



## Financial Update and Review of Interfund Loans and Transfers

Finance Department

Finance Committee  
October 12, 2016

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## BACKGROUND

1. Financial review of Interfund Loans
  - a. The City currently has 8 Inter-Fund loans outstanding in the amount of \$20,028,718.
  - b. Interest paid based on pooled investment rate of 0.95%.
  - c. The proceeds of the loans were used for various purposes ranging from land acquisition to Riverside Renaissance activity.



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## **PURPOSE AND USE OF INTERFUND LOANS**

1. City has used Interfund loans as a legal and effective financing method
2. A practice used by many governmental entities
3. Advantages to Interfund loans
  - a. Interest rate equal to City's pooled investment rate
  - b. Avoid cost of issuance and quicker turnaround time to process loan



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## **INTERFUND LOAN GUIDANCE AND AUTHORIZATION**

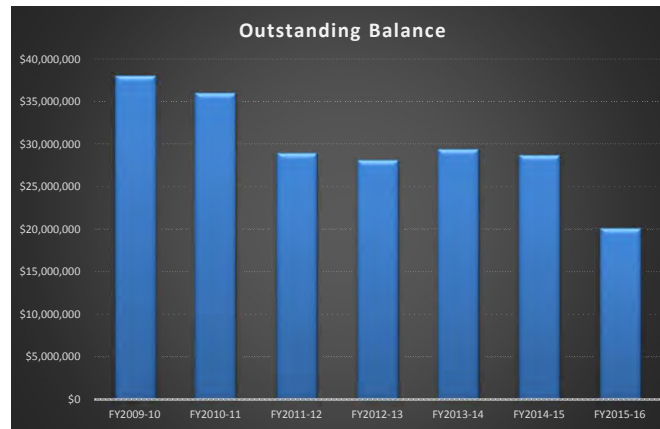
1. Interfund Loans are reported according to accounting standards as
  - a. Interfund receivables in lender funds and;
  - b. Interfund payables in borrow funds.
2. Interfund Loans are authorized by City Charter section 1110..."Transfer and loans may be made by the City Council from one fund to another as may be required."
3. Interfund Loan Policy provides guidance to the Chief Financial Officer once a loan has been approved by City Council.



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## INTER-FUND LOAN BALANCE THROUGH THE YEARS



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## WORKERS COMPENSATION FUND

| Loan # and Purpose              | Loan Inception |                 | Loan Maturity     |          | Balance as of<br>June 30, 2016 |
|---------------------------------|----------------|-----------------|-------------------|----------|--------------------------------|
|                                 | Date           | Receivable Fund | Payable Fund      | Date     |                                |
| Loan 68 (Parking Garages)       | 10/1/2008      | Workers' Comp   | Parking           | 7/1/2018 | \$ 216,623                     |
| Loan 71 (Main St Acq)           | 8/1/2009       | Workers' Comp   | Successory Agency | 1/1/2017 | 4,239,823                      |
| Loan 82 (CNG Station)           | 9/1/2013       | Workers' Comp   | Central Garage    | 7/1/2019 | 1,015,607                      |
| <b>Total Receivable Balance</b> |                |                 |                   |          | <b>\$ 5,472,053</b>            |



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## ELECTRIC FUND

| Loan # and Purpose              | Loan Inception |                 | Payable Fund      | Loan Maturity |    | Balance as of<br>June 30, 2016 |
|---------------------------------|----------------|-----------------|-------------------|---------------|----|--------------------------------|
|                                 | Date           | Receivable Fund |                   | Date          |    |                                |
| Loan 75A (Reid Pk Acq)          | 3/1/2011       | Electric        | Successory Agency | 7/1/2028      | \$ | 662,178                        |
| Loan 75B (Riv Golf Course)      | 3/1/2011       | Electric        | Successory Agency | 7/1/2028      |    | 4,450,726                      |
| <b>Total Receivable Balance</b> |                |                 |                   |               |    | <b>\$ 5,112,904</b>            |



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## SEWER FUND

| Loan # and Purpose                                    | Loan Inception |                 | Payable Fund      | Loan Maturity |    | Balance as of<br>June 30, 2016 |
|---|----------------|-----------------|-------------------|---------------|----|--------------------------------|
|   | Date           | Receivable Fund |                   | Date          |    |                                |
| Loan 79 (Local Park Fund Renaissance<br>Debt Service) | 7/1/2011       | Sewer           | Local Park Fund   | 7/1/2019      | \$ | 2,715,220                      |
| Loan 81 (Utilities Plaza Purchase)                    | 3/30/2012      | Sewer           | Debt Service Fund | 7/1/2027      |    | 3,268,541                      |
| <b>Total Receivable Balance</b>                       |                |                 |                   |               |    | <b>\$ 5,983,761</b>            |



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## CENTRAL GARAGE FUND

| Loan # and Purpose                                    | Loan Inception |                 | Loan Maturity   |          | Balance as of<br>June 30, 2016 |
|---|----------------|-----------------|-----------------|----------|--------------------------------|
|   | Date           | Receivable Fund | Payable Fund    | Date     |                                |
| Loan 73 (Local Park Fund Renaissance<br>Debt Service) | 7/1/2010       | Central Garage  | Local Park Fund | 7/1/2020 | \$ 3,460,000                   |
| <b>Total Receivable Balance</b>                       |                |                 |                 |          | <b>\$ 3,460,000</b>            |



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## RECOMMENDATION

That the Finance Committee receive,  
provide input on and recommend City  
Council approval of a review of City inter-  
fund Loans.



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## Questions...



*City of Arts & Innovation*



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