

FINANCIAL REPORT

FOR THE YEAR ENDED 31 MAY 2014

ILLUMINATE 2014

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WALGA

WORKING FOR LOCAL GOVERNMENT

WESTERN AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION
FINANCIAL REPORT
FOR THE YEAR ENDED 31 MAY 2014

**FINANCIAL REPORT FOR THE YEAR ENDED
31 MAY 2014**

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Independent Auditor's Report To the Members of Western Australian Local Government Association

We have audited the accompanying financial report of Western Australian Local Government Association (the "Association"), which comprises the statement of financial position as at 31 May 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the President and Chief Executive Officer.

Responsibility of the Association's Secretariat for the financial report

The Secretariat of the Association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements. This responsibility includes such internal controls as the Secretariat determines are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial report 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 the Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Secretariat, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

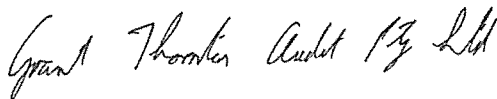
Independence

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's Opinion

In our opinion, the financial report of Western Australian Local Government Association

- i presents fairly, in all material respects, the Association's financial position as at 31 May 2014 and of its performance and cash flows for the year then ended; and
- ii complies with Australian Accounting Standard – Reduced Disclosure Requirements.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner - Audit & Assurance

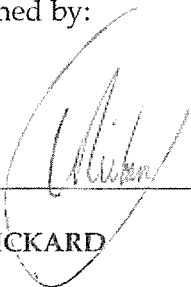
Perth, 23 July 2014

STATEMENT BY THE PRESIDENT AND THE CHIEF EXECUTIVE OFFICER

In the opinion of the President and the Chief Executive Officer of the Western Australian Local Government Association, the financial report as set out in pages 6 to 25:

- a) Presents a true and fair view of the financial position of the Western Australian Local Government Association as at 31 May 2014 and its performance for the year ended on that date in accordance with the Constitution of the Association, Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
- b) 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.

Signed by:



T PICKARD

President

Perth, Western Australia

Dated: 23 July 2014



R BURGESS

Chief Executive Officer

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2014

	Note	2014 \$	2013 \$
MEMBERS' EQUITY			
Accumulated surplus	8	2,834,556	2,032,006
Reserves	9	2,287,874	3,060,932
		<u>5,122,430</u>	<u>5,092,938</u>
CURRENT ASSETS			
Cash and cash equivalents	10	8,326,513	10,651,138
Trade and other receivables	11	2,249,363	2,412,008
Other current assets	12	1,470,866	1,800,666
		<u>12,046,742</u>	<u>14,863,812</u>
NON-CURRENT ASSETS			
Property, plant and equipment	13	264,941	324,207
Intangibles	14	953,099	695,572
Other non-current assets	12	500,000	-
		<u>1,718,040</u>	<u>1,019,779</u>
TOTAL NON-CURRENT ASSETS		<u>1,718,040</u>	<u>1,019,779</u>
TOTAL ASSETS		<u>13,764,782</u>	<u>15,883,591</u>
CURRENT LIABILITIES			
Trade and other payables	15	7,800,725	10,019,333
Short term provisions	16	637,317	484,145
		<u>8,438,042</u>	<u>10,503,478</u>
TOTAL CURRENT LIABILITIES		<u>8,438,042</u>	<u>10,503,478</u>
NON-CURRENT LIABILITIES			
Long term provisions	17	204,310	287,175
		<u>204,310</u>	<u>287,175</u>
TOTAL NON-CURRENT LIABILITIES		<u>204,310</u>	<u>287,175</u>
TOTAL LIABILITIES		<u>8,642,352</u>	<u>10,790,653</u>
NET ASSETS		<u>5,122,430</u>	<u>5,092,938</u>

The accompanying notes form part of this financial statement

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2014**

	Note	2014 \$	2013 \$
Association membership subscriptions		1,993,401	1,911,310
Grant income		8,571,699	8,245,301
Fee for service subscriptions	3	1,665,512	1,607,665
Income from services	3	16,967,348	16,287,347
Other income	3	1,960,782	1,980,396
Fee for service subscriptions direct costs	4	(150,453)	(159,737)
Services provision direct costs	4	(11,004,385)	(11,282,726)
Recurring expenditure	4	(11,255,839)	(9,895,062)
Non-recurring expenditure	4	(146,874)	(263,370)
Grant expenditure		(8,571,699)	(8,245,301)
Surplus from ordinary activities	5,8	29,492	185,823
Total Comprehensive Income of the Association		29,492	185,823

The accompanying notes form part of this financial statement

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2014**

	Note	2014 \$	2013 \$
<i>Cash flows from operating activities</i>			
Receipts from operating activities		29,208,598	26,201,673
Payment of operating expenses and payments to employees		(30,146,911)	(26,823,315)
GST received		2,011,481	2,579,061
GST paid		(2,475,986)	(1,568,871)
Interest received		228,296	392,655
Net cash provided by / (used in) operating activities	18(b)	(1,174,522)	781,203
<i>Cash flows from investing activities</i>			
Loans to related entities		(500,000)	-
Payments for property, plant and equipment		(135,746)	(140,643)
Payments for intangibles		(601,366)	(543,023)
Proceeds from the sale of property, plant & equipment		87,009	39,877
Net cash used in investing activities		(1,150,103)	(643,789)
Net increase / (decrease) in cash held		(2,324,625)	137,414
Cash at the beginning of the financial year		10,651,138	10,513,724
Cash at the end of the financial year	10	8,326,513	10,651,138

The accompanying notes form part of this financial statement

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2014**

	Accumulated Surplus \$ (Note 8)	Reserves \$ (Note 9)	Total \$
Balance at 1 June 2012	1,715,919	3,191,196	4,907,115
Total comprehensive income	185,823	-	185,823
Net transfer to reserves	130,264	(130,264)	-
Balance at 31 May 2013	<u>2,032,006</u>	<u>3,060,932</u>	<u>5,092,938</u>
Total comprehensive income	29,492	-	29,492
Net transfer to reserves	773,058	(773,058)	-
Balance at 31 May 2014	<u><u>2,834,556</u></u>	<u><u>2,287,874</u></u>	<u><u>5,122,430</u></u>

The accompanying notes form part of this financial statement

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014

The financial report covers the Western Australian Local Government Association as an individual entity. The Western Australian Local Government Association is an association incorporated in Western Australia under the Local Government Act 1995.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Local Government Act 1995.

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

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

a) *Property, plant and equipment*

Property, plant and equipment are brought to account at cost, less any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by the Secretariat to ensure it is not in excess of the recoverable amount of those assets.

The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets' employment and subsequent disposal. Expected net cash flows are not discounted to their present values in determining the recoverable amounts.

The depreciable amounts (cost less the residual amount) of all fixed assets are depreciated on a straight line basis over the useful lives of the assets to the Association commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

a) *Property, plant and equipment (cont'd)*

The depreciation rates used for each class of depreciable asset are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Computer Equipment	33.3%
Office Equipment	20%
Office Furniture	10%
Leasehold Improvements	5-20%
Motor Vehicles	14%-17%

b) *Leases*

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the association are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset or ownership over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

c) *Impairment of Assets*

At each reporting date, the Association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) **Employee Benefits**

(i) *Wages, Salaries, Annual and Sick Leave*

A liability for wages, salaries and annual leave is recognised, and is measured as the amount unpaid at balance date at pay rates, in which the leave is expected to be paid out at, in respect of employees' services up to that date. No material liability exists for sick leave.

(ii) *Long Service Leave*

A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by all employees with more than one year of service up to balance date.

(iii) *On Costs*

On costs such as superannuation contributions relating to the payment of the above employee benefits have been accrued at balance date and included in the balance sheet as part of the benefit.

e) **Revenue**

Subscription and all other revenue is recognised when the Association has established that it has the right to receive the income.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Grant revenue is recognised with the corresponding grant expenditure is incurred. Grant revenue received for which expenditure has not yet been incurred is recognised as deferred revenue.

All revenue is stated net of the amount of goods and services tax (GST).

Income in advance represents amounts received for which services are to be provided in a future time period.

f) **Comparative Figures**

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

g) **Cash**

For the purposes of the cash flow statement, cash includes cash on hand, at banks and on deposit.

h) **Goods and Services Tax (GST)**

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. 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 in the Statement of Financial Position are shown inclusive of GST.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i) *Intangibles**Software and intellectual property*

Software and intellectual property are recorded at cost. They have a finite life and are carried at cost less any accumulated amortisation and impairment losses. They have an estimated useful life of between three and five years. They are assessed annually for impairment.

Training

Training is recorded at cost. Training has an indefinite life and is carried at cost less any impairment losses. It is assessed annually for impairment.

The financial report was authorised for issue on 23 July 2014.

2. INCOME TAX

The Association is exempt from income tax under the provisions of Section 50-25 of the Income Tax Assessment Act 1997.

	2014	2013
	\$	\$

3. REVENUE

Fee For Service Subscriptions

- Associate Membership Subscriptions	74,685	75,388
- Procurement Services	199,881	193,368
- Linking Councils and Communities	-	241,707
- Workplace Relations Service	704,150	647,216
- Tax and Financial Service	179,301	166,724
- Local Government Act Services	118,301	118,262
- Councils Online	181,833	165,000
- Councils Connect Subscriptions	207,361	-
Total Fee For Service Subscriptions	1,665,512	1,607,665

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014**

	2014	2013
	\$	\$
3. REVENUE (CONT'D)		
Income From Services		
- Insurance Services	2,543,669	2,148,725
- Publications	111,301	131,928
- Group Advertising Services	7,640,571	8,195,019
- Procurement Services	574,399	394,249
- Emergency Management Services	20,567	46,371
- Commercial Services and Supply Contracts	2,861,103	2,270,339
- Training Services	777,084	742,031
- Events Local Government Convention and Seminars	1,288,170	1,233,315
- MWAC Services	478,821	340,165
- Recruiting and Selection Services	296,176	417,409
- Other Workplace Solutions	188,005	142,751
- Project Income	69,898	211,870
- Councils Connect	107,578	-
- Planning and Improvement Program	7,396	-
- Other Consulting	2,610	13,175
Total Income From Services	<u>16,967,348</u>	<u>16,287,347</u>
Other Income		
- Interest Received	228,297	392,655
- Administration Income	978,170	1,271,353
- Board Sitting Fees	24,450	21,968
- Asset Disposal Proceeds	15,651	33,910
- Travel Cost Recovery	12,867	28,177
- Rental subsidy	611,311	154,689
- Sundry Income	90,036	77,644
Total Other Income	<u>1,960,782</u>	<u>1,980,396</u>
4. EXPENDITURE		
Fee For Service Subscriptions Direct Costs		
- Tax and Financial Services	138,292	128,363
- Local Government Act Services	12,161	31,374
Total Fee For Service Subscriptions Direct Costs	<u>150,453</u>	<u>159,737</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014

	2014	2013
	\$	\$
4. EXPENDITURE (CONT'D)		
Services Provision Direct Costs		
- Insurance Services	246,771	263,625
- Publications	84,348	81,321
- Group Advertising Services	7,129,992	7,663,821
- ICT Services	-	329,356
- Procurement Services	174,312	134,267
- Emergency Management Services	7,700	15,332
- Commercial Services and Supply Contracts	356,711	385,246
- Training Services	410,060	350,633
- Events Local Government Convention and Seminars	859,824	777,976
- MWAC Services	127,246	52,066
- Recruiting and Selection Services	105,909	150,106
- Other Workplace Solutions	45,636	17,391
- Communications and Marketing	736,259	738,553
- Local Government Strategy and Reform	20,062	30,091
- Other Consulting	20,604	89,425
- Planning Improvement Program	1,460	-
- Councils Connect	268,976	-
- Councils Online	363,257	-
- Project Expenses	45,258	203,517
Total Services Provision Direct Costs	11,004,385	11,282,726
Recurring Expenditure		
- Salaries and Associated Expenditure	8,346,470	7,464,510
- Variable Program Operational Expenditure	259,432	245,007
- Corporate Overheads	1,906,163	1,334,492
- State Council and Office Bearer Expenditure	436,583	516,219
- ALGA Subscriptions and Meeting Expenditure	307,191	334,834
Total Recurring Expenditure	11,255,839	9,895,062
Non-Recurring Expenditure		
- Special and Service Development Projects	146,874	263,370
Total Non-Recurring Expenditure	146,874	263,370
5. DEFICIT/SURPLUS FROM ORDINARY ACTIVITIES		
Deficit/Surplus from ordinary activities has been determined after:		
(a) <i>Expenses</i>		
Depreciation and amortisation of non-current assets	390,642	327,763
Impairment of intangible assets	55,000	-
Net loss on disposal of plant & equipment	6,201	53,067
Rental expense on operating leases		
- minimum lease payments	112,031	96,851

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014

6. AUDITOR'S REMUNERATION		2014	2013
		\$	\$
Remuneration of the auditor of the association for:			
- Audit of the financial report		26,000	25,000
- Financial Statement assistance		2,000	2,000
- Internal audit services		-	14,250
- Tax consulting services		-	800
- Audit of grant acquittals		-	750
		28,000	42,800
		28,000	42,800

7. KEY MANAGEMENT PERSONNEL COMPENSATION

	Short-Term Benefits	Post Employment Benefits	Non-Cash Benefits	Total
	\$	\$	\$	\$
2014				
Total Compensation	2,186,492	255,163	12,483	2,454,138
	2,186,492	255,163	12,483	2,454,138
2013				
Total Compensation	2,005,231	195,137	13,600	2,213,968
	2,005,231	195,137	13,600	2,213,968

Key management personnel consist of the State Councillors, Office Bearers, CEO, Deputy CEO and Executive Managers. These individuals are listed in Note 24.

		2014	2013
		\$	\$
8. ACCUMULATED SURPLUS			
Accumulated surplus at the beginning of the year		2,032,006	1,715,919
Surplus for the financial year		29,492	185,823
Transfers from reserves (Note 9)		773,058	130,264
		2,834,556	2,032,006
		2,834,556	2,032,006
9. RESERVES			
Balance at the beginning of the year		3,060,932	3,191,196
Add : Transfers to/(from) reserves			
Employee Leave Benefits Reserve		118,307	174,230
Councils Online Development Reserve		-	(248,252)
Constitutional Recognition Reserve		(500,000)	(82,937)
ICT Capital Replacement Reserve		(315,927)	(82,937)
Strategic Reserve		(75,438)	26,695
		(773,058)	(130,264)
		2,287,874	3,060,932
Total Reserves at the end of the year		2,287,874	3,060,932

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014

9. RESERVES (CONT'D)	2014	2013
	\$	\$
Represented by :		
Employee Leave Benefits Reserve	1,532,628	1,414,321
Constitutional Recognition Reserve	-	500,000
Strategic Reserve	755,246	830,684
ICT Capital Replacement Reserve	-	315,927
	2,287,874	3,060,932
	2,287,874	3,060,932
 10. CASH AND CASH EQUIVALENTS		
Cash is represented by cash held in separate accounts as follows:		
<i>Unrestricted funds</i>		
Operating Account	(72,245)	620,008
Cash on Hand	917	917
On Call Investments and Term Deposits	3,249,028	3,611,725
	3,177,700	4,232,650
	3,177,700	4,232,650
 <i>Restricted funds (grants)</i>		
MRWA Road Research & Development Trust (Minder)	134,511	197,994
Road Safety Strategy	1,121,048	1,332,889
Roman II	178,473	174,800
Heritage Loan Scheme	912,322	954,300
Household Hazardous Waste	63,656	253,188
Alcohol Management Pilot Project	37,077	41,085
Alcohol Management Pilot Project II	170,161	90,000
Community Safety Forum	-	10,835
Local Biodiversity Conservation Program	148,870	348,371
Natural Disaster Resilience Plan	-	(45,906)
LED Streetlighting Retrofit	94,821	-
	2,860,939	3,357,556
	2,860,939	3,357,556
 <i>Restricted funds (reserves)</i>		
Employee Leave Benefits Reserve	1,532,628	1,414,321
Constitutional Recognition Reserve	-	500,000
ICT Capital Replacement Reserve	-	315,927
Strategic Reserve	755,246	830,684
	2,287,874	3,060,932
	2,287,874	3,060,932
 Total Cash and cash equivalents	8,326,513	10,651,138

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014**

10. CASH AND CASH EQUIVALENTS (CONT'D)

In order to observe the limitations and restrictions placed on the use of the cash resources of the Association, cash is disclosed as either restricted or unrestricted.

Unrestricted cash is that presently available for use by the Association at the discretion of management in the ordinary course of operations. Restricted cash (grants) is that presently available for disbursement, but expendable only for operating purposes specified by the grantor in respect of grant funds received. Restricted cash (reserves) is that presently available for use by the Association at the discretion of State Council but not normally available for short term operational use.

	2014	2013
	\$	\$
11. TRADE AND OTHER RECEIVABLES		
Debtors	2,207,135	1,731,967
Grants Receivable	-	598,050
GST Receivable	42,228	81,991
	2,249,363	2,412,008
Aging of past due but not impaired:		
60-90 days	164,437	27,360
90-120 days	36,995	20,908
120+ days	7,149	-
Total	208,581	48,268

In determining the recoverability of a trade receivables, the Association considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large. Accordingly, management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

12. OTHER ASSETS**CURRENT**

Prepayments	460,025	451,041
Other Debtors	62,381	250,076
Accrued Income	948,460	1,061,182
Loans Receivable (refer Note 21(b))	-	38,367
	1,470,866	1,800,666

NON-CURRENT

Loans Receivable (refer Note 24)	500,000	-
	500,000	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014

	2014	2013
	\$	\$
13. PROPERTY, PLANT AND EQUIPMENT		
<i>Office Equipment</i>		
Cost	513,703	931,501
Accumulated depreciation	(357,391)	(790,405)
	156,312	141,096
<i>Leasehold Improvements</i>		
Cost	299,709	578,910
Accumulated depreciation	(299,709)	(519,509)
	-	59,401
<i>Motor Vehicles</i>		
Cost	142,512	144,446
Accumulated depreciation	(33,883)	(20,736)
	108,629	123,710
	264,941	324,207

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	<i>Office Equipment</i>	<i>Leasehold</i>	<i>Motor Vehicles</i>	<i>Total</i>
	\$	\$	\$	\$
Balance at the beginning of the year	141,096	59,401	123,710	324,207
Additions	115,539	-	20,207	135,746
Disposals	(501,657)	(279,201)	(22,141)	(802,999)
Depreciation	(81,610)	(59,401)	(22,646)	(163,657)
Write back on disposals	482,944	279,201	9,499	771,644
Balance at the end of the year	156,312	-	108,629	264,941

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014

	2014	2013
	\$	\$
14. INTANGIBLES		
<i>Software</i>		
Cost	587,739	568,625
Accumulated amortisation	(476,897)	(458,502)
	110,842	110,123
<i>Intellectual Property</i>		
Cost	1,182,973	697,195
Accumulated amortisation	(340,716)	(111,746)
	842,257	585,449
	953,099	695,572

Movements in Carrying Amounts

	<i>Software</i>	<i>Intellectual</i>	<i>Total</i>
	\$	\$	\$
Balance at the beginning of the year	110,123	585,449	695,572
Additions	52,110	549,256	601,366
Disposals	(8,038)	(63,479)	(71,517)
Amortisation charge	(44,909)	(182,076)	(226,985)
Impairment	-	(55,000)	(55,000)
Write back on disposals	1,556	8,107	9,662
	110,842	842,257	953,098
	110,842	842,257	953,098

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014

	2014	2013
	\$	\$
15. TRADE AND OTHER PAYABLES		
Creditors and Accruals	3,325,272	5,492,216
Contracted Professional Development	34,832	39,590
Annual Leave	691,001	643,002
Income in Advance	888,681	486,969
Unexpended Grants Received or Receivable	2,860,939	3,357,556
	7,800,725	10,019,333
	7,800,725	10,019,333
16. SHORT TERM PROVISIONS		
Employee benefits - Long service leave	637,317	484,145
	637,317	484,145
	637,317	484,145
17. NON-CURRENT PROVISIONS		
Employee benefits - Long service leave	204,310	287,175
	204,310	287,175
	204,310	287,175
Number of employees at year end	104	106
	104	106
	104	106
18. STATEMENT OF CASH FLOWS		
(a) <i>Cash</i>		
For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market investments, net of outstanding bank overdrafts.		
(b) <i>Reconciliation of net cash provided by operating activities to surplus from ordinary activities:</i>		
Surplus from ordinary activities	29,492	185,823
Add back non-cash items:		
Depreciation and amortisation	390,642	379,072
Impairment expense	55,000	-
Net loss on disposal of fixed assets	6,201	1,758
Provisions for employee leave	70,307	83,084
Change in assets and liabilities		
- (increase)/decrease in receivables	122,881	(964,420)
- (increase)/decrease in other assets	330,040	(224,395)
- (decrease)/increase in trade creditors	(2,123,944)	933,279
- increase/(decrease) in other liabilities	(94,905)	286,690
- increase/(decrease) in GST amounts	39,764	100,312
	(1,174,522)	781,203
Net cash provided by/(used in) operating activities	(1,174,522)	781,203

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014**

19. CONTINGENT LIABILITIES	2014	2013
	\$	\$
Bank Guarantee in favour of the Crown secured by a right of set off over specific assets of the Municipal Workcare Scheme	55,400,000	54,700,000
The Association employs a number of personnel under contracts that include severance entitlements.		
Bank facility used by Local Government House Trust, which WALGA is the Beneficiary of.	28,000,000	27,500,000

WALGA is the beneficiary of the Local Government House Trust (LGHT). LGHT has a joint venture with Qube Railway Parade Pty Ltd. This joint venture uses this facility. As at 31 May 2014 there was \$2,447 unused in this facility (2013: 18,409,668). This facility is available until 31 March 2017 or can be terminated early if required. Interest rate is charged at the sum of the BBSY plus 1.75% for an interest period of 90 days or more or BBSY plus 1.95% for an interest period of less than 90 days. This loan is secured by a registered mortgage over 168-170 Railway Parade, West Leederville.

20. FINANCIAL RISK MANAGEMENT

The association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2014	2013
		\$	\$
FINANCIAL ASSETS			
Cash and cash equivalents			
- unrestricted funds	10	3,177,700	4,232,650
- restricted funds (reserves)	10	2,287,874	3,060,932
- restricted funds (grants)	10	2,860,939	3,357,556
Trade and other receivables	11	2,249,363	2,417,466
Other assets (lease receivables)	21(b)	-	38,367
Other non-current assets	12	500,000	-
TOTAL FINANCIAL ASSETS		11,075,876	13,106,971
FINANCIAL LIABILITIES			
Trade and other payables	15	7,800,725	10,019,493
TOTAL FINANCIAL LIABILITIES		7,800,725	10,019,493

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014**

21. CAPITAL AND LEASING COMMITMENTS

a. Operating Leases as lessee	2014	2013
	\$	\$
Non-cancellable motor vehicle and photocopier operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than one year	1,010,990	105,088
- later than one year but not later than 5 years	4,134,839	62,483
- greater than 5 years	12,655,511	-
	17,801,341	167,571

The motor vehicle lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with 2-3 year terms.

The photocopier lease commitment is a non-cancellable operating lease contracted for but not capitalised in the financial statements with a 48 month term.

The lease of the West Leederville office is a non-cancellable operating lease contracted for but not capitalised in the financial statements with a 15 year term. There is an option for a further three terms of 5 years. Market reviews occur in 2019 and 2024 and there is a fixed increase of 4% on each anniversary date that is not a market review date.

b. Capital Leases as lessor	2014	2013
	\$	\$
Receivable - minimum lease receipts		
- not later than one year	-	38,367
- later than one year but not later than 5 years	-	-
	-	38,367

Finance leases on motor vehicles leased to employees of which there are 0 (2013: 9). All are three-year leases all with an option to purchase at the end of the lease term. Interest is charged at 0.00% (2013: 6.45%)

22. SUBSEQUENT EVENTS

There were no particular matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014

23. ASSOCIATION DETAILS

The principal place of business of the association is:

Western Australian Local Government Association
ONE70
Level 1, 170 Railway Parade, West Leederville, WA 6007

24. RELATED PARTIES

i) Related Party Transactions

WALGA had the following transactions with the Local Government House Trust (LGHT), which WALGA is the Beneficiary of:

- During the year WALGA provided LGHT with an interest-free loan of \$500,000 to assist in the transition to the new building arrangements. This loan is due to be repaid when the trust has positive cash flows.
- During the year WALGA paid a total of \$265,475 (2013: Nil) to the LGHT & Qube Railway Parade Pty Ltd joint venture for rental of office premises in West Leederville.
- During the year WALGA paid a total of \$389,040 (2013: \$175,890) to LGHT for the rental of office premises in West Perth.

ii) Related Party Disclosures

State Council Members

Mayor Logan Howlett	Cr Lawrie Short
Mayor Ron Yuryevich	Cr Phillip Blight
Cr Ross Winzer	Cr Chris Mitchell
Mayor Carol Adams	Mayor Tracey Roberts
Cr Steve Wolff	Cr Karen Chappel
Cr Doug Thompson	Cr Ken Clements
Cr Eileen O'Connell	Cr Simon Broad
Cr Janet Davidson	Cr Fiona Reid
Cr Geoff Amphlett	Cr Wayne Sanford
Cr Mick Wainwright	Cr Wally Barrett
Mayor Henry Zelones	Mayor Heather Henderson
Cr David Michael	

Office Bearers

Mayor T (Troy) Pickard	President
Cr Lynne Craigie	Deputy President

Finance & Services Committee Members

Mayor T (Troy) Pickard	WALGA President
Cr Lynne Craigie	Deputy WALGA President
Cr Karen Chappel	State Councillor
Cr Wally Barrett	State Councillor
Mayor Logan Howlett	State Councillor
Mr Stuart Downing	Non-Executive Member
Mr Mark Newman	Non-Executive Member
Dr Shayne Silcox	Non-Executive Member
Ms Ricky Burges	WALGA CEO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2014

CEO, Deputy CEO and Executive Managers

Ricky Burges	CEO	
Wayne Scheggia	Deputy CEO	
Mark Batty	Executive Manager	Environment and Waste
Tony Brown	Executive Manager	Governance and Strategy
Ian Duncan	Executive Manager	Infrastructure
Allison Hailes	Executive Manager	Planning and Community Development
John Phillips	Executive Manager	Work Place Solutions
Nick Wood	Executive Manager	Business Solutions
Zac Donovan	Executive Manager	Marketing and Communications