ORDINANCE NO. 2884

AN ORDINANCE of the City of Kent, Washington, authorizing for the making of interfund loans of municipal monies to comply with the provisions of RCW 43.09.210 and providing for accounting procedures when such interfund loans are made.

WHEREAS, RCW 43.09.210 states in part that "all services rendered by . . . one department, public improvement, undertaking, institution, or public service industry to another, shall be paid for at its true and full value . . . or no department . . . shall benefit in any financial manner whatever by an appropriation or fund made for the support of another"; and

WHEREAS, the City seeks compliance with the provisions of RCW 43.09.210; and

WHEREAS, the City of Kent Finance Department requires City Council authorization for the making of interfund loans in order to maintain positive cash balances in all funds pursuant to the provisions of RCW 43.09.210; NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF KENT, WASHINGTON DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Authorization. The Kent City Council does hereby authorize the Finance Director, or his/her designee, to make interfund loans of those municipal monies which are otherwise legally available for investment purposes, where such loans would be necessary to ensure compliance with the provisions of RCW 43.09.210.

Section 2. Procedures. The following procedures shall be used for the establishment and accounting of all interfund loans made pursuant to this ordinance.
1. The City Council by ordinance or resolution shall approve all interfund loans and provide in the authorization a planned schedule of repayment of the loan principal and shall set a reasonable rate of interest (based upon the external rate available to the municipality) to be paid to the lending fund.

2. Interest shall be charged in all cases unless:
   a. the borrowing fund has no independent source of revenue other than the lending fund;
   b. the borrowing fund is normally funded by the lending fund; or
   c. the lending fund is the general fund, which, being unrestricted can loan interest free, except to a proprietary fund.

3. 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 as required in the authorizing ordinance.

4. The term of loan should whenever practicable be restricted to a period of one year, but in no case shall the term of loan exceed three years, except for those funds which are legally permitted to support one another through appropriations, transfers, advances, etc.

5. Only that portion of a given fund which, in the prudent management of municipal finances as determined by the Finance Director, is clearly inactive or in excess of current needs may be loaned to other municipal funds or invested.

6. Appropriate accounting records shall be maintained to reflect the balances of loans payable and receivable in every fund affected by such transactions.

Section 3. Any prior act consistent with the provisions herein are hereby ratified and approved.
Section 4. Effective Date. This ordinance shall take effect and be in force thirty (30) days from and after its passage, approval and publication as provided by law.

DAN KELLEHER, MAYOR

ATTEST:

MARIE JENSEN, CITY CLERK

APPROVED AS TO FORM:

SANDRA DRISCOLL, CITY ATTORNEY

PASSED the 19 day of Dec., 1989.
APPROVED the 20 day of Dec., 1989.
PUBLISHED the 20 day of Dec., 1989.

I hereby certify that this is a true copy of Ordinance No. 2884, passed by the City Council of the City of Kent, Washington, and approved by the Mayor of the City of Kent as hereon indicated.

MARIE JENSEN, CITY CLERK

(SEAL)