabit Municipality is committed to ethical supply chain practices. We establish clear, fair, and transparent contracts with our suppliers, ensuring that all terms and conditions are mutually agreed upon and adhered to. Payment practices are prompt and in line with contractual agreements.

We value our relationships with suppliers and treat them with respect and fairness. We encourage open communication, feedback, and collaboration to ensure that both parties benefit from a mutually advantageous relationship. We are committed to honouring our contractual obligations and addressing any disputes through fair and transparent mechanisms.

***c) Responsible marketing and advertisement***

Marsabit Municipality upholds ethical marketing practices. Our marketing and advertising efforts adhere to established industry standards and legal requirements. We do not engage in false or misleading advertising, and all claims made in our marketing materials are accurate and substantiated.

We also ensure that our marketing and advertising materials are transparent and do not exploit or mislead our audience. Any endorsements or testimonials are genuine and accurately represent the experiences of those involved. We actively seek feedback from our stakeholders to continuously improve our marketing practices and maintain the highest ethical standards.

***d) Product stewardship***

*Outline efforts to safeguard consumer rights and interests*

Marsabit Municipality is dedicated to safeguarding consumer rights and interests. We prioritize transparency, quality, and safety in all products and services offered to our residents. Our efforts include

- Conducting regular quality assessments and safety checks on municipal services, such as garbage collection and provision and maintenance of public sanitation facilities, to ensure they meet or exceed established standards.

- Maintaining an efficient complaint resolution system that allows consumers to report any concerns or issues promptly.
- Providing accessible and clear information on the rights and responsibilities of consumers regarding our services.
- Collaborating with consumer protection organizations and regulatory bodies to stay updated on best practices and regulations related to consumer rights and product safety.

### 5. *Community Engagements*

Marsabit Municipal staff were involved in tree planting activities during tree planting day.



*The board members and the staff of Marsabit Municipality planting tree during the last rainy season.*

## 11. Report of the City/Municipality Board Members

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

### **Principal activities**

#### **Principal activities of the municipality include**

- a.] The principal activities of the Municipality are the promotion, regulation, and provision of efficient refuse collection and solid waste management services to ensure a clean and healthy environment.
- b.] Promotion and provision of reliable water and sanitation services and the development of related infrastructure to meet the needs of the community.
- c.] Construction and maintenance of urban roads and the necessary infrastructure to facilitate safe and convenient transportation.
- d.] Construction and maintenance of storm drainage systems and flood control measures to mitigate flooding risks.
- e.] Development and upkeep of walkways and other non-motorized transport infrastructure to encourage pedestrian and cyclist-friendly urban spaces.
- f.] Construction and maintenance of recreational parks and green spaces, enhancing the quality of life for residents.
- g.] Installation and maintenance of street lighting to improve safety and visibility in public areas.
- h.] Construction, maintenance, and regulation of traffic controls and parking facilities to ensure smooth traffic flow and organized parking.
- i.] Development and maintenance of bus stands and taxi stands to facilitate public transportation services.
- j.] Oversight and regulation of outdoor advertising within the Municipality to maintain aesthetic standards.
- k.] Construction, maintenance, and regulation of Municipal markets and abattoirs to support local businesses and ensure food safety.
- l.] Construction and maintenance of fire stations, provision of fire-fighting services, and preparedness for emergencies and disaster management.

- m.] Promotion, regulation, and provision of sports and cultural activities within the Municipality to foster community engagement and well-being.
- n.] Promotion, regulation, and provision of services related to animal control and welfare within the Municipality.
- o.] Development and enforcement of Municipal plans and development controls to ensure orderly urban growth and development.

**Performance**

The performance of the City/Municipality for the year ended June 30, 2025 are set out on page

**Board Members**

The members of the Board who served during the year are shown on page *vii-x (refer to the key entity information and management page)*. There was no changes in the Board during the financial year ending 30<sup>th</sup> June 2025

**Auditors**

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

By Order of the Board

.....

**Name: Boru Golicha Gababo**

**Secretary of the Board**

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

Marsabit Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011(amended 2019) and was chartered on 4<sup>th</sup> March 2021. The Municipality is under the County Government of Marsabit and is domiciled in Kenya. 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, 2025. This responsibility includes: (i)maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Municipality, (iii)Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv)Safeguarding the assets of the Municipality, (v)Selecting and applying appropriate accounting policies, and (vi)Making accounting estimates that are reasonable in the circumstances.

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

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

In preparing the financial statements, the Directors have assessed the Fund’s ability to continue as a going concern (*disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements*) OR

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 City/Municipal/City’s financial statements were approved by the Board on \_\_\_ 2025 and signed on its behalf by:

.....

**Name: Adan Wario Boru**  
**Chairperson of the Board**

.....

**Name: Boru Golicha Gababo**  
**Accounting officer of the Board**

**13. Report of the Independent Auditor (Specify Entity)**

**14. Statement of Financial Performance for The Year Ended 30 June 2025**

Description	Note	2024-2025	2023-2024
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	-	2,493,114.85
Public contributions and donations	7	0	-
Levies Fines and Penalties	8	0	-
Other revenues (Unspent balance for the FY 2023-2024)	9	11,821,595.68	-
		<b>0</b>	
<b>Revenue from exchange transactions</b>		<b>0</b>	
Interest income	10	0	-
Miscellaneous Income	11	0	-
		<b>0</b>	<b>-</b>
<b>Total revenue</b>		<b>11,821,595.68</b>	<b>2,493,114.85</b>
<b>Expenditure</b>			
Use of goods and services	12	3,770	915,775.75
Staff costs	13	-	
Board expenses	14	-	685,600
Finance costs	15	-	-
Depreciation and amortization	16	-	-
Repairs and maintenance	17	8,880,770.00	-
<b>Total expenses</b>		<b>8,883,770.00</b>	<b>993,600.00</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	18	-	-
<b>Surplus/(deficit) for the period</b>		<b>2,937,825.68</b>	<b>738,539.10</b>

The notes set out on pages 1 to 88 form an integral part of these Financial Statements. The entity financial statements were approved on \_\_\_\_ 18 June \_\_\_\_ 2025 and signed by:

.....

**Name: Boru Golicha Gababo**

**Municipality Manager**

.....

**Name: Salad Adan Abdi**

**Head of Finance- ICPAK M/NO.292230**

**15. Statement of Financial Position as at 30 June 2025**

Description	Note	2024-2025	2023-2024
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	19	3,357,195.13	2,493,114.85
Receivables from exchange transactions	20	-	-
Receivables from non-exchange transactions	21	-	-
Prepayments	22	-	-
Inventories	23	-	-
<b>Total current assets</b>		<b>3,357,195.13</b>	<b>2,493,114.85</b>
<b>Non-current assets</b>			
Property, plant, and equipment	24		105,298,349.22
Intangible assets	25	-	-
Biological Assets	26	-	-
<b>Total Non-current Assets</b>			<b>105,298,349.22</b>
<b>Total assets (A)</b>		<b>3,357,195.13</b>	<b>107,791,464.07</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	27	-	-
Refundable deposits from customers	28	-	-
Provisions	29	-	-
Borrowings	30	-	-
Employee benefit obligations	31	-	-
Deferred Income	32	-	-
Social Benefits	33	-	-
<b>Total current liabilities</b>		<b>-</b>	<b>-</b>
<b>Non-current liabilities</b>			
Provisions	29	-	-
Borrowings	30	-	-
Non-current employee benefit obligation	31	-	-
Deferred Income	32	-	-
Social Benefits	33	-	-
<b>Total liabilities (B)</b>		<b>-</b>	<b>-</b>

Description	Note	2024-2025	2023-2024
		Kshs.	Kshs.
Net Assets (A-B)		<b>3,357,195.13</b>	<b>107,791,464.07</b>
Represented by:			
Capital/Development Grants/Fund		-	-
Reserves		-	-
Accumulated surplus		<b>3,357,195.13</b>	117,119,944.90
Net Assets/Equity		<b>3,357,195.13</b>	<b>117,119,944.90</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on \_\_18 June\_\_\_\_ 2025 and signed by:

.....

**Name: Boru Golicha Gababo**

**City/Municipality Manager**

**Date:**

.....

**Name: Salad Adan Abdi**

**Head of Finance**

**ICPAK M/No 29230**

**Date:**

*Comparative FY refers to the financial year preceding the current year.*

**16. Statement of Changes in Net Assets for the Year Ended 30 June 2025**

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
<b>Bal as at 1 July 2023</b> (previous year)	22,939,071.48	-	92,351,757.80	115,290,829.28
Surplus/(deficit) for the year	2,937,825.68	-	24,029,648	26,965,446.38
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
<b>Bal as at 30 Jun 2024</b>	11,821,595.68	-		11,821,595.68
<b>Bal as at 1 July 2024</b> (current year)	11,821,595.68	-		11,821,595.68
Surplus/(deficit) for the year	2,937,825.68	-	-	2,937,825.68
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
<b>Balance as at 30 June 2025</b>	<b>3,357,195.13</b>	-	<b>2,937,825.68</b>	<b>6,292,993.51</b>

*(Provide details on the nature and purpose of reserves)*

**17. Statement of Cash Flows for The Year Ended 30 June 2025**

Description	Note	2024-2025	2023-2024
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government			2,339,914.85
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous receipts ( <i>unspent balance from FY 2023-2024</i> )		11,821,595.68	-
<b>Total Receipts</b>		<b>11,821,595.68</b>	<b>2,339,914.85</b>
<b>Payments</b>			
Use of goods and services		3,770.00	915,775.75
Staff costs		-	-
Board expenses		-	-
Finance costs		-	-
Repairs and Maintenance		<b>8,880,000.00</b>	-
<b>Total Payments</b>		<b>8,883,770.00</b>	<b>1,601,375.75</b>
<b>Net cash flows from operating activities</b>	34	<b>2,937,825.68</b>	<b>738,539.10</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets		(-)	(-)
Proceeds from sale of PPE		-	-
<b>Net cash flows used in investing activities</b>		<b>(-)</b>	<b>(-)</b>
<b>Cash flows from financing activities</b>			
Receipts from Capital grants		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		(-)	(-)
<b>Net cash flows used in financing activities</b>		<b>(-)</b>	<b>(-)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>xxx</b>	<b>xxx</b>
Cash And Cash Equivalents At 1 July	19	11,819,568.38	22,939,071.48
<b>Cash And Cash Equivalents At 30 June</b>	19	<b>3,357,195.13</b>	<b>11,821,595.68</b>

*(PSASB has now prescribed the direct method of cash flow presentation for all entities under the IPSAS Accrual basis of accounting).*

*Comparative FY refers to the financial year preceding the current year.*

**Marsabit City/Municipality**  
**County Government of Marsabit**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
<b>Budget carryovers from the previous year*</b>						
<b>Receipts</b>						
Transfers from the County Government	-	-				
Public contributions and donations	-	(-)	-	-	(-)	%
Interest income	-	(-)	-	-	(-)	%
Miscellaneous income ( <i>Unspent Balances from FY 2023-2024</i> )	11,821,595.68	(-)	-	8,883,370	(-)	75%
<b>Total Receipts</b>	11,821,595.68	-	11,821,595.68	8,883,370	<b>2,938,225.68</b>	75%
<b>Payments</b>						
Use of goods and services						
Board expenses	-	(-)	-	-	(-)	%
Staff Costs	-	(-)	-	-	(-)	%
Finance costs	-	(-)	-	-	(-)	%
Repairs and maintenance	8,883,770.00	-	8,883,770.00	8,883,770.00	-	100%
<b>Total expenditure Payments</b>	<b>8,883,770.00</b>	(-)	<b>8,883,770.00</b>	<b>8,883,770.00</b>	(-)	%
<b>Capital Expenditure Payments</b>	-	-	-	-	-	
<b>Surplus for the period</b>		-		<b>2,935,798.38</b>	-	

*(Budget carryovers\* This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the CRF. The funds need to be budgeted afresh. Budget carryovers should not include third-party funds such as contractors' retention.)*

*(Entities can present the Statement of Comparison of Budget & Actual amounts in a different format/categorization as approved by the governing body.)*

**Budget notes**

*[Provide an explanation of differences between actual and budgeted amounts (any over-utilisation and underutilisation of below 90%)]*

*(Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes.*

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	A
1	Reason for differences	xx
2	Reason for differences	xx
3	Reason for differences	xx
4	Reason for differences	xx
	Closing Cash and Cash Equivalent as per the statement of Cash flows	xxx

## 19. Notes to the Financial Statements

### 1. General Information

Marsabit Municipality is established by and derives its authority and accountability from urban and cities (Amendment) Act. The Municipality is under the Marsabit County Government and is domiciled in Kenya.

The *entity's* principal activity are as follows,

- a. The promotion, regulation, and provision of efficient refuse collection and solid waste management services to ensure a clean and healthy environment.
- b. Promotion and provision of reliable water and sanitation services and the development of related infrastructure to meet the needs of the community.
- c. Construction and maintenance of urban roads and the necessary infrastructure to facilitate safe and convenient transportation.
- d. Construction and maintenance of storm drainage systems and flood control measures to mitigate flooding risks.
- e. Development and upkeep of walkways and other non-motorized transport infrastructure to encourage pedestrian and cyclist-friendly urban spaces.
- f. Construction and maintenance of recreational parks and green spaces, enhancing the quality of life for residents.
- g. Installation and maintenance of street lighting to improve safety and visibility in public areas.
- h. Construction, maintenance, and regulation of traffic controls and parking facilities to ensure smooth traffic flow and organized parking.
- i. Development and maintenance of bus stands and taxi stands to facilitate public transportation services.
- j. Oversight and regulation of outdoor advertising within the Municipality to maintain aesthetic standards.
- k. Construction, maintenance, and regulation of Municipal markets and abattoirs to support local businesses and ensure food safety.
- l. Construction and maintenance of fire stations, provision of fire-fighting services, and preparedness for emergencies and disaster management.
- m. Promotion, regulation, and provision of sports and cultural activities within the Municipality to foster community engagement and well-being.

- n. Promotion, regulation, and provision of services related to animal control and welfare within the Municipality.
- o. Development and enforcement of Municipal plans and development controls to ensure orderly urban growth and development.

## **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)**

*(When an IPSAS becomes effective on 1<sup>st</sup> January 2025, it is applicable in Kenya from 1<sup>st</sup> July 2025)*

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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 cashflows 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><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 45: Property Plant and Equipment	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>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.</p>

	<b><i>State the expected impact of the standard to the Entity if relevant</i></b>
IPSAS 46: Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 47: Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that 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> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 48: Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 49: Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 50: Exploration For & Evaluation of	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p>

Mineral Resources	<ul style="list-style-type: none"><li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li><li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li><li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li></ul> <p><b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
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**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.)*

#### **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 have been acquired using such funds.

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

###### ***Interest income***

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

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

The original budget for FY 2024/25 was approved by the County Assembly. 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's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial

statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cash flows has been presented under section 17 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.

**e) Biological Assets**

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

**f) Financial instruments**

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

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.

### **Subsequent measurement**

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

### **Amortized cost**

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

### **Fair value through net assets/ equity**

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

### **Fair value through surplus or deficit**

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

### **Trade and other receivables**

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

### **Impairment**

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

### **Financial liabilities**

#### **Classification**

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

### **g) Inventories**

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

Raw materials: purchase cost using the weighted average cost method

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

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

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

#### **h) Provisions**

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

#### **i) Social Benefits**

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

#### **j) Contingent liabilities**

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

#### **k) Contingent assets**

The 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

**l) 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*

**m) 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.

**n) 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 fund 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.

**o) Foreign currency transactions**

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

**p) Borrowing costs**

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

**q) Related parties**

The 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.

**r) Cash and cash equivalents**

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

**s) Comparative figures**

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

**t) Events after the reporting period**

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

Two types of events can be identified:

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

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

**u) Currency**

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

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

The preparation of the 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 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	2024-2025	2023-2024
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	-	-
Payments by County on behalf of the entity	-	-
Unconditional development grants	-	2,493,114.85
<b>Total</b>	<b>-</b>	<b>2,493,114.85</b>

*(the current year revenue of Kshs 11,819,568.38n is the balance brought down from previous year as no funding for current financial year)*

**(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 fund.	Total grant income during the year	Insert Comparative FY
			Kshs	Kshs	Kshs
Urban State Department	-	-	-	-	-
Land Ministry	-	-	-	-	-
<b>Total</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>

*(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	2024-2025	2024-2023
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**8. Levies, Fines and penalties**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Levies	-	-
Fines	-	-
Penalties	-	-
Others ( <i>indicate and specify</i> )	-	-
<b>Total</b>	-	-

**9. Other Revenues**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Transfers from other government entities	-	-
Others ( <i>indicate and specify</i> )	-	-
<b>Total</b>	-	-

(Provide a brief explanation for this revenue)

**10. Interest income**

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

(Provide brief explanation for this revenue)

**11. Miscellaneous income**

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

**12. Use of Goods and Services**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Utilities, supplies and services	-	
Communication, supplies and services	-	-
Domestic travel and subsistence	-	469,600
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	-	40,000
Rent and rates	-	-
Training expenses	-	400,600
Hospitality supplies and services	-	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	-	-
Fuel, oil and lubricants	-	-
Other operating expenses (specify)	-	-
Routine maintenance – vehicles and other equipment	-	-
Routine maintenance – other assets	-	-
Contracted Professional Services	-	-
Audit fees	-	-
Hire of Transport, equipment etc	-	-
Bank Charges	3,770	5,575.75
Social Benefit expenses*	-	-
<b>Total</b>	<b>3,770</b>	<b>915,775.75</b>

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

**13. Staff costs**

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

**14. Board expenses**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	-	112,000
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	-	573,600
Conference Costs	-	-
Other allowances ( <i>Specify</i> )	-	-
<b>Total</b>	<b>-</b>	<b>685,600</b>

**15. Finance costs**

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

**16. Depreciation and amortization**

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

**17. Repairs and Maintenance**

Description	2024-2025	2023-2024
	KShs	KShs
Property- Buildings	480,000	-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	8,400,000	-
<b>Total repairs and maintenance</b>	<b>8,448,000</b>	<b>-</b>

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

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

**19. Cash and cash equivalents**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account - UIG	3.30	2,027.30
Development account- UDG	3,357,191.83	11,819,568.38
<b>Total cash and cash equivalents</b>	<b>3,357,195.13</b>	<b>11,821,595.68</b>

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

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

Financial institution	Account number	2024-2025	2023-2024
		Kshs.	Kshs.
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
<b>Sub- total</b>		-	-
<b>b) On - call deposits</b>		-	-
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
<b>c) Current account</b>			
Kenya Commercial bank UIG	1260446824	3.30	2,027.30
Equity Bank - etc		-	-
<b>Sub- total</b>			<b>2,027.30</b>
<b>d) Development account -UDG</b>	1260445232	3,357,191.83	11,858,367.40
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>3,357,195.13</b>	<b>11,858,367.40</b>

## 20. Receivables from exchange transactions

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

**Ageing analysis for Receivables from exchange transactions**

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

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

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Transfer from County Executive	-	-
Transfer from XXXX Fund	-	-
<b>Total</b>	-	-

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

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

## 22. Prepayments

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

## 23. Inventories

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

*(Provide brief explanation on inventories)*

### Detailed Disclosure on Inventories

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

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**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
Depreciation Rate		X%	X%	X%	X%	X%		
As at 1 July 2023 (previous year)	-	89,285,934.32	-	2,961,400	1,010,000	185,000	-	93,442,334.32
Additions	-	11,856,014.90	-	-	-	-	-	11,856,014.90
Disposals	(-)	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
Revaluation Adjustment	-	101,141,949.22	-	2,961,400	1,010,000	185,000	-	105,298,349.22
As at 30 <sup>th</sup> June 2024	-	101,141,949.22	-	2,961,400	1,010,000	185,000	-	105,298,349.22
Additions for the year	-	-	-	-	-	-	-	-
Disposals for the year	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustments	(-)	-	-	-	(-)	(-)	-	(-)
Revaluation Adjustment	-	-	-	-	-	-		
As at 30 <sup>th</sup> June 2025 (current year)	-	101,141,949.22	-	2,961,400	1,010,000.00	185,000.00	-	105,298,349.22
Depreciation and impairment					-	-		

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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
		X%	X%	X%	X%	X%		
<b>At 1 July 2024 (previous year)</b>		<b>101,141,949.22</b>	-	-	-	-	-	-
Depreciation		-	-	-	-	-	-	-
Impairment		-	-	-	-	(-)	-	(-)
Transfers/ Adjustments		-	-	-	(-)	(-)	-	(-)
<b>As at 30 June 2025</b>		-	-	-	-	-	-	-
Depreciation for the year		-	-	-	-	-	-	-
Disposals for the year		(-)	(-)	(-)	-	(-)	(-)	(-)
Impairment for the year		-	(-)	-	-	(-)	-	(-)
Transfer/adjustment		-	(-)	(-)	-	(-)	(-)	-
<b>As at 30<sup>th</sup> June 2025 (current year)</b>		<b>101,141,949.22</b>	-	<b>2,961,400</b>	<b>1,010,000</b>	<b>185,000</b>	-	-
<b>NBV as at 30<sup>th</sup> Jun 2024 (previous year)</b>	-	<b>101,141,949.22</b>	-	<b>2,961,400</b>	<b>1,010,000</b>	<b>185,000</b>	-	<b>105,298,349.22</b>
<b>NBV as at 30<sup>th</sup> Jun 2025 (current year)</b>	-	<b>101,141,949.22</b>	-	<b>2,961,400</b>	<b>1,010,000</b>	<b>185,000</b>	-	<b>105,298,349.22</b>

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

**25. Intangible assets**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Cost		

**26. 00Biological Assets**

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

**27. Trade and Other Payables**

Description	2024-2025		2023-2024	
	Kshs.		Kshs.	
Trade payables	-		-	
Retentions	-		-	
Accrued expenses			-	
Other payables ( <i>Specify</i> )	-		-	
<b>Total trade and other payables</b>	-		-	
<b>Ageing analysis:</b>	<b>2024-2025</b>	<b>% of the Total</b>	<b>2023-2024</b>	<b>% of the Total</b>
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	-	<b>%</b>	-	<b>%</b>

## 28. Refundable deposits and prepayments from customers

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Rent deposits	-		-	
Prepayments	-		-	
Others ( <i>specify</i> )	-		-	
<b>Total</b>	-		-	
Ageing analysis:	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	-	%	-	%

## 29. Provisions

Description	2024-2025		2023-2024	
	Kshs.		Kshs.	
Balance at the beginning of the year	-		-	
Additional Provisions ( <i>Specify</i> )	-		-	
Provision utilised	(-)		(-)	
<b>Balance at the end of the year</b>	-		-	
Current Portion of provision	-		-	
Long term portion of provision	-		-	
<b>Total Provisions</b>	-		-	

## 30. Borrowings

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

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

(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)

Description	2024-2025	2023-2024
	Kshs.	Kshs.
<b>Balance at beginning of the period</b>	-	-
Borrowings during the year	-	-
Repayments of borrowings during the period	(-)	(-)
<b>Balance at end of the period</b>	-	-

The table below shows the Distribution of borrowings:

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

### 31. Employee Benefit Obligations

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

**32. Deferred Income**

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

The deferred income movement is as follows:

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

*Include columns as needed for the various sources of income deferred*

**Analysed as:**

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

### 33. Social Benefit Liabilities

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

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

### 34. Cash generated from operations

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

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

**35. 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	2024-2025	2023-2024
	Kshs.	Kshs.
Transfers from related parties'	-	-
Transfers to related parties	-	-

**c) Key management remuneration**

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

**d) Due from related parties**

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

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e) Due to related parties

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

36. Contingent liabilities

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

(Give details)

37. Contingent Assets

Contingent liabilities	2024-2025	2023-2024
	Kshs.	Kshs.
Court case against Marsabit Municipality	-	-
Others Specify	-	-
<b>Total</b>	-	-

### 38. 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 the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The 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 assessments in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the City/Municipality's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the City/Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
<b>At 30 June 2025 (current year)</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2024 (previous year)</b>	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

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

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.
<b>At 30 Jun 2025 (current year)</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 Jun 2024 (previous year)</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

### 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.
<b>At 30 June 2025 (current year)</b>			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
<b>Liabilities</b>	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

*(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.)*

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs.	Kshs.	Kshs.
<b>Jun 2025 (current year)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>Jun 2024 (previous year)</b>			
Euro	10%	-	-
USD	10%	-	-

**V. Interest rate risk**

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

**Management of interest rate risk**

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

**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:

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/City/Municipality	-	-
Accumulated surplus	-	-
<b>Total Funds</b>	-	-
		-
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	<b>%</b>	<b>%</b>

**39. Program for Results (P for R) Disclosure**

*This disclosure note is for entities that are implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework.*

<b>Name of the P for R: xxxxxxxx</b>	
<b>Financing Partners: xxxxxxxxxxxx</b>	
<b>Purpose of the P for R: xxxxx</b>	
<b>Expenditure Details</b>	<b>Amount in Kshs</b>
Cumulative actual expenditures for the previous years	-
Actual expenditure in the current financial year.	
1. Employee Cost	-
2. Use of goods and Services	-
3. Grants and Subsidies	-
4. Building of ECDE facilities	-
5. Others (specify)	-
<b>Sub-total</b>	-
<b>Cumulative Actual Expenditures to date</b>	-

**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***

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**Appendix 2: Inter-Entity Transfers**

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

*(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 Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

**Appendix 4: Disaster Expenditure Reporting Template**

Date:

Entity

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