



Item 9

LIMERICK CITY COUNCIL

City Manager's Office,
City Hall,
Limerick.
19th April 2011

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

Annual Financial Statement
for Financial Year ended 31st December, 2010

Please find enclosed a copy of the Annual Financial Statement for 2010.

The Annual Financial Statement (AFS) for 2010 will be tabled, at the forthcoming Meeting of Council to be held on 26th April 2011.

Balance Sheet Review

The Balance Sheet presented shows that Limerick City Council had Fixed Assets of €988,521,330 and Work In Progress of €10,377,382 as at 31 December 2010. A full breakdown of these figures is set out in notes 1 & 2 to the AFS.

Appendix 5 of the AFS sets out a summary of the Capital expenditure and income for 2009/2010. Capital income amounted to €74.3m in 2010 an increase of €5.2m on the 2009 figure of €69.1m. Grants account for 81% of total capital income in 2010, while loan financing for water services of €4.9m accounting for 6.6%.

Government Debtors have held steady at €1.38m at 31 December 2010, compared to €1.46m at 31 December 2009. This is mainly due to timely payment of current claims by the Department of Environment, Heritage and Local Government. Collection percentages for all other areas of debt including Commercial Rates and Water were under constant pressure during 2010 mainly due to the ongoing economic downturn and level of vacancy in Limerick City (see Appendix 7 of AFS for figures).

Revenue Expenditure Review

Revenue expenditure for the year amounted to €85,264,228 before transfers. Transfer to reserves amounted to €7,017,434, giving a total expenditure figure for 2010 of €92,281,662. This total expenditure figure exceeded the budgeted expenditure by €3,880,299. 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 April Council Meeting. Income exceeded budget by €3,937,933 leading to a revenue surplus for 2010 of €57,634. This when added to the opening surplus of €260,191 gives an accumulated surplus at 31 December 2010 of €317,825.

Payroll continues to be the most significant cost with a total payroll cost in 2010 of €31,511,813 (excludes VEC Pensions). This represented a decrease of 9.5% (€3,316,605) on the payroll cost in 2009 (€34,828,418). In 2009 payroll costs (excluding VEC pension) represented 38.3% of total expenditure. This decreased to 34.1% in 2010 which is still a significant percentage of overall expenditure. This indicates the need for the continued commitment to re-align pay and non-pay expenditure within the City Council. The difference in payroll costs between 2010 and 2009 is mainly due to (1) reductions in the rate of pay for public servants by on average 8% with the introduction of the Financial Emergency Measures in the Public Interest (No. 2) Act 2009, and (2) the introduction of measures that continued to control payroll costs in 2010 including the non renewal of temporary contracts, non filling of vacancies that arose in 2010 and reductions in overtime and allowances. The pay costs and staff numbers will continue to be examined during 2011 in order to identify further savings where possible.

Expenditure is summarised by main area of expenditure as follows:

| | 2010 % of Expenditure | | 2009 % of Expenditure | |
|--------------------------|------------------------------|---------------|------------------------------|---------------|
| | € | % | € | % |
| Payroll | 31,511,813 | 34.1% | 34,828,417 | 38.3% |
| Operational expenses | 35,790,255 | 38.8% | 34,270,858 | 37.7% |
| Administration expenses | 5,825,088 | 6.3% | 6,252,746 | 6.9% |
| Establishment expenses | 2,928,266 | 3.2% | 2,658,374 | 2.9% |
| Financial expenses | 8,408,903 | 9.1% | 8,232,596 | 9.1% |
| Miscellaneous | 799,903 | 0.9% | 1,076,181 | 1.2% |
| Transfer to reserves | 7,017,434 | 7.6% | 3,591,650 | 4.0% |
| Total Expenditure | 92,281,662 | 100.0% | 90,910,822 | 100.0% |

Income Review

Revenue income for the year amounted to €92,339,296. This represented an increase of 1.5% on the total income in 2009 (€90,992,609). The following table summarises the main income sources:

| | Appendix | 2010 | | 2009 | |
|--|-----------------|-------------------|-------------|-------------------|-------------|
| | | € | % | € | % |
| Grants & Subsidies | 3 | 21,817,465 | 24% | 19,216,279 | 21% |
| Contributions from other local authorities | 2 | 10,881,012 | 12% | 11,069,754 | 12% |
| Goods & Services | 4 | 18,957,298 | 21% | 19,341,476 | 21% |
| | | 51,655,775 | 57% | 49,627,509 | 55% |
| Local Government Fund | | 8,656,666 | 9% | 9,833,037 | 11% |
| Rates | | 30,542,193 | 33% | 30,298,778 | 33% |
| Pension Related Deduction | | 1,484,662 | 1% | 1,233,285 | 1% |
| | | 92,339,296 | 100% | 90,992,609 | 100% |

A number of income areas performed ahead of budget in 2010 resulting in a surplus income over budget. In particular the non-principal private residence charge, fire charges and housing related income contributed to a favourable 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, additional road grants and Higher Education Grants would be cancelled by similar increases in expenditure.

Summary

The revenue surplus for 2010 is €57,634. As a result the accumulated revenue surplus at the end of 2010 is increased to €317,825 compared to €260,191 at the end of 2009. The retention of a cumulative surplus for a sixth year is a very positive reflection of the efforts of the elected members to address the historic financial situation of Limerick City Council, and is also reflective of the continuous efforts of the staff of Limerick City Council in achieving better value for money and increasing overall efficiencies during these challenging economic times.

I ask the members to consider the Annual Financial Statement.

T Mackey
City Manager