



Board Agenda Item 7

DATE: August 5, 2025

TO: Board of Supervisors

SUBMITTED BY: Oscar J. Garcia, CPA, Auditor-Controller/Treasurer-Tax Collector

SUBJECT: Laton Joint Unified School District 2025 Tax and Revenue Anticipation Notes (Not a County Liability)

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute Resolution providing for the borrowing of funds on behalf of the Laton Joint Unified School District (Laton JUSD) for Fiscal Year (FY) 2025-26 and the issuance and sale of 2025 tax and revenue anticipation notes therefor, in an aggregate principal sum of not to exceed \$3,000,000.

Approval of the recommended resolution would authorize the County to borrow, on behalf and in the name of Laton JUSD, an aggregate principal sum of not to exceed \$3,000,000, by the issuance and sale of 2025 tax and revenue anticipation notes (TRAN). Such action includes approval by your Board of the form of the notes, and authorizes the Auditor-Controller/Treasurer-Tax Collector (ACTTC), the County Administrative Officer, and the Chairman to take any and all actions and execute any and all documents, that are necessary to the issuance and sale of the TRAN as provided in the recommended resolution on behalf and in the name of Laton JUSD, such as the Note Purchase Contract and an Officers' Certificate of the County. The portion of Laton JUSD that is in Fresno County is located in District 4.

ALTERNATIVE ACTION(S):

Your Board may choose to deny this action and the County would not borrow funds by the issuance of a TRAN on behalf and in the name of Laton JUSD for FY 2025-26. If your Board does not approve the recommended action, then Laton JUSD appears likely to suffer the effects of a projected negative cash flow during Fiscal Year 2025-26.

FISCAL IMPACT:

There is no Net County Cost associated with the recommended action. Because the County would be borrowing funds in the name of Laton JUSD, Laton JUSD has pledged that the TRAN will be obligations of Laton JUSD and will be repaid using taxes, income, revenue and other moneys intended as receipts for the general fund of Laton JUSD and which are generally available for the payment of current expenses and other obligations of Laton JUSD ("unrestricted moneys"). The Laton JUSD 2025 TRAN would not be a County obligation, your Board would not be obligated to approve the official statement or other disclosure documents in connection with the TRAN, and the County would not be administering the Repayment Fund for this TRAN.

DISCUSSION:

A TRAN is a short-term loan that provides government entities the ability to borrow based on anticipated

revenues during the fiscal year in which it is issued and is used to finance current fiscal year operations (including but is not limited to current expenses, capital expenditures, and the discharge of other obligations or indebtedness). A TRAN may be issued on a federally tax-exempt basis or on a federally taxable basis. In general, a local agency may issue a TRAN when it projects a negative cash flow prior to the receipt of taxes and revenues for that fiscal year.

Laton JUSD is a school district located in Fresno County and Kings County, comprising five schools: Laton High School, Laton Middle School, Laton Elementary School, Laton Preschool, and Laton Online Academy. Laton JUSD is within the jurisdiction of the Fresno County Superintendent of Schools and falls within the jurisdiction of your Board.

Laton JUSD does not have fiscal accountability status under Education Code section 42647 or 42650. Fiscal accountability status means a district meets specific statutory requirements that demonstrate its ability to manage its financial operations with more autonomy. Because Laton JUSD does not have that status, under Government Code section 53853, Laton JUSD may not issue its own TRAN. There is a process by which districts without fiscal accountability status, such as Laton JUSD, may join in a group with other districts for issuance of a pooled TRAN, but Laton JUSD was unable to do so for FY 2025-26.

As a result, the only way for Laton JUSD to issue a TRAN is for your Board to issue a TRAN on its behalf and in its name. Under Government Code section 53853, if a school district has not been accorded fiscal accountability status, then a TRAN must be issued in the name of the school district by the board of supervisors of the county, the county superintendent of which has jurisdiction over the school district, as soon as possible following the receipt of a resolution of the governing board of the school district requesting the borrowing. Your Board is the proper board of supervisors to issue such notes on behalf of, and in the name of, Laton JUSD.

On June 9, 2025, Dale Scott & Company, the municipal advisor for Laton JUSD, reached out to the ACTTC regarding the need for Laton JUSD to seek your Board's issuance of notes on behalf of, and in the name of, Laton JUSD under Article 7.6 (commencing with Section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code, for FY 2025-26.

On July 9, 2025, the Laton JUSD board adopted a resolution, District Resolution 25-26 #1, requesting your Board to issue tax and revenue anticipation notes on behalf of, and in the name of, Laton JUSD in an amount not to exceed \$3,000,000 with respect to FY 2025-26 for authorized purposes of Laton JUSD. A copy of District Resolution 25-26 #1 is included with this agenda item.

As allowed under Government Code section 53858, Laton JUSD has provided in District Resolution 25-26 #1 that the principal amount of the TRAN issued, when added to the interest payable thereon, shall not exceed 85% of the estimated amount of the uncollected taxes, income, revenue, cash receipts and other moneys of Laton JUSD for the general fund of the district attributable to FY 2025-26, and available for the payment of said notes and the interest thereon.

District Resolution 25-26 #1 expressly provides the following protections for the County:

- Laton JUSD would indemnify and hold harmless, to the extent permitted by law, the County and its officers and employees, against all losses, claims, damages or liabilities, joint or several, because of action or inaction by Laton JUSD related to the TRAN. Laton JUSD would also be obligated to reimburse the County, or its officers or employees, for legal or other expenses incurred with investigation or defense of any such claims or actions.
- The County would not have any liability in connection with the proposed TRAN, and no part of any fund or account of the County would be pledged or obligated to the payment of the TRAN. The TRAN would not constitute a debt, or a pledge of the full faith and credit, of the County, or any of its officers,

agents, or employees. The TRAN would be solely the obligation of the District and payable solely from moneys of the District.

- The County would have no duties to undertake any disclosure, including initial disclosure (an “official statement”), continuing disclosure, or otherwise, in connection with the TRAN.

The draft Note Purchase Contract, between Laton JUSD, the County, and an underwriter to be selected by negotiation in August, also reflects those protections.

If approved by your Board, the TRAN would be dated as of the date of issuance with an anticipated maturity date of June 30, 2026, to be repaid with revenues that Laton JUSD expects to receive in or around April 2026. At the time of preparing this agenda item, a rating on the TRAN was not available. Laton JUSD currently anticipates receiving a rating on or around August 1, 2025, followed by pricing on or around August 12, 2025, and closing on or around August 26, 2025.

Representatives of Laton JUSD will be available at the Board meeting to answer questions.

OTHER REVIEWING AGENCIES:

Debt Advisory Committee

ATTACHMENTS INCLUDED AND/OR ON FILE:

Resolution

On file with Clerk - Draft Note Purchase Contract

On file with Clerk - Draft Officers' Certificate of the County

On file with Clerk - District Resolution 25-26 #1

CAO ANALYST:

Paige Benavides