

Policy for School Capital Fund

I. Background

The Allegheny County School Board recognizes one of the keys to sound financial management is the development of a systematic way to fund capital projects. In addition to the *Policy for Use of Year End Balance*, the School Board believes it is important to set up a funding stream and guidelines to fund some capital projects, or portions of capital projects, on a pay-as-you-go basis. The National Advisory Council on State and Local Budgeting (NACSLB) has issued guidelines representing standards of excellence in governmental budgeting that include the preparation of policies and plans for capital asset acquisition, maintenance, and replacement (Principle 2; Element 5; Practice 5.2). This policy addresses this standard.

II. Purpose

This policy establishes guidelines to set aside reserves to fund school capital projects.

III. Policy Guidelines for School Capital Fund

- a. The School Board hereby establishes a School Capital Fund for the purpose of accumulating funds to pay-as-you-go for school capital projects identified in the School Capital Improvements Plan that is adopted by the School Board.
- b. The School Capital Fund shall not exceed \$5,000,000 unless approved otherwise by the School Board.
- c. Funds will be deposited into the School Capital Fund from the following sources:
 - i. As specified in the *Policy for Use of Year End Balance*, all of the year end cash balance, as determined on the cash basis of accounting, exclusive of Medicaid specific and Textbooks specific balances, will be allocated to the School Capital Fund.
 - ii. Any additional funds that the School Board transfers to the School Capital Fund.
- d. Funds may be allocated from the School Capital Fund for the following purposes:
 - i. Cash outlay for projects identified in the School Capital Improvements Plan adopted by the School Board.
 - ii. Reimbursement of Board of Supervisors debt service incurred on behalf of the School Board to expedite projects identified in the School Capital Improvements Plan adopted by the School Board.
 - iii. Land purchase opportunities, even if they are not included in the Capital Improvements Plan.
 - iv. Other uses due to extraordinary circumstances as authorized by the School Board per the School Board Policy Manual.

Adopted: January 24, 2011