



## Legislation Text

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**File #:** 23-1289, **Version:** 1

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County Counsel recommending the Board decline to authorize the issuance of Tax and Revenue Anticipation Notes on behalf of the Lake Tahoe Unified School District, thus allowing the District to issue such notes in its own name.

**FUNDING:** N/A

### **DISCUSSION / BACKGROUND**

On numerous occasions over the past several years, at the request of various local school districts, the Board of Supervisors took action to allow those districts to issue Tax and Revenue Anticipation Notes ("TRANS"). (See Legistar Items 20-0805, 21-0154, 21-1018, and 22-1011.)

On June 14, 2023, County Counsel and the Treasurer-Tax Collector received a letter on behalf of the Lake Tahoe Unified School District (the "District") notifying the County of its desire to issue a series of TRANS for Fiscal Year 2023-24 in the cumulative maximum amount of \$7,000,000.

TRANS are a form of short-term borrowing used to manage cash flow when revenues and expenditures are uneven over the course of a fiscal year. Though the notes may mature up to fifteen months after issuance, they are payable solely from the revenue received or accrued during the fiscal year within which they are issued. Additionally, such notes are limited to an amount up to 85% of the issuer's estimated taxes to be collected, income, revenue, cash receipts, and other moneys available for making note payments.

The procedure to authorize issuance of TRANS is set forth in Government Code section 53853. It provides that, for school districts that have not been accorded fiscal accountability status, the notes may be issued by the Board of Supervisors. However, when the notes are to be issued in conjunction with other notes (i.e., pooled), then should the Board of Supervisors fail or decline to authorize issuance of the notes within forty-five days of receipt of the resolution from the requesting district, then the district may issue the notes in its own name. In that situation, the Board, the County Treasurer, and the County Auditor shall not be deemed to have any fiduciary responsibility regarding any such notes. The notes are considered general obligations of the District and will be payable exclusively from money of the District.

The District adopted a resolution authorizing issuance of TRANS as part of the California School Cash Reserve Program, which is a program sponsored by the California School Boards Association Finance Corporation and in which numerous school districts through the state are participating through the simultaneous issuance of TRANS. The District has chosen to issue TRANS to provide operating liquidity. The District is requesting that the Board exercise its option to decline to issue the notes and notify the District of that decision within the 45-day period so that the District may issue TRANS in its own name as soon as possible.

In accordance with the District's request, we are recommending that the Board decline to issue the

subject TRANS and direct the Clerk of the Board of Supervisors to provide notice of this action to the District. The County Treasurer-Tax Collector concurs with this recommended course of action.

### **ALTERNATIVES**

The Board could choose to authorize the County to issue the subject TRANS on behalf of the District. Should the Board choose this course of action, staff will return to the Board with a resolution authorizing issuance of the notes pursuant to Government Code section 53853.

### **PRIOR BOARD ACTION**

Legistar Item 20-0805 (June 23, 2020), Legistar Item 21-0154 (February 9, 2021), Legistar Item 21-1018 (June 22, 2021), Legistar Item 22-1011 (June 21, 2022): The Board declined to authorize the issuance of Tax and Revenue Anticipation Notes ("TRANS") on behalf of various school districts, thus allowing those school districts to issue such TRANS in their own name for the subject fiscal years.

### **OTHER DEPARTMENT / AGENCY INVOLVEMENT**

Treasurer-Tax Collector

### **CAO RECOMMENDATION / COMMENTS**

Approve as recommended.

### **FINANCIAL IMPACT**

There is no financial impact associated with declining to authorize the issuance of TRANS on behalf of the District.

### **CLERK OF THE BOARD FOLLOW UP ACTIONS**

The Clerk of the Board of Supervisors will send notice of the Board's action to the District by signing and emailing the memo to Dale Scott & Company at [trans@dalescott.com](mailto:trans@dalescott.com)

### **STRATEGIC PLAN COMPONENT**

Good Governance

### **CONTACT**

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