



**OREGON  
STATE  
TREASURY**

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**Owner:** *Bryan González: Policy & Strategy Manager*  
**Policy Area:** *Finance*  
**References:**

## FIN 209: Interfund Borrowing

# Cash Management Agency Manual

## AUTHORITY

ORS 293.210–293.214

## PURPOSE OF THE POLICY

This policy documents requirements and responsibilities for agencies regarding general interfund borrowing requests under ORS 293.210–293.214 and interfund borrowing requests defined by statutory requirements specific to a state agency or program.

## AGENCY RESPONSIBILITIES

1. Interfund borrowing is a tool employed by the Oregon State Treasury to assist agencies experiencing short-term transitory cash imbalances created in the conduct of legislatively approved agency activities. It is not to be used to fund activities not contemplated in an agency's budget request.
2. All agency interfund borrowing requests will be in writing and will be signed by the agency head. Governing board or commission approval is required where applicable. Such approval should be indicated by a signature of a member of the governing board or commission empowered to provide such approval.
3. Requests must include the following:
  - Purpose/use of funds: Discussion should be supported by cash flow history and projections (three years of history, if available, and projected cash flows for the loan period), budget narratives describing the program or project, and other documents as needed to provide a complete and clear understanding of the use of funds.
  - Reasons cash balances and current revenues cannot fund activity

- Analysis of other options available to fund activity (e.g., Emergency Board request, etc.): Discussion should address all actions the agency has already taken and their outcomes, any actions other than the loan/line of credit request currently being contemplated by the agency, and any actions that are not available to the agency due to legal or other constraints.
- Source(s) of repayment and any conditions that must change to allow repayment: If the source of repayment is Other Funds revenue, discussion should address legal or contractual revenue terms, additional historical data on revenues (three years of history, if available), ability to collect and history of late/uncollectable accounts, and pending or proposed legislation that could impact program revenues. If repayment is to be made with an authorized—but not yet issued—bond issuance, evidence of reimbursement intent must be provided.

If the source of repayment is Federal Funds revenue, discussion should address details on how the federal program funds expenditures (percentage of expenditures paid with federal funds, pre-funding of expenditures versus reimbursement of expenditures, contractual or legal reimbursement timeframe, and other federal program requirements). If the federal program is new or state agency participation in the program is contingent, provide additional background information and evidence that the state agency is fully approved for participation (federal program, DAS Budget & Management, and Legislative Fiscal Office).

- Legal basis for request, *i.e.*, Does the agency have specific borrowing authority granted in statute, or is the agency looking to general interfund borrowing statutes (ORS 293.205–293.225)?
- Implications of not receiving funding: Discussion should identify significant impacts to the project or program (such as services that are being denied, utilities that are being shut off, or failure of timely payment of emergency services) and any costs associated with delayed payments (such as interest, penalties, or re-activation fees). Where appropriate, recognition of agency alternatives should be acknowledged.
- Communications with DAS Budget & Management and the Legislative Fiscal Office concerning past cash flow issues, the agency's intent to seek a loan or line of credit from Treasury, and legislative budget approval for interest and fees associated with the loan/line of credit.

4. During the review process, Treasury staff may request additional supporting documentation and clarification of information provided as support for the interfund borrowing request.
5. Upon approval of an interfund borrowing request, the agency will be required to execute an interfund borrowing agreement that must be signed by the agency head, agency CFO (or equivalent position), and Treasury. This agreement must be signed by all parties prior to the issuance of loan or line of credit funds.
6. Agency will be assessed an administrative set-up fee per agreement and shall reimburse Treasury for any research or legal fees directly associated with such borrowing.

## Attachments

No Attachments

## Approval Signatures

Step Description	Approver	Date
	Cora Parker: Director of Finance	12/2021
	Carmen Leiva: Operations Analyst	12/2021
	Bryan González: Policy & Strategy Manager	12/2021

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