

Imlay City Schools
Sinking Fund Proposal – Frequently Asked Questions
November, 2017

Q: What are the details of the sinking fund millage proposal?

A: Residents of the Imlay City School District will be asked to consider a sinking fund millage proposal of 1.25 mills for 3 years on Tuesday, November 7, 2017. If approved by voters, this millage will raise approximately \$1,422,000 over 3 years (approximately \$474,000 annually).

Q: What is a sinking fund?

A: A sinking fund millage is a limited property tax used to fund major repairs and renovations in the school district. The tax is levied each year and the revenue generated from this levy is used to make the most urgent and major repairs and improvements identified by the district. The district can access the money on-hand to pay for projects as they are completed, but because the school district hasn't borrowed for the projects, the school district does not have to pay interest on the money used.

Q: Why does the school district need a sinking fund?

A: Over the past ten years, cuts in state funding for public schools have delayed necessary repairs to buildings as the school district has worked hard to protect the learning that takes place in the classroom. A sinking fund will help keep general fund dollars in the classroom. Without the millage, any major facility repairs will be paid for with operating funds that would otherwise go to support educational programs for students.

Q: How will the sinking fund millage benefit students and the community?

- A: If approved, the money raised through the sinking fund millage will:
- ✓ Enable Imlay City students to learn and grow in a more safe, secure and healthy environment.
 - ✓ Ensure the school district's limited operating funds are available to support student learning.
 - ✓ Protect the community's investment in the school district's buildings and facilities through renovations and needed repairs, and by increasing the energy efficiency of buildings.
 - ✓ Provide facilities that can be utilized by the entire community.

Q: How much money will the sinking fund millage cost homeowners?

A: With a 1.25 millage, there would be a tax of \$1.25 per every \$1,000 in taxable value of a home. For example, the owner of a home with a market value of \$100,000 and a taxable value of \$50,000 would be taxed \$63 annually (or \$5.25 monthly) for 3 years. See the chart below for additional detail:

Impact of 1.25 Mill Increase on Annual Property Tax Bills		
<i>Market Value</i>	<i>Taxable Value</i>	<i>Annual Tax Increase</i>
\$50,000	\$25,000	\$32
\$100,000	\$50,000	\$63
\$150,000	\$75,000	\$94
\$200,000	\$100,000	\$125
\$250,000	\$125,000	\$157
\$300,000	\$150,000	\$188

Q: How many mills does the school district currently levy for sinking funds?

A: Imlay City Schools does not currently levy any mills for sinking funds.

Q: **Can the money from the sinking fund be used to pay employee salaries, wages and benefits?**

A: No. The sinking fund is a specific and restricted fund that can only be used for construction, renovation and major repairs – not salaries, benefits or even routine maintenance. School districts are not allowed to use sinking fund dollars for operating expenses such as teacher, administrator or employee salaries or benefits, nor are they allowed to use them for other operating expenses such as textbooks, equipment updates, or replacement buses.

Q: **How can taxpayers be assured the money will be spent as promised?**

A: By law, the State of Michigan has requirements and restrictions for public school districts that fund capital enhancements and facility repairs through sinking fund millage levies. The law is very specific about what is considered an allowable use and what reporting and audit requirements are expected. Not following these legal requirements carries strong penalties as well.

Q: **How will the money be used?**

A: Money raised from the sinking fund millage will fund projects in the following areas:

<p><u>Projects Intended to Improve Safety / Security</u></p> <ul style="list-style-type: none"> • Major repairs to sidewalks and parking lots as needed • Replacement of outdated fire panels (fire alert systems) as needed • Addition / replacement of parking lot lights as needed • Replacement of doors and windows in buildings as needed 	<p><u>Projects Intended to Increase Energy Efficiency and Reduce Operating Costs</u></p> <ul style="list-style-type: none"> • Replacement of doors and windows in buildings as needed • Replacement of heating / cooling units and air handlers as needed • Replacement of parking lot lights as needed
<p><u>Other Major Renovations and Repairs</u></p> <ul style="list-style-type: none"> • Renovations of concession facilities and bathrooms at the football field • Renovations of the athletic complex – construction of team rooms, bathrooms, and concessions facility 	

All of these items perform a daily function in the operation of the school district and each of the district’s facilities have some type of infrastructure needs, which would be prioritized annually based on the availability of sinking fund dollars, should the proposal pass.

Q: **Will the energy efficiency of our buildings be improved with these projects?**

A: Yes. Replacing doors, windows and heating /cooling elements at Borland Elementary, doors at the High School, and installing high efficiency parking lot lighting, as needed, will improve the energy efficiency at each site and reduce operating expenditures.

Q: **When will the work begin?**

A: If voters approve the millage, taxpayers would see the first tax on their summer 2018 bill. The money is collected locally; it stays local and does not go through Lansing. Projects could begin as early as the fall of 2018.

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Q: How will the sinking fund millage proposal appear on the ballot?

A: Ballot proposals seem to be written in such a way that only a lawyer can understand them. The following language is what voters will see on the ballot.

MILLAGE PROPOSAL, BUILDING AND SITE
SINKING FUND TAX LEVY

Shall the limitation on the amount of taxes which may be assessed against all property in Imlay City Community Schools, Lapeer County, Michigan, be increased by and the board of education be authorized to levy not to exceed 1.25 mills (\$1.25 on each \$1,000 of taxable valuation) for a period of 3 years, 2018 to 2020, inclusive, to create a sinking fund for the construction or repair of school buildings and all other purposes authorized by law; the estimate of the revenue the school district will collect if the millage is approved and levied in 2018 is approximately \$466,295?

Q: If I have further questions, where can I get additional information?

A: Please call (810) 724-9861, or check the Imlay City Schools website at www.icschools.us.

Paid for by Imlay City Schools, 634 W. Borland Rd., Imlay City, MI 48444