

Dist. 20 poised to react to bond market

Written by Elizabeth Barrett
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Board members want to refinance bonds at lower interest rate.

Patrons of District 20 may save money on the repayment of bonds.

At least that's how superintendent Mike Teahon described the importance of the district positioning itself to react to the refinancing of bonds at a lower interest rate.

The sale of bonds was how the district built the junior-senior high school and an addition to Dudley Elementary. At the end of fiscal year 2009, the district had \$9.72 million left to pay on the bonds.

At a Monday night meeting of the District 20 school board members voted to direct superintendent Mike Teahon to set the parameters for refinancing the bonds and to seek a bond credit rating.

In 2005, the district was able to refinance \$10,585,000 of general obligation bonds that saved approximately \$1.2 million in bond costs.

With parameters in place this time, Teahon said the district could react immediately if the market lends itself to a certain level of savings.

"Interest rates were at a low point at the end of September but the bonds were not callable at that point so we weren't able to take advantage of them," he told the board.

Board member Nate Wyatt, who serves on the board's finance committee, said the district probably won't experience near the savings it did in 2005.

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“We could probably hope to save about \$300,000,” Wyatt said.

On Tuesday, he explained that as the district pays off bond holders, new paper is issued at a more favorable interest rate to district patrons.

Wyatt added that hiring a firm to do a bond rating for the district is an expense which may have to be done a second time if the board doesn't take action within six months of the rating.

A bond credit rating, he explained, is an analysis of an entity's cash flow and ability to repay debt.

“Based on history, interest rates dip the first part of January so it may be wise to have it in place,” he said.

Teahon estimated a bond credit rating to cost between \$6,000 to \$10,000.

In other action, the board passed the 2009-09 district audit as prepared by McDermott & Miller of Kearney.

Certified public accountant Mindy Fink reviewed the audit with board members.

When asked what the district could do to improve its financial operation, Fink noted the lack of segregation of duties in several areas “where one person has control over receipts and disbursement of assets.”

Fink said the deficiency is common in smaller school districts that don't have the manpower to segregate duties.

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Teahon said the district has assigned a second person to examine invoices and confirm transactions to help financial operations.

Board members also approved the plat of Terry's Business Park—a new subdivision west of the Super 8 Motel where the building of a motel and other development is underway.

City officials had asked the district to approve the plat.

In other business, the board:

- heard that school officials are looking at other contractors to figure out a condensation problem underneath the roof of the Community Building. School maintenance director Jay Holmes said he thinks insulation is deteriorating, a problem that has increased this fall.
- were informed that an advisory committee would meet to gather information about the offering of public school preschool.
- learned that once new Dudley Elementary teachers finish Boy's Town training, Dudley staff is 100% trained in the social skills taught by the program.
- were notified that District 20 would host the speech district Gothenburg would compete in as well two additional speech districts for smaller schools all on March 3.
- were told that the Nebraska School Activities Association is considering the regulation of junior high activities that includes the certification of paid coaches.
- were given a rough draft of a newsletter written by teachers and staff to be sent to alumni by the Gothenburg School Foundation.

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