

VILLAGE OF WARRENSBURG, ILLINOIS

ORDINANCE NO. 763

**AN ORDINANCE AUTHORIZING AND APPROVING
THE VILLAGE OF WARRENSBURG, ILLINOIS
INTERFUND LOAN POLICY
DATED FEBRUARY, 2021**

**ADOPTED BY
THE BOARD OF TRUSTEES OF
THE VILLAGE OF WARRENSBURG
THIS 16TH DAY OF FEBRUARY, 2021**

Published in pamphlet form by authority of
the Board of Trustees of
the Village of Warrensburg, Macon County, Illinois,
this 16th day of February, 2021

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THE VILLAGE OF WARRENSBURG, ILLINOIS
INTERFUND LOAN POLICY
DATED FEBRUARY, 2021**

NOW, THEREFORE, IT IS HEREBY ORDAINED BY THE PRESIDENT AND THE TRUSTEES OF THE VILLAGE OF WARRENSBURG, ILLINOIS:

Section 1: That the attached Interfund Loan Policy Dated February, 2021 be and the same is hereby adopted by the Village of Warrensburg.

Section 2: That this Ordinance, after its passage and approval, shall be published in pamphlet form and shall be in full force and effect on February 16, 2021, after said publication, in the manner, form, and time as provided by the laws of the State of Illinois.

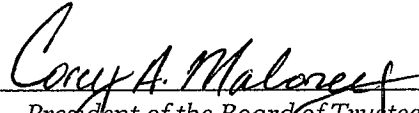
TRUSTEES:

Ray Ewing	Aye - <u>X</u>	Nay - ____	Absent - ____	Abstain - ____
Douglas Fisher	Aye - <u>X</u>	Nay - ____	Absent - ____	Abstain - ____
Leland Hackl	Aye - <u>X</u>	Nay - ____	Absent - ____	Abstain - ____
Kerry Hood	Aye - <u>X</u>	Nay - ____	Absent - ____	Abstain - ____
Nelson E. Lock	Aye - <u>X</u>	Nay - ____	Absent - ____	Abstain - ____
John Oakley	Aye - <u>X</u>	Nay - ____	Absent - ____	Abstain - ____
Corey Maloney	Aye - ____	Nay - ____	Absent - ____	Abstain - ____

PRESENTED, PASSED and APPROVED this 16th day of February, 2021.

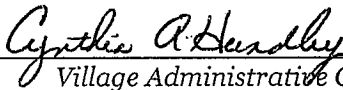
RECORDED THIS 16th day of February, 2021.

Approved:



President of the Board of Trustees of the
Village of Warrensburg, Illinois

ATTEST:



Village Administrative Clerk of the
Village of Warrensburg, Illinois

**Village of Warrensburg
Interfund Loan Policy
February 2021**

I. Purpose

This policy documents requirements and responsibilities to be followed regarding inter-fund borrowing between the funds of the Village of Warrensburg, Illinois.

II. Scope

Often local governments will loan resources from one fund to another fund that is experiencing a temporary cash shortage or the cash flow in a particular fund will not support a determined level of anticipated expenditures.

III. Definition

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as inter-fund receivables in lender funds and inter-fund payables in borrower funds.

IV. Policy

Except where prohibited by law and only when authorized by a Village Board of Trustees Resolution, funds with accumulated balances which may be classified as Assigned, or Unassigned, may make loans to other funds pursuant to schedules developed by staff and approved by the Village Board. This policy addresses the approval, terms and accounting requirements for such inter-fund loans. Any internally committed or externally restricted fund balances may never be used to provide interfund loans.

It is the policy of the Warrensburg Village Board that inter-fund loans between various funds of the Village may be used to alleviate a temporary cash deficiency, fund capital acquisitions, capital improvements or reimburse grant projects. 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 or account. Amounts loaned shall be repaid according to an established repayment schedule and should be repaid within the same fiscal year as the borrowing event. If the loan period must extend beyond the same fiscal year, the term of any interfund loan shall not exceed a two year period. 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.

V. Inter-Fund Loan Types

1. To maintain cash flow.
2. Provide working capital in anticipation of future tax receipts or other revenue streams. A fund may require cash advances from another und during a course of a fiscal year. Cash advances shall be treated as loans and appropriate interest shall be charged. When establishing an inter-fund loan, the future revenue source that will be used to repay the loan, as well as the timing of receipt, shall be identified.
3. Some grants (often called "reimbursement-type" grants) require that grant expenditures be made before the grantor supplies the corresponding cash. If the grantor is not the Federal government, cash must be made available to finance the grant on the "front-end". To accomplish the "front-end financing, agencies may request the approval of a short-term inter-fund loan from an appropriation to be repaid when the grant reimbursements are received. Interest shall be charged on these loans. When establishing an inter-fund loan, the future grant source that will be used to repay the loan, as well as the timing of receipt, shall be identified.

VI. Inter-Fund Loan Terms

1. Repayment of each inter-fund loan shall be pursuant to a formal debt repayment schedule which shall not exceed two years.
2. Interest will be paid by the borrowing fund to the lending fund, during the time the loan is outstanding. Interest will be charged at a rate equal to the Illinois Funds current rate to ensure the "opportunity cost" if the funds were otherwise invested would be received. The Interest rate may be reset if the loan repayment exceeds the originally scheduled repayment date, providing such extension is approved by the Village Board and the total time the loan is outstanding does not exceed two years.
3. The Village Board must adopt a resolution before any inter-fund 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 and timing of the funds for repayment, the schedule for repayment and the interest rate involved. Under no circumstances shall the loan amount exceed the amount of the combined unassigned and assigned balances available within the lending fund.
4. Upon receipt of the anticipated revenue, the borrowing fund shall repay the lending fund within the allotted repayment schedule.
5. Inter-fund loans shall not hinder the accomplishment of any function or project for which the lending fund was established.

VII. Recordkeeping

Appropriate accounting records will be maintained by designated Village staff to reflect the balances of loans in every fund affected by such transactions.

1. Loan interest on an inter-fund loan will be recorded as revenue to the lending fund, and an expenditure of the fund receiving the loan.
2. Inter-fund loans receivable and inter-fund loans payable will be reconciled monthly.
3. Regular balance sheet reports will be provided to the Village Board of Trustees.

STATE OF ILLINOIS)
COUNTY OF MACON) ss

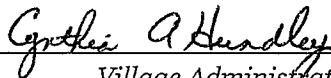
CERTIFICATE

I, CYNTHIA A. HUNDLEY, certify that I am the duly appointed Village Administrative Clerk of the Village of Warrensburg, Macon County, Illinois.

I further certify that on the 16th day of February, 2021, the President and Board of Trustees of the Village of Warrensburg passed and approved Ordinance No. 763, entitled "An Ordinance Authorizing and Approving the Village of Warrensburg, Illinois Interfund Loan Policy Dated February 2021", which provided by its terms that it should be published in pamphlet form.

The pamphlet form of Ordinance No. 763, including Ordinance and cover sheet thereof was prepared, a copy of such Ordinance was posted in the Warrensburg Village Hall, the Warrensburg Public Library, and Warrensburg Post Office, commencing February 17, 2021, and continuing for at least 10 days thereafter. Copies of such Ordinance were also available for public inspection upon request in the office of the Village Administrative Clerk.

DATED at Warrensburg, Illinois this 17th day of February, 2021.



Village Administrative Clerk of the
Village of Warrensburg, Illinois