

Bethalto School District closes on issuance of \$3.8 million in bonds

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BETHALTO - The petition window has closed on the issuance of nearly \$3.8 million in bonds issued by the **Bethalto School District** after the issuance was approved at the Oct. 24 meeting of the **Bethalto Board of Education**.

Those bonds were divided into two groups, **Bethalto School District Business Manager Barrett Deist** said. The first issuance was for \$1.3 million in working cash bonds. As much as \$800,000 of those bonds will be used to repay the district's education

fund and transportation costs, Deist said. The remaining \$500,000 would be used in case the district faced future contingencies from state funding. The second bond issuance was \$2.5 million in funding bonds, which much be utilized to clear the district's debt. Deist said that money will be used to pay three remaining payments due for laptop leases and clear debt from a previous issuance of \$1.7 million in working cash bonds.

"We're not just trying to issue additional money for additional revenue," Deist said. "We're doing this so it is easier to live within our means at the district."

Deist said the district is working on balancing the budget by next year. He said they were working toward a \$1.8 million deficit reduction plan, which includes cutting expenditures. The State of Illinois gives school districts up to three years to have a balanced budget. Deist said the Bethalto School District is working on a much shorter time table.

"We're wanting to get it done next year, due to our lack of reserves," Deist said. "We can't rely on state funding."

State funding for the district has been dismal, Deist said. The Bethalto School District is not alone in this situation, either. Decreased equalized assessed values (EAVs) have cut the amount of revenue generated by property taxes across the county since the Great Recession caused by the housing bubble burst of 2008. Many school districts in Illinois have yet to recover from that.

"We were prorated 92 percent last year," Deist said. "The state said we would be fully funded this year, but we're worried that was just a ploy for election year. We may face more proaction of funds over the next year."

Proration of funds occurs when the state does not deliver the promised amount to school districts. When the district's aid is prorated by 92 percent, it only receives 92 percent of the money they were promised. Deist said the state has prorated funding to the district between 80-99 percent since 2008. Transportation fund reimbursements have been prorated as low as 70 percent. The district has also missed categorical payments from the school, which are used for transportation costs and special education, among other important programs and operations.

Because of the uncertain future of state funding, a portion of the \$2.5 million in funding bonds was used to pay old debt, partially so the district has the option of accumulating new debt through a future bond issuance - a tactic Deist does not want to use.

"Our goal is not to do that," he said.

After the bonds were issued, voters in the Bethalto School District were given 30 days to collect petitions to force the issuance to a public ballot. Deist said 10 percent of voters in the district, which is approximately 991 people, would have to sign the petitions during that 30-day window in order to force the matter to public vote. That window closed on Nov. 25. The issuance of bonds without public approval is known as a "backdoor referendum."