



Budget 2019/2020
Strategic Resource Plan 2019/2020 to 2022/2023

Adopted 20 June 2019

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Yarra Plenty Regional Library – Budget 2019/2020

1 Background

Yarra Plenty Regional Library (YPRL) was founded in the mid 1960s, when the former City of Heidelberg agreed to provide library services to the former Shire of Eltham. Later the former Shire of Diamond Valley and the Shire of Whittlesea joined in the Regional group. In 1995, following changes in local government boundaries, the new municipalities of Banyule, Nillumbik and Whittlesea continued their support for the Regional Library Service and Yarra Plenty was one of the first regions incorporated under Section 196 of the Victorian Local Government Act 1989.

There are nine branch libraries located at Diamond Valley, Eltham, Ivanhoe, Rosanna, Watsonia, Lalor, Mill Park, Thomastown and Whittlesea and one mobile library and one outreach vehicle. YPRL also provides a Home Library Service which supports the library needs of people that are home bound due to frailty, illness or disability. The 2019/2020 Budget provides for the continuation of existing service levels at all service points. The Regional Library Service is co-ordinated from the PRACC North building in the City of Whittlesea in South Morang. YPRL also provides computer and collection procurement services to Murrindindi Library Service, including full access to the library’s database.

YPRL’s funding is provided as follows:

Funding Summary	2017-2018 Actual	2018-2019 Revised Budget	Proposed 2019-2020 Budget	% Change	\$ Change
Council Contributions	11,840,832	12,003,030	12,362,364	2.99%	359,334
State Government	2,344,258	2,391,143	2,443,752	2.20%	52,609
Other Revenue	851,641	812,128	598,530	-26.30%	-213,598
Total Income	15,036,731	15,206,301	15,404,646	1.30%	198,345

The Library Service is funded by Member Councils, the State Government and its own operations on the following basis:

- Council Contributions - 80.3% (2018/2019 78.9%)
- State Government Operational Grants - 15.9% (2018/2019 15.7%)
- Library Operations & Other Grants - 3.9% (2018/2019 5.3%)

The Library Service has prepared this budget with an appreciation of the cost pressures on member Councils and is reviewing operating and purchasing processes to find efficiencies and cost savings. Library services continue to be one of the most popular and valued of all Council services. 137,983 residents of Banyule, Nillumbik and Whittlesea are Library members accessing library services regularly.

YPRL is required to prepare and adopt an annual budget under the provisions of the Local Government Act 1989 (the Act). The budget is required to include specific financial information as well as details about the fees and charges that the Library intends to levy.

The budget document provides key information about revenue, operation results, service levels, cash and investments, capital works, financial position, financial sustainability and outlines where the energy of Library staff will be focussed over the coming year to achieve the objectives of the Library Plan 2017-2021.

2 Budget Processes

The preparation of the budget begins with senior officers reviewing expenditure over the last year and preparing an annual budget that can deliver the library service and program of projects in accordance with the Library Agreement and the 2017-21 Library Plan. The Draft Budget is prepared in accordance with the Act and submitted to the Board for approval in principle.

The Library Service is then required to give public notice that it intends to adopt the budget. It must give 28 days notice of its intention to adopt the proposed budget and make the budget available for inspection at its offices. A person has a right to make a submission on any proposal contained in the budget and any submission must be considered before adoption of the budget by the Board.

The final step is for the Board to adopt the budget after receiving and considering any submission from interested parties.

The budget is required to be adopted and a copy submitted to the Minister by 30 June each year. The key dates for the 2019/2020 budget process are summarised below:

1	Draft Budget submitted to the Board for comment	Feb - 28
2	Proposed Budget submitted to the Board for approval	Apr - 17
3	Public notice advising intention to adopt Budget	Apr - 22
4	Budget available for public inspection and comment until	Jun - 01
5	Budget and submissions presented to the Board for adoption	Jun - 20
6	Copy of adopted Budget submitted to the Minister by	Jun - 30

3 Linkage to the 2017- 2021 Library Plan

This section describes how the Annual Budget links to the achievement of the Library Plan within an overall planning framework. This framework helps ensure that the community needs and aspirations captured in the Library Plan can be delivered with the funding provided and the actions described in the Priority Action Plan 2019/2020. The Board will be held accountable through the Annual Report and the Annual Audited Financial Statements.

3.1 Library Vision

Informed creative communities: connected and empowered

The Strategic Resource Plan must be reviewed in conjunction with the Library Plan and must be adopted by 30th June each year. This Strategic Resource Plan is based on the Yarra Plenty Regional Library Plan 2017-2021. The 2019/2020 Budget describes the financial resources required to sustain the organisation and its assets and undertake programs and initiatives outlined in the Priority Action Plan.

The Mission of YPRL is:

To be a sector leading library service

We will provide opportunities for our diverse communities to read, learn, create and connect, supported by equitable access to collections, technology, programs and welcoming and safe spaces. We aim to be the “third space” after home and work or education and to be regarded as the community lounge room.

Goals

YPRL has identified six goals that are supported by a number of strategies and actions that will drive the delivery of services as follows:

- Provide free access to dynamic collections which inform and delight
- Inspire our diverse communities to participate in empowering activities and learning opportunities
- Invest in our people and culture because they are at the heart of everything we do
- Advocate for greater awareness of and investment in the powerful and transforming story of our public libraries
- Create innovative digital and physical infrastructure to deliver sector leading services
- Optimise public value through sustainable financial management and governance

Focus Areas

- Knowledge and Information
- Public Participation
- People and Culture
- Advocacy
- Infrastructure and Innovation
- Finance and Governance

The Priority Action Plan for the 2018/19 financial year is attached as Appendix E

4 Budget Influences

4.1 Budget Principals and Legislative Requirements

The 2019/2020 budget has been prepared according to the following principles:

- A small operating (accounting) surplus.
- A balanced operating plus capital expenditure budget – that is, the annual budget has been framed so that income matches the operating budget plus planned capital expenditure;
- Application of the Member Council cost apportionment as per the Regional Library Agreement (adopted by the Board on 26 November 2015);
- Maintenance of existing service and staffing levels at existing branches and Mobile and Outreach library services.

4.2 Legislative requirements

Under the Local Government Act 1989 and associated Legislation, YPRL is required to prepare and adopt an annual budget for each financial year incorporating specific information contained in this document.

The 2019/2020 Budget is for the year 1 July 2019 to 30 June 2020 and is prepared in accordance with the Act and Regulations. The budget includes Financial Statements, these being a budgeted Income & Capital Expenditure Statement, Balance Sheet, and Cash Flow. These Statements are required so that informed decisions can be made about the adoption of the budget. Refer Table 5.2.4 and Appendix A for the detailed Statements.

The budget includes a Strategic Resource Plan (refer Section 8).

5 Analysis of Operating and Capital Budget

This section of the report analyses the expected revenues and expenses of the Library Service for the 2019/2020 year

5.1 Total Revenue (operating and capital)

Total Revenue is primarily provided by Council Contributions, and is matched to budgeted expenditure. Due to careful management of overall expenditure, the total revenue increase required to balance the budget for 2019/2020 is \$198k, a 1.30% increase against the 2018/2019 budget and is below CPI.

Council contributions represent 80.3% of the required funding; State Government Operating Grants 15.9% and other revenue is 3.9% (refer table below).

Funding Summary	2017-2018 Actual	2018-2019 Revised Budget	Proposed 2019-2020 Budget	% Change	\$ Change
Council Contributions	11,840,832	12,003,030	12,362,364	2.99%	359,334
State Government	2,344,258	2,391,143	2,443,752	2.20%	52,609
Other Revenue	851,641	812,128	598,530	-26.30%	-213,598
Total Income	15,036,731	15,206,301	15,404,646	1.30%	198,345

5.1.1 Council Contributions

The Member Council contributions are based on the Library Agreement which results in the proposed contributions increasing from the 2018/2019 budgeted amount of \$12.03M to \$12.36M (\$359k or 2.99%).

The cost apportionment formula, which determines the distribution of costs across the three Member Councils, uses the direct costs of all services to all branches and a number of other usage based cost drivers. Direct costs include salaries and utilities at each branch. Indirect costs include Collections Costs, ICT Expenditure, Organisational Development, Community Engagement, the Mobile Library and Library Support Services. Indirect costs are apportioned to each branch based on criteria contained in the Regional Library Agreement, then total branch library costs (Direct + Indirect apportionment) are allocated to each Council on the basis of the agreement usage formula.

The costs outlined below are prepared in accordance with the cost apportionment model agreed to by Member Councils, and signed off in November 2015.

Council Contributions	2017-2018 Actual	2018-2019 Revised Budget	Proposed 2019-2020 Budget	% Change	\$ Change
Banyule	4,513,734	4,494,711	4,728,849	5.21%	234,138
Nillumbik	2,693,887	2,760,620	2,742,476	-0.66%	-18,144
Whittlesea	4,633,207	4,747,699	4,891,039	3.02%	143,340
Total Council Contributions	11,840,828	12,003,030	12,362,364	2.99%	359,334

5.1.2 State Government Operating Grants

The draft budget is based on the State Government operating grant increasing by 2.2% against the 2018/2019 budget, which is a 2.0% increase upon the actual amount received in the 2018/2019 financial year. The State Government Grant is determined by factors that include population growth, socio economic status and other demographic influences. Under the cost apportionment model, the State Government Operating Grant is deducted directly from each council’s allocated costs, to determine council contributions.

State Government Operating Grant	2017-2018 Actual	2018-2019 Revised Budget	Proposed 2019-2020 Budget	% Change	\$ Change
Banyule	750,162	786,000	773,547	-1.58%	-12,453
Nilumbik	398,524	412,535	408,948	-0.87%	-3,587
Whittlesea	1,195,572	1,192,608	1,261,258	5.76%	68,650
Total Income	2,344,258	2,391,143	2,443,752	2.20%	52,609

5.1.3 Other Revenue (Including Premiers Reading Fund and Local Priorities Funding)

The total of the Library’s other revenue is budgeted to decrease by \$214k or 26.3% - primarily due to the proposed abolishment of overdue fees (\$190k, or 1.2% of total revenue). Overdue library fees have a disproportionate negative impact on financially vulnerable and low socioeconomic members of council communities. Removing overdue fees will improve library resource access and amenity to the community members most in need, and reduce barriers to full, unrestricted access to the library service for all.

Other Revenue	2017-2018 Actual	2018-2019 Revised Budget	Proposed 2019-2020 Budget	% Change	\$ Change
Overdue Fees	213,017	190,189	0	-100.00%	-190,189
Facility Hire Fees	66,909	68,700	68,700	0.00%	0
Other User Fees	171,261	198,744	167,750	-15.59%	-30,994
Local Priorities Funding	123,983	125,850	130,884	4.00%	5,034
Premier’s Reading Fund	56,595	56,595	58,859	4.00%	2,264
Non-Recurrent Grants	53,635	0	0	N/A	0
Miscellaneous	96,295	92,050	92,338	0.31%	288
Interest Revenue	69,946	80,000	80,000	0.00%	0
Total Other Revenue	851,641	812,128	598,530	-26.30%	-213,598

Refer Appendix C for the schedule of fees and charges.

5.2 Expenditure – Operating and Capital

The total operating plus capital expenditure budget is \$15.4m, which is a below CPI increase of \$190k, or 1.3% from the 2018/2019 Budget.

2019/2020 Expenditure Summary Total	2017-2018 Actual	2018-2019 Revised Budget	Proposed 2019-2020 Budget	% Change	\$ Change
Employee Costs	9,295,913	9,430,751	9,617,136	1.98%	186,385
Administration & Other Costs	580,719	407,459	386,359	-5.18%	-21,100
Branch Costs	883,493	937,290	909,136	-3.00%	-28,154
ICT Costs	1,134,250	1,170,204	1,097,676	-6.20%	-72,528
Corporate Services	205,074	233,080	220,351	-5.46%	-12,729
Public Participation	145,927	155,650	143,650	-7.71%	-12,000
Loss on Asset Revaluation	1,208,128	0	0	N/A	0
Collection Non-Capital	937,137	932,496	950,966	1.98%	18,470
Capital - Reserve Transfers	8,085	0	75,000	N/A	75,000
Capital - Collection	1,847,847	1,813,525	1,819,171	0.31%	5,646
Capital - Local Priorities	21,968	125,850	130,884	4.00%	5,034
Capital - Lease Repayments	0	0	54,317	N/A	54,317
Total Expenditure	16,268,541	15,206,305	15,404,646	1.30%	198,341

5.2.1 Employee expenses

Increase of \$186k (1.98%) in Salary Costs primarily due to the realignment of Long Service Leave expense in line with projected entitlement costs for a highly established workforce (\$123k). In order to cover this budgeted expense, and the 2% wage increase allowed for in the Enterprise Agreement currently under review by Fair Work, efficiency dividends have been applied to restrain wage cost growth across branches and LSS.

5.2.2 Other Budget Expenditure Items

- Decrease of \$21k (-5.2%) in Administration Costs due to reduced consultancy costs and other savings, net of associated ongoing expenditure required to relocate the LSS function location in 2019.
- Decrease of \$28k (-3.0%) in Branch Costs primarily due to a more competitive cleaning tender and a conservative furniture and fittings budget;
- Decrease of \$73K (-6.2%) in Information Communication & Technology (ICT) due to savings in software licencing, reduced photocopier costs, and an accounting standard change AASB 16 (See AASB 16 note below);
- Decrease of \$12K (-7.7%) in Public Participation program of due to the savings in branding concept development and regional events;
- A transfer of \$75k to the Asset Replacement Reserve in order to ensure adequate future funds availability to replace depreciated assets and maintain service quality.
- New Item – Capital – Lease Repayments. \$54k in 'new' expenditure.
- New accounting standard AASB 16 comes into effect on 1st July 2019, and requires that certain types of operating leases receive a different accounting treatment. YPRL has 6 leases impacted by this change, which results in approximately \$54k being reallocated from ICT Costs to 'Capital' Lease Repayments.

5.2.3 Capital Budget

Total increase of \$24k (0.88%) across Collection Capital and Non-Capital. This figure allows for an increase in direct resource acquisition expenditure of 1.9%, with savings made in supplier processing due to the weaker purchasing power of the Australian Dollar reducing physical acquisitions.

The Collections Asset Strategic Framework and Plan 2018-2022 articulates a rationale, priorities and targets for the Library's collection from a service provision as well as a strategic asset maintenance perspective. It describes where we are now, what internal and external influences are impacting on the service, where we should be and identifies four key areas of focus to achieve the Framework's overall objective.

The four focus areas which underpin the Framework are:

- Current and relevant collections
- Optimised access
- Curated collections
- Ensured sustainability

The 2019/2020 Collections budget represents the minimum required to deliver the 2019-2020 actions described in the Framework.

Capital Budget

• Collection

The 2018/19 Budget provides for \$1.81M to be spent on the procurement of physical collection items such as adult, junior and teen books, DVDs, CDs and audiobooks. An inflationary indexation of 2% has been applied for Collection (Capital and Non-Capital) costs. This is to maintain the Library collection at its current standard and to accommodate the need and demand to establish a new collection to cater for the growing Punjabi and Hindi speaking population.

The Collections Asset Strategic Framework Plan 2018-2022 articulates a rationale, priorities and targets for the Library's collection from a service provision as well as a strategic asset maintenance perspective. It describes where we are now, what internal and external influences are impacting on the service, where we should be and identifies four key areas of focus to achieve the Framework's overall objective. The four focus areas which underpin the Framework are:

- Current and relevant collections
- Optimised access
- Curated collections
- Ensured sustainability

• Asset Replacement Reserve

The 2019/2020 budget provides for \$75K to be transferred to a reserve to fund the replacement of Library assets such as the Mobile Library. As at 30 June 2018 the amount in Reserve was \$1.424M. As accounting depreciation alone does not cover asset replacement cost, prudent Asset Replacement Reserve transfers are necessary in order to ensure that capital is available to replace current in-service assets with items of comparable functionality.

5.2.4 Operating (Accrual) Budget

The following statement is the Operating Budget prepared in accordance with the relevant accounting standards and includes all income and expenditure on an accrual basis. It excludes all capital expenditure.

Operating Budget	2017-2018 Actual	2018-2019 Revised Budget	Proposed 2019-2020 Budget	% Change	\$ Change
REVENUE					
Council Contributions	11,840,832	12,003,030	12,362,364	2.99%	359,334
State Government	2,344,258	2,391,143	2,443,752	2.20%	52,609
Other Revenue	851,641	812,128	598,530	-26.30%	(213,598)
TOTAL REVENUE	15,036,731	15,206,301	15,404,646	1.30%	198,345
EXPENSES					
Employee Costs	9,295,913	9,430,751	9,617,136	1.98%	186,385
Administration & Other Costs	580,719	407,459	386,359	-5.18%	(21,100)
Branch Costs	883,493	937,290	909,136	-3.00%	(28,154)
ICT Costs	1,134,250	1,170,204	1,097,676	-6.20%	(72,528)
Corporate Services	205,074	233,080	220,351	-5.46%	(12,729)
Public Participation	145,927	155,650	143,650	-7.71%	(12,000)
Loss on Asset Revaluation	1,208,128	0	0	N/A	0
Collection Non-Capital	937,137	932,496	950,966	1.98%	18,470
Depreciation	1,699,364	1,900,000	1,960,800	3.20%	60,800
TOTAL EXPENSES	16,098,090	15,166,930	15,361,074	1.30%	194,144
NET ACCOUNTING SURPLUS/(DEFICIT)	(1,061,359)	39,371	43,572		4,201

6 Budgeted Cash Position

The following table represents a summary of the Standard Cash Flow Statement and indicates the cash results from the operating, investing and financing activities of the Library Service for the 2019/2020 year. The net budgeted increase in 2018/2019 is \$0k and \$75k in the 2019/2020 year.

Cash Flows	2017/2018 Actual \$	2018/2019 Budget \$	2019/2020 Budget \$
Operating	1,762,703	2,020,161	2,133,952
Investing	(1,928,999)	(1,939,375)	(2,004,372)
Financing	0	0	0
Net Increase (decrease) in cash held	(166,296)	80,786	129,580
Cash at beginning of financial year	4,868,240	4,701,944	4,782,730
Cash at end of financial year	4,701,944	4,782,730	4,912,311

6.1.1 Cash at End of the Year

Overall total cash is forecast to increase to \$4.78M as at 30 June 2020. The majority of the Corporation's Cash is restricted. By 30 June 2020 the Corporation is estimated to have \$1.3M in its Asset Replacement Reserve, following a \$225k drawdown for truck repairs in early 2019. It is estimated that \$2.3M is required to fund employee entitlements such as Long Service Leave and Annual Leave as at 30 June 2020.

7 Budgeted Financial Position – Balance Sheet

The following table represents a summary of the Library's assets, liabilities and equity.

Balance Sheet Summary	2017/2018 Actual \$	2018/2019 Budget \$	2019/2020 Budget \$
Assets and Liabilities			
Total Assets	9,065,748	9,205,254	9,379,937
Total Liabilities	2,705,382	2,805,517	2,861,628
Net Assets	6,360,366	6,399,737	6,518,309
Equity	6,360,366	6,399,737	6,518,309

The Library's Assets comprise its bank balance (which is primarily restricted cash) and non-current assets (the majority being the collection), whilst the liabilities comprise payables and employee provisions. Equity consists of member contributions the accumulated accounting surplus and reserves.

8 Strategic Resource Plan

The Library Service is required by the Act to prepare a Strategic Resource Plan (SRP) covering both financial and non-financial resources and including key financial indicators for at least the next four financial years to support the Library Plan.

8.1 Plan Development

The Library Service has prepared a Strategic Resource Plan (SRP) for the four years 2019/2020 - 2022/2023 as part of its ongoing financial planning budget. The SRP takes the stated goals and strategic actions in the plan and establishes that the necessary financial underpinnings are in place to deliver on the plan.

The key objective, which underlies the development of the SRP, is financial sustainability in the short and medium to long term. This will be achieved while the Library Service delivers its strategic objectives as per the Library Plan; the key financial objectives which inform the SRP are:

- Maintenance of existing service levels
- Achieve an operating (accounting) surplus each year
- Maintenance of capital expenditure on the library collection in line with the Collections Framework
- Achieve a balanced budget on a cash basis
- Review of operations and services to identify efficiencies and cost savings.

In preparing the Strategic Resource Plan, the Library Service has also been mindful of the need to comply with the following principles of sound financial management as contained in the Act:

- Prudently manage financial risks relating to debt, assets and liabilities
- Consider the financial effects of the library service's decisions on future generations
- Provide full, accurate and timely disclosure of financial information.

8.2 Financial Resources

The following table summarises the key financial results for the next 4 years as set out in the Plan for the years 2019/2020 to 2022/2023. Appendix A contains the Income & Capital Statement, Balance Sheet, and Cash Flow, which provide a more detailed analysis of the financial resources to be used over the four year period.

Financial Indicators Summary	2017/2018 Actual \$	2018/2019 Budget \$	2019/2020 Proposed \$	2020/2021 Projection \$	2021/2022 Projection \$	2022/2023 Projection \$
Accounting Surplus/(Deficit)	(1,061,359)	39,371	43,572	1,394,443	45,332	46,239
Cash and Investments	4,701,944	4,782,731	4,912,312	3,692,984	3,824,769	3,957,690
Cash Increase/(Decrease)	(166,296)	80,787	129,580	(1,219,328)	131,785	132,921
Capital Works	1,928,999	1,939,375	1,950,055	3,339,056	2,028,837	2,069,414

The key outcomes of the Strategic Resource Plan are as follows:

- Financial sustainability:**

Operating result to continue in a surplus position

Cash and investments are projected to decrease from \$4.70M at 30 June 2019 to \$3.96M at 30 June 2023. Cash is held in order to cover outstanding liabilities and restricted purposes such as employee provisions and reserves. The Asset Replacement Reserve is projected to be \$0 as at 30 June 2021, subsequent to replacement of the mobile library vehicles at an estimated cost of \$1.35M.

- Contributions strategy:**

Council contribution increases are forecast at an average of 2.24% per annum over the next four years. Overall budgetary requirements are reviewed each year in the context of the prevailing economic conditions and any cost efficiencies that the Library can achieve.

- Capital works strategy:**

at an average of \$2.35M per year. The SRP includes the replacement of the mobile library vehicles in 2020/21.

8.3 Service Delivery Strategy

Service levels will be maintained in all existing Libraries. While the Plan casts forward to 2023 work is needed to determine what the staffing and operating needs will be with the opening of the new Ivanhoe Library and the new Library in Mernda.

8.4 Non Financial Resources

In addition to the financial resources over the planning period, the following table summarises the human resources requirements over the next four years.

The 2019/2020 (and future years) excludes any additional staff numbers or increased service provision for existing or new libraries.

	2017/2018 Actual \$	2018/2019 Budget \$	2019/2020 Proposed \$	2020/2021 Forecast \$	2021/2022 Forecast \$	2022/2023 Forecast \$
Employee Cost	9,295,913	9,430,751	9,617,136	2,492,627	2,542,479	2,593,329
Employee Numbers - EFT	92.48	91.75	93.43	93.43	93.43	93.43

8.5 Funding Strategies

In developing the Strategic Resource Plan, strategies have been developed for revenue and capital works.

8.6 Revenue

The average contribution increase for councils in 2019/2020 are budgeted at 2.99%. Overall budgetary requirements are reviewed each year in the context of the prevailing economic conditions and any cost efficiencies that the Library can achieve. The Government Operational Library Grant is budgeted to increase by 2% from 2018/2019 actual. This is also reviewed each year as it is dependent upon population increases in each Member municipality and the actual amount allocated annually by the State Government.

8.7 Capital Works

A key objective is to maintain the Library Service's assets in a condition required to ensure consistent or improving service levels year on year. Capital asset renewal is an ongoing process which impacts service provision for the life of the assets, typically several years after the budget has been approved. Sufficient Capital Expenditure is required to ensure service levels are maintained in the short, medium, and long term.

The total 2019/2020 Capital Works Budget is \$1.95M with \$1.82M being for the Collection.

The Budget also provides for \$75K to be transferred to the Asset Replacement Reserve in 2019/2020 from Accumulated Surplus and continued annually thereafter to ensure that when major assets (such as the Mobile Library, Plant Items and ICT Infrastructure) require replacement there are sufficient funds for such replacements.

The following influences have impacted on the Capital Works Budget for the 2019/2020 and following years:

- The budgeted Council contributions
- State Government grants available
- The level of cash and investment reserves required to fund future capital expenditure programs.

Refer to 5.2.3 and Appendix A for further details regarding Capital Works.

8.8 Financial Indicators

The following table outlines a summary of budgeted financial ratios for the years to 2022/2023 (Refer Appendix D for a more detailed schedule) These ratios are used as a guide to assess the financial health of YPRL and show that the Library is financially sustainable provided the ongoing commitment of Member Councils to goals and financial requirements the SRP.

Please note that the Working Capital ratio allows for the possibility of no LSL taken. In practice, every time a staff member elects to take Long Service Leave, the current liability ratio will increase.

Financial Ratios Summary	2017/2018 Actual	2018/2019 Budget	2019/2020 Proposed	2020/2021 Forecast	2021/2022 Forecast	2022/2023 Forecast
Working Capital						
Ratio:	1.78	1.78	1.79	1.33	1.35	1.37
Investment Gap						
Ratio:	1.10	1.02	0.99	1.67	0.99	0.99
Underlying Result						
Ratio:	-0.07	0.00	0.00	0.09	0.00	0.00
Debt Servicing & Commitment						
YPRL has no debt	N/A	N/A	N/A	N/A	N/A	N/A

9 Statutory Disclosures

The Library is required to present information in its Annual Budget and Strategic Resource Plan pursuant to the Act and the Regulations.

These following Appendices provide such information:

- Standard Financial Statements– refer Appendix A
- Schedule of Loan Borrowings – refer Appendix B
- Fees and Charges Schedule – refer Appendix C
- Financial Ratios -refer Appendix D
- Prescribed Indicators and Measures of Service Performance – Refer Appendix E
- Council Contribution Calculations - Refer Appendix F

Budgeted Standard Statements – 2017/2018 (Actual), 2018/2019 Revised Budget, 2019/2020 Budget, and 2020/2021 to 2022/2023 Projection

Yarra Plenty Regional Library Group

Budgeted Income Statement for the years ending 30 June 2019/2020 - 2022/2023



	2017-2018 Actual	2018-2019 Revised Budget	Proposed 2019-2020 Budget	% Change	\$ Change	Future Growth Projection %	Projection 2020/2021	Projection 2021/2022	Projection 2022/2023
Revenue									
Council Contributions - Banyule	4,513,734	4,494,711	4,728,849	5.21%	234,138	1.98%	4,822,582	4,918,172	5,015,655
Council Contributions - Nillumbik	2,693,887	2,760,620	2,742,476	-0.66%	(18,144)	1.98%	2,796,836	2,852,273	2,908,808
Council Contributions - Whittlesea	4,633,207	4,747,699	4,891,039	3.02%	143,340	1.98%	4,987,987	5,086,855	5,187,682
State Government Funding	2,344,258	2,391,143	2,443,752	2.20%	52,609	2.00%	2,492,627	2,542,479	2,593,329
Grant - Local Priorities	123,983	125,850	130,884	4.00%	5,034	2.00%	133,502	136,172	138,895
Grant - Premiers Reading Fund	56,595	56,595	58,859	4.00%	2,264	2.00%	60,036	61,237	62,461
Overdue Fees	213,017	190,189	0	-100.00%	(190,189)	0.00%	0	0	0
Facility Hire Fees	66,909	68,700	68,700	0.00%	0	2.50%	70,418	72,178	73,982
Other User Fees	171,261	198,744	167,750	-15.59%	(30,994)	2.00%	171,105	174,527	178,018
Non-Recurrent Grants	53,635	0	0	0.00%	0	0.00%	0	0	0
Miscellaneous	96,295	92,050	92,338	0.31%	288	2.50%	94,646	97,012	99,437
Interest Revenue	69,946	80,000	80,000	0.00%	0	0.00%	80,000	80,000	80,000
Total Revenue	15,036,727	15,206,301	15,404,646	1.30%	198,345	1.98%	15,709,738	16,020,905	16,338,268
Expenses									
Employee Costs	9,295,913	9,430,751	9,617,136	1.98%	186,385	2.00%	9,809,479	10,005,668	10,205,782
Administration & Other Costs	580,719	407,459	386,359	-5.18%	(21,100)	1.80%	393,313	400,393	407,600
ICT Costs	1,134,250	1,170,204	1,097,676	-6.20%	(72,528)	2.00%	1,119,630	1,142,022	1,164,863
Corporate Services	205,074	233,080	220,351	-5.46%	(12,729)	1.80%	224,317	228,355	232,465
Public Participation	145,927	155,650	143,650	-7.71%	(12,000)	1.80%	146,236	148,868	151,548
Loss on Asset Revaluation	1,208,128	0	0	0.00%	0	0.00%	0	0	0
Collection Non-Capital	937,137	932,496	950,966	1.98%	18,470	2.00%	969,985	989,385	1,009,173
Branch Costs	883,493	937,290	909,136	-3.00%	(28,154)	2.00%	927,319	945,865	964,782
Reserve Transfers	8,085	0	75,000	0.00%	75,000	0.00%	(1,275,000)	75,000	75,000
Depreciation	1,699,364	1,900,000	1,960,800	3.20%	60,800	2.00%	2,000,016	2,040,016	2,080,817
Total Operating Expense	16,098,090	15,166,930	15,361,074		194,144	1.98%	14,315,295	15,975,573	16,292,029
Net Accounting Surplus/(Deficit)	(1,061,363)	39,371	43,572		4,201		1,394,443	45,332	46,239
Add Back Depreciation	1,699,364	1,900,000	1,960,800	3.20%	60,800	2.00%	2,000,016	2,040,016	2,080,817
Less Capital - Collection	(1,847,847)	(1,813,525)	(1,819,171)	0.31%	5,646	2.00%	(1,855,554)	(1,892,665)	(1,930,518)
Less Capital - Local Priorities & Other	(21,968)	(125,850)	(130,884)	4.00%	5,034	2.00%	(1,483,502)	(136,172)	(138,895)
Less Capital - Lease Repayments	0	0	(54,317)	0.00%	54,317	2.00%	(55,404)	(56,512)	(57,642)
Net Operating plus Capital	(1,231,814)	(4)	(0)		129,998		0	0	0

Yarra Plenty Regional Library Group

Balance Sheet Projection 2019/2020 - 2022/2023



	30 June 2018 Actual	30 June 2019 Revised Budget	30 June 2020 Proposed Budget	30 June 2021 Projection	30 June 2022 Projection	30 June 2023 Projection
Current Assets						
Cash and Cash Equivalents	4,701,945	4,782,731	4,912,312	3,692,984	3,824,769	3,957,690
Trade and other receivables	21,367	51,000	52,020	53,060	54,122	55,204
Other current assets	35,788	25,500	26,010	26,530	27,061	27,602
Total Current Assets	4,759,100	4,859,231	4,990,342	3,772,574	3,905,952	4,040,496
Non Current Assets						
Bookstock, Plant & Equipment	4,306,648	4,346,023	4,389,595	5,784,038	5,829,371	5,875,610
Total Non Current Assets	4,306,648	4,346,023	4,389,595	5,784,038	5,829,371	5,875,610
Total Assets	9,065,748	9,205,254	9,379,937	9,556,613	9,735,322	9,916,106
Current Liabilities						
Trade and other payables	678,035	691,596	705,428	719,536	733,927	748,605
Provisions	2,001,836	2,041,873	2,082,710	2,124,364	2,166,852	2,210,189
Total Current Liabilities	2,679,871	2,733,468	2,788,138	2,843,901	2,900,779	2,958,794
Non Current Liabilities						
Provisions	25,511	72,049	73,490	74,960	76,459	77,988
Total Non Current Liabilities	25,511	72,049	73,490	74,960	76,459	77,988
Total Liabilities	2,705,382	2,805,517	2,861,628	2,918,860	2,977,238	3,036,782
Net Assets	6,360,366	6,399,737	6,518,309	6,637,752	6,758,085	6,879,324
Equity						
Members Contributions	3,770,080	3,770,080	3,770,080	3,770,080	3,770,080	3,770,080
Accumulated Surplus	2,590,286	2,629,657	2,748,229	2,867,672	2,988,005	3,109,244
Total Non Current Liabilities	6,360,366	6,399,737	6,518,309	6,637,752	6,758,085	6,879,324

Yarra Plenty Regional Library Group Cash Flow Projection 2019/2020 - 2022/2023



	2017-2018 Actual	2018-2019 Revised Budget	Proposed 2019-2020 Budget	Projection 2020/2021	Projection 2021/2022	Projection 2022/2023
CASH INFLOWS/(OUTFLOWS) FROM OPERATING ACTIVITIES						
Receipts						
Council Contributions	13,024,911	13,203,333	13,598,600	13,868,146	14,143,030	14,423,360
State Government Funding	2,344,258	2,391,143	2,443,752	2,492,627	2,542,479	2,593,329
Interest Received	72,286	80,000	80,000	80,000	80,000	80,000
Other	536,932	732,128	518,530	529,706	541,126	552,794
Payments						
Payments to suppliers	(4,429,119)	(4,131,254)	(4,024,289)	(4,102,963)	(4,183,949)	(4,265,783)
Payments to employees	(9,238,126)	(9,430,751)	(9,617,136)	(9,809,479)	(10,005,668)	(10,205,782)
Net GST payment	(548,439)	(630,500)	(670,500)	(549,000)	(697,000)	(711,000)
Net Cash Provided by Operating Activities	1,762,703	2,214,099	2,328,958	2,509,037	2,420,018	2,466,918
CASH INFLOWS/(OUTFLOWS) FROM INVESTING ACTIVITIES						
(Payments)/Receipts for Bookstock, plant & equipment	(1,928,999)	(2,133,313)	(2,199,377)	(3,728,365)	(2,288,232)	(2,333,997)
Net Cash used in Investing Activities	(1,928,999)	(2,133,313)	(2,199,377)	(3,728,365)	(2,288,232)	(2,333,997)
Net increase/(decrease) in cash held	(166,296)	80,786	129,580	(1,219,328)	131,785	132,921
Cash held at beginning of financial year	4,868,240	4,701,944	4,782,730	4,912,311	3,692,983	3,824,768
Cash at end	4,701,944	4,782,730	4,912,311	3,692,983	3,824,768	3,957,689

Appendix B

Schedule of Loan Borrowings



Schedule of Borrowings
Projected Liability as at 1 July 2019 = 0
The SRP does not propose any non-lease based borrowing be undertaken over the 4 year forecast.

Appendix C

Fees and Charges Schedule

Item	Charge
Overdue charge	None
Lost library card	\$2.50
Lost items	Cost of the item
Book sales	As marked
Inter library loans	\$10 service fee Cost recovery: \$16.50 if applicable
Use of meeting room	As per member council's schedules
Use of training room	As per member council's schedules
Printing and copying	A4: 25c per page (B&W) A3: 50c per page (B&W) A4: 80c per page (colour) A3: \$1.60 per page (colour)
Debt recovery	\$15 service fee plus debt
Book club fee	\$100 per club per annum

All fees and charges inclusive of GST as it applies.

Appendix D - Financial Ratios

Financial Ratios	2017/2018 Actual \$ 000's	2018/2019 Budget \$ 000's	2019/2020 Proposed \$ 000's	2020/2021 Forecast \$ 000's	2021/2022 Forecast \$ 000's	2022/2023 Forecast \$ 000's
Working Capital To assess the Library's ability to meet current commitments						
	\$4,759	\$4,859	\$4,990	\$3,773	\$3,906	\$4,040
Current Assets/Current Liabilities	\$2,680	\$2,733	\$2,788	\$2,844	\$2,901	\$2,959
Ratio:	1.78	1.78	1.79	1.33	1.35	1.37
Investment Gap To assess the Library's capital expenditure against depreciation						
	\$1,870	\$1,939	\$1,950	\$3,339	\$2,029	\$2,069
Capital spend/ depreciation	\$1,699	\$1,900	\$1,961	\$2,000	\$2,040	\$2,081
Ratio:	1.10	1.02	0.99	1.67	0.99	0.99
Underlying result Measures the Library's surplus as a percentage of revenue						
	-\$1,061	\$39	\$44	\$1,394	\$45	\$46
Net surplus/ total revenue	\$15,037	\$15,206	\$15,405	\$15,710	\$16,021	\$16,338
Ratio:	-0.07	0.00	0.00	0.09	0.00	0.00
Debt Servicing & Debt Commitment YPRL has no debt						

Appendix E

Prescribed Indicators and Measures of Service Performance

Services funded under this budget are measured via the below indicators of service performance, and will be reported against in the 2019/2020 annual report performance statement.

Knowledge & Information

- Percentage of new items loaned in the first year of purchase
- Patron Satisfaction Rating for Collections
- Turnaround of Patron Requests
- Loans of eBooks, eAudiobooks and eMagazines as a percentage of total loans
- Age of Collection
- Local authors supported through works acquisition

Measure

- Percentage
- Survey Rating
- Survey Rating
- Percentage
- Percentage
- Number of local authors

Public Participation

- Attendance at all programs
- Visits to libraries
- Events and Activities - Children
- Events and Activities - Adults

Measure

- Number of attendees
- Number of visits
- Survey Rating - Percentage
- Survey Rating - Percentage

People & Culture

- Library User Satisfaction - Staff Service
- Library User Satisfaction - Staff Knowledge
- Staff Engagement and Satisfaction

Measure

- Survey Rating
- Survey Rating
- Survey Rating

Advocacy

- Partnerships to deliver services and programs
- Grants and Sponsorship of services and programs
- Delivery of presentations at key forums and conferences

Measure

- Number of partnerships
- Dollar Value
- Number of presentations delivered

Infrastructure and Innovation

- Provision of public PC's exceed demand
- Provision of Internet via Wi-Fi and PC Access
- Library User Satisfaction - Library Opening Hours
- Library User Satisfaction - Library Safety
- Library User Satisfaction - Welcoming Spaces
- Maker Space Engagement

Measure

- Percentage of opening hours
- Percentage of opening hours
- Survey Rating
- Survey Rating
- Survey Rating
- Percentage

Finance and Governance

- Adjusted Underlying Surplus
- Sound Liquidity Provision
- Sound Asset Renewal
- Annual Audit Completion
- Cost per loan metric
- Staff Expenditure per Capita metric
- Water usage
- Energy Usage

Measure

- Dollar Value
- Liquidity Ration
- Asset Renewal Ratio
- Annual Audit Successful Completion
- Dollar Value (Ratio)
- Dollar Value (Ratio)
- Litres
- Kilowatt hours

Yarra Plenty Regional Library Group
Council Contribution Calculations 2019/2020 Budget



Library Branch	Diamond Valley	Eltham	Ivanhoe	Lalor	Mill Park	Rosanna	Thomastown	Watsonia	Whittlesea		
Expenditure Allocation per Supplemental Agreement Schedule											
A(1)(a)	Direct Expenditure	702,846	1,154,011	893,337	832,495	1,114,276	687,689	609,551	810,141	430,705	7,235,052
A(1)(b)(i)	Collection Costs	313,837	497,788	525,222	506,272	704,749	304,824	276,422	456,004	143,928	3,729,045
A(1)(b)(ii)	Computer Expenditure	100,954	197,870	193,832	185,756	189,794	113,069	169,603	133,260	64,611	1,348,748
A(1)(b)(iii)	Organisational Development	25,418	44,451	33,958	30,664	41,807	27,573	21,717	30,380	17,854	273,823
A(1)(b)(iv)	Community Engagement	52,883	72,808	57,083	65,433	113,567	44,123	58,631	47,924	59,876	572,330
A(1)(b)(v)	Branch Courier	13,111	13,111	13,111	13,111	13,111	13,111	13,111	13,111	13,111	118,000
A(1)(b)(vi)	Mobile Library Expenditure	159,657	159,657	34,564	32,529	32,529	34,564	32,529	34,564	32,529	553,121
A(1)(b)(vii)	Capital Expenditure (N/A)	-	-	-	-	-	-	-	-	-	-
A(1)(b)(viii)	Administration	125,418	125,418	125,418	125,418	125,418	125,418	125,418	125,418	125,418	1,128,762
A(1)(b)(ix)	Executive Management	47,947	47,947	55,485	45,854	45,854	55,485	45,854	55,485	45,854	445,765
Total Branch Expenditure Attribution		1,542,071	2,313,061	1,932,011	1,837,531	2,381,105	1,405,857	1,352,836	1,706,287	933,885	15,404,646
B(1) Less Direct Income											
	Photocopying	7300	22500	17400	24700	30300	11200	11900	23000	5300	153,600
	Fund Raising	1650	500	2800	1150	1900	1600	800	3400	500	14,300
Net Branch Expenditure Attribution		1,533,121	2,290,061	1,911,811	1,811,681	2,348,905	1,393,057	1,340,136	1,679,887	928,085	15,236,746
A(2) Usage											
A(2)(a)	Banyule Usage	27%	18%	93%	3%	7%	91%	4%	84%	11%	
A(2)(a)	Nilumbik Usage	64%	78%	3%	1%	4%	5%	3%	8%	6%	
A(2)(a)	Whittlesea Usage	9%	3%	4%	95%	89%	4%	94%	8%	83%	
Total Usage		100%	100%	100%	100%	100%	100%	100%	100%	100%	
A(2) Allocation											
	Banyule Allocation	411,540.40	422,446.66	1,778,909.04	63,098.80	154,820.12	1,273,632.56	48,533.53	1,409,708.03	101,046.65	5,663,736
	Nilumbik Allocation	982,553.17	1,787,733.63	57,383.87	18,486.57	102,439.60	66,774.50	37,549.31	137,870.48	53,713.38	3,244,505
	Whittlesea Allocation	139,027.74	79,880.99	75,518.52	1,730,096.11	2,091,645.38	52,650.22	1,254,053.30	132,308.45	773,324.86	6,328,506
Total Allocation		1,533,121	2,290,061	1,911,811	1,811,681	2,348,905	1,393,057	1,340,136	1,679,887	928,085	15,236,746
		Banyule	Nilumbik	Whittlesea	Total						
Weighted Usage		37.34%	21.51%	41.15%							
Comparison: Council Weighted Usage 2018/2019		36.86%	21.31%	41.83%							
Net Attributed Library Expenditure		\$ 5,663,736	\$ 3,244,505	\$ 6,328,506	\$ 15,236,746						
Less Estimated State Government Grant		\$ 773,547	\$ 408,948	\$ 1,261,258	\$ 2,443,752						
State Government contribution component		13.7%	12.6%	19.9%	15.4%						
Regional Income (By % Council Contribution)											
B(3)	Interest on Investments	\$ 30,410	\$ 17,652	\$ 31,938	\$ 80,000						
B(2)	Damaged Book Charges	\$ 5,284	\$ 3,044	\$ 5,822	\$ 14,150						
B(2)	Overdues	\$ -	\$ -	\$ -	\$ -						
B(2)	Grant Funding	\$ 70,853	\$ 40,818	\$ 78,072	\$ 189,743						
B(2)	Murrindindi	\$ 24,043	\$ 13,851	\$ 26,493	\$ 64,388						
B(2)	Inter Library Loans	\$ 392	\$ 226	\$ 432	\$ 1,050						
B(2)	Book Club	\$ 2,689	\$ 1,549	\$ 2,963	\$ 7,200						
B(2)	Miscellaneous	\$ 27,670	\$ 15,941	\$ 30,489	\$ 74,100						
Total Regional Income		\$ 161,341	\$ 93,081	\$ 176,209	\$ 430,630						
Balance Council Contribution 2019/2020		\$ 4,728,849	\$ 2,742,476	\$ 4,891,039	\$ 12,362,364						
Year on Year Variance 2018/2019 to 2019/2020		\$ 234,138	(\$ 18,144)	\$ 143,340	\$ 359,334						
Year on Year Variance % 2018/2019 to 2019/2020		5.21%	-0.66%	3.02%	2.99%						
Comparison: Council Contribution 2018/2019		\$ 4,494,711	\$ 2,760,620	\$ 4,747,699	\$ 12,003,030						
Year on Year Variance 2017/2018 to 2018/2019		(\$ 19,023)	\$ 66,733	\$ 114,492	\$ 162,202						
Year on Year Variance % 2017/2018 to 2018/2019		-0.42%	2.48%	2.47%	1.37%						
Comparison: Council Contribution 2017/2018		\$ 4,513,734	\$ 2,693,887	\$ 4,633,207	\$ 11,840,828						
Year on Year Variance 2016/2017 to 2017/2018		(\$ 45,618)	\$ 3,841	(\$ 212,780)	(\$ 254,557)						
Year on Year Variance % 2016/2017 to 2017/2018		-1.00%	0.14%	-4.39%	-2.10%						
Comparison: Council Contribution 2016/2017		\$ 4,559,352	\$ 2,690,046	\$ 4,845,987	\$ 12,095,385						
Total Increase over the last 3 years		\$ 169,497	\$ 52,430	\$ 45,052	\$ 266,979						
Total Increase over the last 3 years %		3.72%	1.95%	0.93%	2.21%						
Average Per Annum Increase over the last 3 years		1.24%	0.65%	0.31%	0.74%						