

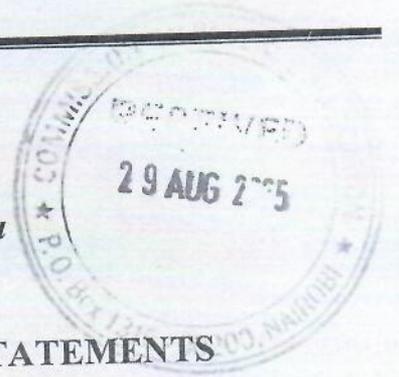


OFFICE OF THE CONTROLLER  
OF BUDGET  
**REGISTRY**  
29 AUG 2025  
**COPY**  
TIME: .....  
P.O. Box 35616 - 00100, NAIROBI



**NAKURU COUNTY**  
COUNTY OF UNLIMITED OPPORTUNITIES

Municipality of Naivasha  
*County Government of Nakuru*



**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)

MUNICIPAL MANAGER  
NAIVASHA MUNICIPALITY  
09 MAR 2026  
Sign.....  
P.O. BOX 126 - 20117, NAIVASHA





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

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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
PSASB	Public Sector Accounting Standards Board
FY	Financial Year
OSHA	Occupational Safety & Health Act
ADP	Annual Development Plan
APR	Annual progress report
CG	County Government
CIDP	County Integrated Development Plan
CRF	County Revenue Fund
FY	Financial Year
HR	Human Resource
IFMIS	Integrated Financial Management Information Systems
KUSP	Kenya Urban Support Programme
MTEF	Medium Term Expenditure Framework
OSR	Own Source Revenue
PFM	Public Finance Management Act

**B. Definition of Key Terms**

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

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

## **2. Key Entity Information and Management**

### **a) Background information**

Municipality of Naivasha 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 13<sup>TH</sup> FEBRUARY 2019. The Municipality is under the County Government of NAKURU and is domiciled in Kenya.

### **b) Principal Activities**

The Municipality's vision, Mission and Core Values are outlined as follows:

#### **VISION**

A prosperous and hospitable green city

#### **MISSION**

Provide affordable, high quality municipal services and responsive accessible local governance ensuring all persons the opportunity to enjoy contributing to and being part of municipality community.

#### **CORE VALUES**

Service excellence

Integrity

Accountability

Customer focused service

Innovation

Stewardship

#### **Mandate/functions of Municipality of Naivasha**

Based on the Urban Areas and Cities Amendment Act 2019 and the Naivasha Municipal Charter, the Municipal Board of Naivasha performs the following delegated functions within the Municipality.

- a) Promotion, regulation and provision of refuse collection and solid waste management Services.

- b) Promotion and provision of water and sanitation services and infrastructure (in areas within the Municipality not served by the Water and Sanitation provider)
- c) Construction, Maintenance of Urban roads and associated infrastructure
- d) Construction, Maintenance of storm drainage and flood controls
- e) Construction, Maintenance of walkways and other non-motorized transport infrastructure
- f) Construction, Maintenance of recreational parks and green spaces
- g) Construction, Maintenance of street lighting
- h) Construction, Maintenance and regulation of traffic controls and parking facilities
- i) Construction, Maintenance of bus stands and taxi stands
- j) Regulation of outdoor advertising
- k) Construction, Maintenance and regulation of municipal markets and abattoirs
- l) Construction, Maintenance of fire stations, provision of firefighting services, emergency preparedness and disaster management
- m) Promotion and regulation of municipal sports and cultural activities
- n) Regulation and provision of animal control and welfare
- o) Enforcement of municipal plans and development controls
- p) Municipal administration services (including maintenance of administrative offices)
- q) Promoting infrastructural development and services within municipality.
- r) Any other functions as may be delegated by the County Government

### **c) Key Management**

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

- County Department - Lands Housing Physical Planning and Urban Development
- Board of Management
- Accounting Officer/Municipality Manager
- Sectional Heads of Departments

**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:

<b>Ref</b>	<b>Position</b>	<b>Name</b>
1	Municipality Manager	M.M Daniel Mbogo Ndiritu MBA
2	Head of Accounting Unit	C.P.A Peter Kariuki Karanja
3	Head of Supply Chain	MKISM. Benjamin Kipruto Cheruiyot

**e) Fiduciary Oversight Arrangements**

i) Audit and Risk Management Committee

To ensure effective governance risk management and compliance within the municipal administration the committee is composed of qualified and knowledgeable members with relevant expertise in finance risk management and related areas.

The committee is concerned with the Risk Oversight, internal Controls and is constantly seeking to keep the municipality compliant with relevant laws and regulations. The committee also monitors finance activities to unearth any fraud, misconduct, unethical behaviour and non-compliance.

The committee provides regular reports to the Board summarizing findings and recommendations for further action.

ii) County Assembly committees

The county assembly in discharging its mandate of oversight over the county entities takes the following steps:

- Form a dedicated oversight committee within the county assembly responsible for financial matters related to the municipality.
- Develop terms of reference outlining the committee's purpose, composition, responsibilities, authority, and reporting mechanisms.
- Ensure the oversight committee comprises members with financial expertise, legal knowledge, and a good understanding of municipal operations.
- Conduct regular reviews and audits of the municipality's financial statements, budgets, expenditures, and financial management practices.
- Scrutinize and approve the municipality's budget, ensuring alignment with the municipality's strategic goals and compliance with financial regulations.
- Monitor revenue collection processes, disbursements, and expenditures to ensure compliance with the approved budget and financial regulations.
- Monitor contract awards, procurement processes, and compliance with procurement regulations to prevent fraud, corruption, or any malpractice.

- Provide regular reports to the county assembly summarizing the committee's activities, financial findings, and recommendations for improvements or corrective actions.

iii) Committees of the Senate

The Senate receives the report of the auditor general and proceeds to take any further inquiry on raised issues and to recommend the matters to relevant agencies

**f) Registered Offices**

P.O. Box 126

Municipal Council Offices Building/

Naivasha Mai Mahiu Highway

Naivasha, KENYA

**g) Contacts**

Telephone: (+051)2214142

E-mail: [info@Nakuru.go.ke](mailto:info@Nakuru.go.ke).

Website: [www.Nakuru.go.ke](http://www.Nakuru.go.ke)

**h) Bankers**

Naivasha Municipality Urban Development Grant Account

Kenya Commercial Bank

Kenyatta Avenue Branch Nakuru

AC. NO.1261585429

**i) Independent Auditor**

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**j) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

**3. Municipality Board**

Serial No.	Name	Details of qualifications and experience
1	<p>Peter Kimani Gitau Board Chair</p> 	<p>Age 55 BS, Finance &amp; Insurance Smeal College of Business, Pennsylvania State University 1993 Founder Diamond Lighting &amp; Interiors 2017- Present Founder SSEA (Sentry Security of East Africa) 2007-2018 Founder Shades of Africa Travel 2007 to Present Chair-Naivasha Love festival Naivasha Tourism Association. 2019-Present CEO, Sawela Lodges   Naivasha Kenya 2009 – Present Board Chairman Remember the Poor 2014- present Current Board Chair Municipality of Naivasha (2023 to Present)</p>
2	<p>Lucy Wangeci Gikara Board Vice Chair</p> 	<p>Age 55 Kenya Registered Nurse Has a wealth of experience in health care management having worked at Mp Shah Hospital (1996-2000) Mathari Hospital Nyeri (2000-2008) Naivasha Quality Care 2014 To Date Current Board Vice Chair Municipality of Naivasha (2023 to Present)</p>
3	<p>Joseph Njihia Mukui Board Member</p> 	<p>Age 66 Holder of Bachelor (BSc) Degree from University of Nairobi and Master’s Degree from Cornell University USA. Postgraduate Diploma in Management from Kenya Institute of Management and an Advanced Management Programme Course Strathmore University/IESE Business School Spain. Worked at senior management at the National Treasury.</p>

**County Government of Nakuru**

**Municipality of Naivasha**

**Annual Report and Financial Statements for the year ended June 30, 2025**

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	<p>Jonathan Kuria Warothe Chair Finance and Administration Committee</p> 	<p>Age 48</p> <p>B. Arts Public Administration and Policy Development. (Mount Kenya University) Chair finance and administration committee, Last Serving Mayor of Naivasha Municipal Council, under Local Authorities. Has served as a member of first county assembly of Nakuru county, representing the people of Hells Gate ward. (2013-2017)</p>
5	<p>Hon. John Kihagi CECM Lands, Housing and Urban Planning Development Ex-Officio Member of the Board</p> 	<p>Age 58</p> <p>Hon. Kihagi is currently the CECM DLPPHUP and Ex-officio member of the Board. He is the former Member of Parliament for Naivasha (2013-2017) Constituency and long-time serving leader. He is a registered surveyor by profession and has a wide experience on Land, Physical Planning, Housing and Urban Development.</p>
6	<p>Richard Cheruiyot Langat Chair Environment and Tourism Committee</p> 	<p>Age 46</p> <p>Chair environment and tourism committee Diploma In Travel, Tourism and Hospitality Management Associate Member of The Association of Business Executives CHEF/CEO/FOUNDER -Potter's Touch Cuisine Limited/Potters Hospitality Located in Naivasha (June 2016 – Present) Chef La Pieve Limited Group (1999 – 2015)</p>

7	<p>Rose Njoki Njeri Chair Audit and Risk Committee</p> 	<p>Age 36</p> <p>Chair audit and Risk Committee Diploma in procurement and Logistics from Laikipia University, Having worked in various areas such as Delamere Business Centre (2011-2015) Panaroma Hotels (2015-2020) Currently An Entrepreneur in Naivasha Town</p>
8	<p>Eng. Nancy Mugure Waweru Chair Urban Planning committee</p> 	<p>Age 36</p> <p>Holds a MSc. Degree in Environmental Engineering from SUST, China, and BSc Civil Engineering from UoN. An Associate member of Association of Business Executives, United Kingdom (ABE-UK) and a trained Project Management Professional (PMP). Member of Engineers Board of Kenya (EBK) and currently undertaking PhD in Civil Engineering at the University of Nairobi</p>
9	<p>M.M Daniel Mbogo Ndiritu MBA Secretary to the Board</p> 	<p>Age 54</p> <p>Profession: Human Resource Management Attainment: Master's Degree, Laikipia University Position: Current Municipal Manager &amp; Secretary to The Board, Municipality of Naivasha Managing Director Naivasha Water Company (2006-2009) Senior Administrator Naivasha Municipal Council (2009-2012) Human Resource Administrator County Government of Nakuru (2012-2019) Municipal Manager Ol Kalau municipality (2019-2021)</p>

10	<p>Arch. Kuria David Kamau, Chief Officer Housing and Urban Development. Ex-official board member</p> 	<p>Age 55</p> <p>Bachelor's in Architecture Jomo Kenyatta University of Agriculture &amp; Technology Chief Officer Housing and Urban Development Chief (2022 to Date) Board of directors' Geothermal Development Cooperation (2018-2022) Chair of Audit Committee of The Board Director Nakuru City Board (2019-2022) Chair Infrastructure Committee of The Board</p>
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**4. Key Management Team**

<b>S/ No</b>	<b>Name</b>	<b>Details of qualifications and experience</b>
1.	M.M Daniel Mbogo Ndiritu MBA 	<b>Municipal Manager</b> Accounting officer in charge of the Municipality Secretary to the Board
2.	 CS Eliud Mukuria	<b>Municipal Administrator</b> Overall head who oversees the day to day running of the Municipality.
3.	C.P.A Peter Kariuki Karanja 	<b>Head Of Accounting Unit</b> Oversees all financial matters of the Board
4	 Marion Nashilu	<b>Human Resource Officer</b> Oversees all HR matters within the Board

5.	Planner. Douglas Ongori Nyabayo 	<b>Municipal Physical Planner</b> G.I.S certified Oversees all urban planning matters and GIS issues of the municipality
6.	MKISM. Benjamin Kipruto Cheruiyot 	<b>Supply Chain Management Officer</b> Oversees the Sourcing, Stores management, Issuance and Disposal in the Municipal board.
7.	Eng. Michael Kimani Wairimu 	<b>Municipal Engineer</b> In charge of all civil works in the municipality.

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

The Municipality of Naivasha came into existence in April 2019 following an extensive process that included public participation through an ad hoc committee, a resolution by the Nakuru County Assembly, and the granting of the Municipal Charter. This establishment also involved setting up the Municipal Board, in line with Article 48 of the Constitution, Section 148 of the County Government Act, and the Urban Areas and Cities Act of 2011 (amended in 2019), among other legal frameworks.

Currently, the Municipality is governed by the second Board, which was inaugurated in August 2023.

One of the most notable projects undertaken by the Municipality is the construction of the Naivasha Modern Market. This project, implemented under the World Bank-funded Kenya Urban Support Program, has transformed the landscape of Naivasha. Both Phase 1 and Phase 2 of the project have been completed, resulting in a landmark structure. Since its official opening by His Excellency the President on June 14, 2023, the market has quickly become a vibrant centre of activity. This year marks its first full fiscal year of operation.

In addition to the market, the Municipality has developed a Municipal Park located in the heart of the Central Business District. This park provides the local community with much-needed recreational space. It features an events podium, public restrooms, benches, and green areas that cater to a wide range of users.

Another significant achievement is the construction of a 500-meter heavy-duty drainage system along Biashara Street and Kariuki Chotara Road. This drainage system, built to a diameter of 1.2 meters, has helped address long-standing flooding within Naivasha CBD. The Municipality focused on completion and maintenance of this critical service delivery infrastructure. Other infrastructure projects included completion of construction of Lake View Estate Access Roads, the development of paved parking along Biashara Street, the introduction of non-motorized transport pathways along Kenyatta Avenue and around the Municipal Park, and the beautification of Mama Ngina Street Phase 1 and 2. All these projects emphasized provision of None Motorized Transport like pedestrian walkways and climate smart tree planting and beautification to create a just and inclusive city. Additionally, tree planting initiatives have been amplified through various partnerships and by observing National and International environmental and water conservation events.

The Municipality is at various stages of developing, reviewing and implementing key policy instruments. These include a 20-year Integrated Strategic Urban Development Plan, a 5-year Integrated Development Plan, and a 5-year Solid Waste Management Plan. Additionally, the Municipality is in the process of developing and adopting relevant by-laws alongside Naivasha Regeneration Plan.

In terms of governance and strategic planning, current focus is to actualize the vision of H.E Governor to transform Naivasha into a Resort City. This included the development of the city status road map, development of smart city concepts and the Naivasha Tourism attraction strategies.

The Municipal Board is currently in anticipation of receiving the full transfer of delegated functions and the corresponding resources, which is a critical step in empowering the Board discharging its mandate effectively. Once the transfer is completed, the Board will have full authority and the necessary financial and logistical support to execute the functions designated to it under the Municipal Charter and other applicable legislation.

The Municipality continues to engage stakeholders to support its development, particularly as it works towards achieving Resort City status and to becoming the MICE (Meetings Incentive Conferencing & Events) epicentre of East Africa. On 29<sup>th</sup> January 2025, the Municipality held its first main citizen forum which brought about key private sector actors, civil society and Government agencies to forge a shared vision for the future city. This initiative is bound to be sustained going forward to ensure a citizen driven development of our vibrant urban structure.



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**Name: PETER KIMANI GITAU**

**Chairperson of the Board**

## 6. Report of the Municipality Manager

This report highlights the performance of the Naivasha Municipal Board for the financial year 2024/2025. Despite facing a significant revenue shortfall, the Municipality continued to implement key projects and support local economic activities. The approved budget for the year under review was **Kshs 108,227,313**, allocated across two major programs: Administration, Planning, and Support Services and Naivasha Municipal Services.

### Expenditure Performance

The Municipality's financial performance in the 2024/2025 fiscal year was primarily defined by the challenge of a severe funding shortfall. This necessitated prudent management of expenditures, resulting in a budget absorption rate of **58.7%**. While the planned expenditure was Kshs 108.2 million, the total actual expenditure amounted to **Kshs 63,529,177**. This underspend was a direct response to the lower-than-expected revenue receipts, which ensured that spending remained within manageable levels.

### Financial Highlights for FY 2024/2025

The key financial indicators below summarize the significant variance between the approved budget and the actual performance, leading to a budget deficit of nearly Kshs 28 million.

Financial Indicator	Amount (Kshs)
Approved Budget (Total)	108,227,313
Approved Development	63,000,000
Approved Recurrent	45,227,313
Total Revenue (Receipts)	35,572,381
Total Actual Expenditure	63,520,777
Budget Deficit	(27,948,396)

### Key Achievements in 2024/2025

The Naivasha Municipal Board implemented several critical projects aimed at improving the Municipality's infrastructure, economic development, and service delivery. Below are the key highlights:

#### 1. Operationalization of Naivasha Wholesale Market

The Municipality continued to operationalize the market by establishing a Digital hub and youth centre in conjunction with the departments of trade and youth at the county government.

**2. Operationalization of Naivasha Municipal Park and Associated Infrastructure:**

The Municipality engaged stakeholders in social activities in the municipal park and continued to provide free ablution services to the visitors at the park. The park remains a vibrant centre of social activity for the residents of the municipality.

**3. Construction of Non-Motorized Transport and Walkways**

In Viwandani Ward, we began the construction of pedestrian walkways, paved parking, greening, and drainage systems along Kenyatta Avenue and Mama Ngina Street. This infrastructure upgrade has significantly improved pedestrian safety and access in the area.

**4. Completion of Sewer Line Bypass Construction:**

The construction of the Naivasha CBD Bypass sewer line was a critical project aimed at improving sanitation services within the central business district. This project was completed and will go a long way in addressing drainage challenges during the rainy season and periods of heavy downpour.

**5. Road Maintenance Works:**

The Municipality continued with repair and maintenance of gravel roads and associated drainage comprising grading, Gravelling, compaction and dumping of boulders for back filling of washed away roads.

**Challenges Encountered**

Despite these notable achievements, the Municipality faced several challenges during the financial year 2024/2025:

- **Revenue Shortfalls:** The Municipality experienced a shortfall in budget due to the challenging economic environment. This impacted the development budget, limiting the scale and speed of project implementation.
- **Increased Trade Payables:** Insufficient revenues resulted in an increase in trade payables during the period under review.
- **Encroachment of Development Areas:** Encroachment into areas earmarked for development led to delays in project execution. This issue remains a concern for future planning and land use management.
- **Delayed Delegation of Functions and Budget Transfers:** The delegation of functions in line with the Municipal Charter and the Urban Areas and Cities Act (UACA) has delayed, affecting the operational capacity of the Municipal Board. Without the accompanying budget transfers and Human Resource, the Board has been limited in its ability to fully execute its mandate.
- **Procurement Delays:** The bureaucracy in the approval of wayleaves by external stakeholders caused delays in the execution and completion of several key projects, further exacerbating the challenges related to service delivery.

### **Recommendations for Improvement**

To address these challenges and improve service delivery moving forward, the following actions are recommended:

1. **Delegation of Functions:** There is an urgent need for the County Government to fully delegate functions to the Municipal Board, in line with the Municipal Charter and UACA. This will ensure the Municipality can operate with greater autonomy and efficiency.
2. **Recruitment and Capacity Building:** It is recommended that additional technical staff be recruited or transferred to the Municipality to enhance its technical capacity. This will improve service delivery and ensure that the Municipality's functions are executed efficiently.
3. **Enhanced Budget Support:** The Municipality requires greater budgetary support to sustain ongoing projects and initiate new ones. In addition, capacity building and training for Municipal Board members and staff will improve overall governance and project management.

### **Conclusion**

The financial year 2024/2025 was marked by significant achievements despite the challenges encountered. The Naivasha Municipal Board successfully operationalized key infrastructure projects, including the Naivasha Wholesale Market, the Municipal Park, and several road and drainage systems. However, delays in the delegation of functions, revenue shortfalls, and procurement inefficiencies hindered the full realization of the Board's potential. Going forward, the recommendations outlined in this report will be critical to enhancing the Municipality's capacity to deliver services and improve the quality of life for Naivasha's residents.



.....  
**Name: DANIEL MBOGO NDIRITU**  
**Municipality Manager**

7. Statement of Performance Against Predetermined Objectives for the FY 2024/2025

The key development objectives of the Municipality in the FY 2024/2025 Annual Work Plan are to:

- a) Provide quality physical infrastructure.
- b) Undertake effective Urban planning.
- c) Undertake effective Urban governance and Administration.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Administration and Planning	Improved service delivery	To ensure effective and efficient service delivery	Number of Board and Committee Meetings held, Number of Planning Doc developed	4 full board meetings held, 2 planning documents developed
Personnel Services	-Improved human resource productivity - Improved financial management and services	To ensure a motivated, equipped and well-trained municipal workforce	Number of Casual workers hired; Number of trainings done	Four workers Hired, Three employees trained
Financial Services	To manage municipality finances	To ensure the municipality has functioning financial Apparatus	Number of finance committee held	Three sittings

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Program	Objective	Outcome	Indicator	Performance
Planning and Infrastructure	To improve municipal infrastructure	To ensure a well-planned municipality with adequate social facilities for Residents	Number of markets operationalized, number of municipal parks operationalized and maintained, Km of roads tarmacked/ graveled, Km of drainage constructed, Km of pedestrian walkway constructed	One market operationalised, one municipal park operationalized, 2.1 km road tarmacked, 21 km road gravelled,
Environmental Management and Sanitation	To maintain a healthy municipality	To ensure a healthy living environment for municipal residents	Amount of solid waste collected, number of skip bins procured/ in use, km of drainage cleaned No. of environmental events marked No. of clean ups Held Km of Sewer line Constructed	Two environmental clean ups held, two environmental events marked,
Naivasha Social Services	Improved delivery of social services	To ensure municipal residents are well informed	Number of community awareness events held	One Public participation held
Tourism, Investment and Trade	To Improve trading activities	To improve the investment environment in the municipality	Number of consultative meetings with stakeholders	One consultative meeting held

## **8. Corporate Governance Statement**

This Board Governance Policy is established for the Naivasha Municipal Board ("the Board") in accordance with the provisions of the Constitution of Kenya, 2010, the Urban Areas and Cities Act, and other relevant legislation. This policy serves as the primary framework for governance to ensure the Board operates with integrity, accountability, and effectiveness in fulfilling its mandate to the citizens of Naivasha.

### *Appointment of Board Members*

All appointments to the Board shall be conducted through a competitive, transparent, and merit-based process. Candidates must meet the qualifications prescribed in the Urban Areas and Cities Act and satisfy the leadership and integrity requirements of Chapter Six of the Constitution. The formal appointment of members shall be made by the **Governor of Nakuru County**, with the approval of the **Nakuru County Assembly**.

### *Process of Appointment and Removal of Directors*

**Appointment:** Upon selection, members shall receive a formal letter of appointment specifying their term of office, which shall not exceed a single renewal.

**Removal:** A Board member can be removed from office by the appointing authority on grounds of gross misconduct, incompetence, conviction of a serious crime, or failure to attend three consecutive Board meetings without permission. The process of removal shall be in writing and will provide the member with an opportunity to be heard, ensuring adherence to the principles of natural justice.

### *Size, Diversity, and Demographics of the Board*

The Board shall consist of the number of members specified in its Charter, ensuring a balanced mix of skills in finance, urban planning, law, and administration. The composition shall strictly adhere to the constitutional not-more-than-two-thirds gender rule and shall include representation for the youth and persons with disabilities to reflect the community we serve.

### *Existence of the Board Charter*

The Board **shall** operate under a comprehensive **Board Charter**. This Charter, which shall be reviewed every two years, clearly defines the Board's mandate, roles, powers, and procedures. It is the foundational document for all Board operations and decision-making.

### *Roles and Functions of the Board*

The core function of the Board is to provide strategic leadership and oversight. Its key roles include:

- Approving the Municipality's strategic plan and annual budget.
- Overseeing the performance of the **Municipal Manager** and the management team.
- Ensuring the prudent management of the Municipality's finances and assets.
- Establishing and reviewing key corporate policies.
- Ensuring full compliance with all legal and regulatory requirements.

### ***Induction, Training, and Development***

A formal **induction program** is mandatory for all new members to orient them on their duties and the Municipality's operations. Furthermore, an annual plan for **continuous training** shall be implemented to ensure the Board remains updated on best practices in corporate governance and public management.

### ***Board and Members Performance***

The Board shall conduct a formal **annual performance evaluation** of itself, its committees, and its individual members. The evaluation will be benchmarked against the Municipality's strategic objectives and will inform reappointment decisions and identify areas for capacity building.

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

The Board shall hold at least four (4) statutory meetings per year (quarterly). An attendance register shall be maintained for all meetings, and these records will form part of the performance evaluation.

### ***Succession Plan***

A documented **succession plan** for the positions of the Board Chairperson and the Municipal Manager shall be maintained and reviewed annually by the Board. This ensures leadership stability and operational continuity for the Municipality.

### ***Policy to Manage Conflict of Interest***

A stringent **Conflict of Interest Policy** is in effect. All members must declare any potential or actual conflicts of interest annually and on a case-by-case basis for matters arising before the Board. A member with a declared conflict shall recuse themselves from the relevant deliberations and decisions.

### ***Board Remuneration***

Board members are not salaried employees. Their remuneration shall be strictly limited to sitting allowances and reimbursement for expenses incurred while on official duty, at rates determined and approved by the **Salaries and Remuneration Commission (SRC)**.

### ***Ethics and Conduct***

All Board members are bound by a **Code of Conduct** that champions integrity, transparency, and public service. The Code is aligned with Chapter Six of the Constitution and sets the standard for ethical leadership within the Municipality.

### ***Governance Audit***

An independent **governance audit** shall be commissioned annually to assess the Board's compliance with this policy and other governance best practices. The audit report shall be presented to the full Board and the relevant county authorities.

### ***Communication Policy***

All official communication on behalf of the Municipality shall be guided by a formal **Communication Policy**. The designated official spokespersons are the **Chairperson of the Board** and the **Municipal Manager**.

### ***Terms of Reference of Committees***

The Board shall establish committees as needed (e.g., Audit and Risk, Finance, Technical). Each committee will operate under specific **Terms of Reference (TORs)** approved by the full Board, detailing its mandate and authority.

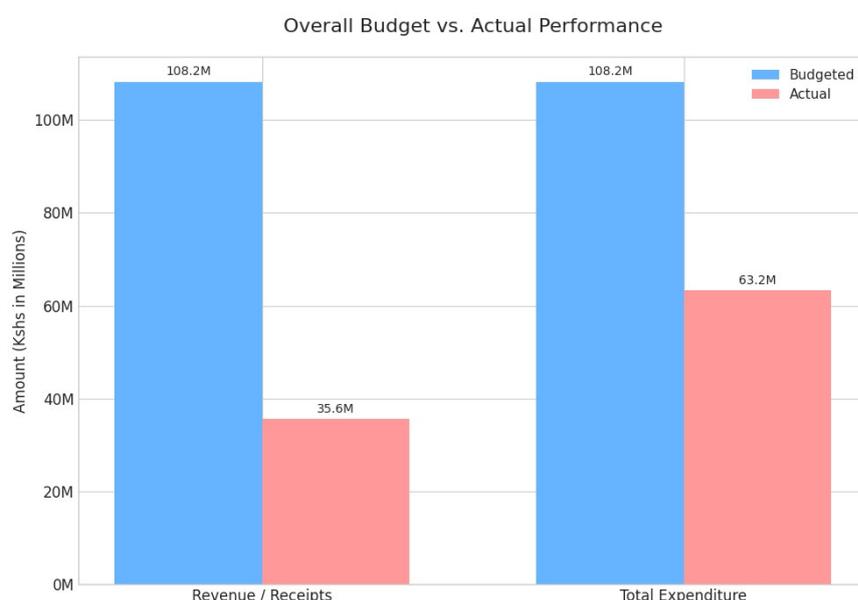
### ***Policy on Related Party Transactions***

All transactions with related parties must be conducted transparently and at arm's length. A clear policy governs the process for identifying, approving, and disclosing such transactions to prevent any potential for abuse or conflict of interest.

## 9. Management Discussion and Analysis

The 2024/2025 fiscal year for Naivasha Municipality was a period of tangible progress amidst significant underlying challenges. Management successfully drove a robust capital development agenda, as evidenced by the budget's strong focus on infrastructure. This operational ambition, however, was set against a backdrop of severe fiscal constraints. A substantial revenue shortfall led to a large budget deficit of Kshs 28 million, financed primarily through an increase in pending bills.

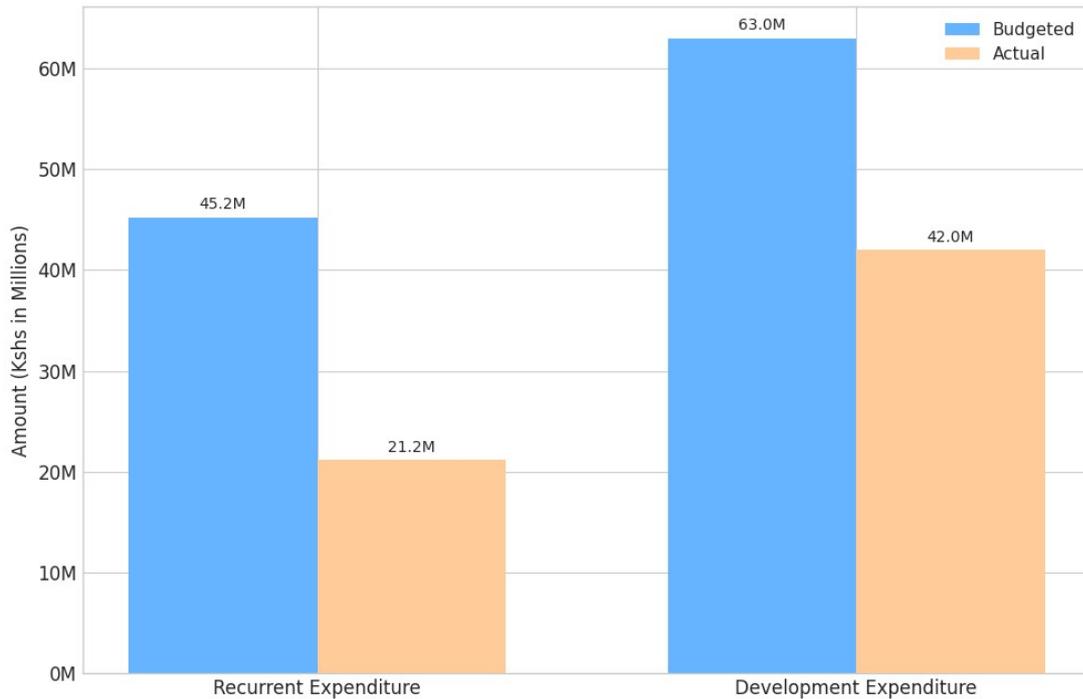
The core challenge remains the incomplete delegation of functions and financial autonomy from the County Government. This report analyzes this dual reality: commendable project ambition constrained by a precarious financial and institutional framework.



### ***Revenue Performance: A Critical Shortfall***

The Municipality's operations were severely hampered by the underperformance in revenue. Against a total approved budget of Kshs 108.2 million, only Kshs 35.6 million was received in transfers. This represents a revenue realization of just 32.9% of the approved budget, creating a massive Kshs 72.6 million funding gap against planned activities. This performance signals a critical over-reliance on inconsistent intergovernmental transfers and undermines the Municipality's ability to plan and execute its mandate effectively.

Expenditure Breakdown: Budget vs. Actual



### ***Expenditure Analysis: Prudent Spending Amidst Constraints***

Total expenditure for the year stood at Kshs 63.5 million, an overall budget absorption rate of 58.7%. This underspend was not a saving, but a necessary reaction to the revenue crisis. The spending pattern reveals a clear strategic choice:

- **Prioritizing Development:** The approved budget allocated Kshs 63 million (58.2% of the total) to capital projects, demonstrating management's commitment to delivering on its infrastructure mandate.
- **Constrained Overall Spending:** Actual expenditure was carefully contained to prevent a deeper financial crisis. This, however, meant that many planned recurrent and development activities had to be deferred impacting the overall level of service delivery for the year.

### ***Fiscal Position: A Deepening Deficit***

The disparity between the low revenue realized and the essential expenditure resulted in a budget deficit of Kshs 28 million. This gap was not financed through sustainable means but by deferring payments to contractors and suppliers. This has directly led to an increase in trade payables (pending bills), placing the Municipality in a precarious financial position. This practice strains supplier relationships and poses a significant legal and reputational risk to the institution.

## **2. Impact of Operational Achievements**

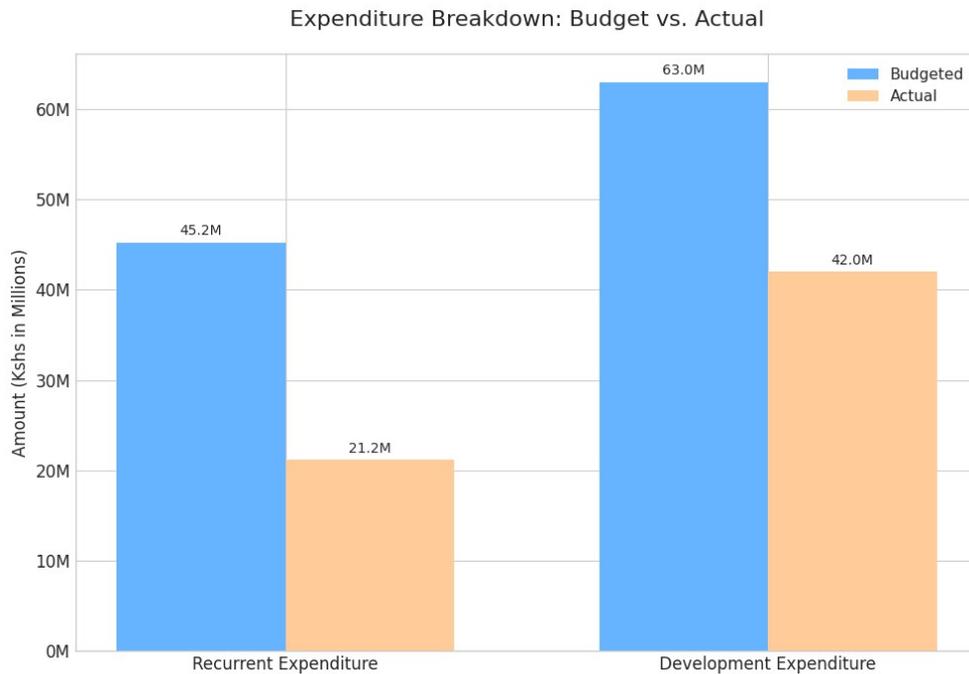
Despite financial limitations, the Board's focus on capital spending yielded significant community benefits:

- **Naivasha Wholesale Market & Digital Hub:** This initiative goes beyond a simple market. By integrating a youth center and digital hub, it directly supports youth employment, fosters digital literacy, and connects local traders to the wider digital economy.
- **Naivasha Municipal Park:** The continued operationalization of the park demonstrates a commitment to creating inclusive public spaces. By providing free, safe, and clean facilities, the Municipality fosters community cohesion and enhances the quality of life for its residents.
- **Non-Motorized Transport and Walkways:** This project in Viwandani Ward is a direct investment in public safety and sustainable urbanism. It makes the CBD more accessible and attractive for pedestrians and businesses, aligning with modern urban planning principles.
- **Sewer Line Bypass:** The completion of this project is a critical public health intervention. It directly mitigates the risks of waterborne diseases associated with flooding and poor drainage, safeguarding both residents and businesses in the CBD.

## **4. Analysis of Strategic Risks and Challenges**

The challenges encountered are not merely operational hurdles; they represent strategic risks to the Municipality's long-term viability.

- **Fiscal Instability & Pending Bills:** This is the primary strategic risk. The current funding model is unsustainable and creates a cycle of debt that compromises the Municipality's ability to plan effectively and negotiate favorable terms with suppliers.
- **Delayed Delegation of Functions:** This is a fundamental governance and institutional risk. It legally handicaps the Board, preventing it from exercising its full mandate over planning, staffing, and service delivery, thereby undermining the very purpose of its establishment under the UACA.
- **Project Execution Risks:** Encroachment and procurement delays are not just logistical issues. They lead to cost overruns, delayed public benefit, and potential legal disputes, eroding public trust in the Municipality's ability to deliver.



#### 4. Strategic Recommendations and Future Outlook

To move from a reactive to a proactive and sustainable model, management proposes the following actionable recommendations:

**1. Fast-Track Full Autonomy:**

We will actively lobby for the immediate establishment of a joint task force with the County Executive to finalize all pending instruments for the complete delegation of functions, staff, and corresponding budgets.

**2. Develop a Financial Sustainability Plan:**

Management will develop a formal plan to aggressively pursue timely exchequer releases from the County. We will also commission a study to identify and activate all potential own-source revenue streams permissible under the law to reduce dependency on transfers.

**3. Enhance Institutional Capacity:**

We recommend conducting a comprehensive skills gap and staff deficit analysis of the Municipality. The findings will inform a targeted recruitment and continuous professional development strategy to ensure we have the in-house expertise to manage our growing mandate.

The Municipality has demonstrated its ambition and capability. The immediate future, however, must be dedicated to securing a resilient and predictable financial and institutional foundation. Our focus will be on transitioning from merely executing projects to building a fully autonomous, financially stable, and highly capable institution that can sustainably serve the citizens of Naivasha for years to come.

## **10. Environmental And Sustainability Reporting**

### **1. Sustainability strategy and profile**

The primary mandate of the Municipality is to deliver essential services that meet the needs of Naivasha residents while ensuring long-term sustainability. As an institution committed to the continuous provision of quality services, we recognize that sustainability is not just a goal but a guiding principle that shapes our strategic decisions. Naivasha Municipal board have emphasized sustainable efforts that align with international best practices, aiming to maintain service delivery amidst evolving political and macroeconomic challenges. Our approach to sustainability is informed by broad trends, including shifts in governance, economic pressures, and global sustainability priorities. Through strategic planning, we have achieved significant milestones; however, we also acknowledge areas where challenges have hindered progress. By remaining adaptable and forward-thinking, we are committed to addressing these challenges and ensuring that our services continue to benefit the municipality residents over the long term.

### **2. Environmental performance**

#### *Overview of the Policy*

The municipality's environmental policy is guided by a commitment to promoting sustainable development, protecting natural resources, and ensuring a healthy environment for current and future generations. The policy is structured around several key areas, including biodiversity conservation, waste management, and reducing the environmental footprint of municipal operations.

#### *Policy Evidence*

The environmental policy is enshrined in official municipal documents, including the Integrated Development Plan (IDEP) and specific environmental management plans i.e solid waste management strategy, Naivasha beautification plan. These documents outline our strategies for sustainable urban planning, resource conservation, and environmental protection. The municipality has also adopted international environmental standards and practices, aligning with frameworks such as the Sustainable Development Goals (SDGs) and the Paris Agreement.

*Successes*

1. Biodiversity Management:

- The municipality has successfully established and maintained green spaces, parks, and nature reserves that protect local flora and fauna i.e. Naivasha Municipal Park, Mama Ngina Street beautification and Moi Avenue beautification
- Successful reforestation projects and the creation of urban green belts have enhanced biodiversity and improved air quality.

2. Waste Management:

- The implementation of the Municipal solid waste management strategy has significantly reduced landfill waste, with increased recycling rates and the introduction of composting initiatives.
- Public awareness campaigns have led to higher citizen participation in waste segregation and recycling efforts.

3. Reducing Environmental Impact:

- The municipality has introduced energy-efficient street lighting, reducing energy consumption and carbon emissions.

*Shortcomings*

1. Resource Constraints:

- Limited financial and human resources have slowed the full implementation of some environmental initiatives.

2. Waste Management Challenges:

- Despite progress, illegal dumping and inconsistent waste segregation practices continue to pose challenges, particularly in informal settlements.

3. Limited Enforcement:

- Enforcement of environmental regulations has been uneven, leading to ongoing issues with pollution and habitat destruction in certain areas.

*Efforts to Manage Biodiversity*

- Protected Areas: The municipality has designated specific zones as protected areas to conserve critical habitats and biodiversity.
- Community Involvement: Initiatives involving local communities in conservation efforts have been launched, including tree-planting campaigns and clean-up drives in ecologically sensitive areas.
- Wildlife Corridors: The development of wildlife corridors has been promoted to ensure the safe movement of species between natural habitats.

*Waste Management Policy*

- Segregation and Recycling: The waste management policy emphasizes waste segregation at the source, encouraging households and businesses to separate recyclable materials from organic and hazardous waste.
- Waste Collection: Regular waste collection services are provided, and additional resources have been allocated to address illegal dumping hotspots.

*Efforts to Reduce Environmental Impact of Municipal Operations*

- Green Procurement: The municipality has adopted green procurement practices, prioritizing environmentally friendly products and services.
- Energy Efficiency: Investments in renewable energy sources, such as solar lighting, have reduced dependency on non-renewable energy.

While the municipality has made significant strides in implementing its environmental policy, ongoing efforts are needed to address the challenges that remain. Through continued innovation, community engagement, and adherence to best practices, the municipality is committed to reducing its environmental impact and fostering a sustainable future for all its residents.

**3. Employee welfare**

The Municipality regularly facilitate its staffs to improve their skills and manage their careers through induction trainings of new employees, capacity building of staff establishment in institutions such as at Kenya School of government, Kenya Institute of Highways and building technology, Professional trainings by professional bodies such as KIP, ICPAK and KISM.

During the financial period FY 24/25 the Municipality undertook key infrastructure developments whereby the contractors were required to comply with the Occupational Safety and Health Act and Environmental Management and Coordination Act.

**4. Market place practices**

**Responsible competition practice.**

To ensure responsible competition practices the Municipality has developed clear ethical codes and policies, maintained transparency and disclosure, implemented anti- corruption measures, engaged in responsible political involvement, adhered to fair competition, respect practices and establish independent oversight .By adopting these strategies the Municipality contributes to a fair and competitive market place while upholding ethical business practices and avoiding harmful anti-corruption behaviours.

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

Naivasha Municipality sources qualified suppliers through open tender or through quotation of pre-qualified suppliers, Evaluation of the tenders is done fairly and timely through independently appointed committee members, inspection of good or completed works is done promptly upon delivery of approved payment certificates, their payments are processed promptly as soon as funds under the budgeted vote are available.

**b) Responsible marketing and advertisement**

The municipality uses national advertisers to maximize reach and ensure all stakeholders have equal rights to information. This is done through following advertising laws, providing guidelines or code of conducts for marketers to follow, educating consumers about their rights, promoting ethical practices and avoiding harmful exploitative tactics, working with industries associations to develop and enforce self-regulatory code of conduct. This helps create a fair and competitive marketplace, protect consumers and promote overall well-being of our community.

**c) Product stewardship**

The Naivasha Municipality's Product Stewardship Policy establishes a shared responsibility framework for managing the environmental impact of products. It mandates that producers, retailers, and consumers are all accountable for a product's entire lifecycle, especially its end-of-life disposal.

Initially targeting problematic items like e-waste, plastics, and batteries, the policy requires producers to fund collection and recycling programs. Retailers must provide take-back points, while consumers are responsible for returning used products. The Municipality will oversee the system and educate the public, aiming to reduce landfill waste and promote a circular economy for a cleaner Naivasha.

**5. Community Engagements**

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community (The Municipality gives details of CSR activities carried out in the year and the impact on the society. The statement may also include how the Municipality promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives) Where no CSR activities are undertaken during the year, there is no need to include the statement).

## **11. Report of the Municipality Board Members**

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

### **Principal activities**

The principal activities of the Municipality are/continue to be):

- a) Promotion, regulation and provision of refuse collection and solid waste management Services.
- b) Promotion and provision of water and sanitation services and infrastructure (in areas within the Municipality not served by the Water and Sanitation provider)
- c) Construction, Maintenance of Urban roads and associated infrastructure
- d) Construction, Maintenance of storm drainage and flood controls
- e) Construction, Maintenance of walkways and other non-motorized transport infrastructure
- f) Construction, Maintenance of recreational parks and green spaces
- g) Construction, Maintenance of street lighting
- h) Construction, Maintenance and regulation of traffic controls and parking facilities
- i) Construction, Maintenance of bus stands and taxi stands
- j) Regulation of outdoor advertising
- k) Construction, Maintenance and regulation of municipal markets and abattoirs
- l) Construction, Maintenance of fire stations, provision of firefighting services, emergency preparedness and disaster management
- m) Promotion and regulation of municipal sports and cultural activities
- n) Regulation and provision of animal control and welfare
- o) Enforcement of municipal plans and development controls
- p) Municipal administration services (including maintenance of administrative offices)
- q) Promoting infrastructural development and services within municipality.
- r) Any other functions as may be delegated by the County Government

**Performance**

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

**Board Members**

There were no changes in the composition of the board during the year under review.

**Composition**; Peter Kimani – Chairperson, Lucy Gikara – Vice Chairperson, Joseph Mukui - Member, Jonathan Warothe – Member, Richard Langat – Member, Rose Njeri – Member, Nancy Waweru – Member, John Kihagi – C.E.C. LHPP, Kamau Kuria – CO Housing & Urban Development, Daniel Ndiritu – Municipal Manager.

**Auditors**

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

By Order of the Board



.....

**Name: DANIEL MBOGO NDIRITU**

**Secretary of the Board**

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

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

The Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the financial year ended on June 30, 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). 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 Municipality's financial statements were approved by the Board on 27<sup>th</sup> August 2025 and signed on its behalf by:



.....

**Name: PETER KIMANI GITAU**  
**Chairperson of the Board**



.....

**Name: DANIEL MBOGO NDIRITU**  
**Accounting officer of the Board**

**13. Report of the Independent Auditor on the Municipality of Naivasha**

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	5	35,572,381	37,816,289
Public contributions and donations	6	-	-
Levies Fines and Penalties	7	-	-
Other revenues ( <i>Specify</i> )	8	-	-
		<b>35,572,381</b>	<b>37,816,289</b>
<b>Revenue from exchange transactions</b>			
Interest income	9	-	-
Miscellaneous Income	10	-	-
		-	-
<b>Total revenue</b>		<b>35,572,381</b>	<b>37,816,289</b>
<b>Expenditure</b>			
Use of goods and services	11	6,481,714	10,698,794
Staff costs	12	6,691,023	5,228,572
Board expenses	13	518,200	1,684,000
Finance costs	14	-	-
Depreciation and amortization	15	49,215,140	49,215,140
Repairs and maintenance	16	614,700	678,605
<b>Total expenses</b>		<b>63,520,777</b>	<b>67,505,111</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	17	-	-
<b>Surplus/(deficit) for the period</b>		<b>- 27,948,396</b>	<b>- 29,688,822</b>

The notes set out on pages 23 to 39 form an integral part of these Financial Statements. The entity financial statements were approved on 27<sup>th</sup> August 2025 and signed by:

  
 .....  
 Name: DANIEL MBOGO NDIRITU  
 Municipality Manager

  
 .....  
 Name: PETER KARIUKI KARANJA  
 Head of Finance  
 ICPAK M/No

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

**15. Statement of Financial Position As At 30 June 2025**

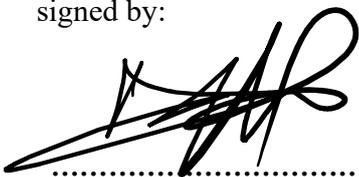
Description	Note	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	18	2,571	20,601,309
Receivables from exchange transactions	19	-	-
Receivables from non-exchange transactions	20	-	-
Prepayments	21	284,000	-
Inventories	22	713,026	2,716,500
<b>Total current assets</b>		<b>999,597</b>	<b>23,317,809</b>
<b>Non-current assets</b>			
Property, plant, and equipment	23	3,174,404,241	3,208,480,287
Intangible assets	24	-	-
Biological Assets	25	-	-
<b>Total Non-current Assets</b>		<b>3,174,404,241</b>	<b>3,208,480,287</b>
<b>Total assets (A)</b>		<b>3,175,403,837</b>	<b>3,231,798,096</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	26	2,790,278	30,360,480
Refundable deposits from customers	27	-	-
Provisions	28	-	-
Borrowings	29	-	-
Employee benefit obligations	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
<b>Total current liabilities</b>		<b>2,790,278</b>	<b>30,360,480</b>
<b>Non-current liabilities</b>			
Provisions	28	-	-
Borrowings	29	-	-
Non-current employee benefit obligation	30	-	-
Deferred Income	31	-	-
Social Benefits	32	-	-
<b>Total liabilities (B)</b>		<b>2,790,278</b>	<b>30,360,480</b>

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

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<b>Net Assets (A-B)</b>		<b>3,172,613,559</b>	<b>3,201,437,616</b>
<b>Represented by:</b>			
Capital/Development Grants/Fund		3,230,866,776	3,231,126,438
Reserves		-	-
Accumulated surplus		- 58,253,218	-29,688,822
<b>Net Assets/Equity</b>		<b>3,172,613,557</b>	<b>3,201,437,616</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 27<sup>th</sup> August 2025 and signed by:



.....  
**Name: DANIEL MBOGO NDIRITU**  
**Municipality Manager**  
**Date: 27/08/2025**



.....  
**Name: PETER KARIUKI KARANJA**  
**Head of Finance**  
**ICPAK M/No. 33117**  
**Date: 27/08/25**

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 (previous year)</b>	<b>65,396,780</b>	-	-	<b>65,396,780</b>
Surplus/(deficit) for the year	-	-	- 29,688,822	- 29,688,822
Funds received during the year	3,165,729,658	-	-	3,165,729,658
Revaluation gain/loss	-	-	-	-
<b>Bal as at 30 Jun 2024</b>	<b>3,231,126,438</b>	-	- 29,688,822	<b>3,201,437,616</b>
<b>Bal as at 1 July 2024 (current year)</b>	<b>3,231,126,438</b>	-	- 29,688,822	<b>3,201,437,616</b>
Surplus/(deficit) for the year	-	-	- 27,948,396	- 27,948,396
Funds received during the year	- 259,662	-	- 616,000	- 875,662
Revaluation gain/loss	-	-	-	-
<b>Balance as at 30 June 2025</b>	<b>3,230,866,776</b>	-	- 58,253,218	<b>3,172,613,557</b>

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		35,572,381	37,816,289
Public contributions and donations		-	-
Interest received		-	-
Miscellaneous receipts ( <i>Specify</i> )		-	-
<b>Total Receipts</b>		<b>35,572,381</b>	<b>37,816,289</b>
<b>Payments</b>			
Use of goods and services		33,983,169	10,922,794
Staff costs		6,691,023	5,228,572
Board expenses		320,200	1,684,000
Finance costs		-	-
<b>Total Payments</b>		<b>40,994,392</b>	<b>17,835,366</b>
<b>Net cash flows from operating activities</b>	33	<b>- 5,422,011</b>	<b>19,980,923</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE & intangible assets		-15,176,728	- 98,217,986
Proceeds from sale of PPE		-	-
<b>Net cash flows used in investing activities</b>		<b>-15,176,728</b>	<b>- 98,217,986</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>- 20,598,739</b>	<b>- 78,237,063</b>
Cash And Cash Equivalents At 1 July	18	20,601,309	98,838,373
<b>Cash And Cash Equivalents At 30 June</b>	18	<b>2,571</b>	<b>20,601,310</b>

**County Government of Nakuru**  
**Municipality of Naivasha**  
**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 utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
<b>Conditional Fund (KENYA URBAN SUPPORT PROGRAM) Brought Forward</b>	-	20,601,309	20,601,309	20,598,738	2,571	99%
<b>Receipts</b>						
Transfers from the County Government	108,227,313	- 25,527,300	82,700,013	35,572,381	47,127,632	43%
Public contributions and donations	-	-	-	-	-	0%
Interest income	-	-	-	-	-	0%
Miscellaneous income	-	-	-	-	-	0%
<b>Total Receipts</b>	<b>108,227,313</b>	<b>- 4,925,991</b>	<b>103,301,322</b>	<b>56,171,119</b>	<b>47,130,203</b>	<b>54%</b>
<b>Payments</b>						
Use of goods and services	23,454,651	- 348,994	23,105,657	6,919,495	16,186,162	30%
Board expenses	7,700,000	- 200,000	7,500,000	320,200	7,179,800	4%
Staff Costs	14,072,662	-	14,072,662	6,691,023	7,381,639	48%
Finance costs	-	-	-	-	-	0%
Accrued Liabilities (ABITRAL AWARD)	-	6,500,000	6,500,000	6,500,000	-	100%
Retentions	-	20,601,309	20,601,309	20,563,674	37,635	0%
Non-Financial Assets	63,000,000	- 31,478,306	31,521,694	15,176,728	16,344,966	48%
<b>Total expenditure Payments</b>	<b>108,227,313</b>	<b>- 4,925,991</b>	<b>103,301,322</b>	<b>56,171,120</b>	<b>47,130,202</b>	<b>54%</b>
<b>Surplus for the period</b>	-	-	-	-	-	0%

**Budget notes**

- **The failure of the finance bill 2024.2025 occasioned a decrease in the amount of GOK funds budgeted for the municipality**
- **There were no contributions, interest income or any other income for the period under review**
- **There was delay in project execution in the year under review due to the overriding macroeconomic circumstances**

**Budget Reconciliation**

	<b>Description of Particulars</b>	<b>Amount in Kshs</b>
	<b>Surplus as per the statement of comparison of Budget and actual amounts</b>	-
1	ADD - OPENING BALANCE UDG - KUSP	20,601,309.00
2	KALALU BUILDING CONTRACTORS - RETENTION MONIES CONSTRUCTION OF NAIVASHA WHOLESALE MARKET	- 13,911,179.00
3	COUNTY BUILDERS LIMITED - RETENTION MONIES CONSTRUCTION OF LAKEVIEW ACCESS ROADS	- 6,652,495.00
4	IORA ENTERPRISES - SUPPLY OF WASTE RECEPTACLES	- 34,000.00
5	BANK CHARGES	- 1,065.00
	<b>Closing Cash and Cash Equivalent as per the statement of cash flows</b>	<b>2,570.00</b>

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

### **1. General Information**

Municipality of Naivasha is established by and derives its authority and accountability from Urban Areas and cities Act. The Municipality is under the County Government of Nakuru and is domiciled in Kenya.

The Municipality of Naivasha's principal activity is Urban Area Management.

### **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 Municipality of Naivasha'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 Municipality of Naivasha.

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 20xx, it is applicable in Kenya from 1<sup>st</sup> July 20xx)*

- 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>The main benefit of this change is greater financial transparency, as it clearly discloses the full extent of an organization's lease commitments. This improved visibility leads to better asset and liability management and enables more informed decisions when choosing between leasing and owning assets.</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>Once an asset is classified as "held for sale," it must be reclassified in the financial statements, and depreciation on it must stop. The asset is then measured at the lower of its current carrying amount or its fair value minus the costs to sell. The standard also requires that the financial results of any discontinued operations be presented separately to enhance transparency.</b></p>

<p>IPSAS 45: Property Plant and Equipment</p>	<p><b>Applicable 1<sup>st</sup> January 2025</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> <p><b>PPE should be initially recorded at cost and then subsequently measured using either the <b>cost model</b> (cost less depreciation) or the <b>revaluation model</b> (fair market value). The standard requires the systematic depreciation of assets over their useful lives, regular reviews for impairment, and detailed disclosures. The goal is to ensure that reporting on PPE is consistent, comparable, and transparent.</b></p>
<p>IPSAS 46: Measurement</p>	<p><b>Applicable 1<sup>st</sup> January 2025</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>This standard is expected to significantly improve the consistency of how assets and liabilities are measured across the municipality. By providing clear guidance and standardized definitions for measurement bases like fair value and cost, it will make financial statements more comparable. Ultimately, these changes, along with enhanced disclosure requirements, will lead to greater transparency in financial reporting.</b></p>
<p>IPSAS 47: Revenue</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting</p>

	<p>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>This standard improves revenue reporting by requiring it to be classified into two distinct categories: revenue with performance obligations (from exchange transactions) and revenue without them (from non-exchange transactions).</p> <p>This approach ensures revenue is recognized as services are delivered, leading to a more accurate reflection of performance. The main benefits are greater consistency and comparability between entities, along with enhanced disclosures that clarify the nature, timing, and uncertainty of revenue streams.</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>This standard provides clear rules for accounting for transfer expenses, such as grants and donations.</p> <p>The key principle is that these expenses must be recognized when the obligating event occurs (the point at which the entity is committed to making the payment), rather than when the cash is actually paid. This approach ensures that such expenses are reported more consistently and transparently, with required disclosures clarifying their terms and timing.</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>This requirement significantly improves the transparency of the plan's financial health and performance. By requiring enhanced disclosures on assets, liabilities, and funding status, the standard ensures there is better accountability for how these retirement benefits are managed.</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 style="color: red;">It requires that costs from these activities be recognized as a distinct class of assets. The standard offers clear guidance on which costs can be capitalized (added to the asset's value) versus which must be expensed. This ensures greater consistency and transparency in how entities report the costs and assets associated with these specialized activities.</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.

**Significant Accounting Policies**

**a) Revenue recognition**

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

***Transfers from other government entities***

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services, and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Municipality of Naivasha 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 25<sup>th</sup> June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Municipality recorded additional appropriations of nil (Amount) following the governing body's approval.

The Municipality's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cashflows has been presented under the statement of comparison of budget and actual amounts.

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

**f) Financial instruments**

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

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

**Financial assets**

**Classification of financial assets**

The Municipality of Naivasha 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 Municipality of Naivasha 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 Municipality of Naivasha 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 37*.

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

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

The Municipality does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality in the notes to the financial

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

**l) Nature and purpose of reserves**

The Municipality creates and maintains reserves in terms of specific requirements.  
*Municipality to state the reserves maintained and appropriate policies adopted*

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

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

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

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

**o) Foreign currency transactions**

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

**p) Borrowing costs**

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

**q) Related parties**

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

**r) Cash and cash equivalents**

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

**s) Comparative figures**

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

**t) Events after the reporting period**

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

Two types of events can be identified:

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

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

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

**u) Currency**

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

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

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

State all judgements, estimates and assumptions made.

##### **Estimates and assumptions.**

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

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

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

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

Notes to the Financial Statements

5. Transfers from the County Government

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Transfers from County Govt. – Recurrent	-	-
Payments by County on behalf of the entity	35,572,381	36,670,933
Unconditional development grants	-	1,145,356
<b>Total</b>	<b>35,572,381</b>	<b>37,816,289</b>

*This consists of payments made of equitable share funds paid by the county government under the municipal budget.*

(a) Transfers from County Government entities (Categorized)

Name Of the Entity Sending the Grant	Amount recognized to Statement of financial performance*	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	FY 2023/2024
	Kshs	Kshs			
			Kshs	Kshs	Kshs
State Department	-	-	-	-	-
Ministry	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

6. Public Contributions and Donations

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

### 7. Levies, Fines and penalties

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

### 8. Other Revenues

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

### 9. Interest income

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

### 10. Miscellaneous income

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

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**11. Use of Goods and Services**

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Utilities, supplies and services	145,000.00	61,225.00
Communication, supplies and services	519,347.00	537,996.00
Domestic travel and subsistence	337,900.00	5,435,200.00
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	67,000.00	510,200.00
Rent and rates	-	-
Training expenses	-	847,528.00
Hospitality supplies and services	848,000.00	1,740,200.00
Insurance costs	-	-
Specialized materials and services	732,328.00	374,600.00
Office and general supplies and services	350,480.00	329,030.00
Fuel, oil and lubricants	3,373,194.00	861,750.00
Other operating expenses ( <i>Specify</i> )	17,400.00	-
Routine maintenance – vehicles and other equipment	65,000.00	-
Routine maintenance – other assets	25,000.00	-
Contracted Professional Services	-	-
Audit fees	-	-
Hire of Transport, equipment etc	-	-
Bank Charges	1,065.00	1,065.00
Social Benefit expenses*	-	-
<b>Total</b>	<b>6,481,714.00</b>	<b>10,698,794.00</b>

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**12. Staff costs**

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Salaries and wages	4,363,989	3,458,084
Staff gratuity	504,692	-
Social security contribution	149,264	77,976
Other staff costs ( <i>Specify</i> )	1,673,078	1,692,512
<b>Total</b>	<b>6,691,023</b>	<b>5,228,572</b>

**13. Board expenses**

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Chairman/Members' Honoraria	-	-
Sitting allowances	220,600.00	367,000.00
Medical Insurance	-	-
Induction and Training	-	175,000.00
Travel and accommodation	-	701,000.00
Conference Costs	297,600.00	441,000.00
Other allowances ( <i>Specify</i> )	-	-
<b>Total</b>	<b>518,200.00</b>	<b>1,684,000.00</b>

**14. Finance costs**

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

**15. Depreciation and amortization**

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Property, plant and equipment	49,215,140	49,215,139
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>49,215,140</b>	<b>49,215,139</b>

### 16. Repairs and Maintenance

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Property- Buildings	-	349,555
Office equipment	-	28,550
Furniture and fittings	-	-
Motor vehicle expenses	614,700	300,500
Maintenance of civil works	-	-
<b>Total repairs and maintenance</b>	<b>614,700</b>	<b>678,605</b>

### 17. Gain/(loss) on disposal of assets

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

### 18. Cash and cash equivalents

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Fixed deposits account	-	-
On – call deposits	-	-
Current account	2,571	20,601,309
Others( <i>specify</i> )	-	-
<b>Total cash and cash equivalents</b>	<b>2,571</b>	<b>20,601,309</b>

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

Financial institution	Account number	FY 2024/2025	FY 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	1261585429	2,571	20,601,309
Equity Bank - etc		-	-
<b>Sub- total</b>		<b>2,571</b>	<b>20,601,309</b>
<b>d) Others(specify)</b>			
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>2,571</b>	<b>20,601,309</b>

**19. Receivables from exchange transactions**

Description	FY 2024/2025	FY 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>	-	-

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**Ageing analysis for Receivables from exchange transactions**

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
	24/25	% of the total	23/24	% of the total
Less than 1 year	-	0%	-	0%
Between 1- 2 years	-	0%	-	0%
Between 2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
<b>Total (a+b)</b>	-	0%	-	0%

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

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

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

Description	FY 2024/2025		FY 2023/2024	
	Kshs		Kshs	
	24/25	% of the total	23/24	% of the total
Less than 1 year	-	0%	-	0%
Between 1- 2 years	-	0%	-	0%
Between 2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
<b>Total</b>	-	0%	-	0%

## 21. Prepayments

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Insurance	-	-
Rent	-	-
Water	-	-
Internet	144,000	-
Other (Airtime)	140,000	-
<b>Total</b>	<b>284,000</b>	<b>-</b>

## 22. Inventories

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Consumable stores	713,026	2,716,500
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>713,026</b>	<b>2,716,500</b>

- Consumables consist of refined fuels and stationery.

### Detailed Disclosure on Inventories

	FY 2024/2025	FY 2023/2024
<b>Opening balance</b>	<b>2,716,500</b>	<b>708,850</b>
Additional Inventory in the year	1,670,200	3,000,000
Inventory expensed in the year	- 3,673,674	- 992,350
Write-downs in the year	-	-
Others specify	-	-
<b>Closing balance</b>	<b>713,026</b>	<b>2,716,500</b>

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**23. 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
<b>Depreciation Rate</b>	-	2%	12.5%	6%	25%	10%	-	
<b>As at 1 July 2023 (previous year)</b>	-	-	-	-	-	-	-	-
Additions	-	31,951,810	-	1,177,495	700,000	65,961,677	-	<b>99,790,982</b>
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	2,347,834,983	492,850,590	13,215,491	-	-	304,003,381	-	<b>3,157,904,445</b>
Revaluation Adjustment	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2024</b>	<b>2,347,834,983</b>	<b>524,802,400</b>	<b>13,215,491</b>	<b>1,177,495</b>	<b>700,000</b>	<b>369,965,058</b>	-	<b>3,257,695,427</b>
Additions for the year	-	-	-	219,150	-	14,957,578	-	<b>15,176,728</b>
Disposals for the year	-	-	-	-	-	-	-	-
Transfer/adjustments	-	34,635	-	-	-	-	-	<b>34,635</b>
Revaluation Adjustment	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2025 (current year)</b>	<b>2,347,834,983</b>	<b>524,767,765</b>	<b>13,215,491</b>	<b>1,396,645</b>	<b>700,000</b>	<b>384,922,636</b>	-	<b>3,272,872,155</b>
<b>Depreciation and impairment</b>								
<b>At 1 July 2023 (previous year)</b>	-	-	-	-	-	-	-	-
Depreciation	-	<b>10,496,048</b>	<b>1,651,936</b>	<b>70,650</b>	-	<b>36,996,505</b>	-	<b>49,215,139</b>

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Impairment	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-
<b>As at 30 June 2024</b>	-	<b>10,496,048</b>	<b>1,651,936</b>	<b>70,650</b>	-	<b>36,996,505</b>	-	<b>49,215,139</b>
Depreciation for the year	-	<b>10,496,048</b>	<b>1,651,937</b>	<b>70,650</b>	-	<b>36,996,506</b>	-	<b>49,215,140</b>
Disposals for the year	-	-	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2025 (current year)</b>	-	<b>20,992,096</b>	<b>3,303,873</b>	<b>141,300</b>	-	<b>73,993,011</b>	-	<b>98,430,279</b>
<b>NBV as at 30<sup>th</sup> Jun 2024 (previous year)</b>	<b>2,347,834,983</b>	<b>514,306,352</b>	<b>11,563,555</b>	<b>1,106,845</b>	<b>700,000</b>	<b>332,968,553</b>	-	<b>3,208,480,288</b>
<b>NBV as at 30<sup>th</sup> Jun 2025 (current year)</b>	<b>2,347,834,983</b>	<b>503,775,669</b>	<b>9,911,618</b>	<b>1,255,345</b>	<b>700,000</b>	<b>310,929,625</b>	-	<b>3,174,407,240</b>

#### 24. Intangible assets

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

#### 25. Biological Assets

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

#### 26. Trade and Other Payables

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Trade payables	2,642,550	3,371,105
Retentions	-	20,601,309
Accrued expenses	-	-
Other payables ( <i>Specify</i> )	147,728	6,388,066
<b>Total trade and other payables</b>	<b>2,790,278</b>	<b>30,360,480</b>

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Ageing analysis:	2024/25	% of the Total	2023/24	% of the Total
Under one year	1,093,100	39%	23,972,414	79%
1-2 years	1,697,178	61%	-	0%
2-3 years	-	0%	6,388,066	21%
Over 3 years	-	0%	-	0%
<b>Total</b>	<b>2,790,278</b>	<b>100%</b>	<b>30,360,480</b>	<b>100%</b>

**27. Refundable deposits and prepayments from customers**

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

## 28. Provisions

Description	FY 2024/2025	FY 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>	-	-

## 29. Borrowings

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

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

Description	FY 2024/2025	FY 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	FY 2024/2025	FY 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>	-	-

### 30. Employee Benefit Obligations

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

### 31. Deferred Income

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

The deferred income movement is as follows:

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

Analysed as:

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

**32. Social Benefit Liabilities**

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

**33. Cash generated from operations**

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
<b>Surplus/ (deficit) for the year before tax</b>	<b>- 27,948,396</b>	<b>- 29,688,822</b>
<b>Adjusted for:</b>		-
Depreciation	49,215,140	49,215,140
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	2,003,474	2,716,500
Increase in receivables	-	-
Increase in payables	- 27,570,202	3,171,105
<b>Net cash flow from operating activities</b>	<b>- 4,299,984</b>	<b>19,980,923</b>

**34. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Transfers from related parties'	35,580,781	37,816,289
Transfers to related parties	-	-

**c) Key management remuneration**

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Board Members	669,600	1,068,000
Key Management Compensation	1,988,400	1,988,400
<b>Total</b>	<b>2,658,000</b>	<b>3,056,400</b>

**d) Due from related parties**

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

**e) Due to related parties**

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

**35. Contingent liabilities**

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

**36. Contingent Assets**

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

### **37. Financial risk management**

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

#### **I. Credit risk**

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

<b>Description</b>	<b>Total amount Kshs.</b>	<b>Fully performing Kshs.</b>	<b>Past due Kshs.</b>	<b>Impaired Kshs.</b>
<b>At 30 June 2025 (current year)</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	2,571	2,571	-	-
<b>Total</b>	<b>2,571</b>	<b>2,571</b>	-	-
<b>At 30 June 2024 (previous year)</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	20,601,309	20,601,309	-	-
<b>Total</b>	<b>20,601,309</b>	<b>20,601,309</b>	-	-

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

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uncollectible amounts that the Municipality has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

## **II. Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
<b>At 30 Jun 2025 (current year)</b>				
Trade payables	2,790,278	-	-	2,790,278
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>2,790,278.28</b>	<b>-</b>	<b>-</b>	<b>2,790,278</b>
<b>At 30 Jun 2024 (previous year)</b>				
Trade payables	9,759,171	-	-	9,759,171
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>9,759,171</b>	<b>-</b>	<b>-</b>	<b>9,759,171</b>

### **III. Market risk**

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

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

### **IV. Foreign currency risk**

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

Description	Other currencies	Total
	Kshs.	Kshs.
<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)	-	-

**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>2025 (current year)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>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 Municipality’s capital risk management is to safeguard the Municipality’s ability to continue as a going concern. The Municipality capital structure comprises of the following Municipality:

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Revaluation reserve	-	-
Capital/Development Grants/City/Municipality	3,230,866,776	3,231,126,438
Accumulated surplus	- 58,253,218	- 29,688,822
<b>Total Funds</b>	<b>3,172,613,557</b>	<b>3,201,437,616</b>
Total borrowings	-	-
Less: cash and bank balances	- 2,571	- 20,601,309
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**38. Program for Results (PforR) Disclosure**

<b>Name of the PforR: KENYA URBAN SUPPORT PROGRAM</b>	
<b>Financing Partners: WORLD BANK</b>	
<b>Purpose of the PforR: URBAN INFRASTRUCTURE SUPPORT</b>	
<b>Expenditure Details</b>	<b>Amount in Kshs</b>
Cumulative actual expenditures for the previous years	<b>757,828,075</b>
Actual expenditure in the current financial year.	
<i>1. Employee Cost</i>	-
<i>2. Use of goods and Services</i>	-
<i>3. Grants and Subsidies</i>	-
<i>4. Building of ECDE facilities</i>	-
<i>5. Others (Retentions)</i>	14,957,578
<b>Sub-total</b>	<b>14,957,578</b>
<b>Cumulative Actual Expenditures to date</b>	<b>772,785,652</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:  <i>(Resolved / Not Resolved)</i>	Timeframe:  <i>(Put a date when you expect the issue to be resolved)</i>
1 (i)	<p>Inaccuracies in the Financial Statements  (i) The statement of financial performance and the statement of cashflows reflects transfers from the county government amounts of Kshs 37,816,289. However, the statement of comparison of budget and actual amounts reflects an amount of Kshs. 138,629,680 resulting in an unreconciled variance of Kshs. 100,813,391.</p>	<p>We admit the finding of auditor with respect to variance between the statement of financial performance and the statement of cashflows with respect to transfers from the county government. However, the amounts of Kshs 100,813,391 consisted of Balance brought forward in the Municipality's Special Purpose Account and was not included in the statement of financial performance since it did not count as revenue. Further, the same was included in the statement of comparison of budget and actual amounts to demonstrate the entirety of budget</p>	RESOLVED	RESOLVED

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		performance for the Municipality during the financial year.		
1 (ii)	<p><b>Inaccuracies in the Financial Statements</b>  (ii) The statement of financial position reflects a Nil comparative accumulated deficit balance. However, the statement of changes in net assets reflects a comparative accumulated deficit of Kshs. 195,110,521 leading to unexplained and unreconciled balance of Kshs. 195,110,521.</p>	<p>We admit the finding of the auditor general with respect to unexplained and unreconciled balance of Kshs 195,110,521. This was an omission on our part, and we will restate the correct amounts in the subsequent financial statements.</p>	<b>RESOLVED</b>	<b>RESOLVED</b>
1 (iii)	<p><b>Inaccuracies in the Financial Statements</b>  (iii) The statement of changes in net assets reflects capital/development grant/fund and accumulated deficit balances of Kshs. 3,231,126,438 and Kshs. 29,688,822 respectively. However, a recast of the statement results in balances of Kshs. 3,296,523,218 and Kshs. 224,799,343 respectively leading to unexplained variances of Kshs. 65,396,780 and 195,110,521 respectively.</p>	<p>We admit the finding of the Auditor with respect to the unexplained variances in the statement of changes in net assets. We commit to restate the correct amounts in the subsequent financial statements.</p>	<b>RESOLVED</b>	<b>RESOLVED</b>
1 (iv)	<p><b>Inaccuracies in the Financial Statements</b>  (iv) Note 33 to the financial statements reflects an increase in payables amount of Kshs. 3,171,105. However, the statement of financial position reflects a decrease in payables amount of Kshs. 3,081,112 resulting in unreconciled and unexplained variance of Kshs. 6,684,748.</p>	<p>We admit the finding of the auditor general with respect to unreconciled and unexplained variance of Kshs 6,252,217.00 between the statement of financial position and Note 33. There was a misstatement of the sum-figure of payables in the comparative year (2022.2023). We commit to restating the amounts in the subsequent financial statements.</p>	<b>RESOLVED</b>	<b>RESOLVED</b>

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<p>2</p>	<p><b>Unsupported Capital/Development Grants/Fund Balance</b>  The statement of financial position reflects capital/development/fund balance amounting to Kshs. 3,231,126,438. Review of records revealed that an amount of Kshs. 3,231,126,438 includes transfers of land, buildings, equipment, computers, capitalized road constructions and motor vehicles from the county government. However, Management did not provide a valuation report of the assets transferred to the Municipality and the approved journal entries and other supporting documents used to capture the balance of Kshs. 3,231,126,438. In the circumstances, the accuracy and completeness of the capital/development grants/fund amount of Kshs. 3,231,126,438 could not be confirmed.</p>	<p>We admit the finding of the Auditor General raised regarding the Unsupported Capital/Development grants/Fund balance of Kshs. 3,132,288,066, as outlined in the Report.  We acknowledge that certain documentation, including the valuation report for the transferred assets, approved journal entries, and supporting records, were not available during the audit period.  We have initiated the process of obtaining a comprehensive valuation report for all assets transferred from the County Government. The report will provide detailed documentation of the fair value of the assets as at the date of transfer.</p>	<p><b>NOT YET RESOLVED</b></p>	<p>30/06/2026</p>
<p>3</p>	<p><b>Unconfirmed Depreciation Expenses</b>  The statements of receipts and payments reflects depreciation and amortization amount of Kshs. 49,215,140 as disclosed in Note 16 to the financial statements. However, review of records revealed that the assets were not depreciated as per the policy on assets and liability management which requires that the assets are depreciated using straight line basis. Further, the policy was</p>	<p>We admit the finding by the Office of the Auditor General regarding the unconfirmed depreciation expenses of Kshs. 49,215,140 as disclosed in the financial statements for the financial year 2023-2024. The depreciation expenses reported were based on estimates derived from the available asset records. However, the Municipality recognizes that the process did not fully align with the requirements of the policy on assets and</p>	<p><b>NOT YET RESOLVED</b></p>	<p>30/06/2026</p>

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	<p>not disclosed in the financial statements as required. In the circumstances, the accuracy and completeness of the depreciation and amortization amount of Kshs. 49,215,140 could not be confirmed.</p>	<p>liability management. The County government has developed a formal depreciation policy in line with the International Public Sector Accounting Standards (IPSAS). This policy outlines the use of the method, including the applicable useful life and residual values for various asset categories. This policy is in the process of final approval. Going by the approval of the policy, the depreciation expenses for the year will be recalculated and any discrepancies will be addressed in the subsequent financial statements. Management appreciates the observations by the Office of the Auditor General and has taken steps to ensure the accuracy, completeness, and compliance of depreciation expenses in future financial statements. We request that this response be noted as part of our commitment to continuous improvement in financial reporting.</p>		
4	<p>Unsupported Property, plant and Equipment The statement of financial position reflects property, plant and equipment balance of Kshs. 3,208,480,287 which includes land and motor vehicles balances of Kshs. 2,347,834,983 and Kshs. 13,215,491 respectively as</p>	<p>We admit the observation by the Office of the Auditor General regarding the unsupported balance of Kshs. 3,208,408,287 in respect of Property, Plant, and Equipment (PPE) as reflected in the financial statements for the financial year 2023-2024. Management acknowledges that supporting</p>	<i>NOT YET RESOLVED</i>	<i>30/06/2026</i>

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<p>disclosed in Note 24 to the financial statements. However, the land title deed, motor vehicle logbooks, the valuation report for the assets and the register of assets were not provided for audit verification. In the circumstances, the accuracy, completeness and valuation of property, plant and equipment balance of Kshs. 3,208,480,287 could not be confirmed.</p>	<p>documents, including title deeds, logbooks and valuation reports were not provided at the time of audit. Efforts are underway to retrieve and consolidate the title deeds, logbooks, and any other relevant ownership documentation from both internal and external custodians (Department of Lands for title deeds and office of the CEC Finance for logbooks). A comprehensive valuation of assets, including land, buildings, and motor vehicles, has been commissioned, and the valuation report will be shared with the Office of the Auditor General once completed. The Municipality is in the process of updating its asset register to include detailed information on all assets, their valuations, and ownership documentation.</p>		
<p><b>Budgetary control and performance</b> The statement of comparison of budget and actual amounts reflects budgeted and actual revenue on comparable basis amounts of Kshs. 175,637,869 and Kshs. 138,629,680 or 21% of the budget. Similarly, the Municipality spent an amount of Kshs. 116,053,352 against actual receipts amount of Kshs. 138,629,680 resulting in under-utilization of Kshs. 22,576,328 or 16% of the actual receipts.</p>	<p>We admit the observation of the auditor General regarding variances between the approved budget and the statement of comparison of budget and actual amounts. We would like to clarify that there are some items in the approved budget falling under the recurrent component that are of capital in nature and this discrepancy leads to disparity between the approved budget and the statement of</p>	<p><b>RESOLVED</b></p>	<p><b>30/06/2026</b></p>

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	<p>Further, review of the approved budget for County Government of Nakuru revealed that Naivasha Municipality was allocated Kshs. 38,067,028 for recurrent expenditure and Kshs. 137,570,841 for development expenditure. However, the statement of comparison of budget and actual amounts reflects amounts of Kshs. 35,867,028 and Kshs.139,770,841 resulting in unexplained re-allocation of Kshs. 2,200,000. The underfunding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.</p>	<p>comparison and actual amounts. Examples are the purchase of photocopier and the purchase of office equipment that exceed the threshold for capitalization. An analysis reconciling the approved budget and the statement of comparison of budget and actual amounts has been submitted for your review.</p>		
	<p><b>Unresolved Prior Year Matters</b>  In the audit report of the previous year, several paragraphs were raised under the report on Financial Statements, Report on lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not explained how the issues were resolved.</p>	<p>The Management admits the finding of the auditor regarding unresolved prior year matters. We are at various stages of implementing the Auditors' recommendations and we commit to enhancing Municipal operations to the required levels of administrative standards.</p>	<b>NOT YET RESOLVED</b>	<b>30/06/2026</b>
<b>1</b>	<p><b>Non-compliance with Two Thirds Basic Salary Rule</b>  Review of the payroll records provided revealed that three employees had deductions that were more than two thirds of their basic pay throughout the year under</p>	<p>We admit the observation by the Office of the Auditor General regarding the non-compliance with the provisions of Section 19(3) of the Employment Act, 2007, in relation to deductions exceeding two-thirds of the basic pay for</p>	<b>NOT YET RESOLVED</b>	<b>30/06/2026</b>

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	<p>review. This was contrary to the provisions of Section 19(3) of the Employment Act, 2007 which states that without prejudice to any right of recovery of any debt due, and not withstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry.</p>	<p>three employees during the financial year 2023-2024. During the year under review there were several regulatory changes that had the effect of increasing staff deductions. Among these were the introduction of the housing levy and increase in the social security deductions. Management takes this matter seriously and assures the Senate that the Municipality will take all viable steps to realign with legal requirements. We remain committed to full compliance with all statutory provisions governing employee rights and payroll administration.</p>		
2	<p><b>Non-compliance with law on ethnic diversity</b>  Review of payroll records revealed that all four (4) staff or 100% of the employees in the payroll were from the same ethnic community. This was contrary to Section 7 (2) of the National Cohesion and Integration Act 2008 which states that, no public establishment shall have more than one third of its staff from the same ethnic community.</p>	<p>The management admits the auditor general’s finding regarding non-compliance with legal requirements on ethnic diversity. During the year under review, the municipality faced staffing constraints and operated with a limited workforce. However, the County Government has since deployed additional personnel to the municipality. This development has significantly improved ethnic diversity within the organization, ensuring better alignment with the applicable legal standards.</p>	<b>NOT YET RESOLVED</b>	<b>30/06/2026</b>

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		We request the Senate to note our commitment in addressing this issue and improving diversity in the Municipality’s workforce.		
3	<p><b>Lack of Training Needs Assessment</b>  The statement of financial performance reflects use of goods and services amount of Kshs 10,698,794 which includes training expenses of Kshs. 847,528 as disclosed in Note 12 to the financial statements incurred on capacity building.  However, no evidence was provided to confirm that training needs assessment was conducted during the year to identify the training needs of each staff member within the municipality as required by Section H.3 (1) of the Human Resource Policies and Procedures Manual for the Public Service, May 2016.  It was therefore not clear how the Management identified those who were to be trained and the areas which they were to be trained on.</p>	<p>We admit the finding by the Office of the Auditor General regarding the absence of documented evidence of a Training Needs Assessment (TNA) for the financial year 2023-2024, as required by Section H.3 (1) of the Human Resource Policies and Procedures Manual for the Public Service, May 2016.  We recognize that such an assessment is a critical tool for planning and implementing training programs within the financial year.  Unfortunately, the Municipality was unable to conduct the required assessment during the year under review due to staffing shortage, which should have guided the training activities for the period.  Moving forward, we are committed to ensuring that a comprehensive training needs assessment is conducted at the beginning of each financial year to adequately inform and align training initiatives with organizational objectives. In the financial year 2024/2025 the municipality received additional staff, and a training needs assessment was conducted</p>	<b>NOT YET RESOLVED</b>	30/06/2026

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		and is available for review.		
4	<p><b>Non-compliance with the Law on Independence of the Municipality</b></p> <p>Review of records revealed that Naivasha Municipality was granted Municipality charter on 13 February 2019 and was effectively granted operational independence from the County Government of Nakuru. However, as previously reported, the county government has continued to perform functions which were transferred to the Municipality, as provided for through gazette notice no. 3844 dated 16 March 2023 such as development controls, solid waste management and street parking. Further, the statement of financial performance and Note 6 to the financial statements reflect revenue amount of Kshs. 137,017,897 out of which Kshs. 37,034,168 represents payments processed through the Nakuru County Executive accounts. This is contrary to Section 6(2) of the Municipal Charter of the Municipality of Naivasha 2019 which states</p>	<p>We admit the observation by the Office of the Auditor General regarding the continued involvement of the County Government of Nakuru in performing functions that were legally transferred to Naivasha Municipality under the Municipality Charter and Gazette Notice No. 3844 dated 16 March 2023. Naivasha Municipality was granted operational independence through its charter in February 2019, and the Gazette Notice formalized the phased transfer of functions with ongoing capacity building in the Municipality. As a result, the county government has undertaken a gradual transfer of functions, budgetary allocation and human resources to enable the municipality to execute its' mandate. Further, the Municipality has been given additional responsibilities in project execution and implementation in the financial year 2025/2026. The Municipality is strengthening its institutional capacity, including administrative structures, to fully assume and manage the</p>	<b>NOT YET RESOLVED</b>	<b>30/06/2026</b>

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	<p>that the board of the Municipality shall be a corporate body with perpetual succession and a common seal and shall in its own corporate name be capable of entering into contracts, and doing or performing all other act or things for the proper performance of its functions in accordance with the urban areas and cities act, 2011 or any other written law which may lawfully be done or performed by a body corporate. In the circumstances, the Municipality was in breach of the law.</p>	<p>transferred functions. This includes recruiting key personnel, setting up independent financial systems, and acquiring necessary resources.</p>		
1	<p>Lack of an approved Staff Establishment  Review of the employee records revealed that the Municipality of Naivasha had four (4) employees. However, the Municipality has no approved staff establishment.  In the absence of an approved staff establishment, it was not possible to determine if the Municipality operated with an optimal number of staff.</p>	<p>The management admits the Auditor’s finding regarding the absence of an approved staff establishment.  We would like to clarify that the Municipality has a staff establishment in place, which has been included as an attachment in our response to this management letter. This document outlines the organizational structure and approved staffing levels, demonstrating our commitment to ensuring proper human resource planning and compliance with regulatory requirements. At the time of audit, the Municipal staff establishment had been submitted to the County Public Service Board for approval. This has been</p>	<b>NOT YET RESOLVED</b>	30/06/2026

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		concluded, and the establishment is available for review.		
2	<p><b>Lack of Fraud Policy and Risk Management Strategies</b> The Municipality did not have in place a fraud management policy to assist in detecting and preventing fraud during the year under review. Further, Management did not have a risk management policy or strategy in place and therefore had not approved processes and guidelines on how to mitigate operational, legal and financial risks contrary to Regulation 158(1) of the Public Finance Management (county governments) regulations, 2015. In addition, it was observed that the Municipality lacks a disaster recovery plan or business continuity plan which outlines how it will continue operating during an unplanned disruption in service. Management has not instituted its own policies and procedures to guide key financial processes and controls for the management of personnel and related expenditure and did not perform formal risk assessments</p>	<p>We admit the observation by the Office of the Auditor General regarding the absence of a fraud management policy, risk management strategy, disaster recovery plan, and business continuity plan, as well as the lack of formal risk assessments and financial process controls during the financial year 2023-2024. The Municipality acknowledges the importance of robust policies and strategies for fraud detection, risk management, and operational continuity. The absence of these frameworks is due to the Municipality's nascent stage of development and resource constraints, which have delayed the establishment of comprehensive governance structures. The Municipality in collaboration with the County Government has initiated the drafting of a fraud management policy and risk management strategy in compliance with Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015. These documents are in the review phase and will be adopted</p>	<b>RESOLVED</b>	30/06/2026

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	<p>during the year under review.  In the circumstances, Management may not be in a position to evaluate, rank and prioritize critical risks and channel resources towards mitigating identified risks.</p>	<p>and implemented in the upcoming financial year. The Municipality is engaging relevant stakeholders to conduct a formal risk assessment and identify potential operational, legal, and financial risks. Findings from the assessment will inform the development of mitigation strategies and action plans. We request that the Senate notes our ongoing efforts and commitment to compliance and improved governance practices.</p>		
3	<p><b>Lack of Audit Committee</b>  The Municipality did not have in place an audit committee as required by Regulation 42(1) (e) of the Public Finance Management (County Governments) Regulations, 2015.  Further, Management may not be able to review of the effectiveness of the financial and non-financial management systems of the Municipality. In the Circumstances, the Municipality is exposed to possible loss of funds and interruption of business operations arising from absence of assurance from the audit committee on internal controls, risk management and governance within the Municipality.</p>	<p>We admit the observation by the Office of the Auditor General regarding the absence of an audit committee within the Municipality and the associated risks arising from non-compliance with the law and regulations. The Municipality recognizes the critical role of an audit committee in strengthening internal controls, risk management, and governance.  Under the public audit act 2015, the role of appointing an audit committee is vested in the office of the Governor and the Municipality has been engaged in active deliberations with the county government to nominate members to it. The Municipality remains committed to compliance with statutory provisions and enhancing its operational framework for accountability and</p>	<i>NOT YET RESOLVED</i>	30/06/2026

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		<p>transparency. We kindly request the Senate to note our efforts and commitment to addressing this matter comprehensively.</p>		
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*To be Signed by the Accounting officer of the Entity*

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**Appendix 2: Inter-Entity Transfers**

<b>MUNICIPALITY NAME: MUNICIPALITY OF NAIVASHA</b>				
<b>Breakdown of Transfers from the County Executive of Nakuru County</b>				
<b>FY 2024/2025</b>				
a.	Recurrent Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
			-	
			-	
		Total	-	
b.	Development Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
			-	
			-	
			-	
		Total	-	
c.	Direct Payments	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
			-	
			-	
		Total	-	

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

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

**Appendix 3: Reporting of Climate Relevant Expenditures**

Municipality of Naivasha  
Telephone Number  
Email Address  
Daniel Mbogo Ndiritu

Name and contact details of contact person ...**Peter Kariuki Karanja - cpakariukikaranja@gmail.com**.....

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

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**Appendix 4: Disaster Expenditure Reporting Template**

Date: 30<sup>th</sup> June 2025

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