

What is a sinking fund?

A sinking fund — if approved by voters — provides proceeds for the district to make improvements to facilities on a pay-as-you-go basis. The money collected from a sinking fund levy is used to make improvements to buildings, purchase equipment, repair roofs, pave parking lots, etc. The district does not borrow money with a sinking fund, so 100% of the sinking fund revenues go toward district improvements, **and no interest is paid**. The use of sinking fund money is regulated by state and federal law. Sinking fund revenues are deposited into a segregated capital expenditure account, and like bond proceeds, cannot be used for salaries or benefits. Sinking funds are best utilized for a long-term capital improvements program spread out over a number of years. ***Sinking funds currently can't be used for technology or bus purchases.***