



FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2020





Local Government
Association of Tasmania

Financial Report for the
year ended 30 June 2020

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LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

General Management Committee Report

The General Management Committee submits the special purpose financial report of the Local Government Association of Tasmania (the Association) for the year ended 30 June 2020.

General Management Committee

The names of the committee members in office during 2019/20 financial year are:

President	Mayor Christina Holmdahl	(Elected July 2015) (Appointed President July 2019)
	Mayor Doug Chipman	(Elected July 2015) (Resigned July 2019)
Vice President	Mayor Ben Shaw	(Elected July 2019) (Appointed Vice-President July 2019)
	Mayor Daryl Quilliam	(Elected July 2012, Re-elected July 2019)
	Mayor Jan Bonde	(Member Resolution March 2018) (Resigned July 2019)
	Alderman Heather Chong	(Elected July 2016) (Resigned July 2019)
	Mayor Tony Bisdee	(Elected December 2016) (Unelected July 2019)
	Mayor Mick Tucker	(Elected January 2017, Re-elected July 2019)
	Lord Mayor Anna Reynolds	(Right of Position began October 2018)
	Mayor Annette Rockliff	(Elected July 2019)
	Councillor Geoff Lyons	(Elected July 2019)
	Alderman Brendan Blomeley	(Elected 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.

LGAT Assist is part of the Association but is managed by a Board appointed by the General Management Committee. This Board has engaged and funded the Association to provide administration services to LGAT Assist. LGAT Assist provides loans to employees of local government authorities at a competitive interest rate. The Income Statement and the Balance Sheet of LGAT Assist are shown separately within this Special Purpose Financial Report.

Operating Result

The net surplus from general operations amounted to \$45,405 (2018/19 \$131,816). The net deficit from LGAT Assist amounted to \$13,274 (2018/19 \$11,535).

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 Riverside this 13th day of August 2020 in accordance with a Resolution of the General Management Committee.



Mayor Christina Holmdahl
President

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA
STATEMENT BY THE GENERAL MANAGEMENT COMMITTEE

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

- 1 (a) the Association is not a reporting entity; and

(b) the financial statements and notes thereto, set out on pages 5 to 24, are drawn up, in accordance with the basis of accounting described in Note 1(a), so as to present fairly the financial position of the Association as at 30 June 2020 and its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.
- 2 At the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

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 Christina Holmdahl
President

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

Statement of Comprehensive Income for the Year Ended 30 June 2020

	Note	Assist 2020 \$	General 2020 \$	Assist 2019 \$	General 2019 \$
Income					
Grants and contributions	2	-	125,091	-	122,841
Subscriptions		-	1,245,794	-	1,245,937
Interest income		32,459	43,431	48,993	69,846
Other income	16	-	548,294	-	693,552
Total income		32,459	1,962,610	48,993	2,132,176
Expenses					
Employee benefits		-	(1,170,535)	-	(1,084,971)
Depreciation and amortisation		-	(41,549)	-	(42,997)
Grant and contribution expenses		-	(89,485)	-	(101,519)
Other expenses	16,17	(45,733)	(615,636)	(60,528)	(770,873)
Total expenses		(45,733)	(1,917,205)	(60,528)	(2,000,360)
Surplus/(Deficit)		(13,274)	45,405	(11,535)	131,816
Other comprehensive income					
Asset revaluation reserve		-	198,197	-	50,000
Comprehensive result		(13,274)	243,602	(11,535)	181,816

A detailed account of revenue and expenditure for the General Account and LGAT Assist are disclosed in notes 16 and 17 of the special purpose financial report.

The above statement should be read in conjunction with the accompanying notes.

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

Statement of Financial Position as at 30 June 2020

	Note	Assist 2020 \$	General 2020 \$	Assist 2019 \$	General 2019 \$
Assets					
Current assets					
Cash and cash equivalents	3	164,879	871,824	810,871	1,015,711
Trade and other receivables	4	-	164,802	-	55,348
Financial assets	5	885,864	1,485,000	231,430	1,540,000
Other assets	6	194	44,350	5,195	107,046
Total current assets		1,050,937	2,565,976	1,047,496	2,718,105
Non-current assets					
Financial assets	5	4,119	500,000	21,091	500,000
Property, plant and equipment	7	-	1,151,573	-	968,627
Intangible assets	8	-	4,030	-	7,132
Total non-current assets		4,119	1,655,603	21,091	1,475,759
Total assets		1,055,056	4,221,579	1,068,587	4,193,864
Liabilities					
Current liabilities					
Trade and other payables	9	7,615	208,616	7,872	348,521
Unexpended grant income	10	-	353,773	-	467,298
Provisions	11	-	235,863	-	193,786
Total current liabilities		7,615	798,252	7,872	1,009,605
Non-current liabilities					
Provisions	11	-	38,805	-	43,339
Total non-current liabilities		-	38,805	-	43,339
Total liabilities		7,615	837,057	7,872	1,052,944
Net Assets		1,047,441	3,384,522	1,060,715	3,140,920
Equity					
Accumulated surplus		1,047,441	3,136,325	1,060,715	3,090,920
Asset revaluation reserve		-	248,197	-	50,000
Total Equity		1,047,441	3,384,522	1,060,715	3,140,920

The above statement should be read in conjunction with the accompanying notes.

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

Statement of Changes in Equity for the Year Ended 30 June 2020

	Accumulated Surpluses	Asset Revaluation Reserve	Total
	\$	\$	\$
General			
At 30 June 2018	2,959,104	-	2,959,104
Surplus / (Deficit) for the year	131,816	-	131,816
Other comprehensive income	-	50,000	50,000
At 30 June 2019	3,090,920	50,000	3,140,920
Surplus / (Deficit) for the year	45,405	-	45,405
Other comprehensive income	-	198,197	198,197
At 30 June 2020	3,136,325	248,197	3,384,522
Assist			
At 30 June 2018	1,072,250	-	1,072,250
Surplus / (Deficit) for the year	(11,535)	-	(11,535)
Other comprehensive income	-	-	-
At 30 June 2019	1,060,715	-	1,060,715
Surplus / (Deficit) for the year	(13,274)	-	(13,274)
Other comprehensive income	-	-	-
At 30 June 2020	1,047,441	-	1,047,441

The above statement should be read in conjunction with the accompanying notes.

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

Statement of Cash Flows for the Year Ended 30 June 2020

	Note	2020		2019	
		Inflows/(Outflows) Assist \$	General \$	Inflows/(Outflows) Assist \$	General \$
Cash flows from operating activities					
General Receipts		-	1,733,010	-	2,071,322
Grants	2	-	10,811	-	38,637
Interest		37,460	48,781	48,707	100,114
Payments to suppliers and employees		(45,990)	(1,966,288)	(54,655)	(2,031,327)
Net cash provided by (used in) operating activities	12(a)	(8,530)	(173,686)	(5,948)	178,746
Cash flows from investing activities					
Purchase of plant and equipment and intangible assets	7,8	-	(25,483)	-	(65,796)
Proceeds from sale of plant and equipment		-	282	-	5,000
Loans advanced		(231,385)	-	(276,366)	-
Repayment of loans advanced		262,865	-	317,592	-
Payments for other financial assets		(668,942)	-	-	-
Proceeds from other financial assets		-	55,000	-	150,028
Net cash provided by (used in) investing activities		(637,462)	29,799	41,226	89,232
Net increase (decrease) in cash and cash equivalents		(645,992)	(143,887)	35,278	267,978
Cash and cash equivalents at the beginning of the financial year		810,871	1,015,711	775,593	747,733
Cash and cash equivalents at the end of the financial year	12(b)	164,879	871,824	810,871	1,015,711

The above statement should be read in conjunction with the accompanying notes.

**Notes to the Financial Report
for the Year Ended 30 June 2020**

Note 1 Significant accounting policies

The following is a summary of the material policies adopted by the Local Government Association of Tasmania (Association or LGAT) in the preparation of the Special Purpose Financial Report.

(a) Basis of accounting

In the opinion of the General Management Committee, the Association is a non-reporting entity and prepares a Special Purpose Financial Report to meet the information needs of members and the requirements of the *Local Government Act 1993*. This Special Purpose Financial Report has been prepared on an accruals basis and is based on historical costs and, except where stated, does not take into account changing money values, or fair values of non-current assets.

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

This Special Purpose Financial Report has been prepared in accordance with the requirements of the following Australian Accounting Standards:

AASB 15	Revenue from Contracts with Customers
AASB 9	Financial Instruments
AASB 101	Presentation of Financial Statements
AASB 107	Statement of Cash Flows
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110	Events after the Balance Sheet Date
AASB 116	Property Plant and Equipment
AASB 119	Employee Benefits
AASB 136	Impairment of Assets
	Provisions, Contingent Liabilities and
AASB 137	Contingent Assets
AASB 138	Intangibles
AASB 1004	Contributions
AASB 1058	Income of Not-for-Profit Entities

Where appropriate, these accounts have applied the not-for-profit exemptions of these standards. No other applicable Accounting Standards, Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

**Notes to the Financial Report
for the Year Ended 30 June 2020**

(b) Association and LGAT Assist Operations

The general operations of the Association and of LGAT Assist have been separated in the special purpose financial report to better reflect the trading and net assets of the two operations. It is the view of the Committee that the separate disclosure of the operations facilitates the readers understanding of the operations of the Association and enhances the true and fair nature of the accounts. The LGAT Assist operations are separately funded for a specific purpose and are not available for the general operations of the Association.

(c) Revenue recognition

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST). A provision for impairment is recognised when collection in full is no longer probable.

Non-reciprocal grant revenue is recognised in profit or loss when the Entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Entity and the amount of the grant can be measured reliably.

If the conditions are attached to the grant which must be satisfied before the entity is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the Entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor; otherwise the grant is recognised as income on receipt.

Subscriptions

Subscription revenue is recognised in the financial year to which it applies.

Interest

Interest revenue is recognised as it accrues using the effective interest method. The effective interest method allocates the interest income to be received over the period which it accrues.

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.

**Notes to the Financial Report
for the Year Ended 30 June 2020**

(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:

	2020	2019
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.

**Notes to the Financial Report
for the Year Ended 30 June 2020**

(h) Financial assets

Term Deposits

The investments of the Association and of LGAT Assist 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 \$7,525 and the maximum term 5 years. Interest rates can be varied from time to time by the LGAT Assist Board and as at 30 June 2020 are set at 8.5% (2019 8.5%) 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 (ASB 139). To reflect changes in credit risk, this expected credit loss model requires the Entity 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

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 lifetime expected credit loss if the 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 Entity reviewed and assessed the existing financial assets on 1 July 2019. 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 2018 and 1 July 2019. The assessment was done without undue cost or effort in accordance with AASB 9.

**Notes to the Financial Report
for the Year Ended 30 June 2020**

(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

Property, plant and equipment is measured at cost less depreciation and any impairment losses. Intangible assets consist of computer software and are recorded at cost less amortisation.

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.

(k) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Association and LGAT Assist 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.

Notes to the Financial Report
for the Year Ended 30 June 2020

Employee benefits (cont.)

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.

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

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.

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

Notes to the Financial Report For the Year Ended 30 June 2020

	Assist 2020 \$	General 2020 \$	Assist 2019 \$	General 2019 \$
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Note 2 Grants and contributions

Grants and contributions were received in respect of the following :

Summary of grants and contributions received and receivable

State funded grants	-	10,811	-	38,636
Total summary of grants and contributions received	-	10,811	-	38,636

Grants and contributions recognised as revenue

Coastal Adaption (a)	-	2,000	-	-
DPAC - STEWE (a)	-	1,000	-	4,000
DPAC Liveable Communities (a)	-	-	-	9,587
DHHS Health & Wellbeing (a)	-	83,964	-	60,354
LG Reform Fund (a)	-	15,000	-	45,500
SES - Disaster Resilience (a)	-	23,127	-	3,400
Total grants and contributions recognised as Revenue	-	125,091	-	122,841

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

Expenditure relating to grants and contributions recognised as revenue in prior financial years:

The Association did not incur any expenditure on grants and contributions which were recognised as revenue in prior financial years and were expended during the current year.

Note 3 Cash and cash equivalents

Current

Cash on hand	-	700	-	700
Cash at bank	91,836	233,133	83,946	331,914
Short term investments at call	73,043	637,991	72,565	683,097
Fixed term deposits	-	-	654,360	-
Total cash and cash equivalents	164,879	871,824	810,871	1,015,711

Note 4 Trade and other receivables

Current

Trade debtors	-	164,802	-	55,348
Total trade and other receivables	-	164,802	-	55,348

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

Notes to the Financial Report For the Year Ended 30 June 2020

	Assist 2020 \$	General 2020 \$	Assist 2019 \$	General 2019 \$
Note 5 Financial assets				
Current				
Fixed term investments	668,942	1,485,000	-	1,540,000
LGAT Assist loans	231,972	-	246,480	-
Provision for impairment	(15,050)	-	(15,050)	-
Total current financial assets	885,864	1,485,000	231,430	1,540,000
Non-current				
Fixed term investments	-	500,000	-	500,000
LGAT Assist loans	4,119	-	21,091	-
Total non-current financial assets	4,119	500,000	21,091	500,000
Note 6 Other assets				
Current				
Prepayments	-	40,428	-	94,791
Accrued interest	194	3,922	5,195	8,518
Other	-	-	-	3,737
Total other assets	194	44,350	5,195	107,046
Note 7 Property, plant and equipment				
Building at valuation	-	365,625	-	325,000
Accumulated depreciation	-	-	-	(24,376)
	-	365,625	-	300,624
Land at valuation	-	687,500	-	550,000
	-	687,500	-	550,000
Improvements at Cost	-	-	-	6,044
Accumulated Depreciation	-	-	-	(133)
	-	-	-	5,911
Motor vehicles at cost	-	111,138	-	111,138
Accumulated depreciation	-	(56,263)	-	(40,332)
	-	54,875	-	70,806
Office furniture and equipment at cost	-	162,301	-	168,215
Accumulated depreciation	-	(118,728)	-	(126,929)
	-	43,573	-	41,286
Total property, plant and equipment	-	1,151,573	-	968,627

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

Notes to the Financial Report For the Year Ended 30 June 2020

	Assist 2020 \$	General 2020 \$	Assist 2019 \$	General 2019 \$
Property, plant and equipment (cont'd)				
<i>Building</i>				
Carrying amount at beginning of financial year	-	300,624	-	308,750
Gain/(loss) on revaluation	-	60,697	-	-
Transfer from improvements	-	12,428	-	-
Depreciation expense	-	(8,124)	-	(8,126)
Carrying amount at end of the financial year	-	365,625	-	300,624
<i>Land</i>				
Carrying amount at beginning of financial year	-	550,000	-	500,000
Gain/(loss) on revaluation	-	137,500	-	50,000
Carrying amount at end of the financial year	-	687,500	-	550,000
<i>Improvements</i>				
Carrying amount at beginning of the financial year	-	5,911	-	1,763
Additions	-	6,803	-	4,194
Depreciation expense	-	(286)	-	(46)
Transfer to building	-	(12,428)	-	-
Carrying amount at end of the financial year	-	-	-	5,911
<i>Motor Vehicles</i>				
Carrying amount at beginning of the financial year	-	70,806	-	54,942
Acquisitions	-	-	-	40,756
Disposals	-	-	-	(5,490)
Depreciation expense	-	(15,931)	-	(19,402)
Carrying amount at end of the financial year	-	54,875	-	70,806
<i>Office Furniture and Equipment</i>				
Carrying amount at beginning of the financial year	-	41,286	-	37,300
Acquisitions	-	18,680	-	16,861
Disposals	-	(2,288)	-	-
Depreciation expense	-	(14,105)	-	(12,875)
Carrying amount at end of the financial year	-	43,573	-	41,286
Note 8 Intangible assets				
Computer software at cost	-	29,844	-	29,844
Accumulated amortisation	-	(25,814)	-	(22,712)
	-	4,030	-	7,132
Carrying amount at beginning of the financial year	-	7,132	-	5,696
Additions	-	-	-	3,985
Amortisation expense	-	(3,102)	-	(2,549)
Total intangibles	-	4,030	-	7,132

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

Notes to the Financial Report For the Year Ended 30 June 2020

	Assist 2020 \$	General 2020 \$	Assist 2019 \$	General 2019 \$
Note 9 Trade and other payables				
Trade payables	-	20,766	-	52,430
Net GST payable	-	37,909	-	36,473
Sundry creditors	7,615	1,634	7,872	1,557
Accrued employee expenses	-	37,127	-	26,959
Unearned revenue	-	111,180	-	231,102
Total trade and other payables	7,615	208,616	7,872	348,521
Note 10 Unexpended grant income				
Environmental Dispute Resolution	-	11,616	-	6,804
Coastal Adapation	-	11,947	-	13,947
SES - Disaster Resilliance	-	(1,527)	-	21,600
LG Reform Fund	-	158,274	-	173,274
DPAC - STEWE	-	5,000	-	-
Healthy Communities	-	-	-	16,279
DHHS Health & Wellbeing	-	154,827	-	221,758
RFDS - Obesity & Moving	-	13,636	-	13,636
Total unexpended grants	-	353,773	-	467,298
Note 11 Provisions				
Current				
Annual leave	-	124,085	-	112,907
Long service leave	-	111,778	-	80,879
Total current provisions	-	235,863	-	193,785
Non-current				
Long service leave	-	38,805	-	43,339
Total non-current provisions	-	38,805	-	43,339

Notes to the Financial Report For the Year Ended 30 June 2020

	Assist 2020 \$	General 2020 \$	Assist 2019 \$	General 2019 \$
Note 12 Cash flow statement reconciliation				
a) Reconciliation of cash flows from operating activities to surplus				
Surplus/(Deficit)	(13,274)	45,405	(11,535)	131,816
<i>Other Adjustments</i>				
Bad debts written off	-	-	4,330	-
Depreciation/amortisation	-	41,549	-	42,997
(Profit)/loss on disposal of plant and equipment	-	2,006	-	510
<i>Change in assets and liabilities:</i>				
Decrease/(increase) in trade and other receivables	5,001	(9,880)	(287)	(79,830)
Increase/(decrease) in provision for doubtful debts	(257)	-	1,544	-
Increase/(decrease) in trade and other payables	-	(56,938)	-	54,594
Increase/(decrease) in provisions	-	37,620	-	55,411
Increase/(decrease) in other liabilities	-	(233,448)	-	(26,752)
Net cash provided by/(used in) operating activities	(8,530)	(173,686)	(5,948)	178,746
b) Cash and cash equivalents				
Cash on hand and at bank	91,836	233,833	83,946	332,614
Short term investments at call	73,043	637,991	72,565	683,097
Fixed term deposits	-	-	654,360	-
Total cash and cash equivalents	164,879	871,824	810,871	1,015,711

Note 13 Financial risk management objectives and policies

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

Both entities manage 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 and LGAT Assist, 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 to the maximum value of \$7,525 over 5 years reduces the risk profile of the lending provided. There is no security held against these loans.

The Association's and LGAT Assist's exposure to interest rate risks is limited to the extent that interest revenue provides both operations with material revenue. LGAT 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 2020 it is estimated that a decrease of one percentage point in interest rates would decrease the LGAT Assist's interest received by approximately \$2,361 (2018/19 \$2,676). An increase in an interest rate of one percent would have the same but opposite impact.

Notes to the Financial Report For the Year Ended 30 June 2020

Financial risk management objectives and policies cont.

As at 30 June 2020 it is estimated that a decrease of one percentage point in interest rates would decrease the LGAT General's interest received by approximately \$19,884 (2018/19 \$20,299). 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 LGAT and LGAT's ability to meet their obligations to repay their financial liabilities as and when they fall due.

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

Note 14 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*.

Note 15 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.

Note 16 Detailed statement of general account - revenue and expenditure

	General 2020 \$	General 2019 \$
Revenue		
Government grants	124,337	120,142
Fees and commissions	222,503	146,661
Interest - general account	42,193	67,649
Interest - building proceeds	1,238	2,197
Interest - Government Grants	754	2,699
Surplus/(Deficit) on sale of plant and equipment	(2,006)	(510)
Sponsorship, Professional development	308,405	386,669
Subscriptions	1,245,794	1,245,937
Other subscriptions	-	55,000
Rentals	-	4,275
Community Satisfaction Survey	-	28,350
Waste Strategy	19,392	65,774
Other	-	7,333
	1,962,610	2,132,176
Expenditure		
Advertising	7,689	4,013
Accommodation expenses	1,640	2,487
Accounts administration	11,948	12,310
ALGA	111,146	123,443
Amortisation - computer software	3,102	2,549
Annual conference	142,930	147,471
Auditors' remuneration	12,184	14,820

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

Notes to the Financial Report For the Year Ended 30 June 2020

	General 2020 \$	General 2019 \$
Note 16 Detailed statement of general account - revenue and expenditure (cont'd)		
Catering	1,373	1,954
Cleaning	10,174	12,001
Consultancy fees	48,033	52,952
Council careers and skills shortage	7,193	33,816
Community Satisfaction Survey	-	28,350
Cost Recovery - grant administration	(50,944)	(47,345)
Depreciation - buildings	8,125	8,125
Depreciation - computers	12,649	11,145
Depreciation - motor vehicles	15,931	19,402
Depreciation - furniture and equipment	1,456	1,730
Division 43 Deduction	286	46
Fringe benefits tax	12,692	12,480
Land & buildings running costs	1,261	3,717
Insurance	48,571	40,230
Members emoluments	65,663	66,677
Motor Vehicle - running expenses	5,857	8,375
Motor Vehicle - repairs and maintenance	1,862	1,748
Network and internet	10,969	8,663
Other expenses	6,512	13,530
Postage	3,273	4,230
Power	7,749	8,818
Printing and publications	5,947	10,196
Professional Development Activities	41,266	77,338
Rates and taxes	13,443	12,933
Rentals	1,785	1,174
Salaries, wages and employee benefits (incl. Grant Staff)	1,040,816	971,406
Software	9,450	625
Sponsorship	3,550	-
Stationery	1,778	1,176
Subscriptions - general account	6,575	11,667
Superannuation contribution (incl. Grant Staff)	129,719	113,565
Telephone	7,048	16,698
Travelling Expenses	27,015	31,959
Waste strategy	30,004	52,367
Government grants expenditure (excluding wages and superannuation):		
HW	23,704	13,007
STEWE	1,000	-
DPAC - Good Governance	-	4,000
SES - Disaster Resilience	2,000	3,400
LG Reform	23,127	45,500
Liveable Communities	15,000	9,587
IT Strategies	24,654	26,025
Total expenses	1,917,205	2,000,360
Operating surplus/(deficit) - general account	45,405	131,816

Charges incurred for the administration of both the LGAT Assist account and grant projects have been recharged to LGAT Assist or the specific project. The recovery of these costs is then shown as Cost Recovery so that the expenses on the General Account are more accurately reported.

Notes to the Financial Report For the Year Ended 30 June 2020

	Assist 2020	Assist 2019
Note 17 Detailed statement of LGAT Assist account - revenue and expenditure		
Revenue		
Interest on Loans	22,162	26,780
Other Interest Revenue	10,267	17,668
Miscellaneous Income	30	-
Sponsorship	-	4,545
	32,459	48,993
Expenditure		
LGAT Assist Accounts Administration	39,171	38,563
Auditors Remuneration	4,601	4,940
Bad Debts Written Off/(Recovered)	(648)	3,449
Donations and Research Projects	2,500	10,000
Grants to Members – Welfare	-	3,500
Other Expenses – Welfare	109	76
Total Expenses	45,733	60,528
Operating surplus/(deficit) – LGAT Assist	(13,274)	(11,535)

Note 18 Commitments

At 30 June 2020 the Association had no outstanding commitments.

Note 19 Fair Value Measurements

The Association measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Financial assets at fair value through profit or loss;
- Freehold land and buildings.

Fair value hierarchy

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:

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

Notes to the Financial Report For the Year Ended 30 June 2020

Fair Value Measurements (cont'd)	Level 1	Level 2	Level 3	Total
Financial assets:	30/06/2020			
Other financial assets	2,653,942	236,091	-	2,890,033
Total financial assets recognised as fair value	2,653,942	236,091	-	2,890,033
Non-financial assets:				
Freehold land	-	687,500	-	687,500
Freehold buidings	-	365,625	-	365,625
Total non-financial assets recognised at fair value	-	1,053,125	-	1,053,125
Financial assets:	30/06/2019			
Other financial assets	2,040,000	267,571	-	2,307,571
Total financial assets recognised as fair value	2,040,000	267,571	-	2,307,571
Non-financial assets:				
Freehold land	-	550,000	-	550,000
Freehold buidings	-	325,000	-	325,000
Total non-financial assets recognised at fair value	-	875,000	-	875,000

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

Note 20 Related Party Transactions

Key management personnel compensation

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

	2020	2019
Short-term employment benefits	334,596	331,444
Post-employment benefits	40,479	38,489
Other long-term benefits	5,106	16,653
	380,181	386,586

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.

Committee members compensation

The totals of remuneration paid to committee members of the Association during the year are as follows:

	2020	2019
Short-term employment benefits	65,663	61,592
	65,663	61,592

Any committee member (whether executive or otherwise) of that entity, is considered a committee member.



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Move Forward



Tasmanian Audit Office

Local Government Association of Tasmania

Report to Those Charged With Governance
For the year ended 30 June 2020

21 September 2020

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Key contacts

Name and position	Role	Mobile	Email
Ric De Santi Deputy Auditor-General	Signing Officer	0419 550 171	Ric.Desanti@audit.tas.gov.au
Jan Lynch Senior Manager Financial Audit	Engagement Leader	0478 326 178	Jan.Lynch@audit.tas.gov.au
Kirby Taylor Senior Manager Financial Audit	Team Leader	0439 355 554	Kirby.Taylor@audit.tas.gov.au

Executive summary

Introduction

This report communicates matters arising from our audit of the financial report of the Local Government Association of Tasmania (LGAT) for the year ended 30 June 2020, which we consider appropriate for the attention of those charged with governance. These matters have been discussed with management. This report also covers matters highlighted in our Financial Audit Strategy (Strategy) issued to LGAT on 28 August 2020

Scope of the audit

Our audit was performed pursuant to the *Audit Act 2008*. We have performed our audit in accordance with Australian Auditing Standards in order to provide reasonable assurance that the financial report is free of material misstatement.

Status of the audit

Our audit of the financial report is complete.

Unadjusted differences/disclosure deficiencies

We have not identified any uncorrected misstatements including disclosure deficiencies that, in our judgement, either individually or in aggregate, could have a material effect on the financial report for the year ended 30 June 2020.

Audit findings

In undertaking our audit we did not identify any findings.

Auditor's report

We expect to issue an auditor's report with an unmodified opinion.

Independence

All staff on the audit engagement team have confirmed that they have been independent of LGAT. In conducting this audit, we have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements, including the Accounting Professional and Ethical Standards Board Statement APES 110 *Code of Ethics for Professional Accountants*.

Disclaimer

This report is intended solely for the information and use of those charged with governance, management, and others within LGAT for the purposes stated herein, and is not intended to be and should not be used or relied upon by any other person or by any person for any other purpose.

Appreciation

We would like to take this opportunity to extend our appreciation to management and staff for their assistance and cooperation during the course of our audit.

Audit Approach

The following sections summarise factors that influenced our audit approach.

Understanding LGAT

Financial performance

The underlying result for the LGAT for the year ended 30 June 2020 was a surplus of \$45,405 (\$13,274 deficit for LGAT Assist), compared to a surplus of \$131,816 in 2018-19 (\$11,535 deficit for LGAT Assist). The reduction in LGAT General's surplus was mainly due to the cancellation of training and professional development events due to Covid-19, and the absence of advertising revenue during the year.

Areas of key audit focus

Significant risks

Significant risks represent the risks of a material misstatement in the financial statements that, in our judgement, require special audit consideration.

Revenue recognition
Explanation for significant risk rating
<p>The Association recognises significant revenue from subscriptions and other revenue (including grants and sponsorship).</p> <p>Subscriptions and other revenues comprise revenue streams from a defined customer base across Tasmania. The impacts of COVID-19 in relation to revenue recognition and any associated refunds of subscriptions or sponsorships have caused us to deem revenue as a significant risk due to existence and completeness.</p>
Risk of material misstatement
<p>We have assessed the risks as:</p> <ul style="list-style-type: none">• existence of revenue recorded• completeness of revenue occurrence and the completeness of any revenue refund obligations that may be required
Audit approach and outcome
<p>As part of the 2019-20 audit we:</p> <ul style="list-style-type: none">• examined and documented the processes involved in rendering and recording sales• reconciled the revenue receipts per the financial statements to the cash receipts per the bank statement

- analytical comparisons of actual revenue to prior year and budget
- assessing the adequacy of relevant disclosures in the financial report.

Overall, we consider the processes appropriate and the balances and disclosures acceptable.

Management override of controls

Explanation for significant risk rating

Management's ability to override controls that otherwise appear to be operating effectively may result in fraud, incorrect accounting records and material misstatements in the financial report.

Risk of material misstatement

Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk.

Audit approach and outcome

To address the risk of management override of controls we:

- performed computer assisted audit procedures over all journals process during the year ended 30 June 2019
- evaluated management's accounting estimates as outlined in the commentary above
- examined transactions outside the normal course of business, or that otherwise appeared to be unusual given our understanding of TMAG.

No issues were identified as the result of our work.

Impacts of COVID-19

On 31 January 2020, the World Health Organisation (WHO) declared COVID-19 a global pandemic. The effects of the coronavirus are widespread and relate to entities in every sector. The impact of COVID-19 influenced the way we completed our audit, in addition to the impacts upon LGAT.

As part of our audit for 2019-20, we implemented processes to carry out certain audit procedures remotely and established file sharing arrangements, such as using file sharing mechanisms to complete our procedures as efficiently as possible. In some instances, we also needed to undertake additional procedures or processes as a result of the impact of COVID-19.

Audit Findings

Australian Auditing Standards require us to obtain an understanding of LGAT and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial report.

Our audit was not designed to provide assurance as to the overall effectiveness of internal control within LGAT.

Key audit findings

In performing our audit we did not identify any audit findings.

Regulatory non-compliance

In performing our audit we have not become aware of any instances of non-compliance with applicable laws and regulations that would have an impact on the determination of material amounts and disclosures in the financial report.

Reporting and communication

Deliverable	Responsibility	Agreed date	Milestone Met
Issuance of strategy the General Management Committee	Tasmanian Audit Office	September 2020	✓
Receipt of certified financial statements	LGAT's Management	14 August 2020	✓
Audit commences	Tasmanian Audit Office	31 August 2020	✓
Completion report issued	Tasmanian Audit Office	Mid-September 2020	✓
Auditor's Report and Management Report issued	Tasmanian Audit Office	Late-September 2020	On-track
Draft commentary for inclusion in A-G's Report to Parliament	Tasmanian Audit Office	December 2020	On-track

The Tasmanian Audit Office is an independent agency charged with upholding public integrity in Tasmania.

The Office assists the Auditor-General to provide an independent view of the financial and operational performance of State entities. The *Audit Act 2008* (Audit Act) sets out the Auditor-General's functions, mandate and powers.

The Auditor-General

Under the *Audit Act*, the Auditor-General must undertake audits of financial statements of Tasmanian State entities and issue audit reports outlining their compliance with relevant legislation and accounting standards. The Auditor-General must also prepare an audit report on the Public Account Statements and any other statements required to be prepared by the Treasurer in accordance with any written law. All of these audits must be completed within specified time frames.

Audits

Audits must be completed in accordance with the requirements of Australian Auditing and Assurance Standards with audit reports, both the audit opinion and any management letters, issued to the State entity's responsible Minister and to the relevant accountable authority. Whilst not a legislative requirement, when conducting audits of State entity financial statements, regard is had to whether there has been any waste of public resources or any lack of probity or prudence in the management of or application of public resources. In addition, the Auditor-General has the authority to undertake:

- Performance audits examining the efficiency, effectiveness and economy of a State entity, a number of State entities, or a part of a State entity or a subsidiary of a State entity
- Examination or investigation into any matter relating to the accounts of the Treasurer, a State entity or a subsidiary of a State entity
- Examination or investigation into any matter relating to public money, other money or to public property or other property
- Compliance audits examining the compliance by a State entity or a subsidiary of a State entity with written laws or its own internal policies.

The results of all audits conducted by the Auditor-General are reported to Parliament for its consideration.

Audit Act 2008

The *Audit Act 2008* can be downloaded from www.thelaw.tas.gov.au