

Sinking Fund Frequently Asked Questions

Q. What is a Sinking Fund?

A. A building and site sinking fund is a savings account into which a local school district can deposit voter approved local millage revenue in order to fund projects or major repairs as they arise rather than having to borrow through short-term notes or long-term bonds.

Q. What is the difference between a sinking fund and a bond?

A. A sinking fund is a pay as you go collection of dollars (in our case we are asking for 2.5 mills or approximately \$1.2 million per year) to address specific district repairs, construction (specifically the entrance vestibules at Pathfinder and Daisy Brook schools), security issues, and technology upgrades. A bond is like a home mortgage which helps the district to do many projects at one time, or major projects such as building a building, replacing all of the buildings roofs or parking lots, etc.

Q. Why is the district in need of a Sinking Fund?

A. The majority of buildings across the district were built in the 1960's or earlier. (Fremont Middle School – 1965, Daisy Brook – 1964, Pine Street – 1954, and Quest – 1956.) Even Pathfinder is now more than 20 years old. These buildings are exceptionally well built, but we still must make continual upgrades, repairs, and fixes to maintain what we have. The demands of maintaining these buildings are stretching our limited resources. After a number of years of using the remaining monies from our 2012 sinking fund, we are now looking at having to use our general fund (classroom) dollars to make needed fixes and repairs.

Q. When was the last time the district had a Sinking Fund?

A. The district had a Sinking Fund from 2002-2012. That Sinking Fund asked for 1.75 mills over a 10 year period, and averaged about \$600,000 a year for the district to make repairs.

Q. How will the passage of the Warm, Wired, Safe and Dry Sinking Fund millage benefit students and the community?

A. If approved, the money raised through the Warm, Wired, Safe and Dry Sinking Fund millage will:

- Protect the community's investment in the school district's buildings and facilities
- Continue to provide our students a safe, secure and healthy environment
- Reduce pressure on the general fund so more of the school district's limited educational operating funds are available to support student learning
- Maintain learning facilities that represent one part of the district's effort to keep and attract residents

Q. How many other school districts have Sinking Fund millages?

A. As of the 2015-16 school year, 173 school districts collect dollars through Building and Site Sinking Funds.

Q. How does a sinking fund preserve general fund dollars?

A. The sinking fund dollars provide an avenue for increasing security, repair or construction of buildings, and purchasing technology without affecting the general operation of the district. In the event that a roof or septic field fails, having these dollars to make repairs does not put a burden on the general fund.

Q. Does the district go into debt and pay interest on sinking fund dollars?

A. No, this process involves collecting the dollars on a yearly basis and is a pay as you go process.

Q. Will the tax rate increase if approved by the voters?

A. Yes. The district's debt fund levy is currently set at 7 mills. If the sinking fund passes the current levy will be increased to 9.5 mills. This equates to \$125 per year on a home with a market value of \$100,000, or approximately \$10.40 cents per month.

Q. Can sinking fund dollars be used to pay salaries and benefits?

A. No, expenses will be audited annually for compliance with Michigan Department of Treasury guidelines.

Q. What technology can be purchased with sinking fund dollars?

A. Infrastructure, computers, smart boards, chrome books, iPads, desktops, printers, projection units, etc. when used for instruction. Technology is a key component of 21st century learning.

Q. What are the restrictions on sinking funds?

A. Sinking fund dollars cannot be used to fund ongoing operating expenses, salaries, benefits, textbooks and supplies, or preventative maintenance.

Q. What is a mill?

A. A mill represents \$1 for every \$1000 of taxable value of your property. The taxable value of your property is the same, or lower than, the state equalized value (SEV) and is approximately 50% or more lower than the market value of your property.

Q. What is the approximate impact of the Warm, Wired, Safe and Dry Sinking Fund millage on property taxes?

Home Market Value	Home Taxable Value	Yearly Increase	Monthly Increase
\$50,000	\$37,500	\$62.50	\$5.20
\$100,000	\$50,000	\$125.00	\$10.41
\$150,000	\$75,000	\$187.50	\$15.58
\$200,000	\$100,000	\$250.00	\$20.83
\$250,000	\$125,000	\$312.50	\$26.00

Q. Why is there a need to upgrade boilers, roofs, and mechanical & electrical equipment?

A. The middle school boiler system is the original equipment from the 1960's, and the boilers at Daisy Brook and Quest have reached their expected lifespans. All school building roofs were replaced in the past 20 years, but the warranties on many of these have expired. Replacements of roofs would be staggered over the next 10 years to provide for a more efficient replacement cycle. Mechanical and electrical equipment is original in many of our buildings and is in need of replacement. As district facilities were assessed in preparation for this proposal, most of the replacements and upgrades were placed in our sinking fund plan. **See below.**

Q. What are the potential Warm, Wired, Safe and Dry projects for the district?

A. Here is a list of items that maintenance department and Board of Education have worked on based on the results of a Facilities Assessment we had completed by TowerPinkster and Owen, Ames, Kimball companies out of Grand Rapids, Michigan.

2.5 mill Sinking Fund request over 10 years - List of potential fixes/repairs

Pathfinder	Security Vestibule	\$138,000
	Playground Equipment	\$580,000
	Roof Replacement	\$516,000
	Mechanical Equipment	\$700,000
	Kalwall Pyramids (Ceilings)	\$104,400
	Flooring, Exterior Doors	\$400,000
Daisy Brook	Secure Entrance	\$372,500
	Playground Upgrades	\$372,600
	Mechanical Controls	\$595,000
	Boilers & Mechanical Ventilators	\$386,400
	Bathrooms	\$175,000
	Exterior/Interior Finishes	\$600,000
FMS	Roof	\$426,000
	Mechanical Upgrades	\$1,400,000
	Locker Rooms	\$200,000
	Flooring, Ceiling, Lights	\$700,000
Quest	Roof	\$150,000
	Exterior/Interior Finishes	\$300,000
Pine Street	Secure Entrance	\$135,000
	Roof	\$318,800
PS Athletics	Renovated Track	\$600,000
	Renovate Locker Room Facility	\$695,000
	2 Field Light Poles	\$215,300

Technology	\$2,000,000
Desktop Computers	
Smart Boards	
IPads	
Chromebooks	
Infrastructure/Network	
Wireless Communications	

Total: \$12,090,000

Q. How will the proposal appear on the ballot?

A. Sinking Fund Millage Proposal

Shall the limitation on the amount of taxes which may be assessed against all property in Fremont Public Schools, Newaygo, Muskegon, and Oceana Counties, Michigan, be increased by and the board of education be authorized to levy not to exceed 2.50 mills (\$2.50 on each \$1,000 of taxable valuation) for a period of 10 years, 2017 to 2026, inclusive, to create a sinking fund for the construction and repair of school buildings, school security improvements, the acquisition or upgrading of technology 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 2017 is approximately \$1,075,000?

Q. Where do I vote?

A. Residents of the Fremont Public School District will vote at the polling locations, which have been designated by your local township/city clerk.

[Precinct Polling Places for School Elections - Newaygo County](#)

Q Who provided input in the development of this proposal?

A. District staff, School Board, Fremont Police Department, community members, and the facilities assessment teams at TowerPinkster and Owen, Ames, Kimball.

Q. What does the technology upgrade include?

A. The technology plan will refresh and upgrade student devices such as desktop computers, laptops, tablets, and printers. Classroom technology carts will be updated and includes short-throw projectors, video and sound board equipment, and interactive screens at Pathfinder and Daisy Brook. Infrastructure will also be enhanced to include network updates, servers, backup storage and disaster recovery capabilities.

Q. In light of the financial stress on school districts, shouldn't we be paying down our debt?

A. Public school finance in Michigan is structured so that the day-to-day operational budget is funded separately from capital improvements. The district's operational budget is funded primarily through the state and per pupil grant foundation. Due to an overall reduction since

2009 in the per pupil foundation grant, our operational budget has been under stress. A Sinking Fund millage allows us to collect monies and make needed fixes as we go. In 2032, we will have paid off the debt from the building of the new high school. At that point, Fremont Public Schools will be able to consider replacing Fremont Middle School and/or Daisy Brook School. In the meantime, the district would be able to continue taking care of and maintaining the buildings and facilities that we have.

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.

A school district that levies a sinking fund tax is required to conduct an independent audit of its sinking fund on an annual basis, including a review of the uses of the sinking fund, and is required to submit the audit report to the Department of Treasury.

Q. When will the work begin?

A. If voters approve the millage, taxpayers would see the first tax on the August 2017 bill. Money is collected locally and comes to the school district on an annual basis—it's considered a pay-as-you-go method. The money is collected locally; it stays local and does not go through Lansing. Projects could begin as early as the fall of 2017.

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

A. Information can be reviewed on the district website at www.fremont.net/wwwsd. Calls can be directed to Ken Haggart, Superintendent of Fremont Public Schools at 231-924-8260. Or you can email the Superintendent at khaggart@fremont.net