



Legislation Text

File #: 40947, Version: 1

Fiscal Note

No appropriation required. This ordinance establishes processes and policies for affiliated organizations that raise funds for City operations. Depending on the interaction of these organizations with the City, the financial statements of the organization may be included in the City's financial statements.

Title

Creating Section 4.29 of the Madison General Ordinances relating to affiliated organizations for the City of Madison.

Body

DRAFTER'S ANALYSIS: There are a number of non-profit organizations that raise funds for City operations, such as the Library Foundation or the Parks Foundation. The City has no codified policies regarding operation of these entities, and this ordinance is to create some minimal rules. The Government Accounting Standards Board (GASB) has standards that require the City to include some of these affiliated organizations (AO) in its annual financial statements as a component unit if the AO meets certain GASB criteria. Under this ordinance, AOs must have articles of incorporation and bylaws, must register with the City Clerk's office, and must manage their own funds. The ordinance also establishes rules for gifts to the City.

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

Section 4.29 entitled "Affiliated Organizations for the City of Madison" of the Madison General Ordinances is created to read as follows:

"4.29 AFFILIATED ORGANIZATIONS FOR THE CITY OF MADISON.

- (1) Definition. An Affiliated Organization (AO) is a non-governmental tax-exempt organization, legally separate from the City of Madison, designed to raise funds and contribute to functions carried on by the City. Such organizations are usually called "The Friends of _____", or "The _____ Foundation" or similar names.
- (2) Registration and Reporting. All Affiliated Organizations shall be registered with the City Clerk. Registration information shall include the name and address of the organization, members of the AO's Board of Directors, any employees or officers, and the City agency with which the AO is affiliated. The registration shall be updated annually on or before December 31. The Finance Director will notify any AO that, pursuant to the guidelines of the Government Accounting Standards Board, is considered a component unit of the City. Any AO deemed a component unit shall provide the City, in a timely manner, with such information as may be necessary for the City's annual audit, which information may be included in the City's annual financial statement.
- (3) Finances. Funds collected by AOs shall be subject to control of the AO, pursuant to policies adopted by the AO. Except as specifically approved by the Common Council or by the Mayor and Finance Director, no city staff shall have control over funds of an AO and, when allowed, shall be subject to any policies approved by the Mayor.
- (4) Gifts to the City. AOs may make gifts to the City on such terms as the AO determines, provided, however, that the City may determine not to accept a gift if the conditions are not appropriate. In order to be acceptable, gifts to the City must be irrevocable and be for a general or designated public purpose. City boards and commissions may establish policies for the receipt of gifts, consistent with this ordinance, within the authority of the board or commission, and will file such policies with the Finance Director. Gifts to the City by any AO registered under this

ordinance may be accepted by the City without action by the Common Council. Gifts from other entities up to ten thousand dollars (\$10,000) may be accepted by Department heads with the approval of the Mayor; gifts from other entities over ten thousand dollars (\$10,000) shall be accepted by resolution of the Common Council. Any gifts or grants not otherwise accounted for in an agency's budget must be appropriated by the Common Council. Gifts include in-kind contributions.

- (5) Form. All AOs shall have articles of incorporation and bylaws, copies of which shall be made available on request of the Finance Director.
- (6) Contracts for Projects. Any AO intending to make recurring gifts to the City for a capital project, on which the City is expected to spend funds in advance of receipt of the gifts, shall enter into a contract with the City setting forth the arrangements and obligations of the AO for such gifts.”