

FINANCIAL MANAGEMENT

Interfund Loans

Interfund loans are allowable to the general fund, the transportation vehicle fund, the capital projects fund and the debt service fund. Loans are allowable from the general fund and the capital projects fund. They may be used:

1. To meet a temporary emergency,
2. because of a shortage of revenue, or
3. to protect the fund concerned.

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 fund was established. Loans shall be reimbursed in the same fiscal year.

The board 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 specific source of funds for repayment, the schedule for repayment or the repayment date, and the interest rate involved. Interest shall be charged to the borrowing fund at a rate not less than the prevailing rate of interest earned on investments through the county treasurer.

Such loans are considered as temporary and must be completely liquidated in less than one year. No interfund loans shall be allowed to extend beyond the end of any fiscal year.

Legal Reference: [RCW 28A.505.150](#) Budget Expenditures as Appropriations--
Interim Expenditures--Transfer Between
Budget Classes--Liability for Non-Budgeted
Expenditures
 [WAC 392-123-135](#) Interfund Loans--Definition
 [392-123-140](#) Interfund Loans Allowable

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