

Department of Finance		<b>Fund: 0935a</b>
<b>STATE OF CALIFORNIA MANUAL OF STATE FUNDS</b>		<b>PAGE 1</b> Renumbered From:
<b><u>Legal Title</u></b> Local Agency Indebtedness Fund		
<b><u>Legal Citation/Authority</u></b> Chapter 292, Statutes of 1978 Government Code sections 16496-16499.5		
<b><u>Fund Classification</u></b> <b><u>GAAP Basis</u></b> Fiduciary/Trust and Agency-Other	<b><u>Fund Classification</u></b> <b><u>Legal Basis</u></b> Nongovernmental/Trust and Agency Funds-- Non-Federal	
<b><u>Purpose</u></b> The fund was created for the purpose of making loans, with a maximum term of three years, to local agencies for the purpose of making payments, during the 1978-79 fiscal year, due on local agency bonds which have not been voter approved. Within the meaning of this law "bonds" means bonds, notes, or other evidence of indebtedness issued by or on behalf of a local agency, which have not been specifically approved or authorized by the voters of the local agency prior to June 6, 1978.  Application for loans may be made to the Pooled Money Investment Board for loans until June 30, 1979. Before making such loan applications, the board must make a determination that the local agency has insufficient funds to make principal and interest payments during the 1978-79 fiscal year.  When a local agency is a lessee of a public building or facility, when the lease payments are pledged to the payment of bonds of another lessor local agency, the lessee local agency may make application and receive a loan from the fund for the purpose of making the lease payment and avoid the actual or technical default under its lease. However, the lessee local agency must have exhausted all other revenue to make the lease payments.  Loans from the fund bear interest at the prevailing market rate on tax anticipation notes purchased by major California Banks, as determined by the board. In accordance with the provisions of Section 16301 of the Government Code, such loans will be repaid to the General Fund.		
<b><u>Administering Agency/Organization Code</u></b> Pooled Money Investment Board/		
<b><u>Major Revenue Source</u></b> A one-time \$30 million appropriation from the General Fund.		
<b><u>Disposition of Fund (upon abolishment)</u></b> Loans to local agencies (see <u>Authority and Purpose</u> ).		

**Appropriation Authority**

Section 16497.5 of the Government Code provides in part that "Loans shall be available to local agencies from such fund for the purpose of making payments due on bonds during the 1978-79 fiscal year in order to prevent a technical or actual default from occurring in the payments required on such bonds during such fiscal year."

**State Appropriations Limit**

**Always Excluded** – The major revenue source is transferred from another fund which has been counted in an included fund, the General Fund (0001), and should not be double counted; as well as, this fund is derived from a Trust and Agency Fund (Non-Federal).

**Comments/ Historical Information**

This fund is abolished by Chapter 833, Stats 1996 (AB 1197).