



Capital Improvement Plan

USD#497 Lawrence Public Schools
January 14, 2019



Capital Improvement Plan Introduction

- A Capital Improvement Plan (CIP) provides an overview of school facility maintenance and renovation along with the purchase of equipment and furniture
- Key considerations are safety and security, educational effectiveness, operational efficiency, equity, cost and availability of resources
- The plan is current year plus three years
- The plan is a fluid document, changes may and will occur, particularly during the next few years as we partner 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 partner and bid 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 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)
 - Actual Tax Revenue generated from 8 mill – average estimate \$9,000,000 and county revenue of \$800,000 – total of \$9,800,000
 - State aid -
 - 2015-2016 ZERO
 - 2016-2017 \$678,091
 - 2017-2018 \$615,523
 - 2018-2019 \$471,436 decrease of \$144,087



Capital Outlay Fund Update

Capital Outlay Resolution:

A resolution was approved in June 2014, effective July 1, 2015 for a continuous and permanent 8 mill levy with expanded permissions.

Mill Levies:

2013-2014	7.972
2014-2015	7.902
2015-2016	7.904
2016-2017	7.910
2017-2018	7.802
2018-2019	8.000 Published
2018-2019	7.954 Certified



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.	Music
Cleaning Supplies	Publications
Contracted Services - Consultants	Supplies for professional services
DVD's	Special assessment for paving and sewer
Instructional Charts	Textbooks
Insurance	Toiletries
Fuel	Videos
Maps	

Capital Outlay Fund Update



Expense (per state):

Eligible

- Architectural fee (incidental to construction)
- Athletic field expansion
- Boilers- replacement
- Fire extinguishers
- File Cabinets/Furniture
- Globes
- Improvement to Sites
- Lighting athletic fields and school Grounds
- Mowers
- Musical Instruments
- Parking Lot
- Projectors and Screens
- Remodeling kitchens & eating facilities
- Cleaning and painting (attributable to new construction and remodeling)
- Science and laboratory equipment
- Scoreboards
- Television Equipment
- Tractors
- Typewriters

Expanded – July 1, 2015

- Computer software, operating system upgrades
- Filters (air, fuel)
- Repairs to equipment
- Repairs to vehicles
- Tires
- Salaries for Maintenance of district property and equipment (includes custodians, mechanics and others)
- Performance Uniforms (Band, Athletics, etc.)
- Upkeep of Grounds and Streets
- Lease of School Facilities

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 19, 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 19** Unencumbered Cash over the past 5 years: \$2,225,930
 - High \$ 5,228,610 (12/19/2014)
 - Low \$ 74,644 (12/19/2016) and \$442,071 (12/19/2017)
 - 2018-19 \$ 4,207,668 (12/19/2018)
 - July 1, 2018 \$ 6,324,128
 - 6 Month Expenditures from July 1-Dec 19, 5 year average equal \$ 4,345,135
 - Minimum Unencumbered Cash at July 1 is what covers the next 6 months of expenditures July 1-Dec 19, during which there is no significant revenues to support expenditures.
 - Recommend between \$4M to 4.5M as the July 1 target.

Capital Outlay Fund Update



- Expenditures
 - Average Expenditures over the past 5 years \$12,563,333
 - High \$14,809,351 (6/30/2014)
 - Low \$ 10,107,873 (6/30/2015)
- Total Planned Capital Outlay Expenditures for 2018-2019 \$ 11,558,897

Summary of Capital Outlay Mill Levy, Revenues, Expenditures



	<u>7.902</u>	<u>7.904</u>	<u>7.910</u>	<u>7.802</u>	<u>8.000</u>	<u>7.910</u>	<u>8 Mill</u>	<u>8 Mill</u>	<u>8 Mill</u>	<u>8 Mill</u>
	Actual	Actual	Actual	Actual	Published	Planning	Budget	Budget	Budget	Budget
	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>
Unencumbered Cash Balance July 1	<u>5,035,717</u>	<u>6,467,699</u>	<u>4,432,699</u>	<u>4,360,646</u>	<u>6,324,128</u>	<u>6,324,128</u>	<u>5,336,667</u>	<u>5,041,355</u>	<u>4,653,341</u>	<u>4,029,395</u>
Ad Valorem Taxes	7,966,686	8,262,059	8,452,793	8,800,668	9,024,864	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000
County Revenues	772,107	764,316	817,257	844,788	826,876	800,000	800,000	800,000	800,000	800,000
Capital Outlay State Aid	177,300		678,091	615,523	471,436	471,436	471,436	471,436	471,436	471,436
Capital Lease Reimbursement*	2,131,908	3,001,151	2,705,916	1,450,798						
Local Revenues	491,854	341,341	378,800	642,372	2,500	300,000	300,000	300,000	300,000	300,000
Resources Available	<u>16,575,572</u>	<u>18,836,629</u>	<u>17,465,526</u>	<u>16,714,795</u>	<u>16,649,804</u>	<u>16,895,564</u>	<u>15,908,103</u>	<u>15,612,791</u>	<u>15,224,777</u>	<u>14,600,831</u>
Expenditures / Published Budget Authority	<u>10,107,874</u>	<u>14,403,897</u>	<u>13,104,879</u>	<u>10,390,667</u>	<u>15,890,720</u>	<u>11,558,897</u>	<u>10,866,748</u>	<u>10,959,450</u>	<u>11,195,382</u>	<u>10,500,000</u>
Ending Balances – June 30	<u>6,467,699</u>	<u>4,432,732</u>	<u>4,360,646</u>	<u>6,324,128</u>	<u>759,084</u>	<u>5,336,667</u>	<u>5,041,355</u>	<u>4,653,341</u>	<u>4,029,395</u>	<u>4,100,831</u>

* Capital Lease Reimbursement is Apple Equipment Lease reimbursements

**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 required for summer and fall cash flow.*

Bond Construction and Capital Improvement Plan



- Quick look at locations and projects accomplished since 2013

<https://www.usd497.org/site/default.aspx?PageType=3&ModuleInstanceId=51&ViewID=7b97f7ed-8e5e-4120-848f-a8b4987d588f&RenderLoc=0&FlexDataID=11&PageID=1>

- Priority decisions and budget adjustments will need to be made as these changes emerge. Proposed 4 Year look at planned Capital Outlay Fund Expenditures

<https://www.usd497.org/cms/lib/KS01906981/Centricity/Domain/2140/Attachment%20-CIP%20List%20for%20Board%20Meeting%20Report.pdf>



Questions & Comments