

CITY SERVICES YEARLY FINANCIAL REPORT: 1 APRIL 2010 TO 31 MARCH 2011

This report covers the period 1 April 2010 to 31 March 2011. This year, 2010/11, City Services started with a balance of Rs 277.01 lakhs. Income totaled Rs 854.41 lakhs, while expenses totaled Rs 876.52 lakhs. City Services, therefore, ended the reporting period with a positive balance of Rs 254.89 lakhs.

Of the income received, 92% was unspecified and 8% was specified. The City Services Budget is restricted by the type of funding that it receives. We cannot allocate specified funds as we wish or necessarily need. Specified funds are funds that the contributor states must go for a specific activity. We can only allocate those funds that are unspecified, meaning that they can be used for purposes within Auroville that are approved by the FAMC. Additionally, not all specified income is reported to City Services. Consequently the figures presented here may not reflect all income and expenses that are related to activities funded by City Services.

Table 1: Income/Disbursement Summary¹

1 April 2010 to 31 March 2011	Amount in Rs lakhs
Unspecified Income	783.27
Specified Income	71.15
Income to Date	854.41
CF Opening Balance	277.01
Total Available Income (Income to Date + O.B.)	1,131.42
Disbursements	876.52
Closing Balance	254.89

Income. Table 2 presents the distribution of income by source and compares this with the previous year. A more detailed presentation is presented in Annex 1, which is only available on the AVNet because of its length.

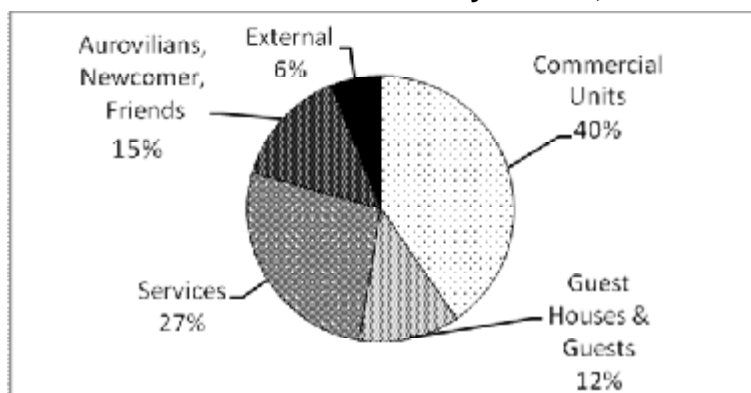
Table 2: Income, Year to Year Comparison (in Rs. Lakhs)

Source	2009/10	2010/11	Change	% Change
Commercial Units	324.73	345.11	20.38	6%
Guest Houses & Guests	108.77	104.17	-4.60	-4%
Services ²	197.86	229.09	31.23	16%
Aurovilians, Newcomers, Friends	116.34	124.28	7.94	7%
Internal Total	747.69	802.64	54.95	7%
Government of India	50.00	50.00	-	0%
Varuna	0	1.38	1.38	
Foreign Contributions	0	0.39	0.39	
External Total	50.00	51.77	1.77	4%
Grand Total	797.69	854.41	56.72	7%

Compared with 2009/10, income in 2010/11 increased by 7%. Internal income increased by 7%; external income increased by 4%. The increase from commercial units appears to result from an overall increase in net profits. The decrease from Guest Houses and Guests seems to result from an increase in guest contribution waivers given to guests who volunteer in Auroville. The significant increase from Services is largely from Financial Services.

The contributions from 'Aurovilians, Newcomers, and Friends', increased mainly because school contributions from Newcomers and Guests increased by 26%. Contributions from Aurovilians remained about the same despite increasing the monthly contribution from Rs. 2000 to Rs. 2200.

Chart 1: Distribution of Income by Source, 2010-11



Distribution of Income by Source. 94% of the income was generated internally; 6% came from the external sources, mainly from the Government of India for maintenance of researchers. Commercial units remained the most important source of income, accounting for 40% of the total income received. Services (largely Financial Services) accounted for 27% of the income; Guests and Guest Houses, 12%; Aurovilians, Newcomers, and Friends, 15%.

¹ Slight differences are due to rounding.

² Of the Rs. 229 lakhs income from Services in 2010-11, approximately Rs. 29 lakhs came from interest earned on unit reserves.

Table 3: Number of Income Sources by Type

Type	Number	Total Contribution (in Rs. Lakhs)
Commercial Units	156	345.10
Services	26	229.09
Individuals	414	124.28
Guest Houses & Guests ³	55	104.17
External	3	51.77
Total	654	854.41

Table 3 presents the number of income sources by type: commercial units, services, guest houses & guests, and external. Contribution guidelines encourage commercial units to give a minimum of 33% of the net profit before contribution. Financial Services gives 100% of its profit to City Services. Guest Houses contribute 100% of their income to Unity Fund. 80% of this income is returned as a budget, the balance

is contributed to City Services. Individual Aurovilians are expected to contribute Rs. 2,200 per month. Annex 2 provides greater details about contributions, including a list of units that are not in compliance with contribution guidelines for the financial year 2009-10.

Chart 2: Number of Income Sources by Range of Contribution

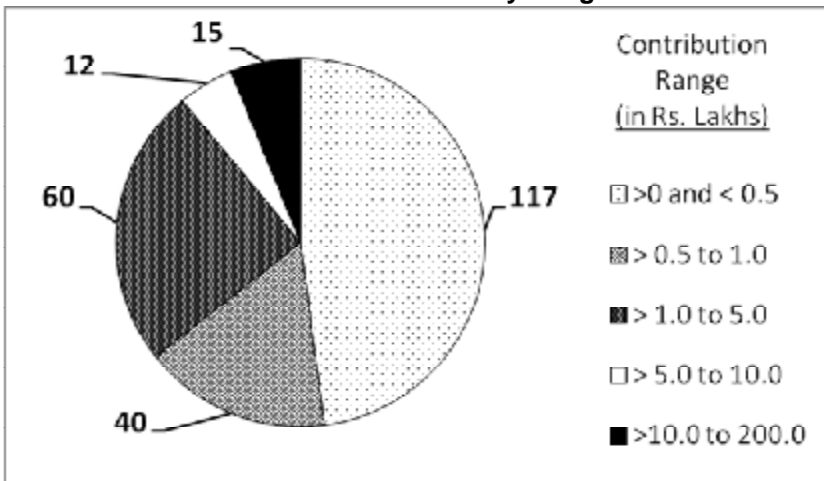


Chart 2 illustrates the number of income sources by range of contribution. It includes commercial units, guest houses and guests, services, and external donors. It excludes the 414 individual contributors. 117 of the contributors (about 50% of the organizational sources) gave up to Rs. 0.5 lakhs. The income received from this contribution range was 3% of the total income. The top 11% of the contributors (those who gave more than 5 lakhs) gave 78% of the income received by City Services.

Disbursements. Table 4 compares disbursements made last year with this year. Annex 3, available only on the AVNet because of its length, presents disbursements in greater detail.

Table 4: Disbursements: Year to Year Comparison (Rs. Lakhs)

	2009-10	2010-11	Increase from Previous Year	% increase
Disbursements from Unspecified Funds	715.55	805.38	89.83	13%
Specified	67.32	71.15	3.83	6%
Total Disbursements	782.87	876.53	93.66	12%
Maintenances	378.63	460.36	81.73	22%
Maintenances & In-Kind Maintenances	448.77	511.08	62.31	14%

In 2010-11, City Services disbursed Rs 876.53 lakhs. Compared to the last year, total disbursements increased by 12% (Rs 93.66 lakhs), maintenances⁴ (i.e., voluntary worker stipends) increased by 22% (Rs 81.73 lakhs), and maintenance plus in-kind maintenances increased by 14% (Rs 62.31 lakhs)⁵. Of the total amount disbursed, 58% was maintenance related.

³ The number of Guest Houses and Guests reflects Guest Houses only, but the total contribution includes contributions from guests who did not stay at Auroville Guest Houses.

⁴ Maintenances include: Maintenances, Children's Maintenances, Children's Nutrition, and Pour Tous Scheme, and Lunch Scheme.

⁵ Maintenance plus in-kind maintenances include: Maintenances, Children's Maintenances, Children's Nutrition, Lunch Scheme, Personal Support, Freestore, Pour Tous Distribution Center, Housing Repair Service, Dental Center, Electrical Subsidy, Health Service, and Vehicle Repair Service.

Budget Details

Table 5: Budget vs. Disbursements (in Rs. Lakhs)

Type	Budget	Disbursed	Remain- ing	% Remain- ing
Regular Budgets	271.84	270.22	1.62	1%
Maintenances	466.99	460.36	6.63	1%
Non-Recurrent	42.00	43.07	-1.07	-3%
Capital Grants	43.21	31.73	11.48	27%
Total	824.04	805.38	18.66	2%

The City Services budget for 2010-11, totaling Rs. 824.04 lakhs, was proposed by the BCC and approved by the FAMC⁶. Actual disbursements totaled Rs. 805.38 lakhs (98% of the budget)⁷. Table 5 compares the budget with disbursements by disbursement type. Chart 3 illustrates the distribution of the budget by disbursement type. Overall, the budget was underspent by Rs. 18.66 lakhs. The main reason was that capital grants totaling Rs. 11.48 lakhs were unutilized.

Chart 3: Budgeted Disbursements by Type, 2010-11 (in Rs. Lakhs)

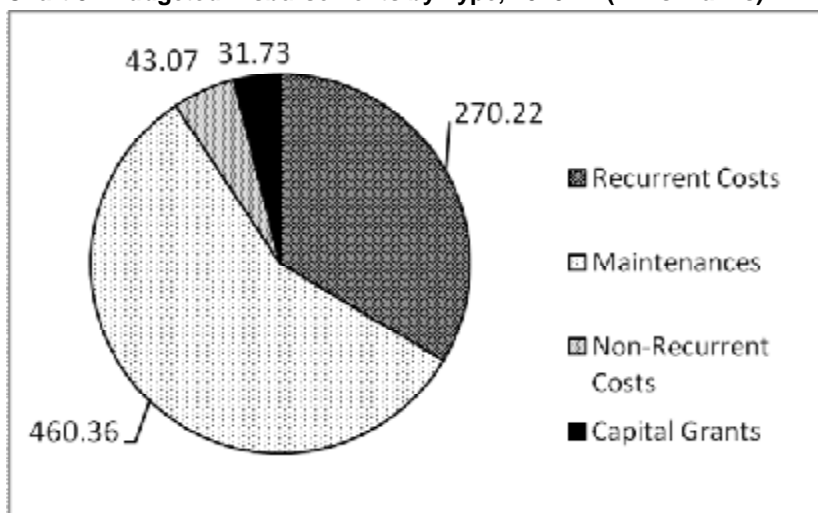


Table 6, below, presents disbursements by budget headings. Disbursements to Matrimandir and Planning headings exceeded their respective budgets by 26% and 20%, respectively, because maintenances were approved after the budgets had been approved. Aside from these two headings, disbursements did not exceed budgets by more than 10%, and the overall budget was not exceeded.

City Services Reserves

The reserves as of 31 March totaled Rs. 254.89 lakhs. We estimate our gratuity liabilities to be approximately Rs. 26 lakhs. Effectively our reserves are therefore Rs. 228.89 lakhs. Our City disbursements are approximately Rs. 72 lakhs per month; consequently the reserves represent about 3 months of our budget.

The end of our financial year coincides with the peak of our income stream. Income generally drops more precipitously than expenses throughout the summer months. Consequently, reserves generally decline from April to October. The BCC feels it prudent to maintain a reserve of 3 months of disbursements.

It is important to note that these reserves do not sit idly in our accounts. They are used to facilitate loans and constitute part of Auroville's total reserves which are invested and earn income to support our City.

⁶ The actual budget proposed was Rs. 822.28. The difference of Rs. 1.76 lakhs results from gratuities that were paid out of funds previously set aside and are part of the approved budget. The budget does not include specified disbursements totaling Rs 71.15 lakhs. Specified contributions are not included in the budget analysis because these funds were not part of the budget approved by the FAMC.

⁷ 99.6% of the budget was spent if contingencies (Rs. 15.27 lakhs) are not included.

Table 6: Comparison of Disbursements with Budget by Budget Headings, 2010-11 (Rs. Lakhs)

Heading	1 Budget	2 Total Budget Disbursed	3 Budget Remaining (1 - 2) ⁸	4 Variance from Budget	5 Specified Disbursed	6 Total Disbursed (2 + 4)	7 % of Total
Education	179.16	174.52	4.64	3%	28.25	202.60	23%
Children & Youth	96.79	106.06	-9.27	-10%	1.20	107.26	12%
Farms & Forests	74.87	72.10	2.77	4%	4.55	75.86	9%
Village Education	71.22	69.89	1.33	2%	4.13	74.02	8%
Organization	73.59	71.25	2.33	3%	0.12	71.37	8%
Social Services	52.93	48.00	4.93	9%	8.63	56.63	6%
Health	52.49	50.88	1.61	3%	4.53	55.41	6%
Culture & Sports	39.40	36.74	2.66	7%	3.91	40.65	5%
Prosperity Services	38.37	38.81	-0.43	-1%	0.19	39.00	4%
Security	27.77	30.60	-2.83	-10%	2.36	32.96	4%
Land	25.30	27.31	-2.01	-8%	0.17	26.68	3%
Matrimandir	13.71	17.23	-3.52	-26%	8.80	26.02	3%
Outreach	21.73	21.10	0.63	3%	1.66	22.75	3%
Housing	18.54	17.50	1.04	6%	0.12	17.62	2%
City Planning	9.78	11.71	-1.93	-20%	-	11.71	1%
Roads, Cycle Paths, & Transport	8.99	7.39	1.59	18%	1.91	9.31	1%
Utilities	2.30	2.50	-0.20	-9%	0.62	3.12	0%
Projects	1.82	1.79	0.04	2%	-	1.79	0%
Contingency	15.27	-	15.27	100%	-	-	0%
Total	824.04	805.38	18.66	2%	71.15	874.77	100%

⁸ Budget Remaining = Column 1 minus Column 2

Annex 1: Contribution Details, 2010-11 (in Rs.) – Posted on AVNet because of length

Annex 2: Compliance with Contribution Guidelines, 2009-10

The financial year runs from April to March. Balance sheets are generally available in August. The balance sheets enable City Services to see the net profits before contributions and calculate the minimum contribution expected from the units. This figure is then compared with actual contributions. The balance sheets for 2009-10 were available in August 2010. Units have therefore had more than 8 months since the balance sheets came out to rectify any differences between City Services records and their own, and rectify balances due for the previous financial year.

Guest Houses transfer all of their income to the Unity Fund, and are given a budget. The difference is transferred to City Services. In 2009-10, 100% of the guest houses were in compliance with City Services guidelines. The minimum contribution expected from units is 33% of net profit before contribution. In 2009-10, this minimum expectation totaled Rs. 268 lakhs. As a group, units contributed 42% of their net profit before contribution, totaling Rs. 341 lakhs. Hence City Services received Rs. 73 lakhs more than the minimum contribution guideline. However, of the 183 units in 2009-10, 41 units (22%) have not met the minimum contribution guideline. The units listed below are those that did not meet the minimum contribution guidelines, and have not initiated payments to provide the balance due.

Units Not in Compliance with Contribution Guidelines

Ref	Unit	Amount Owed to City Services
1	Glimpse	153,941
2	Sound Wizard	149,040
3	New School Crafts	132,984
4	Auroville Wind System	68,709
5	Sunshine Music	51,053
6	Mystique	43,934
7	Yatra Nova	41,866
8	AV Associated Architects	26,104
9	Auroville Transport Service	25,950
10	Yuna	24,196
11	Progress Landscape	22,415
12	Bon	19,516
13	Rose Creations	18,505
14	New Creation Corner Frites	17,111
15	Café le Morgan	17,008
16	Dec'or	14,776
17	Ishta	14,274

Ref	Unit	Amount Owed to City Services
18	Lively Boutique	13,836
19	Sabaki	13,547
20	Arthena	12,309
21	Auro Bacio	9,712
22	Path	8,524
23	Radiance	8,278
24	Royal	6,416
25	Veedoo Doll	5,814
26	Om Taxi	5,443
27	Raintree Records	4,731
28	Lanak	4,159
29	Aikiya	3,621
30	Earthen	2,303
31	Oceans	1,146
32	M3	1,091
33	Matrigold	682
34	Maha Transport Service	322

Annex 3: Disbursement Details – Posted on AVNet because of length