Policy GOV103: Reserve Fund

Category: Governance
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POLICY

The Bonnyville Municipal Library Board will establish, maintain, and manage reserve funds to provide for future operating and capital requirements and to offset unanticipated fluctuations in operating activities.

RESERVES

1. Reserves will be established for the specific purposes of both an operational and capital nature.
2. Any surplus funds in the library's operating budget at year-end will be allocated to reserves as specified by the Board during the year-end financial review process.
3. All requests to use reserved funds or to re-designate reserves must be approved by means of a motion passed at a Board meeting. Requests to use reserve funds may also be submitted as part of the annual budget process.

Operating Reserve

1. An operating reserve will be established from any annual operating surpluses.
2. Allocation of funds, if available, will occur after the completion of the annual financial review.
3. Operating reserve will be capped at five percent (5%) of the annual operation budget.
4. The balance of any operating surplus funds in excess of five percent (5%) will be allocated to the General Capital Reserve and the Computer Reserve.
5. The Board will use this reserve to fund any operating deficit.

General Capital Reserve

1. The funds in the General Capital Reserve will be used for all capital expenditures with the exception of computer hardware and software.
2. The General Capital Reserve will be funded from:
    a. Any operating surplus that exceeds the Operating Reserve Cap.
    b. Annual capital requests contained in the annual budget.

Computer Reserve

1. The Computer Reserve holds funds that will be used for the purchase of computer hardware.
2. The Computer Reserve will be funded from:
    a. Annual capital requests contained in the annual budget.
    b. Any operating surplus that exceeds the Operating Reserve Cap.

DEFINITIONS

PROCEDURE