

Department of Finance		Fund: 0926
STATE OF CALIFORNIA MANUAL OF STATE FUNDS		PAGE 1 Renumbered From:
<u>Legal Title</u> Local Agency Emergency Loan Fund		
<u>Legal Citation/Authority</u> Chapter 292, Statutes of 1978 Government Code sections 16492-16495.5		
<u>Fund Classification</u> <u>GAAP Basis</u> Fiduciary/Agency Funds	<u>Fund Classification</u> <u>Legal Basis</u> Nongovernmental/Trust and Agency Funds-- Non-Federal	
<u>Purpose</u> Chapter 292, Statutes of 1978 created the Local Agency Emergency Loan Fund and appropriated \$870 million to it from the General Fund. The fund was created for the purpose of making short-term loans to local agencies for operational purposes so that vital services would not be interrupted. Local agencies made applications to the Pooled Money Investment Board for loans to meet operational costs for the end of the 1977-78 fiscal year and the 1978-79 fiscal year. No loans were to be made for financing capital outlay projects. Applications were to be made to the board by no later than August 21, 1978. No loans were to exceed 50 percent of the local agencies' property tax revenues for the 1977-78 fiscal year, including state property tax subventions. Loans were to be made to local agencies only if: (1) the local agency was authorized to issue revenue or tax anticipation notes and they were not being purchased by private lenders; (2) evidence that such local agency's cash flow was not sufficient to meet current obligations and that all unrestricted reserves had been or would be exhausted, except for a prudent surplus, at the time the loan was to be made; (3) that the local agency was unable to use interfund transfers to meet its short-term cash obligations; and (4) evidence that the revenues anticipated to be received during the 1978-79 fiscal year, not obligated by law for specific purposes, would be sufficient to repay the loan before May 31, 1979. All loans made from the fund bear interest at the prevailing market rate on tax anticipation notes purchased by major California banks. Such loans are to be repaid to the General Fund, with no less than 50 percent of the principal and interest to be repaid by December 31, 1978 and the balance by March 31, 1979.		
<u>Administering Agency/Organization Code</u> State Controller's Office-Pooled Money Investment Board/Org 0840		
<u>Major Revenue Source</u> A one-time appropriation from the General Fund of \$870 million.		
<u>Disposition of Fund (upon abolishment)</u> Loans to local agencies (see <u>Authority and Purpose</u>).		

Administrative costs of the State Controller, not to exceed \$116,000.

Appropriation Authority

Section 16493.5 of the Government Code provides in part that "Short-term loans shall be available to local agencies for the purpose of meeting operating costs...".

State Appropriations Limit

Always Excluded – The major revenue source is transferred from another fund which has already 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