

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, 2015 and additions during the year 2014-15. 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 2014-15.
- 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.10917876/-. 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 2014-2015 to arrive at the closing WIP as on 31st March 2015 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, 2015 are taken as per the actual bank balances Opening balances as on April 1, 2014 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.1291285041/- 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, 2015 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 31.03.2015.
- vi) **Loan to Employees Accounts** reflects a credit balance of Rs.26097450/-. 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.5726500/- 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.15357980915/- to AMTS which runs the public transport service in the city of Ahmedabad. These advances are used by AMTS to subsidize 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.1890640204/-
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.5271043364/- 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, 2015. 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 31.03.15 are subject to confirmation from respective external parties.

8) Provisions:-

Total Provision for Property Tax for Rs.11870349050/- March 31, 2015 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 2015

(Rupees)

Particulars	General Fund	Capital Projects & Development Funds	Special Revenue Fund	Trust & Agency Funds	Grand Total
	AMC	AMC	AMC	AMC	
Liabilities And Fund Balances					
Fund Balance					
Fund	81,298,416,275	39,852,384,491	1,332,459,468	6,903,077,921	129,386,338,155
Accounts Payable					
Members Contribution	-	2,034,860,714	-	-	2,034,860,714
Advance For Sales of Land to Metro Rail Project	349,871,205	-	-	-	349,871,205
Tax Payable	508,101,989	-	-	-	508,101,989
Deposit Other / Security	5,271,043,364	-	-	116,456	5,271,159,820
Accured Liabilities					
Employees Benefit Payable	-	-	-	-	-
Expenses Payable	176,229,497	-	-	-	176,229,497
Salary & Wages Payable & Other Statutory Liabilities	3,509,882,601	-	-	-	3,509,882,601
Loan Liability					
Secured Loan	2,344,814,146	1,248,827,000	-	-	3,593,641,146
Unsecured Loan	801,000,000	-	-	-	801,000,000
Interest payable on Unsecured Loan	1,890,640,204	-	-	-	1,890,640,204
Due To General Fund	-	2,516,375,948	(1,269,461,299)	1,624,356,818	-
TOTAL LIABILITIES	96,149,999,282	45,652,448,153	62,998,169	8,527,551,195	147,521,725,332
ASSETS					
Current Assets					
Cash & Bank Balances & Cheques On Hand	2,361,175,940	627,215	-	81,842,240	2,443,645,395
Investments , including accrued interest	6,178,835,881	-	-	-	6,178,835,881
Inventories	330,308,470	-	-	-	330,308,470
Account Receivable (Net Of Provision)	6,507,651,355	-	-	-	6,507,651,355
Deposits With Other	7,773,130	-	-	-	7,773,130
Advance	3,525,861,035	-	-	-	3,525,861,035
Loan To AMTS & Others	37,487,761,198	-	-	-	37,487,761,198
Grant Receivable	1,684,251,971	80,825,785	62,998,169	996,675	1,829,072,600
Due From Other Funds	(12,546,565,985)	13,892,119,395	-	1,525,718,057	-
Fixed Assets					
Property , Plant & Equipments	50,612,946,286	31,678,875,757	-	6,918,994,222	89,210,816,266
Capital Work in Progress					
TOTAL ASSETS	96,149,999,282	45,652,448,153	62,998,169	8,527,551,195	147,521,725,332

AHMEDABAD MUNICIPAL CORPORATION
FUND NAME : GENERAL FUNDS
PROVISIONAL BALANCE - SHEET
AS AT 31st MARCH 2015

(Rupees)

Particulars	Schedule No	General Fund
LABILITIES AND FUND BALANCE		
Accounts Payable		
Contractor Payable		-
Advance For Land & Lights For Metro Rail Project		349,871,205
Tax Payable	B-1	508,101,989
Deposits and Other Security	B-2	5,271,043,364
Accrued Liabilities		
Employees Benefit Payable	B-3	-
Expenses Payable	B-4	176,229,497
Salary & Wages Payable & Other Statutory Liabilities	B-5	3,509,882,601
Loan Liability		
Secured Loans	B-6 I	2,344,814,146
Unsecured Loans	B-6 II	801,000,000
Loan Of Nagarpalica	B-6 III	-
Interest Payable On Unsecured Loan		1,890,640,204
TOTAL LIABILITIES		14,851,583,006
ASSETS		
Current Assets		
Bank Balances	B-7	2,273,709,623
Cash Balance	B-8	87,466,317
Inventories	B-9	330,308,470
Accounts Receivable	B-10	6,507,651,355
Investments	B-11	6,092,997,478
Deposit With Other	B-12	7,773,130
Interest Accrued But Not Due		85,838,403
Grant Receivable		1,684,251,971
Advances	B-13	3,525,861,035
Loan To AMTS & Others	B-14	37,487,761,198
Inter Fund Balance	B-15	(12,546,565,985)
Fixed Assets		
Property , Plant & Equipments	B-16	50,612,946,286
Assets capitalised in General Fund		
TOTAL ASSETS		96,149,999,282
FUND BALANCES (ASSETS - LIABILITIES)		81,298,416,275

AHMEDABAD MUNICIPAL CORPORATION
FUND NAME : GENERAL FUNDS
COMBINED STATEMENT STATEMENT OF REVENUES , EXPENDITURES
FOR THE PERIOD FROM 1-4-2014 to 31-03-2015

Particulars	Schedule No
REVENUES	
Revenue Grants	A-1
Tax Revenues	
Rent Rates & Taxes	A-2
Excess Provision Of Property Tax Written Back	
Non - Tax Revenues	
Fees Fines & User Charges	A-3
Interest Income	A-4
Income From Sale	A-5
Misc. / other income	A-6
TOTAL REVENUES	
EXPENDITURE	
Administrative and General Expenses	
Salary & Wages	A-7
Fees & Charges	A-8
Administrative Expenses	A-9
Grant & Programme Expenses	A-10
Repairs & Maintainance	A-11
Interest & Bank Charges	A-12
Electricity Charges	
Stores & Consumables	
Provision For Property Tax	
TOTAL EXPENDITURES	
Profit before Depreciation	
Less : Depreciation	
EXCESS OF REVENUES OVER EXPENDITURES	
Excess / (Deficiency) of Current Year	
Fund Balances Transfer To General Fund 31st March 2015	

AND CHANGES IN

General Fund
13,406,921,115
11,384,663,258
-
6,462,084,218
373,824,717
636,814,700
1,224,488,007
33,488,796,015
8,990,087,316
29,111,107
793,939,103
4,795,617,275
2,992,821,855
293,918,901
2,189,778,102
652,744,439
876,294,431
21,614,312,528
11,874,483,487
1,304,993,996
10,569,489,491
10,569,489,491
10,569,489,491

AHMEDABAD MUNICIPAL CORPORATION
Schedules attached to
Comprehensive Annual Financial Statement
As at 31st March 2015

Schedule No : B-1

Schedule Name : Tax Payables

Particulars	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	GMFB Grant For Urban Poor	NRCP Grant	GIDC Effluent Disposal Scheme	10TH Pay Commission	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	Sabarmati River Shuddhikaran	C.M. EWS & LIG	Total
Tax Deducted at Source - Contractors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Tax	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-	-	-

Schedule No : B-2

Schedule Name : Deposits & Other Security

Particulars	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	GMFB Grant For Urban Poor	NRCP Grant	GIDC Effluent Disposal Scheme	10TH Pay Commission	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	Sabarmati River Shuddhikaran	C.M. EWS & LIG	Total
Security Deposits Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retention Money	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Schedule No : B-3

Schedule Name : Loan Payable

Particulars	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	GMFB Grant For Urban Poor	NRCP Grant	GIDC Effluent Disposal Scheme	10TH Pay Commission	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	Sabarmati River Shuddhikaran	C.M. EWS & LIG	Total
Secured Loans :																				
National Housing Bank For EWS Project	-	-	1,248,827,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,248,827,000
Hudco Gap Fund Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Free Bond	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	1,248,827,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,248,827,000

Schedule No : B-4

Schedule Name : Bank Balances

Particulars	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	GMFB Grant For Urban Poor	NRCP Grant	GIDC Effluent Disposal Scheme	10TH Pay Commission	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	Sabarmati River Shuddhikaran	C.M. EWS & LIG	Total
ICICI BANK LTD. 002405010314	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40,000	-	-	-	-	40,000
ICICI BANK JNNURM ACCOUNT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	520,410	-	-	-	-	520,410
ICICI BANK GSDMA 2401028803	-	-	-	-	1,175	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,175
INDIAN BANK C A/C 18409(AAWAS)	-	-	20,117	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,117
INDIAN BANK A/C.18623(CITYBOND)	-	45,513	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,513
Total	-	45,513	20,117	-	1,175	-	-	-	-	-	-	-	-	-	560,410	-	-	-	-	627,215

Schedule No : B-5

Schedule Name : Investments

Investment Details	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	GMFB Grant For Urban Poor	NRCP Grant	GIDC Effluent Disposal Scheme	10TH Pay Commission	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	Sabarmati River Shuddhikaran	C.M. EWS & LIG	Total
Fixed Deposit with Banks	-	-	-	-	-	-	-	-	-	-	0	-	0	0	0	-	-	-	-	-
Interest Accrued But Not Due On FDR's	-	-	-	-	-	-	-	-	-	-	0	-	0	-	0	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	0	-	0	-	-	-	-	-

AHMEDABAD MUNICIPAL CORPORATION
FUND NAME : SPECIAL REVENUE FUND
COMBINING BALANCE - SHEET
AS AT 31ST MARCH 2015

(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
Liabilities And Fund Balances						
Fund Balance	6,760,900	(2,546,641)		10,281,521	1,317,963,688	1,332,459,468
Due to/(from) other Funds	2,246,727	32,845,703	13,409,959	-	(1,317,963,688)	(1,269,461,299)
Current Liabilities						
Sundry Creditors	-	-	-	-	-	-
Tax Payable						
Total Liabilities	9,007,627	30,299,062	13,409,959	10,281,521	-	62,998,169
Assets						
Bank Balances	-	-	-	-	-	-
Grant Receivable	9,007,627	30,299,062	13,409,959	10,281,521	-	62,998,169
Total Assets	9,007,627	30,299,062	13,409,959	10,281,521	-	62,998,169

AHMEDABAD MUNICIPAL CORPORATION
FUND NAME : TRUST & AGENCY FUNDS
COMBINING BALANCE - SHEET
AS AT 31ST MARCH 2015

Particulars	Schedule No	78,406	78,404	78,407	78,412	64,620	(Rupees)	(Rupees)
		MLA Grant	Slum Net Working Project	Safai Kamdar Rahat Yojna	MP Grant	Contributory Scheme For Infrastructure	Rajiv Aavas Yojna	Total
LIABILITIES AND FUND BALANCES								
Fund Balance		819,564,001	16,176,613	-	754,461,840	4,838,281,920	474,593,547	6,903,077,921
Accounts Payable								
Contractor Dues		0	-	-	-	-	-	-
Tax Payable	B-1	0	-	-	-	-	-	-
Deposits and Other Security	B-2	79869	36,587	-	-	-	-	116,456
Due To General Fund		3937665	1,207,250,753	413,168,400	-	-	-	1,624,356,818
Total Liabilities		823,581,535	1,223,463,953	413,168,400	754,461,840	4,838,281,920	474,593,547	8,527,551,195
ASSETS								
Current Assets								
Bank Balances	B-3	45392915	-	-	36,449,325	-	-	81,842,240
Investment		-	-	-	-	-	-	-
Grant Receivable		-	-	-	996,675	-	-	996,675
Fixed Assets								
Property , Plants & Equipments		-	-	-	-	-	-	-
Assets Capitalised In General Fund		-	-	-	-	-	-	-
Capital Work In Progress	B-4	778188620	1,223,463,953	413,168,400	653,727,188	3,814,292,324	36,153,738	6,918,994,222
Due From General Fund		-	-	-	63,288,652	1,023,989,596	438,439,809	1,525,718,057
Total Assets		823,581,535	1,223,463,953	413,168,400	754,461,840	4,838,281,920	474,593,547	8,527,551,195

Ahmedabad Municipal Corporation F.Y. 2014-15

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 2013-14 of the Ahmedabad Municipal Corporation represent the ninth 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:

	2014-15	2013-14
Absolute Value of Net Assets (Total Assets-Total Liabilities)	1,29,38,63,38,155	1,04,62,16,92,316
Increase/Decrease	24,76,46,45,839	16,39,75,24,128
Yr on Yr change	23.67%	18.59%

The Principal elements of these changes are as follows:

Revenue Receipts:

AMC Activities	For the year 2014-15	For the year 2013-14
Revenues		
Tax Revenues (Rent, Rates and Taxes)		
	11,38,46,63,258	9,49,57,15,370
Municipal Taxes	11,38,46,63,258	9,49,57,15,370
Non Tax Revenues including Grants		
	22,10,41,32,757	18,06,94,77,655
Revenue Grants	13,40,69,21,115	12,70,09,98,406
Grant in lieu of Octroi	8,26,27,00,000	8,26,62,50,000
Other Grants like education, health etc.	5,14,42,21,115	4,43,47,48,406
Other(including Interest, Fees &Fines, Excess provision written back etc)	8,69,72,11,642	5,36,84,79,249

Total Revenues	33,48,87,96,015	27,56,51,93,025
Increase/Decrease		
Yr on yr change of Total Revenues	21.49%	23.75%
Tax Revenue to total Revenues	34.00 %	34.45 %
Grants to total revenue	40.03%	46.08%
Grant in lieu of Octroi to Total Grants	61.63%	65.08%
Grant in lieu of Octroi to total Revenues	24.67%	29.99%
Internal Source to total revenues	25.97 %	19.48 %

From the above table, the total revenue has increased substantially by 21.49 % in 2014-15 compared to 23.75% growth in year 2013-14. The rate of growth though slower, is still very good in current year compared to previous year considering the high base amount. The increase is due to higher tax collection and other income from internal source. Tax revenue increased substantially by 19.89 % which is a very good sign. Similarly other income has grown by 62.01% compared to previous year.

Tax revenue in absolute terms has shown a very hefty increase of over Rs.188.89 crores compared to previous year. Share of tax revenue to total income has marginally decreased to 34.00% compared to 34.45 % reflecting a reduction of 0.45 %.The decrease is mainly on account of substantial increase in other income of corporation, which if continue, is a good sign. Contribution from professional tax has contributed significantly to the growth in tax revenue. The amount of professional tax collected was Rs.112.94 crores. This could be a major source of income if implemented and monitored properly. Share of grants to total revenue has substantially decreased from 46.08 % to 40.03%. This reflects a good sign of less dependency on grants. Also the share of grant in lieu of octroi to total revenue has decreased by 3.45 % 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. The share of internal source out of total revenue has significantly increased from 19.48 % to 25.97 % which is a good sign. Other income is mainly due to extra FSI fess and Betterment charges.The corporation is also earning interest from its investments in FDR which reflects better working capital management.

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

Capital Receipts:

Capital Fund Source	2014-15	2012-13
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JNURM Project	12,03,38,227	1,23,98,75,320
CM Suvarna Jayanti Saheri Vikas	7,93,00,00,000	6,48,07,41,576
CM EWS and LIG Project	1,26,57,03,000	62,74,00,000
Rajiv Awas Yojna	10,13,20,547	37,32,73,000
Total	9,41,73,61,774	8,72,12,89,896

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.2476.46 crores during the fiscal year ended 31st March, 2015. The principal element of the change is the capital grants received as mentioned above and internal cash accruals earned during the year amounting to Rs.1187.44 crores.

The net change is:

Opening fund Balance(as on 1st April 2014) : Rs.1,04,62,16,92,316

Closing Fund Balance (as on 31st March 2015) : Rs. 1,29,38,63,38,155

The net change in Fixed Assets is

Particulars	Year 2014-15	Year 2012-13
Gross Block Incl. CWIP	89,44,53,54,070	76,58,02,60,504
Additions Incl CWIP	14,64,34,18,605	12,86,50,93,565
Total Gross Block	1,04,08,87,72,674	89,44,53,54,070
Cumulative Depreciation	14,87,79,56,412	13,57,29,62,416
Net Block(Including Capital WIP)	89,21,08,16,263	75,87,23,91,653
Increase/Decrease	13,33,84,24,609	17,65,35,56,360

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 at a concessional rate so as to provide cheap transport facility to poor citizens of the city. The summarized position of amount given for these three entities is given below:

Particulars	Year 2014-15	Year 2013-14
Sabarmati River Front Development Corporation Ltd Loan	9,40,91,11,442*	7,36,58,51,683*
Ahmedabad Jan Marg Ltd.Loan	73,85,00,000	60,85,00,000
BRTS Project Loan	9,55,86,38,486	7,59,45,39,381
AMTS	15,35,79,80,915	12,90,00,15,474
Loan to V.S.Hospital	2,28,73,01,889	1,82,73,01,889
Total	37,35,15,32,731	30,29,62,08,426
Increase / Decrease	7,05,53,24,305	5,59,17,05,154

*This amount is in addition to Rs42.00 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 amounting to Rs.96.17crores and from GSFS Rs.138.30. The corporation switched over the loan from HUDCO with GSFS. The benefits are reduced rate of interest which would yield a substantial saving over the tenure of the loan. Also, some assets of the corporation were mortgaged to HUDCO. The loan from HUDCO will be fully repaid next year and the assets charged would be free. It would improve the credit strength of the corporation and would have a positive impact on credit rating of the company in coming years.

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

Governmental Activities	For the year 2014-15	For the year 2013-14
Expenditures		
Salary and Wages	8,99,00,87,316	8,54,82,39,335
Administrative Expenses	79,39,39,103	83,95,14,206
Electricity and Lighting Expenses	2,18,97,78,102	1,72,19,30,434
Repairs and Maintainance	2,99,28,21,855	2,67,51,06,246
Interest and Bank Charges	29,39,18,901	19,61,25,324

Grant and programme expense	4,79,56,17,275	4,72,22,26,162
Provision for Property Taxes	87,62,94,431	78,73,29,238
Other Expense	68,18,55,546	92,69,35,787
Total of expenditure	21,61,43,12,528	20,41,74,06,732
Surplus before Depreciation	11,87,44,83,487	7,14,77,86,293
Depreciation	1,30,49,93,996	1,21,87,29,309
Excess/(Deficiency) for the year	10,56,94,89,491	5,92,90,56,984

The cash accruals during the year have substantially increased by 66.13% compared to previous year and that too on a higher base. The income has increased impressively by 21.49% while expenses increased by only 5.86 %. Salaries have gone by only Rs.44.18 crores. Repairs and maintenance expenses have also gone up by Rs.31.77 crores compared to previous year. However administrative expenses have gone down marginally. A need to keep the expenses under control is imperative to improved profitability and the corporation will take steps to achieve this. The electricity expenses have increased by Rs.46.78 crores. To reduce this cost, AMC needs to make continued efforts to adopt energy saving LED lights and more and more steps would be taken to switch over to LED lights in coming years.

Liquidity position of AMC:

Due to its efficient working capital management, the corporation has liquid assets comprising of bank balance (excluding unreconciled balance), cash on hand and FDRs held with bank is Rs.674.28 crores. This reflects the healthy liquidity position of AMC.

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. To strengthen the overall system, AMC has hired Tata Consultancy Services (TCS) for system integration work by developing new ERP system for the corporation in the year 2013-14. The project is under implementation. Once implemented, this will go a long way in digitization of all the processes of the corporation with increased efficiency and better services to the citizens of the city.

Inventory Management assumes critical importance and needs the attention of the corporation. The proposed ERP will address the issue of 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 high number of projects approved by JnNURM . The corporation has received funds amounting to Rs.12.03 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.793.00 crores as Suvarn Jayanti Saheri Vikas Grant for development of the city. This will greatly enable to increase the infrastructure of the company.

The corporation has also received funds under CM EWS and LIG Scheme amounting to Rs.126.57 crores and under Rajiv Awas Yojna amounting to Rs.10.13 crores. This will be used to provide low cost housing to poor citizens of the city

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.