

## **D-5 TAX AND DEBT LIMITATIONS**

### Building Corporations

Non-profit school building corporations (or holding companies) may be organized to construct and finance school buildings where there is an insufficient general obligation bonding margin and where there are insufficient funds in the Capital Projects fund, or where no Capital Projects fund tax has been levied.

School building corporations are organized to buy the building site, sell bonds, construct the building and/or lease it to the school corporation. The school corporation can renew the option or buy the school building from the holding corporation by providing for such right in the lease contract.

### Emergency Loans

Emergency loans for the necessary expenditure of money not included in the existing budget and tax levy may be authorized by the issuance of a note or notes in the same manner and subject to the same procedure and restrictions as provided for the sale of bonds, except as to purpose. At the time of making the next annual budget and tax levy, the Board of School Trustees shall make a levy to the credit of the fund for which such expenditure is made sufficient to pay the debt and interest.

### Temporary Loans (Tax Anticipation Warrants)

A temporary loan must be authorized by the Board of School Trustees, and the amount must be specified as well as the fund or funds for the benefit of which the loan is to be made. The amount of the principal maturing on or before June 30 and on or before December 31, shall not exceed eighty per cent (80%) of the amount of taxes and state tuition support estimated to be collected for and distributed to such fund at the December settlement. The principal of such loans are payable from the fund for which such taxes are levied. The interest is paid from the Debt Service Fund. If the loan is in excess of \$20,000.00, bids shall be invited. Notice need not be published outside the county for more than ten (10) days before the date of sale.

### Temporary Transfers to Depleted Funds

Instead of negotiating a temporary loan, the Board of School Trustees is authorized to transfer, by resolution, from a fund having sufficient balance to any depleted fund. The resolution must specify the fund from which money is to be temporarily advanced or transferred and the time of said amount is to be advanced, the amount to be transferred and the time of such temporary borrowing. The time fixed by the resolution for repayment of a temporary transfer shall not extend beyond December 31, of the year in which the temporary transfer is made. However, if the Board determines that an emergency exists, it may by resolution extend the prescribed portion by no more than six (6) months beyond the budget year. Any such transfer shall be made only from

funds derived from the collection of property taxes, collection of special taxes and from other revenue derived from any operation of the school corporation. No temporary transfers may be made from federal funds or from funds obtained by the sale of general obligation bonds.

LEGAL REFERENCE: IC 6-1.1-20-7; IC 20-5-4-3; IC 20-5-4-2; IC 5-13-6-3; IC 20-5-4-6; IC 20-5-4-7; IC 20-5-4-8; IC 36-1-8.4

SOURCE: Plainfield Community School Corporation  
Plainfield, IN

NOTE: See Accounting Manual for Indiana Public School Corporation

ADOPTED: Prior to 08/01/72

REVISED: 08/01/72, 06/12/79, 10/26/89, 11/12/96, 07/06/04, 10/09/08