



Local Government
Association of Tasmania

Financial Report for the
year ended 30 June 2021

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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 2021.

General Management Committee

The names of the committee members in office during 2020/21 financial year are:

President	Mayor Christina Holmdahl	(Elected July 2015) (Appointed President 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 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 deficit from general operations amounted to \$71,506 (2019/20 \$45,405 net surplus). The net deficit from LGAT Assist amounted to \$28,762 (2019/20 \$13,274).

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 21st day of September 2021 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 2021 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 2021

		Assist	General	Assist	General
	Note	2021	2021	2020	2020
		\$	\$	\$	\$
Income					
Grants and contributions	2	-	228,426	-	125,091
Subscriptions		-	1,245,937	-	1,245,794
Interest income		23,202	16,764	32,459	43,431
Other income		-	339,676	-	548,294
Total income	16,17	23,202	1,830,803	32,459	1,962,610
Expenses					
Employee benefits		-	(1,220,676)	-	(1,170,535)
Depreciation and amortisation		-	(46,937)	-	(41,549)
Grant and contribution expenses		-	(170,905)	-	(89,485)
Other expenses		(51,964)	(463,791)	(45,733)	(615,636)
Total expenses	16,17	(51,964)	(1,902,309)	(45,733)	(1,917,205)
Surplus/(Deficit)		(28,762)	(71,506)	(13,274)	45,405
Other comprehensive income					
Asset revaluation reserve		-	62,500	-	198,197
Comprehensive result		(28,762)	(9,006)	(13,274)	243,602

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 2021

	Note	Assist 2021 \$	General 2021 \$	Assist 2020 \$	General 2020 \$
Assets					
Current assets					
Cash and cash equivalents	3	163,934	608,625	164,879	871,824
Trade and other receivables	4	-	47,417	-	164,802
Financial assets	5	861,536	2,285,000	885,864	1,485,000
Other assets	6	486	41,386	194	44,350
Total current assets		1,025,956	2,982,428	1,050,937	2,565,976
Non-current assets					
Financial assets	5	-	-	4,119	500,000
Property, plant and equipment	7	-	1,203,116	-	1,151,573
Intangible assets	8	-	2,320	-	4,030
Total non-current assets		-	1,205,436	4,119	1,655,603
Total assets		1,025,956	4,187,864	1,055,056	4,221,579
Liabilities					
Current liabilities					
Trade and other payables	9	7,277	195,057	7,615	208,616
Unexpended grant income	10	-	349,680	-	353,773
Provisions	11	-	183,531	-	235,863
Total current liabilities		7,277	728,268	7,615	798,252
Non-current liabilities					
Provisions	11	-	84,080	-	38,805
Total non-current liabilities		-	84,080	-	38,805
Total liabilities		7,277	812,348	7,615	837,057
Net Assets		1,018,679	3,375,516	1,047,441	3,384,522
Equity					
Accumulated surplus		1,018,679	3,064,819	1,047,441	3,136,325
Asset revaluation reserve		-	310,697	-	248,197
Total Equity		1,018,679	3,375,516	1,047,441	3,384,522

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 2021

	Accumulated Surpluses	Asset Revaluation Reserve	Total
	\$	\$	\$
General			
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
Surplus / (Deficit) for the year	(71,506)	-	(71,506)
Other comprehensive income	-	62,500	62,500
At 30 June 2021	3,064,819	310,697	3,375,516
Assist			
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
Surplus / (Deficit) for the year	(28,762)	-	(28,762)
Other comprehensive income	-	-	-
At 30 June 2021	1,018,679	-	1,018,679

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 2021

	Note	2021		2020	
		Inflows/(Outflows) Assist \$	General \$	Inflows/(Outflows) Assist \$	General \$
Cash flows from operating activities					
General Receipts		-	1,859,877	-	1,733,010
Grants	2	-	224,240	-	10,811
Interest		22,910	16,317	37,460	48,781
Payments to suppliers and employees		(52,302)	(2,027,965)	(45,990)	(1,966,288)
Net cash provided by (used in) operating activities	12	(29,392)	72,469	(8,530)	(173,686)
Cash flows from investing activities					
Purchase of plant and equipment and intangible assets	7	-	(51,559)	-	(25,483)
Proceeds from sale of plant and equipment		-	15,891	-	282
Loans advanced		(224,237)	-	(231,385)	-
Repayment of loans advanced		255,510	-	262,865	-
Payments for other financial assets		(2,826)	(300,000)	(668,942)	-
Proceeds from other financial assets		-	-	-	55,000
Net cash provided by (used in) investing activities		28,447	(335,668)	(637,462)	29,799
Net increase (decrease) in cash and cash equivalents		(945)	(263,199)	(645,992)	(143,887)
Cash and cash equivalents at the beginning of the financial year		164,879	871,824	810,871	1,015,711
Cash and cash equivalents at the end of the financial year	3	163,934	608,625	164,879	871,824

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

**Notes to the Financial Report
for the Year Ended 30 June 2021**

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
AASB 137	Provisions, Contingent Liabilities and 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 2021

(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.

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 2021**

(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:

	2021	2020
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 2021**

(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 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 2021 are set at 8.5% (2020 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 2021. 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 2020 and 1 July 2021. 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.

**Notes to the Financial Report
for the Year Ended 30 June 2021**

(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, Land was indexed to ensure its carrying value was appropriate. This index was provided by the Valuer-General, effective as at 30 June 2021.

(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.

Sick Leave

**Notes to the Financial Report
for the Year Ended 30 June 2021**

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.

Notes to the Financial Report
for the Year Ended 30 June 2021

Employee benefits (cont.)

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 2021

	Assist 2021 \$	General 2021 \$	Assist 2020 \$	General 2020 \$
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	-	224,240	-	10,811
Total summary of grants and contributions received	-	224,240	-	10,811
Grants and contributions recognised as revenue				
Coastal Adaption (a)	-	-	-	2,000
DPAC - STEWE (a)	-	5,000	-	1,000
DHHS Health & Wellbeing 2 (a)	-	5,417	-	-
DHHS Health & Wellbeing (a)	-	135,875	-	83,964
LG Reform Fund (a)	-	5,105	-	15,000
Royal Flying Doctors Service (a)	-	4,317	-	-
SES - Disaster Resilliance (a)	-	5,460	-	23,127
Southern Tasmania Waste Mangement Group (a)	-	67,252	-	-
Total grants and contributions recognised as Revenue	-	228,426	-	125,091
(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	90,840	169,318	91,836	233,133
Short term investments at call	73,094	438,607	73,043	637,991
Total cash and cash equivalents	163,934	608,625	164,879	871,824
Note 4 Trade and other receivables				
Trade debtors	-	47,417	-	164,802
Total trade and other receivables	-	47,417	-	164,802

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

Notes to the Financial Report For the Year Ended 30 June 2021

	Assist 2021 \$	General 2021 \$	Assist 2020 \$	General 2020 \$
Note 5 Financial assets				
Current				
Fixed term investments	671,768	2,285,000	668,942	1,485,000
LGAT Assist loans	204,818	-	231,972	-
Provision for impairment	(15,050)	-	(15,050)	-
Total current financial assets	861,536	2,285,000	885,864	1,485,000
Non-current				
Fixed term investments	-	-	-	500,000
LGAT Assist loans	-	-	4,119	-
Total non-current financial assets	-	-	4,119	500,000
Note 6 Other assets				
Current				
Prepayments	-	35,895	-	40,428
Accrued interest	486	4,462	194	3,922
Other	-	1,029	-	-
Total other assets	486	41,386	194	44,350
Note 7 Property, plant and equipment				
Building at valuation	-	365,625	-	365,625
Accumulated depreciation	-	(9,141)	-	-
	-	356,484	-	365,625
Land at valuation	-	750,000	-	687,500
	-	750,000	-	687,500
Motor vehicles at cost	-	114,417	-	111,138
Accumulated depreciation	-	(57,530)	-	(56,263)
	-	56,887	-	54,875
Office furniture and equipment at cost	-	173,517	-	162,301
Accumulated depreciation	-	(133,772)	-	(118,728)
	-	39,745	-	43,573
Total property, plant and equipment	-	1,203,116	-	1,151,573

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

Notes to the Financial Report For the Year Ended 30 June 2021

	Assist 2021 \$	General 2021 \$	Assist 2020 \$	General 2020 \$
Property, plant and equipment (cont'd)				
<i>Building</i>				
Carrying amount at beginning of financial year	-	365,625	-	300,624
Gain/(loss) on revaluation	-	-	-	60,697
Transfer from improvements	-	-	-	12,428
Depreciation expense	-	(9,141)	-	(8,124)
Carrying amount at end of the financial year	-	356,484	-	365,625
<i>Land</i>				
Carrying amount at beginning of financial year	-	687,500	-	550,000
Gain/(loss) on revaluation	-	62,500	-	137,500
Carrying amount at end of the financial year	-	750,000	-	687,500
<i>Improvements</i>				
Carrying amount at beginning of the financial year	-	-	-	5,911
Additions	-	-	-	6,803
Depreciation expense	-	-	-	(286)
Transfer to building	-	-	-	(12,428)
Carrying amount at end of the financial year	-	-	-	-
<i>Motor Vehicles</i>				
Carrying amount at beginning of the financial year	-	54,875	-	70,806
Acquisitions	-	34,886	-	-
Disposals	-	(17,095)	-	-
Depreciation expense	-	(15,779)	-	(15,931)
Carrying amount at end of the financial year	-	56,887	-	54,875
<i>Office Furniture and Equipment</i>				
Carrying amount at beginning of the financial year	-	43,573	-	41,286
Acquisitions	-	16,673	-	18,680
Disposals	-	(194)	-	(2,288)
Depreciation expense	-	(20,307)	-	(14,105)
Carrying amount at end of the financial year	-	39,745	-	43,573
<i>Total Property Plant and Equipment</i>				
Carrying amount at beginning of the financial year	-	1,151,573	-	968,627
Gain/(loss) on revaluation	-	62,500	-	198,197
Acquisitions	-	51,559	-	25,483
Disposals	-	(17,289)	-	9,854
Depreciation expense	-	(45,227)	-	(50,588)
Carrying amount at end of the financial year	-	1,203,116	-	1,151,573

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

Notes to the Financial Report For the Year Ended 30 June 2021

	Assist 2021 \$	General 2021 \$	Assist 2020 \$	General 2020 \$
Note 8 Intangible assets				
Computer software at cost	-	29,844	-	29,844
Accumulated amortisation	-	(27,524)	-	(25,814)
	-	2,320	-	4,030
Carrying amount at beginning of the financial year	-	4,030	-	7,132
Amortisation expense	-	(1,710)	-	(3,102)
Total intangibles	-	2,320	-	4,030
Note 9 Trade and other payables				
Trade payables	-	16,355	-	20,766
Net GST payable	-	33,306	-	37,909
Sundry creditors	7,277	2,065	7,615	1,634
Accrued expenses	-	40,155	-	37,127
Mobile Phone Purchase Plans	-	1,191	-	-
Unearned revenue	-	101,985	-	111,180
Total trade and other payables	7,277	195,057	7,615	208,616
Note 10 Unexpended grant income				
Environmental Dispute Resolution	-	11,616	-	11,616
Coastal Adapation	-	11,947	-	11,947
SES - Disaster Resilliance	-	-	-	(1,527)
LG Reform Fund	-	153,169	-	158,274
DPAC - STEWE	-	-	-	5,000
DHHS Health & Wellbeing	-	18,985	-	154,827
DHHS Health & Wellbeing Round 2	-	144,644	-	-
RFDS - Obesity & Moving	-	9,319	-	13,636
Total unexpended grants	-	349,680	-	353,773
Note 11 Provisions				
Current				
Annual leave	-	103,267	-	124,085
Long service leave	-	80,264	-	111,778
Total current provisions	-	183,531	-	235,863
Non-current				
Long service leave	-	84,080	-	38,805
Total non-current provisions	-	84,080	-	38,805

Notes to the Financial Report For the Year Ended 30 June 2021

	Assist 2021 \$	General 2021 \$	Assist 2020 \$	General 2020 \$
Note 12 Cash flow statement reconciliation				
Reconciliation of cash flows from operating activities to surplus				
Surplus/(Deficit)	(28,762)	(71,506)	(13,274)	45,405
<i>Other Adjustments</i>				
Depreciation/amortisation	-	46,937	-	41,549
(Profit)/loss on disposal of plant and equipment	-	1,399	-	2,006
<i>Change in assets and liabilities:</i>				
Decrease/(increase) in trade and other receivables	(292)	120,349	5,001	(9,880)
Increase/(decrease) in provision for doubtful debts	(338)	-	(257)	-
Increase/(decrease) in trade and other payables	-	(5,986)	-	(56,938)
Increase/(decrease) in provisions	-	(5,435)	-	37,620
Increase/(decrease) in other liabilities	-	(13,289)	-	(233,448)
Net cash provided by/(used in) operating activities	(29,392)	72,469	(8,530)	(173,686)

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 with the maximum loan value of \$7,525 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 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 2021 it is estimated that a decrease of one percentage point in interest rates would decrease the LGAT Assist's interest received by approximately \$2,048 (2019/20 \$2,361). 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 2021

Financial risk management objectives and policies cont.

As at 30 June 2021 it is estimated that a decrease of one percentage point in interest rates would decrease the LGAT General's interest received by approximately \$5,682 (2019/20 \$19,884) to a result of no interest income. Due to current average interest rates below one percent, a decrease would eliminate any interest income. No consideration has been made for negative interest rates. An increase in an interest rate of one percent would increase the LGAT General's interest received by \$17,850 (2019/20 \$19,884).

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.

	General 2021 \$	General 2020 \$
Note 16 Detailed statement of general account - revenue and expenditure		
Revenue		
Government grants	228,333	124,337
Fees and commissions	186,143	222,503
Interest - general account	16,359	42,193
Interest - building proceeds	405	1,238
Interest - Government Grants	93	754
Surplus/(Deficit) on sale of plant and equipment	(1,399)	(2,006)
Sponsorship, Professional development	78,132	308,405
Subscriptions	1,245,937	1,245,794
Secretarial Support	75,000	-
Media Monitoring	1,800	-
Waste Strategy	-	19,392
	1,830,803	1,962,610
Expenditure		
Advertising	2,842	7,689
Accommodation expenses	2,941	1,640
Accounts administration	14,746	11,948
ALGA	117,126	111,146
Amortisation - computer software	1,710	3,102
Annual conference	20,732	142,930
Auditors' remuneration	12,555	12,184
Catering	1,672	1,373
Cleaning	14,012	10,174
Consultancy fees	16,805	48,033

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

Notes to the Financial Report For the Year Ended 30 June 2021

	General 2021 \$	General 2020 \$
Note 16 Detailed statement of general account - revenue and expenditure (cont'd)		
Council careers and skills shortage	18,105	7,193
Cost Recovery - grant administration	(47,703)	(50,944)
Depreciation - buildings	9,141	8,125
Depreciation - computers	18,906	12,649
Depreciation - motor vehicles	15,779	15,931
Depreciation - furniture and equipment	1,401	1,456
Division 43 Deduction	-	286
Fringe benefits tax	11,574	12,692
Land & buildings running costs	4,876	1,261
Insurance	58,953	48,571
Media Monitoring	6,800	-
Members emoluments	67,664	65,663
Motor Vehicle - running expenses	7,465	5,857
Motor Vehicle - repairs and maintenance	3,158	1,862
Network and internet	11,089	10,969
Other expenses	9,452	6,512
Payroll Tax	2,241	-
Postage	2,672	3,273
Power	7,088	7,749
Printing and publications	5,662	5,947
Procurement Expenses	10,031	-
Professional Development Activities	24,317	41,266
Rates and taxes	15,476	13,443
Rentals	1,330	1,785
Salaries, wages and employee benefits (incl. Grant Staff)	1,086,742	1,040,816
Software	12,463	9,450
Sponsorship	950	3,550
Stationery	1,177	1,778
Subscriptions - general account	5,491	6,575
Superannuation contribution (incl. Grant Staff)	133,934	129,719
Telephone	7,565	7,048
Travelling Expenses	12,464	27,015
Waste strategy	-	30,004
Government grants expenditure (excluding wages and superannuation):		
DHHS Health & Wellbeing 2	5,416	-
DHHS Health & Wellbeing	67,379	23,704
DPAC - STEWE	5,000	1,000
Royal Flying Doctors Service	4,317	-
SES - Disaster Resilience	5,460	2,000
LG Reform Fund	5,105	23,127
Liveable Communities	-	15,000
Southern Tasmania Waste Management	67,252	-
IT Strategies	10,976	24,654
Total expenses	1,902,309	1,917,205
Operating surplus/(deficit) - general account	(71,506)	45,405

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.

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

Notes to the Financial Report For the Year Ended 30 June 2021

	Assist 2021	Assist 2020
Note 17 Detailed statement of LGAT Assist account - revenue and expenditure		
Revenue		
Interest on Loans	20,033	22,162
Other Interest Revenue	3,169	10,267
Miscellaneous Income	-	30
	23,202	32,459
Expenditure		
LGAT Assist Accounts Administration	44,079	39,171
Auditors Remuneration	3,645	4,601
Bad Debts Written Off/(Recovered)	(486)	(648)
Donations and Research Projects	-	2,500
Grants to Members – Welfare	3,500	-
Other Expenses – Welfare	1,226	109
Total Expenses	51,964	45,733
Operating surplus/(deficit) – LGAT Assist	(28,762)	(13,274)

Note 18 Commitments

At 30 June 2021 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 2021

Fair Value Measurements (cont'd)	Level 1	Level 2	Level 3	Total
Financial assets:	30/06/2021			
Other financial assets	2,956,768	204,818	-	3,161,586
Total financial assets recognised as fair value	2,956,768	204,818	-	3,161,586
Non-financial assets:				
Freehold land	-	750,000	-	750,000
Freehold buidings	-	365,625	-	365,625
Total non-financial assets recognised at fair value	-	1,115,625	-	1,115,625
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

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:

	2021	2020
Short-term employment benefits	372,983	334,596
Post-employment benefits	38,464	40,479
Other long-term benefits	(19,091)	5,106
	392,356	380,181

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:

	2021	2020
Short-term employment benefits	67,664	65,663
	67,664	65,663

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



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Move Forward

Independent Auditor's Report

To the Members of the Local Government Association of Tasmania

Report on the Audit of the Special Purpose Financial Report

Opinion

I have audited the accompanying financial report, being a special purpose financial report of the Local Government Association of Tasmania (LGAT), which comprises the statement of financial position as at 30 June 2021, the statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies and other explanatory information and the statement of certification by members of the General Management Committee (the Committee).

In my opinion, the financial report presents fairly, in all material respects, the financial position of LGAT as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of the *Local Government Act 1993*.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of my report. I am independent of LGAT in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter - Basis of Accounting

I draw attention to Note 1(a) to the financial report, which describes the basis of accounting. The financial report has been prepared to assist LGAT to meet the financial reporting requirements of the *Local Government Act 1993*. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of the Committee for the Financial Report

The Committee is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the *Local Government Act 1993* and for such internal control as determined necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee is responsible for assessing LGAT's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless they either intend to liquidate LGAT, to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

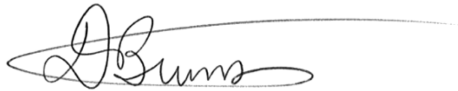
As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LGAT's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee.
- Conclude on the appropriateness of the Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on

LGAT's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause LGAT to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

A handwritten signature in black ink, appearing to read 'D Burns', with a long horizontal flourish extending to the right.

Derek Burns
Senior Audit Manager – Financial Audit Services
Delegate of the Auditor-General
Tasmanian Audit Office

22 September 2021
Hobart