

**VAUGHAN PUBLIC LIBRARY – 2007 BUDGET REQUEST**

**Recommendation**

The Commissioner of Finance & Corporate Services recommends:

That the attached memo from the Vaughan Public Library Board staff with respect to an anticipated increase in the funding request from the Vaughan Public Library Board be received.

**Economic Impact**

The impact will be \$178,544 when the formal request is received from the Board.

**Purpose**

To advise the Budget Committee that a memo has been received from the Chief Executive Officer of the Vaughan Public Libraries advising that the Board may be requesting from the City an increase in their 2007 operating budget funding.

**Background - Analysis and Options**

During discussions with Library staff regarding the Library's 2007 operating budget submission there was a discussion regarding an accounting accrual they planned to set-up at the 2006 year-end in the Libraries 2006 financial statements. During this discussion certain 2007 expenses were identified that were not budgeted in 2007, based on the expectation that these 2007 expenses would be funded from the accrual set up at the end of 2006.

Financial statements are prepared using Generally Accepted Accounting Principles (GAAP). An accrual established under GAAP would be to recognize that an expense has been incurred (i.e. in 2006 or prior year) and remained unpaid at the end of 2006. In discussions with Library staff it was determined that the accrual did not relate to any unpaid expenses in 2006 or prior years. Therefore it would not be appropriate under GAAP to establish this accrual in 2006.

As the desired purpose of the accrual in 2006 was to fund 2007 salary related costs a second issue was raised. Library staff have advised that the 2007 salary related costs will be ongoing. That is to say they will be incurred in 2007 and each year thereafter. Since the accrual would only provide funding for one year (i.e. 2007) there would be no permanent funding for the ongoing impact. The result is this would become a 2008 budgetary issue. In addition, in 2008 the Board would also have to address the funding for any 2008 salary related costs. Consequently the Library Board will be considering an increase in their request to the City at their next Board meeting.

**Relationship to Vaughan Vision 2007**

Not applicable.

**Conclusion**

The memo from the Vaughan Public Libraries be received and the matter be dealt with when the formal request is received. The next Budget Committee meeting is February 27, 2007.

**Attachments**

Attachment 1 - Vaughan Public Libraries memo dated February 9, 2007

Respectfully submitted,

Clayton D. Harris, CA  
Commissioner of Finance & Corporate Services

Attachment 1

February 9, 2007

Mr. Clayton Harris  
Commissioner of Finance  
City of Vaughan  
2141 Major MacKenzie Drive  
Vaughan, Ontario  
L6T 1A1

Dear Clayton:

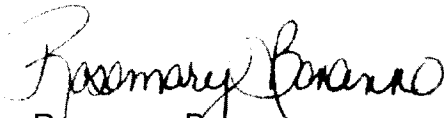
**Re: 2007 Operating Budget Submission**

Let me take this opportunity to recap our meeting of February 9, 2007 and outline how Vaughan Public Libraries plans to move forward with revisions to the Board's 2007 Operating Budget submission.

The attached Board motion provides Libraries staff with direction regarding the Board's Salary Maintenance accrual outlining how it was to offset increases to the 2007 personnel budget for salaries and wages. Unfortunately, the sentiment was noble, but accounting rules do not permit the disbursement of the accrual in such a fashion. As we discussed, the only remedy is to take an item to the Board's inaugural meeting on Thursday, February 22, 2007, asking that the Board's submission be increased by \$178,544.00.

Thank you for your continued support with this matter.

Yours sincerely,

  
Rosemary Bonanno  
Chief Executive Officer

Budgets and Business Plans\2007 Operating Budget Submission-Ltr to C Harris py

cc: Yvonne Kharag, Director of Finance, Vaughan Public Libraries  
John Henry, Acting Director of Budgeting & Financial Planning, City of Vaughan

5. **BUSINESS ARISING**

5.1 **Budget Accruals**

Over the years the Board has established the accrual of funds for the implementation of salary grids associated with the Maintenance Plan Project. The Board's direction is required to carry forward the funds into the next year's budget.

**MOTION: THAT the Board direct the Chief Executive Officer to bring forward to 2007 the accruals established from 1999 to 2004 for the implementation of economic adjustment for all union and non-union staff for 2007 and the impact of the benefit costs,**

**AND THAT should these funds exceed the requirements for 2007, the remaining funds are to be dispersed into the 2007 Operating Budget.**

**MOVED BY: A. Infusino**

**SECONDED BY: F. Galati**

**MOTION CARRIED.**