Glenbard Township High School District 87

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Bond refinancing will save taxpayers' money

Glenbard Township High School District 87 has agreed to refinance (re-fund) two bond issues from 1998, a move that will save thousands of taxpayer dollars annually.

One bond issue was taxpayer funded and will save the taxpayers approximately $55,000 each year. The second bond issue to be refinanced is funded by the district's operating budget and will reduce the deficit by $70,000 per year.

These re-funding bond issues will save taxpayers $1.97 million over the term of the bonds. The value of the savings is $1.5 million in today's dollars. (net present value).

Because of favorable bond market conditions, Glenbard realized greater savings than previously anticipated and by a favorable bond rating.

The refunding bonds were rated by Moody's Investors Service and assigned a rating of A1, which was the same rating received two years ago, in spite of two years of continued deficits.

Moody's cited Glenbard's plans for an April 5 referendum to generate more than $16 million annually as well as a contingency plan that calls for reducing expenditures by another nearly $6 million should the referendum be rejected. Balanced operations are expected for fiscal year 2006.

"Moody's believes the success of the district's plan will be critical to rebuilding General Fund Balances and further deterioration of reserves could affect credit quality," said John Crawford, an analyst with Public Finance Group.

According to Gary Frisch, assistant superintendent of finance, the rating agency was impressed with the Glenbard Board of Education's goal to balance the budget within three years by trimming expenses, seeking voter approval of a tax rate increase and a having a contingency plan in case voters reject the tax rate increase request. Since coming to Glenbard, Superintendent Timothy Hyland has worked to meet the board's goal to balance the budget.

Glenbard anticipates an accumulated deficit of $27.2 million. Contributing factors to this deficit are increasing enrollment without additional general state aid funding, escalating health care costs and decreased investment interest income.

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