

CAPITAL OUTLAY FUND

Effective July 1, 2018

Version 1.0



Guidelines & Resolution for Tax Levy

The board of education of any school district may make an annual tax levy at a mill rate not to exceed the statutorily prescribed mill rate upon the assessed taxable tangible property in such school district for the purposes specified in this act. No levy shall be made under this act until a resolution is adopted by such board of education in the form shown below.

The resolution shall be published **once a week** (*on the **same day** of the week*) **for two consecutive weeks** in a newspaper having general circulation in the school district.

NOTE: This Resolution can be published as it appears, except that the form number should be deleted and the following added at the very beginning of publication:

First published in the _____
(name of paper) (date)

0-212-102
Rev. July 2018

Resolution to Levy Tax for Capital Outlay Fund

Unified School District No. _____, _____ County, State of Kansas,

RESOLUTION

Be It Resolved that:

The above-named school board shall be authorized to make an annual tax levy in an amount not to exceed _____ mills upon the taxable tangible property in the school district for the purpose of acquisition, construction, reconstruction, repair, remodeling, additions to, furnishing, maintaining and equipping of school district property and equipment necessary for school district purposes, including: (1) Computer software; (2) performance uniforms; (3) housing and boarding pupils enrolled in an area vocational school operated under the board; (4) architectural expenses; (5) building sites; (6) undertaking and maintenance of asbestos control projects; (7) school buses and (8) other fixed assets, and with respect to any redevelopment district established prior to July 1, 2017, pursuant to [K.S.A. 12-1771](#), and amendments thereto, for the purpose of paying a portion of the principal and interest on bonds issued by cities under the authority of [K.S.A. 12-1774](#), and amendments thereto, for the financing of redevelopment projects upon property located within the school district. The tax levy authorized by this resolution may be made, unless a petition in opposition to the same, signed by not less than 10% of the qualified electors of the school district, is filed with the county election officer of the home county of the school district within 40 calendar days after the last publication of this resolution. In the event a petition is filed, the county election officer shall submit the question of whether the tax levy shall be authorized to the electors in the school district at an election called for that purpose or at the next general election, as is specified by the board of education of the above school district.

CERTIFICATE

THIS IS TO CERTIFY that the above Resolution was duly adopted by the Board of Education of Unified School District No. _____, _____ County, Kansas, on the _____ day of _____, 20 ____.

Clerk of the above Board of Education



PREPARING THE RESOLUTION FOR PUBLICATION

The following information is contained in K.S.A. [72-53,113](#):

1. The blank preceding the word 'mills' shall be filled with a specific number.
2. The resolution shall be published once a week (*on the **same day** of the week*) for **two** consecutive weeks in a newspaper having general circulation in the school district.

NOTE: For resolutions adopted after July 1, 2005, *the maximum mill levy limit is 8 mills.*

ADDITIONAL GUIDELINES

1. There is hereby established in every school district of the state a fund which shall be called the "capital outlay fund." The capital outlay fund shall consist of all moneys deposited therein or transferred thereto in accordance with law. The proceeds of any tax levied under article 53 of chapter 72 of Kansas Statutes Annotated, except for an amount to pay a portion of the principal and interest on bonds issued by cities under the authority of K.S.A. [12-1774](#), and amendments thereto, for financing of redevelopment projects upon property located within the school district, shall be deposited in the capital outlay fund of the school district making such levy. (K.S.A. [72-53,115](#))
2. All expenditures attributable to capital outlay shall be paid from the capital outlay fund except any district may make capital outlay expenditures from its general fund for acquisition of equipment and repair of school buildings. Another exception is allowed under law to purchase certain equipment from specific funds. Example: Equipment for approved vocational education programs may be purchased from the vocational education fund.
3. The following expenditures may be paid from the capital outlay fund: acquisition, construction, reconstruction, repair, remodeling, additions to furnishing, maintaining and equipping of school district property and equipment necessary for school district purposes, including (1) computer software; (2) performance uniforms; (3) housing and boarding pupils enrolled in an area vocational school operated under the board of education; (4) architectural expenses; (5) building sites; (6) undertaking and maintenance of asbestos control projects; (7) school buses; and (8) other fixed assets, and with respect to any redevelopment district established prior to July 1, 2017, pursuant to K.S.A. 72-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the school district. (K.S.A. [72-53,113](#))
4. The maximum mill rate limit has been set at eight (8) mills and is determined by the local board of education based upon the successful passage of a resolution and election, if protested. *Can a lower mill rate be assessed?* Yes, the resolution merely gives the board the authority to adopt a capital outlay mill rate. The decision about how much to levy is made each year. The rate may increase or decrease, as long as it does not exceed the amount specified in the resolution.
5. When a new Capital Outlay Resolution is adopted, the former resolution is null and void. The resolution is continuous and permanent, and the most recent adopted resolution will be the district's taxing authority.
6. The district office shall retain a record of the Capital Outlay Resolution as it was published in the newspaper. KSDE does not need a copy of the resolution. Every year, the district will report on the USD budget ("Open" page) the date the capital outlay resolution was authorized and number of mills levied. The county clerk will receive this information as well when you submit the USD budget document.



7. In order for a new resolution to be ready and effective for the upcoming budget year, the following has to occur **no later than** September 20:
- The board meets to authorize a new Capital Outlay Resolution. The resolution form is published two consecutive weeks (same day of the week) in the newspaper and if a protest petition is not filed within 40 calendar days after the last publication of the resolution, it becomes effective when the board meets to adopt the budget (by September 20th).
 - If a protest petition** signed by 10% of the qualified electors is filed with the county election officer of the home county within 40 calendar days after the last publication date, the county election officer shall submit the question of whether the tax levy shall be authorized to the electors in the school district at an election called for that purpose or at the next general election.
 - If the steps to adopt a new Capital Outlay Resolution outlined above are completed after the September 20 deadline, the new resolution would not become effective until July 1 of the following school year.
 - If a new resolution is protested and does not pass, the old resolution will remain in effect, but you are not allowed the new spending authority until a new resolution is passed.
8. Listed below is the table which shows potential revenue that may/shall be deposited in the capital outlay fund. When filing reports with the State of Kansas and the State Department of Education, all revenue should be identified in the following categories:

Potential source of revenue	Legal fund the revenue may be deposited in
LOCAL	
Ad Valorem Property Tax	Capital Outlay Fund
Interest on Idle Funds (Permissive)	Capital Outlay Fund
Transfer from General Fund (no limit)	Capital Outlay Fund
Miscellaneous Revenue (Permissive)	Capital Outlay Fund
* Reimbursements	Capital Outlay Fund
COUNTY	
Motor Vehicle Property Tax (if levy is made)	Capital Outlay Fund
Motor Vehicle 16/20M Truck Property Tax (if levy is made)	Capital Outlay Fund
Recreational Vehicle Tax (if levy is made)	Capital Outlay Fund
In Lieu of Tax Payments from Industrial Revenue Bonds (if levy is made)	Capital Outlay Fund
STATE	
Capital Outlay State Aid	Capital Outlay Fund
FEDERAL	
Impact Aid – Construction	Capital Outlay Fund

*** REIMBURSEMENTS** - Includes those revenues which are received for materials and supplies purchased by students which were paid out of this fund. This would also include reimbursement for items such as insurance premium payments if the cost(s) were paid from that fund.

If monies are received after the close of a fiscal year for an expense that was paid in a previous year, then the money is considered miscellaneous revenue under [K.S.A. 72-5166](#) and is placed in one of the special funds authorized by that law.



ELIGIBLE EXPENDITURES

It is our opinion that, subject to the conditions note in certain instances, all of the following items could properly be charged against the capital outlay fund:

- Architectural fee (incidental to construction)
- Athletic field expansion
- Boilers – replacement
- Building (Quonset) for athletic games, etc.
- Buses (school buses, athletic buses)
- Fire extinguishers
- File cabinets
- Furniture
- Globes
- Improvement to sites
- Insurance deductibles
- 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 & laboratory equipment
- Score board
- Television equipment
- Tractors

Districts adopting a Capital Outlay Resolution after May 1, 2014, can also charge the following items to the Capital Outlay fund:

- Computer software, operating system upgrades, maintenance (not to include salaries per AG Opinion [2004-36](#))
- Filters (air, fuel)
- Repairs to equipment
- Repairs to vehicles
- Tires
- Salaries and benefits for maintenance of district property and equipment (includes custodians, bus mechanics, and others)
- Acquisition and maintenance of uniforms: Band, Pep Band, Athletic, Theatrical, etc.
- Upkeep of grounds, streets

Other eligible expenditures (with exceptions):

- **Athletic equipment:**
Yes – Substantial athletic items and equipment, such as goal posts, basketball goals, volleyball standards or net systems, mats for wrestling, wall, and tumbling, etc.
No - “Supplies” such as balls, bats, etc.
- **Computer equipment:**
Yes – hardware, software, operating system upgrades, leasing of computers/software, maintenance
- Lease of school facilities
- **Library books:**
Yes - Books purchased in order to establish a school library
No - Books purchased for replacement purposes, or as part of a continuing supply–resupply program
- **Mathematics laboratory:**
Yes - Machines and major equipment
No - Miscellaneous “supplies” such as paper, pencils, chalk, etc.



INELIGIBLE EXPENDITURES

The following items would not be proper expenditures from a capital outlay fund:

- Athletic “supplies” such as balls, bats, etc.
- Cleaning supplies
- Contracted services – consultants
- DVDs
- Instructional charts
- Insurance premiums
- Fuel
- Maps
- Music
- Publications
- Supplies for professional services
- Special assessment for paving and sewer
- Textbooks
- Toiletries
- Utilities (electricity, gas, etc.)
- Videos

Below are criteria for defining **supplies** and **equipment** from the **Kansas Accounting Handbook**

Link: <https://www.ksde.gov/policy-and-funding/funding/school-finance/guidelines-and-manuals>

Criteria for Supply Items:

A supply item is any article or material which meets any one or more of the following conditions:

1. It is consumed.
2. It loses its original shape or appearance with use.
3. It is expendable, that is, if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to replace it with an entirely new unit rather than repair it.
4. It is an inexpensive item, having characteristics of equipment, whose small unit cost makes it inadvisable to capitalize the item.
5. It loses its identity through incorporation into a different or more complex unit or substance.

Criteria for Equipment Needs:

1. It retains its original shape and appearance with use.
2. It is non-expendable, that is, if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to repair it rather than replace it with an entirely new unit.
3. It represents an investment of money which makes it feasible and advisable to capitalize the item.
4. It does not lose its identity through incorporation into a different or more complex unit or substance.

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Revision History

Date	Reason for Changes	Version
7/1/18	Effective July 1, 2018, Sub for Senate Bill 423 (passed in 2018) amended the law where districts may no longer charge the following items to the Capital Outlay Fund: (1) utility expenses (electricity, gas, etc.) and (2) property and casualty insurance. These expenditures were allowable between July 1, 2017 through June 30, 2018.	1.0
7/1/18	Recodification of Chapter 72 of the Kansas Statutes Annotated, Schools – Effective Dec. 21, 2017 The Kansas Office of Revisor of Statutes recodified statutory sections of Chapter 72 for the purpose of providing clarity and uniformity with subject matter related to elementary and secondary education. In some cases, the subject matter of the section required transfer to another chapter, such as Chapter 13 or Chapter 74. A table of the transferred sections and their newly assigned section numbers can be found at this website: http://www.ksrevisor.org All statutes in this guide have been revised to reflect the new section numbers.	1.0

For more information, call
School Finance: (785) 296-3872

Dale Brungardt,
Director
Dale.Brungardt@ksde.gov

Daniel Kalas,
Assistant Director
daniel.kalas@ksde.gov



Kansas State Department of Education
900 S.W. Jackson Street, Suite 356
Topeka, Kansas 66612-1212

(785) 296-3201
www.ksde.gov

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