

## Short Term Loans

### Section 16-13-145

#### **Authority to borrow funds against revenues of current year.**

(a) Any local board of education shall have authority during any fiscal year upon the recommendation of the local superintendent of education, as the case may be, to borrow money in anticipation of the current revenues for that fiscal year and to pledge the current revenues for said fiscal year for the payment of such loan or loans if funds on hand are not sufficient to pay the salaries of teachers and to meet the current expenses when due; provided, that the party or parties making such loan or loans to a local board of education shall not be put upon inquiry as to the validity of such indebtedness because of this provision. The total amount of such loans a local board of education may have outstanding at any time during the fiscal year shall be determined as follows: From the total estimate of current revenue of that local board of education for that fiscal year, which estimate is approved by the State Superintendent of Education, deduct the sum of the current revenue already received for that fiscal year and the principal and interest due on school warrants during that fiscal year and unpaid at that time and the difference shall be the maximum amount of current loans said local board of education can have outstanding in anticipation of current revenue at any given time. All such current loans shall be due and payable not later than the close of the fiscal year for which the current revenue is pledged provided that if the State of Alabama makes the final apportionment of school funds for a fiscal year after the close of that fiscal year, such loans may be extended at the close of the fiscal year until such time as the state makes its final apportionment. If for any reason at the close of a fiscal year a local board of education does not have on hand sufficient funds to retire all current loans, the party or parties making such loans to the local board of education shall not be put upon inquiry as to the validity of such loan or loans due to any provision of this article and any such loans unpaid at the close of any fiscal year shall become a first lien on the current revenue of the succeeding fiscal year subject only to the prior lien of principal and interest due on school warrants if such warrants are outstanding. At no time shall loans be secured to meet the current expenses in any year which shall pledge the school revenues of any other fiscal year; provided, that expenditures for teachers' salaries for services rendered and for transportation for the scholastic year, July 1 to June 30, inclusive, for any year, and expenditures for fuel and school classroom materials and supplies to be consumed in the scholastic year, July 1 to June 30, inclusive, for any year, shall be paid from cash on hand and if for any reason the local boards of education do not have on hand sufficient funds to pay such expenditures then the local boards of education shall have authority upon the recommendation of the local superintendent of education, as the case may be, to borrow money to pay for such expenditures and to pledge therefor the school revenue for the ensuing fiscal year; provided, that such loan must be repaid during that fiscal year for which the school revenue is pledged.