



## LIMERICK CITY COUNCIL

### ITEM NO: 5

City Manager's Office,  
City Hall,  
Limerick.  
18<sup>th</sup> May 2009

**To: His Worship the Mayor and each Member of Limerick City Council**

### Annual Financial Statement for Financial Year ended 31<sup>st</sup> December, 2008

**Please find enclosed a copy of the Annual Financial Statement for 2008.**

The Annual Financial Statement (AFS) for 2008 will be tabled, at the forthcoming Meeting of Council to be held on Monday 25<sup>th</sup> May 2009

#### **Balance Sheet Review**

The balance sheet presented shows that Limerick City Council has Fixed Assets of €937,437,241 and Work in Progress of €77,288,659 as at 31 December 2008. A full breakdown of these figures is set out in notes 1 & 2 to the AFS.

The City Council has had a decrease in its Net Current Assets with a balance of €10,209,484 as at 31 December 2008 compared to net current assets of €11,976,357 as at 31 December 2007. The primary reason for the reduction in net assets is the reflection in the 2008 Balance Sheet of the future liability for the purchase of the Arthur's Quay car park. This resulted in an addition to accruals of €5m.

Appendix 5 sets out a summary of the Capital expenditure and income for 2008. Capital income amounted to €76.1m in 2008, a significant reduction of €27.2m on the 2007 figure. Grants account for 83% of total capital income.

Government Debtors have fallen from €19.9m at 31 December 2007 to €5m at 31 December 2008.

This substantial reduction on Government debtors has impacted positively on the cash on hand with the balance sheet showing cash at bank of €6,373,152 at 31 December 2008, compared to a bank overdraft of €14.4m at 31 December 2007.

## Revenue Expenditure Review

Revenue expenditure for the year amounted to €85,840,202 before transfers. Transfer to reserves amounted to €3,316,215, giving a total expenditure figure for 2008 of €89,156,417. This total expenditure figure exceeded budgeted expenditure by €1,890,398. The details of the additional expenditure over adopted budget are set out in the report to Council under Section 104 of the Local Government Act 2001, which will be circulated for the May Council Meeting. Income exceeded budget by €1,947,935 leading to a surplus for 2008 of €57,534. This when added to the opening surplus of €120,869 gives an accumulated surplus at 31 December 2008 of €178,403.

Payroll continues to be the most significant cost with a total payroll cost in 2008 of €39,347,171. This represented an increase of 2.71% on the payroll cost in 2007 (€38,307,256). In 2007 payroll costs represented 46.1% of total expenditure. This decreased to 44.1% in 2008. The reduction to 44.1% is a significant achievement and demonstrates the continued commitment to re-align pay and non pay expenditure within City Council.

Expenditure is summarised by main area of expenditure as follows:

	<b>2008 % of Expenditure</b>		<b>2007 % of Expenditure</b>	
Payroll	39,347,171	44.1%	38,307,256	46.1%
Operational expenses	29,955,413	33.6%	26,392,224	31.8%
Administration expenses	6,273,647	7.0%	6,224,174	7.5%
Establishment expenses	2,535,603	2.8%	2,525,198	3.0%
Financial expenses	6,633,704	7.4%	5,227,138	6.3%
Miscellaneous	1,094,664	1.2%	788,703	0.9%
Transfer to reserves	3,316,215	3.7%	3,616,839	4.4%
<b>Total Expenditure</b>	<b>89,156,417</b>	<b>100.0%</b>	<b>83,081,531</b>	<b>100.0%</b>

## Income Review

Revenue income for the year amounted to €89,214,060. This represented an increase of 7.6% on the total income in 2007 (€82,878,529). The following table summarises the main income sources:

	<b>Appendix</b>	<b>2008</b>		<b>2007</b>	
		<b>€</b>	<b>%</b>	<b>€</b>	<b>%</b>
Grants & Subsidies	3	19,236,872	22%	17,602,449	21%
Contributions from other local authorities	2	10,996,048	12%	10,071,249	12%
Goods & Services	4	17,926,731	20%	16,448,332	20%
		<b>48,159,651</b>	<b>54%</b>	<b>44,122,030</b>	<b>53%</b>
Local Government Fund		12,258,639	14%	11,723,220	14%
Rates		28,795,770	32%	27,033,278	33%
		<b>89,214,060</b>	<b>100%</b>	<b>82,878,529</b>	<b>100%</b>

A number of income areas performed ahead of budget in 2008 resulting in a surplus income over budget. In particular property entry levies, fire charges, parking fines and housing rents contributed to a favorable outturn versus budget. I would like to commend the significant effort by staff in these sections to generate additional income. The benefit of other increases in income such as VEC Pensions, Accommodation of Homeless Persons, Higher Education Grants and Recycling Subsidies would be canceled by similar increase in expenditure.

### **Summary**

The revenue surplus for 2008 is €57,534. As a result the accumulated revenue surplus at the end of 2008 is increased to €178,403 compared to €120,869 at the end of 2007. The retention of a cumulative surplus for a fourth year is a very positive reflection of the efforts of the elected members to address the historic financial situation of Limerick City Council.

I ask the members to consider the Annual Financial Statement.

T Mackey  
City Manager