

BOARD OF EDUCATION

January 15, 2020

AGENDA ITEM: RESOLUTION ESTABLISHING A LONG-TERM CAPITAL IMPROVEMENT TRUST FUND

DESCRIPTION: State law allows school districts to create a Fund (Fund 46) to set aside funds to use for major capital improvements. This fund needs to be established by action of the school Board. In April 2014, Act 336 was enacted allowing districts to transfer funds to Fund 46 as long as the following rules are met:

- The district has a board approved 10-year capital improvements plan (minimum)
- The dollars transferred into the fund are used for projects described in the plan
- Dollars are held in the fund for a minimal of 5 years before expensing

Rationale: Creating this fund allows districts to allocate money for future planned projects. The Department of Public Instruction (DPI) will include this transfer as a shared cost on the equalization aid calculation. Prior to the passing of this law the school finance system created different financial challenges to districts wanting to save up for future capital projects. Funds would be allocated in the fund balance and not be recorded as an aided expense causing state aid to decrease and property taxes to increase. Once funds were expended, there would be large aided costs causing a short-term state aid and property tax impact. Creation of the fund provides tools to manage savings for capital projects and subsequent impacts on aid and property taxes.

RECOMMENDATION: Recommend to approve the creation of Fund 46.

ACTION TAKEN:

**RESOLUTION ESTABLISHING
A LONG-TERM CAPITAL IMPROVEMENT TRUST FUND**

WHEREAS, the School Board of the Cochrane-Fountain City School District (the "District") has determined that it is necessary, desirable and in the best interest of the District to establish a long-term capital improvement trust fund for the purpose of financing the costs of capital improvements included in the School Board's long-term capital improvement plan (the "Capital Improvement Plan"); and

WHEREAS, the Capital Improvement Plan is a capital improvement plan of at least 10 years and has been approved by the School Board on 12/18/2019.

NOW, THEREFORE, BE IT RESOLVED by the School Board of the District that:

Section 1. Establishment of the Long-Term Capital Improvement Trust Fund. The School Board of the Cochrane-Fountain City School District hereby authorizes and approves the establishment of a long-term capital improvement trust fund pursuant to Section 120.137, Wisconsin Statutes and designated as the "Long-Term Capital Improvement Trust Fund" (the "Trust Fund") for the purpose of financing the costs of capital improvements included in the Capital Improvement Plan.

Section 2. Transfers to the Fund. The Trust Fund shall be funded with a transfer or transfers of funds from the general fund of the District as may be authorized and approved by the School Board and shall at all times meet the requirements set forth in Section 120.137, Wisconsin Statutes.

Section 3. Conflicting Resolutions; Severability; Effective Date. All prior resolutions, rules or other actions of the School Board or any parts thereof in conflict with the provisions hereof shall be, and the same are, hereby rescinded insofar as the same may so conflict. In the event that any one or more provisions hereof shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions hereof. The foregoing shall take effect immediately upon adoption and approval in the manner provided by law.

Adopted this 15th day of January, 2020.

Karen Knospe, Board President

Bonnie Breza, Board Clerk