

**Stone Town Council**

**4<sup>th</sup> June 2019**

**Council Accounts 2018-19 and Audit Submission**

**Report of Town Clerk**

**Introduction**

1. This report sets out the Council's accounts for 2018-19. It compares the final outturn figures with the original budget for the year and the forecast produced as part of the budget process.
2. The proposed financial submission to the Council's external auditors is also attached for approval.

**Background**

3. The Council's financial year runs from 1 April to 31 March. It is required to keep its accounts for that period in accordance with legal requirements, to report them for approval by the Council within three months of the year end, and to submit an annual return to its external auditors to a similar timescale.
4. The Council is also required to employ the services of an internal auditor, who examines the accounts, reviews the Council's internal control, completes the internal audit section of the annual return, and may produce a report identifying any areas of concern to Members. This internal audit has been performed by Sandie Morris, who will be reporting independently to the Council, as required.
5. Subject to certain limited requirements, councils which turn-over less than £6.5 million per annum are not expected to comply with the accounting standards required of larger local authorities and have more freedom to determine their own form of accounts, subject to national recommendations on proper practices.

**Accounts 2018-19**

6. The Council's net revenue spending for 2018-19 was £276,388. This can be seen in detail in the Income and Expenditure Account set out at Appendix 1. The resulting effect on the Council's balance sheet can be seen at Appendix 2.
7. This net spending of £276,388 compares with £340,058 in the previous year, an approved budget of £361,000 and a forecast made at the time the 2018-19 budget was prepared of £304,900. This is set out in more detail in Appendix 3.
8. Explanations of the major variations between the original budget and the forecast were included in a series of budget reports to this Committee and its Sub-Committees during

December 2017 and January 2018. Details of the major variations from the forecast that was made at the time the 2019-20 budget was prepared are set out later in the report.

9. In a number of cases identified below, spending was originally anticipated and provided for in 2018-19, but that expenditure has been delayed until the current year. In such cases I have recommended that the budgets be rolled forward to the new financial year to meet the costs when they are incurred. A figure of £24,810 has been contributed to the Rollover Reserve to allow this transfer between years to happen. The details of the makeup of this reserve are set out in the explanation of variances below.

### **Explanation of Variances from Forecast**

10. Appendix 3 shows that the Council's net expenditure for 2018-19 was £28,512 less than forecast at the time the budget was prepared in January. Of this, £24,810 relates to budgets rolled over into the current financial year, leaving a true variance of £3,702 – an underspending of just over 1%.
11. Details of the more significant variances (over £1,000 or where a rollover is proposed) are set out below:
12. **Frank Jordan Centre (net £1,937 underspent)** – Income was £901 above forecast and expenditure £1,036 below.
13. **Town Market (net £2,229 overspent)** – Income was £2,725 below forecast and expenditure £496 below.
14. **Building Maintenance (£9,700 underspent)** – The building maintenance budget of £10,000 was supplemented by a £10,000 rollover from 2017-18. £10,300 of this budget was used to finance the replacement boiler at the Frank Jordan Centre leaving £9,700 unspent. This £9,700 has therefore been rolled forward via the rollover reserve.
15. **Crown Meadow Improvements (£2,268 underspent)** – the majority of the underspending relates to the kingfisher bench (£430), pole re-seating at the amphitheatre (£350) fencing at the amphitheatre (£100) and welding of railings (£80) for which £960 has been rolled over via the rollover reserve.
16. **Allotments (£1,768 underspent)** – Works on the road (£1,000) and tree removal (£350) at Newcastle Road were planned for 2018-19, but have been delayed to the current year. An amount of £1,350 has been rolled forward via the rollover reserve to meet these costs.
17. **Tourism and Town Promotion (£2,391 underspent)** – Although the statement shows an underspend of £2,391 against the forecast, the true position is that the underspend is actually £1,391. This is due to the £1,000 contribution from this budget to the World War I event reserve being shown as a contribution to earmarked reserves in the accounts, rather than a charge to this budget. The underspend relates to the contingency provision of £2,000 provided in the budget not being fully required.

18. **Grants to Outside Bodies (£5,263 underspent)** – This underspending (rounded to £5,300) has been rolled forward via the rollover reserve.
19. **Administration (£7,531 underspent)** – Expenditure on office equipment was below the level expected, and Website development and the replacement of the office carpet were delayed to the current year. Implementation on Members' IT support was delayed until the election of the new Council. The (rounded) underspending of £7,500 has been rolled forward to meet these costs in 2019-20 via the rollover reserve.
20. **Audit and Legal Fees (£1,432 overspent)** – The overspending related to the £1,500 cost of legal advice related to a planning application. It was agreed at the General Purposes Committee meeting on 26<sup>th</sup> February 2019 that this would be funded from the Neighbourhood Plan Reserve.
21. **Neighbourhood Plan (£1,498 underspent)** – This underspending relates almost entirely to the contingency provision of £1,500 provided in the budget not being required. Expenditure on preparing the Plan is met by a contribution from the earmarked reserve already set aside to meet its costs. No rollover is necessary to carry these funds forward to the current financial year.

#### **Audit Submission**

22. The completed financial statement to be submitted to the Council's external auditors is attached at Appendix 4 and the summary year-end bank reconciliation which will accompany it is at Appendix 5. It should be noted that the figure for income in the audit return is £535 different than set out in other parts of this report. This is because the Mayor's Charity Fund is required to be included within the accounts for external reporting purposes, but it is excluded from internal income and expenditure reports for the sake of clarity.

#### **Recommendations**

23. The Council are recommended to:
  - a. Approve the Council's Accounts for 2018-19 as set out in this document, including the use of the rollover reserve to allow the transfer of budgets between financial years and its proposed use in 2019-20.
  - b. Note the variances between the forecast outturn for 2018-19 and the actual outturn, and the reasons identified for the major variances.
  - c. Approve the financial statement for submission to the Council's external auditors.

# Stone Town Council

## Income and Expenditure Account 2018-19

2017-18			2018-19	
£	£		£	£
<b>Income</b>				
9,169		Frank Jordan Centre	12,201	
10,005		Stone Station	8,410	
21,410		Town Market	20,375	
3,586		Allotments	3,607	
2,550		Tourism & Town Promotion	2,600	
-		Administration	25	
1,487		Civic Dinner & Hospitality	1,038	
552		Miscellaneous	-30	
150		Interest	572	
1,500		Neighbourhood Plan	1,500	
	<b>50,409</b>	<b>Total Income</b>		<b>50,298</b>
<b>Expenditure</b>				
107,548		Frank Jordan Centre	27,564	
17,094		Stone Station	17,157	
12,239		Town Market	15,204	
5,097		Car Parking	4,340	
1,554		Bus Shelters & Street Furniture	8,908	
519		Street Lighting	782	
719		Dog & Litter Bins	405	
250		Joules Clock	-	
97		Town Electricity Supply	329	
14,170		Grounds Maintenance	15,145	
3,106		Crown Meadow Improvements	1,432	
1,943		Allotments	2,439	
-		Environmental Projects	-	
13,135		Christmas Lights	12,975	
675		Advertising	60	
19,449		Tourism & Town Promotion	21,509	
-		Community Bus	3,527	
8,202		Grants to Outside Bodies	4,637	
128,170		Salaries & Employment Costs	141,081	
3,742		Accommodation	4,455	
8,202		Insurances	8,073	
26,811		Administration	19,194	
1,171		Audit & Legal Fees	2,632	
-		Town Council Elections	-	
2,957		Allowances - Mayor & Deputy Mayor	2,250	
995		Regalia & Presentations	223	
2,407		Civic Dinner & Hospitality	2,719	
1,363		Remembrance Sunday & War Memorials	1,856	
5,852		Miscellaneous	789	
3,000		Neighbourhood Plan	7,002	
	<b>390,467</b>	<b>Total Expenditure</b>		<b>326,687</b>
	<b>340,058</b>	<b>Total Net Expenditure</b>		<b>276,388</b>
<b>Financing</b>				
255,559		Precept	289,489	
18,166		Council Tax Support Grant	18,166	
11,461		Concurrent Functions Allowance	11,461	
31,260		Transfer from (to) Earmarked Reserves	19,462	
	<b>316,446</b>	<b>Total Financing</b>		<b>338,578</b>
	<b>-23,612</b>	<b>Net Surplus for Year</b>		<b>62,190</b>

# Stone Town Council

## Balance Sheet as at 31 March 2019

<u>2017-18</u>			<u>2018-19</u>	
£	£		£	£
		<b>Current Assets</b>		
999		Debtors	1,919	
1,380		Payments in Advance	1,615	
2,183		VAT Recoverable	4,144	
303,364		Cash at Bank and In Hand	337,284	
	<b>307,926</b>	<b>Total Current Assets</b>		<b>344,962</b>
		<b>Current Liabilities</b>		
16,108		Creditors	10,098	
897		Receipts in Advance	931	
2,393		Payroll Taxation	2,143	
	<b>19,398</b>	<b>Total Current Liabilities</b>		<b>13,171</b>
	<u><b>288,528</b></u>	<b>Total Net Assets</b>		<u><b>331,791</b></u>
		<b>Represented by</b>		
231,927		General Fund Balances	294,117	
54,215		Earmarked Reserves	34,753	
2,386		Mayor's Charity Fund	2,921	
	<u><b>288,528</b></u>	<b>Total Reserves and Balances</b>		<u><b>331,791</b></u>

# Stone Town Council

## Comparison of Actual 2018-19 with Budget and Forecast

Actual 2017-18 £	Actual 2018-19 £	Actual Compared With Approved Budget		Actual Compared With Forecast Outturn		Report Paragraph
		Budget 2018-19 £	Variance 2018-19 £	Forecast 2018-19 £	Variance 2018-19 £	
98,379	15,363	15,500	-137	17,300	-1,937	12
7,089	8,748	6,800	+1,948	7,800	+948	
-	-	25,000	-25,000	-	-	
-9,170	-5,171	1,500	-6,671	-7,400	+2,229	13
5,097	4,340	6,000	-1,660	4,500	-160	
1,554	8,908	13,630	-4,722	9,000	-92	
-	-	6,400	-6,400	-	-	
519	782	500	+282	800	-18	
719	405	700	-295	700	-295	
250	-	300	-300	-	-	
97	329	200	+129	400	-71	
-	-	9,700	-9,700	9,700	-9,700	14
14,170	15,145	14,500	+645	14,500	+645	
3,106	1,432	3,680	-2,248	3,700	-2,268	15
-	-	-	-	-	-	
-1,643	-1,168	1,300	-2,468	600	-1,768	16
13,135	12,975	15,000	-2,025	12,300	+675	
675	60	5,700	-5,640	100	-40	
16,899	18,909	21,500	-2,591	21,300	-2,391	17
-	3,527	3,600	-73	3,600	-73	
8,202	4,637	9,900	-5,263	9,900	-5,263	18
128,170	141,081	140,200	+881	141,100	-19	
3,742	4,455	4,200	+255	4,100	+355	
8,202	8,073	8,400	-327	8,300	-227	
26,811	19,169	26,690	-7,521	26,700	-7,531	19
1,171	2,632	1,200	+1,432	1,200	+1,432	20
-	-	-	-	-	-	
2,957	2,250	3,100	-850	2,900	-650	
995	223	500	-277	500	-277	
920	1,681	1,000	+681	1,500	+181	
1,363	1,856	2,000	-144	1,900	-44	
5,300	818	1,500	-682	1,500	-682	
-150	-572	-600	+28	-600	+28	
1,500	5,502	11,400	-5,899	7,000	-1,499	21
<b>340,058</b>	<b>276,388</b>	<b>361,000</b>	<b>-84,612</b>	<b>304,900</b>	<b>-28,512</b>	

## Section 2 – Accounting Statements 2018/19 for

## STONE TOWN COUNCIL

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	
1. Balances brought forward	344,318	288,528	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	255,559	289,489	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	80,036	79,925	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	130,714	141,081	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	NIL	NIL	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	260,671	185,070	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	288,528	331,791	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	303,365	337,284	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	287,824	294,104	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	NIL	NIL	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.
	✓		N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2019 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

Date

23/05/2019

I confirm that these Accounting Statements were approved by this authority on this date:

as recorded in minute reference:

Signed by Chairman of the meeting where the Accounting Statements were approved

**Summary Bank Reconciliation**

Local Council Name: Stone Town Council

Financial year ending 31 March 2019

Prepared by \_\_\_\_\_ (Name and Position) Date \_\_\_\_\_

**Balance per bank statements as at 31 March 2019:**

	<u>£</u>	<u>£</u>
Current Account	1,500.00	
Business Reserve	323,836.42	
National Savings	<u>13,107.65</u>	
		338,444.07

**Less: unpresented cheques at 31 March 2019**

Cheque Number:	013189	30.00	
	013273	926.00	
	013284	246.43	
	013285	40.72	
	013286	117.18	
	013287	<u>16.18</u>	
			1,376.51

**Add: unbanked cash at 31 March 2019:**

<u>216.10</u>	216.10
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**Net balances as at 31 March 2019****337,283.66****CASH BOOK**

Opening Balance 1 April 2018	303,365.46
Add: Receipts in the year	394,129.55
Less: Payments in the year	360,211.35
Closing balance per cash book as at 31 March 2019 (receipts and payments)	<b>337,283.66</b>