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Policy Title: 2.1.1 Restricted Funds Related to General Operations

Section: 2.0 Financial Reporting

Last Approved: October 2017

BACKGROUND

The purpose of this policy is to ensure certain reserves and other funds with respect to the general operations of the Association are to be maintained and appropriately funded to provide for sound financial management of the SSBA. The funds held in each reserve or other funds are restricted funds that are to be used only for their designated purposes.

APPLICATION

This policy applies to the Association.

POLICY STATEMENT

1. General Requirements
 - 1.1. Interest earned in any reserve or fund provided for by this policy shall be credited to the Unappropriated Reserve;
 - 1.2. A reserve shall not be funded beyond the specified maximum, except as may be specifically provided for;
 - 1.3. Expenditures from the Unappropriated Reserve or transfer of monies from the Unappropriated Reserve to the Association's operating account require approval by Executive motion;
 - 1.4. Surplus monies in any reserve at the end of a fiscal year, except the Unappropriated Reserve, may be transferred to the Unappropriated Reserve or returned to members as determined by Executive motion;
 - 1.5. Monies held in reserves or funds provided for by this policy shall be invested in accordance with the Association's Investment Policy and the investments reviewed periodically as provided for in that policy.
2. Reserves – The following reserves shall be maintained:
 - 2.1. Provincial Collective Agreement Bargaining and Arbitration Reserve
 - 2.1.1. Purpose – The purposes of this reserve are:
 - 2.1.1.1. To pay the costs of the representatives appointed by the Association to the Government-Trustee Bargaining Committee in negotiating the Provincial Collective Agreement for Teachers;
 - 2.1.1.2. To pay for meetings that the trustee component of the bargaining Committee decides to hold with Association members if considered necessary during bargaining; and
 - 2.1.1.3. To pay the Association's share of costs related the resolution of grievances and arbitrations arising out of the Provincial Collective Agreement during its term.

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2.1.2. Amount of Reserve – The amount held in this reserve shall be not less than thirty thousand dollars (\$30,000) and shall not exceed one hundred and eighty thousand dollars (\$180,000).

2.1.3. Funding – This reserve is funded by allocation of up to fifty thousand dollars (\$50,000) in the Association budget each year.

2.2. Unappropriated Reserve

2.2.1. Purpose – The purposes of this reserve are:

2.2.1.1. To pay the costs associated with the winding down of the Association if the corporation is dissolved;

2.2.1.2. To pay expenditures that have not been budgeted for that were unforeseen and could not have been reasonably anticipated at the time the budget was approved and to address emergent situations that arise between budgets;

2.2.1.3. To address unplanned and unanticipated deficits that may result at the end of the fiscal year.

2.2.2. Amount of Reserve

2.2.2.1. The amount held in this reserve shall be not less than three hundred thousand dollars (\$300,000).

2.2.2.2. When the amount exceeds five hundred thousand dollars (\$500,000) at the end of a fiscal year, the Executive shall, as soon as practicable, assess whether any legal or other unusual risks that pose financial implications to the Association exist that warrant retention of monies in excess of five hundred thousand dollars (\$500,000), endeavour to quantify the risk and determine whether all or part of the surplus above five hundred thousand dollars (\$500,000) should be retained for another year.

2.2.2.3. Surplus monies beyond five hundred thousand dollars (\$500,000) shall be returned to or otherwise used for the benefit of Association members as determined by Executive motion.

2.2.3. Funding – This reserve is funded by:

2.2.3.1. Transfer into the reserve of any operating surplus, at the end of a fiscal year, as determined by Executive motion;

2.2.3.2. Transfer of surplus from any other reserve provided for by this policy at the end of a fiscal year;

2.2.3.3. Interest earnings on all restricted funds under this policy;

2.2.3.4. By allocation of a specified amount, determined by Executive motion, in the Association budget in any year when the amount held in the reserve falls below the specified minimum.

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3. Restricted Funds – The following fund shall be maintained:

3.1. Building Fund

- 3.1.1. Purpose – The purpose of this fund is to ensure that the Association has sufficient funds to properly maintain its real property and fulfill its obligations as a property owner and landlord. The fund is to be used for:
 - 3.1.1.1. Planned minor renovations that are part of the ten (10) year project plan;
 - 3.1.1.2. Major capital projects that are part of a ten (10) year project plan; and
 - 3.1.1.3. To pay unplanned and emergent expenditures that arise not included in the ten (10) year project plan.
 - 3.1.1.4. Leasehold improvements, as required, to maintain or attract tenants.
- 3.1.2. Amount of Reserve – The amount held in this reserve shall be not less than two hundred thousand dollars (\$200,000) to a maximum of two million dollars (\$2,000,000). The reserve should be sufficient to fund the following two (2) years of the major capital project plan and other expenditures paid from the fund.
- 3.1.3. Funding – This reserve is funded by allocation of up to fifty thousand dollars (\$50,000) each year, or greater amount in any year determined by Executive motion, if considered necessary for upcoming planned or emergent major capital projects.

REFERENCES

Financial and Operational Policy 2.1 – Reserves