



Local Government Association Tasmania

Financial Statements for year ended 30 June 2017





Local Government
Association of Tasmania

Financial Report for the
year ended 30 June 2017

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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 Association (the Association) for the year ended 30 June 2017.

General Management Committee

The names of the committee members in office during 2016/17 financial year are:

President	Mayor Doug Chipman	(Elected July 2015)
Vice President	Mayor Daryl Quilliam	(Elected July 2012)
	Mayor Deirdre Flint	(Resigned August 2016)
	Mayor Jan Bonde	(Elected July 2015)
	Mayor Christina Holmdahl	(Elected July 2015)
	Mayor Craig Perkins	(Elected January 2015)
	Lord Mayor Sue Hickey	(HCC rejoined the Association January 2015)
	Alderman Heather Chong	(Elected July 2016)
	Mayor Tony Bisdee	(Elected December 2016)

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 \$224,924 (2015/16 deficit of \$200,235). The net deficit from LGAT Assist amounted to \$29,000 (2015/16 deficit of \$33,010).

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 19th day of September in accordance with a Resolution of the General Management Committee.

A handwritten signature in cursive script that reads "Doug Chipman".

Mayor Doug Chipman
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 2017 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 Doug Chipman
President

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

Statement of Comprehensive Income
for the Year Ended 30 June 2017

	Note	Assist 2017 \$	General 2017 \$	Assist 2016 \$	General 2016 \$
Income					
Grants and contributions	2	-	250,000	-	-
Subscriptions		-	1,179,099	-	1,049,084
Interest income		47,183	65,420	49,122	72,776
Other income		-	553,427	-	621,095
Total income		47,183	2,047,946	49,122	1,742,955
Expenses					
Employee benefits		-	(986,089)	-	(882,131)
Depreciation and amortisation		-	(33,431)	-	(42,893)
Grant and contribution expenses		-	(84,932)	-	(83,473)
Revaluation of property		-	-	-	(62,242)
Other expenses	15,16	(76,183)	(718,570)	(82,132)	(864,814)
Total expenses		(76,183)	(1,823,022)	(82,132)	(1,935,553)
Surplus/(Deficit)		(29,000)	224,924	(33,010)	(192,598)
Other comprehensive income					
Asset revaluation reserve		-	-	-	(7,637)
Comprehensive result		(29,000)	224,924	(33,010)	(200,235)

A detailed account of revenue and expenditure for the General Account and LGAT Assist are disclosed in notes 15 and 16 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 2017

	Note	Assist 2017 \$	General 2017 \$	Assist 2016 \$	General 2016 \$
Assets					
Current assets					
Cash and cash equivalents	3	781,775	1,055,342	794,392	653,178
Trade and other receivables	4	-	55,198	-	83,179
Financial assets	5	199,957	1,340,000	210,473	1,925,000
Other assets	6	2,203	73,356	5,234	79,009
Total current assets		983,935	2,523,896	1,010,099	2,740,366
Non-current assets					
Financial assets	5	114,772	500,000	117,507	-
Property, plant and equipment	7	-	912,463	-	928,698
Intangible assets	8	-	9,174	-	2,020
Total non-current assets		114,772	1,421,637	117,507	930,718
Total assets		1,098,707	3,945,533	1,127,606	3,671,084
Liabilities					
Current liabilities					
Trade and other payables	9	6,541	311,490	6,440	304,374
Provisions	10	-	138,308	-	93,419
Total current liabilities		6,541	449,798	6,440	397,793
Non-current liabilities					
Provisions	10	-	104,031	-	106,511
Total non-current liabilities		-	104,031	-	106,511
Total liabilities		6,541	553,829	6,440	504,304
Net Assets		1,092,166	3,391,704	1,121,166	3,166,780
Equity					
Accumulated surplus		1,092,166	3,391,704	1,121,166	3,166,780
Total Equity		1,092,166	3,391,704	1,121,166	3,166,780

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 2017

	Assist \$	General \$
2017		
Balance at beginning of the financial year	1,121,166	3,166,780
Surplus/(deficit) for the year	(29,000)	224,924
Balance at end of the financial year	<u>1,092,166</u>	<u>3,391,704</u>
2016		
Balance at beginning of the financial year	1,154,176	3,367,015
Surplus/(Deficit) for the year	(33,010)	(192,598)
Asset Revaluation Reserve	-	(7,637)
Balance at end of the financial year	<u>1,121,166</u>	<u>3,166,780</u>

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 2017

	Note	2017		2016	
		Inflows/(Outflows) Assist \$	General \$	Inflows/(Outflows) Assist \$	General \$
Cash flows from operating activities					
General receipts		-	1,925,068	-	1,813,583
Grants		-	250,000	-	-
Interest		50,215	68,681	44,794	73,491
Payments to suppliers and employees		(76,083)	(1,901,843)	(85,535)	(1,884,162)
Net cash provided by (used in) operating activities	11(a)	(25,868)	341,906	(40,741)	2,912
Cash flows from investing activities					
Purchase of plant and equipment and intangible assets	7,8	-	(24,742)	-	(70,050)
Proceeds from sale of plant and equipment		-	-	-	55,533
Payments for other financial assets		(43,519)	(115,000)	(11,631)	-
Proceeds from other financial assets		-	200,000	-	-
Net cash provided by (used in) investing activities		(43,519)	60,258	(11,631)	(14,517)
Cash flows from financing activities					
Loans advanced		(352,960)	-	(272,478)	-
Repayment of loans advanced		366,210	-	308,963	-
Net cash provided by (used in) financing activities		13,250	-	36,485	-
Net increase (decrease) in cash and cash equivalents		(56,137)	402,164	(15,887)	(11,605)
Cash and cash equivalents at the beginning of the financial year		211,517	653,178	227,404	664,783
Cash and cash equivalents at the end of the financial year	11(b)	155,380	1,055,342	211,517	653,178

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

**Notes to the Financial Report
for the Year Ended 30 June 2017**

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 of Tasmania 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 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 1031	Materiality
AASB 1048	Interpretation of Standards

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.

(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.

**Notes to the Financial Report
for the Year Ended 30 June 2017**

(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.

Government Grant and Contributions

Revenue is recognised when the Association obtains control of the grants/contributions or the right to receive the grants/contributions, it is probable that the economic benefits comprising the grants/contributions will flow to the Association and the amount of the grants/contributions can be measured reliably.

If conditions are attached to the grants/contributions which must be satisfied before the Association is eligible to receive control of the contribution, the recognition of the grants/contributions as revenue will be deferred until those conditions are satisfied.

When grants/contributions are received and the Association incurs an obligation to deliver economic value directly back to the contributor, these are considered reciprocal transactions and the grants/contributions are recognised in the statement of financial position as liabilities until the services have been delivered to the contributors. Where grant/contributions are received where there is no reciprocal transaction and control of the monies has been established by the Association these funds are recognised as revenue 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.

(d) Depreciation and amortisation of property, plant and equipment and intangibles

The depreciable amount of all property, plant and equipment excluding motor vehicles, 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. 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:

	2017	2016
Property	2.50%	2.50%
Motor Vehicles	22.5%	22.5%
Office Furniture and Equipment	10-36%	10-36%

Intangible assets consist of computer software which is amortised on a straight line basis at the rate of 40% per annum.

Notes to the Financial Report
for the Year Ended 30 June 2017

(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.

(g) **Cash and cash equivalents**

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

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

(h) **Financial assets**

Term Deposits

The investments of the Association 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 \$7,500 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 2017 are set at 8% (2016 8%) 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.

Notes to the Financial Report
for the Year Ended 30 June 2017

(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 2017

Employee benefits (cont'd)

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 and contingent liabilities and commitments

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

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

(n) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Association, together with an assessment of the potential impact of such pronouncements on the Association when adopted in future periods, are discussed below:

AASB 9: Financial Instruments and associated amending standards (applicable to annual reporting periods beginning on or after 1 January 2018)

The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements of financial instruments, and simplified requirements for hedge accounting.

Notes to the Financial Report
for the Year Ended 30 June 2017

New Accounting Standards for Application in Future Periods (cont'd)

The key changes that may affect the Association on initial application include certain simplifications to the classification of financial assets and upfront accounting for expected credit loss. Although the committee anticipate the adoption of AASB 9 may have an impact on the Association's financial instruments, it is impractical at this stage to provide a reasonable estimate of such impact.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods on or after 1 January 2018)

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve the objective, AASB 15 provides the following five step process:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract(s);
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract(s); and
- Recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of the Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts in the date of initial application.

Although the Committee anticipate that the adoption of AASB 15 may have an impact on the Association's financial statements, it is impractical at this stage to provide a reasonable estimate of such impact.

Notes to the Financial Report
For the Year Ended 30 June 2017

	Assist 2017 \$	General 2017 \$	Assist 2016 \$	General 2016 \$
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	-	250,000	-	-
Total summary of grants and contributions received	-	250,000	-	-
Grants and contributions recognised as revenue				
DHHS Health & Wellbeing (a)	-	250,000	-	-
Total grants and contributions recognised as Revenue	-	250,000	-	-
(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	84,818	310,996	117,302	144,193
Short term investments at call	70,562	743,646	94,215	508,285
Fixed term deposits	626,395	-	582,875	-
Total cash and cash equivalents	781,775	1,055,342	794,392	653,178
Note 4 Trade and other receivables				
Current				
Trade debtors	-	55,198	-	83,179
Provision for Doubtful Debts	-	-	-	-
Total trade and other receivables	-	55,198	-	83,179

Notes to the Financial Report
For the Year Ended 30 June 2017

	Assist 2017 \$	General 2017 \$	Assist 2016 \$	General 2016 \$
Note 5 Financial assets				
Current				
Fixed term investments	-	1,340,000	-	1,925,000
LGAT Assist loans	215,007	-	225,523	-
Provision for impairment	(15,050)	-	(15,050)	-
Total current financial assets	199,957	1,340,000	210,473	1,925,000
Non-current				
Fixed term investments	-	500,000	-	-
LGAT Assist loans	114,772	-	117,507	-
Total non-current financial assets	114,772	500,000	117,507	-
Note 6 Other assets				
Current				
Prepayments	-	69,954	-	72,345
Accrued interest	2,203	3,402	5,234	6,664
Total other assets	2,203	73,356	5,234	79,009
Note 7 Plant and equipment				
Building at valuation	-	325,000	-	325,000
Accumulated depreciation	-	(2,541)	-	-
	-	322,459	-	325,000
Land at valuation	-	500,000	-	500,000
Accumulated Depreciation	-	-	-	-
	-	500,000	-	500,000
Improvements at Cost	-	1,850	-	-
Accumulated Depreciation	-	(41)	-	-
	-	1,809	-	-
Motor vehicles at cost	-	83,661	-	83,661
Accumulated depreciation	-	(34,288)	-	(19,954)
	-	49,373	-	63,707
Office furniture and equipment at cost	-	153,194	-	149,187
Accumulated depreciation	-	(114,372)	-	(109,196)
	-	38,822	-	39,991
Total property, plant and equipment	-	912,463	-	928,698

Notes to the Financial Report
For the Year Ended 30 June 2017

	Assist 2017 \$	General 2017 \$	Assist 2016 \$	General 2016 \$
Plant and equipment (cont'd)				
<i>Building</i>				
Carrying amount at beginning of financial year	-	325,000	-	350,000
Gain/(loss) on revaluation	-	-	-	(69,879)
Transfer from improvements	-	-	-	53,629
Depreciation expense	-	(2,541)	-	(8,750)
Carrying amount at end of the financial year	-	322,459	-	325,000
<i>Land</i>				
Carrying amount at beginning of financial year	-	500,000	-	500,000
Gain/(loss) on revaluation	-	-	-	-
Carrying amount at end of the financial year	-	500,000	-	500,000
<i>Improvements</i>				
Carrying amount at beginning of the financial year	-	-	-	53,541
Depreciation expense	-	(41)	-	(1,452)
Additions	-	1,850	-	1,540
Transfer to building	-	-	-	(53,629)
Carrying amount at end of the financial year	-	1,809	-	-
<i>Motor Vehicles</i>				
Carrying amount at beginning of the financial year	-	63,707	-	85,758
Acquisitions	-	-	-	62,072
Disposals	-	-	-	(65,444)
Depreciation expense	-	(14,334)	-	(18,679)
Carrying amount at end of the financial year	-	49,373	-	63,707
<i>Office Furniture and Equipment</i>				
Carrying amount at beginning of the financial year	-	39,991	-	46,638
Acquisitions	-	11,364	-	6,438
Disposals	-	(393)	-	(149)
Depreciation expense	-	(12,140)	-	(12,936)
Carrying amount at end of the financial year	-	38,822	-	39,991
Note 8 Intangibles				
<i>Computer software</i>				
Carrying amount at beginning of the financial year	-	2,020	-	14,286
Additions	-	11,528	-	-
Amortisation expense	-	(4,374)	-	(12,266)
Total intangibles	-	9,174	-	2,020

Notes to the Financial Report
For the Year Ended 30 June 2017

	Assist 2017 \$	General 2017 \$	Assist 2016 \$	General 2016 \$
Note 9 Trade and other payables				
Trade payables	-	26,331	-	90,414
Net GST payable	-	56,124	-	28,206
Sundry creditors	6,541	793	6,440	1,063
Accrued employee expenses	-	23,090	-	16,561
Unearned revenue	-	205,152	-	168,130
Total trade and other payables	6,541	311,490	6,440	304,374
Note 10 Provisions				
Current				
Annual leave	-	84,630	-	65,058
Long service leave	-	53,678	-	28,361
Total current provisions	-	138,308	-	93,419
Non-current				
Long service leave	-	104,031	-	106,511
Total non-current provisions	-	104,031	-	106,511
Note 11 Cash flow statement reconciliation				
a) Reconciliation of cash flows from operating activities to surplus				
Surplus/(Deficit)	(29,000)	224,924	(33,010)	(192,598)
<i>Other Adjustments</i>				
Bad debts written off	4,883	-	(48)	-
Depreciation/amortisation	-	33,431	-	42,893
(Profit)/loss on revaluation of property	-	-	-	62,242
(Profit)/loss on disposal of plant and equipment	-	393	-	9,760
<i>Change in assets and liabilities:</i>				
Decrease/(increase) in trade and other receivables	3,031	33,633	(4,329)	(2,712)
Increase/(decrease) in provision for doubtful debts	(4,883)	-	(83)	-
Increase/(decrease) in trade and other payables	101	(29,634)	(3,271)	22,190
Increase/(decrease) in provisions	-	42,138	-	38,863
Increase/(decrease) in other liabilities	-	37,021	-	22,274
Net cash provided by/(used in) operating activities	(25,868)	341,906	(40,741)	2,912
b) Cash and cash equivalents				
Cash on hand and at Bank	84,818	311,696	117,302	144,893
Short term investments (at call)	70,562	743,646	94,215	508,285
Total cash and cash equivalents	155,380	1,055,342	211,517	653,178

Notes to the Financial Report
For the Year Ended 30 June 2017

Note 12 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 \$7,500 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 2017 it is estimated that a decrease of one percentage point in interest rates would decrease the LGAT Assist's interest received by approximately \$3,320 (2015/16 \$3,482). An increase in an interest rate of one percent would have the same but opposite impact.

As at 30 June 2017 it is estimated that a decrease of one percentage point in interest rates would decrease the LGAT General's interest received by approximately \$18,308 (2015/16 \$19,153). 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 13 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 14 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.

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

Notes to the Financial Report For the Year Ended 30 June 2017

	General 2017 \$	General 2016 \$
Note 15 Detailed statement of general account - revenue and expenditure		
Revenue		
Fees and commissions	129,579	100,813
Interest - general account	62,801	69,908
Interest - building proceeds	2,619	2,868
Surplus/(Deficit) on sale of plant and equipment	(393)	(9,760)
Sponsorship, conferences/seminars	349,493	346,813
Subscriptions	1,179,099	1,049,084
Other subscriptions	64,999	179,015
Rentals	9,749	3,992
Unexpensed Government Grants	250,000	-
Other	-	222
	2,047,946	1,742,955
Expenditure		
Advertising	3,165	3,239
Accommodation expenses	2,176	1,575
Accounts administration	12,985	13,775
ALGA	120,412	112,852
Amortisation - computer software	4,374	778
Annual conference	167,361	151,151
Auditors' remuneration	14,760	15,968
Catering	4,026	4,704
Cleaning	9,656	8,746
Consultancy fees	101,999	96,580
Council careers and skills shortage	63,030	165,991
Conferences and seminars	28,797	31,353
Cost Recovery - grant administration	(52,628)	(43,703)
Depreciation - buildings	1,062	8,750
Depreciation - computers	9,607	10,158
Depreciation - motor vehicles	14,334	18,680
Depreciation - furniture and equipment	2,533	3,075
Division 43 Deduction	1,521	1,452
Fringe benefits tax	12,728	15,755
Land & buildings running costs	2,144	2,744
Insurance	35,507	32,396
Members emoluments	63,587	57,485
Motor Vehicle - running expenses	6,692	8,689
Motor Vehicle - repairs and maintenance	2,503	2,372
Network and internet	13,954	14,426
Other expenses	10,693	67,180

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

Notes to the Financial Report
For the Year Ended 30 June 2017

	General 2017 \$	General 2016 \$
Note 15 Detailed statement of general account - revenue and expenditure (cont'd)		
Postage	5,059	5,514
Power	9,237	9,374
Printing and publications	7,242	7,992
Rates and taxes	12,334	11,723
Rentals	1,327	1,300
Salaries, wages and employee benefits (incl. Grant Staff)	882,965	789,870
Software	2,427	2,552
Sponsorship	1,500	2,750
Stationery	1,251	1,798
Subscriptions - general account	9,116	9,574
Superannuation contribution (incl. Grant Staff)	103,124	92,261
Telephone	18,920	16,818
Travelling Expenses	26,611	32,141
Government grants expenditure (excluding wages and superannuation):		
Coastal Adaption Pathway Project	-	20,000
Healthy Communities	5,717	42,089
LG Reform	31,780	1,000
IT Strategies	47,434	20,384
Revaluation of property	-	62,242
Total expenses	1,823,022	1,935,553
Operating surplus/(deficit) - general account	224,924	(192,598)

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 2017

	Assist 2017	Assist 2016
Note 16 Detailed statement of general account - revenue and expenditure		
Revenue		
Interest on Loans	29,491	29,251
Other Interest Revenue	17,692	19,871
	47,183	49,122
Expenditure		
LGAT Assist Accounts Administration	42,161	39,436
Auditors Remuneration	4,920	4,823
Bad Debts Written Off/(Recovered)	4,883	3,485
Donations and Research Projects	10,000	25,000
Grants to Members – Welfare	13,953	9,156
Other Expenses – Welfare	266	232
Total Expenses	76,183	82,132
Operating surplus/(deficit) – LGAT Assist	(29,000)	(33,010)

Note 17 Commitments

At 30 June 2017 the Association had no outstanding commitments.

Note 18 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 2017

Fair Value Measurements (cont'd)

30/06/2017

	Level 1	Level 2	Level 3	Total
Financial assets:				
Other financial assets	1,925,000	348,264	-	2,273,264
Total financial assets recognised as fair value	1,925,000	348,264	-	2,273,264
Non-financial assets:				
Freehold land and buildings	-	825,000	-	825,000
Total non-financial assets recognised at fair value	-	825,000	-	825,000
30/06/2016				
Financial assets:				
Other financial assets	1,925,000	348,264	-	2,273,264
Total financial assets recognised as fair value	1,925,000	348,264	-	2,273,264
Non-financial assets:				
Freehold land and buildings	-	825,000	-	825,000
Total non-financial assets recognised at fair value	-	825,000	-	825,000

Note 19 Related Party Transactions

Key management personnel compensation

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

	2017	2016
Short-term employment benefits	315,167	280,823
Post-employment benefits	36,308	32,860
Other long-term benefits	16,943	22,008
	368,418	335,691

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:

	2017	2016
Short-term employment benefits	63,587	57,485
Post-employment benefits	-	-
Other long-term benefits	-	-
	63,587	57,485

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

LOCAL GOVERNMENT ASSOCIATION OF TASMANIA

Notes to the Financial Report For the Year Ended 30 June 2017

Related Party Transactions (cont'd)

Transactions with Related Parties

Purchase of goods and services

Slick Promotions controlled by Lord Mayor Sue Hickey, a committee member provided advertising material during the year

	2017	2016
	1,342	-
	<u>1,342</u>	<u>-</u>

Independent Auditor's Report

To 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 sheet as at 30 June 2017 and 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 by the President of the General Management Committee.

In my opinion, the financial report presents fairly, in all material respects, the financial position of LGAT as at 30 June 2017, and of 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 Report* 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* (the Code) that are relevant to my audit of the financial report 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 General Management Committee for the Financial Report

The General Management Committee (the Committee) are 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 they determine is 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 the entity is to be liquidated or 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 report as a whole is 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 report.

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 report, 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 report 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 report, including the disclosures, and whether the financial report represents 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.



Phillip Chung
Group Leader Financial Audit
Delegate of the Auditor-General

Tasmanian Audit Office

28 September 2017
Hobart