



## **ANNUAL FINANCIAL STATEMENT**

# **Offaly County Council**

**For the year ended 31st December 2007**



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# Offaly County Council

## Financial Review

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

The Annual Financial Statement commences with a certificate by the County Manager and Head of Finance certifying that the information contained therein is in agreement with the books of account and is in accordance with the accounting requirements as directed by the Minister for the Environment, Heritage and Local Government. The statement also contains details of the Council's accounting policies.

The Income and Expenditure Account Statement on page 11 shows that income at €66,585,550 (€41,400,410 by Programme plus Rates €6,817,009, LGF €16,512,029 and Co. Charge €1,856,102) exceeded expenditure of €63,530,311 for the year 2007 by €3,055,239. After net Transfers to Reserves of €3,072,084, there was an overall deficit for the year of €16,845, resulting in a closing debit balance at 31st December 2007 of €64,991.

The overall deficit for the year of €16,845 was the result of expenditure in excess of Estimates by €12,472,912 (including Transfers to Reserves) and income in excess of Estimates by €12,456,067 (including LGF, Rates, County Charge and Transfers from Reserves). Note 17 to the Accounts details where these variances occurred between Programme Groups and the other sources of income.

The Balance Sheet on page 12 shows the make up of the net assets owned by the Local Authority totalling €1,483,993,935 as well as the details of the Reserve Accounts that financed the net assets.

A summary of capital expenditure and income is shown in Appendix 5, with further analysis in Appendix 6. Capital expenditure (including Transfers to Revenue) during the year was €75,068,646 with income (including Transfers from Revenue) amounting to €61,914,457. This resulted in an in-year decrease in the credit balance on capital jobs of €13,154,189 and a cumulative credit balance at 31st December 2007 of €11,545,422.

Year-end debtors (including mortgage advances, state grant/subsidies and commercial debtors) form part of the assets in the Balance Sheet. Trade Debtors are analysed in Note 5 to the Accounts and amounted to €17,068,790 (including €2,200,000 for the current portion of long-term debtors) after allowing €740,000 for bad and doubtful debts. The total figure for Creditors and Accruals is €8,243,717 (including €3,030,000 for the current portion of loans payable); Note 6 to the Accounts refers.

# Offaly County Council

## Certificate of Manager/Head of Finance for the year ended 31 December 2007

We certify that the financial statement of the Offaly County Council for the year ended 31 December 2007 as set out on pages 6 to 20 are in agreement with the books of account and have been prepared in accordance with the accounting requirements as directed by the Minister for the Environment Heritage and Local Government.

We have also taken reasonable steps for the prevention and detection of fraud and other irregularities.

Signed: *P. Gallagher*  
Manager

*J. Conlon*  
Head of Finance

Dated: 7/11/2008

## **Audit Opinion**

### **To the Members of Offaly County Council**

I have audited the annual financial statement as set out on pages 6 to 20 for the year ended 31 December 2007 and have also issued a separate report in accordance with section 120 of the Local Government Act, 2001.

#### **Responsibilities of the Council and the Local Government Auditor**

The Council is by law, 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.

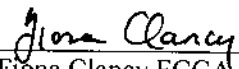
#### **Basis of Opinion**

I conducted my audit in accordance with the principles and practice of Local Government Audit. 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 other irregularity or error.

#### **Opinion**

In my opinion the annual financial statement presents fairly, in accordance with the Code of Practice and Accounting Regulations the financial position of the Offaly County Council at 31 December 2007 and its income and expenditure for the year then ended.

  
\_\_\_\_\_  
Fiona Clancy FCCA  
Local Government Auditor

Date: 7/11/2008

# STATEMENT OF ACCOUNTING POLICIES

## 1. General

The accounts have been prepared in accordance with the Accounting Code of Practice on local authority accounting, as revised by the Department of Environment, Heritage and Local Government (DEHLG) at 31st December 2007

Non-compliance with accounting policies as set out in the ACoP must be stated in the Policies and Notes to the Accounts.

## 2. Accruals

The revenue and capital accounts have been prepared on an accrual basis in accordance with the Code of Practice. Development contributions received under the 'old' scheme (pre-April 2004) are still accounted for on a cash basis.

## 3. Interest Charges

Loans payable can be divided into the following two categories:

- Mortgage related loans
- Non- mortgage related loans

### 3.1 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 Income & Expenditure Statement.

### 3.2 Non Mortgage Related Loans

Note 8 to the accounts sets out the types of borrowing under this heading. Loans relating to assets/grants, revenue funding, inter local authority 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.

## 4. 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 superannuation (including Widows and Orphans) benefits. Such deductions are credited as receipts to the Income & Expenditure Statement. **The requirements of current accounting standards relating to pensions and their application to local authority accounting is currently under consideration.**

## **5. Overheads**

Within the programme group structure there are certain costs that can be attributed to more than one programme. These costs are defined as a Central Management Charge (CMC). The net expenditure of the CMC is allocated on the basis of net expenditure of each programme group, excluding the CMC.

## **6. Agency and Other Services**

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

## **7. Insurance**

The County Council operates an insurance excess of NIL.

## **8. Provision for Bad & Doubtful Debts**

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

## **9. Fixed Assets**

### **9.1 Classification of Assets**

Fixed assets are classified into categories as set out in the balance sheet. A further breakdown by asset type is set out in note 1 to the accounts.

### **9.2 Recognition**

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

### **9.3 Measurement**

A 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 DEHLG. All assets purchased or constructed as from 1/1/2004 have been included at historical cost. Accounting policies relating to leases are currently being developed and will be reflected in the financial statements for 2008.

#### 9.4 Revaluation

As set out in the Accounting Code of Practice it will be the policy to revalue assets where appropriate, at intervals of not more than five years.

#### 9.5 Disposals

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

#### 9.6 Depreciation

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

## **10. Government Grants**

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

## **11. 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 Income & Expenditure. 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 Balance Sheet as 'Income WIP'.

## **15. Debtors and Creditors**

### **15.1 Debtors**

At the close of the financial year, debtors represent income due but not yet received. For development contributions, Offaly County Council has accounted for receipts under the 'old' scheme (pre-April 2004) on a cash basis. This departure from the Accounting Policies, as set out in the Local Authority Accounting in Ireland Code of Practice and Accounting Regulations, is in accordance with DEHLG Circular Fin01/2008(dated 8/1/08)

### **15.2 Creditors**

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

## **16. Interest in Local Authority Companies**

The interest in the companies limited by guarantee listed in Appendix 8 has not been incorporated in the financial statements (nil). Interest in other associated companies is included in Note 3.

# **FINANCIAL ACCOUNTS**

## INCOME & EXPENDITURE ACCOUNT STATEMENT FOR YEAR ENDING 31st DECEMBER 2007

The Income and Expenditure Account Statement brings together all the revenue related income and expenditure. It shows the surplus/(deficit) for the year.

### Expenditure by Programme Group

	Notes	Gross Expenditure	Income	Net Expenditure	Net Expenditure
		2007 €	2007 €	2007 €	2006 €
Housing & Building		7,012,371	5,852,239	1,160,132	1,078,102
Roads Transportation & Safety		10,343,628	14,043,708	5,299,920	5,637,862
Water & Sewerage		8,314,118	1,373,095	6,941,021	5,454,337
Development Incentives & Controls		3,727,755	1,850,673	2,077,083	1,668,322
Environmental Protection		8,700,447	8,803,967	96,481	739,667
Recreation & Amenity		3,221,798	1,049,974	2,171,824	1,750,283
Agriculture, Education, Health & Welfare		4,779,971	4,142,555	637,416	543,161
Miscellaneous		8,430,226	4,884,202	3,746,024	3,330,660
<b>Total Expenditure/Income</b>	16	<b>63,530,311</b>	<b>41,400,410</b>		
<b>Net cost of programmes to be funded from Rates &amp; Local Government Fund</b>				<b>22,129,902</b>	20,200,394
Rates				8,817,009	6,666,450
Local Government Fund - General Purpose Grant				18,512,029	14,891,887
County Charge				1,856,102	1,659,737
<b>Surplus/(Deficit) for Year before Transfers</b>	17			<b>3,085,239</b>	3,017,681
<b>Transfers from/(to) Reserves</b>				<b>(3,072,084)</b>	(3,048,011)
<b>Overall Surplus/(Deficit) for Year</b>	15			<b>(16,845)</b>	(30,331)
General Reserve @ 1st January 2007				(48,146)	(17,815)
General Reserve @ 31st December 2007				<b>(64,991)</b>	(48,146)

## BALANCE SHEET AT 31st DECEMBER 2007

	Notes	2007 €	2006 €
<b>Fixed Assets</b>	1		
Operational		201,691,074	180,874,050
Infrastructural		1,220,116,961	1,227,192,078
Community		51,000	51,000
Non-Operational		-	-
		<b>1,421,859,035</b>	<b>1,408,117,128</b>
<b>Work in Progress and Preliminary Expenses</b>	2	85,219,198	66,897,991
<b>Long Term Debtors</b>	3	30,427,360	27,931,243
<b>Current Assets</b>			
Stocks	4	657,582	300,605
Trade Debtors & Prepayments	5	17,068,790	17,367,133
Bank Investments		7,606,088	16,445,676
Cash at Bank		46,655	4,709,884
Cash on Hand		-	720,905
Urban Account	7	-	-
		<b>25,379,124</b>	<b>39,544,203</b>
<b>Current Liabilities (Amounts falling due within one year)</b>			
Bank Overdraft	6	670,877	-
Creditors & Accruals	7	8,243,717	9,862,835
Urban Account		6,894	125,657
Finance Leases		-	6,899
		<b>8,921,428</b>	<b>9,995,391</b>
<b>Net Current Assets / (Liabilities)</b>		<b>16,457,696</b>	<b>29,548,812</b>
<b>Creditors (Amounts falling due after more than one year)</b>			
Loans Payable	8	69,184,678	70,674,344
Finance Leases		6,726	13,559
Refundable deposits	9	777,950	833,178
Other		-	-
		<b>69,969,354</b>	<b>71,521,082</b>
<b>Net Assets</b>		<b>1,483,993,935</b>	<b>1,460,974,092</b>
<b>Financed by</b>			
Capitalisation Account	10	1,421,859,035	1,408,117,128
Income WIP	2	78,328,515	65,743,750
Specific Revenue Reserve		1,026	1,026
General Revenue Reserve		(64,991)	(48,148)
Other Balances	11	(16,129,649)	(12,839,665)
		<b>1,483,993,935</b>	<b>1,460,974,092</b>
<b>Total Reserves</b>			

## 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
	€	€	€	€	€	€	€	€	€	€
<b>Costs</b>										
Accumulated Costs @ 1/1/2007	61,424,483	-	78,729,232	38,428,905	4,925,683	935,225	51,000	1,015,980,000	299,538,050	1,500,012,578
<b>Additions</b>										
- Purchased	1,668,148	-	7,664,861	97,556	286,613	147,456	-	-	-	9,874,633
- Transfers WIP	5,771,217	-	8,631,932	170,868	-	-	-	-	-	14,573,817
Disposals	(816,812)	-	(2,342,834)	-	-	-	-	-	-	(3,159,646)
Revaluations	-	-	-	-	-	-	-	-	-	-
Historical Cost Adjustments	-	-	-	-	-	-	-	-	-	-
<b>Accumulated Costs @ 31/12/2007</b>	<b>68,047,035</b>	<b>-</b>	<b>92,683,191</b>	<b>38,697,128</b>	<b>5,222,296</b>	<b>1,082,682</b>	<b>51,000</b>	<b>1,015,980,000</b>	<b>299,538,050</b>	<b>1,521,301,381</b>
<b>Depreciation</b>										
Depreciation @ 1/1/2007	-	-	-	-	2,982,756	586,722	-	-	88,325,972	91,895,450
Provision for Year	-	-	-	-	312,037	159,743	-	-	7,075,117	7,546,896
Disposals	-	-	-	-	-	-	-	-	-	-
<b>Accumulated Depreciation @ 31/12/2007</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,294,792</b>	<b>746,465</b>	<b>-</b>	<b>-</b>	<b>95,401,089</b>	<b>99,442,346</b>
<b>Net Book Value @ 31/12/2007</b>	<b>68,047,035</b>	<b>-</b>	<b>92,683,191</b>	<b>38,697,128</b>	<b>1,927,503</b>	<b>336,217</b>	<b>51,000</b>	<b>1,015,980,000</b>	<b>204,136,961</b>	<b>1,421,859,035</b>
<b>Net Book Value @ 31/12/2006</b>	<b>61,424,483</b>	<b>-</b>	<b>78,729,232</b>	<b>38,428,905</b>	<b>1,942,927</b>	<b>348,503</b>	<b>51,000</b>	<b>1,015,980,000</b>	<b>211,212,078</b>	<b>1,408,117,128</b>
<b>Net Book Value by Category</b>										
Operational	68,047,035	-	92,683,191	38,697,128	1,927,503	336,217	-	-	-	201,691,074
Infrastructural	-	-	-	-	-	-	-	1,015,980,000	204,136,961	1,220,116,961
Community	-	-	-	-	-	-	51,000	-	-	51,000
Non-Operational	-	-	-	-	-	-	-	-	-	-
<b>Net Book Value @ 31/12/2007</b>	<b>68,047,035</b>	<b>-</b>	<b>92,683,191</b>	<b>38,697,128</b>	<b>1,927,503</b>	<b>336,217</b>	<b>51,000</b>	<b>1,015,980,000</b>	<b>204,136,961</b>	<b>1,421,859,035</b>

## 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 2007 €	Unfunded 2007 €	Total 2007 €	Total 2006 €
<b>Expenditure</b>				
Work in Progress	81,603,842	81,603,842	163,207,684	65,161,273
Preliminary Expenses	3,715,356	3,715,356	7,430,712	1,736,718
	<b>85,319,198</b>	<b>85,319,198</b>	<b>170,638,396</b>	<b>66,897,991</b>
<b>Income</b>				
Work in Progress	1,575,477,263	76,477,253	1,651,954,516	64,140,724
Preliminary Expenses	2,851,231	2,851,231	5,702,462	1,603,025
	<b>4,426,714,524</b>	<b>79,328,515</b>	<b>4,506,043,039</b>	<b>65,743,750</b>
<b>Net Expended</b>	<b>3,571,034,374</b>	<b>7,990,683</b>	<b>3,579,025,057</b>	<b>1,020,548</b>
Work in Progress	664,105	664,105	1,328,210	133,693
Preliminary Expenses				
<b>Net Over/(Under) Expenditure</b>	<b>8,857,719</b>	<b>8,081,388</b>	<b>16,939,107</b>	<b>1,154,241</b>

### 3. Long Term Debtors

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

	Balance @ 1/1/2007 €	Loans Issued €	Principal Repaid €	Early Redemptions €	Other Adjustments €	Balance @ 31/12/2007 €	Balance @ 31/12/2006 €
Long Term Mortgage Advances*	9,725,079	903,845	(497,335)	(1,950,201)	(19,693)	9,065,406	9,725,079
Tenant Purchases Advances	343,951		(57,476)	(38,195)		248,278	343,951
Shared Ownership Rented Equity	1,039,975	64,300		(24,697)	25,210	1,099,975	1,059,975
	<b>11,108,005</b>	<b>973,149</b>	<b>(554,811)</b>	<b>(1,988,093)</b>	<b>5,927</b>	<b>10,239,474</b>	<b>11,129,005</b>
Voluntary Housing						22,134,800	19,668,209
Inter Local Authority Loans							
Long-term Investments						253,006	199,028
Cash						12,397,896	19,777,237
Interest in associated companies						32,627,360	30,906,243
Other						12,200,000	(2,975,000)
						<b>90,427,360</b>	<b>27,931,243</b>

Less: Amounts falling due within one year (Note 5)

Total Amounts falling due after more than one year

\* Includes HFA Agency Loans

# NOTES TO AND FORMING PART OF THE ACCOUNTS

## 4. Stocks

(a) A summary of stock is as follows:

	2007 €	2006 €
Central Stores	472,764	280,975
Other Depots	184,818	19,629
<b>Total</b>	<b>657,582</b>	<b>300,605</b>

(b) A summary of the movement in stock is as follows:

	2007 €	2006 €
<b>Opening Stock at 1 January</b>	300,605	258,218
Purchases	2,495,479	2,454,790
Returns to Stores	16,159	17,922
issues from Stores	(2,113,758)	(2,363,267)
Stocktake Adjustments	(125)	-
Other adjustments	(40,778)	(67,059)
<b>Closing Stock at 31 December</b>	<b>657,582</b>	<b>300,605</b>

## 5. Trade Debtors & Prepayments

A breakdown of debtors and prepayments is as follows:

	2007 €	2006 €
Government Debtors	1,520,048	539,451
Commercial Debtors	833,391	977,666
Non-Commercial Debtors	594,252	585,771
Development Levy Debtors	3,404,846	4,050,939
Other Services	-	-
Other Local Authorities	98,779	95,971
TRS Refundable	5,143,614	4,595,688
Agent Works Recoupable	3,311,654	3,885,548
Other	2,200,000	2,975,000
Add: Amounts falling due within one year (Note 3)		
<b>Total Gross Debtors</b>	<b>17,106,584</b>	<b>17,706,033</b>
Less: Provision for Doubtful Debts	(740,000)	(620,000)
<b>Total Trade Debtors</b>	<b>16,366,584</b>	<b>17,086,033</b>
Prepayments	702,206	281,100
<b>Total</b>	<b>17,068,790</b>	<b>17,367,133</b>

