



# Management of System Funds

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## **Policy**

Annual Expenditures: Operating and capital expenditures are recorded in fund categories as budgeted

## **Bank Accounts**

Chinook Arch establishes bank accounts in order to manage System revenues.

The Office Manager, under the direction of the Finance and Personnel Committee and CEO, will deposit funds not needed for current expenditures in interest bearing accounts.

### **Investment of System Funds**

System funds will be invested in appropriate short term investment vehicles until they are needed for current expenses. Acceptable vehicles of investment are GICs, T-Bills, and/or low risk money market funds.

## **Budgets**

The System operates on a multi-year Budget Cycle. Budgets are approved by the Board prior to being sent to Member Councils for approval in September of the year prior to the first year of the multi- year Budget.

## **Operating Surplus**

In the event that there is an operating surplus at the end of the budget year, the Finance and Personnel Committee will determine if the surplus will be required to meet current expenditures. If so, the surplus will be included in the operating budget for the new fiscal year. Funds not needed for current operations will normally be transferred to the Reserve funds for future expenditure.

## **Book Allotment**

Funds allocated to member libraries for book allotment are restricted for purchases of library materials in subsequent years. Any surplus in the book allotment of a member library in any one year will be allocated to the book allotment of that member library for the next fiscal year.

## **Grants**

The CEO shall ensure that the annual System Operating Grant application is completed and submitted according to Alberta Municipal Affairs Guidelines.

The CEO shall ensure that applications for special project grants and applications to employment funding programs are completed by the appropriate system personnel and in accordance with the funding agency's guidelines.

## **Reserves**

Chinook Arch will maintain reserve funds in order to have a revenue base for ongoing capital requirements, for the development of System services and to provide capital support to member libraries, if appropriate.

Reserve funds are invested according to the Investment of System Funds section of this policy.

Transfers to and/or from reserves are reflected in Notes to the Financial Statements.

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## Fund raising

Chinook Arch will make every effort to keep informed of new and potential funding sources, for its own operations and for member library operations.

## Endowment Fund

The System may create an Endowment Fund to assist with future operating and capital expenditures if surplus funds are not needed for current operations and reserves.

## Accounting

The System maintains records and reports to its members based on the System's Accounting policy. Annual Financial Statements are prepared and audited based on Canadian not-for-profit accounting standards.

Background: Annual Revenue Sources:

1. Provincial System Operating Grant based on population of member municipalities
2. Provincial Rural Services Grant based on population of System members that do not have a library board
3. Municipal Membership levy – a per capita fee paid in two instalments. The fee is determined in the budget process and approved by member councils under the terms of the System Agreement
4. Member Library Board Fee- a per capita fee paid in two instalments and also approved in the Budget process
5. Rural Services Fee – a per capita fee charged to member jurisdictions that do not have a Library Board
6. Contract services fees are assessed for cost recovery plus administrative costs of services provided for non-system members
7. A variety of other sources of occasional funds including special project grants may be available from various government and private sources

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