



# CROWLEY ISD ADMINISTRATIVE REGULATION

**Board Policy: CFB (LOCAL)**

**Date Effective: December 18, 2013**

**Department: Finance/Business**

## **Re: Guidelines for Capital Bond Fund Expenditures**

### **I. General Information – Difference between Capital Bond Funds (Interest and Sinking or “I&S”) and Maintenance and Operations Funds (M&O)**

- a. Capital Bond Funds (I&S)** – funds from this account can be used for construction or renovation of buildings and infrastructure, land purchases, etc.
- b. Maintenance and Operations Funds (M&O)** – funds from this account can be used for maintaining the assets of the district, general operating supplies, salaries, equipment, furniture, etc.

### **II. Review Process**

- a.** The following three (3) questions should be considered when reviewing whether an item or project can be funded using capital bond funds.

#### **1. Does the cost of the item/project exceed \$5,000?**

\$5,000 is a widely accepted minimum dollar threshold for capital assets. CISD policy CFB(LOCAL) states “The capitalization threshold for purposes of classifying capital assets shall be \$5,000 per asset group.”

#### **2. What is the purpose of the item/project (i.e. for what will the item/project be used)?**

The purpose of this question is to determine whether there are any other factors that need to be considered in the approval process. For example, while student chairs for a classroom would not meet the criteria outlined in criterion #1, if the student chairs are part of the Fixtures, Furniture and Equipment (FF&E) for a new or recently renovated campus, the chairs could be approved as a capital bond fund expenditure.

### **3. What is the useful life of the item/project?**

The use of capital bond funds is comparable to financing for a 30-year term. If the item/project has a useful lifespan of less than 30 years, this should be considered during the approval process.

#### **b. How to Prioritize Your Department's List**

Once you have identified a departmental list of proposed capital bond fund expenditures using the three questions above, you will need to prioritize your list PRIOR to submission to the CFAC. To assist in this prioritization process, the following three categories should be considered in order of highest to lowest priority:

- Safety and security
- Infrastructure (i.e. building construction/renovation/maintenance, equipment, etc.)
- Learning tools and resources (i.e. any items that enhance the learning process and/or the extra-curricular experience)

### **III. Capital Facility Advisory Council (CFAC)**

#### **a. What is it?**

The Capital Facility Advisory Council was formed to further enhance the district's commitment for effective and efficient use of its resources by providing guidance on how capital bond funds should be expended. The CFAC includes member representatives from various district-wide groups (e.g. Security, Fine Arts, Athletics, Maintenance, etc.).

#### **b. What does the CFAC do?**

The CFAC is responsible for compiling, maintaining and implementing a single, district-wide Capital Bond Fund List. Items may be submitted to the CFAC by any individual or group for consideration to be added to the list. The list is prioritized by the CFAC for possible action and/or implementation as funds become available.