

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

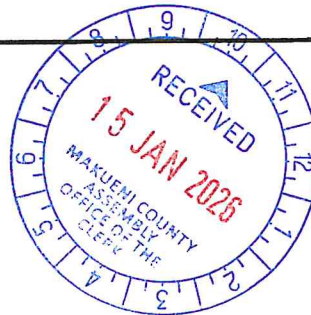
P.O. Box 78-90300

MAKUENI

Ref: GMC/FIN/ASS.36/ VOL18(59)

Date: 14th January, 2026

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



Dear Sir,

RE: SUBMISSION OF MAKUENI COUNTY REVENUE FUND QUARTER TWO (2) REPORT AND FINANCIAL STATEMENTS.

Pursuant to Section 166 of the Public Finance Management Act, 2012 we hereby submit FY 2025/2026 **Quarterly Report and Financial Statements** for the Makueni County Revenue Fund for the period ended 31st December, 2025.

Yours Sincerely,

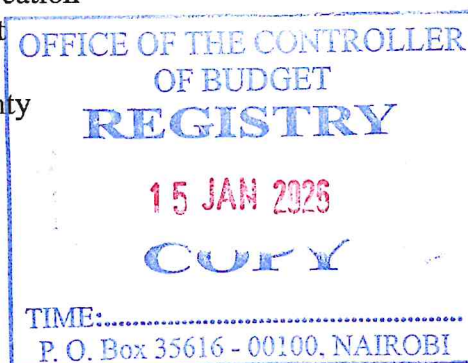


DAMARIS MUMO KAVOI

CECM - FINANCE, PLANNING, BUDGET & REVENUE AND HEAD OF COUNTY TREASURY.

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



*Received by:
Internal Audit
15/01/2026*



OFFICE OF THE CONTROLLER
OF BUDGET
REGISTRY

15 JAN 2025

COUNTY REVENUE FUND

COUNTY GOVERNMENT OF MAKUENI

TIME:.....
P. O. Box 35616 - 00100, NAIROBI



QUARTERLY REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2025

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



County Government of Makueni
County Revenue Fund Quarterly Report and Financial Statements for the Period ended
December 31, 2025

Table of contents.....	Page No.
1. Acronyms and Definition of Key Terms.....	1
3. Statement by the CECM Finance.....	5
4. Management Discussion and Analysis.....	1
5. Overview of the County Revenue Fund Operations	1
6. Statement of Management Responsibilities.	2
7. Statement of Financial Performance for the Period Ended December 31, 2025.....	1
8. Statement of Financial Position as at December 31, 2025	2
9. Statement of Changes in Net Assets for the Period ended December 31, 2025.....	3
10. Statement of Cash Flows for the Period ended December 31, 2025	4
11. Statement of Comparison of Budget Actual Amounts for the Period Ended December 31, 2025.	5
12. Notes To the Financial Statements.....	7
13. Annexes.....	17

County Government of Makueni
County Revenue Fund Quarterly Report and Financial Statements for the Period ended
December 31, 2025

1. Acronyms and Definition of Key Terms

a. Acronyms

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

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

*County Government of Makueni
County Revenue Fund Quarterly Report and Financial Statements for the Period ended
December 31, 2025*

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

County Government of Makueni
County Revenue Fund Quarterly Report and Financial Statements for the Period ended
December 31, 2025

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 31st December 2025. The report and financial statements present the financial performance of the County Revenue Fund for the second 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 December 31, 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 FY 2025/2026 budget is funded from four main sources: Equitable Share, Own-Source Revenues, Conditional Allocation-other loans & grants and FY 2024/25 Reallocation Budget.

The County Government aims to mobilize a total of Kshs 13,106,070,306 to finance its programmes and projects in the FY 2025/26. Out of this amount, 8,976,335,654 (68%) will be from the equitable share, Kshs 1,667,556,464 Own Source Revenue (13%), Kshs 1,546,174,731 Conditional Allocation-other loans & grants (12%) and Kshs 916,003,457 from FY 2024/25 Reallocation Budget (7%).

The revenue outlook for the FY 2025/26 Supplementary Budget (1) Estimates is KShs 13,106,070,306, a 14 percent increase (KShs 1,563,962,679) from FY 2025/26 Approved Printed Budget Estimates of KShs 11,542,107,627 as shown below;

Table: FY 2025/26 County Revenue Budget

Revenue source	FY 2025/26 Original Revenue	Variance	FY 2025/26 Supplementary Revenue	Ratio
Equitable share from National Government	8,866,423,364	109,912,290	8,976,335,654	68%
Conditional Allocation - other loans & grants	1,175,684,263	370,490,468	1,546,174,731	12%

County Government of Makueni
County Revenue Fund Quarterly Report and Financial Statements for the Period ended
December 31, 2025

Local Revenue - Own Source Revenue & AIA	1,500,000,000	167,556,464	1,667,556,464	13%
Total Revenue 2025/26	11,542,107,627	647,959,222	12,190,066,849	93%
FY 2024/25 Reallocations				
Health AIA Cash Balances	-	-		
CRF Fund Balance	-	556,567,468	556,567,468	4%
Non-Refundable AC Bank Balances- special purpose accounts	-	179,825,364	179,825,364	1%
Grants not received	-	179,610,625	179,610,625	1%
FY 2024/25 Reallocation Budget	-	916,003,457	916,003,457	7%
Total	11,542,107,627	1,563,962,679	13,106,070,306	100%

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

i. Revenue Performance

During quarter two, total revenues received in the CRF amounted to Kshs 4.41 billion representing 34% of the anticipated revenues. Equitable share amounting to Kshs. 3.73 billion represented 84% of the total revenue received into the CRF account, reallocation funds which include CRF Fund balance and returns to CRF of Kshs. 556.57million representing 13% and County Own Source Revenue of Kshs 131.97 million representing 3% of the total revenue into the CRF Account. There were no conditional Allocations, Loans and grants received in the period ended December 31, 2025.

*County Government of Makueni
County Revenue Fund Quarterly Report and Financial Statements for the Period ended
December 31, 2025*

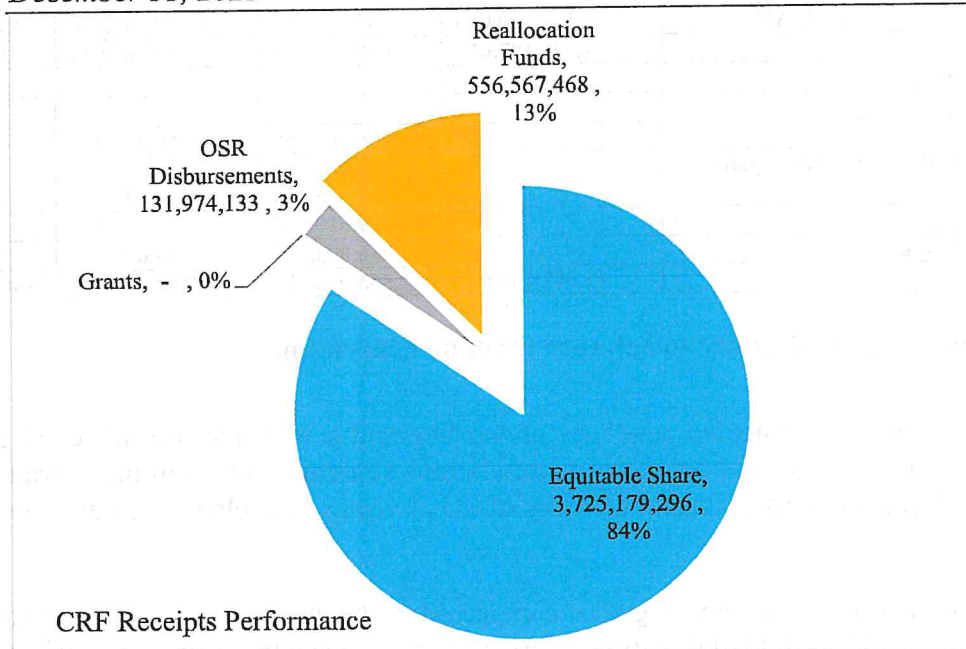


Figure: Revenue Performance

ii. Revenue Performance by source

The equitable share had been realised at 41% of the total projected receipts being a five-month receipt over the possible six in the second quarter.

The own source revenue received in the CRF was realised at 8%, reallocated funds at 61% and grants at 0%. This is as indicated in the table below;

Table: CRF Performance by Source

Revenue Source	FY 2025/26 Supplementary Budget (1) Estimates	Actuals as of December 31, 2025	Balance	Performance (%)
Equitable Share	8,976,335,654	3,725,179,296	5,251,156,358	41%
Conditional Allocations, Loans and Grants	1,546,174,731	-	1,546,174,731	0%
County Own Generated Revenue	1,667,556,464	131,974,133	1,194,863,632	8%
FY 2024/2025 Reallocation Funds	916,003,457	556,567,468	208,112,474	61%
Total	13,106,070,306	4,413,720,896	8,200,307,195	37%

The underperformance of OSR in quarter two 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 3.59 billion with kshs. 3.27 billion being transfers to County Executive and Kshs. 312.91 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

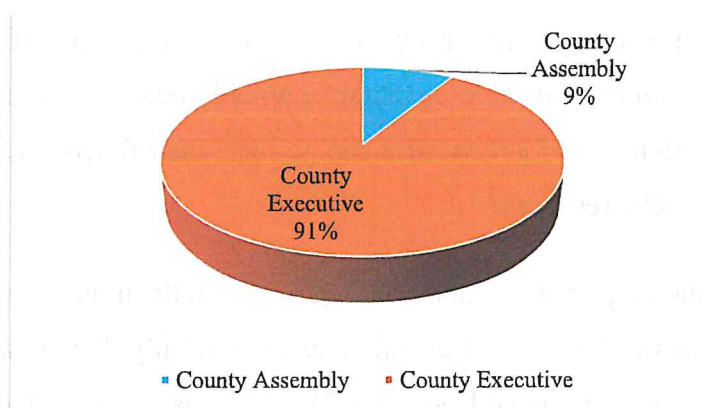


Figure: Transfers from CRF

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.


CPA Damaris Mumo Kavoi
MAKUENI COUNTY GOVERNMENT
EXECUTIVE COMMITTEE MEMBER
FINANCE & PLANNING
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 December 31, 2025, this occurred due to non-disbursements of the expected quarter two equitable share allocation, grants and funds from the development partners. The December 2025 equitable share allocations remained receivable as at the end of the period ended December 31, 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 second 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.

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 December 31, 2025.

 
MAKUENI COUNTY GOVERNMENT
EXECUTIVE COMMITTEE MEMBER
FINANCE & PLANNING

CPA Damaris Mumo Kavoi
CEC Member – Finance, Planning, Budget & Revenue and Head of County Treasury

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 period ended December 31, 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 December 31, 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

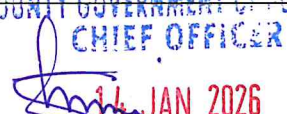
The County Revenue Fund's financial statements were approved and signed on 14th January, 2026 by.

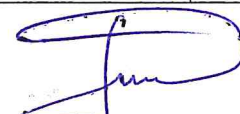

COUNTY GOVERNMENT OF MAKUENI
CHIEF OFFICER
14 JAN 2026
CPA John Nguni
Chief Officer - Financial Services
FINANCIAL SERVICES
P. O. Box 78-90300, MAKUENI

County Government of Makueni
County Revenue Fund Quarterly Report and Financial Statements for the Period ended
December 31, 2025

7. Statement of Financial Performance for the Period Ended December 31, 2025

	Notes	Period ended December 31, 2025	Comparative Period
		Kshs.	Kshs
Revenue from non-exchange transactions			
Exchequer releases	6	4,443,286,148	4,202,819,883
Transfers from other government agencies	7	-	-
Other grants	8	-	20,000,000
Return to CRF from County Entities	9	108,606	18,316,640
Non-Exchange Own Source Revenue	10	53,368,064	69,275,929
Revenue from exchange transactions			
Exchange Own Source Revenue	11	68,292,506	95,922,389
Total Revenue		4,565,055,324	4,406,334,841
Expenses			
Transfers to County Executive	12	3,272,884,140	3,746,188,338
Transfers to County Assembly	13	312,911,201	441,946,608
Other Transfers	14	-	-
Total Expenses		3,585,795,341	4,188,134,946
Surplus for the period		979,259,983	218,199,895


14 JAN 2026
CPA John Nguni
Chief Officer-Financial Services
ICPAK M/No. 3440
Date: 14th January, 2026


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

County Government of Makueni
County Revenue Fund Quarterly Report and Financial Statements for the Period ended
December 31, 2025

8. Statement of Financial Position as at December 31, 2025

	Note	December 2025	Prior Year Audited
Description		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	15	827,925,555	556,458,862
Receivables from Non-Exchange Transactions	16	1,442,754,349	737,185,759
Receivables from Exchange Transactions	17	15,903,945	13,679,245
Total Current Assets		2,286,583,849	1,307,323,866
Total Assets (A)		2,286,583,849	1,307,323,866
Liabilities			
Current Liabilities			
Accounts Payable	18	-	-
Total Current Liabilities		-	-
Total Liabilities (B)		-	-
Net Assets(A-B)		2,286,583,849	1,307,323,866
Represented by:			
Accumulated Surplus		2,286,583,849	1,307,323,866
Net Assets		2,286,583,849	1,307,323,866

COUNTY GOVERNMENT OF MAKUENI
CHIEF OFFICER
14 JAN 2026
Name: CPA John Nguni
Chief Officer – Financial Services
ICPAK Member No. 3440
Date: 14th January, 2026

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

County Government of Makueni
County Revenue Fund Quarterly Report and Financial Statements for the Period ended
December 31, 2025

9. Statement of Changes in Net Assets for the Period ended December 31, 2025

Description	Accumulated Surplus
As at July 1, 2024	1,304,546,163
Surplus for the Period	2,777,703
Additions during the Period	-
As At 30 th June 2025	1,307,323,866
As at 1 st July 2025	1,307,323,866
Surplus/deficit	979,259,983
As at December 31, 2025	2,286,583,849

County Government of Makueni
County Revenue Fund Quarterly Report and Financial Statements for the Period ended
December 31, 2025

10. Statement of Cash Flows for the Period ended December 31, 2025

		Period Ended December 2025	Prior Audited Year
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Exchequer releases		3,725,179,296	3,526,383,006
Transfers from other government agencies		-	-
Other grants		-	20,000,000
Return to CRF from County Entities		108,606	18,316,640
Own Source Revenue		131,974,133	145,456,487
Total receipts		3,857,262,035	3,710,156,133
Payments			
Transfers to County Executive		(3,272,884,140)	(3,165,258,117)
Transfers to County Assembly		(312,911,201)	(441,946,608)
Other transfers			
Total Payments		(3,585,795,341)	(3,607,204,725)
Net cash flows from/(used in) operating activities		271,466,694	102,951,408
Net increase/(decrease) in cash & Cash equivalents		271,466,694	102,951,408
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	827,925,555	834,926,849

*County Government of Makueni
County Revenue Fund Quarterly Report and Financial Statements for the Period ended December 31, 2025*

11. Statement of Comparison of Budget Actual Amounts for the Period Ended December 31, 2025.

Description	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	
Budget carryovers from the previous year*	-	915,894,851	915,894,851	556,458,862	359,435,989	61%
Receipts						
Exchequer releases	8,866,423,364	109,912,290	8,976,335,654	3,725,179,296	5,251,156,358	41%
Transfers from other government agencies	1,175,684,263	370,490,468	1,546,174,731	-	1,546,174,731	0%
Other grants	-	-	-	-	-	0%
Return to CRF from County Entities	-	108,606	108,606	108,606	-	100%
Own Source Revenue	1,500,000,000	167,556,464	1,667,556,464	131,974,133	1,535,582,331	8%
Total Revenue	11,542,107,627	1,563,962,679	13,106,070,306	4,413,720,896	8,692,349,410	34%
Payments						
Transfers to County Executive	10,644,476,312	1,436,483,381	12,080,959,693	3,272,884,140	8,808,075,553	27%
Transfers to County Assembly	897,631,315	127,479,298	1,025,110,613	312,911,201	712,199,412	31%
Other transfers	-	-	-	-	-	-
Total Payments	11,542,107,627	1,563,962,679	13,106,070,306	3,585,795,341	9,520,274,965	27%
Surplus				827,925,555		

*County Government of Makueni
County Revenue Fund Quarterly Report and Financial Statements for the Period ended December 31, 2025*

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 27% of the projected budget due to the late disbursement of funds into the CRF and underfunding of the conditional allocations not realized during the period 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 14th January, 2026.

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.

County Government of Makueni
County Revenue Fund Quarterly Report and Financial Statements for the Period ended
December 31, 2025

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 December 31, 2025 Kshs.	Period ended December 31, 2024 Kshs.
Equitable Share	4,443,286,148	4,202,819,883
Others (<i>Specify</i>)	-	-
Total	4,443,286,148	4,202,819,883

6. Transfers from other government agencies**

Description	Period ended December 31, 2025 Kshs.	Period ended December 31, 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	-	-
World 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	-	-
World 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.

County Government of Makueni
County Revenue Fund Quarterly Report and Financial Statements for the Period ended
December 31, 2025

7. Other grants

Description	Period ended December 31, 2025 Kshs.	Period ended December 31, 2024 Kshs
Nutrition International Funds	-	20,000,000
Total	-	20,000,000

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

8. Return to CRF from County entities

Description	Period ended December 31, 2025 Kshs.	Period ended December 31, 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	10,000	8,593,650
Total	108,606	18,316,640

9. Non-Exchange own source revenue

Description	Period ended December 31, 2025 Kshs.	Period ended December 31, 2024 Kshs
Cess	13,738,501	13,236,628
Land Rates	3,017,538	12,539,272
Single/Business Permits	6,315,782	16,351,389
Conservancy Administration	970,480	1,075,369
Administration Control Fees and Charges	15,522,845	12,666,014
Other Fines, Penalties, And Forfeiture Fees	26,700	46,113
Public Health Service Fees	5,114,665	5,325,297
Physical Planning and Development	8,661,553	8,035,847
Donations/Grants Not Received Through CRF	-	-
Total	53,368,064	69,275,929

County Government of Makueni
County Revenue Fund Quarterly Report and Financial Statements for the Period ended
December 31, 2025

Notes to the financial statements

10. Exchange Own Source Revenue

Description	Period ended December 31, 2025	Period ended December 31, 2024
	Kshs.	Kshs
Property Rent	4,285,050	3,798,000
Parking Fees	8,586,164	16,411,260
Market Fees	18,266,192	18,651,146
Advertising	2,054,400	8,633,074
Hire of County Assets	690,400	6,382,430
Miscellaneous receipts	34,410,300	42,046,479
Total	68,292,506	95,922,389

11. Transfers to County Executive

Description	Period ended December 31, 2025	Period ended December 31, 2024
	Kshs.	Kshs
Recurrent Account	2,858,711,962	3,498,453,413
Development Account	221,617,356	175,276,633
Special Purpose Accounts	192,554,822	72,458,292
Others (<i>Specify</i>)	-	-
Total	3,272,884,140	3,746,188,338

12. Transfers to County Assembly

Description	Period ended December 31, 2025	Period ended December 31, 2024
	Kshs.	Kshs
Recurrent Account	299,658,393	441,946,608
Development Account	13,252,808	-
Special purpose accounts	-	-
Total	312,911,201	441,946,608

County Government of Makueni
County Revenue Fund Quarterly Report and Financial Statements for the Period ended
December 31, 2025

Notes to the financial statements

13. Other Transfers

Description	Period ended December 31, 2025	Period ended December 31, 2024
	Kshs.	Kshs
Agency Notices	-	-
Total	-	-

14. Cash and Cash equivalents

Description	Period ended December 31, 2025	1st July 2025
	Kshs.	Kshs
County Exchequer Account - (CBK Account number 1000170937)	827,925,555	556,458,862
Total	827,925,555	556,458,862

County Government of Makueni
County Revenue Fund Quarterly Report and Financial Statements for the Period ended
December 31, 2025

Notes to the financial statements

15. Receivables from Non-Exchange Transactions

Description	Period ended December 31, 2025	1 st July 2025
	Kshs	Kshs
Receivables from national Equitable share	718,106,852	-
Land rates	593,672,397	598,699,359
Single/ Business permits	130,975,100	138,486,400
Less: impairment allowance		
Net receivables	1,442,754,349	737,185,759

16. Receivables from Exchange Transactions

Description	FY 2025/2026	1 st July 2025
	Kshs	Kshs
Stall Rent	13,600,400	12,425,300
OSR Balances due to CRF	2,303,545	1,253,945
Less: impairment allowance	-	-
Total	15,903,945	13,679,245

17. Accounts Payable

Description	Period ended December 31, 2025	Period ended December 31, 2024
	Kshs	Kshs
Payables to County Executive	-	-
Payables to County Assembly	-	-
Total Accounts Payable	-	-

County Government of Makueni
County Revenue Fund Quarterly Report and Financial Statements for the Period ended
December 31, 2025

Notes to the financial statements

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 December 2025	FY 2024/2025
	Kshs	Kshs
KCB Makueni County Revenue Account- 114075719	632,802	61,868
KCB Directorate of Cooperatives Account- 1168389127	33,022	-
KCB Makueni County Demonstration Revenue collection Account- 1169183565	91,458	-
KCB Mkn County Sand Consv&Util A Rev Ac- 1173940030	1,753	1,868
Cash in hand- Mpesa Makueni Sand Conservation Utility a/c	541,900	1,900
Cash in hand- Mpesa Revenue Utility a/c	1,002,611	1,188,311
Total	2,303,545	1,253,946

13. Annexes

Annex 1: Trial balance

Account Details	Debit (Dr.)	Credit (Cr.)
Exchequer releases (Equitable Share)	-	4,443,286,148
Transfers from other government agencies	-	-
Other grants	-	-
Return to CRF	-	108,606
Non-Exchange Own Source Revenue	-	53,368,064
Exchange Own Source Revenue	-	68,292,506
Transfers to County Executive	3,272,884,140	-
Transfers to County Assembly	312,911,201	-
Cash and Cash equivalents	827,925,555	556,458,862
Receivables from Non-Exchange Transactions	1,442,754,349	737,185,759
Receivables from Exchange Transactions	15,903,945	13,679,245
Accounts Payable	-	-
Total	5,872,379,190	5,872,379,190

