



THE REPUBLIC OF KENYA

CONSOLIDATED FINANCIAL STATEMENTS

COUNTY GOVERNMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023**

**Prepared in accordance with Cash Basis of International Public Sector
Accounting Standards (IPSAS)**

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Glossary of abbreviations and Acronyms

AIA	Appropriation in Aid
AIE	Authority to incur expenditure
ASDSP	Agricultural Sector Development Support Programme
CARA	County Allocation of Revenue Act
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CEC	County Executive Committee
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
DANIDA	Danish International Development Agency
DRPNK	Drought Resilience Programme in Northern Kenya
FY	Financial Year
FLOCA	Financing Locally Led climate program
GDP	Gross Domestic Product
GOK	Government of Kenya
ICT	Information, Communication and Technology
IDA	International Development Association
IDEAS	Instruments for Devolution Advice and Support
IPSAS	International Public Sector Accounting Standards
KCSAP	Kenya Climate Smart Agriculture Project
KDSP	Kenya Devolution Support Programme
KISIP	Kenya Informal Settlement Improvement Project
KSHS	Kenya shillings
KUSP	Kenyan Urban Support Program
KRA	Kenya Revenue Authority
MOH	Ministry of Health
MDAS	National Government Ministries, Departments and Agencies
NARIGP	National Agricultural Rural Initiative Growth Programme
NAVCDP	National Agricultural Value Chain Development Project
NUTRIP	National Urban Transport Improvement Project
OSR	Own Source Revenue
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
RMLF	Roads Maintenance Levy Fund
SAGAS	Semi-Autonomous Government Agencies
SCS	State Corporations
WSDP	Water & Sanitation Development Project

1. Commentary on the consolidated financial statements for county governments

1.1. The legal framework

1.1.1. Establishment of county governments

Chapter 11 of the Constitution of Kenya, 2010 (the Constitution) ushered in a new system of devolved governance with the following key objectives:

- a) to promote democratic and accountable exercise of power;
- b) to foster national unity by recognising diversity;
- c) to give power of self-governance to the people and enhance the participation of the people in the exercise of the powers of the State and in making decisions affecting them;
- d) to recognise the right of communities to manage their own affairs and to further their development;
- e) to protect and promote the interests and rights of minorities and marginalised communities;
- f) to promote social and economic development and the provision of proximate, easily accessible services throughout Kenya;
- g) to ensure equitable sharing of national and local resources throughout Kenya;
- h) to facilitate the decentralisation of State organs, their function and services, from the capital of Kenya; and
- i) to enhance checks and balances and the separation of powers.

The territory of Kenya is divided into the county governments specified in the First Schedule of the Constitution and appended as Appendix 1. There are a total of 47 county governments. The governments at the national and county levels are distinct and inter-dependent and conduct their mutual relations on the basis of consultation and cooperation. The Division of Revenue Act, County Allocation of Revenue Act, County Governments Act, 2012, Intergovernmental Relations Act, 2012 and Public Finance Management Act, 2012 are the key legal instruments that guide the consultation process. Section 11 of The Intergovernmental Relations Act establishes the Intergovernmental Relations Technical Committee and the Council of County Governors (Section 19). The Public Finance Management Act 2012 establishes the Intergovernmental Budget and Economic Council (Section 187).

Article 176 of the Constitution provides that there shall be a County government for each County, consisting of a County Assembly and a County Executive.

1.1.2. Functions of County Governments

The functions of County government are well covered in the Fourth Schedule of the Constitution and annexed as Appendix 2. Section 5 of the County Governments Act, 2012 further clarifies that the county government shall be responsible for:

- a) county legislation in accordance with Article 185 of the Constitution;
- b) exercising executive functions in accordance with Article 183 of the Constitution;
- c) functions provided for in Article 186 and assigned in the Fourth Schedule of the Constitution;
- d) any other function that may be transferred to county governments from the national government under Article 187 of the Constitution;
- e) any functions agreed upon with other county governments under Article 189 (2) of the Constitution; and
- f) establishment and staffing of its public service as contemplated under Article 235 of the Constitution.

1.1.3. Financing of County governments

Article 202 of the Constitution 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 that is allocated to county governments shall not be 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 FY 2022/23, allocated county governments' equitable share of Kshs 370,000 million. Which was the same as the from the CARA allocation in FY 2021/22.

Due to challenges in collection of revenue in FY 2021/22 occasioned by the hard-economic times and the electioneering process, disbursements to county governments as per CARA-equitable share, was Kshs 340,400 million (92%) of the CARA 2021/22 allocation of Kshs 370,000 million. However, the outstanding equitable share (Kshs 29,600 million) was subsequently disbursed in August 2022 to be accounted for in the FY 2022/23.

The County Governments Additional Allocations Act gazetted on 21st December, 2022 provided for additional allocations to county governments in FY 2022/23 amounting to Kshs 17,159 million that was supposed to be disbursed directly by the respective MDA's. The allocation also included the undisbursed funds of Kshs 29,600 million for FY 2022/2023.

The county government additional conditional allocations from the national government revenue and conditional allocation from external loans and grants for the financial year 2022/23 amounted to Kshs 17,159 million and national government grants of Kshs 5,363 million (total of Kshs 22,522 million) to be issued directly through MDAs.

The actual disbursements to the county government of the additional allocations for the external grants and loans stood at Kshs 16,172 million as at 30th June 2023, which is 72% of the FY 2022/23. The reasons for the low remittance include delayed enactment of the County Government Additional Allocations bill by the Senate and failure by some county governments to adhere to specific requirements for conditional disbursements. The total disbursements for the FY 2022/23 to county governments stood at Kshs 415,772 million compared to Kshs 359,844 million in FY 2021/22.

The county governments are mandated to generate own source revenues from property rates, entertainment taxes, levies, user fees and licences and any other taxes that may be authorised to impose within the relevant legislation.

Funds from the national government are transferred to the County Revenue Fund (CRF) 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, National Treasury and Economic Planning, as per Section 17 of the Public Finance Management (PFM) Act, 2012. The approval of the Controller of Budget is mandatory before any funds can be withdrawn from the CRF.

1.1.4. Accountability Framework

Section 164 of the PFM Act, 2012 requires the Accounting Officer of a county government entity to prepare financial statements in respect of the entity and to submit the same to the Auditor General with a copy to the County Treasury, 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 National Treasury has been supporting County Governments to comply with the reporting standards and statutory reporting requirements.

1.1.5. Scope of the consolidation

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

The consolidated financial statements are for the year ended 30th June 2023 and consolidates financial statements from the County Assembly, County Executive, County Receiver of Revenue and the County Revenue Fund for all 47 county governments.

1.2. Key highlights

The following are the key highlights for consolidated financial statements for county governments for the FY 2022/23.

1.2.1. Overall performance in FY 2022/23

The table below provides a summary of the FY 2022/23 financial statements:

Table 1: Summary County governments consolidated financial statements

Description	FY 2022/23	FY 2021/22	Change	%
	Kshs.m	Kshs.m	Kshs.m	Change
Receipts	454,662	400,371	54,291	14%
Payments	442,253	423,288	18,965	4%
Cash and bank	47,426	37,444	9,982	27%
Accounts receivables	997	1,023	(26)	(3%)
Accounts payables	4,909	4,756	153	3%

The county governments received a consolidated total of Kshs 454,662 million for the financial year ended 30th June 2023. This was of increase of 14% from the consolidated total receipts of Kshs 400,371 million for the FY 2021/22 mainly as a result of disbursement of June 2022 equitable share which was subsequently disbursed in the current FY 2022/23.

Payments recorded a slight increase of 4%. The cash and bank balances indicated an increase of 27% owing to significant funds disbursed towards the end of financial year as funds became available.

1.2.2. Consolidated receipts

The county government consolidated receipts during the year include receipts from exchequer issues, transfers from other national government entities, grants, proceed from sale of assets, county own source revenue and other receipts.

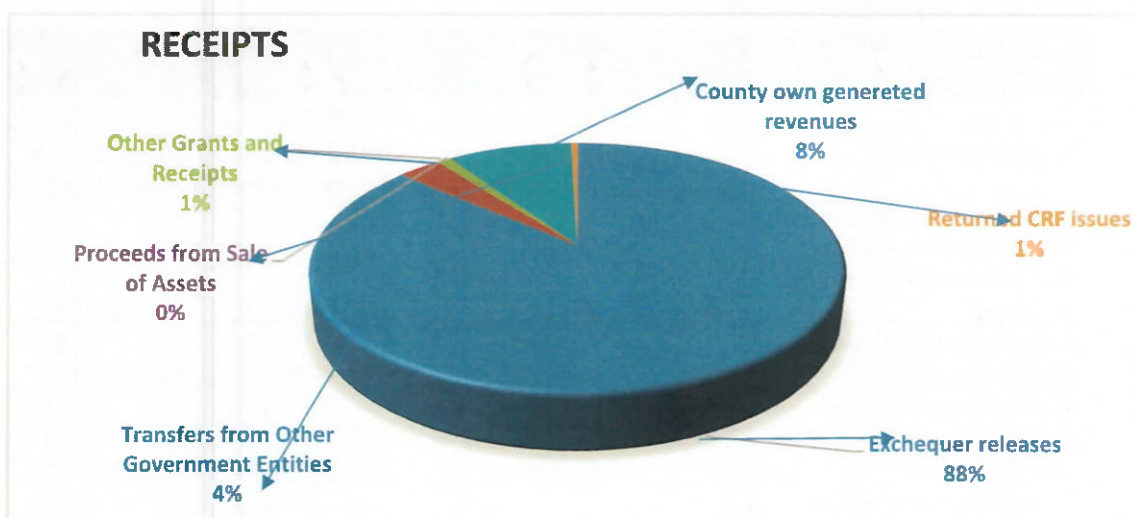
Table 2: Consolidated County governments receipts

Receipts	FY 2022/23	FY 2021/22	Change	%
	Kshs.m	Kshs.m	Kshs m	Change
Exchequer releases	399,600	340,400	59,200	17%
Transfers from other government entities	16,173	12,239	3,934	32%
Other grants and receipts	437	16,620	(16,183)	(97%)
Proceeds from sale of assets	0.16	32	(32)	(99%)
County own source revenue	36,875	32,790	4,085	12%
Returned CRF issues	1,577	3,290	(1,713)	(52%)
Total Receipts	454,662	400,371	54,291	14%

- Exchequer releases increased by 17% or Kshs 59,200 million due to disbursements of the arrears of Kshs 29,600 million equitable relating to June 2022.
- Transfer from other government entities to the county governments for the FY 2022/23 was Kshs 16,173 million which was above transfers received of Kshs 12,239 million in FY 2021/22 by Kshs 3,934 million or 32%. This increase was as a result of the additional programmes included in the County Governments Additional Allocation Act, 2022.
- The decrease of Kshs 16,182 million on other grants and receipts was attributed to decrease in disbursement of conditional grants for County governments as a result of lack of an enabling Act and failure by the receiving entities in meeting the disbursements conditions.
- County own source revenue increased from Kshs 32,790 million in FY 2021/22 to Kshs 36,875 million in FY 2022/23 (12%). A number of county governments now have their own County Revenue Authorities which have revamped revenue collection strategies. These county governments include Kakamega, Kiambu, Laikipia, and Meru among others.
- Compared to the previous financial year, there was a decrease of 52% on funds surrendered back to the County Revenue Fund account as most counties were able to use unutilized funds.

The diagram below shows the percentage of receipts per category for FY 2022/23.

Figure 1: Consolidated receipts by category



Exchequer releases for both equitable share and conditional grants comprise 88% total county government receipts. Additional conditional allocations from national government share of revenue and external grants allocation stood at 4%, while county own source revenue stood at 8%.

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County Governments Consolidated Financial Statements
for the year ended 30th June 2023

County governments revenue from own sources such as fees, licenses, levies, cess, business permits and property income during FY 2022/23 compared with 9% of total receipts in FY 2021/22.

CARA disbursements trends for the last ten years

County governments have continued to receive their allocations of equitable share as stipulated in CARA and this has grown over the last 10 years of devolution as depicted below.

Description	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	Total for nine years
	Kshs' M	Kshs' M	Kshs' M	Kshs' M	Kshs' M	Kshs' M	Kshs' M	Kshs' M	Kshs' M	Kshs' M	Kshs'
Equitable share allocation	190,000	226,660	259,775	280,300	302,000	314,000	316,500	316,500	370,000	370,000	2,945,735
Actual disbursement	190,000	226,660	259,775	280,300	302,000	314,000	286,784	346,216	340,400	399,600	2,945,734
% Disbursed	100%	100%	100%	100%	100%	100%	90.61%	109%	92%	108%	100%

Table 3: Equitable share allocation as provided for in CARA over the last 10 years

For eight (8) out of the (10) years of devolution governance, the county governments received 100% of their equitable share as per CARA. In the FY 2019/20 and FY 2021/22, the county governments did not receive their full allocations. However, the balance of equitable shares was eventually paid and accounted for the following financial year. The delay was occasioned by revenue constraints as a result of COVID-19 pandemic and electioneering period respectively.

Below is a summary of the various allocations to county governments in the FY 2022/23 and the actual amounts disbursed.

Table 4: Receipts sources as per CARA, 2022

Category of allocation	Ref	Allocation in FY2022/2023	Actual Disbursement	Balance	% Disbursed
Equitable share	a	370,000,000,000	399,600,000,000	(29,600,000,000)	108
Sub-Total equitable share		370,000,000,000	399,600,000,000	(29,600,000,000)	108
Conditional Loans and Grants Transferred from State Depts /Ministries					
IDA World Bank National Agricultural Value Chain Development Project (NAVCDP) -State Department of Crop Development	b	1,820,000,000	1,747,010,883	72,989,117	96
World Bank-NARIGP-State Department of Crop Development	c	3,900,000,001	3,533,288,416	366,711,585	91
World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development	d	2,200,002,000	2,112,826,374	87,175,626	96
(IDA) World Bank -Kenyan Urban Support Programme (KUSP) -State Department of Housing & Urban Development	e	122,020,000	122,020,000	-	100
(IDA) World Bank Credit-Financing Locally Led climate programm (FFLoCA) CCIS Grant	f	1,034,000,000	979,000,000	55,000,000	95
DANIDA Grant -Primary Health care in devolved context -Ministry of Health	g	1,018,125,009	898,100,742	120,024,267	88

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Category of allocation	Ref	Allocation in FY2022/2023	Actual Disbursement	Balance	% Disbursed
IDA (World Bank) Credit: Water & Sanitation Development Project (WSDP)-Min. Water and Sanitation	h	3,500,000,000	3,470,855,427	29,144,573	99
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	i	655,175,274	574,730,160	80,445,114	88
World Bank-Emergency Locust Response Project (ILRP) State Department of Crop Development	j	1,200,000,000	1,170,941,622	29,058,378	98
World Bank-Kenya Informal Settlement Improvement Project (KISIP 11)-State Department of Housing & Urban Development	k	1,300,000,000	1,292,063,703	7,936,297	99
KfW German Development Bank-Drought Resilience Programme in Northern Kenya (DRPNK)-Min. Water & Sanitation	l	410,000,000	271,929,642	138,070,358	66
Grand Total Other Conditional Grants paid by State Departments		17,159,322,284	16,172,766,969	986,555,315	94
GOK Grants					
Supplementary for construction of County Headquarters-State Department of Public Works	m	163,000,000	-	163,000,000	0
Conditional Grants -Leasing of medical equipment's	n	5,200,000,006	-	5,200,000,006	0
Total GOK Grants		5,363,000,006	-	5,363,000,006	
Total Grants		22,522,322,290.08	16,172,766,969.00	6,349,555,321.08	
Grand Total CARA Disbursement		392,522,322,290	415,772,766,969	(23,250,444,679)	108

The amount disbursed by the National Treasury to the county governments for the FY 2022/23 as exchequer releases amounted to Kshs 399,600 million while Kshs 16,173 million was disbursed through other State Departments and Ministries as conditional grants.

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 Commission on Revenue Allocation (CRA). During FY 2022/23, the total allocation was Kshs 370,000 million. An addition of 29 600 million of June 2022 allocation was added to revise the estimates to Kshs 399,600 million which was disbursed during the year. Details of these transfers are shown on **Appendix 1** to this report.
- b) **IDA World Bank National Agricultural Value Chain Development Project (NAVCDP)** — relate to conditional additional allocation by the national government to all county governments for value chain development. This conditional allocation through the State Department of Crop Development is meant for continued improvement in value chain. Out of the total allocation of Kshs 1,820 million, Kshs 1,747 million was disbursed in the year to qualifying county governments leaving a balance of Kshs 72.9 million. The funds were

disbursed by the State Department of Crop Development to all the county governments. Details of these transfers are shown on **Appendix 2** to this report.

- c) **World Bank Funds – NARIGP** – relate to conditional additional allocations to selected county governments from the World Bank loan through the State Department for Crop Development to implement rural agricultural growth initiative. The aim is to compliment efforts by county governments to increase agricultural productivity and profitability of targeted rural communities in selected county governments, and to provide immediate and effective response in case of crisis or emergency. Out of the total allocation of Kshs 3,900 million, Kshs 3,533 million was disbursed in the year to qualifying county governments leaving a balance of Kshs 366 million. The funds were disbursed by the State Department for Crop Development to all the county governments. Details of these transfers are shown on **Appendix 2** to this report.
- d) **World Bank Funds – Kenya Climate Smart Agriculture (KCSAP)** – The project development objective (PDO) of this project is "to increase agricultural productivity and build resilience to climate change risks in the targeted smallholder farming and pastoral communities in Kenya, and in the event of an eligible crisis or emergency, to provide support accordingly. KCSAP, which is in its fourth year of implementation, focuses on increasing agricultural productivity and enhancing resilience to impacts of climate change; and reductions in Greenhouse Gas (GHG) emissions will be a co-benefit. Out of the total allocation of Kshs 2,200 million, Kshs 2,112 million was disbursed by the State Department for Crop Development in the year to qualifying county governments leaving a balance of Kshs 87 million. Details of these transfers are shown on Appendix 2 of this report.
- e) **(IDA) World Bank -Kenyan Urban Support Programme (KUSP)** – relate to conditional additional allocations to county governments from the World Bank loan through the State Department of Housing & Urban Development to implement improvement of urban centres. The total allocation of Kshs 122 million, was disbursed in the year to county governments leaving no balance.
- f) **(IDA) World Bank Credit-Financing Locally Led Climate program (FLoCA)1 CCIS Grant**-Relates to a conditional allocation from World Bank credit to finance locally led climate action program for county climate institutions support (CCIS) Out of the total allocation of Kshs 1,034 million, Kshs 997 million was disbursed in the year to county governments leaving a balance of 55 million. Details of these transfers are shown on Appendix 2 of this report.
- g) **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 1,018 million. During the year, Kshs 898 million was disbursed. Details of these transfers are shown on Appendix 2 of this report.

- h) **IDA (World Bank) Credit: Water & Sanitation Development Project (WSDP)-Ministry of Water & Sanitation-** The Project Development Objective (PDO) of this program, financed by this additional conditional allocation, is to improve water supply and sanitation services in six select county governments located in the coastal and North-eastern regions of Kenya. This will be achieved by investing in water supply and sanitation infrastructure in urban centres in these county governments. Kshs 3,470 million was disbursed out of the allocation of Kshs 3,500 million in FY 2022/23 with Kshs 29 million undisbursed. Details of these transfers are shown on Appendix 2 of this report.
- i) **SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development-** which is in its fifth year of implementation, is part of the implementation strategy of the Agricultural Policy (AP) for the national and county governments. In line with the AP, the overall goal of ASDSP II is to contribute to “transformation of crop, livestock and fishery production into commercially oriented enterprises that ensure sustainable food and nutrition security”. The programme purpose is “to Develop Sustainable Priority Value Chains (PVCs) for improved income, food and nutrition security”, which will contribute to achievement of the development agenda of the government. During the year 88% of the allocation (Kshs 574 million of the Kshs 655 million) was disbursed within the year. Details of these transfers are shown on Appendix 2 of this report.
- j) **World Bank-Emergency Locust Response Project (ILRP) State Department of Crop Development-** - A World Bank Credit of Kshs 800 million: - The Project Development Objective (PDO) of this program, financed by additional conditional allocation, is to prevent and respond to the threat to livelihoods posed by the desert locust outbreak and to strengthen Kenya's system for preparedness. Citizen engagement will be monitored by tracking awareness raising communication campaigns conducted and grievances registered and resolved by the program. These funds were channeled through State Department of Crop Development. The total allocation was Kshs 1,200 million. During the year, Kshs 1,170 million was disbursed leaving Kshs 29 million undisbursed.
- k) **World Bank-Kenya Informal settlement improvement project (KISIP 11)-State Department of Housing & Urban Development -**The Objective(s) of this project is to improve access to basic services and tenure security of residents in participating urban informal settlements and strengthen institutional capacity for slum upgrading in Kenya. The primary beneficiaries of KISIP will be the residents of the participating informal settlements. They will have better access to basic infrastructure and services across a range of sub-sectors, including local roads, water and sanitation, storm water drainage (and reduction of flooding), waste management (increased collection), and street lighting. They will also have improved tenure security provided through titling. In addition, residents will indirectly benefit from the institutional development activities aimed to strengthen the capacity of the county to implement slum upgrading interventions. This additional conditional allocation, which is in its second year of implementation, was allocated Kshs 1,300 million in FY 2022/23 During the year, Kshs 1,292 million was disbursed leaving Kshs 7 million undisbursed.
- l) **KFW German Development Bank Drought Resilience Programme in Northern Kenya (DRPNK) -** This is a project financed by proceeds of a loan and grant from the German Development Bank in Turkana and Marsabit county governments. The programme objective is "to ensure that Drought resilience and climate change adaptive capacities of the pastoral

and agro-pastoral production systems and livelihoods in selected areas of Turkana and Marsabit County are strengthened on a sustainable basis by expanding and rehabilitating relevant infrastructure." The expected projects outputs are to ensure: - access to water is improved for humans and livestock; fodder basis is improved; access to market. This programme is in its fourth year of implementation and the additional conditional allocation towards its financing has increased significantly from an allocation of Kshs 100 million in FY 2020/21, Kshs 370 million in FY 2021/22 and Kshs 410 million in FY 2022/2023. The increase can be attributed to the successful procurement of the project consultant were supported the identification and implementation of projects in the two beneficiary county governments. During the year, Kshs 272 million was disbursed leaving Kshs 138 million undisbursed. Details of these transfers are shown on Appendix 2 of this report.

- m) **Supplementary for construction of County headquarters- State Department of Public Works** – This conditional allocation is intended to supplement financing for construction of headquarters by five County governments that did not inherit adequate offices. The five county governments are Isiolo; Lamu; Nyandarua; Tana River and Tharaka Nithi. The allocation was part of a three- year plan, beginning FY 2017/18, to supplement the five county governments’ funds in constructing their county headquarters. The State Department for Public Works pays the contractors directly. During the year there were no payments made to the contactors.
- n) **Leasing of medical equipment** – The allocation for leasing of medical equipment was managed directly by the Ministry of Health. There was no direct disbursement to the County governments.

1.2.3. County own source revenue

1.2.3.1. Consolidated own source revenue

The consolidated own source revenue (OSR) for county governments amounted to Kshs 36,875 million for FY 2022/23 compared to Kshs 32,790 million generated the previous year resulting in a 12% increase. The table below shows consolidated own source revenue for county government over a ten-year period.

Table 5: Consolidated own generated revenue over the last 10 years

	FY 2013/14	FY 2014/15	FY 2015/1 6	FY 2016/1 7	FY 2017/1 8	FY 2018/1 9	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/2 3
	Kshs' Million	Kshs' Million	Kshs' Million	Kshs' Million	Kshs' Million	Kshs' Million	Kshs' Million	Kshs' Million	Kshs' Million	Kshs' Million
Own Source Revenue	30,176	34,447	35,645	33,368	31,915	41,320	36,925	35,556	32,790	36,875
% Increase	-	14%	3%	(6%)	(4%)	29%	(11%)	0.21%	1.0%	12%

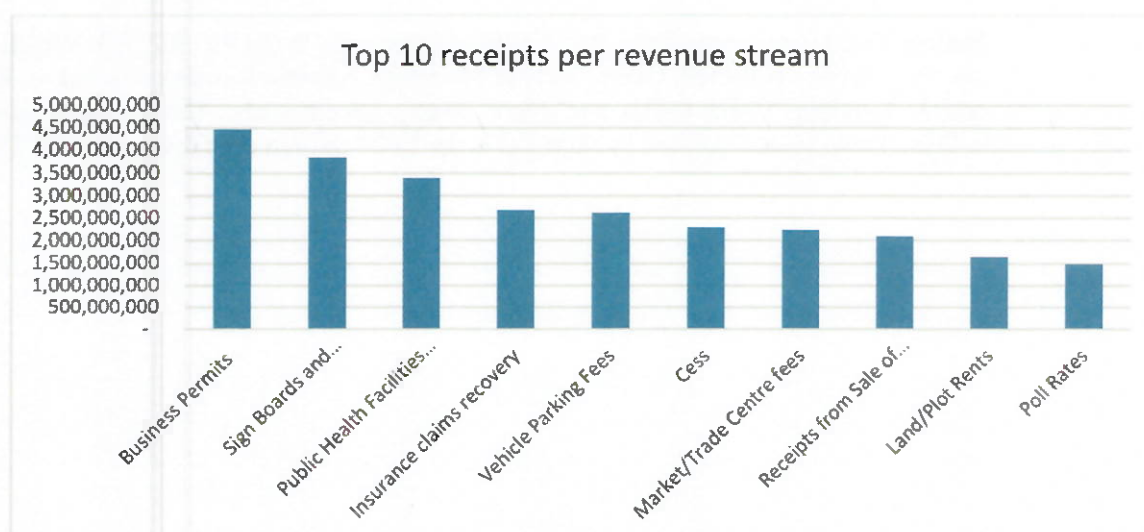
The trend indicates a steady increase in the county government’s ability to generate funds from own sources since establishment in FY 2013/14. The trend shows a decrease own source revenue collection in FY 2016/17, FY 2017/2018 and FY 2019/20. In FY 2016 through to 2018, the decrease in revenue was as a result of disruptions due to change in governance in the county governments following the 2017 general elections. For the FY 2020/21 the reduction in revenue

by 2% from the prior year was largely attributed to the effects of COVID-19 pandemic on the economy.

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

		FY 2022/23	FY 2021/22
	Description	Kshs	Kshs
1	Business permits	4,468,146,082	3,672,333,867
2	Sign boards and advertising fees	3,846,193,614	3,631,956,916
3	Public health facilities operations	3,389,768,451	3,863,963,420
4	Insurance claims recovery	2,691,893,958	958,944,571
5	Vehicle parking fees	2,618,366,129	2,559,309,352
6	Cess	2,291,740,246	2,076,108,738
7	Market/trade centre fees	2,239,765,583	2,197,658,626
8	Receipts from sale of agricultural Goods	2,097,057,255	1,627,585,454
9	Land/plot rents	1,649,649,849	1,405,146,743
10	Poll rates	1,488,047,958	1,299,796,476
11	Other receipts	10,094,376,387	9,497,018,219
	Total	36,875,005,512	32,789,822,381

Table 6: Table above shows breakdown of FY 2022/23 top 10 receipts per revenue stream

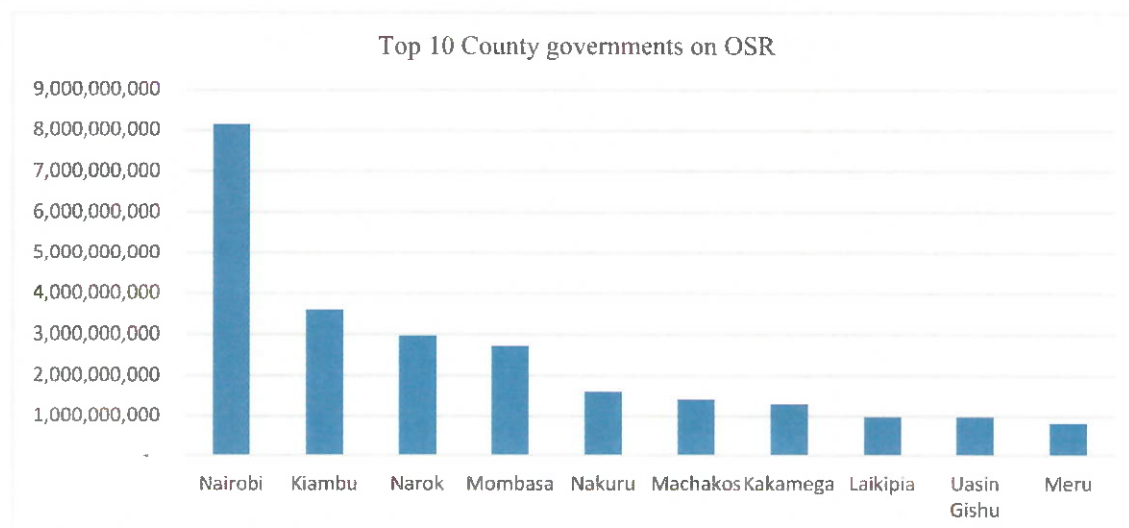


Business permits, health facilities, rates and parking fees are the economic items generating substantial revenue for the county governments. These ten streams account for 71% of total own source revenue generated by county governments in FY 2022/23.

1.2.3.2. Top 10 County governments in collection of county own source revenue in FY 2022/23

County governments have different abilities to generate local receipts. The figures below show the top ten and lowest ten county governments in terms of generation of local receipts.

Figure 3: Receipts generated by the top 10 county governments.

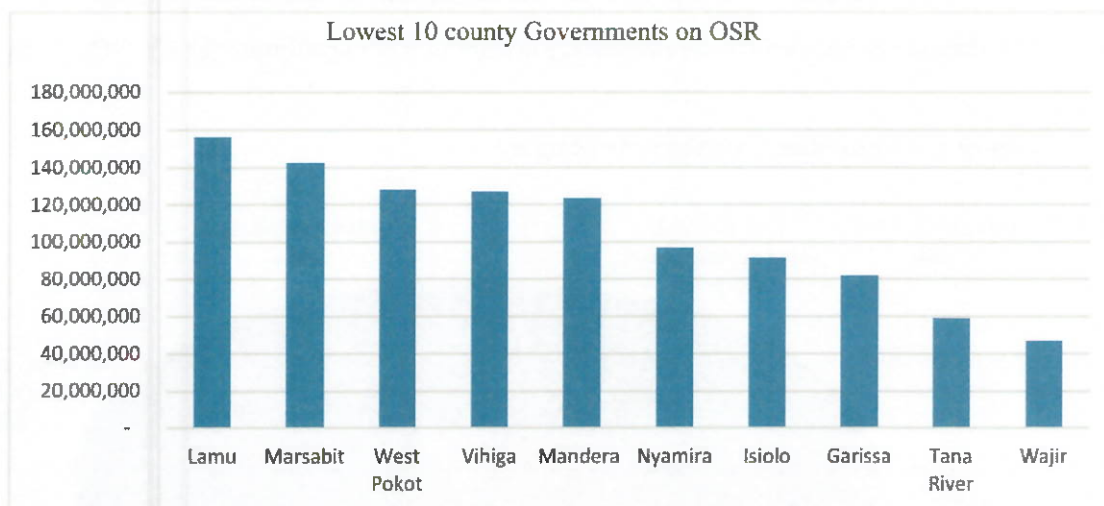


Nairobi County generated Kshs 8,158 million in revenue in the FY 2022/23. Which is 25% of the total revenue collected. Others include Mombasa, Nakuru, Kiambu, Machakos, Kakamega, Narok, Laikipia, Uasin Gishu and Meru county governments. These county governments collected own source revenue in excess of Kshs 1,000 million each during the FY 2022/23.

1.2.3.3. Lowest 10 county governments in revenue collection in FY 2022/23

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

Figure 4: Amount of receipts generated by the lowest 10 County governments.



The county governments with the lowest revenue collection were Isiolo, Wajir, Nyamira, Tana River and Garissa all of which collected less Kshs 100 million each during the FY 2022/23.

1.2.3.4 Total payments made by county governments

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 2022/23 and prior year:

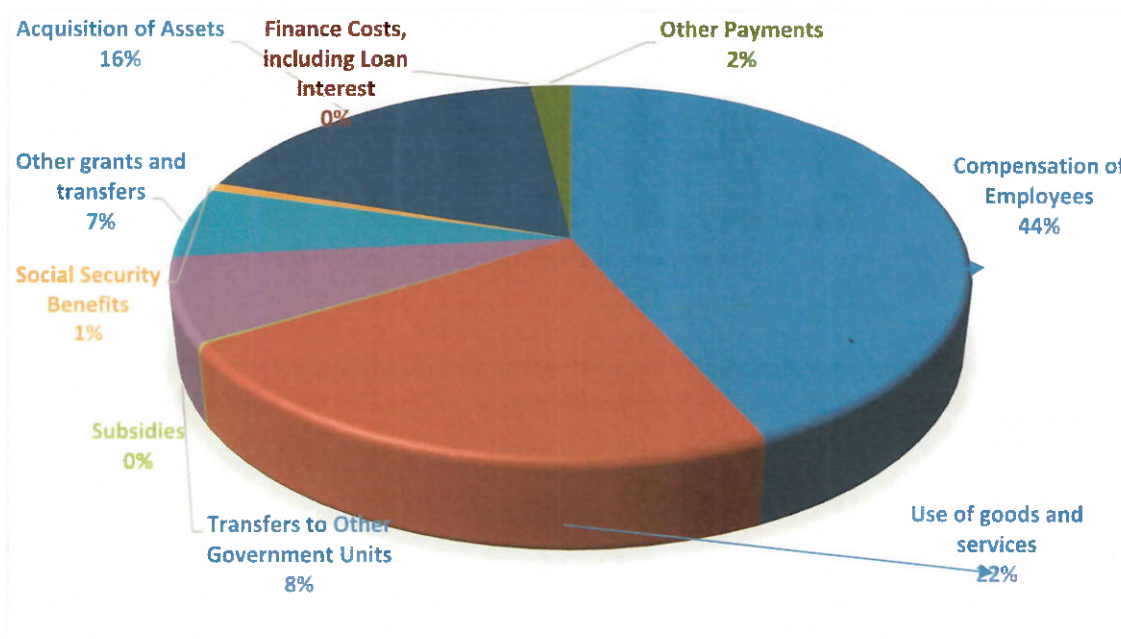
Table 6: Consolidated county governments payments

Payments	FY 2022/23 Kshs Million	FY 2021/22 Kshs Million
Compensation of employees	196,511	183,337
Use of goods and services	97,590	96,272
Subsidies	795	714
Transfers to other government units	33,860	30,436
Other grants and transfers	31,374	27,103
Social security benefits	3,266	2,679
Acquisition of assets	70,714	75,327
Finance costs, including loan interest	97	33
Other payments	8,046	7,389
Total Payments	442,253	423,288

The overall increase from prior year of Kshs 18,965 million was mainly attributed to increase in compensation of employees by 7.1% on compensation of employees was due to increased staff at the county governments occasioned by the new elected county governments which led to increase in basic salaries for the staff, allowances paid as part of salary and social security contributions. The increase is also attributable to annual increments to existing staff members to cater for inflation.

The diagram below depicts the percentage distribution of expenditure for FY 2022/23 by category.

Figure 5: Consolidated payments by category



The proportion of compensation of employees to the total payments was 44%. 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 which led to increased basic salaries for the staff, allowances paid as part of salary and other social security contributions.

1.2.4. Financial assets held by county governments.

The net financial assets as at 30th June 2023 was Kshs 43,514 million while for the previous financial year was Kshs 33,712 million representing an increase of 29% as shown in the table below.


Table 7: Consolidated County governments financial assets and liabilities

Financial assets	FY 2022/23	FY 2021/22	Change	%
	Kshs Million	Kshs Million	Kshs Million	Change
Bank balances	47,420	37,437	9,983	27%
Cash balances	6	7	(1)	(17%)
Accounts receivables - Outstanding imprests	997	1,023	(26)	(3%)
Accounts payables – Deposits and retentions	4,909	4,756	153	3%
Net financial assets	43,514	33,712	9,803	29%

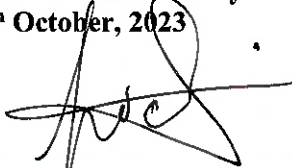
Increase in net financial assets is largely explained by an increase in bank balances by 27% at the end of the year.

1.3. Conclusion

The allocation of funds to county governments continues to increase over the years, with the National Treasury able to disburse 100% of the equitable share by the close of financial year 2022/2023. The Government continues to support devolution and will endeavour to transfer all funds allocated to County Governments as has been done in the past. To improve transparency and accountability, the National Treasury and PSASB are working towards transitioning MDAs and County Governments to accrual accounting.



**FCPA Bernard Ndungu, MBS
Director General, Accounting Services & Quality Assurance
The National Treasury
30th October, 2023**



**CPA Jona Wala
Director Accounting Services
The National Treasury
30th October, 2023**

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.

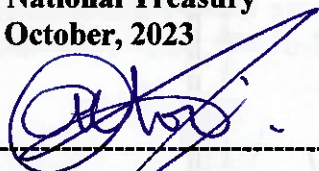
The National Treasury has consolidated the financial statements of 47 County Governments. These consolidated financial statements relate to the County Governments Executives, County Assemblies, County Receivers of Revenue and County Revenue Funds for the financial year 2022/2023. Other County Government entities have been consolidated under a different accounting standards framework. The consolidated financial statements for the County governments were prepared based on the financial statements submitted to the National Treasury. 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.

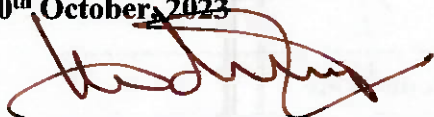
To the best of our knowledge, the consolidated financial statements as set out on pages 1 to 25 are complete in all material aspects and are prepared based on the financial statements submitted by the 47 County Governments for the financial year ended 30th June 2023.



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The National Treasury
30th October, 2023



Dr. Chris Kiptoo, CBS
Principal Secretary
The National Treasury
30th October, 2023



Njuguna Ndung'u, CBS
Cabinet Secretary
The National Treasury & Economic Planning
30th October, 2023

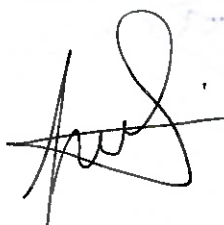
3. Consolidated financial statements

3.1. Consolidated statement of receipts and payments for the year ended 30th June 2023

	Note	FY 2022/23	FY 2021/22
Receipts		Kshs	Kshs
Exchequer releases	3.7.1	399,600,000,000	340,400,000,000
Transfers from other government entities	3.7.2	16,172,686,385	12,239,058,073
Other grants and receipts	3.7.3	437,315,830	11,620,375,771
Proceeds from sale of assets	3.7.4	162,314	31,837,963
County own generated receipts	3.7.5	36,875,005,512	32,789,822,381
Unspent balances surrendered to CRF	3.7.6	1,576,764,926	3,289,821,366
Total receipts		454,661,934,968	400,370,915,554
Payments			
Compensation of employees	3.7.7	196,510,815,461	183,337,188,383
Use of goods and services	3.7.8	97,590,238,106	96,271,644,342
Subsidies	3.7.9	794,769,575	713,651,813
Transfers to other government units	3.7.10	33,859,663,858	30,435,736,380
Other grants and transfers	3.7.11	31,374,284,636	27,102,538,208
Social security benefits	3.7.12	3,266,441,447	2,678,722,878
Acquisition of assets	3.7.13	70,713,920,950	75,326,625,154
Finance costs, including loan interest	3.7.14	96,640,217	33,333,768
Other payments	3.7.15	8,045,927,802	7,388,622,469
Total payments		442,252,702,052	423,288,063,394
(Deficit)/ Surplus for the year		12,409,232,916	(22,917,147,840)

The financial statements should be read in conjunction with the accompanying notes and appendices to this report. The report covers the year ended 30th June 2023 and the accompanying comparatives cover the year ended 30th June 2022.

FCPA Bernard Ndungu, MBS
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The National Treasury
30th October 2023



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The National Treasury
30th October 2023

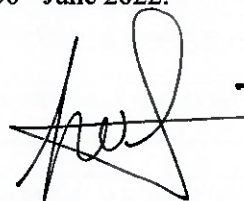
3.2. Consolidated statement of financial assets and liabilities as at 30th June 2023

	Note	FY 2022/23	FY 2021/22
		Kshs	Kshs
Financial assets			
Cash and cash equivalents			
Bank balances	3.7.16A	47,420,142,985	37,436,928,507
Cash balances	3.7.16B	6,097,780	7,359,928
Total cash and cash equivalents		47,426,240,765	37,444,288,435
Accounts receivable	3.7.17	997,254,817	1,023,417,305
Total financial assets		48,423,495,582	38,467,705,740
Financial liabilities			
Accounts payable	3.7.18	4,909,211,120	4,756,024,508
Net financial assets		43,514,284,463	33,711,681,232
Represented by			
Fund balance b/fwd.	3.7.19	33,711,681,230	58,572,886,194
Prior year adjustments	3.7.20	(2,606,629,684)	(1,944,057,124)
Surplus/(Deficit) for the year		12,409,232,916	(22,917,147,840)
Net financial position		43,514,284,463	33,711,681,232

The financial statements should be read in conjunction with the accompanying notes and appendices to this report. The report covers the year ended 30th June 2023 and the accompanying comparative amounts cover year ended 30th June 2022.



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The National Treasury
30th October 2023



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The National Treasury
30th October 2023


3.3. Consolidated statement of cash flows for the year ended 30th June 2023

	Note	FY 2022/23	FY 2021/22
		Kshs	Kshs
Receipts from operating activities			
Exchequer releases	3.7.1	399,600,000,000	340,400,000,000
Transfers from national government entities	3.7.2	16,172,686,385	12,239,058,073
Other grants and receipts	3.7.3	437,315,830	11,620,375,771
County own generated receipts	3.7.5	36,875,005,512	32,789,822,381
Unspent balances surrendered to CRF	3.7.6	1,576,764,926	3,289,821,366
Total receipts from operating activities		454,648,893,854	400,255,518,811
Payments for operating activities			
Compensation of employees	3.7.7	196,510,815,461	183,337,188,383
Use of goods and services	3.7.8	97,590,238,106	96,271,644,342
Subsidies	3.7.9	794,769,575	713,651,813
Transfers to other government units	3.7.10	33,859,663,858	30,435,736,380
Other grants and transfers	3.7.11	31,374,284,636	27,102,538,208
Social security benefits	3.7.12	3,266,441,447	2,678,722,878
Finance costs, including loan interest	3.7.14	96,640,217	33,333,768
Other payments	3.7.15	8,045,927,802	7,388,622,469
Total payments for operating activities		371,538,781,102	347,961,438,240
Adjusted for:			
Prior period adjustments	3.7.20	(2,606,629,684)	(1,944,057,124)
Increase in accounts receivable	3.7.21	26,162,488	(162,839,754)
Decrease in accounts payable	3.7.22	153,186,611	(146,717,295)
Total adjustments		(2,427,280,585)	(2,253,614,173)
Net cash flows from operating activities		80,682,832,167	50,040,466,399
Cash flows in investing activities			
Proceeds from sale of assets	3.7.4	162,314	31,837,963
Acquisition of assets	3.7.13	(70,713,920,950)	(75,326,625,154)
Net cash flows in investing activities		(70,713,758,636)	(75,294,787,191)
Net increase/ (decrease) in cash & cash equivalents		9,981,952,331	(25,248,440,792)
Cash and cash equivalents at start of year	3.7.17	37,444,288,434	62,692,729,227
Net increase in cash and cash equivalents		9,981,952,331	(25,248,440,792)
Cash and cash equivalents at end of year	3.7.17	47,426,240,765	37,444,288,434

The financial statements should be read in conjunction with the accompanying notes and appendices to this report. The report covers the year ended 30th June 2023 and the accompanying comparatives cover the year ended 30th June 2022.



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The National Treasury
30th October 2023**



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Director, Accounting Services
The National Treasury
30th October 2023**

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3.4. Statement of comparison of budget and actual amounts for the year ended 30th June 2023

Receipt/Expense	Original Budget FY 2022/23		Adjustments * FY 2022/23		Final budget FY 2022/23		Actual on comparable basis FY 2022/23		Budget utilisation difference FY 2022/23		% of Utilisation FY 2022/23		Notes
	a1	Kshs	b1	Kshs	c1=a1+b1	Kshs	d1	Kshs	e1=c1-d1	Kshs	f1=d1/c1 %		
Receipts													
Exchequer releases	370,000,000,000	Kshs	29,600,000,000	Kshs	399,600,000,000	Kshs	399,600,000,000	Kshs	-		100%	1	
Transfers from other government Entities	22,522,322,290		-		22,522,322,290		16,172,686,385		6,349,635,905		72%	2	
Other grants and receipts	407,969,307		88,180,881		496,150,188		437,315,830		58,834,358		88%	3	
Proceeds from sale of assets							162,314		(162,314)			4	
County own source revenue	54,519,157,821		4,012,596,959		58,531,754,780		36,875,005,512		21,656,749,268		63%	5	
Unspent balances surrendered to CRF	1,145,152,380		477,931,724		1,623,084,104		1,576,764,926		46,319,178		97%	6	
Total receipts	448,594,601,798		34,178,709,564		482,773,311,362		454,661,934,968		28,111,376,395		94%		
Payments													
Compensation of employees	185,820,938,801		11,471,457,585		197,292,396,385		196,510,815,461		781,580,924		100%	7	
Use of goods and services	89,831,301,540		13,569,021,184		103,400,322,723		97,590,238,106		5,810,084,617		94%	8	
Subsidies	787,524,446		6,828,097		794,352,543		794,769,575		(417,032)		100%	9	
Transfers to other government entities	50,700,855,368		(15,752,280,725)		34,948,574,643		33,859,663,858		1,088,910,785		97%	9	
Other grants and transfers	29,031,848,352		3,121,606,026		32,153,454,378		31,374,284,636		779,169,742		98%	10	
Social security benefits	3,100,886,900		193,368,709		3,294,255,609		3,266,441,447		27,814,162		99%	11	
Acquisition of assets	80,202,296,945		20,315,805,051		100,518,101,997		70,713,920,950		29,804,181,047		70%	12	
Finance costs, including loan interest	1,096,014,678		(127,412,750)		968,601,928		96,640,217		871,961,711		10%	13	
Repayment of principal on domestic and foreign borrowing	-		20,000,000		20,000,000		-		20,000,000		0%	14	
Other Payments	8,022,934,768		1,360,316,388		9,383,251,156		8,045,927,802		1,337,323,354		86%	15	
Total payments	448,594,601,798		34,178,709,565		482,773,311,363		442,252,702,052		40,520,609,310		92%		
Deficit	-		-		-		12,409,232,916		-				

Notes to the budget

1. **Exchequer releases** realised Kshs 399,600 million as compared to the budgeted figure of Kshs 370,000 million as per CARA 2022. Funds for June 2022 equitable share were disbursed in August 2022 to make revised estimates as Kshs 399,600 million.
2. **Transfers from National government entities** realised Kshs 16,172 million against a budget of Kshs 22,522 million. These related to amounts for additional allocation of disbursed directly from the National government State Department. The Additional Allocation bill was approved later in the year making it difficult for State Departments to disburse all amounts.
3. **Other grants and transfers** realised a total of Kshs 437 million against a budget of 496 million. These were mainly proceeds from development partners directly to the county CRF. These funds included funds for nutrition improvements.
4. **Proceeds from sale of assets** reflects revenue for disposal of motor vehicles during the year.
5. **County own source revenue realised** 63% of the budgeted amounts during FY 2022/23. The country faced economic hardships during the year arising from prolonged drought in the late 2022 and early months of 2023. This dampened collections by County Governments.
6. **Unspent balances surrendered to CRF** was low due to prompt disbursement of equitable share. By 28th June 2022 all counties had received equitable share for the FY 2022/23.
7. **Acquisition of assets and finance costs and other payments** was low due to the change in governments. This translated to slowing down of activities as new administration took office after the elections.

* **Adjustments on original budget** – There were adjustments on the original budgets as presented in financial statements by various county governments. The changes were as a result of reallocation 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 30th June 2023 and the accompanying comparatives cover the year ended 30th June 2022.

**Government of Kenya
County Governments Consolidated Financial Statements
for the Year Ended 30th June 2022**

3.5. Summary of funds movement per county during the FY 2022/23

This presents a summary of the movement of funds at the county governments during the FY 2022/23, 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	11,624,963,715	10,891,220,180	733,743,535	33,978,015	-	767,721,550
2	Kwale	10,265,703,704	9,729,677,549	536,026,155	841,185,333	(10,362,092)	1,366,849,396
3	Kilifi	14,554,541,041	13,212,142,693	1,342,398,348	321,481,705	-	1,663,880,053
4	Tana River	7,313,374,664	6,890,115,543	423,259,121	589,991,643	53,852,998	1,067,103,762
5	Lamu	3,630,554,933	3,553,349,337	77,205,596	794,345,628	(1,307,673)	870,243,551
6	Taita Taveta	6,489,419,081	5,839,112,376	650,306,705	172,100,613	-	836,036,966
7	Garissa	9,247,230,870	8,140,341,444	1,106,889,426	28,264,535	(705,165)	1,134,448,796
8	Wajir	11,040,727,548	10,134,377,256	906,350,292	96,627,219	(9,752)	1,002,967,759
9	Mandera	12,444,388,795	11,998,755,342	445,633,453	88,831,354	(1,324)	534,463,483
10	Marsabit	8,349,942,479	7,721,022,653	628,919,826	122,779,654	(80,199,113)	671,500,367
11	Isiolo	5,549,825,244	6,216,580,030	(666,754,786)	1,513,779,341	(148,059)	846,876,496
12	Meru	11,506,312,883	11,238,450,829	267,862,054	212,406,836	(4,065)	480,264,825
13	Tharaka Nithi	5,053,707,965	5,032,833,657	20,874,308	134,996,372	(1,382,727)	154,487,953
14	Embu	6,492,098,735	6,819,201,446	(327,102,711)	736,172,632	(4,979,779)	438,556,070
15	Kitui	12,374,934,874	10,392,329,771	1,982,605,103	330,987,614	(317,311,893)	1,996,280,824
16	Machakos	11,591,488,432	11,248,597,129	342,891,303	385,501,919	(5,499,185)	722,894,037
17	Makueni	9,521,712,095	9,401,114,080	120,598,015	1,103,359,172	(808,660,712)	415,296,475
18	Nyandarua	6,852,446,496	7,030,434,780	(177,988,284)	1,093,967,208	(2,615,521)	913,363,403
19	Nyeri	7,606,783,281	7,833,493,415	(226,710,134)	337,354,471	(1,050)	110,643,287
20	Kirinyaga	6,455,797,650	6,449,853,240	5,944,410	511,665,474	-	517,609,884
21	Murang'a	8,793,360,251	8,406,830,377	386,529,874	18,296,209	(231,537)	404,594,546
22	Kiambu	16,548,167,148	14,060,333,243	2,487,833,905	104,987,474	(1,672,923)	2,591,148,456

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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
23	Turkana	14,246,438,525	15,807,761,225	(1,561,322,700)	4,372,740,295	-	2,811,417,595
24	West Pokot	7,220,332,046	7,681,261,263	(460,929,217)	760,759,412	(694,399)	299,135,797
25	Samburu	6,338,074,678	6,381,955,023	(43,880,345)	715,436,432	(1,846,530)	669,709,557
26	Trans Nzoia	8,419,157,076	8,308,928,254	110,228,822	89,921,952	-	200,150,774
27	Uasin Gishu	9,950,918,905	10,317,310,880	(366,391,975)	1,150,995,762	-	784,603,787
28	Elgeyo Marakwet	5,414,403,167	5,286,477,287	127,925,880	443,687,466	(100)	571,613,246
29	Nandi	8,134,627,440	8,213,549,007	(78,921,567)	813,373,935	(585,765,552)	148,686,816
30	Baringo	7,334,314,708	7,791,499,972	(457,185,263)	1,540,022,187	(413,462)	1,082,423,462
31	Laikipia	6,664,836,623	6,559,136,308	105,700,315	25,825,738	(44,931)	131,481,122
32	Nakuru	16,185,617,176	16,874,348,096	(688,730,920)	4,134,918,274	(20,533,758)	3,425,653,596
33	Narok	12,847,763,528	12,814,032,076	33,731,452	268,332,111	(268,329,310)	33,734,253
34	Kajiado	9,523,132,550	9,023,931,680	499,200,870	1,027,978,113	-	1,527,178,983
35	Kericho	7,601,952,324	7,682,798,029	(80,845,705)	487,366,719	(23,634,525)	382,886,489
36	Bomet	8,642,247,183	8,535,272,050	106,975,133	1,009,781,661	(242,779)	1,116,514,015
37	Kakamega	15,034,020,103	15,212,087,016	(178,066,913)	247,139,332	339,051,834	408,124,253
38	Vihiga	5,752,754,819	5,537,760,477	214,994,342	183,937,185	-	398,931,527
39	Bungoma	12,225,972,323	12,198,989,288	26,983,035	1,255,483,912	(850,941,554)	431,525,393
40	Busia	8,348,866,147	7,454,345,493	894,520,654	567,275,865	(11,237,375)	1,450,559,144
41	Siaya	7,867,812,888	7,659,727,579	208,085,309	696,511,378	-	904,596,686
42	Kisumu	9,691,906,112	9,696,753,801	(4,847,689)	2,218,005,789	(736,138)	2,212,421,962
43	Homabay	9,268,744,226	9,067,979,196	200,765,030	55,643,160	-	256,408,190
44	Migori	9,300,726,306	8,926,620,282	374,106,024	689,704,991	(4,395)	1,063,806,620
45	Kisii	10,318,587,893	8,164,640,038	2,153,947,855	420,800,760	(17,138)	2,574,731,477
46	Nyamira	5,869,022,061	6,021,185,464	(152,163,403)	476,955,861	-	324,792,458
47	Nairobi	29,152,224,278	28,794,185,900	358,038,378	486,022,521	-	844,060,899
	Grand Total	454,661,934,968	442,252,702,052	12,409,232,916	33,711,681,232	(2,606,629,684)	43,562,380,039

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.

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 are for the reporting entity as specified in Chapter 11 of the Constitution of Kenya, 2010.

c) Reporting currency

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

d) Basis of consolidation

This consolidation is based on copies of unaudited financial statements submitted by the individual county governments to the Office of the Auditor General by 30th September 2023 with a copy to the National Treasury, 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 these 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 recognise all receipts from the various sources when the event occurs and the related cash has actually been received by the county government.

- i. **Transfers from the exchequer** – Transfer from National 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.
- ii. **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.
- iii. **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 30th June 2023, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.
- iv. **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.
- v. **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.
- vi. **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 recognise all payments when the event occurs and the related cash has actually been paid out by the county governments.

- i. **Compensation of employees** – Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.
- ii. **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.
- iii. **Interest on borrowing** – Borrowing costs that include interest on loans are recognized as payment in the period in which they are paid for.
- iv. **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.
- v. **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 county assemblies;
- County governments corporations; and
- National government entities including MDAs, SCs and SAGAs.

m) Comparative figures

The financial statements period covers the period 1st July 2022 to 30th June 2023. The comparative numbers are for audited financial statements for the corresponding period 1st July 2021 to 30th June 2022. 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. Equitable share transfers by the National Treasury to County government

These comprise of transfers from the exchequer, of equitable share allocation. This represents a significance increase in disbursement. This is largely due to the disbursements amounting to Kshs 29,600 million that related to June 2022 allocation of equitable share. This amount was disbursed to the county governments together with disbursements for the year. The exchequer releases do not include the conditional grants which were disbursed to the county governments by the parent ministries.

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Equitable share	399,600,000,000	340,400,000,000
Total	399,600,000,000	340,400,000,000

3.7.2. Transfers from national government State Departments

These consist of funds received from the national government MDAs and other government entities. This was made necessitated by the change from external grants and GOK grants conditional allocations to pass through the parent ministry.

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
World Bank -Transforming Health Systems for Universal Care Project (THUSP)-Ministry of Health	-	1,767,211,990
User fees foregone -Ministry of Health	-	27,094,914
IDA World Bank National Agricultural Value Chain Development Project (NAVCDP) -State Department of Crop Development	1,747,010,883	193,980,571
Word Bank-NARIGP-State Department of Crop Development	3,533,288,414	3,569,626,397
World Bank Kenya Climate Smart Agriculture (KCSAP) -State Department of Crop Development	2,112,826,374	3,791,759,198
(IDA) World Bank -Kenyan Urban Support Programme (KUSP) - State Department of Housing & Urban Development	122,020,002	80,591,301
(IDA) World Bank Credit-Financing Localy Led climate program (FLoCA)1 CCIS Grant - The National Treasury	979,000,000	-
DANIDA Grant -Primary Health care in devolved context - Ministry of Health	898,020,158	338,092,779
IDA (World Bank) Credit: Water & Sanitation Development Project (WSDP)-Min. Water and Sanitation	3,470,855,427	1,546,403,021
SIDA Agricultural Sector Development Support Programme II (ASDSP II)-State Department of Crop Development	574,730,160	545,685,466
Word Bank-Emergency Locust Response Project (ILRP) State Department of Crop Development	1,170,941,622	280,174,016
Word Bank-Kenya Informal settlement improvement project (KISIP 11)-State Department of Housing & Urban Development	1,292,063,703	-
EU Grant (Instruments for Devolution Advice and Support-(IDEAS)-State Department of Devolution	-	63,404,280
KFW German Development Bank- Drought Resilience Programme in Northern Kenya (DRPNK)-Min. Water, Sanitation	271,929,642	-
Supplementary for Construction of County Headquarters-State Department of Public Works		47,171,982
TOTAL	16,172,686,385	12,239,058,073

3.7.3. Other grants and transfers

These include Appropriation-in-Aid (AIA) and relates to receipts such as proceeds from development partners directly to the CRF account. These are recognized in the financial statements the time cash is received.

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
These are funds received from development partners directly through CRF		
KDSP	157,500,526	1,237,373,478
Nutrition International	168,987,758	177,582,732
MoH -Infrastructure support	-	200,000,000
MoH -Free maternity healthcare	-	1,241,491,600
Special purpose grant	97,948,746	6,845,622,900
SIDA Agricultural Sector Development Support Programme I (ASDSP I)		1,780,648,620
These are funds received from development partners directly into operational accounts		
Transfers	-	137,656,441
Total	437,315,830	11,620,375,771

3.7.4. Proceeds from sale of assets

These comprise of funds received from disposal of old assets. For the period ended 30th June 2023, there were receipts received by County assembly of Nakuru and Siaya from sale of non-produced assets.

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Receipts from the sale of vehicles and transport equipment	-	31,680,738
Receipts from the sale plant machinery and equipment	-	88,425
Receipts from the sale of inventories, stocks & commodities	-	68,800
Disposal and sales of non-produced assets	162,314	-
Total	162,314	31,837,963

3.7.5. County generated receipts

These comprise of other receipts including voluntary transfers other than grants, miscellaneous income and other receipts. This is mainly collected at the county level in form of fees, permits, licences and cess amongst others.

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Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Business permits	4,468,146,082	3,672,333,867
Sign boards and advertising fees	3,846,193,614	3,631,956,916
Public health facilities operations	3,389,768,451	3,863,963,420
Insurance claims recovery	2,691,893,958	958,944,571
Vehicle parking fees	2,618,366,129	2,559,309,352
Cess	2,291,740,246	2,076,108,738
Market/trade centre fees	2,239,765,583	2,197,658,626
Receipts from sale of agricultural goods	2,097,057,255	1,627,585,454
Land/plot rents	1,649,649,849	1,405,146,743
Poll rates	1,488,047,958	1,299,796,476
Public health services	1,322,276,839	1,303,241,136
Technical service fees	1,295,803,493	783,871,221
Environment and conservancy administration	1,092,853,643	962,582,693
Receipts from administrative fees and charges	893,386,791	922,237,669
Other health and sanitation revenues	768,776,432	550,461,535
Other miscellaneous revenues	766,052,903	602,609,631
Liquor licences	676,327,217	582,192,311
Other revenues from financial assets loans	357,195,215	344,101,060
Rental income	341,804,404	250,781,933
Lease/rental of infrastructure assets	337,543,094	377,880,935
Sewerage administration	296,474,242	29,667,093
Other property income	294,261,141	231,479,876
Other local levies	288,578,466	365,499,828
Sales of market establishments	205,104,054	165,893,739
Donations	196,815,805	318,346,067
Other education related fees	185,651,541	196,876,477
Fines, penalties and forfeitures	180,213,723	127,036,927
Other receipts not classified elsewhere	128,098,368	447,081,265
Natural resources exploitation	84,198,659	74,784,377
Social premise use charges	78,577,255	82,861,654
Slaughter houses administration	71,188,194	61,227,994
Receipts from sales by non-market establishments	48,880,633	49,159,454
Receipts from royalties	46,609,750	18,029,031
External service fees	46,227,951	60,881,276
Water supply administration	40,689,309	32,447,952
Profits and dividends	27,059,020	46,197,067
Receipts from voluntary transfers other than grants	9,185,373	1,557,490
School fees	8,737,719	6,388,601
Fund raising events	5,184,407	4,994,356
Other receipts from adjustments for end of year	526,200	496,647,572
Interest received	94,547	-
Totals	36,875,005,512	32,789,822,381

Appendix 3 provides details of own source revenue per County.

3.7.6. Unspent balances surrendered to CRF

This comprises refunds of monies unspent relating to FY 2021/22 returned back by the county governments to the County Revenue Fund (CRF) account in the financial year. These funds were then appropriated in FY 2022/23 under the supplementary budgets to allow utilisation.

No	County	FY 2022/23 Kshs	FY 2021/22 Kshs
1	Mombasa	39,420,923	64,050,887
2	Kwale	5,746,776	68,649
3	Kilifi	60,877	2,656,831
4	Tana River	852,597	280,234
5	Lamu	17,439,806	20,293,994
6	Taita Taveta	-	481,953
7	Garissa	-	-
8	Wajir	97,362	605,799
9	Mandera	9,968	27,249
10	Marsabit	96,929	84,232
11	Isiolo	-	-
12	Meru	492,155	155,026
13	Tharaka Nithi	57,890	513,272
14	Embu	6,963,774	392,195,898
15	Kitui	317,281,440	846,247,052
16	Machakos	5,635,081	821,174,784
17	Makueni	40,642	2,382,846
18	Nyandarua	5,481,438	13,518,516
19	Nyeri	289,354	31,704,987
20	Kirinyaga	23,739	93,683,018
21	Muranga	498,396	91,226,600
22	Kiambu	720,509	24,802,500
23	Turkana	87,052	425,438
24	West Pokot	52,546,776	32,480,692
25	Samburu	1,851,031	972,592
26	Trans Nzoia	97,155	166,052
27	Uasin Gishu	2,836,514	6,661,863
28	Elgeyo Marakwet	5,976,399	7,369,764
29	Nandi	-	11,401,302
30	Baringo	78,167,436	464,906
31	Laikipia	44,931	759,602
32	Nakuru	2,478,558	21,767,913
33	Narok	568,277	900,188
34	Kajiado	107,250	8,927,769
35	Kericho	164,228	830,882

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No	County	FY 2022/23	FY 2021/22
		Kshs	Kshs
36	Bomet	960,871,080	676,567,127
37	Kakamega	57,247,727	-
38	Vihiga	1,521,115	49,031,479
39	Bungoma	1,111,963	1,836,702
40	Busia	1,580,506	527,287
41	Siaya	663,736	-
42	Kisumu	7,392,674	1,034,742
43	Homa Bay	-	25,511,027
44	Migori	5,210	32,368,346
45	Kisii	17,139	2,181,303
46	Nyamira	209,475	37,509
47	Nairobi	9,038	1,442,555
	Totals	1,576,764,926	3,289,821,366

3.7.7. Compensation of employees

These comprise of the remuneration paid to employees. In addition to wages and salaries, compensation of employees includes social contributions made by county governments on behalf of their employees. The sharp increase was due to increase in county staff occasioned by recruitment of employees by the new elected governments.

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Basic salaries of permanent employees	141,959,048,614	131,212,696,444
Basic wages of temporary employees	6,445,997,518	7,939,020,063
Personal allowances paid as part of salary	37,670,037,180	34,560,124,214
Personal allowances paid as reimbursements	268,421,494	330,432,025
Personal allowances provided in kind	193,974,110	470,835,049
Pension and other social security contributions	5,091,434,203	4,589,241,624
Compulsory national social security schemes	2,988,426,405	2,032,607,570
Compulsory national health insurance schemes	1,088,933,491	679,084,379
Social benefit schemes outside government	15,738,758	117,271,780
Other personnel payments	788,803,687	1,405,875,234
Total	196,510,815,461	183,337,188,383

3.7.8. 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.

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Utilities, supplies and services	3,363,691,236	2,948,135,591
Communication, supplies and services	959,312,928	1,204,119,514
Domestic travel and subsistence	17,472,423,574	17,272,819,774
Foreign travel and subsistence	2,338,331,794	2,222,184,729
Printing, advertising & information supplies & services	2,397,367,587	2,843,953,540
Rentals of produced assets	1,321,170,167	1,712,017,875
Training expenses	3,287,007,884	3,797,156,101
Hospitality supplies and services	7,329,354,140	6,988,326,057
Insurance costs	11,235,052,895	8,138,670,343
Specialized materials and services	17,446,612,067	18,032,820,601
Office and general supplies and services	4,123,830,157	5,036,959,587
Fuel Oil and Lubricants	4,342,711,755	3,416,490,145
Other operating expenses	17,511,673,730	17,441,346,930
Routine maintenance – vehicles and other transport equipment	2,218,958,947	2,816,866,320
Routine maintenance – other assets	2,233,326,530	2,391,572,194
Payment done after year - end year adjustment	9,412,718	8,205,042
Total	97,590,238,106	96,271,644,342

3.7.9. Subsidies

These comprise of financial support given by the county government to public corporations and private enterprises within their jurisdiction.

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Subsidies to public corporation – Kitui	66,999,999	50,000,000
Subsidies to public corporation – Murang'a	3,600,000	2,265,862
Subsidies to public corporation – Elgeyo Marakwet	272,543	2,485,251
Subsidies to public corporation – Nandi	6,263,018	9,500,000
Subsidies to public corporation – Kakamega	717,634,015	649,400,700
Total	794,769,575	713,651,813

3.7.10. Transfers to other government entities

This comprises transfers to other county government entities representing as detailed below:

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Transfers to county health facilities	1,140,610,769	683,026,382
DANIDA & Facility Improvement Fund transfers	423,892,046	159,460,756
Transfers to imprest account	45,291,811	36,013,716
Transfer to water companies	1,374,006,673	1,320,651,043
*Other capital transfers	11,293,065,891	7,069,701,960
**Transfer to other county government entities (Funds)	5,473,884,847	799,405,053
Total	33,859,663,858	30,435,736,380

*Other transfers – Relate to non-reporting entities that include projects and schemes such as county projects, boards and county TVETs.

**Transfer to other county government entities (Funds) – These relate transfers to other self-reporting funds operated by the county governments.

3.7.11. Other grants and transfers

These consist of bursaries for needy students, support to vulnerable and marginalised people and other support to self - help groups.

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Scholarships and other educational benefits	7,195,877,442	6,556,302,205
Emergency relief and refugee assistance	5,150,880,193	3,662,754,642
Subsidies to small businesses and cooperatives	37,667,448	47,400,000
Other current transfers, grants	18,989,859,553	16,836,081,361
Total	31,374,284,636	27,102,538,208

3.7.12. Social security benefits

This consists of pensions and other payments in kind to county employees.

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Government pension and retirement benefits	2,464,952,731	2,067,084,499
Social security benefits in cash and in kind	526,459,187	347,549,476
Employer social benefits in cash and in kind	275,029,529	264,088,904
Total	3,266,441,447	2,678,722,878

3.7.13. 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.

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Non-financial assets		
Purchase of buildings	1,459,887	10,787,199
Construction of buildings	10,758,779,507	13,520,032,051
Refurbishment of buildings	2,650,905,822	2,387,630,041
Construction of roads	13,313,765,004	16,556,123,604
Construction and civil works	19,420,421,241	20,537,884,058
Overhaul and refurbishment of construction and civil works	5,365,543,157	7,100,686,314
Purchase of vehicles and other transport equipment	2,205,678,513	1,388,974,185
Overhaul of vehicles and other transport equipment	752,879,320	60,975,867
Purchase of household furniture and institutional equipment	444,704,031	499,877,877
Purchase of office furniture and general equipment	1,816,164,887	1,500,784,628
Purchase of ICT equipment, software and other ICT assets	711,301,426	482,208,213
Purchase of specialised plant, equipment and machinery	4,325,124,072	3,064,995,485
Rehabilitation and renovation of plant, machinery and equip.	299,163,019	288,375,580
Purchase of certified seeds, breeding stock and live animals	1,908,301,117	1,377,973,670
Research, studies, project preparation, design & supervision	1,418,226,142	1,203,347,000
Rehabilitation of civil works	2,375,009,696	2,621,192,600
Acquisition of strategic stocks and commodities	416,386,871	426,859,159
Acquisition of land	234,360,179	395,283,436
Acquisition of intangible assets	257,420,185	223,512,587
Financial assets		
Domestic lending and on-lending	861,107,218	269,898,149
Payables - From previous years	1,177,219,657	1,409,223,452
Total	70,713,920,950	75,326,625,154

3.7.14. Finance costs including loan interest on loans

This is cost of credit incurred by county governments and bank charges in commercial bank accounts held by county governments. The details are indicated below:

Description	FY 2021/22	FY 2020/21
	Kshs	Kshs
Bank charges	64,123,412	10,176,526
Other finance costs	32,516,805	23,157,242
Total	96,640,217	33,333,768

3.7.15. Other payments

These include all other expenditure transactions not elsewhere classified and mainly payments of pending bills.

Description	FY 2021/22	FY 2020/21
	Kshs	Kshs
Budget reserves	229,819,566	16,894,236
Civil contingency reserves	443,413,250	247,000,000
*Other expenses	7,372,694,986	7,124,728,233
Total	8,045,927,802	7,388,622,469

*- This relates to expenses incurred by the other county entities and payments incurred by the executive and assembly in the individual county financial statements mainly comprises of paying of pending bills from other previous financial years.

3.7.16. Cash and cash equivalents

A) Bank balances

These consist of cash book bank balances and short-term deposits as at 30th June 2023 and comparatives for financial year to 30th June 2022

Bank accounts	FY 2022/23	FY 2021/22
	Kshs	Kshs
County Revenue Fund accounts	34,103,820,265	17,665,994,066
Other Central Bank of Kenya accounts	9,162,091,971	13,044,296,587
Other commercial bank accounts	4,154,230,748	6,726,637,854
Total	47,420,142,985	37,436,928,507

B) Cash balances

These comprise cashbook cash balances as at 30th June 2023 and comparatives for financial year to 30th June 2022 represented by cash balances held by the institutions.

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Cash in Hand – Held in domestic currency	6,097,780	7,359,928
Total	6,097,780	7,359,928

3.7.17. Accounts receivable

These comprise of imprest issued to staff for official missions and not yet retired as at 30th June 2023 and staff advances not recovered as at the same date and comparatives for financial year to 30th June 2022.

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Government imprests	937,607,511	893,172,934
Clearance accounts	72,086	42,358,040
Staff advances	30,047,818	58,358,929
Other advances	29,527,402	29,527,402
Total	997,254,817	1,023,417,305

3.7.18. 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 30th June 2023 and comparatives for financial year to 30th June 2022.

Description	FY 2021/22	FY 2020/21
	Kshs	Kshs
Deposits and retentions	4,909,211,120	4,756,024,508
Total	4,909,211,120	4,756,024,508

3.7.19. Fund Balance Brought forward

These relates to closing fund balances funds held by the county governments as at the end of the previous financial periods. For FY 2022/23 its 30th June 2022 and for FY 2021/22 is as at 30th June 2021.

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Bank balances	37,436,928,507	62,052,108,124
Cash in hand	7,359,928	8,234,476
Account receivables	1,023,417,305	821,776,645
Account payables	(4,756,024,508)	(4,309,233,051)
Total	33,711,681,232	58,572,886,194

3.7.20. Prior period adjustments

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Adjustments on bank account balances	(1,756,229,903)	(2,245,992,416)
Adjustments on cash in hand	2,205,682	-
Adjustments on receivables	(871,435,365)	486,204,987
Adjustments on payables	18,829,902	(184,269,695)
Total	(2,606,629,684)	(1,944,057,124)

Prior year adjustments

These comprise of adjustments identified during the audit of financial statements of FY 2021/22 and made by the entities in FY 2022/23 to correct bank balances and imprest. Imprest adjustments related to adjustment for unaccounted for imprests that had not been reported or underreported in the previous year. The adjustments on bank and cash balances were as a result of the returning of unspent balances in the CRF in the current period which were closing balances in the previous period which were not available for use due to the lapse of the Appropriation as per the Law

Details per county are presented in the table below:

No	County	FY 2022/23	FY 2021/22
		Kshs	Kshs
1	Mombasa	-	-
2	Kwale	(10,362,092)	(12,381,788)
3	Kilifi	-	-
4	Tana River	53,852,998	-
5	Lamu	(1,307,673)	(2,235,235)
6	Taita Taveta	-	-
7	Garissa	(705,165)	(370,191)
8	Wajir	(9,752)	-

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No	County	FY 2022/23	FY 2021/22
		Kshs	Kshs
9	Mandera	(1,324)	(344,947)
10	Marsabit	(80,199,113)	(42,212)
11	Isiolo	(148,059)	(1,019,410)
12	Meru	(4,065)	(49,824)
13	Tharaka Nithi	(1,382,727)	(16,654,033)
14	Embu	(4,979,779)	(120,418)
15	Kitui	(317,311,893)	(850,276,214)
16	Machakos	(5,499,185)	-
17	Makueni	(808,660,712)	(252,995,772)
18	Nyandarua	(2,615,521)	(15,873,555)
19	Nyeri	(1,050)	-
20	Kirinyaga	-	-
21	Muranga	(231,537)	(139,971)
22	Kiambu	(1,672,923)	(31,154,593)
23	Turkana	-	-
24	West Pokot	(694,399)	-
25	Samburu	(1,846,530)	-
26	Trans Nzoia	-	-
27	Uasin Gishu	-	-
28	Elgeyo Marakwet	(100)	-
29	Nandi	(585,765,552)	-
30	Baringo	(413,462)	-
31	Laikipia	(44,931)	(3,037,785)
32	Nakuru	(20,533,758)	(1,754,246)
33	Narok	(268,329,310)	-
34	Kajiado	-	(265,811,111)
35	Kericho	(23,634,525)	(56,930,846)
36	Bomet	(242,779)	(80,520)
37	Kakamega	339,051,834	-
38	Vihiga	-	(167,993,600)
39	Bungoma	(850,941,554)	(252,080,572)
40	Busia	(11,237,375)	(10,528,978)
41	Siaya	-	-
42	Kisumu	(736,138)	-
43	Homa Bay	-	-
44	Migori	(4,395)	-
45	Kisii	(17,138)	(2,181,303)
46	Nyamira	-	-
47	Nairobi	-	-
	Totals	(2,606,629,684)	(1,944,057,124)

3.7.21. Increase in accounts receivable

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Receivables as at 1st July (A)	1,107,584,465	1,040,951,956
Receivables as at 30th June (B)	1,169,190,154	1,203,791,710
(Increase)/Decrease in receivables (c=(b-a))	(61,605,689)	(162,839,754)

3.7.22. Decrease in accounts payable

Description	FY 2022/23	FY 2021/22
	Kshs	Kshs
Payables as at 1st July (A)	4,304,127,148	4,584,459,936
Payables as at 30th June (B)	4,525,530,712	4,437,742,641
Increase/(Decrease) in payables (c=(b-a))	221,403,564	(146,717,295)

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Appendices

Appendix 1 – Summary of transfers from National Treasury in FY 2022/23-Equitable Shares

County	Equitable share Kshs.	Jun-22	Q1	Q2	Q3	Q4	Equitable share released Kshs.	Balance Kshs.	Released %
Baringo	6,369,394,592	509,551,571	1,592,348,648	1,560,501,676	1,592,348,648	1,624,195,020	6,878,946,163	(509,551,571)	108
Bomet	6,691,099,118	535,287,927	1,672,774,779	1,639,319,284	1,672,774,779	1,706,230,276	7,226,387,045	(535,287,927)	108
Bungoma	10,659,435,192	852,754,819	2,664,858,797	2,611,561,624	2,664,858,798	2,718,155,972	11,512,190,010	(852,754,818)	108
Busia	7,172,162,009	573,772,958	1,793,040,502	1,757,179,691	1,793,040,503	1,828,901,313	7,745,934,967	(573,772,958)	108
Elgeyo/Marakwet	4,606,532,480	368,522,596	1,151,633,120	1,128,600,458	1,151,633,120	1,174,665,782	4,975,055,076	(368,522,596)	108
Embu	5,125,243,762	410,019,499	1,281,310,941	1,255,684,721	1,281,310,941	1,306,937,159	5,535,263,261	(410,019,499)	108
Garissa	7,927,212,254	634,176,978	1,981,803,064	1,942,167,001	1,981,803,064	2,021,439,125	8,561,389,232	(634,176,978)	108
Homa Bay	7,805,353,300	624,428,261	1,951,338,326	1,912,311,558	1,951,338,325	1,990,365,093	8,429,781,563	(624,428,263)	108
Isiolo	4,710,388,265	376,831,059	1,177,597,066	1,154,045,125	1,177,597,067	1,201,149,007	5,087,219,324	(376,831,059)	108
Kajiado	7,954,768,229	636,381,461	1,988,692,057	1,948,918,217	1,988,692,058	2,028,465,897	8,591,149,690	(636,381,461)	108
Kakamega	12,389,412,169	991,152,975	3,097,353,042	3,035,405,981	3,097,353,044	3,159,300,101	13,380,565,143	(991,152,974)	108
Kenya	6,430,664,924	514,453,191	1,607,666,231	1,575,512,906	1,607,666,230	1,639,819,557	6,945,118,115	(514,453,191)	108
Kiambu	11,717,525,720	937,402,057	2,929,381,430	2,870,793,801	2,929,381,430	2,987,969,059	12,654,927,777	(937,402,057)	108
Kilifi	11,641,592,941	931,327,436	2,910,398,235	2,852,190,271	2,910,398,235	2,968,606,200	12,572,920,377	(931,327,436)	108
Kirinyaga	5,196,177,952	415,694,236	1,299,044,488	1,273,063,598	1,299,044,488	1,325,025,378	5,611,872,188	(415,694,236)	108
Kisii	8,894,274,509	711,541,962	2,223,568,627	2,179,097,255	2,223,568,627	2,268,040,000	9,605,816,471	(711,541,962)	108
Kisumu	8,026,139,240	642,091,142	2,006,534,810	1,966,404,114	2,006,534,811	2,046,665,505	8,668,230,382	(642,091,142)	108
Kitui	10,393,970,413	831,517,634	2,598,492,604	2,546,522,751	2,598,492,603	2,650,462,955	11,225,488,047	(831,517,634)	108
Kwale	8,265,585,516	661,246,842	2,066,396,380	2,025,068,451	2,066,396,379	2,107,724,306	8,926,832,358	(661,246,842)	108
Laikipia	5,136,265,679	410,901,253	1,284,066,420	1,258,383,091	1,284,066,420	1,309,747,748	5,547,166,932	(410,901,253)	108
Lamu	3,105,649,643	248,451,970	776,412,411	760,884,162	776,412,411	791,940,659	3,354,101,613	(248,451,970)	108
Machakos	9,162,304,232	735,984,335	2,290,576,058	2,244,764,535	2,290,576,059	2,336,387,580	9,895,288,567	(732,984,335)	108

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County	Equitable share	Jun-22	Q1	Q2	Q3	Q4	Equitable share released	Balance	Released
Makueni	8,132,783,562	650,622,683	2,033,195,890	1,992,531,972	2,033,195,891	2,073,859,809	8,783,406,245	(650,622,683)	108
Mandera	11,190,382,598	895,230,606	2,797,595,649	2,741,643,736	2,797,595,650	2,853,547,563	12,085,613,204	(895,230,606)	108
Marsabit	7,277,004,033	582,160,320	1,819,251,008	1,782,865,986	1,819,251,009	1,855,636,029	7,859,164,352	(582,160,319)	108
Meru	9,493,857,338	759,508,586	2,373,464,334	2,325,995,048	2,373,464,335	2,420,933,621	10,253,365,924	(759,508,586)	108
Migori	8,005,020,448	640,401,636	2,001,255,112	1,961,230,010	2,001,255,112	2,041,280,214	8,645,422,084	(640,401,636)	108
Mombasa	7,567,354,061	605,388,326	1,891,838,516	1,854,001,745	1,891,838,515	1,929,675,285	8,172,742,387	(605,388,326)	108
Murang'a	7,180,155,855	574,412,467	1,795,038,963	1,759,138,185	1,795,038,964	1,830,939,743	7,754,568,322	(574,412,467)	108
Nairobi City	19,249,677,414	1,539,974,195	4,812,419,354	4,716,170,967	4,812,419,353	4,908,667,740	20,789,651,609	(1,539,974,195)	108
Nakuru	13,026,116,323	1,042,089,307	3,256,529,081	3,191,398,499	3,256,529,080	3,321,659,663	14,068,205,630	(1,042,089,307)	108
Nandi	6,990,869,041	559,269,526	1,747,717,260	1,712,762,917	1,747,717,259	1,782,671,605	7,550,138,567	(559,269,526)	108
Narok	8,844,789,456	707,583,153	2,211,197,364	2,166,973,416	2,211,197,363	2,255,421,313	9,552,372,609	(707,583,153)	108
Nyamira	5,135,340,036	410,827,203	1,283,835,009	1,258,158,309	1,283,835,009	1,309,511,709	5,546,167,239	(410,827,203)	108
Nyandarua	5,670,444,228	453,635,542	1,417,611,057	1,389,258,838	1,417,611,056	1,445,963,277	6,124,079,770	(453,635,542)	108
Nyeri	6,228,728,555	498,298,287	1,557,182,139	1,526,038,497	1,557,182,138	1,588,325,781	6,727,026,842	(498,298,287)	108
Samburu	5,371,346,037	429,707,684	1,342,836,510	1,315,979,779	1,342,836,509	1,369,693,239	5,801,053,721	(429,707,684)	108
Siaya	6,966,507,531	557,320,604	1,741,626,882	1,706,794,345	1,741,626,883	1,776,459,421	7,523,828,135	(557,320,604)	108
Taita/Taveta	4,842,174,698	387,373,977	1,210,543,674	1,186,332,801	1,210,543,674	1,234,754,549	5,229,548,675	(387,373,977)	108
Tana River	6,528,408,765	522,272,702	1,632,102,192	1,599,460,147	1,632,102,192	1,664,744,234	7,050,681,467	(522,272,702)	108
Tharaka - Nithi	4,214,198,593	337,135,889	1,053,549,047	1,032,478,656	1,053,549,048	1,074,620,642	4,551,334,482	(337,135,889)	108
Trans Nzoia	7,186,157,670	574,892,612	1,796,539,417	1,760,608,630	1,796,539,418	1,832,470,205	7,761,050,282	(574,892,612)	108
Turkana	12,609,305,994	1,008,744,479	3,152,326,503	3,089,279,967	3,152,326,497	3,215,373,026	13,618,050,472	(1,008,744,478)	108
Uasin Gishu	8,068,858,318	645,508,667	2,017,214,578	1,976,870,289	2,017,214,579	2,057,558,872	8,714,366,985	(645,508,667)	108
Vihiga	5,067,356,827	405,388,549	1,266,839,206	1,241,502,422	1,266,839,206	1,292,175,993	5,472,745,376	(405,388,549)	108
Wajir	9,474,726,151	757,978,091	2,368,681,537	2,321,307,907	2,368,681,538	2,416,055,171	10,232,704,244	(757,978,093)	108
West Pokot	6,297,284,329	503,782,747	1,574,321,082	1,542,834,661	1,574,321,082	1,605,807,504	6,801,067,076	(503,782,747)	108
Total	370,000,000,000	29,600,000,000	92,500,000,000	90,650,000,000	92,500,000,000	94,350,000,000	399,600,000,000	(29,600,000,000)	108

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Appendix 2 – Summary of Additional County Allocation Grants transferred from Parent Ministry

COUNTY	State Department for Crop Development				State Department for Housing and Urban Development				Ministry of Health		Ministry of water, Sanitation & Irrigation		The National Treasury	Total
	NAVCDP Kshs.	NARIGP Kshs.	KCSAP Kshs.	ASDSP II Kshs.	ILRP Kshs.	KUSP Kshs.	KISIP II Kshs.	DANIDA Kshs.	WSDP Kshs.	DRPNK Kshs.	FLoCA Kshs.			
Baringo	-	-	93,319,260	15,602,821	67,531,814	2,339,915	-	16,058,690	-	-	22,000,000	-	216,852,500	
Bomet	67,192,729	-	75,317,259	15,449,895	-	2,339,915	-	17,715,375	-	-	22,000,000	-	200,015,173	
Bungoma	-	167,273,890	-	5,344,642	-	3,534,474	30,000,000	28,609,313	-	-	22,000,000	-	256,762,319	
Busia	67,192,729	-	125,328,154	15,604,078	-	2,339,915	-	19,062,823	-	-	22,000,000	-	251,527,699	
Elgeyo/Marakwet	-	-	80,593,752	8,011,716	74,041,566	2,339,915	8,024,004	12,421,125	-	-	22,000,000	-	207,432,078	
Embu	67,192,729	176,031,774	-	8,651,752	66,049,597	2,339,915	-	13,846,500	-	-	22,000,000	-	356,112,267	
Garissa	-	-	75,269,050	-	78,953,520	2,339,915	-	28,610,911	396,669,190	-	22,000,000	-	603,842,586	
Homa Bay	67,192,729	161,590,307	-	23,936,219	-	2,339,915	30,000,000	21,686,063	-	-	22,000,000	-	328,745,233	
Isiolo	-	-	259,805,034	-	82,424,093	2,339,915	-	4,698,375	-	-	22,000,000	-	371,267,417	
Kajiado	-	-	75,231,220	9,772,303	-	3,534,474	-	20,135,063	-	-	22,000,000	-	130,673,060	
Kakamega	67,192,729	-	99,110,439	11,287,905	-	3,534,474	50,000,000	33,447,791	-	-	22,000,000	-	286,573,338	
Kericho	67,192,729	-	72,680,579	9,250,013	-	2,339,915	-	5,960,625	-	-	22,000,000	-	179,423,861	
Kiambu	67,192,729	69,625,000	-	23,255,565	-	8,312,711	40,456,908	30,501,293	-	-	11,000,000	-	250,344,206	
Kilifi	67,192,729	147,002,605	-	11,235,088	-	3,534,474	200,000,000	33,598,125	893,321,391	-	22,000,000	-	1,377,884,412	
Kirinyaga	67,192,729	178,744,304	-	8,108,733	-	2,339,915	-	13,642,875	-	-	22,000,000	-	292,028,556	
Kisii	67,192,658	171,669,831	-	10,517,407	-	2,339,915	-	25,045,875	-	-	22,000,000	-	298,765,686	
Kisumu	-	-	70,007,432	4,830,936	-	2,339,915	200,000,000	21,991,500	-	-	22,000,000	-	321,169,783	
Kitui	67,192,729	169,475,223	-	11,636,683	68,522,528	2,339,915	-	28,405,688	-	-	22,000,000	-	369,572,766	
Kwale	67,192,729	151,179,199	-	5,505,017	-	2,339,915	-	24,982,246	545,420,139	-	22,000,000	-	818,619,245	
Laikipia	-	-	66,193,250	16,524,414	-	2,339,915	-	13,439,250	-	-	22,000,000	-	120,496,829	
Lamu	-	-	5,236,636	14,604,297	-	2,339,915	50,000,000	8,348,625	-	-	22,000,000	-	102,529,473	
Machakos	67,192,729	-	68,040,614	14,446,442	66,035,643	4,729,034	-	18,329,063	-	-	22,000,000	-	260,773,525	

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	State Department for Crop Development			State Department for Housing and Urban Development			State Department for Housing and Urban Development	Ministry of Health	Ministry of water, Sanitation & Irrigation	The National Treasury	Total
Makueni	67,192,729	190,359,347	-	5,415,760	-	2,339,915	-	23,824,125	-	22,000,000	311,131,876
Mandera	-	-	81,191,951	8,024,024	89,064,015	2,339,915	-	32,885,438	-	22,000,000	235,505,343
Marsabit	-	-	55,194,559	10,056,508	91,600,665	2,339,915	-	21,787,875	145,038,664	22,000,000	348,018,186
Meru	67,192,729	194,824,366	-	9,945,897	74,143,047	2,339,915	20,000,000	25,860,375	-	22,000,000	416,306,329
Migori	67,192,729	187,184,982	-	10,084,066	-	4,729,034	-	21,787,875	-	22,000,000	312,978,686
Mombasa	-	-	-	4,612,847	-	-	92,063,703	22,704,188	570,120,196	-	689,500,934
Muranga	67,192,729	197,147,435	-	17,092,147	-	2,339,915	-	20,260,688	-	22,000,000	326,032,914
Nairobi City	-	-	-	31,569,932	-	-	100,000,000	-	-	-	131,569,932
Nakuru	67,192,729	151,586,967	-	5,252,658	-	3,534,474	200,000,000	33,844,756	-	22,000,000	483,411,584
Nandi	67,192,729	248,247,739	-	4,652,516	-	2,339,915	16,519,088	17,206,313	-	22,000,000	378,158,300
Narok	67,192,729	198,081,838	-	10,076,723	-	2,339,915	-	25,793,325	-	22,000,000	325,484,530
Nyamira	-	181,161,414	-	4,781,637	-	2,339,915	-	15,475,500	-	22,000,000	225,758,466
Nyandarua	67,192,729	-	75,718,650	4,496,557	-	2,339,915	25,000,000	15,679,125	-	22,000,000	212,426,976
Nyeri	67,192,729	-	124,713,230	15,674,770	-	2,339,915	30,000,000	17,409,938	-	22,000,000	279,330,582
Samburu	-	138,835,284	-	20,239,242	89,370,900	2,339,915	-	14,864,625	-	22,000,000	287,649,966
Siaya	-	-	75,368,050	9,337,829	-	2,339,915	-	18,631,688	-	22,000,000	127,677,482
Taita/Taveta	67,192,729	-	124,522,005	17,921,715	-	2,339,915	30,000,000	-	569,396,254	-	833,372,618
Tana River	67,192,729	-	82,386,194	10,012,439	-	2,339,915	-	18,733,152	-	22,000,000	202,664,429
Tharaka - Nithi	-	-	98,599,181	16,071,032	67,160,821	2,339,915	20,000,000	12,624,750	-	22,000,000	238,795,699
Trans Nzoia	67,192,729	192,666,098	-	9,462,022	-	2,339,915	50,000,000	18,529,875	-	22,000,000	362,190,639
Turkana	-	155,480,180	-	34,606,056	99,635,911	2,339,915	-	-	126,890,978	22,000,000	440,953,040
Uasin Gishu	67,192,729	-	84,379,280	7,661,223	-	2,339,915	50,000,000	20,362,500	-	22,000,000	253,935,647
Vihiga	-	105,120,632	-	4,417,622	-	2,339,915	-	14,966,438	-	22,000,000	148,844,607
Wajir	-	-	40,101,121	35,110,369	87,361,271	2,339,915	50,000,000	28,295,407	495,928,257	-	761,136,340
West Pokot	-	-	104,519,474	24,578,643	69,046,231	2,339,915	-	16,035,592	-	22,000,000	238,519,855
Total	1,747,010,883	3,533,288,416	2,112,826,374	574,730,160	1,170,941,622	122,020,000	1,292,063,703	898,100,742	3,470,855,427	979,000,000	16,172,766,969

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Appendix 3 – Details of own source revenue per County

County	FY 2022/23	FY 2021/22
	Kshs	Kshs
Nairobi	8,157,708,918	7,685,940,423
Kiambu	3,608,767,753	2,713,124,569
Narok	2,969,338,112	1,219,951,537
Mombasa	2,723,299,471	2,257,591,519
Nakuru	1,618,950,540	3,259,731,095
Machakos	1,429,791,259	1,118,461,753
Kakamega	1,309,633,895	1,191,077,712
Laikipia	980,163,462	902,354,455
Uasin Gishu	979,779,759	858,349,786
Meru	819,036,105	631,719,034
Kajiado	801,202,550	527,003,117
Kisumu	695,113,273	1,199,145,037
Muranga	682,260,619	510,706,115
Kilifi	603,675,375	448,863,843
Nyeri	600,136,503	642,371,033
Embu	593,759,433	394,540,726
Kirinyaga	551,873,167	363,732,462
Nyandarua	491,561,964	479,999,000
Homa Bay	491,496,550	156,991,500
Kericho	477,246,120	562,828,005
Kitui	462,592,621	359,219,242
Bungoma	455,905,022	506,873,993
Taita Taveta	426,497,788	325,076,174
Kisii	413,988,597	404,554,619
Makueni	407,888,332	369,187,634
Kwale	393,679,040	302,688,593
Busia	343,922,975	214,668,000
Migori	342,320,326	319,363,662
Trans Nzoia	295,819,000	183,852,949
Tharaka Nithi	263,519,894	239,381,562
Bomet	243,475,085	201,510,561
Samburu	226,519,960	112,049,010
Siaya	215,553,285	164,513,308
Elgeyo Marakwet	210,939,614	163,587,784
Nandi	198,831,773	287,403,322
Turkana	174,469,161	204,349,844
Baringo	160,348,609	253,222,149
Lamu	156,484,041	126,996,806
Marsabit	142,663,012	100,204,094
West Pokot	128,198,339	113,705,713

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County	FY 2022/23	FY 2021/22
	Kshs	Kshs
Vihiga	127,143,721	126,747,365
Mandera	123,260,280	132,899,851
Nyamira	96,886,881	166,881,689
Isiolo	91,338,503	90,327,797
Garissa	81,999,052	71,397,501
Tana River	59,176,171	72,260,813
Wajir	46,789,602	52,415,625
Totals	36,875,005,512	32,789,822,381

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Appendix 4 – County pending bills

County	FY 2022/23	FY 2021/22
	Kshs	Kshs
Nairobi	30,430,076,917	26,478,296,223
Tana River	4,128,424,305	3,562,238,529
Kiambu	3,951,523,211	3,723,918,949
Mandera	3,832,991,489	392,439,675
Kilifi	3,282,016,742	3,225,596,226
Mombasa	2,939,064,527	3,461,882,267
Machakos	2,582,368,738	2,759,431,310
Laikipia	2,115,565,715	1,693,206,904
Kisumu	2,057,627,530	2,429,702,965
Busia	1,693,771,726	1,770,864,413
Nakuru	1,554,609,509	801,709,706
Kakamega	1,516,551,882	1,330,719,320
Embu	1,372,836,855	1,518,135,143
Kisii	1,310,027,155	1,421,991,032
Vihiga	1,307,007,579	1,250,180,510
Bungoma	1,187,188,171	1,301,070,581
Taita Taveta	1,155,655,594	1,315,739,762
Narok	1,148,513,255	467,741,726
Kitui	1,082,490,900	1,753,729,271
Trans Nzoia	1,051,867,482	1,338,011,298
Meru	1,044,715,617	1,162,540,760
Homa Bay	1,040,109,944	975,641,926
Bomet	913,469,120	823,804,370
Kirinyaga	814,836,345	839,435,531
Tharaka Nithi	810,774,701	870,909,550
Siaya	785,840,839	831,973,989
Wajir	773,902,786	606,749,350
Turkana	604,219,548	2,190,691,422
Muranga	494,275,014	2,464,307,143
Samburu	404,807,222	479,333,564
Nyamira	381,477,883	299,700,695
Kericho	339,327,549	515,053,807
Makueni	298,445,816	755,822,712
Marsabit	275,801,070	298,564,400
Kwale	268,178,249	298,707,778
West Pokot	175,801,660	174,205,833
Uasin Gishu	172,823,557	631,087,614
Nyandarua	108,450,158	1,271,730,204
Migori	104,058,509	104,058,509
Baringo	103,575,196	324,001,935

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County	FY 2022/23	FY 2021/22
	Kshs	Kshs
Nyeri	88,358,896	421,860,173
Lamu	69,350,677	73,077,246
Garissa	52,926,876	26,032,617
Isiolo	46,286,894	462,182,135
Kajiado	39,760,432	33,868,944
Nandi	34,500,240	103,722,738
Elgeyo Marakwet	13,679,176	14,325,048
Total	89,959,933,256	79,049,995,802