

Reserves Policy

<i>Topic</i>	Finance
<i>Authority</i>	Board
<i>Related Documents</i>	

The Regional Municipality of Wood Buffalo Library Board recognizes that a critical component of fiscal management is the establishment of Reserves or Stabilization accounts. These reserves maintain a prudent level of financial resources to offset temporary revenue shortfalls or unpredicted or unbudgeted expenditures and provide resources for repairs/replacement/upgrading or construction of new capital assets/infrastructure.

Reserve Guidelines

- The Board must approve all movements in each Reserve. Approval requests must be fully described and must include the purpose and scope.
- Unless otherwise stated, all funds are considered committed for the specific purpose as outlined by the reserve.
- All reserves must be individually represented in the annual financial statements and budget documents.
- All reserves must be reviewed annually by the Board to determine if the reserves are still required. When the original intent of the reserve has been met or changed, any remaining amount should be either returned to surplus or re-designated.
- Reserves can be funded from internal or external sources such as approved budget contributions, unspent carryover of current year's funds approved for a specific purpose, annual surplus contribution, government grants, or donations.
- All expenditures from reserves must have prior approval obtained from annual operating or capital budget, carryover from projects, or board resolution.
- The Board must preapprove re-designation of reserve funds or inter-reserve transfers.
- Reserve limits may be established on individual reserves at the Board's discretion.

Schedule of Reserves

Operating Reserves

Operating reserves provide for unusual one-time expenditures that are operating in nature and provide stabilization to the budget resulting from sudden economic downturns.

General Operating Reserve	
Purpose	Ongoing funding to ensure financial resources are available to protect against fluctuating revenues and expenditures in the operating budget.
Funding Source	<ul style="list-style-type: none"> • Annual contributions determined in the operating budget. • One-time unexpected sources of revenue. • Unused carry forward funds after completion of the project will be transferred back to this Reserve.
Limits	10% of the annual operating Budget
Application	Funds may be used:

	<ul style="list-style-type: none"> • For any emergency expenditure approved by the Board. • To cover any insurance deductible.
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Carry-Forward Reserve	
Purpose	Carry forward unspent project funds from one year to the next to ensure funding is available to complete future projects.
Funding Source	<ul style="list-style-type: none"> • Unspent operating funds not needed in the current year, but will be used in the following year. • Any unused project funds upon completion of the project will be transferred back to this Reserve.
Limits	Not applicable.
Application	Funds may be used: <ul style="list-style-type: none"> • For completion of projects carried over from previous year.

Special Projects Reserve	
Purpose	Funds not part of normal library operations but fall with the Plan of Service and not considered a capital asset.
Funding Source	<ul style="list-style-type: none"> • Donations specifically generated for a project or program • Seed money to initiate a fundraising campaign will be reimbursed into the account. • Annual contribution of the Library's year-end general operating surplus as determined by the Board
Limits	Not applicable.
Application	Funds may be used: <ul style="list-style-type: none"> • For expenditures required to initiate a fundraising project • For expenditures which are not part of normal library operations and for which funds have not been allocated in the annual operating budget

General Capital Reserve	
Purpose	Provide funding for the replacement and upgrading of the Library's capital assets as determined by the Plan of Service.
Funding Source	<ul style="list-style-type: none"> • Fund raising • Unexpected sources of capital revenue • Annual contribution of the Library's year-end general operating surplus as determined by the Board
Limits	Not applicable.
Application	Funds may be used for: <ul style="list-style-type: none"> • To provide for upgrade, replacement, additions and repairs of a capital nature to the physical building and property and for future sites. • To acquire or upgrade technologies in order to meet changing organizational or community needs and/or to pursue innovation. • To acquire or replace furniture/fixtures and equipment. • To replace and enhance existing collections and/or introduce new collections.

History

Created: March, 1996.

Revised: September, 1999. November 19, 2015. April 21, 2021.