

*TITLE:* Financial Reserve Policy

*POLICY:* B-2032

*COMMITTEE:* Finance and Audit

*PASSED:* November 10, 2020

*TOPIC:* Financial Reserves

*AMENDED:* November 14, 2023

*REVIEW PERIOD:* Every 3 Years

## **POLICY STATEMENT**

The Edmonton Public Library (EPL) recognizes that an ongoing commitment to reserve funds enables –unplanned, short-term operating and capital funding when needed. EPL maintains strong financial controls designed to safeguard reserve funds.

### **General Guidelines**

1. EPL will maintain a financial stabilization reserve for unplanned, short-term use and a restricted reserve for capital projects.
2. The Financial Stabilization Reserve shall strive to retain a minimum balance of 5.0% and a target balance of 8.3% of annual budgeted general library expenses.
3. Any unexpended funds, excluding net fundraising and donation revenue, will be applied to the Financial Stabilization Reserve. Any balance above the target will be transferred to the Restricted Reserve and applied to the Library’s one-time operating initiatives and capital projects as proposed by the Executive Team and approved by the Board.
4. Use of the Financial Stabilization Reserve will be determined by the Board based on recommendation from the Executive Team, after considering the general financial position of the organization.
5. Library Management is authorized to expend designated restricted reserves for the purpose they were accumulated without Board approval if it is within the approved budget.
6. In compliance with this policy and the *Municipal Government Act*, the establishment of all Reserve and Equity accounts, and transfers between these accounts require approval from the Board.