

Purpose: The Medicine Hat Library Board will ensure that the library is managed in a fiscally responsible manner with all aspects of monetary spending accounted for.

1. Definitions

- 1.1. Account: bank account, GIC or other financial instrument in which funds are kept
- 1.2. Reserve: Funds designated for a particular purpose by the Board
- 1.3. Designated funds: Funds designated for a particular purpose by the funder

2. Responsibilities

2.1. Medicine Hat Library Board:

- 2.1.1. Responsible for the financial management of the Library
- 2.1.2. Discuss and approve quarterly financial reports
- 2.1.3. Discuss and approve the annual audit report
- 2.1.4. Discuss and approve the annual budget

2.2. Human Resources and Finance Committee:

- 2.2.1. In accordance with Board Policy G.2, is responsible for regular review of the budget and to acquaint the Board with the Library's financial situation

2.3. Chief Librarian:

- 2.3.1. Responsible for the day-to-day fiscal management of the Library
- 2.3.2. Responsible for the initial drafting of the annual budget for discussion by the Human Resources and Finance Committee
- 2.3.3. Access available grants in support of library service to the community

2.4. The Library Board Chair, Chair of the Human Resources and Finance Committee and the Chief Librarian have signing authority for the Library. All cheques require two signatures.

3. Accounts

3.1. Operating Account:

- 3.1.1. This account is the general holding account for operating funds (excluding the City Grant portion of the City of Medicine Hat Grant) received by the Library. The bank account so designated will allow cheques to be written and funds to otherwise be accessed as needed for efficient operation of the Library

Operating Reserve Account

- 3.1.2. This account is the holding account for the Operating Reserve and for operating funds that are not immediately required
- 3.1.3. The bank account so designated will pay the highest interest available in an account that allows withdrawals and transfers on demand

3.2. GICs and other investment accounts

- 3.2.1. Reserves other than the Operating Reserve will be kept in GICs or other guaranteed accounts that provide the highest interest or rate of return available with the access required for that reserve

4. Reserves

4.1. Operating Reserve

- 4.1.1. This reserve is intended to fund operating expenses when expenses are incurred before revenue is received during a fiscal year.
- 4.1.2. At the end of the fiscal year, Operating Reserve funds should be fully replenished by receipt of revenue per the annual budget.

- 4.2. Donations Reserve
  - 4.2.1. This reserve is intended to fund initiatives selected by donors, or improvements to the Library where no instructions are provided by donors.
  - 4.2.2. The Board adds funds to the Donations Reserve via Board resolution. The Board will normally do this with monetary donations made to the Library in accordance with Board Policy LS.9 Donations that are not spent in the fiscal year they were donated.
- 4.3. Capital Asset Reserve:
  - 4.3.1. This reserve is intended to fund capital projects as approved by the Board.
  - 4.3.2. The Board will use this reserve to fund any operating deficit.
  - 4.3.3. This reserve shall accumulate through operating surplus and interest earned on other reserves.
  - 4.3.4. The amount held in this reserve shall be reviewed annually.
- 4.4. Vacation Entitlement Reserve:
  - 4.4.1. This reserve is intended to assist in funding vacation benefits as they become due upon an employee's resignation or retirement.
  - 4.4.2. This reserve is maintained at an amount deemed reasonable for the purposes of vacation benefits. This amount shall be reviewed annually.
  - 4.4.3. Changes to this fund shall be allocated from/to the Capital Asset Reserve.
- 4.5. Insurance Deductible Reserve:
  - 4.5.1. This reserve is intended to cover the insurance deductible and shall be maintained at no less than the insurance deductible.
- 5. Designated funds
  - 5.1. Grants
    - 5.1.1. These funds accumulate through solicited grants received by the Library.
    - 5.1.2. Grants are held within the Operating Accounts and tracked such that the disbursement of funds is documented and can be reported to meet grant requirements.
  - 5.2. Donations
    - 5.2.1. These funds accumulate through donations made to the Library.
    - 5.2.2. Donations are held within the Operating Accounts and also the Donations Reserve as per clause 3.1, and are tracked such that the disbursement of funds is documented and can be reported to donors.
- 6. Investments
  - 6.1. All Library investments shall be placed in guaranteed investment programs, to ensure full protection of public monies.
    - 6.1.1. Library operating monies shall be moved into guaranteed investment certificates for short-term interest gain when appropriate.
    - 6.1.2. Library monies anticipating no action during a given year shall be placed in long-term guaranteed investments to maximize earning potential.
  - 6.2. Exceptions in investment strategy will be made at the discretion of the Human Resources and Finance Committee.
- 7. Audit
  - 7.1. The audit of the Library's financial statements shall be held in the first quarter of the year following the year being audited.
  - 7.2. To ensure compatibility with the City of Medicine Hat's annual audit, the company chosen to audit the Library shall be the same company as that which is auditing the City of Medicine Hat.
  - 7.3. The audit shall be presented by the auditors to the Human Resources and Finance Committee; a portion of the presentation shall be held independent of the Chief Librarian.

8. Annual Budget

8.1. Annual budget preparations shall be in accordance with the City of Medicine Hat's budgetary time frame in order to access any available City funds.

8.2. Budget requests to the City of Medicine Hat shall be made to the Chief Administrative Officer or designate.