

To,
The Municipal Commissioner,
Nashik Municipal Corporation,
Rajiv Gandhi Bhavan,
Nashik - 422002

Independent Auditor's Report

Report on the Financial Statements prepared under Accrual Based Financial Statements of Nashik Municipal Corporation, Nashik for the year ended on 31st March 2025.

We have audited the Accrual Based Double Entry Reports of Nashik Municipal Corporation, Nashik (herein after referred as Corporation) comprising of the Balance Sheet as at 31st March 2025 and Income & Expenditure Account and Cash Flow Statement as on that date. We have also referred to the accounting policies and other documents of the corporation.

Management's Responsibility for the Financial Statements;

The authorities of the corporation are responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the corporation in accordance with the accounting principles generally accepted by the corporation. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments. And estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility;

Our responsibility is to express our opinion on the financial statements prepared under the Accrual Based system of the Corporation. We have conducted the audit in an independent and fair manner in accordance with the auditing standard of India and the standards applicable to audit under double entry method. We have followed the procedures mentioned in our detailed audit plan to collect evidence about the disclosures made in the financial statements and have made the necessary risk assessment based on our judgment and experience.



Qualified Opinion;

In our opinion and to the best of our information, and according to the explanation given to us, except for the effects of the matter described in the Basis for Opinion paragraph,

- 1.1. In the case of the Balance Sheet, of the state of affairs of the corporation as at 31st March 2025, the said accounts read with notes there give true and fair view;
- 1.2. In the case of the Income & Expenditure Account of the surplus of the corporation for the year ended on that date. In our opinion and to the best of our information and according to explanations given to us, the particulars given in the said double entry report are presenting the true and fair financial position of the corporation,
- 1.3. In the case of cash flow statement as on that date. In our opinion and to the best of our information and according to explanations given to us, the particulars given in the said statement represent true and fair view,

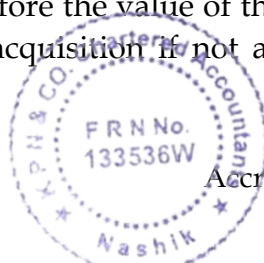
Basis for Qualified Opinion;

We conducted our audit in accordance with the standards and auditing specified under double entry system of accounting under NMAM. Our responsibilities under those standards are further described in the auditor's responsibility for the audit of financial statement section of our report. We are independent of the corporation in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of ethics.

We believe that the evidence so collected during our audit is sufficient and appropriate to formulate our audit opinion.

The other details which form the basis of Qualified Opinion are reported as follows;

1. Refer to our comments mentioned in point no. 16 Annexure I with respect to discrepancy in TDS workings.
2. Refer to our comments as mentioned in Point no. 2.2 Sundry Creditors & 2.3 Provision & liabilities for discrepancies noticed during the course of audit.
3. The major deviation that is made while preparing this balance sheet, is recording the fixed assets at current market value based on the valuation report made by the professional valuers. As per the NMAM guidelines the values are to be recorded at cost of acquisition or if not available at the estimation of cost acquisition value. If the values are not available and the assets are identifiable, a nominal value of Rs.1 should be placed before the value of the assets. Every effort should be made to estimate the cost of acquisition if not available. If the value is recorded by



revaluation, based on valuation report, a specific revaluation reserve is to be created in the book of accounts and a specific note to this effect has to be inserted in the account. Another major deviation, we find to have been made, is application of depreciation rates on the current market value. No plausible accounting explanation or principle can be available to defend such exercise. When a current market value is certified by professional valuer, it is deemed to be the value of that asset only after considering all the factors including wear and tear value incurred by way of depreciation up to the date of valuation.

4. The Corporation could not produce the measurement books and completion certificate of the fixed assets additions during the year. Hence, we are unable to comment on the status of completion of these fixed assets.
5. List of work wise classification of capital work-in-progress of amount Rs. 38,177.95 Lakhs are not produced for verification and hence we are unable to comment on the same. The balance is carried forwarded from unduly long period.
6. During our audit, we identified contingent liabilities disclosed in the notes to the financial statements. However, we note that the details of these contingent liabilities, including their potential financial impact, have not been quantified. Contingent liabilities are obligations that may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the entity. As a result of the aforementioned limitation, we are unable to determine the adequacy of the disclosure regarding contingent liabilities, and therefore, we issue a qualified opinion on the financial statements.
7. Refer to our comments as mentioned in Point no. 3 Current assets.
8. Amount paid to Nashik Municipal Smart City Development Corporation Limited in form of Equity investments and Capital grants should be accounted according to its nature instead of directly treating it as investments.
9. Further, in point no. 4.3.5 & 4.3.6 for the Housing Loan and Vehicle Loan given to employees, it was observed that the interest charged on the loan facilities were not separated and shown as interest income in the Income & Expenditure Statement. Due, to this the income and the balances receivable from the employees against the housing and vehicle loan are understated.
10. Refer to our detailed comment with respect to Increase/(Decrease) in Inventory as mentioned in point no. 9 of Analysis to Income & Expenditure.
11. Corporation has not prepared & submitted Form 1 to 29 & compliances of previous audit reports as per National Municipal Accounting Manual up to FY 2024-25.
12. In addition, to above qualification, also refer to our qualification given in the Annexures I to IX attached along with report.

Emphasis of Matters

1. We like to draw attention to the point 3 of Notes to Accounts in respect of Provisions for Arrears of Income.



2. We like to draw attention to the point 9.6 of Notes to Accounts in respect of Investments with Shriram Cooperative Bank Ltd., Nashik. Our opinion is not modified in respect of these matter.

Report on Internal Financial Controls Over Financial Reporting;

Refer Annexure – II – Report on Internal Financial Controls Over Financial Reporting.

Other Matter;

We further report the following;

1. We have sought and, except for the possible effects of the matter described in the Basis for Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
2. Except for the possible effects of the matter described in the Basis for Opinion paragraph above, in our opinion proper books of account as required by Municipal Accounting Manual have been kept by the Corporation so far as appears from our examination of those books;
3. The Balance Sheet and Income and Expenditure Account deal with by this Report are in agreement with the books of account;
4. Except for the matter described in the Basis for Opinion paragraph above, the Balance Sheet and Income and Expenditure Account comply with the Municipal Accounting Manual and Accounting Standards applicable to the Urban Local Bodies;
5. The matter described in the Basis for Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Corporation;
6. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Opinion paragraph above.
7. With respect to the adequacy of the internal financial controls over financial reporting of the Corporation and the operating effectiveness of such controls, refer to our separate Report in 'Annexure'.

For, K P N & CO.

Chartered Accountants,

FRN. 0133536W

CA Prathyush Prakash Raghavan

(Partner)

M. No. 607137



UDIN:

Date: 31-07-2025

Place: Nashik



Annexure - I to Report as per para 32.9 in chapter 32 of National Municipal Accounting Manual

1. *Whether all the expenditure incurred by the ULB are authorized by appropriate provision in the sanctioned budget, whether made originally or subsequent?*

Auditors Comment: We have verified the expenditure incurred by the ULB on test check basis, accordingly it was observed that the expenditure was duly authorized by appropriate authority and were duly sanctioned.

2. *Whether all sums due to and received by the ULB have been brought to account within the prescribed time limits?*

Auditors Comment: No, based on our audit planning and procedure, the ULB has brought all sums due to and received in account within the prescribed time limits, except for the interest on the security deposits with the Maharashtra State Electricity Distribution Company Limited & Income items which is yet to be reconciled for the year end are not been brought to accounts. Additionally, some bank account as enumerated in Annexure VI is also not taken in books of accounts. Further, refer to our comments in Annexure from IV to IX

3. *Whether all transactions (income, expenditures, assets and liabilities) are correctly classified?*

Auditors Comment: Yes, based on our audit planning and procedure, it was observed that all transactions (income, expenditure, assets and liabilities) were correctly classified, except for following;

- a. Interest on the housing and vehicle loan to employees have not been recorded separately.
- b. Grants received & paid were recorded under common pool of funds named as Grants received under earmarked funds. Whereas it should have been classified to its concerned grant balance.
- c. Further, refer to our comments in Annexures IV to IX attached along-with.

4. *Whether in respect of all bills for charges on account of all works and that no deviation has been made from the sanctioned plans and the estimates without the sanction of the competent authority?*

Auditors Comment: Yes, based on our audit planning and procedure, it was observed that there was no deviation from the sanctioned plans and estimates without the sanction of the competent authority for bills for charges on account of all works, except for those as reported in Annexures below



5. *Whether the amount received for a specific grant have been utilized for the purposes as stated in the grant sanction order?*

Auditors Comment: Yes, based on our audit sample, it was observed that the amount received for specific grants have been utilized for the purposes as stated in the grant sanction.

6. *Whether the special funds have been created as per the provision of relevant statues and whether special funds have been utilized for the purposes for which created?*

Auditors Comment: No, based on audit sample & voucher noting, it was observed that the ULB has created special funds as per the provision of relevant statues and the same been utilized for the purposes for which they were created. Where the funds are unutilized the same have been invested in fixed deposits with banks.

7. *Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situations of fixed assets. Whether these fixed assets have been physically verified by the management at reasonable intervals. Whether any material discrepancies noticed on search. Verification, and if so, whether the same have been properly dealt with in the books of accounts?*

Auditors Comment: The ULB has maintained records showing full particulars, including quantitative details and situations of fixed assets. Further, as per the report of previous auditor it was observed that the ULB had carried valuation and verification of all the fixed assets for preparing the opening balance sheet for FY 2008-09, after which no physical verification has been done. Therefore, it is recommended to develop and implement reasonable and adequate procedures for physical verification of the fixed assets at reasonable intervals.

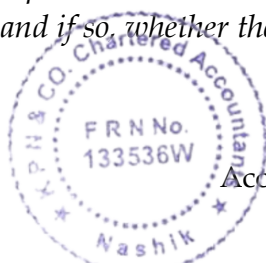
8. *Whether physical verification has been conducted by ULB at reasonable intervals in respect of stores?*

Auditors Comment: Reports of the physical verification of the stores were not provided by the concerned departments of the ULB when demanded for verification. Accordingly, the possibility that the concerned departments of the ULB may not have carried out the physical verification at reasonable intervals cannot be ruled out.

9. *Whether the procedures of physical verification of stores followed by ULB is reasonable and adequate? If not, the inadequacies in such procedures should be reported.*

Auditors Comment: As adequate information required was not made available to us, we are not in position to comment on the same. However, it recommended to develop and implement reasonable and adequate procedures for physical verification of the stores.

10. *Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and if so, whether the same have been properly dealt with in the books of accounts?*



Auditors Comment: As adequate information required was not made available to us, we are not in position to comment on the same.

11. *Whether the valuation of stores is in accordance with accounting principles laid down in the accounts manual? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;*

Auditors Comment: As per the Management Representation letter as issued by Corporation, it has been observed that the valuation of stores is done at cost basis which is in accordance with the accounting principles laid down in the accounts manual.

12. *Whether the parties to whom the loans or advances in the nature of loans have been given by ULB are repaying the principal amount as stipulated and are also regular in payments of the interest and if not, whether reasonable steps have been taken by the ULB for recovery of the principal and interest?*

Auditors Comment: ULB has not given any loans, other than to its employees and mobilization advances to the vendors as per the agreement with the vendors. In case of the loans to employees, ULB has provided interest free advances for conveyance, against the 6th pay commission, for purchase of personal computers by employees and festival advances. It has also provided interest chargeable loan for purchase of vehicle and house to its employees. Please refer to our comments in point B.4. on Loans & Advances of Annexure – IV.

13. *Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?*

Auditors Comment: As adequate information required was not made available to us, we are not in position to comment on the same.

14. *Whether proper procedures are in place to identify any unserviceable or damaged stores and whether provision for the loss in this respect. If any, has been made in the accounts?*

Auditors Comment: As adequate information required was not made available to us, we are not in position to comment on the same.

15. *Whether the ULB is regular in depositing provident fund dues and profession tax deducted with the appropriate authorities and if not, the extent of areas;*

Auditors Comment: Yes. The ULB is regular in depositing the provident fund and professional tax deducted with the appropriate authorities.

16. *Whether the ULB is regular in depositing tax deducted at source (income tax and works contract tax) and other statutory dues, and if not, the nature and causes of such delay and the amount not deposited;*

Auditors Comment: Yes. It was observed that the ULB was regular in depositing tax deducted at source (income tax and works contract tax) except following



discrepancies. Further the reason for the delay in payment of the statutory dues was not explained to us. Following are the examples of the same;

1. In June 2024, it was observed that for the party named "Fortress Infracon Ltd & Yash Innova," TDS of Rs.1,04,250.00 was deducted on an amount of Rs.10,42,500.00 under section 194J and this transaction was recorded in Tally accordingly. However, during the filing of the TDS return, TDS of Rs.1,04,250.00 was filed on an amount of Rs.52,12,500.00 considering it under section 194C instead of section 194J resulting in difference of taxable amount and wrong section of TDS. This discrepancy may lead to overreporting of taxable amount and wrong TDS section which leads to wrong reporting of TDS.
2. In May 24, it was observed that for the party named "TP Luminaire Pvt. Ltd.," TDS of Rs.5,00,630.00 was deducted for the period of 1st April 2024 to 30th April 2024 having voucher no. MD NO. 1036 for the year 2024-25 having code no. 4079 but while filing the TDS the same was not considered. This discrepancy may lead to underreporting of TDS amount
3. In Sept 24, it was observed that for the party named "TP Luminaire Pvt. Ltd.," due to non-deduction in past periods of TDS Rs.4,91,452.00, an interest amount of Rs. 36,859.00 was levied in the current financial year and same is reflected in current year's TDS return filings. And for current year it was found that in the current financial year Interest of Rs.54,415.00 was paid due to late filing of TDS.

17. *Whether any personal expenses have been charged to revenue account same: if so, the details thereof.*

Auditors Comment: No. Based on our audit procedures and audit samples we have not come across any personal expenses being charged to the revenue account.

For, K P N & CO.

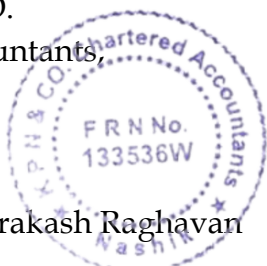
Chartered Accountants,

FRN. 0133536W

CA Prathyush Prakash Raghavan

(Partner)

M. No. 607137



Date: 31-07-2025

UDIN:

Place: Nashik



Annexure - II - Report on the Internal Financial Controls of the Corporation:

1. Report on the Internal Financial Controls of the Corporation:

We have audited the internal financial controls over financial reporting of *Nashik Municipal Corporation* as of March 31, 2025 in conjunction with our audit of the financial statements of the Corporation for the year ended on that date.

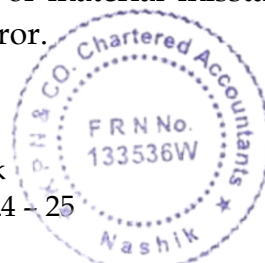
2. Management's Responsibility for Internal Financial Controls:

The Corporation's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Corporation. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Corporation's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required in accordance with the Municipal Corporation Act, 1956 including the Municipal Accounting Manual and accounting principles generally accepted in India applicable to the Urban Local Bodies.

3. Auditors' Responsibility:

Our responsibility is to express an opinion on the Corporation's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Corporation's internal financial controls system over financial reporting.

4. Meaning of Internal Financial Controls Over Financial Reporting:

A Corporation's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Corporation's internal financial control over financial reporting includes those policies and procedures that:

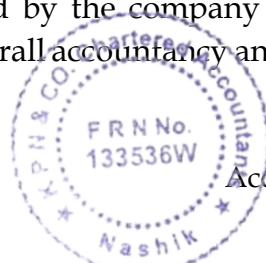
- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Corporation are being made only in accordance with authorizations of management and officers of the Corporation; and
- c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Corporation's assets that could have a material effect on the financial statements.

5. Inherent Limitations of Internal Financial Controls Over Financial Reporting:

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

6. Emphasis of Matter

- a) The Corporation did not have an appropriate internal financial control system over financial reporting since the internal controls adopted by the Corporation did not adequately consider risk assessment, which is one of the essential components of internal control, with regard to the potential for fraud when performing risk assessment.
- b) The Corporation has to improve upon the effective internal audit system so as to cover all major areas with extensive scope. As of now no Internal Auditor has been appointed by the company but consultant has been appointed to overlook on the overall accountancy and statutory compliance of the company.



The scope of internal auditor should define risk areas like, physical verification of fixed assets and inventory, reconciliation of statutory dues paid with corresponding returns filed. This could potentially result into weak checks and balances and unreported financial irregularities ultimately resulting into losses and distorted financial reporting.

7. Opinion:

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Corporation's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, because of the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Corporation has not maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of March 31, 2025 based on the internal control over financial reporting criteria established by the Corporation.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2025 financial statements of the Corporation, and these material weaknesses do not affect our opinion on the financial statements of the Corporation.

For, K P N & CO.

Chartered Accountants

FRN. 0133536W

CA Prathyush Prakash Raghavan

(Partner)

M. No. 607137



Date: 31-07-2025

UDIN:

Place: Nashik



Annexure - III - Accounting Standards applicable to Local Bodies issued by ICAI

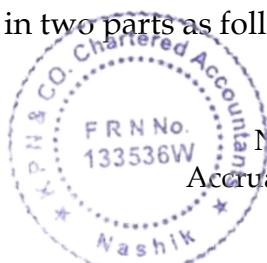
In order to harmonise the diverse practices being followed by the local bodies, Accounting Standards for Local Bodies (herein after referred as ASLB) are being issued by the Institute of Chartered Accountants of India (herein after referred as ICAI) since March, 2005, which are high quality financial reporting standards for the local bodies based on International Public Sector Accounting Standards (IPSASs). Currently, accrual-based accounting guidance is drawn by Urban Local Bodies either from National Municipal Accounts Manual (NMAM, i.e., issued in 2004) or Municipal Accounting Manual of their respective state that have been formulated on NMAM.

Ensuring compliance with ASLBs is the responsibility of appropriate authority, which approves the financial statements of the local body for the purpose of issuance thereof. ASLBs issued by the ICAI are recommendatory and will become mandatory as and when the concerned state government adopts them for implementation.

Following is the list of standards which are applicable for the Corporation -

ASLB No.	ASLB Description
ASLB 1	Presentation of Financial Statements
ASLB 2	Cash Flow Statements
ASLB 3	Accounting Policies, Changes in Accounting Estimates and Errors
ASLB 5	Borrowing Cost
ASLB 12	Inventories
ASLB 13	Leases
ASLB 14	Events after the Reporting Date
ASLB 16	Investment Property
ASLB 17	Property, Plants and Equipment's
ASLB 18	Segment Reporting
ASLB 19	Provisions, Contingent Liabilities and Contingent Assets
ASLB 20	Related Party Disclosures
ASLB 21	Impairment of Non-Cash Generating Assets
ASLB 23	Revenue from Non-Exchange Transactions (Taxes & Transfers)
ASLB 24	Presentation of Budget Information in Financial Statements
ASLB 26	Impairment of Cash Generating Assets
ASLB 32	Service Concession Arrangements: Grantor
ASLB 36	Investments in Associates and Joint Ventures
ASLB 39	Employee Benefits
ASLB 42	Social Benefits

Of the above list ASLB 2 and ASLB 5 are mandatory to be followed by the Members of ICAI while auditing financial statements of local bodies w.e.f. 1st April 2022. While remaining ASLBs are recommendatory. Accordingly, we have divided our opinion of the implementation of ASLBs in two parts as follows -



Nashik Municipal Corporation, Nashik
Accrual Base Accounting Audit FY 2024 - 25



1. Opinion for the ASLBs that are mandatory:

a. ASLB – 2 – Cash Flow Statement

The Cash Flow Statement is prepared in accordance with the ASLB – 2 – Cash Flow Statements using Indirect Method of Cash Flow Statement. Necessary disclosures have been made as required by the ASLB.

b. ASLB – 5 – Borrowing Costs –

The Corporation has not incurred any borrowing cost since there is no existing financial obligation.

2. Opinion for the ASLBs that are recommendatory:

Considering the accounting system applied during the year under audit it is not possible to quantify the impact of non-following of ASLBs. Some of the points which we feel are not followed in ASLBs are mentioned as examples only in ensuing points.

a. ASLB 3 – Accounting Policies, Changes in Accounting Estimates and Errors

As per paragraph 7 of ASLB, prior period errors are omission from, and misstatements in, the entities financial statements for one or more prior period arising from a failure to use, or misuse of, reliable information that:

- i. Was available when financial statements for those periods were authorized for issue; and
- ii. Could reasonably accepted to have been obtained and taken into account in the preparation and presentation of those financial statements.

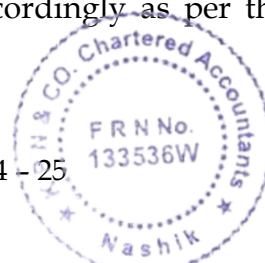
Such errors include the errors of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretation of facts, and fraud.

b. ASLB 12 – Inventories –

Corporation has valued the inventories at cost basis which is in accordance with the accounting principles as laid in the NMAM. As per paragraph 15 of the ASLB 12 – Inventories, the inventories should be measured at the lower of cost and net realizable value. Since, the ASLB 12 is recommendatory, it is at the discretion of the Corporation whether to follow NMAM or ASLB 12 issued by ICAI.

c. ASLB 13 – Leases –

Corporation has not disclosed any information w.r.t leases in the financial statements. Further, the corporation has not provided us with the information in regards to the leases, due to which we cannot comment, whether the assets are dealt accordingly as per the requirements of the ASLB 13.



d. ASLB 16 – Investment Property –

As per paragraph 7 of ASLB 16 – Investment Property, investment property is property (land or a building – or part of a building – or both) held to earn rentals or for capital appreciations or both, rather than for use in production or supply of goods or services, or for administrative purposes or sale in ordinary course of operation. Accordingly, the assets namely Parking Building, Shopping Center & Market appearing under the Building & Premises of Fixed Assets, can be categorized as Investment Property, as these are investments made for earning rental income.

However, the Corporation has not classified or recognized any such Investment Property in accordance with the ASLB 16.

e. ASLB 17 – Property, Plants & Equipments –

The Corporation has disclosed the gross carrying amount, depreciation method used, useful lives, depreciation rate, accumulated depreciation and reconciliation of the carrying amount at the beginning and end of the period. However, the Corporation has not disclosed the cost model or revaluation model used for the determining the gross carrying amount along with the other disclosures.

f. ASLB 18 – Segment Reporting.

The Corporation has not attached any segment wise reports to the financial statements in accordance to the ASLB 18.

g. ASLB 19 – Provisions, Contingent Liabilities and Contingent Assets –

The Corporation has carried forward the disclosures under Contingent Liabilities for previous year. In current year it has not reviewed the status of the Contingent Liabilities.

Further, the Corporation has not made any provision in current year for the receivables as per the accounting policy laid under the NMAM.

Therefore, it can be concluded that the Corporation has not complied with the disclosures required under ASLB 19

h. ASLB 20 – Related Party Disclosures –

The Corporation has not complied with the disclosures required under ASLB 20

i. ASLB 21 – Impairment of Non-Cash Generating Assets –

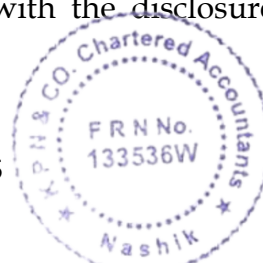
As per definition under the ASLB 21, Non-Cash Generating Assets are assets other than cash-generating assets, where, cash-generating assets are assets held with the primary objective of generating a commercial return for the purpose of impairment, goodwill is considered a cash generating asset. Impairment of Non-cash generating assets is a loss in the service potential



of a non-cash generating assets over and above the loss recognized through depreciation.

The Corporation has not complied with the disclosures required under ASLB 21

- j. ASLB 23 – Revenue from Non-Exchange Transactions (Taxes & Transfers) –
The Corporation has partially disclosed information as required under ASLB 23. Where, various taxes are disclosed as per the requirement of ASLB 23, while revenue from non-exchange transactions other than taxes is not disclosed separately.
- k. ASLB 24 – Presentation of Budget Information in Financial Statements –
The Corporation has not complied with the disclosures required under ASLB 24
- l. ASLB 26 – Impairment of Cash Generating Assets –
A cash-generating unit is the smallest identifiable group of assets held with primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets.
The Corporation has not complied with the disclosures required under ASLB 26
- m. ASLB 32 – Service Concession Arrangements: Grantor –
The Corporation has not complied with the disclosures required under ASLB 32
- n. ASLB 36 – Investments in Associates and Joint Ventures –
The Corporation has not provided information in regards to the investment made in Nashik Engineering Cluster, Nashik Mahanagar Parivahan Mahamandal Ltd. & Nashik Municipal Smart City Development Corporation Limited. Accordingly, we cannot comment whether the Corporation has complied with the disclosures required under ASLB 36
- o. ASLB 39 – Employee Benefits –
The Corporation has not complied with the disclosures required under ASLB 39
- p. ASLB 42 – Social Benefits –
The Corporation has not disclosed any information on the social benefits of the schemes implemented by them in the financial statements. Accordingly, the Corporation has not complied with the disclosures required under ASLB 42.



Annexure - IV

We have performed the procedures agreed with you and enumerated in the scope of work previously with respect to the closing Balance sheet of Nashik Municipal Corporation as at 31.03.2025, set forth in the accompanying schedules. The said Balance Sheet and Income and Expenditure account is prepared by using Tally software thereby complying of the guideline of preparation of financial statements on double entry method.

Analysis of Balance Sheet

A. Liabilities Side

1. Capital Account

Rs. 1,21,88,12,75,363.57

1.1. Municipal Funds

Rs. 94,76,56,36,659.93

(Account Code - 3010000)

During the year the Municipal Funds have net increased by Rs. 51,860.49 lakhs. Of amount so increased Rs. 53,112.49 Lakhs was the excess of income over expenditure transferred for the current year. Moreover, Rs. 1,252.00 Lakhs were net decreased due to budget provisions.

1.2. Reserves

Rs. 4,70,60,86,388.61

(Account Code - 3030000)

1.3. Earmarked Funds

Rs. 2,58,54,87,349.56

(Account Code - 3020000)

1.4. Grants, Contr. for Special Purpose

Rs. 19,82,40,64,965.47

(Account Code - 3040000)

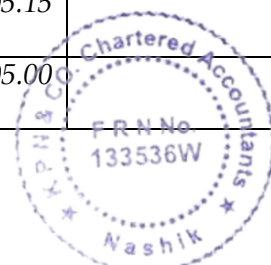
The classification of various earmarked funds was done into three heads as above, Following is the list of reserves & earmarked funds;

Sr. No.	Particulars	Amount	
1	Reserves & Surplus		4,70,60,86,388.61
1.1	<i>Reserves</i>	4,70,60,86,388.61	
2.0	Earmarked Funds		2,58,54,87,349.56
2.1	<i>Balika Sammrudhhi Yojna Fund</i>	3,05,173.23	
	<i>Dalitetar Vasti Sudarana Yojana Fund</i>	66,14,902.00	
2.2	<i>Dalit Vasti Water Supply Project Fund</i>	55,63,904.38	
2.3	<i>Energy Conservation & Energy Audit Fund</i>	2,03,508.82	
2.4	<i>Fire Prevention Certificate Fund</i>	48,45,33,095.64	
2.5	<i>Godavari Action Plan Fund</i>	1,60,36,490.03	
2.6	<i>Labour Welfare Fund</i>	7,89,26,113.04	
2.7	<i>Project Managment Charges (PMC)</i>	13,61,841.00	
2.8	<i>Rugnata Sahhayya Nidhi</i>	1,20,34,747.96	

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2.9	Security Deposit Fund	1,40,70,15,510.72	
2.10	Sulabh Sauchalaya Yojna Fund	5,21,60,680.53	
2.11	Suvarna Jayanti Shahri Rojgar Yojana Fund	10,07,86,189.30	
2.12	Tree Fund	28,70,40,701.75	
2.13	Rastriy Nagari Upjivika Abhiyan Funds	2,83,66,045.16	
2.14	Urban Earthquake Vulner Programme Fund	655.00	
2.15	Trust Or Agency Fund (Pension Fund)	2,76,70,976.00	
2.16	Drainage Yojna Fund	7,68,66,815.00	
3	Grants, Contribution For Special Purpose		19,82,40,64,965.47
3.1	Jawaharlal Nehru National Urban Renewal Mission Grants	5,47,48,09,205.64	
3.2	D.P.D.C. City Development Grant	13,41,85,875.23	
3.3	Govt.of Maharastra All(Urban Devpl. Deppt.)	84,09,507.00	
3.4	Road Grants	3,13,25,000.00	
3.5	Dalit Vasti Sudharna Grants	45,20,77,266.46	
3.6	Govt. Of Maharashtra	6,49,33,46,959.42	
3.7	Govt. Of Maharashtra (Urban Devpl. Dept)	17,39,20,382.23	
3.8	Member Of Parliament Grants	1,30,88,869.66	
3.9	Other Govt. Agencies	1,95,71,477.00	
3.10	11th Finance Commission	5,257.00	
3.11	13th Finance Commission	19,97,048.00	
3.12	15th Finance Commission	1,38,25,85,418.00	
3.13	Amdar Nidhi Unutilised	10,92,18,390.50	
3.14	Grants, Contribution For Special Purpose All	1,99,32,41,471.00	
3.15	Grants Received	3,55,50,75,750.43	
3.16	NMC Isi Plan Grant	1,53,341.00	
3.17	NMC Rajeev Awass Yojana Grant	1,15,24,099.92	
3.18	NMC SC & Nav Bauddha Gharkul Yojna Grant	6,47,74,579.91	
3.19	NMC SJSRY- Scheduled Caste Grant	38,82,982.04	
3.20	Sna Pme Bus Power Infrastructure Project Grant Received (GOI)	4,14,00,000.00	
3.21	Suvarna Jayanti Yojana Fund (Grants)	3,18,85,905.15	
3.22	Transgender Kalyan Yojana Grant Received (GOM)	14,79,405.00	



3.23	UDRR Programme Grant	11,568.00	
3.24	UNDP Unutilised Grants	15,589.11	
	Grand Total		19,82,40,64,965.47

For our detailed comments refer to Annexure VIII Earmark Funds & Special Funds.

2. Current Liabilities

Rs. 13,15,80,17,053.86

2.1. Deposits Received & Payable

Rs. 1,69,22,78,274.81

(Account Code – 3090000)

As per the available schedule these amounts are taken for Octroi Deposit Rs. 452.64 Lakhs, Octroi Deposit (Vehicle Showroom) Rs. 37.97 Lakhs, Security Deposits All Rs. 16,006.59 Lakhs and Tree Fund Deposit 425.57 Lakhs. These amounts of security deposits are accepted for the purposes of surety of completion of the contract. On other hand in each individual case party wise running / current account is opened and maintained by the Nashik Municipal Corporation in separate software. However, these lists along with their closing were not provided for verification neither were attached along with the schedule to the financial statements.

2.2. Sundry Creditors

Rs. 2,97,04,491.50

(Account Code – 3120000)

For verification of balances of various vendors & contractors certified party ledgers were not available for verification.

Following are detailed list of creditors which are not yet settled in current financial year and outstanding for period more than a year:

Sr. No.	Particulars	Amount Rs.
1	College of Physicians Surgeon	3,63,600.00
2	Dream Destiny Enterprises	1,85,757.00
3	Maharashtra Pollution Control Board	30,000.00
4	Maharashtra State Health Soc	7,05,000.00
5	Marne Sandeep Vishnupant	32,850.00
6	Om Shree Consultants	6,357.00
7	PS Pharma	19,01,247.50
8	Rahul Patil Advocate	10,800.00
9	Shree Construction	13,769.00
10	Samiksha Construction	13,77,979.00
11	HT Jadhav	24,011.00
12	Pawar Patkar Construction P. Ltd	20,67,524.00
13	Ashtvinayak Contractors	-5,31,219.00
14	Creditors Suspense	24,180.00
15	Genova Biotec	-33,960

Of above, Creditor Suspense having balance of Rs. 0.24 Lakhs needs to be identified and corrected.



2.3. Provisions & Other Liabilities

Rs. 11,43,60,34,287.55

(Account Code – 3110000)

Following table shows the various Provisions & Other liabilities made by the Corporation until year ending 31st of March 2025;

Sr. No.	Particulars	Amount Rs.	
1	Amount Payable to Government		6,85,59,18,584.29
1.1	All Recoveries on Behalf of Govt.	6,67,12,55,411.52	
1.2	State Govt, State Govt Cesses Levies in Taxes - Control Account	19,43,25,326.00	
1.3	TDS Service Tax & WCT	-96,62,153.23	
2	Employee Liability		39,14,85,425.80
2.1	Employee Liability Others	1,02,68,201.00	
2.3	Benefits Payable to Staff	2,111.00	
2.4	Pension Payable	12,08,58,774.00	
2.5	Salay & Wages Payable	26,13,86,638.20	
2.6	Honorarium Payable	(10,30,298.40)	
3	Liability to Citizen		1,54,27,434.00
3.1	Advance Collection of Revenues	0.00	
3.2	Liability to Citizen Others	1,54,27,187.00	
3.3	Refunds Payable to Public	247.00	
4	Provisions & Deductions		2,94,74,41,636.25
4.1	Bills for Utilities/ Services	8,71,57,719.00	
4.2	Deduction	19,40,196.63	
4.3	Deduction From Salary on A/c of Govt. Taxes	(7,90,341.00)	
4.4	Deduction From Salary Payable to Municipal Fund	2,71,39,14,679.00	
4.5	Deduction From Salary Payable to Res. Institution	14,51,17,174.62	
4.6	Provision for Expenses	1,02,208.00	
5	Other Liabilities		1,22,57,61,207.21
5.1	Provision for other assets	52,80,07,306.00	
5.2	Excess revenue collected (Challan not prepared)	69,30,185.00	
5.3	Fees, User charges receivables FSI (Challan not prepared)	69,08,23,716.21	
	Grand Total		11,43,60,34,287.55

During sample verification of Provisions & Other Liabilities we have certain observation same is described below:

1. As per books of accounts multiple ledgers were created for GST & GST TDS though SGST & CGST closing balances does not match with each other due to incorrect selection of ledger since its inception. For instances following are GST & GST TDS ledgers:



Particulars	Opening Balance	Debit	Credit	Closing Balance
Central Goods & Service Tax	6,68,168.00 Dr	1,61,48,949.00	1,43,87,592.00	24,29,525.00 Dr
State Goods & Service Tax	6,60,364.00 Dr	1,61,48,950.00	1,43,83,402.00	24,25,912.00 Dr
G.S.T.	8,09,940.38 Cr	11,71,116.00	11,71,116.00	8,09,940.38 Cr
G.S.T. TDS Payable	53,60,110.92 Cr	-	-	53,60,110.92 Cr
Tax Deducted at Source (CGTDS1%)	5,97,101.00 Dr	6,08,81,693.50	6,08,81,693.50	5,97,101.00 Dr
Tax Deducted at Source (SGTDS1%)	1,11,613.00 Dr	6,08,81,693.50	6,08,81,693.50	1,11,613.00 Dr
Grand Total	41,32,805.30 Cr			6,05,900.30 Cr

Similarly, with respect to TDS, TCS & TDS under section 194J is having debit balances of Rs. 1.46 Lakhs & Rs. 218.08 Lakhs respectively since previous years.

- Sr. No. 1.2 of above table consist of State Govt, State Govt Cesses Levies in Taxes - Control Account which is carried forwarded as it is from previous financial year which seems to be unsettled.
- Of above table Sr. No. 2.6 consist of old adverse balance of Honorarium payable due to rectification entry recorded in FY 2023-24 amounting to Rs. 10.30 Lakhs for which supporting's were not attached.
- Of above table Sr. No. 3.2 consists of old unsettled stale cheque balances amounting to Rs. 154.27 Lakhs. It is suggested to take necessary steps to identify and reconcile it.
- Sr. No. 4.1 Bills for Utilities/Services consists of outstanding Electricity bills, Water bills & Telephone bills payable Rs. 91.39 Lakhs, Rs. 2.09 Lakhs & Rs. 3.37 Lakhs respectively which is unpaid since previous year for which explanation was not provided.
- Corporation follows a procedure wherein FSI amounts are collected by Town planning department against which challans are issued identifying & approving it to recognizing it as income. Accordingly, Sr. No. 5.3 & 1.1 "Fees, User charges receivables FSI" is used as parking account where amount received throughout the year is parked and once challan is generated by concerned department it is recognized as income. However, there were certain cases where amount was received in bank against which challans were not prepared due to which said ledger is having outstanding balance. Moreover, balance confirmation from concerned were also not made available for verification.
- Of above table Sr. No. 4.3 consists of Profession tax Rs. 15.71 Lakhs receivable since previous financial year which is unsettled until closure of this financial year for which no explanation was provided.
- Sr. No. 4.5 Deduction from Salary Payable to Res. Institution consist of Post office balance Rs. 75.96 Lakhs, LIC balance Rs. (4.72) Lakhs, NMC Home E- Rs. 748.06 Lakhs, Society fund Rs. (8.27) Lakhs, Union Contribution Rs. 0.12 Lakhs



Banks Rs. (10.49) Lakhs & Service Charges Rs. 1.76 Lakhs which is not settled since previous financial year. Moreover, Labour welfare fund so created by deduction from salary's is not settled against payments so issued from bank account Labour Welfare fund i.e. account no. 10980257058.

9. Of above table Sr. No. 4.6 consists of Other Administrative Expenses Rs. 1.02 Lakhs receivable since previous financial year which is unsettled until closure of this financial year for which no explanation was provided.
10. Of above table Sr. No. 4.4 Deduction from Salary Payable to Municipal Fund, on basis of accounts it seems that Corporation has not paid Provident fund for period January 2025 & February 2025 so collected. Similarly, DCPS payable & NMC's contribution of provident fund for current period seems unsettled.

Account Note – Contingent Liabilities

Contingent Liabilities

Rs. 5,06,23,264.00

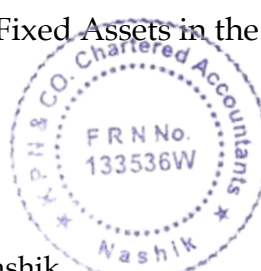
As per the audit report for FY 2023-24 the amount of Contingent Liabilities stood at Rs. 506.23 Lakhs which is carried forwarded as it is in the financial statements for current year. According, to the previous audit report for FY 2023-24 the amount related to the court cases pending in front of tribunals and high court as on 31/03/2009, there were 25 cases pending of which amount is available for 23 cases only. However, for the current year no details information was made available for verification.

Moreover, the basis for valuation/estimates for these cases is also not made available for verification in the previous report. During the period under audit, we have sought the information regarding the contingent liability and details about cases pending in tribunal & high court and amount involved but the said information is not provided by the respective department.

B. Assets Side

1. Fixed Assets	Rs. 95,07,32,95,504.84
Gross Block	Rs. 94,47,09,82,907.15
(Account Code – 4010000)	
Less: Accumulated Depreciation	<u>Rs. 45,63,27,26,543.32</u>
(Account Code – 3030000)	
- Net Block	Rs. 48,83,82,56,363.83
Capital Work-in-Progress	<u>Rs. 46,23,50,39,141.01</u>
(Account Code – 4020000)	
- Total Fixed Assets	Rs. 95,07,32,95,504.84

Refer to our detailed comments on Fixed Assets in the Annexure V attached along with the report.



2. Investments (Account Code – 4030000) Rs. 23,70,98,80,971.34

2.1. Investments out of General Fund Rs. 1,68,68,08,415.20

This amount relates to investments made using the corporation's idle funds. It represents the allocation of idle funds for earning better returns. Of above Rs. 972.09 Lakhs pertains to interest accrued on investments out of general funds.

2.2. Investments out of Other Funds Rs. 20,94,23,72,556.14

This amount relates to investments made using the earmark & special idle funds.

2.2.1. Term Deposits Rs. 13,01,06,94,119.00

We have verified term deposits using bank statements and the corporation's fixed assets register. Fixed deposit certificates were checked on a sample basis to confirm title. Below is a detailed list of term deposits funded from Earmarked & Special Funds:

Sr. No.	Particulars	Amount in Rs.	
1	Earmarked Funds – Investments		13,01,06,94,119.00
1.1	Provident Fund	1,56,56,75,059.00	
1.2	Vehicle Depreciation Fund	79,20,00,000.00	
1.3	General Deposit	1,62,81,36,502.00	
1.4	Labour Welfare Fund	8,22,00,000.00	
1.5	Rugnata Sahaya Niddhi	2,95,00,000.00	
1.6	Sinking Fund	25,37,49,720.00	
1.7	SJSRY (S.C.)	25,00,000.00	
1.8	Vetan Rakhiv Niddhi	1,91,00,00,000.00	
1.9	Fire tax	88,75,00,000.00	
1.10	Mayor Fund	6,70,000.00	
1.11	Building Depreciation Fund	60,13,92,838.00	
1.12	Karmuktha Karz Rokhi	50,00,000.00	
1.13	Pension Fund	4,60,00,000.00	
1.14	Development Fund	1,63,15,00,000.00	
1.15	D C Pension Fund	1,13,00,20,000.00	
1.16	CMAM Investment Corpus Fund	2,50,000.00	
1.17	NMC Machinery Dep. Fund	28,55,00,000.00	
1.18	FDR in VRN (Infrastructure Pro.)	2,15,91,00,000.00	
Total			13,01,06,94,119.00

2.2.2. Sweep FD Rs. 7,39,06,79,781.14

These balances were derived from the entries of bank statements and balance confirmation statements where available. However, the bank balance confirmation for the all deposit & interest thereon under Sweep account was not available for verification i.e. for instance Sweep Balance confirmation of State Bank of India was not available for verification. Hence, we are not able to comment on same. In financial statements balance of General funds, Special funds & Earmarked funds Sweep

Deposits needs to be separated according to its nature. Refer to our detailed comments referred in Annexure IX Investments.

2.2.3. Accrued interest on Fixed Deposits Rs. 54,09,98,656.00

This amount pertains to Accrued interest on Fixed Deposits created out of Special & Earmarked funds.

2.3. Investment Other Rs. 1,08,07,00,000.00

(Account Code – 4030801)

It includes the amount invested in Shares of Nashik Municipal Smart City Development Corporation Limited, Nashik Engineering Cluster & Nashik Mahanagar Parivahan Mahamandal Ltd. Further, amount paid to is reflected in books of account under the head of Investment. However, it is suggested to classify the amount paid to Nashik Municipal Smart City Development Corporation Limited in form of Equity investments and Capital grants granted and classify it accordingly. Moreover, the share certificates of the investment in shares were not produced for verification due to which we cannot comment on title of these investments.

3. Current Assets Rs. 4,08,29,03,096.14

3.1. Closing Stock Rs. 1,22,96,569.50

(Account Code – 4040000)

Refer to comment about “Increase/(Decrease) in Inventory” in the Analysis of Income & Expenditure Statement below.

3.2. Sundry Debtors Rs. 4,07,06,06,526.64

(Account Code – 4050000)

It was observed that General fund receivable account was prepared under this head where all receipts were parked in this head which is booked as income on timely basis after preparation of receipt/challans by the concerned Divisions/Departments. Further, the provision of the bad & doubtful receivables against property tax, water taxes, other taxes, etc. as prescribed by National Municipal Accounting Code is not made during the year. Since the year wise bifurcation in the respect of receivables of property taxes, water taxes, other taxes etc., were not provided by the concerned department to us, we cannot quantify the amount of the provision that should have been made in the books of accounts as prescribed in the National Municipal Accounting Code. Accordingly, the Sundry Debtors of the Corporation are overstated to the tune of provision not made in the accounts. Further, detailed list of the various receivables from the tax payers was not made available.



3.2.1. Property Tax Receivables Rs 3,59,81,94,063.77

(Account Code – 4050100)

It consists of Property tax receivables & Water tax receivables from citizens. The details about year wise bifurcation certified by concerned department of the arrears of taxes receivables as on 31st of March 2025 were not made available for verification. These receivables are overstated to the tune of provision not made at the rates as prescribed in the National Municipal Accounting Code. Moreover, it also consists of rectification entries recorded in current year for which certified vouchers were not provided for verification.

3.2.2. Cess, Fee & User Charges Rece. Rs. (91,39,29,900.09)

(Account Code – 4050300)

It consists of Cess receivables Rs. 4,699.23 Lakhs carried forward as it is from previous year & Rs. (13,768.37) Lakhs consist of BPMS receivable account & Rs. (70.15) Lakhs consists of Development charges Receivable. As explained to us this receivable account is created to record receipts from BPMS Bank Account No. 596901110000007 and once receipts are identified after challans are generated from concerned department (Town planning) it is recognized as revenue or deposits as the case may be. However, in this said case Corporation has not identified challans for period January 2025 to March 2025 receipts in bank “BPMS A/c No.596901110000007” hence to said extent income is under stated. Moreover, no explanation was given by Corporation with respect to same.

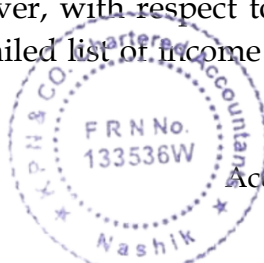
3.2.3. Other Taxes Receivables Rs. 1,04,24,88,106.94

(Account Code – 4050200)

Of above balance consists of receivables from Property/Water Tax/MTS Rs. 11,020.16 Lakhs is carried forward from previous year. We were not provided with explanation as to why Property/Water Tax/MTS is considered under other taxes. Moreover, Property / Water / MTS Tax Receivable Account consist of adverse balance of Rs. 1,051.02 Lakhs since opening. In addition, age-wise bifurcation for balance confirmation were not made available by the concerned department due to which provision were not computed and charged. Hence to that extent above amount is overstated.

3.2.4. General fund receivable Rs. 46,58,09,675.43

General fund receivable consists of amount collected in General fund bank account against which challans issued by concerned departments are recognized by reducing it as classifying it as Deposit or Income as the case may be. However, with respect to outstanding balance of General fund receivable, detailed list of income receipts/challans booked as income in



subsequent years were not made available to verify the authenticity balance Moreover, it also consists of "Error Account" Rs. (29.13) Lakhs which is not settled with proper reconciliations. Further, the provision of the bad & doubtful receivables against property tax, water taxes, other taxes, etc. as prescribed by National Municipal Accounting Code is not made during the year. Since the year wise bifurcation in the respect of receivables of property taxes, water taxes, other taxes etc., were not provided by the concerned department to us, we cannot quantify the amount of the provision that should have been made in the books of accounts as prescribed in the National Municipal Accounting Code. Moreover, Rs. 326.99 Lakhs pertains to receipts in bank which is not accounted for in books by Corporation, it is recommended to perform timely reconciliation process.

3.2.5. Receivables from Octroi Rs. 10,76,353.00

Following is Octroi receivables ledgers which are due for long period of time.

Sr. No.	Particulars	Amount Rs.
1.	Anil Printers	1,20,344.00
2.	GSK Pharma Ltd	100.00
3.	MSRTC	886.00
4.	Nashik	13,110.00
5.	Octroi receivables	5,78,909.00
6.	Raj	1,60,364.00
7.	Swastik	2,03,244.00
8.	Lalwani Octroi	(603.00)
9	Jyoti Structure	(1.00)

Proper classification of receivables along with their ageing was not available to us for verification.

3.2.6. Receivables from Other Sources Rs. 70,27,537.09

This amount pertains to amount collected in "Security Deposit Bank (32269230226)" Rs. 52.10 Lakhs & "N M C Fire Prevention Certificate Fund (34320815087)" Rs. (122.37) Lakhs and is yet to be recognized as Income/Deposit (as the case may be) since challans were not generated in current financial year.

3.2.7. Tender Fee Receivable Rs. (5,77,20,618.00)

This amount pertains to amount received in NMC E-pay E-tender account 00013 for which challans to categorize it into income are not yet prepared due to which this amount so collected remains unsettled.



3.2.8. Property / Water / MTS Tax Receivable Account

Rs. (39,73,25,114.50)

(Account Code – 4050501)

It consists of amount collected through in banking channel inform of NEFT which is not recognized as Income since Challans were not generated by concerned Department. Moreover, receivable account having opening credit balance outstanding since long period of time.

4. Loans & Advances (Account Code – 4080000)

Rs. 2,23,28,90,784.00

4.1. Advances to Contractors & Suppliers

Rs. 2,39,38,975.00

(Account Code – 4080300)

Advances amount were given to the various contractors for the contracts awarded to them, reconciliation of the same with actual RA bills is not made, due to this few of the old balances receivable from contractors are negative. For example, Gleg Construction & Pawar Patkar Construction Private Ltd.

4.1.1. JNNURM Advance

Rs. (38,52,188.00)

As per the available data the above amount is payable & receivable from 6 parties as per the following list given below extracted from the Schedules attached to the Balance Sheet which is unsettled since undue long period of time for which explanation were not provided. Additionally, we were not provided with certified forms by concerned department to verify whether balances appearing in books is in line with the certified forms. It includes the amount given to the contractors & suppliers as mobilization advance from the grant received under the JNNURM scheme.

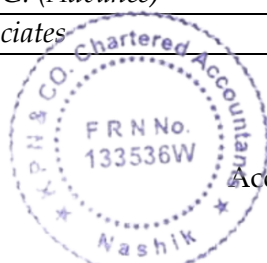
S. No.	Name of the Party	Amount (Rs.)
1	Anand Construwell	7,59,904.00
2	Mobilisation Advances	(68,89,671.00)
3	New Banas Construction (Advance)	11,49,044.00
4	Pawar Patkar Construction P Ltd	4,25,000.00
5	Sanap R. G.	3,29,169.00
6	SMS Paryavaran Ltd	3,74,366.00
Total		(38,52,188.00)

4.1.2. Mobilization Advance Other

Rs. (7,61,849.00)

As per the available data the above amount is receivable & payable from following parties:

S.No.	Name of the Party	Amount (Rs.)
1	Gleg Engineers	(42,37,208.00)
2	Gogad PP	6,89,532.00
3	Magare S S Mobilisation Adv	70,000.00
4	Sanap R.G. (Advance)	12,70,831.00
5	My Associates	20,00,000.00



6	<i>Sulabh International</i>	(5,55,004.00)
Total		7,61,849.00

Of above table, amounts are unsettled since undue long period of time for which explanation. Additionally, we were not provided with certified forms by concerned department to verify whether balances appearing in books is in line with the certified forms.

4.1.3. Mobilization Advance Sinhashta Rs. 93,98,065.00

As per the available data the above amount is receivable from following parties:

Sr. No.	Name of the Party	Amount (Rs.)
1	<i>Anand Constru-well</i>	(22,60,000.00)
2	<i>Gogad PP</i>	(9,78,890.00)
3	<i>Khakal S B Thane</i>	21,00,000.00
4	<i>Luthra Vinod & Associates</i>	(17,839.00)
5	<i>Pawar Patkar Construction P Ltd</i>	(1,13,438.00)
6	<i>Sulabh International</i>	1,06,68,232.00
Total		93,98,065.00

We were not provided with certified forms by concerned department to verify whether balances appearing in books is in line with the certified forms.

4.1.4. Public Works Rs. (9,43,204.00)

4.1.5. Steel Advance Rs. 1,02,48,151.00

4.1.6. Mylan Pharmaceuticals P Ltd. Rs. 70,00,000.00

Above mentioned amounts i.e. from 4.1.4 to 4.1.6 pertains to advances given to various vendors which is unsettled since previous financial year for which explanation was not provided. Additionally, we were not provided with certified forms by concerned department to verify whether balances appearing in books is in line with the certified forms.

4.1.7. Jadhav Traders Rs. 28,50,000.00

This amount pertains to advance amount paid to Jadhav Traders against procurement of Oxygen cylinders which is unsettled & additionally, we were not provided with certified forms by concerned department to verify whether balances appearing in books is in line with the certified forms.

4.2. Deposits with External Agency Rs. 8,18,51,989.00
(Account Code – 4080500)

4.2.1. Electricity Deposits Rs. 7,79,15,786.00

It includes the value of deposits with Maharashtra State Electricity Distribution Company Limited. It was observed interest income (interest on security deposit) from MSEDCL was not recorded in the



books. Accordingly, the income is understated to the tune of interest income not recorded. Detailed list of the deposits were not made available to us for verification, Hence we could not comment on it.

4.2.2. Telephone Deposits Rs. 60,623.00

It is carried forward balance of deposits with Bharat Sanchar Nigam Limited.

4.2.3. Security Deposit with NHAI Rs. 33,41,921.00

As per previous audit report it is security deposit held with National Highway Authority of India. It relates to the amount paid as additional security deposit to National Highway Authority of India for 1200mm DP line from STP plant.

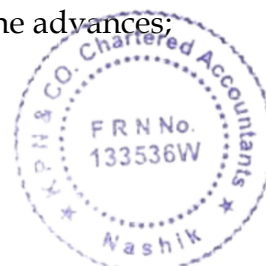
4.2.4. Deposits with external agency Rs. 5,33,659.00

It is carried forward balance of deposits with Maharashtra State Electricity Distribution Company Limited.

4.3. Loans & Advances to Employees Rs. (15,95,08,627.00)
(Account Code - 4080100)

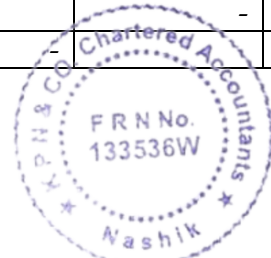
4.3.1. Conveyance Rs. 70,87,830.00

Conveyance advances are given to those employees and officials, which are attending any seminar/ training/ learning & understanding of new technology, etc. that are held by other government agencies. It also includes advances given for various other administrative expenses. However, there is no control over such advances and they are not accounted and settled within time. The amounts are carried forward as it is as advances though the expenses would have been incurred but not adjusted or accounted against the advances. This practice is resulting in-adequate accounting process and in some cases, funds lying idle with employees without generating any revenue. Further, no closing balance confirmation was available for verification. Following are few cases that raise suspicion about the correct utilization of the advances;

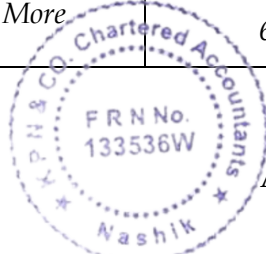


- a. Having same opening and closing balance without any transactions been recording for the year –

Amount in Rs.					
S. No.	Particulars	Opening Balance	New Advance	Submitted document for old advance	Closing Balance
1	Additional Manager Swimming Pool- Satpur (Advance)	20,000.00	-	-	20,000.00
2	Ajay Kamod (Advance)	15,000.00	-	-	15,000.00
3	ANAND TANAJI BHALERAO	1,42,893.00	-	-	1,42,893.00
4	Baburao Govind Nirmal	10,000.00	-	-	10,000.00
5	Bagul Ravindra Bhaskar(Advance)	3,000.00	-	-	3,000.00
6	Bahiram R. M. (Advance)	1,00,000.00	-	-	1,00,000.00
7	Bairagi Kailash H.(Advance)	1,230.00	-	-	1,230.00
8	BAIRAGI SANJAY KACHRUDAS(ADVANCE)	97,660.00	-	-	97,660.00
9	Belgovkar S.J.(Advance)	20,576.00	-	-	20,576.00
10	B.G.MALI (ADVANCE)	46,640.00	-	-	46,640.00
11	Collector Office Nashik (Advance)	10,00,000.00	-	-	10,00,000.00
12	Date Suresh Abaji(Advance)	5,000.00	-	-	5,000.00
13	Divisional Officer (NSK Road)(Advance)	(7,003.00)	-	-	(7,003.00)
14	Divisional Officer Satpur (Advance)	13,803.00	-	-	13,803.00
15	Dr. B R Gaikwad Medi Officer Adv	5,000.00	-	-	5,000.00
16	Dr.Bukane Sunil A.(Advance)	52,857.00	-	-	52,857.00
17	Dr.Dekate Vijay N.(Advance)	32,632.00	-	-	32,632.00
18	Gade Dattatre Rambhau	58,205.00	-	-	58,205.00
19	Gaikwad D.B. (Advance)	65,387.00	-	-	65,387.00
20	Gaikwad Nirmala Manglu (Advance)	50,000.00	-	-	50,000.00
21	Gate G Umesha (Advance)	22,538.00	-	-	22,538.00



				-	
22	Gavali N S. (Vehical Officer)(Advance)	6,67,872.00	-	-	6,67,872.00
23	Girish Bhimaji Aher (Advance)	25,000.00	-	-	25,000.00
24	Impal Ghanshyam R. (Advance)	93,782.00	-	-	93,782.00
25	Jadhav D.M. (Advance)	1,13,173.00	-	-	1,13,173.00
26	Joglekar Chandrakant (Advance)	50,000.00	-	-	50,000.00
27	Joshi Milind Madhukar (Advance)	10,000.00	-	-	10,000.00
28	Junnare Mangesh Gajanan (Advance)	42,471.00	-	-	42,471.00
29	KALPANA UGALE Advance	120.00	-	-	120.00
30	Kurnawal Vasuda (Advance)	2,68,648.00	-	-	2,68,648.00
31	Magar P.B. (Advance)	478.00	-	-	478.00
32	Mahajan A.C. *(Advance)	1,94,583.00	-	-	1,94,583.00
33	Manager Drama Theater(Advance)	27,000.00	-	-	27,000.00
34	Mhaske Nitin P. (Advance)	93,782.00	-	-	93,782.00
35	More Prakash Supadu (Advance)	69,542.00	-	-	69,542.00
36	MORE PRAKASH SUPDU	(64,940.00)	-	-	(64,940.00)
37	NAGPURE VIJAY GOPALRAO (ADV)	93,782.00	-	-	93,782.00
38	N.D.Patil (Advance)	2,00,000.00	-	-	2,00,000.00
39	Nitin Ner	25,000.00	-	-	25,000.00
40	Pagare Mahendra Kumar Dinkar	2,01,417.00	-	-	2,01,417.00
41	Pagare Mahendrakumar Dinkar (Advance)	2,00,000.00	-	-	2,00,000.00
42	Pagare M D	864.00	-	-	864.00
43	Patil Kishor Tukaram	58,205.00	-	-	58,205.00
44	Pawar U.B. (Advance)	1,00,000.00	-	-	1,00,000.00
45	Pimpale Mangesh S. (Advance)	93,782.00	-	-	93,782.00
46	Prakash Supadu More	69,265.00	-	-	69,265.00

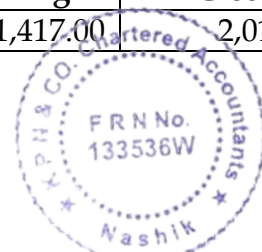


47	Project Officer (UNDP) (Advance)	1,02,000.00	-	-	1,02,000.00
48	RAJU KUTE (ADVANCE)	3,50,000.00	-	-	3,50,000.00
49	RAJU VILAS PATIL (ADV)	93,782.00	-	-	93,782.00
50	RAMAKANT R KHARE (ADV)	93,782.00	-	-	93,782.00
51	R.D. Dharankar (Advance)	(28,252.00)	-	-	(28,252.00)
52	Salve P.B.(Advance)	8,067.00	-	-	8,067.00
53	Shelke Sanjay Digambar(Advance)	40,706.00	-	-	40,706.00
54	Shinde B.S. (Advance)	21,501.00	-	-	21,501.00
55	Shingote N M (Advance)	44,004.00	-	-	44,004.00
56	Shirsath Sunil B. (Advance)	50,000.00	-	-	50,000.00
57	Sonawane P.M. (Advance)	(8,145.00)	-	-	(8,145.00)
58	Thakare Mohan Shivram (Advance)	69,245.00	-	-	69,245.00
59	Thakur Sandesh Madhukar (Advance)	20,000.00	-	-	20,000.00
60	Thorat S.R. (Advance)	19,890.00	-	-	19,890.00
61	Treasurer (Advance)	7,48,951.00	-	-	7,48,951.00
62	Vanjari S.R.(Advance)	40,000.00	-	-	40,000.00
63	Vasave Sudhakar N.(Advance)	10,000.00	-	-	10,000.00
64	Wadekar S.D (Advance)	(9,405.00)	-	-	(9,405.00)

Further, it was observed that, advances were given to Prakash Supadu More for RTO Fitness Charges of the NMC Vehicles in past years. These advances should have been classified in General Advances under Loans and Advances given to employees. However, the same was wrongly classified in Advances Given for Conveyance under Loans and Advances given to employees in books of accounts. Further, it was observed that there were three different ledgers in name of the same employee as mentioned previously. Following are the details of the same:

Sr. No.	Ledger	Amount (Rs.)	
		Opening	Closing
1	More Prakash Supadu (Advance)	69,542.00	69,542.00
2	More prakash supadu	(64,940.00)	(64,940.00)
3	Prakash Supadu More	69,265.00	69,265.00

Sr. No.	Ledger	Amount (Rs.)	
		Opening	Closing
1	Pagare Mahendra Kumar Dinkar	2,01,417.00	2,01,417.00



2	Pagare Mahendrakumar Dinkar (Advance)	2,00,000.00	2,00,000.00
3	Pagare M D	864.00	864.00

4.3.2. 6th Pay Commission Advance Rs. (1,415.00)

This amount pertains to 6th Pay Commission Advance having adverse balance carried forwarded as it is from previous year.

4.3.3. Computer Advance Rs. 3,78,569.00

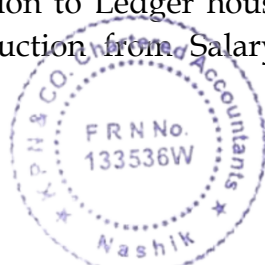
Corporation had given interest free computer advances of Rs. 20,000.00 in past years to the employees for purchase of personal computers by the employees for the knowledge upgradation of the employees. It was observed that the corporation while advancing the amount had not verified the end use of the advances. Further as per the GR no. 1000/Pra. Kra. 42/2000/Viniyam dated 01/07/2006, interest at 17.75% is to be charged on the amount of advance if the employee availing the advance has not submitted the required documents to the respective office in stipulated time. In absence of the information from the respective department, the possibility of misuse of the corporation funds cannot be ruled out. Further, the list of the advances receivable from employees was not provided to us for verification.

4.3.4. Festival Advance Rs. 84,814.00

As per the information made available, every year corporation has been giving interest free nominal amount as festival advance to help the employees. These advances are then recovered from the monthly salaries of the employees. The list of the advances receivable from employees was not provided to us for verification. During the current year corporation had paid Rs. 413.03 Lakhs fresh advance. Further, the list of the advances receivable from employees was not provided to us for verification.

4.3.5. Housing Loan Rs. (18,84,84,806.00)

The Corporation is providing housing loans to its employees at the interest rate of 9.00%, as per the agreement made with employees. It was observed that, corporation collects the amount of interest and principal from the deductions made from the salaries of employees. Further, the amount of interest is not recorded separately as income. Instead, it is reduced from the principal receivable balance of the loan from the employee. Accordingly, due to this the income of the corporation is understated while the receivables from the loans & advances w.r.t the housing loan is also understated due to which it is reflected as negative balance. In addition to Ledger housing loan a new ledger was created under head "Deduction from Salary Payable to Res. Institution" under liabilities



named as “NMC Home E” where all installments amount so deducted are recorded due to which repayment are not settled against loan disbursed. Further, the detailed list advances receivable from employees was not provided to us for verification. Moreover, it seems that payments amounting to Rs. 1.83 Lakhs pertains to HRA paid and not related to loan disbursed.

4.3.6. Vehicle Advance Rs. (61,40,988.00)

Similar to the housing loans, the Corporation is also providing the vehicle loans to their employees. It was observed that, corporation collects the amount of interest and principal from the deductions made from the salaries of employees. Further, the amount of interest is not recorded separately as income. Instead, it is reduced from the principal receivable balance of the loan from the employee. Accordingly, due to this the income of the corporation is understated while the receivables from the loans & advances w.r.t the vehicle loan is also understated due to which it is reflected as negative balance. Further, the detailed list of the advances receivable from employees was not provided to us for verification.

4.3.7. Vehicle Advance (Blind & Handicap) Rs. 3,67,568.00

As per the information made available, corporation has been giving interest free nominal amount as vehicle advance to help the handicap employees. These advances are then recovered from the monthly salaries of the employees. Further, the list of the advances receivable from employees was not provided to us for verification.

4.3.8. General Advance Rs. 2,71,99,801.00

For the above advance no certified list was provided from whom these advances were receivable.

4.4. Provident Fund Loans Rs. 2,28,33,74,587.00
(Account Code – 4080200)

It includes the amount of loan provided to employees against the provident funds of the respective employees. Corporation deducts a specified amount of Instalment towards Employee Provident Fund Contribution from the salary payable to employees. However, detailed list along with balance confirmation of receivables and amount so disbursed in current year was not available for verification.

4.5. Bank Guarantee (Advances) Rs. 10,00,000.00
(Account Code – 4080001)

No details were made available for the amount paid as Bank Guarantee. Further, the above amount is carried forwarded as it is from past years.



4.6. Advance to Others Rs.22,33,860.00

It consists of amount paid as advance for programme to Anandyatri Productions of Rs. 3.20 lakhs, National Highway Authority of India of Rs. 19.11 Lakhs, Advance for project to Executive engineer Rs. 0.03 Lakhs. Further, the above amount is carried forwarded as it is from past years.

5. Other Assets Rs. 78,60,51,732.54

5.1. Deposit with collector office Rs. 3,14,85,710.00

It consists of amount kept with collector office deposit for land acquisition. This amount is carried forwarded as it is from previous year.

5.2. Deposit with Dy. Superintendent Land Acquisition

Rs. 19,86,55,920.00

It consists of amount kept with Deputy Superintendent as deposit for land acquisition. This amount is carried forwarded as it is from previous year.

5.3. Security Deposit with Court Rs. 52,50,77,072.00

It consists of amount kept with court for various court cases. This amount is carried forwarded as it is from previous year.

5.4. Amount Paid Against Court Cases Rs. 2,34,58,267.00

It consists of amount paid to escrow account & as decree money against court cases. This amount is carried forwarded as it is from previous year.

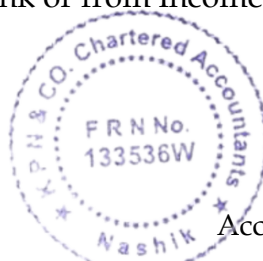
5.5. Accumulated provision against debtors Rs. 62,54,353.00

Sr. No.	Particulars	Amount Rs.
1.	MTS receivable East	5,54,814.00
2.	MTS receivable Nashik Road	4,29,803.00
3.	MTS receivable Panchavati	7,98,951.00
4.	MTS receivable Satpur	4,71,989.00
5.	MTS receivable West	39,98,796.00

The above amount consists of various balances carried forwarded as it is which is yet to be classified and reconciled on the basis of software data and challans issued from treasury.

5.6. TDS on FDR Rs. 11,20,410.54

Income earned by Municipal Corporations are exempt by the virtue of Article 243W of the Constitution of India. Hence, Corporation should recover the amount from the Bank or from Income Tax Authorities.



6. Prepaid Expenses
Rs. 25,71,121.00

This amount pertains to Insurances un-apportioned and carried forwarded.

7. Bank Accounts and Cash in Hand

(Account Code – 4100000)

Bank Accounts

Rs. 9,15,16,99,207.57

The Cash in Hand Balances as on 31st March 2025 with the Corporation and its divisional offices were Nil. Accordingly, the above balance pertains to balances in various accounts maintained with different banks. We have observed that in some bank accounts are not yet reconciled and is in the process of reconciliation. Refer our comments in the Annexure VI attached along with.

Analysis of Income & Expenditure Statement

A. Income

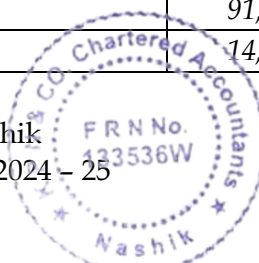
The counter foils or revenue receipts were not made available to us for verification. It was informed to us that the revenue/tax collector/officer directly deposits the amount collected with main cashier at the cash counter, who in turn deposit this amount directly to the bank account, where there was an arrangement where the bank officials would collect the daily amount collected. Further, all the income through general fund, town planning, division etc. were imported from the various software's used by the Corporation. Our sample verification was on the basis of division-wise challans compiled at Corporation. Though detailed statement containing outstanding demand and tax collected during the year was not provided to us by the concerned department duly certified by the concerned officer.

1. Tax Revenue
Rs. 1,90,87,92,541.00

(Account Code – 1010000)

It pertains to the amount of various taxes like advertisement, octroi, various other municipal taxes. It also includes income from performance and show receipts.

Sr. No.	Particulars	Amount (Rs)	Share in %
1	Advertisement All	6,12,34,127.00	3.21%
2	Consolidated Taxes (Service Tax Recd.)	7,56,726.00	0.04%
3	Local Body Tax	14,81,414.00	0.08%
4	Performance & Show All	92,04,380.00	0.48%
5	Dogs Tax	1,02,750.00	0.01%
6	Drainage Tax	28,98,53,809.00	15.19%
7	Education Tax	8,75,49,231.00	4.59%
8	Fire Tax	5,88,68,345.00	3.08%
9	General Sanitary Tax	17,36,87,749.00	9.10%
10	General Tax	91,45,70,458.00	47.91%
11	Street Tax	14,53,93,903.00	7.62%



12	Tree Plantation Tax	2,95,62,234.00	1.55%
13	Taxes on special cleaning Charges	61,719.00	0.00%
14	Fire Department HO Outstations Services Income	3,55,500.00	0.02%
15	Waste management service charges	7,298.00	0.00%
16	Property Revenue Tax HO	77,31,393.00	0.40%
17	Water Benefit Tax	11,60,25,035.00	6.08%
18	Land and Assets HO Non-Tax Revenue	77,10,190.00	0.37%
19	Nursing College Non-Tax Revenue	53,28,000.00	0.28%
Total		1,90,87,92,541.00	100.00%

Performance & Shows fees are classified as under tax revenue which is in nature of as rental income from municipal properties. It was observed that the income from Advertisement was not recorded on accrual concept, further, the agreements were not available for verification, due to which we are not in a state to quantify the amount of income not recognized based on the accrual concept.

2. Rental Income from Municipal Properties Rs. 7,15,61,310.00

(Account Code – 1040000)

Following table shows the various Rental Income from Municipal Properties earned by the Corporation during the year;

Sr. No.	Particulars	Amount (Rs)	Share in %
1	Lease Rent	14,12,176.00	1.98%
2	Rent Income All	7,01,49,134.00	98.02%
Total		7,15,61,310.00	100.00 %

Rental income are recognized on the basis of division wise challans due to which it is not possible to identify that from whom amount is being recovered. Moreover, details of the arrangements with various parties from whom the rental income is earned was not made available for verification along with their respective Rent Agreements, due to which we are not in a state to quantify the amount of income not recognized based on the accrual concept & past recoveries.

3. Fees & User Charges Rs. 4,98,01,07,687.94

(Account Code – 1050000)

Following table shows the various Fees & User Charges earned by the Corporation during the year;

Sr. No.	Particulars	Amount (Rs)	Share in %
1	Building Permission Charges	1,82,09,44,788.47	36.56%
2	Entry Fees	2,81,67,847.00	0.57%
3	Fees for Certificate or Extract	21,85,88,130.88	4.39%
4	Fees Received	4,09,94,988.50	0.82%
5	Fines & Penalties	47,74,05,805.00	9.59%
6	Licence & N.O.C. Fees	9,76,30,574.00	1.96%
7	Regularization Fees	6,80,617.00	0.01%
8	Services / Administrative Charges	4,13,55,763.00	0.83%

9	User Charges & Testing Charges	2,25,43,39,174.09	45.27%
Total		4,98,01,07,687.94	100.00 %

4. Sale & Hire Charges

Rs. 18,39,831.00

(Account Code - 1060000)

Sr. No.	Particulars	Amount (Rs)	Share in %
1	Sale of forms and Publications	18,22,891.00	99.07%
2	Sale of stores & scrap	16,940.00	0.93%
Total		18,39,831.00	

The above amount includes amount earned from sale of tender forms via Online tender portals which is recorded on the basis division's challans which pertains to past years.

5. Revenue Grants, Contributions & Subsidies

Rs. 33,07,572.00

(Account Code - 1030000)

Following table shows the various Revenue Grants, Contributions & Subsidies received by the Corporation during the year;

Sr. No.	Particulars	Amount (Rs)	Share in %
1	Free Funeral Scheme	1,132.00	0.03%
2	Revenue Grants All	32,00,000.00	96.75%
3	Judiciary Grant	1,06,440.00	3.22%
Total		33,07,572.00	100.00%

6. Income from Investments

Rs. 78,94,13,421.65

(Account Code - 1070000)

This amount consists of interest earned over the investments being deposits with the banks for the current year. Further, the accrued interest on the Sweep FDR was not calculated and considered.

7. Interest Earned (Account Code - 1080000)

Rs. 6,58,45,442.50

7.1. Interest on Bank Accounts

Rs. 6,58,19,817.50

(Account Code - 1080100)

It pertains to the interest earned on various savings accounts under own funds & different schemes, during the current financial year. It was observed that the interest on the savings accounts maintained for the special/earmarked funds were also credited to the Income & Expenditure Statement, which have been credited to the special/earmarked funds partially at the year end.

7.2. Interest on Tax

Rs. 25,625.00

It pertains to the interest recorded on the basis of Division Challans, during the current financial year.



8. Other Income

Rs. 12,23,23,915.99

(Account Code – 1100000)

Other Income comprises majority of charges collected by the corporation under the head 'Other' amounting to Rs. 774.76 Lakhs recognized on the basis of Challans. Royalty amounts to Rs. 431.23 Lakhs. Further, Other Income also consist of BSUP Beneficiaries share collected by the Corporation Rs.10.33 Lakhs & Other deductions Rs. 6.90 Lakh collected from contractors for which nature of penal & in compensating nature.

9. Increase/(Decrease) in Inventory

Rs. 1,22,96,569.50

(Account Code – 4040000)

It pertains to the store's consumption during the current year. We have not physically verified the stock in hand. The opening balances of certain inventories were carried forwarded from previous years since FY 2017-18 until current year. Further, details of the certain stores were not provided to us by the concerned departments during the audit procedures, therefore we cannot comment on whether the increase / decrease accounted in current year are pertaining to current year or for previous years where consumption is Nil. Following is the department-wise value of the inventories held;

Sr. No	Particulars	Opening Bal.	Consumption	Closing Bal.
1	Electrical Stores	1,25,338.00	-	1,25,338.00
2	Printing & Stores	3,48,077.80	-	3,48,077.80
3	Solid Waste Management Department	5,45,563.27	-	5,45,563.27
4	Solid Waste Management (Process) Department	57,51,917.00	-	57,51,917.00
5	Store Department	6,21,867.28	-	6,21,867.28
6	Water Supply	20,38,734.00	-	20,38,734.00
7	Information Technology	10,02,890.00	-	10,02,890.00
8	Adhikshak Abhiyanta (Vidyut)	7,47,745.00	-	7,47,745.00
9	Workshop Management Dept.	11,14,437.15	-	11,14,437.15
Total		1,22,96,569.50		1,22,96,569.50

B. Prior Period Adjustments (Net Income)

Rs. (56,95,43,848.15)

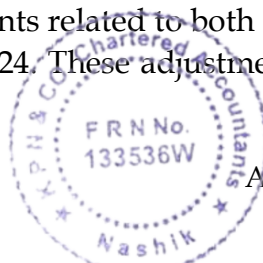
a. Prior Period Expenses

Rs. 0.00

b. Prior Period Income

Rs. (56,95,43,848.15)

During the audit of the financial statements, we identified several instances of prior period adjustments related to both expenses and income spanning FY 2015 - 16 through FY 2023 - 24. These adjustments were made to address discrepancies



Nashik Municipal Corporation, Nashik
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and errors identified in previous financial periods for which authorized vouchers with supporting working were not made available for verification.

C. Expenditure

We have verified the expenditure under various heads which was recognized and entered in the books of account produced before us for verification. We have verified the entries in cash book on test check basis which were supported by relevant vouchers/note sheets. Test checked vouchers revealed below mentioned discrepancy;

- Quotations and necessary documents are generally not annexed with vouchers.
- In absence of availability of guidelines, directives, acts and rules issued by Government of India/ State Government, it was not possible for us to verify the expenditures in accordance with such guidelines etc.
- We have verified the expenditure on test check basis and it was found that such expenditure was duly supported by financial and administrative sanctions accorded by competent authority. However, in absence of information/ written document with respect to administrative and financial limits of the sanctioning authority, it was not possible for us to verify whether the expenditure incurred and sanctioned by authority were within their limits or not.
- We are unable to verify the details of capitalization of expenditure since there is not any proof available nor completion of work from respective department. Accounts department has capitalized the expenditure after final payment of measurement book. There is no cross-check mechanism existing, to ensure the completion of project except payment of final bill. It is suggested that a proper internal control system should be framed to identify the fixed asset and its recognition in fixed asset register and books of account of the corporation.
- The provision of the bad & doubtful receivables against property tax, water taxes, other taxes, etc. as prescribed by National Municipal Accounting Code is not made during the year. Since the year-wise bifurcation in respect of receivables of property taxes, water taxes, other taxes, etc. were not provided by management to us. Accordingly, the profits of the Corporation are overstated to the tune of provisions not made in the accounts.

1. Administrative Expenses

Rs. 2,77,60,45,456.64

(Account Code – 2020000)

Following table shows the various administrative expenses incurred by the Corporation during the year ;

Sr. No.	Particulars	Amount (Rs)	Share in %
1	Advertisement & Publicity	2,52,60,015.00	0.91%
2	Books and Periodicals	3,13,816.00	0.01%
3	Communication Expenses	1,38,942.00	0.01%
4	Electricity Charges	1,65,47,15,509.00	59.61%



5	Fees Paid	25,89,740.00	0.09%
6	Insurance	40,05,030.00	0.14%
7	Office Expenses	21,82,486.00	0.08%
8	Printing & Stationery	83,68,722.00	0.30%
9	Professional & Other Fees	34,55,63,369.00	12.45%
10	Rents Rates & Taxes	47,58,50,805.64	17.14%
11	Telephone Charges	45,48,540.00	0.16%
12	Travelling & Conveyance	1,84,83,113.00	0.67%
13	Water Bill	23,07,21,369.00	8.31%
14	Double Enry Accounting system expenses	33,04,000.00	0.12%
Total		2,77,60,45,456.64	100.00%

Of above, Sr. no. 10 Rents Rates & Taxes consists of Vehicle rent of Rs. 5.82 Lakhs pertains to prior-period expenses which is recorded as current year expenses.

2. Establishment Expenses

Rs. 6,69,48,01,874.96

(Account Code – 2010000)

Following table shows the various establishment expenses incurred by the Corporation during the year for salaries, wages, allowances, other and terminal benefits of the employees;

Sr. No.	Particulars	Amount (Rs)	Share in %
1	Allowances	4,69,23,566.00	0.70%
2	Benefits	1,03,33,110.00	0.15%
3	Honorarium	16,67,52,596.00	2.49%
4	Pension & Terminal Benefits	2,26,37,61,228.96	33.81%
5	Salary	4,19,86,75,618.00	62.72%
6	EPF 13.36% NMC Contribution Expenses	83,55,756.00	0.12%
Total		6,69,48,01,874.96	100.00%

Of above, Sr. no. 3 Honorarium payable consists of Rs. 93.10 Lakhs pertains to prior-period expenses which is recorded as current year expenses.

3. Repairs & Maintenance of Fixed Assets

Rs. 1,75,34,09,111.00

(Account Code – 2040000)

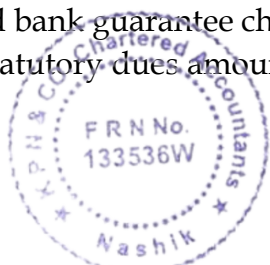
It includes various expenses incurred for the maintenance of fixed assets. During the sample verification, it was noted that the Corporation incurred repairs and maintenance expenses that could potentially impact the lifespan and efficiency of its assets.

4. Interest & Finance Expenses

Rs. 16,05,102.58

(Account Code – 2030000)

It includes the amount of bank charges for account operating amounting to Rs. 0.14 Lakhs and bank guarantee charges amounting Rs. 10.12 Lakhs. Moreover, Interest paid on statutory dues amounts to Rs. 5.78 Lakhs which is debited to this head.



5. Revenue Grants, Contributions & subsidies **Rs. 2,03,41,69,840.00**
 (Account Code – 2070000)

It includes the contributions given to primary school board, grants disbursed and funds distributed from the General Funds & amount paid to “Nashik Mahanagar Parivahan Mahamandal Ltd (CITILINC)”. Similarly, amount Rs. 562.73 Lakhs of prior period was recorded in Nashik Municipal School Board.

6. Purchase of Operations & Program Implementation **Rs. 1,89,53,06,135.00**
 (Account Code – 2050000)

Following table shows the various purchases/expenses incurred for operations & program implementation during year;

S. No.	Particulars	Amount (Rs)	Share in %
1	Cleaning Charges	2,41,25,745.00	1.27%
2	Funeral Free of Cost	3,63,44,207.00	1.92%
3	Operating & Maintenance Expenses	1,39,27,12,484.00	73.48%
4	Own Programme	16,32,12,885.00	8.61%
5	Pollution Control Centre	3,72,112.00	0.02%
6	Programme Expenses	3,30,88,288.00	1.75%
7	Purchase of The Material for Distri.to Public	3,62,60,206.00	1.91%
8	Election Expenses	18,50,598.00	0.10%
9	Development of Integrated Solid Waste Processing and Landfilling facilities	20,73,39,610.00	10.94%
Total		1,89,53,06,135.00	100.00%

7. Depreciation **Rs. 1,56,73,61,904.89**
 (Account Code – 2060000)

Refer to our detailed comments on Fixed Assets in the Annexure V attached along with the report.

D. Excess of Income over Expenditure **Rs. 5,31,12,49,403.86**

It is net balance being surplus carried over to Municipal funds



Notes to Accounts for the Financial Year 2024-25

Notes forming part of the Audit Report;

As per the policies laid down by the Central/State Government decisions to bring every Urban Local Bodies (ULB) under Accrual Based Double Entry Reporting Method, Nashik Municipal Corporation have implemented our policy of shifting accounting system single entry to accrual based double entry method. The purpose of bringing double entry method of accounting is to recognize income and Expenditure as per Generally Accepted Accounting Policies as per National Municipal Accounting Manual (NMAM) guidelines.

As per the C&AG guidelines issued to all municipal corporations, the reports prepared under accrual-based level entry report should be audited by independent auditors.

Significant Accounting policies

The Significant Accounting Policies and Principles adopted for compiling Balance Sheet, Income and Expenditure & Cash Flow Statement of Nashik Municipal Corporation as on 31st March 2025 covers the following:

1. Income –

1.1. Following are accounted on challan due basis (when is challan raised)

- 1.1.1. Property and Other Related Taxes including Surcharge.
- 1.1.2. Water Tax.
- 1.1.3. Rent form Municipal Properties.
- 1.1.4. Water Supply Charges, Meter Rent, Sewerage charges, and Disposal charges
- 1.1.5. Renewal Trade License Fees.
- 1.1.6. Notice Fee, Warrant Fee, Other Fees
- 1.1.7. Other income, in respect of which demand is ascertainable

1.2. Following are accounted on cash basis (when recovery made & challan raised)

- 1.2.1. Connection Charges for Water Supply, Water Tanker Charges, and Road Damage recovery Charges, Penalties.
- 1.2.2. One time Trade License Fees, Property Transfer Charges
- 1.2.3. Other Incomes, which are of an uncertain nature or for which the amount is not ascertainable or where demand is not raised in regular course of operations.
- 1.2.4. Permission Fees, Permit Fees, Fees for Issuing Certificates, etc., Building Construction Regularization Fees, Penalties and Fine.
- 1.2.5. Collection charges or shares in collection made by ULB or any other agency on behalf of State Government.
- 1.2.6. Revenue Grants, Contribution and Subsidies.



- 1.2.7. Interest element and penalties on taxes and services provided
- 1.2.8. Revenue in respect of rent and/or hire charges in respect of ambulance, hearse, suction unit, vehicle, road roller, sale of waste and scrap.

1.3. Revenue in respect of advertisement fee shall be accrued based on terms of lease/ rent agreement. However, it is not followed by the Corporation.

2. Common Accounting Principles Concerning Income Accounting –

- 2.1. Refunds, remissions of taxes for previous years are recorded in the current year, are adjusted against the income.
- 2.2. Write-off of taxes and/or Other Income is adjusted against the provisions made and to that extent recoverable gets reduced.
- 2.3. Demands raised with retrospective effect are treated as to the extent it pertains to earlier years.
- 2.4. Any additional provision for demand outstanding required to be made during the year is recognized as expenditure and any excess provision written back during the year is recognized as income.
- 2.5. Refunds, remissions of all kind of incomes for the current year is adjusted against the income even if pertain to previous year.
- 2.6. In case collection of any income is under litigation, the same is not accrued but a disclosure is made in the Notes of Accounts.
- 2.7. The EMD (Earnest Money Deposit) and SD (Security Deposit) is recognized as income when the right for claiming refund of deposit has expired and it is forfeited.

3. Provisions for Arrears of income –

As per the para 3.6 in chapter 3 of the National Municipal Accounting Manual, in respect of the demand outstanding beyond 2 years, provision shall be made to the extent of income of the ULB in the demand, based on the following provisioning norms:

- Outstanding for more than 2 years but not exceeding 3 years: 25%
- Outstanding for more than 3 years but not exceeding 4 years: 50% (additional 25%)
- Outstanding for more than 4 years but not exceeding 5 years: 75% (additional 25%)
- Outstanding for more than 5 years: 100% (additional 25%)

The provisions for arrears should have been made on the basis of certified dues details, kept by the Revenue Department. Since, no age wise break up of dues was provided by the Revenue Department, no age wise provision has been made as prescribed in the NMAM.



4. Assigned Revenues –

All 'Assigned Revenues' like compensation in lieu of octroi, state finance commission, stamp duty, surcharge on transfer of immovable properties, is accounted during the year on actual receipt basis. However, at year-end, if the sanction orders for release of funds were issued and funds actually remitted, such amount has been accrued as income for the year by debit to the Assigned Revenue Receivable.

5. Grants –

5.1. Revenue Grant

5.1.1. General purpose Grants of a revenue nature are recognized on cash basis

5.1.2. Grants received in respect of specific revenue expenditure are recognized as income in the accounting year in which the corresponding revenue expenditure is charged to the Income and Expenditure Account. However, it is not followed by the Corporation

5.2. Capital Grant

5.2.1. Grants received towards capital expenditure are accounted on actual receipt basis. The amount is initially credited to a Capital Grant head under 'Liabilities' and on acquisition / construction of the asset the value of the amount so spent is debited to the liability head by corresponding credit to Grant against Fixed Asset'. However, it is not followed by the Corporation

5.2.2. Capital Grants received as a nodal agency or as implementing agency for an intended purpose, which does not, result in creation of assets with ownership rights for the Corporation are treated as a liability till such time it is used for the intended purpose, up on utilization for the intended purpose, the extent of liability is reduced with the value of such utilization. *Grants in the form of non – monetary assets (such as fixed assets given at a concession rate is accounted for on the basis of the acquisition cost. In case a non-monetary asset is recovered free of cost, it is recorded at a nominal value (Rupee one).*

5.2.3. Income on investments made from 'Specific Grants received in advance' is recognized and credited to the Specific Grant, whenever accrued. Profit/loss, if any, arising on disposal of investment made from the 'Specific Grant received in advance' recognized and credited / debited to the Specific Grant.

6. Fixed Assets –

6.1. Fixed Assets are carried at cost less accumulated depreciation. The cost of fixed assets includes cost incurred / money spent in acquiring or installing or constructing fixed asset, interest on borrowings directly attributable to acquisition or construction of qualifying fixed assets up to the date of

commissioning of the assets and other incidental and indirect expenses incurred up to that month.

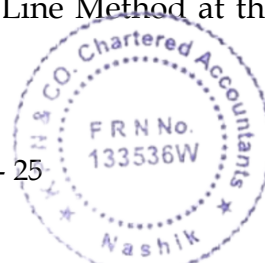
- 6.2. Any addition to or improvement to the fixed asset that results in increasing the utility or useful life of the asset is capitalized and included in the cost of fixed asset.
- 6.3. Any Fixed Asset, which has been acquired free of cost or in respect of which no payment has been made, is accounted for a nominal value Rs. 1/-.
- 6.4. Valuation of land is made as under:
 - 6.4.1. Land acquired through purchase is recorded on the basis of aggregate of purchase price paid / payable and other costs incidental to acquisition.
 - 6.4.2. Lands that are acquired free of cost from the government or provided by individuals or institutions under endowment for specific purposes are accounted for at Rs. 1/-. Where the ownership of the lands has not been transferred in favor of Corporation, but the land is in the permissive possession of the Corporation, such lands is included in the Register of land with Rs. 1/- as its value.
 - 6.4.3. Cost of land improvements such as levelling, filling or any other development activity is capitalized as a part of the cost of land.
 - 6.4.4. Land pertaining to parks and playgrounds including the cost of development of land and other amenities in parks and playgrounds taken under 'parks and play-grounds'.
- 6.5. Statues and valuable works of art are valued at the original cost. In case, the original cost is not available or the items have been gifted to the corporation, the value is taken at Rs. 1/-.

7. Capital Work in Progress -

- 7.1. Assets in the nature of civil works and equipment / machinery, requiring erection / installation, is accounted for as 'Capital Work – In Progress account'. Upon completion of the civil works and installation of machinery the value is not transferred to the respective asset account under fixed asset.
- 7.2. The value of each work in progress includes the direct cost on material, labour, stores and advances to suppliers for material and others. Where an asset is created with borrowed funds the interest paid / accrued as on the day of the valuation is added to the total value of the work in progress.

8. Depreciation -

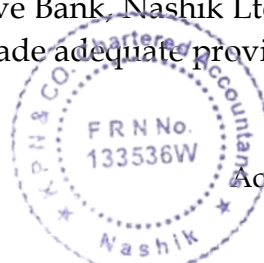
- 8.1. Depreciation is provided at Straight Line Method at the rates prescribed by Maharashtra Municipal Code.



- 8.2. Depreciation is provided at full rates for assets, which are purchased / constructed before October 1 of an Accounting Year and at half the rates which are purchased / constructed on or after October 1 of an Accounting Year.
- 8.3. Depreciation is provided at full rates for assets, which are disposed or after October 1 of an Accounting Year. Depreciation is provided at half the rates for assets, which are disposed before October 1 of an Accounting Year.
- 8.4. Depreciation on assets on which government grant has been received, calculated on the gross value of fixed asset i.e. without deducting the grant amount from asset value. The grant so received is charged to the income and expenditure statement in the same proportion as the depreciation charged on such assets.

9. Investments -

- 9.1. Investment is recognized at cost. It includes cost incurred in acquiring investment and other incidental expenses incurred for its acquisition.
- 9.2. All long-term investments are carried / stated at their cost.
- 9.3. Short term investments are carried at their cost current market value (if quoted) whichever is lower.
- 9.4. The interest accrued amount on investment is taken as interest less TDS as some banks has deducted their TDS for which no credit is availed by them.
- 9.5. Income in investments made from Special Fund and Grants under specific Scheme is recognized and credited to Special Fund and Grants under specific Scheme respectively, whenever accrued. Profit / loss, if any, arising on disposal of investments (net of selling expense such as commission, brokerage, etc.) made from the Special Fund and Grants under specific Scheme is recognized and credited / debited to Special Fund and Grants under specific Scheme Account respectively.
- 9.6. Fixed Deposits with Shriram Cooperative Bank, Nashik:
ULB has invested in Shriram Cooperative Bank Ltd, Nashik via fixed deposits. The Corporation also had a current account with Shriram Cooperative Bank Ltd. This bank went into liquidation, due to which a sum of Rs. 868.90 Lakhs with Shriram Cooperative Bank in FD excluding accrued interest on the FD, Rs. 265.35 Lakhs in current account was stuck with the bank. The balances with Shriram Cooperative Bank, Nashik Ltd has not yet been recovered. However, Corporation has made adequate provision in this regard.



10. Stores –

This covers the stores items procured by the Corporation as per Management Representation letter. The cost of inventories includes purchase price including expenditure incurred to bring the inventories to its present location and condition i.e., freight inward, duties and taxes, etc. the same are valued by applying FIFO method.

11. Other Expenditure –

11.1. Employees Related Expenditures:

- 11.1.1. Expenses on Salaries (for regular and daily wages staff) and other allowances are recognized as and when they are due for payment.
- 11.1.2. Statutory deductions from salaries including those for income tax, profession tax, provident fund contribution, are recognized as liability in the period in which the corresponding salary is recognized
- 11.1.3. Leave encashment / pension are recognized as and when they are due for payment.
- 11.1.4. Interest receivable on loans given to employees should have been recognized as revenue at the end of the period in which these have accrued. Penal interest leviable on default in repayment of principal or payment towards interest shall be recognized on accrual basis. However, the Corporation has not recognized any such income in current year.
- 11.1.5. Bonus, Ex-gratia, overtime allowance, other allowances and reimbursements to the employees are recognized as and when they are due for payment.
- 11.1.6. Contribution due towards pension and other retirement benefit funds is recognized as an expense and a liability.

11.2. Other Revenue Expenditures:

- 11.2.1. Other Revenue expenditures are treated as expenditures in the period in which they are incurred.
- 11.2.2. Provision is made at the year-end for all bills received up to a cutoff date.
- 11.2.3. Any expenditure for which the payment has been made in the current period but the benefit and / or service is likely to arise in a future period is treated as expenditure for the period in which its benefit arises and / or services are received i.e., amount paid in advance (say for insurance) is treated as prepaid and shown as current assets in the Balance Sheet.

12. Borrowings –

- 12.1. Interest expenditure on loan is recognized on accrual basis.



12.2. Interest on borrowings directly attributable to acquisition or construction of qualifying fixed assets up to the date of commissioning of the assets is capitalized.

13. Special Funds –

13.1. Special Funds are treated as a liability on their creation.

13.2. Any expenditure of a revenue nature, which is incurred specifically on scheme / project, for which a Special Fund has been created, is not charged to that Special Fund.

13.3. On completion of the construction of a fixed asset and / or on acquisition of a fixed asset out of a Special Fund, the amount equivalent to the cost of such fixed asset is not transferred from the respective Special Fund to the Capital Contribution Account. Amount proportionate to depreciation of the asset is credited to the above account every year.

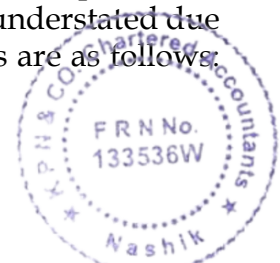


Annexure V- Analysis of Fixed Assets and Depreciation on Assets

1. We have not carried out physical verification has of fixed assets. During the current year total Rs. 6,373.96 Lakhs of fixed assets were added and none of fixed assets were being added from Capital Work-in- Progress. Further the Corporation could not produce the measurement books and completion certificate of the fixed assets and capital work in progress additions during the year. Hence, we are unable to comment on the status of completion of these fixed assets. Further, list of work wise classification of capital work-in-progress of amount Rs. 38,177.95 Lakhs are not produced for verification and hence we are unable to comment on the same.

2. All the qualification by the previous auditor (M/s. S C Mone & Co.) is continued as it is, few of them are as follows;
 - a. "The major deviation that is made while preparing this balance sheet, is recording the fixed assets at current market value based on the valuation report made by the professional valuers. As per the NMAM guidelines the values are to be recorded at cost of acquisition or if not available at the estimation of cost acquisition value. If the values are not available and the assets are identifiable, a nominal value of Rs.1 should be placed before the value of the assets. Every effort should be made to estimate the cost of acquisition if not available. If the value is recorded by revaluation, based on valuation report, a specific revaluation reserve is to be created in the book of accounts and a specific note to this effect has to be inserted in the account."
 - b. "Another major deviation, we find to have been made, is application of depreciation rates on the current market value. No plausible accounting explanation or principle can be available to defend such exercise. When a current market value is certified by professional valuer, it is deemed to be the value of that asset only after considering all the factors including wear and tear value incurred by way of depreciation up to the date of valuation."

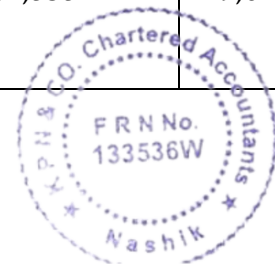
3. During our audit review, it has come to our attention that there is an issue with the depreciation calculation methodology employed by the corporation. Specifically, it was observed that assets which got added in previous financial year got written off in current financial year reason being new assets acquired during in previous year were erroneously combined with the opening balance of assets whose accumulated depreciation almost equalled their book value. As a result of this practice, the newly added assets in the previous were prematurely fully depreciated. Since it was not due to non-classification of new assets into new line item in its respective block it was not possible to quantify whether the depreciation charged to the Income & Expenditure account is overstated/ understated due to the incorrect treatment of these new assets. Some instances are as follows.



Sr. No.	Added Assets	Addition in FY 2023-24	WDV as on 31 st March 2025
1	Furniture & Fixture All (15.5)	2,20,000	0.00
2	Building (17.1)	6,11,279	0.00
3	Air Conditioners (20.1)	1,19,694	0.00
4	EPBAX System (20.2)	2,46,195	0.00
5	Inverter (20.5)	48,975	0.00

4. During the verification of the Fixed Assets and depreciation workings, it has been observed that the accumulated depreciation of Conference System under the block of assets Office Equipment shows a **negative balance**. This negative balance appears to be due to errors/mistakes in depreciation calculation or adjustments made in previous years, which have been carried forward till date. As a result, the accumulated depreciation figure is not aligning with the correct written-down value of the asset block.

Sr no.	Particulars	Name of asset	Depreciation as on 01.04.2024	Depreciation on opening balance	Accumulated depreciation as on 31.03.2025
1.	Office Equipment (20.1)	Conference System	-50,09,249.50	1,07,535	-49,01,714.50



Annexure VI- Remarks on Bank, Bank Statements & Bank Reconciliations

1. Following are the banks accounts where bank statements were not available for verification by Corporation.

Sr. No	Particulars
1	Satpur E- Payment
2	West E-Payment
3	Bank of Maharashtra LBT Online A/c
4	C.C in Bank of Maharashtra (3113)
5	Dada Saheb Phalkhe Fund(937)
6	Escrow Octroi (9769)
7	ICICI Bank Panchavati 27050130088
8	Octroi Current (2652)
9	Octroi Current (4555)
10	Octroi Daily (2651)
11	Bank of Baroda
12	S.B.I.B.S.U.P. Beneficiary Share A/c No.32915206870
13	Nashik Road Deolali City (782)
14	Nashik Road Deolali Village (7328)
15	Panchavati(Adgaon) 232/357
16	Panchavati(Makhmalabad) A/c No.121
17	Cidco Division Bank (32268632472)
18	East (10980249309)
19	East Division Bank (32268618072)
20	Gandhi Nagar (10980249354)
21	General Fund (10980249194)
22	Kamod Nagar (10980249343)
23	N.M.C. Tax A/c (W.C.T.)(31793162809)
24	Panchavati (10980249332)
25	Panchavati Division Bank (32268632642)
26	Satpur (10980249321)
27	Satpur Division Bank (32268632278)
28	West (10980249296)
29	Bank of Maharashtra
30	NMC Smart City Nidhi A/c No.2194600000141
31	Smart City S.P.V. Account No.2194600000200
32	SHRI RAM CO-OP BANK- CURRENT A/C

2. During the audit, it was identified that a data pertaining to Education Department were not entered in the books of accounts and justified explanation was not given to us.
3. During the verification process, it was noted that the following bank accounts were closed in April 2018. However, books of accounts for the financial year



2023-24 still reflects the opening balances & closing balances as it is. This inconsistency raises concerns regarding the accuracy of the financial statements. The details of these accounts are as follows:

Sr. No.	Particulars	Balance as per Tally as on 31-03-2025
1	E Payment ICICI - 02705013086	-4,54,86,170.00
2	ICICI Bank Nashik Road 2705013091	-4,41,136.00
3	ICICI Bank Satpur 02705013092	3,21,416.00
4	ICICI Bank Satpur 2705013092	1,62,577.00
5	ICICI Bank, West 2705013090	9,732.14
6	Water & Property Tax A/c No.2705013238	-7,528.00

4. During the verification of bank statements with Tally, it was observed that the closing balances for the following banks did not align with the closing balances recorded in the Books of Accounts. This discrepancy is primarily due to differences in the opening balances recorded in Tally compared to those in the bank statements. Furthermore, the opening balances reconciliation process in Tally is still pending. The details of these accounts are as follows:

Sr. No.	Particulars	Balance as per Tally as on 31-03-2025	Balance as per Bank Statement as on 31-03-2025	Differences
1	NMC- General Fund (32166277091)	303807198.27	10006236.00	-293800962.27
2.	Amrut Yojana(Sewage I) UBI A/c No.596902050000011	1309434.54	0.00	1309434.54

5. During the verification of bank statements with Tally, it was observed that the balances for the following banks did not align with the balances recorded in the Books of Accounts. This discrepancy is primarily due to the incomplete reconciliation process in Tally. The details of these accounts are as follows:

Sr. No.	Particulars	Balance as per Tally post reconciliation as on 31-03-2025	Balance as per Bank Statement as on 31-03-2025	Differences
1	JNNURM Water Supply Pkg.2 A/c No.17660100018017	11649.35	-16174146.65	16185796.00
2	General Fund / Vetan Rakhiv Nidhi (10980257127)	154826.00	-158477669.70	158632495.70
3	NMC Add FSI Premium A/c Yes Bk.2194600000575	83512610.65	-6996738.35	90509349.00

6. During the verification it was observed that reconciliation of NMC- General Fund (32166277091) A/C was incomplete. As per given explanation reconciliation is still in progress hence, we were unable to verify the same.
7. Upon examination, it was noticed that “Bank account no. NMC Electric Vehicle Charging Station UBI A/c No. 323801010927600” was not accounted in books of accounts.
8. Upon examining the payments of statutory dues (TDS and GST), it was noted that the Corporation has a separate tax account (N.M.C. Tax A/c (W.C.T.) (31793162809)) for these payments. The Corporation deducts amounts and transfers them into the tax account from the respective bank, with payments made from this account. However, this tax account is not recorded in the books of accounts.

According to the compiler, the Corporation has not maintained separate reconciliation or one-to-one tracking of tax payments, leading them to treat the transfers to the tax account as fulfilment of tax liabilities. Since the tax account is not reflected in the books, it is challenging to determine whether the deducted taxes have actually been paid. Furthermore, if any amounts transferred to the tax account remain unpaid, the actual balance held in that account is not accurately represented in the financial records. Moreover, statement of same was also not made available to us

Observation & Comments to Annexure VII – Other Queries

1. On examination of Cash flow statements, it was noticed that “Interest paid” Rs. 16.05 Lakhs pertains to Bank guarantee charges paid, bank charges and interest paid on statutory dues.



Annexure VIII – Comments to Earmarked Funds & Special Funds.

Reserves

In Sr. 1.2 Reserves, the classification should encompass utilized grant account balances, i.e., amounts received as grants for specific purposes that have been partially or fully utilized. However, it was observed that interest earned on special funds has been incorrectly classified under this category instead of being recorded as unutilized funds until previous year.

Earmarked Fund & Special Funds

1. It was observed that the proper matching concept for Grant & Special Funds was not applied in the books of accounts. Specifically, the grants received were recorded under Earmarked and Special Funds, but the accounting impact of spending from those grants was not properly reflected in books of accounts. In case of revenue expenses, Grant Income amount to the extent of expenses should have been booked by reducing unutilised grants & in the case of capital expenditures, any unutilized grant should be transferred from unutilized to utilized under the reserves to the extent of grant utilised due to which financial position so appearing in books of account won't give true picture. For example:

Sr. No.	Grant Name & Bank Account	Amount Spent In current FY Rs.	Accounting entry for grant balance Rs.	Grant balance overstated Rs.
1	Dalit Vasti Sudharna Yojana Fund (10980257183)	11,46,42,260.00	0.00	11,46,42,260.00
2	SNA PME Bus Power Infrastructure Project Grant Received (GOI)	4,14,00,000.00	0.00	4,14,00,000.00
3	15 TH Finance Commission	45,41,72,158.00	0.00	45,41,72,158.00
4	NMC SC & NAV Bauddha Gharkul Yojna Grant	1,16,45,000.00	0.00	1,16,45,000.00

2. Grant received of Rs.325.02 lakhs in bank account Dalit Vasti Sudharna Yojna fund 7183 is parked under common ledger head of 'Grant received' instead of its respective grant's ledger 'Dalit Vasti Sudharna Yojna Fund -Unutilised'
3. Grant received of Rs. 150 lakhs in bank account NMC Schedule caste & Nav Bauddha Gharkul Yojna is parked under common ledger head of 'Grant received' instead of its respective grant's ledger 'NMC SC & NAV BAUDDHA GHARKUL YOJNA GRANT'
4. Grant received under scheme 'NMC Basis Services Dev UBI' having Acc. no. 59690205000004 is not parked under specific grant's head.
5. Grant received under scheme 'Mazi Vasundhara Abhiyan' having Acc. no. 323802011012486 is not parked under specific head.

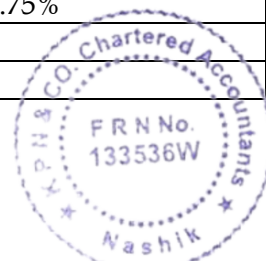
6. Additionally, a common ledger was created in name of "Grants, Contribution for Special Purpose All" & "Grants received" which consist of closing balance of Rs. 19,932.41 Lakhs & Rs.35,550.75 respectively which consists of grant received, previous rectification entries. It is recommended to create separate ledgers for grant and parking of fund utilisation entries through that particular ledger.

Annexure IX - Comments to Investments

During verification of Investment on sample basis, we have observed certain discrepancies same is as follows:

1. Investment consists of CMAM Investments Corpus Fund Rs. 2.50 Lakhs for which certificate were not provided for verification.
2. During the audit, it was identified that a data pertaining to Education Department were not entered in the books of accounts and justified explanation was not given to us.
3. We did not receive the Sweep Deposit confirmation certificates, (for instance State Bank of India) which prevents us from verifying whether the interest received, accrued interest, and Sweep Deposit balance align with the confirmation statements. Moreover, accrued interest arising of Sweep Deposits were not recorded in books of accounts.
4. Corporation has not provided one to one reconciliation between FDR given against Bank Guarantee with books of accounts & Investment Register.
5. The following Fixed Deposits (FDs) appear in the books of accounts but are not recorded in the Corporation's Investment Register. The Corporation is required to reconcile these FDs and amend the entries, subject to approval by the appropriate authority. Moreover, the Corporation has not considered Sweep Deposits while preparing Investment Register.

Sr No.	Particulars	Amount Rs.
1.	FD in Sarva Sadharan Nidhi	
	Bank Of Baroda SSN BG	2,27,49,972
	F.D.No. 0000000000(13/05/14 to 13/05/15)	61,83,738
	F.D.No. 00000(13/05/14 to 13/05/15)	70,36,232
	F.D.No.00000(13/05/14 to 13/05/15)	73,72,605
	F.D.No. 00000(13/05/14 to 13/05/15)	17,10,441
	F.D.No.00000(23/03/17 To 23/03/18) @8.75%	4,46,956
	Bank Of India SSN BG	1,51,37,749.2
	F.D.No. 000000000 (13/5/14 to 13/5/15)	1,27,85,606.29



	F.D.No. 000000 (13/05/14 to 13/05/15)	23,52,142.91
	Central Bank SSN	84,43,594
	F.D.No. 3535565155 (25/04/17 To 25/04/18)@6.5%	19,43,594
	F.D.No.3672039963 (31/03/18 To 31/03/19) @6.60%	65,00,000
	Central Bank SSN BG	82,45,022
	F.D.No. 000000(13/5/14 To 13/5/15)	10,97,316
	F.D.No.000000(13/5/14 To 13/5/15)	71,47,706
	Dena Bank SSN BG	1,61,34,342
	F.D. No. 079166026459 (22/11/12 to 22/11/14)	71,19,763
	F.D.No. 79166026458 (22/11/13 to 22/11/14) @9%	90,14,579
	State Bank of India SSN BG	1,88,87,871
	F.D.No. 000000 (13/5/14 To 13/5/15)	1,83,87,871
	FD No.372776 (26/06/06 to 26/10/07)	5,00,000
2.	FD In Provident Fund	
	State Bank of India BG	1,61,51,300
	SBI 267509 ?% (16/02/07 to 16/02/08)	59,73,900
	SBI 268254?% (21/06/06 to 21/06/07)	11,77,400
	SBI 268742 ?% (10/04/06 to 10/04/07)	50,00,000
	SBI 268749 ?% (08/10/06 to 08/10/07)	10,00,000
	SBI 808264 ?% (24/12/06 to 24/12/07)	30,00,000
3.	FD In Sinking Fund	
	State Bank of India BG	40,66,219
	SBI FD No.267949 (22/04/06 To 22/04/08)	3,18,000
	SBI FD No.268164 (18/04/06 To 18/04/08)	13,45,225
	SBI FD No.268165 (19/04/06 To 19/04/08)	4,48,409
	SBI FD No.268166 (13/05/06 To 13/05/08)	19,54,585
4.	Karmukta Karz Rokhi	
	Bank Of Maharashtra KKR BG	50,00,000
	F.D.No.504303030012967 (27/10/13 To 27/04/14)	
5.	SJSRY SC	
	Union Bank of India	25,00,000
	F.D.No.504303030019170 (12/01/18 To 12/01/19)	
6.	Anamat Fund	
	Indian Bank	78,06,564
	F.D.No.6427200015 (20/04/17 To 20/04/18) @4.75%	
	State Bank of India BG	2,37,938
	F.D.No.268775 (18/10/06 To 18/10/07)	1,35,000
	F.D.No. 435375 (30/11/06 To 30/11/07)	50,000
	F.D.No. 878303 (01/03/07 To 01/03/08)	52,938

