

# Funding Formula

## 1. POLICY STATEMENT

FVRL strives to balance the competing objectives of the funding formula to maintain a fair allocation of budget which is simple, predictable and understandable.

## 2. PURPOSE

To detail the basis of how the library budget shall be allocated to members in accordance with the *Library Act*, Section 24(3) Sharing the Costs of Library Services.

To allocate library budget to members in a manner that strives to achieve the following objectives:

- To provide a fair allocation of the budget based upon the level of service and usage at each member's libraries in order to provide members with greater control over their budget assessment and to allow them to determine the level of service provided to their community.
- Simplicity and understandability, to minimize administrative costs and time.
- Predictability of assessment impacts to support members' ability to manage fee impacts.

## 3. SCOPE

This policy applies to all FVRL member municipalities.

## 4. BASIS OF COST ALLOCATIONS

### Library Branch Revenues and Expenses (Direct Services)

Direct revenues raised, and costs incurred, by individual libraries are charged to the respective member as much as possible.

### Shared Services

- **Usage Allocations**  
Where usage statistics are available, reliable, and indicative of usage, this method of cost allocation is used (e.g. Information Systems Operations, Shipping Operations, Human Resources and Payroll).
- **Allocation Based Upon Population**  
Where reliable usage statistics are not available for cost centers relating to products and services to customers, the costs are allocated on a per capita basis according to the BC Statistics for service area populations (e.g., Support Services (library materials), Outreach

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Services' home delivery, system-wide programs and services, and Public Library InterLINK fees). In order to minimize variation from year to year, population shall be calculated as a three year rolling average.

#### Administration and Overhead

The remaining system-wide support services based at FVRL's Administrative Centre, including the Administrative Centre building costs, are allocated according to the member's share of the budget up to that point.

#### Shared Employee Salary and Benefit costs ("Other Benefit Costs")

The following employee salary and benefit costs are shared equally across all employees based on the total of that employee's other budgeted salary and benefit costs:

- Employee Future Benefits – e.g. retirement benefits, supplemental vacation and longer-term sick leave.
- Maternity top-up benefits.
- Casual employees salary and benefits for initial training and when not filling a temporary position.
- Other unionized employee salary and benefits when acting for FVRL as a whole for a period of time, as approved by the Chief Executive Officer.
- Travel and other non-salary and benefit expenses incurred as a result of the above.

#### Members Without Libraries

- **Metro Vancouver (Barnston Island, Electoral Area A)**

Given the small Barnston Island population, Metro Vancouver is charged a minimum assessment of \$2,000 per year for library services. The \$2,000 per year fee is allocated against the budget assessment of members with libraries, according to their share of the budget up to that point.

- **Harrison Hot Springs**

With active library users and a larger population than Barnston Island, the Village of Harrison Hot Springs is charged for library service based on its previous year's assessment plus an adjustment that reflects FVRL's overall average increase/decrease to all members. The Village's assessment is allocated against the budget assessment of members with libraries, based on the Village's usage (circulation) of that member's library(ies) in the previous year.

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**5. FUNDING FORMULA SUMMARY**

LIBRARY COSTS	
Salaries and Benefits	Direct charge to library
Photocopiers	Direct charge to library
Building	Direct charge to library
Capital Assets	Direct charge to library
Promotion	Direct charge to library
Programs	Direct charge to library
Postage	Direct charge to library
Office Supplies	Direct charge to library
SHARED SERVICES COSTS	
Library Materials + Wages	Per Capita Allocation
Customer Services Wages + FVRL-wide Programs	Per Capita Allocation
Outreach Services Wages	Per Capita Allocation
Public Library InterLINK Fees	Per Capita Allocation
Computer Operations + Wages	Number of Computers and Self-Check-Out Units
Vehicle Operations + Wages	Number of Deliveries
Human Resources + Wages	Number of Full Time Employees
Communications + Wages	Percentage of Total Library Costs
Collection Agency Fees	Percentage of Total Library Costs
Content Insurance	Percentage of Total Library Costs

**Related Documents:** Financial Management Policy

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