



Staff Report

RESOLUTION AUTHORIZING THE ISSUANCE OF TAX REVENUE ANTICIPATION NOTES FOR FISCAL YEAR 2008

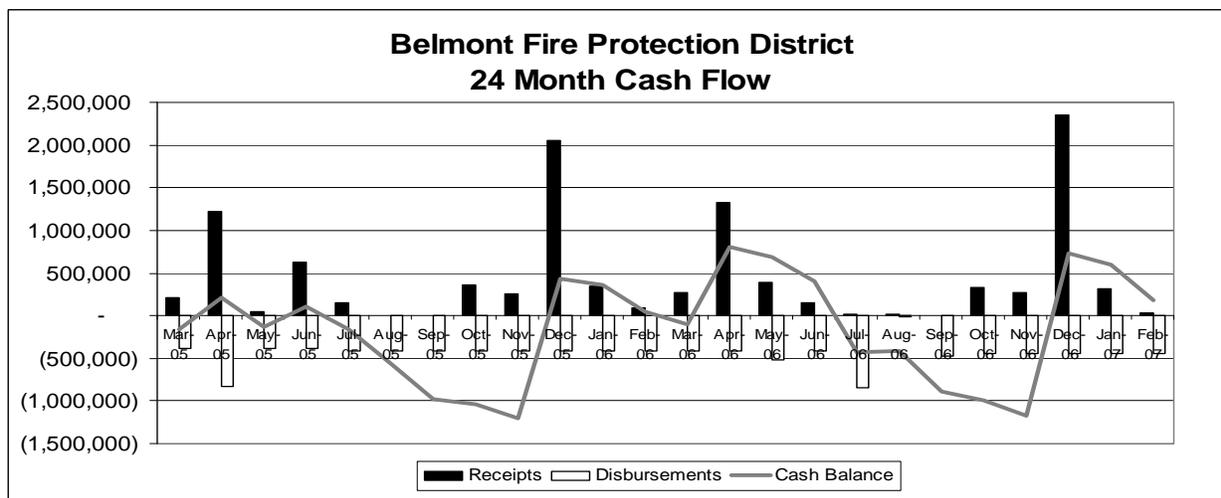
Honorable President and Board Members:

Summary

The Belmont Fire Protection District (District) experiences cash shortfalls due to the timing difference between the normal level of operating expenditures and the semi-annual receipt of property taxes. To bridge the temporary cash flow needs of the District are Tax Revenue Anticipation Notes (TRANs). TRANs are a form of short-term borrowing to assist the District with its cash flow requirements. The attached resolution authorizes the issuance of TRANs for Fiscal Year 2008 in an estimated amount of \$1,500,000.

Background and Discussion

The District's major revenue source is from property taxes received in semi-annual installments during December and April. The District is responsible for funding the normal operational needs of the Belmont-San Carlos Fire Department (Department) in equal installment throughout the year. As shown in chart below, the timing between the District's funding from property taxes and the Department's monthly operational needs causes a temporary cash flow issue. In the past, the District normally borrows monies from City's pooled funds in anticipation of receiving property taxes.



TRANs are tax-free bonds that are issued on a 12 or 13 month basis specifically for the purpose of covering potential cash flow deficits for governmental agencies that rely heavily on property tax distributions as a source of revenue. When not actually needed for cash flow purposes, bond proceeds may be reinvested as authorized by the District’s investment policy. As a result, TRANs can also provide an additional source of revenue if the cost of tax-exempt borrowing is less than the income gained from reinvestment of the funds in taxable instruments, thus producing a net gain for the District.

On April 5th, the Finance Commission recommended the District authorize the issuance of TRANs as proposed by staff.

Fiscal Impact

No direct fiscal impact. The actual size of the issue is based on the District’s anticipated cash flow needs and is estimated in an amount of \$1,500,000 for Fiscal Year 2008. The final amount borrowed will be calculated as part of the TRANs application process. The resolution attached authorizes the issuance of TRANs up to \$5,000,000.

Public Contact

Posting of City Council agenda.

Recommendation

Approve resolutions authorizing to issue Tax Revenue Anticipation Notes for Fiscal Year 2008 in an estimated amount of \$1,500,000.

Alternatives

1. With direction, refer the matter back to the staff for further study.

Attachments

- A. Resolutions authorizing to issue Tax Revenue Anticipation Notes.

Respectfully submitted,

Thomas Fil
Finance Director

Jack R. Crist
Executive Director

Staff Contact:

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BELMONT FIRE PROTECTION DISTRICT RESOLUTION NO. _____

**RESOLUTION OF THE BELMONT FIRE PROTECTION DISTRICT
AUTHORIZING ISSUANCE OF TAX REVENUE ANTICIPATION NOTES FOR
FISCAL YEAR 2008**

WHEREAS, the Belmont Fire Protection District (District) experiences cash shortfalls due to the timing difference between the normal level of operating expenditures and the semi-annual receipt of property taxes; and,

WHEREAS, Tax Revenue Anticipation Notes (TRANS) are tax-free bonds that are issued on a 12 or 13 month basis specifically for the purpose of covering potential cash flow deficits for governmental agencies that rely heavily on property tax distributions as a source of revenue; and,

WHEREAS, the Directors authorize the issuance not to exceed the sum of \$5,000,000 to offset the short term cash flow needs until the property taxes for the fiscal year are collected in December and April; and,

NOW, THEREFORE, BE IT RESOLVED that the Belmont Fire Protection District hereby authorizes the issuance of Tax Revenue Anticipation Notes for Fiscal Year 2008 in an estimated amount of \$1,500,000.

* * * * *

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the Belmont Fire Protection District at a regular meeting thereof held on April 24, 2007 by the following vote:

AYES, DIRECTORS: _____

NOES, DIRECTORS: _____

ABSTAIN, DIRECTORS: _____

ABSENT, DIRECTORS: _____

Secretary, Belmont Fire Protection District

APPROVED:

President, Belmont Fire Protection District