

CAPITAL RESERVE FUNDS

P7210

The Board of Education, with approval of the voters, may establish a Capital Reserve Fund to provide for the financing of capital facilities and improvements. The Education Law provides that the Board may establish a Capital Reserve Fund for financing, in whole or in part, the cost of any object for which bonds or notes might be issued. A Capital Reserve Fund makes it possible for the school district to accumulate funds for future capital expenditures. Approval of the voters of the district is required.

The resolution authorizing the establishment of the fund must specify the purpose of the fund, the capital amount, the probable term and the source from which the funds are to be obtained.

Once the fund has been established, no expenditure can be made without specific authorization by the voters. Any expenditure must be for a purpose consistent with the initial purpose set forth in the resolution pursuant to which the fund was established. Separate funds may be created for different capital projects.

Fund monies must be kept in separate bank or investment accounts in duly authorized fund depositories. Separate account statements for each fund must state: the date and amount of each deposit into the fund; any interest earned; any capital gains or losses incurred as a result of the sale or exchange of fund assets; the amount and date of each withdrawal from the fund; and the balance of the fund, including a schedule of investments.

Fund assets may be invested only in financial instruments authorized by law.

Reviewed June 2013

Renumbered from P8210 – September 2015