

Alton School District authorizes tax anticipation warrants, but hopes to not need them

by Cory Davenport, Contributing Writer
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ALTON - The Alton Board of Education authorized the potential use of tax anticipation warrants during its meeting on Tuesday, April 18, 2017.

Alton School District Director of Financial Services Christopher Norman said the district hopes it will not have to use those, hoping a line of credit from Liberty Bank authorized by the board earlier in the year will suffice. While the district is now

authorized by its board to move forward with tax anticipation warrants, no other action has been taken, nor have any warrants been issued.

"The board action last night authorized the district to move forward with warrants if necessary, but we have not actually proceeded with a warrant sale," Norman said in an email. "It is our hope that the previously approved line of credit with Liberty Bank will be all that is necessary."

Tax anticipation warrants are ultimately devices used to borrow against future moneys expected to be collected through tax dollars. Norman described it as "a loan, which uses future tax returns as the collateral."

"Normally, when the county clerk distributes tax receipts, they would go straight to the district, but when the warrants are issued by the district, but when warrants are issued by the district, then tax revenue needed to satisfy the loan goes to warrant-holders first," Norman said in an email.

Both the line of credit and the daunting possibility of tax anticipation warrants are the direct results of delays in the state's categorical reimbursements, Norman said. The primary uses of those reimbursements are the special education and transportation expenses incurred last year by the district.

"As of today (April 19, 2017 at 3:21 p.m.), we have received none of the four quarterly categorical payments for 2016-17," he said. "Last year, we had received two of the four by this time and the third before the end of April. At this rate, we are only expecting to receive one of the four payments by the end of the fiscal year, which essentially puts the district about \$5 million behind on revenue."