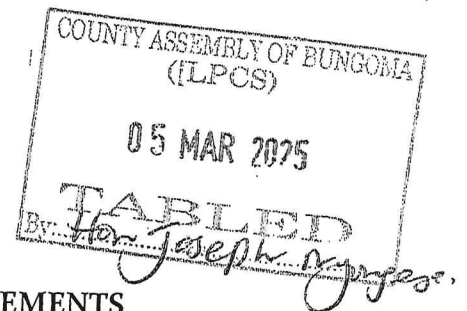


COUNTY REVENUE FUND

County Government of Bungoma



QUARTERLY REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER, 2024

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

*Committee - All Sectoral Comm
Finance Committee*

*HB 4 to schedule
12/2/25 -*

*Received CMB
05/02/2025*

County Government of Bungoma.
County Revenue Fund
Quarterly Report and Financial Statements for the Period ended December 31, 2024

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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 |
| 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 |
| 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.

Comparative FY- Comparative Prior Financial Year.

2. Key Bungoma County Government Information and Management

a) Background information

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.

b) Key Management

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

| No | Designation | Name |
|----|--------------------------------------|-----------------------|
| 1. | CECM Finance and Economic planning | CPA Chrispinus Barasa |
| 2. | C.O Finance | Robert Simiyu |
| 3. | Director Accounting Services/Finance | CPA Ambrose Makokha |

c) Fiduciary Management

The key management personnel who held office during the period ended 31st December 2024 and who had direct fiduciary responsibility were:

| No | Designation | Name |
|----|---|-----------------------|
| 1. | CECM Finance and Economic Planning | CPA Chrispinus Barasa |
| 2. | Accounting Officer in charge of Finance | Robert Simiyu |
| 3. | Director Accounting Services/Finance | CPA Ambrose Makokha |

d) Fiduciary Oversight Arrangements

i. *Audit committee activities*

The functions and responsibilities of the audit committee were as follows:

- Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably or provide an independent review of the County Executive reporting functions to ensure the integrity of financial reports.
- Provide oversight of the implementation of the audit recommendations.
- Ensure that the County Executive effectively monitors compliance with legislative and regulatory requirements and promote a culture committed to lawful and ethical behaviour.

ii. *Senate Committee Activities(PAC)*

The responsibilities of the senate committee were as follows:

- Determining allocation of national revenue among counties as per Article 217 of the Constitution and overseeing allocation of national revenue to county governments

- To perform any other role as may be set out under the Constitution or legislation

iii. County Assembly (PAC)

The responsibilities of the County Assembly of Bungoma were as follows:

- Perform the roles set out under Article 185 of the Constitution;
- Approve the budget and expenditure of the county government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 and 203 of the Constitution;
- Approve the borrowing by the county government in accordance with Article 212 of the Constitution; and
- Approve county development planning.

iv. Controller of Budget

The responsibilities of Controller of Budget were as follows:

- Overseeing the implementation of the budgets of both national and county governments.
- Monitor the use of public funds and report to Parliament on how the funds have been utilized.

v. Office of the Auditor General

The responsibilities of the Auditor General as follows:

- Oversight or assurance role of ensuring accountability within the three arms of government (the Legislature, the Judiciary, and the Executive) as well as the Constitutional Commissions and Independent Offices.

e) County Executive of Bungoma Headquarters

P.O. Box 437-50200,
Former Municipal Buildings,
Moi Avenue Street
Bungoma, Kenya

f) County Executive of Bungoma Contacts

Telephone: 0728039039
E-mail: info@bungoma.go.ke
Website: www.bungoma.go.ke

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g) County Executive of Bungoma Bankers

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000-00200

Nairobi, Kenya

h) Independent Auditors

Auditor-General

Office of the Auditor-General

Anniversary Towers, University Way

P.O. Box 30084-00100

Nairobi, Kenya

i) Principal Legal Advisor

The County Attorney

Bungoma Municipal Building

P.O. Box 437-50200

Bungoma, Kenya

3. Statement by the CECM Finance

The promulgation of the Constitution of Kenya, 2010, under Chapter 11 ushered Kenya into a new system of governance, replacing the centralized system with a devolved system of governance consisting of the National Government and 47 County Governments. This necessitated that counties prepare and present annual statements showing their performance over the year.

Financing of the County Governments

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

The County also finances its operations through own generated revenues. The key local revenue sources for Bungoma County included business permits, land rates, cess, market fees, parking fees, administrative service fees, and public health facilities' fees, among others.

Financial Performance

a) Receipts

The County had planned to raise Kshs. 14,525,800,308 exclusive of level 4 & 5 revenues of ksh 1,063,647,395. The Kshs. 14,525,800,308 consists of; local revenue Kshs. 1,193,245,421 and Kshs. 13,332,554,887 from National Government and Development Partners through CARA. Of the target revenue of Kshs. 15,589,447,703, only Kshs. 14,525,800,308 was expected to be received through the CRF.

During the 6 months of FY 2024/25, the County realized income as follows:

| Description | Budgeted income for entire FY | Actual Receipts for first half of FY | % realized |
|---|-------------------------------|--------------------------------------|------------|
| | Ksh | Ksh | |
| Equitable Share | 11,543,041,769 | 5,505,420,465 | 48% |
| Conditional Grants & Development Partners | 1,789,513,118 | 84,498,999 | 5% |
| Local revenues | 1,193,245,421 | 132,146,474 | 11% |
| Returns from Crf | - | 554,732 | - |
| Total | 14,525,800,308 | 5,722,620,671 | 39% |

In view of this, specific measures have been proposed by the county to enhance revenue generation and collection. These include:

- The Department of Finance and Economic planning shall, in collaboration with the County Assembly, fast-track on the completion of relevant pieces of legislation to inform administration of various fees and charges.
- Collaboration between the Ministries, Departments and Agencies (MDAs), National Government, private sector, civil society and the general public for enhancement of the local revenue.
- Continuous performance appraisal for revenue collectors to monitor variations between collections and targets, this will bolster revenue from market fees and related streams;
- Proper and prompt accounting and reporting by receivers of revenue as per Section 157 (2) of PFMA, 2012.
- Utilization of services of the Office of County Attorney to assist in revenue enforcement through legal processes.
- Collaboration with the Law courts administration in setting up an express special court on County Revenue matters.
- Enhancing the BARMS system modules to 100% cashless payments on all revenue streams to avert challenges associated with cash handling.

National and County economic outlook,

- National Government revenues continue to form the largest part of the County Government budget, contributing 74% while locally generated revenues constitute 14.5% of the budget. Conditional grants and development partners accounted for 11.5%.
- The country experienced economic resilience and growth of 5.4% which is expected to be maintained in the medium term. This growth outlook will be supported by a broad-based private sector growth, strong performance of the services sector and recoveries in agriculture, while the public sector consolidates.
- The country's inflation is expected to be maintained at 6.6%. Interest and exchange rates are expected to remain stable, and this will be safeguarded over the medium term.

b) Payments

Total payments from the County Revenue Fund account within the first half of FY 2024/25 amounted to Kshs 4,983,312,209.

c) Challenges

During the implementation period, County Departments and Agencies encountered a number of challenges, including; Delay in fund disbursement by the exchequer; Failure to receive the December disbursement; and absence of continuous staff capacity development

County Government of Bungoma.

County Revenue Fund

Quarterly Report and Financial Statements for the Period ended December 31, 2024

especially on E-procurement processes leading to delays. Mechanisms to address these challenges have been put in place.

This statement covers the operations of the CRF for the financial year ended 31st December 2024.



CPA Chrispinus Barasa

ICPAK NO. 19812

CEC Member – Finance and Economic Planning

County Government of Bungoma

4. Management Discussion and Analysis

Operation of the Fund

The County Appropriation Act authorizes the withdrawal of funds from the County Revenue Fund. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution. 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.

The County also finances its operations through own generated revenues. The key local revenue sources for Bungoma County included business permits, land rates, cess, market fees, parking fees, administrative service fees and public health facilities' fees.

Financial Performance

The total county's first half revenue has increased in FY 2024/25 compared to FY 2023/24 and FY 2022/23.

Table 1: First half revenues from FY 2022/23 to FY 2024/25

| Revenue | 1 st half FY 2024/25 | 1 st half FY 2023/24 | 1 st half FY 2022/23 |
|----------------------|---------------------------------|---------------------------------|---------------------------------|
| Exchequer releases | 5,589,919,464 | 3,666,954,592 | 3,517,613,613 |
| Own Source Revenue | 132,146,474 | 112,813,513 | 94,655,764 |
| Return to CRF issues | 554,732 | 606,980 | 1,111,963 |
| Total | 5,722,620,670 | 3,780,375,085 | 3,613,381,340 |

The County had planned to raise Kshs. 14,525,800,308 exclusive of level 4 & 5 revenues of ksh 1,063,647,395. The ksh 14.5B consists of, local Revenue Kshs. 1,193,245,421 and Kshs. 13,332,554,887 from National Government and Development Partners through CARA. Of the target revenue of Kshs. 15,589,447,703, only Kshs. 14,525,800,308 was expected to be received through the CRF.

d) Payments

Total payments from the County Revenue Fund a/c amounted to Kshs. 4,983,312,209, summarized in table 2:

Table 2: Payments from the County Revenue Fund

| Item | 1 st Half FY 2024-2025 | 1 st Half FY 2023-2024 |
|---|-----------------------------------|-----------------------------------|
| | Kshs | Kshs |
| Transfer To executive Entities Accounts | 4,591,216,225 | 3,453,698,301 |
| Transfer to county Assembly | 392,095,984 | 539,795,090 |
| Total Expenditure | 4,983,312,209 | 3,993,493,391 |

Table 3 provides depiction of budget vs actuals transfers for the period ended 31st December, 2024.

Table 3: Budget vs Actuals Transfers

| Description | Budget FY 2024/25 | 1 st Half actual for FY 2024/25 |
|------------------------------|-----------------------|--|
| | Kshs | Kshs |
| Transfer to County Executive | 13,168,849,875 | 4,591,216,225 |
| Transfer to County Assembly | 1,356,950,433 | 392,095,984 |
| Total Expenditure | 14,525,800,308 | 4,983,312,209 |

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 2024.



.....

CPA Chrispinus Barasa

ICPAK NO. 19812

**CEC Member – Finance and Economic Planning
County Government of Bungoma**

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 end of the financial year ended on Dec 31, 2024. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 Dec 31, 2024, 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 (where applicable). 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.

County Government of Bungoma.

County Revenue Fund

Quarterly Report and Financial Statements for the Period ended December 31, 2024

Approval of the Financial Statements

The County Revenue Fund's financial statements were approved and signed on Jan 29,
2025 by.



Robert Simiyu
Chief Officer Finance
County Government of Bungoma

County Government of Bungoma.

County Revenue Fund

Quarterly Report and Financial Statements for the Period ended December 31, 2024

7. Statement of Financial Performance for the Period Ended Dec 31, 2024

| | Notes | Period ended Dec 2024 |
|---|-------|-----------------------|
| | | Kshs. |
| Revenue from non-exchange transactions | | |
| Exchequer releases | 5 | 5,510,115,598 |
| Transfers from other government agencies | 6 | 84,498,999 |
| Return to CRF | 7 | 554,732 |
| Non-Exchange Own Source Revenue | 8 | 65,348,782 |
| | | |
| Revenue from exchange transactions | | |
| Exchange Own Source Revenue | 9 | 74,648,853 |
| Total Revenue | | 5,735,166,964 |
| | | |
| Expenses | | |
| Transfers to County Executive | 10 | 4,596,529,340 |
| Transfers to County Assembly | 11 | 392,095,984 |
| Total Expenses | | 4,988,625,324 |
| Surplus for the period | | 746,541,640 |



Robert Simiyu
Chief Officer -Finance

Date...29/1/2025



CPA Ambrose Makokha
Head of Accounting Unit
ICPAK M/No. 7929

Date...29/1/2025

8. Statement of Financial Position as at Dec 31, 2024.

| | Note | Period ended Dec 2024 | 1st Position July 2024 |
|--|------|-----------------------|------------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash equivalents | 12 | 812,798,165 | 73,489,703 |
| Receivables from Non-Exchange Transactions | 13 | 897,763,591 | 889,262,518 |
| Receivables from Exchange Transactions | 14 | 4,685,367 | 640,147 |
| Total Current Assets | | 1,715,247,123 | 963,392,368 |
| Total Assets (A) | | 1,715,247,123 | 963,392,368 |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable | 15 | 20,867,420 | 15,554,305 |
| Total Current Liabilities | | 20,867,420 | 15,554,305 |
| Total Liabilities (B) | | 20,867,420 | 15,554,305 |
| Net Assets(A-B) | | 1,694,379,703 | 947,838,063 |
| Represented by: | | | |
| Accumulated Surplus | | 1,694,379,703 | 947,838,063 |
| Net Assets | | 1,694,379,703 | 947,838,063 |

.....
 Robert Simiyu
 Chief Officer -Finance

Date.....29/1/2025.....

.....
 CPA Ambrose Makokha
 Head of Accounting Unit
 ICPAK M/No. 7929
 Date.....29/1/2025.....

County Government of Bungoma.

County Revenue Fund

Quarterly Report and Financial Statements for the Period ended December 31, 2024

9. Statement of Changes in Net Assets for the Period ended Dec 31, 2024

| | | Accumulated Surplus |
|---------------------------------|--|---------------------|
| As at July 1, 2024 | | 947,838,063 |
| Surplus/ deficit for the Period | | 746,541,640 |
| Additions during the Period | | |
| As at Dec 31, 2024 | | 1,694,379,703 |

10. Statement of Cash Flows for the Period ended Dec 31, 2024

| | Notes | Period ended Dec 2024 |
|---|-----------|------------------------|
| | | Kshs |
| Cash flows from operating activities | | |
| Receipts | | |
| Exchequer releases | | 5,505,420,465 |
| Transfers from other government agencies | | 84,498,999 |
| Return to CRF | | 554,732 |
| Own Source Revenue | | 132,146,474 |
| Total receipts | | 5,722,620,671 |
| Payments | | |
| Transfers to County Executive (operating activities) | | (4,591,216,225) |
| Transfers to County Assembly (operating activities) | | (392,095,984) |
| Other transfers | | - |
| Total Payments | | (4,983,312,209) |
| Net cash flows from/(used in) operating activities | | 739,308,462 |
| Net increase/(decrease) in cash & Cash equivalents | | 739,308,462 |
| Cash and cash equivalents at 1 July | 12 | 73,489,703 |
| Cash and cash equivalents at the end of the period | 12 | 812,798,165 |

PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting.

County Government of Bungoma
County Revenue Fund
For the Period ended December 31, 2024

11. Statement of Comparison of Budget Actual Amounts for the Period Ended Dec 31, 2024.

| Receipts/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 | |
| Revenue | | | | | | |
| Exchequer releases | 11,543,041,769 | | 11,543,041,769 | 5,505,420,465 | 5,548,000,000 | 4,616,461,772 |
| Transfers from other government agencies | 1,789,513,118 | | 1,789,513,118 | 8,449,999 | 6,037,621,304 | 48% |
| Return to CRF | - | | - | 554,732 | 1,705,014,119 | 5% |
| Own Source Revenue | 1,193,245,421 | | 1,193,245,421 | 132,146,474 | 554,732 | 0% |
| Total Revenue | 14,525,800,308 | - | 14,525,800,308 | 5,722,620,671 | 1,061,098,947 | 11% |
| Expenses | | | | 1,533,661,982 | 8,803,179,637 | 39% |
| Transfers to County Executive | 13,168,849,875 | | 13,168,849,875 | 4,591,216,225 | - | 0% |
| Transfers to County Assembly | 1,356,950,433 | | 1,356,950,433 | 392,095,984 | 8,577,633,650 | 35% |
| Other transfers | - | | - | | 964,854,449 | 29% |
| Total Payments | 14,525,800,308 | - | 14,525,800,308 | 4,983,312,209 | 9,542,488,099 | 0% |
| Surplus/Deficit | - | - | 0 | 739,308,462 | 739,308,462 | 34% |

a) Exchequer releases was under realized. It recorded 48% against a half year target of 50%. This is inclusive of balance b/f from June of FY 2023/24. It does not include exchequer release for December of FY 2024/25.

(b) Own source revenue has 11% realization. This is far below the half year target of 50%. Most of local revenue are collected in the 3rd quarter since a lot of business permit renewals fall during that time. Additionally, AIA collected are not transferred to the CRF, thus not captured herein

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 Bungoma County Government and is domiciled in Kenya. The Fund's principal activity is Receipts of all county revenues and Disbursement to county operation accounts.

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 cashflow statement is prepared using the direct method.

a) Reporting Bungoma county Government

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 from non-exchange transactions with are measured at fair value and recognized on obtaining control of the asset, 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 Bungoma county Government and can be measured reliably.

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) Budget information

The County Assembly approved the original budget for the FY 2024/25 on June 2024. 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 Bungoma county Government.

Notes to the financial statements

d) 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 Bungoma County Government and can be measured reliably.

ii. Revenue from exchange transactions

Own Source Revenue

b) 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. A financial instrument is any contract that gives rise to a financial asset of one Bungoma county Government and a financial liability or equity instrument of another Bungoma county Government. At initial recognition, the Bungoma county Government 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 Bungoma county Government 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 Bungoma county Government 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.

Notes to the financial statements

Significant Accounting Policies

Fair value through net assets/ equity

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the Bungoma county Government 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. Cess, land rates.

Financial liabilities

Classification

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

c) 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

County Government of Bungoma.

County Revenue Fund

Quarterly Report and Financial Statements for the Period ended December 31, 2024

Notes to the financial statements

Significant Accounting Policies

d) Events after the reporting period

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

e) 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.

5. Exchequer releases

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

| Description | Period ended Dec 2024 |
|------------------------|-----------------------|
| | Kshs |
| Equitable Share (a) | 5,510,115,598 |
| Total (d=a+b+c) | 5,510,115,598 |

6. Transfers from other government agencies**

| Description | Period ended Dec 2024 |
|--|-----------------------|
| | Kshs |
| Donor Funding | 19,367,420 |
| Industrial Park and Aggregation Grant | 54,131,579 |
| (IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA) ₁ | 11,000,000 |
| Total | 84,498,999 |

County Government of Bungoma.

County Revenue Fund

Quarterly Report and Financial Statements for the Period ended December 31, 2024

Notes to the financial statements

7. Return to CRF

| Description | Period ended Dec 2024 |
|--|-----------------------|
| | Kshs |
| Recurrent Account (County Executive) | 456 |
| Development Account (County Executive) | 551,634 |
| Recurrent Account (County Assembly) | 100 |
| Development Account (County Assembly) | 51 |
| County Assembly Imprest Account | 2,491 |
| Total | 554,732 |

8. Non-Exchange own source revenue

| Description | Period ended Dec 2024 |
|---|-----------------------|
| | Kshs |
| Cess | 23,784,723 |
| Land Rates | 3,914,119 |
| Single/Business Permits | 17,725,250 |
| Conservancy Administration | 3,598,300 |
| Administration Control Fees and Charges | 9,413,734 |
| Other Fines, Penalties, And Forfeiture Fees | 438,381 |
| Public Health Service Fees | 1,848,150 |
| Physical Planning and Development | 4,626,125 |
| Total | 65,348,782 |

9. Exchange Own Source Revenue

| Description | Period ended Dec 2024 |
|------------------------|-----------------------|
| | Kshs |
| Property Rent | 9,647,922 |
| Parking Fees | 39,507,881 |
| Market Fees | 20,953,069 |
| Advertising | 4,478,510 |
| Hire of County Assets | 40,500 |
| Miscellaneous receipts | 20,971 |
| Total | 74,648,853 |

10. Transfers to County Executive

| Description | Period ended Dec 2024 |
|--------------------------|-----------------------|
| | Kshs |
| Recurrent Account | 3,866,033,097 |
| Development Account | 520,997,244 |
| Special Purpose Accounts | 209,498,999 |
| Total | 4,596,529,340 |

County Government of Bungoma.

County Revenue Fund

Quarterly Report and Financial Statements for the Period ended December 31, 2024

Notes to the financial statements

11. Transfers to County Assembly

| Description | Period ended Dec 2024 |
|---------------------|-----------------------|
| | Kshs |
| Recurrent Account | 333,390,550 |
| Development Account | 58,705,434 |
| Total | 392,095,984 |

12. Cash and Cash equivalents

| Description | Period ended Dec 2024 | 1st July 2024 |
|--|-----------------------|-------------------|
| | Kshs | Kshs. |
| County Exchequer Account - (CBK Account number 1000171518) | 812,798,165 | 73,489,703 |
| Total | 812,798,165 | 73,489,703 |

13. Receivables from Non-Exchange Transactions

| Description | Period ended Dec 2024 | 1st July 2024 |
|-----------------------------|-----------------------|--------------------|
| | Kshs | Kshs. |
| Receivables Equitable share | 893,653,821 | 888,958,688 |
| Receivables Local revenue | 4,109,770 | 303,830 |
| Net receivables | 897,763,591 | 889,262,518 |

14. Receivables from Exchange Transactions

| Description | Period ended Dec 2024 | 1st July 2024 |
|---------------------------|-----------------------|----------------|
| | Kshs | Kshs. |
| Receivables Local revenue | 4,685,367 | 640,147 |
| Total | 4,685,367 | 640,147 |

15. Accounts Payable

| Description | Period ended Dec 2024 | 1st July 2024 |
|-------------------------------|-----------------------|-------------------|
| | Kshs | Kshs. |
| Payables to County Executive | 20,867,420 | 15,554,305 |
| Total Accounts Payable | 20,867,420 | 15,554,305 |

County Government of Bungoma.

County Revenue Fund

Quarterly Report and Financial Statements for the Period ended December 31, 2024

Notes to the financial statements

16. 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 | Amount in bank account currency | Period ended | Comparative |
|--------------------------------------|------------------------------------|------------------|----------------|
| | | Dec-24 | Period |
| | | Kshs | Kshs |
| Kenya Commercial Bank | 1177737930 | 829,250 | 867,101 |
| National Bank of Kenya | 7700058148 | 1,418,513 | 600 |
| Cooperative bank of Kenya | 01141669167100 | 26 | 18,526 |
| Equity Bank | 0480261006908 | 905,554 | 57,405 |
| M-pesa Paybill 337890 | | 2,175,195 | - |
| Total | | 5,328,538 | 943,632 |

The balances are reconciled by those reported by CRORs as balances due for disbursement to the CRF at the end of the reporting period.

13. Annexes

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

| FFY 2024/25 | Quarter 1 (Kshs.) | Quarter 2 (Kshs.) | Quarter 3 (Kshs.) | Quarter 4 (Kshs.) | Total (Kshs.) |
|---|----------------------|----------------------|----------------------|----------------------|------------------|
| Equitable Share | 1,833,477,295 | 3,671,943,170 | | | 5,505,420,465 |
| (IDA) World Bank Credit-Financing locally Led climate programme (FFLoCA) ₁ | 11,000,000 | | | | 11,000,000 |
| Industrial Park and Aggregation Project Grant | 54,131,579 | | | | 54,131,579 |
| Others - Donor funding. | | 19,367,420 | | | 19,367,420 |
| Total | 1,898,608,874 | 3,691,310,590 | 0 | 0 | 5,589,919,464 |

County Government of Bungoma.

County Revenue Fund

Quarterly Report and Financial Statements for the Period ended December 31, 2024

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

(a) Non-Exchange own source revenue

| Period: Dec 31, 2024 | Quarter 1 (Kshs.) | Quarter 2 (Kshs.) | Quarter 3 (Kshs.) | Quarter 4 (Kshs.) | Total (Kshs.) |
|---|----------------------|----------------------|----------------------|----------------------|-------------------|
| Cess | 5,189,967 | 18,594,756 | | | 23,784,723 |
| Land Rates | 1,347,871 | 2,566,248 | | | 3,914,119 |
| Single/Business Permits | 4,446,850 | 13,278,400 | | | 17,725,250 |
| Conservancy Administration | 269,309 | 3,328,991 | | | 3,598,300 |
| Administration Control Fees and Charges | 2,011,950 | 7,401,784 | | | 9,413,734 |
| Other Fines, Penalties, And Forfeiture Fees | 78,349 | 360,032 | | | 438,381 |
| Public Health Service Fees | 343,700 | 1,504,450 | | | 1,848,150 |
| Physical Planning and Development | 2,008,345 | 2,617,780 | | | 4,626,125 |
| Total | 15,696,341 | 49,652,441 | - | - | 65,348,782 |

(b) Exchange own source revenue

| Period: Dec 31, 2024 | Quarter 1 (Kshs.) | Quarter 2 (Kshs.) | Quarter 3 (Kshs.) | Quarter 4 (Kshs.) | Total (Kshs.) |
|------------------------|----------------------|----------------------|----------------------|----------------------|-------------------|
| Property Rent | 1,783,530 | 7,864,392 | | | 9,647,922 |
| Parking Fees | 16,759,150 | 22,748,731 | | | 39,507,881 |
| Market Fees | 9,843,130 | 11,109,939 | | | 20,953,069 |
| Advertising | 1,161,350 | 3,317,160 | | | 4,478,510 |
| Hire of County Assets | 11,000 | 29,500 | | | 40,500 |
| Miscellaneous receipts | | 20,971 | | | 20,971 |
| Total | 29,558,160 | 45,090,693 | - | - | 74,648,853 |

County Government of Bungoma.
County Revenue Fund

Quarterly Report and Financial Statements for the Period ended December 31, 2024

Annex 3: Analysis of Transfers from the County Revenue Fund

| Period - Dec 2024 | Quarter 1 (Kshs.) | Quarter 2 (Kshs.) | Quarter 3 (Kshs.) | Quarter 4 (Kshs.) | Total (Kshs.) |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| County Executive -Rec | 783,289,583 | 3,082,743,514 | | | 3,866,033,097 |
| County Executive -Dev | 28,889,623 | 492,107,621 | | | 520,997,244 |
| County Assembly -Rec | 40,713,555 | 292,676,995 | | | 333,390,550 |
| County Assembly -Dev | - | 58,705,434 | | | 58,705,434 |
| Special Purpose A/c (Specify) | 204,185,884 | - | - | - | 204,185,884 |
| County Education Support Scheme | 125,000,000 | | | | 125,000,000 |
| KELCOP | 15,554,305 | | | | 15,554,305 |
| Industrial Park | 52,631,579 | | | | 52,631,579 |
| Climate | 11,000,000 | | | | 11,000,000 |
| Total | 1,057,078,645 | 3,926,233,564 | - | - | 4,983,312,209 |

County Government of Bungoma.
County Revenue Fund

Quarterly Report and Financial Statements for the Period ended December 31, 2024

Annex 4: Explained Variances between Receipts& Payment and the cash flow.

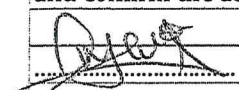
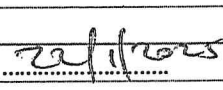
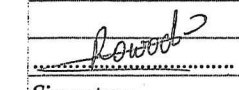
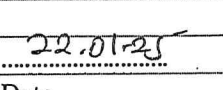
| | Receipts& Payments (KSh) | Reconciling Items | | | | Cashflow Payables for the statements/ Budget Appropriation (KSh) |
|--|-----------------------------|--------------------------|------------------------------------|-----------------------|--------------------------------------|---|
| | | Receivables B/F (KSh) | Receivables during the (KSh) | Payables B/F (KSh) | Payables for the Quarter (KSh) | |
| Revenue from non-exchange transactions | | | | | | |
| Exchequer releases | 5,510,115,598 | 888,958,688 | (893,653,821) | | - | 5,505,420,465 |
| Transfers from other government agencies | 84,498,999 | | | | - | 84,498,999 |
| Return to CRF | 554,732 | | | | | 554,732 |
| Non-Exchange Own Source Revenue | 65,348,782 | 3,178,105 | - | | | 68,526,887 |
| Revenue from exchange transactions | | | | | | - |
| Exchange Own Source Revenue | 127,600,545 | 6,696,020 | (5,328,193) | | | - |
| Total Revenue | 5,788,118,656 | 898,832,813 | (898,982,014) | | - | 5,787,969,455 |
| Expenses | | | | | | - |
| Transfers to County Executive | 4,577,161,920 | | | 1,500,000 | (20,867,420) | 4,557,794,500 |
| Transfers to County Assembly | 392,095,984 | | | | | 392,095,984 |
| Other Transfers | | | | | | - |
| Total Expenses | 4,969,257,904 | - | - | 1,500,000 | (20,867,420) | 4,949,890,484 |
| Surplus for the period | 818,860,752 | 898,832,813 | (898,982,014) | (1,500,000) | 20,867,420 | 838,078,971 |

County Government of Bungoma.

County Revenue Fund

Quarterly Report and Financial Statements for the Period ended December 31, 2024

Annex 5: Bank Reconciliation (F.O 30).

| | | | FO.30 |
|---|--|---|----------------|
| COUNTY GOVERNMENT OF BUNGOMA | | | |
| BANK RECONCILIATION STATEMENT AS AT 31 December ,2024 | | | |
| ACCOUNT NAME: BUNGOMA COUNTY REVENUE ACCOUNT | | | |
| BANK ACCOUNT NO: 1000368446 | | | |
| | | | |
| Balance as per cashbook on 31.12.2024 | | | 812,798,164.60 |
| Add | Payments in the cashbook not in the bankstatement | | 0.00 |
| | | | 812,798,164.60 |
| Less: | Receipts in the cashbook not in the bank statement | | - |
| Balance as per bank statement on 31.12.2024 | | | 812,798,164.60 |
| | | | |
| | | | |
| I certify that I have verified the bank balances in the cashbook and the bank balance | | | |
| and confirm the above reconciliation is correct. | | | |
| | | | |
| Prepared by | | | |
|  | |  | |
| Signature | | Designation | Date |
| | | | |
| Approved by | | | |
|  | |  | |
| Signature | | Designation | Date |

