

**Richmond Tweed Regional Library**  
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# Richmond Tweed Regional Library

2017 Special Purpose Financial  
Report



# Richmond Tweed Regional Library

## Special Purpose Financial Statements

for the financial year ended 30 June 2017

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### Overview

- (i) These financial statements are Special Purpose Financial Statements and cover the operations for Richmond Tweed Regional Library.
  - (ii) Richmond Tweed Regional Library is empowered by an agreement between Lismore City Council & Ballina, Byron and Tweed Shire Councils to provide library services for the respective local government areas.  
  
Annually, the member Councils contribute to the library to fund activities based upon a prescribed formula.  
  
Lismore City Council is the "Executive Council" of the Richmond Tweed Regional Library, all financial reporting is consolidated into the Lismore City Council Financial statements.
  - (iii) All figures presented in these financial statements are presented in Australian Currency.
  - (iv) These financial statements were authorised for issue by the Richmond Tweed Regional, Library Committee on 17 November 2017.
-



**Thomas Noble & Russell**  
Accountants | Auditors | Business Advisers

**Independent Auditor's Report  
To the Members of Richmond Tweed Regional Library**

**Opinion**

We have audited the financial report of Richmond Tweed Regional Library ("the Entity") which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by Committee and Management.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Entity as at 30 June 2017, and its financial performance and its cash flow for the year then ended in accordance with the accounting policies described in Note 1 of the financial report.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

**Emphasis of Matter – Basis of Accounting**

We draw attention to Note 1 to the financial report, which describes the basis of preparation. The financial report has been prepared to meet the financial reporting requirements of member Council's. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**Responsibilities of the Library Committee for the Financial Report**

Management is responsible for the preparation and fair presentation of the special purpose financial report in accordance with the accounting policies described in Note 1 and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The Library Committee is responsible for overseeing the Entity's financial reporting process.



## **Auditor's Responsibilities for the Audit of the Financial Report**

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our 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 the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management'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 the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.

We communicate with the Library 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 we identify during our audit.

**THOMAS NOBLE & RUSSELL  
CHARTERED ACCOUNTANTS**

  
.....  
A J BRADFIELD (Partner)

Dated at Lismore this 17th day of November 2017

## Richmond Tweed Regional Library

### Special Purpose Financial Statements for the financial year ended 30 June 2017

### Statement by Richmond Tweed Library Committee and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

**The attached Special Purpose Financial Statements have been prepared in accordance with:**

- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting where considered relevant to member Councils.

**To the best of our knowledge and belief, these Financial Statements:**

- present fairly Richmond Tweed Regional Library's operating result and financial position for the year,  
and
- accords with Richmond Tweed Regional Library's accounting and other records.

**We are not aware of any matter that would render the Reports false or misleading in any way.**


**Signed in accordance with a resolution of the Committee made on 17 November 2017.**



Cr Sharon Cadwallader  
Chairperson



Cr Katie Milne  
Committee Member



Jo Carmody  
Executive Officer  
Richmond Tweed Regional Library Manager

# Richmond Tweed Regional Library

## Income Statement

for the financial year ended 30 June 2017

Budget <sup>1</sup>				Actual	Actual
2017	\$ '000		Notes	2017	2016
<b>Income from Continuing Operations</b>					
<b>Revenue:</b>					
6,635	User Charges & Fees		2a	6,586	6,511
56	Interest & Investment Revenue		2b	54	61
7	Other Revenues		2c	179	136
3	Grants & Contributions provided for Operating Purposes		2d,e	39	30
-	Grants & Contributions provided for Capital Purposes		2d,e	92	97
<b>Other Income:</b>					
<u>6,701</u>	<b>Total Income from Continuing Operations</b>			<u>6,950</u>	<u>6,835</u>
<b>Expenses from Continuing Operations</b>					
5,272	Employee Benefits & On-Costs		3a	5,247	5,286
657	Materials & Contracts		3b	730	815
957	Depreciation & Amortisation		3c	549	907
110	Other Expenses		3d	108	111
-	Net Losses from the Disposal of Assets		4	3	-
<u>6,996</u>	<b>Total Expenses from Continuing Operations</b>			<u>6,637</u>	<u>7,119</u>
<u>(295)</u>	<b>Operating Result from Continuing Operations</b>			<u>313</u>	<u>(284)</u>
<u>(295)</u>	<b>Net Operating Result for the Year</b>			<u>313</u>	<u>(284)</u>
(295)	<b>Net Operating Result attributable to RTRL</b>			<u>313</u>	<u>(284)</u>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>					
<u>(295)</u>				<u>221</u>	<u>(381)</u>

<sup>1</sup> Original Budget as approved by Committee

## Richmond Tweed Regional Library

### Statement of Comprehensive Income for the financial year ended 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
<b>Net Operating Result for the year</b> (as per Income statement)		<b>313</b>	<b>(284)</b>
<b>Other Comprehensive Income:</b>			
<b>Total Other Comprehensive Income for the year</b>		-	-
<b>Total Comprehensive Income for the Year</b>		<b>313</b>	<b>(284)</b>
<b>Total Comprehensive Income attributable to RTRL</b>		313	(284)
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		-	-

## Richmond Tweed Regional Library

## Statement of Financial Position

for the financial year ended 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	5a	1,383	1,313
Receivables	6	6	2
<b>Total Current Assets</b>		<b>1,389</b>	<b>1,315</b>
<b>Non-Current Assets</b>			
Infrastructure, Property, Plant & Equipment	7	4,431	4,214
Intangible Assets	15	13	16
<b>Total Non-Current Assets</b>		<b>4,444</b>	<b>4,230</b>
<b>TOTAL ASSETS</b>		<b>5,833</b>	<b>5,545</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	8	47	18
Provisions	8	1,352	1,398
<b>Total Current Liabilities</b>		<b>1,399</b>	<b>1,416</b>
<b>Non-Current Liabilities</b>			
Provisions	8	17	25
<b>Total Non-Current Liabilities</b>		<b>17</b>	<b>25</b>
<b>TOTAL LIABILITIES</b>		<b>1,416</b>	<b>1,441</b>
<b>Net Assets</b>		<b>4,417</b>	<b>4,104</b>
<b>EQUITY</b>			
Retained Earnings	13	4,291	3,978
Revaluation Reserves	13	126	126
<b>RTRL Equity Interest</b>		<b>4,417</b>	<b>4,104</b>
<b>Total Equity</b>		<b>4,417</b>	<b>4,104</b>



## Richmond Tweed Regional Library

Statement of Changes in Equity  
for the financial year ended 30 June 2017

\$ '000	Notes	Retained Earnings	Reserves (Refer 13)	RTRL Interest	Non- controlling Interest	Total Equity
<b>2017</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		3,978	126	<b>4,104</b>	-	<b>4,104</b>
<b>Net Operating Result for the Year</b>		<b>313</b>		<b>313</b>	-	<b>313</b>
<b>Total Comprehensive Income</b>		<b>313</b>	-	<b>313</b>	-	<b>313</b>
<b>Equity - Balance at end of the reporting period</b>		<b>4,291</b>	<b>126</b>	<b>4,417</b>	-	<b>4,417</b>
<b>2016</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		4,262	126	<b>4,388</b>	-	<b>4,388</b>
<b>Net Operating Result for the Year</b>		(284)	-	<b>(284)</b>	-	<b>(284)</b>
<b>Total Comprehensive Income</b>		<b>(284)</b>	-	<b>(284)</b>	-	<b>(284)</b>
<b>Equity - Balance at end of the reporting period</b>		<b>3,978</b>	<b>126</b>	<b>4,104</b>	-	<b>4,104</b>

## Richmond Tweed Regional Library

## Statement of Cash Flows

for the financial year ended 30 June 2017

Budget			Actual	Actual
2017	\$ '000	Notes	2017	2016
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
6,634	User Charges & Fees		6,586	6,511
56	Investment & Interest Revenue Received		54	61
3	Grants & Contributions		131	127
7	Other		175	192
<b>Payments:</b>				
(5,272)	Employee Benefits & On-Costs		(5,288)	(5,362)
(657)	Materials & Contracts		(717)	(815)
(110)	Other		(105)	(119)
<u>661</u>	<b>Net Cash provided (or used in) Operating Activities</b>	9	<u>836</u>	<u>595</u>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Infrastructure, Property, Plant & Equipment		6	-
<b>Payments:</b>				
(647)	Purchase of Infrastructure, Property, Plant & Equipment		(772)	(812)
<u>(647)</u>	<b>Net Cash provided (or used in) Investing Activities</b>		<u>(766)</u>	<u>(812)</u>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
<b>Payments:</b>				
<u>-</u>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<u>-</u>	<u>-</u>
14	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		70	(217)
1,028	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	9	1,313	1,530
<u>1,042</u>	<b>Cash &amp; Cash Equivalents - end of the year</b>	9	<u>1,383</u>	<u>1,313</u>

## Richmond Tweed Regional Library

### Notes to the Financial Statements for the financial year ended 30 June 2017

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## Richmond Tweed Regional Library

### Notes to the Financial Statements

for the financial year ended 30 June 2017

#### Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Richmond Tweed Regional Library (RTRL) in the preparation of these consolidated financial statements are set out below in order to assist in its general understanding.

Under Australian Accounting Standards (AASBs), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case RTRL) in preparing and presenting its financial statements.

##### (a) Basis of preparation

###### (i) Background

These financial statements are special purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards and Australian Accounting Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Code of Accounting Practice and Financial Reporting where considered relevant to Member Councils.

For the purpose of preparing these financial statements, RTRL has been deemed to be a not-for-profit entity.

###### (ii) Compliance with International Financial Reporting Standards (IFRSs)

Because AASBs are sector neutral, some standards either:

- (a) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's, or
- (b) specifically exclude application by Not for Profit entities.

Accordingly in preparing these financial statements and accompanying notes, RTRL has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

###### (ii) New and amended standards adopted by RTRL

AASB 124 Related Party Disclosures was adopted during the year, the impact of this standard had no impact on reporting financial position or performance, however note 16 has been added.

###### (iii) Early adoption of Accounting Standards

RTRL has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

Refer further to paragraph (t) relating to a summary of the effects of Standards with future operative dates.

###### (iv) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** except for:

- (i) certain financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets which are all valued at fair value,
- (ii) the write down of any Asset on the basis of Impairment (if warranted) and
- (iii) certain classes of non current assets (eg. Property, Plant & Equipment and Investment Property) that are accounted for at fair valuation.

The accrual basis of accounting has also been applied in their preparation.

###### (v) Changes in Accounting Policies

RTRL's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated [refer Note 14(d)].

###### (vi) Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

## Richmond Tweed Regional Library

### Notes to the Financial Statements

for the financial year ended 30 June 2017

#### Note 1. Summary of Significant Accounting Policies

Accordingly this requires management to exercise its judgement in the process of applying the RTRL's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on RTRL and that are believed to be reasonable under the circumstances.

##### **Critical accounting estimates and assumptions**

RTRL makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

- (i) Estimated fair values of property, plant and equipment.

##### **Other accounting estimates - Change in useful lives Library Resources**

Management has undertaken a review of the useful lives of the RTRL's Library Resources (Books, DVD's & CD's) assets.

The review included:

- Reviewing best practice as outlined in the Public Libraries of NSW – Financial Reporting guidelines; and
- Actual useful lives applied to Library Resources by Library Management.

The estimated useful life of Library Resources has been changed from five years to seven years to better reflect the duration of the benefit that the Library is receiving from these assets.

The change in useful lives is considered a change in accounting estimate, which is defined as 'an adjustment of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments, and accordingly, are not corrections of errors.

Changes in estimates require prospective recognition to the extent they impact profit or loss. As such, the change in useful lives will not impact the accumulated depreciation of existing assets, however given it represents a change in the expected future periodic consumption, the annual depreciation charge must be adjusted to reflect the remaining depreciation period being extending from five years to seven years.

Based on the carrying value of the lending and reference collection plus additions, this change in accounting estimates has decreased the depreciation expense for the 2016/17 year by \$312,000 from an expected value of \$701,000 to an actual value of \$389,000.

##### **Critical judgements in applying RTRLs accounting policies**

There were no critical judgements made in applying RTRL's accounting policies.

##### **(b) Revenue recognition**

Revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to it and specific criteria have been met for each of the RTRL's activities as described below.

RTRL bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

##### **Grants and Contributions**

Grants and contributions are recognised as revenues when the RTRL obtains control over the assets comprising these receipts.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

## Richmond Tweed Regional Library

### Notes to the Financial Statements

for the financial year ended 30 June 2017

#### Note 1. Summary of Significant Accounting Policies

Revenue from Contributions is recognised when

- i) RTRL either obtains control of the contribution or the right to receive it,
- (ii) it is probable that the economic benefits comprising the contribution will flow to the RTRL and
- (ii) the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 2(g).

Note 2(g) also discloses the amount of unused grant or contribution from prior years that was expended on RTRL's operations during the current year.

#### User Charges, Fees and Other Income

User charges, fees and other income are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided as at balance date.

#### Sale of Infrastructure, Property, Plant and Equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

#### Interest

Interest Income from Cash & Investments is accounted for using the effective interest rate at the date that interest is earned.

#### (c) Leases

All Leases entered into by RTRL are reviewed and classified on inception date as either a Finance Lease or an Operating Lease.

#### Finance Leases

Leases of property, plant and equipment where the RTRL has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

#### Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

#### (d) Cash and Cash Equivalents

For Statement of Cash Flows (and Statement of Financial Position) presentation purposes, cash and cash equivalents includes;

- cash **on hand**,
- deposits held **at call** with financial institutions,
- other short-term, highly liquid investments **with original maturities of three months or less** that are readily convertible to known amounts of cash

## Richmond Tweed Regional Library

### Notes to the Financial Statements

for the financial year ended 30 June 2017

#### Note 1. Summary of Significant Accounting Policies

and which are subject to an insignificant risk of changes in value, and

- bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

#### (e) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with RTRL's policy.

A provision for impairment (i.e. an allowance account) relating to receivables is established when there is objective evidence that the RTRL will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

#### (f) Infrastructure, Property, Plant and Equipment (IPP&E)

##### Acquisition of assets

RTRL's non-current assets are continually revalued (over a 5 year period) in accordance with the fair

valuation policy as mandated by the Office of Local Government.

At balance date, the following classes of PP&E were stated at their Fair Value;

- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised** (External Valuation)
- **Plant and Equipment** (as approximated by depreciated historical cost)
- **Other Assets** (as approximated by depreciated historical cost)

##### Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

The discount rate used is the RTRL's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

##### Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to RTRL and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

## Richmond Tweed Regional Library

### Notes to the Financial Statements

for the financial year ended 30 June 2017

#### Note 1. Summary of Significant Accounting Policies

##### Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Property, Plant & Equipment:

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.
- To the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Net decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

For all other assets, RTRL assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, RTRL determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

##### Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

<b>Land</b>	
- land	100% Capitalised

##### Plant & Equipment

Office Furniture	> \$1,000
Office Equipment	> \$1,000
Other Plant & Equipment	> \$1,000

##### Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
----------------------------	-----------

##### Buildings

- construction/extensions	100% Capitalised
- renovations	> \$10,000

Other Structures	> \$2,000
------------------	-----------

<b>Library Resources</b>	100% Capitalised
(Excluding periodicals, eResources and common use collection)	

##### Depreciation

Depreciation on RTRL's property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for RTRL's PP&E include:

##### Plant & Equipment

- Office Equipment	5 to 10 years
- Office furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	5 to 8 years
- Other plant and equipment	5 to 15 years

##### Buildings

- Buildings : Masonry	50 to 100 years
- Buildings : Other	20 to 40 years

##### Library Resources

Library Resources	7 years
(Excluding periodicals, eResources and common use collection)	

All asset residual values and useful lives are reviewed and adjusted (if appropriate), at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1(k) on Asset Impairment.

##### Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.



## Richmond Tweed Regional Library

### Notes to the Financial Statements

for the financial year ended 30 June 2017

#### Note 1. Summary of Significant Accounting Policies

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in RTRL's Income Statement in the year the asset is derecognised.

##### (g) Land

Land (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

##### (h) Intangible Assets

###### IT Development and Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project.

Amortisation is calculated on a straight line bases over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where RTRL has an intention and ability to use the asset.

##### (i) Impairment of assets

All RTRL's IPP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

##### (j) Payables

These amounts represent liabilities and include goods and services provided to the RTRL prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

##### (k) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

- RTRL has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

## Richmond Tweed Regional Library

### Notes to the Financial Statements

for the financial year ended 30 June 2017

#### Note 1. Summary of Significant Accounting Policies

##### **(I) Employee benefits**

###### **(i) Short Term Obligations**

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be wholly settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

All other short-term employee benefit obligations are presented as payables.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as current liabilities.

###### **(ii) Other Long Term Obligations**

The liability for all long service and annual leave in respect of services provided by employees up to the reporting date (which is not expected to be wholly settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

These liabilities are measured at the present value of the expected future payments to be made using the projected unit credit method.

Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are then discounted using market yields at the reporting date based on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as current, as it has been deemed that RTRL does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

###### **(iii) Retirement benefit obligations**

All employees of the RTRL are entitled to benefits on retirement, disability or death.

RTRL contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

###### **Defined Benefit Plans**

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the Statement of Financial Position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, RTRL can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

RTRL is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi-employer fund" for the purposes of AASB 119.

## Richmond Tweed Regional Library

### Notes to the Financial Statements

for the financial year ended 30 June 2017

#### Note 1. Summary of Significant Accounting Policies

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

RTRL's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in these financial statements.

RTRL has, however, disclosed a contingent liability in Note 13 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

#### Defined Contribution Plans

Contributions to Defined Contribution Plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### (iv) Employee Benefit On-Costs

RTRL has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain leave liabilities accrued as at 30/6/17.

#### (m) Allocation between current and non-current assets & liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the RTRL's operational cycle.

#### Exceptions

In the case of liabilities where RTRL does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

#### (n) Taxes

The RTRL is exempt from both Commonwealth Income Tax and Capital Gains Tax.

RTRL does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

#### Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

## Richmond Tweed Regional Library

### Notes to the Financial Statements for the financial year ended 30 June 2017

#### Note 1. Summary of Significant Accounting Policies

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##### **(o) Rounding of amounts**

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

##### **(p) Comparative Figures**

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

##### **(q) Disclaimer**

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

## Richmond Tweed Regional Library

## Notes to the Financial Statements

for the financial year ended 30 June 2017

## Note 2. Income from Continuing Operations

\$ '000	Notes	Actual 2017	Actual 2016
<b>(a) User Charges &amp; Fees</b>			
RTRL Contributions by Member Councils		6,325	6,260
Reservation and Registration Fees		90	89
Lost Book Charges		18	21
PC Usage		19	17
Printouts		100	82
Photocopying charges		16	20
Other		18	22
<b>Total Fees &amp; Charges - Other</b>		<b>6,586</b>	<b>6,511</b>
<b><u>TOTAL USER CHARGES &amp; FEES</u></b>		<b><u>6,586</u></b>	<b><u>6,511</u></b>
<b>(b) Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest earned on Investments (interest income)		54	61
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>54</u></b>	<b><u>61</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
General Cash & Investments		54	61
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b>54</b>	<b>61</b>
<b>(c) Other Revenues</b>			
Fines - Other		84	93
Donations - Friends of the Library		35	30
Other		60	13
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>179</u></b>	<b><u>136</u></b>
<b>(d) Grants</b>			
<b>Specific Purpose</b>			
Tech Savvy Seniors	5	-	-
Diesel Rebate	2	2	-
<b>Total Specific Purpose</b>	<b>7</b>	<b>2</b>	<b>-</b>
<b>Total Grants</b>	<b>7</b>	<b>2</b>	<b>-</b>
<b>Grant Revenue is attributable to:</b>			
- Commonwealth Funding	2	2	-
- Other Funding	5	-	-
	<b>7</b>	<b>2</b>	<b>-</b>

## Richmond Tweed Regional Library

## Notes to the Financial Statements

for the financial year ended 30 June 2017

## Note 2. Income from Continuing Operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
<b>(e) Contributions</b>				
<b>Other Contributions:</b>				
Local Priority Grants	32	28	92	97
<b>Total Other Contributions</b>	<b>32</b>	<b>28</b>	<b>92</b>	<b>97</b>
Total Contributions	32	28	92	97
<b><u>TOTAL GRANTS &amp; CONTRIBUTIONS</u></b>	<b><u>39</u></b>	<b><u>30</u></b>	<b><u>92</u></b>	<b><u>97</u></b>
<b>(a) Employee Benefits &amp; On-Costs</b>				
Salaries and Wages			3,870	3,830
Employee Leave Entitlements (ELE)			770	846
Superannuation			544	536
Workers' Compensation Insurance			62	71
Fringe Benefit Tax (FBT)			1	3
<b>Total Employee Costs</b>			<b>5,247</b>	<b>5,286</b>
<b><u>TOTAL EMPLOYEE COSTS EXPENSED</u></b>			<b><u>5,247</u></b>	<b><u>5,286</u></b>
Number of "Equivalent Full Time" Employees at year end			<b>67</b>	<b>68</b>
<b>(b) Materials &amp; Contracts</b>				
Raw Materials & Consumables			717	806
Auditors Remuneration <sup>(1)</sup>			13	9
<b>Total Materials &amp; Contracts</b>			<b>730</b>	<b>815</b>
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>			<b><u>730</u></b>	<b><u>815</u></b>
<b>1. Auditor Remuneration</b>				
During the year, the following fees were incurred for services provided by RTRL's Auditor (& the Auditors of other Consolidated Entities):				
<b>(i) Audit and Other Assurance Services</b>				
- Audit & review of financial statements: Richmond Tweed Regional			13	9
<b>Remuneration for audit and other assurance services</b>			<b>13</b>	<b>9</b>
<b>Total Auditor Remuneration</b>			<b>13</b>	<b>9</b>

## Richmond Tweed Regional Library

## Notes to the Financial Statements

for the financial year ended 30 June 2017

## Note 3 Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2017	Actual 2016	Actual 2017	Actual 2016
<b>(c) Depreciation, Amortisation &amp; Impairment</b>					
Plant and Equipment				8	24
Office Equipment				101	116
Furniture & Fittings				22	19
Buildings - Specialised				26	26
Other Assets					
- Library Resources				389	719
Intangible Assets	15			3	3
<b>Total Depreciation &amp; Impairment Costs</b>				<b>549</b>	<b>907</b>
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>				<b>549</b>	<b>907</b>

**(d) Other Expenses**

Other Expenses for the year include the following:

Electricity & Heating		15	14
Insurance		23	23
Telephone & Communications		70	74
<b>Total Other Expenses</b>		<b>108</b>	<b>111</b>
<b>TOTAL OTHER EXPENSES</b>		<b>108</b>	<b>111</b>

## Note 4. Gains or Losses from the Disposal of Assets

## Plant &amp; Equipment

Proceeds from Disposal - Plant & Equipment		6	-
less: Carrying Amount of P&E Assets Sold / Written Off		(9)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>(3)</b>	<b>-</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(3)</b>	<b>-</b>

## Richmond Tweed Regional Library

## Notes to the Financial Statements

for the financial year ended 30 June 2017

## Note 5a. - Cash Assets

\$ '000	Notes	2017 Actual Current	2017 Actual Non Current	2016 Actual Current	2016 Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 5a)</b>					
Cash on Hand and at Bank		2	-	2	-
Cash-Equivalent Assets					
- Deposits at Call		1,381	-	1,311	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>1,383</b>	<b>-</b>	<b>1,313</b>	<b>-</b>
<b><u>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</u></b>					
		<b>1,383</b>	<b>-</b>	<b>1,313</b>	<b>-</b>

<sup>1</sup> Those Investments where time to maturity (from date of purchase) is < 3 mths.

## Note 5b. Restricted Cash, Cash Equivalents &amp; Investments - Details

<b>Total Cash, Cash Equivalents and Investments</b>	<b>1,383</b>	<b>-</b>	<b>1,313</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions	-	-	-	-
Internal Restrictions (refer below)	1,383	-	1,313	-
Unrestricted	-	-	-	-
	<b>1,383</b>	<b>-</b>	<b>1,313</b>	<b>-</b>

2017 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Richmond Tweed Regional Library	910	45	-	955
RTRL - Employee Leave Entitlements	403	25	-	428
<b>Total Internal Restrictions</b>	<b>1,313</b>	<b>70</b>	<b>-</b>	<b>1,383</b>
<b>TOTAL RESTRICTIONS</b>	<b>1,313</b>	<b>70</b>	<b>-</b>	<b>1,383</b>



## Richmond Tweed Regional Library

Notes to the Financial Statements  
for the financial year ended 30 June 2017

## Note 6. Receivables

\$ '000	Notes	2017		2016	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Other Debtors		6	-	2	-
<b>Total</b>		<b>6</b>	<b>-</b>	<b>2</b>	<b>-</b>
<b>less: Provision for Impairment</b>					
Nil					
<b>Total Provision for Impairment - Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>6</u></b>	<b><u>-</u></b>	<b><u>2</u></b>	<b><u>-</u></b>
<b>Externally Restricted Receivables</b>					
Nil					
<b>Total External Restrictions</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
<b>Internally Restricted Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unrestricted Receivables</b>		<b>6</b>	<b>-</b>	<b>2</b>	<b>-</b>
<b>TOTAL NET RECEIVABLES</b>		<b><u>6</u></b>	<b><u>-</u></b>	<b><u>2</u></b>	<b><u>-</u></b>

**Notes on Debtors above:**

(i) A provisions for other doubtful debts is made when there is objective evidence that a receivable is impaired.

Notes to the Financial Statements  
for the financial year ended 30 June 2017

Note 7. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2016					Asset Movements during the Reporting Period			as at 30/6/2017				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV of Asset Disposals	Depreciation Expense	At Cost	At Fair Value	Accumulated		Carrying Value
			Dep'n	Impairment							Dep'n	Impairment	
Capital Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & Equipment	-	731	437	-	294	21	(9)	(8)	-	730	432	-	298
Office Equipment	-	2,550	2,237	-	313	68	-	(101)	-	2,618	2,338	-	280
Furniture & Fittings	-	274	175	-	99	8	-	(22)	-	282	197	-	85
Plant & Equipment (under Finance Lease)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Land:</b>													
- Operational Land	-	390	-	-	390	-	-	-	-	390	-	-	390
- Community Land	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - non depreciable	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - depreciable	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings - Non Specialised	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings - Specialised	-	1,932	860	-	1,072	-	-	(26)	-	1,932	886	-	1,046
Other Structures	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Assets:</b>													
- Heritage Collections	-	-	-	-	-	-	-	-	-	-	-	-	-
- Lending and Reference Collection*	-	4,270	2,224	-	2,046	675	-	(389)	-	4,945	2,613	-	2,332
- Other	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>-</b>	<b>10,147</b>	<b>5,933</b>	<b>-</b>	<b>4,214</b>	<b>772</b>	<b>(9)</b>	<b>(546)</b>	<b>-</b>	<b>10,897</b>	<b>6,466</b>	<b>-</b>	<b>4,431</b>

\*RTRL has revised useful lives of the lending & reference collections from 5 to 7 years. This is to apply to assets from 2017 onwards with no prior year adjustment.

## Richmond Tweed Regional Library

## Notes to the Financial Statements

for the financial year ended 30 June 2017

## Note 8. Payables, Borrowings &amp; Provisions

\$ '000	Notes	2017		2016	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		13	-	-	-
Accrued Expenses:					
- Salaries & Wages		30	-	17	-
Other		4	-	-	-
<b>Total Payables</b>		<b>47</b>	<b>-</b>	<b>18</b>	<b>-</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		408	-	460	-
Long Service Leave		928	17	919	25
Other Leave		16	-	19	-
<b>Sub Total - Aggregate Employee Benefits</b>		<b>1,352</b>	<b>17</b>	<b>1,398</b>	<b>25</b>
<b>Total Provisions</b>		<b>1,352</b>	<b>17</b>	<b>1,398</b>	<b>25</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>1,399</b>	<b>17</b>	<b>1,416</b>	<b>25</b>

**(i) Liabilities relating to Restricted Assets**

	2017		2016	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Nil				
Liabilities relating to externally restricted assets	-	-	-	-
<b>Total Liabilities relating to Unrestricted Assets</b>	<b>1,399</b>	<b>17</b>	<b>1,416</b>	<b>25</b>
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>	<b>1,399</b>	<b>17</b>	<b>1,416</b>	<b>25</b>

**(ii) Current Liabilities not anticipated to be settled within the next 12 months**

The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.

Provisions - Employees Benefits	973	1,040
	<b>973</b>	<b>1,040</b>

## Richmond Tweed Regional Library

## Notes to the Financial Statements

for the financial year ended 30 June 2017

## Note 9. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2017	Actual 2016
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	5a	1,383	1,313
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>1,383</b>	<b>1,313</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>313</b>	<b>(284)</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		549	907
Net Losses/(Gains) on Disposal of Assets		3	-
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(4)	56
Increase/(Decrease) in Payables		13	-
Increase/(Decrease) in other accrued Expenses Payable		13	(115)
Increase/(Decrease) in Other Liabilities		3	1
Increase/(Decrease) in Employee Leave Entitlements		(54)	30
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>836</b>	<b>595</b>

## Richmond Tweed Regional Library

### Notes to the Financial Statements

for the financial year ended 30 June 2017

#### Note 10. Commitments for Expenditure

\$ '000	Notes	Actual 2017	Actual 2016
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Transition to Interaction - Radio Frequency Identification (RFID) Project		237	-
<b>Total Commitments</b>		<b>237</b>	<b>-</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		237	-
<b>Total Payable</b>		<b>237</b>	<b>-</b>
<b>Sources for Funding of Capital Commitments:</b>			
Future Grants & Contributions		102	-
Internally Restricted Reserves		135	-
<b>Total Sources of Funding</b>		<b>237</b>	<b>-</b>

#### Details of Capital Commitments

Contract was entered into on 13 June 2017 with expenditure with expenditure to commence in 2018.

#### (b) Finance Lease Commitments

Nil

#### (c) Operating Lease Commitments (Non Cancellable)

Nil



## Richmond Tweed Regional Library

### Notes to the Financial Statements

for the financial year ended 30 June 2017

#### Note 12. Contingencies & Other Assets/Liabilities Not Recognised

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge & disclosure is considered relevant to the users of Richmond Tweed Regional Library's (RTRL) Financial Report.

#### LIABILITIES NOT RECOGNISED:

##### 1. Guarantees

##### (i) Defined Benefit Superannuation Contribution Plans

Lismore City Council as Responsible Entity for RTRL participates in a defined benefits superannuation scheme called the Local Government Superannuation Scheme – Pool B (Scheme). Pooled Employers form a sub-group of the Scheme with over 170 employers supporting over 9,300 employees and ex-employees.

The Scheme is considered to be a defined benefit multi-employer plan for the following reasons:

- 1) Assets are not segregated within the sub-group according to the employees of each sponsoring employer;
- 2) The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer;
- 3) Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer; and
- 4) The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Scheme. The standard employer contributions were determined using the new entrant rate method under which a contribution rate.

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2016 for 4 years to 30 June 2020, apportioned according to each employer's share of the accrued liabilities as at 30 June 2016. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2016.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

Each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Scheme's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

There are no specific provisions under the Scheme's trust deed dealing with deficits or surplus on wind-up.

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

The expected contribution to the Scheme by Lismore City Council for the next annual reporting period is \$764,290.56. This is a consolidated figure. An amount specific to RTRL is not available.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2017 is:

Employer reserves only*	\$millions	Asset Coverage
Assets	1,754.4	
Vested Benefits	1,775.9	98.8%

\* Excluding member accounts and reserves in both assets and liabilities.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

## Richmond Tweed Regional Library

### Notes to the Financial Statements

for the financial year ended 30 June 2016

#### Note 12. Contingencies & Other Assets/Liabilities Not Recognised

Investment return	6.5% per annum
Salary inflation*	3.5% per annum
Increase in CPI	2.5% per annum

\* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers.

The implications are that additional contributions are estimated to remain in place until 30 June 2020.

It is estimated that RTRL's level of participation in the Scheme compared with other participating Pooled Employers is 0.10%.

##### (ii) Statewide Mutual Limited

RTRL is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to Local Government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. RTRL's share of the Net Assets or Liabilities reflects contributions to the pool and the result of insurance claims within each of the Fund Years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that RTRL will be required to fund or share in respectively.

##### (iii) StateCover Mutual Limited

RTRL is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically RTRL.

RTRL has a contingent liability to contribute further equity in the event of the erosion of the Company's

capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

##### (iv) Other Guarantees

RTRL has provided no other Guarantees other than those listed above.

#### 2. Other Liabilities

##### (i) Third Party Claims

RTRL is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

RTRL believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

#### 3. Asset Not Recognised

A grant of \$200,000 was received by Lismore City Council (LCC) from the NSW State Library for the 2015/16 Public Library Infrastructure Grant program. RTRL will commence expenditure on the project in 2017/18 and LCC will transfer grant funds to RTRL for the expenses as they are incurred.



## Richmond Tweed Regional Library

Notes to the Financial Statements  
for the financial year ended 30 June 2017

## Note 13. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2017	Actual 2016
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		3,978	4,262
d. Net Operating Result for the Year		313	(284)
<b>Balance at End of the Reporting Period</b>		<b>4,291</b>	<b>3,978</b>
<b>(b) Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		126	126
<b>Total</b>		<b>126</b>	<b>126</b>
<b>(ii) Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		126	126
<b>- Balance at End of Year</b>		<b>126</b>	<b>126</b>
<b>Other Reserves</b>			
<b>TOTAL VALUE OF RESERVES</b>		<b>126</b>	<b>126</b>

**(iii) Nature & Purpose of Reserves****Infrastructure, Property, Plant & Equipment Revaluation Reserve**

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

**(c) Correction of Error/s relating to a Previous Reporting Period**

RTRL made no correction of errors during the current reporting period.

**(d) Voluntary Changes in Accounting Policies**

RTRL made no voluntary changes in any accounting policies during the year.

## Richmond Tweed Regional Library

### Notes to the Financial Statements

for the financial year ended 30 June 2017

#### Note 14. Events occurring after the Reporting Date

Events that occur between the end of the reporting period ended 30 June 2017 and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

RTRL has adopted the date of receipt of the Auditors' Report as the applicable "authorised for issue" date relating to these Special Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 17/11/17.

Events that occur after the Reporting Period represent one of two types:

##### (i) Events that provide evidence of conditions that existed at the Reporting Period

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2017.

##### (ii) Events that provide evidence of conditions that arose after the Reporting Period

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2017 and which are only indicative of conditions that arose after 30 June 2017.

RTRL is unaware of any material or significant "non-adjusting events" that should be disclosed.

#### Note 15. Intangible Assets

\$ '000	Actual 2017	Actual 2016
Intangible Assets represent identifiable non-monetary asset without physical substance.		
Intangible Assets are as follows;		
<b>Opening Values:</b>		
Gross Book Value (1/7/2016)	26	26
Accumulated Amortisation (1/7/2016)	(10)	(8)
<b>Net Book Value - Opening Balance</b>	<b>16</b>	<b>18</b>
<b>Movements for the year</b>		
- Amortisation charges	(3)	(2)
<b>Closing Values:</b>		
Gross Book Value (30/6/2017)	26	26
Accumulated Amortisation (30/6/2017)	(13)	(10)
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u></b> <sup>1</sup>	<b><u>13</u></b>	<b><u>16</u></b>

<sup>1</sup> The Net Book Value of Intangible Assets represent:

- Software	13	16
	<b>13</b>	<b>16</b>

## Richmond Tweed Regional Library

### Notes to the Financial Statements

for the financial year ended 30 June 2017

#### Note 16. Related party disclosures

\$ '000

##### a. Key management personnel

Key management personnel (KMP) of Richmond Tweed Regional Library (RTRL) are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly. KMP for the RTRL are considered to include Committee Members, RTRL Manager and staff members acting in the position of Manager. Committee members and staff other than the RTRL Manager do not receive direct benefits from RTRL.

The aggregate amount of KMP compensation included in the Income Statement is:

	Actual 2017
<b>Compensation:</b>	
Short-term benefits	108
Post-employment benefits	9
Other long-term benefits	3
<b>Total</b>	<b>120</b>

##### b. Other transactions with KMP and their related parties

Richmond Tweed Regional Library has determined that transactions at arm's length between KMP and Council as part of delivering public service objectives (e.g. access to library by KMP) will not be disclosed.

KMP and their related parties attend various functions from time to time as part of their position held within RTRL. Tickets, meals and small tokens of appreciation that are provided at these functions are considered immaterial and will not be disclosed.