



# FOREST PARK SCHOOL DISTRICT

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On November 7, 2017, the Forest Park School District voters will have the opportunity to vote on a Sinking Fund proposal. Below you can find answers to frequently asked questions.

## **What is a 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 **can** pay for:

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

Sinking fund **cannot** pay for:

- Salaries
- Classroom Supplies
- Technology Equipment

## **Why Forest Park?**

- Need to update a 20 year old building
- Energy efficiency
- Gym floor original since 1970
- Cafeteria equipment since 1970
- Bus lane-provide greater safety

## **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 Michigan’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, repairs may be postponed which may result in more expensive repair costs in the future.

## **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. Forest Park community paid off the 1997 elementary building bond levied for 2.18 mills in June of 2017. In June of 2018, the final payment for the 2008 bond levying .22 mills will be completed, and the final payment from the 2012 bond, which levies .38 mills will be paid in June of 2020.

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 passing of a 1 mill sinking fund will levy \$230,232.55 yearly. The breakdown is as follows:

	<b>Tax Value</b>	<b>Mills</b>	<b>Budget For</b>
Hematite	17,495,345	0.0010	\$ 17,495.35
Crystal Falls Twp	91,403,720	0.0010	\$ 91,403.72
Crystal Falls City	22,977,303	0.0010	\$ 22,977.30
Mastodon	73,205,519	0.0010	\$ 73,205.52
Mansfield	25,150,664	0.0010	\$ 25,150.66
<b>Total</b>	<b>230,232,551</b>	<b>0.0010</b>	<b>\$ 230,232.55</b>

Cost to households to levy a 1 mill sinking fund:

	<b>Home</b>	<b>Annual</b>	<b>Approx.</b>
<b>Home Market</b>	<b>Taxable</b>	<b>Increase</b>	<b>Monthly</b>
<b>Value</b>	<b>Value</b>	<b>1.0000 Mill</b>	<b>Cost</b>
\$ 75,000.00	\$ 37,500.00	\$ 37.50	\$ 3.13
\$ 100,000.00	\$ 50,000.00	\$ 50.00	\$ 4.17
\$ 125,000.00	\$ 62,500.00	\$ 62.50	\$ 5.21
\$ 150,000.00	\$ 75,000.00	\$ 75.00	\$ 6.25

\*\*The final elementary building bond payment, which levied 2.18 mills, was made in June of 2017; therefore, there will be an actual decrease on a tax bill when passing a 1 mill sinking fund.

**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)
- Digitize the Heating system -\$180,000-\$200,000
- New Eddie Chambers Gym Floor
- New PA system for the Eddie Chambers Gym
- Upgrade playground equipment
- Update cafeteria equipment-potential cost \$35,000
- Reconfigure the bus lane for added safety
- Bathroom upgrades
- Woodshop equipment
- Reconfigure the air circulation in the Multipurpose room
- Re-Surface current parking lots – potential cost \$150,000
- Replace the carpeting in the hallways
- Replace the High School roof
- General Maintenance (ex: boilers, hot water heaters, fencing, etc.) – annually \$25,000 - \$50,000

**When is the election?**

November 7, 2017

