

 <p style="text-align: center;">CITY OF PACIFICA ADMINISTRATIVE POLICY</p>	<p>No. 77</p>
<p style="text-align: center;">INTERFUND LOAN POLICY</p>	<p>DATE ISSUED: 02/22/2016</p>

PURPOSE

The purpose of this policy is to establish an administrative policy for the use and implementation of Interfund Loans.

DEFINITIONS

Interfund loans are loans from one City fund to another City fund for a designated purpose.

POLICY

To ensure that all interfund loans are appropriate, properly documented, and not established to the detriment of the fund issuing the loan, this Policy establishes the following interfund loan eligibility and documentation requirements:

- a) **Interfund Loan Eligibility Requirements** – Interfund loans must have an identified purpose, repayment source and date; include an interest component that equals the investment earnings the fund would have received had the loan not occurred; and be immediately due and payable if needed by the fund that provided the loan.
- b) **Interfund Loan Documentation Requirements** – Purpose of the loan, loan amount, term, and repayment source and schedule will be identified any time a loan is recommended. Loans will be coordinated with the Finance Department to ensure compliance with the Municipal Code and must be approved by the City Council. Payments made on outstanding loans shall be reflected in the Proposed and Adopted Budget and Annual Report, as applicable.

A summary of all outstanding interfund loans will also be included in the annual Proposed and Adopted Operating Budget and the Comprehensive Annual Financial Report (CAFR). The CAFR will also consistently include the loan term, rate of interest, and the interest amount due in its calculation of the total liability associated with the loan.

The development of interfund loans requires coordination among several parties, including the departments overseeing the funds that would provide or receive the loans, the Finance Department, and the City Manager’s Office (CMO). Interfund loans must be approved by the City Council. Procedures for developing and presenting interfund loan proposals will be determined by the CMO and the Financial Services Manager.