

FAIRFIELD AREA SCHOOL DISTRICT
Guidelines

CAPITAL RESERVE FUND

8050

USE OF EXCESS BOND FUNDS

1. Expenditures must qualify for classification in the 700 series of objects or in the 4000 series of functions as described in the "Manual of Accounting and Related Financial Procedures for Pennsylvania School Systems."

Objects:

- 710 Land and Improvements
- 720 Buildings and Improvements
- 750 Original/Additional Equipment
- 760 Replacement Equipment
- 790 Uniforms and Other Fixed Assets

These objects will require a minimum cost of \$300 individually or as a group (desks, chairs, etc.).

Functions:

- 4100 Site Acquisition and Improvement - Original/Additional
- 4200 Site Improvement-Replacement
- 4300 Architect/Engineer Fees-Original/Additional
- 4400 Architect/Engineer Fees - Replacement
- 4500 Building Acquisition & Improvement - Original/Additional
- 4600 Building Improvement-Replacement

Costs charged here will be capital in nature, but can include legal, advertising and other directly related costs.

2. Expenditures will enhance the educational programs or physical plant of the District.
3. All expenditures will be approved in advance by the Board of Directors.
 - a. The Board will approve an annual budget for use of the funds.
 - b. This approval allows the administration to bid out those projects requiring bids, to receive quotes for those between \$3,000 and \$10,000, and to purchase in the best interest of the District those items below \$3,000. Items available from state bid lists may not be subject to District bidding requirements.
 - c. The Board will act specifically on items over \$3,000.
 - d. Variances of more than 10% above budget estimates must have prior Board approval.

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CAPITAL RESERVE FUND (Contd)

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USE OF EXCESS BOND FUNDS

- e. Budget transfers will be processed according to School Code requirements
4. There will be maintained a separate fund for these monies which will be included in the annual audit.
5. Financial reports of income and expense will be presented monthly to the Board.
6. Funds will be invested according to current District guidelines and School Code regulations.
7. fFunds spent from the unused bond proceeds should not exceed 2% of the concurrent year's general fund budget.

Revised May 5, 1997