

REYNOLDS SCHOOL DISTRICT

SECTION: FINANCES

TITLE: CAPITAL RESERVE FUNDS

ADOPTED: 03/15/2006

REVISED:

<u>623. CAPITAL RESERVE FUNDS</u>	
1. Purpose	<p>The Board may find it desirable to establish one (1) or more Capital Reserve Funds as a means of dedicating amounts for specific identified future capital needs.</p> <p>Through the district treasurer's reports and the district budget, there should be full reporting and approval of all Capital Reserve Funds of the district. All Capital Reserve Funds shall be subject to audit in the same manner as the district's General Fund.</p>
2. Authority SC 690-692 53 P.S. 1431-1434	<p>The Board has the authority to establish and fund such Capital Reserve Funds as it deems advisable within lawful requirements.</p>
3. Responsibility	<p>A Capital Reserve Fund may only be used for lawful purposes solely as a means of dedicating amounts for specifically identified future capital needs. No Capital Reserve Funds may be used to accumulate funds unnecessarily. If funds that have been accumulated in a Capital Reserve Fund are no longer needed for the specific identified purpose(s), they shall be expended in the following order:</p> <ol style="list-style-type: none"> 1. Either transferred to another Capital Reserve Fund which needs such additional funds to meet its specifically identified future needs or used to pay debt service or refund indebtedness used to finance capital projects. 2. Transferred to the General Fund. <p>A Capital Reserve Fund created under the Public School Code shall meet the following requirements:</p>
SC 690	<ol style="list-style-type: none"> 1. Exist for a period not to exceed five (5) years from the date when the first payment was made into the fund.
SC 690-692	<ol style="list-style-type: none"> 2. Used for the purpose of constructing a school building project(s) under a long-term project program approved by the Pennsylvania Department of Education.
SC 690	<ol style="list-style-type: none"> 3. Funded from a special tax approved by the Board in an amount not to exceed three (3) mills in any one (1) year and levied for not more than five (5) years.

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SC 690-692	4. Other restrictions as set forth in School Code Section 690 through 692.
Act of 04/30/43 P.L. 145	A Capital Reserve Fund, under other legal authority, shall meet the following requirements:
53 P.S. Sec. 1434	1. Used for the purposes of:
	a. Capital improvements.
	b. Replacements, additions, improvements and deferred maintenance of school facilities.
	Such use shall include interest payments, payments, refunding and refinancing on debt used to fund such expenditures. Such use shall also include transfers to another district Capital Reserve Fund created under such Act.
53 P.S. Sec. 1432	2. Funded by monies transferred from the district's General Fund or from another Capital Reserve Fund created under such Act.
53P.S. Sec. 1432	Any Capital Reserve Fund of the district shall be created and funded by the Board by resolution.
SC 691 53 P.S. Sec. 1432	The Board, by resolution, shall adopt an annual budget for each of the district's Capital Reserve Funds.
SC 691 53 P.S. Sec. 1433	The monies in each Capital Reserve Fund shall be kept separate and apart from any other fund by the district's Treasurer, and monies in each fund may be invested by the Board in securities legal for the investment of sinking fund monies of the district. The interest earnings on investments of each fund shall be paid into that fund. The Board may sell any such securities and reinvest the monies in other securities or convert such securities into cash when the same may be needed for allowable expenditure or a fund transfer.
SC 691	As part of the monthly treasurer's report, the Board Treasurer shall report the activities and the current balance in each of the district's Capital Reserve Funds. The annual financial statements of the district shall include this information for the fiscal year and fiscal year-end date, together with such other information as the district auditors shall recommend.