



REPUBLIC OF KENYA  
THE NATIONAL TREASURY & PLANNING

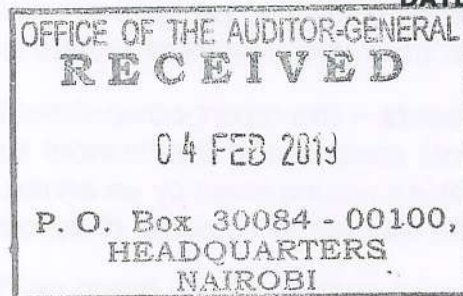
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THE NATIONAL TREASURY  
P O BOX 30007 - 00100  
NAIROBI

Ref: AG.3/64/VOL.III (17)

DATE: 31<sup>st</sup> January 2019

FCPA Edward O. Ouko, CBS  
The Auditor General  
Kenya National Audit Office  
P. O. Box 342330  
NAIROBI



Dear *Edward,*

**SUBMISSION OF THE REVISED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2017/2018**

Reference is made to Section 80 of the Public Finance Management (PFM) Act, 2012 that requires the National Treasury to prepare annual financial statements that consolidate the financial statements prepared by all National Government entities in accordance with the accounting policies and formats prescribed by the Public Sector Accounting Standards Board and to submit them to the Auditor General with a copy to the Controller of Budget and the Commission on Revenue Allocation within four (4) months following the end of the financial year. Accordingly, the National Treasury submitted the annual consolidated financial statements on 31<sup>st</sup> October 2018.

The National Treasury now has further made further improvements to the consolidated financial statements and wish to hereby re-submit revised statements. The revision is informed by changes that have been made by public entities with technical support from the Directorate of Accounting Services and Quality Assurance at the National Treasury mainly to adjust for inter-entity transactions as well as pass audit adjustments where the audit has been concluded. I therefore, have the pleasure to present to you the revised consolidated financial statements for the financial year 2017/2018.

The revised consolidated financial statements for the financial year ended 30<sup>th</sup> June 2018 have been prepared in four parts as follows:-

- **The Consolidated Fund** – this report consolidates the Exchequer Account; the 14 Receivers of Revenue that were designated for financial year 2017/2018; the special funds that include the Petroleum Development Levy Fund, the Kenya Maintenance Levy Fund, the Railway Development Fund, African Union Subscription Fund and the exchequer deposit accounts that include the overdraft account, treasury bonds and treasury bills accounts; special donor funded project deposit accounts; East Africa Transit Visa account and e-citizen revenue collection control bank accounts.



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- **Ministries, Departments and Agencies** – this report consolidates the financial statements of 65 voted entities and 4 votes for Consolidated Fund Services. The report also includes 76 development projects that are self-reporting.
- **State Corporations, Semi-Autonomous Government Agencies and Public Funds** – this report consolidates the financial statements of 395 entities comprising of State Corporations, Semi-Autonomous Government Agencies and Public Funds. A further six (6) entities under this category are not included in the consolidation as they did not submit their annual financial reports to National Treasury.
- **County Governments** – this report consolidates the financial statements of the 47 County Governments comprised of the financial statements submitted for Executive and County Assemblies accompanied by an annexure consolidating 71 other County Government entities that mainly comprise of various Funds.

The consolidated financial statements are based on financial statements prepared and submitted by the National Government entities in accordance with Sections 81 and 82 of the PFM Act, 2012 and by County Governments in accordance with Section 164 of the PFM Act, 2012. It should be noted that the responsibility of ensuring accuracy and completeness of the individual entity financial statements rests with the Accounting Officers of the respective entities.

The individual entities financial statements are based on standards and formats prescribed by the Public Sector Accounting Standards Board (PSASB) pursuant to its mandate as provided for under Section 194 of PFM Act, 2012.

Noting that your office has not yet released FY 2016/2017 audited financial statements for a number of public entities; we could not authenticate the validity of comparative figures for the affected entities. Accordingly, we shall resubmit to your office a revised set of consolidated financial statements once we have received the audited financial statements of the affected entities from your office.

In addition to the consolidated financial statements, the following complementary reports have been prepared separately by the responsible Directorates within National Treasury as follows:

- **Annual Public Debt Report** – this report is prepared annually and submitted to the Parliament not later than three months after year end pursuant to Section 100 of the legal notice no. 34 of the PFM Regulations (National Government), 2015. The report shows how the budget deficit was financed, the total debt stock and its composition including publicly guaranteed debt, on-lent loans and contingent liabilities. It also shows the debt strategy and debt sustainability and provides an outlook of debt for the medium term. Please note that no changes have been made to this report after submission to your office on 31<sup>st</sup> October 2018.
- **Investment Report** – prepared pursuant to Section 89 of the PFM Act, 2012 that require a consolidated report summarizing the extent of National Government involvement or investment in, or funding of, all state corporations and government-linked corporations report to be submitted to the National Assembly, not later than four months after the end of each financial year. Please note that no changes have been made to this report after submission to your office on 31<sup>st</sup> October 2018.



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- **Annual report on waivers** – this report accounts for the waivers and variations of taxes, fees or charges granted by the receiver or collector of revenue during the year pursuant to section 77 and 82 of the PFM Act, 2012 that require the receiver to submit annual report to the Auditor General. Please note that no changes have been made to this report after submission to your office on 31<sup>st</sup> October 2018.


I am encouraged by the continued cooperation between your office, the National Treasury, the PSASB, the Controller of Budget, the Commission on Revenue Allocation and other relevant public organs to enhance transparency and accountability in management of public finances. My office through the Directorate of Accounting Services and Quality Assurance will continue to cooperate with your office during the audit of the financial statements hereby submitted.

I also note with appreciation the efforts and cooperation from the Accounting Officers of public entities and their staff in the preparation and submission of their individual financial statements, which forms the basis of preparing the consolidated financial statements. The National Treasury through the Directorate of Accounting Services and Quality Assurance continues to build capacity within public entities to enable them account and prepare credible financial statements at their individual level. It is my hope that these efforts will continue to reflect positively on the timeliness and quality of financial statements submitted for audit.

Finally, I commend the Directorate of Accounting Services and Quality Assurance for the effort and dedication in preparing the revised consolidated financial statements for financial year 2017/2018 hereby being submitted. This marks the fifth year since National Treasury started preparing and submitting consolidated financial statements in line with the requirements of PFM Act, 2012 and is therefore an important milestone.

Yours

*Sincerely,*



**HENRY K. ROTICH, EGH**  
**CABINET SECRETARY, NATIONAL TREASURY & PLANNING**

CC: **The Controller of Budget**

- The Office of the Controller of Budget  
P.O.Box 35616 - 00100  
**NAIROBI.**

**The Chairperson**

Commission on Revenue Allocation  
P.O. Box 1310 – 00200  
**NAIROBI.**



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*[Handwritten signature]*

THE CHAIRMAN  
THE BOARD OF DIRECTORS  
THE COMPANY

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**THE REPUBLIC OF KENYA**

**REVISED CONSOLIDATED FINANCIAL STATEMENTS**

**COUNTY GOVERNMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2018**

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**GOVERNMENT OF KENYA  
COUNTY GOVERNMENTS CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

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**Glossary of abbreviations**

AIE	Authority to incur expenditure
AS & QA	Accounting Services and Quality Assurance
CARA	County Allocation of Revenue Act
CEC	County Executive Committee
CHAI	Clinton Health Initiative
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
DANIDA	Danish International Development Agency
FY	Financial Year
HSSF	Health Sector Services Fund
HSSP	Health Sector Support Project
ICT	Information Communication and Technology
IPSAS	International Public Sector Accounting Standards
KDSP	Kenya Devolution Support Programme
KRB	Kenya Roads Board
KShs	Kenya Shillings
MDAs	Ministries, Departments and Agencies
MoH	Ministry of Health
NARIGP	National Agricultural Rural Initiative Growth Programme
NUTRIP	National Urban Transport Improvement Project
OSR	Own Source Revenue
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
RMLF	Roads Maintenance Fuel Levy
SAGAs	Semi-Autonomous Government Agencies
SCs	State Corporations
UNICEF	United Nations Children's Fund

## **1. Commentary on the consolidated financial statements**

### **1.1. The legal framework**

#### **1.1.1. Establishment of County Governments**

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralised system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments. Article 176 of the Constitution of Kenya provides that there shall be a County Government for each County, consisting of a County Assembly and a County Executive. The month of March 2013 marked the official launch of decentralization following the election of the County Government leadership.

#### **1.1.2. Financing of 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. Further, Article 203 of the Constitution stipulates that for every financial year, the equitable share of the revenue raised nationally and that is allocated to County Governments shall be not less than 15% of all revenue collected by the National Government and that the amount shall be calculated on the basis of the most recent audited accounts of revenue received, as approved by the National Assembly.

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 (CRA) and approved by Parliament in accordance with Article 217 of the Constitution. The CARA for the financial year 2017/2018, allocated County Governments equitable share of KShs 302,000,000,000 compared to KShs 280,300,000,000 in the previous financial year. In addition, the CARA also provided for conditional allocations from the National Government revenue and conditional allocation from loans and grants for the financial year 2017/2018 amounting to KShs 26,700,399,868 and KShs 16,980,618,640 respectively. Accordingly, the total allocation in financial year 2017/2018 was KShs 345,681,018,508. However, the amount transferred was KShs 326,823,578,415 (95% of the funds allocated). The undisbursed amounts related to some conditional grants.

The County Governments are mandated to generate own revenues from rates and other charges that include levies, user fees and licences as per Article 209 (3) of the Constitution of Kenya.

Funds from the National Government are transferred to the County Revenue Fund Account of each of the 47 County Governments in accordance with the disbursement schedule approved by the Senate and published in the Kenya Gazette by the Cabinet Secretary as per Section 17 of the Public Finance Management (PFM) Act, 2012.



### **1.1.3. Financial reporting arrangements**

Section 164 of the PFM Act, 2012 requires the Accounting Officer of a County Government entity to, for each financial year, prepare financial statements in respect of the entity and to submit them to the Auditor General with a copy to the Controller of Budget and the Commission on Revenue Allocation within three months after the end of the financial year.

Further, Section 163 of the PFM Act, 2012 requires the County Treasury of the County Government to consolidate the annual financial statements in respect of all the County Government entities and submit them to the Auditor General with a copy to the National Treasury, the Controller of Budget and the Commission on Revenue Allocation within four months after the end of the financial year.

The PFM Act, 2012 requires the County Governments to prepare financial statements in the format prescribed by Public Sector Accounting Standards Board (PSASB). The PSASB was established pursuant to Section 192 of the PFM Act, 2012 and has the mandate to determine the accounting standards that public sector entities should apply. In line with its mandate, the PSASB prescribed the financial reporting standards to be applied in the public sector with effect from 1<sup>st</sup> July 2014. The PSASB also provided reporting templates for County Governments to enable them comply with the standards. The PSASB has since been updating these templates regularly in line with its mandate.

The National Treasury in conjunction with the PSASB has been supporting County Governments to comply with the reporting standards and statutory reporting requirements.

### **1.1.4. Scope of the consolidation**

The consolidated financial statements for the County Governments were prepared based on the Counties consolidated financial statements submitted to the National Treasury by County Treasuries from the 47 County Governments. The County Executive Committee (CEC) Members for Finance assume the overall responsibility in the preparation of financial statements for their respective County Governments.

The consolidated financial statements are for the year ended 30<sup>th</sup> June 2018 and consolidate the County Assembly and County Executive financial statements for the 47 counties. Other County Government entities have not been consolidated as they report under a different accounting standards framework.

## 1.2. Key highlights

The following are the key highlights for financial statements for County Governments for the FY 2017/2018.

### 1.2.1. Overall performance in FY 2017/2018

The table below provides a summary of the FY 2017/2018 financial statements:

**Table 1: Summary County Governments Consolidated Financial Statements**

Description	FY 2017/2018	FY 2016/2017	Variance	% Variance
	KShs M	KShs M	KShs M	
Consolidated receipts	368,162	335,873	32,288	10%
Consolidated payments	332,924	333,712	(788)	0%
Bank and cash balances	64,543	40,653	23,890	59%
Accounts receivable	6,342	995	5,347	437%
Accounts payable	3,386	2,776	610	22%

### 1.2.2. Consolidated receipts

Consolidated receipts consist of all sources of receipts to County Governments in the FY 2017/2018. The comparatives for the previous year are indicated below.

**Table 2: Consolidated County Governments receipts**

Description	FY 2017/2018	FY 2016/2017	Variance	% Variance
	KShs M	KShs M	KShs M	
Exchequer releases	316,627	284,553	32,073	11%
Transfers from National Government Entities	10,750	12,863	(2,113)	(16%)
Proceeds from Foreign Grants/Development partners	712	1,406	(693)	(49%)
Proceeds from domestic borrowings	2	146	(144)	(98%)
Proceeds from sale of assets	4	291	(288)	(99%)
Reimbursement and refunds	37	488	(451)	(92%)
Returns of equity holdings	178	-	178	100%
County own generated receipts	31,915	33,368	(1,454)	(4%)
Returned CRF issues	7,938	2,757	5,181	188%
<b>Total</b>	<b>368,162</b>	<b>335,873</b>	<b>32,288</b>	<b>10%</b>

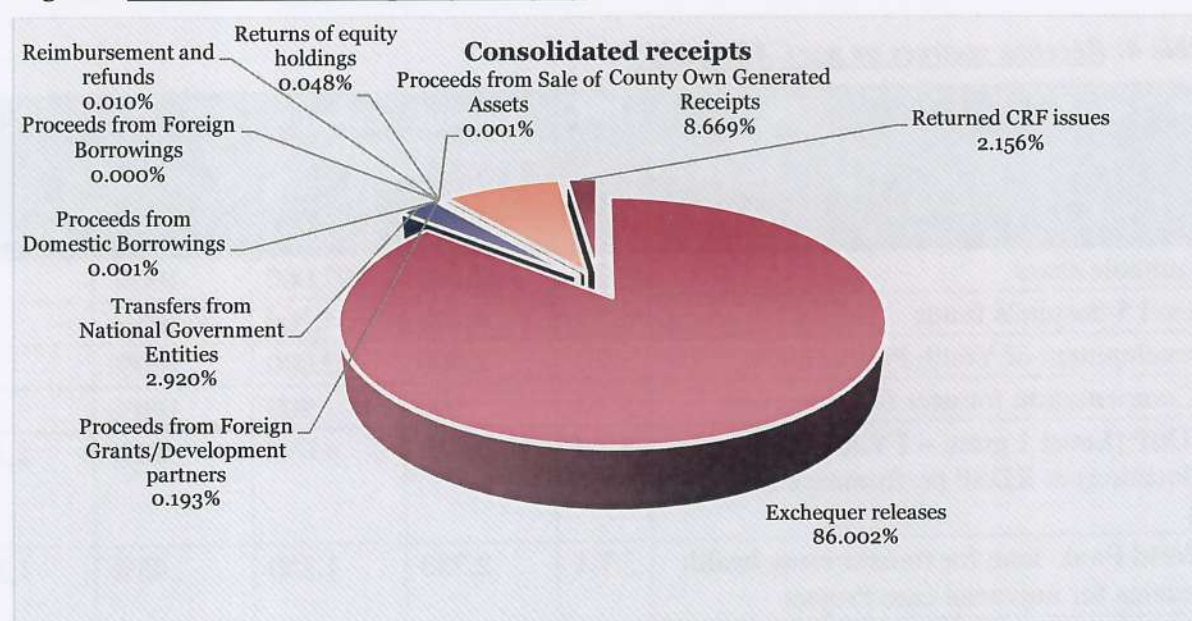
The overall increase from prior year of 10% was due to increases in exchequer releases, returns of equity holdings and refunds to CRF account. The above variances are further explained below:

**GOVERNMENT OF KENYA**  
**COUNTY GOVERNMENTS CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

- The increase of KShs 32,073 million on exchequer releases was due to increased equitable share allocation in the FY 2017/2018.
- The decrease of 16% on transfers from National Government entities was attributed to decrease in leasing of medical equipment, free maternity healthcare, funds for Doctors, Nurses, Clinical Officers and other Health Staff allowances, UNICEF funds, NHIF funds and Special Purpose grant.
- The decrease of KShs 693 million on proceeds from foreign grants/development partners was due to non-funding for doctors without borders, decrease in funds for Clinton Health Initiative (CHAI), DANIDA and World Bank (HSSP).
- The decrease of 98% on proceeds from domestic borrowings was attributable to a decline in borrowing from other domestic creditors.
- The decrease of KShs 288 million on proceeds from sale of assets was due to a decline in receipts from the sale of vehicles and transport equipment and sale of certified seeds and breeding stock.
- The decrease of 92% on reimbursement and refunds was due to a decline in reimbursement from individuals and private organizations and within general government.
- The increase of 100% on returns of equity holdings was attributable to increase returns of equity holdings in domestic organizations.
- The decrease of KShs 1,454 million on county own generated receipts was due to a decline revenues collected from interests, property income, receipts from sale of agricultural goods, cess, other local levies, insurance claims recovery, vehicle parking fees, public health services and environment and conservancy administration revenue streams among others.
- The increase of 188% on returned CRF entities is attributed to the funds returned by the counties to the CRF bank at the end of the financial year due to increased sensitization on the requirement of the Counties to refund these funds as at the end of the financial year.

The diagram below depicts the percentage composition of receipts for FY 2017/2018 by category.

**Figure 1: Consolidated receipts by category**



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Majority of the receipts were from the National Treasury, being equitable share allocation to County Governments, Kenya Devolution Support Programme (KDSP) and level 5 Hospitals funding based on CARA 2017/2018.

**1.2.3. Receipts sources as per the County Allocation of Revenue Act, 2017**

Receipts sources as per CARA include equitable share allocation and grants/loans from development partners.

Counties have continued to receive their allocations of equitable share as stipulated in CARA and this has grown over the last 5 years of devolution as depicted below.

**Table 3: *Equitable share allocation as provided for in CARA over the last 5 years***

	FY 2013/201 4	FY 2014/201 5	FY 2015/201 6	FY 2016/201 7	FY 2017/201 8	Total for five years
	KShs' M	KShs' M	KShs' M	KShs' M	KShs' M	
Equitable share allocation	190,000	226,660	259,775	280,300	302,000	1,258,735
Actual disbursement	190,000	226,660	259,775	280,300	302,000	1,258,735
% disbursed	100%	100%	100%	100%	100%	100%

It is noted that despite delays in disbursing funds to counties occasioned by challenges in revenue collection, the National Government managed to disburse 100% of the equitable share allocation to counties in each of the five years.

Below is a summary of the different receipts allocated to County Governments in the FY 2017/2018.

**Table 4: *Receipts sources as per CARA, 2017***

Description	Ref	Amount allocated	Amount disburse d	% disburse d	Balance
		KShs M	KShs M	%	KShs M
Equitable share	3.7.1	302,000	302,000	100%	-
Level 5 hospitals funds	3.7.1	4,200	4,200	100%	-
Development of Youth Polytechnics	3.7.1	2,000	2,000	100%	-
*Compensation for user fees foregone	3.7.1	900	900	100%	-
KDSP (Level 1 grant + FY2016/2017 allocation) & KDSP performance (Level 2)	3.7.1	6,246	4,098	66%	2,148
World Bank loan for transforming health systems for universal care Project	3.7.1	2,750	1,250	45%	1,500

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Description	Ref	Amount allocated	Amount disbursed	% disbursed	Balance
		KShs M	KShs M	%	KShs M
World Bank loan for National Agricultural and Rural Inclusive Growth Project (NARIGP)	3.7.1	1,050	1,063	101%	(13)
DANIDA grant for Universal Healthcare for Devolved System Program	3.7.1	1,183	1,116	94%	67
<b>Subtotal (CARA)</b>		<b>320,329</b>	<b>316,627</b>	<b>99%</b>	<b>3,702</b>
Leasing of medical equipment		4,500	-	0%	4,500
World Bank loan to supplement financing of County health facilities		873	-	0%	873
Supplement for construction of County HQs		605	-	0%	605
Other loans and grants		7,838	-	0%	7,838
EU grant for Instrument for Devolution Advice and Support		986	-	0%	986
**Road Maintenance Levy Fund (RMLF)	3.7.2	11,068	10,647	96%	421
<b>Total</b>		<b>346,199</b>	<b>327,274</b>	<b>95%</b>	<b>18,925</b>

The amount disbursed by the National Treasury to the County Governments for the FY 2017/2018 amounted to KShs 316,627 million while KShs 10,647 million was disbursed to the counties from the RMLF through the State Department of Infrastructure:

The various sources of revenue for County Governments are further described below:

- a) **Equitable share** – is the amount allocated to County Governments as a share of receipts raised nationally in accordance with the equitable sharing formula provided by CRA in the FY 2017/2018. The total allocation of KShs 302,000 million was disbursed fully in the year. Details of these transfers are shown on **Appendix 1** to this report.
- b) **Level 5 hospital funds** – is the amount allocated to specific hospitals in the Counties from National Government for rehabilitation and infrastructural improvement of these hospitals. The funds allocated of KShs 4,200 million were disbursed in full in the year. Details of these transfers are shown on **Appendix 1** to this report.
- c) **Development of Youth Polytechnics** – related to amount allocated to County Governments for rehabilitation of youth polytechnics within the counties. The total allocation of KShs 2,000 million was fully disbursed within the year.
- d) **\*Compensation for user fees** – Conditional additional allocation by the National Government to all County government health facilities to compensate them for forgone user fees receipts. The amount disbursed to the Counties through the Ministry of Health in the third quarter of FY 2017/2018 was KShs 450,000,000. The balance was disbursed to the Counties through the National Treasury in the fourth quarter of FY 2017/2018. Accordingly, the total allocation of KShs 900 million was disbursed.

- e) **World Bank funds – KDSP** – relate to conditional additional allocations to selected County Governments from the World Bank loan to support devolution. A total of KShs 4,098 million was disbursed to the qualifying counties through the National Treasury.
- f) **World Bank – Transforming health systems for Universal Care Project** – relate to conditional additional allocation by the National Government to all County Governments health facilities to transform health systems. Out of the total allocation of KShs 2,750 million, KShs 1,250 million was disbursed in the year to qualifying counties leaving a balance of KShs 1,500 million. The funds were disbursed from the National Treasury directly to the counties.
- g) **World Bank funds – NARIGP** – relate to conditional additional allocations to selected County Governments from the World Bank loan to implement rural agricultural growth initiative. The total funds disbursed to the counties was KShs 1,063 million and were disbursed through the National Treasury. The over-disbursement of KShs 13 million was due to exchange rate differences.
- h) **DANIDA funds** – These are conditional additional allocations to County Governments as a grant from the Government of Denmark to supplement financing of County health facilities. The total allocation was KShs 763 Million. During the year, KShs 1,116 million was disbursed which was above the total allocation by KShs 353 million.
- i) **Leasing of medical equipment** – The allocation for Leasing of medical equipment was managed directly by the Ministry of Health and hence there was no direct disbursement to the County Governments.
- j) **Other allocations not disbursed** - World Bank loan to supplement financing of County health facilities, Supplement for construction of County HQs, Other loans and grants, and EU grant for Instrument for Devolution Advice and Support related to conditional grants which were not disbursed by the donors as the conditions for the disbursements were not met.
- k) **\*\*Roads Maintenance Levy funds** – relate to conditional additional allocation by the National Government to all County Governments for the repair and maintenance of County roads. These are channelled by the RMLF through the State Department of Infrastructure, who then disburse to the Counties. The total amount disbursed to the State Department of Infrastructure by the RMLF during the year was KShs 10,647 million which was disbursed to the County Governments as at 30<sup>th</sup> June 2018. The variance of KShs 421 million from the total allocation of KShs 11,068 million related to 10 counties, namely Bungoma, Kiambu, Kirinyaga, Mombasa, Nandi, Samburu, Tana River, Trans Nzoia, Turkana and Vihiga. These ten did not comply with the KRB Act which was a key condition for the grant.

#### 1.2.4. County Own Source Revenue

##### 1.2.4.1. At consolidated level

On overall, County Governments Own Source Revenue (OSR) amounted to KShs 31,915 million for FY 2017/2018 compared to KShs 33,368 million generated the previous year marking a 4% decrease. The own revenue generation trend is depicted on the table below:

**Table 5: Consolidated own generated receipts over the last 5 years**

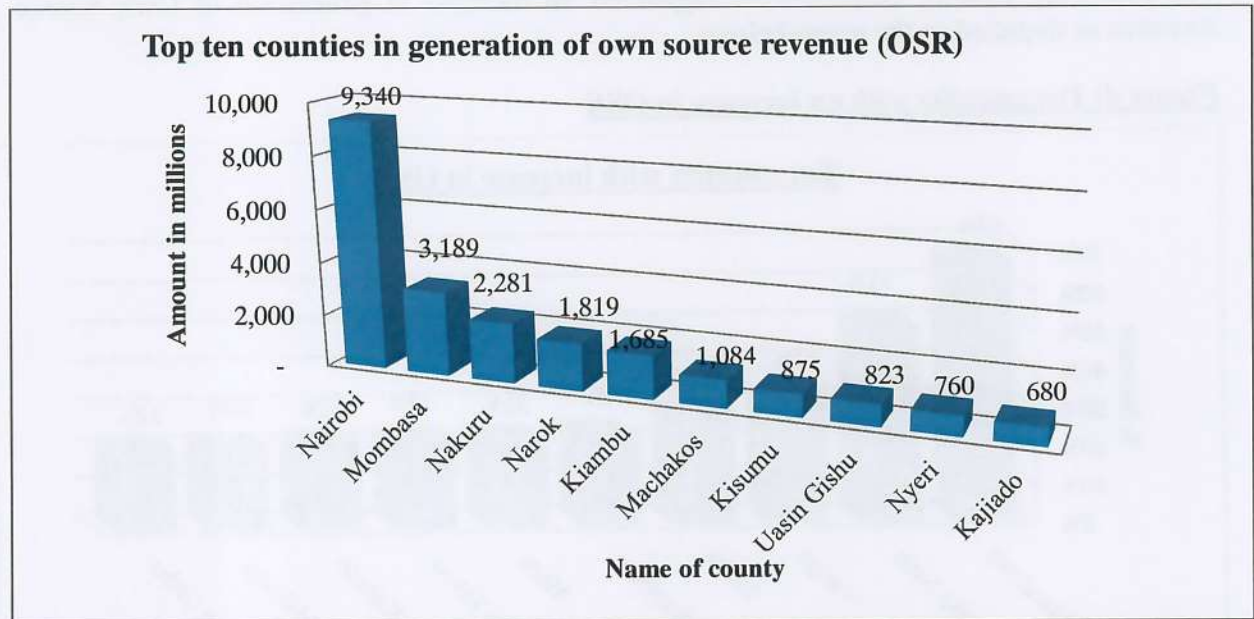
	FY 2013/2014	FY 2014/2015	FY 2015/2016	FY 2016/2017	FY 2017/2018
	KShs' M	KShs' M	KShs' M	KShs' M	KShs' M
Own Source Revenue	30,176	34,447	35,645	33,368	31,915
% increase	-	14%	3%	(6%)	(4%)

There has been a noted drop in the last two financial years due to challenges faced by the counties in collection of own source revenues. The FY 2017/2018 drop could further be attributed to the prolonged election activities which lowered level of operations at the Counties.

**1.2.4.2. Top 10 counties in FY 2017/2018**

County Governments have different abilities to generate local receipts. The figures below shows the top ten and lowest ten Counties in terms of generation of local receipts.

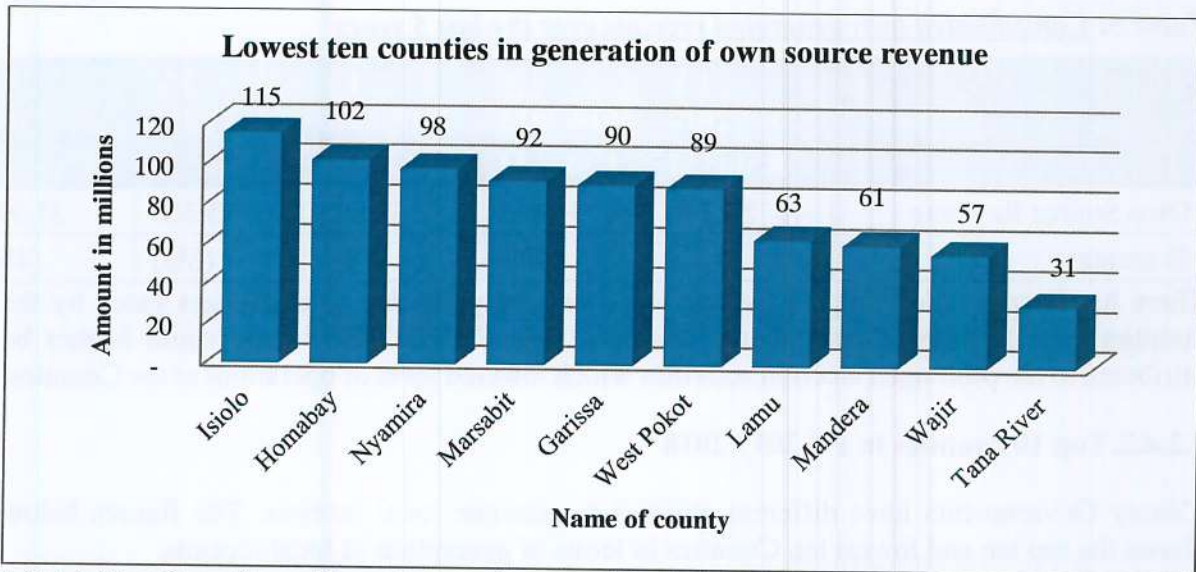
**Figure 2: Amount of receipts generated by the top 10 Counties**



**1.2.4.3. Lowest 10 counties in FY 2017/2018**

The 10 lowest counties in terms of revenue generation are shown below:

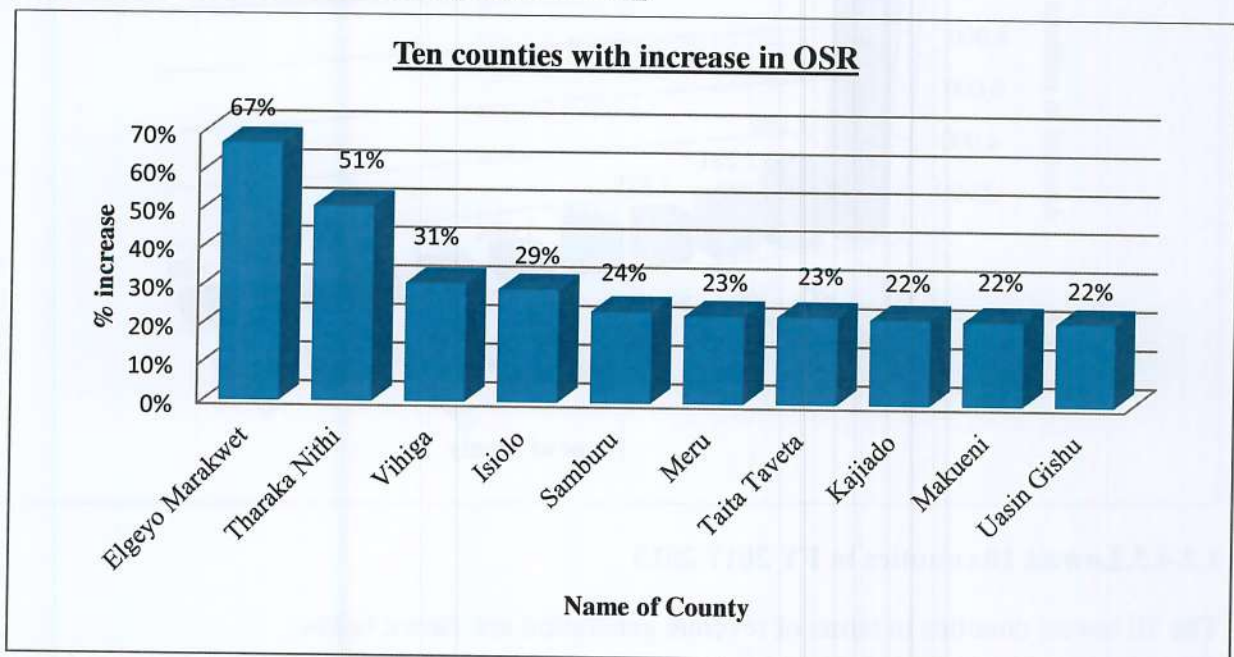
**Figure 3: Amount of receipts generated by the lowest 10 Counties**



**1.2.4.4. Ten Counties with an increasing trend in OSR in the last two years**

The following County Governments registered an increase in generation of Own Source Revenue as depicted in the graph below:

***Figure 4: Ten counties with an increase in OSR***

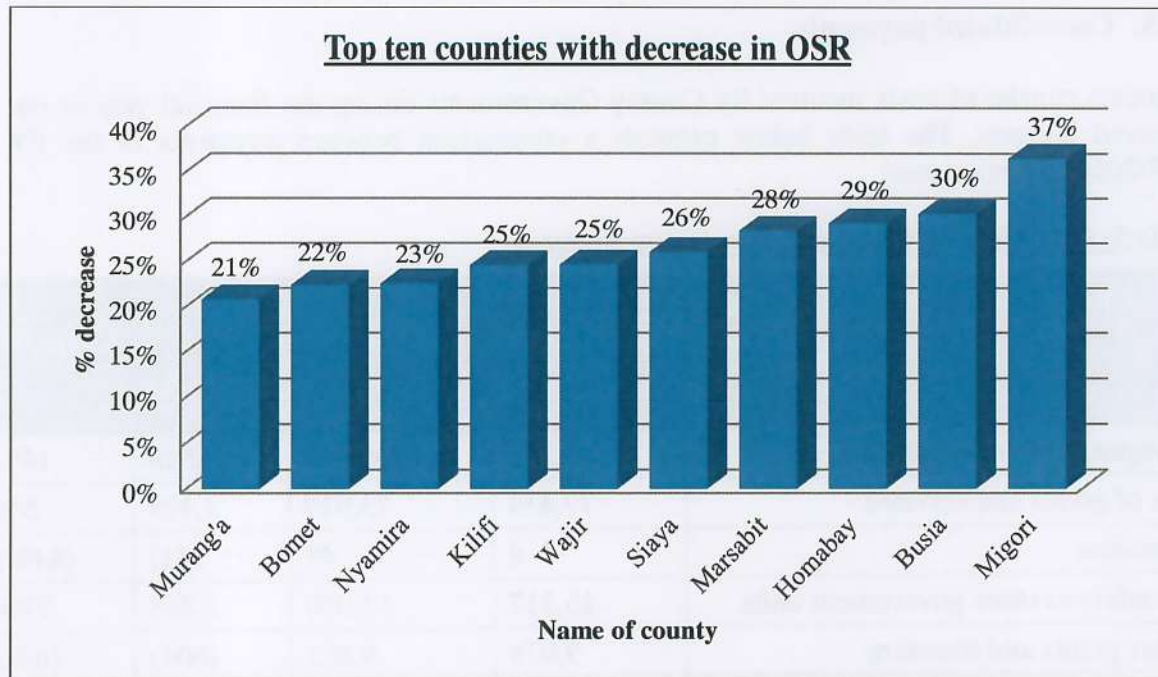


**1.2.4.5. Ten Counties with a decreasing trend in Own Source Revenue**

The following County Governments registered a decline in generation of Own Source Revenue as depicted in the graph below:

***Figure 5: Ten counties with a decrease in OSR***



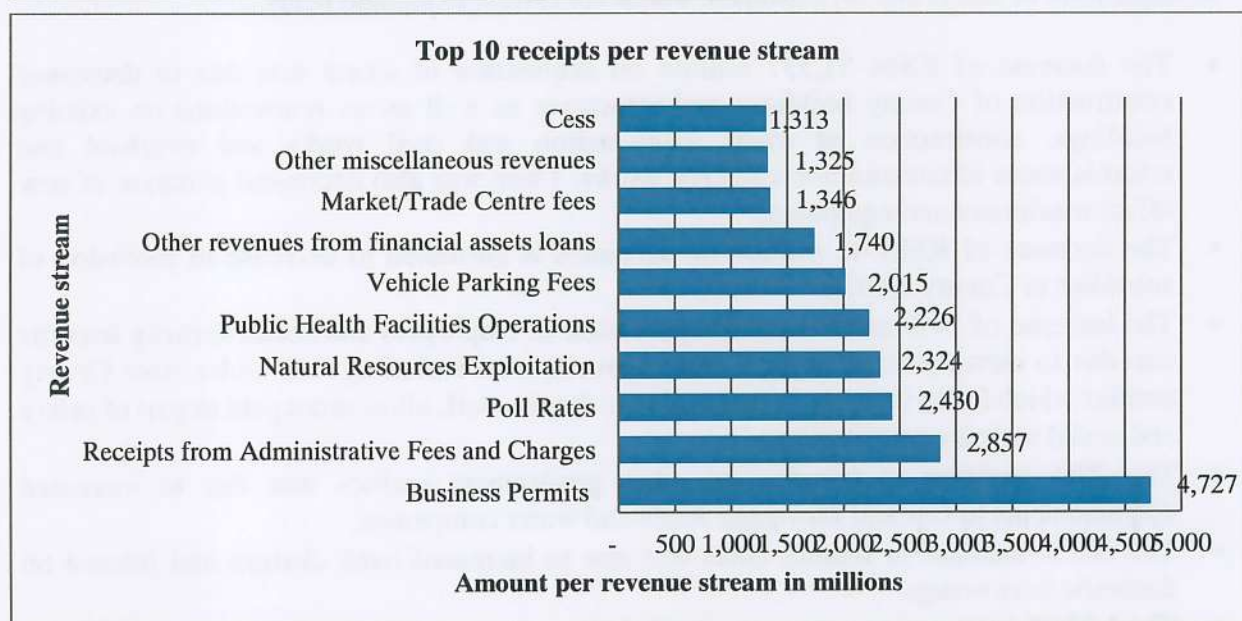


Of the 47 County Governments, Elgeyo Marakwet and Tharaka Nithi Counties recorded highest increases in receipts of 67% and 51% respectively from previous year. On the other hand, Migori and Busia Counties had the highest drops in receipts of 37% and 30% respectively.

#### **1.2.4.6. Top 10 Own Source Revenue streams**

The major sources of own receipts relate to fees from business permits and vehicle parking fees as shown in the figure below:

***Figure 6: FY 2017/2018 top 10 receipts per revenue stream***



Other miscellaneous revenues refer to various smaller revenues streams which are specific to some counties and whose classification is not in the general chart of accounts.

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COUNTY GOVERNMENTS CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**1.2.5. Consolidated payments**

Payments consist of costs incurred by County Governments during the financial year as per approved budgets. The table below presents a comparison between payments in the FY 2017/2018 and prior year:

***Table 6: Consolidated County Governments payments***

Description	FY 2017/2018	FY 2016/2017	Variance	% Variance
	KShs M	KShs M	KShs M	
Compensation of employees	155,257	136,444	18,813	14%
Use of goods and services	77,414	73,919	3,495	5%
Subsidies	8	49	(41)	(84%)
Transfers to other government units	15,317	12,050	3,268	27%
Other grants and transfers	9,078	9,683	(604)	(6%)
Social security benefits	1,499	1,423	76	5%
Acquisition of assets	61,871	93,208	(31,337)	(34%)
Finance costs, including loan interest	259	38	221	582%
Repayment of principal on borrowings	987	69	918	1331%
Other payments	11,232	6,829	4,403	64%
<b>Total</b>	<b>332,924</b>	<b>333,712</b>	<b>(788)</b>	<b>0%</b>

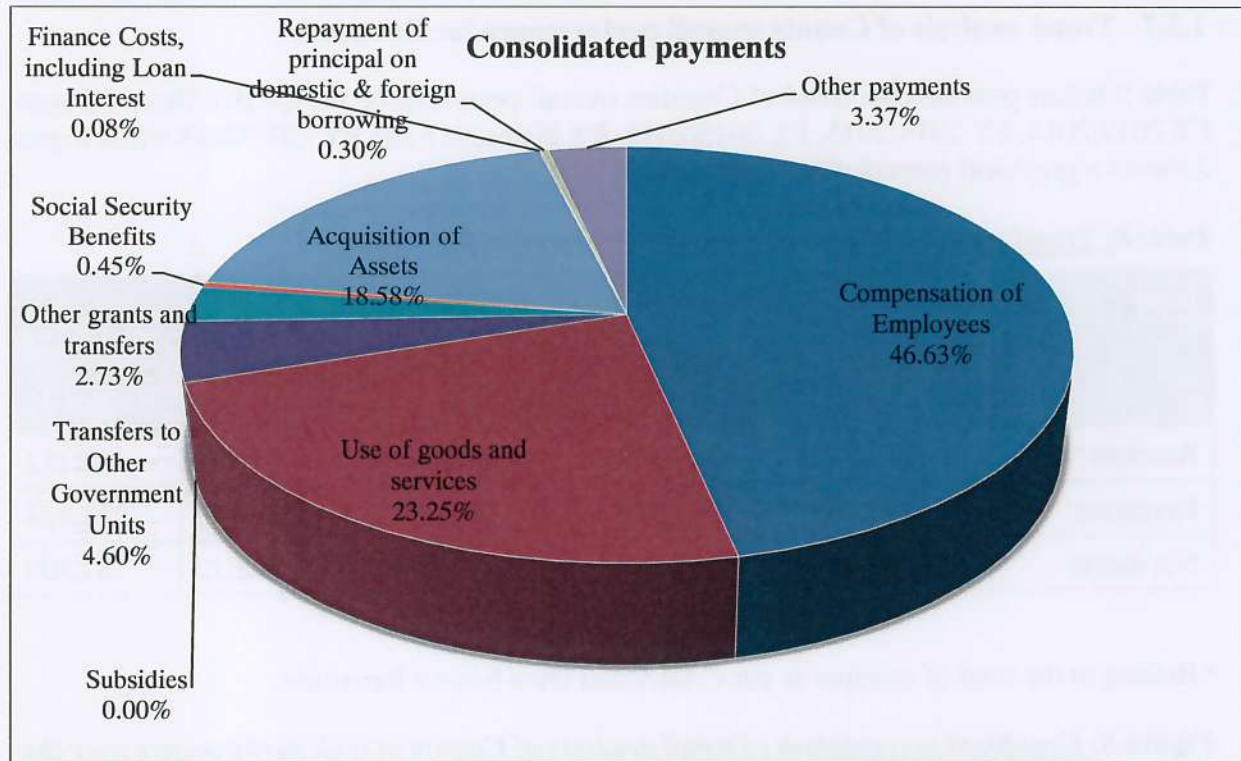
The overall decrease from prior year of KShs788 million was mainly attributable to decrease in acquisition of assets and on subsidies. These are further explained below:

- The decrease of KShs 31,337 million on acquisition of assets was due to decreased construction of County buildings and structures as well as on renovations on existing buildings, construction of roads, construction and civil works and overhaul and refurbishment of construction and civil works. There was also decreased purchase of new office machinery and equipment.
- The decrease of KShs 41 million on subsidies is attributed to decrease in provision of subsidies to County entities.
- The increase of 14% and 5% on compensation of employees and social security benefits was due to increased staff at the County Governments including staff under other County entities which led to increase in basic salaries for the staff, allowances paid as part of salary and social security contributions.
- The 27% increase in transfers to other government entities was due to increased disbursements to Car and Mortgage funds and water companies.
- The 582% increase in finance costs was due to increased bank charges and interest on domestic borrowings.
- The 1,331% increase in repayment of principal on domestic and foreign borrowing was due to increased repayments on borrowings from domestic sources and principal repayments on guaranteed debt taken over by County Governments relating to Meru, Nairobi and Nakuru Counties respectively.

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The diagram below depicts the percentage distribution of expenditure for FY 2017/2018 by category.

**Figure 7: Consolidated payments by category**



The proportion of compensation of employees to the total payments was 46.63%. However, the proportion of compensation of employees to the County Government equitable revenue share was 51% which was higher than the maximum limit of 35% as prescribed in the principles of fiscal responsibility stipulated in Section 107 (2) of the PFM Act, 2012 and the PFM County Government regulations, 2015. This was attributed to increased staff at the County Governments including staff under other County entities which led to increased basic salaries for the staff, allowances paid as part of salary and social security contributions.

**1.2.6. Financial assets held by County Governments**

The net financial assets as at 30<sup>th</sup> June 2018 was KShs 68,563 million while the comparative for the previous financial year was KShs 40,513 million representing an increase of 69% as shown in the table below:

**Table 7: Consolidated County Governments Financial Assets and Liabilities**

Item	FY 2017/2018	FY 2016/2017	Variance	%
	KShs M	KShs M	KShs M	Variance
Bank balances	64,489	40,554	23,935	59%
Cash balances	54	99	(45)	(45%)
Accounts receivable	6,342	995	5,347	537%
Accounts payable	3,386	2,776	610	22%
<b>Net assets</b>	<b>67,500</b>	<b>38,872</b>	<b>28,627</b>	<b>74%</b>

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COUNTY GOVERNMENTS CONSOLIDATED FINANCIAL STATEMENTS  
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The overall increase was due to accounts bank balances and accounts receivable which could be attributed to funds received towards the end of the financial year and hence had not been utilised at the end of the financial year.

**1.2.7. Trend analysis of County overall performance for five years**

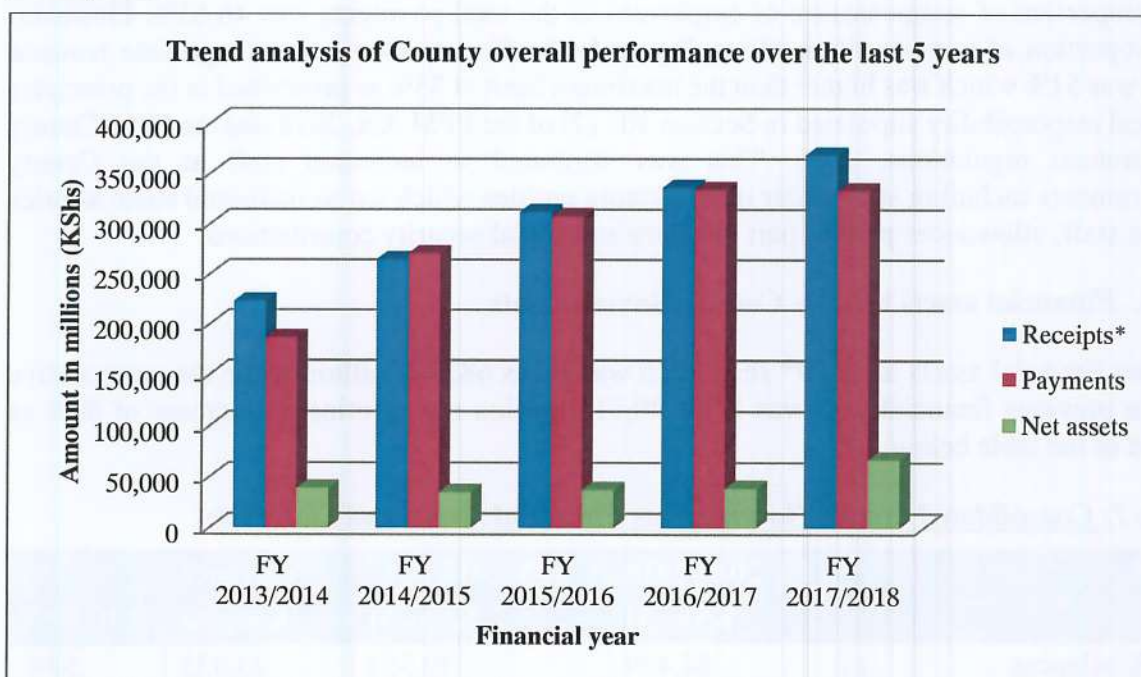
Table 5 below provides the trend of Counties overall performance for the five financial years FY 2013/2014, FY 2014/2015, FY 2015/2016, FY 2016/2017 and FY 2017/2018 while Figure 3 shows a graphical presentation of the same.

**Table 8: Trend analysis of County overall performance for 5 years**

Item	FY 2013/2014	FY 2014/2015	FY 2015/2016	FY 2016/2017	FY 2017/2018
	KShs M	KShs M	KShs M	KShs M	KShs M
Receipts*	222,788	264,508	311,619	335,873	368,162
Payments	186,656	270,346	307,559	333,712	332,924
Net assets	39,240	35,148	37,407	38,872	67,500

\* Relates to the total of receipts as per CARA and Own Source Revenues.

**Figure 8: Graphical presentation of trend analysis of County overall performance over the last 5 years**



The trend analysis above depicts the movement of receipts, payments and the net assets of the County Governments since the inception of the County Governments.

It is noted that the receipts and payments for the County Governments have been on an overall increasing trend based on the appropriated amounts. The drop on payments from FY 2016/2017 to FY 2017/2018 was attributed to the significant drop in acquisition of assets during the year.

The net assets dropped by 12% in the financial year 2014/2015 due to increases in the liabilities noted in the financial years. The net assets show a cyclical trend with highest peak in FY 2017/2018 and the lowest peak in FY 2014/2015.

### **1.3. Conclusion**

The allocation of funds to Counties continues to increase over the years, with the National Treasury disbursing 100% of the equitable share in each of the last five years. The County own generated revenues at the consolidated level registered a decrease in the last two years although some counties have shown growth at individual county level. Overall expenditure has continued to increase over the years but showed a drop in the financial year 2017/2018.



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The National Treasury  
25<sup>th</sup> January 2019**



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**CPA Jona Wala  
Ag. Director, Accounting Services  
The National Treasury  
25<sup>th</sup> January 2019**

## **2. Statement of responsibility**

Section 164 of the Public Finance Management (PFM) Act, 2012 requires County Governments to prepare annual financial statements within three months following the end of the financial year. Section 163 of the PFM Act, 2012 further requires the County Governments to consolidate the financial statements in respect of County Government entities within four months following the end of the financial year. These financial statements are prepared in accordance with the accounting policies and formats prescribed by the Public Sector Accounting Standards Board.

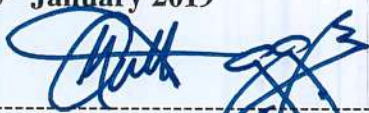
The National Treasury has consolidated the financial statements of 47 County Governments. These consolidated financial statements relate to the County Governments for the financial year 2017/2018. Other County Government entities have not been consolidated as they report under a different accounting standards framework. However, the 71 financial statements for Other County Government entities were consolidated separately and have been annexed to this report. The consolidated financial statements for the County Governments were prepared based on the financial statements submitted to the National Treasury by County Executives, County Assemblies and other entities of the 47 County Governments. The County Executive Committee (CEC) Members for Finance assume the overall responsibility in the preparation of financial statements for their respective County Governments.

The consolidated financial statements have been prepared on a going concern basis, and are based on accounting policies which have been applied consistently and supported by reasonable and prudent judgements and estimates.

To the best of our knowledge, the consolidated financial statements as set out on pages 1 to 34 are complete in all material aspects and are prepared based on the financial statements submitted by the 47 County Governments for the financial year ended 30<sup>th</sup> June 2018.



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**CPA Bernard Ndungu, MBS**  
**Director General Accounting Services & Quality Assurance**  
**The National Treasury**  
**25<sup>th</sup> January 2019**



-----  
**Dr. Kamau Thugge, CBS**  
**Principal Secretary**  
**The National Treasury**  
**25<sup>th</sup> January 2019**



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**Henry Rotich, EGH**  
**Cabinet Secretary**  
**The National Treasury**  
**25<sup>th</sup> January 2019**

GOVERNMENT OF KENYA  
 COUNTY GOVERNMENTS CONSOLIDATED FINANCIAL STATEMENTS  
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3. Consolidated financial statements

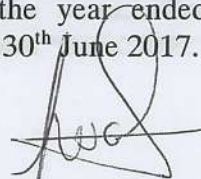
3.1. Consolidated statement of receipts and payments for the year ended 30<sup>th</sup> June 2018

	Note	FY 2017/2018	FY 2016/2017
RECEIPTS		KShs	KShs
Exchequer releases	3.7.1	316,626,892,959	284,553,473,266
Transfers from national Government entities	3.7.2	10,749,702,963	12,862,854,596
Proceeds from grants/development partners	3.7.3	712,180,977	1,405,646,840
Proceeds from domestic borrowings	3.7.4	2,233,259	146,245,505
Proceeds from sale of assets	3.7.5	3,738,300	291,324,140
Reimbursement and refunds	3.7.6	37,089,622	488,350,847
Returns of equity holdings	3.7.7	177,508,732	-
County own generated receipts	3.7.8	31,914,623,786	33,368,216,697
Refunds to CRF account	3.7.9	7,937,760,246	2,757,235,130
<b>TOTAL RECEIPTS</b>		<b>368,161,730,844</b>	<b>335,873,347,021</b>
<b>PAYMENTS</b>			
Compensation of employees	3.7.10	155,257,318,764	136,444,329,607
Use of goods and services	3.7.11	77,414,204,324	73,919,496,534
Subsidies	3.7.12	7,769,519	48,765,279
Transfers to other Government units	3.7.13	15,317,481,577	12,049,729,341
Other grants and transfers	3.7.14	9,078,396,268	9,682,595,905
Social security benefits	3.7.15	1,499,011,536	1,423,205,554
Acquisition of assets	3.7.16	61,870,703,143	93,208,093,551
Finance costs, including loan interest	3.7.17	259,495,513	38,036,011
Repayment of principal on borrowing	3.7.18	987,101,456	68,988,823
Other payments	3.7.19	11,232,425,588	6,829,002,708
<b>TOTAL PAYMENTS</b>		<b>332,923,907,688</b>	<b>333,712,243,313</b>
<b>SURPLUS FOR THE YEAR</b>		<b>35,237,823,156</b>	<b>2,161,103,688</b>

The financial statements should be read in conjunction with the accompanying notes and appendices to this report. The report covers the year ended 30<sup>th</sup> June 2018 and the accompanying comparatives cover the year ended 30<sup>th</sup> June 2017.



CPA Bernard Ndungu, MBS  
 Director General, Accounting Services  
 & Quality Assurance  
 The National Treasury  
 25<sup>th</sup> January 2019



CPA Jona Wala  
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 The National Treasury  
 25<sup>th</sup> January 2019

GOVERNMENT OF KENYA  
 COUNTY GOVERNMENTS CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018

3.2. Consolidated statement of financial assets and liabilities as at 30<sup>th</sup> June 2018

	Note	FY 2017/2018	FY 2016/2017
		KShs	KShs
<b>Financial assets</b>			
<b>Cash and cash equivalents</b>			
Bank balances	3.7.20A	64,489,115,983	40,554,092,766
Cash balances	3.7.20B	54,059,560	98,688,077
<b>Total cash and cash equivalents</b>		<b>64,543,175,543</b>	<b>40,652,780,843</b>
Accounts receivable	3.7.21	6,341,963,829	995,334,381
<b>Total financial assets</b>		<b>70,885,139,371</b>	<b>41,648,115,224</b>
<b>Financial liabilities</b>			
Accounts payable	3.7.22	3,385,588,338	2,775,676,422
<b>Net financial assets</b>		<b>67,499,551,033</b>	<b>38,872,438,802</b>
<b>Represented by</b>			
Fund balance b/fwd	3.7.23	38,872,438,802	38,360,069,975
Surplus for the year		35,237,823,156	2,161,103,688
Prior year adjustments	3.7.24	(6,610,710,924)	(1,648,734,861)
<b>Net financial position</b>		<b>67,499,551,033</b>	<b>38,872,438,802</b>

The financial statements should be read in conjunction with the accompanying notes and appendices to this report. The report covers the year ended 30<sup>th</sup> June 2018 and the accompanying comparative amounts cover year ended 30<sup>th</sup> June 2017.



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 25<sup>th</sup> January 2019



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 25<sup>th</sup> January 2019



GOVERNMENT OF KENYA  
COUNTY GOVERNMENTS CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018

3.3. Consolidated statement of cash flows for the year ended 30<sup>th</sup> June 2018

	Note	FY 2017/2018	FY 2016/2017
		KShs	KShs
<b>Receipts from operating activities</b>			
Exchequer releases	3.7.1	316,626,892,959	284,553,473,266
Transfers from National Government entities	3.7.2	10,749,702,963	12,862,854,596
Proceeds from grants/development partners	3.7.3	712,180,977	1,405,646,840
Reimbursement and refunds	3.7.6	37,089,622	488,350,847
Returns of equity holdings	3.7.7	177,508,732	-
County own generated receipts	3.7.8	31,914,623,786	33,368,216,697
Returned CRF issues	3.7.9	7,937,760,246	2,757,235,130
<b>Total receipts from operating activities</b>		<b>368,155,759,285</b>	<b>335,435,777,376</b>
<b>Payments for operating activities</b>			
Compensation of employees	3.7.10	155,257,318,764	136,444,329,607
Use of goods and services	3.7.11	77,414,204,324	73,919,496,554
Subsidies	3.7.12	7,769,519	48,765,279
Transfers to other Government units	3.7.13	15,317,481,577	12,049,729,341
Other grants and transfers	3.7.14	9,078,396,268	9,682,595,905
Social security benefits	3.7.15	1,499,011,536	1,423,205,554
Finance costs, including loan interest	3.7.17	259,495,513	38,036,011
Other payments	3.7.19	11,232,425,588	6,829,002,708
<b>Total payments for operating activities</b>		<b>270,066,103,089</b>	<b>240,435,160,959</b>
<b>Adjusted for:</b>			
(Increase) in accounts receivable		(5,346,629,448)	(382,593,964)
Increase in accounts payable		609,911,917	1,045,112,985
<b>Adjustments during the year:</b>			
Prior period adjustments		(6,610,710,924)	(1,648,734,861)
<b>Net cash flows from operating activities</b>		<b>86,742,227,740</b>	<b>94,014,400,576</b>
<b>Cash flows in investing activities</b>			
Proceeds from sale of assets	3.7.5	3,738,300	291,324,140
Acquisition of assets	3.7.16	(61,870,703,143)	(93,208,093,551)
<b>Net cash flows in investing activities</b>		<b>(61,866,964,843)</b>	<b>(92,916,769,411)</b>
<b>Cash flows from financing activities</b>			
Proceeds from domestic borrowings	3.7.4	2,233,259	146,245,505
Repayment of principal on borrowings	3.7.18	(987,101,456)	(68,988,823)
<b>Net cash flows from financing activities</b>		<b>(984,868,197)</b>	<b>77,256,682</b>
<b>Net increase in cash &amp; cash equivalents</b>		<b>23,890,394,700</b>	<b>1,174,887,847</b>
Cash and cash equivalents at start of year	3.7.20	40,652,780,843	39,477,892,996
Net increase in cash and cash equivalents		23,890,394,700	1,174,887,847
<b>Cash and cash equivalents at end of year</b>		<b>64,543,175,543</b>	<b>40,652,780,843</b>

**GOVERNMENT OF KENYA  
COUNTY GOVERNMENTS CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

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The financial statements should be read in conjunction with the accompanying notes and appendices to this report. The report covers the year ended 30<sup>th</sup> June 2018 and the accompanying comparatives cover the year ended 30<sup>th</sup> June 2017.



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**CPA Bernard Ndungu, MBS  
Director General, Accounting Services &  
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The National Treasury  
25<sup>th</sup> January 2019**



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Ag. Director, Accounting Services  
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25<sup>th</sup> January 2019**

**GOVERNMENT OF KENYA  
COUNTY GOVERNMENTS CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**3.4. Summary statement of appropriation for the year ended 30<sup>th</sup> June 2018**

	Original Budget FY2017/2018	*Adjustments FY2017/2018	Final Budget FY2017/2018	Actual on Comparable Basis FY2017/2018	Budget Variance FY2017/2018	% Utilization FY 2017/2018
	(a)	(b)	(c) = (a) + (b)	(d)	(e) = (c) - (d)	(f) = (d)/(c)
<b>RECEIPTS</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	
Exchequer releases	274,074,344,713	35,607,674,601	309,682,019,314	316,626,892,959	(6,944,873,645)	102%
Transfers from National Government entities	12,303,838,529	2,893,928,119	15,197,766,648	10,749,702,963	4,448,063,685	71%
Proceeds from grants/Development partners	11,152,019,547	1,649,570,803	12,801,590,350	712,180,977	12,089,409,373	6%
Proceeds from domestic borrowings	179,021,571	273,436,657	452,458,228	2,233,259	450,224,969	0%
Proceeds from foreign borrowings	46,361,941	-	46,361,941	-	46,361,941	0%
Proceeds from sale of assets	150,000,000	-	150,000,000	3,738,300	146,261,700	2%
Reimbursement and refunds	-	1,356,614,617	1,356,614,617	37,089,622	1,319,524,995	3%
Returns of equity holdings	-	-	-	177,508,732	(177,508,732)	-
County Own Generated Receipts	43,315,513,133	5,640,003,763	48,955,516,896	31,914,623,786	17,040,893,110	65%
Returned CRF issues	10,983,054,565	988,203,557	11,971,258,122	7,937,760,246	4,033,497,876	66%
<b>Total receipts</b>	<b>352,204,153,999</b>	<b>48,409,432,117</b>	<b>400,613,586,116</b>	<b>368,161,730,844</b>	<b>32,451,855,272</b>	<b>92%</b>
<b>PAYMENTS</b>						
Compensation of employees	136,928,527,239	11,194,690,047	148,123,217,286	155,257,318,764	(7,134,101,478)	105%
Use of goods and services	66,793,297,047	16,390,987,199	83,184,284,246	77,414,204,324	5,770,079,922	93%
Subsidies	123,417,938	720,600,396	844,018,334	7,769,519	836,248,815	1%
Transfers to other Government entities	19,697,372,732	6,915,981,681	26,613,354,413	15,317,481,577	11,295,872,836	58%
Other grants and transfers	11,618,045,071	2,537,732,347	14,155,777,418	9,078,396,268	5,077,381,150	64%
Social security benefits	4,751,665,239	(923,575,070)	3,828,090,169	1,499,011,536	2,329,078,633	39%
Acquisition of assets	105,575,264,096	7,856,679,944	113,431,944,040	61,870,703,143	51,561,240,897	55%
Finance costs, including loan interest	57,338,567	159,416,535	216,755,102	259,495,513	(42,740,411)	120%
Repayment of principal on borrowings	101,500,000	(58,500,000)	43,000,000	987,101,456	(944,101,456)	2296%
Other payments	6,557,726,070	3,615,419,038	10,173,145,108	11,232,425,588	(1,059,280,480)	110%
<b>Total payments</b>	<b>352,204,153,999</b>	<b>48,409,432,117</b>	<b>400,613,586,116</b>	<b>332,923,907,688</b>	<b>67,689,678,428</b>	<b>83%</b>

**GOVERNMENT OF KENYA  
COUNTY GOVERNMENTS CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

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\* - **Adjustments on original budget** – There were adjustments on the original budgets as presented in financial statements of various Counties. The changes were as a result of reallocation within the budgets and supplementary budgets that were done during the reporting period.

The financial statements should be read in conjunction with the accompanying notes and appendices to this report. The report covers the year ended 30<sup>th</sup> June 2018 and the accompanying comparatives cover the year ended 30<sup>th</sup> June 2017.



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**CPA Bernard Ndungu, MBS  
Director General, Accounting Services  
& Quality Assurance  
The National Treasury  
25<sup>th</sup> January 2019**



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**CPA Jona Wala  
Ag. Director, Accounting Services  
The National Treasury  
25<sup>th</sup> January 2019**

**GOVERNMENT OF KENYA  
COUNTY GOVERNMENTS CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**3.5. Summary of funds movement per County during the financial year 2017/2018**

This presents a summary of the movement of funds at the County Governments during the Financial Year 2017/2018, including total receipts, total payments and net financial assets.

Ref	County	Total receipts KShs	Total payments KShs	Surplus/Deficit KShs	Balance brought forward KShs	Prior period adjustments KShs	Net financial assets KShs
1	Mombasa	12,051,078,475	11,259,071,427	792,007,048	433,189,381	(79,341,796)	1,145,854,633
2	Kwale	8,002,894,781	6,833,590,882	1,169,303,899	1,088,153,854	-	2,257,457,753
3	Kilifi	11,049,194,281	10,791,924,845	257,269,436	572,703,194	(77,704,293)	752,268,337
4	Tana River	5,692,307,583	4,485,765,549	1,206,542,034	193,630,511	(145,518,487)	1,254,654,058
5	Lamu	2,755,121,062	2,390,127,126	364,993,936	209,030,819	-	574,024,755
6	Taita Taveta	4,399,261,376	4,000,999,686	398,261,690	229,194,951	-	627,456,641
7	Garissa	7,545,534,181	6,575,591,649	969,942,532	106,753,415	39,067,446	1,115,763,393
8	Wajir	9,133,105,905	6,448,817,179	2,684,288,726	374,361,612	(374,361,062)	2,684,289,276
9	Mandera	10,378,501,702	9,546,459,025	832,042,677	1,646,210,323	(14,597)	2,478,238,403
10	Marsabit	7,083,060,298	6,771,534,068	311,526,230	551,883,356	-	863,409,586
11	Isiolo	4,121,755,258	3,737,113,059	384,642,199	98,002,850	-	482,645,049
12	Meru	12,387,351,957	9,444,181,420	2,943,170,537	1,577,025,630	(156,540,578)	4,363,655,589
13	Tharaka Nithi	4,124,079,835	3,997,044,107	127,035,728	577,716,243	-	704,751,971
14	Embu	5,644,792,344	5,294,360,755	350,431,589	1,706,213,035	(492,869,787)	1,563,774,837
15	Kitui	9,571,596,355	10,539,211,448	(967,615,093)	1,312,022,393	42,864,624	387,271,924
16	Machakos	9,430,578,177	8,040,977,732	1,389,600,445	134,543,248	(74,678,925)	1,449,464,768
17	Makueni	7,824,009,737	7,605,849,080	218,160,657	1,329,902,492	(29,219,828)	1,518,843,321
18	Nyandarua	5,685,441,989	4,704,845,650	980,596,339	318,836,197	(1,682,569)	1,297,749,967
19	Nyeri	6,437,784,651	6,320,412,819	117,371,832	1,342,310,577	(2,202,659)	1,457,479,750
20	Kirinyaga	5,116,363,582	4,617,946,321	498,417,261	420,528,562	(523,586)	918,422,237
21	Muranga	7,094,289,218	6,385,096,539	709,192,679	610,657,152	(559,260,069)	760,589,762
22	Kiambu	12,607,384,451	11,826,432,540	780,951,911	87,957,792	(171,912,902)	696,996,801
23	Turkana	10,916,587,421	10,656,069,375	260,518,046	4,043,853,789	(928,617,561)	3,375,754,274

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Ref	County	Total receipts KShs	Total payments KShs	Surplus/Deficit KShs	Balance brought forward KShs	Prior period adjustments KShs	Net financial assets KShs
24	West Pokot	5,212,056,970	4,881,097,509	330,959,461	244,014,539	-	574,974,000
25	Samburu	4,384,442,231	4,011,838,451	372,603,780	250,542,179	-	623,145,959
26	Trans Nzoia	6,312,709,476	5,841,306,472	471,403,004	82,475,412	92,240,354	646,118,770
27	Uasin Gishu	6,934,423,407	6,450,029,915	484,393,492	904,992,905	-	1,389,386,397
28	Elgeyo Marakwet	4,093,692,326	3,955,042,442	138,649,884	699,869,192	-	838,519,076
29	Nandi	5,659,469,588	4,996,291,881	663,177,707	814,107,259	588,166,388	2,065,451,354
30	Baringo	5,794,049,551	5,218,331,388	575,718,163	1,109,040,320	(11,830,301)	1,672,928,182
31	Laikipia	5,523,667,625	4,802,040,033	721,627,592	114,534,811	(100,981,774)	735,180,629
32	Nakuru	12,524,886,641	11,391,351,810	1,133,534,831	3,134,983,962	(410,091,799)	3,858,426,994
33	Narok	8,940,453,173	8,498,860,609	441,592,564	375,878,030	(28,874,957)	788,595,637
34	Kajiado	6,779,934,667	6,644,793,213	135,141,454	1,013,737,139	-	1,148,878,593
35	Kericho	7,039,056,745	5,188,229,114	1,850,827,631	466,573,287	-	2,317,400,918
36	Bomet	6,063,199,940	5,192,079,145	871,120,795	1,284,595,575	(852,639,651)	1,303,076,719
37	Kakamega	11,640,760,649	11,532,198,122	108,562,527	1,349,887,285	5,792,397	1,464,242,209
38	Vihiga	4,882,129,865	3,790,180,714	1,091,949,151	421,331,137	-	1,513,280,288
39	Bungoma	9,869,505,811	8,614,633,154	1,254,872,657	777,500,903	266,520,491	2,298,894,051
40	Busia	7,744,198,821	5,989,331,971	1,754,866,850	806,823,157	(793,489,855)	1,768,200,152
41	Siaya	6,105,642,179	4,554,762,094	1,550,880,085	577,598,478	(759,315,117)	1,369,163,446
42	Kisumu	8,733,413,673	7,612,414,376	1,120,999,297	1,335,019,447	(783,017,066)	1,673,001,678
43	Homabay	7,089,658,823	6,614,058,946	475,599,877	245,143,375	-	720,743,252
44	Migori	7,296,813,254	7,791,820,853	(495,007,599)	805,306,266	-	310,298,667
45	Kisii	8,979,054,595	9,293,653,330	(314,598,735)	2,193,766,645	(19,871,470)	1,859,296,440
46	Nyamira	5,946,799,084	4,507,236,440	1,439,562,644	1,232,334,312	(862,709,647)	1,809,187,309
47	Nairobi City	25,559,637,131	23,278,903,425	2,280,733,706	(332,298,189)	71,907,712	2,020,343,229
	<b>Total</b>	<b>368,161,730,844</b>	<b>332,923,907,688</b>	<b>35,237,823,156</b>	<b>38,872,438,802</b>	<b>(6,610,710,924)</b>	<b>67,499,551,034</b>

### **3.6. Significant accounting policies**

#### **a) Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with Cash Basis IPSAS as prescribed by the PSASB and set out in the accounting policies below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The accounting policies adopted have been consistently applied to all the years presented.

#### **b) Reporting entity**

The financial statements are for the County Governments. The financial statements encompass the reporting entity as specified in Chapter 11 of the Constitution.

#### **c) Reporting currency**

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government of Kenya.

#### **d) Basis of consolidation**

This consolidation is based on copies of unaudited financial statements submitted by the individual Counties to the National Treasury by 31<sup>st</sup> October 2018 with a copy to the Controller of Budget and the Commission on Revenue Allocation. A revised consolidation based on the audited financial statements will be prepared and submitted for audit purposes.

The financial statements are aggregated on a line by line basis with the inter-entity transactions of receipts and payment being eliminated at the county consolidation level to avoid overestimation of receipts or payments.

The entities' accounting policies have been adjusted to form a consistent basis, where their effect is deemed material to this consolidated financial statements. This is especially the case for the entities whose financial statements have been prepared on accrual-basis IPSAS.

#### **e) Elimination**

Material balances and transactions between County entities included in this consolidation have been eliminated. This has been informed by the inter-entity elimination template that is completed by the entities and submitted to the National Treasury.

### 3.6 Significant accounting policies (Continued)

#### f) Recognition of receipts

The County Governments recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the County Government.

**Transfers from the Exchequer** – Transfer from Treasury will be 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 through a gazette notice.

**Donations and grants** – Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants will be recorded upon receipt of the grant item and upon determination of the value. The date of the transaction shall be the value date indicated on the payment advice.

**Proceeds from borrowing** – Borrowing relate to external loans acquired by the County Government or any other debt the State may take on will be treated on cash basis and recognized as receipt during the year of receipt.

During the year ended 30<sup>th</sup> June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

**Returns to CRF issues** – These relate to unspent balances in the development, recurrent and deposit accounts at the end of the year which are returned to the County Revenue Fund (CRF) and appropriated through a supplementary budget to enable the County Governments to spend funds. These funds are recognised once appropriated through a supplementary budget process.

**County own generated receipts** – These are receipts that County Governments have been allowed to collect under the respective County Finance Acts and include receipts such as trade licenses, cess, fees property income among others generated by the County Governments.

**Other receipts** – These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognised in the financial statements the time associated cash is received.



### 3.6 Significant accounting policies (Continued)

#### g) Recognition of payments

The County Governments recognises all payments when the event occurs and the related cash has actually been paid out by the County Governments.

**Compensation of employees** – Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

**Use of goods and services** – Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, are be disclosed as pending bills.

**Interest on borrowing** – Borrowing costs that include interest on loans are recognized as payment in the period in which they are paid for.

**Repayment of borrowing (principal amount)** – The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made.

**Acquisition of fixed assets** – The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

#### h) In-kind contributions

In-kind contributions are donations that are made to the entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the entity includes such value in the statement of receipts and payments both as receipts and as a payment in equal and opposite amounts; otherwise, the contribution is not recorded.

#### i) 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.

**Restriction on cash** – Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Cash held up in deposits accounts is restricted for purpose of supplier retention funds. This cash is not available for use for any other purpose.

### 3.6 Significant accounting policies (Continued)

#### j) Accounts receivable

For the purposes of these financial statements, imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

#### k) Accounts payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfillment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted and prescribed by the Public Sector Accounting Standards Board. Other liabilities including pending bills are disclosed in the financial statements.

#### l) Related party disclosures

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprised of related parties:

- Key management personnel that include Governors, Deputy Governors, CEC Members and Members of the Counties Assemblies;
- County Governments Corporations; and
- National Government Entities including MDAs, SCs and SAGAs.

#### m) Comparative figures

The financial statements period cover the period 1<sup>st</sup> July 2017 to 30<sup>th</sup> June 2018. The comparative numbers are for audited financial statements for the corresponding period 1<sup>st</sup> July 2016 to 30<sup>th</sup> June 2017. Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

### 3.7. Notes to the financial statements

#### 3.7.1. Transfers from the National Treasury as exchequer releases

These comprise of transfers from the Exchequer, comprising of equitable share allocation, Level 5 hospital funds, World Bank funds, KDSP, user fees, and DANIDA Health Funds. This represents an increase of 11% from the FY 2016/2017. A summary of the disbursements to the Counties per quarter is indicated below:

Description	FY 2017/2018 KShs	FY 2016/2017 KShs
Total exchequer releases for quarter 1	20,434,075,558	56,444,496,765
Total exchequer releases for quarter 2	64,236,849,683	62,377,071,760
Total exchequer releases for quarter 3	90,296,849,509	69,385,788,543
Total exchequer releases for quarter 4	141,659,118,209	96,346,116,198
<b>*Total</b>	<b>316,626,892,959</b>	<b>284,553,473,266</b>

*\*This figure is broken down into the CARA components as follows:*

Description	FY 2017/2018 KShs	FY 2016/2017 KShs
Equitable share	302,000,000,000	281,035,121,636
Level 5 hospitals funds	4,200,000,000	2,520,582,658
DANIDA grant – Universal Healthcare	1,116,086,011	-
World Bank – Transforming health systems for Universal Care project	1,250,000,000	-
Devolution KDSP	4,098,000,008	26,232,000
Word Bank – NARIGP	1,062,806,963	-
Development of Youth Polytechnics	1,999,999,978	-
*User fees foregone (MoH/National Treasury)	899,999,999	971,536,972
<b>Total, as per Appendix 1</b>	<b>316,626,892,959</b>	<b>284,553,473,266</b>

\* KShs 316,626,892,959 includes KShs 450,000,000 relating to Compensation for user fees foregone disbursed to the Counties through the Ministry of Health in the second quarter of FY 2017/2018.

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**3.7.2. Transfers from National Government entities**

These consist of funds received from the National Government MDAs and other Government entities. This represents a decrease of 16% from the FY 2016/2017. Large increases in the transfers were from the Kenya Roads Board Fuel Levy Fund for the repairs of County roads.

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Transfer from Ministry of Health	-	388,823,043
Leasing of medical equipment	95,744,682	207,060,176
Ministry of Health - Free maternity healthcare	-	4,092,698,896
Doctors, Nurses, Clinical Officers and Other Health Staff Allowances	-	3,602,350,336
UNICEF	1,445,250	30,924,000
NHIF funds	-	20,153,671
Road maintenance fuel levy fund	10,646,553,032	4,298,309,003
Special purpose grant	5,960,000	193,152,946
Coffee Cess Allocation (State Department of Infrastructure)	-	136,442,701
<b>Total</b>	<b>10,749,702,963</b>	<b>12,862,854,596</b>

**3.7.3. Proceeds from Grants/Development partners**

These are grants received from development partners directly to the County Governments. This represents a decrease of 49% from the FY 2016/2017.

	FY 2017/2018	FY 2016/2017
	KShs	KShs
World Health Organization	-	371,176
Clinton Health Initiative (CHAI)	1,004,250	1,356,000
Doctors without borders	-	927,000
DANIDA – Health Sector Support Project (HSSP)	101,296,487	414,175,950
Gavi, the Vaccine Alliance	2,237,250	-
World Bank – Health Sector Support Programme (HSSP)	-	586,195,762
World Health Organization	-	371,176
World Bank Health Funds (RBF 2016/2017 B/F)	607,492,990	402,620,952
Kenya Muslim Youth Development	150,000	-
<b>Total</b>	<b>712,180,977</b>	<b>1,405,646,840</b>

### 3.7.4. Proceeds from domestic borrowings

These relate to borrowing from within general Government, other domestic depository corporations (Commercial Banks) and other domestic creditors. For the period ended 30<sup>th</sup> June 2018, there were no borrowings from Monetary Authorities (Central Bank), other domestic financial institutions and domestic currency and domestic deposits. This represents a decrease of 98% from the previous year.

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Borrowing within General Government – Meru County	1,400,0500	-
Other Domestic Depository Corporations (Commercial Banks) – Bungoma County	833,259	-
Borrowing from Other Domestic Financial Institutions – Turkana County		146,245,505
<b>Total</b>	<b>2,233,259</b>	<b>146,245,505</b>

### 3.7.5. Proceeds from sale of assets

These comprise of funds received from disposal of old assets. For the period ended 30<sup>th</sup> June 2018, there were no receipts from sale of certified seeds and breeding stock. This represents a decrease of 99% from the previous year.

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Receipts from the Sale of Vehicles and Transport Equipment – Nakuru County Government	134,500	1,426,800
Receipts from the sale plant machinery and equipment – Kwale County Government	3,580,000	-
Receipts from sale of certified seeds and breeding stock – Kakamega County Government	-	289,897,340
Receipts from the sale of vehicles and transport equipment – Nyeri County Government	23,800	-
<b>Total</b>	<b>3,738,300</b>	<b>291,324,140</b>

### 3.7.6. Reimbursement and refunds

These comprise of reimbursements and refunds that accrue to the entities within the financial year from individuals, private and statutory organisations. This represents a decrease of 92% from the FY 2016/2017.

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Reimbursement from World Bank – ECD - Trans Nzoia County	36,800,000	-
Reimbursement from individuals & private organizations – Isiolo, Machakos, Trans Nzoia, Bomet, Vihiga, Bungoma and Kwale Counties	253,872	355,685,277
Reimbursement from statutory organizations – Bomet County	35,750	-
Reimbursement within Central Government – E. Marakwet County	-	132,665,570
<b>Total</b>	<b>37,089,622</b>	<b>488,350,847</b>

### 3.7.7. Returns of equity holdings

These comprise of returns on investment in form of dividends or interests derived from domestic or international organizations that accrue to County Government entities within the financial year. This represents a decrease of 100% from the FY 2016/2017.

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Returns of equity holdings in domestic organizations – Kakamega County Government	177,508,732	-

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**3.7.8. County generated receipts**

These comprise of other receipts including voluntary transfers other than grants, miscellaneous income and unidentified receipts. This is mainly collected at the County level. This represents a decrease of 4% from the previous financial year as shown in the table below:

Description	FY 2017/2018 KShs	FY 2016/2017 KShs
Interest Received	25,844,160	50,843,265
Profits and Dividends	20,426,791	18,618,773
Rental Income	1,041,927,386	1,808,176,309
Other Property Income	126,988,647	404,787,114
Sales of Market Establishments	21,634,900	44,167,368
Receipts from Administrative Fees and Charges	2,856,702,881	2,021,867,142
Receipts from Sales by Non-Market Establishments	145,372,125	329,253,364
Receipts from Sale of Agricultural Goods	12,006,984	114,293,849
Business Permits	4,727,003,144	4,360,995,300
Liquor Licences	156,726,739	161,396,586
Cess	1,313,231,933	1,583,564,599
Sign Boards and Advertising fees	155,470,782	86,175,802
Poll Rates	2,430,084,558	2,881,043,621
Land/Plot Rents	1,157,026,518	890,644,394
Other Local Levies	911,164,574	982,389,630
Receipts from Royalties	15,971,269	14,629,387
Natural Resources Exploitation	2,323,566,994	1,852,312,673
Lease/Rental of Infrastructure Assets	249,220,721	80,014,143
Other miscellaneous revenues	1,324,996,141	1,077,128,410
Insurance claims recovery	22,298,326	55,489,088
Transfers from reserve funds	6,605,570	315,000
Donations	-	269,150
Fund raising events	91,213,102	23,900
Other revenues from financial assets loans	1,739,734,497	138,308,266
Market/Trade Centre fees	1,346,300,249	1,026,144,468
Vehicle Parking Fees	2,015,285,537	4,194,964,378
Social Premise Use Charges	114,363,532	146,851,749
School Fees	150,499,858	208,422,455
Other Education Related Fees	274,018,593	11,541,883
Public Health Services	508,819,229	1,307,866,867
Public Health Facilities Operations	2,226,427,432	1,785,393,058
Environment and Conservancy Administration	374,403,308	631,578,237
Slaughter Houses Administration	185,493,484	147,649,294
Water Supply Administration	96,004,173	19,083,391
Sewerage Administration	848,168,670	6,797,744
Other Health and Sanitation Revenues	1,062,955,062	542,308,274
Technical Service Fees	513,146,794	1,101,032,105
External Service Fees	119,898,451	881,575,996
Fines, Penalties and Forfeitures	112,936,594	61,203,725
Receipts from Voluntary transfers other than grants	12,505,984	1,507,940
Other Receipts Not Classified Elsewhere	1,078,178,094	2,337,587,980
<b>Total</b>	<b>31,914,623,786</b>	<b>33,368,216,677</b>

Appendix 2 provides details of County own generated receipts per County.

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**3.7.9. Returned CRF issues**

This comprises refunds of monies relating to FY 2016/2017 by the Counties to the CRF account in the financial year. These funds were then appropriated in FY 2017/2018 under the supplementary budgets to allow utilisation. This represents an increase of 188% from the FY 2016/2017 as shown in the table below.

<b>County</b>	<b>FY 2017/2018</b>	<b>FY 2016/2017</b>
	<b>KShs</b>	<b>KShs</b>
Kilifi	1,489,355	-
Lamu	39,860,859	-
Wajir	418,201,605	-
Isiolo	5,978,026	227,608
Meru	3,181,680,194	-
Embu	468,262,521	1,246,958,206
Machakos	74,678,925	339,888,586
Nyeri	-	53,154,609
Murang'a	16,616,907	-
Kiambu	92,820,702	151,634,442
Turkana	5,167,784	-
Samburu	63,314,881	49,786,836
Uasin Gishu	-	20,398,514
Baringo	6,671,572	23,689,986
Laikipia	37,809,301	312,007,433
Nakuru	15,064,959	-
Kericho	1,071,862,000	557,615,000
Bomet	276,777,185	1,525,502
Kakamega	-	348,408
Busia	776,310,280	-
Kisumu	550,888,446	-
Nyamira	834,304,744	-
<b>Total</b>	<b>7,937,760,246</b>	<b>2,757,235,130</b>



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**3.7.10. Compensation of employees**

These comprise of the remuneration paid to employees in return for the work done. In addition to wages and salaries, compensation of employees includes social contributions made by County Governments on behalf of their employees. This represents an increase of 14% from the FY 2016/2017 as shown in the table below:

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Basic salaries of permanent employees	115,982,815,702	97,169,507,592
Basic wages of temporary employees	5,868,574,751	4,763,885,749
Personal allowances paid as part of salary	26,505,107,536	25,892,639,572
Personal allowances paid as reimbursements	453,852,803	657,386,836
Personal allowances provided in kind	214,982,529	698,355,001
Pension and other social security contributions	2,980,599,063	3,950,728,328
Compulsory national social security schemes	1,334,612,612	1,756,088,614
Compulsory national health insurance schemes	541,488,163	440,393,759
Social benefit schemes outside government	633,867,188	199,740,342
Other personnel payments	741,418,418	915,603,815
<b>Total</b>	<b>155,257,318,764</b>	<b>136,444,329,607</b>

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**3.7.11. Use of goods and services**

These comprise of the total value of goods and services consumed by the County Governments in the course of carrying out their functions. This represents an increase of 5% from the FY 2016/2017.

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Utilities, supplies and services	2,430,328,971	832,919,493
Communication, supplies and services	784,442,406	12,751,858,461
Domestic travel and subsistence	13,023,109,995	1,766,208,842
Foreign travel and subsistence	2,030,374,355	3,193,709,848
Printing, advertising and information supplies & services	2,859,717,369	1,442,453,063
Rentals of produced assets	1,825,492,672	3,121,521,326
Training expenses	3,659,959,164	5,430,112,707
Hospitality supplies and services	5,981,144,548	5,517,931,302
Insurance costs	7,067,338,548	11,428,213,186
Specialized materials and services	11,355,373,599	2,328,604,003
Office and general supplies and services	2,135,129,464	3,490,207,063
Fuel Oil and Lubricants	3,566,558,195	14,143,417,256
Other operating expenses	14,700,029,028	2,135,087,176
Routine maintenance – vehicles and other transport equipment	3,142,298,033	3,128,985,426
Routine maintenance – other assets	2,852,907,977	438,950,543
<b>Total</b>	<b>77,414,204,324</b>	<b>73,919,496,534</b>

**3.7.12. Subsidies**

These comprise of financial support given by the County Government to Public Corporations and private enterprises. This represents a decrease of 84% from the FY 2016/2017.

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Subsidies to Public Corporation – Murang’a County	7,769,519	42,620,649
Subsidies to Private Enterprises – Siaya County	-	6,144,630

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<b>Total</b>		<b>7,769,519</b>	<b>48,765,279</b>
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Statement of Financial Position (continued)			
	2018	2017	
Assets			
Non-current assets	1,100,000	1,100,000	
Current assets	6,669,519	37,665,279	
Total assets	7,769,519	38,765,279	
Liabilities			
Current liabilities	1,100,000	1,100,000	
Total liabilities	1,100,000	1,100,000	
Total	7,769,519	38,765,279	

The consolidated financial statements of the County Governments for the year ended 30<sup>th</sup> June 2018 were prepared on the basis of the accounting policies set out in the notes to the consolidated financial statements.

The consolidated financial statements of the County Governments for the year ended 30<sup>th</sup> June 2018 were prepared on the basis of the accounting policies set out in the notes to the consolidated financial statements.

The consolidated financial statements of the County Governments for the year ended 30<sup>th</sup> June 2018 were prepared on the basis of the accounting policies set out in the notes to the consolidated financial statements.

Statement of Financial Position (continued)			
	2018	2017	
Assets			
Non-current assets	1,100,000	1,100,000	
Current assets	6,669,519	37,665,279	
Total assets	7,769,519	38,765,279	
Liabilities			
Current liabilities	1,100,000	1,100,000	
Total liabilities	1,100,000	1,100,000	
Total	7,769,519	38,765,279	

### 3.7.13. Transfers to other Government entities

This comprises Transfers to other County Government entities representing as detailed below and this represents an increase of 27% from the FY 2016/2017:

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Transfers to County health facilities	1,585,969,017	2,334,485,397
Transfer to water companies (See Appendix 3)	306,094,407	72,349,147
*Other transfers	6,488,029,141	6,751,615,762
**Transfer to other County Government entities (Funds)	6,937,389,012	2,891,279,035
<b>Total</b>	<b>15,317,481,577</b>	<b>12,049,729,341</b>

\*Other transfers – Relate to non-reporting entities that include projects and schemes which do not form part of these consolidated financial statements. These were not broken down into the specific entities in the individual County financial statements and hence no breakdown has been provided in the consolidated financial statements.

\*\* Transfer to other County Government entities (Funds) – These relate transfers to other self-reporting funds operated by the Counties. Separate financial statements for 75 other CGEs including Car and Mortgage Funds were submitted to the National Treasury and these were consolidated separately and annexed to the consolidated County Financial statements.

### 3.7.14. Other grants and transfers

These consist of bursaries for needy students, support to vulnerable and marginalised people and other support to self - help groups. It represents an overall decrease of 6% from FY 2016/2017.

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Scholarships and other educational benefits	4,497,156,735	4,784,373,702
Emergency relief and refugee assistance	2,652,785,084	3,628,172,382
Subsidies to small businesses and cooperatives	489,043,741	1,211,849,821
Other current transfers, grants	1,439,410,709	58,200,000
<b>Total</b>	<b>9,078,396,269</b>	<b>9,682,595,905</b>

### 3.7.15. Social security benefits

This consists of pensions and other payments in kind to County employees. This represents an increase of 5% from the FY 2016/2017.

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Government pension and retirement benefits	1,312,300,955	1,192,536,006
Social security benefits in cash and in kind	70,627,958	144,971,190
Employer Social Benefits in cash and in kind	116,082,623	85,698,358
<b>Total</b>	<b>1,499,011,536</b>	<b>1,423,205,554</b>

### 3.7.16. Acquisition of assets

These represent payments made to acquire property plant and equipment purchased during the financial year which have been expensed during the financial year of purchase as per IPSAS cash basis. The value of property plant and equipment purchased and expensed represent 34% decrease from the previous year and comprise of the following:

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
<b>Non-financial assets</b>		
Purchase of buildings	233,845,940	161,268,518
Construction of buildings	10,502,506,960	19,234,015,687
Refurbishment of buildings	2,149,336,581	3,001,270,634
Construction of roads	15,490,935,219	20,396,940,293
Construction and civil works	15,124,778,765	24,163,097,153
Overhaul and refurbishment of construction and civil works	2,234,622,146	5,066,454,613
Purchase of vehicles and other transport equipment	1,759,381,563	1,615,779,379
Overhaul of vehicles and other transport equipment	136,164,822	141,968,493
Purchase of household furniture and institutional equipment	917,060,615	933,833,397
Purchase of office furniture and general equipment	1,603,478,170	1,956,548,920
Purchase of ICT equipment, software & other ICT assets	616,048,046	1,041,719,245
Purchase of specialised plant, equipment and machinery	3,582,637,959	4,395,992,031

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Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Rehabilitation and renovation of plant, machinery and equipment	222,830,280	398,449,808
Purchase of certified seeds, breeding stock and live animals	1,161,323,398	1,256,973,448
Research, studies, project preparation, design & supervision	1,528,982,034	2,674,527,115
Rehabilitation of civil works	1,655,215,729	1,746,629,344
Acquisition of strategic stocks and commodities	712,033,954	818,986,490
Acquisition of land	335,362,789	330,423,595
Acquisition of intangible assets	228,542,200	315,651,843
<b>Financial assets</b>		
Domestic public non-financial enterprises	-	1,405,964,241
Domestic public financial institutions	1,675,615,975	2,151,599,305
<b>Total (Appendix 4)</b>	<b>61,870,703,143</b>	<b>93,208,093,551</b>

**3.7.17. Finance costs including loan interest on loans**

This is cost of credit borrowed locally by County Governments and bank charges in commercial bank accounts held by County Governments. The cost of credit increased by 582% in the FY 2017/2018 compared to FY 2016/2017. The details are indicated below:

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Bank charges	110,257,138	6,254,739
Interest payments on guaranteed debt taken over by Government	42,395,100	-
Other finance costs	62,333,714	149,485
Interest on domestic borrowings (non-government)	44,509,561	31,631,787
<b>Total</b>	<b>259,495,513</b>	<b>38,036,011</b>

### 3.7.18. Repayment of principal on domestic and foreign borrowing

These represent the amount paid to settle the principal on loans advanced to County Governments. The amounts increased by 1,331% from the previous year and details per County are indicated below:

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Repayments on borrowings from domestic sources	912,900,760	68,988,823
Principal Repayments on guaranteed debt taken over by Government	68,000,000	-
Repayments on borrowings from other domestic creditors	6,200,696	-
<b>Total</b>	<b>987,101,456</b>	<b>68,988,823</b>

### 3.7.19. Other payments

These include all other expenditure transactions not elsewhere classified and consist of membership and subscriptions as well as miscellaneous expenses. There was 64% increase from the previous year.

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Budget reserves	1,280,340,986	228,914,191
Civil contingency reserves	386,268,252	270,530,515
*Other expenses	9,565,816,351	6,329,558,002
<b>Total</b>	<b>11,232,425,589</b>	<b>6,829,002,708</b>

\*- This relates to expenses incurred by the other County Entities and payments incurred by the Executive and Assembly for which no breakdown was provided in the individual County financial statements.

### 3.7.20. Cash and cash equivalents

#### A) Bank balances

These consist of cash book bank balances and short-term deposits as at 30<sup>th</sup> June 2018 and comparatives for financial year to 30<sup>th</sup> June 2017.

Bank accounts	FY 2017/2018	FY 2016/2017
	KShs	KShs
Central Bank of Kenya accounts	58,996,260,010	35,330,460,010
Other commercial bank accounts	5,492,855,973	5,223,632,755
<b>Total</b>	<b>64,489,115,983</b>	<b>40,554,092,766</b>

#### B) Cash balances

These comprise cashbook cash balances as at 30<sup>th</sup> June 2018 and comparatives for financial year to 30<sup>th</sup> June 2017 represented by cash balances held by the institutions.

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Cash in Hand – Held in domestic currency	53,956,560	97,750,247
Cash in Hand – Held in foreign currency (Baringo County)	103,000	937,830
<b>Total</b>	<b>54,059,560</b>	<b>98,688,077</b>

### 3.7.21. Accounts receivable

These comprise of imprest issued to staff for official missions and not yet retired as at 30<sup>th</sup> June 2018 and staff advances not recovered as at the same date and comparatives for financial year to 30<sup>th</sup> June 2017.

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Government imprests	5,776,968,940	968,209,702
Clearance accounts	-	1,849,040
Staff advances	143,297,074	4,429,363
Other advances	421,697,815	20,846,276
<b>Total</b>	<b>6,341,963,829</b>	<b>995,334,381</b>



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**3.7.22. Accounts payable**

These comprise funds held by the County Governments on behalf of third parties as retention monies payable upon satisfactory completion of projects as at 30<sup>th</sup> June 2018 and comparatives for financial year to 30<sup>th</sup> June 2017.

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Deposits and retentions	3,385,588,338	2,775,676,422
<b>Total</b>	<b>3,385,588,338</b>	<b>2,775,676,422</b>

**3.7.23. Fund balance brought forward**

This was the opening balance in each of the financial years as reported by the County Governments made up of bank and cash balances, accounts receivable and accounts payable as shown below:

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Bank balance	38,744,757,699	38,616,665,492
Cash in hand	215,005,303	86,913,096
Accounts receivable	1,311,417,183	1,183,324,976
Accounts payable	(1,398,741,382)	(1,526,833,589)
<b>Total</b>	<b>38,872,438,802</b>	<b>38,360,069,975</b>

**3.7.24. Prior period adjustments**

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Prior year adjustments	(6,610,710,924)	(1,648,734,861)
<b>Total</b>	<b>(6,610,710,924)</b>	<b>(1,648,734,861)</b>

**Prior year adjustments**

These comprise of adjustments proposed by the auditors during the audit of FY 2016/2017 financial statements and adjustments made by the entities in FY 2017/2018 to correct bank balances and imprests. Imprest adjustments related to adjustment for unaccounted for imprests that had not been reported in the previous year. The adjustments on bank and cash balances were as a result of the recording of balances as per the bank statement instead of the reconciled cash book balances.

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Details per County are presented in the table below:

County	FY 2017/18	FY 2016/17
	KShs	KShs
Mombasa	(79,341,796)	(171,895,721)
Kwale	-	(10,308,104)
Kilifi	(77,704,293)	(93,899,057)
Tana River	(145,518,487)	(59,710,228)
Garissa	39,067,446	-
Wajir	(374,361,062)	-
Mandera	(14,597)	-
Marsabit	-	(380,755)
Isiolo	-	10,068,792
Meru	(156,540,578)	-
Tharaka Nithi	-	19,093,412
Embu	(492,869,787)	(49,112,070)
Kitui	42,864,624	(115,708,706)
Machakos	(74,678,925)	(339,888,585)
Makueni	(29,219,828)	(33,393,893)
Nyandarua	(1,682,569)	-
Nyeri	(2,202,659)	-
Kirinyaga	(523,586)	-
Murang'a	(559,260,069)	(38,510,277)
Kiambu	(171,912,902)	50,927,976
Turkana	(928,617,561)	(140,856,757)
West Pokot	-	(14,910,810)
Samburu	-	(23,679,730)
Trans Nzoia	92,240,354	-
Uasin Gishu	-	(58,570,020)
Nandi	588,166,388	-
Baringo	(11,830,301)	(5,662,720)
Laikipia	(100,981,774)	(353,255,887)
Nakuru	(410,091,799)	19,895,178
Narok	(28,874,957)	-
Kericho	-	(529,247,000)
Bomet	(852,639,651)	2,632,530
Kakamega	5,792,397	263,054,150
Vihiga	-	(359,121,719)
Bungoma	266,520,491	-
Busia	(793,489,855)	(81,779,273)
Siaya	(759,315,117)	-
Kisumu	(783,017,066)	-
Migori	-	387,492
Kisii	(19,871,470)	465,096,921
Nyamira	(862,709,647)	-
Nairobi	71,907,712	-
<b>Total</b>	<b>(6,610,710,924)</b>	<b>(1,648,734,861)</b>

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**Appendices**

**Appendix 1 – Summary of transfers from National Treasury in FY 2017/2018**

CODE	COUNTY	TOTAL ALLOCATION	EQUITABLE SHARE RELEASED	LEVEL 5 RELEASED	DANIDA UHDSF	WORLD BANK-TRUSCP	KDSP	WORLD BANK LOAN-NARIGP	YOUTH POLYTECHNICAL SUPPORT GRANT	USER FEES	TOTAL CASH RELEASED	%
		A	B	C	D	E	F	G	H	I	J	K=J/A
		KShs		KShs	KShs	KShs		KShs	KShs			
4460	Baringo	5,295,634,572	4,983,000,000	-	19,872,375.00	24,656,046	213,862,851	-	35,239,276	13,370,516	5,290,001,064	100%
4760	Bomet	5,404,191,438	5,254,800,000		21,064,189.00	27,001,744	41,921,669	-	45,149,112	14,191,766	5,404,128,480	100%
4910	Bungoma	9,056,824,753	8,758,000,000		34,350,249.00	50,000,000	54,474,504	50,609,855	76,276,625	33,282,912	9,056,994,145	100%
4960	Busia	6,536,868,946	5,828,600,000		24,346,083.00	27,069,467	597,300,565	-	63,706,036	17,302,828	6,558,324,979	100%
4360	E. Marakwet	3,718,683,578	3,624,000,000		14,635,807.00	13,763,343	36,005,074	-	37,641,245	8,956,070	3,735,001,539	100%
3660	Embu	4,545,328,808	4,107,200,000	301,040,462	17,175,467.00	10,000,000	37,912,879	50,609,855	40,907,922	10,776,608	4,575,623,193	101%
3310	Garissa	7,218,988,968	6,659,100,000	344,739,884	25,829,342.00	41,709,483	55,849,397	-	27,909,841	13,126,919	7,168,264,866	99%
5110	Homa Bay	6,730,466,983	6,523,200,000		25,217,454.00	26,818,857	46,229,187	50,609,855	52,958,942	22,616,803	6,747,651,098	100%
3510	Isiolo	3,891,021,828	3,775,000,000		8,824,953.00	20,696,822	36,113,321	-	26,166,698	3,514,477	3,870,316,271	99%
4660	Kajiado	5,931,838,237	5,768,200,000		13,945,701.00	19,524,597	61,293,608	-	26,990,230	16,311,160	5,906,265,296	100%
4810	Kakamega	10,622,260,881	9,935,800,000	427,283,237	39,865,919.00	50,000,000	59,311,725	-	28,060,821	38,617,147	10,578,938,849	100%
4710	Kericho	5,347,863,880	5,224,600,000		20,160,966.00	19,221,241	41,594,940	-	35,747,121	18,313,556	5,359,637,824	100%
4060	Kiambu	10,487,268,538	9,664,000,000	412,716,763	33,400,684.00	10,000,000	295,151,091	50,609,855	60,096,220	35,773,082	10,561,747,695	101%
3110	Kilifi	10,227,552,525	9,950,900,000		33,300,775.00	42,576,480	57,107,014	50,609,855	67,906,049	26,392,597	10,228,792,770	100%
3960	Kinnyaga	4,620,443,722	4,409,200,000		15,834,157.00	10,000,000	113,409,565	50,609,855	37,339,283	11,625,078	4,648,017,938	101%
5210	Kisii	8,179,497,052	7,429,200,000	417,572,254	31,745,251.00	23,174,848	176,820,034	50,609,855	29,817,670	26,947,170	8,185,887,082	100%
5060	Kisumu	7,061,568,315	6,553,400,000	369,017,341	25,424,679.00	21,051,361	46,361,941	-	28,472,587	21,854,292	7,065,582,201	100%
3710	Kitui	8,938,931,672	8,652,300,000		32,522,346.00	47,013,831	53,665,066	50,609,855	67,576,636	23,144,997	8,926,832,731	100%
3060	Kwale	7,466,507,696	7,248,000,000		22,938,413.00	30,679,771	47,394,016	50,609,855	43,762,833	15,397,611	7,458,782,499	100%
4510	Lakipia	4,731,859,144	4,499,800,000		15,437,348.00	20,961,790	149,544,069	-	33,358,878	9,872,539	4,728,974,624	100%
3210	Lamu	2,558,721,696	2,476,400,000		9,182,547.00	12,993,407	31,560,246	-	31,780,441	2,481,810	2,564,398,451	100%
3760	Machakos	7,958,169,793	7,399,000,000	383,583,815	30,290,934.00	29,813,086	49,893,169	-	65,957,023	24,764,877	7,983,302,904	100%
3810	Makueni	7,222,171,998	6,825,200,000		39,603,810.00	32,588,849	215,972,333	50,609,855	64,131,527	19,449,802	7,247,556,176	100%
3410	Mandera	10,000,542,092	9,739,500,000		40,078,375.00	50,000,000	60,963,717	-	29,831,415	15,521,730	9,935,895,237	99%

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CODE	COUNTY	TOTAL ALLOCATION	EQUITABLE SHARE RELEASED	LEVEL 5 RELEASED	DANIDA UHDPSP	WORLD BANK-THUSCP	KDSP	WORLD BANK LOAN-NARIGP	YOUTH POLYTECHNI CSS SUPPORT GRANT	USER FEES	TOTAL CASH RELEASED	%
		KShs		KShs	KShs	KShs		KShs	KShs			K=J/A
		A	B	C	D	E	F	G	H	I	J	
3460	Marsabit	6,800,742,158	6,583,600,000		23,186,442.00	46,314,741	45,748,545	-	29,518,980,081	6,872,636	6,735,320,445	99%
3560	Meru	8,247,252,109	7,701,000,000	373,872,832	29,060,034.00	13,420,040	50,375,116	50,609,855	58,668,764	32,096,227	8,309,102,868	101%
5160	Migori	6,689,965,711	6,462,800,000		26,120,957.00	32,723,050	46,330,994	50,609,855	47,015,785	21,882,372	6,687,483,013	100%
3010	Mombasa	8,649,865,174	8,154,000,000	388,439,306	23,261,504.00	10,736,032	49,809,062	-	30,586,320	23,514,312	8,680,346,536	100%
4010	Muranga	6,342,025,300	6,191,000,000		23,969,045.00	10,000,000	45,056,255	50,609,855	84,088,455	20,749,146	6,425,472,756	101%
5310	Nairobi City	15,592,502,230	15,402,000,000		58,162,149.00	17,009,120	77,910,897	-	30,654,947	79,879,082	15,665,616,195	100%
4560	Nakuru	9,882,930,258	9,271,400,000	373,872,834	23,433,569.00	29,698,860	56,299,041	50,609,855	35,431,434	39,216,180	9,879,961,773	100%
4410	Nandi	5,313,916,247	5,103,800,000		21,279,949.00	30,384,218	41,606,801	50,609,855	29,282,394	18,055,819	5,295,019,036	100%
4610	Narok	6,846,216,908	6,523,200,000		23,664,303.00	38,009,297	127,722,855	50,609,855	31,464,754	20,106,734	6,814,777,798	100%
5260	Nyanira	4,770,161,205	4,620,600,000		18,592,300.00	12,933,173	39,582,751	50,609,855	83,704,140	11,578,458	4,837,600,677	101%
3860	Nyandarua	5,145,745,719	4,771,600,000		19,274,912.00	10,000,000	322,870,807	-	46,590,293	13,122,239	5,183,458,251	101%
3910	Nyeri	5,453,422,614	4,952,800,000	407,861,272	19,911,053.00	10,000,000	40,850,289	-	42,211,848	14,347,664	5,487,982,126	101%
4210	Samburu	4,004,972,301	3,805,200,000		15,897,096.00	30,357,377	36,731,596	50,609,855	25,356,891	5,321,855	3,969,474,670	99%
5010	Siaya	5,752,326,479	5,526,600,000		14,422,487.00	17,736,923	146,613,471	-	40,647,137	19,057,307	5,765,077,325	100%
3260	Taita/Taveta	3,994,902,901	3,895,800,000		14,810,909.00	14,863,473	36,728,875	-	49,747,167	6,631,099	4,018,581,523	101%
3160	Tana River	5,507,926,635	5,345,400,000		17,831,663.00	32,374,753	41,095,762	-	27,360,819	5,699,850	5,469,762,847	99%
3610	Tharaka - Nithi	3,766,430,520	3,684,400,000		14,041,171.00	10,000,000	35,989,349	-	38,121,638	8,419,197	3,790,971,355	101%
4260	Trans Nzoia	5,877,531,937	5,647,400,000		14,723,664.00	35,601,180	43,386,482	50,609,855	39,109,877	20,209,153	5,851,040,211	100%
4110	Turkana	10,389,716,436	10,071,700,000		46,895,548.00	50,000,000	61,120,888	50,609,855	26,358,855	26,122,720	10,332,807,866	99%
4310	Uasin Gishu	5,856,573,880	5,707,800,000		14,987,172.00	25,591,703	43,650,314	-	35,472,610	22,181,068	5,849,682,867	100%
4860	Vihiga	4,589,336,661	4,409,200,000		17,325,260.00	23,111,493	38,854,627	50,609,855	50,886,386	13,002,761	4,602,990,382	100%
3360	Wajir	8,381,139,800	8,138,900,000		20,882,455.00	50,000,000	49,871,995	-	28,307,881	16,011,344	8,303,973,675	99%
4160	West Pokot	4,921,808,340	4,741,400,000		19,304,545.00	37,819,544	40,081,255	-	32,549,071	12,316,429	4,883,470,844	99%
	<b>Total</b>	<b>316,530,618,638</b>	<b>302,000,000,000</b>	<b>42,200,000,000</b>	<b>1,116,086,011</b>	<b>1,250,000,000</b>	<b>4,098,000,008</b>	<b>1,062,806,963</b>	<b>1,999,999,978</b>	<b>900,000,000</b>	<b>316,626,892,959</b>	<b>100%</b>

**GOVERNMENT OF KENYA**  
**COUNTY GOVERNMENTS CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**Appendix 2 – Details of Own Generated Receipts per County**

County Code	County	FY 2017/2018	FY 2016/2017
		KShs	KShs
3010	Mombasa	3,188,658,882	3,166,240,961
3060	Kwale	226,210,459	221,011,186
3110	Kilifi	501,864,805	665,814,286
3160	Tana River	31,313,488	25,861,357
3210	Lamu	63,437,304	65,109,972
3260	Taita Taveta	203,635,113	165,999,572
3310	Garissa	90,193,915	80,723,998
3360	Wajir	56,599,351	75,150,051
3410	Mandera	61,031,471	55,843,625
3460	Marsabit	92,005,709	128,628,566
3510	Isiolo	115,230,104	89,160,479
3560	Meru	618,496,456	503,787,633
3610	Tharaka Nithi	145,713,254	96,737,107
3660	Embu	437,383,815	391,406,940
3710	Kitui	335,127,474	315,347,363
3760	Machakos	1,084,204,845	1,261,162,404
3810	Makueni	322,104,227	264,456,136
3860	Nyandarua	318,472,698	300,091,264
3910	Nyeri	760,211,161	643,139,153
3960	Kirinyaga	344,408,121	320,374,096
4010	Murang'a	423,996,982	535,583,977
4060	Kiambu	1,685,421,355	2,064,531,305
4110	Turkana	144,290,738	164,748,449
4160	West Pokot	88,743,201	83,218,908
4210	Samburu	227,343,905	183,798,995
4260	Trans Nzoia	246,208,830	241,193,609
4310	Uasin Gishu	822,994,240	677,157,912
4360	Elgeyo Marakwet	162,414,796	97,323,973
4410	Nandi	197,887,583	244,729,757
4460	Baringo	308,177,630	281,559,665
4510	Laikipia	608,463,784	543,756,513
4560	Nakuru	2,280,522,014	1,960,883,759
4610	Narok	1,819,172,769	1,588,036,662
4660	Kajiado	680,475,029	557,094,069
4710	Kericho	415,610,000	484,229,000
4760	Bomet	181,675,343	234,230,199
4810	Kakamega	504,760,812	449,487,486
4860	Vihiga	143,530,753	109,869,898
4910	Bungoma	542,822,263	491,095,743
4960	Busia	177,771,330	255,233,129
5010	Siaya	127,730,540	172,822,681
5060	Kisumu	874,881,777	1,004,043,906
5110	Homabay	101,919,410	144,131,092
5160	Migori	222,419,200	350,334,347
5210	Kisii	490,929,866	553,383,047
5260	Nyamira	97,881,577	126,461,972
5310	Nairobi	9,340,275,407	10,933,230,475
<b>Total</b>		<b>31,914,623,786</b>	<b>33,368,216,677</b>

**GOVERNMENT OF KENYA  
COUNTY GOVERNMENTS CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**Appendix 3 – Reconciliation of transfers to Water Companies (WC)**

Description	County	Amount recorded by WC as per the SAGA's list	Amount recorded by Counties as transfers to water companies in the financial statements	Variance	Comments
		KShs	KShs		
Kakamega Water Company Limited	Kakamega	87,000,000	87,000,000	-	None
Kiambere-Mwingi Water & Sanitation Company	Kitui	32,107,996	-	32,107,996	This relates to expenses paid by the County and reported under the respective line items in the statement of receipts and payments
Mwala Water and Sanitation Company Ltd	Machakos	2,826,859	-	2,826,859	This relates to water bills paid by Machakos County and reported under Use of goods
Kyeni Water and Sewerage company	Embu	8,594,255	-	8,594,255	Relates to electricity bills paid by the CE on behalf of the Kyeni water company. This was posted under use of goods
Kwale Water and Sewerage Company	Kwale	31,519,252	-	31,519,252	This relates to expenses paid by the County and reported under the respective line items in the statement of receipts and payments
Muranga Water & Sanitation Company Ltd	Murang'a	39,626,647	-	39,626,647	The amount has been disputed by the County Executive. Further details to be obtained from the WC.
Embu Water & Sanitation Company	Embu	27,393,978	-	27,393,978	Relates to electricity bills paid by the County Executive on behalf of the water company
Imetha Water and Sanitation company	Meru	6,702,504	-	6,702,504	This relates to expenses paid by the County and reported under the respective line items in the statement of receipts and payments
Gatanga Community Water Scheme	Murang'a	1,351,200	-	1,351,200	The only payment made was for the supply of water and this was reported under Use of goods
Githunguri Water & Sanitation Co.	Kiambu	732,461	-	732,461	Paid as water bills and this was reported by Kiambu CE under use of goods
Gusii Water & Sanitation Company	Kisii	21,498,000	-	21,498,000	Electricity bills paid on behalf of WC by Kisii County
Isiolo Water and Sanitation Company Limited	Isiolo	1,000,000	-	1,000,000	The CE paid water bills amounting to KShs 1,000,000 which were expensed in the CG FS as utility bills. Therefore this was purely a business transaction between the CG and the WC.
Iten Water & Sanitation	E. Marakwet	468,638	-	468,638	Payment done as utility bill and reported under Use of goods
Kapenguria Water & Sewerage Co.	West Pokot	8,848,308	-	8,848,308	The only payment made was for water / utility bills and reported under Use of goods
Kapsabet Nandi Water Services Company Ltd	Nandi	23,683,274	-	23,683,274	This was electricity bills and water bills paid by Nandi County.
Mikutra Water & Sanitation Company	Migori	10,694,407	10,694,407	-	None
Naro Moru Water & Sanitation Company	Nyeri	12,519,045	-	12,519,045	This relates to expenses paid by the County and reported under the respective line items in the statement of receipts and payments
Narok Water and Sanitation Co	Narok	4,490,312	-	4,490,312	This relates to expenses paid by the County and reported under the respective line items in the statement of receipts and payments
Ngagaka Water & Sanitation Co.	Embu	1,266,482	-	1,266,482	Confirmed as water bills for level 5 hospital posted under use of goods

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Description	County	Amount recorded by WC as per the SAGA's list	Amount recorded by Counties as transfers to water companies in the financial statements	Variance	Comments
Nithi Water and Sanitation Company	Tharaka Nithi	48,926,938	5,000,000	43,926,938	The CG only paid KShs 5,000,000 to Nithi WSC for extension of water network to specific parts of the County. The balance was attributed to other costs paid by the County on behalf of the WC that were posted in their respective expenditure lines
Nol-Turesh Water and Sewerage Company	Kajiado	2,000,000	-	2,000,000	Electricity bills paid on behalf of the water company posted under use of goods
Olkeja Water and sewerage Company Limited	Kajiado	3,156,863	-	3,156,863	Electricity bills paid on behalf of the water company and water supply to County Government Entities reported under use of goods
Ruiru-Juja Water & Sewerage Co.	Kiambu	1,513,245	-	1,513,245	This was payment for water used by Ruiru Sub County Hospital reported under Use of Goods
Garissa Water and Sewerage Company	Garissa	-	120,400,000	(120,400,000)	Financial statements for the WC are yet to be received at National Treasury
Sibo Water And Sanitation Co. Ltd	Siaya	13,558,357	-	13,558,357	The only amount paid by Siaya County were in relation to Electricity bills paid on behalf of Sibbo Water Company and this was posted under use of goods
South Nyanza Water & Sanitation Company Ltd	Homabay	26,419,437	-	26,419,437	Homa Bay CE paid Electricity bills paid on behalf of South Nyanza Water and Sanitation Company and the expense was posted under Use of Goods
Busia Water Company Ltd	Busia	8,642,142	-	8,642,142	Payment of water bills by Busia County to Busia Water Company were posted under Use of Goods
Kirandich Water Company	Baringo	57,582,826	36,376,418	21,206,408	The County Executive paid KShs 36,364,418 for electricity bill on behalf of the Kirandich WC posted under Use of goods. The balance was attributed to other costs paid by the County on behalf of the WC that were posted in their respective expenditure lines
Bomet Water Company Limited	Bomet	-	88,000,000	(88,000,000)	Transfer to Water Companies under note 14. in the Bomet County Executive Financial Statements
<b>TOTAL</b>		<b>484,123,426</b>	<b>311,094,407</b>	<b>136,652,601</b>	

**The variance is due to the following:**

- (a) Direct transfers to Water Companies KShs 311,094,407 reported as transfers to "other Government Entities" Note in the respective consolidated financial statements of the County Governments.
- (b) Payment for utilities (Either water bills utilized by County Government Entities or Electricity bills paid by the County Executive on behalf of the water company) of KShs 136,652,601 reported under Use of goods in the consolidated financial statements of the County Governments.

**GOVERNMENT OF KENYA**  
**COUNTY GOVERNMENTS CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**Appendix 4 – Summary of fixed assets register movement schedule**

<b>Asset class</b>	<b>Opening (FY 2016/2017)</b>	<b>Additions during the year</b>	<b>Disposals</b>	<b>Closing (FY 2017/2018)</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
Land, construction of roads and other civil works	163,334,934,250	34,840,914,647	-	198,175,848,897
Buildings and structures	69,325,841,823	12,885,689,481	-	82,211,531,304
Transport equipment	12,195,739,979	1,895,546,385	-	14,091,286,364
Office equipment, furniture and fittings	7,451,199,793	2,520,538,785	-	9,971,738,578
ICT equipment, software and other ICT assets	3,568,184,898	616,048,046	-	4,184,232,944
Other machinery and equipment	25,689,216,823	3,805,468,239	-	29,494,685,062
Purchase of certified seeds, breeding stock and live animals	3,593,806,873	1,161,323,398	-	4,755,130,271
Heritage and cultural assets	9,011,095,100	2,241,015,987	-	11,252,111,087
Intangible assets	6,153,244,050	1,904,158,175	-	8,057,402,225
<b>Total</b>	<b>300,323,263,589</b>	<b>61,870,703,143</b>	<b>-</b>	<b>362,193,966,732</b>



**GOVERNMENT OF KENYA  
COUNTY GOVERNMENTS CONSOLIDATED FINANCIAL STATEMENTS  
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**Appendix 5 – Reconciliation of transfers from MDAs to Counties**

Description	MDA	Amount recorded by Counties KShs	Amount recorded by MDA KShs	Variance KShs	Comments
Fuel Levy Fund	State Department of Infrastructure	10,646,553,032	7,875,000,000	2,771,553,032	The difference of KShs 2,771,553,032 relates to CARA allocation of FY 16/17 that was disbursed in FY 18/19. Refer to the inter entity reconciliation below for more details.
Ministry of Health – User fees	Ministry of Health	900,000,000	900,000,000	-	In the fourth quarter of FY2017/2018, KShs 450,000,000 was disbursed to Counties through the National Treasury
World Bank Transforming Health Systems for Universal Care Project	National Treasury	1,250,000,000	1,250,000,000	-	
Devolution Kenya Devolution Support Programme	State Department of Devolution	4,098,000,008	4,098,000,008	-	
World Bank National Agriculture and Rural Inclusive growth Project (NARIIGP)	State Department for Agriculture	1,062,806,963	1,062,806,963	-	
Kenya Health Sector Support- Result Based Financing(RBF) To arid and Semi-Arid lands(ASAL)	Ministry of Health	607,492,990	631,667,095	(24,174,105)	The variance of KShs 24,174,105 relates to disbursement made to Tana River County which was accounted for in and recognized in the FY 2016/17.
<b>Total</b>		<b>18,564,852,993</b>	<b>15,817,474,066</b>	<b>2,747,378,927</b>	

**GOVERNMENT OF KENYA  
COUNTY GOVERNMENTS CONSOLIDATED FINANCIAL STATEMENTS  
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**KRB Road Maintenance Levy Reconciliation:**

<b>Description</b>	<b>Amount (KShs)</b>	<b>Comments</b>
Amounts recorded by Counties	10,646,553,032	As per Counties' FS
Less:	(3,193,192,368)	Relates to CARA allocation of FY 16/17 that was received in FY 17/18 but was accrued in the Fund's FS for FY16/17
	<b>7,453,360,664</b>	
Add: Undisbursed by the Fund	421,639,336	This had not been disbursed by the Fund as at 30 <sup>th</sup> Jun 2018 but was accrued in the Fund's FS for FY17/18
<b>Total as per KRB Levy Fund</b>	<b>7,875,000,000</b>	<b>As per KRB FS</b>

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# County Governments Consolidated Financial Statements

## Annexure 1: Consolidated Financial Statements of Other County Government Entities

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## **1. Commentary on the consolidated financial statements**

### **1.1. The legal framework**

#### **1.1.1. Establishment of County Governments and Other County Government Entities**

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralised system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments. Article 176 of the Constitution of Kenya provides that there shall be a County Government for each County, consisting of a County Assembly and a County Executive. The month of March 2013 marked the official launch of decentralization following the election of the County Government leadership.

The Public Finance Management Act, 2012 Section 5 (1) States that “A County Executive Committee member for finance may, with the approval of the county executive committee and county assembly, by order in the Gazette, declare a county corporation, an authority or any other body whose functions fall under that county government to be a county government entity for the purposes of this Act.”

Among the County Government Entities is the Car Loan and Mortgage Benefits Fund which is guided by the SRC circular reference SRC/ADM/CIR/1/13 Vol.III (128) dated 17th December 2014.

#### **1.1.2. Financing of Other County Government Entities**

As per the circular, County Governments shall set aside the necessary funds through their budget process towards implementation of the Car Loan and Mortgage Benefits to their employees and other County Government-owned entities.

Financing may also be arranged through agreements between Financial Institutions and the individual government agency/organ within agreeable framework to both parties.

Each Government agency/organ will administer and manage the schemes internally and the same shall be subjected to the annual audit of Government.

#### **1.1.3. Financial reporting arrangements**

Section 164 of the PFM Act, 2012 requires the Accounting Officer of a County Government entity to; for each financial year, prepare financial statements in respect of the entity and to submit them to the Auditor General with a copy to the Controller of Budget and the Commission on Revenue Allocation within three months after the end of the financial year.

Further, Section 163 of the PFM Act, 2012 requires the County Treasury of the County Government to consolidate the annual financial statements in respect of all the County Government entities and submit them to the Auditor General with a copy to the National Treasury, the Controller of Budget and the Commission on Revenue Allocation within four months after the end of the financial year.

**GOVERNMENT OF KENYA  
CONSOLIDATED FINANCIAL STATEMENTS FOR COUNTY FUNDS AND OTHER COUNTY  
GOVERNMENT ENTITIES  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

The PFM Act, 2012 requires the County Governments to prepare financial statements in the format prescribed by Public Sector Accounting Standards Board (PSASB). The PSASB was established pursuant to Section 192 of the PFM Act, 2012 and has the mandate to determine the accounting standards that public sector entities should apply. In line with its mandate, the PSASB prescribed the financial reporting standards to be applied in the public sector with effect from 1<sup>st</sup> July 2014. The PSASB also provided reporting templates for County Governments to enable them comply with the standards. The PSASB has since been updating these templates regularly in line with its mandate.

The National Treasury in conjunction with the PSASB has been supporting County Governments to comply with the reporting standards and statutory reporting requirements.

**1.1.4. Scope of the consolidation**

The consolidated financial statements for the Other County Government Entities were prepared based on the financial statements submitted to the National Treasury by the Other County Government Entities from the 47 County Governments. The County Executive Committee (CEC) Members for Finance assume the overall responsibility in the preparation of financial statements for their respective County Governments and Other County Government Entities.

This set of consolidated financial statements is for the year ended 30<sup>th</sup> June 2018 and includes consolidation of 71 Funds and Other County Government Entities and is provided as an annexure to the County Government Executive and Assembly consolidated financial statements. A summary of the type of Funds and Other entities are provided below:

<b>Ref</b>	<b>Type of Entity</b>	<b>Number</b>
1	Catering and Health services Fund	1
2	Gratuity Fund	1
3	Health Facility Improvement Fund	1
4	Sand Authority	1
5	Community Support Fund	1
6	Veterinary services development fund	1
7	Trade Development Loans Fund	2
8	Alcoholic drinks Control Fund	3
9	Youth, Men, Women, Disability Empowerment Fund	5
10	Emergency Fund	8
11	Bursary Fund	11
12	Car Loan and Mortgage Fund	36
	<b>Total</b>	<b>71</b>

**GOVERNMENT OF KENYA  
CONSOLIDATED FINANCIAL STATEMENTS FOR COUNTY FUNDS AND OTHER COUNTY  
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**1.2. Key highlights**

The following are the key highlights for financial statements for Other County Government Entities for the FY 2017/2018.

**1.2.1. Overall performance in FY 2017/2018**

The table below provides a summary of the FY 2017/2018 financial statements:

**Table 1: Summary Other County Government Entities Consolidated Financial Statements**

Description	FY 2017/2018	FY 2016/2017	Variance	% Variance
	KShs M	KShs M	KShs M	
Consolidated income	1,370	2,488	(1,118)	(45%)
Consolidated expenses	1,196	1,728	(532)	(31%)
Bank and cash balances	2,002	2,827	(825)	(29%)
Accounts receivable	2,822	1,749	1,073	61%
Accounts payable	73	19	54	284%
Revolving Fund	4,576	3,434	1,142	33%

**1.2.2. Consolidated income**

The 71 Other County Government Entities earned revenues amounting to KShs. 1,370,106,651 from public contributions and donations, the county government and other revenues from other exchange transactions. The income from public contributions and donations amounted to KShs. 11,684,110 while KShs. 1,204,599,541 was earned through support from the county government for operations and for non-revolving funds such as Bursaries and Emergency fund, and KShs 6,963,870 from fines, penalties and other levies. Income from exchange transactions contributed KShs. 146,859,129. Overall income decreased by 45%.

Consolidated income consist of all sources of revenue to Other County Government Entities in the FY 2017/2018. The comparatives for the previous year are indicated below.

**Table 2: Consolidated Other County Government Entities Income**

Description	FY	FY	Variance	% Variance
	2017/2018	2016/2017		
	KShs M	KShs M	KShs M	
Public contributions and donations	11	1	10	>100%
Transfers from the County Governments	1,206	2,287	(1,081)	(47%)
Fines, penalties and other levies	6	4	2	50%
Interest income	56	36	20	56%
Other income	90	158	(68)	(43%)
<b>Total</b>	<b>1,369</b>	<b>2,486</b>	<b>(1,117)</b>	<b>(45%)</b>

**GOVERNMENT OF KENYA  
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The overall decrease from prior year of 45% was due to significant drop from transfer from County Government for operation by KShs 1 billion. The funds were given to the Other County Governments as revolving funds which increased by KShs. 1.1 billion as indicated in table 1 above.

### 1.2.3. Consolidated Expenditure

The total expenditures incurred during the period amounted to KShs. 1,195,895,577 out of which the administration expenses amounted to KShs. 534,049,484 general expenses KShs 629,622,791 representing 45%, and 53% of total expenditures respectively.

The expenditure consist of costs incurred by Other County Government Entities during the financial year as per approved budgets. The table below presents a comparison between expenses incurred in the FY 2017/2018 and prior year:

**Table 3: Consolidated Other County Government Entities Expenditure**

Description	FY 2017/2018	FY 2016/2017	Variance	% Variance
	KShs M	KShs M	KShs M	
Fund administration expenses	534	601	(67)	(11%)
Staff costs	32	77	(45)	(58%)
General expenses	630	1049	(419)	(40%)
Finance costs	0.01	0.3	-	(97%)
<b>Total</b>	<b>1,196</b>	<b>1,727</b>	<b>(531)</b>	<b>(31%)</b>

The overall decrease from prior year of 31% was mainly attributable to decrease fund administration costs and reduced general expenses.

### 1.2.4. Current and Non-Current Assets held by Other County Government Entities

The net financial assets as at 30<sup>th</sup> June 2018 was KShs 4,824 million while the comparative for the previous financial year was KShs 4,576 million representing an increase of 5% as shown in the table below:

**Table 4: Consolidated Other County Government Entities' Financial Assets and Liabilities**

Description	FY 2017/2018	FY 2016/2017	Variance	% Variance
	KShs M	KShs M	KShs M	
Bank and cash balances	2,002	2,827	-825	-29%
Accounts receivable	2,822	1,749	1,073	61%
Accounts payable	73	19	54	284%
Revolving Fund	4,576	3,434	1,142	33%

The overall increase was due to increase in the revolving fund that was disbursed for the Car and Mortgages.



### 1.2.5. Revolving Fund Account of the Other County Government Entities

The revolving fund account as at 30<sup>th</sup> June 2018 was KShs 4,576 million while the comparative for the previous financial year was KShs 3,434 million representing an increase of 33% as shown in the table below:

*Table 4: Consolidated Other County Government Entities' Revolving Fund Account*

Description	FY 2017/2018	FY 2016/2017	Variance	% Variance
	KShs M	KShs M	KShs M	
Revolving Fund	4,576	3,434	1,142	33%

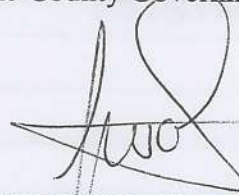
The overall increase was due to increase in the revolving fund that was disbursed to the Car and Mortgages funds in different Counties.

### 1.3. Conclusion

There has been a noted increase in number of funds in the County Governments. The allocation of funds to Other County Government Entities continue to increase over the years. With effective management of the revolving fund, operational expenses is expected to decline while allocation to the revolving fund account expected to grow so as to meet the needs for the car and Mortgage benefit to all eligible public service in the County Government.



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 Director General, AS & QA  
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 25<sup>th</sup> January 2019



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 25<sup>th</sup> January 2019

GOVERNMENT OF KENYA  
 CONSOLIDATED FINANCIAL STATEMENTS FOR COUNTY FUNDS AND OTHER COUNTY  
 GOVERNMENT ENTITIES  
 FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018

2. Consolidated financial statements

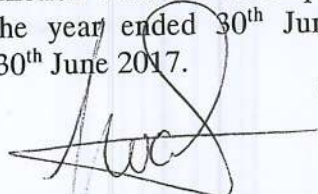
2.1. Consolidated statement of financial performance for the year ended 30<sup>th</sup> June 2018

	Note	FY 2017/2018	FY 2016/2017
REVENUE		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	3.7.1	1,084,110	928,690
Transfers from the County Government	3.7.2	1,215,199,542	2,287,344,045
Fines, penalties and other levies	3.7.3	6,963,870	4,375,230
<b>Revenue from exchange transactions</b>			
Interest income	3.7.4	56,598,693	36,964,162
Other income	3.7.5	90,260,435	158,179,303
<b>Total revenue</b>		<b>1,370,106,650</b>	<b>2,487,791,430</b>
<b>EXPENSES</b>			
Fund administration expenses	3.7.6	534,049,484	601,011,806
Staff costs	3.7.7	32,206,945	77,306,711
General expenses	3.7.8	629,622,791	1,049,151,960
Finance costs	3.7.9	16,357	353,888
<b>Total expenses</b>		<b>1,195,895,577</b>	<b>1,727,824,365</b>
<b>Surplus/( deficit) for the period</b>	3.7.10	<b>174,211,073</b>	<b>759,967,065</b>

The financial statements should be read in conjunction with the accompanying notes and appendices to this report. The report covers the year ended 30<sup>th</sup> June 2018 and the accompanying comparatives cover the year ended 30<sup>th</sup> June 2017.



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GOVERNMENT OF KENYA  
 CONSOLIDATED FINANCIAL STATEMENTS FOR COUNTY FUNDS AND OTHER COUNTY  
 GOVERNMENT ENTITIES  
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2.2. Consolidated statement of financial position as at 30<sup>th</sup> June 2018

	Note	FY2017/2018	FY2016/2017
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3.7.10	2,002,492,996	2,826,916,768
Current portion of long term receivables from exchange transactions	3.7.11	865,461,922	284,456,340
Prepayments	3.7.12	6,400,000	6,700,000
Inventories	3.7.13	107,184	-
<b>Non-current assets</b>			
Property, plant and equipment	3.7.14	6,803,637	6,364,271
Long term receivables from exchange transactions	3.7.11	1,942,938,837	1,451,730,168
<b>Total assets</b>		<b>4,824,204,576</b>	<b>4,576,167,548</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	3.7.15	7,805,955	2,794,856
Current portion of borrowings	3.7.16	66,020,000	15,725,784
<b>Non-current liabilities</b>			
<b>Total liabilities</b>		<b>73,825,955</b>	<b>18,520,640</b>
<b>Net assets</b>			
Revolving Fund		4,576,167,548	3,800,474,699
Accumulated surplus		174,211,074	759,967,066
<b>Total net assets and liabilities</b>		<b>4,824,204,576</b>	<b>4,578,962,405</b>

The financial statements should be read in conjunction with the accompanying notes and appendices to this report. The report covers the year ended 30<sup>th</sup> June 2018 and the accompanying comparative amounts cover year ended 30<sup>th</sup> June 2017.



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**GOVERNMENT OF KENYA  
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FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**2.3. Statement of changes in net assets**

	Revolving Fund	Accumulated surplus	Total
	KShs	KShs	KShs
<b>Balance as at 1 July 2016</b>	<b>2,862,927,284</b>	-	<b>2,862,927,284</b>
Surplus/(deficit) for the period	-	17,714,300	17,714,300
Funds received during the year	553,524,745	-	553,524,745
<b>Balance as at 30 June 2017</b>	<b>3,416,452,029</b>	17,714,300	<b>3,434,166,329</b>
<b>Balance as at 1 July 2017</b>	<b>3,416,452,029</b>	<b>17,714,300</b>	<b>3,434,166,329</b>
Surplus/(deficit) for the period	-	135,336,243	135,336,243
Funds received during the year	1,006,664,975	-	1,006,664,975
<b>Balance as at 30 June 2018</b>	<b>1,006,664,975</b>	<b>153,050,543</b>	<b>4,576,167,548</b>

GOVERNMENT OF KENYA  
CONSOLIDATED FINANCIAL STATEMENTS FOR COUNTY FUNDS AND OTHER COUNTY  
GOVERNMENT ENTITIES  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018

2.4. Consolidated statement of cash flows for the year ended 30<sup>th</sup> June 2018

	Note	FY2017/2018	FY2016/2017
		KShs	KShs
<b>Cash flows from operating activities</b>			
Public contributions and donations	3.7.1	1,084,110	28,690
Transfers from the County Government	3.7.2	1,215,199,542	2,287,344,045
Interest received	3.7.4	56,598,693	36,964,162
Income from other operating activities	3.7.5	97,224,306	162,554,534
<b>Total Income</b>		<b>1,370,106,651</b>	<b>2,487,791,430</b>
<b>Expenses</b>			
Fund administration expenses	3.7.6	534,049,484	601,011,806
General expenses	3.7.8	629,622,791	1,049,151,960
Finance cost	3.7.9	16,357	353,888
Staff cost	3.7.7	32,206,945	77,306,711
<b>Total Payments</b>		<b>1,195,895,577</b>	<b>1,650,517,654</b>
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts receivable	3.7.12	(1,072,214,250)	(1,736,186,508)
Increase/(Decrease) in Accounts Payable	3.7.17	5,011,099	2,794,856
		<b>(1,067,203,151)</b>	<b>(1,733,391,652)</b>
<b>Net cash flows from operating activities</b>		<b>(892,992,078)</b>	<b>(896,117,876)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	3.7.15	(6,803,637)	(6,364,271)
Proceeds from loan principal repayments		1,453,884,850	2,873,456,182
Loan disbursements paid out		(6,020,700,455)	(3,002,492,996)
<b>Net cash flows used in investing activities</b>		<b>(4,573,619,242)</b>	<b>(135,401,086)</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		4,576,167,548	3,434,166,329
Additional borrowings	3.7.19	66,020,000	15,725,784
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>4,642,187,548</b>	<b>3,449,892,113</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(824,423,772)</b>	<b>2,418,373,152</b>
Cash and cash equivalents at 1 JULY		2,826,916,768	408,543,616
<b>Cash and cash equivalents at 30 JUNE</b>	3.7.11	<b>2,002,492,996</b>	<b>2,826,916,768</b>

**GOVERNMENT OF KENYA  
CONSOLIDATED FINANCIAL STATEMENTS FOR COUNTY FUNDS AND OTHER COUNTY  
GOVERNMENT ENTITIES  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

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The financial statements should be read in conjunction with the accompanying notes and appendices to this report. The report covers the year ended 30<sup>th</sup> June 2018 and the accompanying comparatives cover the year ended 30<sup>th</sup> June 2017.



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**CPA Bernard Ndungu, MBS  
Director General, AS and QA  
The National Treasury  
25<sup>th</sup> January 2019**



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**CPA Jona Wala  
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The National Treasury  
25<sup>th</sup> January 2019**

**GOVERNMENT OF KENYA**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR COUNTY FUNDS AND OTHER COUNTY GOVERNMENT ENTITIES**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**2.5. Summary statement of appropriation for the year ended 30<sup>th</sup> June 2018**

Income/Expense Item	Original Budget FY2017/18	Adjustments FY2017/18	Final Budget FY2017/18	Actual on Comparable Basis FY2017/18	Budget Utilisation Difference FY2017/18	% of Utilisation FY2017/18
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Revenue</b>						
Public contributions and donations	129,000,000	12,524,962	141,524,962	1,084,110	140,440,852	1%
Transfers from County Govt.	2,847,488,989	-229,778,500	2,617,710,489	1,215,199,542	1,402,510,947	46%
Interest income	16,193,248	1,071,394	17,264,642	56,598,693	(39,334,051)	328%
Other income	145,621,568	11,425,925	157,047,493	90,260,435	66,787,058	57%
Fines, penalties and other levies	-	-	-	6,963,870	(6,963,870)	
<b>Total Income</b>	<b>3,138,303,805</b>	<b>-204,756,219</b>	<b>2,933,547,586</b>	<b>1,370,106,650</b>	<b>1,563,440,936</b>	<b>47%</b>
<b>Expenses</b>						
Fund administration expenses	862,006,267	-198,196,267	663,810,000	534,049,484	129,760,516	80%
General expenses	632,717,251	3,246,500	635,963,751	629,622,791	6,340,960	99%
Finance cost	1,405,000	-	1,405,000	16,357	1,388,643	1%
Staff cost	56,340,000	-	56,340,000	32,206,945	24,133,055	57%
<b>Total expenditure</b>	<b>1,552,468,518</b>	<b>-194,949,767</b>	<b>1,357,518,751</b>	<b>1,195,895,577</b>	<b>161,623,174</b>	<b>88%</b>
<b>Surplus for the period</b>	<b>1,585,835,287</b>	<b>-9,806,452</b>	<b>1,576,028,835</b>	<b>174,211,073</b>	<b>1,401,817,762</b>	<b>11%</b>

**GOVERNMENT OF KENYA  
CONSOLIDATED FINANCIAL STATEMENTS FOR COUNTY FUNDS AND OTHER COUNTY  
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FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

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\* - **Adjustments on original budget** – There were adjustments on the original budgets as presented in financial statements of various Counties. The changes were as a result of reallocation within the budgets and supplementary budgets that were done during the reporting period.

The financial statements should be read in conjunction with the accompanying notes and appendices to this report. The report covers the year ended 30<sup>th</sup> June 2018 and the accompanying comparatives cover the year ended 30<sup>th</sup> June 2017.



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**CPA Bernard Ndungu, MBS  
Director General, AS and QA  
The National Treasury  
25<sup>th</sup> January 2019**



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The National Treasury  
25<sup>th</sup> January 2019**



## **2.6. Significant accounting policies**

### **a) Statement of compliance and basis of preparation**

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

### **b) Reporting entity**

The financial statements are for the Other County Governments Entities. The financial statements encompass the reporting entity as specified in Chapter 11 of the Constitution.

### **c) Reporting currency**

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government of Kenya.

### **d) Basis of consolidation**

This consolidation is based on copies of unaudited financial statements submitted by the individual County Government Entities to the National Treasury by 30<sup>th</sup> September 2018 with a copy to the Controller of Budget and the Commission on Revenue Allocation.

The entities' accounting policies have been adjusted to form a consistent basis, where their effect is deemed material to this consolidated financial statements. This is especially the case for the entities whose financial statements have been prepared on cash-basis IPSAS.

### **e) Revenue Recognition**

#### **i. Revenue from non-exchange transactions**

#### **Transfers from other government entities**

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

#### **ii. Revenue from exchange transactions**

##### **Interest income**

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

**f) Budget information**

The consolidated budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

**g) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**h) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

**i) Financial instruments**

**Financial assets**

**Initial recognition and measurement**

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

### **Loans and receivables**

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

### **Held-to-maturity**

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

### **Impairment of financial assets**

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

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

### **Financial liabilities**

#### **Initial recognition and measurement**

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

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

### **Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

### **j) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

### **k) Changes in accounting policies and estimates**

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

### **l) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**GOVERNMENT OF KENYA  
 CONSOLIDATED FINANCIAL STATEMENTS FOR COUNTY FUNDS AND OTHER COUNTY  
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**m) Comparative figures**

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

**n) Events after the reporting period**

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

**o) Ultimate and Holding Entity**

The entities are County Public Fund established by Section 167 of the Public Finance Management (PFM) Act 2012. Its ultimate parent is the County Executive and County Assemblies respectively

	2018	2017
Revenue	1,234,567	1,123,456
Expenses	(987,654)	(876,543)
Surplus	246,913	246,913

	2018	2017
Revenue	1,234,567	1,123,456
Expenses	(987,654)	(876,543)
Surplus	246,913	246,913

**GOVERNMENT OF KENYA  
CONSOLIDATED FINANCIAL STATEMENTS FOR COUNTY FUNDS AND OTHER COUNTY  
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**2.7. Notes to the financial statements**

**2.7.1. Public contributions and donations**

Description	FY2017/2018	FY2016/2017
	KShs	KShs
Donation from development partners	1,084,110	928,690
<b>Total</b>	<b>1,084,110</b>	<b>928,690</b>

These refer to donations received from domestic and foreign donors. The funds include donations received directly by the County Government and those that are received by the National Government first and disbursed to the County.

**2.7.2. Transfers from County Government**

These consist of funds received from the County Government for operations

Description	FY2017/2018	FY2016/2017
	KShs	KShs
Transfers from County Govt. – operations	1,174,723,186	2,280,744,045
Payments by County on behalf of the entity	40,776,356	6,600,000
<b>Total</b>	<b>1,215,499,542</b>	<b>2,287,344,045</b>

**2.7.3. Fines, penalties and other levies**

These relates to income earned from payment of fines, penalties and other levies.

Description	FY2017/2018	FY2016/2017
	KShs	KShs
Late payment penalties	2,166,870	2,228,730
Fines	4,797,000	2,146,500
<b>Total</b>	<b>6,963,870</b>	<b>4,375,230</b>

**GOVERNMENT OF KENYA  
CONSOLIDATED FINANCIAL STATEMENTS FOR COUNTY FUNDS AND OTHER COUNTY  
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**2.7. Notes to the financial statements (Continued)**

**2.7.4. Interest income**

Description	FY2017/2018	FY2016/2017
	KShs	KShs
Interest income from loans (mortgage or car loans)	56,598,693	36,964,162
<b>Total interest income</b>	<b>56,598,693</b>	<b>36,964,162</b>

This relates to income earned from interest on loans disbursed.

**2.7.5. Other income**

Description	FY2017/2018	FY2016/2017
	KShs	KShs
Miscellaneous income	90,260,436	158,179,304
<b>Total other income</b>	<b>90,260,436</b>	<b>158,179,304</b>

These comprise of funds received from other sources apart from the four classified above.

**2.7.6. Fund administration expense**

Description	FY2017/2018	FY2016/2017
	KShs	KShs
Transfer to Other County Government Entities	10,239,723	41,258,513
Loan processing costs/ Bank charges	17,983,778	830,407
Professional services costs	111,965,465	14,625,648
Scholarship and other educational benefit	393,860,518	544,297,238
<b>Total</b>	<b>534,049,484</b>	<b>601,011,806</b>

These are expenses incurred in the administration and operation of the fund

**2.7.7. Staff costs**

Description	FY2017/2018	FY2016/2017
	KShs	KShs
Salaries and wages	16,508,155	30,288,391
Staff gratuity	1,500,000	-
Staff training expenses	4,183,610	25,460,100
Social security contribution	548,300	637,490
Other staff costs	9,466,880	20,920,730
<b>Total</b>	<b>32,206,945</b>	<b>77,306,711</b>

**GOVERNMENT OF KENYA  
CONSOLIDATED FINANCIAL STATEMENTS FOR COUNTY FUNDS AND OTHER COUNTY  
GOVERNMENT ENTITIES  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**2.7. Notes to the financial statements (Continued)**

**2.7.8. General expenses**

Description	FY2017/2018	FY2016/2017
	KShs	KShs
Consumables	126,963,048	188,349,281
Electricity and water expenses	7,049,501	4,261,570
Fuel and oil costs	14,946,885	12,903,725
Insurance costs	893,690	1,248,845
Postage	85,038	87,598
Printing and stationery	14,289,340	14,681,596
Rental costs	434,287	406,323
Telecommunication	887,510	1,047,622
Hospitality	27,414,801	22,698,433
Other expenses	436,658,691	803,466,967
<b>Total</b>	<b>629,622,791</b>	<b>1,049,151,960</b>

**2.7.9. Finance costs**

This is bank charges in commercial bank accounts held by County Governments Entities. The details are indicated below:

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Bank charges	16,357	353,888
<b>Total</b>	<b>16,357</b>	<b>353,888</b>

**2.7.10. Cash and cash equivalents**

These consist of cash book bank balances and short-term deposits as at 30<sup>th</sup> June 2018 and comparatives for financial year to 30<sup>th</sup> June 2017.

Bank accounts	FY 2017/2018	FY 2016/2017
	KShs	KShs
Commercial bank accounts	2,002,492,996	2,826,916,768
<b>Total</b>	<b>2,002,492,996</b>	<b>2,826,916,768</b>



**GOVERNMENT OF KENYA**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR COUNTY FUNDS AND OTHER COUNTY**  
**GOVERNMENT ENTITIES**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**2.7. Notes to the financial statements (Continued)**

**2.7.11. Accounts receivable**

These comprise of interest receivable and loan receivable issued to staff for car and mortgage and not yet paid as at 30<sup>th</sup> June 2018 and comparatives for financial year to 30<sup>th</sup> June 2017.

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Interest receivable	115,607,918	15,735,572
Current loan repayments due	749,854,004	268,720,768
<b>Current portion of long term receivables from exchange transactions (a)</b>	<b>865,461,922</b>	<b>284,456,340</b>
Long term loan repayments due (b)	1,942,938,837	1,451,730,168
<b>Total c = ( a+ b)</b>	<b>2,808,400,759</b>	<b>1,736,186,508</b>

**2.7.12. Prepayment**

Description	FY2017/2018	FY2016/2017
	KShs	KShs
Prepaid electricity costs	6,400,000	6,700,000
<b>Total</b>	<b>6,400,000</b>	<b>6,700,000</b>

**2.7.13. Inventories**

This relates to stock held by County Government Entity - In particular, the recorded amount were stock held by Baring County catering and Health Services Scheme

Description	FY2017/2018	FY2016/2017
	KShs	KShs
Catering stock	107,184	-
<b>Total</b>	<b>107,184</b>	<b>-</b>

**GOVERNMENT OF KENYA  
CONSOLIDATED FINANCIAL STATEMENTS FOR COUNTY FUNDS AND OTHER COUNTY  
GOVERNMENT ENTITIES  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**2.7. Notes to the financial statements (Continued)**

**2.7.14. Property, plant and equipment**

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Land and buildings, motor vehicles, furniture and fittings and computers and office equipment - cost at 30th June 2017	-	9,815,868
Land and buildings, motor vehicles, furniture and fittings and computers and office equipment - cost at 30th June 2018	11,978,987	-
Land and buildings, motor vehicles, furniture and fittings and computers and office equipment - depreciation and impairment 30th June 2017	-	(3,451,596)
Land and buildings, motor vehicles, furniture and fittings and computers and office equipment - depreciation and impairment 30th June 2018	(5,175,350)	-
<b>Total -Land and buildings, motor vehicles, furniture and fittings and computers and office equipment - net book values at 30th June 2017/ 30th June 2018</b>	<b>6,803,637</b>	<b>6,364,271</b>

**2.7.15. Accounts payable**

These comprise funds held by the Other County Governments Entities on behalf of third parties as retention monies payable upon satisfactory completion of projects as at 30<sup>th</sup> June 2018 and comparatives for financial year to 30<sup>th</sup> June 2017.

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Trade payables	1,651,032	369,822
Refundable deposits	4,596,423	-
Other payables	1,558,500	2,203,981
<b>Total</b>	<b>7,805,955</b>	<b>2,794,856</b>

**GOVERNMENT OF KENYA  
CONSOLIDATED FINANCIAL STATEMENTS FOR COUNTY FUNDS AND OTHER COUNTY  
GOVERNMENT ENTITIES  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

**2.7. Notes to the financial statements (Continued)**

**2.7.16. Borrowings**

The table below shows the movement of the external borrowings during the year:

Description	FY 2017/2018	FY 2016/2017
	KShs	KShs
Domestic borrowings during the year	76,620,000	25,725,784
Repayments of domestics borrowings during the period	10,600,000	10,000,000
<b>Total</b>	<b>66,020,000</b>	<b>15,725,784</b>

**Appendix 1 – Listing of County Entities included in the consolidation**

	County	Entity
1	Baringo	County Assembly Car loan mortgage fund
2	Baringo	Catering and Health services Fund
3	Bomet	Bursary Fund
4	Bomet	MCA Car Loan & Mortgage Fund
5	Bomet	County Government of Bomet Car Loan and Mortgage Fund
6	Bungoma	Bungoma County Youth Empowerment Fund
7	Bungoma	Bungoma County Women Empowerment Fund
8	Bungoma	Bungoma County Trade Development Loans Fund
9	Bungoma	Bungoma County Bursary Fund
10	Bungoma	Bungoma County Disability Empowerment Fund
11	Bungoma	Bungoma County Emergency Fund
12	Busia	Busia County Assembly Car Loan and Mortgage Fund
13	Elgeyo Marakwet	Bursary fund
14	Elgeyo Marakwet	Alcoholic drinks Control Fund
15	Elgeyo Marakwet	County assembly car mortgage scheme
16	Elgeyo Marakwet	CE Car Loan and Mortgage Fund
17	Kiambu	County emergency fund
18	Kiambu	Youth, Women and person with disability
19	Kiambu	Alcoholic drinks Control Fund
20	Kiambu	Staff Mortgage fund
21	Kiambu	Education Support fund (Bursary Funds)
22	Kiambu	MCA Car Loan and Mortgage Schemes
23	Kirinyaga	Bursary Fund
24	Kirinyaga	Health Facility Improvement Fund
25	Kirinyaga	Alcoholic drinks Control Fund
26	Kirinyaga	Emergency Fund
27	Kirinyaga	Executive Car loan and Mortgage fund
28	Kisii	Mortgage and Car & Mortgage Loan Fund Assembly
29	Kisii	Mortgage and Car Loan Fund Executive
30	Kisii	Emergency Fund
31	Kisii	Veterinary services development fund
32	Kisumu	Car Loan and Mortgage Schemes
33	Kitui	Staff Car Loan and Mortgage Scheme - CA
34	Kitui	MCA Car Loan and Mortgage Schemes - CA
35	Kitui	CA Service Board employees' car & mortgage fund schemes
36	Kwale	Emergency Fund
37	Kwale	Bursary fund
38	Lamu	Lamu Bursary Fund
39	Lamu	Lamu Emergency Fund
40	Lamu	Lamu County Fisheries Development Agency
41	Machakos	County Assembly MCA Car loan scheme fund
42	Machakos	County Assembly Staff Car loan and Housing scheme fund
43	Machakos	County Assembly MCA Housing Scheme fund
44	Makueni	Emergency Fund
45	Makueni	Sand Authority

**GOVERNMENT OF KENYA**  
**APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

	<b>County</b>	<b>Entity</b>
46	Makueni	MCA Car Loan and Mortgage Fund
47	Makueni	CE Car Loan and Mortgage Fund
48	Makueni	Youth, Men, Women, PwD and table banking groups empowerment Fund
49	Marsabit	Marsabit Car and Loan Mortgage Fund
50	Meru	Meru CA Staff Car Loan and Housing Fund
51	Meru	MCA -Car loan and Housing Fund
52	Mombasa	Elimu Fund
53	Muranga	Car loan & mortgage fund - CA
54	Nakuru	MCA Car loan and mortgage scheme
55	Nandi	CE Bursary Fund
56	Narok	Bursary Fund
57	Narok	Maasai Mara Community Support Fund
58	Narok	MCA Car loan and mortgage scheme
59	Nyandarua	Car loan mortgage scheme
60	Nyandarua	Emergency Fund
61	Nyandarua	Bursary Fund
62	Nyandarua	Civil servants car loan & mortgage fund
63	Samburu	Samburu County Executive Car and Mortgage Loan Scheme
64	Samburu	Samburu Bursary Fund
65	Samburu	Youth and Women Enterprise Development Fund
66	Samburu	County Assembly Mortgage account
67	Tana River	Members of County Assembly Car Loan and Mortgage Fund
68	Tana River	Gratuity Fund
69	Tharaka Nithi	Tharaka Nithi Assembly Car and Mortgage Loan Fund
70	West Pokot	Mortgage and Car loan
71	West Pokot	CA Staff Mortgage and Car loan

Year	Value	Percentage
1970	100	100%
1971	105	105%
1972	110	110%
1973	115	115%
1974	120	120%
1975	125	125%
1976	130	130%
1977	135	135%
1978	140	140%
1979	145	145%
1980	150	150%
1981	155	155%
1982	160	160%
1983	165	165%
1984	170	170%
1985	175	175%
1986	180	180%
1987	185	185%
1988	190	190%
1989	195	195%
1990	200	200%