Capital and Debt Service Expenditures

**Capital** – funds used to acquire or upgrade physical assets such as property, buildings or equipment

- To be considered a capital expenditure, a single item must have a value greater than $1,000 and a useful life of more than 1 year
  - Items less than $1,000 are considered a supply item, regardless of useful life
- The District currently budgets six cents of the operating levy for capital expenditures
  - This levy generates about $1.4 million annually
- The list of major capital projects identified by the Strategic Planning Facilities Committee has an estimated cost of $25 million
- The 2016-17 budget included $2.1 million in capital expenditures for minor capital projects (ADA, paving, sidewalks, etc.)
- The District budgets a transfer to the capital fund each year to make up any difference between the revenue generated by the levy and the actual expenditures that year
  - The transfer is budgeted at $500,000, but the actual amount transferred, if any, is always based on actual expenditures
  - Funds transferred into the Capital Projects Fund cannot be transferred out
- As of October 31, 2016, the Capital Fund had a total fund balance of $4.7 million

**Debt Service** – funds used for payment of principal and interest on outstanding general obligation bonds

- The District’s current debt service levy is $0.6713
- Revenue generated by the debt service levy can only be used to pay the principal and interest in the District’s outstanding general obligation debt
- As of June 30, 2016, the District had $143,260,000 in outstanding general obligation debt
- For the next several years, the principal and interest payments due exceed the revenue generated on a current basis (see table below)