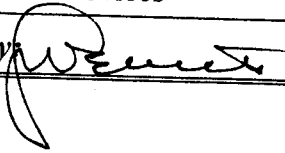




## POLICY AND PROCEDURE

<b>Subject:</b> Interfund Loans	<b>Index:</b> Finance <b>Number:</b> 201-11
<b>Effective Date:</b> September 1, 2005	<b>Prepared By:</b> Finance & Administrative Services
<b>Supersedes:</b>	<b>Approved By:</b> 

### 1.0 PURPOSE:

To provide guidelines and procedures for Interfund Loans and Advances between City funds.

### 2.0 ORGANIZATIONS AFFECTED:

All departments/divisions.

### 3.0 REFERENCES:

Not applicable.

### 4.0 POLICY:

- 4.1 To ensure the interfund loans have been properly approved and are documented through a Loan Agreement.
  - 4.1.1 The Finance Division reviews all Council Agenda Reports for possible financial implications.
  - 4.1.2 It is the responsibility of each department/division that all information relating to financial transactions be communicated to the Finance Division.
  - 4.1.3 All interfund loan amounts are to be documented through a Loan Agreement by the Finance Division.
  - 4.1.4 It is the responsibility of the Finance Division to review on at least an annual basis any approved loan amounts between funds.

**5.0 DEFINITIONS:**

- 5.1 Interfund Loans – Amounts that are loaned between the funds of the City of San Clemente with a requirement for payment.

**6.0 PROCEDURE:**

- 6.1 The City of San Clemente Finance Division is responsible for monitoring and tracking all City-owned obligations.
- 6.2 Once the Council has approved the interfund loan activity, the Action Agenda will be forwarded to the Accounting Department.
  - 6.2.1 The interfund loan agreement terms will be prepared based on the information approved by the City Council.
  - 6.2.2 The interfund loan agreement will be prepared and reviewed by the Finance Director and be forwarded for signature to the Department Head who has the budget responsibility for the fund or the activity for which the amount was loaned.
  - 6.2.3 The loan agreement will be sent to the City Clerk for signature and recording.
  - 6.2.4 The interfund loan agreement will be returned to the Accounting Department for safekeeping and a copy will be given to the respective Department Head.
- 6.3 Monitoring and Reporting
  - 6.3.1 The Accountant will monitor on at least a yearly basis the activity on the interfund amounts. The Accountant will review for any activity that is to be recorded, such as principal and interest amounts.