

CAPITAL PROJECT FUNDING OPTIONS

	ANNUAL BUDGET	CAPITAL RESERVE	BONDS
Project Purpose	Smaller, immediate need capital projects	Larger, long term capital projects	Larger, long term capital projects
Funding Source	Operating Budget	Reserve (e.g. savings account)	Financed (e.g. mortgage)
Voter Approval	Yes	Yes	Yes
Requirements	<ul style="list-style-type: none"> • A budgeted expense: “Transfer to Capital” is how the funding is moved. • Approved as part of the annual budget. 	<ul style="list-style-type: none"> • Reserve must be established by voters with a funding time limit and maximum amount. • Expenditures must be approved by voters. • Can include a proposition each May, separate vote is not required. 	<ul style="list-style-type: none"> • Voters must approve bond funding for a specific set of projects. • Typically, a separate vote is required.
Pros	<ul style="list-style-type: none"> • Separate vote/proposition not required 	<ul style="list-style-type: none"> • No budgetary or tax cap implications • Funds accumulate from budgetary efficiencies • Maintains facilities needs on an ongoing basis 	<ul style="list-style-type: none"> • Limited only by how much debt voters will support
Cons	<ul style="list-style-type: none"> • Tax cap implications • Causes budget fluctuations 	<ul style="list-style-type: none"> • Variable; depends on availability of remaining funds from other sources • Takes time to accumulate 	<ul style="list-style-type: none"> • Tax cap implications • Interest Costs • Timing