

## Policy Statement

### TITLE

Temporary Interfund Loans

### CODE

406

### REFERENCE

State Auditor

### PERSONNEL RESPONSIBLE

Auditor/Treasurer, Fiscal Officer, Family Services and Highway Department

### EFFECTIVE DATE

May 22, 2007

### POLICY

**406.100 Policy Statement** – This policy is presented and adopted in response to the recommendation of the Office of the State Auditor. The policy provides the foundation for loaning resources from one fund to another fund that is experiencing a temporary cash shortage as set forth in the “Statement of Position on Temporary Interfund Loans”.

**406.200 Use of Interfund Loans** – It is the policy of the County Board of Commissioners that interfund loans between the General Fund, the Human Services Fund, the Road & Bridge Fund, or the Debt Service Fund may be used to alleviate a temporary cash deficiency. The loan shall be accounted for as a temporary borrowing between funds or accounts and shall not be available for appropriation or be considered revenue to the borrowing fund. Amounts transferred shall be repaid within 90 calendar days. Borrowing shall occur only when the fund or account receiving the money will earn sufficient revenue during the current fiscal year, to repay the amount transferred. No more than 75 percent of the maximum of moneys held in the fund or account during a current fiscal year may be loaned or transferred.

**406.300 Limitations** – Such loans shall not be used to balance the budget of the Borrowing Fund, nor shall they deter any function or project for which the Loaning Fund was established.

**406.400 Temporary Transfer** – Occasionally a temporary (up to 7 day) transfer needs to be made at the end of a month. This happens when a fund has cash available in a money market account but due to bank hours the funds are unable to be transferred from the money market account to the checking account.

**406.500 Resolution of Approval** Other than the temporary (up to 7 day) transfer, as mentioned in 406.400, the County Board of Commissioners must adopt a resolution before any interfund loan transaction takes place. The resolution shall contain the exact amount of the loan, the funds involved, the purpose of the loan, the specific source of the funds for repayment, the schedule for repayment and the interest rate involved.

**AUTHORED BY:** Finance Committee  
**DATE:** 05-08-07

**APPROVED BY:** County Board  
**DATE:** 05-22-07