



MANAGEMENT REPORT

Date: April 16, 2020
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TO: Library Board
FROM: Director, Corporate Services & Facilities
SUBJECT: 2019 Summary - Reserve for Library Gifts and Grants

SUMMARY

This report is to provide the Board with information on library reserves.

PURPOSE

This report is for information.

RECOMMENDATION

That the Board receive this report for information.

POLICY

Library Financial Reserves Policy:

- The Library retains reserves both for specified purposes and as insurance against unbudgeted significant expenditures.
- The library will transfer unspent grants and donations, received in the year, and its share of net new revenues to reserves.
- The library will maintain an equipment replacement reserve fund.
- The Library will maintain an undesignated gifts and grants reserve fund of not less than 5% of the Library's annual operating expenditures. 90% of the interest from this undesignated reserve fund will be expended annually on one time projects in support of the Library Board's strategic priorities.

- Library Management is authorized to expend designated reserves for the purpose they were accumulated and required expenditures from the equipment replacement without Board approval.
- Management is authorized to expend undesignated library reserves up to \$50,000 on one-time projects which support Library objectives without Library Board approval. Expenditures, from undesignated reserves, over \$50,000 require Library Board approval. Staff will provide the Board with an annual summary of disbursements from reserves.

BACKGROUND

In this report, the following terms have the following meanings:

Reserves: Funds set aside to be used at a future date. A portion of the reserves accrue interest which is added to the reserve balance.

Designated Reserves: Reserves which were accumulated for a specific purpose which dictate how they can be spent.

Undesignated Reserves: Reserves which can be spent at the discretion of the Library.

Reserve Fund Categories:

Library Gifts and Grants:

- Donations and Grants: donations and grants to VPL
- Endowment Fund: prior undesignated gifts and grants
- Provincial Grants: carry forward of Provincial grants unexpended in the year received
- General: VPL's share of net InfoAction, room rentals and other "new" revenues
- Community Amenity Contributions: VPL's share of development related funding from the Bayshore and Coal Harbour developments

Equipment Reserve: transfer from the Operating budget

DISCUSSION

The table below provides a summary of reserves balances as at December 31, 2019:

	Designated	Undesignated	2019 Total	2018 Total	Change from 2018 to 2019
Gifts and grants	1,315,236	173,469	1,488,705	665,392	823,313
Provincial grants	94,253	178,499	272,752	238,837	33,915
General/Future expenditures		1,286,440	1,286,440	1,215,812	70,628
Endowment Fund		2,407,738	2,407,738	2,362,753	44,985
Community Amenity Contributions	266,687		266,687	266,687	(0)
Total Gifts and Grants Reserve	1,676,176	4,046,146	5,722,322	\$4,749,481	972,841
Equipment Reserve	978,603		978,603	967,603	11,000
TOTAL RESERVES BALANCE	\$2,654,779	\$4,046,146	\$6,700,925	\$5,717,084	983,841

In 2019 the following were funded with a transfer from reserves. The amounts approved by the Board were either done as part of the 2019 operating budget or by separate motion.

	Board Approved transfers (\$)	Actual transfers (\$)
Contribution to VPLF	75,000	75,000
Collections	20,000	20,000
Programs	12,900	0
Strategic Plan	100,000	0
Project Manager - archives pre move (15 months)	180,000	0
TOTAL	\$387,900	\$95,000

FINANCIAL IMPLICATIONS

There are no financial implications relating to the amounts transferred from the reserves in 2019.

The 2020 operating budget includes the following transfers from reserves, totalling \$107,900. This is consistent with what was included in the 2019 operating budget.

Collections	\$20,000
VPL Foundation	\$75,000 (pending Board approval)
Programs and other	\$12,900

Any further requests for reserve funding will come forward for Board approval throughout the year, as required.

FINAL REMARKS

To continue to deliver responsive and innovative library service, it is important to have the flexibility that reserves provide.

Reserves are used by staff to cover relatively modest project funding shortfalls e.g. topping up Children's programs (such as Man in the Moon or Book camp) if there is a fundraising shortfall.

Reserve funds have also been used to support one-time Board strategic priorities.