



Use of Capital Funding

Florida School Finance Officer Association

Capital Outlay Millage

- Capital outlay millage
 - Up to 1.5 mills = \$1.50 per \$1000 of school taxable value
 - Capital Outlay millage is discretionary and does not have to be fully levied
 - Capital outlay includes: land, land improvements, new construction, remodeling & renovation, technology, vehicles, furniture, fixtures and equipment.
 - Non-capital expenditures include maintenance, property insurance and enterprise software
 - If charter schools are not funded by the legislature at a certain level millage is used to make up the difference
 - Can be leveraged using a COPs, TAN or RAN

Financing – COPs, TAN, RAN & Capital Lease

- COPs – Certificate of Participation are non-taxable long term (15 to 30 year) bonds that are asset backed based upon a master lease and subject to re-appropriation for debt service
- RAN –Revenue Anticipation Notes that are short term typically one to three years (if they are renewed)
- TAN – Tax Anticipation Notes are paid off within a year
- Capital leases are asset backed leases for specific capital vehicles or equipment

Utilization of financing is subject to the restrictions of funding source used to pay the debt and the restrictions drawn up in the agreement.

Impact Fees

- Impact Fees are generated by new developments that create additional capacity
- These fees are assessed in order for local government to offset the impact of the development and provide services concurrent with the development
- An inter-local agreement is developed with the county to study the appropriate funding levels and how to distribute the funding over a geographical area to benefit the development.
- Impact fees can be used for classroom addition, core capacity additions and to help make debt payments for those type of projects as long as there is a logical nexus that benefits that development.
- Example: Funding from a development from one impact fee service area can't be spent in another service so funding has to be tracked separately for each service area.

These funds are subject to State Audit -Work papers are critical !!!!

PECO - Maintenance

- State funding used for safety and repairs
- Can be transferred to general fund to pay for safety and maintenance work orders
- Typically used for safety violations flagged in the annual safety report and repairs for building components.
- May not be used for athletics or administrative work orders

CO&DS and COBI

- CO&DS is a state source of funding that can be used to fund capital outlay projects on the “Project Priority List” and can be leveraged for Capital Outlay Bond Issue (COBI).
- The Project Priority List must be a resolution passed by the School Board and approved by the State.
- School Districts also have to pass a resolution to issue COBI for projects on the Project Priority List and the State has to issue the bonds.
- ...but first the State needs to be clear on what the policy on issuing debt for CO&DS is.
- Up to 90% of CO&DS can be used to issue COBI but in the past few years no COBI has been issued so many Districts have significant capacity that could impact their capital program
- <http://www.fldoe.org/core/fileparse.php/7501/urlt/1819CODS-JE-Districts.pdf>

Capital Funding for Security

- Safety & Security Grant is used specifically to address safety and security issues.
- Individual Schools need to submit a school security risk assessment and the grant application needs to address needs specific to those needs
- Mostly used for single point of entry, access badge and equipment, security cameras and radio communications with law enforcement

General Obligation Bond Referendum

- General Obligation Bonds are a voted millage used to pay the debt on a series of bonds for specific capital outlay specified in the covenants of the bond.
- Capital outlay projects specified in the covenants are tracked separately from other capital projects.
- Unlike other capital funds bond funds can be issued for expenditures and it isn't necessary to issue the bond for commitments like purchase order as long as there are other funds to cover the commitments until the expenditures materialize

Sales Tax Referendum

- Sales Tax Referendum is approved by the voter for specific capital outlay projects.
- The sales tax is levied over a certain period and may be leveraged
- Broward has not issued a sales tax in the past 20 years so I am interested to hear other District's experience



Additional Questions

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Role of the Plant Survey

Cost per Student Station Restriction