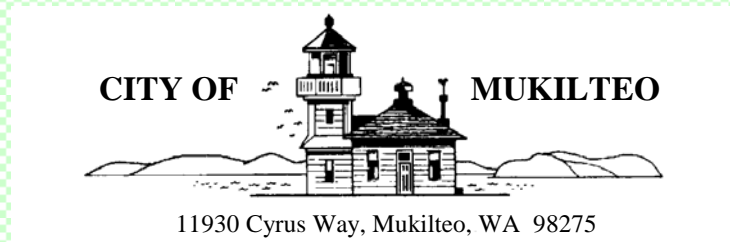


City of Mukilteo



Interfund Loan Policy and Procedures

September 1, 2008

CITY OF MUKILTEO
MUKILTEO, WASHINGTON
ORDINANCE NO. 1203

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MUKILTEO
CREATING A NEW CHAPTER 3.114 INTERFUND LOANS PROGRAM OF
THE MUKILTEO MUNICIPAL CODE.**

WHEREAS, the City's revenues do not provide a steady income stream to the City, but rather fluctuate throughout the budget year, and

WHEREAS, the needs of the City are such that present operating expenses may require loans between various funds of the City, and

WHEREAS, such loans are within the statutory authority of the City Council to approve, and

WHEREAS, the City Council wishes to provide an orderly process for such loans by authorizing the Finance Director, an individual bonded and insured, to manage such loan processes on a daily basis, without regard to the City Council's meeting schedule in order to minimize interest expense and to carefully tailor such loans and repayment to the revenue needs and expense obligations of the City, and

WHEREAS, the City Council deems it appropriate to authorize the Finance Director to administer an interfund loan program, subject to regular reporting to the City Council, on an "as needed" basis to keep the different funds of the City solvent,

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF MUKILTEO DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Title 3 Revenue and Finance of the Mukilteo Municipal Code is hereby amended by the adoption of a new Chapter 3.114 Interfund Loans Program.

Chapter 3.114

Sections:

3.114.010 Interfund loans authorized

3.114.020 Report to the City Council

3.114.030 Repayment directed

3.114.010. Interfund loans authorized. The Finance Director is hereby authorized to administer an interfund loan program. The Finance Director shall make interfund loans as needed to keep the funds of the City solvent. In conjunction with interfund loans, the Finance Director shall prepare a planned schedule of repayment of the loan principal plus applicable interest. The monthly rate of interest will be the same monthly rate of interest paid by the Washington State Local Government Investment Pool City and shall be charged by the lending fund, unless the borrowing fund has no other source of revenue other than the lending fund, or is normally funded by the lending fund. In addition, the borrowing fund must anticipate sufficient revenues to be in a position over the period of the loan to make the specified principal and interest payments.

3.114.020. Report to the City Council. The Finance Director shall include a report within thirty days of any such loans and subsequent repayments to the City Council in conjunction with the Finance Director's budget reports to the City Council. Any City Council member may request or the Mayor direct the Finance Director to make such additional reports as may be necessary to fully inform the City Council of any revenue deficit or interfund loan or similar transfer.

3.114.030. Repayment directed. The Finance Director is directed and authorized to repay such loans, in whole or in part, when budgeted revenues are received sufficient to cover the projected foreseeable needs of the City for the ensuing month of the budget year. In the event of doubt regarding the foreseeable needs of the City, the Finance Director is encouraged to consult with the Mayor and Council President and to bring questions regarding borrowing or repayment to the City Council for its advice.

Section 2. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 3. Effective Date. This ordinance, being an exercise of a power specifically delegated to the City legislative body, is an administrative and legislative act not subject to referendum, and shall take effect five (5) days after passage and publication of an approved summary thereof consisting of the title.

PASSED by the City Council and APPROVED by the Mayor this 2nd day of September 2008.

APPROVED:

MAYOR, JOE MARINE

ATTEST/AUTHENTICATED:

CITY CLERK, CHRISTINA J. BOUGHMAN

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:

By: _____
ANGELA S. BELBECK

FILED WITH THE CITY CLERK:
APPROVED BY THE CITY COUNCIL:
PUBLISHED:
EFFECTIVE:
ORDINANCE NO. 1203