



THE COUNTY GOVERNMENT OF KILIFI

EXECUTIVE REPORTS AND FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

31st DECEMBER, 2018

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The County is constituted as per the constitution of Kenya. It is headed by the County Governor, who is responsible for the general policy and strategic direction of the County.

b) Key Management

The Kilifi County Executive day-to-day management is under the following key organs:

- Kilifi County Executive
- Kilifi County Assembly

c) Fiduciary Management

The key management personnel who held office during the financial quarter ended 31st December 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEC Member Finance & Economic Planning	Samuel Nzai Kombe
2.	County Secretary	Mkare Arnold Jefwa
3.	Chief Officer Finance	Benjamin Kai Chilumo
4.	Chief Officer Economic Planning	Kennedy M. Chilibasi
5.	Ag. Director, Accounting Services	Bonaventure Mwakio

d) Fiduciary Oversight Arrangements

The county government has put in place and strengthened internal audit section which reviews the internal control procedures. In compliance with the PFM Act 2012 Sec 155 (5) the County Government also established the Audit Committee on the 16th January, 2016 which has so far held several meetings.

It has also a budget and audit committees at the county assembly level which reviews budgetary performance reports of the county. The committee reviews the internal controls reports from the internal

audit section for the purpose of adoption and implementation in order to strengthen the internal control systems. This ensures efficient and effective service delivery. As a way of being accountable to its Citizens the County Government of Kilifi endeavors to publish and publicise all its financial and non-financial performance reports.

e) Entity Headquarters

County Government of Kilifi
Governor's office Building
Bofa Road
Kilifi, KENYA

f) Entity Contacts

P.O. Box 519-80108, Kilifi
Telephone: (254)
E-mail: info@kilifi.go.ke
Website: www.kilifi.go.ke

g) Entity Bankers

- 1) Central Bank of Kenya Haile Selassie Avenue P.O. Box 60000
City Square 00200 Nairobi, Kenya
- 2) Kenya Commercial Bank Kilifi Branch
- 3) Equity Bank Kilifi Branch
- 4) National Bank Malindi Branch
- 5) Cooperative Bank Kilifi Branch
- 6) Diamond Trust Bank Kilifi Branch
- 7) Chase Bank Malindi Branch

h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

i) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

II. FORWARD BY THE COUNTY EXECUTIVE COMMITTEE

Revenue

The 2nd quarter ended 31st December, 2018 the County's total revenue was Kshs. 3,342,968,593 which comprised Exchequer release Kshs. 2,816,580,000, Conditional Grants of Kshs 380,261,999 and local revenue 146,126,594. This was a significant increase compared to the previous quarter total revenue of Kshs 672,921,317.

Cumulatively for the period ended 31st December, 2018 the county total revenue was Kshs 4,015,889,909 comprising Kshs 3,358,230,000 equitable share, Kshs 392,078,403 Proceeds from Foreign Grants / Development Partners and Kshs 265,581,506 County Own Generated Revenues. This was an increase compared to the previous financial year 2017-2018 with a revenue performance of Kshs 3,608,779,812.

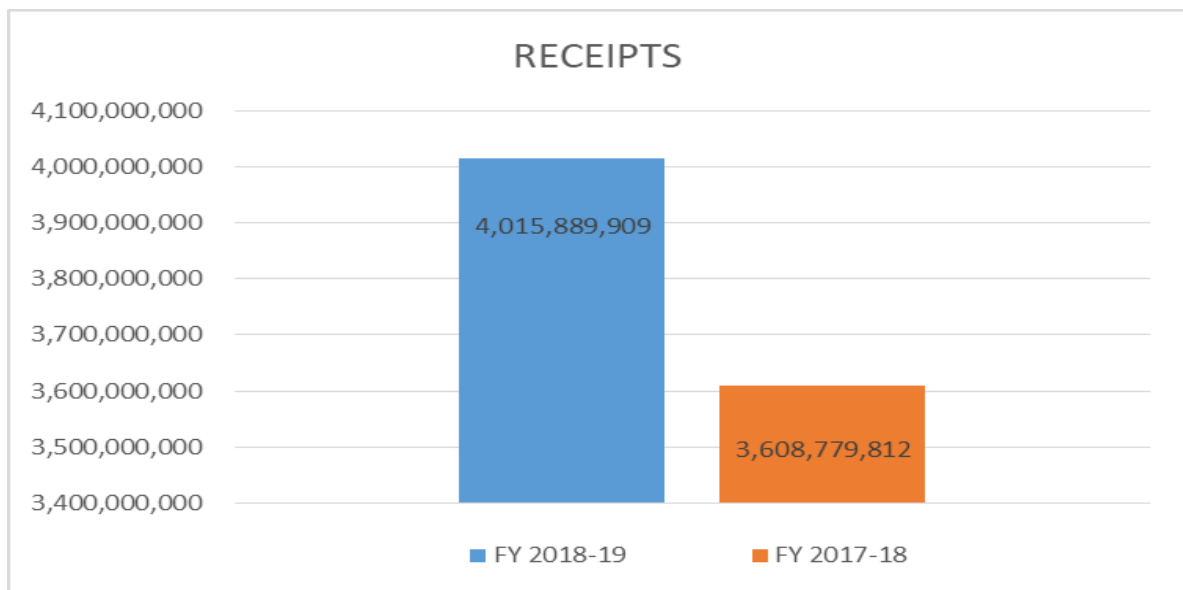


Figure 1

Expenditure

In the 2nd quarter ended 31st December, 2018, the County had a total expenditure of Kshs. 2,155,261,671 out of which Kshs. 902,713,319 was on compensation of employees, Kshs 490,644,634 on use of goods and services, Kshs 183,200,000 transfers to county assembly Kshs 221,401,114 on grants and subsidies and Kshs 357,302,604 on acquisition of assets.

The Cumulative expenditure for the period ended 31st December 2018 was Kshs 2,960,896,235, which was decline compared to the previous FY 2017-18 period of Kshs 3,496,275,705.

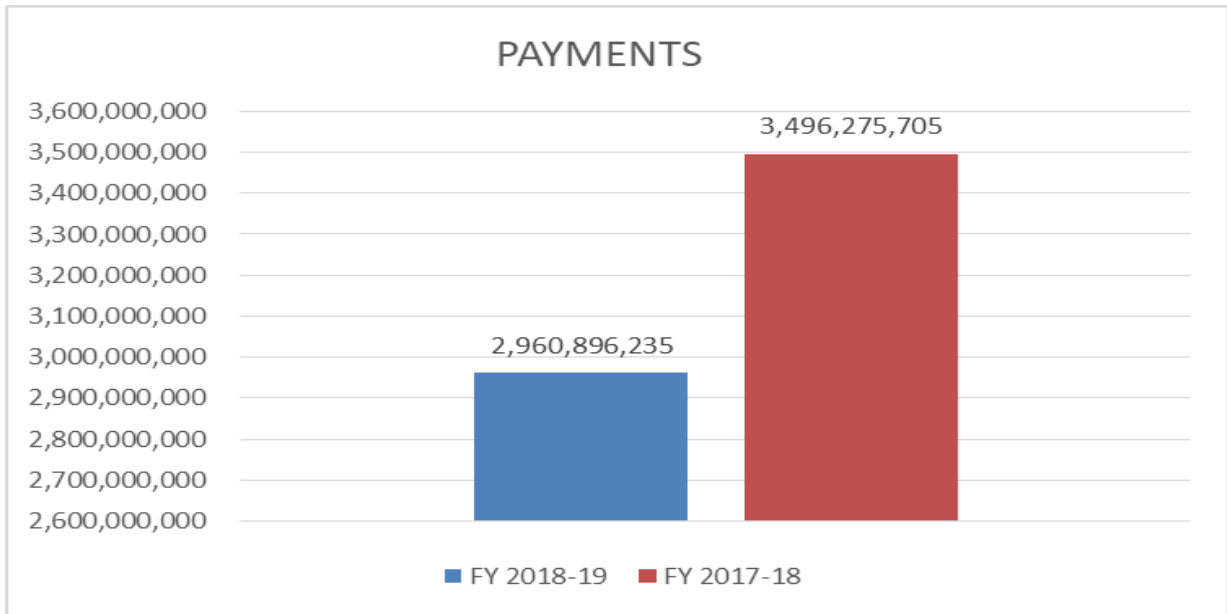


Figure 2

Challenges

The biggest challenge the County faced during the period was delay in issue of IFMIS user rights to facilitate in the payment process. This affected the budget implementation and the rate of expenditure/ payments.

Sign: _____

CPA HON. SAMUEL KOMBE NZAI
CEC MEMBER - FINANCE & ECONOMIC PLANNING
COUNTY GOVERNMENT OF KILIFI
ICPAK MEMBER NO. 12429

III. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 163,164 and 165 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for the County Executive of Kilifi shall prepare financial statements in respect of that county government. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The County Executive Committee (CEC) member for finance of the County Executive of Kilifi is responsible for the preparation and presentation of the County Executive of Kilifi financial statements, which give a true and fair view of the state of affairs of the County government of Kilifi during the quarter ending september30, This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Executive of Kilifi; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Government; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the County Government's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).The CEC member for finance of the opinion that the County Government's financial statements give a true and fair view of the state of County Government's transactions during the quarter ending September 30th, 2018, and of its financial position as at that date. The CEC member for finance further confirms the completeness of the accounting records maintained for the County Government, which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

The CEC member for finance confirms that the County Executive of Kilifi has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Governments funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the CEC member for finance confirms that the County Government's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The County Government's financial statements were approved and signed by the CEC member for finance on ____ January, 2019.

SIGN_____

CPA HON. SAMUEL KOMBE NZAI
CEC – MEMBER
FINANCE AND ECONOMIC PLANNING
COUNTY GOVERNMENT OF KILIFI
ICPAK MEMBER NO: 12429

IV. REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY (KENAO)

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	Sep	Dec	Cumulative	Comparative
		Q1	Q2	Amount	Period 2017
		Kshs	Kshs	Kshs	Kshs
RECEIPTS					
Equitable Share (Exchequer releases)	1	541,650,000	2,816,580,000	3,358,230,000	3,234,042,500
Transfers from National Government Entities	2	0	0	0	0
Proceeds from Foreign Grants / Development Partners	3	11,816,404	380,261,999	392,078,403	64,060,851
Conditional Additional Allocations to County Governments	4	0	0	0	147,863,364
County Own Generated Revenues	5	119,454,913	146,126,594	265,581,506	162,813,097
Unspent Funds	6	0	0	0	0
TOTAL RECEIPTS		672,921,317	3,342,968,593	4,015,889,909	3,608,779,812
PAYMENTS					
Compensation of Employees	7	675,194,809	902,713,319	1,577,908,128	1,506,668,709
Use of goods and services	8	22,579,775	490,644,634	513,224,410	384,748,027
Transfers to Other Government Entities	9	107,859,979	183,200,000	291,059,979	341,820,818
Other grants and transfers	10	0	221,401,114	221,401,114	242,791,376
Social Security Benefits	11	0	0	0	0
Acquisition of Assets	12	0	357,302,604	357,302,604	1,019,903,133
Finance Costs	13	0	0	0	343,642
TOTAL PAYMENTS		805,634,563	2,155,261,671	2,960,896,235	3,496,275,705
SURPLUS/DEFICIT		(132,713,247)	1,187,706,921	1,054,993,675	112,504,107

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2019 and signed by:

Benjamin K. Chilumo
Chief Officer Finance
ICPAK Member No. 4342

Bonaventure F. M. Mwakio
Ag. Director Accounting Services

VI. STATEMENT OF FINANCIAL POSITION

	Note	Sep Q1	Dec Q2	Comparative Period 2017- 2018
FINANCIAL ASSETS		Kshs	Kshs	Kshs
Cash and Cash Equivalents				
Bank Balances	14A	891,694,826	2,049,923,268	956,106,165
Cash Balances	14B	725,050	1,142,419	577,731
Total Cash and cash equivalents		892,419,876	2,051,065,687	956,683,896
Accounts receivables – Outstanding Imprests & Loss of Cash	15	54,929,776	57,827,265	52,133,764
TOTAL FINANCIAL ASSETS		947,349,653	2,108,892,952	1,008,817,660
FINANCIAL LIABILITIES				
Accounts Payables – Deposits and retentions	16	123,956,734	97,793,112	314,768,887
NET FINANCIAL ASSETS		823,392,919	2,011,099,840	694,048,773
REPRESENTED BY				
Fund balance b/fwd	17	956,106,165	956,106,165	424,791,235
Surplus/Deficit for the year		(132,713,247)	1,054,993,675	269,257,538
NET FINANCIAL POSITION		823,392,919	2,011,099,840	694,048,773

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Benjamin K. Chilumo
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ICPAK Member No. 4342

Bonaventure F. M. Mwakio
Ag. Director Accounting Services

VII. STATEMENT OF CASHFLOW

	Note	Sep	Dec	Comparative
		Q1	Q2	2017-2018
		Kshs	Kshs	Kshs
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from operating income				
Equitable Share (Exchequer releases)	1	541,650,000	2,816,580,000	3,234,042,500
Transfers from National Government Entities	2	0	0	0
Proceeds from Foreign Grants / Development Partners	3	11,816,404	380,261,999	64,060,851
Conditional Additional Allocation to County Governments	4	0	0	147,863,364
County Own Generated Revenues	5	119,454,913	146,126,594	162,813,097
Unspent Funds	6	0	0	0
Payments for operating expenses				
Compensation of Employees	7	(675,194,809)	(902,713,319)	(1,506,668,709)
Use of goods and services	8	(22,579,775)	(490,644,634)	(384,748,027)
Transfers to Other Government Entities	9	(107,859,979)	(183,200,000)	(341,820,818)
Other grants and transfers	10	0	(221,401,114)	(242,791,376)
Social Security Benefits	11	0	0	0
Finance Costs	13	0	0	(343,642)
Adjusted for:				
Adjustments for Account Receivables During the Period		(54,929,776)	(52,032,287)	(14,893,913)
Adjustments for Account Payables During the Period		123,956,734	22,971,177	46,511,105
Net cash flows from operating activities		(63,686,289)	1,515,948,415	1,164,024,432
CASHFLOW FROM INVESTING ACTIVITIES				
Acquisition of Assets	12	0	(357,302,604)	(1,019,903,133)
Net cash flows from investing activities		0	(357,302,604)	(1,019,903,133)
NET INCREASE IN CASH AND CASH EQUIVALENT				
Cash and cash equivalent at BEGINNING of the quarter	17	956,106,165	892,419,876	606,204,898
Cash and cash equivalent at END of the quarter		892,419,876	2,051,065,687	956,683,896
As per statement of assets		892,419,876	2,051,065,687	956,683,896

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Benjamin K. Chilumo
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ICPAK Member No. 4342

Bonaventure F. M. Mwakio
Ag. Director Accounting Services

VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT & DEVELOPMENT

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=d-c	f=d/c %
RECEIPTS						
Exchequer releases	10,833,000,000	47,290,952	10,880,290,952	3,358,230,000	(7,522,060,952)	31%
Transfers from National Government Entities	564,228,319	43,393,738	607,622,057	-		
Proceeds from Domestic and Foreign Grants	1,065,479,644	103,380,479	1,168,860,123	392,078,403	-	34%
County Own Generated Funds	1,345,066,521	-	1,345,066,521	265,581,506	-	20%
Return issues to CRF	-	465,431,659	465,431,659	-	-	0%
Total Receipts	13,807,774,484	659,496,828	14,467,271,312	4,015,889,909	(7,522,060,952)	28%
PAYMENTS						
Compensation of Employees	3,098,774,484	-	3,098,774,484	1,577,908,128	(1,520,866,356)	51%
Use of goods and services	3,336,914,071	568,812,138	3,905,726,209	513,224,410	(3,392,501,799)	13%
Transfers to Other Government Units	903,514,171	-	903,514,171	291,059,979	(612,454,192)	
Other grants and transfers	733,920,273	43,393,738	777,314,011	221,401,114	(555,912,897)	28%
Social Security Benefits	-	-	-	-	-	
Acquisition of Assets	5,734,651,485	47,290,952	5,781,942,437	357,302,604	(5,424,639,833)	6%
Finance Costs, including Loan interest	-	-	-	-	-	
Total Payments	13,807,774,484	659,496,828	14,467,271,312	2,960,896,235	(11,506,375,078)	20%
SURPLUS/(DEFICIT)	-	-	-	1,054,993,675	3,984,314,125	

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Benjamin K. Chilumo
Chief Officer Finance
ICPAK Member No. 4342

Bonaventure F. M. Mwakio
Ag. Director Accounting Services

IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=d-c	f=d/c %
RECEIPTS						
Equitable Share (Exchequer releases)	5,179,895,212		5,179,895,212	3,033,230,000	(2,146,665,212)	59%
Transfers from National Government Entities	564,228,319	43,393,738	607,622,057		(607,622,057)	
Proceeds from Foreign Grants / Development Partners	1,065,479,644	103,380,479	1,168,860,123	392,078,403	(776,781,720)	34%
County Own Generated Revenues	1,345,066,521	0	1,345,066,521	265,581,506	(1,079,485,015)	20%
Unspent Funds		465,431,659	465,431,659	0	(465,431,659)	0%
Total Receipts	8,154,669,696	612,205,876	8,766,875,572	3,690,889,909	(5,075,985,663)	42%
Payments						
Compensation of Employees	3,098,774,484		3,098,774,484	1,577,908,128	(1,520,866,356)	51%
Use of goods and services	3,336,914,071	568,812,138	3,905,726,209	513,224,410	(3,392,501,799)	13%
Transfers to Other Government Entities	903,514,171		903,514,171	291,059,979	(612,454,192)	32%
Other grants and transfers	733,920,273	43,393,738	777,314,011	221,401,114	(555,912,897)	28%
Social Security Benefits			0	0	0	0%
Acquisition of Assets	81,546,697		81,546,697	35,533,420	(46,013,277)	44%
Finance Costs			0	0	0	0%
Total Payments	8,154,669,696	612,205,876	8,766,875,572	2,639,127,051	(6,127,748,521)	30%
SURPLUS/(DEFICIT)	0	0	0	1,051,762,858	1,051,762,858	

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2019 and signed by:

Benjamin K. Chilumo
Chief Officer Finance
ICPAK Member No. 4342

Bonaventure F. M. Mwakio
Ag. Director Accounting Services

X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization Difference to Final Budget
	a	b	c=a+b	d	e=d-c	f=d/c %
RECEIPTS						
Equitable Share (Exchequer releases)	5,653,104,788	47,290,952	5,700,395,740	325,000,000	5,375,395,740	6%
Proceeds from Foreign Grants / Development Partners			-		-	0%
Conditional Additional Allocations to County Governments			-		-	0%
Unspent Funds		-	-	-	-	0%
Total Receipts	5,653,104,788	47,290,952	5,700,395,740	325,000,000	5,375,395,740	6%
Payments						
Acquisition of Assets	5,653,104,788	47,290,952	5,700,395,740	321,769,184	5,378,626,557	6%
Total Payments	5,653,104,788	47,290,952	5,700,395,740	321,769,184	5,378,626,557	6%
SURPLUS/(DEFICIT)	-	-	-	3,230,816	(3,230,816)	

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2019 and signed by:

Benjamin K. Chilumo

Chief Officer Finance

ICPAK Member No. 4342

Bonaventure F. M. Mwakio

Ag. Director Accounting Services

XII. NOTES TO THE FINANCIAL STATEMENTS

1. EQUITABLE SHARE (EXCHQUER RELEASES)					
		QTR 1	QTR 2	Cumulative amount	Comparative Amount 2017-2018
		Kshs	Kshs	Kshs	Kshs
Exchequer Releases		541,650,000	2,816,580,000	3,358,230,000	3,234,042,500
TOTAL		541,650,000	2,816,580,000	3,358,230,000	3,234,042,500
2. TRANSFERS FROM NATIONAL GOVERNMENT ENTITIES					
		Q1	Q2	Cumulative amount	Comparative Amount 2017-2018
Description		Kshs	Kshs	Kshs	Kshs
Transfers from Central government entities					
<i>Transfer from Ministry of Health</i>					
Leasing of medical equipment				-	
Free maternity healthcare				-	
Abolishment of user fees in health centers and dispensaries		-	-	-	
TOTAL		-	-	-	-
3. PROCEEDS FROM FOREIGN GRANTS/ DEVELOPMENT PARTNERS					
Name of Donor		Q1	Q2	Cumulative amount	Comparative Amount 2017-2018
		Kshs	Kshs	Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)					
<i>Government of Italy</i>					
Rehabilitation of sub-district hospitals - KIDDP				-	
Grants Received from Multilateral Donors (International Organizations)					
<i>DANIDA</i>					
Health Sector Programme Support (HSPS)		11,816,404	16,680,938	28,497,342	21,484,371
Health Sector Support Project (HSSP)				-	
<i>World Bank</i>					
The Universal Health Care Support		-	33,046,561	33,046,561	42,576,480
Kenya Urban Support Programme		-	330,534,500	330,534,500	-
<i>European Development Fund</i>					
TOTAL		11,816,404	380,261,999	392,078,403	64,060,851

4. CONDITIONAL ADDITIONAL ALLOCATION TO COUNTY GOVERNMENTS					
		Q1	Q2	Cumulative amount	Comparative Amount 2017-2018
		Kshs	Kshs	Kshs	Kshs
Loans and Grants Supplementary					
Conditional Allocations for Free Maternal Healthcare Allocation					
Conditional Allocations for Compensation for User Fees Foregone		-	-		-
Conditional Allocation for Leasing of Medical Equipment					
Conditional Allocation from Road Maintenance Fuel Levy Fund		-	-		147,863,364
Conditional Allocation to County Emergency Fund					
Conditional Allocation Village Polytechniques Grant					-
Conditional Allocation Kenya Devolution Support Programme					-
Conditional Allocation National Agricultural Rural Development Programme					-
Conditional Allocation Agricultural Sector Development Programme					
Total		-	-	-	147,863,364
5. COUNTY OWN GENERATED REVENUE					
		Q1	Q2	Cumulative amount	Comparative Amount 2017-2018
		Kshs	Kshs	Kshs	Kshs
RECEIPTS					
FIF					
Rent/Stall rents					
Survey fees and plot rents					
Sale of Tender Documents					
Plot ground rent					
House rent					
Refuse Collection					
Food Hygiene Fees					
Slaughter House and Livestock sale Yards					
Others					
Other Receipts Not Classified Elsewhere		119,454,913	146,126,594	265,581,506	162,813,097
TOTAL		119,454,913	146,126,594	265,581,506	162,813,097

6. REFUNDS TO CRF ACCOUNT					
		Q1	Q2	Cumulative amount	Comparative Amount 2017-2018
		Kshs	Kshs	Kshs	Kshs
Equitable Share		-	-	-	-
Total		-	-	-	-
7. COMPENSATION OF EMPLOYEES					
		Q1	Q2	Cumulative amount	Comparative Amount 2017-2018
		Kshs	Kshs	Kshs	Kshs
Basic salaries of permanent employees		321,056,340	436,303,991	757,360,331	1,303,411,359
Basic wages of temporary employees		45,009,579	52,802,261	97,811,840	101,480,061
Personal allowances paid as part of salary		309,035,890	413,340,217	722,376,107	16,534,000
Personal allowances paid as reimbursements		93,000	93,000	186,000	14,974,932
Employer Contributions to Compulsory National Social Security Schemes		-	173,850	173,850	70,268,357
Employer Contributions to Compulsory Health Insurance Schemes		-	-	-	-
Total		675,194,809	902,713,319	1,577,908,128	1,506,668,709
8. USE OF GOODS AND SERVICES					
		Q1	Q2	Cumulative amount	Comparative Amount 2017-2018
		Kshs	Kshs	Kshs	Kshs
Utilities, supplies and services		9,592,216	14,616,715	24,208,930	10,856,186
Communication, supplies and services		536,000	1,968,589	2,504,589	1,175,153
Domestic travel and subsistence		2,690,140	39,125,312	41,815,452	26,268,305
Foreign travel and subsistence		3,899,927	11,237,926	15,137,853	5,131,246
Printing, advertising and information supplies & services		270,400	5,191,831	5,462,231	7,541,147
Rentals of produced assets		1,722,753	6,851,139	8,573,892	5,524,640
Training expenses		772,950	11,462,576	12,235,526	12,837,750
Hospitality supplies and services		2,329,800	32,885,479	35,215,279	35,001,001
Insurance costs		292,380	16,115,328	16,407,708	43,002,800
Specialized materials and services		-	117,100,500	117,100,500	60,324,592
Office and general supplies and services		390,100	19,107,807	19,497,907	12,673,060
Fuel Oil and Lubricants		30,000	38,319,786	38,349,786	16,584,173
Other operating expenses		3,200	60,210,356	60,213,556	111,230,892
Routine maintenance – vehicles and other transport equipment		4,910	12,854,837	12,859,747	14,139,435
Routine maintenance – other assets		45,000	103,596,453	103,641,453	22,457,647
Total		22,579,775	490,644,634	513,224,410	384,748,027

9. TRANSFERS TO OTHER GOVERNMENT ENTITIES					
Description	Q1	Q2	Cumulative amount	Comparative Amount 2017-2018	
	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers to County Assembly					
County Assembly of Kilifi	107,859,979	183,200,000	291,059,979	341,820,818	
TOTAL	107,859,979	183,200,000	291,059,979	341,820,818	
10. OTHER GRANTS AND TRANSFERS					
	Q1	Q2	Cumulative amount	Comparative Amount 2017-2018	
	Kshs	Kshs	Kshs	Kshs	Kshs
Scholarships and other educational benefits	-	87,500,000	87,500,000	87,500,000	
Emergency relief and refugee assistance	-	86,564,480	86,564,480	93,277,160	
Other current transfers, grants	-	32,336,634	32,336,634	450,000	
Other capital grants and transfers	-	15,000,000	15,000,000	61,564,216	
Total	-	221,401,114	221,401,114	242,791,376	
11. SOCIAL SECURITY BENEFITS					
	Q1	Q2	Cumulative amount	Comparative Amount 2017-2018	
	Kshs	Kshs	Kshs	Kshs	Kshs
Government pension and retirement benefits	-	-	-	-	
Total	-	-	-	-	
12. ACQUISITION OF ASSETS					
	Q1	Q2	Cumulative amount	Comparative Amount 2017-2018	
Non Financial Assets	Kshs	Kshs	Kshs	Kshs	Kshs
Construction of Buildings	-	103,802,136	103,802,136	104,045,178	
Refurbishment of Buildings	-	-	-	7,775,240	
Construction of Roads	-	151,412,831	151,412,831	726,936,548	
Construction and Civil Works	-	29,758,417	29,758,417	120,657,454	
Purchase of Household Furniture and Institutional Equipment	-	-	-	26,055,890	
Purchase of Office Furniture and General Equipment	-	22,897,217	22,897,217	11,329,398	
Purchase of Specialised Plant, Equipment and Machinery	-	409,750	409,750	16,090,455	

Purchase of Certified Seeds, Breeding Stock and Live Animals		-	-	-	7,012,970
Acquisition of Strategic Stocks and commodities		-	49,022,253	49,022,253	
Total		-	357,302,604	357,302,604	1,019,903,133
13. FINANCE COSTS					
		Q1	Q2	Cumulative amount	Comparative Amount 2017-2018
		Kshs	Kshs	Kshs	Kshs
Bank Charges				-	3,938
Exchange Rate Losses				-	-
Other expenses				-	339,704
Total		-	-	-	343,642
14A. BANK ACCOUNTS					
		Indicated whether recurrent or development	Amount Q1	Amount Q2	Comparative Amount 2017-2018
Name of Bank, Account No. & Currency			Kshs	Kshs	Kshs
<i>County Revenue Fund Account</i>		CRF	43,285,670	1,140,743,196	282,022,153
<i>Recurrent Bank A/C</i>		Recurrent	33,102,934	496,091	55,835
<i>Development Bank A</i>		Development	-	3,230,816	74,350,804
<i>Support Programme Kenya Devolution Support Programme</i>		Programme	-	14,933,564	22,837,206
<i>DANIDA A/C</i>		Programme	25,012,702	22,403,237	102,808
<i>The Universal Health Care Services A/C</i>		Programme	1,727,818	34,774,379	1,727,818
<i>Roads Maintenance Fuel Levy Fund A/c</i>		Programme	-	-	8,429,881
<i>Kenya Urban Support Programme A/C</i>		Programme	-	-	-
<i>NAGRIP A/C</i>		Programme	-	-	55,000,000
<i>Agricultural Support Development Programme</i>		Programme	-	5,000,000	-
<i>Kilifi County Village Pollytechnic Grant A/C</i>		Programme	17,884,536	17,884,536	17,884,536
<i>Retention Bank A/C</i>		Deposit	42,898,549	16,734,927	117,194,233
<i>Commercial Bank Accounts (Various)</i>		Various	727,782,617	793,722,521	376,500,891
Total			891,694,826	2,049,923,268	956,106,165
14B. CASH IN HAND					
			Q1	Q2	Comparative Amount 2017-2018
			Kshs	Kshs	Kshs
Cash in Hand			725,050	1,142,419	577,731
Total			725,050	1,142,419	-

15. ACCOUNTS RECEIVABLE					
			Q1	Q2	Comparative Amount 2017-2018
			Kshs	Kshs	Kshs
Government Imprests			11,689,036	14,453,235	8,893,024
Prepayment			-	-	
R/D Cheques			-	133,290	
Loss of Cash			43,240,740	43,240,740	43,240,740
Total			54,929,776	57,827,265	52,133,764
Government Imprest Holders					
Name of Officer or Institution	Date Imprest Taken	Bal B/fwd	Amount Issued	Amount Surrendered	Balance
			Kshs	Kshs	Kshs
Standing Imprests		-	760,000	-	760,000
Temporary Imprests		8,893,024	18,227,638	13,427,427	13,693,235
Total		8,893,024	18,987,638	13,427,427	14,453,235
16. ACCOUNTS PAYABLE					
			Q1	Q2	Comparative Amount 2017-2018
			Kshs	Kshs	Kshs
Contractors Retention Money			123,956,734	97,793,112	229,110,889
Gratuity					32,367,812
Salaries					257,569
Scholarship					50,148,534
KCG Elders Cash Transfer					2,861,094
Health Programme Bank accounts					22,991
Total			123,956,734	97,793,112	544,807,614
17. FUND BALANCE BROUGHT FORWARD					
			Q1	Q2	Comparative Amount 2017-2018
			Kshs	Kshs	Kshs
Bank Accounts			903,394,670	903,394,670	590,585,708
Cash In Hand			577,731	577,731	15,619,190
Account Receivables Government Imprest			8,893,024	8,893,024	8,334,522
Account Receivables Lost Cash			43,240,740	43,240,740	43,240,740
Account Liabilities			0	0	0
Total			956,106,165	956,106,165	657,780,160

XIII. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set as

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes 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 receivables and payables are disclosed in the Statement of Assets and Liabilities.

The financial statements are presented in Kenya Shillings, which is the functional and report in currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

2. Reporting entity

The financial statements are for the Kilifi County Government - Executive. The financial state encompass the reporting entity as specified under section 164 of the PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

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

Tax receipts

Tax Receipts is recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

Transfers from the Exchequer

Transfer from Exchequer is 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.

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

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 are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the entity or any other debt the County Government may take on will be treated on cash basis and recognized as receipts during the year of receipt.

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the quarter ended 31st December 2017, there were no instances of non-compliance with and conditions which have resulted in cancellation of external assistance loans.

County Own Generated Receipts

These include Appropriation-in-Aid and relates to receipts such as trade licences, cess, fees, property income among others generated by the County Government from its citizenry. These are recognised in the financial statements the time associated cash is received.

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 to spend funds. These funds are recognised once appropriated through a supplementary budget process.

b) Recognition of payments

The entity recognises all expenses when the event occurs and the related cash has actually been paid out by the entity.

Compensation of employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

Use of goods and services

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

Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the County consolidated financial statements.

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.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

4. 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 an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

5. 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.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 31st December 2018, this amount KES 21,545,278 compared to KES 463,772,480 in prior period as indicated on note 23A there were no other restrictions on cash during the year.

6. Accounts Receivable

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

Other accounts receivables are disclosed in the financial statements.

7. 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 fulfilment 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.

8. Non-current assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the entity fixed asset register a summary of which is provided as a memorandum to these financial statements.

9. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contract goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the entity at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

10. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The entity's budget was approved as required by Law and as detailed in the County Revenue Allocation Act.

The original budget was approved by the County Assembly on 30 August, 2018 for the period 1st July, 2018 to 30 June 2019 as required by law. There was. A high-level assessment of the entity's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

11. Comparative figures

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

12. Subsequent events

Events subsequent to submission of the financial year end financial statements to the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National Treasury.

13. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

14. Related party transactions

Related party transactions involve cash and in kind transactions with the National Government National Government entities and County Government entities. Specific information with regards to related party transactions is included in the disclosure notes.