

Lithgow City Council

Memorandum

To: All Councillors, General Manager

From: Ross Gurney, Chief Financial & Information Officer

Date: 29 November 2017

Subject: Questions on Notice – 27 November 2017 Council Meeting

Dear Councillors & General Manager,

Below are my responses to Questions on Notice from the November 27 Council meeting.

Questions From Cr. Thompson

With regard to the auditor presentations on the 2016/17 Financial Statements, Cr. Thompson queried increases from the prior year for the following expense categories:

- Advertising
- Bad debts
- Employee Costs

Response

Advertising costs increased by \$150,000 in the 2016/17 financial year, mainly due to the inclusion of election expenses in advertising expenses. The Electoral Commission invoiced Council \$116,000 for September 2016 election.

Bad and doubtful debts increased by \$193,000 in the 2016/17 financial year, mainly due to the clearing of long-term debts. These debts were determined to be unlikely to be paid due to their age.

Employee costs increased by \$819,000 in the 2016/17 financial year, mainly due to award and incremental wage and salary increases, as well as a termination payment to the previous General Manager. In the prior year, overtime had not been correctly allocated to employee costs; the rectification of this error also added to 2016/17 employee costs.

Question From Cr. Mc Andrew

With regard to the auditor presentations on the 2016/17 Financial Statements, Cr. McAndrew queried increases from the prior year for other expenses.

Response

Overall, other expenses increased by \$159,000 compared with the prior year. The main cost increases were in advertising and bad debts, as explained above. There were also categorisation corrections between other expenses and materials & contracts. Electricity expense decreased by \$314,000 due to improvements in accrual accounting (matching expenses to the correct financial year).

Ross Gurney
Chief Financial & Information Officer