



Hastings Highlands Public Library

Policy Title: **Special Projects Reserve
18, 2018**

Initial Policy Approval Date: **July**

(Discretionary)

Policy Number: **OP - 20**

Last Review/Revision Date: **N/A**

PURPOSE

The purpose of this policy is to implement financial standards for the Library that will assure fiscal viability through the establishment and maintenance of the Special Projects Reserve for operations, capital replacement and contingencies. This policy applies to all reserve funds of the Library. In accordance with the Public Sector Accounting Board (PSAB) guidelines, externally restricted funds held by the Library are classified as deferred revenue and consequently, not considered a reserve fund for the purposes of this policy. The Chief Executive Officer (CEO) will ensure that any externally restricted funds will be fully documented in terms of purposes of fund, including procedures and plans for spending and that such funds will be regularly reported to the Municipal Treasurer.

DEFINITIONS

Surplus – Annual operating surplus resulting from revenues exceeding expenditures in a year or expenditures spent under what was budgeted.

Reserves – Accumulated funds on the balance sheet, either as a result of a surplus or from other operating funds set aside for a specific purpose.

POLICY

The Library shall hold a Special Projects Reserve. This reserve will not be shown in the Budget, but will be held in a separate general ledger balance sheet account. These funds will be part of the regular external financial audit.

BALANCES

The purpose of the Board is to maintain the Special Projects Reserve as follows:

- Any operating surplus realized in a fiscal year automatically transfers into the Special Projects Reserve. The Board shall determine the use of such funds before the approval of the budget for the subsequent year.
- Additional funds from donations, sales of assets, fund raising or appropriation of surplus may be paid into the reserve from time to time.
- The Board shall provide for unanticipated expenditures or shortfalls of revenue in the operating budget through the Special Projects Reserve.
- The annual budget and financial plan approved by the Board shall include a statement of the current amount in the Special Projects Reserve. The budget will include lines for anticipated net transfers between the Special Projects Reserve and the operating budget. This also applies to any other reserve (i.e. DVD Pool Administration Reserve).

SPECIAL PROJECTS RESERVE EXPENDITURES

Expenditures from the Special Projects Reserve and transfers between the Reserve and Operations may only be made at the discretion of the Board, and only for the purposes outlined below:

- The initiation and operation of approved projects not included in the regular budget.
- To provide for the maintenance or replacement of capital items such as furniture and equipment.
- To provide for unanticipated expenditures or shortfalls of revenue in operations including loss of major revenue source, unanticipated operating expenditures or increases in service delivery costs that cannot be financed through changes in the regular budget lines.