



SINKING FUND INFORMATION

HOPKINS PUBLIC SCHOOLS

WHAT IS A SINKING FUND?

A sinking fund is a savings account into which a local school district can deposit voter approved local millage revenue in order to pay cash for projects or repairs as they arise rather than having to borrow through short-term notes or long-term bonds. Sinking funds provide districts with a cost-effective alternative to borrowing or bonding for some expenditures because they require none of the associated interest costs or legal fees. A school district that levies a sinking fund tax shall have an independent audit of its sinking fund conducted annually.



Currently under statute, the board of a school district may, with voter approval, levy a property tax (millage) in the school district each year under the following conditions:

Millage and Duration: A sinking fund may be authorized up to a *maximum of 5 mills* for a period *not to exceed 20 years*.

Allowable Use: A sinking fund may be used for the purchase of real estate for school construction and for the construction and repair (but not maintenance) of school buildings.

Hopkins Public Schools will be asking voters to consider a sinking fund of 1.6 mills for a period of 5 years in the May election. The sinking fund will allow the district to improve its facilities through:

Safety and Security Building Upgrades

- Entryway Upgrades

Building and Ground Repairs/Improvements

- Asphalt Repair/Replacement
- Roof Repair/Replacement
- Carpet Replacement
- Athletic Field Refurbishment

Classroom Upgrades

- Addition of Science Lab
- Addition of STEM Classroom



What is a “mill”?

1.6 mills would generate approximately \$400,000 each year for 5 years. Here’s how it would look:

Value of Home	Taxable Value	Annual Cost
\$ 75,000	\$ 37,500	\$ 60.00
\$ 100,000	\$ 50,000	\$ 80.00
\$ 150,000	\$ 75,000	\$ 120.00

INFORMATIONAL MEETING
APRIL 25 7PM HHS MEDIA CENTER

May 3 SINKING FUND PROPOSAL

During the Tuesday, May 3, 2016 election, voters in the Hopkins School District will be asked to approve a 1.6 mill building and site sinking fund tax levy. The sinking fund, if approved, will create a fund for the next 5 years to provide for improvements and repairs of school facilities. By law, the Building and Site Sinking Fund cannot be used for salaries, supplies, or equipment. If approved, it is estimated that the millage will provide approximately \$400,000 in revenue in 2016-2017.

How is a sinking fund different from a bond issue?

A sinking fund is used on a “pay as you go basis” and all monies collected are utilized to directly benefit the district. No bonds are sold and there are no interest expenses. Also, sinking funds can only be used for specific categories of expenditures as discussed below.

What restrictions are there on sinking funds?

Money generated through a sinking fund may only be used for the repair, development, improvement, and purchase of school facilities and property. It may not be used to purchase supplies or equipment, and may not be used to pay for salaries. While technology infrastructure may be paid for through sinking fund dollars, equipment and software currently may not be purchased through its proceeds.

How would a sinking fund help Hopkins Public Schools?

Existing major repairs that are paid for out of the General Fund could be transferred to the sinking fund. It would also allow longer-term planning and funding for major repairs and renovations, while providing an alternative funding source for major facility repairs that are currently funded from the General Fund. Relieving this burden on the General Fund would allow more dollars to be directed specifically to the educational program.

What projects are on the list to be addressed?

Currently among the first items planned to be addressed are:

- Safety and security upgrades including improvements to building entries at the high school and middle school
- Addition of high school science lab
- Addition of STEM classroom
- Asphalt repair/replacement in parking lots and driveways
- Replacement of carpeting in high school and middle school (15+ years old)
- Refurbishment of athletic fields

Beyond currently identified needs, the sinking fund would also be available for unexpected facility needs as they occur rather than paying for these out of the General Fund. For example, roofing repairs, HVAC repairs, boiler repairs and bleacher repairs. If the sinking fund had been in existence at the time of the water softener replacements at the middle school (8,858) and high school (\$8,882), the HVAC compressors (\$13,575) at the high school and minor asphalt repairs (\$3,150), it could have been used instead to pay for some or all of the repairs.

Will the sinking fund be used to purchase land?

The sinking fund will not be used for the purchase of land or other property. The district has enough land for the foreseeable future.

I thought the 2009 bond issue took care of the district’s facility needs. Why is there a need for a sinking fund?

The generous support of the community through the 2009 bond issue generated the funds to renovate the school buildings. These are outstanding facilities that have brought much pride and have greatly improved our district. Since that time funding for schools in Michigan has not kept pace with the rising costs of expenditures. This has forced the district to “put off” some necessary repairs. In short, a sinking fund would enable the district to continue to maintain its facilities well and safeguard the investment made by the Hopkins community through previous bond issues.

Did I hear that the district refinanced that debt this year?

Yes. At its March 7, 2016 meeting the Board of Education approved a bond refinancing which will save taxpayers more than \$4.4 million over the life of the bonds. The refunding will allow the district to pay off the bonds earlier than anticipated, thus saving the taxpayers money.

How much will the 1.6 mill sinking fund generate for the district?

At current property values, 1.6 mill will generate approximately \$400,000 per year for the district.

Why was it decided to ask for 1.6 mills?

The Hopkins School Board has reviewed the projects necessary and determined that approximately \$400,00 per year would address the needs identified. 1.6 mills would generate this amount. The amount would also provide desperately needed relief to the general fund.

How much will a sinking fund cost me?

To find out how much a 1.6 mill sinking fund would cost, multiply your home’s taxable value by .0016. A home valued at \$100,000 typically should have a taxable value of \$50,000. For that home, the 1.6 mill sinking fund would cost \$80 per year.

Here are some examples:

Home Value	Taxable Value	1.6 Mill Multiplier	Sinking Fund Cost Per Year
\$75,000	\$37,500	.0016	\$60
\$100,000	\$50,000	.0016	\$80
\$150,000	\$75,000	.0016	\$120

What is the language of the ballot question?

Shall the limitation on the amount of taxes which may be assessed against all property in Hopkins Public Schools, Allegan County, Michigan, be increased by and the board of education be authorized to levy not to exceed 1.6 mills (\$1.60 on each \$1,000 of taxable valuation) for a period of 5 years, 2016 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 \$401,231?

Where do I vote?

You will vote at your township hall. Watson Township residents will be voting at the Hopkins Township precinct. Absentee ballots are also available.

Please vote in this important election!