

TITLE: Reserve Policy

TOPIC: Finance

PASSED:

AMENDED:

REVIEWED:

NEXT REVIEW:

1.0 POLICY STATEMENT

The Library recognizes the importance of maintaining financial reserves to maintain a prudent level of available financial resources to offset unpredicted one-time expenditures and to provide resources for repairs, replacements, upgrading, or construction of new capital assets/infrastructure.

2.0 PURPOSE

This policy outlines the Library’s approach to establishing and managing financial reserves.

3.0 PROVISIONS

- 3.1 All requests to use reserve funds or to re-designate reserves must be approved by a Board motion. Requests to use reserve funds may also be submitted and approved as part of the annual budget process.
- 3.2 Any surplus funds in the City of Camrose Library Board’s operating budget at year-end will be allocated to reserves by Board motion during the financial audit process.
- 3.3 Reports on the status of reserves will be provided to the Board during the audit process and upon request throughout the year.

4.0 SCHEDULE OF RESERVE FUNDS

Operating Reserve	
Status	Internally Restricted
Purpose	Established to cover any deficits in the operating fund and to cover one-time unbudgeted expenses at the discretion of the Board.
Funding Source	Contributions from operations
Approved Spending Categories	Provides a cushion against unexpected events, loss of income, and large unbudgeted expenses
Target Balance	Six month’s operating budget.

Building Maintenance Reserve	
Status	Internally Restricted
Purpose	To provide for upgrades, replacement, additions, and repairs of a capital nature to the physical building.
Funding Source	Contributions from operations, transfers from other reserve funds.
Approved Spending Categories	Projects, services and purchases for maintenance not covered by the current lease agreement and/or operating budget.
Target Balance	

Building Replacement Reserve	
Status	Internally Restricted
Purpose	Established to be used towards a new building for the library.
Funding Source	Contributions from operations, matching funds.
Approved Spending Categories	Building, design plans, legal fees associated with new building, furniture, other related expenses.
Target Balance	

Technology Reserve	
Status	Internally Restricted
Purpose	Established to acquire or upgrade technologies to meet changing organizational or community needs and/or to pursue innovation.
Funding Source	Contributions from operations, transfers from other reserve funds.
Approved Spending Categories	Purchase or maintenance of technology not provided by Parkland Regional Library System.
Target Balance	

Hume Capital Reserve	
Status	Externally Restricted
Purpose	Capital purchases only.
Funding Source	Donation
Approved Spending Categories	
Target Balance	

Utilities Reserve	
Status	Internally Restricted
Purpose	Established to cover unexpected utility costs or increases not covered in the lease agreement.
Funding Source	Contributions from operations, transfers from other reserve funds.
Approved Spending Categories	Utilities
Target Balance	

Furnishings Reserve	
Status	Internally Restricted
Purpose	Established to acquire or replace furniture, fixtures or equipment.
Funding Source	Contributions from operations, transfers from other reserve funds.
Approved Spending Categories	Furniture, shelving, tables, desks, window coverings.
Target Balance	

Vacation/Sick Liability Reserve	
Status	Internally Restricted
Purpose	Established to cover vacation or sick time not included in the operating budget.
Funding Source	Contributions from operations, transfers from other reserve funds.
Approved Spending Categories	Accrued vacation paid out on termination of employment, value of paid sick leave not included in the operating budget.
Target Balance	

Staff Training Reserve	
Status	Internally Restricted
Purpose	Established to cover expenses related to approved professional development for the Library Director and library staff.
Funding Source	Contributions from operations, transfers from other reserve funds.
Approved Spending Categories	Courses, conferences, symposium
Target Balance	