Goulburn Valley Regional Library Corporation
ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2020

Goulburn Valley Regional Library Corporation
Financial Report
Table of Contents

Certification of the Financial Statements

In my opinion, the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Planning and Reporting) Regulations 2014*, the Australian Accounting Standards and other mandatory professional reporting requirements.

Matthew Jarvis CPA
Principal Accounting Officer
Date : *17th September 2020*
Shepparton

In our opinion the accompanying financial statements present fairly the financial transactions of Goulburn Valley Regional Library Corporation for the year ended 30 June 2020 and the financial position of the Corporation as at that date.

As at the date of signing, we are not aware of any circumstances that would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Corporation and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.

Gary Cleveland
Board Member
Date : *17th September 2020*
Shepparton

Bruce Giovanetti
Board Member
Date : *17th September 2020*
Shepparton

Kevin Preece
Chief Executive Officer
Date : *17th September 2020*
Shepparton

Independent Auditor's Report

VAGO
Victorian Auditor-General's Office

To the Board members of Goulburn Valley Regional Library Corporation

Opinion	I have audited the financial report of Goulburn Valley Regional Library Corporation (the corporation) which comprises the: • balance sheet as at 30 June 2020 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial report, including significant accounting policies • certification of financial statements. In my opinion the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of the *Local Government Act 1989* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board members' responsibilities for the financial report	The Board Members of the corporation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Local Government Act 1989*, and for such internal control as the Board Members determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board Member are responsible for assessing the corporation'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 it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report	As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board Members • conclude on the appropriateness of the Board Members' 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 corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. I communicate with the Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
25 September 2020

Sanchu Chummar
as delegate for the Auditor-General of Victoria

Comprehensive Income Statement
For the Year Ended 30 June 2020

	Note	2020	2019
		$	$
Income			
Council contributions	3.1	2,703,371	2,637,435
Fees and fines	3.2	46,013	60,726
Grants - operating	3.3	860,025	837,630
Other income	3.4	56,244	54,240
Total income		**3,665,653**	**3,590,031**
Expenses			
Employee costs	4.1	(2,349,891)	(2,560,374)
Materials and services	4.2	(658,969)	(719,767)
Depreciation	4.3	(486,208)	(462,587)
Amortisation - right of use assets	4.4	(44,211)	-
Net loss on disposal of library stock, plant and equipment	4.5	(4,836)	-
Bad and doubtful debts	4.6	21	(378)
Borrowing costs	4.7	(13,878)	29,877
Finance costs - leases	4.8	(5,423)	-
Other expenses	4.9	(14,172)	(54,256)
Total expenses		**(3,577,567)**	**(3,767,485)**
Surplus/(deficit) for the year		**88,086**	**(177,454)**
Total comprehensive result		**88,086**	**(177,454)**

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

Balance Sheet
As at 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	5.1 (a)	568,673	927,149
Other financial assets	5.1 (b)	500,000	-
Trade and other receivables	5.1 (c)	26,343	3,651
Other assets	5.2	4,080	35,163
Total current assets		**1,099,096**	**965,963**
Non-current assets			
Library stock, plant and equipment	6.1	2,210,582	2,265,975
Right-of-use assets	5.8	136,495	-
Total non-current assets		**2,347,077**	**2,265,975**
Total assets		**3,446,173**	**3,231,938**
Liabilities			
Current liabilities			
Trade and other payables	5.3	124,073	135,668
Provisions	5.5	741,340	729,970
Interest-bearing liabilities	5.4	19,099	17,579
Lease liabilities	5.8	44,115	-
Total current liabilities		**928,627**	**883,217**
Non-current liabilities			
Provisions	5.5	60,606	55,408
Interest-bearing liabilities	5.4	-	19,099
Lease liabilities	5.8	94,640	-
Total non-current liabilities		**155,246**	**74,507**
Total liabilities		**1,083,873**	**957,724**
Net assets		**2,362,300**	**2,274,214**
Equity			
Accumulated surplus		(543,447)	(631,533)
Member contributions		2,905,747	2,905,747
Total Equity		**2,362,300**	**2,274,214**

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

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

2020	Note	Total $	Accumulated Surplus $	Member Contributions $
Balance at beginning of the financial year		2,274,214	(631,533)	2,905,747
Surplus/(deficit) for the year		88,086	88,086	-
Balance at end of the financial year		**2,362,300**	**(543,447)**	**2,905,747**

2019	Total $	Accumulated Deficit $	Member Contributions $
Balance at beginning of the financial year	2,451,668	(454,078)	2,905,747
Deficit for the year	(177,454)	(177,455)	-
Balance at end of the financial year	**2,274,214**	**(631,533)**	**2,905,747**

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

Statement of Cash Flows
For the Year Ended 30 June 2020

	Note	2020 Inflows/ (Outflows) $	2019 Inflows/ (Outflows) $
Cash flows from operating activities			
Council contributions		2,703,371	2,637,435
Fees and fines		45,801	60,726
Grants - operating		860,025	837,630
Interest received		11,639	17,823
Other receipts		29,964	40,516
Net GST refund/(payment)		(38,682)	15,423
Employee costs		(2,412,763)	(2,427,424)
Materials and services		(554,919)	(818,327)
Net cash provided by operating activities	9.1	**644,436**	**363,802**
Cash flows from investing activities			
Payments for library stock, plant and equipment	6.2	(444,146)	(438,754)
Proceeds from sale of property, infrastructure, plant and equipment		8,494	-
Payments for investments		(500,000)	-
Proceeds from investments		-	1,000,000
Net cash provided by/(used in) investing activities		**(935,652)**	**561,246**
Cash flows from financing activities			
Finance costs		(2,307)	(3,817)
Repayment of borrowings		(17,579)	(16,145)
Interest paid - lease liability		(5,423)	-
Repayment of lease liabilities		(41,951)	-
Net cash provided by/(used in) financing activities		**(67,261)**	**(19,962)**
Net increase/(decrease) in cash and cash equivalents		(358,476)	905,087
Cash and cash equivalents at the beginning of the financial year		927,149	22,062
Cash and cash equivalents at the end of the financial year	5.1	**568,673**	**927,149**

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

Statement of Capital Works
For the Year Ended 30 June 2020

	Note	2020	2019
		$	$
Library stock, plant and equipment			
Plant, machinery and equipment		25,709	-
Fixtures, fittings and furniture		5,523	8,327
Computers and telecommunications		33,975	36,322
Library books and multimedia		378,939	394,105
Total plant and equipment	8.1	**444,146**	**438,754**
Total capital works expenditure		**444,146**	**438,754**
Represented by:			
New asset expenditure		523	1,350
Asset renewal expenditure		443,623	437,404
Total capital works expenditure		**444,146**	**438,754**

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

OVERVIEW

Introduction

The Goulburn Valley Regional Library was established by approval of the Minister for Local Government by publishing in the Government Gazette on 22 May 1997 and is a Corporation. The Corporation's main office is located at 79 Benalla Road, Shepparton, Victoria.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014* .

Significant accounting policies

Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of library stock, plant and equipment (refer to Note 6.1)
- the determination of depreciation for library stock, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases* , of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- other areas requiring judgements

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation (except where transitional requirements of *AASB 15 Revenue from Contracts with Customers* , *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities* do not require restatement of comparatives under the modified retrospective approach adopted by the Corporation), and disclosure has been made of any material changes to comparatives.

Impact of COVID-19

In March 2020, the State of Victoria declared a state of emergency to respond to the COVID-19 outbreak.

In accordance with State Government direction the Corporation closed all libraries to the public. In response, library operations shifted to an online service model with a click and collect facility in order to continue to provide collection services to the community. While the impact to service delivery has been considerable, the overall impact on the Corporation’s performance has been immaterial. See notes 1.1 performance against budget, 5.1 financial assets, 5.3 payables and 8.4 fair value measurement for further commentary.

Note 1 Performance against budget

The performance against budget notes compare the Corporation's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. The Corporation has adopted a materiality threshold of greater than 10 percent and $30,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by the Corporation on 27 June 2019. The Budget was based on assumptions that were relevant at then time of adoption of the Budget. The Corporation sets guidelines and parameters for income and expense targets in this budget in order to meet its planning and financial performance targets for both the short and long-term. The Budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014* .

1.1 Income and expenditure

	Budget 2020 $	Actual 2020 $	Variance 2020 $	Variance 2020 %	Ref
Income					
Council Contributions	2,703,371	2,703,371	-	0%	
User fees	48,200	46,013	(2,187)	(5%)	
Grants - operating	858,255	860,025	1,770	0%	
Other income	39,262	56,244	16,982	43%	
Total income	**3,649,088**	**3,665,653**	**16,565**	**0%**	
Expenses					
Employee costs	2,425,275	2,349,891	(75,384)	(3%)	
Materials and services	696,500	658,969	(37,531)	(5%)	
Depreciation	471,173	486,208	15,035	3%	
Amortisation - Right of use assets	-	44,211	44,211	100%	1
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(4,000)	4,836	8,836	(221%)	
Bad and doubtful debts	-	(21)	(21)	100%	
Borrowing costs	2,500	13,878	11,378	455%	
Finance costs - Leases	-	5,423	5,423	100%	
Other expenses	57,200	14,172	(43,028)	(75%)	2
Total expenses	**3,648,648**	**3,577,567**	**(71,081)**	**(2%)**	
Surplus/(deficit) for the year	**440**	**88,086**	**87,646**	**100%**	

(i) Explanation of material variations

1	Amortisation of Right of Use Assets recognised 1 July 2019 in conjunction with new lease standard AASB 16.
2	Less than budget largely due to headquarter lease previously expensed now treated as liability under AASB 16 - Leases. Partially offset by rental of temporary library premises during Tatura Library refurbishment and extension.

1.2 Capital works

	Budget 2020 $	Actual 2020 $	Variance $	Variance %	Ref
Plant and equipment					
Book Purchases	308,000	287,306	(20,694)	(7%)	**1**
Audio Visual Purchases	92,000	91,633	(367)	(0%)	**2**
Computers	37,000	33,975	(3,025)	(8%)	
Office Furniture	7,000	5,523	(1,477)	(21%)	
Vehicles	26,000	25,709	(291)	(1%)	
Total plant and equipment	**470,000**	**444,146**	**(25,854)**	**(6%)**	
Total capital works expenditure	**470,000**	**444,146**	**(25,854)**	**(6%)**	
Represented by:					
New asset expenditure	-	523	523	100%	
Asset renewal expenditure	470,000	443,623	(26,377)	(6%)	
Total capital works expenditure	**470,000**	**444,146**	**(25,854)**	**(6%)**	

(i) Explanation of material variations

Variance	Item	Explanation
1	Book Purchases	Reduced book expenditure due to diversion to on line content and cost reduction strategy due to COVID-19.
2	Audio Visual Purchases	Increase purchase of eBooks and online content due to COVID-19.

Note 2 Analysis of Corporation results by program

The Corporation delivers its functions and activities through the following programs.

(a) Management and Administration

Provision of shared services corporate services including costs of Office and Logistics Centre, 79 Benalla Road Shepparton, Computer Information Technology, Human Resources, Insurance, Admin and Finance and general corporate costs.

Collection Services

Costs of the whole of life collection management including management , procurement, processing, retirement distribution and courier services.

Library Services

Direct management and operational costs of libraries, including mobile library, coordination and delivery of library programs and events.

(b) Summary of revenues, expenses, assets, and capital expenses by program

2020	Income $	Expenses $	Surplus/(Deficit) $	Grants included in income $	Total Assets $
Management and Administration	3,619,640	(1,825,224)	1,794,416	860,025	1,099,095
Collection Services	-	(286,628)	(286,628)	-	-
Library Services	46,013	(1,465,715)	(1,419,702)	-	2,347,078
	3,665,653	**(3,577,567)**	**88,086**	**860,025**	**3,446,173**

2019	Income $	Expenses $	Surplus/(Deficit) $	Grants included in income $	Total Assets $
Management and Administration	3,529,305	(1,936,428)	1,592,877	837,630	965,963
Collection Services	-	(263,993)	(263,993)	-	-
Library Services	60,726	(1,547,064)	(1,486,338)	-	2,265,975
	3,590,031	**(3,747,485)**	**(157,454)**	**837,630**	**3,231,938**

Note 3 Funding for the delivery of our services

3.1 Council contributions

	2020 $	2019 $
Greater Shepparton City Council	1,655,707	1,615,324
Moira Shire Council	780,230	761,200
Strathbogie Shire Council	267,434	260,911
Total council contributions	**2,703,371**	**2,637,435**

Annual financial contributions are determined by agreement with member Councils as outlined in the Regional Library Agreement gazetted 21 January 2010 and are based on population, service levels and adopted budget.

Council contributions are recognised as income when invoices are raised quarterly.

3.2 Fees and fines

	2020 $	2019 $
Overdue charges	810	6,547
Copy charges	27,438	35,293
Lost books	4,617	5,229
Inter library change	165	210
Book club fees	9,203	8,491
Meeting room hire	3,780	4,956
Total fees and fines	**46,013**	**60,726**
User fees by timing of revenue recognition		
User fees recognised at a point in time	46,013	60,726
Total fees and fines	**46,013**	**60,726**

Fees and fines are recognised as revenue when the service has been provided, the payment is received, or when then penalty has been applied, whichever first occurs.

3.3 Funding from other levels of government

Grants were received in respect of the following :

	2020 $	2019 $
Summary of grants		
State Government funded grants	860,025	837,630
Total grants received	**860,025**	**837,630**
(a) Operating Grants		
Recurrent		
Department of Planning and Community Development	831,687	811,403
Premiers Reading Challenge	26,227	26,227
Other	2,111	-
Total operating grants	**860,025**	**837,630**

Grant income is recognised at the point in time when the Corporation satisfies its performance obligations as specified in the underlying agreement.

3.4 Other income

	2020 $	2019 $
Interest	11,639	17,823
Donations	22,953	6,950
Other	21,652	29,467
Total other income	**56,244**	**54,240**

Interest is recognised as it is earned.

Other income is measured at the fair value of the consideration received or receivable and is recognised when the Corporation gains control over the right to receive the income.

		2020	2019
Note 4	**The cost of delivering services**		
4.1	**(a) Employee costs**	**$**	**$**
	Wages and salaries	1,977,605	2,108,191
	Casual staff	163,072	222,422
	WorkCover	10,051	10,058
	Superannuation	198,829	210,557
	Fringe benefits tax	334	9,146
	Total employee costs	**2,349,891**	**2,560,374**

(b) Superannuation

The Corporation made contributions to the following funds:

	2020	2019
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	29,337	37,233
	29,337	**37,233**
Employer contributions payable at reporting date.	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	99,662	105,110
Employer contributions - other funds	66,810	62,219
	166,472	**167,329**
Employer contributions payable at reporting date.	-	5,994

Refer to note 9.2 for further information relating to the Corporations superannuation obligations.

2019 wages and salaries have been restated to allow consistent comparison of fair value movement in provision for employee entitlements

4.2 Materials and services

	2020	2019
IT & telecommunications	234,298	264,221
Advertising, marketing and promotions	20,927	40,708
Contractors and services	76,292	87,192
Building outgoings and utilities	25,520	24,898
Financial Services	68,880	65,681
Motor vehicle expenses	34,252	38,972
Publications	32,032	29,022
Insurance	68,047	47,283
Operational supplies and services	98,721	121,790
Total materials and services	**658,969**	**719,767**

4.3 Depreciation

	2020	2019
Library books	223,040	226,465
Video tapes	27,070	21,028
Audio tapes	93,240	71,392
Mobile library	40,597	40,597
Motor vehicles	26,816	18,491
Fixtures, fittings and furniture	14,422	15,123
Computer and telecoms	61,023	69,491
Total depreciation	**486,208**	**462,587**

Refer to note 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

4.4 Amortisation - Right of use assets

	2020	2019
Property	44,211	-
Total Amortisation - Right of use assets	**44,211**	-

		2020	2019
Note 4	**The cost of delivering services (ctd)**		
4.5	**Net loss on disposal of property, infrastructure, plant and equipment**	**$**	**$**
	Proceeds of sale	(8,495)	-
	Written down value of assets disposed	13,331	-
	Total net loss on disposal of property, infrastructure, plant and equipment	**4,836**	**-**

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

4.6 Bad and doubtful debts

	2020	2019
Sundry debtors	(21)	378
Total bad and doubtful debts	**(21)**	**378**
Movement in provisions for doubtful debts		
Balance at the beginning of the year	233	-
New provisions recognised during the year	(21)	378
Amounts already provided for and written off as uncollectible	(212)	(145)
Balance at end of year	**-**	**233**

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

4.7 Borrowing costs

	2020	2019
Interest - Borrowings	2,307	3,817
Movement in fair value of employee provision due to change in present value calculations	11,571	(33,694)
Total borrowing costs	**13,878**	**(29,877)**

Borrowing costs are recognised as an expense in the period in which they are incurred.

4.8 Finance costs - leases

	2020	2019
Interest - Lease Liabilities	5,423	-
Total finance costs	**5,423**	**-**

4.9 Other expenses

	2020	2019
Auditors' remuneration - VAGO - audit of the financial statements.	5,800	9,416
Operating lease	-	44,840
Short term leases	8,372	-
Total other expenses	**14,172**	**54,256**

		2020	2019
Note 5	**Our financial position**		
5.1	**Financial assets**	**$**	**$**
	(a) Cash and cash equivalents		
	Cash on hand	1,480	1,480
	Cash at bank	567,193	925,669
	Total cash and cash equivalents	**568,673**	**927,149**

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.

Due to the dependability of the Corporation's primary sources of income, the Corporation's financial assets have not been significantly impacted by COVID-19.

	2020	2019
(b) Other financial assets		
Term deposits - current	500,000	-
Total other financial assets	**500,000**	**-**
Total financial assets (a) + (b)	**1,068,673**	**927,149**

Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

(c) Trade and other receivables

	2020	2019
Current		
Trade receivables	5,242	1,254
Provision for doubtful debts	-	(233)
Other debtors	21,101	2,630
Total current trade and other receivables	**26,343**	**3,651**

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred.

(d) Ageing of Receivables

The ageing of the Corporations trade and other receivables (excluding statutory receivables) that are not impaired was:

	2020	2019
Current (not yet due)	23,850	3,040
Past due between 31 and 180 days	2,373	611
Past due between 181 and 365 days	120	233
Total trade and other receivables	**26,343**	**3,884**

The Corporation’s main debtors are member Councils and the State Government, all of which are financially stable and have seen no issues continuing to deliver on payment due to COVID-19.

Note 5 Our financial position (cont'd)

	2020	2019
5.2 Non-financial assets	**$**	**$**
Other assets		
Prepayments	3,490	26,756
Accrued income	590	8,407
Total other assets	**4,080**	**35,163**

5.3 Payables

	2020	2019
Trade and other payables		
Trade payables	(175)	6
Other payables	-	67,869
Net GST/PAYG payable	3,725	42,407
Accrued expenses	120,523	25,386
Total trade and other payables	**124,073**	**135,668**

Due to the dependability of the Corporation's primary sources of income, the Corporation's ability to meet it's financial obligations to suppliers has not been significantly impacted by COVID-19.

5.4 Interest-bearing liabilities

	2020	2019
Current		
Borrowings - secured	19,099	17,579
	19,099	**17,579**
Non-current		
Borrowings - secured	-	19,099
	-	19,099
Total	**19,099**	**36,678**

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition is at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

Borrowings are secured against the mobile library bus.

(a) The maturity profile for Corporation's borrowings is:

	2020	2019
Not later than one year	19,099	17,579
Later than one year and not later than five years	-	19,099
	19,099	**36,678**

5.5 Provisions

	Annual Leave	Long Service Leave	Total
2020	**$**	**$**	**$**
Balance at beginning of the financial	218,012	567,366	785,378
Additional provisions	137,318	86,343	223,661
Amounts used	(159,454)	(36,068)	(195,522)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	79	(11,650)	(11,571)
Balance at the end of the financial year	**195,955**	**605,991**	**801,946**
2019			
Balance at beginning of the financial	188,613	497,509	686,122
Additional provisions	159,266	72,718	231,984
Amounts used	(130,390)	(36,032)	(166,422)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	523	33,171	33,694
Balance at the end of the financial year	**218,012**	**567,366**	**785,378**

Note 5 Our financial position (cont'd)

	2020	2019
Employee provisions	**$**	**$**
Current provisions expected to be wholly settled within 12 months		
Annual leave	178,166	177,451
Long service leave	72,921	63,474
	251,087	**240,925**
Current provisions expected to be wholly settled after 12 months		
Annual leave	17,788	40,561
Long service leave	472,465	448,484
	490,253	**489,045**
Total current employee provisions	**741,340**	**729,970**
Non-current		
Long service leave	60,606	55,408
Total non-current employee provisions	**60,606**	**55,408**
Aggregate carrying amount of employee provisions:		
Current	741,340	729,970
Non-current	60,606	55,408
Total aggregate carrying amount of employee provisions	**801,946**	**785,378**

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

Annual leave

Liabilities for annual leave expected to be wholly settled within 12 months of the reporting date are classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability.

Key assumptions:	**2020**	**2019**
- discount rate	0.87%	1.33%
- index rate	1.50%	1.50%

5.6 Financing arrangements

	2020	2019
	$	**$**
The Corporation has the following funding arrangements in place as at 30 June		
Credit card facilities	5,000	5,000
Other facilities	19,099	36,678
Total facilities	**24,099**	**41,678**
Used facilities		
Credit Card	-	-
Loan facilities	19,099	36,678
Total used facilities	**19,099**	**36,678**
Total unused facilities	**5,000**	**5,000**

5.7 Commitments

The Corporation has entered into the following commitments for maintenance of its RFID and wifi systems and photocopiers. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value.

Not later than one year	54,453	103,633
Later than one year and not later than five years	28,455	229,167
	82,908	**332,800**

2019 commitments figures have been restated to exclude GST from $345,490.

5.8 Leases

Policy applicable before 1 July 2019

As a lessee, the Corporation classifies leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Corporation.

Operating lease payments, including any contingent rentals, were recognised as an expense in the comprehensive income statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset was not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease were recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives were received to enter into operating leases, the aggregate cost of incentives were recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

Policy applicable after 1 July 2019

The Corporation has applied *AASB 16 Leases* using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information. The Corporation applied the approach consistently to all leases in which it is a lessee.

On transition to *AASB 16 Leases*, the Corporation elected to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. The Corporation has applied this practical expedient to all of its contracts and therefore applied *AASB 16 Leases* only to contracts that were previously identified as leases.

At inception of a contract, all entities would assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

As a lessee, the Corporation recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, the Corporation uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and

The exercise price under a purchase option that the Corporation is reasonably certain to exercise, lease payments in an optional renewal period if the Corporation is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Corporation is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Note 5 Our financial position (cont'd)

5.8 Leases (cont'd)

Right-of-Use Assets	**$** Property	**$** Total
Balance at 1 July 2019	177,926	177,926
Additions	2,780	2,780
Amortisation charge	(44,211)	(44,211)
Balance at 30 June 2020	**136,495**	**136,495**

Lease Liabilities	**2020**
Maturity analysis - contractual undiscounted cash flows	**$**
Less than one year	44,115
One to five years	99,262
Total undiscounted lease liabilities as at 30 June:	**143,377**
Lease liabilities included in the Balance Sheet at 30 June:	
Current	44,115
Non-current	94,640
Total lease liabilities	**138,755**

Short-term and low value leases

The Corporation has elected not to recognise right-of-use assets and lease liabilities for short-term leases of equipment that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than existing capitalisation thresholds for a like asset up to a maximum of AUD$10,000), including IT equipment. The Corporation recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Expenses relating to:	**2020** **$**
Short-term leases	8,372
Leases of low value assets	60,113
Total	**68,485**

Non-cancellable lease commitments - Short-term and low-value leases

Commitments for minimum lease payments for short-term and low-value leases are payable as follows:	
Payable:	
Within one year	54,453
Later than one year but not later than five years	28,455
Total lease commitments	**82,908**

i. Leases classified as operating leases under *AASB 117 Leases*

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Corporations incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Corporation applied this approach to all applicable leases.

The Corporation used the following practical expedients when applying *AASB 16 Leases* to leases previously classified as operating leases under *AASB 117 Leases.*

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

ii. Leases previously classified as finance leases

For leases that were classified as finance leases under *AASB 117 Leases* , the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are determined at the carrying amount of the lease asset and lease liability under *AASB 117 Leases* immediately before that date.

The Corporation is not required to make any adjustments on transition to *AASB 16 Leases* for leases in which it acts as a lessor, except for a sub-lease. The Corporation accounted for its leases in accordance with *AASB 16 Leases* from the date of initial application.

Note 5 Our financial position (cont'd)

5.8 Leases (cont'd)

Impact on financial statements

On transition to *AASB 16 Leases* , the Corporation recognised an additional $177,926 of right-of-use assets and $177,926 of lease liabilities.

When measuring lease liabilities, the Corporation discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted - average rate applied is 0.28%.

	2019
	$
Operating lease commitment at 30 June 2019 as disclosed in the Corporation's financial	332,800
Discounted using the incremental borrowing rate at 1 July 2019	(15,770)
Finance lease liability recognised as at 30 June 2019	**317,030**
- Recognition exemption for:	
short-term leases	-
leases of low-value assets	(139,104)
- Extension and termination options reasonably certain to be exercised	-
- Residual value guarantees	-
- Lease liabilities recognised as at 1 July 2019	**177,926**

Note 6 Assets we manage
6.1 Library stock, plant and equipment

Summary of library stock, plant and equipment

	At Fair Value 30 June 2019	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	At Fair Value 30 June 2020
	$	$	$	$	$	$	$	$	$
Plant and equipment	149,801	25,709	-	-	(67,413)	(2,009)	-	-	106,088
Fixtures fittings and furniture	60,335	5,523	-	-	(14,422)	(11,247)	-	-	40,189
Computers and telecommunications	369,495	33,975	-	-	(61,023)	(74)	-	-	342,373
Library books	1,383,180	287,306	-	-	(223,040)	-	-	-	1,447,446
Audio tapes	229,808	51,920	-	-	(93,240)	-	-	-	188,488
Video tapes	73,356	39,713	-	-	(27,070)	-	-	-	85,999
	2,265,975	**444,146**	**-**	**-**	**(486,208)**	**(13,331)**	**-**	**-**	**2,210,582**

(a) Library stock, plant and equipment

	Plant and equipment	Fixtures fittings and furniture	Computers and telecomms	Library books	Audio tapes	Video tapes	Total library stock, plant and equipment
	$	$	$	$	$	$	$
At fair value 1 July 2019	516,381	381,617	1,764,435	5,520,044	729,676	238,174	9,150,327
Accumulated depreciation at 1 July 2019	(366,580)	(321,282)	(1,394,940)	(4,136,864)	(499,869)	(164,817)	(6,884,352)
	149,801	**60,335**	**369,495**	**1,383,180**	**229,807**	**73,357**	**2,265,975**
Movements in fair value							
Additions	25,709	5,523	33,975	287,306	51,920	39,713	444,146
Disposal	(18,246)	(122,754)	(915,973)	-	-	-	(1,056,974)
	7,463	(117,231)	(881,998)	287,306	51,920	39,713	(612,828)
Movements in accumulated depreciation							
Depreciation and amortisation	(67,413)	(14,422)	(61,023)	(223,040)	(93,240)	(27,070)	(486,208)
Accumulated depreciation of disposals	16,237	111,507	915,899	-	-	-	1,043,643
Impairment losses recognised in operating result	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
	(51,176)	97,085	854,876	(223,040)	(93,240)	(27,070)	**557,435**
At fair value 30 June 2020	523,844	264,386	882,437	5,807,350	781,596	277,887	8,537,499
Accumulated depreciation at 30 June 2020	(417,756)	(224,197)	(540,064)	(4,359,904)	(593,109)	(191,887)	(6,326,917)
	106,088	**40,189**	**342,373**	**1,447,446**	**188,487**	**86,000**	**2,210,582**

Note 6 Assets we manage (cont'd)

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

In accordance with the Corporation's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

	Depreciation Period	Threshold Limit
Asset recognition thresholds and depreciation periods		$
Library Stock		
books	12 years	1
audio tapes	5 years	1
video tapes	5 years	1
Plant and Equipment		
motor vehicles	5 years	10,000
mobile library	10 years	10,000
fixtures, fittings and furniture	3 to 10 years	500
computers and telecommunications	3 to 10 years	500

Depreciation and amortisation

Library stock and equipment having limited useful lives are systematically depreciated over their useful lives to the Corporation in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Straight line depreciation is charged based on the residual useful life as determined each year.

Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

Repairs and maintenance

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

	2020	2019
Note 7 People and relationships	**No.**	**No.**

7.1 Corporation key management remuneration

(a) Key Management Personnel

Details of persons holding the position of Board Member or other members of key management personnel at any time during the year are:

Board Members	Cr. Gary Cleveland (Chairperson)
	Cr. Bruce Giovanetti (Deputy Chairperson) (from February 2020)
	Cr. Kate Strothers (retired November 2019)
	Cr. Alistair Thomson (from February 2020)
	Mr David Roff
	Ms Kaye Thompson
	Mr Derek Poulton
	Ms Amanda Tingay
	Ms Sally Rice
	Ms Alex Monk
	Ms Seema Abdullah (retired November 2019)

	2020 No.	2019 No.
Total Number of Board Members	11	10
Chief Executive Officer	1	1
Total Number of Key Management Personnel	**12**	**11**

(b) Remuneration of Key Management Personnel	**2020**	**2019**
	$	**$**
Total remuneration of key management personnel was as follows:		
Short-term benefits	152,146	147,529
Post employment benefits	13,456	14,015
Other long-term benefits	3,688	3,688
Total	**169,290**	**165,232**

The numbers of key management personnel whose total remuneration from the Corporation and any related entities, fall within the following bands:	**2020**	**2019**
	No.	**No.**
$0 - $9,999	11	10
$160,000 - $169,999	1	1
	12	**11**

(c) Senior Officer Remuneration

A Senior Officer is an officer of the Corporation, other than Key Management
a) has management responsibilities and reports directly to the Chief Executive; or
b) whose total annual remuneration exceeds $151,000

The number of Senior Officers are shown below in their relevant income bands:

	2020	**2019**
Income Range:	**No.**	**No.**
$80,000 - $89,999	-	1
$90,000 - $99,999	1	-
$100,000 - $109,999	1	2
$100,000 - $119,999	1	-
	3	**3**

Total Remuneration for the reporting year for Senior Officers included above, amounted to:	**$ 314,442**	**290,674**

Note 7 People and relationships (cont'd)

7.2 Related party disclosure

(a) Transactions with related parties

Goulburn Valley Regional Library Corporation receives funding from member Councils in return for providing library services. Funds are received from Greater Shepparton City Council, Strathbogie Shire Council and Moira Shire Council. The Goulburn Valley Regional Library Board of Management is comprised of three members from each Council; one Councillor, one Council Senior Officers and one independent community member. The funding contribution is determined based pro-rata on the total population of the region.

	2020	2019
The following contributions were received by the Corporation from each council member:	$	$
Greater Shepparton City Council	1,655,707	1,615,324
Moira Shire Council	780,230	260,911
Strathbogie Shire Council	267,434	761,200

During the period the	$	$
Payments to entities controlled by key management personnel[1,2]	96,595	68,996
Receipts from entities controlled by key management personnel[3]	4,611	1,199

Notes:

1. Payment of $66,526 to Greater Shepparton City Council for the provision of a number of financial related services such as financial reporting and payroll services on a commercial basis, in addition to $655 for the provision of flu vaccinations to Corporation staff and $77 for diesel.

2. Payment or $29,337 to Public Libraries Victoria for subscriptions, research and shared resources (CEO has an interest)

3. Receipt of $2,500 for share of rent of Tatura Library and $2,111 for community arts grant from Greater Shepparton City Council (Cr Giovanetti, Director Community, Manager Neighbourhoods, and D Poulton have an interest)

(b) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	$
Receipts from entities controlled by key management personnel[1]	2,750

Notes:

1. As at 3 June 2020, the invoice of $2,750 for the share of the rent from Greater Shepparton City Council was outstanding

(c) Loans to/from related parties

There were no loans to or from related parties during 2019/2020

(d) Commitments to/from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the Corporation to or from a related party are as follows:

1. Provision of flu vaccinations to Corporation staff by Greater Shepparton City Council
2. MOU for provision of administrative services and payment of administration fees
3. Moira Shire Council, Strathbogie Shire Council, and Greater Shepparton City Council are committed to paying the annual contributions to the Corporation

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed and if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable, respectively.

Superannuation

The Corporation has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

8.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2020 reporting period. The Corporation has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (applies 2020/21 for LG Sector)

The Standard principally amends *AASB 101 Presentation of Financial Statements* and *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* . The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The impacts on the local government sector are expected to be minimal.

AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (applies 2020/21 for

This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. The impacts on the local government sector are expected to be minimal.

8.3 Financial instruments

(a) Objectives and policies

The Corporation's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Corporation. These policies include identification and analysis of the risk exposure to the Corporation and appropriate procedures, controls and risk minimisation.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of the corporation financial instruments will fluctuate because of changes in market prices. The Corporation's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Corporation does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989* . The Corporation manages interest rate risk by adopting an investment policy that ensures:

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Corporation's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Corporation's year end result.

Note 8 Managing uncertainties (cont'd)

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause the Corporation to make a financial loss. The Corporation have exposure to credit risk on some financial assets included in the balance sheet. The Corporation has no significant areas of credit risk in relation to outstanding fees and fines. To help manage this risk:

- the Corporation only invest surplus funds with financial institutions which have a recognised credit rating specified in the Corporation's

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the corporation's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

The Corporation may also be subject to credit risk for transactions which are not included in the balance sheet, such as when the Corporation provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The Corporation does not hold any collateral.

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of the Corporation's operational liquidity requirements it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks the Corporation:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and

The Corporation's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1, and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in the Corporation's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Corporation believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +0.00% and -0.25% in market interest rates (AUD) from year-end rates of 1.4%.

These movements will not have a material impact on the valuation of the Corporation's financial assets and liabilities, nor will they have a material impact on the results of the Corporation's operations.

Note 8 Managing uncertainties (cont'd)

8.4 Fair value measurement

Fair value hierarchy

The Corporation's financial assets and liabilities are measured at amortised cost.

The Corporation measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

Impairment of assets

At each reporting date, the Corporation reviews the carrying value of its assets to determine whether there is any indication that these 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 of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

Non current asset values saw no material impact by COVID-19 as at 30 June. This is due to the assets held on the asset register include books and audio related media, computers, office furniture and motor vehicles which are all unimpacted by COVID-19. Revaluations were not undertaken in the 2019/2020 financial year. There are no indicators to suggest COVID-19 has affected operations of the Corporation to the extent that it would have an impact on the value of its assets.

8.5 Events occurring after balance date

On 2 August 2020 the Victorian State Government in response to COVID-19 imposed Stage 3 restrictions on regional Victoria effective Thursday 6 August 2020. In response the Corporation closed all libraries to the public and reverted to the online service model with a click and collect facility offered under the initial Stage 3 restrictions in March 2020.

No adjustments to 30 June 2020 balances are required as a result of the new restrictions. All receivables and payables balances along with actual impacts on revenue and expenses and asset values are not expected to be further impacted by the announcement.

Note 9 Other matters

9.1 Reconciliation of cash flows from operating activities to surplus/(deficit)	2020 $	2019 $
Surplus/(deficit) for the year	88,086	(177,454)
Depreciation	486,208	462,587
Amortisation of ROU assets	44,211	-
Loss on disposal of property, infrastructure, plant and equipment	4,836	-
Interest on Borrowings	2,307	3,817
Movement in fair value of employee provision due to change in present value calculations	11,571	(33,694)
Financing costs	5,423	-
Other	(21)	-
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(22,670)	3,776
(Increase)/decrease in prepayments	23,266	(26,756)
Increase/(decrease) in accrued income	7,817	702
Increase/(decrease) in trade and other payables	(11,595)	(2,126)
Increase/(decrease) in provisions	4,997	132,950
Net cash provided by/(used in) operating activities	**644,436**	**363,802**

9.2 Superannuation

The Corporation makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in Comprehensive Operating Statement when they are made or due.

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2020 this was 9.5% as required under Superannuation Guarantee (SG) legislation).

Defined Benefit

The Corporation does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Goulburn Valley Regional Library in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

The Corporation makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

As at 30 June 2019, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which the Corporation is a contributing employer was 107.1%. The financial assumptions used to calculate the VBIs were:

Net investment returns 6.0% pa
Salary information 3.5% pa
Price inflation (CPI) 2.0% pa.

Vision Super has advised that the estimated VBI at 30 June 2020 was 104.6%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2019 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2019 interim actuarial investigation conducted by the Fund Actuary, the Corporation makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2020, this rate was 9.5% of members' salaries (9.5% in 2018/2019). This rate will increase in line with any increases in the SG contribution rate.

In addition, the Corporation reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Note 9 Other matters (cont'd)

Funding calls

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including the Corporation) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

The 2019 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which the Goulburn Valley Regional Library is a contributing employer. Generally, a full actuarial investigation conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2019 and a full actuarial investigation was conducted as at 30 June 2017.

The Fund's actuarial investigations identified the following for the Defined Benefit category of which the Corporation is a contributing employer:

	2019	2017
	$m	$m
- A VBI Surplus	151.3	69.8
- A total service liability surplus	233.4	193.5
- A discounted accrued benefits	256.7	228.8

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2019.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2019.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2018.

The Corporation was notified of the 30 June 2019 VBI during August 2019 (2017: August 2017).

The 2020 triennial actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2020 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by December 2020.

Contributions by the Corporation (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2020 are detailed below:

			2020	**2019**
Scheme	**Type of Scheme**	**Rate**	**$**	**$**
Vision super	Defined benefit	9.50%	29,337	37,233
Vision super	Accumulation fund	9.50%	166,473	167,329

Note 10 Change in accounting policy

The Corporation has adopted *AASB 15 Revenue from Contracts with Customers* , *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities* from 1 July 2019. This has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Due to the transition methods chosen by the Corporation in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards except in relation to contracts that were not complete at 1 July 2019. The transition impact of these are detailed below.

a) AASB 15 Revenue from Contracts with Customers - Impact of Adoption

AASB 15 Revenue from Contracts with Customers applies to revenue transactions where the Corporation provides services or goods under contractual arrangements.

The Corporation adopted *AASB 15 Revenue from Contracts with Customers* using the modified (cumulative catch up) method. Revenue for 2019 as reported under *AASB 118 Revenue* is not adjusted, because the new standard is only applied from the date of initial application.

AASB 15 Revenue from Contracts with Customers requires revenue from contracts with customers to be recognised as the Corporation satisfies the performance obligations under the contract.

b) AASB 16 Leases

AASB 16 Leases requires right of use assets and related liabilities for all lease agreements to be recognised on the balance sheet. The Statement of Comprehensive Income is to separately recognise the amortisation of the right of use asset, and the finance costs relating to the lease. The Corporation has elected to adopt the modified (cumulative catch up) method under the standard and as such has not adjusted 2019 disclosures. The transition impact of these are detailed below.

c) AASB 1058 Income of Not-for-Profit Entities

AASB 1058 Income of Not-for-Profit Entities applies to income received where no contract is in place. This includes statutory charges (such as rates) as well as most grant agreements.

The Corporation adopted *AASB 1058 Income of Not-for-Profit Entities* using the modified (cumulative catch up) method. Income for 2019 is not adjusted, because the new standard is only applied from the date of initial application.

AASB 1058 Income of Not-for-Profit Entities requires income to be recognised as the Corporation satisfies the performance obligations under the contract.

d) Transition impacts

The Corporation adopted the practical expedient of deeming the lease asset to be equal in value to the lease liability at 1 July 2019. As such there was no impact on retained earnings on the adoption of *AASB 16 Leases* .

The following table summarises the impacts of transition to the new standards on Council's balance sheet for the year ending 30 June 2019.

	As reported 30 June 2019	Adjustments	Post adoption
Assets	**$**	**$**	**$**
Right of use assets	-	177,926	177,926
	-	177,926	177,926
Liabilities			
Lease liability - current	-	41,347	41,347
Lease liability - non-current	-	136,579	136,579
	-	177,926	177,926