

Eravur Urban Council

Batticaloa District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 29 May 2012 and the financial statements for the preceding year had been presented on 07 June 2011. The report of the Auditor General for the year under review was issued to the Chairman of the Council on 17 August 2012.

1.2 Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the Eravur Urban Council had maintained proper accounting records for the year ended 31 December 2011 and except for the effects on the financial statements of the matters referred to in my report forwarded to the Chairman, the financial statements have been prepared in accordance with Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Eravur Urban Council as at 31 December 2011 and the financial results of its operations and cash flows for the year then ended.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

The following observations are made.

- (a) Provision for replacement reserve in respect of fixed assets had not been made in the accounts.
- (b) Value of stores in hand as at the end of the year under review had been shown at book value and not at the physically verified value.

2. **Financial and Operating Review**

2.1 **Financial Results**

According to the financial statements presented, the excess of revenue over recurrent expenditure of the Council for the year ended 31 December 2011 amounted to Rs 948,124 as compared with the excess of revenue over recurrent expenditure amounting to Rs 4,603,116 for the preceding year.

2.2 **Revenue Administration**

2.2.1 **Estimated Revenue, Actual Revenue and Arrears of Revenue**

Information on estimated revenue, actual revenue and the arrears of revenue in respect of the year under review as presented by the Chairman is given below.

| Item of Revenue | Estimated | Actual | Cumulative Arrears as at 31 December |
|---------------------|-----------|---------|---|
| ----- | ----- | ----- | ----- |
| | Rs.000' | Rs.000' | Rs.000' |
| (i) Rates and Taxes | 1,961 | 2,180 | 9,688 |
| (ii) Lease Rent | 3,026 | 4,192 | 2,673 |
| (iii) Licence Fees | 896 | 1,011 | 1,000 |
| (iv) Other Revenue | 1,262 | 545 | 990 |

2.2.2 **Court Fines**

Courts fines receivable as at 31 December 2011 from the Chief Secretary of the Provisional Council and other authorities amounted to Rs. 1,481,851

3 **Systems and Controls**

Special attention is needed in respect of following areas of control.

- (a) Collection of Revenue
- (b) Advances.
- (c) Maintenance of Fixed Assets.
- (d) Budget.