

CLINTON TOWNSHIP

# CV board approves bond refunding, budget amendment

By Thomas Franz 



CLINTON TOWNSHIP — A pair of budget-related moves were approved during a Jan. 11 Chippewa Valley Schools Board of Education meeting.

A motion to amend the 2015-16 budget was approved first, followed by approval of a series of 2016 refunding bonds, which school officials said could save district taxpayers upward of \$50 million over the next 25 years.

It is the second refunding of bonds since an April 13, 2015, meeting in which a resolution was passed to essentially refinance all or a portion of the district's outstanding bonds from 2005 and 2010, as well as its loans under the Michigan School Bond Loan Fund. The first bond refunding was in May.

"We've refunded some substantial amounts of bonds that the district holds from previous debt," said district Finance Director Scott Sederlund. "Because the interest rate environment is so favorable right now, we were able to refund these bonds at much lower interest rates than what we sold them."

Sederlund said the interest savings alone on the bonds is about \$15 million between the two refunds.

He added that the additional \$30 million to \$35 million will be saved over the next 23 years by refunding bonds in the school bond loan fund.

"The interest savings by refunding is the \$15 million, but then the other side of it is we don't have to borrow from the fund as much as what we would have if we kept the existing bonds intact," Sederlund said.

Sederlund said the school bond loan fund, which was created in the 1960s, helps growing school districts statewide build buildings without taxing citizens out of their homes.

The bonds being refunded now are 2010 bonds, while the bonds refunded in May were 2005 bonds.

Sederlund said bonds can be refunded every 10 years, but due to the 2010 bonds being taxable bonds supplemented by the federal government, they could be refunded now because their supplement was reduced.

"Part of the language was that if they cut their supplemental money, we can refund them at any time. That's why we did it," Sederlund said.

The 2005 bonds were used to build Sequoyah Elementary, Seneca Middle School and Dakota's Ninth Grade Center, and to complete renovation projects at Wyandot Middle School and technology projects throughout the district.

The 2010 bond was used for renovations throughout many district buildings, including additions to Erie Elementary, Iroquois Middle School and Algonquin Middle School.

A budget amendment for the 2015-16 fiscal year was also approved to reflect changes in revenues and expenditures from the budget that was originally proposed over the summer.

The amended general fund budget reflects an increase in projected revenue from \$149.0 million to \$150.7 million, while projected expenditures also increased, from \$148.3 million to \$151.4 million.

The primary factors in the changes, Sederlund said, are pupil count and staffing numbers, which are not finalized by the state-imposed June deadline for districts to set their budgets.

"It makes it difficult, and until you know those numbers on the count day in October, and then staffing we don't know until the school year starts really, it's hard to estimate that," Sederlund said. "That's why we do this amendment, because now we know those numbers, and those numbers are firmed up so we can get a better idea of where we are financially in the district."