

## CAPITAL BUDGET - IMPACT ON THE OPERATING BUDGET

### Overview

The Capital Improvement Budget (CIB) impacts the Operating Budget in two primary ways. First, the Operating Budget provides for the on-going costs to operate and maintain the capital projects upon completion. The table in the following sub-section lists the CIB projects to be completed in FY 2007-08, the original estimate of the operating impact as included in the CIB, and the actual amount of additional funding that is provided in the FY 2007-08 Operating Budget. Second, the Operating Budget provides for the annual payments on the debt used to finance the construction of projects in the CIB. The level of debt service and its impact on the Operating Budget is discussed in the **Capital Budget Summary** under *Current Debt Obligations*.

### **Impact on Current Operating Budget - Capital Projects Opening in FY 2007-08**

The following table lists the approved projects from prior year CIB and for FY 2007-08 scheduled to be completed in FY 2007-08. The table also lists the estimated amount of the Operating Budget impact that was originally included in the CIB authorizing the project and the actual amount of additional funding provided in the FY 2007-08 Operating Budget for operation. The original estimate of the Operating Budget impact may differ than the actual amount funded because (1) the estimated costs are revised or (2) the departments are absorbing the additional costs within existing resources.

<u>Project #</u>	<u>Project Title</u>	<u>Estimated Impact Included in CIB</u>	<u>Additional Funding in FY 2007-08</u>
16-07	Grassfield High School	\$ 2,638,661	\$ 2,638,661
	<b>Subtotal - Education</b>	<b>\$ 2,638,661</b>	<b>\$ 2,638,661</b>
24-10	Police Precinct #6 - Hickory	\$ 883,792	\$ 62,293
15-09	Replacement Fire Station #3 – Indian River	24,261	24,261
	<b>Subtotal – Public Safety</b>	<b>\$ 908,053</b>	<b>\$ 86,554</b>
	<b>Total – All Projects</b>	<b>\$ 3,546,714</b>	<b>\$ 2,725,215</b>

*Police staffing for Hickory was included in FY 2006-07 to allow for reruitment & training*

### **Impact on Future Operating Budget Costs**

The CIB includes an estimated Operating Budget impact for each capital project for five years as well as an overall summary of the estimated impact over the five - year period. Additional information on the estimated Operating Budget impacts over the five – year period of the CIB is included in the CIB document.

During the development of the Five – Year Forecast, the Budget Office includes the estimated Operating Budget impacts for the future years in its development of the Five – Year Forecast. Additional information on the use of the Five – Year Forecast in development of the Operating and Capital Improvement Budgets is included in the **Overview** section earlier in this document.