



With reference to the consideration by the Audit Committee of the Audited Annual Financial Statement (AFS) for 2015 and the Local Government Auditor's report on the Accounts of Dublin City Council for 2015

Section 60 of the Local Government Reform Act 2014 places a specific reporting requirement on Audit Committees in relation to the Audited Annual Financial Statement and the Local Government Auditor's report. The Act requires the Committee to consider these reports at the next meeting of the Committee, following their receipt. The Audit Committee is then required to report formally to the City Council on its findings.

This Committee considered the reports at a special meeting held for that purpose on the 17th November, 2016. The Principal Local Government Auditor and Head of Finance were present to deal with queries raised by the Committee.

With the agreement of the Committee, the Chairperson asked Mr. Richard Murphy, the Principal Local Government Auditor to go through each item on the report and the corresponding sections within the AFS for 2015. Mr. Murphy referred in the first instance to page 9 of the audited AFS for 2015, where he states in his unmodified opinion that "the AFS has been prepared in accordance with the Code of Practice and Accounting Regulations for Local Authorities, and it presents fairly the financial position of Dublin City Council at the 31st December, 2015". He then proceeded to go down through his report, section by section. The following items were some of the issues in respect of which queries were raised and/or clarification sought by the Members:

**Interest of Local Authority in Companies and Joint Ventures:
(Appendix 8, p.47 of the audited AFS)**

A query was raised in relation to the non-consolidation of assets in respect of the Temple Bar Cultural Trust.

The Principal Local Government Auditor said that non-consolidation of assets is an issue and a concern for the audit service nationally. The treatment of these type of companies' accounts is dependent on how they were incorporated. The Head of Finance informed the Committee that there is legislation due in 2017 to disband Temple Bar Cultural Trust and that this will resolve this particular case.

Unfunded Capital Balances: (Item 5.2 of the L.G. Auditor's Report)

Specific queries under this heading were:-

- (a) €11m approx. on District Heating Project (Poolbeg). This investment relates to the provision of the necessary infrastructure (pipes etc.) and will be substantially recouped when the Waste to Energy Project is up and running.
(Item 5.4 of the L.G. Auditor's Report)

- (b) Unsold Affordable Housing Units (352 units). If funding was available these units would become part of DCC's housing stock. However, they are actually available for social housing, albeit by way of different funding methods.

(Item 5.3 of the L.G. Auditor's Report)

The Audit Committee agreed that the list of Unfunded Capital Projects, which is appearing year after year on the AFS and Local Government Auditor's Report, should be referred to the Finance Strategic Policy Committee in the context of asking it to consider/review generally DCC's policy in relation to same.

Action 1: Refer to the Finance SPC

Ballyfermot Leisure Centre: (Item 5.5 of the L.G. Auditor's Report)

The final settlement, following arbitration, to the claim for additional costs by the Developer was noted. It was agreed by the Audit Committee that the Head of Finance should review with Senior Management the type of contract that was used for this project, to consider if a different type of contract could be used in future to prevent similar claims arising from projects in the years ahead. However, it was noted that this type of contract was not peculiar to DCC, but was one being used nationally.

Action 2: Head of Finance to raise with Senior Management

Commercial Rates: (Item 3.1 of the L.G. Auditor's Report. See also Appendix 7 of the AFS)

The yield from commercial rates was noted as being an increase from 84% in 2014 to 88% in 2015. Mr Murphy explained that a different calculation was used and that the yield would have been 86% had the old method been used.

All of the other items raised in the report were addressed and all of the Committee's queries and requests for clarification were adequately dealt with by the Principal Local Government Auditor/Head of Finance. Two items to be referred, one to Senior Management and one to the Finance SPC. See Actions 1 & 2 above.

Accordingly I, on behalf of the Audit Committee, recommend this report to the City Council for noting.

Brendan Foster

Chairperson

17th November, 2016.

ANNUAL FINANCIAL STATEMENTS

Dublin City Council

For the year ended 31st December 2015

Audited



Comhairle Cathrach
Bhaile Átha Cliath
Dublin City Council

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Introduction

I am pleased to present the Annual Financial Statements of Dublin City Council for the financial year ended 31st December 2015. Comparative figures are given for 2014. Dublin City is the economic hub of the Dublin Region, which in turn is the economic hub of the State. Dublin City has a diverse economy, a source of employment and income for an area well beyond the City itself. Dublin is a centre for retail, financial, higher education, medical, cultural and entertainment activities.

Review of Dublin City Council's Financial Performance in 2015

Dublin City Council had an overall surplus for the year of €0.2m, which when added to our opening general reserve of €28.4m gave a closing reserve of €28.6m. The Council's bank position at the end of 2015 was a credit balance of €88.4m, and the Council operated in credit for 365 days in 2015. At the year end the Council had €51.7m invested with Financial Institutes on our behalf and on joint deposit. The City Council's bank balance included cash on hand of €18m relating to Loan Redemptions and Relending and €3m working capital cash received from Irish Water in relation to the operation of the Service Level Agreement. Further detail is available in the Statement of Funds Flow.

In 2015 the Entry Year Property Levy secured an additional €2.48m income and the Non Principal Private Residence Charge was €5.02m greater than originally budgeted for. Irish Public Bodies Mutual Insurances paid a dividend of €533k.

Dublin City Council adjusts and matches both operational day to day spend and its long-term capital investment programme with available funding and resources.

Central to all of Dublin City Council's services is the objective to maintain and support businesses and households through the provision of quality value driven services.

Financial Management Measures 2015

Over the course of 2015 Dublin City Council managed its resource base effectively. The City Council have in place a programme of prudent expenditure controls, strengthened debt collection measures, limited exposure to capital projects and accelerated a review process of work practices and resource demands. This programme continues into the future. It has been a key enabler in the City Council's capacity to limit the impact of reduced resources on services to the relatively low level that has occurred. The programme is critical to

continuing to make changes in how we work. It will assist in further service reviews over the course of 2016 and beyond. These effective controls have enabled Dublin City Council to bring forward the advantage of once off issues such as additional income that arose with regard to the Non Principal Private Residence charges.

Accounting Statements, Notes & Appendices

The aim of the Annual Financial Statement is to fairly present the financial position of Dublin City Council as at the end of 2015. This is achieved through the production of Statements, Notes and Appendices, as required by the regulatory accounting framework set by the Minister for the Environment, Community and Local Government. The purpose of each of these documents is set out in the glossary.

Changes to Accounting Policies

Changes to Accounting Policies are set out later regarding the accounting treatment relating to:

- Loss of Rates on Water Network
- Reductions in PRD
- Redemption of Water related loans
- Commercial Rates Collection
- Accounting for Local Property Tax
- Other matters

Revenue Expenditure

During 2015, Revenue (i.e. day to day operations) Expenditure amounted to €771m with income of €771.2m, giving an excess of income over expenditure of €0.2m (see Table 1). This demonstrates an increase in General Reserves of €0.2m

	€m
Revenue Expenditure on City Council Service	771.0
Revenue Income (Government Grants, Service Charges & Rates)	771.2
Excess of Income over Expenditure	0.2

Table 1: Revenue Expenditure 2015

Transfers to Reserve Fund

As required by the regulatory accounting framework set by the Minister for the Environment, Community & Local Government, expenditure shown in the 2015 Statement of Comprehensive Income is net of transfer to

reserves i.e. transfer to reserves are excluded. Note 14 “Transfers from / (to) Reserves” provides greater detail on these transfers. The movement from gross expenditure to net expenditure indicated in the AFS is set out in Table 2.

	€m
Expenditure	723.0
Transfers to Reserve	48.0
Final Expenditure	771.0

Table 2: Movement from Gross to Net Expenditure 2015

Income is also expressed in the AFS net of transfers to reserves, as presented in Table 3.

	€m
Income	409.8
Rates Income	336.3
Local Property Tax	6.8
Pension Levy	16.2
Income before Transfers	769.1
Plus Transfers from Reserves	2.1
Final Income	771.2

Table 3: Movement from Gross to Net Income 2015

Accounting Policies

The Accounting Policies used in the preparation of the AFS are set out in the Statement of Accounting Policies. Dublin City Council is fully compliant with the regulatory accounting framework as determined by the Department of the Environment, Community and Local Government.

Statutory Audit

Dublin City Council undergoes an annual audit, required by statute, carried out by the Local Government Audit Service (LGAS). The Audit for the financial year 2015 commenced in January 2016. This Audit provides an independent review to help assure a fair presentation of Dublin City Council's financial position. Dublin City Council is also subject to audit in relation to EU funding, NRA funding, tax compliance and audits with a Value For Money objective through the LGAS.

Capital Expenditure

Expenditure in 2015 on Capital projects and investment net of internal transfers was €249.2m. This spend forms part of the Capital Programme 2015 to 2017 of €568.5m. This expenditure of €249.2m was funded through income net of transfers of €174.2m and net transfers of €23.1m, giving an excess of expenditure over income of €51.9m. (See Table 4)

	€m
Opening Balance (Debit)	(25.6)
Expenditure as at 31 st December 2015	249.2
Income	174.2
Net Transfers (€25.2 - €2.1)	23.1
Closing Balance 31 st December 2015 (Debit)	(77.5)

Table 4: Capital Account 2015

Development Contributions

Section 48 of the Planning and Development Act 2000 enables Dublin City Council when granting a planning permission under Section 34 of the Act to include conditions requiring the payment of a contribution. This contribution is in respect of public infrastructure and facilities benefiting development in the area of the planning authority and that is provided, or that is intended will be provided by or on behalf of a Local Authority (regardless of other sources of funding for the infrastructure and facilities). Dublin City Council's first Development Contributions Scheme under the 2000 Act came into operation on 1st January 2004 and a subsequent scheme (2010 – 2017) came into operation on 1st January 2010. Following a review of the 2010-2017 Scheme, the Development Contribution Scheme 2013-2015 was adopted by the Elected Members in December 2012. The 2013-2015 scheme was reviewed in 2015 and the current scheme is now the Development Contribution Scheme 2016-2020 which was adopted by the Elected Members in December 2015. The Annual Financial Statement for the financial year 2015 includes values for development contributions as set out in Table 5.

	€m
Development Contributions Outstanding at the Year End	20.1
Development Contributions subject to phasing arrangements	20.4
Total	40.5

Table 5: Development Contributions 2015

Phasing arrangements for payments of development contributions are in place where considered appropriate. Site developments are subject to inspection to confirm that building works have commenced. Enforcement actions in respect of development sites where development contributions are due and remain unpaid include site inspections, warning letters, enforcement notices and legal proceedings.

Rates

Rates are levied by Dublin City Council on the occupiers and owners (in some cases) of commercial properties in Dublin City. Rates

income in 2015 amounted to €336.3m, and accounts for 44% of Dublin City Council's funding for day-to-day services.

Rates are based on rateable valuations of properties as set by the Commissioner of Valuation, and the annual rate on valuation (the multiplier) is determined each year by reserved function of the elected members of Dublin City Council (see Table 6).

	2012	2013	2014	2015
	€m	€m	€m	€m
Commercial Rateable Valuation of City	5.59	5.60	1,332	1,313
ARV (multiplier)	61.19	60.58	0.257	.256
Rates Income	342.00	339.00	342.00	336.26

Table 6: Rates Income 2012 – 2015

Trading conditions for business in 2015 involved many pressures and varied extensively. Continued difficulties in the banking sector, the impact of the recession on trading and purchasing patterns and low confidence were all evident. Rates form the largest single income source of Dublin City Council's day to day activities. The rate collection in 2015 performed robustly in the context of a slowly recovering economic environment. The Valuation Office applied the outcome of a revaluation on commercial property in Dublin City with effect from January 2014. The revised valuation data is valued from a base year of 2011 and is distinct from previous valuation data.

Financial Management

System of Internal Controls

The Executive of Dublin City Council acknowledges its responsibility for systems of internal control in Dublin City Council including putting in place processes and procedures for the purpose of ensuring that control systems are effective. These systems can provide reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or detected in a timely period. Effective internal control systems enable Dublin City Council to meet its responsibilities for the integrity and accuracy of its accounting records.

Dublin City Council has taken steps to ensure an appropriate control environment is in place by:

- Clearly defining and documenting Management's responsibilities and powers
- Strengthening a strong culture of accountability across all levels of the organisation
- The work of Internal Audit
- The work of the Central Procurement office
- The work of the Risk Management Unit
- The work of the Ethics Officer
- The work of the Audit Committee
- External Audit and scrutiny through many channels

Financial management reporting in Dublin City Council is robust and thorough. A rigorous system of monthly financial monitoring ensures that any significant budget variances are identified and appropriate actions are taken to minimise any adverse financial impact. The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular it includes:

- A comprehensive budgeting system with an annual budget which is reviewed and agreed by the elected members
- Regular financial reviews; weekly, monthly and quarterly financial reports which indicate financial performance against forecasts on both expenditure and income and variance analysis evaluation
- Setting targets to measure financial and other performances
- Clearly defined capital investment control guidelines
- Formal project management disciplines
- Strict policies and procedures for the receipt, recording and control of monies. These procedures are regularly reviewed and audited.

Internal Audit

The primary role of Internal Audit is to provide assurance to Senior Management and to the Audit Committee that the various risks facing the Council have been identified and appropriate internal controls are in place to manage those risks.

Internal Audit is a key player in the Corporate Governance process and makes a valuable contribution to the effective management of Dublin City Council. The concepts of

accountability and transparency are important principles in responsible governance, implying openness to scrutiny and a requirement to report on performance. Internal Audit facilitates this process by providing an independent review function to Management, to assure that services are being provided in an efficient, effective and economic manner and in conformity with legal requirements. In 2015, reports were issued covering a wide range of issues.

Management and Staff

Dublin City Council acknowledges the committed work of staff. The high quality of services, projects and interaction is due to their dedication and tremendous contribution. Dublin City Council is fully committed to the development of staff. Dublin City Council wishes to be considered as a destination employer, attracting the best staff to achieve our vision for Dublin City and is an equal opportunities employer. The Finance Department and others operate a Continuing Professional Development support scheme for staff to assist in retaining and developing professional skills and knowledge.

Finance & Emergency Services Strategic Policy Committee

The Finance & Emergency Services Strategic Policy Committee (SPC) provides leadership and direction on key areas relating to the financing of Dublin City Council. Key topics pursued during 2015 were:

- Presentation of unaudited Annual Financial Statement 2014
- Rates Debtors for 2014 detailing the commercial rates arrears at the 31st December 2014.
- National Oversight Audit Commission
- Local Property Tax – communication with the Minister for Finance following the passing of a motion seeking the abolition of the tax and replacement with a wealth tax.
- Notification to Dublin City Council of all accounts opened and closed by Dublin City Council .
- Associated Companies of Dublin City Council.
- Dublin Docklands Development Authority and the transition of the authority to the City Council.
- Proposed Consultation Process for the development of a Section 26 Operation Plan for Dublin Fire Brigade.
- Chief Executive Officer’s report summarising issues around Dublin Fire Brigade call handling and dispatch arrangements.

- BID (Business Improvement District) Debtors at 31st December 2014.
- Development Contribution Scheme - an analysis of development contributions received over the eleven year period 2004 to 2014.
- Report on Waste Collection and Disposal relating to casual trading at Thomas Street, Camden Street and Moore Street.
- Homeless Funding shortfall – communication with the Department of Environment, Community and Local Government.
- Ballymun Regeneration Ltd – funding drawdown delays – communication with the Department of Environment, Community and Local Government.
- Dublin City Council bank account arrangements and structure.
- Regulation of Lobbying Act 2015 – Transparency Code – requirements for Committee Members under the legislation.
- Hotel Bed Tax – exploration and examination on the potential introduction of a tax which would be used equally for the benefit of improving the City’s infrastructure and forming a trust that will directly fund artists work.
- Valuation Office summary of timeline for revaluation of Dublin City.
- Review of all agreed minutes of the Dublin City Council Audit Committee.

Presentations made:

- Housing Loans – presentation made by the Mortgage Support Unit of Dublin City Council
- Dublin Town – presentation made by Richard Guiney, CEO of Dublin Town
- Housing Loans – “Addressing and resolving Mortgage Arrears in Dublin City Council”
- Digital Hub Development Agency – presentation made by Gerry Macken, CEO of DHDA
- Resolving Mortgage Arrears in Local Government: Towards sustainable forbearance arrangements – presentation by Daithi Downey, Housing and Residential Services Department

Motions dealt with:

- Cllr. M. Flynn seeking the establishment of a Dublin City Council Public Accounts Oversight Committee.
- Cllr. T. McVeigh seeking the introduction of a differentiation of rates for different locations and different classes of commercial uses.
- Cllr. M. Flynn relating to the St. Stephen’s Green Christmas Market.

- Cllr. N. Reilly relating to Dublin Fire Brigade and crew levels.
- Cllr. D. Roiste relating to discretion to waiver rates for specific areas – referred from City Development Plan process.
- Cllr. M. Flynn relating to TBCT tenants pursuing the option of purchasing their premises

Overview of Priorities for 2016

Closing General Reserve Balance 2015

Recruitment of staff was significantly lower in 2015 than budgeted for, with considerable budget provision unutilised. Other issues impacting on the general reserve are increased income from housing rents and the NPPR charge.

The General Reserve at year-end 2015 is a key factor in maintaining service provision in 2016. Its absence would mean that service provision would be contracted, or that additional viable income would require to be generated for service provision to continue.

Local Property Tax

The net effect of the implementation of LPT is that additional funding was made available to the City Council in 2015 as a consequence of LPT receipts of €4.1m. This funding recurs in 2016 and supports current service provision. The expectation on the part of those availing of Dublin City Council services, of additional service provision as a consequence of LPT receipts coming directly to the City Council, poses a major challenge. There is no additional funding through LPT in 2016.

Commercial Rates

The Valuation Office completed the revaluing of all non-domestic properties in the City Council area in 2013, with new valuations taking effect from 1st January 2014. The revised valuations form the basis for the determination of commercial rates from 2014. The revaluation process was intended to be revenue neutral for the City Council - the relevant legislation provides that rates yield should not increase or decrease as a direct result of the revaluation. There is an extensive appeals process for rate payers who are unhappy with the outcome of the revaluation process. The first stage involves an appeal to the Commissioner of Valuation. The second stage involves an appeal to the Valuation Tribunal - an independent body established to determine such appeals. There is also a further right of appeal to the High Court on a point of law.

Appeals are not determined until after the revenue neutral ARV is set. Successful appeals

to the Commissioner of Valuation have resulted in downward movement in valuations equivalent to a loss of commercial rates income of €5.1m in 2014. A further provision of €2m was made in 2015 in respect of successful appeals to the Valuation Tribunal in 2015. In 2016 another provision of €8m is provided relating to further appeals to the Valuation Tribunals impacting in 2016 and to the impact of a programme of revaluations of global commercial entities. These losses are mitigated by buoyancy of €3.5m in the rates base, leaving a net loss new to 2016 of €4.5m. The revaluation process has not, in any way, been neutral to the City's funding base with a cumulative loss of funding since 2014 of €27.3m (2014 €5.1m, 2015 €7.1m (€5.1m plus €2m), 2016 €15.1m (€7.1m plus €8m), set out in Table 7 below. There have been no compensatory measures applied to Dublin City Council for this perpetual loss.

Year	€m	€m	€m	Total €m
2014	5.1			5.1
2015	5.1	2.0		7.1
2016	5.1	2.0	8.0	15.1
Total:				27.3

Table 7 – Revaluation related losses of Rates Income 2014 – 2016

Homeless Services

The number of persons presenting as homeless increased significantly during 2015, despite 2014 having experienced a demand for services that was then unprecedented. The numbers of families with dependent children presenting as homeless continues to grow. Many of these households are accommodated on a temporary basis in hotels which is expensive and unsatisfactory. While the causes of homelessness are many and complex, a key factor has been the inability of low income households to secure and sustain private rented accommodation in the face of significant increases in rents and caps on rent supplement payments.

The level of expenditure being incurred on homeless service has increased disproportionately to other Local Authority service costs in 2015. If presentation levels in 2016 continue at 2015 levels, the cost of homeless service provision will increase again as during 2015 the rate of presentation rose above the rate of presentation in 2014. Increased demand for homeless services has to date presented a severe funding liability for Dublin City Council, and to a lesser extent the other Dublin local authorities (the service is managed on a regional basis by the Dublin Region Homeless Executive), as there has been a significant departure in recent years from the original funding framework of 90%

recoupment of expenditure on homeless services from the State.

1916 Commemorations

Funding was provided in the 2015 Budget for the purpose of commemorating the 1916 Rising. Additional funding is provided in 2016 to fund commemoration events.

IW Related Exempted Rates

The introduction of Irish Water (IW) gave responsibility for water and drainage related services from Local Authorities to IW. Related assets, previously held by Dublin City Council were transferred to the company. Section 12 of the Water Services Act 2014 states that IW will not be liable for rates on the facilities transferred to the company from Local Authorities that previously had a rates liability. The Department have committed to giving a grant to the affected Local Authorities to the value of lost rates related to the IW in 2015 and 2016 **only**. This grant amounts to €10.9m. It is imperative that the Department continue the arrangement of providing funding for the rates income foregone related to IW. I am hopeful that the Department will recognise that it is not possible for Dublin City Council's severely reduced funding base to absorb a loss of funding on this matter.

Conclusion

Dublin City Council services support business, residential and visitor life in the City. Service demand remained high in 2015 notwithstanding economic pressures, and this remains the case in 2016. Dublin City Council will continue to closely link service provision with available resources. Notwithstanding movements in resources, services will be delivered to the highest quality and represent value for money.

The funding for services represents a sixth year of contracting resources. Despite this, every effort is being made by staff to support the ongoing development of the Dublin economy. During the past year we had many notable events here in Dublin and in the process the City's international reputation and image has been significantly enhanced.

I would like to thank the staff of all Departments for their co-operation and especially my colleagues in the Finance Department for their work in producing the Annual Financial Statement, in particular Antoinette Power, Head of Financial Accounting and the staff of the Financial Accounting Unit. I also wish to thank the members of the City Council in relation to their consideration in resolving the many financial issues which arose during 2015. I would like to acknowledge the contribution made by Members of the Audit Committee and it's Chairperson Brendan Foster.

I would like to thank in particular the Members and Chairperson of the Finance & Emergency Services Strategic Policy Committee, Cllr Ruairi McGinley, for their contribution and commitment.

Kathy Quinn, CPFA
Head of Finance

Changes to Accounting Policies AFS 2015

Removals

Removal of the URBAN account (Note 7).

Removal of the county charge from Appendix 2 and Notes 16 and 17.

Other Balances

Changes have been made to Note 10 (formerly Note 11) - **Other Balances**, the objective of which is to make the Note more understandable to the users of the AFS and to facilitate future improvements in the AFS. In particular there will be greater clarity on Tenant Purchase related funding. All changes to the new Note 10 will result in changes to the funds flow statement.

LPT

Appendices 3, 5 and 6 are amended to reflect the prescribed manner of how LPT receipts can be used by local authorities, as set out in Departmental Circular. A new Appendix (9) is introduced relating to LPT.

Policy 5 – Pensions

A note for insertion in the AFS referring to FRS 17 – Retirement Benefits is prescribed.

Loss of Rates Income on Water Network 2015 & 2016

The accounting treatment to deal with reduced rates income owing to the exemption of Irish Water from Rates, is prescribed as identifying the grant committed to by the Department of the Environment for the years 2015 and 2016 only.

Loss of Rates due to Global Revaluation and PRD

Accounting treatments for the loss of Global Revaluation Income and PRD income is prescribed to recognise grant funding.

Redemption of Water loans

The accounting treatment to be applied includes the receipting of Department of the Environment, Community and Local Government funding and subsequent loan redemption.

Revised Format – Appendix 7 Summary of Major Revenue Collections

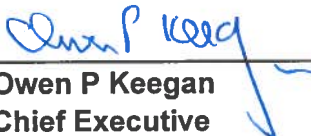
The revised Accounting Treatment aims to standardise reporting relating to commercial rates. It requires the separate identification of vacant property adjustments and write-offs under certain circumstances. Additional information with regard to specific doubtful arrears is provided.

Dublin City Council

Certificate of Chief Executive & Head of Finance for the year ended

31 December 2015

- 1.1 We the Chief Executive and Head of Finance are responsible for preparing an annual financial statement in accordance with the accounting code of practice issued by the Minister under section 107 of the Local Government Act, 2001
- 1.2 We are responsible for maintaining proper books of account that disclose with reasonable accuracy the financial position of the local authority and enable it to ensure that financial statements prepared comply with the statutory requirements.
- 1.3 We are responsible for the safeguarding of assets of the local authority and for taking reasonable steps for the prevention and detection of fraud and other irregularities.
- 1.4 When preparing financial statements we have:
- stated that the financial statements have been prepared in accordance with the Accounting Code of Practice and the accounting policies have been applied consistently; and,
 - made judgments and estimates that are reasonable and prudent;
- 1.5 We certify that the financial statements of Dublin City Council for the year ended 31 December 2015, as set out on pages 15 to 32, are in agreement with the books of account and have been prepared in accordance with the accounting requirements as directed by the Minister for the Environment, Community and Local Government.


Owen P Keegan
Chief Executive


Kathy Quinn CPFA
Head of Finance

16. 3. 2016
Date

16. 03. 16
Date

Independent Auditor's Opinion to the Members of Dublin City Council

I have audited the annual financial statement of Dublin City Council for the year ended 31 December 2015 as set out on pages 15 to 32, which comprises the Statement of Accounting Policies, Statement of Comprehensive Income, Statement of Financial Position, Statement of Funds Flow and Notes to and forming part of the Accounts. The financial reporting framework that has been applied in its preparation is the Code of Practice and Accounting Regulations as prescribed by the Minister for Housing, Planning, Community and Local Government.

Responsibilities of the Council and the Local Government Auditor

The Council, in accordance with Section 107 of the Local Government Act, 2001, is responsible for the maintenance of all accounting records including the preparation of the Annual Financial Statement. It is my responsibility, based on my audit, to form an independent opinion on the statement and to report my opinion to you.

Scope of the audit of the financial statement

I conducted my audit in accordance with the Code of Audit Practice, as prescribed under Section 117 of the Local Government Act, 2001. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the annual financial statement. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statement, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide sufficient evidence to give reasonable assurance that the annual financial statement is free from material misstatement, whether caused by fraud or error.

Opinion on the financial statement

In my opinion the annual financial statement, which has been prepared in accordance with the Code of Practice and Accounting Regulations for local authorities, presents fairly the financial position of the Dublin City Council at 31 December 2015 and its income and expenditure for the year then ended.

Statutory Audit Report

I have also prepared an associated audit report as provided for in Section 120(1)(c) of the Local Government Act, 2001.



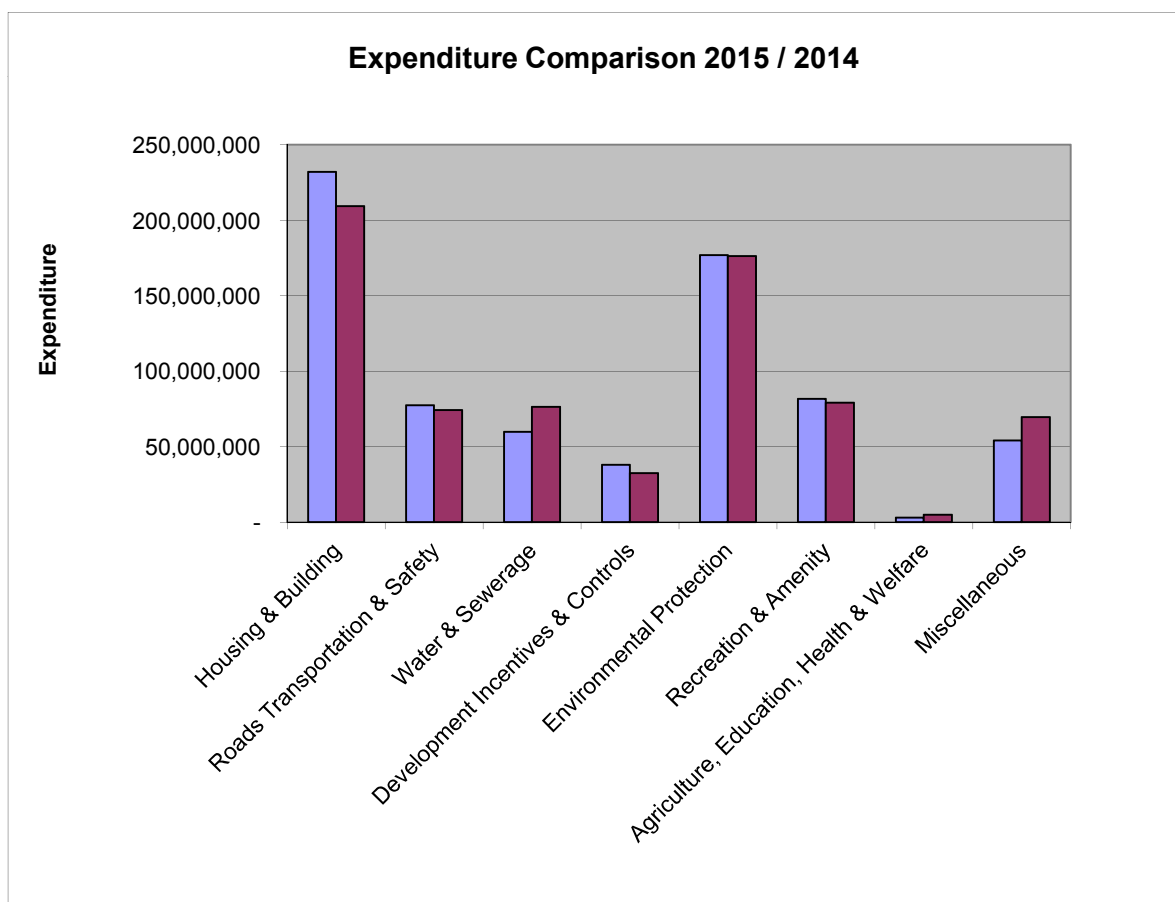
Principal Local Government Auditor
30 September 2016

GRAPHS

Revenue Accounts 2015 / Financial Profile at a glance

	Expenditure 2015 €	Expenditure 2014 €
Housing & Building	232,091,432	209,426,344
Roads Transportation & Safety	77,361,413	74,218,926
Water & Sewerage	59,819,723	76,358,309
Development Incentives & Controls	37,963,579	32,459,242
Environmental Protection	176,916,102	176,239,411
Recreation & Amenity	81,611,949	79,074,608
Agriculture, Education, Health & Welfare	2,983,145	5,013,126
Miscellaneous	54,171,521	69,693,617
Total Expenditure	722,918,864	722,483,583

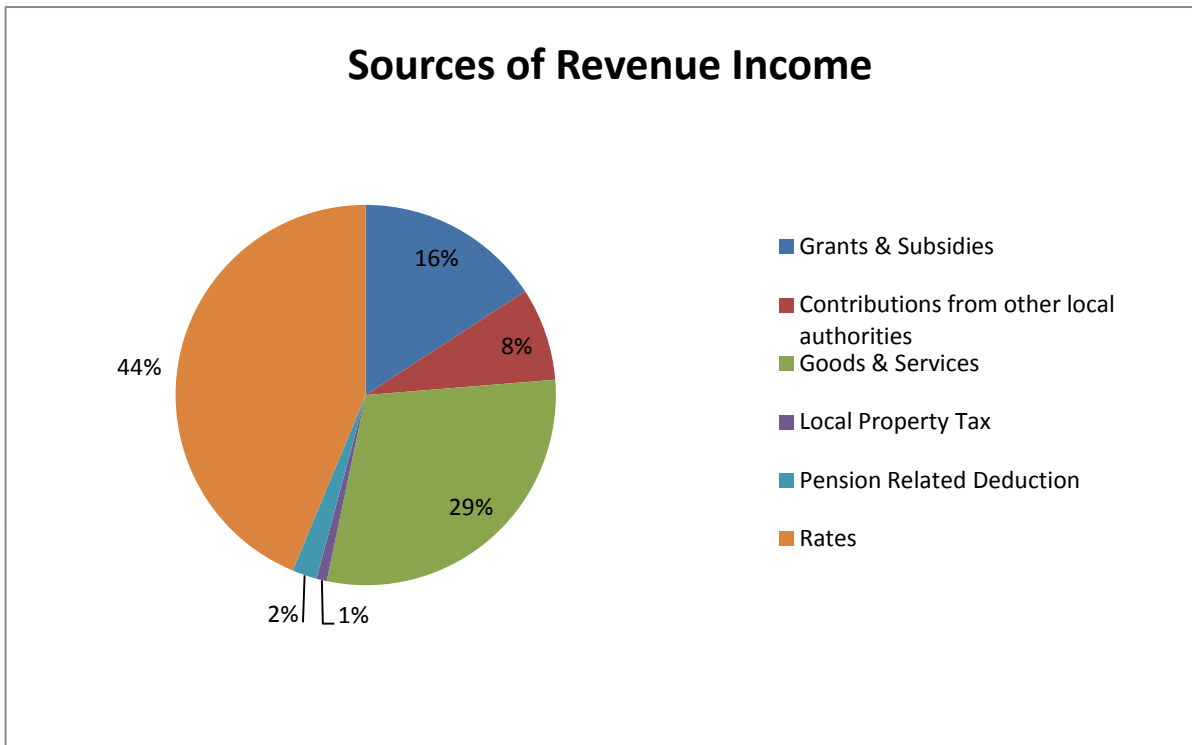
As per Income & Expenditure Account



Main Sources of Revenue Income

	2015
	€
Grants & Subsidies	121,703,848
Contributions from other local authorities	60,713,658
Goods & Services	227,346,372
Local Property Tax	6,800,296
Pension Related Deduction	16,249,294
Rates	336,255,813
	<u>769,069,281</u>

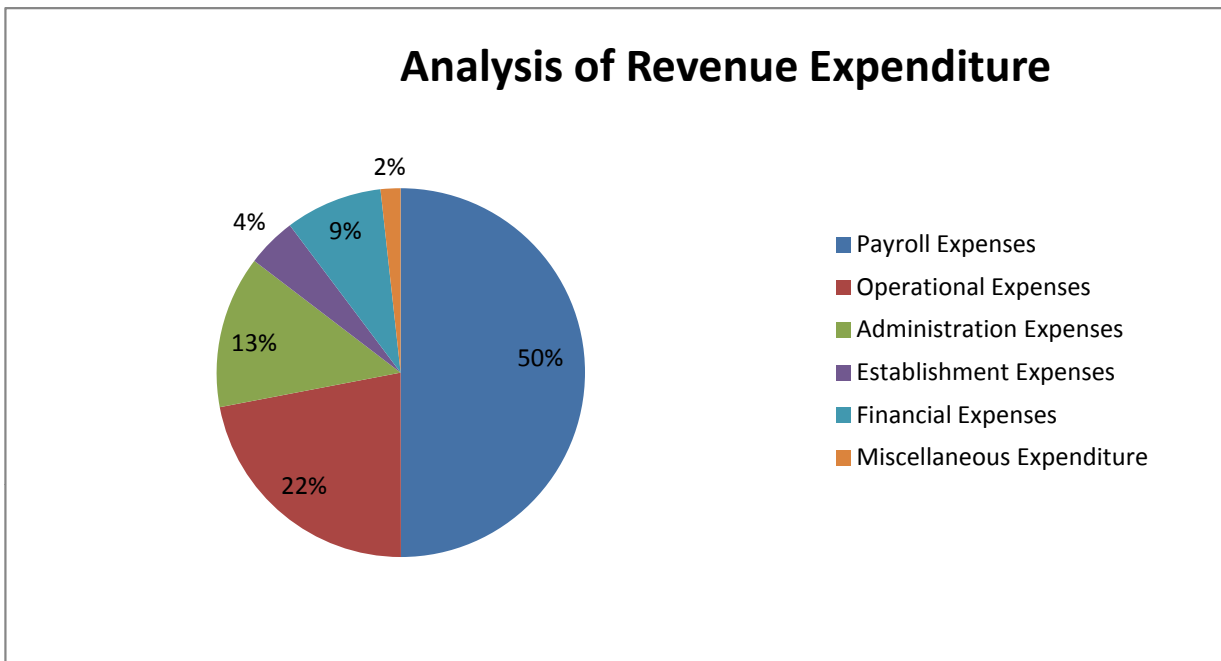
As per Note 15



Main Categories of Revenue Expenditure

	2015
	€
Payroll Expenses	361,295,234
Operational Expenses	159,227,530
Administration Expenses	96,570,161
Establishment Expenses	31,460,341
Financial Expenses	61,730,946
Miscellaneous Expenditure	12,634,652
Total Expenditure	<u>722,918,864</u>

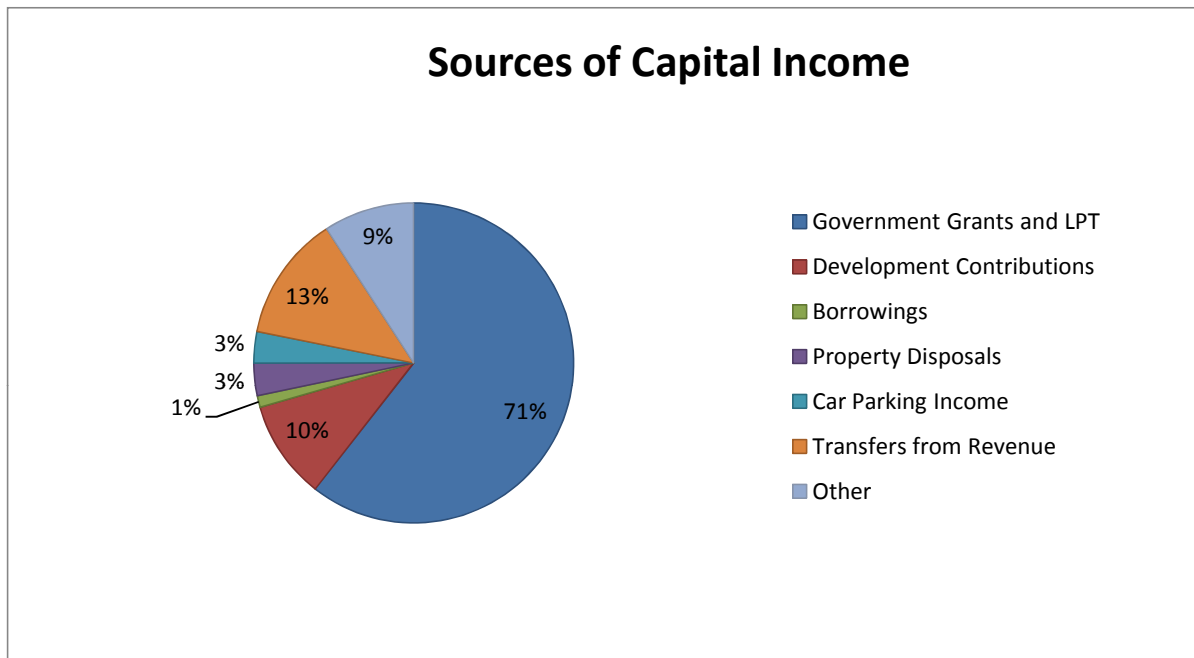
As per Appendix 1



Sources of Capital Income

	2015
	€
Government Grants and LPT	120,800,198
Development Contributions	19,872,780
Borrowings	2,377,568
Property Disposals	6,532,959
Car Parking Income	6,360,510
Transfers from Revenue	25,262,236
Other	18,275,534
	199,481,785

As per Appendix 5

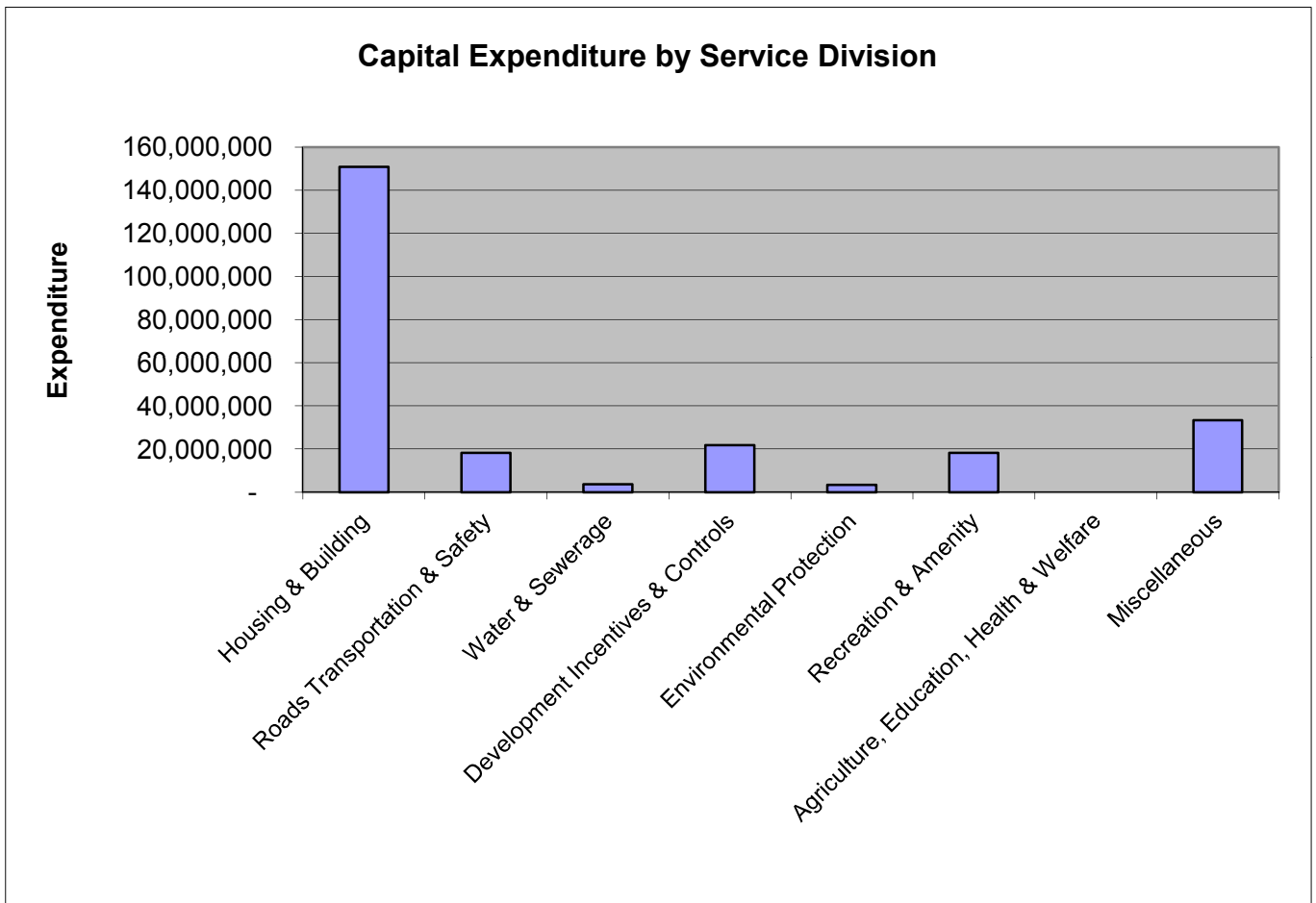


Capital Expenditure by Service Division

	2015
	€
Housing & Building	150,863,135
Roads Transportation & Safety	18,165,680
Water & Sewerage	3,654,147
Development Incentives & Controls	21,846,617
Environmental Protection	3,309,890
Recreation & Amenity	18,153,177
Agriculture, Education, Health & Welfare	-
Miscellaneous	33,273,233

249,265,879

As per Appendix 6



STATEMENT OF ACCOUNTING POLICIES

1. General

The accounts have been prepared in accordance with the Accounting Code of Practice (ACoP) on local authority accounting, as revised by the Department of Environment, Community and Local Government (DECLG) at 31st December 2015. Non-compliance with accounting policies as set out in ACoP must be stated in the Policies and Notes to the Accounts.

2. Statement of Funds Flow (Funds Flow Statement)

A Statement of Funds Flow was introduced as part of AFS 2011. While the guidance of International Accounting Standard 7 Statement of Cash Flows has been followed, the business of local authorities is substantially different to most private sector organisations and therefore some minor changes to the format have been agreed to ensure the data displayed is meaningful and useful within the local government sector. For this reason the statement is being referred to as a 'Statement of Funds Flow'. The financial accounts now include a Statement of Funds Flow shown after the Statement of Financial Position (Balance Sheet). Notes 17 – 22 relate to the Statement of Funds Flow and are shown in the Notes on and forming part of the Accounts section of the AFS. Note 19 details Project/Non Project/Affordable/Voluntary balances, which can be either a debit or a credit balance. The funds flow assumes that these are debit balances and bases the (Increase)/Decrease description on this.

3. Accruals

The revenue and capital accounts have been prepared on an accrual basis in accordance with the Code of Practice.

4. Interest Charges

Loans payable can be divided into the following two categories:

- Mortgage related loans
- Non- mortgage related loans

4.1 Mortgage Related Loans

Mortgage related loans have a corresponding stream of income from long term advances (i.e. monies lent by the local authorities to borrowers), for the purchase of houses. Only the interest element is charged or credited to the Statement of Comprehensive Income (Income and Expenditure Statement).

4.2 Non Mortgage Related Loans

Note 7 to the accounts sets out the types of borrowing under this heading. Loans relating to assets/grants, revenue funding will not have a corresponding stream of income. Bridging finance will eventually become part of permanent funding. Loans in respect of the other headings will have a corresponding value in Note 3.

5. Pensions

Payments in respect of pensions and gratuities are charged to the revenue account in the accounting period in which the payments are made. The cost of salaries and wages in the accounts includes deductions in respect of pension contributions (including Widows and Orphans) benefits. Such deductions are credited as receipts to the Statement of Comprehensive Income (Income & Expenditure Statement). The requirements of current accounting standards relating to pensions and their application to local authority accounting remains under consideration.

6. Agency and Other Services

Expenditure on services provided or carried out on behalf of other local authorities is recouped at cost or in accordance with specific agreements.

7. Insurance

The City Council have insurance with Irish Public Bodies Mutual Insurance for most of our standard liability insurance requirement such as motor insurance, public liability and employer's liability and property insurance. The following excesses apply on the policy:

Liability Cover:	500,000
Asset Cover - Property:	325,000
Asset Cover - Housing Stock:	500,000
Motor Cover:	32,000

The City Council also has a number of other insurance policies to cover other areas of activities.

8. Provision for Bad & Doubtful Debts

Provision has been made in the relevant accounts for bad & doubtful debts. Provision for Trade Debtors is shown in note 5 . Dublin City Council provides a bad debt provision against Long Term Debtors under "Other" in note 3

9. Fixed Assets

9.1 Classification of Assets

Fixed assets are classified into categories as set out in the Statement of Financial Position (Balance Sheet). A further breakdown by asset type is set out in note 1 to the accounts.

9.2 Recognition

All expenditure on the acquisition or construction of fixed assets is capitalised on an accrual basis.

9.3 Measurement

A Statement of Financial Position (Balance Sheet) incorporating all of the assets of the local authority was included for the first time in the Annual Financial Statement for 2003. The assets were valued based on the 'Valuation Guideline' issued by the DECLG. All assets purchased or constructed as from 1/1/2004 have been included at historical cost. Accounting policies relating to leases are currently being developed and will be reflected in the financial statements at a future date.

9.4 Revaluation

As set out in a revision to the Accounting Code of Practice it is policy to show fixed assets at cost. Maintenance and enhancement costs associated with Infrastructure assets are not currently included in fixed assets but will be reviewed at a future date. Due to their physical nature the vast majority of assets are unique to local authorities and are not subject to disposal. Any loss or gain associated with the net realisable value of the remaining general assets subject to disposal, are accounted for at time of disposal.

9.5 Disposals

In respect of disposable assets, income is credited to a specific reserve and is generally applied in the purchase of new assets. Proceeds of the sale of local authority houses are to be applied as directed by the DECLG.

9.6 Depreciation

Under the current method of accounting, the charge for depreciation is offset by the amortisation of the source of funding the asset. This method has a neutral impact on Income & Expenditure and consequently the charge for depreciation and the corresponding credit from amortisation is excluded from the Statement of Comprehensive Income (Income & Expenditure Statement).

The policies applied to assets subject to depreciation are as follows:

Asset Type	Bases	Depreciation Rate
Plant & Machinery		
- Long life	S/L	10%
- Short life	S/L	20%
Equipment	S/L	20%
Furniture	S/L	20%
Heritage Assets		Nil
Library Books		Nil
Playgrounds	S/L	20%
Parks	S/L	2%
Landfill sites (*See note)		
Water Assets		
- Water schemes	S/L	Asset life over 70 years
- Drainage schemes	S/L	Asset life over 50 years

The Council does not charge depreciation in the year of disposal and will charge a full year's depreciation in the year of acquisition.

*** There are no land fill sites in Dublin City Council.**

10. Government Grants

Government grants are accounted for on an accrual basis. Grants received to cover day-to-day operations are credited to the Statement of Comprehensive Income (Income & Expenditure Statement). Grants received, relating to the construction of assets, are shown as part of the income of work-in-progress. On completion of the project the income is transferred to a capitalisation account.

11. Development Debtors & Income

All development debtors are now included in notes 3 & 5. Income from development contributions not due to be paid within the current year is deferred and shown under long term creditors in the balance sheet. Development Levies disclosed include the long term element relating to Irish Water.

12. Debt Redemption

The proceeds from the early redemption of loans by borrowers, are applied to the redemption of mortgage related borrowings from the HFA .

13. Lease Schemes

Rental payments under operating leases are charged to the Statement of Comprehensive Income (Income & Expenditure Statement). Assets acquired under a finance lease are included in fixed assets. The amount due on outstanding balances is shown under current liabilities and long-term creditors.

14. Stock

Stocks are valued on an average cost basis.

15. Work-in-Progress & Preliminary Expenditure

Work-in progress and preliminary expenditure is the accumulated historical cost of various capital related projects. The income accrued in respect of these projects is shown in the Statement of Financial Position (Balance Sheet) as 'Income WIP'.

16. Debtors and Creditors

16.1 Debtors

At the close of the financial year, debtors represent income due but not yet received.

16.2 Creditors

At the close of the financial year, creditors represent payments due in respect of goods received and services rendered but not yet paid.

17. Interest in Local Authority Companies

The interest of Dublin City Council in companies is listed in Appendix 8.

18. Transfer of Responsibility for the Delivery of Water Services

The Water Services Act 2013 and the Water Services (No. 2) Act 2013 provided for the establishment of Irish Water as an independent subsidiary within the Bord Gáis Éireann Group. From January 2014, the legislation provided for:

- The transfer of Local Authority water services assets and liabilities to Irish Water.
- All functions of a Local Authority relating to water services to transfer to Irish Water other than those related to rural water services, notably group water schemes and individual domestic wastewater treatment systems.
- Local authorities to deliver services on behalf of Irish Water through service level agreements for an agreed payment. It is provided that these agreements will run for an initial 12 year period with reviews after two years and seven years and began in 2014.

The transfer for the delivery of water services took effect from 1 January 2014 and does not affect the going concern capacity of Local Authorities.

FINANCIAL ACCOUNTS

**STATEMENT OF COMPREHENSIVE INCOME (INCOME & EXPENDITURE ACCOUNT STATEMENT)
FOR YEAR ENDING 31st DECEMBER 2015**

The Income and Expenditure Account Statement brings together all the revenue related income and expenditure. It shows the surplus/(deficit) for the year. Transfers to/from reserves are shown separately and not allocated by service division. Note 16 allocates transfers by service division in the same format as Table A of the adopted Local Authority budget.

Expenditure by Division

		Gross Expenditure	Income	Net Expenditure	Net Expenditure
	Notes	2015 €	2015 €	2015 €	2014 €
Housing & Building		232,091,432	194,155,723	37,935,709	50,858,383
Roads Transportation & Safety		77,361,413	42,586,634	34,774,779	32,379,276
Water Services		59,819,723	52,848,676	6,971,047	1,721,867
Development Management		37,963,579	14,487,698	23,475,881	23,582,523
Environmental Services		176,916,102	77,726,529	99,189,573	99,510,955
Recreation & Amenity		81,611,949	13,636,846	67,975,103	66,843,543
Agriculture, Education, Health & Welfare		2,983,145	1,424,232	1,558,913	1,824,501
Miscellaneous Services		54,171,521	12,897,540	41,273,981	52,000,453
Total Expenditure/Income	16	722,918,864	409,763,878	313,154,986	328,721,501
Net cost of Divisions to be funded from Rates & Local Property Tax					
Rates			336,255,813	336,255,813	342,234,446
Local Property Tax/Local Government Fund			6,800,296	6,800,296	2,667,330
Pension Related Deduction			16,249,294	16,249,294	16,428,262
Surplus/(Deficit) for Year before Transfers				46,150,417	32,608,537
Transfers from/(to) Reserves	14			(45,904,483)	(20,830,600)
Overall Surplus/(Deficit) for Year	16			245,934	11,777,937
General Reserve @ 1st January 2015				28,354,582	16,576,645
General Reserve @ 31st December 2015				28,600,516	28,354,582

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AT 31st DECEMBER 2015

	Notes	2015 €	2014 €
Fixed Assets	1		
Operational		6,656,966,363	6,510,892,874
Infrastructural		2,931,048,354	2,919,493,567
Community		301,988,046	275,883,098
Non-Operational		228,376,315	384,485,622
		10,118,379,078	10,090,755,161
Work in Progress and Preliminary Expenses	2	426,526,055	431,837,614
Long Term Debtors	3	501,536,671	564,797,854
Current Assets			
Stocks	4	5,082,619	4,937,149
Trade Debtors & Prepayments	5	109,186,999	160,419,451
Bank Investments		51,654,507	68,545,083
Cash at Bank		87,749,812	23,033,203
Cash in Transit		679,761	439,240
		254,353,698	257,374,126
Current Liabilities (Amounts falling due within one year)			
Bank Overdraft		-	-
Creditors & Accruals	6	184,164,652	236,737,659
Finance Leases		-	-
		184,164,652	236,737,659
Net Current Assets / (Liabilities)		70,189,046	20,636,467
Creditors (Amounts falling due after more than one year)			
Loans Payable	7	596,969,354	637,703,649
Finance Leases		-	-
Refundable deposits	8	5,836,373	4,721,843
Other		27,290,194	15,161,373
		630,095,921	657,586,865
Net Assets		10,486,534,929	10,450,440,231
Represented by			
Capitalisation Account	9	10,118,379,078	10,090,755,161
Income WIP	2	375,604,292	376,916,615
Specific Revenue Reserve		37,328,385	37,328,385
General Revenue Reserve		28,600,516	28,354,582
Other Balances	10	(73,377,342)	(82,914,512)
Total Reserves		10,486,534,929	10,450,440,231

**STATEMENT OF FUNDS FLOW (FUNDS FLOW STATEMENT)
AS AT 31ST DECEMBER 2015**

	Note	2015 €	2015 €
REVENUE ACTIVITIES			
Net Inflow/(outflow) from operating activities	17	(1,240,091)	
CAPITAL ACTIVITIES			
Returns on Investment & Servicing of Finance			
Increase/(Decrease) in Fixed Asset Capitalisation Funding		27,623,917	
Increase/(Decrease) in WIP/Preliminary Funding		(1,312,323)	
Increase/(Decrease) in Reserves Balances	18	<u>28,991,664</u>	
Net Inflow/(Outflow) from Returns on Investment and Servicing of Finance		55,303,258	
Capital Expenditure & Financial Investment			
(Increase)/Decrease in Fixed Assets		(27,623,917)	
(Increase)/Decrease in WIP/Preliminary Funding		5,311,559	
(Increase)/Decrease in Agent Works Recoupable		-	
(Increase)/Decrease in Other Capital Balances	19	<u>(84,899,874)</u>	
Net Inflow/(Outflow) from Capital Expenditure and Financial Investment		(107,212,232)	
Financing			
Increase/(Decrease) in Loan Financing	20	34,655,709	
(Increase)/Decrease in Reserve Financing	21	<u>65,445,380</u>	
Net Inflow/(Outflow) from Financing Activities		100,101,089	
Third Party Holdings			
Increase/(Decrease) in Refundable Deposits		1,114,530	
Net Increase/(Decrease) in Cash and Cash Equivalents	22	48,066,554	<u><u>48,066,554</u></u>

NOTES TO AND FORMING PART OF THE ACCOUNTS

1. Fixed Assets

	Land	Parks	Housing	Buildings	Plant & Machinery (Long & Short Life)	Computers, Furniture & Equipment	Heritage	Roads & Infrastructure	Water & Sewerage Network *	Total
	€	€	€	€	€	€	€	€	€	€
Costs										
Accumulated Costs @ 1/1/2015	154,027,306	37,048,858	5,857,947,844	851,699,283	29,974,088	18,356,583	275,883,098	2,462,865,891	816,030,285	10,503,833,236
Additions										
- Purchased	-	-	31,268,661	4,618,000	1,858,077	125,033	100,000	-	-	37,969,771
- Transfers WIP	-	-	4,455,000	-	-	-	-	15,634,938	-	20,089,938
Disposals\Statutory Transfers	-	-	-	(200,000)	-	-	-	-	-	(200,000)
Revaluations	-	-	(31,195,000)	-	-	-	-	-	-	(31,195,000)
Historical Cost Adjustments	-	-	5,286,274	2,431,415	-	-	-	-	-	7,717,689
Accumulated Costs @ 31/12/2015	154,027,306	37,048,858	5,867,762,779	858,548,698	31,832,165	18,481,616	275,983,098	2,478,500,829	816,030,285	10,538,215,634
Depreciation										
Depreciation @ 1/1/2015	-	10,424,849	-	-	25,410,581	17,840,036	-	-	359,402,609	413,078,075
Provision for Year	-	619,061	-	-	1,835,518	223,751	-	-	4,080,151	6,758,481
Disposals\Statutory Transfers	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation @ 31/12/2015	-	11,043,910	-	-	27,246,099	18,063,787	-	-	363,482,760	419,836,556
Net Book Value @ 31/12/2015	154,027,306	26,004,948	5,867,762,779	858,548,698	4,586,066	417,829	275,983,098	2,478,500,829	452,547,525	10,118,379,078
Net Book Value @ 31/12/2014	154,027,306	26,624,009	5,857,947,844	851,699,283	4,563,507	516,547	275,883,098	2,462,865,891	456,627,676	10,090,755,161
Net Book Value by Category										
Operational	154,027,306	-	5,867,762,779	630,172,383	4,586,066	417,829	-	-	-	6,656,966,363
Infrastructural	-	-	-	-	-	-	-	2,478,500,829	452,547,525	2,931,048,354
Community	-	26,004,948	-	-	-	-	275,983,098	-	-	301,988,046
Non-Operational	-	-	-	228,376,315	-	-	-	-	-	228,376,315
Net Book Value @ 31/12/2015	154,027,306	26,004,948	5,867,762,779	858,548,698	4,586,066	417,829	275,983,098	2,478,500,829	452,547,525	10,118,379,078

NOTES TO AND FORMING PART OF THE ACCOUNTS

2. Work in Progress and Preliminary Expenses

A summary of work in progress and preliminary expenditure by asset category is as follows:

	Funded 2015 €	Unfunded 2015 €	Total 2015 €	Total 2014 €
Expenditure				
Work in Progress	139,640,536	200,067,638	339,708,174	348,855,972
Preliminary Expenses	30,669,393	56,148,488	86,817,881	82,981,642
	170,309,929	256,216,126	426,526,055	431,837,614
Income				
Work in Progress	137,088,820	165,359,732	302,448,552	305,990,684
Preliminary Expenses	30,476,556	42,679,184	73,155,740	70,925,931
	167,565,376	208,038,916	375,604,292	376,916,615
Net Expended				
Work in Progress	2,551,716	34,707,906	37,259,622	42,865,288
Preliminary Expenses	192,837	13,469,304	13,662,141	12,055,711
Net Over/(Under) Expenditure	2,744,553	48,177,210	50,921,763	54,920,999

3. Long Term Debtors

A breakdown of the long-term debtors is as follows:

	Balance @ 1/1/2015 €	Loans Issued €	Principal Repaid €	Early Redemptions €	Other Adjustments €	Balance @ 31/12/2015 €	Balance @ 31/12/2014 €
Long Term Mortgage Advances*	210,070,810	20,149,728	12,113,045	12,898,240	-	205,209,253	210,070,810
Tenant Purchases Advances	5,989,474	-	1,015,595	-	-	4,973,880	5,989,474
Shared Ownership Rented Equity	104,758,608	-	8,138,401	10,228,443	-	86,391,764	104,758,608
	320,818,892	20,149,728	21,267,041	23,126,683	-	296,574,897	320,818,892
Voluntary Housing & Water Loans recoupable						251,371,581	259,817,589
Capital Advance Leasing Facility						6,844,005	-
Development Levy Debtors						20,446,188	15,161,373
Inter Local Authority Loans						-	-
Long-term Investments						-	-
Cash						-	-
Interest in associated companies						-	-
Other						(29,700,000)	-
						545,536,671	595,797,854
Less: Amounts falling due within one year (Note 5)						(44,000,000)	(31,000,000)
Total Amounts falling due after more than one year						501,536,671	564,797,854

* Includes HFA Agency Loans

NOTES TO AND FORMING PART OF THE ACCOUNTS

4. Stocks

A summary of stock is as follows:

	2015 €	2014 €
Central Stores	-	-
Other Depots	5,082,619	4,937,149
Total	5,082,619	4,937,149

5. Trade Debtors & Prepayments

A breakdown of debtors and prepayments is as follows:

	2015 €	2014 €
Government Debtors *	39,120,948	100,343,081
Commercial Debtors	68,884,927	97,074,534
Non-Commercial Debtors	38,453,748	45,553,752
Development Levy Debtors	20,093,027	17,966,035
Other Services	5,775,048	3,331,917
Other Local Authorities	4,161,492	1,720,578
Agent Works Recoupable	-	-
Revenue Commissioners	-	-
Other	-	-
Add: Amounts falling due within one year (Note 3)	44,000,000	31,000,000
Total Gross Debtors	220,489,190	296,989,897
Less: Provision for Doubtful Debts	(111,527,271)	(139,754,622)
Total Trade Debtors	108,961,919	157,235,275
Prepayments	225,080	3,184,176
	109,186,999	160,419,451

* In 2014 Government Debtors included €61,072,585 of HFA water loans which were repaid by the Department of the Environment, Community & Local Government in 2015

NOTES TO AND FORMING PART OF THE ACCOUNTS

6. Creditors and Accruals

A breakdown of creditors and accruals is as follows:

	2015 €	2014 €
Trade creditors	32,286,290	24,846,264
Grants	-	-
Revenue Commissioners	11,854,369	12,640,045
Other Local Authorities	1,547,283	2,509,534
Other Creditors	7,460,482	10,374,838
	53,148,424	50,370,681
Accruals	58,139,557	49,769,938
Deferred Income	48,876,671	41,524,455
Add: Amounts falling due within one year (Note 7)	24,000,000	95,072,585
	184,164,652	236,737,659

7. Loans Payable

(a) Movement in Loans Payable

	HFA €	OPW €	Other €	Balance @ 31/12/2015 €	Balance @ 31/12/2014 €
Balance @ 1/1/2015	710,728,179	-	22,048,057	732,776,236	842,301,787
Borrowings	22,491,663	-	-	22,491,663	9,766,513
Repayment of Principal	(27,587,959)	-	(2,944,425)	(30,532,384)	(33,784,630)
Early Redemptions	(103,766,161)	-	-	(103,766,161)	(85,507,436)
Other Adjustments	-	-	-	-	-
Balance @ 31/12/2015	601,865,722	-	19,103,632	620,969,354	732,776,234
Less: Amounts falling due within one year (Note 6)				(24,000,000)	(95,072,585)
Total Amounts falling due after more than one year				596,969,354	637,703,649

(b) Application of Loans

An analysis of loans payable is as follows:

	HFA €	OPW €	Other €	Balance @ 31/12/2015 €	Balance @ 31/12/2014 €
Mortgage loans*	187,451,947	-	-	187,451,947	195,639,034
Non-Mortgage loans					
Asset/Grants	6,480,560	-	3,417,126	9,897,686	83,896,158
Revenue Funding	-	-	-	-	-
Bridging Finance	80,231,495	-	-	80,231,495	84,381,534
Recoupable	-	-	-	-	-
Shared Ownership – Rented Equity	92,016,645	-	-	92,016,645	109,041,919
Inter-Local Authority	-	-	-	-	-
Voluntary Housing & Water Loans recoupable	235,685,075	-	15,686,506	251,371,581	259,817,589
	601,865,722	-	19,103,632	620,969,354	732,776,234
Less: Amounts falling due within one year (Note 6)				(24,000,000)	(95,072,585)
Total Amounts falling due after more than one year				596,969,354	637,703,649

* Includes HFA Agency Loans

NOTES TO AND FORMING PART OF THE ACCOUNTS

8. Refundable Deposits

The movement in refundable deposits is as follows:

	2015 €	2014 €
Opening Balance at 1 January	4,721,843	4,435,187
Deposits received	1,596,530	357,812
Deposits repaid	(482,000)	(71,156)
Closing Balance at 31 December	5,836,373	4,721,843

Note: Short Term Refundable Deposits are included as part of Cash Investments on the Balance sheet

9. Capitalisation Account

The capitalisation account shows the funding of the assets as follows:

	Balance @ 1/1/2015 €	Purchased €	Transfers WIP €	Disposals\ Statutory Transfers €	Revaluations €	Historical Cost Adj €	Balance @ 31/12/2015 €	Balance @ 31/12/2014 €
Grants	2,107,574,836	31,268,661	20,089,938	-	-	7,717,689	2,166,651,124	2,107,574,836
Loans	-	-	-	-	-	-	-	-
Revenue funded	19,561,343	1,983,110	-	-	-	-	21,544,453	19,561,343
Leases	-	-	-	-	-	-	-	-
Development Levies	-	-	-	-	-	-	-	-
Tenant Purchase Annuities	-	-	-	-	-	-	-	-
Unfunded	-	-	-	-	-	-	-	-
Historical	8,020,920,432	-	-	(200,000)	(31,195,000)	-	7,989,525,432	8,020,920,432
Other	355,776,625	4,718,000	-	-	-	-	360,494,625	355,776,625
Total Gross Funding	10,503,833,236	37,969,771	20,089,938	(200,000)	(31,195,000)	7,717,689	10,538,215,634	10,503,833,236
Less: Amortised							(419,836,556)	(413,078,075)
Total *							10,118,379,078	10,090,755,161

* Must agree with note 1

NOTES TO AND FORMING PART OF THE ACCOUNTS

10. Other Balances

A breakdown of other balances is as follows:

Note	Balance @ 1/1/2015 €	Capital re-classification €	Expenditure €	Income €	Net Transfers €	Balance @ 31/12/2015 €	Balance @ 31/12/2014 €
Development Levies balances	(a) 33,404,700	-	(6,419,179)	19,862,780	(1,001,546)	45,846,755	33,404,700
Capital account balances including asset formation and enhancement	(b) (25,635,177)	(19,165,011)	(201,579,074)	143,575,243	(8,633,468)	(111,437,487)	(25,635,177)
Voluntary & Affordable Housing Balances							
- Voluntary Housing	(c) (2,580,254)	-	(11,963,992)	12,277,781	815,664	(1,450,801)	(2,580,254)
- Affordable Housing	(12,581,142)	-	(9,975,473)	9,415,392	333,064	(12,808,159)	(12,581,142)
Reserves created for specific purposes	(d) 36,747,054	18,444,563	(3,724,696)	867,831	961,911	53,296,663	36,747,054
A. Net Capital Balances	29,355,181	(720,448)	(233,662,414)	185,999,027	(7,524,375)	(26,553,029)	29,355,181
Balance Sheet accounts relating the loan principal	(e)					(46,824,313)	(112,269,693)
Interest in Associated Companies	(f)					-	-
B. Non Capital Balances						(46,824,313)	(112,269,693)
Total Other Balances						(73,377,342)	(82,914,512)

() Denotes Debit Balances

- (a) This represents the cumulative balance of development levies i.e. income less expenditure and transfers to date.
- (b) This represents the cumulative position on funded and unfunded capital jobs consisting of project (completed assets) and non-project (enhancement of assets) balances. Debit balances will require sources of funding to clear.
- (c) This represents the cumulative position on voluntary and affordable housing projects.
- (d) Relates to reserves and advance funding for future Local Authority assets, insurance liabilities, other purposes and includes realised tenant purchase annuities.
- (e) Loan related balances including outstanding principal on leases and non-mortgage loans remaining to be funded, historical mortgage funding gap, unrealised principal on tenant purchase annuities to be repaid in the future and shared ownership rented equity.
- (f) Represents the local authority's interest in associated companies.

NOTES TO AND FORMING PART OF THE ACCOUNTS

11. Capital Account Analysis

The capital account has been de-aggregated and is comprised of the following accounts in the balance sheet:

	2015 €	2014 €
Net WIP & Preliminary Expenses (Note 2)	(50,921,763)	(54,920,999)
Net Capital Balances (Note 10)	(26,553,029)	29,355,181
Agent Works Recoupable (Note 5)	-	-
Capital Balance Surplus/(Deficit) @ 31 December	(77,474,792)	(25,565,818)

A summary of the changes in the Capital account (see Appendix 6) is as follows:

	2015 €	2014 €
Opening Balance @ 1 January	(25,565,818)	(6,622,334)
Expenditure	249,265,879	173,778,325
Income		
- Grants	120,800,198	111,410,781
- Loans	2,377,568	8,325,448
- Other	51,041,783	25,583,852
Total Income	174,219,549	145,320,081
Net Revenue Transfers	23,137,356	9,514,760
Closing Balance @ 31 December	(77,474,792)	(25,565,818)

12. Mortgage Loan Funding Surplus/(Deficit)

The mortgage loan funding position on the balance sheet is as follows:

	2015 Loan Annuity €	2015 Rented Equity €	2015 Total €	2014 Total €
Mortgage Loans/Equity Receivable (Note 3)	205,209,253	86,391,764	291,601,017	314,829,418
Mortgage Loans/Equity Payable (Note 7)	(187,451,947)	(92,016,645)	(279,468,592)	(304,680,953)
Surplus/(Deficit) in Funding @ 31st December	17,757,306	(5,624,881)	12,132,425	10,148,465

NOTE: Cash on Hand relating to Redemptions and Relending

€
17,954,760

13. Summary of Plant & Materials Account

A summary of the operations of the Plant & Machinery account is as follows:

	2015 Plant & Machinery €	2015 Materials €	2015 Total €	2014 Total €
Expenditure	-	-	-	-
Charged to Jobs	-	-	-	-
Transfers from/(to) Reserves	-	-	-	-
Surplus/(Deficit) for the Year	-	-	-	-

NOTES TO AND FORMING PART OF THE ACCOUNTS

14. Transfers from/(to) Reserves

A summary of transfers to/from Reserves is as follows:

	2015 Transfers from Reserves €	2015 Transfers to Reserves €	2015 Net €	2014 Net €
Loan Repayment Reserve	-	16,267,112	16,267,112	10,168,956
Lease Repayment Reserve	-	-	-	-
Historical Mortgage Funding Write-off	-	-	-	-
Development Levies	-	-	-	-
Other	(2,124,880)	31,762,251	29,637,371	10,661,644
Surplus/(Deficit) for Year	(2,124,880)	48,029,363	45,904,483	20,830,600

15. Analysis of Revenue Income

A summary of the major sources of revenue income is as follows:

	Appendix No	2015		2014	
		€	%	€	%
Grants & Subsidies	3	121,703,848	16%	92,822,939	12%
Contributions from other local authorities		60,713,658	8%	57,739,434	8%
Goods & Services	4	227,346,372	30%	243,199,709	32%
		409,763,878	53%	393,762,082	52%
Local Property Tax/Local Government Fund		6,800,296	1%	2,667,330	0%
Pension Related Deduction		16,249,294	2%	16,428,262	2%
Rates		336,255,813	44%	342,234,446	45%
Total Income		769,069,281	100%	755,092,120	100%

NOTES TO AND FORMING PART OF THE ACCOUNTS

16. Over/Under Expenditure

The following table shows the difference between the adopted estimates and the actual outturn in respect of both expenditure and income:

	EXPENDITURE					INCOME					NET
	Excluding Transfers	Transfers	Including Transfers	Budget	(Over)/Under Budget	Excluding Transfers	Transfers	Including Transfers	Budget	Over/(Under) Budget	(Over)/Under Budget
	2015 €	2015 €	2015 €	2015 €	2015 €	2015 €	2015 €	2015 €	2015 €	2015 €	2015 €
Housing & Building	232,091,432	19,553,277	251,644,709	237,485,221	(14,159,488)	194,155,723	21,263	194,176,986	164,714,338	29,462,648	15,303,160
Roads Transportation & Safety	77,361,413	4,932,495	82,293,908	80,539,006	(1,754,902)	42,586,634	1,730,875	44,317,509	35,165,707	9,151,802	7,396,900
Water Services	59,819,723	4,421,058	64,240,781	75,080,839	10,840,058	52,848,676	-	52,848,676	62,598,114	(9,749,438)	1,090,620
Development Management	37,963,579	1,466,938	39,430,517	35,830,194	(3,600,323)	14,487,698	127,000	14,614,698	9,637,758	4,976,940	1,376,617
Environmental Services	176,916,102	1,893,701	178,809,803	178,686,416	(123,387)	77,726,529	-	77,726,529	75,577,143	2,149,386	2,025,999
Recreation & Amenity	81,611,949	1,506,183	83,118,132	82,376,789	(741,343)	13,636,846	-	13,636,846	12,323,687	1,313,159	571,816
Agriculture, Education, Health & Welfare	2,983,145	-	2,983,145	3,667,258	684,113	1,424,232	-	1,424,232	1,771,750	(347,518)	336,595
Miscellaneous Services	54,171,521	14,255,711	68,427,232	79,349,490	10,922,258	12,897,540	245,742	13,143,282	4,294,887	8,848,395	19,770,653
Total Divisions	722,918,864	48,029,363	770,948,227	773,015,213	2,066,986	409,763,878	2,124,880	411,888,758	366,083,384	45,805,374	47,872,360
Local Property Tax	-	-	-	-	-	6,800,296	-	6,800,296	28,718,895	(21,918,599)	(21,918,599)
Pension Related Deduction	-	-	-	-	-	16,249,294	-	16,249,294	16,200,000	49,294	49,294
Rates	-	-	-	-	-	336,255,813	-	336,255,813	335,783,018	472,795	472,795
Dr/Cr Balance	-	-	-	-	-	-	-	-	-	-	(26,229,916)
(Deficit)/Surplus for Year	722,918,864	48,029,363	770,948,227	773,015,213	2,066,986	769,069,281	2,124,880	771,194,161	746,785,297	24,408,864	245,934

NOTES TO AND FORMING PART OF THE ACCOUNTS

2015
€

17. Net Cash Inflow/(Outflow) from Operating Activities

Operating Surplus/(Deficit) for Year	245,934
(Increase)/Decrease in Stocks	(145,470)
(Increase)/Decrease in Trade Debtors	51,232,452
Non operating activity in Trade Debtors (Agent Works)	-
Increase/(Decrease) in Creditors Less than One Year	(52,573,007)
	<u>(1,240,091)</u>

18. Increase/(Decrease) in Reserve Balances

Increase/(Decrease) in Development Levies balances	12,442,055
Increase/(Decrease) in Reserves created for specific purposes	16,549,609
	<u>28,991,664</u>

19. (Increase)/Decrease in Other Capital Balances

(Increase)/Decrease in Capital account balances including asset formation and enhancement	(85,802,310)
(Increase)/Decrease in Voluntary Housing Balances	1,129,453
(Increase)/Decrease in Affordable Housing Balances	(227,017)
	<u>(84,899,874)</u>

20. Increase/(Decrease) in Loan Financing

(Increase)/Decrease in Long Term Debtors	63,261,183
Increase/(Decrease) in Mortgage Loans	(8,187,087)
Increase/(Decrease) in Asset/Grant Loans	(91,379,860)
Increase/(Decrease) in Revenue Funding Loans	-
Increase/(Decrease) in Bridging Finance Loans	(4,150,039)
Increase/(Decrease) in Recoupable Loans	-
Increase/(Decrease) in Shared Ownership Rented Equity Loans	(17,025,274)
Increase/(Decrease) in Inter-Local Authority Loans	-
Increase/(Decrease) in Voluntary Housing Loans	8,935,380
Increase/(Decrease) in Finance Leasing	-
(Increase)/Decrease in Portion Transferred to Current Liabilities	71,072,585
Increase/(Decrease) in Long Term Creditors - Deferred Income	12,128,821
	<u>34,655,709</u>

NOTES TO AND FORMING PART OF THE ACCOUNTS

2015
€

21. (Increase)/Decrease in Reserve Financing

(Increase)/Decrease in Specific Revenue Reserve	-
(Increase)/Decrease in Balance Sheet accounts relating the loan principal outstanding (including Unrealised TP Annuities)	65,445,380
(Increase)/Decrease in Reserves in Associated Companies	-
	<u>65,445,380</u>

22. Analysis of Changes in Cash & Cash Equivalents

Increase/(Decrease) in Bank Investments	(16,890,576)
Increase/(Decrease) in Cash at Bank/Overdraft	64,716,609
Increase/(Decrease) in Cash in Transit	240,521
	<u>48,066,554</u>

APPENDICES

APPENDIX 1
ANALYSIS OF EXPENDITURE
FOR YEAR ENDED 31st DECEMBER 2015

	2015 €	2014 €
Payroll Expenses		
Salary & Wages	262,471,858	264,733,438
Pensions (incl Gratuities)	87,319,221	85,413,407
Other costs	11,504,155	11,371,700
Total	361,295,234	361,518,545
Operational Expenses		
Purchase of Equipment	923,207	574,989
Repairs & Maintenance	15,569,439	15,348,869
Contract Payments	38,802,799	39,286,176
Agency services	3,131,970	2,848,319
Machinery Yard Charges incl Plant Hire	9,983,381	10,383,588
Purchase of Materials & Issues from Stores	17,942,232	18,808,851
Payment of Grants	10,172,361	11,856,684
Members Costs	495,008	440,717
Travelling & Subsistence Allowances	11,164,911	11,378,375
Consultancy & Professional Fees Payments	8,558,927	4,926,501
Energy / Utilities Costs	15,074,941	15,425,723
Other	27,408,354	26,729,328
Total	159,227,530	158,008,120
Administration Expenses		
Communication Expenses	5,249,439	4,960,359
Training	2,006,090	2,113,957
Printing & Stationery	2,194,937	2,654,181
Contributions to other Bodies	74,584,122	56,915,783
Other	12,535,573	12,254,561
Total	96,570,161	78,898,841
Establishment Expenses		
Rent & Rates	20,472,298	32,354,549
Other	10,988,043	9,911,056
Total	31,460,341	42,265,605
Financial Expenses	61,730,946	68,042,375
Miscellaneous Expenses	12,634,652	13,750,097
Total Expenditure	722,918,864	722,483,583

**APPENDIX 2
SERVICE DIVISION A
HOUSING and BUILDING**

		EXPENDITURE	INCOME			
DIVISION		TOTAL €	State Grants & Subsidies €	Provision of Goods and Services €	Contributions from other local authorities €	TOTAL €
A01	Maintenance/Improvement of LA Housing	59,971,752	699,325	501,011	-	1,200,336
A02	Housing Assessment, Allocation and Transfer	5,505,536	646,243	534,278	-	1,180,521
A03	Housing Rent and Tenant Purchase Administration	9,850,281	-	73,068,468	-	73,068,468
A04	Housing Community Development Support	20,850,125	582,433	337,543	-	919,976
A05	Administration of Homeless Service	76,312,575	48,748,940	716,961	6,489,810	55,955,711
A06	Support to Housing Capital & Affordable Prog.	24,332,989	15,225,868	119,407	-	15,345,275
A07	RAS Programme	29,555,338	25,321,354	3,527,816	-	28,849,170
A08	Housing Loans	15,656,354	608,934	9,886,319	-	10,495,253
A09	Housing Grants	9,294,543	4,622,093	-	-	4,622,093
A11	Agency & Recoupable Services	-	-	2,526,833	-	2,526,833
A12	HAP Programme	315,216	13,350	-	-	13,350
SERVICE DIVISION TOTAL INCLUDING TRANSFERS TO/FROM RESERVES		251,644,709	96,468,540	91,218,636	6,489,810	194,176,986
Less Transfers to/from Reserves		19,553,277		21,263		21,263
SERVICE DIVISION TOTAL EXCLUDING TRANSFERS TO/FROM RESERVES		232,091,432		91,197,373		194,155,723

APPENDIX 2

**SERVICE DIVISION B
ROAD TRANSPORTATION and SAFETY**

DIVISION	EXPENDITURE	INCOME			
	TOTAL	State Grants & Subsidies	Provision of Goods and Services	Contributions from other local authorities	TOTAL
	€	€	€	€	€
B01 NP Road - Maintenance and Improvement	23,038	-	-	-	-
B02 NS Road - Maintenance and Improvement	5,324	-	-	-	-
B03 Regional Road - Maintenance and Improvement	5,878,667	31,272	-	-	31,272
B04 Local Road - Maintenance and Improvement	26,644,330	5,799,931	1,123,238	-	6,923,169
B05 Public Lighting	9,567,385	-	7,852	-	7,852
B06 Traffic Management Improvement	19,477,948	-	3,864,274	310,144	4,174,418
B07 Road Safety Engineering Improvement	-	-	-	-	-
B08 Road Safety Promotion/Education	3,167,981	(57,681)	-	-	(57,681)
B09 Maintenance & Management of Car Parking	11,314,794	-	30,362,183	-	30,362,183
B10 Support to Roads Capital Prog.	3,589,747	-	14,004	-	14,004
B11 Agency & Recoupable Services	2,624,694	-	2,862,292	-	2,862,292
SERVICE DIVISION TOTAL INCLUDING TRANSFERS TO/FROM RESERVES	82,293,908	5,773,522	38,233,843	310,144	44,317,509
Less Transfers to/from Reserves	4,932,495		1,730,875		1,730,875
SERVICE DIVISION TOTAL EXCLUDING TRANSFERS TO/FROM RESERVES	77,361,413		36,502,968		42,586,634

**APPENDIX 2
SERVICE DIVISION C
WATER SERVICES**

DIVISION	EXPENDITURE	INCOME			
	TOTAL	State Grants & Subsidies	Provision of Goods and Services	Contributions from other local authorities	TOTAL
	€	€	€	€	€
C01 Operation and Maintenance of Water Supply	32,347,009	3,079,549	29,267,462	-	32,347,011
C02 Operation and Maintenance of Waste Water Treatment	16,897,474	2,250,049	14,647,425	-	16,897,474
C03 Collection of Water and Waste Water Charges	701,280	-	701,280	-	701,280
C04 Operation and Maintenance of Public Conveniences	156,327	-	-	-	-
C05 Admin of Group and Private Installations	-	-	-	-	-
C06 Support to Water Capital Programme	-	-	(1,383)	-	(1,383)
C07 Agency & Recoupable Services	3,048,363	-	2,565,148	186,900	2,752,048
C08 Local Authority Water and Sanitary Services	11,090,328	-	259,710	(107,464)	152,246
SERVICE DIVISION TOTAL INCLUDING TRANSFERS TO/FROM RESERVES	64,240,781	5,329,598	47,439,642	79,436	52,848,676
Less Transfers to/from Reserves	4,421,058		-		-
SERVICE DIVISION TOTAL EXCLUDING TRANSFERS TO/FROM RESERVES	59,819,723		47,439,642		52,848,676

APPENDIX 2

**SERVICE DIVISION D
DEVELOPMENT MANAGEMENT**

DIVISION	EXPENDITURE	INCOME			
	TOTAL €	State Grants & Subsidies €	Provision of Goods and Services €	Contributions from other local authorities €	TOTAL €
D01 Forward Planning	4,522,263	-	130	-	130
D02 Development Management	6,470,330	-	2,641,973	34	2,642,007
D03 Enforcement	2,152,890	-	113,270	-	113,270
D04 Op & Mtce of Industrial Sites & Commercial Facilities	9,391,374	-	3,361,664	483,657	3,845,321
D05 Tourism Development and Promotion	1,928,454	-	119,500	-	119,500
D06 Community and Enterprise Function	6,380,606	4,157,462	110,976	-	4,268,438
D07 Unfinished Housing Estates	-	-	-	-	-
D08 Building Control	1,418,824	-	741,507	-	741,507
D09 Economic Development and Promotion	5,280,209	101,081	1,742,307	3,392	1,846,780
D10 Property Management	273,968	-	398,846	-	398,846
D11 Heritage and Conservation Services	1,611,599	40,000	53,485	22,212	115,697
D12 Agency & Recoupable Services	-	-	523,202	-	523,202
SERVICE DIVISION TOTAL INCLUDING TRANSFERS TO/FROM RESERVES	39,430,517	4,298,543	9,806,860	509,295	14,614,698
Less Transfers to/from Reserves	1,466,938		127,000		127,000
SERVICE DIVISION TOTAL EXCLUDING TRANSFERS TO/FROM RESERVES	37,963,579		9,679,860		14,487,698

**APPENDIX 2
SERVICE DIVISION E
ENVIRONMENTAL SERVICES**

DIVISION	EXPENDITURE	INCOME			
	TOTAL	State Grants & Subsidies	Provision of Goods and Services	Contributions from other local authorities	TOTAL
	€	€	€	€	€
E01 Operation, Maintenance and Aftercare of Landfill	4,647,921	-	-	-	-
E02 Op & Mtce of Recovery & Recycling Facilities	4,151,449	398,546	966,304	17,444	1,382,294
E03 Op & Mtce of Waste to Energy Facilities	423	-	-	-	-
E04 Provision of Waste to Collection Services	3,684,362	-	156,182	-	156,182
E05 Litter Management	3,612,993	85,250	193,606	-	278,856
E06 Street Cleaning	38,610,394	-	367,935	-	367,935
E07 Waste Regulations, Monitoring and Enforcement	4,111,178	982,000	2,807,549	-	3,789,549
E08 Waste Management Planning	528,344	-	-	415,251	415,251
E09 Maintenance and Upkeep of Burial Grounds	15,487	-	1,238	-	1,238
E10 Safety of Structures and Places	4,624,288	71,939	2,096,141	317,359	2,485,439
E11 Operation of Fire Service	111,060,180	2,080,890	14,009,383	51,341,719	67,431,992
E12 Fire Prevention	1,837,561	-	(1,785)	-	(1,785)
E13 Water Quality, Air and Noise Pollution	867,426	-	1,760	13,200	14,960
E14 Agency & Recoupable Services	1,057,797	-	1,404,618	-	1,404,618
SERVICE DIVISION TOTAL INCLUDING TRANSFERS TO/FROM RESERVES	178,809,803	3,618,625	22,002,931	52,104,973	77,726,529
Less Transfers to/from Reserves	1,893,701		-		-
SERVICE DIVISION TOTAL EXCLUDING TRANSFERS TO/FROM RESERVES	176,916,102		22,002,931		77,726,529

APPENDIX 2

**SERVICE DIVISION F
RECREATION and AMENITY**

		EXPENDITURE	INCOME		
DIVISION	TOTAL €	State Grants & Subsidies €	Provision of Goods and Services €	Contributions from other local authorities €	TOTAL €
F01 Operation and Maintenance of Leisure Facilities	10,245,193	-	2,854,454	-	2,854,454
F02 Operation of Library and Archival Service	24,554,381	585,694	393,880	-	979,574
F03 Op, Mtce & Imp of Outdoor Leisure Areas	22,644,254	82,022	1,053,172	40,000	1,175,194
F04 Community Sport and Recreational Development	15,887,606	3,923,399	1,318,358	-	5,241,757
F05 Operation of Arts Programme	9,786,698	265,865	1,375,994	-	1,641,859
F06 Agency & Recoupable Services	-	-	1,744,008	-	1,744,008
SERVICE DIVISION TOTAL INCLUDING TRANSFERS TO/FROM RESERVES	83,118,132	4,856,980	8,739,866	40,000	13,636,846
Less Transfers to/from Reserves	1,506,183		-		-
SERVICE DIVISION TOTAL EXCLUDING TRANSFERS TO/FROM RESERVES	81,611,949		8,739,866		13,636,846

**APPENDIX 2
SERVICE DIVISION G
AGRICULTURE, EDUCATION, HEALTH and WELFARE**

DIVISION	EXPENDITURE	INCOME			
	TOTAL €	State Grants & Subsidies €	Provision of Goods and Services €	Contributions from other local authorities €	TOTAL €
G01 Land Drainage Costs	-	-	-	-	-
G02 Operation and Maintenance of Piers and Harbours	-	-	-	-	-
G03 Coastal Protection	-	-	-	-	-
G04 Veterinary Service	633,973	37,350	184,166	-	221,516
G05 Educational Support Services	2,349,172	1,202,311	405	-	1,202,716
G06 Agency & Recoupable Services	-	-	-	-	-
SERVICE DIVISION TOTAL INCLUDING TRANSFERS TO/FROM RESERVES	2,983,145	1,239,661	184,571	-	1,424,232
Less Transfers to/from Reserves	-		-		-
SERVICE DIVISION TOTAL EXCLUDING TRANSFERS TO/FROM RESERVES	2,983,145		184,571		1,424,232

APPENDIX 2
SERVICE DIVISION H
MISCELLANEOUS SERVICES

DIVISION	EXPENDITURE	INCOME			
	TOTAL	State Grants & Subsidies	Provision of Goods and Services	Contributions from other local authorities	TOTAL
	€	€	€	€	€
H01 Profit/Loss Machinery Account	(527)	-	-	-	-
H02 Profit/Loss Stores Account	-	-	-	-	-
H03 Administration of Rates	48,752,627	-	2,659,642	-	2,659,642
H04 Franchise Costs	1,113,623	-	3,281	-	3,281
H05 Operation of Morgue and Coroner Expenses	3,199,055	-	-	1,100,000	1,100,000
H06 Weighbridges	-	-	-	-	-
H07 Operation of Markets and Casual Trading	1,447,452	-	759,241	-	759,241
H08 Malicious Damage	2,731	792	-	-	792
H09 Local Representation/Civic Leadership	4,864,060	-	208,822	-	208,822
H10 Motor Taxation	8,152,824	-	15,719	-	15,719
H11 Agency & Recoupable Services	895,387	117,587	8,198,197	80,000	8,395,784
SERVICE DIVISION TOTAL INCLUDING TRANSFERS TO/FROM RESERVES	68,427,232	118,379	11,844,902	1,180,000	13,143,281
Less Transfers to/from Reserves	14,255,711		245,741		245,741
SERVICE DIVISION TOTAL EXCLUDING TRANSFERS TO/FROM RESERVES	54,171,521		11,599,161		12,897,540
TOTAL ALL DIVISIONS	722,918,864	121,703,848	227,346,372	60,713,658	409,763,878

APPENDIX 3

ANALYSIS OF INCOME FROM GRANTS AND SUBSIDIES

	2015 €	2014 €
Department of the Environment, Heritage and Local Government		
Road Grants	-	-
Housing Grants & Subsidies	80,715,455	63,753,687
Library Services	313,500	313,500
Local Improvement Schemes	-	-
Urban and Village Renewal Schemes	2,264,520	1,948,767
Water Services Group Schemes	5,329,598	9,125,779
Environmental Protection/Conservation Grants	1,505,796	1,110,555
Miscellaneous	3,525,906	159,779
LPT Self Funding	20,988,154	-
	114,642,929	76,412,067
Other Departments and Bodies		
Road Grants	7,078	5,859,459
Local Enterprise Office	1,300,445	1,311,508
Higher Education Grants	536,835	2,244,777
Community Employment Schemes	-	-
Civil Defence	-	-
Miscellaneous	5,216,561	6,995,128
	7,060,919	16,410,872
Total	121,703,848	92,822,939

APPENDIX 4

ANALYSIS OF INCOME FROM GOODS AND SERVICES

	2015 €	2014 €
Rents from Houses	77,545,526	75,358,276
Housing Loans Interest & Charges	9,667,560	10,839,436
Domestic Water	-	-
Commercial Water	-	-
Irish Water	45,955,185	62,189,255
Domestic Refuse	78,853	116,337
Commercial Refuse	3,241,210	3,588,155
Domestic Sewerage	-	-
Commercial Sewerage	-	-
Planning Fees	3,139,222	1,484,935
Parking Fines/Charges	30,910,404	30,124,033
Recreation & Amenity Activities	7,351,334	5,546,939
Library Fees/Fines	135,715	227,315
Agency Services	9,182,000	9,182,736
Pension Contributions	12,269,785	12,464,033
Property Rental & Leasing of Land	6,665,857	6,130,856
Landfill Charges	-	-
Fire Charges	2,590,095	2,385,194
NPPR	5,949,519	12,890,503
Miscellaneous	12,664,107	10,671,706
	227,346,372	243,199,709

APPENDIX 5

SUMMARY OF CAPITAL EXPENDITURE AND INCOME

	2015	2014
	€	€
EXPENDITURE		
Payment to Contractors	64,560,500	70,982,573
Purchase of Land	5,067,037	5,308,125
Purchase of Other Assets/Equipment	51,334,014	19,508,520
Professional & Consultancy Fees	8,805,554	8,526,278
Other	119,498,774	69,452,829
Total Expenditure (Net of Internal Transfers)	249,265,879	173,778,325
Transfers to Revenue	2,124,880	4,584,050
Total Expenditure (Incl Transfers) *	251,390,759	178,362,375
INCOME		
Grants and LPT	120,800,198	111,410,781
Non - Mortgage Loans	2,377,568	8,325,448
Other Income		
(a) Development Contributions	19,872,780	711,266
(b) Property Disposals		
- Land	6,532,959	6,410,796
- LA Housing	-	-
- Other property	-	-
(c) Purchase Tenant Annuities	1,275,519	1,357,083
(d) Car Parking	6,360,510	5,527,115
(e) Other	17,000,015	11,577,592
Total Income (Net of Internal Transfers)	174,219,549	145,320,081
Transfers from Revenue	25,262,236	14,098,810
Total Income (Incl Transfers) *	199,481,785	159,418,891
Surplus(Deficit) for year	(51,908,974)	(18,943,484)
Balance (Debit)\Credit @ 1 January	(25,565,818)	(6,622,334)
Balance (Debit)\Credit @ 31 December	(77,474,792)	(25,565,818)

* Excludes internal transfers, includes transfers to and from Revenue account

APPENDIX 6
ANALYSIS OF EXPENDITURE AND INCOME ON CAPITAL ACCOUNT

	BALANCE @ 1/1/2015	EXPENDITURE	INCOME				TRANSFERS			BALANCE @ 31/12/2015
			Grants and LPT	Non-Mortgage Loans*	Other	Total Income	Transfer from Revenue	Transfer to Revenue	Internal Transfers	
	€	€	€	€	€	€	€	€	€	€
Housing & Building	(63,721,775)	150,863,135	105,914,656	2,377,568	9,660,125	117,952,349	4,150,760	-	3,000,000	(89,481,801)
Road Transportation & Safety	12,173,247	18,165,680	11,553,920	-	5,734,294	17,288,214	3,703,084	1,730,874	-	13,267,991
Water Services	19,222,292	3,654,147	690,321	-	(2,792,650)	(2,102,329)	-	-	-	13,465,816
Development Management	11,358,504	21,846,617	253,417	-	36,908,239	37,161,656	1,340,500	127,000	(3,258,218)	24,628,825
Environmental Services	(31,288,293)	3,309,890	336,839	-	400,337	737,176	1,884,904	-	258,218	(31,717,885)
Recreation & Amenity	(456,246)	18,153,177	1,238,370	-	1,131,438	2,369,808	11,151,460	27,433	-	(5,115,588)
Agriculture, Education, Health & Welfare	-	-	-	-	-	-	-	-	-	-
Miscellaneous Services	27,146,453	33,273,233	812,675	-	-	812,675	3,031,528	239,573	-	(2,522,150)
TOTAL	(25,565,818)	249,265,879	120,800,198	2,377,568	51,041,783	174,219,549	25,262,236	2,124,880	-	(77,474,792)

Note: Mortgage-related transactions are excluded

APPENDIX 7
Summary of Major Revenue Collections for 2015

A Debtor type	C Arrears @ 1/1/2015	C Accrued - current year debit (Gross)	D Vacant property adjustments	E Write offs	F Waivers	G Total for collection =(B+C-D-E-F)	H Amount collected	Closing arrears @ 31/12/2015 = (G-H)	J Specific doubtful arrears*	K % Collected = (H)/(G-J)
	€	€	€	€	€	€	€	€		
Rates	62,598,018	336,255,813	13,545,343	20,076,317	-	365,232,171	314,107,645	51,124,526	7,100,000	88%
Rents & Annuities	19,640,271	72,640,877	-	638,380	-	91,642,768	72,968,267	18,674,501	-	80%
<u>Miscellaneous Rents</u>										
RAS	594,642	3,527,816	-	19,851	-	4,102,607	3,068,517	1,034,090	-	75%
Travellers	379,734	530,827	-	-	-	910,561	460,420	450,141	-	51%
Homeless	747,048	663,467	-	615,962	-	794,553	511,319	283,234	-	64%
Rent to Buy	44,440	193,960	-	-	-	238,400	182,010	56,390	-	76%
Housing Loans	15,135,112	22,063,055	-	-	-	37,198,167	22,071,377	15,126,790	-	59%
Domestic Refuse	-	-	-	-	-	-	-	-	-	-
Commercial Refuse	-	-	-	-	-	-	-	-	-	-

*Specific doubtful arrears = (i) Vacancy applications pending/criteria not met & (ii) Accounts in examinership/receivership/liquidation and no communication regarding likely outcome

APPENDIX 8

INTEREST OF LOCAL AUTHORITY IN COMPANIES AND JOINT VENTURES

Where a local authority as a corporate body or its members or officers, by virtue of their office, have an interest in a company (controlled, jointly controlled and associated), the following disclosures should be made for each entity:

Name of Company or Entity	Voting Power %	Classification: Subsidiary / Associate / Joint Venture	Total Assets	Total Liabilities	Revenue Income	Revenue Expenditure	Cumulative Surplus/ (Deficit)	Currently Consolidated Y / N	Date of Financial Statements
Ballymun Regeneration Limited	100%	Subsidiary	-	-	-	-	-	Y	31/12/2014
Poppintree Neighbour Centre Management Company Limited	6%	Associate	76,052	12,448	41,235	41,990	63,604	N	31/12/2014
Coultry Neighbourhood Centre Management Company Limited	12%	Associate	88,380	15,616	38,024	33,972	72,764	N	31/12/2014
Shangan Neighbourhood Centre Management Company Limited	43%	Associate	61,610	18,528	47,195	63,145	43,082	N	31/12/2014
Forestwood Management Company Limited	67%	Subsidiary	25,030	23,473	17,419	16,307	1,557	N	31/05/2015
City of Dublin Energy Management Agency (CODEMA) Limited	60%	Subsidiary	324,494	156,508	1,472,336	1,458,948	167,986	N	31/12/2015
Hugh Lane Gallery Trust Limited	100%	Subsidiary	42,674	42,674	-	-	-	Y	31/12/2014
Temple Bar Cultural Trust Limited	100%	Subsidiary	56,943,515	38,686,312	1,285,638	1,781,670	18,257,203	N	31/12/2015
Fishamble Music Limited	100%	Subsidiary	1,363,178	758,275	25,786	42,790	604,903	N	31/12/2014
Irish Film Centre Development Limited	100%	Subsidiary	402,458	402,461	56,492	56,492	- 3	N	31/12/2014
Dublin City Sports and Leisure Services Limited	100%	Subsidiary	1,255,954	202,033	2,022,677	1,689,518	1,053,921	N	31/12/2014
Parnell Square Foundation Limited	50%	Subsidiary	114,842	37,736	700,005	622,898	77,106	N	31/12/2014
PSQ Developments LTD*	50%	Subsidiary	620,752	620,751	-	-	1	N	31/12/2014
The Ringsend Toll Bridge Designated Activity Company**	100%	Subsidiary	-	-	-	-	-	N	N/A

*PSQ Development LTD Incorporated 15th July 2014

** The Ringsend Toll Bridge Designated Activity Company was incorporated in December 2015.

APPENDIX 9

SUMMARY OF LOCAL PROPERTY TAX ALLOCATED

	2015 €	2015 €
Discretionary		
Discretionary Local Property Tax	6,800,296	6,800,296
Self Funding - Revenue		
Housing & Building	15,207,554	
Roads Transportation & Safety	5,780,600	
		20,988,154
Total Local Property Tax - Revenue		27,788,450
Self Funding - Capital		
Housing & Building	25,940,094	
Roads Transportation & Safety		
		25,940,094
Total Local Property Tax - Capital		25,940,094
Total Local Property Tax - Allocated		53,728,544

Glossary of Terms

Accruals (Matching)

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure that adds to and not merely maintains the value of an existing fixed asset.

Community Assets

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Contingency

A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

Corporate and Democratic Services

The corporate and democratic services comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Deferred Charges

Expenditure which may properly be deferred, but which does not result in, or remain matched with, tangible assets. Examples of deferred charges are expenditure on items such as preliminary expenses on proposed capital schemes.

Depreciation

The measure of the wearing out, consumption, or other

reduction in the useful economic life of a fixed asset, whether arising from use, effluxion of time or obsolescence through technological or other changes.

Exceptional Items

Material items which arise from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts. Example - redundancies, uninsured damage, uninsured structural failure of operational buildings, deficits arising on the settlement of uninsured claims, cost of industrial action and losses on investments.

Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Fixed Assets

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

Going Concern

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

Infrastructure Assets

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Investments

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments which do not meet the above criteria should be classified as current assets.

Investment Properties

Interest in land and/or buildings:

(a) in respect of which construction work and development have been completed; and

(b) which is held for its investment potential, any rental income being negotiated at arm's length.

Long-Term Contracts

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be

accounted for as long-term contracts if they are sufficiently material to the activity of the period.

Net Book Value

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation. Current value can be either "net current replacement cost" or "net realisable value".

Net Current Replacement Cost

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-Operational Assets

Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating Leases

A lease other than a finance lease.

Operational Assets

Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the AFS is

signed by the responsible financial officer.

Prior Year Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

Stocks

Comprise the following categories:

- (a) goods or other assets purchased for resale;
- (b) consumable stores;
- (c) raw materials and components purchased for incorporation into products for sale;

Useful Life

The period over which the local authority will derive benefits from the use of a fixed asset.



LOCAL GOVERNMENT AUDIT SERVICE

Statutory Audit Report

to the

Members of Dublin City Council

for the

Year Ended 31 December 2015



An Roinn Tithíochta, Pleanála, Pobail agus Rialtais Áitiúil
Department of Housing, Planning, Community and Local Government

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AUDITOR'S REPORT TO THE MEMBERS OF DUBLIN CITY COUNCIL

1 Introduction

- 1.1 I have audited the Annual Financial Statement (AFS) of Dublin City Council for the year ended 31 December 2015, which comprise the Statement of Accounting Policies, Statement of Comprehensive Income, Statement of Financial Position, Funds Flow Statement and notes to and forming part of the accounts. The financial reporting framework that has been applied in its preparation is the Code of Practice and Accounting Regulations for Local Authorities, as prescribed by the Minister for Housing, Planning, Community and Local Government.

My main statutory responsibility, following the completion of the audit work, is to express my independent audit opinion on the AFS of the Council, as to whether it presents fairly the financial position at 31 December 2015 and its income and expenditure. My audit opinion, which is unmodified, is stated on page 9 of the AFS.

The Council is by law, responsible for the maintenance of all accounting records including the preparation of the AFS. It is my responsibility, based on my audit, to form an independent opinion on the statement and to report my opinion. I conducted my audit in accordance with the Code of Audit Practice. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the AFS. It also includes an assessment of the significant estimates and judgements made by the Council's management in the preparation of the AFS, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations, which I considered necessary to provide sufficient evidence to give reasonable assurance that the financial statement is free from material misstatement, whether caused by fraud or error.

- 1.2 This report is prepared in accordance with Section 120(1)(c) of the Local Government Act, 2001 and should be read in conjunction with the audited AFS.

2 Financial Standing

The net surplus for the year amounted to €246k after transfers to reserves of €45.9m. The variances between the adopted budget and actual outturn are shown in Note 16 to the AFS.

Significant movements in the finances of the Council in 2015 are shown below.

2.1 Long Term Debtors

There was a reduction of €63m in the total long term debtors between 2014 and 2015 and this is shown in Note 3 to the AFS. This reduction mainly relates to a fall of €24.2m in the amount of mortgage loans due to the Council and the inclusion of a provision for bad and doubtful debts of €29.7m against the principal due in respect of mortgage loans referred to at 3.3 below.

2.2 Net Current Debtors

Net current debtors decreased by €51m in 2015 and details are included in Note 5 to the AFS. Significant variances include a reduction in government debtors of €61m due to the repayment by the Department of Housing, Planning, Community and Local Government (the Department) of water services loans. There were also reductions in commercial debtors of €28m (including Rates and Irish Water balances). These reductions were partially offset by a decrease of €28m in the provision for bad and doubtful debts against current debtors.

2.3 Bank and Investment Balances

Total bank and investment balances increased by €48m in 2015 as shown in the Statement of Funds Flow in the AFS.

2.4 Creditors and Accruals

Creditors and accruals fell by €53m in 2015 mainly due to the reduction in the amount of loans payable due within one year from €95m in 2014 to €24m in 2015. These included the water related loans referred to below.

2.5 Loans Payable

There was a reduction in total loans payable (including amounts due within one year) of €112m from €733m in 2014 to €621 in 2015. The most significant reduction was in respect of water related loans (€61m) referred to in paragraph 4 below. Mortgage and rented equity loans fell by €25m in 2015.

3 Income Collection

A summary of the major collection yields and the corresponding closing debtors, with comparatives for the previous year, are as follows:

Income Source	Yield %		Debtors €m	
	2015	2014	2015	2014
Rates	88	84	51.1	62.6
Rents & Annuities	80	78	18.7	19.6
Housing Loans	59	58	15.1	15.1

3.1 Rates

While rates yield shows an increase in the year under audit, the method of calculation changed in 2015 to allow for the exclusion of specific doubtful arrears in Appendix 8 to the AFS. The yield for the previous year shown above was not restated and the yield for 2015 under the original calculation method was 86%.

A report on rates debtors at 31 December 2015, prepared for the Council's Finance Strategic Policy Committee, included the following analysis:

- €27.1m (53%) of arrears related to 2015, €9.7m (19%) related to 2014 and the balance of €14.3m (28%) related to pre 2014 rates;
- Of a total of 20,677 rate accounts the number of accounts in arrears (6,773) at the end of 2015 fell by 637 compared to 2014; and
- Court proceedings have been initiated in respect of €9.5m or 18.7% of the debtor balances.

A loss of commercial rates on the Irish Water network was offset by a grant from the Department of €14.3m in 2015 and this amount is included in the rates account for 2015.

3.2 Rents and Annuities

The yield from rents and annuities showed an increase from 78% in 2014 to 80% in 2015. In the course of audit tests carried out a number of errors were found in the rents income and arrears balances shown in Appendix 7. Recommendations to improve procedures in this area were made, including the reconciliation of the rents system with the financial management system. It is important that these recommendations are implemented as soon as possible to ensure consistency between the rents and financial management systems. The correction of any errors in the rent collection accounts in Appendix 7 should also be made in 2016.

Progress in implementing these recommendations will be reviewed at the next audit.

Chief Executive's Response

The recommendations for improvements have been implemented in 2016, and monthly reconciliations are being carried out. The correction of errors in the rent collection accounts will be shown in the 2016 AFS

3.3 Housing Loans

The yield from housing loans remained poor at 59% in 2015 (58% in 2014) and arrears of €15m were similar to the previous year. Of a total number of 2488 live accounts, there are 589 accounts in arrears for more than 12 months. Arrears on these accounts amounted to €14.5m. The provision for bad and doubtful debts in respect of current debtors was increased from €2.7m (18%) in 2014 to €4.7m (31%) in 2015.

The principal on all housing loans outstanding, including rented equity, amounted to €291m at the end of 2015 and is included in Note 3 Long Term Debtors to the AFS. In 2015 for the first time, a provision for bad and doubtful debts of €29.7m was created in respect of this long term debtor and is shown in Note 3 under the heading Other. This change in accounting policy is referred to in the Statement of Accounting Policies in the AFS.

Chief Executive's Response

At the end of September 2016, the loan book portfolio amounted to €264m. The amount of arrears is €13.1m. The number of loan accounts is 2,351 and the number of loans that are in arrears is 987. Approx 1,400 borrowers (over 57% of the total) are fully up to date with repayments as of September 2016. The accounts of just under 1,000 borrowers (42% of the total) are showing arrears ranging from one month upwards. To deal with the arrears situation on these accounts a dedicated Arrears Support Unit was established in Dublin City Council in order to assist borrowers experiencing difficulties with their mortgage repayments, including making available a range of forbearance measures to assist the borrower. The application of the above arrangements has seen arrears levels fall across our loan book

4. Transfer of Water and Sewerage Functions to Irish Water

The process of transferring responsibility for water and sewerage functions to Irish Water continued in 2015 and significant matters relating to the AFS included the following:

- HFA loans of €61m relating to water services were redeemed during 2015 from monies received from the Department. This amount had been included in short term debtors in the 2014 AFS.
- Non HFA water loans payable at the end of 2015 amounted to €15.7m and a corresponding

long term debtor is included in Note 2 to the AFS.

- The balancing statement amount of €8.2m relating to pre 2014 capital and debtor balances was received from IW in 2015.
- Income in respect of the service level agreement with IW amounted to €45.9m in 2015.
- There remains a significant number of assets for which legal title has not as yet been transferred to IW.

It is important that outstanding issues with non-HFA loans and transfer of title of assets are dealt with as soon as possible.

Chief Executive's Response

DCC have transferred the majority of its largest water services assets such as Ringsend Wastewater Treatment Plant, Ballymore Eustace Water Treatment Plant and Stillorgan Reservoirs to Irish Water in accordance with the Priority List of Assets that Irish Water have classified as either priority or critical assets for transfer to Irish Water. To date DCC have transferred 23 assets to Irish Water and work is ongoing in verifying title for the remainder of the assets (68 assets) to enable transfer to Irish Water. Despite constraints such as DCC's SLA Unit's reliance on other Non-SLA Sections within DCC work is ongoing on the asset transfer to Irish Water. Clarification is required from the DHPCLG and Irish Water on how to proceed to transfer assets which are located on lands owned by 3rd Parties and assets where existing licences and lease agreements are in place between DCC and 3rd Parties.

5. Capital Account

Capital expenditure in 2015 amounted to €251m (€178m in 2014) and total capital income, including transfers from revenue, amounted to €199m in 2015 (€159m in 2014). This resulted in deterioration in the capital account balance of €52m and a closing debit balance of €77m. The main reasons for the increase in expenditure and the debit balance were as follows:

- Expenditure on the purchase of housing stock increased by €33m to €47m in 2015; and
- Repayment of loan principal increased from €18m in 2014 to €63m in 2015.

5.1 Debit Balances re: Loan Redemptions

The repayment of loan principal from the capital account, where there is no corresponding capital income, is reflected in debit balances at the end of 2015 as follows:

- Land acquisition loan redemptions of €29.4m
- Housing loan redemptions of €24.7m

These balances will require funding from revenue account or other sources in the future.

Chief Executive's Response

The housing loan redemption of €24.7m is being funded by a revenue transfer to capital over a six year period from 2015 to 2020. The land acquisition loan redemption of €29.4m related to land which is due to be sold. On completion of the land sale the debit balance will be funded.

5.2 Other Debit Balances

A review of other capital balances described as unfunded was carried out at audit and a summary

of the most significant debit balances is as follows:

Project / Category	€m
Thermal Treatment Plant (incl. District Heating)	27
Land and Properties acquired for Housing	18
Abandoned Public Private Partnership Schemes	15
Affordable Housing Schemes	13
Fire Service Projects	7
Other Housing Projects	5
Development Management Projects	5
Ballymun Regeneration	4

It is important, where no source of funding is anticipated, that arrangements are put in place to reduce the debit balances as soon as possible.

Chief Executive's Response

The Council is constantly reviewing the funding of debit balances. A process is currently under way to identify if government funding can be applied for in relation to any of the projects. All other methods of funding are also being considered.

5.3 Unsold Affordable Housing Units

At the end of 2015 the Council had 352 unsold affordable housing units, which were utilised for social housing, RAS and other purposes. In addition to the debit balance on the capital account relating to these units referred to above, the Council's loans payable included bridging loans, on an interest only repayment basis, of €80m. While the interest payments are currently being recouped from the Department under various social housing schemes, the repayment of the principal on these loans will require funding in the future.

Chief Executive's Response

The unsold affordable units remain a concern to Housing Management, and the associated cost centres are regularly reviewed. Further representation will be made to the Department for funding.

5.4 Waste to Energy Project at Poolbeg

Under the public private partnership agreement signed in 2014, Dublin Waste to Energy Limited (DWEL) is contracted to design, build, operate, finance and maintain the 600,000 tonne per year Waste to Energy facility in Poolbeg. Work commenced on the site in October 2014 and the construction of the facility is expected to take three years.

Expenditure in 2015 was €675k. The expenditure is in line with the budget established for the construction and commissioning phase of the project and the expenditure was primarily associated with the Client Representative contract, which was awarded following a competitive tender process.

Recent updates prepared for the Council indicate the following:

- Construction remains on target for completion in the third quarter of 2017.
- Project Executive Board meetings are held on a monthly basis.

- The project team issues a monthly report on project status, programme, risk, budget and commercial issues to the Dublin local authorities.
- DWTEL are in the process of finalising contracts with waste companies for the use of the facility when operational.

The cumulative expenditure to date on the project is approximately €98m. The Council is acting on behalf of all four Dublin local authorities and the other three authorities have contributed almost €50m to date as their share of the costs. The capital account shows a debit balance on this project of €15.9m and this amount will require funding by Dublin City Council.

Chief Executive's Response

The Waste to Energy Facility is due to commence operation in Q3 2017 and under the structure of the DWtE contract it is anticipated that DCC will share in some of the facility revenues from Q3 2018. It is planned that the clearing of the capital balances will be prioritized from this income stream.

Dublin District Heating Project:

The District Heating Project is to facilitate the use of thermal energy from the Waste to Energy Project at Poolbeg to provide heating for homes in the surrounding area. The capital account shows a debit balance on this project of €10.9m and this amount will require funding by Dublin City Council.

Chief Executive's Response

DCC are currently in the process of engaging an advisory team to examine the optimum business model to progress the District Heating Project. A key element of this model will be the financial element and the development of a project delivery framework within which the current investment could be substantially recouped as soon as the project is up and running.

5.5 Ballyfermot Leisure Centre

As referred to in my previous audit report, the development of the Ballyfermot Leisure Centre was approved in September 2004 and a contract was awarded for the tender sum of €18.2m (including VAT). There were a number of delays and fundamental problems with the execution of the contract and the building was handed over to the Council in 2008.

Claims for additional costs were submitted by the contractor and an arbitration process commenced in 2011. This concluded in July 2016 and a final settlement of €13m was agreed to cover contract and legal costs. The final payment was made in 2016 bringing the total cumulative expenditure to date on this project to €45.5m.

Chief Executive's Response

The Leisure Centre was built per the tender specification, with minimal changes and handed over to the Council in 2008. The contractor then submitted their final accounts claiming €38m plus VAT and interest. This was in addition to the original contract price. This claim was based on variations, delay, disruptions and increased costs.

A conciliation process in 2010 was unsuccessful and an arbitration process commenced in 2011. The contractor reduced the claim to €27m plus VAT. The Council defended the claim and counter claimed in the amount of € 6.4m (cost of necessary remedial works to the

swimming pool and consequential loss of swimming pool and weather pitches revenue during closure). The arbitration process continued for 5 years up to June 2016, during which time the Arbitrator made a number of determinations.

Following a review of the case and assessing the opinion of our legal counsel and our expert consultants, it was decided that the most financially prudent course of action was to negotiate a settlement with the contractor. A settlement was agreed with the contractor in June 2016 in the amount of € 5m plus VAT, representing full and final settlement of their claim and €8m in relation to their costs to date. This settlement was agreed by Dublin City Council against the backdrop of an ongoing arbitration claim potentially lasting a further number of years where ever increasing costs would be incurred by both sides. The settlement represented a significant reduction in the original claim submitted by the contractor.

6 Fixed Assets and Property Register

In recent years the Council undertook a project to convert the old manual property registers and associated documents to a digital database with links to a geographical information system. This project was completed and facilitates information requests from other council departments and members of the public. It also provides a single reference point for all property transaction information. While this database provides useful information required for the maintenance of the Fixed Asset Register (FAR), there is no link or cross-reference between the two systems. The development of a comprehensive property register for all council properties should be prioritised.

Chief Executive's Response

The development of a comprehensive Corporate Property Register which would provide a link to the Fixed Asset Register in the Oracle Financial system is currently being investigated by the Transformation Unit and meetings with the various departments, including the Development and Finance departments, to progress this are ongoing. Initial exploratory system specification investigations suggest that the development of a Corporate Property Register providing the functionality to link with the current Fixed Asset Register on Oracle is a complex project and will require significant resources in terms of time to complete, financial resources and an additional staffing requirement. However this Project has now been identified as a priority of the Council.

7. Development Contributions

In order to address deficiencies identified in the existing systems for recording, monitoring and accounting for development contributions, the Council established a project board to examine possible solutions. The project board recommended the use of the file management functions of the planning system (APAS) and the accounting functions of the accounts receivable module of the financial management system (Oracle). The project is complete; however transactions are still input to both systems (APAS and Oracle).

In the course of the 2015 audit a number of the reports requested were found to lack the detailed analysis required. I have requested that the quality of reports at year-end be improved substantially for the 2016 audit.

Chief Executive's Response

The project is now complete and the new procedure utilizing Oracle is working well. Transactions are still input to both systems and this will continue until the Oracle system

upgrade project is completed and work can begin on generating a customized statement for development contributions based on plan numbers. The customized statement report is necessary to be able to generate a report based on a planning application number. Enforcement action under the planning legislation can only be taken against a debtor in relation to a particular planning permission (i.e. it cannot be taken for a number of permissions together). On completion of this report the inputting of debtor information in to APAS will cease.

The quality and number of reports on Development Contributions will be reviewed and improved prior to the 2016 audit.

8. Procurement

Dublin City Council's procurement policy is detailed in its Procurement Policy and Procedures Manual and is supported by its Corporate Procurement Plan 2015 – 2017. Responsibility for ensuring compliance with the Council's policy is devolved to local management and the Central Procurement Unit (CPU), through its advisory support role to departments in the preparation and planning of tenders and guidance in the award procedures of contracts, strengthens the procurement function within the organisation. The Council advertised 87 tenders in 2015.

The CPU also awards contracts for selected corporate goods and services or utilises the appropriate National Procurement Service contracts. Compliance with corporate contracts is monitored by the CPU. In the course of the audit a range of purchases across a number of departments were examined for compliance with procurement policy and procedures and the overall results indicated strong compliance.

9. Local Authority Companies

The Council's interest in companies is set out in Appendix 8 in the AFS. The table shows the extent of control exercised by the Council, whether or not the transactions are included in the Council's AFS and brief financial details on each company. The financial transactions of only two of the companies listed (Ballymun Regeneration Limited and Hugh Lane Gallery Trust) are included in the Council's AFS.

9.1 Temple Bar Cultural Trust Limited (TBCT)

In 2013 a decision was made to dissolve TBCT and to transfer all the responsibilities, functions and assets of the company to the Council. This company, with assets valued at almost €48m, is not consolidated in the Council's annual financial statement.

9.2 Ballymun Regeneration Limited (BRL)

Ballymun Regeneration Limited (BRL) is a wholly owned company limited by guarantee which was responsible for the management of the Ballymun regeneration project. All of the transactions of BRL are included in the accounts of Dublin City Council. The orderly wind-down of the company is in progress.

The accounts of Dublin City Council include an income accrual of €16.7m in respect of grants from the Department claimed for this project. These claims date back over a number of years and every effort should be made to resolve this matter.

9.3 Other Companies

The Dublin Docklands Development Authority (Dissolution) Act 2015 came into effect in March 2016 and provided for the dissolution of the DDDA and the transfer of functions, assets and liabilities to the Council.

Chief Executive's Response

We are awaiting the necessary legislation from the Government which will facilitate the dissolution of the Temple Bar Cultural Trust Ltd. In the meantime the orderly wind-down of the company through a Special Project Team is in progress.

We are hopeful that a final resolution of the Ballymun Regeneration Ltd. claim will be reached in the near future.

10 Governance

Corporate governance comprises the systems and procedures by which enterprises are directed and controlled. It is the responsibility of the Chief Executive and the elected members to ensure that sound systems of financial management and internal control are in place. According to the audit committee charter, the committee has an independent role to advise the Council on financial reporting processes, internal control, risk management and audit matters.

10.1 Internal audit

The Local Government (Financial and Audit Procedures) Regulations 2014 require local authorities to maintain an adequate and effective system of internal audit of its accounting records and control systems. Internal Audit has an important role in providing the Chief Executive with assurances on the adequacy of control systems and procedures including internal controls, risk management and governance arrangements.

The Council's internal audit function currently consists of 8 personnel (7.5 whole time equivalents); of which two have professional accounting qualifications and one is a member of the Institute of Internal Auditors. The annual work plan was approved by the audit committee and the Chief Executive. The head of internal audit reports directly to the audit committee and the Chief Executive in carrying out the work of the unit. The unit produced six reports during the year and I have taken account of this work where relevant.

10.2 Review of Low Value Purchase cards in the Homeless Services Section

During 2015 the Internal Audit Unit carried out a review of the use of low value purchase cards for the provision of accommodation for the homeless. The final report, which was issued in 2016, identified significant weaknesses and a lack of adequate controls in the current processes. A number of recommendations were made to address the issues identified, including a retrospective reconciliation of 2015 transactions. The recommendations made have now been accepted by Housing Management and are currently being implemented. The final report was considered by the audit committee in September 2016.

It is important that these recommendations are implemented as soon as possible, including a full reconciliation of all transactions from April 2015 to date. These matters will be reviewed at the next audit.

Chief Executive's Response

The recommendations made by DCC Internal Audit report R0516 have been accepted and are being actively implemented by DCC Housing Management. Primary among these has been the establishment of a reconciliation team to reconcile all relevant transactions related to the use of commercial facilities as emergency accommodation for persons experiencing homelessness. This team is engaged in a monthly reconciliation and discharging all outstanding reconciliations arising from the period since April 2015. The work of the team is proceeding satisfactorily.

10.3 Risk Management

The Risk Steering Group is responsible for supporting risk management within the council and reviews the corporate risk register and the various departmental risk registers. The Corporate Services Department of the Council has recently engaged independent expert advisors to carry out a review of the risk management process and to advise on any required changes. The initial focus is on the methodology for developing a new corporate risk register and a number of meetings with senior management have taken place. It is hoped that this exercise when completed will lead to the improvement of risk management processes throughout the Council.

11. Acknowledgement

I wish to record my appreciation for the courtesy and co-operation extended to the audit team by the management and staff of the Council.



Richard Murphy
Local Government Auditor
24th October 2016