

# Crook County School District

where students dream, learn, & succeed



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## **Crook County Schools Refinance Bonds to Save Taxpayers \$3.2M**

### ***Favorable Bond Market Provides Opportunity for School Board to Pass On Savings***

Crook County voters approved a \$33 million bond measure in 2013 to build Barnes Butte Elementary and make other upgrades throughout the Crook County School District. Seven years later, some of those bonds are coming due - creating an opportunity to refinance debt and save \$3.2 million over 18 years.

“When we looked at our current bond structure and what was happening in the market, it became clear we could save our voters money,” explained Anna Logan, Director of Business & Finance. “Historically low interest rates gave us the opportunity to reduce what we pay in principal and interest each year.”

CCSD is refinancing \$28.4 million on the bond measure because of lower interest rates. Rates on the old debt ranged from 2.5% to 4.5%, but the refinance will reduce the rates to 1.27% - 2.9%.

In 2013, when voters approved the original bond, the advertised rate for taxpayers was \$1.03 per \$1,000 of assessed value or \$309 per year on a \$300,000 home. However, CCSD has never reached that assumed rate and is currently assessing \$0.85 per \$1,000 today. In order to realize the savings over time, the bond refinance will go up to \$0.95 for the next two years and then drop to an estimated \$0.77 per \$1,000 after that. That is good news for taxpayers. When the bond passed for Crook County High School in 1994, the advertised tax rate was \$2.84 per \$1,000 - more than three times higher than the current rate.

The reason for the increase the first two years is to pay off some of the debt early in the cycle, leading to more savings for taxpayers in future years. Savings from this refinance does not create funding to operate or maintain schools.

“All savings from this refinance goes directly to taxpayers,” Logan said. “When bonded debt goes down, the tax assessment goes down because a lower level of tax assessment is needed to pay the principal and interest payments.”

CCSD has stayed well below the rate of \$1.03 that was estimated when taxpayers approved the bond measure and will continue to stay below that rate long term. That puts the school district in a good position when considering a future bond measure since a new bond request could potentially stay below that rate.

“The school board saw this as a strategic opportunity to save the taxpayers money and make any future bond measure requests more cost-effective, because the bond refinance gives us greater flexibility and allows us to stay below the \$1.03 that our voters are comfortable with,” said School Board Member Doug Smith.

Given the COVID-19 pandemic and economic uncertainty, the school district has no plans to ask for a bond measure any time soon, but Smith says the bond refinance is a fiscally responsible move that’s good for the school district and taxpayers long term.

### **About Crook County School District**

Crook County School District is a thriving, rural, growing district in Central Oregon, serving more than 3,000 students from all across Crook County. It is an organization with integrity, a model for educational success, and a recognized leader for excellence in helping students dream, learn, and succeed.

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