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GOVERNMENT CODE - GOV

TITLE 5. LOCAL AGENCIES [50001 - 57607] (Title 5 added by Stats. 1949, Ch. 81.)

DIVISION 2. CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 55821] (Division 2 added by Stats. 1949, Ch. 81.)

PART 1. POWERS AND DUTIES COMMON TO CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 54999.7] (Part 1 added by Stats. 1949, Ch. 81.)

CHAPTER 4. Financial Affairs [53600 - 53997] (Chapter 4 added by Stats. 1949, Ch. 81.)

ARTICLE 7.5. Alternate Procedure for Temporary Borrowing [53840 - 53844] (Article 7.5 added by Stats. 1957, Ch. 706.)

53840. It is hereby declared the intention of the Legislature by the enactment of this article to provide an alternative procedure under which short term loans may be procured by those counties in which the board of supervisors has declared it to be county policy to make advances of current operating requirements to subsidiary political subdivisions required by law to deposit their funds in the county treasury as such advances are authorized by the provisions of Section 25 of Article XIII of the State Constitution. In any such county the board of supervisors, upon recommendation of the county treasurer with the approval of the county auditor, may borrow on July 1st or thereafter such amounts as may be required to meet current obligations payable by the county treasury, pending collection of the revenue provided for the year in progress. Amounts so borrowed shall be evidenced by notes signed by the chairman of the board of supervisors, the county auditor and the county treasurer, and the liability created thereby shall be secured by a lien on all revenue to accrue to the county treasury from any source during the year then in progress.

(Amended by Stats. 1974, Ch. 544.)

53841. Any amounts borrowed by a county as provided in the preceding section shall not exceed 85 percent of the total of taxes levied for all purposes on said county's tax roll for the next preceding fiscal year, and at no time during the year for which borrowed shall the unpaid total of the amounts so borrowed as shown by the auditor's accounts at the close of any month be allowed to remain at more than 85 percent of the uncollected balance of taxes for the current year as shown by said accounts.

(Added by Stats. 1957, Ch. 706.)

53841.5. Proceeds of sales or funds set aside for the repayment of any notes issued pursuant to this article shall not be invested for a term that exceeds the term of the notes.

(Added by Stats. 1995, Ch. 784, Sec. 20. Effective January 1, 1996.)

53842. Amounts borrowed as above provided shall be entered to the credit of the county's general reserve fund and may be used to make advances to operating funds in the county treasury as authorized by Section 25 of Article XIII of the State Constitution. Payment of the notes upon their due dates shall be made by warrants drawn by the county auditor on the general reserve fund.

(Amended by Stats. 1974, Ch. 544.)

53843. In any county which finds it necessary to borrow current operating requirements, as provided in the foregoing sections, the board of supervisors shall either:

(1) Advertise for bids by publication for two weeks in a newspaper of general circulation in the county, setting forth the date upon which the amount will be required, which shall be not less than three weeks following the date of the first publication, the amount required and the repayment date. Bids shall be opened at the time set forth in the notice which shall be during a regular meeting of the board; and the board, unless it rejects all bids, shall accept the bid which offers the loan to the county at the lowest net interest cost not in excess of 10 percent, or

(2) After finding that time is of the essence, direct the county treasurer to negotiate for a loan to the county and to solicit and receive bids without advertising for them. The board of supervisors, unless it rejects all bids, shall accept the bid which offers the loan to the county at the lowest net interest cost not in excess of 10 percent, or

(3) After finding that any political subdivision subject to this article periodically requires advances of current operating requirements prior to receipt of tax revenues, direct the county treasurer, upon request of such political subdivision, to solicit and receive bids for loans from time to time without advertising for them. The board of supervisors, unless it rejects all bids, shall accept the bid which offers the loan to the county at the lowest net interest cost not in excess of 10 percent.

(Amended by Stats. 1980, Ch. 278.)

53844. In any county which qualifies as set forth in Section 53840 to use the foregoing procedure for short-term financing, all interest payments on the loans may, in the discretion of the board of supervisors, be charged to the general fund of any district or fund for which loans have been made. All interest earned on funds in the county treasury shall be credited to said general fund of the county, excepting therefrom the interest on deposits of school districts which shall accrue to the general funds of the respective school districts, the interest earned on specific investments of a local agency as authorized by Section 53601 of this code or by Section 5007 of the Education Code, and moneys on deposit in court in eminent domain actions pursuant to Article 1 (commencing with Section 1255.010) of Chapter 6 of, or Article 2 (commencing with Section 1268.110) of Chapter 11 of, Title 7 of Part 3 of the Code of Civil Procedure.

(Amended by Stats. 1975, Ch. 1240.)