Funding Options for Middle School Capital Facilities Plan*

Option	Existing Fund Balance:	Pledge O & M Dollars from future budgets:	Utilize Debt Service Extension Base (DSEB) to issue bonds:	Utilize Debt Certificates payable from operating funds:	Approve Referendum Question to authorize sale of bonds:
Description	The Board's fund balance policy requires a fund balance of 25% be maintained. The FY22 fund balance was 32.2%. The Board could consider a transfer of fund balance beyond the required 25% to Capital Projects.	The Board would target the allocation set forth in Board Policy 4.152-Sherman Dergis Methodology.	Non-Referendum Bonds issued consistent with Districts DSEB Capacity.	Provides a way of borrowing for improvements without issuing bonds payable from a new tax levy. Debt Certificates are sold to investors and are backed by a pledge tying payments to future operating dollars. The principal and interest of the certificates are paid from the District's operating budget.	Voter approved referendum to sell bonds. To place a question on the Spring 2024 ballot, the last filing date is December 2023.
Amount	Estimated $10 million	$7.2 million annually	$35 million	Current estimates range from $10 to $50 million	TBD
Pros	Illustrates to the community that the district is spending available funds on capital needs.	Completes work within our operational budget which does not require borrowing or reduction in fund balance.	Provides immediate ability to address the high priority capital work.	The Board could make debt certificate payments over a period of time from future operational funds. The Board is not required to, but could make an initial outlay of cash from fund balance or other sources.	Allows the District to address a majority of the needs without impacting the operational cost of running the District.
Cons	Diminishes the flexibility to absorb any financial impact due to shifts in revenues or expenditures that are outside of our control.	Could delay all other capital projects throughout the District for a period of three (3) years unless significant reductions in expenditures were made elsewhere in the budget.	Limits the district's ability to access DSEB proceeds for the foreseeable future.	Operational dollars would have to be set aside out of the budget for the term of the Debt Certificates (not more than 20 years).	A referendum would be an increase in taxes from the community, but would be offset by expiring debt. The 2024 Tax Levy is the last levy that will have debt associated with it as of this writing. The last deb payment is scheduled for 10/1/2025.

* The above options are not recommendations from Administration to the Board of Education, they are for discussion purposes only. These options may be used individually or could be used in combination.