

# Tahoe City Public Utility District Financial Policy

## Property Tax Revenue Policy Policy Number: 2045

### I. PURPOSE

This policy is established to set forth guidelines for the prudent and transparent use of the District's property tax revenue from Placer and El Dorado counties.

### II. POLICY OVERVIEW

Under Article XIII, C, of the California Constitution, property tax in California is a "General Tax". A "General Tax" means any tax imposed for general governmental purposes. Therefore, the Board has the authority to direct the use of property tax revenues and has broad discretion in how these funds can be used. This policy is designed to provide policy guidance on the appropriation and use of these specific revenues. The District uses property tax revenue to fund parks and recreation operating expenses and capital projects for sewer, water and parks and recreation. Property tax revenue is also used to pay debt service on existing borrowings, and for other authorized purposes as approved by the Board.

Per the District's *Water System Acquisition Policy*, the District intends to continue to address and respond to the changing water needs in the community and provide for the equitable future use of property tax. In these circumstances, property tax may be used with Board approval.

### III. DEFINITIONS

As used in this policy, the following terms shall have the meanings specified below:

- a. Board - The lawfully elected or appointed governing body of the TCPUD.
- b. Capital Projects – Major construction, acquisition, or renovation activities which add value to the District's physical assets or significantly increase their useful life – also called capital improvements.
- c. Constituents - Residents, property owners, ratepayers, customers, beneficiaries of services, business owners, and voters within the District's boundaries.
- d. District – The Tahoe City Public Utility District (District or TCPUD).
- e. Debt Service – The amount necessary to pay principal and interest requirements on any particular type of long-term debt.
- f. Financial forecasting – The process of projecting revenues and expenditures over a long-term period, using assumptions about economic conditions, future spending scenarios, and other salient variables.
- g. Long Term Financial Plan (LTFP) - a document separate from the budget process which supports the long-term financial planning process. The document contains trend projections, analysis, decisions and an execution strategy. Operating Expenses – expenditures incurred as a result of performing normal and routine business operations of the District.
- h. Policy – This "Property Tax Revenue Policy."
- i. Property tax revenues – Property tax revenue shall mean property tax revenue received by the District from Placer and El Dorado counties.

#### **IV. PROCESS**

##### **General:**

Forecasting of property tax revenue shall be considered and accounted for within the LTFP process. The purpose of this forecast is to assist the Board and constituents in understanding and evaluating the long-term financial needs of the District's programs and to assist the Board in directing property tax revenue accordingly. The forecast should rely on the same basic economic assumptions as the LTFP and should identify other assumptions used and the risks associated with property tax revenues. All property tax revenue is deposited into the General Fund and requires Board action if used for other purposes than those identified during the budgeting process.

##### **Criteria:**

In addition to the above considerations, the Board shall consider the following criteria in determining the allotment of property tax between competing needs, in no particular order:

- Park and recreation operating expenses
- Park and recreation capital projects
- Debt service on existing borrowings as previously approved by the Board
- Water system acquisitions as approved by the Board
- Other purposes as may be identified by the Board