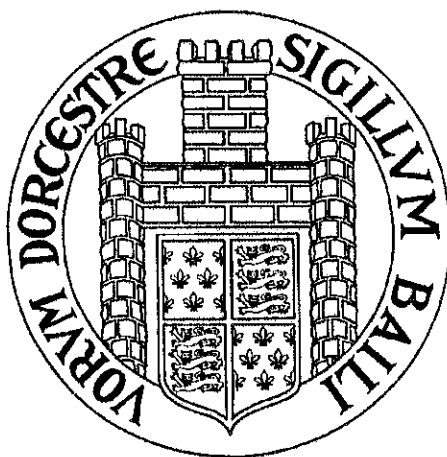


DORCHESTER TOWN COUNCIL



FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

Further information can be obtained from

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INTRODUCTION

1. The statutory financial statement for the Town Council is the **Annual Return**, which has to be published in accordance with the Accounts and Audit (England) Regulations 2011. The Statement requires the submission of no more than 10 lines of financial information, plus 8 statements of good governance and the Internal and External Audit opinions.
2. As well as forming the background to the statutory Annual Return this Financial Statement document seeks to provide the reader, be they Councillor, Taxpayer or other interested party, with a more detailed explanation of how the Council has performed financially during the course of the year, and the environment within that performance was delivered.

ANNUAL RETURN 2015-2016

3. The figures contained in our Annual Return are included below: -

Year Ending 31-Mar-15 £		Year Ending 31-Mar-16 £
724,517	1. Balance brought forward	1,016,475
1,162,423	2. Annual Precept	1,209,555
326,889	3. Total of Other Receipts	330,854
594,029	4. Staff Costs	590,458
84,577	5. Loan Interest and Capital Repayments	61,651
518,748	6. All Other Payments	539,260
1,016,475	7. Balance Carried Forward	1,365,515
1,003,197	8. Total of Cash and Short Term Investments	1,351,153
6,628,251	9. Total Fixed Assets, plus other Itia	6,622,338
532,000	10. Total Borrowings	498,000

The above take account of transactions in our Income and Expenditure Account, which is linked to the General Reserve, and other Earmarked Reserves.

INCOME AND EXPENDITURE ACCOUNT

4. All but a very few of the Town Council's financial transactions are for the services provided by the Town Council, and therefore go through the Income and Expenditure (or Revenue) account.
5. Performance compared to the Council's Revenue budget, set in January 2015 is identified below, and the previous year's Actual Expenditure is also shown.

Actual 2014/15 £	Service	Budget 2015/16 £	Actual 2015/16 £	Worse/ (Better) £
11,181	Allotments	4,318	3,708	(610)
534,654	Parks & Open Spaces	558,401	538,574	(19,827)
62,569	Cemeteries	84,132	53,240	(30,892)
140,143	Municipal Buildings	152,026	137,727	(14,299)
57,352	Cultural Activities & Twinning	72,052	52,725	(19,327)
197,634	Corporate and Democratic	216,903	194,866	(22,037)
45,885	Other Services	121,500	155,714	34,214
1,049,418	Total Revenue	1,209,332	1,136,554	(72,778)
(1,162,423)	Precept	(1,209,555)	(1,209,555)	0
(93,317)	CTSG	(69,988)	(69,988)	0
(206,322)	Transfer to General Reserve	(70,211)	(142,989)	(72,778)

6. The Council reports to Government based on spend type rather than service. The table below shows the Income and Expenditure transactions compared to the Budget and to the previous year on this basis.

Actual 2014/15 £	Service	Budget 2015/16 £	Actual 2015/16 £	Worse/ (Better) £
594,029	Staff	630,357	590,458	(39,899)
84,577	Loan Interest & Capital Repaid	62,700	61,651	(1,049)
466,633	Premises, Transport and Supplies	506,705	434,109	(72,596)
(1,162,423)	Precept Income	(1,209,555)	(1,209,555)	0
(301,638)	Non-Precept Income	(272,918)	(293,958)	(21,040)
112,500	Transfers to Earmarked Reserves	212,500	274,306	61,806
(206,322)	Transfer to General Reserve	(70,211)	(142,989)	(72,778)

KEY VARIANCES ON THE INCOME AND EXPENDITURE ACCOUNT

7. Staff costs were £39,899 below estimate, with the key variances being
 - The cost of Municipal Buildings staff was lower by £7,000 due to the loss of a Sunday booking, this is also reflected in a lower income for hire fees.
 - A saving of £10,500 was made due the non-appointment of a head gardener, however this was offset by an increase of £9,000 for apprentices.
 - Staff not working at the top of their scale point reduced spend by £10,474.
 - Pension contributions were £4,000 below budget due to non-take up of the pension scheme

8. Supply costs were £72,596 below budget, the key variances being
 - A sum reserved for CCTV was not used, saving £5,000.
 - There were underspends on Event Sponsorship, Twinning and work to commemorate WW1 totalling £9,600, although some projects will instead take place in 2016/17.
 - Municipal Buildings repairs and maintenance and materials and equipment budgets were underspent by £6,400.
 - Office Administration spending was £15,300 below budget, reflecting a review of systems and tightening of control over supply budgets
 - Utilities were £17,200 under budget reflecting a tightening in usage and a change in some systems.
 - The Special Item for Borough Gardens Bowling Green for £5,000 was not taken up as the LTA gave free advice on tennis courts. Some expenditure may be required for Landscape Architects in 2016/17

9. Non-Precept income was £21,040 higher than budget, the key reason being
 - Cemeteries Income was £25,500 above budget, reflecting a new fee structure and an increase in demand for this service.
 - Municipal Buildings Income was £5,000 below budget due to the loss of a regular Sunday hire, this is reflected in the saving on Municipal Buildings staff costs.

10. Decisions were taken to increase Earmarked Reserves during the year, with £40,000 being allocated towards an Energy and Operational Efficiency Reserve and an extra £19,400 allocated to the Walks Resurfacing Reserve.

RECONCILIATION OF CASH AND RESERVES

31-Mar-15	Monies Held if Banks and Cash	31-Mar-16
£		£
	Bank Accounts	
60,853	Lloyds General & Business	15,915
73,002	Lloyds Payment	443,250
-30,532	Less Unpresented Cheques	-14,288
899,874	National Savings and Investments	906,276
1,003,197	Total Monies Held	1,351,153
	Plus Debtors	
51,313	Payments in Advance to Suppliers	37,933
10,128	HMRC - VAT	12,166
30,000	Debtors not yet invoiced	0
4,080	Debtor invoices raised but not yet paid	5,422
-2,472	Less provision for Bad Debt	-372
93,049	Total Debtors	55,149
	Less Creditors	
55,521	Creditors who have not yet invoiced	14,507
5,185	Receipts in Advance	7,792
19,065	Sums deposited with the Council	18,488
79,771	Total Creditors	40,787
1,016,475	Monies Held plus Debtors less Creditors	1,365,515
	Earmarked Reserves	
160,000	Depot Loan Repayment	180,000
39,000	Municipal Buildings	34,735
5,367	Vehicles & Equipment Replacement	11,367
17,500	Parks Premises	22,500
47,000	Cemeteries	58,208
43,854	Play Equipment Replacement	51,748
45,367	Walks Resurfacing & Upgrade	88,882
5,000	Christmas Lights	56
3,000	Dorchester Arts Festival	6,000
598	Town Crier Uniform	598
1,500	Trees	3,906
10,000	Dorchester West Railway Access	10,000
15,077	Maumbury Rings S106	12,843
14,271	Maintain Graves in Perpetuity	14,243
0	Energy & Operational Efficiency	38,498
0	Service Growth	80,000
407,534	Total Earmarked Reserves	613,584
608,941	General Reserve	751,931
1,016,475	All Reserves	1,365,515

NOTES TO THE RECONCILIATION

BANK ACCOUNTS

11. The Council has used the same bank accounts throughout the year, although has taken the opportunity to rationalise them to slightly improve interest paid on the accounts. The balance on the National Savings and Investments account has remained the same during the year, this account has a maximum limit of £1,000,000, with an interest rate of 0.75%. The Council will implement a new Treasury Strategy in 2016/17.

DEBTORS AND CREDITORS

12. Payments in Advance have decreased due to the second year payment of £19,100 on an advance of £32,100 to the Dorset County Pension Fund for deficit catch up payments. The Debtor not yet invoiced at the 31st March 2015 related to a short-term loan to Dorset County Museum for £30,000, this has since been repaid.
13. As at the 31st March 2015 Creditors included a figure of £20,000 for walks cleaning, this was invoiced in May 2015 and has since been invoiced monthly.
14. The Provision for Bad Debt has been reduced due to one write off from 2014/15. Tighter control of debtors has resulted in the provision required being reduced.

RESERVES

15. Transfers in to the Earmarked Reserves from the General Reserve totalled £274,306, and there were net movements from the Reserves totalling £68,256, a net increase of £206,050, broadly in line with the expectations of the Medium Term Financial Strategy. New Reserves have been created for Service growth and Energy and Efficiency.
16. The General Reserve is £116,000 higher than the Medium Term Financial Strategy anticipated, reflecting the key variances (notes 7-9). At £752,000 the General Reserve is substantially higher than the level needed to cover general opportunities, threats and emergencies (established at £200,000 in January 2015).
17. Significant spending commitments totalling £500,000 were made as part of the 2016-17 Budget process, which will see Reserves reduce over time.
18. At the Year End the Council held £1,365,515 in Reserves, £349,040 more than at the beginning of the year.

OTHER INFORMATION TO SUPPORT THE FINANCIAL STATEMENT AND ANNUAL RETURN

FIXED ASSETS STATEMENT

	Value @ 1 Apr 15 £000	Assets Added £000	Assets Disposed £000	Value @ 31 Mar 16 £000
Land & Buildings	5,137	0	0	5,137
Vehicles, Plant & Equipment	570	13	11	572
Community Assets	921	12	20	913
Total Fixed Assets	6,628	25	31	6,622

19. Asset changes during the year were:

- Christmas lights were purchased at £11,557, replacing a set valued at £19,820
- A Ford Transit tipper was purchased at £13,500, replacing one valued at £11,150

LONG TERM DEBT

	Maturity Date	Interest Rate %	Value @ 1 Apr 15 £000	Value @ 31 Mar 16 £000
PWLB 479825 1997 25yr Annuity	08/2022	7.125	150	130
PWLB 487126 2002 25yr Annuity	09/2027	4.625	182	168
PWLB 492777 2007 10yr Maturity	01/2017	5.050	200	200
Total Value of Long Term Debt			532	498

PENSIONS

20. The Town Council encourages its staff to become members of the Dorset County Pension Fund, which administers a defined benefit scheme as laid down in the Local Government Pension Scheme. Staff make contributions based on a rising scale linked to salary, of between 5.5% and 8.5%.
21. In 2015/16 the Town Council contributed 16.5% of the employee's salary, plus an additional sum to ensure the Fund's assets equal 100% of its liabilities in the long term. A sum of £51,100 was paid over in 2014/15 to cover three years of payments, of which £13,000 representing year three and is shown as a Payment in Advance (note 12).
22. There were Nil payments for Nil staff to the Pension Fund for early retirements during the year (2014/15 £Nil for Nil staff).

SECTION 137 EXPENDITURE

23. Expenditure totalling £6,000 was used in 2015/16 (2014/15 £Nil) relating to grant funding of 4 apprentices by partner bodies.

Section 1 – Annual governance statement 2015/16

We acknowledge as the members of:

Enter name of
smaller authority here:

DORCHESTER TOWN COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2016, that:

	Agreed		'Yes' means that this smaller authority:
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this smaller authority to conduct its business or on its finances.	✓		has only done what it has the legal power to do and has complied with proper practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered the financial and other risks it faces and has dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this smaller authority and, where appropriate have included them in the accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.
		NA	

This annual governance statement is approved by this smaller authority and recorded as minute reference:

dated

Signed by:

Chair

dated

Signed by:

Clerk

dated

*Note: Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how this smaller authority will address the weaknesses identified.

Section 2 – Accounting statements 2015/16 for

Enter name of smaller authority here:

DORCHESTER TOWN COUNCIL

	Year ending		Notes and guidance
	31 March 2015 £	31 March 2016 £	
1. Balances brought forward	724,517	1,016,475	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	1,162,423	1,209,555	Total amount of precept or (for IDBs) rates and levies received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	326,889	330,854	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	594,029	590,458	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	84,577	61,651	Total expenditure or payments of capital and interest made during the year on the smaller authority's borrowings (if any).
6. (-) All other payments	518,748	539,260	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	1,016,475	1,365,515	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	1,003,197	1,351,153	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	6,628,251	6,622,338	The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the smaller authority as at 31 March
10. Total borrowings	532,000	498,000	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 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.
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

I certify that for the year ended 31 March 2016 the accounting statements in this annual return present fairly the financial position of this smaller authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer

Date

I confirm that these accounting statements were approved by this smaller authority on this date:

and recorded as minute reference:

Signed by Chair of the meeting approving these accounting statements.

Date

Annual internal audit report 2015/16 to

Enter name of smaller authority here:

DORCHESTER TOWN COUNCIL

This smaller authority's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2016.

Internal audit has been carried out in accordance with this smaller authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this smaller authority.

Internal control objective	Agreed? Please choose only one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been kept properly throughout the year.	✓		
B. This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this smaller authority adequate controls existed (list any other risk areas below or on separate sheets if needed)

Name of person who carried out the internal audit ROSIE DANKIN-MILLER UR(HONG) FIA

Signature of person who carried out the internal audit [Signature] Date 05/05/2016

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).
 **Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).