



MANAGEMENT REPORT

Date: February 16, 2017
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TO: Library Board
FROM: Director, Corporate Services & Facilities
SUBJECT: **Reserve for Library Gifts and Grants Summary 2016**

SUMMARY

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

PURPOSE

This report is for information.

RECOMMENDATION

That: The committee recommend 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

Definitions:

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

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

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

Reserve Fund Categories:

Library Gifts and Grants:

Gifts and Grants

Source - donations and grants to VPL.

General

Source - VPL's share of net InfoAction, room rentals and other "new" revenues.

Endowment Fund

Source – prior undesignated gifts and grants.

Provincial Grants

Source – Carry forward of Provincial grants unexpended in the year received.

Community Amenity Contributions

Source – Bayshore and Coal Harbour developments.

Equipment

Source – transfer from the Operating budget.

Encumbrances

Source – Operating budget contribution for collections on order at year end in excess of \$900,000.

DISCUSSION

Summary of Reserves as at December 31, 2016:

	Designated	Undesignated	2016 Total	2015
Gifts and Grants Donations and grants				
Gifts and grants	\$636,100	\$372,200	\$1,008,300	\$1,298,400
Endowment Fund		2,259,800	2,259,800	2,224,100
Provincial grants	87,000	168,000	255,000	318,400
Other				
General/Future expenditures		1,084,500	1,084,500	1,178,200
Community Amenity Contributions	266,700		266,700	266,700
Total Reserve for Gifts and Grants	\$989,800	\$3,884,500	\$4,874,300	\$5,285,800
Equipment Reserve	\$945,600		\$945,600	\$934,600
Encumbrances	-	-	-	-

The following were funded with a transfer from Reserves in 2016. The amounts approved by the Board were either done as part of the 2016 operating budget or by separate motion.

	Board Approved transfer	Actual transfer
Collections	\$340,000	\$332,978
Literacy projects		48,478
Programs	21,500	33,364
Special Collections projects	10,000	10,000
Other projects	N/A	49,517
Furniture and equipment	N/A	92,815
Branch Staffing Review	65,000	65,000
Strategic Plan	118,600	118,618
Contribution of VPLF	191,200	191,200
Total	\$809,800	\$941,970

FINANCIAL IMPLICATIONS

There are no financial implications relating to the amounts transferred from the reserves in 2016.

The draft 2017 operating budget includes the following transfers from Reserves totalling \$126,500:

Collections	\$40,000
VPL Foundation	75,000
Children's programs	11,500

FINAL REMARKS

Reserves are used by staff to cover relatively modest project funding shortfalls: e.g. topping up the Man in the Moon budget or Book camp if there is a fundraising shortfall. Reserve funds have also been allocated to support one time Board strategic priorities. It is important to have the flexibility that reserves allow for responsive and innovative library service.