BAA/PAC/PIC/06/2014/12

Republic of Kenya

Kenya National Audit Office

REPORT

OF

THE

AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF THE COUNTY COUNCIL OF BURETI FOR THE YEAR ENDED 30 JUNE 2012

REPUBLIC OF KENYA

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KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON THE COUNTY COUNCIL OF BURETI FOR THE YEAR ENDED 30 JUNE 2012

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the County Council of Bureti, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, the statement of cash flows and the statement of changes in assets/capital and reserves for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 23 of the Public Audit Act, 2003.

1.0 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Local Government Act, Cap 265; the Local Authorities Transfer Fund (LATF) Act, 1998; and the International Public Sector Accounting Standards (IPSASs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 22 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 24 of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. Those Standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

intends to finance future replacement of its non-current assets worth Kshs.142,508,500.00 as at 30 June, 2013, in the absence of the renewals funds.

3.3 Receivables/Debtors

The receivables/debtors balance decreased from Kshs.98,774,997.00 as at 30 June 2011 to Kshs. 95,840,877.00 as at 30 June 2012. However, the Council did not make a provision for bad and doubtful debts, while debtors age analysis was also not done during the year, as required. In the circumstances, the accuracy and recoverability of the receivables/debtors balance of Kshs. 95,840,877.00 as at 30 June 2011 could not be confirmed.

3.4 Cash and Cash Equivalents

The cash and cash equivalents balance decreased from Kshs. 5,263,552.00 as at 30 June, 2011 to Kshs. 65,225.00 as at 30 June 2012. However, the Council did not make available for audit verification; bank balances confirmation certificates, while monthly bank reconciliation statements for all its bank accounts were not prepared during the year. In addition, the Council did not prepare the statement of cash flows for the year ended 30 June, 2012 as required by IPSAS1.

Under the circumstances, the accuracy of the cash and cash equivalents balance of Kshs. 65,225.00 as at 30 June 2012 could not be confirmed.

3.5 Net Assets/Capital and Reserves

The net assets/capital and reserves balance increased by Kshs.100,008,422.00 from Kshs.115,747,289.00 as at 30 June 2011 to Kshs.215,755,711.00 as at 30 June 2012. However, an increase of Kshs.26,547,153.00 on contribution to capital reflected in the statement of changes in net assets/capital and reserves was not explained or supported. Further, a balance of Kshs. 92,907,847.00 in respect of gain on disposal of fixed assets included in the statement of financial performance was not supported or explained.

Under the circumstances, the accuracy of the net assets/capital and reserves balance of Kshs. 215,755,711.00 as at 30 June 2012 could not be confirmed.

3.6 Operating Revenue and Expenditure

(i) The total operating revenue and expenses of Kshs.132,297,730.00 and Kshs. 120,312,184.00 respectively, for the year were apparently understated by

4.0 Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 24 (2) of the Public Audit Act, 2003, I report based on the audit that:-

(i) not all information and explanations required for the purpose of the audit were received;

(ii) the books of account were not properly maintained; and

(iii) the financial statements do not fully comply with the Local Government Act, Cap 265.

Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

22 August 2013

COUNTY COUNCIL OF BURETI

P.O Box 742-20210 LITEIN
All correspondence to be addressed
To the Clerk of the Council

Telephone: 052 54062
Email:info@bureticounty.or.ke
in reply,please quote our Ref. No.
And date.
....
....
BC/A/317/1

5TH September, 2012

Permanent Secretary,
Office of the Deputy Prime Minister,
& Ministry of Local Government,
P.O Box 30004,
NAIROBI.

KENYA NATIONAL AUDIT OFFICE
SOUTH RIFT REGION
P. O. BOX 1050 - 20100
NAKURU
6-9-2012

Dear,

RE: FORWARDING OF THE ABSTRACT OF ACCOUNTS 2011/2012

I am pleased to forward to you our Abstract of Accounts for the year 2011/2012 Council resolution which is hereby enclosed.

The same resolution was fully recommended by the Finance committee and resolved by the Full Council

Yours faithfully,

ABDISHAKUR S. ABDIKARIM
For Clerk to Council
COUNTY COUNCIL OF BURETI

C.C. The Co-ordinate

The Chief Finance Officer

Permanent Secretary
Ministry of Finance.

Provincial Audit

THE MINUTES OF THE SPECIAL FULL COUNCIL MEETING HELD ON 4TH SEPTEMBER, 2012 AT 10.00 A.M AT THE COUNTY HALL.

PRESENT:	Cllr Robert Serbai	– Chairman
,,	Wilter Chelangat	– Ex- officio
,,	Richard Chiorchir	– Member
,,	William Mosonik	- ,,
,,	AugustineKoskei	- ,,
,,	Kimetto Chepkwony	- ,,
,,	Betty Liz Tum	- ,,
,,	Hellen Chepkwony	- ,,
,,	Cornelius Bii	- ,,
,,	Reuben Kobiro	- ,,
,,	Dominic Ngetich	- ,,
,,	David Lelei	- ,,
,,	David Langat	- ,,
"	Ronald Ngeny	- ,,
,,	Josphat Koech	- ,,
,,	Charles Langat	- ,,
,,	Richard Koech	- ,,
,,	Jane Cheruiyot	- ,,

IN ATTENDANCE:

Joseph K. Mutai - Clerk

Abdi Shakur Abdi - Treasurer

James Rono - Admin officer

Bett Benson - Engineer

Joel Mutai - Accountant

William Terer – Lasdap desk officer

Wilson Mutai - works officer

Alexander Kirui - Auditor

David Rono - Surveyor

Weldon Rono - Asst. Lasdap desk officer

MIN 301/2012: PRAYER

Read by the chairman at 10.00 a.m.

MIN 302/2012: TABLING THE OF ABSTRACT OF ACCOUNTS FOR THE FINANCIAL YEAR ENDING 30/6/2012

The County Treasurer informs the members that there was need for abstract of the accounts for the year ending 30th June, 2012 to be forwarded to the Ministry for approval.

And after members going through the abstract of accounts and deliberating it was resolved that the same be adopted and forwarded to the Ministry.

And being no other business the meeting closed at 12.30p.m with a word of prayer by Joel Mutai.

Sign...

(Chairman)

Date...

I certify that this is a true and accurate copy of the Council minutes.

Joseph K. Mutai FKIM,JP,MIHRM

CLERK TO COUNCIL

THE MINUTES SPECIAL FINANCE STAFF AND GENERAL PURPOSES COMMITTEE MEETING HELD ON 3RD SEPTEMBER, 2012 IN THE COUNCIL HALL AT 10.00 A.M.

PRESENT:	Cllr. Richard Chirchir	- Chairman
	Cllr. Robert Serbai	- Ex-officio
	Cllr. Wiliter Chelangat	- Ex-officio
	Cllr. David Langat	- Member
	Cllr. William Mosonik	- "
	Cllr. Augustine Koskei	- "
	Cllr. Chepkwony Kimetto	- "
	Cllr. Betty Liz Tum	- "
	Cllr. Hellen Chepkwony	- "
	Cllr. Cornelius Bii	- "
	Cllr. Dominic Ngetich	- "
	Cllr. Reuben Koobiro	- "
	Cllr. David Lelei	- "
	Cllr. Jane Cheruiyot	- Public Officer

IN ATTENDANCE:

Joseph K. Mutai	- Clerk
Abdi Shakur Abdi	- Treasurer
James Rono	- Admin officer
Bett Benson	- Engineer

Joel Mutai - Accountant

William Terer – Lasdap desk officer

Wilson Mutai - works officer

Alexander Kirui - Auditor

David Rono - Surveyor

Weldon Rono - Asst. Lasdap desk officer

PRAYER

The prayer was read by the Chairman of the committee at 10.05 a.m,

MIN. 300/2012: TO CONSIDER ABSTRACT OF ACCOUNTS FOR THE FINANCIAL YEAR ENDING 30/6/2012

The County Treasurer inform the members that there was need for abstract of the accounts for the year ending 30th June, 2012 to be forwarded to the Ministry for approval.

And after some discussion, it was

RESOLVED: The agenda to be forward to Full Council of adoption.

And being no other business the meeting closed at 11.30p.m with a word of prayer by Joel Mutai.

I certify that this is a true and accurate copy of the Council minutes.

Joseph K. Mutai FKIM,JP,MIHRM

CLERK TO COUNCIL

COUNTY COUNCIL OF BURETI

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2012

CONTENTS

COUNTY COUNCIL OF BURETI

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2012

We are responsible for the preparation of these annual financial statements, which are set out on pages **6** to **21** in accordance with the Local Government Act Cap.265, the Local Authority Financial Management Regulations 2007 Section C3, and the public Audit Act 2003 Section **21** and **22** which we have signed on the behalf of the **County Council of Bureti.**

....	....
County Treasurer	**County Clerk**
Date 28/08/2012	Date 28/8/2012

Treasurer's Report

1. **Introduction**

These accounts relate to the operations of County Council of Bureti for Financial Year 2011/2012 and are prepared on the Template for Local Authorities developed by the Ministry of Local Government under the Kenya Local Government Reform Programme.
The County Council has 8 cost centre or service departments namely;

- Clerk's
- Treasurer's
- Audit
- Works
- Market
- Social services
- Civic
- LATF
- RMLF

2. **Performance**

The performance of each department is shown in the Consolidated Revenue Account. The Income and Expenditure for the financial year 2011/2012 are compared to the approved budget for the year. The actual income and expenditure are indicated for the previous financial year 2010/2011 to show trends.

Revenue items

- The Authorities total revenues for the financial year 2011/2012 amounts to Kshs.132,297,730 compared to the previous years revenue of Kshs.101,121,350 and a budget of Kshs.129,295,103. An increase in revenue of Kshs.31, 176,380 and Kshs.3,002,627 over previous year and approved budget is reflected respectively.

- The Authority's own revenue for financial year 2011/2012 is Kshs.52,064,079 compared to previous year's revenue of Ksh.44,227,844 and a budget of Kshs. 46,058,205 respectively.
  An increase in own revenue of Kshs. 7,836,235 and Kshs. 6,005,874 is reflected over previous years and approved budget respectively.

- Revenue from the Central Government for the financial year 2011/2012 amounted to Kshs. 80,233,651 as compared to the Governments Contribution for the previous year of Kshs.56,893,506 An increase of Kshs.23,340,145 is reflected which translates to 41%.
  The increase is attributed to the increase of LATF funds by the Central Government.
  However the Central Government contribution constitutes 61% of the Authority's total revenue.
  The council commends the Central Government for their contribution towards the welfare of the residents of County Council of Bureti.

3. **Expenditure Items**
   - The Authority's recurrent expenditure for financial year 2011/2012 amounts to Kshs125,621,238 while that of the previous year amounted to Kshs105,748,797 An increase of Kshs 19,872,441 which translates to 19% is reflected.
   - Capital Expenditure for the financial year 2011/2012 is to a tune of Kshs.18,934,277. This constitutes to 15% of the total expenditure (recurrent + capital) and 14% of the total revenue respectively. The capital expenditure for financial year 2011/2012 is 25% of the total LATF allocation.
   - The ratio of Personnel, Operations and Maintenance is 41:55:4.This ratio indicates that the council's establishment is not optimal.

4 **Summary of Implementation of capital projects for FY2011/2012**

The table below depicts the capital projects undertaken by the council and their level of completion during the financial year 2011/2012.

CAPITAL PROJECTS

Capital Projects Level of Completion

Project	**Estimates 2011/2012 Kshs.**	**Actuals 2011/2012 Kshs.**	**Level of Completion %**	**Comments**
Polytechnics constructions	1,000,000	999,910	99.9%	Completed
Dispensaries construction	5,500,000	3,929,220	71%	In Progress
Schools constructions	3,850,000	2,614,417	70%	In Progress
Slaughter slabs rehabilitation	1,600,000	241,600	15%	In Progress
Purchase of Motor Grader	10,000,000	26,517,600	265%	Completed
Water Projects	1,100,000	1,040,765	95%	Completed
HQ & Chepchabas Computers	600,000	1,110,248	185%	Completed
IT Project (LAIFOMS)	1,400,000	-	0%	In Progress
Social halls rehabilitation	1,050,000	1,666,677	159%	Completed
D.O's Office Construction	122,678	46,920	38%	In Progress
Roads Rehabilitation	3,380,000	5,786,520	171%	Completed
ISO Project	800,000	-	0%	In Progress
Quarries Fencing	400,000	298,000	75%	In Progress
Street Children/Disability	1,014,208	-	0%	In Progress
Assets Valuation	2,300,000	1,200,000	52%	In Progress
Total	**34,116,886**	**45,451,877**	**133%**	

Overlapping Capital Projects Analysis-FY 2010/2011

Project	Actual 2011/2012 Kshs.	Comments
Polytechnics Construction	257,248	Completed
Dispensaries construction	228,011	Completed
Schools constructions	1,061,565	Completed
Roret Open Air Market	18,570	Completed
Total	**1,565,394**	

From the above it is evident that the council managed to finance the current year's capital projects to a tune of Kshs **45,451,877** translating to **133%** of the total amount budgeted for. Similarly, overlapping projects from previous periods consumed Kshs **1,565,394**. Most of these projects were completed.

CORPORATE RESULTS

	ACTUALS 2010/2011 Kshs.	ACTUALS 2011/2012 Kshs.	VARIANCE 10/11-11/12 Kshs.	BUDGET 2011/2012 Kshs.	VARIANCE Kshs.
Operating Rev. for the year	101,121,350	132,297,730	31,176,380	129,295,103	3,002,627
Operating Exp. for the year	103,703,597	125,621,238	21,917,641	126,442,479	821,241
Operating surplus	(2,582,247)	6,676,492	9,258,739	2,852,624	3,823,868

From the above table the council posted a deficit of Kshs **6,676,492** during the fiscal year.

Service operating results summary for the year 2011/2012

	Personnel Kshs.	Operations Kshs.	Maint. Kshs.	Total Exp. Kshs.	Receipts Kshs.	2011/2012 Net Surplus/ Deficit Kshs.
Clerk's Dept	7,226,340	9,917,487	144,700	17,288,527	10,142,500	(7,146,027)
Treasurer's	5,550,829	16,068,244	14,700	21,633,773	6,830,750	(14,803.023)
Market	8,002,069	2,796,005	139,729	10,937,803	22,000,535	11,062,732
Civic Exp.	13,926,358	8,071,557	244,885.00	22,242,800	-	(22,242,800)
Engineers	5,078,912	6,945,254	4,718,270	16,742,436	12,936,294	(3,806,142)
Audit	1,802,055	330,328	22,100	2,154,483	-	(2,154,483)
Social dept	9,744,576	3,139,042	26,400	12,910,018	154,000	(12,756,018)
LATF	435,430.00	21,260,442	-	21,695,872	80,233,651	58,537,779
RMLF	-	10,226		10,226	-	(10,226)
Renewals Fund	-	-	5,300	5,300	-	(5,300)
Asset Financing		-	-	-	21,213,600	21,213,600
Total	**51,766,569**	**68,538,585**	**5,316,084**	**125,621,238**	**153,511,330**	**27,890,092**
% on Gross Exp	**41**	**55**	**4**	**100%**		

Net recurrent Surplus		**27,890,092**
Less: Accumulated dep.on Disposal	(8,098,162)	
Contribution to capital outlay	(26,547,153)	
Revaluation Gain	92,907,847	58,262,532
Surplus transferred to C.R.R.F		**86,152,624**

After taking into consideration accum.dep on disposal, contribution to capital outlay and revaluation gain a surplus of Kshs. **86,152,624** is taken to the County Rate Reserve Fund

5. EXPRESSION OF APPRECIATION

"I am grateful to the chairman, Members of the finance committee, Councilors, the Clerk and Departmental Heads for the support they have given to me and to the staff of my department during the year. I would also like to thank the officers from the Ministry of Local Government and the Kenya National Audit Office for their advice and guidance"

Signed...

County Treasurer

Date........28/08/2012..............

COUNTY COUNCIL OF BURETI

FINANCIAL STATEMENT FOR 2011/2012
COUNCIL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2012

	Notes	2011/2012 KShs.	2010/2011 KShs.
OPERATING REVENUE			
Own Source Revenues			
Property Rates		8,050,894	7,973,510
Contribution in lieu of rates		9,967,000	9,967,000
Cess and other levies		16,737,135	12,657,950
Single Business Permit		4,060,000	4,486,625
Market Fees		1,360,470	1,609,255
Slaughter Fee		295,040	314,270
Other Fees and Charges		11,593,540	7,219,234
Total Own Source revenues		**52,064,079**	**44,227,844**
LATF	9	80,233,651	56,893,506
RMLF		-	-
Central Government and Other Revenues		**80,233,651**	**56,893,506**
Total Income		**132,297,730**	**101,121,350**
Operating Expenses			
Employee costs	8	51,766,569	52,953,023
Operating costs		63,229,531	46,946,913
Repairs & Maintenance costs		5,316,084	3,293,299
Depreciation & Amortization			2,045,200
Total Operating Expenses		**120,312,184**	**105,238,435**
Net Surplus/(Deficit) from Operating Activities		**11,985,546**	**(4,117,085)**
Interest paid		(5,309,054)	(510,362)
Gain on disposal of Fixed Assets ?	6	92,907,847	-
Total Non-Operating Revenue (Expenses)		87,598,793	(510,362)
Net Surplus/(Deficit) from Ordinary Activities		**99,584,339**	**(4,627,447)**
Net Surplus/(Deficit) before Extraordinary Items		99,584,339	(4,627,447)
Exraordinary Items		-	-
Accumulated depreciation on disposal		(8,098,162)	
External Funding(Equity Loan)		21,213,600	-
Net Surplus /(Deficit) for the year		**112,699,777**	**(4,627,447)**
Provision for Renewals Fund	11	-	2,045,200
Contribution to Capital Outlay	13	26,547,153	97,130
Net Surplus /(Deficit) for the year		**86,152,624**	**(6,769,777)**
Net Surplus/deficit for the year		86,152,624	(6,769,777)
General Rate Reserve Fund			
Net Surplus/deficit for the year	12	86,152,624	(6,769,777)
Balance b/fwd	12	87,421,041	90,300,212
Prior year & other adjustments		-	3,890,606
Surplus/Deficit carried forward		**173,573,665**	**87,421,041**

COUNTY COUNCIL OF BURETI
FINANCIAL STATEMENT FOR 2011/2012
COUNCIL STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2012

	Note	2011/2012 KShs.	2010/2011 KShs.
ASSETS			
Current Assets			
Cash & Cash Equivalents	3	65,225	5,263,552
Accounts Receivables	4	95,840,877	98,774,997
Staff & Members Advances	4	4,754,976	4,679,456
Prepayments	5	926,200	1,040,880
Inventories		37,998	1,393,678
Total Current Assets		**101,625,276**	**111,152,563**
Non-Current Assets			
Land & Developments	6	103,200,000	7,882,831
Motor Vehicles/Tractors	6	35,730,000	1,952,785
Equip, Machines & Furniture	6	2,067,500	3,473,919
Computers	6	1,511,000	-
Community Assets	6	-	3,115,875
Total NonCurrent Assets		**142,508,500**	**16,425,410**
TOTAL ASSETS		**244,133,776**	**127,577,973**
LIABILITIES			
Current Liabilities			
Statutory Creditors	7	2,023,301] 6666593	4,690,283] 9722879
General Creditors	7	4,643,292	5,032,596
Bank Overdraft	3	2,648,293	2,107,805
Total current Liabilities		**9,314,886**	**11,830,684**
Non-Current Liabilities			
Long-Term Borrowing	10	19,063,179	-
Total Non-Current Liabilities		19,063,179	-
TOTAL LIABILITIES		**28,378,065**	**11,830,684**
NET ASSETS		**215,755,711**	**115,747,289**
NET ASSETS/CAPITAL & RESERVES			
Renewals Fund	11	-	12,691,355
County Rate Reserve Fund	12	173,573,665	87,421,041
Contributed Capital	13	42,182,046	15,634,893
TOTAL NET ASSETS		**215,755,711**	**115,747,289**

Signed.................. Date 28/8/2012 Signed .... Date 28/8/2012
County Treasurer County Clerk

COUNTY COUNCIL OF BURETI

FINANCIAL STATEMENT FOR 2011/2012

COUNCIL STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30TH JUNE 2012

	Actuals 2011/2012 KShs.	Budget 2011/2012 KShs.	Actuals 2010/2011 KShs.
OPERATING REVENUE			
Own Source Revenues			
Property Rates	8,050,894	13,027,189	7,973,510
Contribution in lieu of rates	9,967,000	9,967,000	9,967,000
Cess and other levies	16,737,135	14,336,723	12,657,950
Single Business Permit	4,060,000	4,149,987	4,486,625
Market Fees	1,360,470	970,189	1,609,255
Slaughter Fee	295,040	334,296	314,270
Other Fees and Charges	11,593,540	3,272,821	7,219,234
Total Own Source revenues	**52,064,079**	**46,058,205**	**44,227,844**
LATF	80,233,651	80,233,651	56,893,506
RMLF	-	3,003,247	-
Central Government and Other Revenues	**80,233,651**	**83,236,898**	**56,893,506**
Total Income	**132,297,730**	**129,295,103**	**101,121,350**
Operating Expenses			
Employee costs	51,766,569	55,812,467	52,953,023
Operating costs	63,229,531	58,768,582	46,946,913
Repairs & Maintenance costs	5,316,084	11,561,430	3,293,299
Depreciation & Amortization	-	-	2,045,200
Total Operating Expenses	**120,312,184**	**126,142,479**	**105,238,435**
Net Surplus/(Deficit) from Operating Activities	**11,985,546**	**3,152,624**	**(4,117,085)**
Interest paid	5,309,054		(510,362)
Gain on disposal of Fixed Assets	92,907,847		-
Total Non-Operating Revenue (Expenses)	**87,598,793**	-	**(510,362)**
Net Surplus/(Deficit) from Ordinary Activities	**99,584,339**	**3,152,624**	**(4,627,447)**
Net Surplus/(Deficit) before Extraordinary Items	99,584,339	3,152,624	(4,627,447)
Exraordinary Items			
External Funding(Equity Loan)	21,213,600	-	-
Accumulated depreciation on disposal	(8,098,162)	-	-
Net Surplus /(Deficit) for the year	**112,699,777**	**3,152,624**	**(4,627,447)**
Provision for Renewals Fund	-	300,000	2,045,200
Contribution to Capital Outlay	26,547,153	-	97,130
Net Surplus /(Deficit) for the year	**86,152,624**	**2,852,624**	**(6,769,777)**
Net Surplus/deficit for the year	86,152,624	2,852,624	(6,769,777)
County Rate Reserve Fund			
Net Surplus/deficit for the year	86,152,624	2,852,624	(6,769,777)
Balance b/fwd	87,421,041	-	90,300,212
Prior year & other adjustments	-	-	3,890,606
Surplus/Deficit carried forward	**173,573,665**	**2,852,624**	**87,421,041**

COUNTY COUNCIL OF BURETI

FINANCIAL STATEMENT FOR 2011/2012

Notes to consolidated cash flow statements

Cash and cash equivalents consist of cash on hand and balances with banks and short term investments.

Cash and cash equivalents included in the cash flow statement comprise the following amounts:

?

	2011/2012 Kshs.	2010/2011 Kshs.
Cash at bank	945	3,152,635
Cash in hand	64.280	3,112
Overdraft	(2,648,293)	
Totals	**(2,583,068)**	**3,155,747**

Reconcilliation of net cash flows from operating to net Surplus/(Deficit) from ordinary activities

	2011/2012 Kshs.	2010/2011 Kshs.
Surplus/(deficit) from ordinary activities	**30,970,701**	**(4,627,447)**
Non cash Movements		
Depreciation	-	2,045,200
Increase /(Decrease) in payables	(3,056,286)	5,962,206
Changes in provision relating to employee costs	(1,186,454)	1,455,688
Changes in other current assets	1,394.840	(39,490)
Changes in receivables	2,934.120	(5,271.308)
Changes in Acc Depreciation on Disposal	(8,098,162)	
Net cash from operating Activities	**22,958,759**	**(475,151)**

COUNTY COUNCIL OF BURETI

FINANCIAL STATEMENT FOR 2011/2012

CHANGES IN NET ASSETS/CAPITAL AND RESERVES AS AT 30TH JUNE 2012

	Contibuted Capital Kshs.	Renewals Fund	County Reserve Surplus/(Deficit) Kshs.	Total Kshs.
Balace as at 01.07.2011	15,634,893	12,691,355	87,421,041	115,747,289
				26,547,153
Additions	26,547,153			-
	-			(12,691,355)
Valuation Adjustments(written off)	-	(12,691,355)		-
	-		86,152,624	86,152,624
Net Surplus/(Deficit) for the Period	-			-
	-			
Balace as at 30.06.2012	42,182,046	-	173,573,665	215,755,711

COUNTY COUNCIL OF BURETI
FINANCIAL STATEMENT FOR 2011/2012
SUMMARY FUND STATEMENT OF FINANCIAL PERFOMANCE
FOR THE YEAR ENDED 30TH JUNE 2012

	COUNTY RATE FUND 2011/2012 KShs.	LATF FUND 2011/2012 KShs.	RMLF FUND 2011/2012 KShs.	TOTAL 2011/2012 KShs.
OPERATING REVENUE				
Own Source Revenues				
Property Rates	8,050,894	-	-	8,050,894
Contribution in lieu of rates	9,967,000	-	-	9,967,000
Cess and other levies	16,737,135	-	-	16,737,135
Single Business Permit	4,060,000	-	-	4,060,000
Market Fees	1,360,470	-	-	1,360,470
Slaughter Fees	295,040	-	-	295,040
Other Fees and Charges	11,593,540	-	-	11,593,540
Total Own Source revenues	52,064,079	-	-	52,064,079
LATF	-	80,233,651		80,233,651
RMLF	-		-	-
Total Central Government and Other Revenues	-	80,233,651	-	80,233,651
Total Income	52,064,079	80,233,651	-	132,297,730
Operating Expenses				
Employee costs	51,331,139	435,430	-	51,766,569
Operating costs	41,966,089	21,260,442	3,000	63,229,531
Repairs & Maintenance costs	5,316,084	-	-	5,316,084
Depreciation & Amortization				0
Total Operating Expenses	98,613,312	21,695,872	3,000	120,312,184
Net Surplus/(Deficit) from Operating Activities	(46,549,233)	58,537,779	(3,000)	11,985,546
Interest paid	(5,301,828)	-	(7,226)	(5,309,054)
Gain/ (Loss) on disposal of Fixed Assets	92,907,847			92,907,847
Total Non-Operating Revenue (Expenses)	87,606,019	-	(7,226)	87,598,793
Net Surplus/(Deficit) from Ordinary Activities	41,056,786	58,537,779	(10,226)	99,584,339
Net Surplus/(Deficit) before Extraordinary Items	41,056,786	58,537,779	(10,226)	99,584,339
Exraordinary Items				
Accumulated depreciation on disposal	(8,098,162)	-	-	(8,098,162)
External Funding(Equity Loan)	21,213,600	-	-	21,213,600
Net Surplus /(Deficit) for the year	11,745,024	58,537,779	(10,226)	112,699,777
Provision for Renewals Fund				
Contribution to Capital Outlay	26,547,153	-	-	26,547,153
Net Surplus /(Deficit) for the year	(14,802,129)	58,537,779	(10,226)	86,152,624

COUNTY COUNCIL OF BURETI

FINANCIAL STATEMENT FOR 2011/2012

SUMMARY FUND STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30TH JUNE 2012

	GENERAL RATE FUND 2011/2012 KShs.	LATF FUND 2011/2012 KShs.	RMLF FUND 2011/2012 KShs.	TOTA 2011/201 KSh
ASSETS				
Current Assets				
Cash & Cash Equivalents	64,280	945		65,22
Accounts Receivables	95,840,877			95,840,87
Staff & Members Advances	4,754,976			4,754,97
Prepayments	926,200			926,2C
Inventories	37,998			37,9
Total Current Assets	101,624,331	945	-	101,625,2
Non-Current Assets				
Land & Developments	103,200,000			103,200,0(
Motor Vehicles/Tractors	35,730,000			35,730,0(
Equip, Machines & Furniture	2,067,500			2,067,5
Computers	1,511,000			1,511,0
Total NonCurrent Assets	142,508,500	-	-	142,508,5
TOTAL ASSETS	244,132,831	945	-	244,133,7
LIABILITIES				
Current Liabilities				
Statutory Creditors	2,023,301	-	-	2,023,3
General Creditors	4,643,292			4,643,2
Bank Overdraft	2,610,438	37,855		2,648,2
Total current Liabilities	9,277,031	37,855	-	9,314,
Non-Current Liabilities				
Long-Term Borrowing	19,063,179	-	-	19,063,
Total Non-Current Liabilities	19,063,179	-	-	19,063,
TOTAL LIABILITIES	28,340,210	37,855	-	28,378,
NET ASSETS	215,792,621	(36,910)	-	215,755,
NET ASSETS/CAPITAL & RESERVES				
Renewals Fund	-	-	-	
County Rate Reserve Fund	173,573,665	-	-	173,573
Contributed Capital	42,182,046	-	-	42,182
TOTAL NET ASSETS/CAPITAL & RESERVES	215,755,711	-	-	215,755

Accounting Policies and Notes to Financial Statements

The financial statements have been prepared using the following accounting policies.

Corporate receipts, customer and client receipts

Cash receipts are recorded in the service or departmental recurrent accounts and the summary recurrent account. An assessment of material debtors is carried out to determine the percentage of the amount realizable within the next twelve months. The amount of any debt not due for more than twelve months after the date of the financial Statements will be considered in the statement of Financial of Position as Non-current Debtors.
Revenue is recognized as follows.

(a) Rates and Housing rental revenue are recognized when due.
(b) Revenue from the provision of goods and services is recognized when the title to goods is rendered to the customer.
(c) Licensing income is recognized when due

Unpaid Employees

The full cost of employee, including un-remitted statutory and other payroll deductions, is charged to the accounts of the period within which the employee worked. If there are unpaid salaries relating to the year of a accounts, accruals are made and identified as a separate item in the statement of Financial Position under current creditors. Where retrospective adjustments or special payment are required, for example through pay awards, the accounts are charged with the additional amount as soon as the amount becomes measurable to the accounts of the year. Exceptionally, paid leave that is not taken by the end of the year is not accrued, as changes from year to year are not normally material

Un – remitted Statutory and other deductions.

Statutory and other deductions not remitted at the end of the year are identified as current Creditors

Supplies and Services

All supplies and services are accrued and accounted for in the period during which they were incurred. Accruals are made for all unpaid invoices at the year-end and identified as current creditors.

Interest, Payable and Receivables

Interest payable is charged on accrual basis when due and credited to current creditors. Any outstanding interest not honored for a period of twelve months is transferred to loan balances as part of non-current creditors. Interest receivable from short term and long term investment is recognized on a time basis and if not received is considered as part of current assets.

Loans and Contractual Obligations

The movement on long term loans and short term loans is disclosed with details on payments made during the year, interest accrued and the outstanding balance. This balance is considered under both current and non current liabilities, with the amount payable within twelve months shown under current liabilities, and remaining amount as non current liabilities.

Contingencies

Contingent liabilities are liabilities that will arise in the event of the occurrence of a particular foreseeable event. These may include guarantees given by the local authority, court cases outstanding, or uninsured assets. In these cases the likely cost to the council in the event of the contingency occurring is recognized in the accounts by way of notes.
Where it is deemed that the contingency has occurred, or is likely to do so then provision is made in the accounts for the full amounts of the liability

Exceptional Items, Extraordinary Items and Prior Year Adjustments

Exceptional items are material expenditures which are not expected to occur frequently or regularly. They may include uninsured damage caused by the weather effect, uninsured structure failure. Deficits arising from insurance settlements and costs of labor unrest. Exceptional items are included in the responsibility centre or service to which they relate and, where material, explained within the notes to the accounts.

Extraordinary items are rare but can arise where material losses/surpluses have been incurred because of unlawful transactions, or where losses have been incurred through natural disasters. Extraordinary items are disclosed and described in the summary statement of financial performance after dealing with all items within the ordinary activities of the council and are fully explained in a note to the Financial Statements.

Prior year adjustments arise in the Financial Statements due to a change in accounting policies, a material error detected or a change in accounting estimates. Changes arising as a result of the above, were possible, require the restatement of the previous balances. However, where it is impracticable to determine the cumulative effect, at the beginning of the current period, the comparative information is restated to correct the error prospectively from the earliest date practicable.

Reserves

Renewals Funds

Under section 219 of the Local Government Act, a local authority is expected to appropriate an amount from council's revenue to the Renewals fund. This is supported by creating a separate bank account/ investment for future replacement of fixed assets as per LAS replacement policy.

County Council of Bureti

Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a revaluation reserve. The revaluation surplus is realized, as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/ (Deficit). On disposal, the net revaluation on surplus is transferred to the accumulated surplus (Deficit) while gains or losses on disposal, based on revalued amounts are credited or charged to the Statement of Financial Performance.

Property Plant and Equipment

Cost

Property plant and Equipment, is stated at cost, less accumulated depreciation and amortization costs, except land, which is revalued as indicated below. Heritage assets, which are culturally significant resources and which are also shown at cost.

Depreciation Policy

Depreciation is calculated on cost or valuation, using the Straight Line Method over the estimated useful lives of the assets. The annual depreciation rates are based along the following estimated lives:

ASSET	Life of Asset years	Depreciation Rates%
Infrastructure Public Works	30	2.5
Electrical	20-30	2.5
Water Works	15-20	10
Housing	30	2.5
Buildings	40	2.5
Specialized Vehicles	10	20
Other Vehicles	5	20
Office Equipment	8	12.5
Furniture & Fittings	8	12.5
Bins and Containers	5	20
Specialized plant and equipment	8	12.5
Other items of plant and equipment	5	25
Landfill sites	15	7.5
Heritage Assets	0	0

Impairment of Assets

Items of property and equipment are stated at revalued amounts, being fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses on the properties

Currency

The accounts are stated in Kenya shillings and rounded off to the nearest Kenya shilling. Transactions in foreign currencies during the year are converted into Kenya shillings at rates ruling at the transaction dates. Assets and liabilities at the financial reporting date, which are expressed in foreign currencies, are translated into Kenya shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with the statement of financial performance for the year in which they arise.

2.0 Notes to Financial Statements

Basis of preparation

The financial statements have been prepared in line with International Public Sector Accounting Standards under accrual accounting on a historical cost basis as modified by the revaluation of fixed assets and the accounting policies set out above have been applied consistently throughout the period.

3.0 CASH AND CASH EQUIVALENTS

	As at 30.6.11 Kshs.	Changes in the Year Kshs.	As at 30.6.12 Kshs.
Cash on hand			
Cash on hand	3,112	61,168	64,280
Cash in bank			
GRF Savings A/c No.01104690306	1,793	(1,793)	-
LATF Current A/c No.1108431461	3,550	(3,550)	-
LATF Saving A/c No. 110528262	5,253,841	(5,252,896)	945
RMLF A/c N0.01120078178900	1,256	(1,256)	-
Sub-Total	*5,263,552*	*(5,198,327)*	*65,225*
Overdraft			
GRF Current A/c No. 01105680290	30,091	294,772	324,863
LATF Current A/c No.1108431461	-	37,855	37,855
GRF Equity A/c No.0530293752488	2,077,714	207,861	2,285,575
Sub-Total	*2,107,805*	*540,488*	*2,648,293*

4.0 ACCOUNTS RECEIVABLES

(a) TRADE DEBTORS

	As at 1.7.11 Kshs.	Due for the year Kshs.	Received During the year Kshs.	As at 30.6.12 Kshs.
Plot Rents	8,064,258	928,350	504,358	8,488,250
Land Rates	6,182,652	7,122,544	8,462,304	4,842,892
CILOR	84,528,087	9,967,000	12,385,352	82,109,735
Motor Grader Sale	-	1,600,000	1,200,000	400,000
Total	98,774,997	19,617,894	22,552,014	95,840,877

(b) STAFF & MEMBERS ADVANCES & IMPRESTS

	As at 30.6.11 Kshs.	Paid During the year Kshs.	Recovered During the year Kshs.	As at 30.6.12 Kshs.
Imprests	1,572,855	793,735	791,735	1,574,855
Staff Advances	2,975,968	677,920	702,300	2,951,588
Members Advances	130,633	834,550	736,650	228,533
Total	**4,679,456**	**2,306,205**	**2,230,685**	**4,754,976**

5.0 PREPAYMENTS

Muema Kigotho	924,200	-	-	924,200
Bureti Sacco	2,000	-	-	2,000
Union	114,680		114,680	-
Total	**1,040,880**	-	**114,680**	**926,200**

6. No depreciation was charged for the year due to revaluation of Assets **(Ref to pg 18)**

7. ACCOUNTS PAYABLES

a) General Creditors Schedule

	As at 30.6.11 Kshs.	Due for the year Kshs.	Paid in the year Kshs.	As at 30.6.12 Kshs.
VAT	8,102	-	8,102	-
Rural Urban Micro Enterprises	242,000	-	242,000	-
Yureka Motors	2,769,002	1,474,234	3,339,565	903,671
Kericho Motor Spares	375,610	-	375,610	-
Accountancy Fee	450,000	500,000	450,000	500,000
Tegunot Hardware	387,882	2,050,850	1,297,447	1,141,285
Prayosa	-	725,000	226,664	498,336
Kenya National Audit Office	800,000	800,000	-	1,600,000
Total	**5,032,596**	**5,550,084**	**5,939,388**	**4,643,292**

b) Statutory Creditors Schedule

N.S.S.F	28,800	344,400	373,200	-
L.A.P.F	903,653	10,288,917	10,328,636	863,934
N.H.I.F	32,420	396,360	410,720	18,060
LAPTRUST	83,990	1,000,001	902,389	181,602
P.A.Y.E	1,036,588	4,891,677	5,211,926	716,339
Net Staff Salaries	61,808	19,592,413	19,595,144	59,077
Net Members All.	-	6,208,573	6,208,573	-
Net casual wages	53,500	892,886	855,844	90,542
Loan Repayment	-	5,332,389	5,332,389	-
Merry go round	40,000	-	40,000	-
KLGWU	-	189,000	148,920	40,080
Ukulima Sacco	5,800	23,045	26,845	2,000
Helb	9,948	59,688	69,636	-
Salary Arrears	2,433,776	-	2,382,109	51,667
Total	**4,690,283**	**49,219,349**	**51,886,331**	**2,023,301**

COUNTY COUNCIL OF BURETI

FINANCIAL STATEMENT FOR 2011/2012

Note 6

Assets

No depreciation has been provided during the year.

The value of Assets has been considered on the valuation Amount.

Asset	life of asset years	Depreciaton Rate %
		-
Land	40	2.5
Buildings	8	20
Other Equipments	5	20
Motor Vehicles/Tractors	8	12.5
Furniture,Fittings & Office Machines	8	20
Computers		

Fixed Assets Schedule as at 30th June 2012

COST / REVALUATION	Land	Build/ Devpts.	Motor Vehicles/ Tractors	Office Furniture & Equip.	Comp.& Accessories	Community Assets	Water Tanks, Fire Ext & lawn Mower	TOTAL
	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.
Bal.b/fwd at 1.7.2011	2,830,000	5,652,449	9,465,497	1,042,463	770,559	3,292,532	-	23,053,500
Additions			26,517,000	30,153				26,547,153
Purchases								
Revaluation Surplus	72,750,000	21,967,551	(252,497)	829,884	740,441	(3,292,532)	165,000	92,907,847
Valuation as at 30.06.2012	75,580,000	27,620,000	35,730,000	1,902,500	1,511,000	-	165,000	142,508,500
Depreciation								
Bal.b/fwd at 1.7.2011	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-
N.B.V as at 30.6.2012	75,580,000	27,620,000	35,730,000	1,902,500	1,511,000	-	165,000	142,508,500
Depreciation Rate	0%	2.50%	20%	12.50%	12.50%	2.50%	12.50%	

8. PERSONNEL COSTS

	2011/2012 Kshs.	2010/2011 Kshs.
Employee Salaries	20,493,210	19,470,390
Staff Employers contribution to PF :	3,938,984	3,752,516
Employer Contribution to LAPT	556,889	545,447
Employer contribution to NSSF	172,200	176,600
House Allowances	8,505,000	8,280,930
Leave Allowances	968,382	800,639
Acting Allowances	84,324	118,793
Overtime	242,173	338,079
Honoraria	24,000	-
Salary Arrears on downgrading	-	4,737,010
Contractual hire	857,963	161,208
Casual Wages	924,594	999,372
Non practicing Allowance	145,000	113,300
Commuter Allowances	945,000	885,000
Other Personnel Costs	-	47,950
Members Allowances	11,746,000	10,520,000
Members Allow.inreament in Arrears	110,000	-
Members Employers contribution to PF :	1,799,850	1,615,800
Councilors Acting Allowances	253,000	252,000
Total	**51,766,569**	**52,953,023**
No. of Employees	78	78
No. of Councilors	22	22

9. LATF BANK ACCOUNT

	2011/2012	2010/2011
Balance brought forward as at 1st July	5,257,391	(178,620)
Revenue from Central Government	80,233,651	56,893,506
Subtotal	**85,491,042**	**56,714,886**
Payments		
Other Operational Expenses	9,022,183	19,760,371
LASDAP projects	12,673,689	6,088,998
Debt Resolution	-	3,000,000
Interbank Transfers	63,795,525	22,608,126
Sub- Total	**85,491,397**	**51,457,495**
Balance carried forward as at 30th June	(355)	5,257,391

10. LONG TERM LIABILITY

Source	Loan No.	Interest Rate	Redemption Date	Purpose
Kenya Commercial Bank(KCB)	MG1123600117	26 % on reducing balance	24th Aug 2016	Asset Financing(Grader)

Balance b/fwd as at 1st July	-
Loan from KCB- Purchase of Motor Grader (KBJ 800U)	21,213,600
Less: Principal repayments	2,150,421
Balance c/fwd as at 30th June	**19,063,179**

11. RENEWALS FUND ACCOUNT

Balance b/fwd as at 1st July	12,691,355	10,646,155
Additions during the year	-	2,045,200
Accumulated depreciation on disposal	(12,691,355)	-
Balance c/d as at 30th June	-	**12,691,355**

Renewals fund shown above is written off from the books as result of revaluation of assets.

12. COUNTY RATE RESERVE FUND ACCOUNT

	2011/2012 Kshs.		2011/2012 Kshs.
		Balance B/fwd	87,421,041
Balance c/d	173,573,665	Consolidated Revenue A/c	86,152,624
Total	**173,573,665**	**Total**	**173,573,665**

13. CONTRIBUTION TO CAPITAL OUTLAY ACCOUNT

	2011/2012 Kshs.	2010/2011 Kshs.
Balance b/fwd at 1st July	15,634,893	22,273,568
Additions during the year	26,547,153 ?	97,130
Prior year & other adjustments	-	(4,690,605)
Depreciation Charge	-	(2,045,200)
Balance c/d at 30th June	**42,182,046**	**15,634,893**