

BOARD AGENDA ITEM

June 12, 2012

SUBJECT:

Resolution to Authorize the Issuance of a Tax Anticipation Note (TAN), Series 2012, Not Exceeding \$2,800,000

BACKGROUND INFORMATION:

In 2002, the South Carolina Association of Governmental Organizations (SCAGO) was formed to provide school districts opportunities to take advantage of their combined resources in financial markets. The SCAGO TAN Program is one such opportunity.

ADMINISTRATIVE CONSIDERATION:

Whereas operating expenditures are incurred on a consistent monthly basis, operating revenues can be more sporadic. Most property tax revenue is received during the months of December through February. When State allocations, other revenues and the District's fund balance are not sufficient to cover the costs of operations, the District operates in a deficit. The Administration estimates a low-point operating deficit of no more than \$2,800,000 during 2012-13.

The SCAGO TAN Program has provided the District with a short-term financing option during the past nine years. The District's borrowings via TANs ranged from a low of \$5,500,000 in 2006-07 to a high of \$18,000,000 in 2009-10. For 2011-12, the District borrowed \$9,500,000. Amounts borrowed are largely dependent on the size of the operating budget, the timing of cash flows, and the size of the General Fund fund balance. TANs are repaid prior to April 15 with District operating revenue.

RECOMMENDATION:

Approve the resolution to authorize the issuance of a tax anticipation note, Series 2012, not exceeding \$2,800,000.

ATTACHMENTS:

1. Proposed Resolution

PREPARED BY:

Marion O. Traxler III

A RESOLUTION

AUTHORIZING THE ISSUANCE OF A NOT EXCEEDING \$2,800,000 TAX ANTICIPATION NOTE, SERIES 2012, OF THE CONSOLIDATED SCHOOL DISTRICT OF AIKEN COUNTY, SOUTH CAROLINA; AUTHORIZING THE SALE OF SAID NOTE TO THE SOUTH CAROLINA ASSOCIATION OF GOVERNMENTAL ORGANIZATIONS PURSUANT TO THE TERMS OF ITS SC TAN PROGRAM; PRESCRIBING THE TERMS AND CONDITIONS UNDER WHICH THE NOTE MAY BE ISSUED; PROVIDING FOR THE FORM OF NOTE; PROVIDING FOR THE PAYMENT THEREOF; AUTHORIZING CERTAIN OFFICIALS OF THE SCHOOL DISTRICT TO DETERMINE CERTAIN MATTERS RELATING TO THE NOTE; AND OTHER MATTERS RELATING THERETO.

Adopted: June 12, 2012
