



LIMERICK CITY COUNCIL

City Manager's Office,
City Hall,
Limerick.
20th March 2012

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

Annual Financial Statement
for Financial Year ended 31st December, 2011

Please find enclosed a copy of the Annual Financial Statement for 2011.

The Annual Financial Statement (AFS) for 2011 will be tabled, at the forthcoming Meeting of Council to be held on 26th March 2012.

Balance Sheet Review

The Balance Sheet presented shows that Limerick City Council had Fixed Assets of €1,019,793,404 and Work In Progress of €17,737,688 as at 31 December 2011. 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 2010/2011. Capital income amounted to €75.0m in 2011 an increase of €0.7m on the 2010 figure of €74.3m. Grants account for 85% of total capital income in 2011.

Government Debtors declined to €0.27m at 31 December 2011, compared to €1.38m at 31 December 2010. 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 2011 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 €82,586,501 before transfers. Transfer to reserves amounted to €6,792,759, giving a total expenditure figure for 2011 of €89,379,259. This total expenditure figure exceeded the budgeted expenditure by €1,967,085. 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 €2,146,731 leading to a revenue surplus for 2010 of €179,646. This when added to the opening surplus of €317,825 gives an accumulated surplus at 31 December 2011 of €497,471.

Payroll continues to be the most significant cost with a total payroll cost in 2010 of €31,526,348 (excludes VEC Pensions). This figure shows no increase or decrease on the payroll cost in 2010 (€35,511,813). In 2010 payroll costs (excluding VEC pension) represented 34.1% of total expenditure. This increased to 35.3% in 2011 which is 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. Payroll costs in 2011 remained in line with 2010 levels despite the introduction of measures that continued to control payroll costs in 2011 including the non renewal of temporary contracts, non filling of vacancies that arose in 2011 and reductions in overtime and allowances. This was due to a special provision made in 2011 to part cover the cost of expected retirements in February 2012. The pay costs and staff numbers will continue to be examined during 2012 in order to identify further savings where possible.

Expenditure is summarised by main area of expenditure as follows:

	2011 % of Expenditure		2010 % of Expenditure	
	€	%	€	%
Payroll	31,526,348	35.3%	31,511,813	34.1%
Operational expenses	33,526,898	37.5%	35,790,255	38.8%
Administration expenses	5,794,722	6.5%	5,825,088	6.3%
Establishment expenses	3,132,304	3.5%	2,928,266	3.2%
Financial expenses	7,391,921	8.3%	8,408,903	9.1%
Miscellaneous	1,214,308	1.4%	799,903	0.9%
Transfer to reserves	6,792,759	7.6%	7,017,434	7.6%
Total Expenditure	89,379,259	100.0%	90,910,822	100.0%

Revenue Income Review

Revenue income for the year amounted to €89,558,905. This represented a decrease of 3% on the total income in 2010 (€92,239,296). The following table summarises the main income sources:

	Appendix	2011		2010	
		€	%	€	%
Grants & Subsidies	3	19,620,717	22%	21,817,465	24%
Contributions from other local authorities	2	10,998,487	12%	10,881,012	12%
Goods & Services	4	18,590,463	21%	18,957,298	21%
		49,209,667	56%	51,655,775	55%
Local Government Fund		8,204,778	9%	8,656,666	9%
Rates		30,721,667	34%	30,542,193	33%
Pension Related Deduction		1,422,793	1%	1,484,662	1%
		92,339,296	100%	92,339,296	100%

A number of income areas performed ahead of budget in 2011 resulting in a surplus income over budget. In particular the non-principal private residence charge, environment related income 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 Accommodation of Homeless Persons, additional road grants and Higher Education Grants would be cancelled by similar increases in expenditure. Overall income in 2011 was less than 2010 mainly due to the fact that VEC pensions were no longer processed by the Local Authority since mid 2011. This decrease in income was cancelled by a similar decrease in expenditure.

Summary

The revenue surplus for 2011 is €179,646. As a result the accumulated revenue surplus at the end of 2011 is increased to €497,471 compared to €317,825 at the end of 2010. 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.

K Lehane
City Manager