REPUBLIC OF KENYA **GOVERNMENT OF MAKUENI COUNTY**

COUNTY TREASURY

Tel No.: 020-2034944
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Makueni County
P.O. Box 78-90300
MAKUENI

Ref: GMC/FIN/ASS.36/VOL18(104) **Date: 14th April 2026**

THE NATIONAL TREASURY REGISTRY RECEIVED 15 APR 2026 P.O. Box 30007 - 00100, NAIROBI ACCOUNTING SERVICES DEPARTMENT

RECEIVED 15 APR 2026 MAKUENI COUNTY ASSEMBLY OFFICE OF THE CLERK

COMMISSION ON REVENUE ALLOCATION RECEIVED 15 APR 2026 REGISTRY

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 31ST MARCH 2026.

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 31st March 2026.

Yours Sincerely,

MAKUENI COUNTY GOVERNMENT EXECUTIVE COMMITTEE MEMBER FINANCE & PLANNING

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

OFFICE OF THE AUDITOR GENERAL P.O. Box 30084-00100, NAIROBI MACHAKOS HUB 15 APR 2026 RECEIVED

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 15th April 2026.

OFFICE OF THE CONTROLLER OF BUDGET REGISTRY 15 APR 2026 COPY TIME:............ P.O. Box 35616 - 00100, NAIROBI

COUNTY REVENUE FUND

COUNTY GOVERNMENT OF MAKUENI

QUARTERLY REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2026

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

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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 31st March 2026 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 31st March 2026. The report and financial statements present the financial performance of the County Revenue Fund for the Third 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 Nine-Month period ending March 31, 2026.

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%

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.

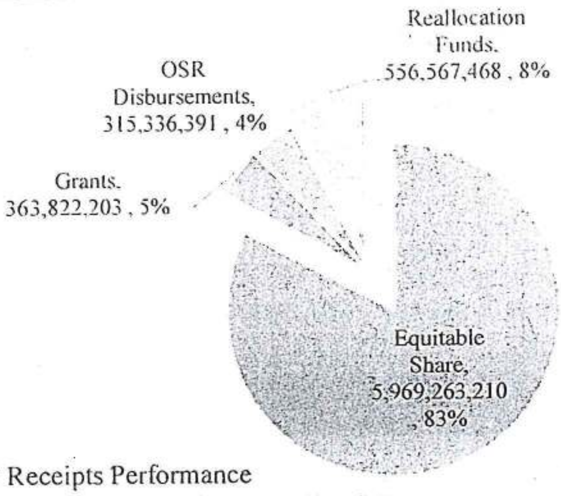
The County endeavours to enhance its external mobilization strategies by building the capacity of the Sector Working Groups to develop proposals for funding to potential development partners and periodically hold investment conferences and symposiums bringing together all the stakeholders and partners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

The total revenues received in the CRF by end of quarter three amounted to Kshs 7.20 billion representing 51% of the anticipated revenues. Equitable share amounting to Kshs. 5.97 billion represented 83% of the total revenue received into the CRF account, reallocation funds which include CRF Fund balance and returns to CRF of Kshs. 556.57 million representing 8% , County Own Source Revenue of Kshs 315.34 million representing 4% of the total revenue into the CRF Account while conditional Allocations, Loans and grants of Kshs 363.82 Million represents 5% of the revenues received into the CRF account for the period ended March 31, 2026.



CRF Receipts Performance

Figure: Revenue Performance

ii. Revenue Performance by source

The equitable share had been realised at 67% of the total projected receipts being a Eight-month receipt over the possible Nine in the Third quarter.

The own source revenue received in the CRF was realised at 19%, reallocated funds at 61% and grants at 24%. 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 March 31, 2026	Balance	Performance (%)
Equitable Share	8,976,335,654	5,969,263,210	5,251,156,358	67%
Conditional Allocations, Loans and Grants	1,546,174,731	363,822,203	1,546,174,731	24%
County Own Generated Revenue	1,667,556,464	315,336,391	1,194,863,632	19%
FY 2024/2025 Reallocation Funds	916,003,457	556,567,468	208,112,474	61%
Total	**13,106,070,306**	**7,204,989,272**	**8,200,307,195**	**37%**

The underperformance of OSR in quarter three 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 5.996 billion with kshs. 5.40 billion being transfers to County Executive and Kshs. 597.98 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

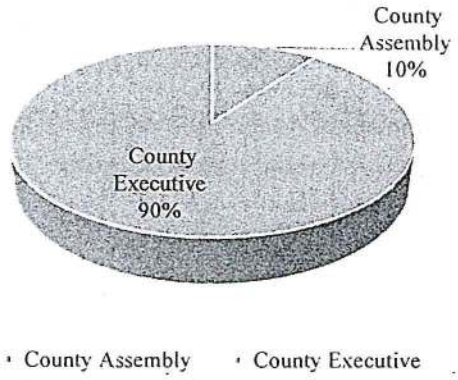


Figure: Transfers from CRF

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 March 31,2026, this occurred due to non-disbursements of the expected quarter three equitable share allocation, grants and funds from the development partners. The March 2026 equitable share allocations remained receivable as at the end of the period ended March 31, 2026.

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 (19%) in the CRF Receipts during the third 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 March 31, 2026.

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 March 31, 2026. 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 March 31, 2026 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 April, 2026* by.

CPA John Nguni
Chief Officer – Financial Services

7. Statement of Financial Performance for the Period Ended March 31, 2026

	Notes	Period ended March 31, 2026	Comparative Period
		Kshs.	Kshs
Revenue from non-exchange transactions			
Exchequer releases	6	6,687,370,062	6,330,494,794
Transfers from other government agencies	7	363,722,346	-
Other grants	8	99,857	22,453,292
Return to CRF from County Entities	9	108,606	18,316,640
Non-Exchange Own Source Revenue	10	436,104,004	239,841,897
Revenue from exchange transactions			
Exchange Own Source Revenue	11	130,993,595	98,385,051
Total Revenue		**7,618,398,471**	**6,709,491,674**
Expenses			
Transfers to County Executive	12	6,104,879,110	5,371,354,315
Transfers to County Assembly	13	597,975,610	619,793,024
Other Transfers	14	-	-
Total Expenses		**6,702,854,720**	**5,991,147,339**
Surplus for the period		**915,543,751**	**718,344,335**

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

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

8. Statement of Financial Position as at March 31, 2026

Description	Note	March 2026 Kshs	*Prior Year Audited* Kshs
Assets			
Current Assets			
Cash and Cash equivalents	15	1,208,862,062	556,458,862
Receivables from Non-Exchange Transactions	16	1,689,289,605	737,185,759
Receivables from Exchange Transactions	17	31,443,460	13,679,245
Total Current Assets		**2,929,595,127**	**1,307,323,866**
Total Assets (A)		**2,929,595,127**	**1,307,323,866**
Liabilities			
Current Liabilities			
Accounts Payable	18	706,727,510	-
Total Current Liabilities		**706,727,510**	**-**
Total Liabilities (B)		**706,727,510**	**-**
Net Assets(A-B)		**2,222,867,617**	**1,307,323,866**
Represented by:			
Accumulated Surplus		2,222,867,617	1,307,323,866
Net Assets		**2,222,867,617**	**1,307,323,866**

....
Name: CPA John Nguni
Chief Officer – Financial Services
ICPAK Member No. 3440
Date: 14th April, 2026

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

9. Statement of Changes in Net Assets for the Period ended March 31, 2026

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 30th June 2025	**1,307,323,866**
As at 1st July 2025	1,307,323,866
Surplus/deficit	915,543,751
As at March 31, 2026	**2,222,867,617**

10. Statement of Cash Flows for the Period ended March 31, 2026

	Notes	Period Ended March 2026	Prior Audited Year
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Exchequer releases		5,969,263,210	3,526,383,006
Transfers from other government agencies		363,822,203	-
Other grants		-	20,000,000
Return to CRF from County Entities		108,606	18,316,640
Own Source Revenue		315,336,391	145,456,487
Total receipts		**6,648,530,410**	**3,710,156,133**
Payments			
Transfers to County Executive		(5,398,151,600)	(3,165,258,117)
Transfers to County Assembly		(597,975,610)	(441,946,608)
Other transfers		-	
Total Payments		**(5,996,127,210)**	**(3,607,204,725)**
Net cash flows from/(used in) operating activities		**652,403,200**	**102,951,408**
Net increase/(decrease) in cash & Cash equivalents		**652,403,200**	**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	**1,208,862,062**	**834,926,849**

11. Statement of Comparison of Budget Actual Amounts for the Period Ended March 31, 2026.

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	5,969,263,210	3,007,072,444	67%
Transfers from other government agencies	1,175,684,263	370,490,468	1,546,174,731	363,822,203	1,182,352,528	24%
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	315,336,391	1,352,220,073	19%
Total Revenue	**11,542,107,627**	**1,563,962,679**	**13,106,070,306**	**7,204,989,272**	**5,901,081,034**	**55%**
Payments						
Transfers to County Executive	10,644,476,312	1,436,483,381	12,080,959,693	5,398,151,600	6,682,808,093	45%
Transfers to County Assembly	897,631,315	127,479,298	1,025,110,613	597,975,610	427,135,003	58%
Other transfers	-	-	-	-	-	-
Total Payments	**11,542,107,627**	**1,563,962,679**	**13,106,070,306**	**5,996,127,210**	**7,109,943,096**	**46%**
Surplus				**1,208,862,062**		

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 45% 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 April, 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.

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 March 31, 2026	Period ended March 31,2025
	Kshs.	Kshs
Equitable Share	6,687,370,062	6,330,494,794
Others *(Specify)*	-	-
Total	**6,687,370,062**	**6,330,494,794**

6. Transfers from other government agencies**

Description	Period ended March 31, 2026	Period ended March 31,2025
		Kshs.
Road Maintenance Levy	-	-
Second Kenya Devolution Support CG- IDA	35,253,471	-
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		-
IDA World Bank National Agricultural Value Chain Development Project (NAVCDP) -State Department of Crop Development	153,686,124	-
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 Kenya Urban Support Project (KUSP) -Urban institutional grant (UIG)	37,954,620	-
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 …..	136,828,131	-

Description	Period ended March 31, 2026	Period ended March 31,2025
Total	**363,722,346**	-

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

7. Other grants

Description	Period ended March 31, 2026	Period ended March 31,2025
	Kshs.	Kshs
Nutrition International Funds	-	22,453,292
20% Royalties	99,857	
Total	**99,857**	**20,000,000**

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

8. Return to CRF from County entities

Description	Period ended March 31, 2026	Period ended March 31,2025
	Kshs.	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 March 31, 2026	Period ended March 31,2025
	Kshs.	Kshs
Cess	24,389,497	55,413,231
Land Rates	142,140,944	20,507,247
Single/Business Permits	192,844,261	88,756,311
Conservancy Administration	3,531,355	3,736,169
Administration Control Fees and Charges	37,734,748	34,051,856
Other Fines, Penalties, And Forfeiture Fees	75,300	115,173

Public Health Service Fees	21,770,815	22,394,648
Physical Planning and Development	12,134,244	14,867,262
Donations/Grants Not Received Through CRF	1,482,840	-
Total	**436,104,004**	**239,841,897**

Notes to the financial statements

10. Exchange Own Source Revenue

Description	Period ended March 31, 2026 Kshs.	Period ended March 31,2025 Kshs
Property Rent	6,563,630	5,752,700
Parking Fees	24,883,694	31,458,630
Market Fees	26,656,737	27,471,631
Advertising	12,077,190	17,185,493
Hire of County Assets	1,372,960	6,967,300
Miscellaneous receipts	59,439,384	9,549,297
Total	**130,993,595**	**98,385,051**

11. Transfers to County Executive

Description	Period ended March 31, 2026 Kshs.	Period ended March 31,2025 Kshs
Recurrent Account	4,876,899,946	4,545,960,028
Development Account	709,656,616	657,561,045
Special Purpose Accounts	518,322,548	167,833,242
Others (*Specify*)	-	-
Total	**6,104,879,110**	**5,371,354,315**

12. Transfers to County Assembly

Description	Period ended March 31, 2026 Kshs.	Period ended March 31,2025 Kshs
Recurrent Account	572,075,115	619,793,024
Development Account	25,900,495	-
Special purpose accounts	-	-
Total	**597,975,610**	**619,793,024**

Notes to the financial statements

13. Other Transfers

Description	Period ended March 31, 2026	Period ended March 31,2025
	Kshs.	Kshs
Agency Notices	-	-
Total	**-**	**-**

14. Cash and Cash equivalents

Description	Period ended March 31, 2026	1st July 2025
	Kshs.	Kshs
County Exchequer Account - (CBK Account number 1000170937)	1,208,862,062	556,458,862
Total	**1,208,862,062**	**556,458,862**

15. Receivables from Non-Exchange Transactions

Description	Period ended March 31, 2026	1st July 2025
	Kshs	Kshs
Receivables from national Equitable share	718,106,852	-
Land rates	723,336,253	598,699,359
Single/ Business permits	247,846,500	138,486,400
Less: impairment allowance		
Net receivables	**1,689,289,605**	**737,185,759**

16. Receivables from Exchange Transactions

Description	FY 2025/2026	1st July 2025
	Kshs	Kshs
Stall Rent	14,382,900	12,425,300
OSR Balances due to CRF	17,060,560	1,253,945
Less: impairment allowance	-	-

Total	**31,443,460**	**13,679,245**

Notes to the financial statements

17. Accounts Payable

Description	Period ended March 31, 2026	Period ended March 31,2025
	Kshs	Kshs
Payables to County Executive	706,727,510	-
Payables to County Assembly	-	-
Total Accounts Payable	**706,727,510**	-

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 March 2026	FY 2024/2025
	Kshs	Kshs
KCB Makueni County Revenue Account-114075719	6,318,124	61,868
KCB Directorate of Cooperatives Account-1168389127	154,462	-
KCB Makueni County Demonstration Revenue collection Account- 1169183565	451,058	-
KCB Mkn County Sand Consv&Util A Rev Ac- 1173940030	1,219	1,868
Cash in hand- Mpesa Makueni Sand Conservation Utility a/c	221,200	1,900
Cash in hand- Mpesa Revenue Utility a/c	9,914,498	1,188,311
Total	**17,060,560**	**1,253,946**

13. Annexes

Annex 1: Trial balance

Account Details	Debit (Dr.)	Credit (Cr.)
Exchequer releases (Equitable Share)	-	6,687,370,062
Transfers from other government agencies	-	363,722,346
Other grants	-	99,857
Return to CRF	-	108,606
Non-Exchange Own Source Revenue	-	436,104,004
Exchange Own Source Revenue	-	130,993,595
Transfers to County Executive	6,104,879,110	-
Transfers to County Assembly	597,975,610	-
Cash and Cash equivalents	1,208,862,062	556,458,862
Receivables from Non-Exchange Transactions	1,689,289,605	737,185,759
Receivables from Exchange Transactions	31,443,460	13,679,245
Accounts Payable	-	706,727,510
Total	**9,632,449,847**	**9,632,449,846**