

## **NOTES TO THE ACCOUNTS (AHMEDABAD MUNICIPAL CORPORATION)**

### **A ) . BASIS OF PRESENTATION**

Preparation of Statement of Revenue, Expenditure and Changes in Fund Balances and Balance Sheet requires reliance to be placed on certain assumptions and information provided by the corporation. Reliance was also placed on the various records, registers and data made available from various zones and departments. The following are the methodologies and assumptions adopted for the preparation of the same:

#### **1 ) INCOMES/REVENUES AND EXPENDITURE:**

- i) Information on Income as presented is as per the actual amount received from all the zones/departments of AMC. This income has been reconciled with the Annual Receipts and Payments Statement(Varshik Hisab) prepared by AMC.
- ii) The income from Property Tax and related taxes, Vehicle Tax and Theatre Tax is based on the demands raised during the year and by giving effect for write up, write off and discount for the same.
- iii) Income under heads other than Property Tax and related taxes, Vehicle Tax, Theatre Tax and Interest on Investment are accounted for on receipt basis.
- iv) In absence of availability of bifurcation of expenses incurred for each fund, the same are booked in the profit and loss account of general fund only.

#### **2 ) FIXED ASSETS:**

- i) Fixed Assets figures represents valuation of the assets identified and measured as on 31 March, 2011 and additions during the year 2011-12. The information for the additions during the year is taken from bills and annual accounts (Varshik Hisab)

- ii) During the year Nagarpalikas including gram Panchayats within its jurisdiction were merged with AMC. The assets and liabilities of these local bodies have not been incorporated in this balance sheet. However the assets of these Nagarpalikas also include certain infrastructures which were funded by AUDA (Ahmedabad Urban Development Authority) and are capitalized in the balance sheet of AUDA and hence not included in assets of AMC. As per the explanations given AUDA would initiate the process of transfer of these assets in the financial year 2011-12.
- iii) Fixed Assts Registers of AMC have been collated and updated. Depreciation has been computed as per policy. However, this exercise is still ongoing and is likely to continue in next 2-3 years due to sheer volume in geographical spread of the assets. The data for fixed assets has been compiled based on information furnished by the various User Departments of AMC.
- iv) Majority of the assets are the ownership of AMC, however in some cases of assets acquired, received as donation etc though the physical possession of the same is with AMC the legal title has not been established. In case of certain land acquired by AMC due to non-availability of cost of acquisition the cost of such land is taken at a token value of Re.1.
- v) AMC over the years had acquired some plots of land for a total acquisition cost of Rs.15,70,66,550. However one to one identification is not yet done due to non-availability of data. The same will be updated in subsequent years.
- vi) Some assets are capitalized despite the final bill pending as these assets have completed construction/installation and are already put to use.
- vii) Trees, Museum, Art Crafts, Statues and Animal assets have not been included in the schedule of fixed assets.
- viii) Furniture and Fixtures have been included in a group of assets and not department wise to the extent data available from the purchase departments. There may be certain assets, which have not been included in the above head.
- xiii) To the extent of the above, the Fixed Assets as shown in the financial statements does not represent the complete assets of the AMC.

Based on Data provided, identified assets have been categorized in the following Groups.

**IDENTIFIED ASSETS**

**MAJOR CATEGORY**

**TYPE OF ASSETS**

**Land & Buildings**

- Plots/Vacant Plot/ Plots on Lease
- Residential Quarters
- Staff Quarters
- Slum Quarters
- Community Hall and Recreation Centre
- Community Centre
- Stadium
- Commercial Buildings
- Hospital Buildings
- Fire Brigade Building
- Crematorium and burial Ground
- Markets
- Kiosks/Shops/Stalls
- Water Overhead Tanks
- Public Places & Others

**Infrastructure Assets**

- Roads including Footpath and Dividers
- Asphatic Road
- Bridges
- Culverts
- Fountain
- Street Light
- Flyover
- Urinals
- Dhalao

Dustbin  
Lavatory Blocks  
Drainage  
Storm Water Drain  
Water Pipeline

**Furniture's & Fixtures**

Furniture & Fixtures, Fans, Air Conditioners, Coolers etc

**Computers**

Monitors, Printers, UPS and all related accessories, Software

**Plant & Machinery**

Electrical Equipment & Lamps  
Electric Cables  
Transformers  
Electric Installations  
Pipelines  
Filter Plant  
Fire Assets  
Construction Equipments  
Medical Instruments  
Other Plant & Machinery

**Vehicles**

**iii) Infrastructure Assets :** - Infrastructure assets are defined as per International Public Sector Accounting Standards (IPSAS). As per IPSAS 17, infrastructure assets are characterized by the following.

- They are a part of a system or network
- They are specialized in nature and do not have alternative uses

- They are immovable
- They may be subject to constraints on disposal

**iv) Capital Work in Progress :** - CWIP represents capital assets which are in the process of construction/ completion. We have reviewed the bills for the financial year 2011-2012 to arrive at the closing WIP as on 31<sup>st</sup> March 2012 in absence of specific data from concerned departments

**v) Leased Properties:** - Leased properties have been valued at actual cost in case of buildings and market value in case of land.

**vi) Depreciation :** Under this method, the rates of depreciation has been applied at a fixed percentage on the original cost of the Asset at the end of the year.

(a) In line with international Best Practices, the Straight Line Method of Depreciation has been applied.

(b) For all assets that qualify for depreciation, and were valued, depreciation has been provided from the      year of construction/acquisition and transferred to accumulated depreciation account of the concerned asset.

(c) Valuation for the purpose of depreciation has been done as per the significant accounting policies subject to the notes mentioned above.

(d) Current values of Qualifying Assets are now represented appropriately in the Fixed Assets Register.

(e) Assets valued at Replacement cost & Estimated cost has been depreciated considering remaining useful      life.

### 3 ) CURRENT ASSETS

i) Cash & Bank Balances : - Bank Balances shown as on March 31, 2011 are taken as per the actual bank balances Opening balances as on April 1, 2011 have been taken as per actual bank balance. However the book balance and the bank balance are not reconciled. The reconciliation differences comprises of identifiable and unidentifiable entries. There are many bank accounts, which are non-operative out of which many accounts are also closed. There are balances, which were taken from the book record at the time of conversion of Fund Based Accounting System to Double Entry cash based accounting system in 1996. The entire unreconciled balance of all the banks amounting to Rs.316801189/- are transferred to a separate “

Unreconciled Bank Adjustment Account” which will be adjusted in coming years. This unreconciled amount is reflected in schedule of bank balance of general fund.

Separate Bank Accounts are not maintained for some capital project, special revenue and trust and agency funds which are normally the practice. In such cases General Fund bank accounts are used to incur expenditure to these funds.

- ii) Arrears of Property Tax: -The Property Taxes arrears outstanding as on March 31, 2012 are based on information furnished by Tax Department. There is a change in the total outstanding balance of property tax receivable of earlier years thereby affecting a change in property tax receivable and provision for property tax. The effect of the same is adjusted against the opening general fund balance. For the current year appropriate provisions have been made as per the guidelines issued by the National Municipal Accounts Manual. During the year, after considering the recovery in property tax provision on outstanding balance is recalculated and resultant difference is routed through the Revenue and Expenditure statement.
- iii) Inventories : -
  - (a) Store/ Material is treated as part of inventories.
  - (b) Stores inventory data have been taken on the basis of information furnished by concerned departments.
  - (c) Inventory Valuations have been done on the basis of information provided by the various departments of AMC.
  - (d) There is a difference between physically stock and book stock on account of non-reconciliation & accounting treatment in the past.
  - (e) Stock of Flats (Business Types) have been valued at cost.
  - (f) The Closing stock of Central Stores and Central Workshop has been taken at actual physical stock taken by AMC. For other inventory the same is taken from AMC Final Hisab.
- v) Prepaid expenses are not calculated as on 31.03.2012.
- vi) Loan to Employees Accounts reflects a credit balance of Rs.24203312/-. Normally this account should not have a credit balance and However, in absence of previous data pertaining to loans given, the recovery from the employees results into a credit balance. The reconciliation of the same is pending.
- vii) Traveling advances of Rs.5580863/- reflects long outstanding amounts which were not booked to respective expenses in the absence of reconciliation of the same.

#### **4) Loan & Advances:-**

Loans to AMTS :

The public transport of Ahmedabad city is run by Ahmedabad Municipal Transport Service which receives a financial support from the corporation, such amount is reflected under the head "Loan to AMTS". No terms and conditions are stipulated for the repayment of such loan. Current year Receipts and Payments include income and expenses from running of CNG buses which are essentially incurred on behalf of AMTS. Hence the same have been excluded from the books of AMC and net amount is added to Loans to AMTS.

AMC has given advances of Rs.9231097462/- to AMTS which runs the public transport service in the city of Ahmedabad. These advances are used by AMTS to subsidies public transport service. AMTS is not generating revenue surplus from its operations so as to meet the operative expenses.

In view of this, the responsibility of such advance is depend upon receipt of fiscal support from any other agency. In absence of this it is difficult to quantify the realizable amount and hence any provision for probable impairment is not provided in the books.

#### **5) Zone Control Account:-**

This represents the amounts transferred to Zones for meeting their zonal expenditure. Expenses incurred by the Zones in their monthly account have been reduced from such transfers to obtain the closing balance as reflected in the financial statements. The amounts standing under the head Municipal Commissioner – Zone Bank Account represents money's transferred to bank account at the Zones and expenditure incurred.

#### **6) Long Term Liability:-**

- i) Loans from HUDCO, ICICI, NHB, State Government Loans, Loan of erstwhile Nagarpalikas, Open Market Borrowings (Public Loans), and Public Tax Free Bonds & World Bank – Loans are subject to reconciliation & confirmation. The amount due for repayment in case GMFB and State Government loans is deducted by State Government from the AMC's Share of grants payable to AMC in some cases.

The loans from government and financial institutions are secured by following:

(A) General Fund:

(1) Public Loan :

a)	12% Government Loan ( 2011)	:-	Secured by State Government Guarantee
b)	13% Government Loan (2007)	:-	Secured by State Government Guarantee
c)	11.5% Government Loan (2010)	:-	Secured by State Government Guarantee
d)	11.5% Government Loan (2010)	:-	Secured by State Government Guarantee
e)	11.5% Government Loan (2009)	:-	Secured by State Government Guarantee
f)	11.5% Government Loan (2008)	:-	Secured by State Government Guarantee

(2) Government Loan: The government loans are unsecured loans.

(B) Capital Project Fund :

(1) National Housing Bank EWS Loan:- Secured by State Government Guarantee.

(3) 6.4% Tax Free Public Bond 2004: These are secured by:

- (i) Escrow of octroi revenues from specified 10 nakas (Points) and property tax revenues receivable from western and eastern Zones
- (ii) The bonds carry a put and call option at the end of 5 years from the deemed date of allotment i.e.31.03.2004.

(4) 6% Tax Free Public Bond 2005: These are secured by:-

- (i) Trust and retention account with bank for collecting the revenues from specified revenues receivables.
- (ii) Mortgage of various plots of land of corporation



(iii) The bonds carry a put and call option at the end of 5 years from the deemed date of allotment i.e. 31.03.05.

6(ii) The amount of long term loans payable within next 12 months is

**Capital Project Fund:-**

(a) HUDCO GAP Fund Housing Rs.1224405000/-

6(iii) Interest Overdue on Government loans are:

General Fund Rs.1650340204/-

Nagarpalika Rs. 79789449/- (updated figure is not available)

**(C) Loan Of Nagarpalika :**

(i) LIC Loan : Secured By Assets of the nagarpalika

**7) Current Liabilities:-**

(i) Corporation has an unpaid liability of Rs.3283241105/- towards security deposit and other deposits. This also includes unclaimed deposits outstanding since long and which is not identifiable. These deposits comprises of Earnest Money Deposit security deposits received from contractors, retention money deducted from payments made to contractors and various other deposits like octroi deposits, Water drainage connection deposit, certain charges of town planning as per General Development Control Regulation(GDCR) & various deposits. These are subject to reconciliation with various sub ledgers and are outstanding since long out of these payables some amount might not be payable which can be determined only after the reconciliation of these amounts are done with various sub ledger.

ii) GPF / CPF / GIS Payable represents the amount deducted from salaries and remaining payable as of March 31, 2012. The same are however subject to reconciliation with the actual balance in the GPF Module maintained separately independent of the accounting software.

iii) Due of contractors / suppliers as on 31.03.12 are subject to confirmation from respective external parties.

#### **8) Provisions:-**

Total Provision for Property Tax for Rs.9515247203/- March 31, 2012 in accordance with the guidelines issued by National Municipal Accounts Manual. No provision for market rent receivable has been made as the data is not available.

#### **9) Gratuity and Superannuation:-**

Dues on account of gratuity and superannuation benefits are accounted for on cash basis. No actuarial valuation has been done to ascertain the liability.

#### **10) Merger of Nagarpalikas(Local Bodies):-**

Under a notification dated 14.02.2006 issued by Urban Development & Urban Housing Development Department (UDUHD) of Government of Gujarat, following local bodies are merged with AMC:

- (1) Bodakdev
- (2) Makarba
- (3) New Odhav
- (4) Nikol
- (5) Vastrapur
- (6) New Naroda
- (7) Thaltej
- (8) Sarkhej
- (9) Vejalpur
- (10) Chandlodia
- (11) Ghatlodia
- (12) Jodhpur

(13) Ranip

AMC merged 13 Nagarpalikas and 30 gram panchayats during the year. The Assets and Liabilities of these local bodies have been merged in the Current balance sheet on the basis of data and information made available.

**11) Estimates and Assumptions:-**

A number of estimates and assumptions relating to the reporting of assets and liabilities were used to prepare these financial statements. Actual results could differ from those estimates, besides the ones explained above based on NURM guidelines to the extent applicable.

**12) Contingent Liability, Judgment and Claims:-**

No estimate of the liability for unsettled claims has been reported. However, the contingent liability will have to be estimated by categorizing the various claims and applying a historical average percentage based primarily on actual settlements by type of claim on the basis of information provided by AMC's legal department.

**AHMEDABAD MUNICIPAL CORPORATION**  
**COMPREHENSIVE ANNUAL FINANCIAL STATEMENT**  
**PROVISIONAL COMBINED BALANCE - SHEET OF ALL FUND TYPES**  
**AS AT 31ST MARCH 2012**

( Rupees )

Particulars	General Fund	Capital Projects & Development Funds	Special Revenue Fund	Trust & Agency Funds	Grand Total
	AMC	AMC	AMC	AMC	
<b>Liabilities And Fund Balances</b>					
<b>Fund Balance</b>					
Fund	62,138,270,456	14,839,875,520	(1,163,377,508)	1,132,879,530	<b>76,947,647,998</b>
<b>Accounts Payable</b>					
Advance Grant	-	-	-	-	-
Tax Payable	470,164,988	-	-	-	<b>470,164,988</b>
Deposit Other / Security	3,283,241,105	-	-	116,456	<b>3,283,357,561</b>
<b>Accrued Liabilities</b>					
Employees Benefit Payable	-	-	-	-	-
Expenses Payable	77,266,322	-	-	-	<b>77,266,322</b>
Salary & Wages Payable & Other Statutory Liabilities	2,850,304,518	-	-	-	<b>2,850,304,518</b>
<b>Loan Liability</b>					
Secured Loan	1,224,405,000	1,676,827,000	-	-	<b>2,901,232,000</b>
Unsecured Loan	801,000,000	-	-	-	<b>801,000,000</b>
Interest payable on Unsecured Loan	1,650,340,204	-	-	-	<b>1,650,340,204</b>
<b>Due To General Fund</b>	-	2,008,032,034	1,226,375,677	283,760,937	-
<b>TOTAL LIABILITIES</b>	<b>72,494,992,592</b>	<b>18,524,734,554</b>	<b>62,998,169</b>	<b>1,416,756,923</b>	<b>88,981,313,591</b>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash & Bank Balances & Cheques On Hand	2,672,198,303	184,287,805	-	153,975,696	<b>3,010,461,804</b>
Investments , including accrued interest	2,308,981,522	-	-	-	<b>2,308,981,522</b>
Inventories	279,086,831	-	-	-	<b>279,086,831</b>
Account Receivable ( Net Of Provision )	3,260,701,291	-	-	-	<b>3,260,701,291</b>
Deposits With Other	7,773,130	-	-	-	<b>7,773,130</b>
Advance	3,059,369,381	-	-	-	<b>3,059,369,381</b>
Loan To AMTS & Others	21,510,459,545	-	-	-	<b>21,510,459,545</b>
Grant Receivable	-	9,816,839	62,998,169	-	<b>72,815,008</b>
<b>Due From Other Funds</b>	(73,269,933)	3,591,438,581	-	-	-
<b>Fixed Assets</b>					
Property , Plant & Equipments	39,469,692,522	14,739,191,329	-	1,262,781,227	<b>55,471,665,079</b>
Capital Work in Progress					
<b>TOTAL ASSETS</b>	<b>72,494,992,592</b>	<b>18,524,734,554</b>	<b>62,998,169</b>	<b>1,416,756,924</b>	<b>88,981,313,591</b>

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**AHMEDABAD MUNICIPAL CORPORATION**  
**FUND NAME : GENERAL FUNDS**  
**PROVISIONAL BALANCE - SHEET**  
**AS AT 31st MARCH 2012**

Particulars	Schedule No
<b>LABILITIES AND FUND BALANCE</b>	
<b>Accounts Payable</b>	
Contractor Payable	
Tax Payable	B-1
Deposits and Other Security	B-2
<b>Accrued Liabilities</b>	
Employees Benefit Payable	B-3
Expenses Payable	B-4
Salary & Wages Payable & Other Statutory Liabilities	B-5
<b>Loan Liability</b>	
Secured Loans	B-6 I
Unsecured Loans	B-6 II
Loan Of Nagarpalica	B-6 III
Interest Payable On Unsecured Loan	
<b>TOTAL LIABILITIES</b>	
<b>ASSETS</b>	
<b>Current Assets</b>	
Bank Balances	B-7
Cash Balance	B-8
Inventories	B-9
Accounts Receivable	B-10
Investments	B-11
Deposit With Other	B-12
Interest Accrued But Not Due	
Advances	B-13
Loan To AMTS & Others	B-14
<b>Inter Fund Balance</b>	B-15
<b>Fixed Assets</b>	
Property , Plant & Equipments	B-16
Assets capitalised in General Fund	
<b>TOTAL ASSETS</b>	
<b>FUND BALANCES ( ASSETS - LIABILITIES )</b>	

I

( Rupees )

General Fund
-
470,164,988
3,283,241,105
-
77,266,322
2,850,304,518
1,224,405,000
801,000,000
-
1,650,340,204
<b>10,356,722,137</b>
2,589,694,570
82,503,733
279,086,831
3,260,701,291
2,268,765,953
7,773,130
40,215,569
3,059,369,381
21,510,459,545
(73,269,933)
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**AHMEDABAD MUNICIPAL CORPORATION**  
**FUND NAME : GENERAL FUNDS**  
**COMBINED STATEMENT STATEMENT OF REVENUES , EXPENDITURES AND**  
**FOR THE PERIOD FROM 1-4-2011 to 31-03-2012**

Particulars	Schedule No	General Fund
<b>REVENUES</b>		
Revenue Grants	A-1	11,818,996,843
<b>Tax Revenues</b>		
Rent Rates & Taxes	A-2	6,102,313,589
Excess Provision Of Property Tax Written Back		-
<b>Non - Tax Revenues</b>		
Fees Fines & User Charges	A-3	3,159,055,195
Interest Income	A-4	242,153,016
Income From Sale	A-5	76,327,756
Misc. / other income	A-6	654,753,430
<b>TOTAL REVENUES</b>		<b>22,053,599,828</b>
<b>EXPENDITURE</b>		
<b>Administrative and General Expenses</b>		
Salary & Wages	A-7	7,257,222,757
Fees & Charges	A-8	23,718,192
Administrative Expenses	A-9	492,901,950
Grant & Programme Expenses	A-10	5,085,292,923
Repairs & Maintainance	A-11	1,378,160,222
Interest & Bank Charges	A-12	349,565,859
Electricity Charges		1,115,068,619
Stores & Consumables		543,577,292
Provision for Property Tax		754,081,572
<b>TOTAL EXPENDITURES</b>		<b>16,999,589,388</b>
<b>Profit before Depreciation</b>		<b>5,054,010,440</b>
<b>Less : Depreciation</b>		<b>1,423,301,124</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>		<b>3,630,709,317</b>
Excess / ( Deficiency ) of Current Year		3,630,709,317
<b>Fund Balances Transfer To General Fund 31st March 2012</b>		<b>3,630,709,317</b>

**AHMEDABAD MUNICIPAL CORPORATION**  
**FUND NAME : CAPITAL PROJECTS & DEVELOPMENT FUNDS**  
**COMBINING BALANCE - SHEET**  
**AS AT 31ST March 2012**

Particulars	Schedule No	964	966	78.512	78517-78515+7	78.402	78.401	78.417	78.418	78.420	78.421	78.518	78.521	64.308	86.267						(Rupees)	
		Tax Free Bond Issue -2004	Tax Free Bond Issue -2005	Hudco Housing Project For EWS	Works From GSDMA WB Assistant	GMFB Grant For UBSP Common Project	NRCP Grant	GIDC Effluent Disposal Scheme	10TH Pay Commission	13TH Pay Commission	CM Grant Suvarna Jayanti Shehri Vikas	ONGC Grant For EarthQuake	11TH Finance Commission Grant	TCIDS Project	VAMBAY Pay & Use Toilet	Development Of Zoo	JNURM	GMFB Entertainment Tax	GMFB Grant For Urban Poor	Nirmal Gujarat	Sabarmati River Shuddhikaran	(Rupees)
<b>LIABILITIES AND FUND BALANCES</b>																						
Capital Balance		-	-	299,177,588	35,711,935	108,862,369	993,500,092	204,119,648	129,816,279	297,363,678	6,360,000,000	6,233,736	215,864,744	151,212,170	32,687,969	11,676,206	5,698,986,417	120,875,544	68,862,421	104,924,724	14,839,875,520	
Current Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fund Received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Advance Grant Received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Accounts Payable		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contractor Dues		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Tax Payable	B-1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deposits & Other Security	B-2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Secured Loan		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Loan Payable	B-3	159,000,000	269,000,000	1,248,827,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,676,827,000	
Due to Other Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
General Fund		-	705,317,279	871,276,528	-	-	74,164,266	3,324,472	115820224	-	2,145,386	69,947,230	26,618,742	-	-	-	44,015,808	35,933,369	54,468,730	5,000,000	2,008,032,034	
<b>Total Liabilities</b>		<b>159,000,000</b>	<b>974,317,279</b>	<b>2,419,281,116</b>	<b>35,711,935</b>	<b>108,862,369</b>	<b>1,067,664,358</b>	<b>207,444,120</b>	<b>245,636,503</b>	<b>297,363,678</b>	<b>6,360,000,000</b>	<b>8,379,122</b>	<b>285,811,974</b>	<b>177,830,912</b>	<b>32,687,969</b>	<b>11,676,206</b>	<b>5,698,986,417</b>	<b>164,891,352</b>	<b>104,795,790</b>	<b>159,393,454</b>	<b>5,000,000</b>	<b>18,524,734,554</b>
<b>ASSETS</b>																						
Current Asset		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bank Balances	B-4	-	45,513	20,117	-	1,175	-	-	-	-	-	-	-	-	-	-	-	-	-	-	184,287,805	
Investments	B-5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Grant Receivable		-	-	-	-	-	-	-	9,816,839	-	-	-	-	-	-	-	-	-	-	-	9,816,839	
Stock In Trade		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fixed Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property, Plants & Equipments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Assets Capitalised In General Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital Work in Progress	B-6	109,471,472	974,271,766	2,419,260,999	-	75,402,369	1,067,664,358	207,444,120	245,636,503	3,036,903	3,989,630,000	8,379,122	285,811,974	177,830,912	32,687,969	-	4,708,582,266	164,891,352	104,795,790	159,393,454	5,000,000	14,739,191,329
Due From General Fund		49,528,528	-	-	35,711,935	33,458,825	-	-	-	284,509,936	2,370,370,000	-	-	-	-	11,676,206	806,183,151	-	-	-	3,591,438,581	
<b>Total Assets</b>		<b>159,000,000</b>	<b>974,317,279</b>	<b>2,419,281,116</b>	<b>35,711,935</b>	<b>108,862,369</b>	<b>1,067,664,358</b>	<b>207,444,120</b>	<b>245,636,503</b>	<b>297,363,678</b>	<b>6,360,000,000</b>	<b>8,379,122</b>	<b>285,811,974</b>	<b>177,830,912</b>	<b>32,687,969</b>	<b>11,676,206</b>	<b>5,698,986,417</b>	<b>164,891,352</b>	<b>104,795,790</b>	<b>159,393,454</b>	<b>5,000,000</b>	<b>18,524,734,554</b>



**AHMEDABAD MUNICIPAL CORPORATION**  
**FUND NAME : SPECIAL REVENUE FUND**  
**COMBINING BALANCE - SHEET**  
**AS AT 31ST MARCH 2012**

( Rupees )

Particulars	Intergraded Child Development Project Department	Shahri Kutumb Kalyan Ekam	S.C.L Hospital Post Partum Unit	L.G Hospital Post Partum Unit	Welfare Fund	Total
<b>Liabilities And Fund Balances</b>						
Fund Balance	6,760,900	(2,546,641)		10,281,521	(1,177,873,288)	<b>(1,163,377,508)</b>
Due to/(from) other Funds	2,246,727	32,845,703	13,409,959	-	1,177,873,288	<b>1,226,375,677</b>
<b>Current Liabilities</b>						
Sundry Creditors	-	-	-	-	-	-
Tax Payable						
<b>Total Liabilities</b>	<b>9,007,627</b>	<b>30,299,062</b>	<b>13,409,959</b>	<b>10,281,521</b>	<b>-</b>	<b>62,998,169</b>
<b>Assets</b>						
Bank Balances	-	-	-	-	-	-
Grant Receivable	9,007,627	30,299,062	13,409,959	10,281,521	-	<b>62,998,169</b>
<b>Total Assets</b>	<b>9,007,627</b>	<b>30,299,062</b>	<b>13,409,959</b>	<b>10,281,521</b>	<b>-</b>	<b>62,998,169</b>

**AHMEDABAD MUNICIPAL CORPORATION**  
**FUND NAME : TRUST & AGENCY FUNDS**  
**COMBINING BALANCE - SHEET**  
**AS AT 31ST MARCH 2012**

( Rupees )

Particulars	Schedule No	MLA Grant	Slum Net Working Project	Safai Kamdar Rahat Yojna	MP Grant	Contributory Scheme For Infrastructure	Education Trust Fund	Total
<b>LIABILITIES AND FUND BALANCES</b>								
Fund Balance		625427261	15,177,606		482,935,065	9,339,598	-	1,132,879,530
<b>Accounts Payable</b>								
Contractor Dues		0	-		-	-	-	-
Tax Payable	B-1	0	-		-	-	-	-
Deposits and Other Security	B-2	79869	36,587		-	-	-	116,456
<b>Due To General Fund</b>		45153544	106,978,743	108,399,735	17,275,945	5,952,970	-	283,760,937
<b>Total Liabilities</b>								
		670660674	122,192,936	108,399,735	500,211,010	15,292,568	-	1,416,756,923
<b>ASSETS</b>								
<b>Current Assets</b>								
Bank Balances	B-3	90533552	-		63,442,144	-	-	153,975,696
Investment		-	-		-	-	-	-
Interest Accrued But Not Due		-	-		-	-	-	-
<b>Fixed Assets</b>								
Property , Plants & Equipments								-
Assets Capitalised In General Fund								-
<b>Capital Work In Progress</b>	B-4	580127122	122,192,936	108,399,735	436,768,866	15,292,568	-	1,262,781,227
<b>Due From General Fund</b>		-	-		-	-	-	-
<b>Total Assets</b>								
		670,660,674	122,192,936	108,399,735	500,211,010	15,292,568	-	1,416,756,924

## **Ahmedabad Municipal Corporation F.Y. 2011-12**

### **Management's Discussion and Analysis**

The purpose of Management's Discussion and Analysis is to introduce to the citizens of Ahmedabad to the information contained in the enclosed Comprehensive Annual Financial Reports and provide an objective, easily readable, and detailed analysis of Ahmedabad Municipal Corporation's (AMC) financial activities based on known facts, decisions and conditions.

The Financial Reports for 2011-12 of the Ahmedabad Municipal Corporation represent the sixth year for which the Annual Financial Statements of Ahmedabad Municipal Corporation are being published on the basis of a fund based Accrual accounting system. The Balance Sheet up to 31.03.2011 has already been put on the website.

The financial statements consist of the following major components:

- Management's Discussion and Analysis
- Combined Financial Statements for all Fund Types
- Fund Financial Statements
- Notes to Financial Statements
- Significant Accounting Policies
- Disclaimer

### **Combined Financial Statements for all Fund Types**

The Combined Financial Statements for all Fund Types serve the purpose of providing users of these statements with a broad understanding of the AMC's financial position in a manner that is easily understandable by citizens.

### **Fund Financial Statements**

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives/activities.

In the current year and in continuation of past practice, the statements of Municipal Corporation of Ahmedabad have been prepared in terms of four different funds – the General Municipal Fund, the Capital Projects Fund, the Special Revenue Fund, and the Trust and Agency Fund.

### **Analysis of the Combined Financial Statements for all Fund Types**

In the financial statements, all activities of the city government are considered as government's activities. Technically, one should consider business type activities of the government separately, as prescribed in the Accounting Standards under which these statements are prepared. However this change has been made in order to give a clearer picture of the overall AMC activities, considering that pure commercial activities of AMC are minimal, and these cannot, considering their nature, be taken in isolation.

Over the last two years, the Net position of AMC changed as follows:

	<b>2011-12</b>	<b>2010-11</b>
Absolute Value of Net Assets ( Total Assets-Total Liabilities)	76,94,76,47,998	62,74,68,41,015
Increase/Decrease	14,20,08,06,983	5,35,05,14,647
Yr on Yr change	22.63%	10.63%

The Principal elements of these changes are as follows:

**Revenue Receipts:**

<b>AMC Activities</b>	<b>For the year 2011-12</b>	<b>For the year 2010-11</b>
Revenues		
<b>Tax Revenues (Rent, Rates and Taxes)</b>	<b>6,10,23,13,589</b>	<b>5,59,36,12,735</b>
Municipal Taxes	6,10,23,13,589	5,59,36,12,735
<b>Non Tax Revenues including Grants</b>	<b>15,95,12,86,239</b>	<b>14,00,42,12,061</b>
Revenue Grants	11,81,89,96,843	10,67,57,63,981
Grant in lieu of Octroi	8,26,72,50,000	8,26,62,50,000
Other Grants like education, health etc.	3,55,17,46,843	2,40,95,13,981
Other(including Interest, Fees &Fines, Excess provision written back etc)	4,13,22,89,396	3,32,84,48,080
<b>Total Revenues</b>	<b>22,05,35,99,828</b>	<b>19,59,78,24,796</b>
<b>Increase/Decrease</b>		
<b>Yr on yr change of Total Revenues</b>	<b>12.53%</b>	<b>14.83%</b>
Tax Revenue to total Revenues	27.67 %	28.54%

Grants to total revenue	53.59%	54.47 %
Grant in lieu of Octroi to Total Grants	69.94%	77.43%
Grant in lieu of Octroi to total Revenues	37.49%	42.18%
Internal Source to total revenues	46.41 %	45.53%

From the above table, the total revenue has increased by 12.53 % in 2011-12 compared to year 2010-11. The rate of growth is lower in current year compared to 14.83% increase in previous year due to higher base of previous year, still the rate of growth is fairly good.

Tax revenue in absolute terms has shown an increase of over Rs.245 crores compared to previous year. However share of tax revenue to total income has decreased to 27.67 % compared to 28.54 % reflecting a degrowth of 3.05 % which is a mainly on account of increase in other income during the year. Share of grants to total revenue has marginally decreased from 59.92% to 54.47%. Also the share of grant in lieu of octroi to total revenue has decreased by 4.69 % compared to previous year. The ratio is reflecting a decreasing trend. The grant in lieu of octroi is almost consistent compared to previous years, which means that corporation will have to put many efforts to increase its income from internal sources of tax revenue and other income. Share of internal source out of total revenue has increased from 45.53 % to 46.41% which is a good sign. Other income has increased substantially mainly due to extra FSI fess and Betterment charges.

**The corporation has received following major capital receipts during the year to part finance it's capex programme.**

**Capital Receipts:**

<b>Capital Fund Source</b>	<b>2011-12</b>	<b>2010-11</b>
JNURM Project	1,67,25,66,951	2,48,08,88,351
CM Suvarna Jayanti Saheri Vikas	4,36,00,00,000	1,00,00,00,000
<b>Total</b>	<b>6,03,25,66,951</b>	<b>3,48,08,88,351</b>

As a result of surplus revenue receipt over revenue expenses and capital funds received by the corporation, The net fund of city (Total Assets less Total Liabilities) increased by Rs.1420.08 crores during the fiscal year ended 31<sup>st</sup> March, 2012. The principal element of the change is the internal cash accruals earned during the year amounting to Rs.505.40 crores during the year and the major capital fund (mentioned above) received during the year.

The net change is:

Opening fund Balance(as on 1<sup>st</sup> April 2011) : Rs. 62,74,68,41,015

Closing Fund Balance (as on 31<sup>st</sup> March 2012) : Rs. 76,94,76,47,998

The net change in Fixed Assets is

<b>Particulars</b>	<b>Year 2011-12</b>	<b>Year 2010-11</b>
Gross Block Incl. CWIP	59,06,13,87,888	49,72,00,48,115
Additions Incl CWIP	7,64,31,35,002	9,34,13,39,773
Total Gross Block	66,70,45,22,887	59,06,13,87,888
Cumulative Depreciation	11,23,28,57,811	9,80,95,56,687
Net Block(Including Capital WIP)	55,47,16,65,076	49,25,18,31,201
Increase/Decrease	6,21,98,33,875	8,64,34,87,511

In addition to creation of fixed assets, AMC has also invested huge amount in the two prestigious projects implemented under special purpose vehicles viz. Sabarmati River Front Ltd which is executing the nationally famous Sabarmati River Front , Ahmedabad Janmarg Ltd which is executing the BRTS corridor. The corporation also grants huge amount to AMTS which runs the city bus transport service. The summarized position of amount given for these three entities is given below:

<b>Particulars</b>	<b>Year 2011-12</b>	<b>Year 2010-11</b>
Sabarmati River Front Development Corporation Ltd Loan	4,56,16,86,512*	3,77,96,93,927*
Ahmedabad Jan Marg Ltd.Loan	35,03,00,000	18,03,00,000
BRTS Project Loan	6,59,59,64,035	3,50,72,02,381
AMTS	9,23,10,97,462	7,70,20,39,156
Loan to V.S.Hospital	67,56,14,848	-
<b>Total</b>	<b>21,41,46,62,856</b>	<b>15,36,92,35,464</b>

<b>Increase / Decrease</b>	<b>6,04,54,27,392</b>	<b>3,26,06,13,583</b>

\*This amount is in addition to Rs.42.00 crores invested by AMC in the equity and Preference shares of the SPV.

The river front project is part financed by loan borrowed from HUDCO.

The figures for Expenditure for the past two years are as follows:

<b>Governmental Activities</b>	<b>For the year 2011-12</b>	<b>For the year 2010-11</b>
<b>Expenditures</b>		
Salary and Wages	7,25,72,22,757	6,53,65,26,269
Administrative Expenses	49,29,01,950	52,15,41,571
Electricity and Lighting Expenses	1,11,50,68,619	1,19,43,01,962
Repairs and Maintainance	1,37,81,60,222	1,20,19,12,334
Interest and Bank Charges	34,95,65,859	3,98,32,846
Grant and programme expense	5,08,52,92,923	4,34,13,49,325
Provision for Property Taxes	75,40,81,572	50,12,47,783
Other Expense	56,72,95,484	86,57,52,585
<b>Total of expenditure</b>	<b>16,99,95,89,388</b>	<b>15,20,24,64,673</b>
<b>Surplus before Depreciation</b>	<b>5,05,40,10,440</b>	<b>4,39,53,60,123</b>
Depreciation	1,42,33,01,124	69,78,52,262
Excess/(Deficiency) for the year	<b>3,63,07,09,317</b>	<b>3,69,75,07,861</b>

The cash accruals during the year have gone up by 14.99% compared to previous year. The electricity expenses have come down during the year which is as result of beginning of adopting energy saving LED lights and the trend is expected to continue in coming years. Salary and grant programme expenses continue to increase compared to previous years.

## **Major Steps in Financial and Accounting Reforms in the AMC**

Currently, accounting system in AMC is based on accounting data supplied by the various Zones which is then consolidated at the Head office. AMC has started preparing its Balance Sheet on Fund Based Accrual Accounting System from the data of receipts and payments generated by the Finance and Accounts Dept. However the generation of such balance sheet from system is not yet implemented in Finance & Accounts Department because of regulatory and technical issues.

AMC has implemented a Bill processing system wherein the bills raised are processed in a computerized environment capturing the data for accrual accounting system. The information contained in this format enables the Accounts Department to capture information of capital and revenue expenditure, fixed assets, capital work in process, current assets and liabilities. The system works on simple and robust software. Appropriate measures for data security are in place for verification and validation of data and will be strengthened further.

AMC also has a robust system of budgeting wherein every project is first budgeted based on committed funds available and payments are strictly monitored vis-à-vis budgeted amounts. Payments are automatically stopped once the budgeted figures are incurred. It is proposed to strengthen the total system further by bringing all peripheral modules on a common platform. AMC is also contemplating introduction of an Engineering Data Information System to effectively monitor the execution of capital projects.

Inventory Management assumes critical importance and needs the attention of the corporation. A new system is proposed to be introduced for effective inventory management.

AMC has a robust computerized system of collecting property taxes which gets updated on real time basis. The simplification and standardization of formula for calculating the property tax has greatly reduced the instances of disputes arising out of the same. The corporation also announces collection drive for collection of arrears of earlier years and generally receives good response from the public. It also announces a rebate on advance payment of tax which generates very good response. It is also devising ways and means to recover the past arrears with the twin strategy of reward and punitive measures. The drive for collecting past arrears has been fruitful.

The Central Government had commissioned Jawaharlal Nehru National Renewal Mission (JnNURM) for improving the urban infrastructure in major cities of the country. Projects approved by JnNURM are eligible for 35% grant from Central Government and 15% grant from State Government balance to be funded by the concerned corporation. AMC has one of the highest number of projects approved by JnNURM amongst all corporations of the country. The corporation has received funds amounting to Rs.167.25 crores during the year for these projects. These projects will greatly help in increasing the urban infrastructure of the city.

The corporation has also received a grant of Rs.436.00 crores as Suvarn Jayanti Saheri Vikas Grant for development of the city. This will greatly enable to increase the infrastructure of the company.



**AMC** proposes to further strengthen its financial management and procedures to further increase the efficiency.

**Disclaimers by Consultants:**

1. All the financial figures and comments in specific or general terms made in relation to the same or the accounting process in general in the AMC are based on documents, information and explanations provided by AMC officers and staff during the course of engagement of team of M/s.Dharmendra & Khajanchi (Consulting Team) with the AMC, and the correctness, origin comprehensiveness or veracity of comments or explanations in so far as they relate to existing practices is not the responsibility of the Consulting team. It is emphasized that the total figures and process of compilation in the AMC, based on which the present document has been devised, must be made the subject of independent audit.

2. Although the Consulting team has made every effort to obtain information comprehensively for every department of the AMC and has also widely circulated the team's requirements in this regard, it is possible that some relevant information or documentation has not become available to the team. It is therefore specifically stated that this document is based upon and restricted to the set of documents, information, comments and explanations provided by AMC officers and staff and therefore any such documents, information, comments and explanations not provided to the Consulting team is excluded and the team has no responsibility whatsoever in regard to the possible present or future effects of such documents, comments, information and explanations on present document.

3. The Consulting team is not responsible for any legal or other liability that may arise in any way at any point of time from this documents or any interpretation whatsoever that may be put on the whole or part of it. Likewise, the Consulting team is not responsible for any legal consequences arising out of non-compliance by the AMC of any of its statutory or other Governmental obligations that may become apparent now or any time in the future, in whatsoever manner and in whatsoever ways.

**Disclaimers by Corporation :**

This Balance Sheet has been prepared by M/s. Dharmendra & Khajanchi, Chartered Accountants, the appointed consultants. The figures shown therein does not amount to any confirmation either from the Consultants or from the Corporation and is subject to approval of competent authority and audit.