

Capital Improvement Plan



USD#497 Lawrence Public Schools

February 8, 2016

Capital Improvement Plan

Introduction



- ❧ A Capital Improvement Plan (CIP) is to develop and provide an overview of school facility maintenance and renovation along with the purchase of equipment and furniture
 - ❧ Considerations with planned improvements are safety and security, educational effectiveness, operational efficiency, equity, cost and availability of resources
 - ❧ The plan looks at current year plus three years
 - ❧ The plan is a fluid document, changes may and will occur, particularly during the next few years as we weave the capital improvement plan with current bond issue construction.
 - ❧ Construction Improvements tend to occur mostly during the summer months when students are not in session.
 - ❧ The Board will see final project bids from the Capital Improvement Plan when presented for approval.

Capital Improvement Plan Goals



- ❧ Projects are to be planned in a cost effective and efficient manner. Statutory bid requirements will be followed.
- ❧ During bond construction the district will weave capital improvements, equipment and furniture needs with planned construction in the bond issue in order to get the most out of district funding sources
- ❧ The promise of a no tax increase will be maintained, keeping a flat 8 mill levy in capital outlay funds and a flat 10.577 mill levy for bond and interest payments related to the bond issue.
- ❧ The plan outlined can be supported with a combination of capital outlay and bond funds.

Capital Outlay Fund Update



Allowed Revenues in Capital Outlay Fund

- ❧ Potential revenues sources outside of a mill levy are interest income on idle funds, transfer from general fund (no limit) miscellaneous income, sale of property and reimbursements.
- ❧ USD497 has passed a resolution for a capital outlay mill levy, the maximum authority is 8 mills for perpetuity. A district can get permission for the full 8 mill authority, but assess something less than the 8 mill in any one year. Ad Valorem tax revenue and Motor vehicle taxes related to that mill levy must be deposited into the capital outlay fund and can only be used by the capital outlay fund. Per (KSA 72-8803)
 - ❧ Tax Revenue generated from 8 mill – average estimate \$8,700,000

Capital Outlay Fund Update



Capital Outlay Resolution:

A resolution was approved in June 2014 for a continuous and permanent 8 mill levy with expanded permissions. Those permissions didn't take effect for USD497 until July 1, 2015 and after due to some legislative changes.

Mill Levies:

2011-2012	6.999
2012-2013	7.952
2013-2014	7.972
2014-2015	7.902
2015-2016	7.904
2016-2017	8.000

Capital Outlay Fund Update



Expenditures: The following expenditures can be paid from the capital outlay fund by State statute under the new resolution and expanded permissions; The expanded permissions are permissible as long as there is equalization of Capital Outlay. Which is still occurring, but with a formula change of who qualifies.

Acquisition, construction, reconstruction, repair, remodeling, additions to furnishing maintaining and equipping school district property and equipment necessary for school district purposes, including (1) acquisition of computer software; (2) acquisition of performance uniforms; (3) housing and boarding pupils enrolled in an area vocational school operated under the board of education; (4) architectural expenses; (5) acquisition of building sites, (6) undertaking and maintenance of asbestos control projects; (7) the acquisition of school buses, and (8) acquisition of other fixed assets (KSA 72-8804)

Ineligible expenditures (per State):

Athletic 'supplies' such as balls, bats, shoulder pads, etc.
Cleaning Supplies
Contracted Services - Consultant
DVD's
Instructional Charts
Insurance
Fuel
Maps

Music
Publications
Supplies for professional services
Special assessment for paving and sewer
Textbooks
Toiletries
Videos

Capital Outlay Fund Update



Cash Reserves:

- ❧ Because capital outlay is primarily funded with tax revenues from a mill levy, the monitoring of cash flow is critical. In a levied fund, there is limited revenue/deposits until December 20, when the District receives its first major tax distribution. The Capital outlay fund must rely on the unencumbered reserves at the beginning of the fiscal year (July 1) to cover expenditures from July 1 through December 20 a 5-6 month period of time. In addition, one unforeseen HVAC system or roof replacement can be \$500,000 to 1 million dollars and a quick depletion of any cash reserves.
- ❧ Average December Unencumbered Cash over the past 5 years: \$3,809,933
 - ❧ High \$ 5,919,133
 - ❧ Low \$ 1,259,934
 - ❧ July 1, 2015 \$6,467,699
- ❧ Minimum Unencumbered Cash at July 1 must cover at least 6 months of expenditures July 1-Dec 20 during which there is no significant revenues to support expenditures. Recommend no less than \$4,000,000
 - ❧ 6 Month Expenditures from July 1-Dec 31, 5 year average equal \$ 4,218,779

Capital Outlay Fund Update



Expenditures

Average Expenditures over the past 5 years \$9,242,951.84

High \$14,809,351

Low \$ 5,326,028

Total Planned Capital Outlay Expenditures for 2015-2016 \$ 11,467,576

Summary of Capital Outlay

Mill Levy, Revenues, Expenditures

	<u>5.970</u>	<u>5.952</u>	<u>6.999</u>	<u>7.952</u>	<u>7.972</u>	<u>7.902</u>	<u>8.000</u>	<u>7.904</u>	<u>8 Mill</u>	<u>8 Mill</u>	<u>8 Mill</u>
	Actual	Actual	Actual	Actual	Actual	Actual	Published	Planning	Budget	Budget	Budget
	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2016-2017</u>	<u>2017-2018</u>
Unencumbered Cash Balance July 1	5,838,048	4,498,740	4,459,728	5,401,234	9,178,929	5,035,717	6,452,852	6,452,852	3,639,252	3,639,252	3,639,252
Ad Valorem Taxes	5,671,456	5,623,750	6,983,483	7,757,746	7,892,919	7,966,686	7,773,984	7,773,984	8,000,000	8,000,000	8,000,000
County Revenues	587,217	501,629	484,343	565,821	654,740	772,107	681,491	681,491	700,000	700,000	700,000
Capital Outlay State Aid						177,300					
Capital Lease Reimbursement*	1,034,796					2,131,908					
Local Revenues	686,953	1,077,059	2,203,736	780,156	2,118,478	477,008	3,521,673	198,504			
Resources Available	<u>13,818,470</u>	<u>11,701,178</u>	<u>14,131,290</u>	<u>14,504,957</u>	<u>19,845,068</u>	<u>16,560,726</u>	<u>18,430,000</u>	<u>15,106,831</u>	<u>12,339,252</u>	<u>12,339,252</u>	<u>12,339,252</u>
Expenditures / Published Budget Authority	<u>9,319,730</u>	<u>7,241,450</u>	<u>8,730,056</u>	<u>5,326,028</u>	<u>14,809,351</u>	<u>10,107,874</u>	<u>17,535,000</u>	<u>11,467,576</u>	*8,700,000	*8,700,000	*8,700,000
Ending Balances – June 30	<u>4,498,740</u>	<u>4,459,728</u>	<u>5,401,234</u>	<u>9,178,929</u>	<u>5,035,717</u>	<u>6,452,852</u>	<u>895,000</u>	<u>3,639,252</u>	<u>3,639,252</u>	<u>3,639,252</u>	<u>3,639,252</u>

*2009-2010 is HSOAF lease reimbursement; 2014-2015 is Apple Equipment Lease reimbursement

**Reflects only new mill levy revenue, capital plan projections are higher as you will see on the plan document, evaluation of projects and revenues will be monitored and adjusted to stay close to the planned unencumbered cash reserve balance of close to \$4 million required for summer and fall cash flow.*

Bond Construction and Capital Improvement Plan



- ❧ Bond Project budgets are also fluid, changes may and will occur.
- ❧ Priority decisions and budget adjustments will need to be made as these changes emerge.
- ❧ 4 Year look at planned capital outlay expenditures

[2.8.16 CIP BOE Presentation.pdf](#)

Questions & Comments

