



Policy Title	Original Adoption Date	Policy Number
Asset Maintenance and Replacement	11/09/2017	FS-772
Responsible College Division/Department	Responsible College Manager Title	
Financial Services	Vice President of Administrative Services	
Policy Statement		
<p>The LTC Board’s policy III.D states that budgets shall include adequate amounts for plant and facilities maintenance and instructional equipment. The LTC Board’s policy III.F states that the college cannot permit plant and equipment to be subjected to improper wear and tear or inadequate maintenance.</p>		
<p><u>Facilities</u></p> <p>Periodically, a facilities assessment is conducted by the college’s architect firm or another entity. This assessment is used to develop a multi-year plan and budget for maintaining facilities and the related equipment for those buildings. Budgets are developed to address those projects on an annual basis. Additional multi-year plans are developed and updated to address updating and replacing interior furnishings and infrastructure.</p> <p>Annually, areas of the college are reviewed to address remodeling needs for new programs, efficiencies in office and student spaces and to maintain those areas within the buildings. Multi-year plans are developed for updating the furnishings, interior and technology equipment in all of the classrooms and computer labs.</p> <p>Additions to the current facilities that are needed for instructional space and/or expansion of current spaces are reviewed and analyzed to determine the best alignment of facility spaces for those projects. Costs for the construction, maintenance and annual operating costs of new facilities are developed to determine the overall cost of the project and the feasibility of the project. New additions to the campus must be approved by the college board and the WTCS system board. Information regarding capital and operating costs are included those requests for approval.</p> <p>All of these multi-year plans are included in the Master Facility Plan and the Multi-year Capital and Debt Plan.</p>		
<p><u>Equipment</u></p> <p>Multi-year replacement plans are developed for instructional equipment, non-instructional equipment and technology equipment. These plans are reviewed periodically to ensure that areas that have expanded or added new equipment are updated in the multi-year plans. In addition, as new equipment is purchased, the annual operating and maintenance costs are included in the operating budget to sustain those assets.</p>		
<p><u>Financing</u></p> <p>The college issues promissory notes to borrow money to fund facilities and capital equipment. Based on the facilities and equipment multi-year plans, a multi-year debt plan is developed and reviewed by the college staff and financial advisor. Principal and interest payments on those notes are funded through the debt service tax levy.</p>		



The LTC board has set a guideline of a \$.35 debt service tax rate for funding the principal and interest costs for the debt payments. Working with the financial advisor, multi-year financing plans are developed to maintain the debt service tax levy rate within those guidelines, as well as financing facility and equipment plans that are developed. If a project would result in exceeding that rate, board approval would be required before the funds could be borrowed. Once that promissory note is paid off, the overall principal and interest payments would be held to the \$.35 debt service tax rate.

There are two state statutes that limit the amount of debt the college may have. Per s. 67.03(1), Wis. Stats the aggregate indebtedness of the district may not exceed 5% of the equalized value of the taxable property located in the district. Per s. 67.03(9), Wis. Stats. the bonded indebtedness of the district may not exceed 2% of the equalized value of the property located in the district.

Estimating the Operating and Maintenance Costs of Assets

As facilities are expanded and/or remodeled, operating costs are estimated that are needed to maintain and operate those areas. For new facilities, this would include utilities, cleaning services, security and other costs to operate the facility. In addition, the new infrastructure would be included in the multi-year replacement and capital improvement budgets for future expenditures needed to maintain that equipment.

When new or expanded facilities projects are proposed, the annual operating and future capital costs need to be considered as part of the total cost of that project.

As new equipment is purchased, the operating costs of that equipment needs to be considered in the overall cost of the equipment. This includes both the initial costs such as installation, facility changes, delivery and training as well as future costs. Future costs include maintenance, licensing, warranty, as well as replacement of component parts to ensure the preservation of that asset for its useful life.

Reason for Policy

The GFOA recommends that colleges adopt policies regarding how the college will manage its financial resources. Policies should identify acceptable courses of action, establish parameters and provide a standard for fiscal performance.

Historical Data, Cross References and Legal Review

Created/Adopted: 11/09/2017

Reviewed/Revised: 1/25/2019

Legal Counsel Review and Approval:

Board Policy: III.D. Budgeting/Forecasting, III.F. Asset Protection

Definitions