



**Mike Mayes, Director
Financial Services/Treasurer**

TOWN OF NEWMARKET
395 Mulock Drive
P.O. Box 328
Newmarket, ON L3Y 4X7

www.newmarket.ca
mmayes@newmarket.ca
905.895.5193 ext. 2102

October 29, 2015

JOINT LIBRARY AND CORPORATE SERVICES REPORT – FINANCIAL SERVICES 2015-51

TO: Town of Newmarket Public Library Board

SUBJECT: Library General Reserve

ORIGIN: Director, Financial Services/Treasurer
CEO, Library

RECOMMENDATIONS

THAT Joint Library and Corporate Services Report – Financial Services – 2015-51 dated October 29, 2015 regarding the Library General Reserve be received and the following recommendations be adopted:

- 1. THAT the Town of Newmarket Public Library Board set a target level for the Library General Reserve as proposed in this report;**
- 2. AND THAT once the Library General Reserve target is achieved, any surplus is to be returned to the Town at the year-end.**

COMMENTS

Purpose

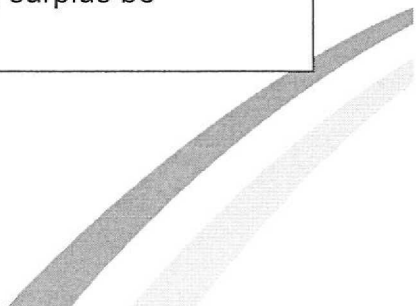
The purpose of this report is to recommend that the Newmarket Public Library Board (the Library), establish a target level for the Library General Reserve and to propose that at the year-end, if the General Reserve is over the target, any surplus is returned to the Town.

Budget Impact

There should be no direct impact on the Library budget. Setting a target will ensure that adequate funds are set aside to assist in future years for planned as well as unforeseen events or projects. Surplus funds returned to the Town can be used for other priorities.

Summary

The Library has a General Reserve with a budgeted balance of \$470,000 at the end of 2015. It is recommended that the Library set an appropriate target level for this reserve, which would avoid fluctuations in the grant requirement, and that any annual operating surplus be transferred to the Town once the target is achieved.



BACKGROUND

At present, the Library has the following reserves and reserve funds:

Reserve/Reserve Fund	Purpose	2015 Year-end Budgeted Balance
General Reserve (325591)	For operating contingencies (see Analysis below)	\$470,036
Fund Raising (325592)	To hold revenues from targeted fundraising activities to be spent when the project target is accumulated	\$1,665
Strategic Plan (325594)	To finance the development of the 2013-2016 strategic plan and ancillary advocacy costs	\$1,257
Strategic Plan Implementation (325596)	To provide funds to develop programs, skills, and technical infrastructure to achieve the 2013-2016 strategic plan	\$42,021
Insurance (325595)	To cover the costs of an insurance claim deductible	\$10,000
Asset Replacement Fund (485127)	For Library capital asset replacement	\$167,046

At their meeting on May 20, 2015, the Library Board approved the closure and transfer of the balance of the Library's Long-term Disability Reserve Fund to the Town's equivalent reserve fund.

ANALYSIS

It is recommended that a target level for the Library General Reserve be established. This will avoid fluctuations in grant requirements and enable the Library to deal with unexpected operating expenditures or new capital projects. This practise of setting reserve fund targets is consistent with what is done in other areas, such as Water & Sewer, and with most reserve funds, such as Winter Control and Legal. Once the Library Reserve reaches the target level, the amount over the target and any annual operating surplus can be transferred to the Town. Based on the previous years' Library operating experience, the Library Reserve target amount could be determined by adding the following factors:

- 10% of the Library's total annual operating expenditures excluding transfers to reserves/reserve funds and the contribution to the Library Asset Replacement Fund. This amount is approximately \$300,000 per 2014 actuals and the 2015 Budget;
- A seed fund for new capital projects such as consulting expenditures for a new Library or other initiatives determined by the Library Board. At this time, a starting amount of \$100,000 is recommended for potential new capital financing.

BUSINESS PLAN AND STRATEGIC PLAN LINKAGES

This report links to Newmarket's key strategic directions in being Well Managed through fiscal responsibility.

CONSULTATION

This report has been reviewed by the staff of both the Financial Services Department and the Library.

BUDGET IMPACT

Operating Budget

This report recommends that a target level be established for the Library General Reserve. At year-end, if the Library General Reserve balance is over the target level, the surplus would be returned to the Town. As these are surplus funds, there should be no budgetary impact on the Library. The funds could be used by the Town for any funding deficiency in other priorities.

Capital Budget

A seed fund would be established and be available for future new capital initiatives as determined by the Library Board.

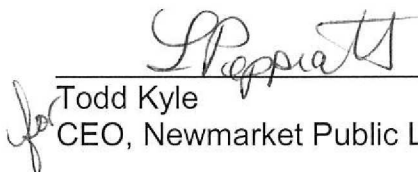
CONTACT

For more information on this report, contact: Mike Mayes at 905-953-5300, ext. 2102 or via e-mail at mmayes@newmarket.ca



Mike Mayes, CPA, CGA
Director, Financial Services/Treasurer

MM/he



Todd Kyle
CEO, Newmarket Public Library