

Memo

To: Citizen's Oversight Committee

From: Superintendent/President Frances L. White

Date: June 21, 2005

Re: Capital Improvement, Deferred Maintenance & Routine Maintenance

Comments:

During the Citizens' Oversight Committee meeting an opinion was requested about the use of bond proceeds for maintenance vs. capital improvement. The following information was obtained from David Casnocha, bond counsel. In consideration of our budget, I did not obtain a legal opinion letter.

Capital Improvement

Capital improvement may be funded with bond proceeds.

Deferred Maintenance

Deferred maintenance, expenditures that normally are funded from budget appropriations over more than one year, and are of a significant nature such as roof replacement, large-scale painting projects and parking lot renovation are appropriate bond projects. Smaller scale routine maintenance projects, such as those done annually or on a more regular basis may not necessarily be bond funded.

Routine Maintenance

Routine maintenance does not constitute a capital improvement and is not appropriately paid for with bond proceeds. There is no clear line however between work constituting general maintenance and work that is an element of a capital improvement project. Consideration of each specific item of work must be made.

Please let me know if additional information is needed.