

# Alton School District may seek tax anticipation warrants due to state funding

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**ALTON** - The **State of Illinois** currently owes the **Alton School District** as much as \$4 million in categorical payments, which are primarily used to reimburse the district for essential services - including transportation and special education.

Because of the lack of state reimbursements, **Alton School District Business Director Christopher Norman** said the **Alton Board of Education** has approved more than \$2

million in inter-fund loans to the transportation funds, most recently approving a \$600,000 loan from the operations and maintenance fund at its Tuesday, Feb. 21, 2017, meeting. Norman said the current balance of \$2 million loaned to the transportation fund is more than the district needed to loan in the 2015-16 school year. He said it is a direct result of the state being late with the two of four categorical payments it has promised to send the district as well as nearly a third of the transportation funding being prorated.

"What this is going to lead to in the next couple months, if we don't see anything done at the state level with the so-called "Grand Bargain," is we must issue tax anticipation warrants," Norman said. "Basically, it means we will borrow funds to pay for expenses this year against revenues we won't receive until next year. It's not a place we want to be, but when we look at our categorical payments, we don't really have another choice."

Norman said the district may borrow as much as \$4-\$5 million in tax anticipation warrants in the coming months. That estimate is based on if the state makes good on its promise to pay the district at least two of the four categorical payments owed to the district. Norman said, even if the payments are made, they are as much as six months late.

The transportation funds being prorated by as much as 33 percent is also a massive problem for the district. Since 2010, Norman said the Alton School District has only received two-thirds of what is owed to them from the state for transportation. Over that seven years, that proration of funds has lead to a loss of as much as \$4.1 million in revenue the district was expecting.

"It's not hard to see, if the funds had not been prorated, we would not have even had to consider those inter-fund loans this year," Norman said. "When you hear they may not make two categorical payments, that's a \$4 million gap we did not and could not anticipate. The only way to address that gap in the middle of the year like this is by issuing tax anticipation warrants."

State funding is playing havoc on the district, which has steadily whittled its deficit from more than \$4 million a few years ago to just under \$2 million for the 2016-17 school year. In a related area, Norman said that debt may be entirely vanquished in 11 years, especially if a county-wide school facilities tax referendum is passed on the April 4, 2017, ballot.

To show its commitment to financial accountability, Norman said half of the \$8.725 million in debt restructuring bonds issued through a unanimous vote at the Dec. 15, 2015, meeting of the Alton Board of Education were transferred to debt service payment in March 2016, with the other half being slated to do the same thing this-coming March 2017.

"There was some concern we would use them in our working cash fund, but we are fulfilling the promise we made to only use them for debt service payment," he said.