



**VIHIGA MUNICIPALITY
COUNTY GOVERNMENT OF VIHIGA**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 30TH JUNE, 2024**

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

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

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1. Acronyms & Glossary of Terms

PSASB	Public Sector Accounting Standards Board
FY	Financial Year
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
ICPAK	Institute of Certified Public Accountants of Kenya
UACA	Urban Areas and Cities Act
PFMA	Public financial management act
POM	project operations manual
CGA	County Government Act
CUIDS	county urban institutional development strategy
IDEP	Integrated development plan
UDG	urban development grant
UIG	urban institutional grant
KSHS	Kenya shillings
CBK	Central bank of Kenya
GPO	Government Post Office
MTP	Medium Term Plan
AG	Acting capacity
PROF	Professor

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ENG	Engineer
ARTCH	Architect
CPA	Certified public Accountant
&	Percentage
KUSP	Kenya Urban Support Program
UDD	Urban Development Department
NCPT	National Coordinated Project Team
CPCT	County Project Coordinating Team

2. Key Entity Information and Management

a) Background information

Vihiga Municipality is established by and derives its authority and accountability from Urban Areas and Cities Act No. 13 of 2011(amended 2019) and Cities and Municipal Charter on 2020. The Municipality is under the County Government of Vihiga and is domiciled in Kenya.

b) Principal Activities

The Municipality principal activity aims to facilitate a sustainable urbanization process through an integrated urban and regional planning management framework of Kenyan urban centers and towns. Aligned to that goal, the MTP identifies a series of investment programs to enhance infrastructure, connectivity and accessibility, safety and security. Developing the basic institutions required for effective urban management is critical to deliver these investments and for urbanization to contribute to sustainable growth in Kenya.

The Municipality objective of the Kenya Urban Support Program is to establish and strengthen urban institutions to deliver improved infrastructure and services in participating counties in Kenya. Economic growth has been accompanied by rapid urbanization. Nonetheless Kenya remains under-urbanized. This means Kenya can still leverage the benefits of urbanization for improving economic opportunities and living conditions. The Government of Kenya has recognized the need to manage urbanization as part of its overall development strategy.

Kenya Vision 2030 Highlights Rapid Urbanization. As one of the four key challenges facing the Country. Within The Over-arching framework of vision 2030, the urbanization component of the Second Medium Term Plan (MTP2)

c) Key Management

- Board members

Ref	Position	
1.	Chair -Person & Independent Member of the Board	CPA. Patrick Oyondi
2	Vice - Chair Person & Independent Member of the Board	Mrs. Everline Kisato
3	CECM, Physical Planning, Land, Housing& Urban Development/Executive Board Member	Hon. Grace kadenge
4	Chief Officer- Physical Planning, Land, Housing& Urban Development/Executive Board Member	Mr. Victor Cheye Kivaya
5	Chair Person -Human Resource and Administration Committee & Independent Member of the Board	Mr. Ibrahim Kugo Bwamu
6	Chair Person -Audit Committee & Independent Member of the Board	Mr. Moses Akidadi
7	Chair Person -Social Services & Independent Member of the board	CPA Mary Alwoka Andika PhD.
8	Chair Person -Technical Committee& Independent Member of the Board	Prof. Isaac Nyamweno
9	Chair Person -Procurement Committee& Independent Member of the Board	Mr. Bagada Beartice
10	Municipal Manager	Mr. Paul Ayodi

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

Ref	Position	
1	Municipal Manager	Mr. Paul Ayodi
2	Fund manager	Mr. Omukuya Richard
3	Environmentalist	Mr. Okwaro James
4	Supply chain management officer	Mr. Vincent Juma
5	Internal auditor	CPA. Geophey Ayiecho
6	Administrator	Mrs. Muhando Benjamin
7	Engineer	Eng. Nerbert Omino
8	Economist	Mr. Lee Jumba
9	socialogist	Mrs. Lucy Maliazo
10.	Planner	Mr. Duncan Kuria

e) Fiduciary Oversight Arrangements

- Internal Audit and Risk Management Committee
- Municipal board audit committee
- County Assembly standing committee on Physical Planning, Land, Housing & Urban Development
- Public Investment standing Committees of the Senate

f). Registered Offices

P.O. Box 344-50300 Maragoli
Dawn Towers Plaza
Kakamega-Kisumu Highway
Mbale, KENYA

g). Contacts

Telephone: (+254) 722732230/719880506
Website: www.vihigacountygo.ke

h). Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

Equity Bank of Kenya
Mbale branch
P.O. Box 60
Maragoli 50300

i). Independent Auditor

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO- 00100
Nairobi, Kenya

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j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

County Attorney

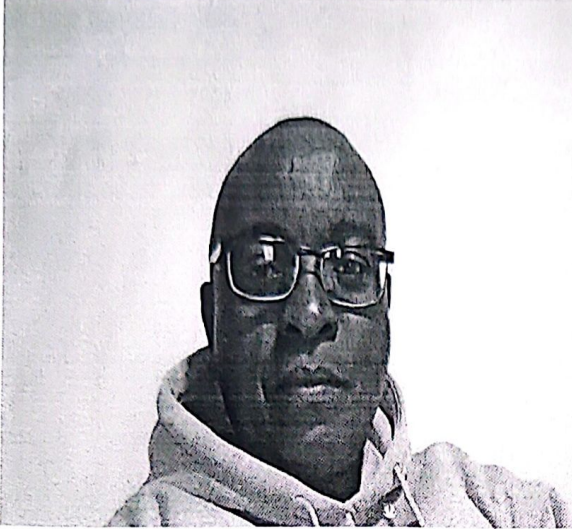
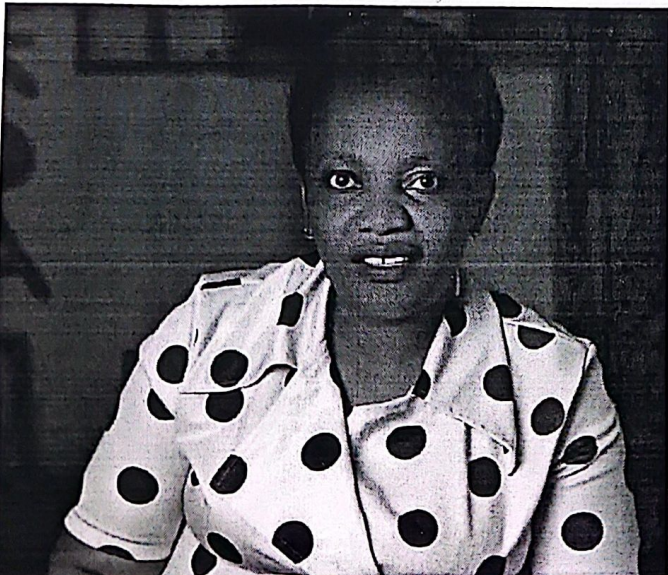
Vihiga County Government

P.o Box 344-50300

Maragoli, Kenya

3. Key Entity Information and Management

Vihiga Municipality Board

Name	Details of qualifications and experience
<p>CPA. Patrick Oyondi</p> 	<p>The Chairperson and independent member CPA Patrick Oyondi is a reputable and certified independent Auditor and accountant with very many of years of work experience, as an independent Auditor and accountant holds a master's degree of business administration accounting option and has CPA -K. His zealous and superb performance made him work as lead consultant at various firms. He brings vast experience to Vihiga Municipal Board as the Chairperson, and project monitoring and evaluation . Born in 9th September, 1972</p>
<p>Mrs. Everlyne Iminza kisato</p> 	<p>The vice Chair Person/ Independent Board Member Mrs. Everlyne Iminza kisato a director at Andimi hospital mungoma also a director at Mungoma transporters and logistics, she is the chair Vihiga County Micro and Small enterprise association, chairperson Vihiga girl child fund, chairperson Sabatia Mulembe Women congress she holds a Diploma in business administrationis. Born in 11, June,1980</p>

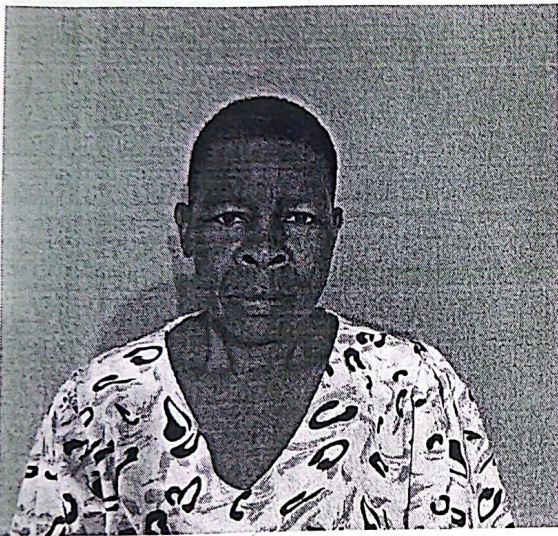
Mr. Ibrahim Kugo Bwamu



The Chairperson Human Resource and Administration Committee and independent member

Ibrahim Kugo Bwamu is a seasoned educationalist who has served in various capacities under the ministry of education as a teacher and principal. He holds a Masters of Education (Planning and Administration), he brings on board a vast experience in public Sector. Born in 19th February, 1964

Mrs. Beatrice Ekaka Bagada



The Chairperson Audit Committee and Independent Member

Principal Beatrice Ekaka Bagada is a highly experienced High School Administrator and Manager. she holds a Masters Philosophy of Education from Masinde Muliro University of Science and technology . she has undergone training in administration and management at Kenya Education Staff Institute and Kenya School of Government. she brings a wealth of experience in administration and management to Vihiga Municipal Board. born on 5th October, 1970

CPA Mary Alwoka Andika PhD.

Chair Social Services & Independent Member of the board
CPA Mary Alwoka Andika PhD. Is a faculty member at the Multimedia University of Kenya, she has vast experience as an accountant, auditor and procurement, also she is a reputable consultant at IHR solutions a firm specializing in human resource management, supply chain management, Finance



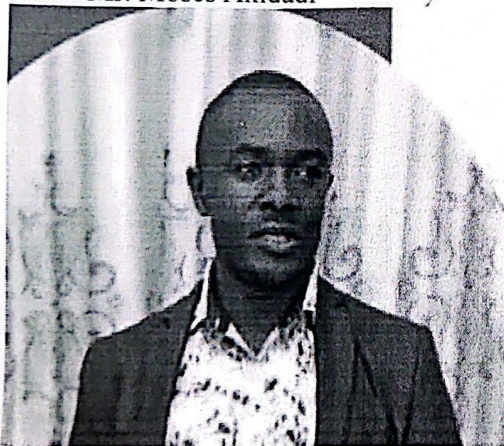
Planner Isaac Mamboh Nyamweno PHD

management and sustainability solutions for both private and public sector, Holds a Ph.D. in Supply Chain Management (JKUAT) She is an independent member of the board. Born in 14th December, 1972



Prof, Isaac Mamboh Nyamweno, is a seasoned registered planner PHD Degree holder in Urban and Regional Planning from University of Jaramogi Oginga Odinga where he works as faculty member. He is also a lead expert in Environmental Impact assessment/Audit. He brings a wealth of experience in spatial planning and Project management to the Board. He is the Chairman of Technical Committee. He is an independent Member of the Board. born in 18th February, 1969

Mr. Moses Akidadi





Audit Committee & Independent Member of the Board

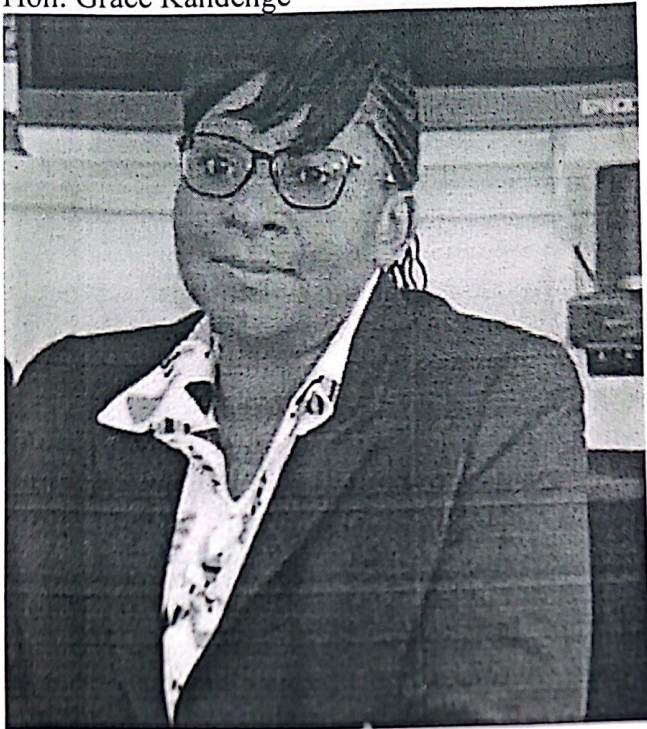
Mr. Moses Akidadi
 Is a Journalist with a unique sense to details he holds Bachelor of Arts Journalism and Mass Communication from Masinde Muliro University of Science and Technology he served as Director at Communication & Events Committee Vihiga County Chamber of Commerce Freelance Writer at Nation Media Group Standard Newspaper . He is an independent member of the board. born in 19th June, 1988

<p>Hon. Grace Kandenge</p> 	<p>CECM- Physical Planning Land & Housing/ Executive Board Member A career banker, she had worked for the top banks in Kenya in senior positions for quite a long time. Married with children Hobbies include travelling, watching and reading. Firm believers in being self-reliant, focused, reliable, dependable and self-driven. She brings on board vast managerial experience</p>
<p>Mr. Paul Bahati Ayodi</p> 	<p>Municipal Manager/Secretary to the Board. Mr. Paul Ayodi Bahati is a career civil servant who has worked in the public sector for quite a long time he has a Master's degree in Project Planning and Management, he therefore brings on board vast experience having served as a Chief Officer and Director in the department of Trade Industry, Tourism and Entrepreneurship also he has served as Sabatia Sub County Administrator for quite a long time born in 6th January, 1970</p>
<p>Art. Victor Cheye Kivaya</p> 	<p>Chief Officer- Physical Planning Land & Housing/ Executive Board Member Art. Victor Cheye Kivaya is a career architect and a holder of a degree in architecture and a member of architecture professional body, he brings in a vast knowledge and experience as a consultant, businessman and contractor He was born in 11 September, 1986</p>

4. Key Management Team

Name	Details of qualifications and experience
<p>Mr. Paul Bahati Ayodi</p> 	<p>Municipal Manager/Secretary to the Board.</p> <p>Mr. Paul Ayodi Bahati is a career civil servant who has worked in the public sector for quite a long time he has a Master's degree in Project Planning and Management, he therefore brings on board vast experience having served as a Chief Officer and Director in the department of Trade Industry, Tourism and Entrepreneurship also he has served as Sabatia Sub County Administrator for quite along time</p> <p>born in 6th January, 1970</p>
<p>Art. Victor Cheye Kivaya</p> 	<p>Chief Officer- Physical Planning Land & Housing/ Executive Board Member</p> <p>Art. Victor Cheye Kivaya is career architect and a holder of a degree in architecture and a member of architecture professional body, he brings in a vast knowledge and experience as a consultant, businessman and contractor</p> <p>He was born in 11 September, 1986</p>

Hon. Grace Kandenge



CECM- Physical Planning
Land & Housing/ Executive
Board Member

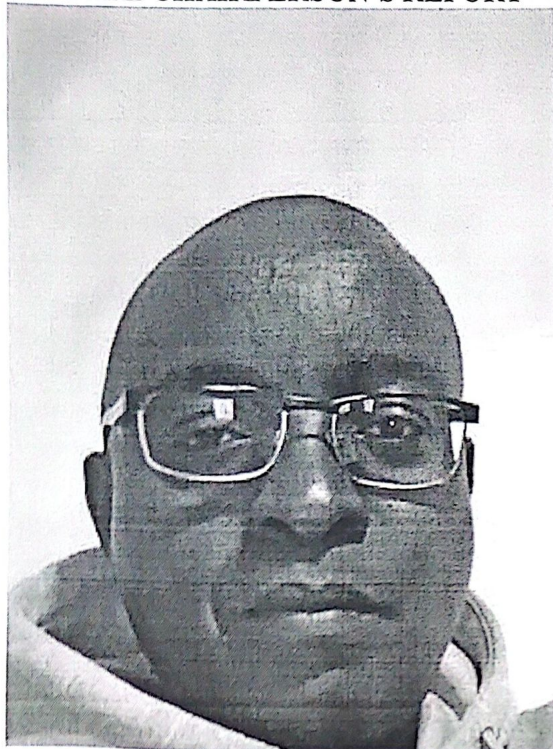
A career banker, she had
worked for the top banks in
kenya in senior positions for
quite a long time,

Married with children
Hobbies include travelling,
watching and reading.

Firm believers in being self-
reliant, focused, reliable,
dependable and self-driven.

She brings on board vast
managerial experience

4. BOARDCHAIRPERSON'S REPORT



The Vihiga Municipal Board comprises of resourceful individuals e.g, reputable accountants, auditors, professor, planners, environmentalist, bankers, careered educationalists, Architect, career civil servants and Economist.

The Vihiga Municipal Board has envisaged targets set out in Corporate Governance, The municipal Strategic Plan, GIS based spatial plan, Urban Integrated Development and zoning Plan, Annual Investment Plan and Budget, County urban institution development. The municipality was 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 2020. The Municipality Charter defines roles, responsibilities and functions which are far reaching with respect to urban areas and cities act, 2011. I trust that the records will demonstrate a scorecard in enforcing the charter to deliver effective and efficient

services and improved livelihoods of stakeholders of the urban area of Vihiga.

The FY 2023/2024 carried a lot of enthusiasm in laying strong foundations via planning budgeting & capacity building in readiness for partnerships with external donors, investments partners and development under the principal/ agency relationship with the Vihiga County Government. The Kenya urban support I (KUSP I) come to an end on 30th June, 2023 and the municipality is being assessed through the annual performance framework, the municipality will be allocated additional funding under KUSP II based on their assessment performance. I would like to thank the NCPT, CPCT, Municipal administration and municipality stakeholders for offering technical, financial, timely support, feedback and insightful deliberation we have with stakeholders during public fora.

The municipal board undertook the following projects; beautification phase iii of Majengo, Mudete and Chavakali urban centers, maintenance works at beautification phase 1. During the year a new municipal manager was appointed and key staff were employed/seconded to handle key areas in the municipal administration.

CPA Partrick Oyondi
CHAIRMAN- VIHIGA MUNICIPAL BOARD

6. REPORT OF THE MUNICIPAL MANAGER

Mbale Town is within the Vihiga Municipality and a capital of Vihiga County. It has the best plans which are outlined in relation to its planning activities which in turn will transform its outer look in the long term. A plan that will encompass social-economic and technological aspects in its implementation. This shall open up areas of investment, provision of housing, development and maintenance of sewerage lines; provision of high standards of education, improvement and developing of non-motorized walkways; improving on the existing green spaces e.g. Mbale Municipal Park, provision of social amenity services, fire hydrants and stations, control storm water and urban lighting, solid and liquid waste collection.

A vibrant and properly planned urban Centre not only entices residents, whereby they can access effective, efficient and quality services at their conveniences but also it provides many opportunities for investors and business.

On the above note; increased population of the Town (demographically), it would result to a growing economy of the town. It's imperative for a town to have working and strong economy as this will form a foundation for its development.

Urban investment is no longer tied to having a Central Business District whereby majorly all businesses take place from but virtually it has to encompass a wide range of opportunities i.e. for investment and development.

It's from this angle that we need to understand that higher demographic drives a higher demand for products and services. Thus, it would lead to a spillover effect of higher demand of e.g. Goods and services, housing among other essential services.

A smart town has to take care of its inhabitants thus had resulted in plans of upgrading of Mbale Municipal grounds into a recreational park. The park apart from offering relation atmosphere to the residents it will also be an income generating to the Municipality, upgrading of the existing walkways e.g. from Governor's office -Mbale-Equity to North End, construction of wetland behind Mbale prison, installation of High mast in the Municipality to improve on the security and improve also on the economy of the Town; Mbale, beautification of Majengo, Chavakali, Mudete urban centers and other activities planned which were 100 percent Physical completed this improved the living standards of residents of Vihiga as follows;

Construction of wetland and bio digester, installation of garbage bins across the urban area purchase of compacting truck, skip loaders truck and exhauster trucks 10 tonnes has boasted effects by the county government of ensuring the urban areas solid and liquid waste are managed and disposed responsibly and the bio gas produced by the digester act fuel for cooking at the referral and Mbale Prison.

The high mast lights have enabled the urban areas to conduct business on 24 hour and to security. The beautification of urban roads and construction of drainage has encouraged residents to the non-motorized walk ways hence improving their health, beautify the urban area and controlled storm water.

The above-mentioned programs will be pursued with vigor and aggressiveness to ensure they are achieved in both short and long-term basis. The Municipality is committed and hence it calls for support from the concerned stakeholders within and outside the Municipality of Vihiga.

The Boundaries of the Urban Area overseen to be the Vihiga Municipal Board includes the towns of Mbale (County HQs), Majengo, Chavakali and Mudete amongst many smaller markets and business centers.

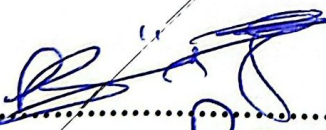
The Vihiga Municipal Board secured a budget vote within the budget ceiling of the Department of physical Planning, Lands and Housing in the County budget of 2023/24 during the 1st supplementary budget. The municipality have developed a risk management policy framework as spelt out in the Treasury Circular No. 3/2009 dated 23rd February, 2009 and anchored in the PFMA of 2012

The Vihiga Municipal Board has:

- (a) Prepared a KUSP Annual Investment Plan and budget 2023/24 which has been approved by the Vihiga County Assembly.
- (b) Participated in the County Budget cycle for 2023/2024 & 2024/25FY.
- (c) Prepared and worked towards implementing an annual Work plan:
 - (i) Transfer of functions.
 - (ii) Spatial Planning
 - (iii) Budgetary and administrative independence
 - (iv) Setting up efficient and accountable management structures.
 - (v) Preparation of strategic plan

Name:

Municipality Manager


Paul Bahati Agadi

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

Guidance

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a County Government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board including a statement of the County Government entity's performance against predetermined objectives. The key development objectives of the Vihiga Municipality 2024-2028 plan are to:

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

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Urban planning	To control urban development	To create orderly development in urban areas	Number of developments conforming with rules and regulations governing urban development	In FY under review we beautify urban centers
Quality physical infrastructure.	To control urban physical infrastructure	Design and develop quality urban physical infrastructure	Number of urban physical infrastructure that are sustainable and confirm with design and engineering standards	In the FY under review we developed urban physical infrastructure by 90%

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County G
Vihiga
Ann

Program	Object	Outcome	Indicator	Performance
Urban governance and administration	Manage urban governance and administration	Develop urban policy and programs that align to the mission, vision and objective of the municipal board	Acquire software and develop systems that will improve on governance & administration	During the FY under review the board developed several structures and systems

6. Corporate Governance Statement

Development and upgrading of urban areas are on the upscale Course. Vihiga Municipality is making strides in ensuring it positions itself on a better competitive advantage over municipalities

We advise Vihiga Municipal Board and other stakeholders to leverage on professional support available across industries and sectors, to collaborate and create solutions to urban challenges. The stakeholders need to consider the Vihiga municipal as a whole in making investment and renewal decisions in order to maximize cross-sector synergies and avoid negative unintended consequences amongst them.

Finally, challenges and threats that are being faced by the Municipalities in this era can be transformed into opportunities that can improve the livelihood of the residents of Vihiga Municipality. We can start to explore in business activities that have leading solutions like the development of spatial planning, physical infrastructure, digital technology and social service provision.

Vihiga Municipal Board had five full board meetings; the meetings had the required quorum. Board members do not draw any remuneration from the Vihiga Municipal Board.

7. Management Discussion and Analysis

In the year, the municipality undertook cabrio paving works of loop road from St Clare Girls to Equity bank and repair of high mast lights at a cost of Kshs. 1,175,592.00. There were no planned activities for the financial year since the KUSP 1 was winding up.

KUSP II will strengthen the capacity of urban institutions through set performance standards and minimum conditions set for municipalities to meet, hence improving the delivery and resilience of urban services.

8. Environmental and Sustainability Reporting

Vihiga Municipal Board exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on pillars: putting the residents/Citizen first, delivering environmentally friendly and relevant goods and services, and improving operational excellence.

Below is a brief highlight of our achievements in each pillar.

1. Sustainability strategy and profile

Some Mbale traders have occupying the newly constructed Mbale urban center non - motorized sidewalks, hence hindering smooth flow of traffic

2. Environmental performance

The municipal board has constructed a wetland and bio-digester behind the Mbale prison, the wet land will address waste water from the nearby facilities, offices, business and residential areas of the urban centers, also the bio –digester which will produce environment friendly gases, will be a source of revenue to the County and also will be donated to the Mbale prison and referral hospital for various uses e.g. Cooking for patients and inmates.

3. Employee welfare

Employees of the municipality, have been trained on the Project Operation Manual (POM) by World Bank, Gem tool, Urban Areas and Cities act, and other requisite policies and procedures.

Most of the employees are under permanent and pensionable terms of employment; they enjoy pension, gratuity, medical scheme by NHIF, telephone and house and transport allowances.

4. Market place practices

a) Responsible competition practice.

There is fair competitive practice between municipalities and cities, where each municipality operates within its boundaries which are clearly marked.

b) Responsible Supply chain and supplier relations

The municipality procures for goods and services through E-procurement Platform and pays through IFMIS system. The management abides by the enabling legislations, the County Government Act, Urban Areas and Cities Act, Public Procurement and Disposal Act, Public Finance Management Act (PFMA) and Project Operation Manual (POM)

c) Responsible marketing and advertisement

The management of the municipality through the County Public Service Board and County Executive advertises widely for newly created or vacant position. Also proposals for construction, supply and delivery, professional contracts are advertised through nationally circulated print media, the county website and the Kenyan gazette notices.

d) Product stewardship

Municipality usually safeguard consumer rights and interests by ensuring that there products are guided by professionals e.g. Engineers, Accountants, land Surveyors, Quantity Surveyors, economists, legal officers etc. authorize by signing at payment vouchers, certificates, site minutes, evaluation minutes and guides municipality project implementations

9. Community Engagements

- during beautification phase of Majengo, Mudete and Chavakali urban centers the spoilt Cut off soil was donated for free to brick making groups within the municipality
- There were public FORA across the municipality; the aim of the public FORA was to engage the community on selection from Municipality IDEP projects to be implemented in the next financial year.
- The municipal administration took part in clean up exercises across the municipalities.

9. Report of the Municipality Board Members

The Board Members submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Municipality affairs.

Principal activities

The principal activities of the Municipality aim to facilitate a sustainable urbanization process through an integrated urban planning management framework of Vihiga urban centres and towns. Align to the goal; the MTP identifies a series of investment programs to enhance infrastructure, connectivity and accessibility safety and security. Developing the basic institutions required for effective urban management is critical to deliver these investments and for urbanization to contribute to sustainable growth in Vihiga Municipality

Performance

The performance of the Municipality for the year ended June 30, 2024. Are set out on page 29-35

Board Members

The members of the Board who served during the year are shown on page vii-x. The changes in the Board during the financial year are as shown below:

Outgoing name	Outgoing position	Incoming name	Incoming position
Hon. Julius Maruja Kiboen	CECM Physical planning, Land, Housing & Urban Development	Hon. Grace kadenge	CECM-Physical planning, Land, Housing & Urban Development
Mr. Clement Manyulu	Chief Officer Physical planning, Land, Housing & Urban Development	Mr. Victor Kivaya Cheye	Chief Officer-Physical planning, Land, Housing & Urban Development
Mr. Andrew Mwenesi	Municipal manager	Mr. Paul ayodi	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: *Paul Bahati Ayodi*
 Secretary of the Board

10. Statement of Management's Responsibilities

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

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

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

The Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Urban Areas and Cities Act No. 13 of 2011*. The Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Municipality's transactions during the financial year ended June 30, 2024, and the financial position as at that date.

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

internal financial control. In preparing the financial statements, the Municipality Manager has assessed the Municipality's ability to continue as a going concern and 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 Municipal financial statements were approved by the Board on 25th September, 2024 and signed on its behalf by:

.....

Name:

Chairperson of the Board



.....

Name: Arch. VICTOR KIVAYA -

Chief Officer-Physical Planning Land and Urban Development

11. Report of the Independent Auditor on Vihiga Municipality

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

	Notes	2023/24	2022/23
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
Total revenue		-	-
Expenditure			
Use of Goods and Services			
Domestic Travel and Subsistence	7	0	1,167,800
Bank Charges	7	1,390	3,000
Total Expenditure		1,390	1,170,800
Surplus/(deficit) for the period		(1,390)	(1,170,800)

The notes set out on pages 33 to 57 form an integral part of this Financial Statements. The entity financial statements were approved on 25th September, 2024 and signed by:

.....
 Name: **Paul Ayode**
 Municipal Manager

.....
 Name: **OMUKUYA RICHARD**
 Head of Finance

ICPAK M/No

13. Statement of Financial Position as At 30 June 2024

	Note	2023/24	2022/23
		Ksh.	Ksh.
Assets			
Current Assets			
Cash and cash equivalents	8	2,289	1,196,280
Total current Assets		2,289	1,196,280
Property, plant, and equipment	9	575,237,249	574,044,658
Total Assets		575,239,538	575,240,938
Liabilities			
Current Liabilities			
Retention monies		0	461,860
Total Liabilities		0	461,860
Net Assets		575,239,538	574,779,078
Capital fund	10	430,319,986	429,125,427
reserves		-	-
Accumulated surplus		145,653,651	145,653,651
Total net Assets and Liabilities		575,973,637	575,240,938

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 25th September, 2024 and signed by:

.....
 Name: *Paul Ayodi*
 Municipal Manager

Date: *25/09/2024*

.....
 Name: *OMUKUYA RICHARD*
 Head of Finance
 ICPAK M/No
 Date: *25/9/2024*

14. Statement of changes in Net Assets as at 30 June 2024

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance as At 1 July 2021	344,800,892		147,554,306	492,355,198
Surplus/(Deficit) For the Period		-	- 729,855	- 729,855
Funds Received During the Year	84,324,535	-	-	84,324,535
Balance as At 1 July 2022	429,125,427		146,824,451	575,949,878
Surplus/(Deficit)For the Period	0	-	- (1,170,800)	(1,170,800)
Funds Received During the Year		-	-	
Transfers	0	0	0	-
Revaluation Gain	0	0	0	-
Balance as at 30 June 2023	429,125,427	-	145,653,651	574,779,078
Surplus/(Deficit)For the Period	0	-	-	-
Funds Received During the Year	1,194,559	-	-	1,194,559
Transfers	0	0	0	-
Balance as at 30 June 2024	430,319,986	-	145,653,651	575,973,637

.....
 Name: Paul Ayodi
 Municipal Manager

.....
 Name: OMUKUYA RICHARD
 Head of Finance
 ICPAK M/No

15. Statement of Cash Flows for the Year Ended 30 June 2024

	Note	2022/23 Kshs.	2021/22 Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6		
Total Receipts		-	-
Payments			
Bank charges		1390	3,000
Domestic Travel and Subsistence		0	1,167,800
Total Payments		1,390	1,170,800
Net cash flows from operating activities		(1,390)	(1,170,800)
Cash flows from investing activities			
Purchase of PPE & intangible assets	9	(1,175,592)	(5,731,144)
Adjust For			
Increase/(Decrease) in accounts Payable		(0)	(4,786,720)
Net increase/(decrease) in cash & cash equivalents		(1,176,982)	(11,688,664)
Cash And Cash Equivalents At 1 July		1,196,280	12,884,944
Cash and cash equivalent as at 30th June		19,298	1,196,280


Name: Paul Ayodi
Municipal Manager

Richard
Name: OMUKUYA RICHARD
Head of Finance
ICPAK M/No

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16. Statement of Comparison of Budget & Actual Amounts for the Year ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	c=(a+b)	d	e=(c-d)	f=d/c
Revenue	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	%
Transfers from the County Government	1,194,559	0	1,194,559	1,193,991	629	99%
Total Revenue	1,194,559	0	1,194,559	1,193,991	629	99%
Expenses	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	%
Acquisition of assets	1,194,559	0	1,194,559	1,193,991	629	99%
Use of goods and services	1,660	0	1,660	0	1,660	0%
Total Expenditure	1,196,219	0	1,196,219	1,193,991	2,289	99%

Budget notes

Use of goods underperformed due to KUSP I was coming to an end and consequently the commencement of KUSP II

.....
Name: Paul Ayodi
Municipal Manager

Date: 25/09/2024

.....
Name: O MUKUYA RICHARD
Head of Finance

ICPAK M/No

Date: 25/09/2024

Report to the Financial Statements

Background Information

The Municipality is established by and derives its authority and accountability from urban and cities areas Act, 2016. The Municipality is a semi-autonomous entity within the Vihiga County Government and is domiciled in Kenya.

The Municipality's principal activities aim to facilitate a sustainable urbanization process through an integrated urban planning management framework for urban centres and towns. Align to the goal; the MTP identifies a series of investment programs to enhance infrastructure, connectivity and safety and security. Developing the basic institutions required for effective urban management is critical to deliver these services for urbanization to contribute to sustainable growth in Vihiga Municipality.

Accounting Policies 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 amount and provisionally 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 applying the entity's accounting policies. The areas involving a higher degree of judgment complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, urban and cities areas Act. 20 International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the presented

(Notes to financial statements continued)

3. Application of New and revised standards (IPSAS)

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to covid 19. This was done to provide entities with 1 effectively apply the standards. The deferral was set for 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

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

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Standard	Effective date and impact:
	<p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

Standard	Effective date and impact:
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p>

Standard	Effective date and impact:
Sale and Discontinued Operations	Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2023/2024

(Notes to financial statements continued)

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (*cash, goods, services and property*) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the City/Municipality and can be measured reliably.

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2023/24 was approved by the County Assembly on 6th June, 2023. 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 did not record additional appropriations of 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

(Significant accounting policies continued)

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. 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. statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and actuals as per the statement of financial performance has been presented under section 1 of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost. 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) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and Receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Municipality has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The City/Municipality assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the City/Municipality of financial assets that can be reliably estimated asset or the entity of financial assets that can be reliably estimated.

(Significant accounting policies continued)

Evidence of impairment may include the following indicators:

- *The debtors or an entity of debtors are experiencing significant financial difficulty*
- *Default or delinquency in interest or principal payments*
- *The probability that debtors will enter bankruptcy or other financial reorganization*
- *Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)*

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as *financial liabilities at fair value through surplus or deficit* or *loans and borrowings*, as appropriate. The Entity determines the classification of its *financial liabilities* at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of *loans and borrowings*, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

f) Inventories

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

Raw materials: purchase cost using the weighted average cost method

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

(Significant accounting policies continued)

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

(Significant accounting policies continued)

g) Provisions

Provisions are recognized when the Municipality has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Municipality expects some or all of a provision to be reimbursed, for example, under an insurance

contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

h) 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

i) 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

(Significant accounting policies continued)

reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

j) 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*

k) 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.

l) Employee benefits– Retirement benefit plans

The City/Municipality provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the City/Municipality pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the City/Municipality does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to scheme obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefits are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported in the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting

(Significant accounting policies continued)

of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

n) 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.

o) 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 Administration.

p) Cash and cash equivalents

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

q) Comparative figures

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

(Significant accounting policies continued)

r) 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 is 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.

s) Currency

The financial statements are presented in Kenya Shillings (Kshs.).

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made e.g :

Estimates and assumptions

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

Municipality. Such changes are reflected in the assumptions when they occur.

(Significant accounting policies continued)

Useful lives and residual values

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

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

(Notes to the Financial Statements)

6. Transfers from the County Government

2023/24	2023/2024	2022/23
Kshs.	Kshs.	Kshs.
Transfers from County Govt.	0	0
Total	0	0

Transfers from the County Government had opening balance of kshs. 1,194,559 is reported in Statement of Changes in net Assets

7. Use of Goods and Services

Description	2023/24	2022/2023
	Kshs.	Kshs.
Domestic travel and subsistence	0	1,167,800
Bank Charges	1,390	3,000
Total	1,390	1,170,800

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

Financial institution	Account number	2023/24	2022/23
		Kshs.	Kshs.
Vihiga County KUSP UDG Account- CBK	1000388037	0	1,194,559
Vihiga County KUSP UIG Account- CBK	1000379917	0	0
Vihiga Municipality KUSP-UDG FUND -Equity bank	0960278950347	629	61
Vihiga Municipality KUSP-UIG FUND-Equity bank	0960278950377	1,660	1,660
Total cash and cash equivalents	Total	2,289	1,196,280

(Notes To The Financial Statements Continued)}

9. Property, Plant and Equipment

	Infrastructure and civil works	Motor vehicles	Furniture and fittings	Computers and Office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 st July 2021	451,809,188	32,391,001	0	452,084	484,652,273
Additions	83,661,240	0	0	0	83,661,240
Disposals	0	0	0	0	0
Transfer/Adjustments	0	0	0	0	0
At 30 th June 2022	535,470,428	32,391,001	0	452,084	568,313,513
At 1 st July 2022					
Additions	5,731,144	0	0	0	5,731,144
Disposals	0	0	0	0	0
Transfer/Adjustments	0	0	0	0	0
At 30 th June 2023	541,201,572	32,391,001	0	452,084	574,044,657
Depreciation And Impairment					
At 1 st July 2021					
additions	1,194,559				1,194,559

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Depreciation					
Disposals					
Impairment					
Transfer/Adjustment					
At 30th June 2024	542,396,131	32,391,001	0	452,084	575,239,216
Net Book Values					
At 30th June 2022	535,470,428	32,391,001	0	452,084	568,313,513
At 30th June 2023	541,201,572	32,391,001	0	452,084	574,044,657
At 30th June 2024	542,396,131	32,391,001	0	452,084	575,239,216

Depreciation of has not been charged on Assets due to the municipality lacks depreciation policy
 (Notes to the Financial Statements Continued)

Other Disclosures

10. 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 is related to the following entities:

- a) The Vihiga County Government.
- b) The department of Physical Planning, Land Housing and Urban Development.
- c) Vihiga County Assembly.
- d) Key management.
- e) Municipality Board

b) Related party transactions

	2023/24	2022/23
	Kshs.	Kshs.
Transfers from related parties'	12,884,944	12,884,944
Transfers to related parties	12,884,944	12,884,944

c) Due from related parties

	2023/24	2022/23
	Kshs.	Kshs.
Due from parent Ministry	00	00
Due from County Government	0	1,194,559
Total	0	1,194,559

(Other Disclosures continued)

d) Due to related parties

	2023/24	2022/23
	Kshs.	Kshs.
Due to parent Ministry	0	0
Due to County Government	0	0
Due to Key management personnel	00	00
Due to County Assembly	00	00
Due to contractors	00	161,560
Total	00	161,560

11. 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 program focuses on unpredictability of changes in the business environment and seeks to minimize 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:

18. Annexes

Annex 1. Progress on Follow up of Auditors Recommendations.

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.1	Failure to charge depreciation on property, plant and equipment	The management is in the process of proposing depreciation charge on assets	resolved	8 week
4.2	Incomplete fixed Assets register	The management have updated the Asset register	resolved	1 week
4.3	Budgetary control and performance	The management has aligned budgetary control and performance	resolved	1 week
4.4	Acting for more than 6 months	A substantive manger has been appointed to hold the position	resolved	3 month
4.5	Failure to conduct an annual performance review of the integrated development plan	The management has reviewed the integrated development plan	resolved	1 month
4.6	Board composition	The management has put in place a new board with the requisite composition requirements	resolved	1 month
4.7	Gender inequality in composition of board members	The management has put in place a new board with the requisite composition requirements	resolved	1 month

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 To be signed by the Accounting officer of the Entity

Annex 2: Inter Entity Transfers

VIHIGA MUNICIPAL BOARD				
Breakdown of Transfers from the County Executive of Vihiga County fy 2022/2023				
	FY 2022/2023			
a.	Recurrent Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
		7-06-2023	1,194,559.00	2023/2024
		Total	1,194,559.00	
b.	Development Grants	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
		n/a	00	2023/2024
		Total	00	
c.	Direct Payments	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate
		n/a	00	2023/2024
		Total	1,194,559.00	

..... *NKlodak* *R*

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

