

TOWN OF SYLVA

**RESOLUTION AUTHORIZING AN INTERFUND LOAN FROM THE
GENERAL FUND CAPITAL RESERVE FUND TO THE FIRE
DEPARTMENT OPERATING FUND FOR THE PURCHASE OF A
PUMPER TRUCK**

WHEREAS, the Town of Sylva recognizes the necessity of maintaining reliable and modern fire protection equipment to ensure the health, safety, and welfare of its citizens; and

WHEREAS, the Town of Sylva Fire Department has identified the need to purchase a new pumper truck to replace or supplement existing fire apparatus; and

WHEREAS, the cost of the pumper truck requires funding assistance beyond currently available cash resources of the Fire Department Operating Fund and Fire Department Capital Reserve Fund; and

WHEREAS, funding is required to be available and budgeted at the time the pumper truck is ordered in accordance with N.C.G.S. 159-13.2; and

WHEREAS, the Town of Sylva maintains a General Fund Capital Reserve Fund with sufficient fund balance to temporarily advance funds for essential capital purposes; and

WHEREAS, the Governing Board desires to authorize an interfund loan, accounted for as a Due To / Due From transaction, from the General Fund Capital Reserve Fund to the Fire Department Operating Fund to facilitate the timely purchase of the pumper truck, with repayment expected; and

WHEREAS, the Town desires to maintain flexibility in the administration of interfund loans and to ensure that interest rates remain reasonable and reflective of current financial conditions while supporting the Fire Department's financial stability; and

NOW, THEREFORE, BE IT RESOLVED by the Governing Board of the Town of Sylva, North Carolina, as follows:

1. **Authorization of Interfund Loan.** The Governing Board hereby authorizes an interfund loan in an amount not to exceed **\$200,000** from the General Fund Capital Reserve Fund to the Fire Department Operating Fund for the purpose of purchasing a pumper truck. The interfund loan is allowed under Town of Sylva **R2025-16**.
2. **Nature of Loan.** The interfund loan shall be accounted for as a Due From Other Funds in the General Fund Capital Reserve Fund and as a Due To Other Funds in the Fire Department Operating Fund, and shall not be considered a permanent transfer of funds.

3. **Interest.** The interfund loan shall bear a non-compounding interest rate of three and one-half percent (**3.5%**) per annum, calculated on the outstanding principal balance. On July 1st of each year, the Finance shall review the then-current interest rate, and with the approval of the Town Manager, may reduce the rate in support of the Fire Department interfund loan.
4. **Repayment.** Principal and interest in the interfund loan shall be repaid to the General Fund Capital Reserve Fund from available resources of the Fire Department Operating Fund in accordance with a repayment schedule approved by the Town Manager and maintained by the Finance Officer. Additional payments of interest and principal may be made if funding allows. The loan shall be repaid in full no later than **July 1, 2030**.
5. **Budget Authority.** The Town Manager and Finance Officer are authorized to make all necessary budgetary entries, accounting entries, and administrative arrangements required to carry out the intent of this resolution in accordance with generally accepted accounting principles and applicable North Carolina law.
6. **Effective Date.** This resolution shall become effective upon adoption.

ADOPTED this the 12th day of February 2026.

Johnny Phillips, Mayor

ATTEST:

Amanda W. Murajda, Town Clerk