

Frequently Asked Financial Questions  
Ridgewood Community High School District 234

***I see that Ridgewood has a financial rating of “Recognition” from the Illinois State Board of Education. What does that mean?***

Every year the ISBE publishes profile scores for all school districts based on five key indicators: Fund Balance to Revenue Ratio, Expenditures to Revenue Ratio, Days Cash on Hand, Percent of Short Term Borrowing & Percent of Long Term Borrowing. “Recognition” is the highest level that can be achieved by a District.

***Where does the money come from to run Ridgewood each year?***

Every year Ridgewood receives funds to operate from local property taxes, the State of Illinois and the federal government. The breakdown for the school year 2018 was as follows:

90.19%	Local
7.63%	State
2.17%	Federal

Source: *FY2018 Annual Financial Report*

***Does Ridgewood decide how much I get charged for property taxes?***

Each year Ridgewood can request that the total amount of money they receive (from all the property taxes collected) be increased. However, because we are a tax-capped district we cannot receive an increase in funds that exceeds 5% over the prior year levy or the consumer price index- whichever is lower. New property in any given year is not subject to the tax cap.

The specific amount of taxes that is charged to each individual property (both residential and commercial) is determined by Cook County based on the EAV (equalized assessed value) and the tax rate.

***Why do I see that Ridgewood has a large amount of debt?***

The District has no short term debt and can meet its operating expenditure obligations each fiscal year.

The District does have long-term debt. In 2006 a referendum was passed by the voters that allowed \$40 million in bonds to be issued for school renovations. Beginning in 2007, the District began issuing bonds. This money could only be used on the physical improvement of the school (not day to day activities). These bonds are listed as long term debt. The current balance on principle of bonds, as of February, 2019, is \$26,535,000.00.

**When will these bonds be paid off?**

The schedule to pay off these bonds were set at the time they were issued. The last payment date is 12/31/28. For complete information you can visit [www.emma.msrb.org](http://www.emma.msrb.org)

**Why is the amount that Ridgewood shows as long term debt larger than the remaining amount of the bonds?**

A bond operates the same as a mortgage on a house. Although you borrow a certain amount of money to purchase the house, the payments made over the life of the mortgage are both principal and interest. This means that the total amount of money you paid (adding up every payment) is larger than the amount borrowed. This is why there are two different numbers concerning the debt.

**Can Ridgewood do anything to lower the cost of the bonds?**

A public body can “refinance” (the actual process is termed *refunding* in the industry) long term debt if the interest rates are favorable. Ridgewood has done this on three different bonds in the last five years that has resulted in a savings of over \$2 million in interest payments for taxpayers.

Here are the bonds that have been refinanced along with the interest savings achieved by the District:

General Obligation (GO) Limited Tax Series 2015 <b>April 14, 2015</b>	\$182,695
General Obligation Bond (GO Bond) <b>May 01, 2016</b>	\$949,700
Series 2017 Bond <b>October 30, 2017</b>	\$1,192,453
<b>Total Savings to Tax Payers</b>	<b>\$2,324,484</b>

This refinance did not extend the length of payments, only the total dollar amount paid due to a reduction in interest rates.

**Ridgewood was awarded a federal grant from the Federal Aviation Administration (FAA) worth over \$21 million for sound abatement. Why didn't that reduce our total debt for the \$40 million in renovations?**

The FAA grant was specifically awarded to address soundproofing the building envelope. It could not be used to pay down existing bonds. The scope of the grant included

soundproofing roofs, chillers, HVAC systems, windows and sound insulation. As part of federal regulation, the District conducted and submitted a single-audit to the FAA each year during the grant period.

***What is the financial condition of the district?***

Very strong.

- Moody's assigned a rating of Aa2 in 2017
- Consistently operate with expenses less than revenues
- Adequate fund balance to support programs during turbulent financial cycles
- The District has no short term debt.
  
- Long-term debt consists of five (5) bonds that are scheduled to be retired on December 31, 2028. The District has no intent to extend the life of the bonds.

Any additional questions can be directed to Mr. Thomas Parrillo, Assistant Superintendent for Finance & Operations.

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