FINANCIAL UPDATE AND REVIEW OF INTERFUND LOANS

Finance Department

Finance Committee
March 11, 2020

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BACKGROUND

Financial review of Interfund Loans

1. City currently has 4 Interfund loans outstanding in the amount of $6,123,612

2. Interest paid based on pooled investment rate of 2.025%

3. Proceeds of loans were used for various purposes ranging from land acquisition to Riverside Renaissance activity

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PURPOSE AND USE

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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GUIDANCE AND AUTHORIZATION

1. Interfund Loans are reported according to accounting standards as

    A. Interfund receivables in lender funds

    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
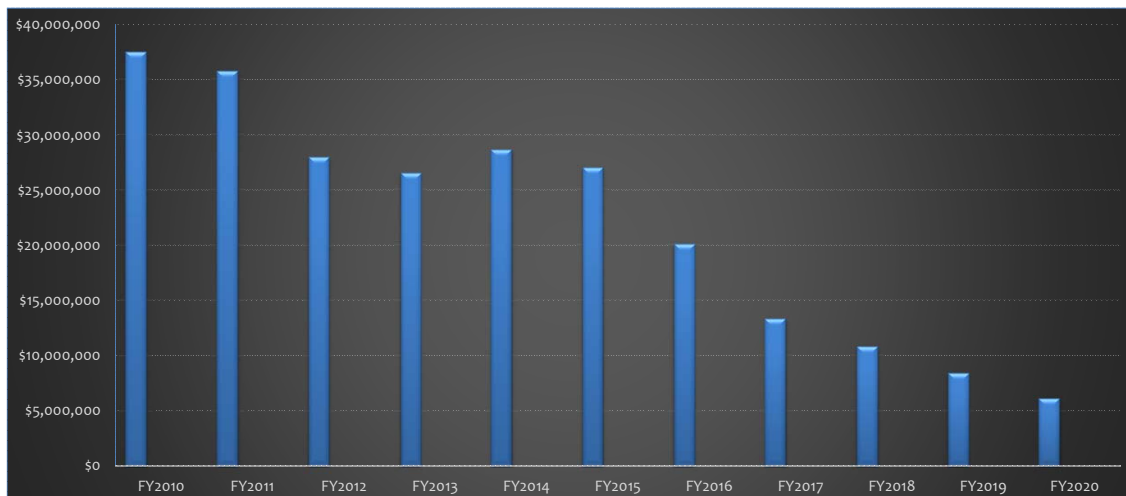
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LOANS OUTSTANDING

Current Interfund Loan Balance					
	Loan Inception			**Loan Maturity**	**Balance as of**
Loan # and Purpose	**Date**	**Receivable Fund**	**Payable Fund**	**Date**	**12/31/2019**
Loan 75A (Reid Pk Acq)	3/1/2011	Electric	Successory Agency	7/1/2028	$ 436,590
Loan 75B (Riv Golf Course)	3/1/2011	Electric	Successory Agency	7/1/2028	2,942,228
Loan 81 (Utilities Plaza Purchase)	3/30/2012	Sewer	Debt Service Fund	7/1/2027	2,076,285
Loan 73 (Renaissance Debt Service)	7/1/2010	Central Garage	Local Park Fund	7/1/2020	668,510
Total Receivable Balance					$ 6,123,612

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HISTORY OF INTERFUND LOAN BALANCES

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RECOMMENDATION

That the Finance Committee receive, provide input on and recommend that City Council approve a financial review of the City's interfund Loans and Transfer activity by and between various City Funds.

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