REPUBLIC OF KENYA **GOVERNMENT OF MAKUENI COUNTY**

COUNTY TREASURY

Tel No.: 020-2034944
Email : finance@makueni.go.ke
contact@makueni.go.ke
Web : www.makueni.go.ke

Makueni County
P.O. Box 78-90300
MAKUENI

RECEIVED
15 OCT 2025
MAKUENI COUNTY ASSEMBLY
OFFICE OF THE CLERK

Ref: GMC/FIN/ASS.36/VOL18(43) **Date:** 15th October, 2025

THE NATIONAL TREASURY
REGISTRY RECEIVED
16 OCT 2025
P.O. Box 30007 - 00100, NAIROBI
ACCOUNTING SERVICES DEPARTMENT

Makueni County Assembly,
P.O Box 572-90300,
MAKUENI.

RE: SUBMISSION OF MAKUENI COUNTY REVENUE FUND QUARTELY REPORT AND FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30TH SEPTEMBER 2025.

Pursuant to Section 166 of the Public Finance Management Act, 2012 we hereby submit **Quarterly Report and Financial Statements** for the Makueni County Revenue Fund for the period ended 30th September, 2025.

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
MACHAKOS HUB.
15 OCT 2025
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Yours Sincerely,

MAKUENI COUNTY GOVERNMENT
EXECUTIVE COMMITTEE MEMBER
FINANCE & PLANNING

DAMARIS MUMO KAVOI
CECM - FINANCE, PLANNING, BUDGET & REVENUE

Cc.

1. The National Treasury
2. Commission on Revenue Allocation
3. Office of Controller of Budget
4. Office of the Auditor General
5. Internal Audit- Makueni County

OFFICE OF THE CONTROLLER OF BUDGET
REGISTRY
1? OCT 2025
COPY
TIME:...
P. O. Box 35616 - 00100, NAIROBI

COMMISSION ON REVENUE ALLOCATION
16 OCT 2025
P.O. Box 1310 - 00200, NAIROBI

Received by Internal Audit
16/10/2025

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
MACHAKOS HUB.
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15 OCT 2025
MAKUENI COUNTY ASSEMBLY
OFFICE OF THE CLERK

THE NATIONAL TREASURY
REGISTRY
RECEIVED
16 OCT 2025
P.O. Box 30007 - 00100, NAIROBI
ACCOUNTING SERVICES DEPARTMENT

COUNTY REVENUE FUND

COUNTY GOVERNMENT OF MAKUENI

QUARTERLY REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2025

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

OFFICE OF THE CONTROLLER
OF BUDGET
REGISTRY
1 OCT 2025
COPY
TIME:..
P. O. Box 35616 - 00100, NAIROBI

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1. Acronyms and Definition of Key Terms

a. Acronyms

ADP	*Annual Development Plan*
AIE	*Authority to Incur Expenditure*
CA	*County Assembly*
CARA	*County Allocation of Revenue Act*
CBK	*Central Bank of Kenya*
CECM	*County Executive Committee Member*
CE	*County Executive*
CG	*County Government*
CIDP	*County Integrated Development Plan*
COG	*Council of Governors*
CRA	*Commission on Revenue Allocation*
CRF	*County Revenue Fund*
CT	*County Treasury*
IPSAS	*International Public Sector Accounting Standards*
MCA	*Member of County Assembly*
OAG	*Office of the Auditor General*
OCOB	*Office of the Controller of Budget*
OSR	*Own Source Revenue*
PFM	*Public Finance Management*
PSASB	*Public Sector Accounting Standards Board*
NT	*National Treasury*
WB	*World Bank*
KRB	*Kenya Roads Board*
Kshs	*Kenya Shillings*
FY	*Financial Year*

b. Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of the organization's financial resources.

2. Key Entity Information and Management

Article 207 of the Constitution of Kenya provides for the establishment of the County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government.

a) Key Management Team

The County Revenue Funds day-to-day management is under the following key organs:

No.	Designation	Name
1.	CECM- Finance, Planning, Budget and Revenue	Damaris Kavoi
2.	Accounting Officer in charge of Financial Services	John Nguni
3.	Accounting Officer in charge of Socio-Economic Planning, Budget, Revenue, Monitoring and Evaluation	Boniface Musyoki
4.	Ag. Director Financial Accounting Services	Sylvia Mbevi

b) Fiduciary Management

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

No.	Designation	Name
1.	CECM- Finance, Planning, Budget and Revenue	Damaris Kavoi
2.	Accounting Officer in charge of Financial Services	John Nguni
3.	Accounting Officer in charge of Socio-Economic Planning, Budget, Revenue, Monitoring and Evaluation	Boniface Musyoki
4.	Director Accounting Services	Sylvia Mbevi

c) Fiduciary Oversight Arrangements

- ***Makueni County Audit Committee-*** *It reviewed the internal audit reports and ensured corrective actions were taken to safeguard the internal controls of the County's financial operations to ensure proper public financial management.*

- ***Makueni County Assembly-*** *Performed its mandate in legislation and oversight arrangements to the County Executive through assembly business and different committees* *like approval of annual/supplementary budgets and Appropriation Bills/Acts, Policies, review and recommendations of Auditor General reports on reports and financial statements, oversight of county projects, review and recommendations of periodic reports and financial statements, adoption of various reports amongst others.*

- ***Development Partners-*** *They provided both funding and technical support to the development, implementation and monitoring of country-owned sector policies and strategies through the national government inform of conditional grants.*

- ***Office of Controller of Budget (OCOB)-*** *Provided the required guidelines in budget execution, processed and approved fund requisitions and provided oversight in budget implementation.*

- ***The National Treasury (TNT)-*** *Processed exchequer funds, provided technical support especially on IFMIS and capacity building.*

- ***Public Sector Accounting Standards Board (PSASB)-*** *Developed quarterly and annual financial reporting templates and guidance on the accounting standards to be adopted and on transition to accrual basis of accounting and financial reporting.*

- ***Commission on Revenue Allocation (CRA)-*** *The institution provided support in revenue allocation through recommendation on the Basis for Equitable Sharing of Revenue between the National and County Governments.*

- ***Senate Committee Activities-*** *offered oversight of national revenue allocated to County governments through follow up on audit queries for the County Executive and its entities*

- ***Office of the Auditor General-*** *Audited and reported on the use and management of public resources as well as compliance audit.*

d) County Headquarters

P.O. Box 78-90300

Office of the Governor Building

Off Wote-Makindu Road

WOTE – MAKUENI, KENYA

e) County Executive Contacts

Telephone: 020-2477000 | 0795717885 | 0780717885

E-mail: info@makueni.go.ke

Website: www.makueni.go.ke

f) County Bankers

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

NAIROBI, KENYA

g) Independent Auditor

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

h) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

NAIROBI, KENYA

i) County Attorney

P.O. Box 78-90300

Office of the Governor Building

Off Wote-Makindu Road

WOTE – MAKUENI, KENYA

3. Statement by the CECM Finance

It is my great pleasure to present the Makueni County Revenue Fund (CRF) quarterly report and financial statements for the quarter ended 30th September 2025. The report and financial statements present the financial performance of the County Revenue Fund for the first quarter of FY 2025/26.

The financial statements have been prepared in line with the requirements of the PFM Act 2012 and present a true and fair view of the state of affairs of the County Revenue Fund for the Three-Month period ending September 30, 2025.

a) Economic Outlook

According to Article 202 of the Constitution, revenues raised Nationally is shared equitably between National and County Governments to ensure that both levels of Government can perform their functions and that Kenyan citizens get the most out of public resources. The largest share of County revenue is collected at the National level and transferred to County Governments as inter-governmental fiscal transfers or the exchequer releases.

These transfers take the form of unconditional grants; that can be used to fund the general administration of the County Government and the performance of its functions which majorly is the equitable share, and conditional grants; used for a very specific purpose. These transfers are designed to fill the fiscal gap that is the difference between the revenue raising powers and expenditure responsibilities of Counties.

While total transfers to Counties have increased over the years in absolute terms, they have declined as share of total revenue indicating that Parliament has been giving priority to national government spending when determining the equitable split between national and county levels of government.

The County prepared budget projections for the financial year (FY) covering a period from 1st July 2025 to 30th June 2026 based on projections on the Equitable Share (the dominant source of revenue to the county), Conditional grants & development partners, Own Source Revenue and miscellaneous deposits and there were yet to be supplementary budgets as of 30th September, 2025.

The County budgeted a total revenue of Kshs. 11.542 Billion in the FY 2025/26, with Kshs. 8.866 Billion from equitable share, Kshs. 1.176 Billion as receipts from conditional grants & donors and Kshs. 1.5 Billion from Own Source Revenue (OSR).

b) Measures taken by the County to enhance revenue generation

CGM is committed to ensure projected revenues at the beginning of a FY are achieved and measures instituted to enhance its resource mobilization strategies by building strategic partnerships for development so as to ensure delivery of the envisaged development outcomes in the medium term.

The National Government has been releasing all the expected exchequer releases though in some instances the releases are delayed. Collaboration efforts are put in place to ensure that exchequer releases are received in time to avoid delayed services to the people of Makueni. The county continues to engage the National Government for additional funding through conditional allocations, loans and grants which have been fluctuating over the years.

The County endeavours to enhance its external mobilization strategies by building the capacity of the Sector Working Groups to develop proposals for funding to potential development partners and periodically hold investment conferences and symposiums bringing together all the stakeholders and partners in the respective sectors.

The County continues to implement revenue enhancement strategies including; Collective efforts to enhance Own Source Revenue collection, increased surveillance of revenue, increased willingness of the populace to pay fees, enhanced cashless collection and reporting of all revenues collected by County government entities. The County has worked towards increasing the number of streams generating revenue.

c) Revenue Performance

The equitable share represented 77% of the total revenue projections for the financial year, own source revenue 13% and revenue from grants and conditional grants at 10% as shown in the table below;

Table: FY 2025/26 Revenue Projections

Revenue Source	**FY 2025/26 Approved Budget Estimates**	**% of projected Revenue**
Equitable Share	8,866,423,364	77%
Conditional Allocations, Loans and Grants	1,175,684,263	10%
County Own Generated Revenue	1,500,000,000	13%
Total	**11,542,107,627**	**100%**

i. Revenue Performance

During quarter one, total revenues received in the CRF amounted to Kshs 1.51 Billion representing 13% of the anticipated revenues. Equitable share amounting to Kshs. 1.44 Billion represented 95% of the total revenue received into the CRF account and County Own Source Revenue of Kshs 69.2 Million representing 5% of the total revenue into the CRF Account. There were no conditional Allocations, Loans and grants received during the quarter.

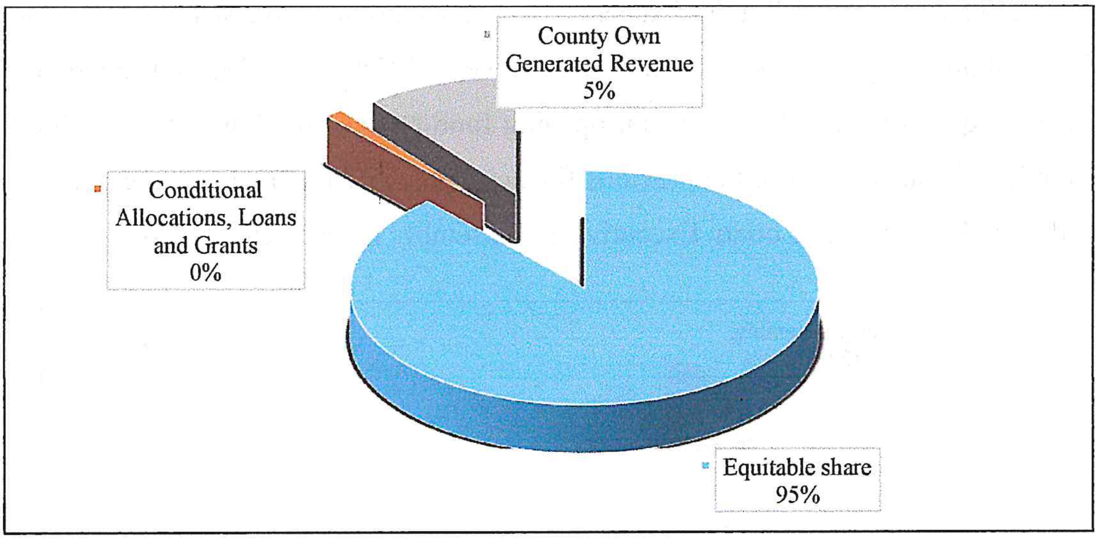

Figure: Revenue Performance

ii. Revenue Performance by source

The equitable share had been realised at 16% of the total projected being a two-month receipt over the possible three in the first quarter.

The own source revenue received in the CRF was realised at 5% and grants at 0%. This is as indicated in the table below;

Table: CRF Performance by Source

Revenue Source	FY 2025/2026 Approved Budget Estimates	Actuals as of September 30, 2025	Performance (%)
Equitable Share	8,866,423,364	1,440,378,070	16%
Conditional Allocations, Loans and Grants	1,175,684,263		
County Own Generated Revenue	1,500,000,000	69,159,662	5%
Total	**11,542,107,627**	**1,509,537,732**	**13%**

The underperformance of OSR in quarter one was occasioned by AIA revenue from the County Hospital facilities spent at source-not disbursed into the CRF Account and under collection of other own source revenue streams.

iii. Transfers from County Revenue Fund

During the period, transfers from the County Exchequer Account amounted to Kshs 1.322 Billion with kshs. 1.239 Billion being transfers to County Executive and Kshs. 83.1 Million to County Assembly. The exchequer account (CRF) had an opening fund balance of Kshs. 556.5 Million largely led by the late disbursements of the previous financial year's last equitable share tranche. A summary of the fund transfers to County Executive and assembly is represented below

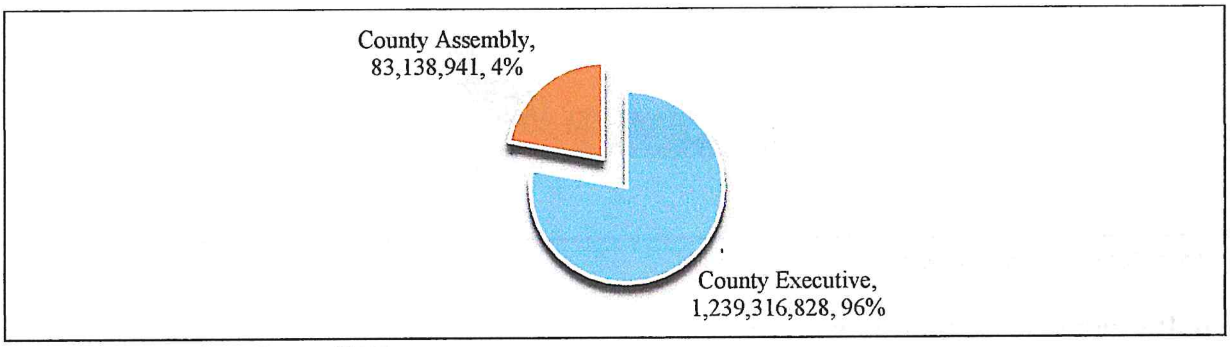

Figure: Transfers from CRF

These transfers from the County Revenue Account are subject to fund requisition approvals by the Office of Controller of Budget (OCOB) to draw funds as per the PFM Act and as per the Appropriation Act.

MAKUENI COUNTY GOVERNMENT
EXECUTIVE COMMITTEE MEMBER
FINANCE & PLANNING

....

CPA Damaris Mumo Kavoi
CECM - Finance, Planning, Budget and Revenue and Head of County Treasury

4. Management Discussion and Analysis

The largest share of county revenue is collected at the national level and transferred to county governments as inter-governmental fiscal transfers or the exchequer releases. According to Article 202 of the Constitution, revenues raised nationally need to be shared equitably between national and county governments to ensure that both levels of government can perform their functions and that Kenyan citizens get the most out of public resources.

There has been a challenge in realizing the projected revenues leading to shortfalls in the County budgets implying that provision of services under the budget estimates are not fully delivered as they are not effectively funded. During the quarter ended September 30,2025, this occurred due to non-disbursements of the expected quarter one equitable share allocation, grants and funds from the development partners. The September 2025 equitable share allocations remained receivable as at the end of the quarter ended September 30, 2025.

Due to the challenges faced as mentioned above, the projected receipts were not realized as expected. This led to slow start of the financial year operations during the quarter. However, there was a significant raise (81%) in the CRF Receipts during the first quarter compared to the same period in the previous financial year. This was due to the delayed equitable share exchequer receipts, unrealized grants & donor funds and low own source revenue.

A summary of receipts into the County Exchequer Account as compared to **quarter one of the previous period** is indicated below.

Table: Comparison of receipts

Source of Revenue	Q1 of FY 2025/2026	Q1 of FY 2024/2025	% Change
Equitable Share	1,440,378,070	718,714,182	100%
Grants & Donors	-	10,000,000	-100%
Own Source Revenue	69,159,662	85,502,569	-19%
Other Sources (CRF Returns)	98,606	18,316,640	-99%
Total	**1,509,636,338**	**832,533,391**	**81%**

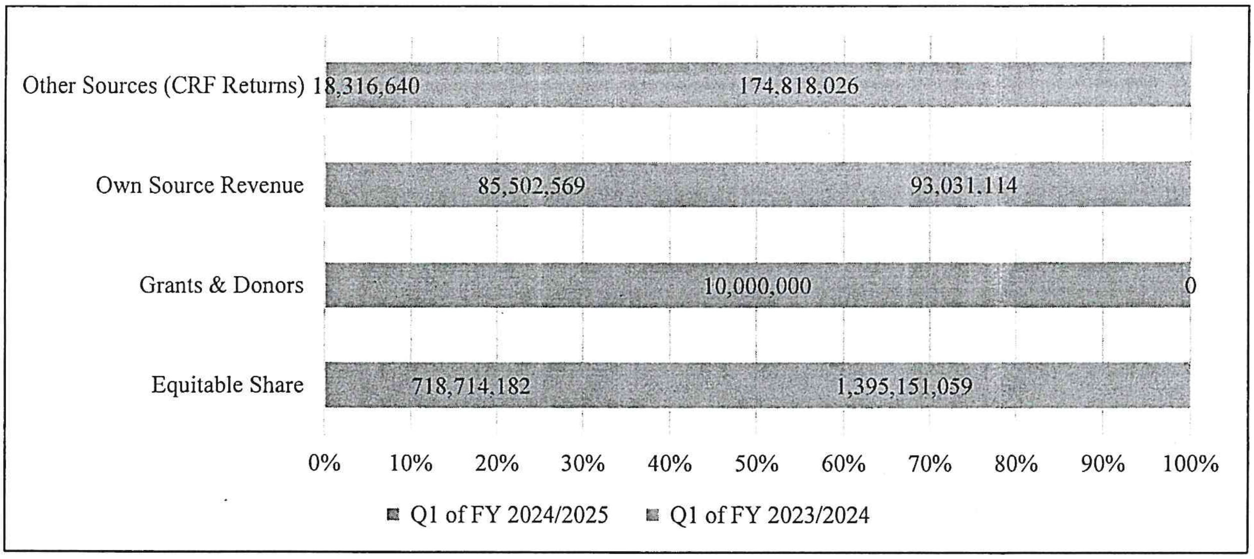

Figure: A comparison of CRF receipts

Consequently, transfers from CRF increased by 71% compared to previous financial year quarter one as indicated below.

Table: Comparison of CRF Transfers

Entity	Q1 of FY 2025/2026	Q1 of FY 2024/2025	% Change
County Executive	1,239,316,828	602,384,788	106%
County Assembly	83,138,941	170,437,029	-51%
Total	**1,322,455,769**	**772,821,817**	**71%**

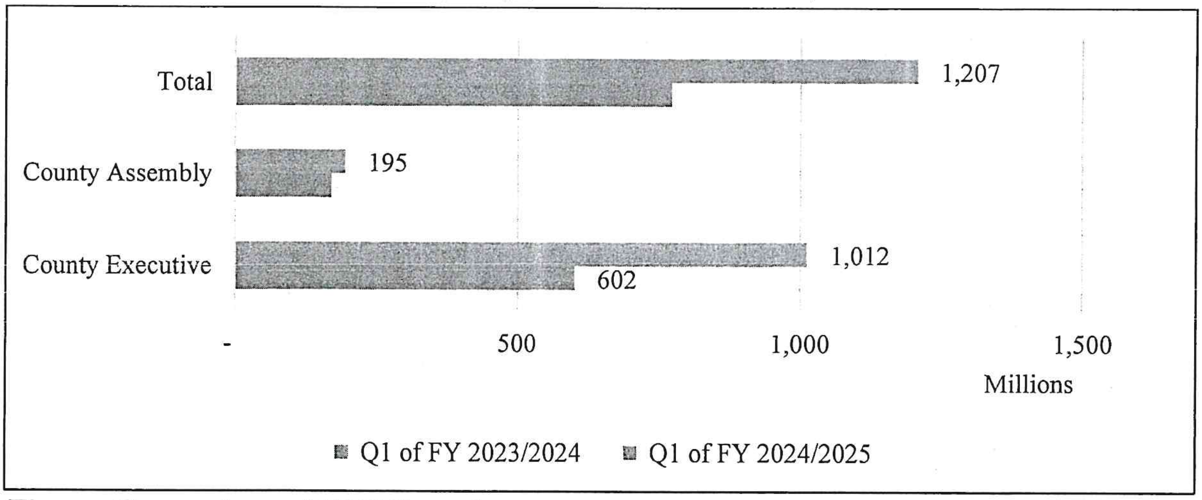

Figure: Comparison of CRF Transfers

5. Overview of the County Revenue Fund Operations

Background

Article 207 of the Constitution of Kenya provides for the establishment of a County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government. As outlined under Section 109 of the Public Finance Management (PFM) Act, 2012 the County Treasury is responsible for administration of the County Revenue Fund. The County Revenue Fund is maintained as the County Exchequer Account at the Central Bank of Kenya.

Receipts into the County Revenue Fund

County Government revenue is received through the appointed County Receiver of Revenue by the County Executive Committee Member for finance to the County Treasury pursuant to Section 157 (1) of the PFM Act 2012. Revenue includes Exchequer releases, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Revenue Fund Account.

Transfers from the County Revenue Fund

The withdrawal of funds from the County Revenue Fund is authorized by the County appropriation Act. The County Treasury is required to seek the Controller of Budget's approval for withdrawal of funds from the County Revenue Fund to the County Executive and County Assembly bank accounts. These entities are responsible for the administration of their respective approved budgets.

Financial Reporting requirements

The Accounting Officer for the County Revenue Fund is required to prepare and submit the financial statements to the Auditor-General and a copy to the Controller of Budget, and the Commission on Revenue Allocation.

This statement therefore covers the operations of the County Exchequer Account for the financial period ended September 30, 2025.

MAKUENI COUNTY GOVERNMENT
EXECUTIVE COMMITTEE MEMBER
FINANCE & PLANNING

....

CEC Member – Finance and Economic Planning
County Government of Makueni

6. Statement of Management Responsibilities.

Article 207 of the Constitution, Sections 109 and 168 of the Public Finance Management Act, 2012 requires a County Revenue Fund established by the Constitution, an Act of Parliament or county legislation to prepare quarterly financial statements for the Fund for each period in a form prescribed by the Public Sector Accounting Standards Board and submit to the Auditor General and a copy to the Commission on Revenue Allocation and the Controller of Budget.

The Accounting Officer at the County Treasury is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the Quarter ended September 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 County Revenue Fund; (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 County Revenue Fund; (v) Selecting and applying appropriate accounting policies; and (iv)Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer accepts responsibility for the County Revenue Fund's financial statements, which have been prepared on the Accrual Basis Method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the County Revenue Fund's financial statements give a true and fair view of the state of the County Revenue Fund's transactions during the quarter ended September 30, 2025 and of its financial position as at that date.

The Accounting Officer further confirms the completeness of the accounting records maintained for the County Revenue Fund, which have been relied upon in the preparation of its financial statements, as well as the adequacy of the systems of internal financial control. The Accounting Officer confirms that the County Revenue Fund has complied fully with applicable Government Regulations and the terms of external financing covenants. Further, the Accounting Officer confirms that the County Revenue Fund's Financial Statements have been prepared in a form that complies with relevant Accounting Standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the Financial Statements

The County Revenue Fund's financial statements were approved and signed on 15/10 2025 by.

COUNTY GOVERNMENT OF MAKUENI
CHIEF OFFICER
15 OCT 2025
FINANCIAL SERVICES
P. O. Box 78-90300, MAKUENI

Signature____________________

CPA John Nthuka Nguni
Chief Officer – Financial Services
County Government of Makueni

7. Statement of Financial Performance for the Period Ended September 30, 2025

	Notes	Period ended September 30th, 2025	Comparative Period
		Kshs.	Kshs
Revenue from non-exchange transactions			
Exchequer releases	6	1,440,378,070	718,714,182
Transfers from other government agencies	7	-	-
Other grants	8	-	10,000,000
Return to CRF from County Entities	9	98,606	18,316,640
Non-Exchange Own Source Revenue	10	35,869,727	57,731,228
Revenue from exchange transactions			
Exchange Own Source Revenue	11	33,629,258	33,642,923
Total Revenue		**1,509,975,661**	**838,404,973**
Expenses			
Transfers to County Executive	12	(1,239,316,828)	(602,384,788)
Transfers to County Assembly	13	(83,138,941)	(170,437,029)
Other Transfers	14	-	-
Total Expenses		**(1,322,455,769)**	**(772,821,817)**
Surplus for the period		**187,519,892**	**65,583,156**

COUNTY GOVERNMENT OF MAKUENI
CHIEF OFFICER
15 OCT 2025
FINANCIAL SERVICES
P.O. Box 78-90300, MAKUENI

………………………………… ……………………………

CPA John Nguni
Chief Officer-Financial Services
ICPAK M/No. 3440

CPA Sylvia Mbevi
Ag. Director Accounting Services
ICPAK M/No. 16462

8. Statement of Financial Position as at September 30, 2025

	Note	September 2025	Prior Year Audited
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	15	743,639,430	556,458,862
Receivables from Non-Exchange Transactions	16	-	-
Receivables from Exchange Transactions	17	1,593,269	1,253,945
Total Current Assets		**745,232,699**	**557,712,807**
Total Assets (A)		**745,232,699**	**557,712,807**
Liabilities			
Current Liabilities			
Accounts Payable	18	-	-
Total Current Liabilities		-	-
Total Liabilities (B)			
Net Assets(A-B)		745,232,699	557,712,807
Represented by:			
Accumulated Surplus		**745,232,699**	557,712,807
Net Assets		745,232,699	**557,712,807**

COUNTY GOVERNMENT OF MAKUENI
CHIEF OFFICER
15 OCT 2025
FINANCIAL SERVICES
P. O. Box 78-90300, MAKUENI

Name: CPA John Nguni

Chief Officer – Financial Services

ICPAK Member No. 3440
Date:

Name: CPA Sylvia Mbevi
Ag. Director Accounting Services
ICPAK Member No. 16462
Date:

9. Statement of Changes in Net Assets for the Period ended September 30, 2025

	Accumulated Surplus
1st July 2025 Opening Balance	556,458,862
Adjustment to recognize assets/liabilities	1,253,945
1st July 2025 Opening Balance	**557,712,807**
Surplus/ deficit for the Period	187,519,892
As at September 30, 2025	**745,232,699**

10. Statement of Cash Flows for the Period ended September 30, 2025

	Notes	Period Ended September 2025	Prior Audited Year
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Exchequer releases		1,440,378,070	8,497,308,448
Transfers from other government agencies			297,536,051
Other grants			22,453,292
Return to CRF from County Entities		98,606	18,316,640
Own Source Revenue		69,159,662	498,800,664
Total receipts		**1,509,636,338**	**9,334,415,096**
Payments			
Transfers to County Executive		(1,239,316,828)	(8,674,598,107)
Transfers to County Assembly		(83,138,941)	(835,333,568)
Other transfers			
Total Payments		**(1,322,455,769)**	**(9,509,931,675)**
Net cash flows from/(used in) operating activities		**187,180,569**	**(175,516,579)**
Net increase/(decrease) in cash & Cash equivalents		**187,180,568**	**(175,516,579)**
Cash and cash equivalents at 1 July	15	556,458,862	**731,975,441**
Cash and cash equivalents at the end of the period	15	**743,639,430**	**556,458,862**

11. Statement of Comparison of Budget Actual Amounts for the Period Ended September 30, 2025.

Receipt/Payments	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realization Difference	% of Realization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Funds Carried over from Previous Period	-	-	-	556,458,862	-556,458,862	-
Receipts		-				
Exchequer releases	8,866,423,364	-	8,866,423,364	1,440,378,070	7,426,045,294	16%
Transfers from other government agencies	-	-	-	-	-	-
Other grants	1,175,684,263	-	1,175,684,263		1,175,684,263	-
Return to CRF from County Entities		-		98,606	-98,606	-
Own Source Revenue	1,500,000,000	-	1,500,000,000	69,159,662	1,430,840,338	5%
Total Revenue	**11,542,107,627**	-	**11,542,107,627**	**2,066,095,200**	**10,032,471,289**	**13%**
Expenses						
Transfers to County Executive	10,644,476,312	-	10,644,476,312	1,239,316,828	9,405,159,484	12%
Transfers to County Assembly	897,631,315	-	897,631,315	83,138,941	814,492,374	9%
Other transfers	-	-	-	-	-	-
Total Payments	**11,542,107,627**		**11,542,107,627**	**1,322,455,769**	**10,219,651,858**	**11%**
Surplus				**743,639,431**		

Budget Notes

1. *The under realization was as a result of underfunding of conditional allocations, under collection of OSR and unremitted hospital revenues and non-refundable balances held at special purpose accounts not reflected in the budget carryovers from previous year.*

2. *Transfers to County Executive were 12% of the projected budget due to the late disbursement of funds into the CRF and underfunding of the conditional allocations not realized during the financial year and which majorly affected the County Executive programmes.*

12. Notes To the Financial Statements

1. General Information

The County Revenue Fund is established by and derives its authority and accountability from Article 207 of the Constitution of Kenya 2010. The Fund is wholly owned by the Makueni County Government and is domiciled in Kenya. The Fund's principal activity is to receive all revenues for the County.

2. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Accrual-Basis IPSAS financial reporting under the Accrual-Basis of accounting, as prescribed by the PSASB and Section 167 of the PFM Act 2012. The Financial Statements are presented in Kenya Shillings, which is the functional and reporting currency of the Fund, all values are rounded off to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented. The financial statements are prepared on accrual basis while the cash flow statement is prepared using the direct method.

These Financial Statements were authorized for issue by the Accounting officer on 15th October, 2025

Basis of preparation

a) Reporting entity

This report relates to financial operations of the County Revenue Fund domiciled at the County Treasury and bank account maintained at Central Bank of Kenya.

b) Revenues

Revenues include funds deposited in the County Revenue Fund pursuant to Article 207 of the Constitution of Kenya and Section 109 of the PFM Act 2012.

c) Expenses

Expenses are based on the County Government Appropriation Act. The exchequer requests are received by County Treasury, which rationalizes the requests based on the available balance, consolidates the requests and forwards them to Controller of Budget (COB) for approval. Once the approval of COB is obtained, the funds are released to the County Assembly and County Executive operational accounts appropriately

3. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Revenue Transfers

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

ii. Revenue from exchange transactions

Own Source Revenue

b) Budget information

The original budget for the FY was approved by the County Assembly on 24th June, 2025. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. The revenues collected include Exchequer releases, own source revenue, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Exchequer Account.

Transfers from the exchequer and own source revenue are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

c) 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 Fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the entity'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 entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the financial statements
Significant Accounting Policies

Financial assets

Classification of financial assets

The Fund 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 fund's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Notes to the financial statements
Significant Accounting Policies

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The Fund 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.

Financial liabilities

Classification

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

d) 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 the Central Bank of Kenya and at various commercial banks at the end of the financial year

e) Events after the reporting period

There were no material adjusting and non-adjusting events after the reporting period.

f) Currency

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

4. Significant judgments and sources of estimation uncertainty

The preparation of the Fund'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.

Notes to the financial statements

5. Exchequer releases

The following is an analysis by revenue type of the receipts collected in the County Revenue Fund:

Description	Period ended September 30, 2025 Kshs.	Period ended September 30, 2024 Kshs
Equitable Share	1,440,378,070	718,714,182
Others *(Specify)*	-	-
Total	**1,440,378,070**	**718,714,182**

6. Transfers from other government agencies**

Description	Period ended September 30, 2025	Period ended September 30, 2024 Kshs.
Road Maintenance Levy	-	-
Covid-19	-	-
Development of Youth Polytechnics-State Department of TVETS	-	-
User Fees Foregone -Ministry of Health	-	-
World Bank -Transforming Health Systems for Universal Care Project (THUSP)-Ministry of Health	-	-
Word Bank-NARIGP-State Department of Crop Development	-	-
World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development	-	-
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	-	-
IDA (World Bank) Credit: Water & Sanitation Development Project (WSDP)-Min. Water, Sanitation, and Irrigation	-	-
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	-	-
Word Bank-Emergency Locust Response Project (ILRP) State Department of Crop Development	-	-
(IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA)1 CCIS Grant State Department of …..	-	-
Total	-	-

*** These include other government grants released through other government entities such as the National Government MDAs.*

7. Other grants**

Description	Period ended September 30, 2025 Kshs.	Period ended September 30, 2024 Kshs
Nutrition International Funds	-	10,000,000
Total	**-**	**10,000,000**

*** These are funds received from development partners directly to the CRF.*

8. Return to CRF from County entities

Description	Period ended September 30, 2025 Kshs.	Period ended September 30, 2024 Kshs
Recurrent Account (County Executive)	6,455	7,332,183
Development Account (County Executive)	19,039	5,194
Recurrent Account (County Assembly)	1,113	460
Development Account (County Assembly)	72,000	1,885,154
ASDSP SPA Account Online Closure (County Executive)		500,000
Imprest Accounts		8,593,650
Total	**98,606**	**18,316,640**

9. Non-Exchange own source revenue

Description	Period ended September 30, 2025 Kshs.	Period ended September 30, 2024 Kshs
Cess	8,130,805	18,940,896
Land Rates	3,704,573	5,762,879
Single/Business Permits	8,205,801	11,604,229
Conservancy Administration	528,850	642,769
Administration Control Fees and Charges	7,501,175	7,039,793
Other Fines, Penalties, And Forfeiture Fees	23,700	21,269
Public Health Service Fees	3,042,385	3,409,871
Physical Planning and Development	4,732,438	4,437,940
Donations/Grants Not Received Through CRF	-	-
Total	**35,869,727**	**51,859,646**

Notes to the financial statements

10. Exchange Own Source Revenue

Description	Period ended September 30, 2025	Period ended September 30, 2024
	Kshs.	Kshs
Property Rent	1,471,500	1,861,800
Parking Fees	5,121,434	8,332,120
Market Fees	8,998,522	9,531,727
Advertising	930,320	7,804,150
Hire of County Assets	228,350	5,530,055
Miscellaneous receipts	16,879,132	583,071
Total	**33,629,258**	**33,642,923**

11. Transfers to County Executive

Description	Period ended September 30, 2025	Period ended September 30, 2024
	Kshs.	Kshs
Recurrent Account	1,239,316,828	555,287,860
Development Account	-	2,643,636
Special Purpose Accounts	-	44,453,292
Others (*Specify*)	-	-
Total	**1,239,316,828**	**602,384,788**

12. Transfers to County Assembly

Description	Period ended September 30, 2025	Period ended September 30, 2024
	Kshs.	Kshs
Recurrent Account	83,138,941	170,437,029
Development Account		
Special purpose accounts		
Total	**83,138,941**	**170,437,029**

13. Other Transfers

Description	Period ended September 30, 2025	Period ended September 30, 2024
	Kshs.	Kshs
Agency Notices	-	-
Total	-	-

14. Cash and Cash equivalents

Description	Period ended September 30, 2025	1st July 2025
	Kshs.	Kshs
County Exchequer Account - (CBK Account number 1000170937)	743,639,430	556,458,862
Total	**743,639,430**	**556,458,862**

Notes to the financial statements

15. Receivables from Non-Exchange Transactions

Description	Period ended September 30, 2025	1st July 2025
	Kshs	Kshs
Receivables	-	-
Other exchange debtors (*Specify*)	-	-
Less: impairment allowance	-	-
Net receivables	-	-

16. Receivables from Exchange Transactions

Description	FY 2025/2026	1st July 2025
	Kshs	Kshs
Receivables from exchange transactions	1,593,269	1,253,945
Other debtors (exchange transactions)	-	-
Less: impairment allowance	-	-
Total	**1,593,269**	**1,253,945**

17. Accounts Payable

Description	Period ended September 30, 2025	Period ended September 30, 2024
	Kshs	Kshs
Payables to County Executive	-	-
Payables to County Assembly	-	-
Total Accounts Payable	-	-

18. Disclosure of Balances in Revenue Collection Accounts

County Government Own source revenue is recognized in the financial statements when it has been swiped to CRF. Revenue collection account balances are disclosed as at the end of the reporting period as below.

Name Of Bank, Account No. & Currency	Period ended September 30, 2025	Statement 1st July 2025
	Kshs	**Kshs**
KCB Makueni County Revenue Account- 114075719	407,950	239,468
KCB Directorate of Cooperatives Account-1168389127	12,700	25,800
KCB Makueni County Demonstration Revenue collection Account- 1169183565	82,488	854,205
KCB Mkn County Sand Consv&Util A Rev Ac- 1173940030	1,868	1,218,274
Cash in hand- Mpesa Makueni Sand Conservation Utility a/c	152,600	2,753,060
Cash in hand- Mpesa Revenue Utility a/c	935,664	780,775
Total	**1,593,269**	**5,871,582**

13. Annexes

Annex 1: Analysis Of Receipts from The National Treasury Exchequer Releases

Period 20xx	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	1,440,378,070	-	-	-	1,440,378,070
Level 5 Hospitals	-	-	-	-	-
DANIDA - Universal Healthcare in Devolved Units Programme	-	-	-	-	-
World Bank – THUSCP	-	-	-	-	-
National Agricultural & Rural Inclusive Growth Project (NARIGP)	-	-	-	-	-
Kenya Devolution Support Programme	-	-	-	-	-
Youth Polytechnic support grant	-	-	-	-	-
Abolishment of user fees in health centres and dispensaries	-	-	-	-	-
Kenya Urban Support Programme	-	-	-	-	-
Agriculture Sector Development Support Project (ASDSP)	-	-	-	-	-
Kenya Climate Smart Agriculture Project (KCSAP)	-	-	-	-	-
Water and Sanitation Development Project	-	-	-	-	-
Others (Specify)					-
Total	**1,440,378,070**	-	-	-	**1,440,378,070**

Annex 2. Analysis Of Receipts from Own Source Revenue per Quarter

(a) Non-Exchange own source revenue

Period 2025	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Cess	8,130,805	-	-	-	8,130,805
Land rate	3,704,573	-	-	-	3,704,573
Single/Business permits	8,205,801	-	-	-	8,205,801
Public health service fees	3,042,385	-	-	-	3,042,385
Physical planning and development	4,732,438	-	-	-	4,732,438
Conservancy administration	528,850	-	-	-	528,850
Administration control fees and charges	7,501,175	-	-	-	7,501,175
Other fines, penalties, and forfeiture fees	23,700	-	-	-	23,700
Total	**35,869,727**	**-**	**-**	**-**	**35,869,727**

(b) Exchange own source revenue

Period 2025	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Property rent	1,471,500	-	-	-	1,471,500
Parking fees	5,121,434	-	-	-	5,121,434
Market fees	8,998,522	-	-	-	8,998,522
Advertising	930,320	-	-	-	930,320
Hire of County Assets	228,350	-	-	-	228,350
Miscellaneous	16,879,132	-	-	-	16,879,132
Total	**33,629,258**	**-**	**-**	**-**	**33,629,258**

Annex 3: Analysis of Transfers from the County Revenue Fund

FY 2025/2026	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
County Executive -Rec	1,239,316,828	-	-	-	1,239,316,828
County Executive -Dev	-	-	-	-	-
County Assembly -Rec	83,138,941	-	-	-	83,138,941
County Assembly -Dev	-	-	-	-	-
Special Purpose A/c (Specify)	-	-	-	-	-
Total	**1,322,455,769**	-	-	-	**1,322,455,769**