

Purpose:

- 1 To allow City departments to borrow internally from the City's reserve funds, when sufficient funds are available and it is deemed appropriate to do so.
- 2 To ensure proper authorization for internal loans is obtained, and funds requested are not required for other obligations, commitments, or assumptions.
- 3 To ensure internal borrowing is consistent with the organization's current debt management, reserve, and investment strategies.

Policy Statement(s):

- 4 The City maintains a number of reserves that, if not required in the short term, may provide internal resources for financing of capital projects, operating budget requirements, or other reserves.
- 5 The original purpose for which a reserve was intended must be protected before it is considered as a source for internal borrowing.
- 6 When reporting to Council, the Fleet Reserves, Offsite Funds, and the Solid Waste Reserves are treated as one reserve.
- 7 The maximum term of internal borrowing is ten years. When financing capital projects, the maximum term is the lesser of ten years and the economic useful life of the asset.
- 8 The interest rate for the full term of internal loans is the investment rate as per the budget guidelines for the year the borrowing is initiated.
- 9 The Chief Financial Officer creates, maintains, and reviews reserve planning guidelines, standards, and procedures for internal borrowing.
- 10 Internal borrowing transactions and balances are disclosed in the budget.
- 11 Unless otherwise approved by the Chief Financial Officer, City Manager, and Council, interest paid on internal borrowing is to fund the reserve from which the funds were borrowed.
- 12 Repayment of the loan is acceptable as follows:
 - (1) Regular annual principal & interest payments;
 - (2) Early payout with no penalty, with accrued interest to date of early payout; or
 - (3) Lump sum principal payments, with annual interest payments.

- 13 Council approval for the reserve transfer component must be obtained.
 - 14 An agreement documenting the term and conditions of the loan will be signed by both parties.
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References/Links:

- 1 Internal Borrowing Application Form
- 2 GP-F-2.0 Reserves
- 3 5313-CP Internal Borrowing

Scope/Application:

- 1 This policy applies to employees responsible for internal borrowing.

Authority/Responsibility to Implement:

- 1 The Chief Financial Officer is responsible to implement this policy.

Inquiries/Contact Person:

- 1 Chief Financial Officer

Policy Monitoring and Evaluation:

- 1 This policy will be reviewed at least once every three years, with revisions made as required.

Document History:

Date:	Approved/Reviewed By:	Title:
October 30, 2006	"Lorraine Poth"	Financial Services Manager
Revised: March 31, 2017	"Craig Curtis"	City Manager
Revised: January 11, 2018	"Craig Curtis"	City Manager