

CITY OF MADISON, WISCONSIN

AN ORDINANCE _____

PRESENTED
REFERRED

November 27, 2012
BOE _____

Creating Section 4.17 of the Madison General Ordinances to prohibit the use of unused balances in the debt service fund for operating expenses.

Drafted by: Anne Zellhoefer

Date: November 15, 2012

SPONSOR: Mayor Soglin

DRAFTER'S ANALYSIS: Unused balances in the debt service fund (general debt reserves) can result from underspending in debt-financed capital projects and from receipt of bond sale premiums. These balances do not represent on-going revenue sources for city expenditures. Application of these balances in support of on-going city spending could create future structural budget deficits, compromising provision of city services. This ordinance would prohibit the use of this one-time revenue source for on-going expenditures by requiring that use of general debt reserves be matched by an equal amount of expenditures on capital projects.

The Common Council of the City of Madison do hereby ordain as follows:

Section 4.14 entitled "Savings Resulting from Use of General Debt Reserves" of the Madison General Ordinances is created to read as follows:

"4.17 SAVINGS RESULTING FROM USE OF GENERAL DEBT RESERVES.

In any year when general debt reserves are applied to reduce general fund debt service, an amount at least equal to the general debt reserves applied must be directly appropriated from the general fund for capital projects."

Approved as to form: