

POLICY: **FINANCE –
USE OF OPERATING SURPLUS**

POLICY #: **B-FIN-07**

COMMITTEE:	Finance and Infrastructure	PASSED:	28 May 2015
TOPIC:	Use of Operating Surplus	AMENDED:	
		REVIEW PERIOD:	3 - 5 years

PURPOSE

To provide guidelines for the use of prior years' operating surplus as determined by agreement between the District of North Vancouver (“District”) and the North Vancouver District Public Library.

POLICY

All planned uses of the available prior years’ operating surplus need to be approved by the Board and included in the Library’s annual Operating and Capital budget submissions. Council’s approval of the use of these funds will be evidenced in the annual Financial Plan Bylaw.

Use of available prior year’s surplus can be done in two ways:

Specific Use approved by the Board which are reflected in the Operating and Capital Budget submissions and identified as being funded from the available prior year’s surplus.

A “surplus-funded” general provision approved by the Board and included in the annual Operating and Capital Budget submissions. The specific operating and capital use of these budgeted funds will be determined and approved by the Board during the fiscal year. If the general provision is not used for specific expenditures during the year, these funds will remain as surplus funds available for future allocation (in accordance with this policy) by the Board in subsequent years.

All expenditures regardless of their funding source are subject to Council’s approval of the Financial Plan Bylaw.

BACKGROUND

In November 1997, Council approved a surplus distribution Policy that allows the North Vancouver District Public Library to retain 50% of any surplus reported at year-end, provided that the funds are used for a specific purpose to be determined by the Board.

RESPONSIBILITIES

Board Members

- Support this policy and procedures
- Receive the recommendation of the Finance and Infrastructure Committee (FIC) and approve, by motion, the operating and capital budget submissions inclusive of the specific items to be funded from surplus and the “surplus funded” general provision
- Receive the recommendation of FIC and approve, by motion during the fiscal year any specific use of the “surplus funded” general provision

Finance and Infrastructure Committee

- Reviews the Library Director’s request for the specific items and/or the “surplus-funded” general provision to be included in the annual operating and capital budget submissions
- Makes a recommendation to the Board regarding their inclusion in the operating and capital budget submissions
- During the year, reviews the proposed specific uses identified by the Library Director of the approved “surplus-funded” general provision
- During the year, makes a recommendation to the Board for approval of the proposed specific uses of the “surplus-funded” general provision

Chief Financial Officer

- Supports this policy and procedures
- Ensures during the fiscal year that any specific use of the “surplus funded” general provision is properly approved by the Board
- Ensures during the fiscal year that accounting records are kept current with respect to any specific use of the “surplus funded” general provision

Director of Library Services

- Supports this policy and procedures
- Identifies the operating and capital expenditures to be funded from specific use and set the “surplus-funded” general provision to be included in the budget submissions
- Submits annual operating and capital budget submissions to FIC inclusive of the specific items to be funded from surplus and the “surplus-funded” general provision
- During the year, submits any proposed specific use of the “surplus-funded” general provision to FIC

- Obtains approval from the Board during the fiscal year for any specific use of the “surplus funded” general provision
- Reports, on a timely basis to the CFO, any Board approved specific use of the “surplus funded” general provision
- Meets District’s financial planning documentation requirement in support of any specific use of “surplus funded” general provision