

Johannesburg-Lewiston 2015 Sinking Fund FAQs

WHAT IS A SINKING FUND MILLAGE?

A sinking fund millage is a limited property tax that is specifically designed for addressing building repairs and upgrades. Essentially, it is an avenue that allows the community to provide financial support to schools to pay for necessary repairs and updates to school buildings that cannot be paid from the general fund. The sinking fund proposal is for **2.30 mills** for **five years** beginning in July 2016.

Sinking fund millage is not a bond or loan that requires interest payments. Instead, the revenue from the sinking fund millage is used from year-to-year as the taxes are collected to pay for building projects (pay-as-you go method).

WHEN IS THE ELECTION?

This millage proposal is on the Tuesday, November 3, 2015 ballot.

WHY IS THE SCHOOL DISTRICT ASKING FOR A NEW MILLAGE NOW?

Many areas of Johannesburg-Lewiston Schools' buildings have not been repaired, upgraded or improved for more than 20 years. Sinking fund millage is allowed to be used to address areas of need including, but not limited to, replacement of doors, windows, and roofs. A more detailed list of some of these projects is set forth in a table below.

WHAT WILL IT COST?

The school district's debt millage of 2.32 mills for its outstanding bond issue ends on December 31, 2015. If the sinking fund millage is approved by the voters (2.30 mills), it will be levied on July 1, 2016 after the debt millage has dropped off – resulting in a net decrease of total overall millage that taxpayers pay for school building improvements.

The current debt millage levy will expire and the new levy, if approved, will be for 0.02 mills less than the current levy. State law requires that it appear on the ballot as a new tax, but the levy is at a lower rate than the current levy that is dropping off the tax rolls after December 2015.

WHAT WILL THE SINKING FUND MILLAGE BE USED FOR?

School districts are limited by state law for what they can use sinking fund millage for. It can only be used for repairs, site work, building upgrades and construction or remodeling. It cannot be used to pay for general fund items such as classroom instruction, supplies, utilities, payroll, technology, equipment, furnishings or programs.

Projects that will be done in Johannesburg-Lewiston Schools if the sinking fund is approved include:

Year 1

Year 2

Roof – Lewiston	\$225,000	Roof – Jo’burg	\$500,000
Doors – both buildings	\$208,000	Carpet-both buildings	\$425,000
Secure Entrances- both buildings	\$100,000		
Year 1 Total Projected Expenses	\$533,000	Year 2 Projected Expenses	\$925,000

Any money not expended from the sinking fund each year will roll over to the next year. In this way, we will keep a safety net in case of a major expense that can be covered with the sinking fund, for example, if the boilers need to be replaced.

HOW WILL I KNOW COLLECTED FUNDS ARE BEING USED APPROPRIATELY?

State law requires an independent annual audit of the sinking fund and requires the district to submit the audit results to the state treasurer. If the Department of Treasury determines from the audit report that the sinking fund has been used for a purpose other than those authorized for the sinking fund under state law, the school district shall repay the misused funds to the sinking fund from the school district's operating funds and shall not levy a sinking fund tax after the date the Department of Treasury makes that determination. The audit results are required to be posted on the district's website.

WHAT IF I’M UNAVAILABLE TO VOTE ON NOVEMBER 3RD?

Absentee ballot applications are available for those unable to get to the polls on November 3.

More information is available on the Michigan Secretary of State website at: http://www.michigan.gov/sos/0,4670,7-127-1633_8716_8728---,00.html

HOW DOES THE SINKING FUND QUESTION APPEAR ON THE BALLOT?

Shall the limitation on the amount of taxes which may be assessed against all property in Johannesburg-Lewiston Area Schools, Otsego, Montmorency and Oscoda Counties, Michigan, be increased by and the board of education be authorized to levy not to exceed 2.30 mills (\$2.30 on each \$1,000 of taxable valuation) for a period of 5 years, 2016 to 2020, inclusive, to provide for a sinking fund for remodeling, constructing or repairing school buildings and facilities, 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 2016 is approximately \$937,000?

FOR MORE INFORMATION OR QUESTIONS

Please contact Superintendent Katy Xenakis-Makowski at 989-732-1773 or Jim Hilgendorf at 989-786-2604.