



INTERFUND LOAN STATUS UPDATE; INTERFUND LOAN POLICY

Finance Department

FINANCE COMMITTEE

May 14, 2025

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BACKGROUND

- The City has a long history of utilizing interfund loans as an efficient and cost-effective method of providing its departments with short-term project financing.
- These loans are made from City funds with available cash balances that are not immediately needed for operations or capital purposes.
- The use of an interfund loan program is a common practice among public agencies throughout California and is supported by accounting guidance to ensure proper reporting and compliance.
 - GASB 34 provides guidance on interfund activity including transfers and loans



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BACKGROUND

Interfund loans have been historically repaid in full with interest, at the City's pooled interest rate, ensuring the lending fund receives a return equivalent to what it would have earned had the funds remained in the City's Investment Account cash pool.



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INTERFUND LOAN BALANCES

Interfund loan balances as of April 1, 2025:

LOAN #	Loan Purpose	Borrower	Lender	City Council Approval Date	Loan Date	Original Loan Amount	Balance as of 4/1/2025
75a	Reid Park Acquisition	770 - Successor to RDA	510 - Electric	1/25/2011	3/1/2011	720,000	143,345
75b	Riverside Golf Course Acquisition	770 - Successor to RDA	510 - Electric	1/25/2011	3/1/2011	4,837,500	982,161
81	Utilities Plaza Purchase	390 - General Debt	550 - Sewer	3/11/2008	3/30/2012	4,469,221	517,868
83	Airport deferred maintenance, hanger door and roof repairs	530 - Airport	101 - GF	4/18/2024	7/1/2024	2,000,000	2,000,000
84	Parking Capital Outlay	570 - Parking	101 - GF	4/18/2023	7/1/2024	2,000,000	2,000,000
85	Refuse Solid Waste Truck purchases	540 - Refuse	101 - GF	9/17/2024	9/17/2024	2,870,000	2,870,000
		Total				16,896,721	8,513,374



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INTERFUND LOAN DETAILS

Balances as of April 1, 2025

- General Fund
 - Utilities Plaza \$517,868
 - Loan to RDA approved by City Council on March 11, 2008
 - Lender: Sewer Fund
 - Transferred to General Fund in 2012 with dissolution of the RDA
 - Funds used to purchase the land & building
 - Loan matures in FY 2027



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INTERFUND LOAN DETAILS

Balances as of April 1, 2025

- Redevelopment Loans
 - Riverside Golf Course \$982,161
 - Loan approved by City Council on March 1, 2011
 - Lender: Electric Fund
 - Funds used for Golf Course purchase and redevelopment
 - Loan matures in FY 2028
 - Reid Park \$143,345
 - Loan approved by City Council on March 1, 2011
 - Lender: Electric Fund
 - Funds used for Reid Park acquisition and redevelopment
 - Loan matures in FY 2029



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INTERFUND LOAN DETAILS

Balances as of April 1, 2025:

- Enterprise Funds
 - Airport Loan \$2 million
 - Loan approved by City Council on April 18, 2024
 - Lender: General Fund
 - Funds to be used for urgent CIP including but not limited to hanger door, roof replacements/repairs, and deferred maintenance.
 - Loan matures in FY 2037
 - Parking Loan \$2 million
 - Loan approved by City Council on April 18, 2023
 - Lender: General Fund
 - Funds to be used for infrastructure upgrades
 - Loan matures in FY 2034



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INTERFUND LOAN DETAILS

Balances as of April 1, 2025:

- Enterprise Funds (continued)
 - Refuse Loan \$2.87 million
 - Loan approved by City Council on September 17, 2024
 - Lender: General Fund
 - Funds to be used for Refuse vehicle purchases
 - Loan Matures in FY 2028



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INTERFUND LOAN POLICY UPDATE

- Replaced outdated language
- Strengthens internal controls
- Improves transparency and disclosure requirements
- Removes arbitrary thresholds and aligns lending with fund-level liquidity
- Adds guidance on revising loan terms
- Clarifies roles of the staff, CFO, City Manager, and Council regarding loan approval and adjustments



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STRATEGIC PLAN ALIGNMENT

Strategic Priority 5 -High Performing Government

Goal 5.4 –Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.

Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability & Resiliency



Equity



Innovation



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RECOMMENDATIONS

That the Finance Committee:

1. Receive an update on the City's outstanding interfund loans; and
2. Review and provide feedback on the revised interfund loan policy



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