



POLICY and PROCEDURE

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FINANCE - CAPITAL IMPROVEMENT FUND

PURPOSE

To define and describe the creation and maintenance of a Capital Improvement Fund or Investment Account to be annually budgeted, funded and used for new facilities or facility improvements.

POLICY

Capital Improvement Funding will be administered in accordance with this document.

REFERENCE

None

FORMS

None

PROCEDURE

1. Creation, Funding And Maintenance of The Capital Improvement Fund Account
 - A. An accounting code will exist in the operating budget which will include an annual amount budgeted to be transferred to the Capital Improvement Fund account at the end of the fiscal year (same as the R3 account budgeting and transfer is handled).
 - B. Annual special income (donations, property sales, fund raisers, etc ;) can also be applied to this Capital Improvement Fund account.
 - C. For projects which exceed the Capital Improvement Fund account reserves, a HOA special assessment may be required (project and assessment must be approved by HOA members), or the Board can authorize borrowing from the R3 account and this income will go into the Capital Improvement Fund account.
2. Management and Use Processes:
 - A. In a single fiscal year, shortfalls in the operating budget or the funding of the R3 account can be solved by removing funds from the actual or budgeted Capital Improvement Fund account. In future years the amount removed from the existing Capital Improvement Fund account must be replaced (much like R3 account borrowing); but the usage of the budgeted amount for the current year does not have to be replaced (think of it as a contingency budget account for the current year).
 - B. Project approval and using funds from the Capital Improvement Fund account:
 - 1) Facility improvement projects, new features on existing facilities or the development / purchase of new facilities requires the following approvals:
 - a) Any project requires Board approval including the need to borrow from the R3 account.
 - b) Clarified approval process for use of funds.
 - 2) Donations specifically targeted for a certain project can only be used for that project and require Board member majority approval for the project. Only with the donor's approval can the funds be applied to a different project.

SUMMARY OF CHANGE FROM PREVIOUS ISSUE

Changed "Title"; Minor format change.