



LIMERICK CITY COUNCIL

City Manager's Office,
City Hall,
Limerick.
16th May 2008

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

Annual Financial Statement
for Financial Year ended 31st December, 2007

Please find enclosed a copy of the Annual Financial Statement for 2007.

The Annual Financial Statement (AFS) for 2007 will be tabled, at the forthcoming Meeting of Council to be held on Monday 26th May 2008.

Balance Sheet Review

The Balance Sheet presented shows that Limerick City Council has Fixed Assets of €927,617,251 and Work In Progress of €69,390,941 as at 31 December 2007. A full breakdown of these figures is set out in notes 1 & 2 to the AFS.

The City Council has had a slight reduction in its Net Current Assets with a balance of €11,976,357 as at 31 December 2007 compared to net current assets of €12,042,117 as at 31 December 2006.

Appendix 5 sets out a summary of the Capital expenditure and income for 2007. Capital income excluding internal transfers significantly exceeded expenditure during 2007.

Bank Overdraft amounts to €14,416,247 as at 31 December 2007 compared to cash on hand of €501,491 as at 31 December 2006. The major factor contributing to this situation was the level of capital debtors at the end of 2007 which stood at €18,870,742.

Revenue Expenditure Review

Revenue expenditure for the year amounted to €79,464,692 before transfers. Transfer to reserves amounted to €3,616,839 giving a total expenditure figure for 2007 of €83,081,531. This total expenditure figure exceeded the budgeted expenditure by €3,546,140. 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.

Payroll continues to be the most significant cost with a total payroll cost in 2007 of €38,629,770. This represented an increase of 10.2% on the payroll cost in 2006 (€35,057,221) (the increase excluding the VEC Pensions in 2007 is 12%). National Wage Agreements increased pay costs by 2% on 1st June 2007. In 2006 payroll costs represented 45.27% of total expenditure. This increased to 46.5% in 2007. This highlights the need for City Council to continue its focus on realigning the pay/non pay balance.

Transfer to reserves includes the following:

	€
Insurance Fund	1,718,225
Disabled Persons Grant - Revenue Provision	250,000
Council Chamber Roof Repairs	118,456
Central Heating Scheme - Revenue Provision	100,000
Ringfencing RAS Surplus	97,428
ICT Infrastructure – Ringfencing Revenue Funding	91,000
Promotion of City Centre - Revenue Contribution	61,121
Waste Management Strategy - Revenue Contribution	55,000

Income Review

Revenue income for the year amounted to €82,878,528. This represented an increase of 6.1% on the total income in 2006 (€78,100,391). The following table summarises the main income sources:

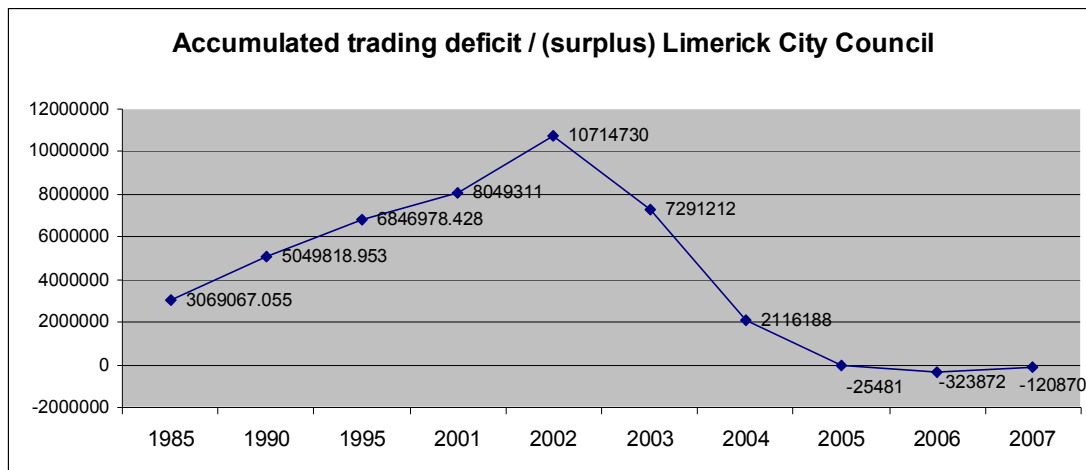
	Appendix	2007 €	%	2006 €	%
Grants & Subsidies	3	17,602,449	21%	16,586,144	21%
Contributions from other local authorities	2	10,071,249	12%	9,168,926	12%
Goods & Services	4	16,448,332	20%	15,212,845	19%
		44,122,030	53%	40,967,915	52%
Local Government Fund		11,723,220	14%	11,025,361	14%
Rates		27,033,278	33%	26,107,115	33%
Total Income		82,878,529	100%	78,100,391	100%

A number of income areas performed ahead of budget in 2007 resulting in a surplus income over budget. In particular property entry levies, fire charges, parking fines and housing rents 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, Higher Education Grants and Recycling Subsidies would be cancelled by similar increase in expenditure.

Summary

The revenue deficit for 2007 is €203,002. As a result the accumulated revenue surplus at the end of 2007 is reduced to €120,870, compared to €323,872 at the end of 2006. The retention of a cumulative surplus for a third year is a very positive reflection of the efforts of the elected members to address the historic financial situation of Limerick City Council.

The following graph sets out the historical debit balance, and highlights that Limerick City Council is still in cumulative surplus at the end of 2007. It is also worth noting that whereas Limerick City Council were the highest rate charge in the country in 2006, there are now five Local Authorities with a higher rate charge than Limerick City Council for 2008.



I ask the members to consider the Annual Financial Statement.

**T MACKEY
CITY MANAGER**