

IC 20-48-2

Chapter 2. Borrowing; School Towns and School Cities

IC 20-48-2-1

Application

Sec. 1. This chapter applies to any school city or school town.
As added by P.L.2-2006, SEC.171.

IC 20-48-2-2

Temporary loans

Sec. 2. (a) Subject to subsection (c), if the board of school trustees or other proper authority of a school town or school city finds that an emergency exists for borrowing money with which to meet current expenses of the schools of the school town or school city, the board of school trustees or other proper authority of the school town or school city may make temporary loans in anticipation of current revenues of the school town or school city to an amount not to exceed fifty percent (50%) of the amount of taxes actually levied and in the course of collection for the fiscal year in which the loans are made.

(b) For purposes of subsection (a), revenues are considered to be current and taxes are considered to have been actually levied and in the course of collection when the budget levy and rate have been finally approved by the department of local government finance.

(c) In second and third class school cities, a loan may not be made under this section for more than twenty thousand dollars (\$20,000) unless:

(1) the letting of the loans has been advertised once each week for two (2) successive weeks in two (2) newspapers of general circulation published in the school city; and

(2) sealed bids have been submitted:

(A) at a regular meeting of the school board of the school city; and

(B) under the notices specified in subdivision (1); stipulating the rate of interest to be charged by the bidder.

(d) School loans made under this section must be made with the bidder that submits:

(1) the lowest rate of interest; and

(2) with the bid an affidavit showing that collusion does not exist between the bidder and any other bidder for the loan.

As added by P.L.2-2006, SEC.171.

IC 20-48-2-3

Requirements; resolution

Sec. 3. (a) A temporary loan made under section 2 of this chapter must be authorized by a resolution of the board of school trustees or other proper authority:

(1) designating the:

(A) nature of the consideration;

(B) date, time, and place payable;

(C) rate of interest, not to exceed six percent (6%) per annum; and

(D) revenues in anticipation of which the temporary loan is made and out of which the temporary loan is payable; and

(2) appropriating and pledging a sufficient amount of current revenues of the school town or school city:

(A) in anticipation of which the temporary loan is made; and

(B) out of which the temporary loan is payable;

to the payment of the temporary loan.

A temporary loan must be evidenced by the time warrants of the school town or school city in terms designating the nature of the consideration, the date, time, and place payable, and the revenues in anticipation of which the temporary loan is issued and out of which the temporary loan is payable. Interest accruing on the warrants to date of maturity must be added to and included in the face value of the warrants.

(b) A school town or school city may issue the time warrants of the school corporation, in anticipation of current revenues of the school town or school city, directly to persons, firms, limited liability companies, and corporations in payment of approved services, materials, and supplies contracted for, purchased, performed, and delivered.

As added by P.L.2-2006, SEC.171.