



WEST IRON COUNTY PUBLIC SCHOOLS

Sinking Fund Millage Renewal Proposal F.A.Q's

On May 2, 2017, the West Iron County Public School's voters will have the opportunity to vote on a millage renewal proposal. The ballot will contain the Sinking Fund Millage Renewal. Below you can find answers to frequently asked questions.

Is this a new tax?

No, this millage was approved by the voters in 2002. At that time, the district voters approved to levy .4447 mills through December 2017. This can be a renewal, or we could possibly raise the amount to generate more income for the district.

Is this a tax increase?

State law allows school districts to levy up to 3 mills for up to 10 years. Our current mill is at .4447. (The max 3 mills and up to 10 years has not passed the Senate yet, but by the time we are ready to have it on the ballot, it should be passed)

What is Sinking Fund?

A Sinking Fund millage is a limited property tax, considered a "pay-as-you-go" method for funding building maintenance and infrastructure projects. No debt or interest expense is incurred with a Sinking Fund. The tax is levied each year and the revenue generated from this levy is designated to building upgrades or repair. Sinking Fund expenses are audited by the Michigan Department of Treasury for compliance annual.

Sinking fund **can** pay for:

- Parking and Paving
- Roofing
- Site Improvements
- Energy Efficient Improvements

Sinking fund **cannot** pay for:

- Salaries
- Classroom Supplies
- Technology Equipment

How can a Sinking Fund be used?

Sinking Funds can be used for remodeling, repair/replacement of buildings and sites. Expenses must be audited for compliance with the Michigan Department of Treasury guidelines.

Why do we need a Sinking Fund?

Over the past decade, there have been cuts to the state's per pupil allocation, which is the primary source of funding for the district's ongoing operations. Without the Sinking Fund millage, major repairs would need to be paid for with operating funds that would otherwise be used to support educational needs of the district. Since funds are strained to meet educational needs, needed repairs may be postponed which may result in more expensive repair costs in the future. These costs may force the district to have to look at a large influx of money from a Bond. (See next bullet point)

What is the difference between a bond and a Sinking Fund millage?

A bond is a form of borrowing, which means taxpayers must pay back the borrowed funds over a period of years with interest.

A Sinking Fund millage is levied, not borrowed, which means the revenues are generated from a tax and do not include the district taking on additional debt or interest expense.

What is the approximate impact of the Sinking Fund millage on property taxes?

The impact on your property taxes for different millage amounts is listed below:

If we increase to .85 mills:

<u>Budget For</u>	<u>Sinking Fund</u>	<u>Tax Value</u>	<u>Mills</u>	<u>Budget For</u>
	Bates Twp	49,447,628	0.00085	\$ 42,030.48
	Iron River Twp	54,576,087	0.00085	\$ 46,389.67
	Stambaugh Twp	90,345,171	0.00085	\$ 76,793.40
	Caspian City	13,236,201	0.00085	\$ 11,250.77
	Gaastra City	4,153,568	0.00085	\$ 3,530.53
	Iron River City	51,560,667	0.00085	\$ 43,826.57
	Total	263,319,322		\$ 223,821.00

Cost to households if we increase to .85 mills

<u>Home Market Value</u>	<u>Home Taxable Value</u>	<u>Annual Increase .85 Mill</u>	<u>Approx. Monthly Cost</u>
\$ 75,000.00	\$ 37,500.00	\$ 31.88	\$ 2.66
\$ 100,000.00	\$ 50,000.00	\$ 42.50	\$ 3.54
\$ 125,000.00	\$ 62,500.00	\$ 53.13	\$ 4.43
\$ 150,000.00	\$ 75,000.00	\$ 63.75	\$ 5.31

What are the potential Sinking Fund projects for the District?

(please note all amounts are approximate, none of these projects have gone out on a formal bid yet)

- Replace the carpeting in the hallways of the High School –potential cost \$100,000
- Remodel the sink areas in the Stambaugh Elementary classrooms – potential cost \$20,000
- Replace the lockers on the 1st Floor of the Stambaugh Elementary – potential cost \$25,000
- Reconfigure the air circulation in the Stambaugh Elementary - To Be Determined
- Lay down a new floor in the Stambaugh Elementary gym – potential cost \$40,000
- Pave the West side of the parking lot – potential cost \$90,000
- Re-Surface current parking lots – potential cost \$150,000 plus
- Replace the High School roof - \$200,000 plus
- Replace the Stambaugh Elementary roof – potential cost \$75,000
- Heating system in High School to digital - \$100,000 plus
- General Maintenance (ex: boilers, hot water heaters, fencing, etc.) – annually \$25,000 - \$50,000

When is the election?

May 2, 2017