



Nashik Municipal Corporation

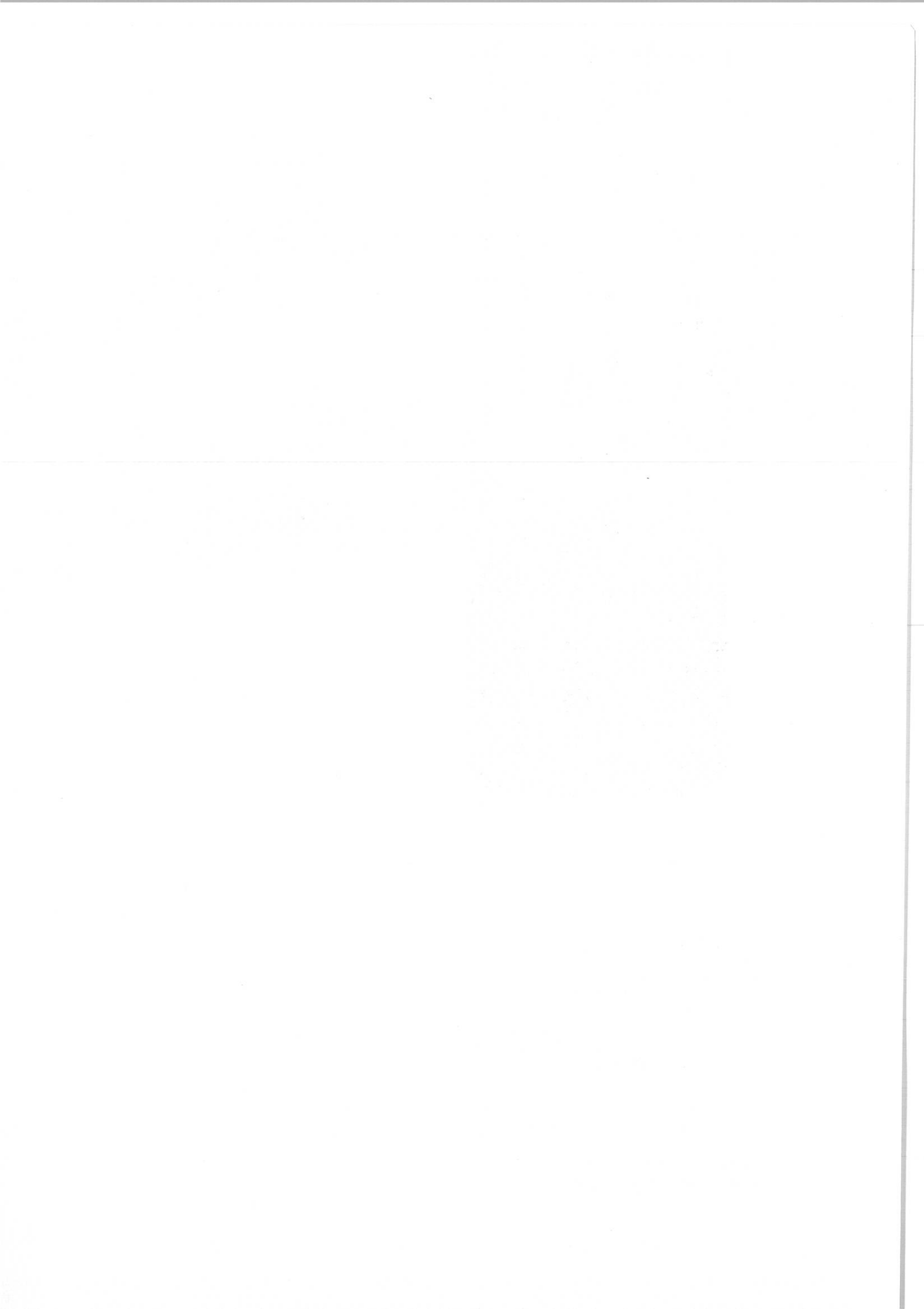
FY 2021-22
Accrual Base
Accounting
Audit Report

K P N & CO Chartered Accountants

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Preface

1. Name:	Nashik Municipal Corporation
2. Address:	Rajiv Gandhi Bhavan, Sharanpur Road, Nashik
3. Status:	Urban Local Body
4. Date of Establishment	7 th November 1982
5. Year of Accrual Based Accounting Report:	Financial Year 2021-2022
6. Report Title:	Accrual Based Accounting Audit Report FY 2021-22
7. Audit Objectives & Scope:	<p>Objective of Audit was to examine whether –</p> <ol style="list-style-type: none"> Whether Reports prepared under Accrual Based Accounting System has prepared as per terms and conditions laid down under Agreement Whether Reports are prepared under National Municipal Accounting Manual 2004 Whether Reports are prepared under Accounting Standards published by ICAI of India, as applicable to Local Authorities. Whether Reports are prepared as per Generally accepted accounting principles and standards in India. Whether Reports are prepared with considering requisite Provisions, Depreciation, Liabilities, Payables, Receivables etc accounting effects. Whether Reports are prepared in consonance with Varshik lekhe of Respective years and additions deletions on account of Provisions, Depreciation, etc. Whether Reports are prepared after considering due procedure required norms required to be followed for ULB accountings under Accrual Based Accounting Method as like taking information under Form 1 to 29 Whether Reports are prepared with effective control on accounting Principles as well as due diligence to Varshik lekhe, Nidhi accounts. Whether Internal control has been observed.

8. Audit Criteria:	<p>Following Acts, Rules and Regulations and Plans were used as Audit Criteria for evaluating Accrual Based Accounting Reports;</p> <ol style="list-style-type: none"> 1. National Municipal Accounting Manual 2004 2. Accounting Standards for Local Bodies published by ICAI 3. Generally Accepted Accounting Policies and Procedures
9. Audit Methodology:	<p>Based on the letter received from Nashik Municipal Corporation vide outward no. Ja.Kra./ Lekha/ Vashi/ 742/ 2023 dated 27th December 2023, we have Audited Financial Statements from FY 2019-2020 to FY 2021-22 on priority basis.</p> <p>Audit of Accrual Based Accounting Reports prepared by Compiler a CA Firm to be audited with conformity with NMAM, Accounting Standards as issued by ICAI and generally accepted accounting principal.</p> <p>Our audit team consists of 2 Chartered Accountants, 2 senior qualified assistants and 2 junior assistants. The audit methodology involved review of financial statements as complied by the CA firm appointed by the Corporation, data collected by such firm, physically or in soft copy as evidences, discussions with the firm representative and the officer of the Corporation.</p> <p>We have relied on the data provided to us while verification by the corporation or the firm in physical as well as soft.</p> <p>We have also called upon frequent meetings with Corporation Official and Compiler and took required clarifications on Accrual Based Accounting Reports and its contents.</p> <p>After forming our opinion, we had submitted our Draft Accrual Based Accounting Audit Report FY 2021-22 on 03rd January 2024, for discussion with the Officials of the Nashik Municipal Corporation and the firm appointed by the Corporation to compile the accounts.</p> <p>After the discussion we have finalized our opinion for the report taking into consideration the replies from the Officials of the Nashik Municipal Corporation and the firm appointed by the Corporation to compile the accounts.</p>

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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 2022.

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 2022 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 possible 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 2022, 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 detailed comment in point no. 3.2 Sundry Debtors, of Assets Side in Annexure – IV under Analysis of Balance Sheet. Net amount Rs. 11,097.85 Lakhs are carried forwarded as it is from previous year (i.e. FY 2019-20). Further, year-wise bifurcation in respect of receivables of property taxes, water taxes, other taxes, etc. were not provided by 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.
2. Further, in point no. 2.2 Investment Other of Assets Side in Annexure – IV under Analysis of Balance Sheet. Amount Rs. 1,480.00 Lakhs given as grant, which should

have been recorded as Revenue Grants, Contributions & Subsidies under the Expenditure side, is recorded as Investments.

3. Further, in point no. 2.3 Equity Shares of Assets Side in Annexure – IV under Analysis of Balance Sheet. Amount Rs. 5.82 Lakhs, to the extent of which Investments are overstated & Fixed Assets along with its depreciation are understated.
4. Further, in point no. 9 Increase/(Decrease) in Inventory of Income Side in Annexure – IV under Analysis of Income & Expenditure Statement. Amount Rs. 210.94 Lakhs, being value of inventories carried forwarded from previous years since FY 2017-18. Details of the stores were not provided to us by the concerned departments during the audit procedures.
5. 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.
6. 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.
7. 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.
8. Further, 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.
9. Further, interest on the security deposits with the Maharashtra State Electricity Distribution Company Limited, which has not been brought to accounts.



10. Further, during the course of our audit, we encountered a limitation in the availability of audit evidence related to the Sweep Deposit balance. Despite our diligent efforts and multiple requests, we were unable to obtain a confirmation of the Sweep Deposit balance from the relevant financial institution. This has resulted in a significant limitation in the scope of our audit and prevents us from providing complete assurance regarding the accuracy and completeness of the Sweep Deposit balance as presented in the financial statements.
Further as per point no. 3 of Analysis to Income & Expenditure para, amount Rs. 1,991.41 Lakhs treated as repairs expenses in Street Lighting (Repairs) under Public Lighting (Repairs), should have been classified as Capital work in process and capitalized once contract period is over.
11. 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.
12. In addition to above qualification, also refer to our qualification given in the Annexures I to VII attached along with report

Emphasis of Matters

1. Further, 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 Ronak Bharatkumar Patel
(Partner)

M. No. 197783



UDIN: 24197783BKCKSR9111

Date: 04th January 2024

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: Yes, 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, which has not been brought to accounts.

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. Performance & shows receipts are classified under Tax Revenue instead of classifying it as Rental Income.
- b. Grants given to Nashik Municipal Smart City Development Corporation Limited, were not accounted for in the books.
- c. Expenses recorded under Reserve Funds & Miscellaneous Expenses were in the nature which could have been recorded under Administrative Expenses of the Corporation.
- d. Interest on the housing and vehicle loan to employees have not been recorded separately.
- e. Interest earned on the fixed/time deposits of the earmarked funds were credited to Income Account instead of being credited to the earmarked funds. Due to this the income is overstated while the earmarked funds are understated.
- f. Purchase of Hydraulic platform from Akash Enterprises is debited to Equity Shares.



g. Further refer our comments in Annexure IV, for details.

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 Annexure 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 planning and procedure, it was observed that the amount received for specific grants have been utilized for the purposes as stated in the grant sanction order. However, the capital assets created from these specific grants were not separately disclosed in the financial statements.

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

Auditors Comment: Yes, based on our audit planning and procedure, it was observed that the ULB has created special funds as per the provision of relevant stages 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 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.

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, 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, on test check basis, 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: No. It was observed that the ULB was not regular in depositing tax deducted at source (income tax and works contract tax). Further the reason for the delay in payment of the statutory dues was not explained to us. Following are the examples of the same;

- a. Tax Deducted at Source u/s 194J of the Income Tax Act, 1961: On test check basis for the month of December 2021, it was observed that the Corporation had not paid dues for the month amounting to Rs. 60.01 Lakhs with in the stipulated time for paying the dues.

S. No.	Particulars	Amount
1	Opening balance of unpaid dues	73,80,913.04
2	Dues for the month of August 2021	18,88,776.00
	Total Dues	92,69,689.04
3	Dues paid in the month of November 2021	0.00
4	Dues paid in the month of December 2021	32,68,545.00
5	Unpaid dues for December 2021	60,01,144.04

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, KPN & CO.

Chartered Accountants,

FRN. 0133536W

Ronak

CA Ronak Bharatkumar Patel
(Partner)

M. No. 197783



Date: 04th January 2024

Place: Nashik

UDIN: 24197783BKCKSR9111



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 31st, 2022 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 `s 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 31st, 2022 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 31st, 2022 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 Ronak Bharatkumar Patel

(Partner)

M. No. 197783



Date: 04th January 2024

Place: Nashik

UDIN: 24197783BKCKSR9111



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 2021. While remaining ASLBs are recommendatory. Accordingly, we have divided our opinion of the implementation of ASLBs in two parts as follows –

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 forwarded 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 Cluster, Nashik Mahanagar Parivahan Mahamandal Limited & Nashik Municipal Smart City Development Corporation Limited or any other investment in any mode (if any). 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 31.03.2022, 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. 93,07,04,11,504.95

1.1. Municipal Funds

Rs. 73,07,73,80,807.00

(Account Code – 3010000)

During the year the Municipal Funds have increased net by Rs. 43,126.01 lakhs. Of these Rs. 46,738.60 Lakhs was the excess of income over expenditure transferred for the current year; whereas net amount of Rs. 3,612.59 Lakhs were reduced from the funds being adjustment made in the balances for the accrued interest on various FDR's, Receivables & earmarked funds that were not previously accounted for are now accounted in current year.

1.2. Reserves & Surplus

Rs. 1,90,93,12,152.20

(Account Code – 3030000)

1.3. - Earmarked Funds

Rs. 1,23,39,08,300.31

(Account Code – 3020000)

1.4. Grants, Contr. for Special Purpose

Rs. 16,84,98,10,245.44

(Account Code – 3040000)

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

Sr. No.	Particulars	Amount	
1	Reserves & Surplus		1,90,93,12,152.20
1.1	Statutory Reserves	18,273.00	
	Building Depreciation Fund	13,53,60,331.29	
	Dada Saheb Phalke Fund – Reserve	72,32,009.00	
	Mayor Fund	10,88,364.26	
	Pension Fund	7,15,77,718.11	
	Provident Fund Reserve	1,01,08,44,298.92	
	Sinking Fund	10,40,36,449.86	
	State Disaster Management Fund	82,70,491.03	
	Tax Free Loan Fund	12,19,68,769.92	
	Vehicle Depreciation Fund	11,86,19,952.96	
	Vetan Rakhiv Nidhi Fund – 1	8,68,12,233.76	
	Vetan Rakhiv Nidhi Fund – 2	23,03,40,409.30	
	Waste to Energy Project Fund	1,31,42,850.79	

2	Earmarked Funds		1,23,39,08,300.31
2.1	Balika Samruddhi Yojna Fund	2,98,575.23	
2.2	Dalit Vasti Water Supply Project Fund	1,395.38	
2.3	Energy Conservation and Energy Audit Fund	1,10,184.82	
2.4	Fire Prevention Certificate Fund	22,72,03,024.10	
2.5	Godavari Action Plan Fund	34,28,715.03	
2.6	Labour Welfare Fund Reserve	4,01,86,147.57	
2.7	PMC Charges Reserve	6,12,496.00	
2.8	Ruganata Sahaya Niddhi	27,65,505.63	
2.9	Security Deposit Fund	79,64,03,497.67	
2.10	Sulabh Sauchalaya Yojna Fund	5,01,35,570.25	
2.11	Suvarna Jayant Shahri Rojgar Yojna Fund	10,70,29,777.42	
2.12	Tree Fund	57,32,905.21	
2.13	Rastriy Nagari Upjivika Abhiyan Funds	(1,02,625.00)	
2.14	Trust Or Agency Fund (Pension Fund)	1,03,131.00	
3	Grants, Contribution for Special Purpose		16,84,98,10,245.44
3.1	Other Govt. Agencies	1,82,09,813.00	
3.2	Aamdar Nidhi Unutilised	5,92,66,829.80	
3.3	N.M.C. Rajeev Awaas Yojana Grant	61,39,020.81	
3.4	N.M.C. SC & Nav Bauddha Gharkul Yojna Grant	3,25,32,291.91	
3.5	11 th Finance Commission	5,257.00	
3.6	13 th Finance Commission Grant	8,82,341.00	
3.7	NMC ISI Plan	1,34,274.00	
3.8	NMC SJSRY Schedule Caste Grant	36,00,137.04	
3.9	UDRR Programme Grant	8,429.00	
3.10	UNDP Unutilised Grants	15,589.11	
3.11	Govt. Of Maharashtra	6,42,62,96,338.00	
3.12	Suvarna Jayanti Yojana Fund	1,92,12,600.00	
3.13	Grants, Contribution for Special Purpose All	1,66,01,71,924.00	
3.14	Road Grants	3,13,25,000.00	
3.15	D.P.D.C. City Development Grant	6,61,51,250.00	
3.16	Dalit Vasti Sudharna Yojna	4,28,73,414.08	
3.17	Member of Parliament	1,03,46,500.91	
3.18	Jawaharlal Nehru National Urban Renewal Mission Grants		
3.18.1	- Basic Service to Urban Poor People	1,37,96,11,483.35	
3.18.2	- Godavari Ghaat Building & Location Improvement	27,01,12,837.00	
3.18.3	- Solid Waste Management	34,07,05,381.63	
3.18.4	- Storm Water Drainage Yojna	1,81,94,23,922.19	
3.18.5	- Underground Drainage Yojna	80,92,66,697.01	

3.18.6	- Underground Drainage Phase -II	50,42,97,178.00	
3.18.7	- Water Supply Project	26,51,11,606.95	
3.19	Grants Received	3,08,41,10,129.65	
Grand Total			

It is observed that Sr. No. 3.19 consists of Rs. 7,280.17 Lakhs grants received for various special purposes which is parked under ledger grants received. Further it was observed that the Corporation has not made earmarked reserves provision for Gratuity and Leave Encashment payable to the employees retiring from the services. The same were being paid to retired employees from the Pension Fund Reserves. In addition, it was observed that Interest earned on FDRs of various earmarked funds were credited to Income Account instead of crediting it to earmarked Funds. Hence, earmarked funds are understated to the extent of interest credited to Income A/c. Hence Earmarked Funds and Special Purpose Funds does not depict their true balances. In addition, utilization certificates were not available for examining the utilization of aforesaid Earmarked Funds and Special Purpose Funds.

2. Current Liabilities

Rs. 14,35,21,41,059.27

2.1. Deposits Received & Payable

Rs. 1,51,70,38,714.84

(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 and Security Deposits All Rs. 15,384.67 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 were not provided for verification neither were attached along with the schedule to the financial statements.

Further during the year under audit, the security deposit amounts are deducted from the contract bills of the contractors, etc. against various small & large contracts which are included in the above deposits. On completion of the above said contract the deposit is refunded to respective particular party.

2.2. Sundry Creditors

Rs. 30,79,53,303.57

(Account Code - 3120000)

It includes Sundry Creditors as per attached schedule amounting to Rs. 2,715.69 Lakhs. 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.	Name of the Creditors	Amount
1	Ahire Swapnil Dadasaheb	23,304.00
2	Ajay Construction	1,32,228.00
3	Anand Construwell Pvt. Ltd.	15,79,651.00
4	Ashtavinayak Construction	6,89,915.00

5	Ashtavinayak Contractors	3,46,078.00
6	Bhagawati Earthmoovers	74,138.00
7	B. M. Construction	31,43,345.56
8	Chairman Maharashtra M. B. Soc	2,921.00
9	Chairman Shivani M.B. Soc.	2,250.00
10	Chairman Vaishnvi Mahila Bachat Gat	57,606.00
11	City Survey Officer-1	4,64,000.00
12	Civil Judge Senior Division	7,00,061.00
13	College of Physicians Surgeons	3,63,600.00
14	Daspute Yogesh Somnath	6,45,267.00
15	Deputy District Officer (Land Acquisition Dept.)	17,81,54,556.00
16	F. C. Rodriques	74,61,303.00
17	Gautami Mahila Bachat Gat	66,609.00
18	H T Jadhav and Associates	2,30,886.00
19	Jadhav Traders (Advance)	28,50,000.00
20	Kelvin Trade	9,430.00
21	Lokmanya Enterprises	1,36,613.00
22	Luthra Vinod & Associates	61,44,872.00
23	Mahajan Brothers	45,611.00
24	Mahalaxmi Construction Co. (J.V.)	33,86,253.00
25	Malekar Rajendra Pandurang	4,270.00
26	Mankar Hemant Govindrao	10,94,498.00
27	Maruti Suzuki India Ltd	3,752.00
28	Milestone Corporation Ghaziabad	6,05,433.00
29	More Nilesh Ashok	1,79,727.00
30	Pawar Patkar Const. Pvt Ltd	3,03,72,794.00
31	Pawar Sunil Jamsing	5,20,980.00
32	Poddar & Co. Nandini	17,714.00
33	Priti Drycleaners	1,32,951.00
34	Raghavendra Infrastructure	1,28,392.00
35	R & B Infra Project Pvt. Ltd.	37,13,701.00
36	Rolta India Ltd.	18,85,133.00
37	Royal Infra Engineering Pvt. Ltd	3,00,013.00
38	Rushabh Construction Nashik	8,567.00
39	Sakura Signs P. Ltd.	40,31,946.00
40	Samiksha Construction	13,77,979.00
41	Sanap R. G.	13,75,957.00
42	Saptahik Hind Maratha Times	3,023.56
43	Shivkrupa Construction	7,05,055.00
44	Shree Construction	13,769.00
45	Shree Enterprises (ADNPT6225G)	25,276.00
46	Shri Ram Jayram Vakhar	33,514.00
47	Shri Vaishanvi Mata Mahila Bachat Gat	53,367.00
48	Sonje Sanjay G	11,27,424.00
49	S & S Enterprises	10,500.00

50	Suprim Construction	1,64,887.00
51	Vaibhav Enterprises	5,23,912.00
52	Varma N. K.	1,63,11,918.00
53	Vasant Construction Co.	32,76,229.00
54	Vishnu Karbhari Datir	1,820.00
55	Wadekar Manoj	5,28,919.00
56	Yashashree Enterprises	5,59,030.00

2.3. Provisions & Other Liabilities

Rs. 12,52,71,49,040.86

(Account Code - 3110000)

Following table shows the various Provisions & Other liabilities made by the Corporation during the year;

Sr. No.	Particulars	Amount Rs.	
1	Amount Payable to Government		3,94,81,26,453.81
1.1	All Recoveries on Behalf of Govt.	3,76,36,75,732.24	
1.2	State Govt, State Govt Cesses Levies in Taxes - Control Account	19,06,90,413.00	
1.3	TDS Service Tax & WCT	(62,39,691.43)	
2	Employee Liability		36,45,44,139.80
2.1	Benefits Payable to Staff	80,39,611.00	
2.2	Pension Payable	12,08,58,774.00	
2.3	Salary & Wages Payable All	22,51,45,071.20	
2.4	Honorarium Payable	18,15,575.60	
3	Employee Liability Others		89,27,850.00
3.1	Collected From Other Divisions (Payable)	1,21,371.00	
3.2	Contribute Providend Fund (CPF-Loan)	8,12,727.00	
3.3	Flag Day Contribution	79,93,752.00	
4	Liability to Citizen		1,48,23,959.00
4.1	Liability to Citizen- Others	1,49,42,012.00	
4.2	Refunds Payable to Public	247.00	
4.3	Advance Collection of Revenues	(1,18,300.00)	
5	Other Liabilities		5,92,29,36,825.65
5.1	Accumulated Provisions Against Bad & Doubtful Receivable	40,49,98,694.00	
5.2	Provision for Decline in Value of Invest-Interest	95,83,152.00	
5.3	Provision for Decline in Value of Invest-Principal	8,68,90,098.00	
5.4	(Provision for Other Assets (Doubtful)	2,65,35,362.00	
5.5	Fees & User Charges Receivable -Add FSI	5,03,26,65,810.00	
5.6	Property / Water / MTS Tax Receivable Account	36,01,79,747.20	
5.7	Excess Revenue Collected	20,83,962.00	
6	Provisions & Deductions		2,27,67,17,662.60
6.1	Bills for Utilities/ Services	1,65,35,210.00	
6.2	Deduction	35,45,048.71	



6.3	Deduction From Salary on A/c of Govt. Taxes	29,24,426.00	
6.4	Deduction From Salary Payable to Municipal Fund	2,12,26,28,045.53	
6.5	Deduction From Salary Payable to Res. Institution	13,86,80,343.36	
6.6	Provision for Expenses	(75,95,411.00)	
Grand Total			12,52,71,49,040.86

Amount mentioned in Accumulated Provisions Against Bad & Doubtful Receivable as per 5.1 of above table consists of provisions for bad and doubtful assets amount Rs. 4,049.99 Lakhs, accrued interest on investments and investments with Shriram Bank & Balaji Bank amount Rs. 964.73 Lakhs, and other doubtful assets amount Rs. 265.35 Lakhs. Further, reversal of provision so created above w.r.t recovery in fixed deposits with Balaji Bank in FY 2018-19 is not recorded. Further, it was observed that closing balance of Tax Deducted at Source u/s 194J amounting Rs. 170.731 Lakhs was shown as receivable, where no explanation was available in this regard. Further, Tax Collected at Source amounting Rs. 1.44 Lakhs was shown as receivable. Similarly, closing balance of Service Tax Payable amounting Rs. 58.44 Lakhs was shown as receivable. In addition, amount mentioned in All Recoveries on Behalf of Govt. as per 1.1 of above table consists of Residential Tax payable which seems to be excess paid or short recovered since this ledger had debit balances of Rs. 53.09 Lakhs. Further, multiple ledgers for TDS on GST were created, which created imbalance in various ledger balances, as follows;

Sr. No.	Ledger Head	Amount Rs.
1	GST TDS	2,22,672.00 Cr.
2	G.S.T. TDS Payable	91,62,184.80 Dr.
3	Tax Deducted at Source (CGTDS1%)	2,32,28,663.80 Cr.
4	Tax Deducted at Source (IGTDS2%)	48,336.00 Cr.
5	Tax Deducted at Source (SGTDS1%)	18,28,300.80 Cr.

Further, it was observed that EPF 13.36% being NMC Contribution of having opening debit balance of Rs. 176.32 Lakhs was not net-off against the credit balance of "Deduction from Salary Payable to Municipal Fund All", however this has not affected the fair view of the balance sheet.

Account Note – Contingent Liabilities

Contingent Liabilities

Rs. Nil

As per the previous audit report the amount of Contingent Liabilities stood at Rs. 2,749.32 Lakhs. However, the same has not been considered or disclosed in the financial statements in current year. According to the previous report 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. 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. 76,36,97,48,775.35
Gross Block	Rs. 92,80,28,50,639.15
(Account Code - 4010000)	
Less: Accumulated Depreciation	<u>Rs. 47,20,23,08,281.88</u>
(Account Code - 3030000)	
- Net Block	Rs. 45,60,05,42,357.27
Capital Work-in-Progress	<u>Rs. 30,76,92,06,418.08</u>
(Account Code - 4020000)	
- Total Fixed Assets	Rs. 76,36,97,48,775.35

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

2. Investments (Account Code - 4030000)	Rs. 22,13,65,94,487.10
2.1. Accrued Interest on Investments	Rs. 25,18,40,736.90

(Account Code - 4030500)

The above amount pertains to the interest accrued on the investments of general funds and earmarked funds of the Corporation in FDR with banks. However, Corporation should have shown accrued interest on the earmarked funds amounting Rs. 2,199.54 Lakhs separately. Further, accrued interest arising on sweep deposit is not considered due to which income on investment and accrued interest receivable is understated to that extent.

2.2. Investment Other	Rs. 22,87,00,000.00
(Account Code - 4030801)	

It includes the amount invested in Shares of Nashik Engineering Cluster amount Rs. 797.00 Lakhs and Nashik Mahanagar Parivahan Mahamandal Ltd. amount Rs. 1,490.00 Lakhs of which only Rs. 10.00 Lakhs is against authorized share capital while the balance amount Rs. 1,480.00 Lakhs paid to them is wrongly classified as investment in share of Nashik Mahanagar Parivahan Mahamandal Ltd, instead of treating it as Grant Paid for operations/purchase of assets etc. In addition, details of investments in Nashik Municipal Smart City Development Corporation Ltd. were not available for verification. Further, the share certificates of the investment in shares were not produced for verification. Hence, we are not able to comment on the title of the shares in name of the corporation.



2.3. Equity Shares
Rs. 5,81,654.00

(Account Code – 4030800)

As per previous report, the above amount pertains to purchase of hydraulic platform from Akash Enterprises recorded as Shares Purchased. To the extent Investments are overstated & Fixed Assets along with its depreciation are understated.

2.4. Sweep FD
Rs. 10,73,40,47,087.82

The balances were derived from the bank statements. However, the bank balance confirmation for the deposit under Sweep account was not available for verification. Hence, we are not able to comment on same. Please refer Annexure VI for detailed comments on the same.

2.5. Term Deposits with Bank
Rs. 10,92,14,25,008.38

(Account Code – 40303__000)

It includes various deposits invested for Earmarked Funds and Unutilized General Funds of the corporation in following manner;

Sr. No.	Particulars	Amount in Rs.	
1.	General Funds – Investments		1,30,05,37,938.00
	General Deposits	1,30,05,37,938.00	
2.	Earmarked Funds – Investments		9,62,08,87,070.38
	Sarva Sadharan Nidhi	1,08,11,54,956.20	
	Fire Tax	41,98,00,000.00	
	Karmukta Karz Rokhi	50,00,000.00	
	Labour Welfare Fund	6,18,00,000.00	
	Mayor Fund	12,94,000.00	
	Provident Fund	1,43,06,45,059.00	
	Rugnata Sahaya Fund	2,84,11,000.00	
	Sinking Fund	34,64,60,720.00	
	Vehicle Depreciation Fund	63,63,50,000.00	
	Vetan Rakhiv Nidhi	2,04,89,25,000.00	
	Building Depreciation Fund	45,29,35,838.00	
	DC Pension Fund	17,50,00,000.00	
	Development Fund	91,67,00,000.00	
	Machinery Depreciation Fund	19,63,23,000.00	
	Pension Fund	3,89,00,000.00	
	VRN (Infrastructure Project)	1,75,00,00,000.00	
	SJSRY (S.C.)	2,60,000.00	
	COVID 19	3,09,27,497.18	
Total			10,92,14,25,008.38

Physical verification of fixed deposits are done on test check basis.

3. Current Assets

Rs. 1,30,09,73,597.73

3.1. Closing Stock

Rs. 2,10,94,374.00

(Account Code – 4040000)

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

3.2. Sundry Debtors

Rs. 1,27,98,79,223.73

(Account Code – 4050000)

Detailed summary is attached as Annexure to the Schedule which shows bifurcation of receivables ageing into three and five years respectively. However, balances of Receivables for Property Taxes amount Rs. 7,876.26 Lakhs, Receivable of Other Taxes amount Rs. 4,036.61 Lakhs, Receivables of Cess, Fees and User Charges amount Rs. 4,699.23 Lakhs, Receivables from Government amount Rs. (7,430.74) Lakhs and Rent Receivable amount Rs. 0.75 Lakhs are carried forwarded as it is from previous years. 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 respect of receivables of property taxes, water taxes, other taxes, etc. were not provided by 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 provisions 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. 88,72,87,891.99

(Account Code – 4050100)

It consists of property tax receivables from citizens. The details about year wise bifurcation of the arrears of taxes receivables as on 31.03.2022 were not made available. These receivables are overstated to the tune of provisions not made at the rates as prescribed in the National Municipal Accounting Code.

3.2.2. Receivable from Government

Rs. (74,30,74,228.78)

It consists of various amount received as Social Economical & Cast Survey Income, Grants & Special Grants. It is observed that Amount received as Grants & Special Grants is credited to Grant receivable from government (Sundry Debtors) instead of treating it as earmarked funds and social economical & cast survey as Income.

3.2.3. Cess, Fee & User Charges Rece.

Rs. 46,95,78,528.22

(Account Code – 4050300)



3.2.4. Other Taxes Receivables Rs. 40,36,61,195.25

(Account Code – 4050200)

The details about year wise bifurcation of the arrears of taxes receivables as on 31.03.2022 were not made available for the above balances. These receivables are overstated to the tune of provisions not made at the rates as prescribed in the National Municipal Accounting Code.

Further, it also consists of Octroi receivables where it is observed that Octroi ledger consist of Rs. 33.69 Lakhs received from Bosch Mico & Rs. 0.32 Lakhs received from Lalwani which is not recorded as income and wrongly credited to Octroi receivables. In addition, Konark (Salary of Hire Staff Receive) is having opening credit balance from FY 2013-14 of Rs. 2.70 Lakhs where explanation is not made available to us. Further, Diesel and Petrol worth Rs. 14.43 Lakhs purchased in FY 2018-19 from Hindustan Petroleum Corporation Limited, charged to Expenditure account twice in FY 2018-19, is shown as payable to Octroi payable ledger of Hindustan Petroleum Corporation Limited, due to this the receivables are understated since FY 2018-19, while the expenditure in FY 2018-19 is overstated.

Following is Octroi receivables ledgers which are due for more than a couple of years;

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	Sai Auto Care	60,000.00

Proper classification of Receivables along with their ageing not provided to us for verification. Hence, we couldn't comment on same.

3.2.5. Other Sources Rs. 7,08,52,365.05

(Account Code – 4050501)

It consists of Rent receivable amounting Rs. 0.75 Lakhs carried forwarded from previous years which is overdue for unduly long period of time. Further amount Rs. 707.77 Lakhs was recorded as General Fund Receivable which consist of untraceable receipts, which is resolved in timely basis as and when traced. These amounts are recorded as income against the challan generated during the year. During the year

4. Loans & Advances (Account Code – 4080000) Rs. 2,41,51,69,276.00

4.1. Advances to Contractors & Suppliers Rs. (2,77,57,012.00)
 (Account Code – 4080300)

4.1.1. Mylan Pharmaceuticals Pvt Ltd. Advance Rs. 70,00,000.00

The above amount pertains to the mobilization advance paid to the company for purchase of medicine required for the Covid-19 pandemic.

4.1.2. JNNURM Advance Rs. (5,67,13,425.00)

As per the available data the above amount is receivable/payable from/to 7 parties as per the following list given below extracted from the Schedules attached to the Balance Sheet. It also contains amount Rs. 92.90 Lakhs, receivable which is given as Mobilization Advance under JNNURM for which no list is available. 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 Pvt. Ltd.	7,59,904.00
2	New Banas Construction	11,49,044.00
3	Pawar Patkar Construction Pvt. Ltd.	(4,55,00,000.00)
4	S M S Paryavaran Ltd	3,74,366.00
5	Samarth Arcade Pvt Ltd	(24,987.00)
6	Sanap R.G.	3,29,169.00
7	My Associate	(45,11,250.00)
8	Mobilisation Advances	(92,89,671.00)
Total		(5,67,13,425.00)

4.1.3. Mobilization Advance Other Rs. 21,58,925.00

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

S.No.	Name of the Party	Amount (Rs.)
1	Gleg Engineers	(42,37,208.00)
2	S. S. Magare	70,000.00
3	Mangaldas Infrastructure & Civil Eng.	10,54,000.00
4	My Associates	65,11,250.00
5	Gogad P. P.	(47,22,794.00)
6	Sanap R. G	31,70,831.00
7	Sulabh International	(5,55,004.00)
8	Vasant Construction Co.	(34,50,000.00)
Total		(21,58,925.00)

These amounts are given to the contractors & suppliers as mobilization advance from general funds of the corporation. Vendor at Sr. No. 1, 5, 7 & 8 of the above table should have been classified into creditors, hence to

that extent creditors & loans & advances is understated. Advances payable to the contractors should be adjusted against the advance's receivables.

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

This amount belongs to the steel advances given to Anand Construwel Pvt Ltd as mobilization advance. This amount is brought forwarded as it is from previous years.

4.1.5. Public Works Rs. 9,43,204.00

It consists of the advance payable to Gleg Engineers Rs. 7.83 Lakhs and Pawar Patkar Construction Pvt. Ltd. Rs. 1.60 Lakhs These advances are carried forwarded as it is from previous years. Advances payable to the contractors should be adjusted against the advance's receivables.

4.1.6. Mobilization Advance Sinhashtha Rs. 1,48,10,391.00

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

S.No.	Name of the Party	Amount (Rs.)
1	Anand Construwel (Advance Sinhashth)	(22,60,000.00)
2	Gogad P.P. (Advance Sinhashth)	44,33,436.00
3	Khakal S. B. (Advance Sinhashth)	21,00,000.00
4	Luthara Vinod & Associates (Advance Sinhashth)	(17,839.00)
5	Pawar Patkar Construction Pvt Ltd (Advance Sinhashth)	(1,13,438.00)
6	Sulabh International (Advance Sinhashth)	1,06,68,232.00
Total		1,48,10,391.00

4.2. Deposits with External Agency Rs. 9,83,15,490.00
(Account Code - 4080500)

4.2.1. Corpus Fund City Managers Assoc. of Maha. (CMAM)

Rs. 2,50,000.00

It consists of the corpus paid to City Managers Association of Maharashtra (referred as CMAM), against the membership seat taken at CMAM.

4.2.2. Electricity Deposits Rs. 8,86,20,771.00

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. Details of the deposits were not made available to us for verification; hence we could not comment on it.

4.2.3. Telephone Deposits Rs. 60,623.00

It includes the amount of deposits with Bharat Sanchar Nigam Limited.

4.2.4. Security Deposit (NHAI) Rs. 33,41,921.00

This amount refers to the deposit amount paid to National Highway Authority of India in the financial year 2017-18.

4.2.5. Water (Deposits with external agency)

Rs. 41,46,000.00

It refers to the amount of security deposit with the Water Resource Department (Patbandhare) deposited in the year 2019-20.

4.2.6. Deposits with external agency Rs. 18,96,175.00

It includes the value of deposits with Maharashtra State Electricity Distribution Company Limited.

4.3. Loans & Advances to Employees Rs. (12,49,17,515.00)
(Account Code - 4080100)

4.3.1. Conveyance Rs. 57,55,133.00

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 inadequate accounting process and in some cases, funds lying idle with employees without generating any revenue. 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 -

S. No.	Particulars	Amount in Rs.			
		Opening Balance	New Advance	Submitted document for old advance	Closing Balance
1	Additional Manager Swimming Pool-Satpur (Advance)	10,000.00	-	-	10,000.00
2	Additional Manager Swimming Pool-Satpur (Advance)	10,000.00	-	-	10,000.00
3	Ajay Kamod (Advance)	15,000.00	-	-	15,000.00
4	Anand Tanaji Bhalerao	13,893.00	-	-	13,893.00
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	Belgovkar S. J. (Advance)	20,576.00	-	-	20,576.00
9	B. G. Mali (Advance)	76,640.00	-	-	76,640.00
10	Chief Account Officer (Advance)	3,12,084.00	-	-	3,12,084.00
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	Gaikwad D.B. (Advance)	65,387.00	-	-	65,387.00
19	Gaikwad Nirmala Manglu (Advance)	50,000.00	-	-	50,000.00
20	Gate G Umesha (Advance)	22,538.00	-	-	22,538.00
21	Gavali N S. (Vehical Officer) (Advance)	6,67,872.00	-	-	6,67,872.00
22	Girish Bhimaji Aher (Advance)	25,000.00	-	-	25,000.00
23	Impal Ghanshyam R. (Advance)	93,782.00	-	-	93,782.00
24	Jadhav D.M. (Advance)	1,13,173.00	-	-	1,13,173.00
25	Joglekar Chandrakant (Advance)	50,000.00	-	-	50,000.00
26	Joshi Milind Madhukar (Advance)	10,000.00	-	-	10,000.00
27	Junnare Mangesh Gajanan (Advance)	42,471.00	-	-	42,471.00
28	Kurnawal Vasuda (Advance)	2,68,648.00	-	-	2,68,648.00
29	Magar P.B. (Advance)	478.00	-	-	478.00
30	Mahajan A.C. (Advance)	1,94,583.00	-	-	1,94,583.00
31	Manager Drama Theater (Advance)	27,000.00	-	-	27,000.00
32	Mhaske Nitin P. (Advance)	93,782.00	-	-	93,782.00
33	More Prakash Supadu (Advance)	58,922.00	-	-	58,922.00

34	Nagpure Vijay Gopalrao (Adv)	93,782.00	-	-	93,782.00
35	N.D.Patil (Advance)	2,00,000.00	-	-	2,00,000.00
36	Pagare Mahendra Kumar Dinkar	2,01,417.00	-	-	2,01,417.00
37	Pagare Mahendrakumar Dinkar (Advance)	2,00,000.00	-	-	2,00,000.00
38	Pawar U.B. (Advance)	1,00,000.00	-	-	1,00,000.00
39	Pimpale Mangesh S. (Advance)	93,782.00	-	-	93,782.00
40	Project Officer (UNDP) (Advance)	1,02,000.00	-	-	1,02,000.00
41	Raju Vilas Patil (Adv)	93,782.00	-	-	93,782.00
42	Ramakant R Khare (Advance)	93,782.00	-	-	93,782.00
43	R.D. Dharankar (Advacne)	-28,252.00	-	-	-28,252.00
44	Salve P.B.(Advance)	8,067.00	-	-	8,067.00
45	Shelke Sanjay Digambar (Advance)	40,706.00	-	-	40,706.00
46	Shinde B.S. (Advance)	21,501.00	-	-	21,501.00
47	Shingote N M (Advance)	44,004.00	-	-	44,004.00
48	Shirsath Sunil B. (Advance)	50,000.00	-	-	50,000.00
49	Sonawane P.M. (Advance)	-8,145.00	-	-	-8,145.00
50	Thakur Sandesh Madhukar (Advance)	20,000.00	-	-	20,000.00
51	Thorat S.R. (Advance)	19,890.00	-	-	19,890.00
52	Treasurer (Advance)	7,48,951.00	-	-	7,48,951.00
53	Vanjari S.R.(Advance)	40,000.00	-	-	40,000.00
54	Vasave Sudhakar N. (Advance)	10,000.00			10,000.00
55	Wadekar S.D (Advance)	-9,405.00			-9,405.00

b. Submitting / Not Submitting partial documents for the opening advances and/or taking new advances

Amount in Rs.					
S. No.	Particulars	Opening Balance	New Advance	Submitted document for old advance	Closing Balance
1	Thakare Mohan Shivram	27,323.00	5,00,000.00	-	5,27,323.00

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

It refers to the amount of advances given to employees on the revision of salaries as per the recommendation under 6th Pay Commission. However, it is observed that excess amount is being recovered from the employees.



4.3.3. Computer Advance Rs. 4,51,379.00

Corporation had given interest free computer advances of Rs. 0.20 Lakhs 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. (2,52,25,842.00)

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. During the current year corporation had paid Rs. 479.07 Lakhs fresh advance. However, fundamentally, there cannot be credit balance of festival advances, accordingly, management should reconcile the balances of advances receivable or payable from or to employees and amount recoverable should be recovered at the earliest, while for the amounts payable should adjusted against the advances taken by the employees. Further, the list of the advances receivable from employees was not provided to us for verification.

4.3.5. Housing Loan Rs. (14,35,44,402.00)

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 the balance of the advance receivable has turned negative since opening. Further, the advances receivable from employees was not provided to us for verification.

4.3.6. Vehicle Advance Rs. (60,83,789.00)

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. Loan files for vehicle loans to employees were not made available for verification, therefore we cannot comment on the end use of the loan provided to the employees. Further, the amount of interest is not recorded separately as income, due to this the closing year-end balance of the ledger is seen as payable, which actually is not payable to anyone. The amount of interest not shown separately 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 the balance of the advance receivable has turned negative since opening. Further, it was observed that the amount recovered in cash is not recorded in the system while it is recorded in the register maintained, due to this there is also differences in the actual balances receivable than that reported. Further, the 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. However, during the year there was no recovery made in this account. Further, the list of the advances receivable from employees was not provided to us for verification.

4.3.8. Refund Employee Salary & Advance Rs. 14,30,674.00

It consists of various rectification entries recorded against wrong, excess or short deduction of various loans & wrong payment of employee salary. Since details with respect to same was made available to us we could not comment on it.

4.3.9. General Advance Rs. 4,15,78,854.00

For the above advance no list was provided from whom these advances were receivable. Further, it was observed that these amounts were unduly carried forwarded from a very long period.

4.3.10. Raju Kute (Advance) Rs. 3,50,000.00

The above amount is receivable from the employee since previous year against Swachata Abhiyan. This amount of advances should be adjusted against the amount payable to employees, or should be recovered from them at the earliest.

4.3.11. Prakash Supadu More Rs. 4,325.00

During the year employee has submitted above employee has submitted bills for expenses amounting Rs. 1.15 Lakhs, while has taken new advance for Rs. 0.50 Lakhs. Further, it was observed that, there was two different ledgers created for the above-named employee.

4.4. Provident Fund Loans Rs. 1,71,10,75,751.00

(Account Code – 4080200)

It includes the amount of loan provided to employees against the provident funds of the respective employees.

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 from previous 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. 3.2 lakhs, to Executive Engineer amount Rs. 0.03 Lakh for project & National Highway Authority of India of Rs. 19.11 Lakhs.

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

It consists of amount kept with collector office deposit for land acquisition.

4.8. 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.

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

It consists of the amount of security deposits paid to the Courts for the cases filed.

5. Other Assets Rs. 3,09,64,983.54

5.1. Accumulated Provision against loan, advance & deposits

Rs. 1,27,274.00

5.2. Accumulated Provision against debtors Rs. 62,54,353.00

The above balances are brought forwarded as it is from previous years. The details of the same were not made available, hence we cannot comment on the same. These balances should be adjusted against the payable balances if any and should be dealt after proper authorization from the concerned department.

5.3. Appeal fees paid under protest Rs. 1,39,34,344.00
 The above amount is the fees paid under protest to High Court for appeal filed against the order of the Trial Court in previous year.

5.4. Amount Paid Against Court Cases Rs. 1,05,30,592.00
 It consists of amount paid as advance to the Advocates representing the Corporation in various court cases against/of the Corporation. This amount of advances paid to the Advocates should have been treated as Professional Fees Paid under the Administrative Expenses.

5.5. TDS on FDR Rs. 1,18,420.54
 Income earned by Municipal Corporations are exempt by the virtue of Article 243W of the Constitution of India. Accordingly, the ULB should have given necessary documents for non-deduction of TDS. Hence Corporation should recover the amount from the Bank or from Income Tax Authorities.

6. Prepaid Expenses Rs. 20,13,533.00
 This amount pertains to the Prepaid Insurance for Vehicles, paid in February 2019. These expenses should have been written off in the previous year 2019-20. Since, the prepaid expenses pertains to previous year, the assets side is overstated and the same extent the balance of Municipal Funds are also overstated.

7. Bank Accounts and Cash in Hand Rs. 5,16,70,87,911.50
 (Account Code - 4100000)

Bank Accounts Rs. 5,16,70,87,911.50
 The Cash in Hand Balances as on 31st March 2022 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 even after being reconciled it is showing credit balances. 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. A 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. 1,84,73,38,962.62

(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	2,33,07,575.00	1.26%
2	Consolidated Taxes (Service Tax Recd.)	19,32,595.00	0.10%
3	Local Body Tax	48,82,41,374.62	26.43%
4	Performance & Show All	17,35,709.00	0.09%
5	Dogs Tax	6,36,210.00	0.03%
6	Drainage Tax	18,87,60,653.00	10.22%
7	Education Tax	5,66,95,795.00	3.07%
8	Fire Tax	3,75,78,374.00	2.03%
9	General Sanitary Tax	11,34,38,423.00	6.14%
10	General Tax	61,46,78,034.00	33.27%
11	Professional Tax	1,05,73,750.00	0.57%
12	Street Tax	9,44,96,669.00	5.12%
13	Taxes on Special Cleaning Charges	8,889.00	0.00%
14	Tree Plantation Tax	2,08,29,362.00	1.13%
15	Waste Management Service	5,654.00	0.00%
16	Fire Department HO Outstations Services Income	1,69,916.00	0.01%
17	TDR Infrastructure Fees	90,36,317.00	0.49%
18	Hardship Premium Fees	4,04,95,196.00	2.19%
19	Drainage Permission Fees	6,55,11,803.00	3.55%
20	Property Revenue Tax HO	34,88,305.00	0.19%
21	Water Benefit Tax	7,57,18,359.00	4.10%
Total of all Taxes		1,84,73,38,962.62	100.00%

Performance & Shows All fees are classified as under tax revenue instead of classifying 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. On verification on sample basis, it is observed that in Sr. No. 1 of above table Advertisement Income it seems that Advertisement expenses Rs. 4.82 Lakhs incurred by the Corporation is reduced from its Advertisement Income due to which Advertisement Income & Advertisement Expenses is understated to that extent.

2. Rental Income from Municipal Properties **Rs. 8,75,81,289.00**
 (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	7,04,784.00	0.80%
2	Rent From Land	63,30,045.00	7.23%
3	Rent Income All	8,05,46,460.00	91.97%
Total		8,75,81,289.00	100.00%

Amount received against NMC Land BoT Fees, however the purpose for the same was not explained to us.

3. Fees & User Charges **Rs. 4,50,40,28,272.87**
 (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	1,78,80,02,455.77	39.70%
2	Entry Fees	39,62,993.00	0.09%
3	Fees for Certificate or Extract	16,03,278.00	0.04%
4	Fees Received	6,71,70,503.00	1.49%
5	Fines & Penalties	9,88,92,510.00	2.20%
6	Licence & N.O.C. Fees	1,39,25,168.00	0.31%
7	Regularization Fees	3,68,550.00	0.01%
8	Services / Administrative Charges	1,65,96,502.00	0.37%
9	User Charges & Testing Charges	2,51,02,24,238.55	55.73%
10	Fees of Grant for Permit	32,82,074.55	0.07%
Total		4,50,40,28,272.87	100.00%

On sample verification it was observed that following cheque return transaction is recorded as Sweep Deposit created. Some instances is as follows:

Sr. No.	Date	Particulars	Amount Rs.
1	20-11-2021	NMC Fire Prevention Sweep FDR	9,64,149.00
2	28-06-2021	NMC Fire Prevention Sweep FDR	1,37,500.00

Further, it is also observed that Cheque cleared amounting to Rs. 574.83 Lakhs as Fire Prevention Certificate Charges Income is recorded as Sweep Deposit matured. Hence due to this Income & Sweep Deposit is under stated to the tune of same.

It is observed that Sr. No. 8 Service & administration charges consists of Rs. 11.78 Lakhs which is collected in December 2021 as 5% NMC share on Street Lights where it should have been classified it as Other Income, since NMC's share of Income for other months is recorded under Other Income.

In Sr. No. 5 Fines & Penalties it consists of payment of Rs. 113.11 Lakhs & Rs. 1.29 Lakhs which is offset against Fines & Penalties Incomes explanation with respect to same was not available.

Sr. No. 9 consists of FSI revenue where provision is made for 50% of FSI collection during the year which is payable to government during the year which amounts to Rs. 16,650.45 Lakhs whereas collection of FSI during the year is Rs. 33,316.25 Lakhs which deviates with the provision of 50% for which explanation is not made available to us.

4. Sale & Hire Charges

Rs. 1,57,22,232.00

(Account Code - 1060000)

The above amount includes amount earned from sale of various forms, publication and dog batch amounting to Rs. 0.29 Lakhs, and from sale of scrap, stores amount Rs. 156.93 Lakhs.

5. Revenue Grants, Contributions & Subsidies

Rs. 10,99,97,68,343.00

(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	1,06,297.00	0.00%
2	Reimbursement of Expenses	-1,10,13,019.00	-0.10%
3	Judiciary Grant	2,78,050.00	0.00%
4	Other Revenue Grant	4,00,000.00	0.00%
5	GST Grant Received from Govt.	11,01,00,00,000.00	100.09%
6	Dearness Allowances	-12,985.00	0.00%
7	Revenue Grant contribution	10,000.00	0.00%
Total		10,99,97,68,343.00	100.00%

On test check basis we have observed that Sr. no. 6 consists of Rs. 0.13 Lakhs paid as dearness allowance which is wrongly classified under Revenue Grants, Contributions & Subsidies. Further, Sr. No. 2 Reimbursement of expenses consists of Rs. 110.13 Lakhs paid to Police Department for the providing Security during encroachment. However, said expenses should have been booked under encroachment expenses under head Fees, User Charges & Fine. Hence to the tune of same Revenue Grants, Contributions & Subsidies & Fees, User Charges & Fine is understated.

6. Income from Investments **Rs. 93,00,28,133.89**
(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. Further, Rs. 3,623.14 Lakhs being amount of interest earned on Earmarked Funds was credited to Income instead of Earmarked Funds. Further, it also consists of Interest paid on paid to Govt. Of Maharashtra Rs. 92.96 Lakhs on Scheme "Amrut Yojana (Sewage II)" which should have been reduced from earmarked funds instead of reducing it from Interest earned on deposit. Hence to the tune of same earmarked fund is overstated and interest earned on deposit is understated.

7. Interest Earned (Account Code – 1080000) **Rs. 6,09,52,398.50**

7.1. Interest on loan to other Additional FSI Rs. 2,16,44,633.50

7.2. Interest on Tax Rs. 39.00

7.3. Interest on Bank Accounts Rs. 3,93,07,726.00

(Account Code – 1080100)

It pertains to the interest earned on various savings accounts under different schemes of the corporation, during the current financial year. In Sr. No. 7.3 Interest on Bank Accounts consists of Interest earned on earmarked funds amounting to Rs. 257.09 Lakhs which should have been classified as earmarked funds.

8. Other Income **Rs. 20,95,20,492.79**

(Account Code – 1100000)

Other Income comprises majorly of charges collected by the corporation under the head 'Other' amounting to Rs. 512.33 Lakhs where description or particulars is not mentioned which amounts to Rs. 338.88 Lakhs, it also comprises of Royalty (Wastages) amounting to Rs. 1578.86 Lakhs. Grant returned of Swachha Bharat Abhiyan amount Rs. 4.02 Lakhs which should have been reduced from Revenue Grant paid. Further, Other Income also comprises of Incomes which could have been classified according to their nature same is tabulated as follows:

Sr. No	Particulars	Amount (Rs.)	Nature of Revenue
1	LBT Tax Revenue	12,24,000.00	Tax Revenue
2	Encroachment non-tax revenue	5,200.00	Fees, User Charges & Fine
3	Mutton License & Renewal fees	400.00	Fees, User Charges & Fine
4	Mahatma Phule Jan Arogya Yojana	31,66,785.00	Grants
5	Contractor Advance	84,702.00	Advances
6	Computer Advance	1,500.00	Advances

9. Increase/(Decrease) in Inventory

Rs. Nil

(Account Code – 4040000)

It pertains to the store's consumption during the current year. We have not physically verified the stock in hand. The balance of inventories is carried forwarded from previous years since FY 2017-18. Details of the stores were not provided to us by the concerned departments during the audit procedures. Following is the department-wise value of the inventories held;

Sr. No	Particulars	Opening Bal.	Consumption	Closing Bal.
1	Electrical Stores	1,11,95,149.00	-	1,11,95,149.00
2	Printing & Stores	18,25,228.00	-	18,25,228.00
3	Solid Waste Management Department	70,808.00	-	70,808.00
4	Solid Waste Management (Process) Department	57,51,917.00	-	57,51,917.00
5	Store Department	14,71,832.00	-	14,71,832.00
6	Water Supply	3,05,492.00	-	3,05,492.00
7	Information Technology	4,73,948.00	-	4,73,948.00
Total		2,10,94,374.00	-	2,10,94,374.00
Figures in brackets are consumption by the respective department, while the others are the purchase/increase in the inventory.				

B. 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. However, considering the bulk quantum of entries and the weak internal control procedures, the discrepancies in the entries of cash book cannot be ruled out. Test checked vouchers revealed below mentioned discrepancy;

- In case of payment to contractor, payment voucher is not prepared; payment is made on basis of running bill itself.
- 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.
- e) 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.
- f) 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
(Account Code – 2020000)

Rs. 1,60,92,96,150.80

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	Advertisement & Publicity	3,06,16,295.00	1.90%
2	Books and Periodicals	28,200.00	0.00%
3	Communication Expenses	2,55,471.00	0.02%
4	Electricity Charges	88,63,42,026.00	55.08%
5	Fees Paid	26,58,80,187.00	16.52%
6	Insurance	33,23,348.00	0.21%
7	Office Expenses	2,17,30,335.00	1.35%
8	Printing & Stationery	39,13,972.00	0.24%
9	Professional & Other Fees	3,18,05,561.00	1.98%
10	Rents Rates & Taxes	19,59,52,945.00	12.18%
11	Telephone Charges.	55,05,207.00	0.34%
12	Travelling & Conveyance	2,51,51,353.80	1.56%
13	Water Bill	13,21,19,006.00	8.21%
14	Chief Minister Relief Fund	66,72,244.00	0.41%
15	Electricity Charges	88,63,42,026.00	55.08%
Total		1,60,92,96,150.80	100.00%

While verification on sample basis it was observed that, amount Rs. 66.72 Lakhs paid as Donation to Chief Minister Relief Fund, from the amounts deducted from salaries of the employees in the Corporation was claimed as expenditure, which is not an actual expenditure of the corporation, due to this the expenditure and liabilities of the Corporation are overstated.

Further, in Electricity Charges at Sr. No. 4 amount Rs. 506.23 Lakhs should have been recorded as Prior Period Item. Moreover, it was observed that the provision for the current year electricity charges were not made sufficiently in the books.

Further, in Insurance at Sr. No. 7 it was observed the prepaid expenses that included insurance expenses were not written off, moreover, the pre-paid insurance paid in current year was charged to the expenditure account.

Further, in Registration Fees under Professional & Other Fees at Sr. No. 10, amount Rs. 40.89 Lakhs being Insurance of NMC vehicles were recorded instead of recording it under Insurance at Sr. No. 7.

Further, in Office Expenses at Sr. No. 8 includes amount Rs. 23.30 Lakhs recorded as rent paid for vehicles should have been recorded as Vehicle Rent under Rents, Rates and Taxes at Sr. No. 11.

Further, in Rebate/Discount/Grants Refund under Rents, Rates and Taxes at Sr. No. 11, amount of Rs. 1,092.04 Lakhs was pertaining to grants refunded back to the government for three scheme which should have been adjusted against the unutilized balances of the respective grants, rather than recording them as expenses. Accordingly due to this expenditure and liabilities are overstated. Further, Rebate/Discount/Grants Refund also include amount Rs. 1.76 Lakhs which should have been reversed to the Rental Income from Municipal Properties, as it pertains to the refund against the income from the rental of premises.

2. Establishment Expenses

Rs. 4,79,72,86,275.16

(Account Code - 2010000)

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

Sr. No.	Particulars	Amount (Rs)	Share in %
1	Allowances	4,06,704.00	0.01%
2	Benefits	1,03,56,675.00	0.22%
3	Contributions	23,600.00	0.00%
4	Honorarium	36,55,18,757.16	7.62%
5	Pension & Terminal Benefits	1,23,75,34,009.00	25.80%
6	Salary	3,17,24,00,011.00	66.13%
7	Wages	1,10,46,519.00	0.23%
Total		4,79,72,86,275.16	100%

It was observed that salary paid during the year includes arrears in salary amounting Rs. 303.22 Lakhs, which should have been recorded as Prior Period Item. Further, amount Rs. 1.03 Lakhs was reported as payable for Housing Rent Allowance; accordingly, the expenditure is understated.

3. Repairs & Maintenance of Fixed Assets

Rs. 1,58,71,10,115.77

(Account Code - 2040000)

It includes various expenses incurred for the maintenance of fixed assets. However, while verification on sample basis it was observed that, amount Rs.

532.81 Lakhs paid for Supply, Design, Development, Implementation and Hosting of Intelligent Transportation Management System for Corporation were recorded under Computer (Repairs) instead of capitalizing the same under Softwares.

Further, Corporation has entered into PPP concession agreement dated 6th of August 2019 for Implementing Smart LED Street Lights in Lieu of Rights of Sharing Energy Savings on Public Private Partnership with T P Luminiare Private Limited under Design, Build, Finance, Operate, Maintain, Monetize & Transfer. As per the clause no. 33.2 Transfer of Assets (Exit Management) of the agreement "till the date of expiry or notice of termination of the agreement after which the assets have to be transferred to NMC", there is creation of assets over the period of time. Accordingly, amount Rs. 1,991.41 Lakhs treated as repairs expenses in Street Lighting (Repairs) under Public Lighting (Repairs), should have been classified as Capital work in process and capitalized once contract period is over.

4. Interest & Finance Expenses Rs. 81,16,847.21

(Account Code - 2030000)

It includes the amount of bank charges for account operating, bank guarantee charges and other charges. This amount also includes amount Rs. 73.35 Lakhs paid back to the Government of Maharashtra being interest earned on the ideal funds lying with the Corporation. This amount of interest should have been charged to the Specific Earmarked Funds. Accordingly, the expenditure and the earmarked funds are overstated. Further, amount Rs. 1.18 Lakhs paid for CRISIL Rating was charged to Interest & Finance Expenses instead of charging it to Professional Fees Expenses under Administrative Expenses.

5. Revenue Grants, Contributions & subsidies Rs. 64,46,50,119.61

(Account Code - 2070000)

It includes the contributions given to primary school board, grants to public institutions and funds distributed from the General Funds.

6. Reserves Fund & Miscellaneous Expenses Rs. 2,23,09,833.00

(Account Code - 2090000)

It includes various miscellaneous expenses incurred during year. It was observed that these expenses could have been classified under Administrative Expenses (Account Code - 2020000), depending upon the nature of the expenses incurred. For instance, amount for sterilization and vaccination of stray dog within Corporation Limit should have been classified under Purchase of Operations & Program Implementation Expenses.

7. Purchase of Operations & Program Implementation Rs. 1,33,63,58,641.32

(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	12,69,79,033.00	9.50%
2	Election Expenses	2,38,759.00	0.02%
3	Funeral Free of Cost	4,01,56,385.00	3.00%
4	Operating & Maintenance Expenses	82,51,35,278.00	61.75%
5	Own Programme	11,65,062.00	0.09%
6	Pollution Control Centre	7,07,875.00	0.05%
7	Programme Expenses	7,14,270.00	0.05%
8	Purchase of Consumables	8,71,648.00	0.07%
9	Purchase of The Material for Distri.to Public	33,95,80,041.32	25.41%
10	Purchase of Water for Supply	8,10,290.00	0.06%
Total		1,33,63,58,641.32	100.00%

While verification on sample basis it was observed that, in the Cleaning Expenses at Sr. No. 1, amount Rs. 9.09 Lakhs pertaining to Advertisement were recorded, which should have been recorded in Advertisement Expenses under Administrative Expenses. Similarly, amount Rs. 240.72 Lakhs where material purchased for Malaria Dept. which should have been recorded under Purchase of Consumables at Sr. No. 8.

Further, amount Rs. 32.74 Lakhs paid for Robotic Multipurpose machine was charged to revenue account instead of capitalizing the same.

Further, amount Rs. 1.62 Lakhs was charged to Patients Laundry instead of charging it to the Printing & Stationery under Administrative Expenses.

8. Depreciation Rs. 3,97,59,52,122.70
 (Account Code – 2060000)

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

C. Excess of Income over Expenditure Rs. 4,67,38,60,019.10

It is net balance being surplus carried over to Municipal funds.

Notes to Accounts for the Financial Year 2021-22

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 2022 covers the following:

1. Income –

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

- 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.

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.

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'.

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 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. 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 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 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 physical verification of the fixed assets. During the current year total Rs. 85,067.35 Lakhs of fixed assets were added of which Rs. 176.20 Lakhs 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. Further, it was observed that the assets created from the specific grants received from governments for such asset creation are not separately disclosed out.
3. All the qualification by the previous auditor 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."
4. Variation in opening balance of asset as compared to previous year's closing balance adjusted with other assets
 - a. Rs. 803.20 Lakhs pertaining to the assets under Machinery Compost Project group of assets was taken under the Compost Project Equipments.
 - b. Rs. 304.38 Lakhs pertaining to the assets under Storm Water Drains and Rs. 18.45 Lakhs pertaining to the assets under Underground Drainage was taken under the Sewerage Gas Base Power Plant (STP) totalling to Rs. 322.58 Lakhs.

- c. Rs. 3,479.18 Lakhs pertaining to the assets under Other Building group of assets was taken under Building and Premises All and Building and Premises Other amounting Rs. 3,439.66 lakhs and Rs. 39.53 Lakhs respectively.
- d. Rs. 17.21 Lakhs pertaining to the assets under Computer & printer all group of the assets was taken under the Vehicle All.
5. Year-wise excess depreciation charged
- Following tables shows the amount of excess depreciation charged in different financial years;

Sr. No.	Financial Year	Amount
1	2015 - 16	46,57,94,286.75
2	2016 - 17	41,04,94,968.31
3	2017 - 18	48,34,41,782.75
4	2018 - 19	63,63,08,615.56
5	2019 - 20	82,49,18,507.78
6	2020 - 21	1,21,36,48,554.50
7	2021 - 22	2,12,84,01,789.66
Total Excess Depreciation Charged		6,16,30,08,505.31

Accordingly, for the current year, Depreciation for amount Rs. 21,284.02 Lakhs is excess charged, due to which the income over expenditure is understated. Further, from FY 2015 - 16 to FY 2021 - 22, total amount of depreciation Rs. 61,630.09 Lakhs is excess charged in the financials of the Corporation.

6. Further, accumulated depreciation up to 31st March 2022 should have been Rs. 4,10,197.75 Lakhs, while the same as per the books is Rs. 4,72,023.08 Lakhs. Due to this the value of the Fixed Assets is undervalued in the books of the Corporation, as shown below;

Sr. No.	Particulars	Amount in Lakhs.
1	WDV Value required to be reflected	Rs. 5,17,592.09
2	WDV Value as reflected in the books	Rs. 4,56,005.42
3	Amount of Undervaluation due excess charge of Depreciation of the period from FY 2015 - 16 to FY 2021 - 22	Rs. 61,586.67

7. Further, we are unable to comment on the additions in the Fixed Assets that are not capitalized or that may be charged to the Revenue Expenditure i.e. charged to Income & Expenditure Statement.

Annexure VI – Bank, Bank Statements and Bank Reconciliations

1. Following are some instances where there is difference in bank balance as per Corporation Day Book and as per Bank Statement as on 31.03.2022

Sr. No.	Particular	Balance as per Bank Statement (amt. in Rs.)	Balance as per day book (amt. in Rs.)	Remarks
1	Amrut Yojana (Sevage I) UBI A/c No. 596902050000011	14,34,637.90	2,43,39,860.90	As explained to us bank reconciliation is in process.
2	Amrut Yojana (Drainage II) A/c No. 002194600000281	2,33,966.36	7,12,792.64	
3	NMC GST UBI A/c No. 596901010050800	33,43,546.00	4,10,53,13,764.00	
4	NMC PMAY Yes Bank 002194600000236	3,22,536.60	13,70,912.40	
5	General Fund / Vetan Rakhiv Nidhi (10980257127)	18,69,720.60	1,43,93,314.10	
6	Loan A/c. (9887)/ 20105102314	1,24,195.03	8,93,39,523.03	
7	NMC Fire Prevention Certificate Fund (34320815087)	1,04,357.00	1,02,45,744.00	
8	NMC JNNURM Underground Sewer A/c No. 17660100017221	22,417.85	1,10,91,600.85	
9	Octroi Bk Of Maha (60102510475)	1,28,87,022.93	1,28,90,120.93	

2. Following are some instances of bank accounts in which differences in balances has aroused due to Sweep FD Balances.

Sr. No.	Particular	Balance as per Bank Statement (amt. in Rs.)	Balance as per day book (amt. in Rs.)	Difference
1	Bank of Maharashtra LBT (60133858915)	11,21,84,767.80	10,02,80,477.80	1,19,04,290.00
2	15th Finance WSM UBI A/c No. 596901110000002	20,29,41,313.00	40,09,41,313.00	19,80,00,000.00
3	Amrut Yojana (Green Space) UBI A/c No. 596902050000010	12,33,293.90	1,17,33,293.90	1,05,00,000.00

4	Amrut Yojana (Sevage II) UBI A/c No. 596902050000012	12,67,293.90	32,67,293.90	20,00,000.00
5	NMC Basic Services Dev UBI A/c No. 596902050000004	12,66,313.00	38,82,66,313.00	38,70,00,000.00
6	NMC Dalitetar VSY Nidhi UBI A/c No. 596902050000005	13,51,929.90	2,58,51,929.90	2,45,00,000.00
7	NMC Nilgiribag WTP YBI A/c No. 596902050000008	12,01,689.90	27,01,689.90	15,00,000.00
8	NMC Paryatan Nidhi UBI A/c No. 596902050000006	14,77,635.00	34,77,635.00	20,00,000.00
9	NMC Smart Light Escrow UBI A/c No. 596901110000004	29,11,792.00	4,69,11,792.00	4,40,00,000.00
10	NMC Alpa Sankhy Fund A/c No. 117610018216	56,511.18	18,22,511.18	17,66,000.00
11	NMC DPDC Land Acquisition UBI A/c No. 596902050000009	14,49,273.90	8,39,49,273.90	8,25,00,000.00

3. Following are some instances of bank accounts where bank statements were not available for verification.

Sr. No.	Particular	Balance as per Tally	Balance as per Day Book
1	NMC Navinyapurna Yojana A/c No. 117610018261	27116654.25	27116654.25
2	J.N.N.U.R.M. Solidwaste Man Dep. Fund (31271953941)	19788000.00	19788000.00
3	NMC PMAY SBI A/c No. 39242287057	14933603.50	14933603.50
4	Amrut Yoj. (Green Space) Yes Bk A/c No. 2194600000250	22346267.72	22346267.72
5	NMC Add FSI Premium A/c Yes Bk. 2194600000575	17433170.35	17433170.35
6	NMC Smart City Nidhi A/c No. 2194600000141	6399136.86	7558527.80
7	Shri Ram Co-Op Bank- Current A/C	26535362.00	26535362.00



Annexure VII – Variation in Financial Statements and Schedules prepared as per NMAM as compared previous year

1. Revenue from Fixed Hawkers Licence Fees & Hawkers Daily Rent taken in FY.2020-21 under sub head user charges (User charges, Fines & Penalties) but in FY.2021-22 it is taken under sub head License and N.O.C fess (User charges, Fines & Penalties).
2. 5% Street Light NMC charges consider in Fees, User charges & Fines in FY.2021-22 however in FY.2020-21 this was recorded in other income.
3. In FY.2020-21, Statutory Reserves are Rs.18273 but in FY.2021-22 it shows as Water Supply Reserve Fund. (Schedule C)
4. In FY.2021-22 NMC ISI Plan Grant showed under sub head Other Govt Agencies but in FY.2020-21 it showed separately. (Schedule D)
5. In FY.2020-21 Grant Sinhanstha GOM showed under sub head Other Govt Agencies but in FY.2021-22 it showed separately. (Schedule D)
6. Excess Income Received for Which Challan not Prepared is showed under Provision for other assets (Other Liabilities) in FY.2020-21 but in FY.2021-22 it showed as separate sub-head. (Schedule I)
7. In FY.2021-22 Unreconciled FDR balance wrongly considered in Sweep FD which should have been consider in NMC Development Fund.

Annexure - VIII - Ratio Analysis

Sr. No. Financial Ratio

INCOME RATIOS

Sr. No.	Financial Ratio	Method of Computation	Year		Increase / Decrease	Description of Ratio
			Current	Previous		
1	Tax Revenue to Total Income	$\frac{\text{Tax Revenue} \times 100}{\text{Total Income}}$	9.90	7.33	35.15%	These Ratios depicts the share of each income in the Total Income of the ULB
2	Assigned Revenue and Compensation to Total Income	$\frac{\text{Assigned Revenue and Compensation} \times 100}{\text{Total Income}}$	-	0.00048	-100.00%	
3	Revenue Grants, Contributions & Subsidies to Total Income	$\frac{\text{Revenue Grants, Contributions \& Subsidies} \times 100}{\text{Total Income}}$	58.96	66.08	-10.77%	
4	Rental Income from Municipal Properties to Total Income	$\frac{\text{Rental Income from Municipal Properties} \times 100}{\text{Total Income}}$	0.47	0.40	17.58%	
5	Fees & Other Usage to Total Income	$\frac{\text{Fees \& Other Usage} \times 100}{\text{Total Income}}$	24.14	16.90	42.89%	
6	Sales of Forms & Publication to Total Income	$\frac{\text{Sales of Forms \& Publication} \times 100}{\text{Total Income}}$	0.08	0.05	86.12%	
7	Interest Income to Total Income	$\frac{\text{Interest Income} \times 100}{\text{Total Income}}$	5.31	8.87	-40.10%	
8	Deposits Forfeited to Total Income	$\frac{\text{Deposits Forfeited} \times 100}{\text{Total Income}}$	-	-	NA	
9	Other Income to Total Income	$\frac{\text{Other Income} \times 100}{\text{Total Income}}$	1.12	0.38	194.30%	
						Higher share of an individual Income in the total income shows a high dependability on that source and therefore a high risk. The ULB should try and develop other sources of income to reduce this risk

Sr. No. Financial Ratio

EXPENSES RATIO

Method of Computation

Year
Current Previous

Description of Ratio

Increase/
Decrease

10	Establishment Expenses to Total Expenditure	$\frac{\text{Establishment Expenses} \times 100}{\text{Total Expenditure}}$	34.31	33.15	3.51%
11	Administration Expenses to Total Expenditure	$\frac{\text{Administration Expenses} \times 100}{\text{Total Expenditure}}$	11.51	12.51	-8.01%
12	Operations & Maintenance to Total Expenditure	$\frac{\text{Operations & Maintenance} \times 100}{\text{Total Expenditure}}$	9.56	7.89	21.18%
13	Repairs & Maintenance of Assets to Total Expenditure	$\frac{\text{Repairs & Maintenance of Assets} \times 100}{\text{Total Expenditure}}$	11.35	8.75	29.71%
14	Interest Expenses to Total Expenditure	$\frac{\text{Interest Expenses} \times 100}{\text{Total Expenditure}}$	0.06	0.00	2352.90%
15	Revenue Grants, Contribution & Subsidies to Total Expenditure	$\frac{\text{Revenue Grants, Contribution & Subsidies} \times 100}{\text{Total Expenditure}}$	4.61	4.71	-2.09%
16	Miscellaneous Expenses to Total Expenditure	$\frac{\text{Miscellaneous Expenses} \times 100}{\text{Total Expenditure}}$	-	-	NA
17	Provision for Overdue Property Tax & Rent Receivable to Total Expenditure	$\frac{\text{Provision for Overdue Property Tax & Rent Receivable} \times 100}{\text{Total Expenditure}}$	-	-	NA
18	Depreciation to Total Expenditure	$\frac{\text{Depreciation} \times 100}{\text{Total Expenditure}}$	28.44	32.87	-13.48%
NET INCOME RATIO					
19	Cash Surplus/Deficit to Total Income	$\frac{\text{Cash Surplus/Deficit} \times 100}{\text{Total Income}}$	46.37	50.98	-9.04%

Note: Cash Surplus/Deficit = Difference between operating receipts and operating expenses excluding depreciation

These ratios depict the share of each expenses in the Total Income of the ULB. The ULB should try and keep these ratios as low as possible so that a higher surplus can be earned. However, this should not be at the sacrifice of the service to Employee

This ratio indicates the cash surplus or deficit generated as a percentage to the total income of the ULB

Sr. No.	Financial Ratio	Method of Computation	Year		Increase/ Decrease	Description of Ratio
			Current	Previous		
<u>EFFICIENCY RATIO</u>						
20	Gross Tax & Rent Receivable Note: Average Gross Tax Receivable = (Opening Receivables + Closing Receivable) ÷ 2	$\frac{\text{Average Gross Tax Receivable} \times 365}{\text{Demand for Property Tax raised during year}}$	238.48	337.20	-29.28%	These ratio indicates the average number of days for which the receivable are outstanding on an average. The ULB should try to keep these days low.
21	Operations & Maintenance to Gross Fixed Assets	$\frac{\text{Operations \& Maintenance} \times 100}{\text{Gross Fixed Assets at the year end}}$	1.71	1.18	45.47%	These ratio indicates expenses incurred towards repairs and maintenance as a percentage of gross block of fixed assets. Although this is an essential expenses to keep the assets in good working conditions, higher ratio indicates either bad maintenance or inefficient usage of the assets or frequent repairs to the same asset both of which needs to be investigated
22	Interest Expenses to Loan	$\frac{\text{Interest Expenses on Loan} \times 100}{\text{Loan From Bank \& Other Financial Institution}}$	-	-	NA	This ratio indicates that the range of interest expenditure on loans availed by the ULB. The ULB should compare this with other ULB's and government bodies to ensure that loans are availed at competitive rates
<u>LEVERAGE RATIO</u>						
23	Debt Equity Ratio	$\frac{\text{Loans} \times 100}{\text{Net Worth}}$	-	-	NA	This ratio measures the use of debt finance as a percentage to own funds of the ULB
24	Interest Coverage Ratio	$\frac{\text{Surplus} + \text{Depreciation} + \text{Interest (Including Interest Capitalised)} + \text{A appropriations}}{\text{Interest (Including Interest Capitalised)}}$	1,066.66	29,495.15	-96.38%	This ratio indicates the comfort level with which the ULB can meet its interest burden. This ratio is very important from lender's point of view
25	Debt Service Coverage Ratio	$\frac{\text{Surplus} + \text{Depreciation} + \text{Interest (Including Interest Capitalised)} + \text{A appropriations}}{\text{Debt Installments to be paid during next year} + \text{Interest (Including Interest Capitalised)}}$	-	-	NA	This ratio indicates the comfort level with which the ULB can service its debt installments and meet its interest burden. This ratio is very important from lender's point of view
Note: Since the ULB does not have any loans being repaid in regular equated monthly installments, this ratio has not been calculated						

Note: Since the ULB does not have any loans being repaid in regular equated monthly installments, this ratio has not been calculated

Sr. No.	Financial Ratio	Method of Computation	Year		Increase / Decrease	Description of Ratio
			Current	Previous		
<u>INVESTMENT RATIO</u>						
26	Interest on Investments	$\frac{\text{Interest Earned / Accrued} \times 100}{\text{Total Investments}}$	4.29	7.76	-44.69%	This ratio indicates the range of interest earned on investment made by the ULB. The ULB should compare this with other ULB's and Government bodies to ensure that investments are made at best rates
27	Current Assets to Current Liabilities	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.62	1.07	-41.74%	
<u>ASSETS RATIO</u>						
28	Fixed Assets to Total Assets	$\frac{\text{Fixed Assets} \times 100}{\text{Total Assets}}$	86.39	88.38	-2.25%	This ratio indicates the share of fixed assets in the total assets of the ULB.
<u>PERFORMANCE RATIO</u>						
29	Income per Citizen (in Thousand of Rs.)	$\frac{\text{Total Income}}{\text{Total Nos. of Employee of ULB}}$	9.64	8.18	17.77%	This ratios indicates average income earned, average expenditure and average profit incurred as per Employee and per Employee of the ULB. These ratios should be compared with other ULB and government bodies to benchmark the performance of the ULB with others.
30	Expenditure per Citizen (in Thousand of Rs.)	$\frac{\text{Total Expenditure}}{\text{Total Nos. of Employee of ULB}}$	7.22	5.98	20.86%	
31	Surplus/Deficit per Citizen (in Thousand of Rs.)	$\frac{\text{Total Expenditure}}{\text{Total Nos. of Employee of ULB}}$	2.41	2.21	9.38%	

This ratio indicates the range of interest earned on investment made by the ULB. The ULB should compare this with other ULB's and Government bodies to ensure that investments are made at best rates

This ratio indicates the ability of ULB to meet its obligations in the short run, usually one year.

This ratio indicates the share of fixed assets in the total assets of the ULB.

This ratios indicates average income earned, average expenditure and average profit incurred as per Employee and per Employee of the ULB. These ratios should be compared with other ULB and government bodies to benchmark the performance of the ULB with others.

Comments to Annexure V- Ratio Analysis

INCOME RATIOS

1. Tax Revenue to Total Income-
 This ratio depicts the share of revenue generated from the total income of the Corporation through collection of various taxes which includes Advertisement tax, Property Tax, Octroi, Dog Tax etc. It shows that there is 35.15% increase as compared to previous year. Tax revenues being core income holds 9.90% of the total income of the corporation of the which is a good sign of non-dependency over other income.
2. Revenue Grants, Contributions & Subsidies to Total Income-
 This ratio depicts the share of Revenue Grants, Contributions & Subsidies received to the total income of the Corporation through free funeral scheme, ICDS Grants, Local fund cess etc. The above revenues are booked as and when received and there is decrease of 10.77% as compared to previous year and it currently has 58.96% share of total income.
3. Rental Income from Municipal Properties to Total Income-
 This ratio depicts the share of rental income generated to the total income of the Corporation from Leases, Vehicle (Garbage Contractor), Octroi Naka etc. 17.58% increase in its share of rental collection and has a share of 0.47% of total income.
4. Fees & Other Usage to Total Income-
 This ratio depicts the share of fees & other usage to total income of the Corporation from Betterment charges, Building permission charges, Development charges, Investigation and Scrutiny charges, Mobile tower permission fees, Unauthorised construction charges, Gunthevari development charges. Revenue generated as compared to previous year has raised to Rs. 45,040.28 Lakhs from Rs. 26,200.00 Lakhs which is approx. Raise of 42.89%. There has been a substantial growth observed in the income derived from the collection of Fess & other Usage.
5. Sales of Forms & Publication to Total Income-
 This includes revenue generated from Sale of Tender form, Publication & Dog batch, Compost, Scraps. It holds 0.08% of total income of corporation and there is increase of approx. 86.12% as compared to previous year.
6. Interest Income to Total Income-
 This ratio depicts the share income earned through Interest on savings accounts, Interest on taxes collected, Interest on mobilisation of funds. It holds 5.31% of total income of the corporation. There is downfall of 40.10% as compared to previous year.
7. Other Income to Total Income-
 This ratio depicts the share of revenue earned through Royalty, Wastage (Royalty) & Other income to total income of the Corporation. It holds about 1.12% of total income. Corporation should not be dependent on these sources of incomes. Although, there is increase of its share in total revenue by 194.30%. A drastic growth has been observed, and it is noteworthy that this surge can be directly attributed to the substantial increase in royalty earnings.



EXPENSE RATIOS

8. Establishment Expenses to Total Expenditure-

It depicts the share of expenses to run the establishment to total expenses of the Corporation. It includes expenses such as salary and various allowances & benefits, honorarium, pension & terminal benefits & wages. It holds 34.31% which is the major share of expenses. It has increased by 3.51% as compared to previous year.

9. Administration Expenses to Total Expenditure-

It depicts the share of administrative expenses to run the establishment to total expenses of the Corporation. It includes expenses which are routine in nature like Advertisement & publicity, books & periodicals, communication expenses, electricity expenses, insurance, office expenses, printing & stationery, rents rates & taxes, telephone charges, water bill and professional fees. There is a decrease of 8.01% in operating revenue of the Corporation. It holds 11.51% of total expenses as compared to 12.51% in previous year.

10. Operations & Maintenance to Total Expenditure-

This ratio depicts the share of Operations & Maintenance to total expenses of Corporation, it holds about 9.56% of total expenses. It consists of Election expenses, cleaning charges, funeral expenses, purchases of materials for various programmes & consumables etc. Corporation should try and keep these ratios as low as possible so that a higher surplus can be earned. It has been noted that there is a noteworthy increase of 21.81% in operation & maintenance expenses compared to the ratio observed in the previous year.

11. Repairs & Maintenance of Assets to Total Expenditure-

This ratio depicts the share of Repairs & Maintenance to total expenses of Corporation, it holds about 11.35% of total expenses. It consists of Repairs of building & premises, bridges, equipment's, crimation, flyovers, fountains, gardens, market & lands etc. Corporation has managed to reduce these expenses; this should not be at the sacrifice of the service to citizens.

12. Revenue Grants, Contribution & Subsidies to Total Expenditure-

It shows the share of various revenue grants, contribution & subsidies given by Corporation against total expenses of corporation. Corporation has granted various contribution to primary school, grants to public institution & curing various diseases. In current year such contribution has decreased by approx. 2.09% and holds around 4.61% of total expenses. Corporation should ensure that such contribution is utilised for welfare of citizens.

13. Provision for Overdue Property Tax & Rent Receivable to Total Expenditure-

Since Corporation has not made sufficient provisions for overdue of property tax & rent receivable it is not possible to compute this ratio.

14. Depreciation to Total Expenditure-

Depreciation-Expense Ratio is measured as a percentage, the lower the percentage the stronger the ratio. The Depreciation-Expense Ratio intimates the amount of income that is

required to maintain the capital being used by the corporation. Presently corporation has ratio of 28.44% against the previous year's ratio of 32.87% in its total expenses. i.e. the reduction of approx. 13.48% of its share.

NET INCOME RATIOS

15. Cash Surplus/Deficit to Total Income-

The cash flow to net income ratio, sometimes referred to as cash flow yield, is calculated by dividing the operating cash flow of the business by its net income. This ratio measures the ability of a business to generate cash from its operations and ideally should be greater than 1.00. Since cash is an objective measure, the ratio is also used to indicate the quality of the earning. Presently Corporation has good Cash to total income ratio of 46.37.

EFFICIENCY RATIO

16. Gross Tax & Rent Receivable-

Accounts Receivables Turnover ratio is also known as debtor's turnover ratio. This indicates the number of times average debtors have been converted into cash during a year. This is also referred to as the efficiency ratio that measures the Corporation's ability to collect revenue. Corporation currently has ratio of 238.48 as compared to 337.20 in previous year. Corporation should keep this ratio as lower as possible.

17. Operations & Maintenance to Gross Fixed Assets

This ratio indicates expenses incurred towards repairs and maintenance as a percentage of gross block of fixed assets. Although this is an essential expense to keep the assets in good working conditions, higher ratio indicates either bad maintenance or inefficient usage of the assets or frequent repairs to the same asset both of which needs to be investigated.

The Corporation should try and keep these ratios as low as possible so that a higher surplus can be earned. However, this should not be at the sacrifice of the service to citizen. Corporation currently has ratio of 1.71

LEVERAGE RATIO

18. Debt Equity Ratio-

Debt-to-equity (D/E) ratio is used to evaluate a corporation's financial leverage and is calculated by dividing a company's total liabilities by its shareholder equity. D/E ratio is an important metric in corporate finance. It is a measure of the degree to which a corporation is financing its operations with debt rather than its own resources. The optimal debt-to-equity ratio will tend to vary widely by industry, but the general consensus is that it should not be above a level of 2.0.

19. Debt Service Coverage Ratio-

The debt service coverage ratio, known as "debt coverage ratio", is the ratio of operating income available to debt servicing for interest, principal and lease payments. It is a popular benchmark used in the measurement of an entity's ability to produce enough cash to cover its debt payments.



INVESTMENT RATIOS

20. Interest on Investments-

This ratio plays a vital role in making investment decisions. It is yield deriving from an investment. Corporation should take sufficient measures to keep these ratios higher as possible, however risk attached with same should not be ignored. Currently corporation is earning 4.29% on its investments.

LIQUIDITY RATIOS

21. Current Assets to Current Liabilities-

Current ratio is a comparison of current assets to current liabilities, calculated by dividing your current assets by your current liabilities. The current ratio is a liquidity ratio that measures a corporation's ability to pay short-term obligations or those due within one year. Higher the current ratio, the more capable a corporation is of paying its obligations because it has a larger proportion of short-term asset value relative to the value of its short-term liabilities. However, though a high ratio—say, more than 3.00—could indicate that the Corporation can cover its current liabilities three times, it also may indicate that it is not using its current assets efficiently, securing financing very well, or properly managing its working capital.

Currently corporation is having stable current ratio of 0.62 as compared to 1.07 in previous year.

ASSETS RATIOS

22. Fixed Assets to Total Assets-

Fixed-assets-to-net-worth ratio is a financial analysis technique that shows in percentage terms the portion of corporation's total assets that is tied up with fixed assets. It shows the extent to which the corporation's funds are frozen in the form of fixed assets, such as property, plant and equipment. It represents the portion of total assets that cannot be used as working capital. A low ratio is indicative of greater solvency because the lower the ratio becomes; the more funds are available to meet current obligations. The higher the ratio becomes, the lower your solvency, since more funds are tied up with fixed assets.

Presently corporation has Fixed to Total Assets ratio of 86.39.

PERFORMANCE RATIOS

1. Income per Citizen (in Thousands of Rs.)

This ratio indicates the average income earned per citizen residing under the ULB limits. The average income earned per citizen in current year was Rs. 9.64 thousand which had increase by approx. 17.77% as compared to previous year's Rs. 8.18 thousand.

2. Expenditure per Citizen (in Thousands of Rs.)

This ratio indicates the average expenditure incurred per citizen residing under the ULB limits. The average expenditure incurred per citizen in current year was

Rs. 7.22 thousand which had increased by 20.86% as compared to previous year's Rs. 5.98 thousand.

3. Surplus/Deficit Citizen (in Thousands of Rs.)

This ratio indicates the average surplus / deficit per citizen residing under the ULB limits. The average surplus / deficit per citizen in current year was Rs. 2.41 thousand which had decreased by 9.38% as compared to previous year's Rs. 2.21 thousand.


Chief Accounts & Finance Officer
Nashik Municipal Corporation, Nashik.



