



Reviewed
June 2025



MARALAL MUNICIPALITY
County Government of Samburu

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

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



*County Government of Samburu
Maralal Municipality*

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IMPACT	Indigenous Movement for Peace Advancement & Conflict Transformation
IPPD	Integrated Payroll and Personnel Database
IPSAS	International Public Sector Accounting Standards
KCSAP	Kenya Climate Smart Agriculture Project
KFS	Kenya Forest Service
KSH	Kenya Shillings
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NARIGP	National Agricultural and Rural Inclusive Growth Project
NDMA	National Drought Management Authority
NEMA	National Environmental Management Authority
NRM	National Resource Management
PCRA	Participatory Climate Risk Assessment
PFM	Public Finance Management
PPP	Public Private Partnership Act
PSASB	Public Sector Accounting Standards Board
ROR	Research Organization Registry
SDG	Sustainable Development Goals
SNV	Netherlands Development Organization
SRC	Salaries and Remuneration Commission
THUSCP	Transforming Health System Universal Care Project
TWG	Thematic Working Groups
UNICEF	United Nations Children's Fund
USAID	US Agency for International Development
WARUA	Water Resource User Association

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.
Comparative Year- Means the prior period.

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- Board of Management
- Accounting Officer/Municipality Manager
- Management

d) Fiduciary Management

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

Ref	Position	Name
1	Municipality Manager	Steve Lemeteki
2	Chief Officer – Housing and Urban Development	Regina Mwatha
3	Director – Planning and Urban Development	Moses Omondi

Central Bank of Kenya

Haile Selassie Avenue
P. O. Box 60000
City Square 00200
NAIROBI, KENYA

Commercial Banks

Co-operative Bank of Kenya-Maralal Branch

Telephone: +254 703 027 000
E-mail: customerservice@co-opbank.co.ke




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

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3	 <p>David England Loosenge- Member</p>	<p>He is currently the County Executive Committee Member (CECM) for Physical Planning, Housing, and Urban Development. He previously served as Chief Officer in the Department of Social Services and also worked with the National Drought Management Authority (NDMA).</p>
4	 <p>Regina Mwatha-Member</p>	<p>Regina Mwatha is currently the Chief Officer for Housing and Urban Development. From 2005 to 2022, she worked with the Teachers Service Commission (TSC) in Samburu, Marsabit, and Laikipia counties. She holds a degree in Social Sciences.</p>
5.	 <p>Yussuf Osman Isak- Member</p>	<p>Yussuf Osman Isak was born on 26 March 1990. He sat for his KCSE in 2008 at Maralal High School. He pursued a Diploma in Crime Management and Prevention at Kenyatta University from 2010 to 2012, followed by a Bachelor of Arts in Criminology and Security Studies at Egerton University from 2012 to 2014. He is currently undertaking a Postgraduate Diploma in Project Planning and Management at Mount Kenya University (2024 to date).</p> <p>His work experience includes service at T.S.S. Group of Companies (2010–2012), The Boma Hotels (January–May 2014), the Ministry of Interior and Coordination of National Government (July 2016–July 2021), and the Kenya Revenue</p>

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		Maralal Municipality Board.
8	 <p style="text-align: center;">Simon Mburu Kinyanjui-Member</p>	<p>Simon Mburu was born in 1946. From 1956 to 1964, he attended CCM Primary School, Nyahururu. He later joined Njabini Secondary School, where he studied O-Levels from 1956 to 1968, and pursued A-Levels privately in 1975. Between 1969 and 1970, he trained at St. Joseph Teachers College, Kitale.</p> <p>He began his teaching career at South Horr Primary School (1971–1973) and later taught at St. Mary’s Primary School, Maralal, in 1973. From 1985 to 2000, he served as Headmaster at St. Paul’s Primary School, Maralal. Since 2001, he has been the Manager and Proprietor of Mbukiwa School. Between 2014 and 2018, he also served as a Committee Member in Maralal Town.</p> <p>He represents the Informal Sector in the Maralal Municipality Board.</p>
9.	 <p style="text-align: center;">Esther Wanjiru Kamau-Member</p>	<p>Esther Wanjiru was born on 29 October 1973. She studied at Njonjo Girls Secondary School and later attended Kaimosi Teachers Training College. She also holds a Diploma in Early Childhood Development Education (ECDE) from Jupiter Visionary College, Kabarnet.</p> <p>She represents the Private Sector in the Maralal</p>

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4. Key Management Team

S/ No	Name	Details of qualifications and experience
1.	 <p>Steve Lemeteki- Secretary</p>	<p>Mr. Steve Lemeteki is the Maralal Municipal Manager. Before his appointment, he served as a senior-ranking officer at the County Assembly of Samburu. He holds a degree in Education from Kenyatta University.</p>
2.	 <p>Regina Mwatha-Member</p>	<p>Regina Mwatha is currently the Chief Officer for Housing and Urban Development. From 2005 to 2022, she worked with the Teachers Service Commission (TSC) in Samburu, Marsabit, and Laikipia counties. She holds a degree in Social Sciences.</p>

Changes During the Year

- Strengthening of the management team through the confirmation of Mr. Steve Lemeteki as Municipal Manager.
- Inclusion of new board members with expertise in planning, finance, and social development, enhancing diversity of governance.

Future Outlook

- The Municipality will prioritize revenue generation measures to reduce reliance on county transfers.
- Expansion of urban infrastructure investments, especially in lighting, roads, and waste management.
- Strengthened governance structures and stakeholder engagement to ensure compliance with the law and delivery of quality services.



Name: *Andrew Lemanyeki*
Chairperson of the Board

Value for Money

- Full utilisation of budgeted allocations with tangible service delivery outputs.
- Investments in infrastructure targeted urban safety and community needs, enhancing social returns.

Implementation Challenges

- Lack of own-source revenue.
- Delayed release of development funds.
- Weak technical staffing in engineering and urban planning.

Future Outlook

- FY 2025/26 will focus on expanding road infrastructure, scaling up waste management projects, and diversifying local revenue.
- Stakeholder engagement will be enhanced through public forums to align municipal projects with community needs.

Risk Management

- Adoption of continuous audit reviews to manage financial risks.
- Asset maintenance plans to reduce long-term costs.
- Development of a revenue mobilisation framework to reduce fiscal shocks.

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Name: *STEVEN LEMETA*
Maralal Municipality Manager

8. Corporate Governance Statement

The Maralal Municipality Board recognises that good corporate governance is central to achieving accountability, transparency, and effective service delivery. During the financial year ended 30th June 2025, the Board adhered to the provisions of the **Urban Areas and Cities Act, 2011 (as amended in 2019)**, the **Public Finance Management Act, 2012**, and other enabling laws to ensure that its operations reflected integrity, inclusiveness, and compliance with statutory requirements.

a) Appointment and Removal of Board Members

- Members of the Maralal Municipality Board were appointed by the Governor of Samburu County as required under **Section 14 of the Urban Areas and Cities Act, 2011**.
- Appointments considered representation from professional associations, private sector, informal sector, and special interest groups to ensure inclusivity and diversity.
- Removal of members, where applicable, is guided by **Section 16 of the Urban Areas and Cities Act**. Grounds include misconduct, incapacity, breach of the code of conduct, or conflict of interest.
- The County Assembly plays an oversight role in vetting appointments, ensuring the Board meets governance and competence requirements.

b) Roles and Functions of Board Members

- The Board is mandated under **Section 20 of the Urban Areas and Cities Act** to:
 - i) Formulate and approve municipal policies.
 - ii) Oversee planning, budget implementation, and service delivery within Maralal Municipality.
 - iii) Ensure proper management of infrastructure, land use, waste management, and public utilities.
 - iv) Promote accountability and transparency in the management of municipal resources.
- Members actively reviewed and monitored the implementation of the Municipality's budget and programme activities, providing policy direction to management.

- No major incidents of conflict of interest were reported during the year.

g) Remuneration of Board Members

- Remuneration followed guidelines issued by the **Salaries and Remuneration Commission (SRC)** in accordance with Article 230 of the Constitution.
- Total sitting allowances paid during the year amounted to **Ksh. 210,500**, while other costs (including conference participation) totalled **Ksh. 54,500**.
- Board members did not receive salaries, medical cover, or gratuities; their compensation was strictly aligned to approved allowances and actual participation in meetings.

h) Ethics, Integrity, and Conduct

- The Board adhered to the **Leadership and Integrity Act, 2012** and adopted a Code of Conduct that guided all members.
- Members committed to high ethical standards, fairness, and accountability in decision-making.
- No governance audit was undertaken during the year due to budgetary limitations. However, plans are underway to conduct an independent governance audit in FY 2025/26 to assess compliance with statutory obligations and strengthen governance systems.

i) Governance Outlook

Moving forward, the Board aims to strengthen corporate governance by:

- i) Institutionalising annual governance audits.
- ii) Enhancing public participation and stakeholder engagement in policy formulation.
- iii) Adopting technology-enabled systems to improve transparency in municipal operations.
- iv) Expanding capacity-building programmes to align with evolving urban governance demands.

The Board remains committed to ensuring that Maralal Municipality is managed efficiently, transparently, and in full compliance with the law.

- **Budget Absorption:** Both recurrent and development budgets were fully absorbed.
- **Total Expenditure:** Ksh. 13.7 million (Goods and services – Ksh. 1.05m; Board expenses – Ksh. 0.26m; Repairs – Ksh. 1.03m; Capital expenditure – Ksh. 10.41m).
- **Deficit:** Ksh. 3.31 million, financed from accumulated surpluses.
- **Cash Balances:** Declined from Ksh. 12.7 million in FY 2023/24 to Ksh. 3,254 in FY 2024/25.
- **Assets:** Increased to Ksh. 9.45 million, mainly from capital works.

c) Key Projects and Investment Decisions

The Municipality prioritised projects that directly addressed community needs and promoted sustainable growth.

- **Floodlighting Programme:** Installed and maintained new floodlights, improving security and extending hours of business operations.
- **Asset Rehabilitation:** Routine maintenance of public utilities to ensure continuity of service delivery.
- **Urban Planning:** Continued enforcement of development control and approvals to reduce informal developments.

The Board and Management adopted a value-for-money approach, ensuring that resources allocated resulted in visible, measurable service improvements.

d) Compliance with Statutory Requirements

- **Financial Reporting:** The Municipality prepared its financial statements in compliance with **IPSSAS Accrual Basis**, as required by the **PFM Act, Section 164**.
- **Procurement:** Procurement of goods and services adhered to the **Public Procurement and Asset Disposal Act, 2015**.
- **Governance:** Board meetings and decision-making processes complied with statutory provisions under the **Urban Areas and Cities Act**.
- **Public Participation:** Stakeholders were engaged in planning and budget discussions, aligning municipal priorities with community needs.

10. Environmental And Sustainability Reporting

Maralal Municipality recognises that sustainable development is at the core of effective urban governance. Guided by the **Urban Areas and Cities Act, 2011**, the **Environmental Management and Coordination Act (EMCA), 1999**, and the **Sustainable Development Goals (SDGs)**, the Municipality has sought to balance infrastructure growth, environmental stewardship, and social inclusion.

1. Sustainability Strategy and Profile

- The Municipality’s mandate centres on **urban planning, infrastructure development, and governance**. These functions are closely tied to long-term sustainability.
- Our strategy emphasises sustainable cities (SDG 11) by prioritising clean environments, safe infrastructure, and inclusive service delivery.
- During FY 2024/25, the Municipality focused on:
 - Expanding street lighting to improve urban security and extend business hours.
 - Maintaining assets responsibly to reduce long-term environmental costs.
 - Aligning projects with national environmental and climate change policies.
- In FY 2025/26, sustainability priorities will include **solid waste management projects, climate-resilient infrastructure, and renewable energy options** for municipal facilities.

2. Environmental Performance

- **Environmental Policy:** The Municipality adheres to EMCA, 1999 and related country environmental by-laws.
- **Waste Management:** Basic waste collection and disposal services were undertaken, though capacity gaps remain. Plans are underway to expand structured solid waste management in FY 2025/26.
- **Energy Efficiency:** Installation of floodlights contributed to urban safety while adopting energy-efficient bulbs to reduce power consumption.
- **Biodiversity Efforts:** Engagements with community groups to promote tree planting and green spaces within Maralal town.

d) Product Stewardship

- Services delivered, such as urban lighting and infrastructure improvements, were designed to safeguard public safety, consumer rights, and community well-being.

5. Community Engagement

- **Public Participation:** Regular forums were held to capture citizen inputs on municipal budgets and plans. This ensured that projects reflected community priorities.
- **Corporate Social Responsibility (CSR):** While budgetary constraints limited large CSR projects, the Municipality promoted:
 - Education support through community forums and sensitisation.
 - Sports engagement by supporting local youth tournaments.
 - Clean-up campaigns in partnership with residents' associations.
- **Impact:** Improved lighting and maintenance of infrastructure increased community security, boosted evening business activity, and enhanced residents' quality of life.

Outlook

The Municipality acknowledges that long-term sustainability requires deliberate investment in environmental management, employee capacity, and citizen engagement. In FY 2025/26, priority will be placed on:

- Establishing a structured waste management system.
- Expanding energy-efficient lighting and promoting renewable energy solutions.
- Enhancing staff training on environmental governance.
- Deepening partnerships with community-based organisations for sustainability projects.

The Municipality remains committed to balancing growth, environmental stewardship, and social welfare to ensure that Maralal develops as a resilient, inclusive, and sustainable town.

12. Statement of Management's Responsibilities

Section 180 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of Maralal 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.

Maralal Municipality manager is responsible for the preparation and presentation of Maralal Municipality's financial statements, which give a true and fair view of the state of affairs of Maralal 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 Maralal 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 (IPSSAS), and in the manner required by the PFM Act, 2012 and *Urban Areas and Cities Act No. 13 of 2011*. The Maralal Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Maralal Municipality's transactions during the financial year ended June 30, 2025, and the financial position as at that date.

The Maralal 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.

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

Description	Note	FY 2024/25	FY 2023/24
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
Public contributions and donations	7	-	-
Levies Fines and Penalties	8	-	-
Other revenues (<i>Specify</i>)	9	-	-
		-	-
Revenue from exchange transactions			
Interest income	10	-	-
Miscellaneous Income	11	-	-
		-	-
Total revenue		-	-
Expenditure			
Use of goods and services	12	1,053,835	41,760
Staff costs	13	-	-
Board expenses	14	265,000	-
Finance costs	15	-	-
Depreciation and amortization	16	957,483	-
Repairs and maintenance	17	1,034,000	-
Total expenses		3,310,318	41,760
Other gains/losses			
Gain/loss on disposal of assets	18	-	-
Surplus/(deficit) for the period		(3,310,318)	(41,760)

The notes set out on pages 22 to 38 form an integral part of these Financial Statements. The entity financial statements were approved on 18/07 2025 and signed by:

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 Name: STEVE SAMUEL
 City/Municipality Manager


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 Name: SAYLIS L. LESOROKDL
 Municipality Accountant
 ICPRR No: 24076
20338641

County Government of Samburu
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15. Statement of Financial Position As At 30 June 2025

Description	Note	FY 2024/25 Kshs.	FY 2023/24 Kshs.
Assets			
Current assets			
Cash and cash equivalents	19	3,254	12,763,212
Receivables from exchange transactions	20	-	-
Receivables from non-exchange transactions	21	-	-
Prepayments	22	-	-
Inventories	23	-	-
Total current assets		3,254	12,763,212
Non-current assets			
Property, plant, and equipment	24	9,449,640	-
Intangible assets	25	-	-
Biological Assets	26	-	-
Total Non-current Assets		9,449,640	-
Total assets (A)		9,452,894	12,763,212
Liabilities			
Current liabilities			
Trade and other payables	27	-	-
Refundable deposits from customers	28	-	-
Provisions	29	-	-
Borrowings	30	-	-
Employee benefit obligations	31	-	-
Deferred Income	32	-	-
Social Benefits	33	-	-
Total current liabilities		-	-
Non-current liabilities			
Provisions	29	-	-
Borrowings	30	-	-
Non-current employee benefit obligation	31	-	-
Deferred Income	32	-	-
Social Benefits	33	-	-
Total liabilities (B)		-	-

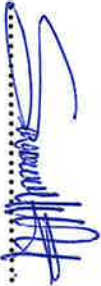
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Description	Note	FY 2024/25	FY 2023/24
		Kshs.	Kshs.
Net Assets (A-B)		9,452,894	12,763,212
Represented by:			
Capital/Development Grants/Fund		12,763,212	12,804,972
Reserves		-	-
Accumulated surplus		(3,310,318)	(41,760)
Net Assets/Equity		9,452,894	12,763,212

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 18/08 2025 and signed by:

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MANAGER
 City/Municipality Manager
 Date: 18/08/25

.....

MANAGER
 Municipality Accountant
 Date: 18/08/25
 IDPAR NO: 34076
 33384691

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

Description	Capital/	Revaluation Reserve	Accumulated	Total
	Development Grants/Fund		surplus	
		Kshs.	Kshs.	Kshs.
Bal as at 1 July 2023 (previous year)	-	-	12,804,972	12,804,972
Surplus/(deficit) for the year	-	-	(41,760)	(41,760)
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
Bal as at 30 Jun 2024	-	-	12,763,212	12,763,212
Bal as at 1 July 2024 (current year)	-	-	12,763,212	12,763,212
Surplus/(deficit) for the year		-	(3,310,318)	(3,310,318)
Funds received during the year	-	-	-	-
Revaluation gain/loss	-	-	-	-
Balance as at 30 June 2025	-	-	9,452,894	9,452,894

(Provide details on the nature and purpose of reserves)

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 utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	n
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
Budget carryovers from the previous year*	12,759,958	-	12,759,958	12,763,212	(3,254)	100%
Receipts						
Transfers from the County Government	-	-	-	0	-	%
Public contributions and donations	-	-	-	0	-	%
Interest income	-	-	-	0	-	%
Miscellaneous income (<i>specify</i>)	-	-	-	0	-	%
Total Receipts	12,759,958	-	12,759,958	12,763,212	(3,254)	100%
Payments						
Use of goods and services	1,053,835	-	1,053,835	1,053,835	-	100%
Board expenses	265,000	-	265,000	265,000	-	100%
Staff Costs	-	-	-	-	-	
Finance costs	-	-	-	-	-	
Repairs and maintenance	1,034,000	-	1,034,000	1,034,000	-	100%
Total expenditure Payments	2,352,835	-	2,352,835	2,352,835	-	100%
Capital Expenditure Payments	10,407,123	-	10,407,123	10,407,123	-	100%
Surplus for the period	-	-	-	3,254	(3,254)	

(*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.*)

19. Notes to the Financial Statements

1. General Information

xxxx City/Municipality is established by and derives its authority and accountability from xxx Act. The City/Municipality is under the xx County Government and is domiciled in Kenya. The *entity's* principal activity is xxx

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 (IPSSAS) 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 (IPSSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

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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 on xxx (Date). Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the City/Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the City/Municipality recorded additional appropriations of xxx (Amount) on xxx (Date) following the governing body's approval.

The City/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

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

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 in *Note xx*.

Financial liabilities

Classification

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

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

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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.

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.

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Notes to the Financial Statements

6. Transfers from the County Government

Description	FY 2024/25	FY 2023/24
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	-	-
Payments by County on behalf of the entity	-	-
Unconditional development grants	-	-
Total	-	-

(Provide brief explanation for this revenue)

(a) Transfers from County Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of financial performance ^{e*} Kshs	Amount deferred under income Kshs	Amount recognised in capital fund.	Total grant income during the year	FY 2023/24
			Kshs	Kshs	Kshs
xx State Department	-	-	-	-	-
XX Ministry	-	-	-	-	-
	-	-	-	-	-
Total	-	-	-	-	-

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

The details of the reconciliation have been included under appendix xxx

7. Public Contributions and Donations

Description	FY 2024/25	FY 2023/24
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

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12. Use of Goods and Services

Description	FY 2024/25	FY 2023/24
	Kshs.	Kshs.
Utilities, supplies and services	-	-
Communication, supplies and services	-	-
Domestic travel and subsistence	-	40,800
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	50,000	-
Rent and rates	-	-
Training expenses	-	-
Hospitality supplies and services	784,000	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	16,000	-
Fuel, oil and lubricants	50,000	-
Other operating expenses (<i>Specify</i>)	-	-
Routine maintenance	-	-
– vehicles and other equipment	-	-
Routine maintenance – other assets	-	-
Contracted Professional Services	-	-
Audit fees	-	-
Hire of Transport, equipment etc	150,000	-
Bank Charges	3,835	960
Social Benefit expenses*	-	-
Total	1,053,835	41,760

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

13. Staff costs

Description	FY 2024/25	FY 2023/24
	Kshs.	Kshs.
Salaries and wages	-	-
Staff gratuity	-	-
Social security contribution	-	-
Other staff costs (<i>Specify</i>)	-	-
Total	-	-

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17. Repairs and Maintenance

Description	FY 2024/25	FY 2023/24
	KShs	KShs
Property- Buildings	-	-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	-	-
Maintenance of civil works- Floodlights	1,034,000	-
Total repairs and maintenance	1,034,000	-

18. Gain/(loss) on disposal of assets

Description	FY 2024/25	FY 2023/24
	Kshs.	Kshs.
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

19. Cash and cash equivalents

Description	FY 2024/25	FY 2023/24
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account-01141999572700	927	11,445,405
Current account-01141999588000	2,327	1,317,807
Others(<i>specify</i>)	-	-
Total cash and cash equivalents	3,254	12,763,212

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

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Ageing analysis for Receivables from exchange transactions

Description	FY 2024/25		FY 2023/24	
	Kshs	% of the total	Kshs	% of the total
Current FY				
Less than 1 year	-	%	-	%
Between 1 - 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

21. Receivables from Non-Exchange transaction

Description	FY 2024/25	FY 2023/24
	Kshs.	Kshs.
Transfer from County Executive	-	-
Transfer from XXXXX Fund	-	-
Total	-	-

Ageing analysis for Receivables from non-exchange transactions

Description	FY 2024/25		FY 2023/24	
	Kshs	% of the total	Comparative FY	% of the total
Current FY				
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

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25. Intangible assets

Description	FY 2024/25 K shs.	FY 2023/24 K shs.
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

26. Biological Assets

Description	FY 2024/25 K shs	FY 2023/24 K shs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
Total	-	-

27. Trade and Other Payables

Description	FY 2024/25 K shs.	FY 2023/24 K shs.
Trade payables	-	-
Retentions	-	-
Accrued expenses	-	-
Other payables (<i>Specify</i>)	-	-
Total trade and other payables	-	-
Ageing analysis:		
Under one year	-	-
1-2 years	-	-
2-3 years	-	-
Over 3 years	-	-
Total	-	-

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Description	FY 2024/25	FY 2023/24
	Kshs.	Kshs.
Balance at beginning of the period	-	-
Borrowings during the year	-	-
Repayments of borrowings during the period	-	-
Balance at end of the period	-	-

The table below shows the Distribution of borrowings:

Description	FY 2024/25	FY 2023/24
	Kshs.	Kshs.
Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

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	-	-	-	-
Total	-	-	-	-

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33. Social Benefit Liabilities

Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
PWD benefit scheme		
Elderly social benefit scheme	-	-
Total	-	-
Current social benefits	-	-
Non-current social benefits	-	-
Total (tie to totals above)	-	-

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	FY 2024/25	FY 2023/24
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	(3,310,318)	(41,760)
Adjusted for:		
Depreciation	957,483	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	(2,352,835)	(41,760)

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

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e) Due to related parties

Description	FY 2024/25	FY 2023/24
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
Total	-	-

36. Contingent liabilities

Contingent liabilities	FY 2024/25	FY 2023/24
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Bank guarantees	-	-
Total	-	-

(Give details)

37. Contingent Assets

Contingent liabilities	FY 2024/25	FY 2023/24
	Kshs.	Kshs.
Court case xxx against the entity	-	-
Others Specify	-	-
Total	-	-

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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	Between 1-	Over 5	Total
	month	3 months	months	
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 Jun 2025(current year)				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 Jun 2024(previous year)				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

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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	Effect on surplus/	Effect on
	currency rate	deficit	equity
	Kshs.	Kshs.	Kshs.
2025(current year)			
Euro	10%	-	-
USD	10%	-	-
2024 (previous year)			
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.

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 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		