



# Frequently Asked Questions

*A Premier School of Choice*



**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 0.5 mills or approximately \$600,000 a year) to address specific district repairs, construction of buildings, security issues, technology upgrades, and the purchase of real estate if needed. 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:** Beginning with the 2011-12 school year, a drastic reduction in per pupil funding from the State of Michigan has resulted in school districts having to use their fund balance (i.e. savings account) in an effort to maintain programs. Since 2012, Hartland's expenses have been exceeding revenues, resulting in continual cost cutting measures. Making expenditures in non-instructional areas has been difficult. The passage of a sinking fund would help take care of repairs and purchases that we have been putting off with the hope that per pupil funding from the State of Michigan would improve.



# FAQs - Continued

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**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, purchasing technology, or purchasing real estate for additional building sites 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: What can you use a sinking fund for?**

**A:** Funds can be used to increase security, for repair or construction of buildings, to purchase technology, or purchase real estate for future building sites.

**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: 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: Will my tax rate increase if approved by voters?**

**A:** No, there will be no increase in the current tax rate if approved by voters. The district's debt fund levy is currently set at 8.55 mills. If the sinking fund bond passes the current levy will be lowered to 8.05 mills creating a net change of zero mills with the 0.5 mill sinking fund.

**Q: What technology can be purchased with sinking fund dollars?**

**A:** Infrastructure, computers, smart boards, chrome books, desktops, printers, projection units, etc. when used for instruction. Technology is a key component for 21<sup>st</sup> century learning.



# FAQs - Continued

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**Q: When was the last time the district asked the community for additional building & site improvement dollars?**

**A:** The last time the district asked for additional dollars was for the 2010 bond.

**Q: Can the sinking funds be used to repair and/or upgrade athletic sites and performance venues?**

**A:** Yes

**Q: How will passage of the Building and Site Sinking Fund millage benefit students and the community?**

**A:** If approved, the money raised through the Building and Site 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 does this Sinking Fund proposal compare with other Sinking Funds in Michigan?**

**A:** As of the 2015-16 school year, 173 Districts in Michigan collect millage dollars for Building and Site Sinking Funds with the average mills collected being 1.367. The 173 districts include Grand Blanc, Fenton, Lake Fenton, Linden, Bloomfield Hills, Novi, West Bloomfield, Huron Valley, Ann Arbor, Saline, and Grosse Pointe schools.

**Q: Who do I contact at Hartland Consolidated Schools if I have questions?**

**A:** Superintendent Chuck Hughes – [chuckhughes@hartlandschools.us](mailto:chuckhughes@hartlandschools.us) or Asst. Superintendent Scott Bacon – [scottbacon@hartlandschools.us](mailto:scottbacon@hartlandschools.us), or you can call them at (810) 626 - 2100