

Annual Financial Statements

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

ABN 48 014 914 743

For the year ended 30 June 2023

Prepared by WLF Accounting & Advisory

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General Management Committee Report

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

For the year ended 30 June 2023

The General Management Committee submits the General Purpose - Simplified Disclosures Statements of the Local Government Association of Tasmania (the Association) for the year ended 30 June 2023.

General Management Committee

The names of the committee members in office during 2022/23 financial year are:

President	Mayor Christina Holmdahl	Elected July 2015 Appointed President July 2019
Vice President	Mayor Mick Tucker	Elected July 2017 Re-elected July 2021 Appointed Vice President August 2021
	Mayor Annette Rockliff	Elected July 2019 Re-elected August 2021 Resigned October 2022
	Mayor Peter Freshney	Elected August 2021
	Deputy Mayor Danny Gibson	Elected August 2021
	Mayor Bec Thomas	Elected August 2021
	Mayor Alex Green	Elected August 2021 Resigned October 2022
	Lord Mayor Anna Reynolds	Right of position began July 2019

Principal Activity

The principal activities of the Association during the year were to undertake the responsibilities of the Association as described in the *Local Government Act 1993* and in the rules of the Association. This included participation in intergovernmental relations with the State and Commonwealth Governments to represent the views of Local Government, particularly in areas of structural and legislative reform. Additionally, the Association provided a range of services for Councils to facilitate access to services and achieve better economies of scale. The Association has provided these services at a discounted subscription as part of a fiscal strategy to reduce the Association's cash holdings.

Operating Result

The net surplus from general operations amounted to \$1,440,281 (2021/22 net surplus \$290,693).

Significant Changes in State of Affairs

No significant changes in the Association's state of affairs occurred during the financial year.

After Balance Day Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations, or the state of affairs of the association in the future financial years.

Environmental Issues

The Association's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Proceedings on Behalf of Association

No person has applied for leave of Court to bring proceedings on behalf of the Association, or intervene in any proceedings to which the Association is a party for the purpose of taking responsibility on behalf of the Association for all or any part of those proceedings.

The Association was not a party to any such proceedings during the year.

General Management Committee Members' Benefits

No committee member has received or become entitled to receive, during or since the end of the financial period, a benefit because of a contract made by the Association, with a committee member, a firm of which a committee member is a member or an entity in which a committee member has a substantial financial interest.

Signed at Hobart, this 24th day of January 2024 in accordance with a Resolution of the General Management Committee.



Mayor Mick Tucker

President

Statement by the General Management Committee

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

For the year ended 30 June 2023

In the opinion of the members of the General Management Committee of the Association:

a) the financial statements and notes of the association are in accordance with the *Local Government Act 1993*, including:

(i) giving a true and fair view of the association's financial position as at 30 June 2023 and of its performance for the year then ended on that date; and

(ii) complying with Australian Accounting Standards – Simplified Disclosures and in accordance with AASB 1060

b) There are reasonable grounds to believe that the association will be able to pay its debts as and when they become due and payable

This statement is made in accordance with a resolution of the General Management Committee and is signed for and on behalf of the Committee.



Mayor Mick Tucker

President

Statement of Comprehensive Income

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

For the year ended 30 June 2023

	NOTES	2023	2022
Income			
Grants and contributions	2	1,648,762	456,551
Interest income		159,356	34,386
Fees and commissions		363,492	224,130
Other income		419,984	298,730
Profit/(loss) on disposal of equipment		17,186	(672)
Subscriptions		1,315,336	1,270,856
Total Income		3,924,116	2,283,981
Expenses			
Employee benefits		1,324,203	1,131,838
Depreciation and amortisation		44,312	40,243
Grant and contribution expenses		392,325	182,318
Other expenses		722,994	638,889
Total Expenses		2,483,835	1,993,288
Surplus/(Deficit)		1,440,281	290,693
Other Comprehensive Income			
Asset revaluation reserve		-	343,516
Total Other Comprehensive Income		-	343,516
Total Comprehensive Income for the Year		1,440,281	634,209

The accompanying notes form part of these financial statements.

Statement of Financial Position

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

As at 30 June 2023

	NOTES	30 JUN 2023	30 JUN 2022
Assets			
Current Assets			
Cash and cash equivalents	3	7,427,600	451,699
Trade and other receivables	4	58,296	148,185
Financial assets	5	4,064,634	3,804,877
Other assets	6	61,773	42,680
Total Current Assets		11,612,302	4,447,440
Non-Current Assets			
Property, plant and equipment	7	1,618,513	1,515,312
Intangible assets	8	819	1,363
Total Non-Current Assets		1,619,331	1,516,675
Total Assets		13,231,633	5,964,115
Liabilities			
Current Liabilities			
Trade and other payables	9	869,466	207,441
Other current liabilities	10	528,774	82,554
Contract liabilities	11	200,000	-
Provisions	12	218,080	214,154
Total Current Liabilities		1,816,320	504,149
Non-Current Liabilities			
Other non-current liabilities	10	4,508,109	-
Provisions	12	88,840	81,883
Total Non-Current Liabilities		4,596,949	81,883
Total Liabilities		6,413,269	586,032
Net Assets		6,818,364	5,378,083
Equity			
Retained earnings		6,164,151	4,723,870
Asset revaluation reserves		654,213	654,213
Total Equity		6,818,364	5,378,083

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

For the year ended 30 June 2023

	NOTES	2023	2022
Equity - Summary			
Equity			
Opening balance			
Opening balance		5,378,083	4,394,194
Correction of prior period error	23	-	349,680
Restated opening balance		5,378,083	4,743,874
Accumulated surpluses		1,440,281	290,693
Asset revaluation reserve		-	343,516
Total Equity - Summary		6,818,364	5,378,083
	NOTES	2023	2022

Equity - Detailed

Accumulated surpluses			
Opening balance			
Opening balance		4,723,870	4,083,497
Correction of prior period error	23	-	349,680
Restated opening balance		4,723,870	4,433,177
Surplus/(deficit) for the year		1,440,281	290,693
Total Accumulated surpluses		6,164,151	4,723,870
Asset revaluation reserve			
Opening balance		654,213	310,697
Other comprehensive income		-	343,516
Total Asset revaluation reserve		654,213	654,213
Total Equity - Detailed		6,818,364	5,378,083

The accompanying notes form part of these financial statements.

Statement of Cash Flows

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA For the year ended 30 June 2023

	NOTES	2023	2022
Statement of Cashflows			
Cash flows from Operating Activities			
General receipts		3,021,455	1,884,300
Grants	2	6,902,657	456,551
Interest		135,846	36,003
Payments to suppliers and employees		(2,689,517)	(2,030,636)
Net cash provided by (used in) operating activities	13	7,370,441	346,218
Cash flows from Investing Activities			
Payments for plant and equipment	7	(182,510)	(8,638)
Proceeds from sale of plant and equipment		52,726	-
Proceeds from other financial assets		-	500,000
Payments for other financial assets		(290,646)	(1,159,975)
Loans advanced		(238,146)	(242,414)
Repayment of loans advanced		264,036	243,949
Net Cash flows provided by (used in) investing activities		(394,540)	(667,078)
	NOTES	2023	2022
Summary of cash flows			
Net increase (decrease in cash and cash equivalents)		6,975,901	(320,860)
Cash and cash equivalents at the beginning of the financial year		451,699	772,559
Cash and cash equivalents at the end of the financial year	3	7,427,600	451,699

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

For the year ended 30 June 2023

1. Statement of Significant Accounting Policies

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures of the Australian Accounting Standards Board and the *Local Government Act 1993*. The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements are in Australian Dollars and have been rounded to the nearest dollar.

New and Amended Accounting Policies Adopted by the Association

AASB 1060: *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

The Association has adopted AASB 1060: *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* for the first time this reporting period. The Standard is a new separate disclosure Standard to be applied by all entities that are reporting under Tier 2 of the Differential Reporting Framework in AASB 1053: *Application of Tiers of Australian Accounting*. The application of this standard has resulted in increase in disclosures compared to the previous special purpose financial reports.

The financial statements were authorised for issue on 24th January 2024 by the Management Committee.

(a) Entity Information

The financial statements of the Local Government Association of Tasmania for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the board on .

The Local Government Association of Tasmania (Association or LGAT), originally established in 1911 as the Municipal Association of Tasmania, is an incorporated body under the *Local Government Act 1993 (as amended)*.

The purpose of the Association is to:

- Protect and represent the interests and rights of councils in Tasmania.
- Promote an efficient and effective system of local government in Tasmania.
- Provide services to members, councillors and employees of councils.

Local Government Association of Tasmania is a not-for-profit association, incorporated and domiciled in Australia.

The registered office is located in Hobart, Tasmania, Australia.

LGAT Assist

LGAT Assist is part of the Association, but is managed by a Board appointed by the Association's General Management Committee. LGAT Assist provides loans to employees of local government authorities at a competitive interest rate.

(b) Critical Accounting Estimates and Judgements

The Association make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates

Employee provisions

Assumptions are utilised in the determination of employee entitlement provisions. These assumptions are discussed in note 1(l).

Useful life of assets

Details of assumptions utilised are discussed in note 1(d) and 1(j).

Key judgements

Provision for bad debts

The provision for bad debts is calculated as the higher of two times the maximum LGAT Assist loan or 4% of the loan balance.

(c) Revenue Recognition

Grant revenue

When the association receives operating grant revenue, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15. Where grant agreements are not enforceable or the performance obligations are not sufficiently specific, this will result in immediate income recognition under AASB 1058.

Grant revenue received is deferred as contract liabilities and recognised when (or as) the performance obligations are satisfied. The performance obligations are varied based on the agreement, where some performance obligations may transfer control at a point in time and others have continuous transfer of control over the life of the agreement. Where control is transferred over time, generally the revenue is recognised based on either cost or time incurred which best reflects the transfer of control.

Disposal Proceeds

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal. The gross proceeds of asset sales are not recognised as revenue, rather a net gain on disposal is recognised in revenue and a net loss on disposal is recognised in expenditure.

(d) Depreciation and Amortisation of Property, Plant and Equipment and Intangibles

The depreciable amount of building and improvements is depreciated on a straight line basis over the useful lives of the assets commencing from the time the asset is held ready for use. Motor vehicles are depreciated on a diminishing value basis. Plant and equipment are depreciated using both straight line and diminishing value methods. Depreciation rates are reviewed annually to ensure they accurately reflect the consumption of the service potential embodied in the assets. Current rates of depreciation are:

	2023	2022
Property	2.50%	2.50%
Motor Vehicles	22.5%	22.5%
Office Furniture and Equipment	10-66%	10-66%

Intangible assets consist of computer software which is amortised on a straight line basis at the rate of 25-50% per annum.

(e) Taxation

The financial report has been prepared on the basis that the Association is a non-taxable entity. In the opinion of the General Management Committee, the Association is exempt from tax because it is an Association of Local Governments which is exempt from tax under the *Local Government Act 1993*.

(f) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows included as receipts from customers or payments to suppliers.

(g) Cash and Cash Equivalents

Cash and Cash Equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

(h) Financial Assets

Term Deposits

The investments of the Association comprise term deposits at financial institutions. Term deposits held with financial institutions are stated at nominal value. Term deposits with maturity dates greater than 12 months are recognised as non-current investments. The carrying amount of investments is reviewed annually by the General Management Committee to ensure it is not in excess of the recoverable amount.

Financial Assets - LGAT Assist Loans

LGAT Assist loans are made only to local government employees and are repayable on demand. These loans are not secured. The term of the loan and the amount available are limited by the years of service of the employee. The maximum loan is \$10,075 and the maximum term at current interest rates is 4 years. Interest rates can be varied from time to time by the LGAT Assist Board and as at 30 June 2023 are set at 7.8% (2022 7.5%) for general purpose loans. These loans are designated as financial assets held to maturity and are therefore brought to account at cost. An impairment provision is recognised when the Board has determined that there is objective evidence that the loan may not be repaid in full.

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per the previous applicable (AASB 139). To reflect changes in credit risk, this expected credit loss model requires the Association to account for expected credit losses since initial recognition.

AASB 9 also determines that a loss allowance for expected credit loss be recognised on debt investments subsequently measured at amortised cost or fair value through other comprehensive income, lease receivables, contract assets, loan commitments and financial guarantee contracts as the impairment provision would apply to them.

If the credit risk on a financial instrument did not show significant change since initial recognition, an expected credit loss amount equal to the 12-month expected credit loss is used. However, a loss allowance is recognised at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the instrument is an acquired credit-impaired financial asset.

A simple approach is followed in relation to trade receivables, as the loss allowance is measured at lifetime expected credit loss.

The Association reviewed and assessed the existing financial assets on 1 July 2023. The assessment was done to test the impairment of these financial assets using reasonable and supportable information that was available to determine the credit risk of the respective items at the date they were initially recognised. The assessment was compared to the credit risk as at 1 July 2022 and 1 July 2023. The assessment was done without undue cost or effort in accordance with AASB 9.

(i) Trade and Other Receivables

Trade and other receivables are recognised and carried at original invoice amount. An estimate for impairment is made when the collection of the full amount is no longer probable. Receivables are written off when it is determined that repayment is no longer probable. Trade debtors and other receivables are non-interest bearing and generally on 30 day terms.

(j) Property, Plant and Equipment and Intangible Assets

Land and Building assets are recorded on a valuation basis, less accumulated depreciation and any impairment losses. The remaining items of property, plant and equipment, in addition to intangibles, are measured at cost less accumulated depreciation and any impairment losses.

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

At each reporting date, the Association reviews the carrying values of its plant and equipment and intangible assets to determine whether there is any indication that those assets have been impaired. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Land and Buildings assets are revalued in accordance with LGAT valuation policy, using an independent professional valuer. Between revaluations, the appropriateness of carrying values are checked and if required, indices are used between formal revaluations, supplied by qualified valuers. In the current year, there were no changes made based on the Valuer-General's capital and land valuation indices. The last valuation date was 11 February 2022 and was issued by the Valuer-General.

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Association prior to the end of the financial year that are unpaid and arise when the entities become obliged to make future payment in respect of purchases of these goods and services. Payables also include liabilities for wages and salaries and associated employee expenses accrued at the end of the financial year.

Trade and sundry creditors are non-interest bearing and are normally settled on 30 day terms.

(l) Employee Benefits*Wages and salaries*

Liabilities for wages and salaries are recognised and measured as the amount unpaid at balance date and include appropriate oncosts such as workers compensation and payroll costs.

Annual leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date. Annual leave expected to be paid within 12 months is measured at nominal value based on the amount, including appropriate oncosts, expected to be paid when settled.

Annual leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

Sick leave

Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. The Association does not accrue sick leave as experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to continue.

Employee Benefits (Continued)

Long service leave

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncosts and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service.

Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled. Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

Classification of employee benefits

An employee benefit liability is classified as a current liability if the Association does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the period. This would include all annual leave and unconditional long service leave entitlements.

(m) Contingent Assets, Contingent Liabilities and Commitments

Contingent assets and liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Commitments are not recognised in the Statement of Financial Position. Commitments are disclosed at their nominal value and inclusive of the GST payable.

(n) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. It is to be noted that there has been a change in the presentation of financial statements and both Local Government Association of Tasmania and LGAT Assist figures have been consolidated for the purpose of these statements.

The comparative information for the year ended 30 June 2022 has been restated to reflect the consolidation of both business streams as they have previously been reported separately.

2. Grants and Contributions

Grants and contributions were received in respect of the following:

	2023	2022
Summary of grants received and receivable		
State funded grants	6,902,657	456,551
Total summary of grants received and receivable	6,902,657	456,551

	2023	2022
Grant and contributions recognised as revenue		
Comm & Cultural Development (a)	-	5,017
DPAC - Future of LG Review (a)	-	100,000
CCTV Program (a)	130,666	106,534
CCTV Implementation (a)	1,270,654	-
Election Campaign LG (a)	-	35,000
DHHS Health & Wellbeing 2 (a)	-	150,000
DHHS Health & Wellbeing 3 (a)	73,442	-
DPAC - Workplace Health & Safety Review (a)	-	60,000
DPAC - Open Spaces (a)	60,000	-
DPAC - FoIG Structural Reform (a)	114,000	-
Total Grant and contributions recognised as revenue	1,648,762	456,551

(a) Conditional grants/contributions recognised as revenue on satisfaction of prescribed conditions

	2023	2022
3. Cash and Cash Equivalents		
Current		
LGAT		
Petty Cash	400	400
CBA Cheque Account	1,742,523	245,785
Open Spaces Grant Account	5,499,997	-
Short term investments at call	80,625	63,645
Total LGAT	7,323,544	309,830

	2023	2022
LGAT Assist		
CBA Cheque Account	70,825	68,765
Short term investments at call	33,230	73,105
Total LGAT Assist	104,055	141,869
Total Current	7,427,600	451,699
Total Cash and Cash Equivalents	7,427,600	451,699
	2023	2022

4. Trade and Other Receivables

Trade Debtors	58,296	148,185
Total Trade and Other Receivables	58,296	148,185
	2023	2022

5. Financial Assets

Fixed term investments		
LGAT Term Deposits	3,172,233	2,943,082
LGAT Assist Term Deposits	735,158	673,662
Total Fixed term investments	3,907,391	3,616,744
LGAT Assist loans	177,393	203,283
Provision for impairment	(20,150)	(15,150)
Total Financial Assets	4,064,634	3,804,877
	2023	2022

6. Other Assets

Current		
Prepayments	31,107	29,801
Accrued interest	30,665	5,731
Other	-	7,149
Total Current	61,773	42,680
Total Other Assets	61,773	42,680

	2023	2022
7. Property, Plant and Equipment		
Buildings		
Buildings at valuation	540,000	540,000
Accumulated depreciation	(27,000)	(13,500)
Total Buildings	513,000	526,500
Land		
Land at valuation	910,000	910,000
Total Land	910,000	910,000
Motor Vehicles		
Motor vehicles at cost	135,674	114,417
Accumulated depreciation	(45,558)	(70,330)
Total Motor Vehicles	90,117	44,087
Office Furniture and Equipment		
Office furniture and equipment at cost	226,545	175,424
Accumulated depreciation	(121,149)	(140,700)
Total Office Furniture and Equipment	105,396	34,725
Total Property, Plant and Equipment	1,618,513	1,515,312

	2023	2022
Property, Plant and Equipment (Continued)		
Building		
Carrying amount at the beginning of financial year	526,500	356,484
Gain/(loss) on revaluation	-	183,516
Depreciation expense	(13,500)	(13,500)
Carrying amount at the end of financial year	513,000	526,500
Land		
Carrying amount at beginning of financial year	910,000	750,000
Gain/(loss) on revaluation	-	160,000
Carrying amount at end of financial year	910,000	910,000
Motor Vehicles		
Carrying amount at beginning of financial year	44,088	56,887
Acquisitions	96,899	-
Disposals	(33,224)	-
Depreciation expense	(17,646)	(12,799)
Carrying amount at end of financial year	90,117	44,088
Office Furniture and Equipment		
Carrying amount at beginning of financial year	34,724	39,745
Acquisitions	85,611	8,638
Disposals	(2,317)	(672)
Depreciation Expense	(12,622)	(12,987)
Total Office Furniture and Equipment	105,396	34,724
Total Property, Plant and Equipment		
Carrying amount at beginning of financial year	1,515,312	1,203,116
Gain/(loss) on revaluation	-	343,516
Acquisitions at cost	182,510	8,638
Disposals at carrying amount	(35,542)	(672)
Depreciation expense	(43,767)	(39,286)
Total Total Property, Plant and Equipment	1,618,513	1,515,312
	2023	2022

8. Intangible Assets

Computer Software		
Computer software at cost	29,844	29,844
Accumulated amortisation	(29,025)	(28,481)
Total Computer Software	819	1,363
Intangibles		
Carrying amount at beginning of the financial year	1,363	2,320
Amortisation expense	(544)	(957)
Total Intangibles	819	1,363

	2023	2022
9. Trade and Other Payables		
Trade Creditors	91,110	126,260
Net GST Payable	669,890	15,528
PAYG Tax Payable	34,360	24,548
Sundry Creditors	2,332	2,310
Accrued Expenses	71,774	38,319
Mobile Phone Purchase Plans	-	476
Total Trade and Other Payables	869,466	207,441

	2023	2022
10. Other Liabilities		
Current		
Unearned Revenue	94,774	82,554
Open Spaces Grant	434,000	-
Total Current	528,774	82,554
Non Current		
Open Spaces Grant	4,508,109	-
Total Non Current	4,508,109	-
Total Other Liabilities	5,036,883	82,554

	2023	2022
11. Contract Liabilities		
Current		
DPAC - Development Standards	200,000	-
Total Current	200,000	-
Total Contract Liabilities	200,000	-

	2023	2022
12. Provisions		
Current		
Annual Leave	151,939	125,190
Long Service Leave	66,141	88,964
Total Current	218,080	214,154
Non Current		
Long Service Leave	88,840	81,883
Total Non Current	88,840	81,883
Total Provisions	306,920	296,037

Provisions (Continued)

	Annual Leave \$	Long Service Leave \$	Total \$
30 June 2023			
Balance at beginning of the year	125,190	170,847	296,037
Additional provisions	137,861	21,064	158,925
Amounts used	(111,111)	(36,931)	(148,042)
Balance at the end of financial year	151,939	154,981	306,920
Current	151,939	66,141	218,080
Non-current	-	88,840	88,840
Total	151,939	154,981	306,920

	Annual Leave \$	Long Service Leave \$	Total \$
30 June 2022			
Balance at beginning of the year	103,268	164,344	267,612
Additional provisions	101,110	23,175	124,285
Amounts used	(79,188)	(16,673)	(95,861)
Balance at the end of financial year	125,190	170,847	296,037
Current	125,190	88,964	214,154
Non-current	-	81,883	81,883
Total	125,190	170,847	296,037

(a) Employee benefits

The following assumptions have been adopted in measuring the present value of employee benefits:

	2023	2022
Weighted average increase in employee costs	4.00%	5.0%
Weighted average discount rates	3.52%	4.74%
On Costs (includes workers compensation, superannuation, etc)	17.27%	13.65%
Employee numbers	16	16

	2023	2022
13. Cash Flow Statement Reconciliation		
Surplus/(Deficit)	1,440,281	634,209
Other adjustments		
Depreciation	44,312	40,243
(Profit)/ loss on disposal of plant and equipment	(17,186)	672
Total Other adjustments	27,127	40,915
Changes in assets and liabilities		
Increase/(decrease) in trade and other receivables	70,796	(101,577)
Increase/(decrease) in provision for doubtful debts	5,381	100
Increase/(decrease) in trade and other payables	661,644	83,014
Increase/(decrease) in provisions	10,883	52,504
Increase/(decrease) in other liabilities	5,154,329	(362,947)
Total Changes in assets and liabilities	5,903,033	(328,906)
Total cash provided by/(used in) operating activities	7,370,441	346,218

14. Financial Risk Management Objectives and Policies

The Association's principal financial instruments comprise receivables, payables, cash and short and long term deposits, and financial assets.

The entity manages their exposure to key financial risks, including interest rate and credit risk, by adherence to management policy.

Credit risk

Credit risk arises from the financial assets of the Association, which comprise cash, cash assets, trade and other receivables and LGAT Assist loans. The exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the financial assets.

The Association does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Association.

LGAT Assists' credit policy of lending only to local government employees with the maximum loan value of \$10,075 and maximum term at current interest rates of 4 years reduces the risk profile of the lending provided. There is no security held against these loans.

The Association's exposure to interest rate risks is limited to the extent that interest revenue provides both operations with material revenue. The Association does not have any external lending.

Term deposits are managed to maximise the interest revenue to LGAT within the confines of the cashflows of the organisation.

Interest rates applied to LGAT Assist loans are made with reference to market rates.

As at 30 June 2023 it is estimated that a decrease of one percentage point in interest rates would decrease the Associations General's interest received by approximately \$31,722 (2021/22 \$129,430). An increase in an interest rate of one percent would have the same but opposite impact.

Liquidity risk

Liquidity risk arises from the financial liabilities of the Association's ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Association's liabilities are limited to normal trading and operational liabilities. The organisation is highly liquid and therefore has very limited liquidity risk exposure.

15. Superannuation

During the year the Association made the required superannuation contributions for all eligible employees to an appropriate complying superannuation fund as required by the Superannuation Guarantee (Administration) Act 1992.

16. Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affect the operations or the financial position of the organisation, the results of those operations, or the state of affairs of the organisation in future financial years.

17. Commitments & Contingencies

At 30 June 2023 the Association had no outstanding commitments or contingencies. (2022: Nil)

Funding commitments include those outlined in note 2 as grant contributions and those outlined as contract liabilities in note 11. Requirements are set out in each individual grant deed.

18. Fair Value Measurements

AASB13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to measure can be categorised into as follows:

Level 1	Measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Measurements based on unobservable inputs for the asset or liability.

The following table provides the fair value of the Association's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
30 June 2022	\$	\$	\$	\$
Financial assets				
Other financial assets	3,616,744	203,282	-	3,820,026
Total financial assets recognised as fair value	3,616,744	203,282	-	3,820,026
Non-financial assets				
Freehold land	-	910,000	-	910,000
Freehold buildings	-	540,000	-	540,000
Total non-financial assets recognised at fair value	-	1,450,000	-	1,450,000
30 June 2023				
Financial assets				
Other financial assets	3,907,391	177,393	-	4,084,784
Total financial assets recognised as fair value	3,907,391	177,393	-	4,084,784
Non-financial assets				
Freehold land	-	910,000	-	910,000
Freehold buildings	-	540,000	-	540,000
Total non-financial assets recognised at fair value	-	1,450,000	-	1,450,000

Amounts disclosed do not include any amortisation, depreciation or impairment and are measured at gross fair value.

19. Key Management Personnel Compensation

The totals of remuneration paid to four key management personnel (KMP) of the Association during the year are as follows:

Dion Lester - CEO - \$253,052

Ben Mossis - Policy Director - \$155,525

Christina Holmdahl - President - \$53,114

Michael Tucker - Vice President - \$13,277

	2023	2022
Benefits		
Short-term employment benefits	418,026	328,041
Post-employment benefits	45,936	41,832
Other long-term benefits	11,006	(1,751)
Total Benefits	474,968	368,122

20. Related Party Transactions

The Association's main related parties are as follows:

Key management personnel mentioned in note 19

General Committee Members as mentioned in General Committee Report

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Association, directly or indirectly, excluding any committee member (whether executive or otherwise) of that entity, is considered key management personnel.

Related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Transactions with related parties:

There were no transactions between related parties in the 2023 financial year.

21. Auditors Compensation

Remuneration of the auditor of the Association, Tasmanian Audit Office for:

	2023 \$	2022 \$
Auditing or reviewing the financial statements	19,000	17,250
Taxation services	N/A	N/A
Total	19,000	17,250

Taxation services relate to tax compliance work, including preparation of the tax return.

22. Financial Risk Management

Financial assets	2023 \$	2022 \$
<i>Held at amortised cost:</i>		
Cash & cash equivalents	7,427,600	451,699
Trade & other receivables	58,296	148,185
<i>Held at fair value through profit & loss:</i>		
Investment assets	3,907,391	3,616,744

23. Prior Period Errors

In preparation of the 2022-2023 financial statements it has been determined that the funding and grant agreements do not meet the requirements to allow the association to recognise unexpended grant funds be as a contract liability under AASB15 *Revenue from Contracts with Customers*.

Comparative numbers reported in the 2021-2022 Statement of Financial Position, Statement of Comprehensive Income and Statement of Changes in Equity have been restated to correct these errors and reflect the correct accounting treatment of revenue under AASB 15 in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Under AASB 15 the Association is required to immediately recognise revenue relating to grants and contributions where there are no specific performance obligations attached to the funding.

The impact of the prior errors is an increase in grants and contributions revenue for the comparative year ended 30 June 2022 by \$236,519 from \$220,032 to \$456,551.

The impact for on 2020-21 being \$349,680, with the latter being an adjustment to opening equity as at 1 July 2021.

The following table discloses the impact of the adjustment:

	As reported \$	Adjustment \$	Restated actuals \$
1 July 2021			
Statement of Financial Position			
Unexpended grant income	349,680	(349,680)	-
Total liabilities	819,626	(349,680)	469,946
Net assets	4,394,194	349,680	4,743,874
Equity (Accumulated funds)	4,394,194	349,680	4,743,874

Prior Period Errors (Continued)

	As reported \$	Adjustment \$	Restated actuals \$
30 June 2022			
Statement of Comprehensive Income			
Grants and Contributions revenue	220,032	236,519	456,551
Surplus/(Deficit)	54,174	236,519	290,693
Comprehensive result	397,690	236,519	634,209
Statement of Financial Position			
Unexpended grant income	586,199	(586,199)	-
Total liabilities	1,172,231	(586,199)	586,032
Net assets	4,791,884	586,199	5,378,083
Equity (Accumulated funds)	4,791,884	586,199	5,378,083

Audit Report

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA
For the year ended 30 June 2023