



With reference to the consideration by the Audit Committee of the Audited Annual Financial Statement (AFS) for 2018 and the Local Government Auditor's report on the Accounts of Dublin City Council for 2018

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 these reports at its meeting held on the 7th November 2019. Ms. Ita Howe, Principal Local Government Auditor, Mr. Owen Keegan, Chief Executive, Ms. Kathy Quinn, Head of Finance and Mr. Hugh Fitzpatrick, Head of Internal Audit were present to deal with queries raised by the Committee.

With the agreement of the Committee, the Chairperson asked Ms. Ita Howe to present her report and the corresponding sections within the AFS for 2018. During the presentation of her report the following issues were, inter alia, comprehensively discussed and dealt with by the Audit Committee.

Government Debtors

The first issue raised by the Committee related to its serious concern at the level of 'Government Debtors', which stood at €148m at the year end of 2018. It was noted that the ongoing housing and homelessness crisis was a key driver in the growth in debtor balances. The Head of Finance, Kathy Quinn, informed the members that the level of outstanding debt had further increased post year-end and at the end of June 2019, totalled €242m.

The Committee asked for their concerns to be noted and for a more defined plan to be prepared, addressing peak times in the context of impact on cash flow etc., and submitted to the Department of Housing, Planning and Local Government (DHP&LG) with a view to greatly reducing the level of monies owed by that Department to DCC.

Housing Rents

Another issue of concern to the Committee was the situation in relation to Housing Rent Arrears which stood at €27.8m. It was noted that 61% of DCC tenants were in arrears which is unsustainable. The Chief Executive advised the Committee that some arrears are retrospective, arising as household financial circumstances changed and increased rents were due in line with increased household income levels. The Committee requested that a report from Senior Housing Management be brought to a future meeting of the Audit Committee which will outline a targeted approach to tackling the level of rent arrears.

Ms. Howe said that she was satisfied with the Chief Executive's proposal to address these arrears, including increased resourcing and a focused action plan to reduce the arrears, and that she will revisit the position during next year's audit.

Housing Loans.

Ms. Ita Howe, Principal Local Government Auditor, noted the huge focus on this issue in DDC and stated that the Chief Executive's response was noteworthy and that the position was improving due to the restructuring of loans e.g. many of the "shared ownership" loans were being converted to "annuity loans".

Fixed Asset Housing Register

It was noted that a Working Group was in place to reconcile the Housing Register with the Fixed Assets Register and the Committee asked for a report on the progress of this work, during the coming year.

Affordable Housing

The question of loans in the sum of €73.8m in relation to affordable housing was discussed. These loans which were due to mature in 2018 were rolled over for a year with the agreement of the DOHP&LG.

The Chief Executive's response was noted by the Committee.

Temple Bar Cultural Trust and Dublin Docklands Development Authority

The dissolution of the Temple Bar Cultural Trust and the Dublin Docklands Development Authority and their transfer to Dublin City Council was discussed and an update given by the Head of Finance in relation to same, was noted.

Other Issues

All other queries raised by the Audit Committee were satisfactorily addressed by the Principal Local Government Auditor, Head of Finance and the Chief Executive.

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

Louise Ryan

Chairperson,

Audit Committee.

8th November 2019

ANNUAL FINANCIAL STATEMENTS

Dublin City Council

For the year ended 31st December 2018

Audited



Comhairle Cathrach
Bhaile Átha Cliath
Dublin City Council

CONTENTS

Financial Review	1 - 6
Certificate of Chief Executive & Head of Finance	7
Audit Opinion	8
Graphs	9-13
Statement of Accounting Policies	14-17

Financial Accounts

Statement of Comprehensive Income (Income & Expenditure Account)	18
Statement of Financial Position (Balance Sheet)	19
Statement of Funds Flow (Fund Flow Statement)	20
Notes on and forming part of the Accounts	21-31

Appendices

1 Analysis of Expenditure	32
2 Expenditure and Income by Division	33-40
3 Analysis of Income from Grants and Subsidies	41
4 Analysis of Income from Goods and Services	42
5 Summary of Capital Expenditure and Income	43
6 Capital Expenditure and Income by Division	44
7 Major Revenue Collections	45
8 Interest of Local Authorities in Companies	46
Glossary of Terms	47-48

Introduction

I am pleased to present the Annual Financial Statements of Dublin City Council for the financial year ended 31st December 2018. Comparative figures are given for 2017. 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 2018

Dublin City Council had an overall deficit for the year of €1.6m, which when added to our opening general reserve of €23.2m gave a closing reserve of €21.6m. The Council's bank position at the end of 2018 was a debit balance of €4.2m, and the Council operated in credit for 365 days in 2018. At the year-end, the Council had €126.3m invested with Financial Institutes on our behalf and on joint deposit. The City Council's bank/investment balance included a negative €6.7m relating to Loan Redemptions and Relending, €2.9m received from Irish Water in relation to the operation of the Service Level Agreement, and €12.3m refundable deposits. Further detail is available in the Statement of Funds Flow.

The value of trade debtors at year-end 2018 increased to €337.7m gross from €320.0m in 2017, and to €216.6m net of bad debt provision from €185.3m in 2017. This increase relates largely to an increase in government debtors at the end of 2018 of €12m, from €136.3m in 2017 to €148.3m in 2018.

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 2018

Over the course of 2018 Dublin City Council managed its resource base effectively. The City Council have in place a programme of prudent expenditure controls, strengthened debt collection measures, managed 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 Dublin City Council works. It will assist in further service

reviews over the course of 2019 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 2018. This is achieved through the production of Statements, Notes and Appendices, as required by the regulatory accounting framework set by the Minister for Housing, Planning and Local Government. The purpose of each of these documents is set out in the glossary.

Changes to Accounting Policies

There are no changes to accounting policies effective for the 2018 Annual Financial Statement.

Revenue Expenditure

During 2018, Revenue (i.e. day to day operations) Expenditure amounted to €917.1m with income of €915.5m, giving an excess of expenditure over income of €1.6m (see Table 1). This demonstrates a decrease in General Reserves of €1.6m

Table 1: Revenue Expenditure 2018

	€m
Revenue Expenditure on City Council Service	917.1
Revenue Income (Government Grants, Service Charges & Rates)	915.5
Excess of Expenditure over Income	(1.6)

Transfers to Reserve Fund

As required by the regulatory accounting framework set by the Minister for Housing, Planning & Local Government, expenditure shown in the 2018 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.

Table 2: Analysis of Expenditure 2018

	€m
Expenditure	866.7
Transfers to Reserve	50.4
Final Expenditure	917.1

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

Table 3: Analysis of Income 2018

	€m
Income	567.0
Rates Income	324.3
Local Property Tax	23.1
Pension Levy	0.0
Income before Transfers	914.4
Plus Transfers from Reserves	1.1
Final Income	915.5

Capital Expenditure

Expenditure in 2018 on Capital projects and investment net of internal transfers was €384.9m. This spend forms part of the Capital Programme 2018 to 2020 of €1,662m. This expenditure of €384.9m was funded through income net of transfers of €400.9m and net transfers of €36.4m, giving an excess of income over expenditure of €52.4m. (See Table 4).

Table 4: Capital Account 2018

	€m
Opening Balance (Credit)	31.0
Expenditure as at 31 st December 2018	384.9
Income	400.9
Net Transfers (€37.5 - €1.1)	36.4
Closing Balance 31 st December 2018 (Credit)	83.4

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 Housing, Planning 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 2018 commenced in January 2019. 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.

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 2013-2016 was adopted by the Elected Members in December 2012. The 2013-2016 scheme was reviewed in 2016 and the current scheme is now the Development Contribution Scheme 2016-2020 which was adopted by the Elected Members in December 2016. The Annual Financial Statement for the financial year 2018 includes values for development contributions debtors as set out in Table 5.

Table 5: Development Contributions Debtors 2018

	€m
Development Contributions Outstanding at the Year End	39.4

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 2018 amounted to €324.3m, and accounts for 35% 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).

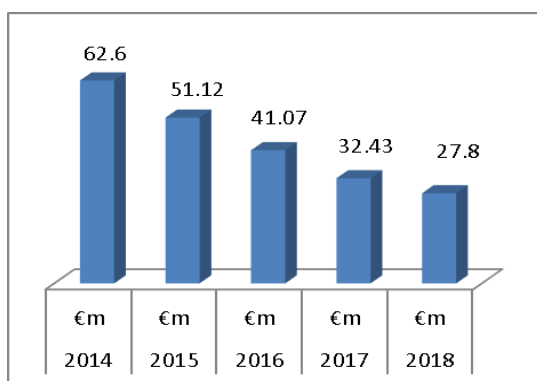
Table 6: Rates Income 2015 – 2018

	2015	2016	2017	2018
	€m	€m	€m	€m
Commercial Rateable Valuation of City	1,313	1,267	1,246	1,256
ARV (multiplier)	0.256	0.256	0.258	0.258
Rates Income	336.26	324.5	321.5	324.3

Trading conditions for business in 2018 involved many pressures and varied extensively. Commercial rates underpin all services provided by Dublin City Council. All rate payers are pursued so that compliant rate payers can be assured that non-compliant rate payers will discharge their liability. Dublin City Council's collection of the current year charge increased from 91.4% to 92.4% in 2018. Arrears reduced from €32.4m at 1/1/2018 to €27.8m at 31/12/18. (See Table 7)

Table 7: Rates arrears 2014 – 2018

2014	2015	2016	2017	2018
€m	€m	€m	€m	€m
62.60	51.12	41.07	32.43	27.80



The 2018 target for Dublin City Council was a collection of 91.4%. The actual outturn in 2018 exceeded the target levels with a collection of 92.4% and year-end arrears of €27.8m, a reduction of €4.6m (14%) on the 2017 arrears outturn. The 2018 DCC collection at 92.4% represents an improvement of 1% on 2017 which equates to a value of approx. €3.3m. The reduction in arrears to €27.8m in 2018 is primarily due to an improvement in the annual % collection, a focused debt management approach, improvement in economic factors and the conclusion of liquidation / receivership cases. Arrears have reduced by 56% since 2014. Whilst noting the improvement in collection, it is also acknowledged that some sectors and locations have not benefitted from improving economic factors.

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
- The work of the Corporate Projects Support Office
- The Public Spending Code
- External Audit and scrutiny through many channels including NOAC.

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 2018, 9 Internal Audit reports were issued, including 4 in-depth checking reports as required under the Public Spending Code.

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 and strives to be considered as a destination employer. We wish to attract the best staff to achieve our vision for Dublin. The Council is an equal opportunities employer. Finance and other Departments operate a Continuing Professional Development support scheme for staff to assist in retaining and developing professional skills and knowledge.

Finance Strategic Policy Committee

The Finance Strategic Policy Committee provides leadership and direction on key areas relating to the financing of Dublin City Council. Key topics pursued during 2018 were:

Funding issues:

- Review of Local Property Tax submissions to government review
- Review of Local Property Tax delegation attendance at Joint Oireachtas Committee on Housing, Planning and Local Government
- Rates legislative framework review updates on progress on this legislation
- Housing Rents updates
- Homeless Report update

Governance Issues:

- Annual Financial Statements 2017 including Debtors Report 2017
- Audit Committee – Minutes for review
- Rates Debtor Report 2017

Development Issues:

- Review of Vacant Commercial Properties
- Development Contributions Scheme – annual update
- Dublin City Development Plan 2016-2022 – progress report

Procurement Issues:

- Report on the inclusion of social inclusion clauses in procurement tenders

Resourcing Issues:

- Service Delivery Plan and Resources Working Group – updates
- North City Operations Report – update

Presentations made to the Committee included:

- Failte Ireland presenting a report on the 10 Year Vision for Tourism in Ireland and Dublin Regional Update
- EURO 2020 tournament presentation from officials in Dublin City Council, Dept. of Transport, Tourism and Sport and the FAI
- IT Infrastructure – Waste Systems update

Motions dealt with:

- Establishment of a sub group to plan and organise for Dublin hosting of the EURO 2020 Tournament
- Establishment of an Affordable Housing Capital Fund through borrowing from the Housing Finance Agency
- Period Poverty – provision of free sanitary products in all Dublin City council buildings

Overview of Priorities for 2019

Local Property Tax

The expected revenue from Local Property Tax in 2019 was dealt with in detail when the 2019 LPT rate for the City Council area was determined by the Elected Members (report 238/2018 refers). The impact of the approach taken by the Department in the allocation of LPT receipts to Dublin City Council is disappointing given that the increase in 2019 over 2018 in discretionary LPT allocation available to Dublin City Council is of the value of €13k, as set out in Table 8.

Dublin City Council awaits the outcome of the review of the Local Property Tax. This tax has resulted in little new funds for Dublin City Council as previously received grants have been replaced and substituted for by Local Property Tax funds. This is despite raised public expectations around increased funding available for local services.

Table 8 – Discretionary LPT Allocation

Local Property Tax Dublin City Council 2018 & 2019			
Year	2018	2019	Movement
	€m	€m	€m
LPT Receipts estimated by Revenue	79.7	80.0	0.30
20% to Equalisation Fund	15.9	16.0	0.10
80% LPT retained	63.8	64.0	0.20
Value of 15% reduction	11.9	12.0	0.10
LPT available funding	51.9	52.0	0.10
Self funding (notified by Dept)	28.8	28.9	0.10
Historic Funding (LGF)	2.7	2.7	-
Pension Related Deduction	16.4	16.4	-
Discretionary Funding	4.0	4.0	-

Commercial Rates

Details of commercial ratepayers in Dublin City by band in 2018 are set out in Table 9. Almost 76% of commercial ratepayers had a rates charge in 2018 of €10k or under, almost 57% had a 2018 rates charge of €5k or less while almost 39% had a rates charge in 2018 of under €3k. By contrast, almost 50% of the total rates debit was paid by 2% of commercial rate payers or 433 accounts. The Annual Rate on Valuation increased by 1.16% in the 2019 Budget.

Table 9 – Commercial Rate Payer Bands

CHARGE 2018	No. Of A/C's	Cumul. Total%	% per band	Cumul. Total %	Total debit per band	% of Debit	Cumul. Total %
€1 - €999	2107	2107	10.32%	10.32%	€ 1,296,461.68	0.40%	0.40%
€1,000 - €3,000	5924	8031	29.01%	39.32%	€ 11,499,229.10	3.55%	3.95%
€3,000 - €5,000	3718	11749	18.20%	57.53%	€ 14,482,246.55	4.47%	8.41%
€5,000 - €10,000	3902	15651	19.11%	76.63%	€ 27,449,024.56	8.47%	16.88%
€10,000 - €25,000	2730	18381	13.37%	90.00%	€ 42,013,063.95	12.96%	29.83%
€25,000 - €50,000	1065	19446	5.21%	95.22%	€ 37,188,287.05	11.47%	41.30%
€50,000 - €75,000	372	19818	1.82%	97.04%	€ 22,306,204.30	6.88%	48.18%
€75,000 - €100,000	172	19990	0.84%	97.88%	€ 14,746,235.36	4.55%	52.73%
€100,000 - €500,000	377	20367	1.85%	99.73%	€ 74,143,637.25	22.87%	75.60%
€500,000 - €500,000	56	20423	0.27%	100.00%	€ 79,131,162.71	24.40%	100.00%
TOTAL	20423		100.00%		€ 324,255,552.51	100.00%	

Dublin City Council was revalued in April 2011 effective from 2014. The purpose of the revaluation was to restate commercial valuation based on current market conditions, within an overall quantum, that did not result in loss of funds to the local authority. Essentially the revaluation process was to rebalance different trading sectors within the valuation envelope. Dublin City Council experienced material losses of rates income arising from the revaluation process, directly attributable to the construct of the legislation around appeals. This loss is replicated in every local authority that has been revalued. The revaluation process required immediate changes so as to address the loss of funds for local services.

Homeless Services

The numbers of persons presenting as homeless increased in 2018 due to continuing shortages in housing supply and rent values. The costs of service provision for homeless persons increased in line with demand. Trends in demand for homeless related services have been well documented and debated. Addressing homelessness is a key pillar of the Government's Action Plan for Housing and Homelessness: Rebuilding Ireland. There is undoubted government commitment to tackling homelessness and also to Dublin City Council's services for those presenting as homeless.

Dublin Fire Brigade Emergency Ambulance Service

The HSE now pays the City Council €9.18m per annum in respect of the cost of providing the DFB emergency ambulance service. In 2018 Dublin City Council provided for a further income of €4m from the HSE towards the cost of the service i.e. income of €13.18m reflecting the actual incurred cost of service provision. However the HSE continues to pay the lower amount. This has resulted in a shortfall in 2018 of €4m and the revenue budget was adjusted to reflect this.

Payroll – Funding of National Pay Agreements

The implementation of the Haddington Road Agreement and Public Sector Stability Agreement will increase pay related spend by €22.8m in 2019. Elements of these costs have not been wholly funded by Government (currently at an 82.3% rate of costs). This places a financial burden on Dublin City Council contrasting with other government sectors benefiting from full recoupment i.e. 100%.

Area Committees

The Area Committee structure is an essential aspect of City governance, being closer to initiatives that bring considerable local community and business benefits. Area discretionary funding has facilitated resources to be targeted to local priorities in an open and

transparent process. Funding for Area Committees discretionary to each locality has been increased in 2019 to €6.1m for all areas from €1m in 2014. Area structures will be reviewed in 2019 to better meet the requirements of revised electoral area arrangements.

Insurances

Dublin City Council moved in February 2017 from a 'self-insured' basis with regard to major risk areas (e.g. public liability, employer liability, property, professional indemnity) with insurance cover only being purchased in respect of individual claims above a certain level. Following a review of insurance arrangements, Dublin City Council moved to a 'ground up' insurance cover across all risk areas. This change has resulted in moving from low premiums, high excesses and high pay out values to significantly higher premiums, low or zero excesses and low to nil pay out values. Funding is provided in this budget to meet the premium costs of ground up cover and claims costs from self-insured arrangements. Funding for this issue will be reviewed regularly to assess future requirements.

Irish Water

With the establishment of Irish Water (IW) local authorities are no longer responsible for water and foul drainage related services. Water services assets, previously held by Dublin City Council are being transferred to IW. The Department of Housing, Planning & Local Government has directed 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 grant in lieu of lost rates related to these properties was paid in 2016, 2017 and 2018. This grant amounts to €14.3m. An order has been signed in February 2019 that will see IW infrastructure valued for rating purposes and this may be effective in 2020.

Conclusion

Dublin City Council services support business, residential and visitor life in the City. Service demand remained high in 2018 notwithstanding economic pressures, and this remains the case in 2019. 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 staff of Dublin City Council is committed to supporting the ongoing development of the Dublin economy. During the past year many notable events were held 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 Dublin City Council in relation to their consideration in resolving the many financial issues which arose during 2018.

With local elections to be held in May 2019, the external membership of the Audit Committee and the Finance Strategic Policy Committee will cease for this council. While some members may return to the committee configuration after the election, it is right to thank all those individuals and organisations who have given freely and generously of their time, skills and experience. In particular, Mr. Brendan Foster, Chairperson of the Audit Committee, has served for almost eight years. Brendan has indicated that he will stand down from the committee and role of chairperson in May 2019. He has made a real contribution to the governance and effectiveness of Dublin City Council and is to be thanked for that.

Finally I would like to thank the Chairperson of the Finance Strategic Policy Committee, Councillor Ruairi McGinley, and indeed all of the committee members, for their commitment and interest in the funding of Dublin City.

Kathy Quinn, FCPFA
Head of Finance

Changes to Accounting Policies AFS 2018

There are no changes to Accounting Policies for AFS 2018.

Dublin City Council

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

31 December 2018

- 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 2018, as set out on pages 14 to 31, are in agreement with the books of account and have been prepared in accordance with the accounting requirements as directed by the Minister for Housing, Planning, Community and Local Government.


Brendan Kenny
Acting Chief Executive


Kathy Quinn FCPFA
Head of Finance

25/3/2019
Date

25/3/2019
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 2018 as set out on pages 14 to 31, 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 as prescribed by the Minister for Housing, Planning 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 Dublin City Council at 31 December 2018 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

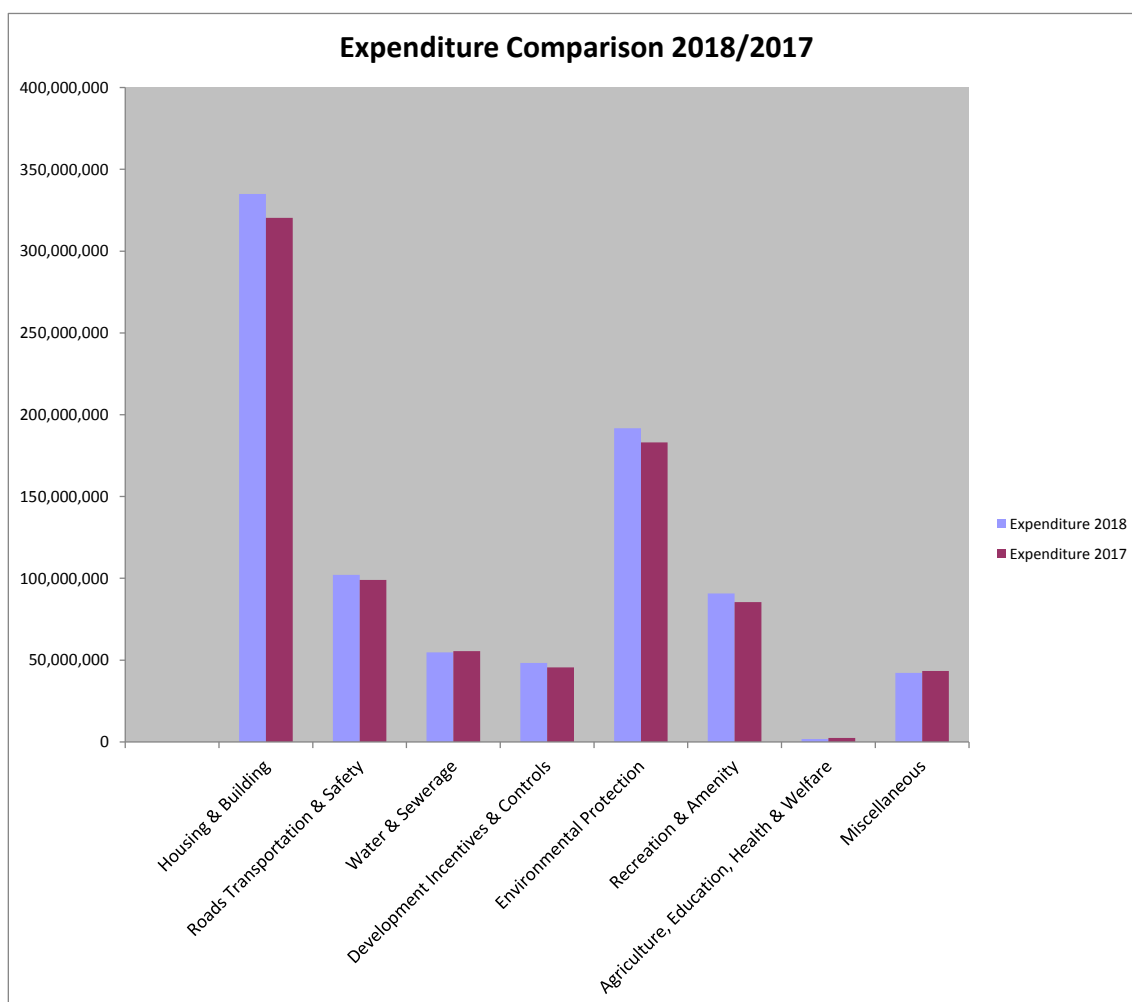
Date 31 July 2019

GRAPHS

Revenue Accounts 2018 before transfers to Capital / Financial Profile at a glance

	Expenditure 2018	Expenditure 2017
Housing & Building	334,971,317	320,374,445
Roads Transportation & Safety	102,098,921	99,080,443
Water & Sewerage	54,675,649	55,540,325
Development Incentives & Controls	48,277,851	45,553,715
Environmental Protection	191,776,562	183,061,250
Recreation & Amenity	90,800,427	85,418,214
Agriculture, Education, Health & Welfare	1,845,392	2,427,900
Miscellaneous	42,218,500	43,333,959
Total Expenditure	866,664,619	834,790,251

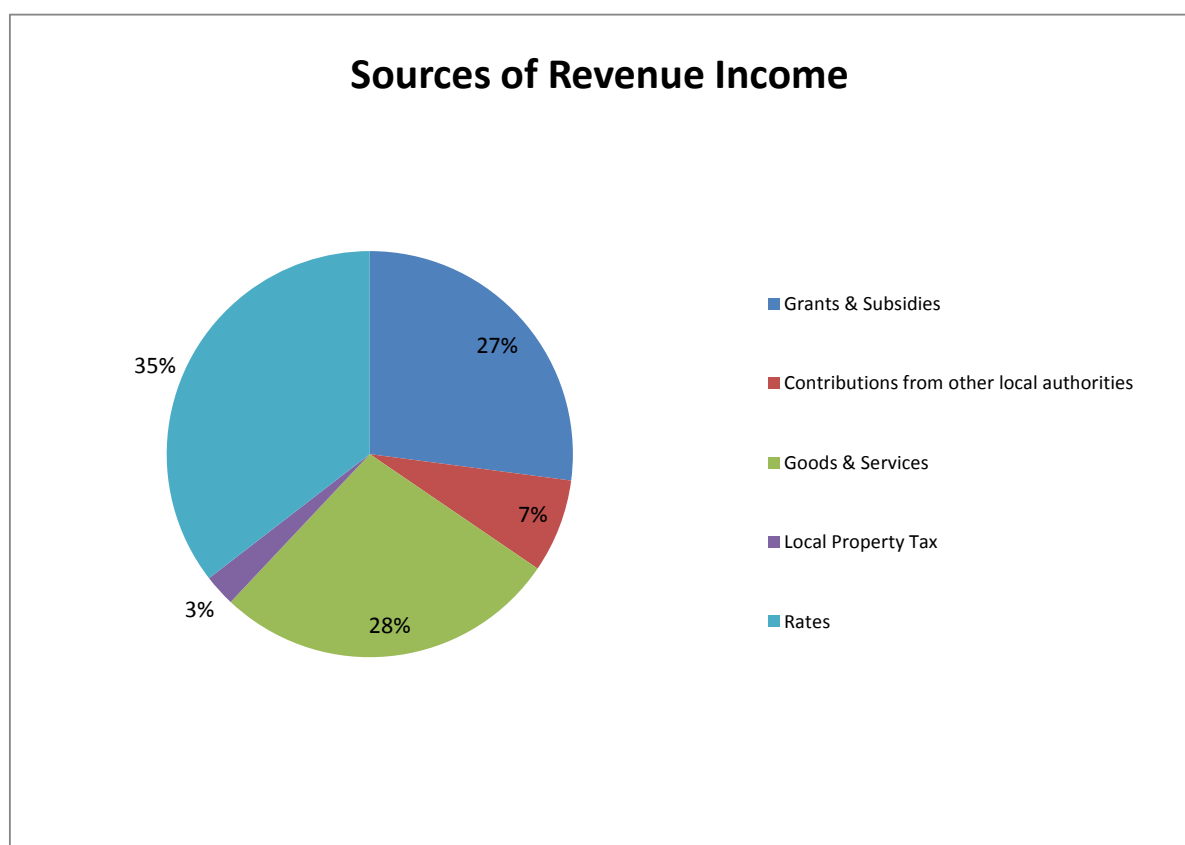
As per Income & Expenditure Account



Main Sources of Revenue Income

	2018 €
Grants & Subsidies	247,606,065
Contributions from other local authorities	68,094,671
Goods & Services	251,314,684
Local Property Tax	23,085,069
Rates	324,255,552
	<u>914,356,041</u>

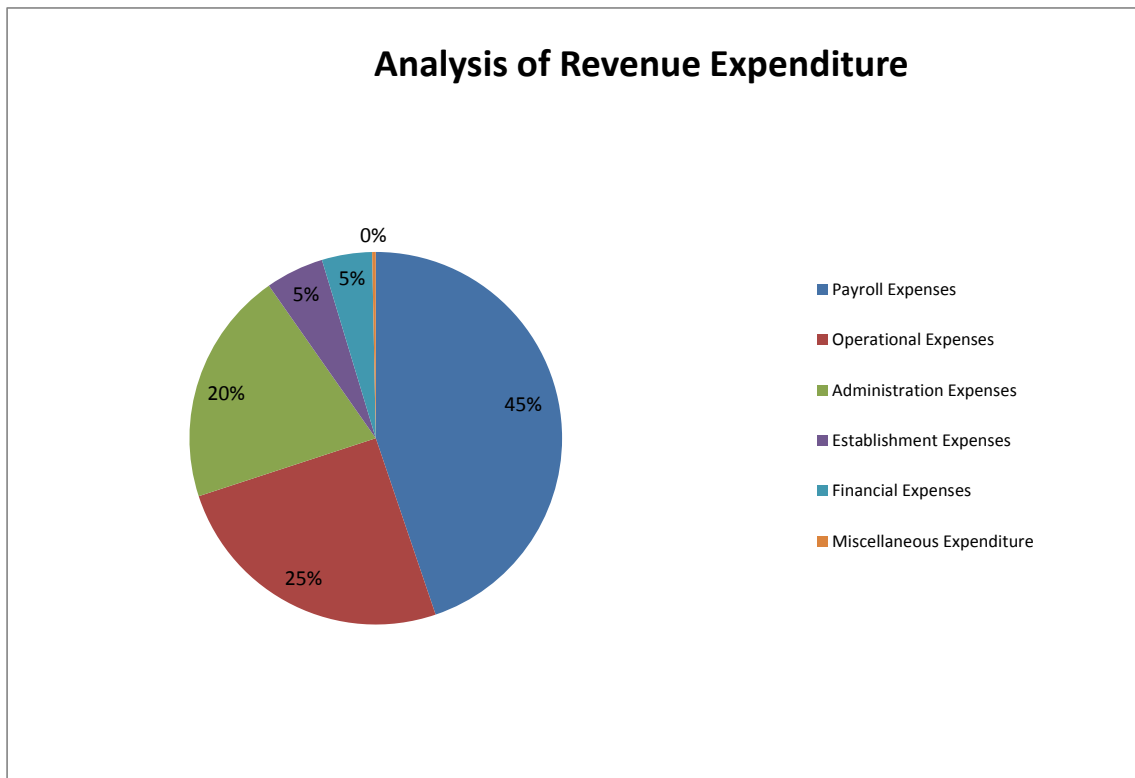
As per Note 15



Main Categories of Revenue Expenditure

	2018
	€
Payroll Expenses	388,231,985
Operational Expenses	218,098,328
Administration Expenses	176,040,439
Establishment Expenses	43,821,903
Financial Expenses	37,761,857
Miscellaneous Expenditure	2,710,107
Total Expenditure	<u>866,664,619</u>

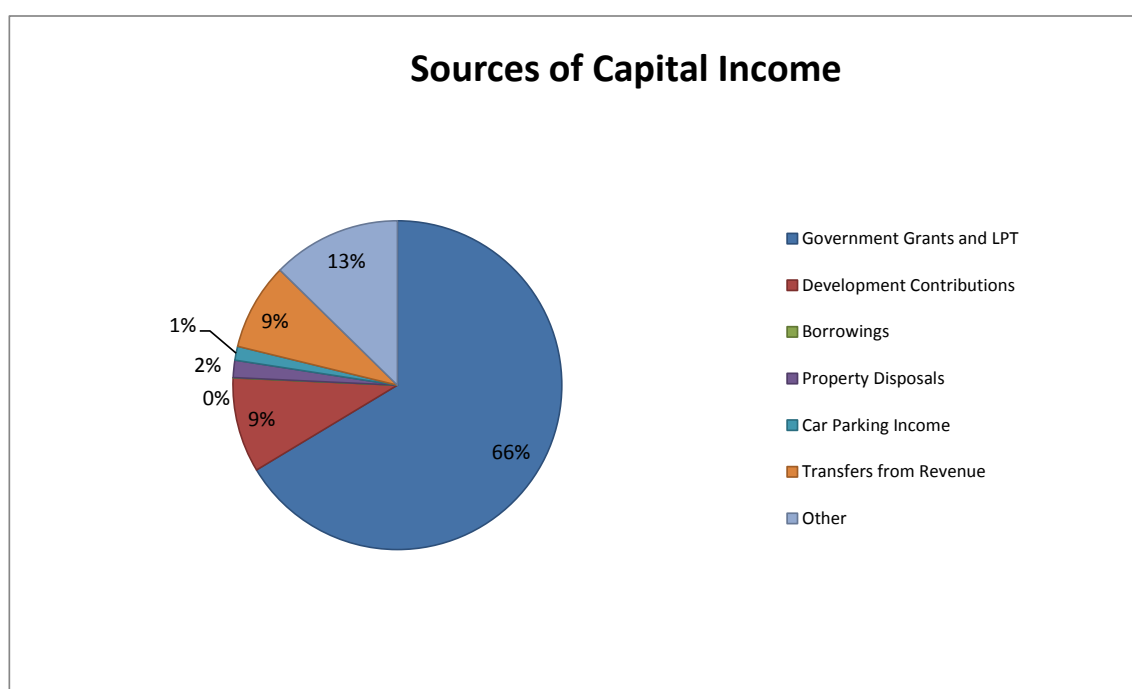
As per Appendix 1



Sources of Capital Income

	2018
	€
Government Grants and LPT	290,981,601
Development Contributions	40,909,196
Borrowings	157,423
Property Disposals	7,435,407
Car Parking Income	5,977,507
Transfers from Revenue	37,452,371
Other	55,483,107
	<u>438,396,612</u>

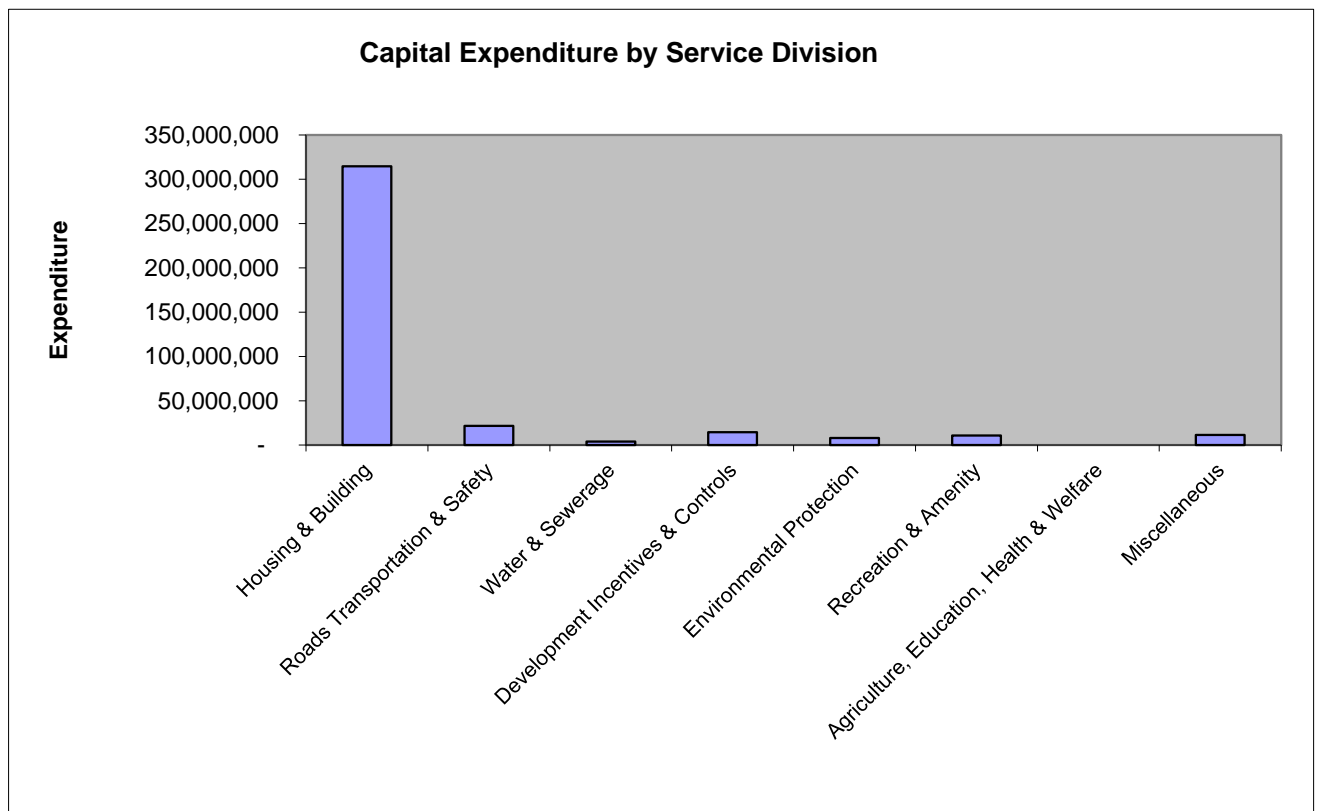
As per Appendix 5



Capital Expenditure by Service Division

	2018
	€
Housing & Building	314,764,382
Roads Transportation & Safety	21,465,853
Water & Sewerage	4,000,542
Development Incentives & Controls	14,575,487
Environmental Protection	7,892,630
Recreation & Amenity	10,790,161
Agriculture, Education, Health & Welfare	-
Miscellaneous	11,425,028
	384,914,083

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 Housing, Planning and Local Government (DHPLG) at 31st December 2018. 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

A Statement of Funds Flow has been 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 under the Local Government Superannuation Scheme and the Single Public Service Pension Scheme. The Single Public Service Pension Scheme ("Single Scheme") commenced with effect from 1 January 2013. Employee contributions for the Single Scheme continue to be deducted by local authorities but are remitted centrally to DPER.

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. Provision for Bad & Doubtful Debt

Provision has been made in the relevant accounts for bad & doubtful debts.

8. Fixed Assets

8.1 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.

8.2 Recognition

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

8.3 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 DHPLG. All assets purchased or constructed from 1/1/2004 have been included at cost. Accounting policies relating to leases are currently being developed and will be reflected in the financial statements at a future date.

8.4 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.

The Hugh Lane gallery as part of an insurance requirement had all of their assets revalued during 2018. The revaluation was carried out by Adams Auctioneers. The increase in the value of the assets is included in note 1, under Heritage Assets.

8.5 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 DHPLG.

8.6 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.

*** The value of landfill sites has been included in note 1 under land. Depreciation represents the depletion of the landfill asset.**

9. 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.

10. Development Debtors & Income

Short term development levy debtors are included in note 5. Income from development contributions not due to be paid within the current year is deferred and not separately disclosed in the financial statements.

11. Debt Redemption

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

12. 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.

13. Stock

Stocks are valued on an average cost basis.

14. 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'.

15. Interest in Local Authority Companies

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

16. Related Parties

A related party transaction is a transfer of resources, services or obligations between the local authority and a related party. The main related parties for a local authority include the following:

- i. Management and Personnel
- ii. Council members
- iii. Government Departments
- iv. Local Authority Companies

Local Authority council members and key personnel are bound under the relevant sections of the Local Government Act 2001 and subsequent amending legislation to:

- a. furnish an annual declaration of 'declarable interests' set out in section 175 of the Act;
- b. disclose under sections 167, 178 and 179 any beneficial interests that they or a connected person has; and
- c. follow a code of conduct issued by the Minister for the Environment and Local Government under section 169 of the Local Government Act 2001 in 2004.

'Declarable interests' cover both financial and certain other interests such as land etc.

Local authority management and personnel salary and remuneration is determined by the Department of Housing, Planning and Local Government in line with central government policy on rates of pay.

Local Authority interests in companies and joint ventures are disclosed in Appendix 8 to the Annual Financial Statements. Local Authority transactions with government departments are governed by central government controls and procedures driven by government accounting rules.

FINANCIAL ACCOUNTS

STATEMENT OF COMPREHENSIVE INCOME (INCOME & EXPENDITURE ACCOUNT STATEMENT) FOR YEAR ENDING 31st DECEMBER 2018

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
		2018	2018	2018	2017
	Notes	€	€	€	€
Housing & Building		334,971,317	292,133,981	42,837,336	48,062,455
Roads Transportation & Safety		102,098,921	56,141,061	45,957,860	45,137,845
Water Services		54,675,649	45,234,298	9,441,351	9,249,327
Development Management		48,277,851	21,174,808	27,103,043	27,627,731
Environmental Services		191,776,562	91,359,039	100,417,523	98,162,505
Recreation & Amenity		90,800,427	15,294,566	75,505,861	71,117,096
Agriculture, Education, Health & Welfare		1,845,392	779,420	1,065,972	1,506,727
Miscellaneous Services		42,218,500	44,898,247	(2,679,747)	10,257,492
Total Expenditure/Income	16	866,664,619	567,015,420	299,649,199	311,121,178
Net cost of Divisions to be funded from Rates & Local Property Tax					
Rates				324,255,552	321,481,363
Local Property Tax	15			23,085,069	23,068,969
Surplus/(Deficit) for Year before Transfers				47,691,422	33,429,154
Transfers from/(to) Reserves	14			(49,289,983)	(36,290,496)
Overall Surplus/(Deficit) for Year	16			(1,598,561)	(2,861,342)
General Reserve @ 1st January 2018				23,240,144	26,101,486
General Reserve @ 31st December 2018				21,641,583	23,240,144

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AT 31st DECEMBER 2018

	Notes	2018 €	2017 €
Fixed Assets	1		
Operational		6,747,257,482	6,672,645,406
Infrastructural		2,921,951,261	2,922,907,297
Community		233,859,415	101,998,791
Non-Operational		471,935,557	468,959,136
		10,375,003,715	10,166,510,630
Work in Progress and Preliminary Expenses	2	184,804,571	244,997,338
Long Term Debtors	3	481,146,447	454,755,749
Current Assets			
Stocks	4	5,204,205	4,777,323
Trade Debtors & Prepayments	5	221,955,333	181,961,854
Bank Investments		126,276,479	130,925,526
Cash at Bank		-	1,478,887
Cash in Transit		-	46,337
		353,436,016	319,189,927
Current Liabilities (Amounts falling due within one year)			
Bank Overdraft		4,200,242	-
Creditors & Accruals	6	184,954,549	199,069,496
Finance Leases		-	-
		189,154,791	199,069,496
Net Current Assets / (Liabilities)		164,281,225	120,120,431
Creditors (Amounts falling due after more than one year)			
Loans Payable	7	476,508,822	497,689,169
Finance Leases		-	-
Refundable deposits	8	12,268,211	8,925,527
Other		76,714,218	38,002,334
		565,491,251	544,617,030
Net Assets		10,639,744,707	10,441,767,118
Represented by			
Capitalisation Account	9	10,375,003,715	10,166,510,630
Income WIP	2	165,490,096	234,173,980
Specific Revenue Reserve		29,013,652	29,013,653
General Revenue Reserve		21,641,583	23,240,144
Other Balances	10	48,595,661	(11,171,289)
Total Reserves		10,639,744,707	10,441,767,118

STATEMENT OF FUNDS FLOW (FUNDS FLOW STATEMENT)
AS AT 31ST DECEMBER 2018

	Note	2018 €	2018 €
REVENUE ACTIVITIES			
Net Inflow/(outflow) from operating activities	17	<u>(56,133,868)</u>	
CAPITAL ACTIVITIES			
Returns on Investment & Servicing of Finance			
Increase/(Decrease) in Fixed Asset Capitalisation Funding		208,493,084	
Increase/(Decrease) in WIP/Preliminary Funding		(68,683,884)	
Increase/(Decrease) in Reserves Balances	18	<u>40,264,649</u>	
Net Inflow/(Outflow) from Returns on Investment and Servicing of Finance		180,073,849	
Capital Expenditure & Financial Investment			
(Increase)/Decrease in Fixed Assets		(208,493,084)	
(Increase)/Decrease in WIP/Preliminary Funding		60,192,767	
(Increase)/Decrease in Other Capital Balances	19	<u>20,580,230</u>	
Net Inflow/(Outflow) from Capital Expenditure and Financial Investment		(127,720,088)	
Financing			
Increase/(Decrease) in Loan Financing	20	(8,859,160)	
(Increase)/Decrease in Reserve Financing	21	<u>(1,077,930)</u>	
Net Inflow/(Outflow) from Financing Activities		(9,937,090)	
Third Party Holdings			
Increase/(Decrease) in Refundable Deposits		3,342,684	
Net Increase/(Decrease) in Cash and Cash Equivalents	22	(10,374,513)	<u><u>(10,374,513)</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 @ 1/1/2018	156,520,885	44,588,127	5,976,987,587	1,003,385,790	28,936,968	16,000,840	70,434,243	2,478,520,075	816,030,284	10,591,404,799
Additions										
- Purchased	6,617,415	-	83,891,881	6,364,000	4,205,905	357,918	87,316	-	-	101,524,435
- Transfers WIP	-	-	47,108,327	5,740,029	-	-	-	-	3,187,874	56,036,230
Disposals\Statutory Transfers	-	-	(55,189,181)	(20,597,000)	(3,645,098)	(495,029)	(20,000)	-	-	(79,946,308)
Revaluations	-	-	-	-	-	-	128,332,381	-	-	128,332,381
Historical Cost Adjustments	-	-	-	-	-	-	3,407,172	-	-	3,407,172
Accumulated Costs @ 31/12/2018	163,138,300	44,588,127	6,052,798,614	994,892,819	29,497,775	15,863,729	202,241,112	2,478,520,075	819,218,158	10,800,758,709
Depreciation										
Depreciation @ 1/1/2018	-	13,023,578	-	-	24,756,677	15,470,851	-	-	371,643,064	424,894,170
Provision for Year	-	(53,754)	-	-	1,746,890	346,054	-	-	4,143,908	6,183,098
Disposals\Statutory Transfers	-	-	-	-	(4,827,245)	(495,029)	-	-	-	(5,322,274)
Accumulated Depreciation @ 31/12/2018	-	12,969,824	-	-	21,676,322	15,321,876	-	-	375,786,972	425,754,994
Net Book Value @ 31/12/2018	163,138,300	31,618,303	6,052,798,614	994,892,819	7,821,453	541,853	202,241,112	2,478,520,075	443,431,186	10,375,003,715
Net Book Value @ 31/12/2017	156,520,885	31,564,549	5,976,987,587	1,003,385,790	4,180,291	529,989	70,434,243	2,478,520,075	444,387,220	10,166,510,629
Net Book Value by Category										
Operational	-	-	6,052,798,614	686,095,562	7,821,453	541,853	-	-	-	6,747,257,482
Infrastructural	-	-	-	-	-	-	-	2,478,520,075	443,431,186	2,921,951,261
Community	-	31,618,303	-	-	-	-	202,241,112	-	-	233,859,415
Non-Operational	163,138,300	-	-	308,797,257	-	-	-	-	-	471,935,557
Net Book Value @ 31/12/2018	163,138,300	31,618,303	6,052,798,614	994,892,819	7,821,453	541,853	202,241,112	2,478,520,075	443,431,186	10,375,003,715

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 2018 €	Unfunded 2018 €	Total 2018 €	Total 2017 €
Expenditure				
Work in Progress	177,104,931	-	177,104,931	211,802,313
Preliminary Expenses	7,699,640	-	7,699,640	33,195,025
	184,804,571	-	184,804,571	244,997,338
Income				
Work in Progress	159,888,736	-	159,888,736	205,481,326
Preliminary Expenses	5,601,360	-	5,601,360	28,692,654
	165,490,096	-	165,490,096	234,173,980
Net Expended				
Work in Progress	17,216,195	-	17,216,195	6,320,986
Preliminary Expenses	2,098,280	-	2,098,280	4,502,370
Net Over/(Under) Expenditure	19,314,475	-	19,314,475	10,823,356

3. Long Term Debtors

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

	Balance @ 1/1/2018 €	Loans Issued €	Principal Repaid €	Early Redemptions €	Other Adjustments €	Balance @ 31/12/2018 €	Balance @ 31/12/2017 €
Long Term Mortgage Advances*	181,686,843	35,536,494	10,077,904	14,408,282	-	192,737,151	181,686,843
Tenant Purchases Advances	2,429,585	-	972,416	-	-	1,457,169	2,429,585
Shared Ownership Rented Equity	46,732,732	-	1,766,025	9,662,832	-	35,303,875	46,732,732
	230,849,160	35,536,494	12,816,345	24,071,114	-	229,498,195	230,849,160
Recoupable Loan Advances						217,634,033	229,604,255
Capital Advance Leasing Facility						76,714,219	38,002,334
Long-term Investments							
Cash						-	-
Interest in associated companies						-	-
Other						(29,700,000)	(29,700,000)
						494,146,447	468,755,749
Less: Amounts falling due within one year (Note 5)						(13,000,000)	(14,000,000)
Total Amounts falling due after more than one year						481,146,447	454,755,749

* Includes HFA Agency Loans

NOTES TO AND FORMING PART OF THE ACCOUNTS

4. Stocks

A summary of stock is as follows:

	2018 €	2017 €
Central Stores	-	-
Other Depots	5,204,205	4,777,323
Total	5,204,205	4,777,323

5. Trade Debtors & Prepayments

A breakdown of debtors and prepayments is as follows:

	2018 €	2017 €
Government Debtors	148,271,098	136,329,100
Commercial Debtors	75,793,683	55,965,123
Non-Commercial Debtors	39,981,187	39,306,524
Development Levy Debtors	39,402,386	40,196,354
Other Services	8,192,949	11,577,156
Other Local Authorities	13,082,029	11,630,987
Revenue Commissioners	-	-
Other	-	-
Add: Amounts falling due within one year (Note 3)	13,000,000	14,000,000
Total Gross Debtors	337,723,333	309,005,244
Less: Provision for Doubtful Debts	(121,103,465)	(134,706,211)
Total Trade Debtors	216,619,868	174,299,033
Prepayments	5,335,465	7,662,821
	221,955,333	181,961,854

NOTES TO AND FORMING PART OF THE ACCOUNTS

6. Creditors and Accruals

A breakdown of creditors and accruals is as follows:

	2018 €	2017 €
Trade creditors	46,258,680	29,154,919
Grants	-	-
Revenue Commissioners	16,994,650	18,684,083
Other Local Authorities	1,139,827	1,317,606
Other Creditors	4,967,639	5,491,517
	69,360,795	54,648,125
Accruals	43,198,642	70,328,040
Deferred Income	47,395,112	48,093,331
Add: Amounts falling due within one year (Note 7)	25,000,000	26,000,000
	184,954,549	199,069,496

7. Loans Payable

(a) Movement in Loans Payable

	HFA	OPW	Other	Balance @ 31/12/2018	Balance @ 31/12/2017
	€	€	€	€	€
Balance @ 1/1/2018	510,218,862	-	13,470,307	523,689,169	555,989,902
Borrowings	37,782,997	-	-	37,782,997	20,369,981
Repayment of Principal	(22,609,845)	-	(2,749,422)	(25,359,267)	(26,356,180)
Early Redemptions	(34,604,076)	-	-	(34,604,076)	(26,314,534)
Other Adjustments	-	-	-	-	-
Balance @ 31/12/2018	490,787,937	-	10,720,885	501,508,822	523,689,169
Less: Amounts falling due within one year (Note 6)				(25,000,000)	(26,000,000)
Total Amounts falling due after more than one year				476,508,822	497,689,169

(b) Application of Loans

An analysis of loans payable is as follows:

	HFA	OPW	Other	Balance @ 31/12/2018	Balance @ 31/12/2017
	€	€	€	€	€
Mortgage loans*	169,593,030	-	-	169,593,030	160,296,274
Non-Mortgage loans					
Asset/Grants	5,803,115	-	-	5,803,115	7,065,587
Revenue Funding	-	-	-	-	-
Bridging Finance	73,872,753	-	-	73,872,753	73,872,753
Recoupable	206,913,148	-	10,720,885	217,634,033	229,604,256
Shared Ownership – Rented Equity	34,605,891	-	-	34,605,891	52,850,299
	490,787,937	-	10,720,885	501,508,822	523,689,169
Less: Amounts falling due within one year (Note 6)				(25,000,000)	(26,000,000)
Total Amounts falling due after more than one year				476,508,822	497,689,169

* Includes HFA Agency Loans

NOTES TO AND FORMING PART OF THE ACCOUNTS

8. Refundable Deposits

The movement in refundable deposits is as follows:

	2018 €	2017 €
Opening Balance at 1 January	8,925,527	6,933,313
Deposits received	3,409,984	2,414,277
Deposits repaid	(67,301)	(422,063)
Closing Balance at 31 December	12,268,211	8,925,527

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 @ 1/1/2018 €	Purchased €	Transfers WIP €	Disposals\Statutory Transfers €	Revaluations €	Historical Cost Adj €	Balance @ 31/12/2018 €	Balance @ 31/12/2017 €
Grants	2,267,099,225	84,351,691	45,248,319	(52,385,304)	-	-	2,344,313,931	2,267,099,225
Loans	-	-	-	-	-	-	-	-
Revenue funded	18,665,561	2,993,783	20,628	(1,346,948)	-	-	20,333,024	18,665,561
Leases	-	-	-	-	-	-	-	-
Development Levies	5,705,216	-	3,196,781	-	-	-	8,901,997	5,705,216
Tenant Purchase Annuities	(13,078,758)	-	-	(4,849,181)	-	-	(17,927,939)	(13,078,758)
Unfunded	-	-	-	-	-	-	-	-
Historical	7,772,635,132	7,391,699	-	(16,185,029)	-	3,407,172	7,767,248,974	7,772,635,132
Other	540,378,425	6,787,260	7,570,502	(5,179,846)	128,332,381	-	677,888,722	540,378,425
Total Gross Funding	10,591,404,801	101,524,433	56,036,230	(79,946,308)	128,332,381	3,407,172	10,800,758,709	10,591,404,801
Less: Amortised							(425,754,994)	(424,894,170)
Total *							10,375,003,715	10,166,510,631

* Must agree with note 1

NOTES TO AND FORMING PART OF THE ACCOUNTS

10. Other Balances

A breakdown of other balances is as follows:

		Balance @ 1/1/2018 €	Capital re-classification * €	Expenditure €	Income €	Net Transfers €	Balance @ 31/12/2018 €	Balance @ 31/12/2017 €
Development Levies balances	(i)	87,511,466	-	(1,826,195)	40,909,196	(21,001,425)	105,593,043	87,511,466
Capital account balances including asset formation and enhancement	(ii)	(103,500,935)	465,020	(286,772,378)	251,981,400	52,896,188	(84,930,705)	(103,500,935)
Voluntary & Affordable Housing Balances	(iii)							
- Voluntary Housing		(26,478)	-	(45,313,791)	45,414,849	(37,746)	36,834	(26,478)
- Affordable Housing		(14,342,079)	-	(796,022)	2,690,413	52,297	(12,395,391)	(14,342,079)
Reserves created for specific purposes	(iv)	72,200,807	250,000	(3,137,284)	23,652,049	1,418,308	94,383,879	72,200,807
A. Net Capital Balances		41,842,781	715,020	(337,845,670)	364,647,908	33,327,621	102,687,660	41,842,781
Balance Sheet accounts relating the loan principal outstanding (including Unrealised TP Annuities)	(v)						(54,091,998)	(53,014,070)
Interest in Associated Companies	(vi)						-	-
B. Non Capital Balances							(54,091,998)	(53,014,070)
Total Other Balances							48,595,661	(11,171,289)

*(i) Denotes Debit Balances

- (i) This represents the cumulative balance of development levies i.e. income less expenditure and transfers to date.
- (ii) 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.
- (iii) This represents the cumulative position on voluntary and affordable housing projects.
- (iv) Relates to reserves and advance funding for future Local Authority assets, insurance liabilities, other purposes and includes realised tenant purchase annuities.
- (v) 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.
- (vi) 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:

	2018 €	2017 €
Net WIP & Preliminary Expenses (Note 2)	(19,314,475)	(10,823,356)
Net Capital Balances (Note 10)	102,687,660	41,842,781
Capital Balance Surplus/(Deficit) @ 31 December	83,373,185	31,019,425

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

	2018 €	2017 €
Opening Balance @ 1 January	31,019,425	(35,431,188)
Expenditure	384,914,083	333,050,711
Income		
- Grants	290,981,601	225,808,040
- Loans	157,423	938,626
- Other	109,805,218	149,311,288
Total Income	400,944,242	376,057,954
Net Revenue Transfers	36,323,601	23,443,370
Closing Balance @ 31 December	83,373,185	31,019,425

12. Mortgage Loan Funding Surplus/(Deficit)

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

	2018 Loan Annuity €	2018 Rented Equity €	2018 Total €	2017 Total €
Mortgage Loans/Equity Receivable (LT Mortgage Shared Own Note 3)	192,737,151	35,303,875	228,041,026	228,419,575
Mortgage Loans/Equity Payable (Mort Loans Shared Own Note 7)	(169,593,030)	(34,605,891)	(204,198,921)	(213,146,573)
Surplus/(Deficit) in Funding @ 31st December	23,144,121	697,984	23,842,105	15,273,002

NOTE: Cash on Hand relating to Redemptions and Relending

€
(6,679,432) *

* Cash on hand relating to Redemptions and Relending is €2,690,213. Loans issued awaiting borrowing is €9,369,645 resulting in a negative cash balance of (€6,679,432)

13. Summary of Plant & Materials Account

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

	2018 Plant & Machinery €	2018 Materials €	2018 Total €	2017 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:

	2018 Transfers from Reserves €	2018 Transfers to Reserves €	2018 Net €	2017 €
Principal Repayments of Non-Mortgage Loans (Own Asset)	-	1,262,473	1,262,473	1,420,926
Principal Repayments of Non-Mortgage Loans (Recoupable Non Asset)	-	11,703,910	11,703,910	11,426,200
Principal Repayments of Finance Leases	-	-	-	-
Transfers to Other Balance Sheet Reserves	-	-	-	-
Transfers to/from Capital Account	(1,128,771)	37,452,371	36,323,600	23,443,370
Surplus/(Deficit) for Year	(1,128,771)	50,418,754	49,289,983	36,290,496

15. Analysis of Revenue Income

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

	Appendix No	2018		2017	
		€	%	€	%
Grants & Subsidies	3	247,606,065	27%	218,709,942	25%
Contributions from other local authorities		68,094,671	7%	65,835,868	8%
Goods & Services	4	251,314,684	28%	239,123,263	28%
		567,015,420	62%	523,669,073	60%
Local Property Tax		23,085,069	3%	23,068,969	3%
Rates		324,255,552	35%	321,481,363	37%
Total Income		914,356,041	100%	868,219,405	100%

From 2017 onwards, local authorities will no longer retain PRD locally. Accordingly, an upward adjustment was made to the LPT baseline of each local authority, to include an additional amount equivalent to the PRD income retained by local authorities in 2014. Dublin City Council PRD in 2014 was €16,428,262.

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				
	Excluding Transfers	Transfers	Including Transfers	Budget	(Over)/Under Budget
	2018 €	2018 €	2018 €	2018 €	2018 €
Housing & Building	334,971,317	21,578,885	356,550,202	349,460,428	(7,089,774)
Roads Transportation & Safety	102,098,921	6,086,797	108,185,718	111,757,402	3,571,684
Water Services	54,675,649	1,759,924	56,435,573	61,215,729	4,780,156
Development Management	48,277,851	1,363,710	49,641,561	49,002,394	(639,167)
Environmental Services	191,776,562	5,362,271	197,138,833	191,071,751	(6,067,082)
Recreation & Amenity	90,800,427	4,182,084	94,982,511	93,713,925	(1,268,586)
Agriculture, Education, Health & Welfare	1,845,392	60,000	1,905,392	2,523,704	618,312
Miscellaneous Services	42,218,500	10,025,083	52,243,583	58,666,295	6,422,712
Total Divisions	866,664,619	50,418,754	917,083,373	917,411,628	328,255
Local Property Tax					
Rates					
Dr/Cr Balance					
(Deficit)/Surplus for Year	866,664,619	50,418,754	917,083,373	917,411,628	328,255

INCOME					NET
Excluding Transfers	Transfers	Including Transfers	Budget	Over/(Under) Budget	(Over)/Under Budget
2018	2018	2018	2018	2018	2018
€	€	€	€	€	€
292,133,981	35,603	292,169,584	286,274,911	5,894,673	(1,195,101)
56,141,061	12,276	56,153,337	55,485,909	667,428	4,239,112
45,234,298	-	45,234,298	48,704,412	(3,470,114)	1,310,042
21,174,808	393,000	21,567,808	19,090,841	2,476,967	1,837,800
91,359,039	328,428	91,687,467	87,641,563	4,045,904	(2,021,178)
15,294,566	54,180	15,348,746	12,809,345	2,539,401	1,270,815
779,420	-	779,420	879,812	(100,392)	517,920
44,898,247	305,284	45,203,531	40,977,419	4,226,112	10,648,824
567,015,420	1,128,771	568,144,191	551,864,212	16,279,979	16,608,234
23,085,069	-	23,085,069	23,085,071	(2)	(2)
324,255,552	-	324,255,552	324,811,937	(556,385)	(556,385)
					(17,650,408)
914,356,041	1,128,771	915,484,812	899,761,220	15,723,592	(1,598,561)

NOTES TO AND FORMING PART OF THE ACCOUNTS

2018

€

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

Operating Surplus/(Deficit) for Year	(1,598,561)
(Increase)/Decrease in Stocks	(426,882)
(Increase)/Decrease in Trade Debtors	(39,993,479)
Increase/(Decrease) in Creditors Less than One Year	(14,114,947)
	<u>(56,133,868)</u>

18. Increase/(Decrease) in Reserve Balances

Increase/(Decrease) in Development Levies balances	18,081,577
Increase/(Decrease) in Other Reserve Balances	22,183,072
	<u>40,264,649</u>

19. (Increase)/Decrease in Other Capital Balances

(Increase)/Decrease in Capital account balances including asset formation and enhancement	18,570,230
(Increase)/Decrease in Voluntary Housing Balances	63,312
(Increase)/Decrease in Affordable Housing Balances	1,946,688
	<u>20,580,230</u>

20. Increase/(Decrease) in Loan Financing

(Increase)/Decrease in Long Term Debtors	(26,390,698)
Increase/(Decrease) in Mortgage Loans	9,296,756
Increase/(Decrease) in Asset/Grant Loans	(1,262,473)
Increase/(Decrease) in Revenue Funding Loans	-
Increase/(Decrease) in Bridging Finance Loans	-
Increase/(Decrease) in Recoupable Loans	(11,970,223)
Increase/(Decrease) in Shared Ownership Rented Equity Loans	(18,244,408)
Increase/(Decrease) in Finance Leasing	-
(Increase)/Decrease in Portion Transferred to Current Liabilities	1,000,000
Increase/(Decrease) in Long Term Creditors - Deferred Income	38,711,885
	<u>(8,859,160)</u>

NOTES TO AND FORMING PART OF THE ACCOUNTS

2018
€

21. (Increase)/Decrease in Reserve Financing

(Increase)/Decrease in Specific Revenue Reserve	(1)
(Increase)/Decrease in Balance Sheet accounts relating the loan principal outstanding (including Unrealised TP Annuities)	(1,077,929)
(Increase)/Decrease in Reserves in Associated Companies	-
	<u>(1,077,930)</u>

22. Analysis of Changes in Cash & Cash Equivalents

Increase/(Decrease) in Bank Investments	(4,649,047)
Increase/(Decrease) in Cash at Bank/Overdraft	(5,679,129)
Increase/(Decrease) in Cash in Transit	(46,337)
	<u>(10,374,513)</u>

APPENDICES

APPENDIX 1
ANALYSIS OF EXPENDITURE
FOR YEAR ENDED 31st DECEMBER 2018

	2018 €	2017 €
Payroll Expenses		
Salary & Wages	285,010,091	267,803,209
Pensions (incl Gratuities)	95,847,676	89,075,054
Other costs	7,374,218	11,736,134
Total	388,231,985	368,614,397
Operational Expenses		
Purchase of Equipment	1,432,748	1,016,238
Repairs & Maintenance	15,520,990	17,347,706
Contract Payments	52,504,691	49,978,472
Agency services	3,059,887	2,969,706
Machinery Yard Charges incl Plant Hire	9,247,804	8,682,521
Purchase of Materials & Issues from Stores	20,414,336	18,911,601
Payment of Grants	20,250,954	17,003,139
Members Costs	549,662	494,921
Travelling & Subsistence Allowances	11,070,578	10,818,282
Consultancy & Professional Fees Payments	7,775,683	6,955,989
Energy / Utilities Costs	13,754,769	13,093,180
Other	62,516,226	56,156,645
Total	218,098,328	203,428,401
Administration Expenses		
Communication Expenses	4,985,098	4,319,198
Training	2,278,852	2,427,305
Printing & Stationery	2,423,028	2,421,938
Contributions to other Bodies	151,735,342	138,052,419
Other	14,618,119	14,608,965
Total	176,040,439	161,829,825
Establishment Expenses		
Rent & Rates	30,754,661	27,914,685
Other	13,067,242	13,177,568
Total	43,821,903	41,092,253
Financial Expenses	37,761,857	43,484,389
Miscellaneous Expenses	2,710,107	16,340,985
Total Expenditure	866,664,619	834,790,251

**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	70,485,054	733,042	559,161	-	1,292,203
A02	Housing Assessment, Allocation and Transfer	7,070,785	340,487	323,985	-	664,472
A03	Housing Rent and Tenant Purchase Administration	8,490,912	-	83,477,980	-	83,477,980
A04	Housing Community Development Support	23,141,373	727,712	177,266	-	904,978
A05	Administration of Homeless Service	144,988,577	117,586,393	442,660	6,661,113	124,690,165
A06	Support to Housing Capital & Affordable Prog.	24,666,350	13,377,663	44,883	-	13,422,546
A07	RAS Programme	38,005,609	33,605,079	3,354,904	-	36,959,982
A08	Housing Loans	12,023,554	199,794	6,550,694	-	6,750,489
A09	Housing Grants	12,195,957	7,133,536	-	-	7,133,536
A11	Agency & Recoupable Services	639	-	2,327,006	-	2,327,006
A12	HAP Programme	15,481,392	14,545,194	1,033	-	14,546,227
SERVICE DIVISION TOTAL INCLUDING TRANSFERS TO/FROM RESERVES		356,550,202	188,248,901	97,259,571	6,661,113	292,169,584
Less Transfers to/from Reserves		21,578,885		35,603		35,603
SERVICE DIVISION TOTAL EXCLUDING TRANSFERS TO/FROM RESERVES		334,971,317		97,223,968		292,133,981

APPENDIX 2

**SERVICE DIVISION B
ROAD TRANSPORTATION and SAFETY**

		EXPENDITURE	INCOME			
DIVISION		TOTAL €	State Grants & Subsidies €	Provision of Goods and Services €	Contributions from other local authorities €	TOTAL €
B01	NP Road - Maintenance and Improvement	-	-	-	-	-
B02	NS Road - Maintenance and Improvement	-	-	-	-	-
B03	Regional Road - Maintenance and Improvement	8,950,243	-	-	-	-
B04	Local Road - Maintenance and Improvement	34,866,815	6,065,646	1,250,193	-	7,315,839
B05	Public Lighting	9,645,541	-	15,806	-	15,806
B06	Traffic Management Improvement	29,374,213	345,044	12,001,212	378,460	12,724,717
B07	Road Safety Engineering Improvement	-	-	-	-	-
B08	Road Safety Promotion/Education	3,739,308	-	-	-	-
B09	Maintenance & Management of Car Parking	13,244,641	-	32,376,876	-	32,376,876
B10	Support to Roads Capital Prog.	4,229,178	93,445	12,276	-	105,721
B11	Agency & Recoupable Services	4,135,781	304,846	3,066,075	243,457	3,614,379
SERVICE DIVISION TOTAL INCLUDING TRANSFERS TO/FROM RESERVES		108,185,718	6,808,982	48,722,438	621,918	56,153,337
Less Transfers to/from Reserves		6,086,797		12,276		12,276
SERVICE DIVISION TOTAL EXCLUDING TRANSFERS TO/FROM RESERVES		102,098,921		48,710,162		56,141,061

**APPENDIX 2
SERVICE DIVISION C
WATER SERVICES**

		EXPENDITURE	INCOME			
DIVISION		TOTAL €	State Grants & Subsidies €	Provision of Goods and Services €	Contributions from other local authorities €	TOTAL €
C01	Operation and Maintenance of Water Supply	29,568,817	1,726,374	27,842,443	-	29,568,817
C02	Operation and Maintenance of Waste Water Treatment	11,894,497	-	11,894,497	-	11,894,497
C03	Collection of Water and Waste Water Charges	-	-	-	-	-
C04	Operation and Maintenance of Public Conveniences	108,416	-	2,382	-	2,382
C05	Admin of Group and Private Installations	-	-	-	-	-
C06	Support to Water Capital Programme	-	-	-	-	-
C07	Agency & Recoupable Services	3,600,354	-	3,120,541	203,838	3,324,378
C08	Local Authority Water and Sanitary Services	11,263,489	-	444,223	-	444,223
SERVICE DIVISION TOTAL INCLUDING TRANSFERS TO/FROM RESERVES		56,435,573	1,726,374	43,304,087	203,838	45,234,298
Less Transfers to/from Reserves		1,759,924		-		-
SERVICE DIVISION TOTAL EXCLUDING TRANSFERS TO/FROM RESERVES		54,675,649		43,304,087		45,234,298

APPENDIX 2

**SERVICE DIVISION D
DEVELOPMENT MANAGEMENT**

		EXPENDITURE	INCOME			
DIVISION		TOTAL €	State Grants & Subsidies €	Provision of Goods and Services €	Contributions from other local authorities €	TOTAL €
D01	Forward Planning	6,120,284	-	178,108	-	178,108
D02	Development Management	7,550,768	-	2,720,137	-	2,720,137
D03	Enforcement	2,188,308	-	177,742	-	177,742
D04	Op & Mtce of Industrial Sites & Commercial Facilities	11,476,979	-	4,941,573	682,867	5,624,440
D05	Tourism Development and Promotion	2,293,844	-	170,500	-	170,500
D06	Community and Enterprise Function	9,229,238	6,960,152	114,478	-	7,074,629
D07	Unfinished Housing Estates	-	-	-	-	-
D08	Building Control	1,699,469	-	1,295,778	-	1,295,778
D09	Economic Development and Promotion	6,434,293	2,269,374	484,379	207,958	2,961,711
D10	Property Management	290,890	-	389,314	-	389,314
D11	Heritage and Conservation Services	2,355,418	357,000	57,103	10,000	424,103
D12	Agency & Recoupable Services	2,070	-	551,346	-	551,346
SERVICE DIVISION TOTAL INCLUDING TRANSFERS TO/FROM RESERVES		49,641,561	9,586,525	11,080,457	900,825	21,567,808
Less Transfers to/from Reserves		1,363,710		393,000		393,000
SERVICE DIVISION TOTAL EXCLUDING TRANSFERS TO/FROM RESERVES		48,277,851		10,687,457		21,174,808

**APPENDIX 2
SERVICE DIVISION E
ENVIRONMENTAL SERVICES**

		EXPENDITURE	INCOME			
DIVISION		TOTAL €	State Grants & Subsidies €	Provision of Goods and Services €	Contributions from other local authorities €	TOTAL €
E01	Operation, Maintenance and Aftercare of Landfill	2,826,119	-	(80)	-	(80)
E02	Op & Mtce of Recovery & Recycling Facilities	4,601,893	80,542	1,311,669	43,837	1,436,048
E03	Op & Mtce of Waste to Energy Facilities	-	-	-	-	-
E04	Provision of Waste to Collection Services	1,311,499	-	(3,872)	-	(3,872)
E05	Litter Management	4,442,478	102,249	119,056	-	221,304
E06	Street Cleaning	41,139,823	-	433,023	-	433,023
E07	Waste Regulations, Monitoring and Enforcement	5,673,343	982,000	4,610,012	-	5,592,012
E08	Waste Management Planning	1,510,927	880,508	1,143	290,050	1,171,701
E09	Maintenance and Upkeep of Burial Grounds	16,522	-	1,248	-	1,248
E10	Safety of Structures and Places	3,516,322	409,891	2,236,737	378,580	3,025,208
E11	Operation of Fire Service	126,819,182	5,938,696	13,907,030	58,560,505	78,406,230
E12	Fire Prevention	2,992,282	-	3,000	-	3,000
E13	Water Quality, Air and Noise Pollution	919,746	13,000	990	13,200	27,190
E14	Agency & Recoupable Services	1,255,283	-	1,257,591	-	1,257,591
E15	Climate Change and Flooding	113,413	93,801	-	23,063	116,863
SERVICE DIVISION TOTAL INCLUDING TRANSFERS TO/FROM RESERVES		197,138,833	8,500,685	23,877,548	59,309,234	91,687,467
Less Transfers to/from Reserves		5,362,271		328,428		328,428
SERVICE DIVISION TOTAL EXCLUDING TRANSFERS TO/FROM RESERVES		191,776,562		23,549,120		91,359,039

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	11,693,421	-	3,224,358	-	3,224,358
F02	Operation of Library and Archival Service	25,771,709	1,013,027	571,888	70,065	1,654,980
F03	Op, Mtce & Imp of Outdoor Leisure Areas	24,067,200	1,700	1,081,359	60,000	1,143,059
F04	Community Sport and Recreational Development	18,322,289	3,536,416	2,069,417	-	5,605,833
F05	Operation of Arts Programme	15,127,891	222,959	1,922,373	-	2,145,331
F06	Agency & Recoupable Services	-	-	1,575,185	-	1,575,185
SERVICE DIVISION TOTAL INCLUDING TRANSFERS TO/FROM RESERVES		94,982,511	4,774,101	10,444,580	130,065	15,348,746
Less Transfers to/from Reserves		4,182,083		54,180		54,180
SERVICE DIVISION TOTAL EXCLUDING TRANSFERS TO/FROM RESERVES		90,800,427		10,390,400		15,294,566

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

		EXPENDITURE	INCOME			
DIVISION		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	754,042	63,388	241,389	-	304,776
G05	Educational Support Services	1,151,350	474,644	-	-	474,644
G06	Agency & Recoupable Services	-	-	-	-	-
SERVICE DIVISION TOTAL INCLUDING TRANSFERS TO/FROM RESERVES		1,905,392	538,032	241,389	-	779,420
Less Transfers to/from Reserves		60,000		-		-
SERVICE DIVISION TOTAL EXCLUDING TRANSFERS TO/FROM RESERVES		1,845,392		241,389		779,420

APPENDIX 2
SERVICE DIVISION H
MISCELLANEOUS SERVICES

		EXPENDITURE	INCOME			
DIVISION		TOTAL €	State Grants & Subsidies €	Provision of Goods and Services €	Contributions from other local authorities €	TOTAL €
H01	Profit/Loss Machinery Account	-	-	-	-	-
H02	Profit/Loss Stores Account	-	-	-	-	-
H03	Adminstration of Rates	30,438,324	14,255,865	6,208,901	-	20,464,766
H04	Franchise Costs	642,413	-	446	-	446
H05	Operation of Morgue and Coroner Expenses	437,462	115,609	-	177,880	293,490
H06	Weighbridges	-	-	-	-	-
H07	Operation of Markets and Casual Trading	1,200,628	-	512,342	-	512,342
H08	Malicious Damage	3,428	-	-	-	-
H09	Local Representation/Civic Leadership	5,632,705	-	1,425	-	1,425
H10	Motor Taxation	5,769,770	-	-	-	-
H11	Agency & Recoupable Services	8,118,855	13,050,992	10,790,270	89,800	23,931,061
SERVICE DIVISION TOTAL INCLUDING TRANSFERS TO/FROM RESERVES		52,243,584	27,422,466	17,513,384	267,680	45,203,530
Less Transfers to/from Reserves		10,025,084		305,284		305,284
SERVICE DIVISION TOTAL EXCLUDING TRANSFERS TO/FROM RESERVES		42,218,500		17,208,101		44,898,247
TOTAL ALL DIVISIONS		866,664,619	247,606,065	251,314,684	68,094,671	567,015,420

APPENDIX 3

ANALYSIS OF INCOME FROM GRANTS AND SUBSIDIES

	2018 €	2017 €
Department of Housing, Planning and Local Government		
Road Grants	5,780,600	5,780,600
Housing Grants & Subsidies	189,799,674	169,285,835
Library Services	156,750	293,083
Local Improvement Schemes	-	-
Urban and Village Renewal Schemes	1,246,749	1,667,495
Water Services Group Schemes	1,726,374	1,726,374
Environmental Protection/Conservation Grants	5,922,715	2,842,268
Miscellaneous	26,165,632	26,343,827
	230,798,493	207,939,481
Other Departments and Bodies		
Road Grants	743,336	878,713
Local Enterprise Office	1,843,013	1,566,145
Higher Education Grants	-	-
Community Employment Schemes	-	-
Civil Defence	409,891	385,218
Miscellaneous	13,811,332	7,940,385
	16,807,572	10,770,460
Total	247,606,065	218,709,942

APPENDIX 4

ANALYSIS OF INCOME FROM GOODS AND SERVICES

	2018 €	2017 €
Rents from Houses	87,271,529	85,160,807
Housing Loans Interest & Charges	6,528,502	7,036,046
Domestic Water	-	-
Commercial Water	-	-
Irish Water	41,631,500	42,865,002
Domestic Refuse	75,900	100,283
Commercial Refuse	5,072,641	3,784,996
Domestic Sewerage	-	-
Commercial Sewerage	-	-
Planning Fees	3,844,488	3,439,666
Parking Fines/Charges	38,636,647	38,679,363
Recreation & Amenity Activities	8,828,171	7,200,853
Library Fees/Fines	86,930	98,613
Agency Services	9,182,000	9,182,000
Pension Contributions	11,419,504	11,189,458
Property Rental & Leasing of Land	6,252,181	6,151,902
Landfill Charges	-	-
Fire Charges	2,602,959	2,876,893
NPPR	6,774,750	6,747,304
Miscellaneous	23,106,982	14,610,078
	251,314,684	239,123,263

APPENDIX 5

SUMMARY OF CAPITAL EXPENDITURE AND INCOME

	2018	2017
	€	€
EXPENDITURE		
Payment to Contractors	150,205,134	138,709,513
Purchase of Land	3,852,677	2,381,087
Purchase of Other Assets/Equipment	114,510,870	88,539,330
Professional & Consultancy Fees	15,499,884	12,104,855
Other	100,845,519	91,315,927
Total Expenditure (Net of Internal Transfers)	384,914,083	333,050,711
Transfers to Revenue	1,128,770	3,292,328
Total Expenditure (Incl Transfers) *	386,042,854	336,343,039
INCOME		
Grants and LPT	290,981,601	225,808,040
Non - Mortgage Loans	157,423	938,626
Other Income		
(a) Development Contributions	40,909,196	55,631,274
(b) Property Disposals		
- Land	2,584,826	7,371,039
- LA Housing	4,850,581	5,479,722
- Other property	-	-
(c) Purchase Tenant Annuities	938,887	1,004,031
(d) Car Parking	5,977,507	5,927,769
(e) Other	54,544,221	73,897,452
Total Income (Net of Internal Transfers)	400,944,243	376,057,954
Transfers from Revenue	37,452,371	26,735,698
Total Income (Incl Transfers) *	438,396,613	402,793,652
Surplus\Deficit) for year	52,353,760	66,450,613
Balance (Debit)\Credit @ 1 January	31,019,425	(35,431,188)
Balance (Debit)\Credit @ 31 December	83,373,185	31,019,425

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

APPENDIX 6
ANALYSIS OF EXPENDITURE AND INCOME ON CAPITAL ACCOUNT

	BALANCE @ 1/1/2018	EXPENDITURE	INCOME				TRANSFERS			BALANCE @ 31/12/2018
			Grants and LPT	Non-Mortgage Loans*	Other	Total Income	Transfer from Revenue	Transfer to Revenue	Internal Transfers	
	€	€	€	€	€	€	€	€	€	€
Housing & Building	(67,663,617)	314,764,382	279,269,388	157,423	31,497,120	310,923,931	11,452,126	-	906,262	(59,145,680)
Road Transportation & Safety	28,984,174	21,465,853	7,777,786	-	17,839,453	25,617,239	5,040,104	24,276	(278,000)	37,873,388
Water Services	4,937,956	4,000,542	673,799	-	3,664,157	4,337,956	-	-	-	5,275,370
Development Management	42,080,609	14,575,487	457,769	-	41,987,528	42,445,297	1,094,800	381,000	(1,825,998)	68,838,221
Environmental Services	(19,306,473)	7,892,630	831,141	-	5,047,274	5,878,415	3,837,786	328,428	394,206	(17,417,124)
Recreation & Amenity	2,122,774	10,790,161	1,700,116	-	9,769,686	11,469,802	5,850,724	395,066	906,186	9,164,259
Agriculture, Education, Health & Welfare	-	-	-	-	-	-	-	-	-	-
Miscellaneous Services	39,864,002	11,425,028	271,602	-	-	271,602	10,176,831	-	(102,656)	38,784,751
TOTAL	31,019,425	384,914,083	290,981,601	157,423	109,805,218	400,944,242	37,452,371	1,128,770	-	83,373,185

Note: Mortgage-related transactions are excluded

APPENDIX 7

Summary of Major Revenue Collections for 2018

A Debtor type	B Incoming arrears @ 1/1/2018	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	I Closing arrears @ 31/12/2018 = (G-H)	J Specific doubtful arrears*	K % Collected = (H)/(G-J)
	€	€	€	€	€	€	€	€	€	
Rates	32,433,925	324,255,552	8,203,146	14,063,948	-	334,422,383	306,660,488	27,761,895	2,534,787	92%
Rents & Annuities	26,231,717	87,956,435	-	559,752	-	113,628,400	85,797,675	27,830,725	-	76%
Housing Loans	10,778,844	18,437,162	-	-	-	29,216,006	20,144,931	9,071,075	-	69%

*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	31/12/2017
Poppintree Neighbour Centre Management Company Limited	6%	Associate	67,725	14,215	161,750	178,485	(4,299)	N	31/12/2018
Coultry Neighbourhood Centre Management Company Limited	12%	Associate	56,577	8,638	54,201	56,367	6,939	N	31/12/2018
Shangan Neighbourhood Centre Management Company Limited	43%	Associate	43,914	2,959	69,090	50,513	(9,515)	N	31/12/2018
Forestwood Management Company Limited	67%	Subsidiary	18,899	2,362	23,129	26,290	(3,593)	N	31/05/2018
City of Dublin Energy Management Agency (CODEMA) Limited	60%	Subsidiary	319,716	125,099	1,160,680	1,180,098	194,490	N	31/12/2017
Hugh Lane Gallery Trust Limited	100%	Subsidiary	2,354	2,354	-	-	-	Y	31/12/2017
Temple Bar Cultural Trust Limited	100%	Subsidiary	52,898,078	32,260,538	3,036,503	1,970,402	8,372,961	N	31/12/2017
Fishamble Music Limited	100%	Subsidiary	1,301,313	330,421	25,786	43,833	(134,918)	N	31/12/2017
Irish Film Centre Development Limited	100%	Subsidiary	232,985	232,982	56,492	56,492	-	N	31/12/2017
Dublin City Sports and Leisure Services Limited	100%	Subsidiary	2,430,210	430,700	2,354,026	1,987,125	1,955,510	N	31/12/2017
Parnell Square Foundation Limited	50%	Subsidiary	130,347	1,016	-	64,590	129,332	N	31/12/2017
PSQ Development Ltd	50%	Subsidiary	2,218,449	2,234,953	-	4,304	(16,505)	N	31/12/2017
The Ringsend Toll Bridge Designated Activity Company	100%	Subsidiary	1,430,000	750,000	3,365,000	2,966,000	680,000	N	31/12/2017
Plato Dublin Business Support Limited	25%	Joint Venture	64,283	64,283	168,026	160,134	-	N	31/12/2017
Dublin Enterprise & Technology Centre CLG	33%	Associate	5,069,456	3,171,147	1,448,649	1,353,871	1,035,865	N	31/12/2017

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.



Rialtas na hÉireann
Government of Ireland

LOCAL GOVERNMENT AUDIT SERVICE

Statutory Audit Report

to the

Members of Dublin City Council

for the

Year Ended 31 December 2018

Department of Housing, Planning and Local Government

housing.gov.ie

CONTENTS

AUDITOR'S REPORT TO THE MEMBERS OF DUBLIN CITY COUNCIL	1
1 Introduction	1
2 Financial Standing	1
2.1 Statement of Comprehensive Income	1
2.2 Government Debtors	2
2.3 Bank Investments.....	2
3 Income Collection	2
3.1 Summary of Income Collection	2
3.2 Rates.....	2
3.3 Rents & Annuities.....	3
3.4 Housing Loans	4
3.5 Bad Debts Provision	4
4 Transfer of Functions to Irish Water (IW)	5
4.1 Asset Transfer Status	5
4.2 Irish Water Non HFA Loans	5
5 Fixed Assets.....	5
5.1 Fixed Assets Overview.....	5
5.2 Fixed Asset Housing Register	6
6 Loans Payable.....	6
6.1 Affordable Housing	6
7 Development Contributions	7
8 Capital Account	7
8.1 Capital Account Overview.....	7
8.2 Capital Account Debit Balances	7
8.3 Loan Redemption Debit Balances.....	8
9 Dublin Docklands Development Authority (DDDA)	9
10 Procurement	10
11 Local Authority Companies	12
11.1 Temple Bar Cultural Trust Designated Activity Company (TBCTDAC).....	13
12 Governance.....	13
12.1 Overview.....	13
12.2 Internal Audit.....	13
12.3 Risk Management.....	13

12.4	Ethics Register	14
	Acknowledgement	14

AUDITOR'S REPORT TO THE MEMBERS OF DUBLIN CITY COUNCIL

1 Introduction

I have audited the Annual Financial Statement (AFS) of Dublin City Council for the year ended 31 December 2018, which comprises 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, and Local Government.

My main statutory responsibility, following 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 2018 and its income and expenditure. My audit opinion, which is unmodified, is stated on page 8 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 judgments 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.

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

2.1 Statement of Comprehensive Income

The Council recorded a deficit of €1.6m in 2018 (2017, €2.9m), showing an improvement of €1.3m in last year's deficit. This figure is after net transfers to Reserves of €49.3m in 2018 (2017, €36.3m) an increase of €13m on last year's figures. This includes an increase in reserves of €3.3m in Housing, €2.2m in Roads & Traffic, €1.4m in Development and €2.6m in miscellaneous services.

The main variances between the adopted budget and the AFS are detailed in Note 16 of the AFS. The variances have been approved by the members at their meeting on the 1st April 2019, pursuant to S104 of the Local Government Act, 2001

Chief Executive's Response

Dublin City Council had a net general reserve of €21.6m at year end, reduced from €23.2m. This reserve is applied as funding in the current year (2019) Budget.

2.2 Government Debtors

Government Debtors were €136m in 2017 and €148m in 2018 reflecting an increase in debt year on year. Included in the 2018 figure is an amount of €143m (2017, €126m) mainly owed by the Department of Housing, Planning and Local Government (the Department) to the Housing department in Dublin City Council. The amount owing comprises of €34m for homeless services, €87m for housing capital projects with the remaining balance of €22m attributed to outstanding revenue claims. In March 2019, the amount owed by the Department was €182m.

Chief Executive's Response

Claims are regularly submitted to the Department of Housing, Planning & Local Government and actively followed up. Securing funding for all monies expended is a priority for DCC.

2.3 Bank Investments

Bank Investments have decreased from €131m to €126m in 2018, while cash at bank has reduced from €1m in 2017 to an overdraft amount of €4.2m at year end 2018. The difference is reflected in the net decrease in cash and cash equivalents in the Funds Flows Statement.

Chief Executive's Response

As referenced at 2.2 significant funding is being pursued with DoHPLG. Funds on hand relate to development Contributions paid, which will contribute to the funding of capital projects in the Capital Programme.

3 Income Collection

3.1 Summary of Income Collection

A summary of the revenue collections are as follows:

Income	Yield			Debtors		
	2018	2017	2016	2018	2017	2016
	%	%	%	€m	€m	€m
Rates	92	91	90	27.8	32.4	41.0
Rents & Annuities	76	76	78	27.8	26.2	22.5
Housing Loans	69	66	66	9.1	10.8	12.4

3.2 Rates

The rates collection yield shows a further improvement this year of 1% reflecting a reduction in the arrears figure from €32.4m in 2017 to €27.7m in 2018, representing a reduction of €4.7m year on year. The following table shows an aged analysis of the arrears as at year end 2018.

Arrears Rates	2018	2017	2016	2015	2014	Pre2014
	€15.4m	€5.1m	€2.8m	€1.6m	€1.1m	€1.8m

Rates arrears are actively monitored.

Chief Executive's Response

Commercial rates accounts for 35% of revenue income in 2018 and is therefore a critical source of funding for revenue services. The Rates Office staff are focused and proactive in maximising the collection and actively managing the arrears in order to reduce the level of arrears year on year.

3.3 Rents & Annuities

The collection yield for rents and annuities has remained at 76% year on year while the arrears have increased from €26.2m to €27.83m in 2018. The increased arrears on an already large arrears figure is cause for concern. The arrears in this sector has increased in just one year by €1.6m, an increase of this scale is significant, particularly given the magnitude of the current arrears.

The following table identifies arrears under the various categories of rental income.

Rental Categories	Arrears €000's	Credits €000's	Net Arrears €000's
RAS	807	123	684
Rent to Buy	95	3	92
LA Rents	28,280	3,052	25,228
<u>Other</u>	<u>1,896</u>	<u>69</u>	<u>1,827</u>
<u>Total</u>	<u>31,078</u>	<u>3,247</u>	<u>27,831</u>

It is noted that 61% of all local authority rent accounts are in arrears, this is not sustainable. It is important that every effort should be made to improve collections in this area. A more focused approach is vital in addressing these significant outstanding amounts. The existing vacancies need to be resourced to ensure that all rental areas are covered and actively followed up. A significant body of work is involved to ensure that rental arrears is managed and controlled.

In addition, it is essential to have up to date and reliable tenant income information to ensure that rent assessments are correctly calculated and billed. Accordingly, it is also recommended that a dedicated unit is established to undertake continuous reviews of all rent accounts to avoid large retrospective debits.

Chief Executive's Response

Dublin City Council has an arrears collection policy in place which includes warning notices, tenancy notices and legal proceedings. Payment arrangements are also agreed where possible. Dublin City Council expected that the Department of Employment and Social Protection would provide access to the Local Authority Verification Application (LAVA) by October 2018, which would enable DCC to view the income details of tenants. This development is delayed for technical reasons and once in place will assist with rent reviews, with much fewer assumed incomes and retrospective debits. It is expected that this will be in place once technical issues are resolved. DCC is reviewing its structure and procedures in order to ensure maximum efficiency is achieved in rent assessment and collection.

3.4 Housing Loans

The collection yield for housing loans has increased from 66% in 2017 to 69% in 2018, showing a net improvement of 3% year on year. This improvement was facilitated by the Mortgage Arrears Resolution Process, Mortgage to Rent process and Shared Ownership loans restructuring.

In 2018, Shared Ownership loans totaling €12.36m were restructured and redeemed. They were replaced by annuity loans, which included capitalised arrears of €841k. In addition, twenty-six mortgages totaling €6m were converted to Mortgage to Rent which took account of arrears of €1.6m and three housing units were repossessed with associated arrears of €175k.

However, there is still a total of 694 accounts in arrears with a value of €9.1m (net of credits). The following represents the status of these accounts.

Account Status	Number
Accounts in a arrears under 3 months	240
Accounts to be reviewed for restructure	74
Potential repossession	1
Process of Mortgage to Rent	35
Not engaging	76
In an agreement	145
Being reviewed	123

The above accounts represent a significant body of work and consequently it is vital that this area is fully staffed with experienced personnel, to bring this area up-to-date

Chief Executive's Response

The collection of loan arrears and restructuring of shared ownership loans has progressed well in 2018. Every effort will be made to continue this improvement through MARP and restructuring and engagement with customers who have so far not engaged in order to make agreements as appropriate. The shared ownership portion of the rented equity has reduced from 46.7m in 2017 to 35.3m at end 2018, more progress is necessary and will be made in 2019.

3.5 Bad Debts Provision

The bad debt provision for trade debtors is currently stated at €121m and includes provisions for development contributions, rents and loans in 2018.

In addition, a further bad debt provision of €29.7m is in place to address housing loan principal potential bad debt. This relates to the total outstanding housing loan principal of €229.5m recorded in long term debtors in Note 3 of the AFS.

Chief Executive's Response

Dublin City Council takes a stable prudent approach to the provisioning towards potential bad debts. Debtors have increased from €235m in 2017 to €310m in 2018 to €337m in 2019. The provisioning requirement is reviewed annually.

4 Transfer of Functions to Irish Water (IW)

Statutory Instrument No 13/2015, vested all underground assets relating to water and wastewater services but excluding assets relating to surface water in Irish Water.

4.1 Asset Transfer Status

There are currently thirty-five over-ground assets remaining to be transferred to IW which are at various stages of assessment. All of these assets require registration with the PRAI or the resolution of a third party. Some of these also include lands registered with some of the other Dublin local authorities. Dublin City Council SLA Unit are working with the Law Department and Surveying and Mapping Section on completing the land registration process. This involves considerable work regarding title, boundaries etc. The process will continue for the foreseeable future until all relevant over-ground assets are transferred to IW.

4.2 Irish Water Non HFA Loans

The balance on Non HFA loans of €10.8m in 2018, (12.4m, 2017) continue to be fully recouped from the Department. While these loans, still remain outstanding on Dublin City Council's Balance Sheet, their water related assets have been removed from Fixed Assets Note 1 of the AFS. Transfer of title to these assets is currently with the legal department and is of a complex nature.

Chief Executive's Response

The servicing of these loans is fully recouped from the Department of Housing, Planning & Local Government in line with their Circular L3-14. The water related assets have been removed from Fixed Assets Note 1 of the AFS due to the fact that they have been transferred to Irish Water.

5 Fixed Assets

5.1 Fixed Assets Overview

Fixed assets are recorded in Note 1 of the AFS at €10.8bn, of which housing assets total €6.1bn. In 2018, €131m in housing asset additions were acquired by Dublin City Council and recorded in Note 1 of the AFS. This amount reflects an additional 523 housing units acquired under the following categories; house constructions, acquisitions, Part V, buy and renew scheme, two in one scheme, mortgage to rent and repossession.

5.2 Fixed Asset Housing Register

The fixed asset register does not reconcile with the figures in Note 1 of the AFS for housing. An exercise is underway to address this issue. It is important that the figures be substantiated and the process prioritised to ensure that the assets reconcile with the Oracle Financial Management System.

Appropriate controls regarding valuations and adjustments need to be implemented. These should be documented and authorised to ensure that accountability exists for all adjustments made to this database.

Chief Executive's Response

Procedures relating to housing property valuations and adjustments have been adopted which capture movements in the housing fixed assets financial information. Having regard to the historic data, the working group aims to address this in the coming months so as to be in a position to reconcile the financial information relating to housing fixed assets held in the OHMS database with the fixed asset register.

6 Loans Payable

6.1 Affordable Housing

The Council's Affordable housing loans are recorded in Note 7 to the AFS at a figure of €73.8m (2017, €73.8m). These loans were due to mature in 2018, but they have now been rolled over for a further year with the agreement of the Department.

These loans are in respect of three hundred and thirty-four housing units originally acquired for resale under the affordable housing scheme. The interest on these loans are fully recouped from the Department.

Chief Executive's Response

The Department has established an internal working group to consider a long term strategy for unsold affordable properties. The Group is to consider options for these properties and facilitate consultation with local authorities, AHB's and the Housing Agency as to what future action can be taken. The Department is currently undertaking a data gathering exercise to ascertain the number of unsold affordable properties in each local authority and to establish the value of outstanding loans associated with these units. DCC has submitted the information requested to the Department.

7 Development Contributions

There is currently no reconciliation in place between the APAS Planning system and the Oracle accounts receivable system to ensure that the debtors figure represents the amounts due. A system needs to be developed to identify the development contributions figure in APAS and a reconciliation put in place with Oracle Financials to agree these figures.

The development contributions debtor is stated in Note 5 to the accounts at €39.4m in 2018, (2017, €40.2m).

Chief Executive's Response

Development contributions are triggered by BCMS commencement notices. The levy calculations are recalculated and checked against the records in APAS with APAS being corrected for any information errors. This is done on a weekly basis and an additional quarterly BCMS review and check was introduced in 2018 which is now standard practice. There is no IT solution at present for report generation between APAS and Oracle (but this is being explored) however a manual solution has been identified which involves reconciliation between both systems.

8 Capital Account

8.1 Capital Account Overview

The capital account recorded a credit balance of €83.3m at the 31st December 2018, which represents an increase of €52.4m on last year's figure. This increase is mainly represented by total income including transfers from revenue of €438m in 2018 (2017, €403m) and capital expenditure of €385m in 2018 (2017, €333m).

The significant improvement in the closing balance in 2018 is mainly attributed to:

- Development contribution receipts
- Housing receipts
- Roads funding
- Reserves

8.2 Capital Account Debit Balances

There are 240 debit balances in the Capital Account totaling €162m, which mainly comprise of the following:

Department	Amount
Housing	€75.2m
Development Management	€53.0m
Environmental Services	€26.7m
Roads	€ 2.5m

Of the above departments the following projects represent some of the larger outstanding

debit balances:

• Land Acquisition Loan Redemptions	€29.3m
• Thermal Treatment Plant at Poolbeg	€13.5m
• Dublin District Heating Project	€10.9m
• Housing Loan Redemptions	€ 9.4m
• Voids	€ 7.3m

Arrangements should be put in place to address these outstanding debit balances.

Chief Executive's Response

Specific responses are made below at 8.3, 8.4 and 8.5. More generally, DCC continues to work to reduce unfunded capital debit balances and will source and allocate funds where possible, as priority.

8.3 Loan Redemption Debit Balances

As noted above, land acquisition loan redemptions figure of €29.3m and housing loan redemptions figure of €9.4m form part of a number of larger debit balances outstanding in the capital account. These two figures represent HFA loan redemptions where no corresponding income existed in the capital account.

While housing loan redemptions debit balance has decreased from €14.5m in 2017 to €9.4m in 2018. The Land acquisition loan redemptions has shown no movement or indication that it is being addressed. It is recommended that where no source of funding is identified, arrangements are put in place to reduce this debit balance over a planned period of time.

Chief Executive's Response

In 2018 a €5.1m contribution from revenue was used to reduce this balance, with the same contribution being implemented in 2019. The final balance will be cleared with a contribution of €4.4m from Revenue in 2020.

8.4 The Thermal Treatment Plant at Poolbeg

The above thermal treatment plant relates to the pre-construction phase of the Dublin Waste to Energy Facility. The overall expenditure involved amounted to circa €91m. The expenditure was funded from government grants from the then Department of Environment, Heritage and Local Government, the four Dublin Local Authorities and a contribution from the Private Partner for costs incurred by the Dublin Local Authorities in obtaining the necessary consents, namely the planning permission and waste licence for the facility. The capital account currently has an unfunded debit balance of approximately €13.5m, which is associated with Dublin City Council's percentage of the pre-construction costs. Funding needs to be put in place to address this debit balance.

Chief Executive's Response

Dublin City Council has committed to prioritising the clearing of this debit balance utilising its share of the project revenues during the operational phase of the facility. This measure will address the unfunded balance in the medium term. In October 2014, Dublin City Council set-

up a new cost centre (501034) for the Construction and Commissioning phase of the Dublin Waste to Energy Facility.

8.5 Dublin District Heating Project

This project relates to phase 1 of the Dublin District Heating Project. The purpose of the Dublin District Heating Project is to facilitate the use of thermal energy from electrical generation station on the Poolbeg Peninsula and distribute and supply this heat into homes and business in the Poolbeg West, North and Grand Canal Dock SDZ areas of the city. It is anticipated that the Dublin Waste to Energy Facility will be the primary heat source for the project. The capital account has an overall debit balance of €10.9m, which is primarily associated with the delivery of district heating infrastructure within the North and Grand Canal Dock SDZ. This debit balance needs to be addressed.

Chief Executive's Response

In January 2016, Dublin City Council commenced Phase 2 of the project delivery. Phase 2 is focused on the development of an appropriate business delivery model to ensure that Dublin City achieves its primary policy object to make Dublin City a more sustainable and energy efficient city, less dependent on imported and fossil fuels, more competitive and environmentally clean, thus attracting foreign direct investment, and aiming to be an effective leader in the management of climate change, while ensuring that an appropriate return on Dublin City Council previous and future investment is realised.

Dublin City Council will ensure that unfunded balances are addressed over the full project life cycle. There are considerable future benefits available to DCC through this project across monetary, economic, social, environmental and reputational perspectives.

9 Dublin Docklands Development Authority (DDDA)

The DDDA was dissolved on the 29th February 2016 in accordance with the Dublin Docklands Development Authority (Dissolution) Act 2015. Net Assets amounting to €3.2m were brought into Dublin City Council's accounts in 2017. A number of provisions have been put in place for certain legacy issues that remain outstanding.

The issue of DDDA pensions is still under review, a decision has yet to be made and consequently, these are not represented in the AFS.

Chief Executive's Response

The Docklands Office continues to work on bringing the remaining legacy issues of the DDDA to a satisfactory conclusion, however, many of these items involve complex legal issues that have taken longer than expected to resolve. It is anticipated that further progress will be made during 2019 and that any outstanding items at the end of 2019 will involve litigations that are before the courts. The future of the DDDA pensions has been raised with the Department of Housing, Planning and Local Government and further discussions will take place during 2019.

10 Procurement

Procurement in Dublin City Council operates both a centralised procurement service through the Central Procurement Unit (CPU) and a decentralised service, where individual departments, with the support of the CPU, are responsible for ensuring their sourcing requirements and operating to the best procurement practice, legal and compliance requirements.

The Central Procurement Unit reports to the Head of Information Systems who in turn reports to the Head of Finance, and is responsible for central oversight and performance measurement of procurement activities. The Council's procurement procedure is outlined in its Procurement Policy and Procedures Manual, and is supported by its Corporate Procurement Plan 2019 – 2021 which was approved by the Chief Executive on 24th April 2019.

The following weaknesses in procurement procedures and of non-compliance with procurement regulations were noted:

- 1) A strategic review undertaken on the Procurement function in the Council was undertaken by Deloitte (2015) and an internal council review (2015) recommended that procurement leads and dedicated procurement hubs be set up in each Dublin City Council department. This is not yet in place.
- 2) The 2015-2017 Corporate Procurement Plan put forward an action plan item regarding the establishment of a contracts database as a central repository for all council contracts. It is noted that although there is a current contracts register in place, it is not supported by IS, does not generate automatic alerts and requires a fit for purpose reporting module to facilitate timely communications and avoid duplication of work. I am informed that an alternative database is being examined with a view to addressing these shortcomings.
- 3) There has been no recent Procurement Spend Analysis undertaken. The benefits of a spend analysis are as follows: -
 - a. Ensures greater compliance with procurement legislation and regulations & associated policies and guidelines
 - b. Identifies areas of spend with contract potential
 - c. Leverages potential procurement savings on a corporate basis.

This spend analysis should be undertaken on an annual basis, and it should inform the procurement functions activities for the year ahead. I have been informed that Oracle is being reviewed to align procurement categories with the OGP categories and consequently, this will facilitate a more accurate spend analysis.

- 4) The following instances of non-compliance with the Procurement Directive and non-use by the Council of OGP National Framework Agreements were identified at audit in the various departments of Dublin City Council
 - a. Legal Services
 - b. Homeless Services
 - c. Works undertaken for €200k

Chief Executive's Response

Central Procurement Unit

- 1) Dublin City Council acknowledges the findings of the LGA, but wishes to bring to the attention of the LGA, that a competition was held in 2018 for Procurement Specific Administrative Officers and a panel was formed to allow for the creation of 3 hubs (centres of excellence) in Housing, Community and Emergency Services, Culture Recreation and Economic Services (CRES) and Environment and Transportation (E&T) Departments. Following the appointment of two topped ranked candidates to the CPU in 2018, the first of the next 3 panel members will be appointed to CRES on 6th August 2019 as the first hub to commence
- 2) The CPU and I.S. Department will carry out a site visit to South Dublin County Council with a view to using the model developed in-house by SDCC. If suitable, the contracts database will be implemented in 2019.
- 3) Dublin City Council acknowledges that no internal spend analysis has taken place but would also note the annual procurable expenditure spend data is returned to the Office of Government Procurement for analysis for potential National Frameworks. The proposed changes within the FMS will ensure that the CPU and Finance Department have the ability to carry out accurate spend analysis in the future.

However, it is not agreed that a spend analysis should be carried out on an annual basis. With the reoccurring nature of DCC's spend, a spend analysis should formulate a programme of tendering requirements for a period of more than 1 year, and therefore DCC intend to carry out an in-depth analysis every 3 years. The improvements in control measures within the FMS will allow for ongoing monitoring of non-procurement spend.

Law Dept.

- 4)
 - a) Legal services are exempt from the European Public Procurement regime. Dublin City Council set up a framework for the provision of legal services which expired in July 2018. It was decided at that time not to extend the framework for a further 12 months as we would use the OGP framework as and when necessary.
During the year it became apparent that we would need to outsource some residential conveyancing work due to the larger volume of properties being purchased by the Housing section to try and meet the demand that arose because of the current housing crisis. When we explored the possibility of using the OGP framework it transpired that it could take up to 20 weeks for the process to be complete. In those exceptional circumstances it was decided to resort to the Council's own framework. The only way in which we were non-compliant was by not having a Chief Executive order in place to extend the framework.
 - b) Generally, when a property in the private sector is offered/sourced to the DRHE for use as emergency accommodation, the property is in the ownership of a third party and it is not possible for the Dublin Region Homeless Executive to tender for a service provider. However, all contracts are negotiated by the Valuer's Section of Dublin City Council to ensure that the DRHE get value for money. All leases and contracts are currently being reviewed and instructions have been sent to the Valuer's Section with a

view to ensuring that there are up to date leases in place for all private emergency accommodation.

Similarly, when a Non-Government Organisation/Approved Housing Body offers a property for use as emergency accommodation, the NGO who has ownership or a lease on the building automatically become the service provider. When agreeing a new service, the NGO is required to complete a funding application and new guidelines have recently been issued in order to introduce a uniformity in costs and to secure value for money across all services.

Rooms in commercial hotels are also being used as emergency accommodation and a Sounding Exercise, to establish whether or not it was feasible to tender for hotel rooms, was carried out in 2016 with the results indicating that hotels would not participate in a tender process because of the perceived impact on their business competitiveness. Therefore, the DRHE has not tendered this business as any fall off in the availability of rooms in hotels would result in families having nowhere to go.

All other services provided by the DRHE will be tendered over the next year. This will include visiting supports, prevention services, day services, advice centers and any facilities in the direct ownership of Dublin City Council currently being managed by an NGO/AHB. To date, Housing First has been tendered and a contractor has been appointed and the specification for a tender process for the Family Housing Assistance Team is currently being developed and it is expected that this tender will be advertised in Q4 2019.

Housing Dept.

- c) This refers to a property in Haddington Road which was leased by Dublin City Council from a private operator many years ago and was used as emergency accommodation by the DRHE. At the time the property was leased from an individual, it was agreed that the property would be returned in good condition to the owner, (which was a limited company). In February 2018, it was agreed that the value of the reinstatement work would be €200,000 and this amount was subsequently paid to the company.

11 Local Authority Companies

Dublin City Council has an interest in eleven subsidiaries, four associated companies and one joint venture structure as identified in Appendix 8 to 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 of each company. The financial transactions of only two of the companies listed are included in the Council's AFS (Ballymun Regeneration Limited and Hugh Lane Gallery Trust).

Audited accounts were not received for year ended 2018 for twelve of the sixteen accounts. All local authority companies' audited accounts should be available for the year being audited.

Chief Executive's Response

All Accounts will be received within the statutory deadline for filing accounts with the Company's office.

11.1 Temple Bar Cultural Trust Designated Activity Company (TBCTDAC)

A decision was taken in 2013 to dissolve the above company and transfer all the functions and assets to the Council. The legislation has not yet been enacted to dissolve this company. Consequently, the assets currently stated at €55.5m have not been transferred to Dublin City Council. Temple Bar Cultural Trust DAC is not consolidated in the Council's annual financial statement.

Chief Executive's Response

Dublin City Council is awaiting the relevant legislation from Central Government to enable the dissolution of the Temple Bar Cultural Trust. In the meantime, the orderly transition of the company's functions to Dublin City Council continues and all company legislative requirements continue to be complied with.

12 Governance

12.1 Overview

Corporate Governance comprises the systems and procedures by which an entity is directed or controlled. It is the responsibility of the Chief Executive to ensure the sound system of financial management and internal processes are in place.

12.2 Internal Audit

The Head of Internal Audit reports directly to the Head of Finance for administrative purposes. He has also direct and independent access to the Chief Executive and Chair of the Audit Committee.

In 2018, eleven Internal audit reports were completed, of which four were outsourced and finished by Deloitte but managed by the Head of Internal Audit. I have taken account of the work of Internal audit in the audit of Dublin City Council.

12.3 Risk Management

Dublin City Council has an established Risk Steering Group in place. It is chaired by the Chief Executive and comprises of Assistant Chief Executives, Head of Finance, City

Engineer, Law Agent, Head of HR and Corporate Services. It met six times during 2018 and considered corporate risks pertaining to Dublin City Council during the year.

12.4 Ethics Register

Section 171 of the Local Government Act, 2001(as amended) requires that certain council members and senior staff are required to submit an annual declaration to the nominated Ethics Registrar. Statutory Instrument No 582/2002 sets the last day of February as the return date for these forms.

The responsibility for completion of the ethics return rests with the Councillor or staff member for whom the Council deemed the legislation applicable. A number of instances of non-receipt of declaration were noted at audit.

Chief Executive's Response

DCC are aware of its obligations in this area and requires that all designated staff and councillors submit the required declarations by the due date. While returns are generally high, a small percentage remains outstanding due, in the main to staff being temporarily absent from the workforce.

We are in the process of replacing the current paper based system, which is extremely cumbersome and labour intensive, with an electronic version. This will facilitate the timely collection of declarations.

We expect that this will be in place in time for the next annual return

Acknowledgement

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



Ita Howe
Principal Auditor
31 July 2019

