

Effective 5/13/2014

17B-1-626 Loans by one fund to another.

- (1) Subject to this section, restrictions imposed by bond covenants, restrictions in Section 53-2a-605, or other controlling regulations, the board of trustees of a local district may authorize an interfund loan from one fund to another.
- (2) An interfund loan under Subsection (1) shall be in writing and specify the terms and conditions of the loan, including the:
 - (a) effective date of the loan;
 - (b) name of the fund loaning the money;
 - (c) name of the fund receiving the money;
 - (d) amount of the loan;
 - (e) subject to Subsection (3), term of and repayment schedule for the loan;
 - (f) subject to Subsection (4), interest rate of the loan;
 - (g) method of calculating interest applicable to the loan;
 - (h) procedures for:
 - (i) applying interest to the loan; and
 - (ii) paying interest on the loan; and
 - (i) other terms and conditions the board of trustees determines applicable.
- (3) The term and repayment schedule specified under Subsection (2)(e) may not exceed 10 years.
- (4)
 - (a) In determining the interest rate of the loan specified under Subsection (2)(f), the board of trustees shall apply an interest rate that reflects the rate of potential gain had the funds been deposited or invested in a comparable investment.
 - (b) Notwithstanding Subsection (4)(a), the interest rate of the loan specified under Subsection (2)(f):
 - (i) if the term of the loan under Subsection (2)(e) is one year or less, may not be less than the rate offered by the Public Treasurers' Investment Fund that was created for public funds transferred to the state treasurer in accordance with Section 51-7-5; or
 - (ii) if the term of the loan under Subsection (2)(e) is more than one year, may not be less than the greater of the rate offered by:
 - (A) the Public Treasurers' Investment Fund that was created for public funds transferred to the state treasurer in accordance with Section 51-7-5; or
 - (B) a United States Treasury note of a comparable term.
- (5)
 - (a) For an interfund loan under Subsection (1), the board of trustees shall:
 - (i) hold a public hearing;
 - (ii) prepare a written notice of the date, time, place, and purpose of the hearing, and the proposed terms and conditions of the interfund loan under Subsection (2);
 - (iii) provide notice of the public hearing in the same manner as required under Section 17B-1-609 as if the hearing were a budget hearing; and
 - (iv) authorize the interfund loan by resolution in a public meeting.
 - (b) The notice and hearing requirements in Subsection (5)(a) are satisfied if the interfund loan is included in an original budget or in a subsequent budget amendment previously approved by the board of trustees for the current fiscal year.
- (6) Subsections (2) through (5) do not apply to an interfund loan if the interfund loan is:
 - (a) a loan from the local district general fund to any other fund of the local district; or
 - (b) a short-term advance from the local district's cash and investment pool to individual funds that are repaid by the end of the fiscal year.

Amended by Chapter 253, 2014 General Session