

FINANCE COMMITTEE

09-032-0

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE DISTRIBUTION OF THE TAX LEVY OF THE CITY OF DULUTH FOR THE YEAR 2009 BY TRANSFERRING A PORTION OF THE DEBT SERVICE LEVY TO THE GENERAL FUND SUPPORT LEVY.

CITY PROPOSAL:

The city of Duluth does ordain:

Section 1. That Ordinance 9953 passed and approved December 15, 2008, is hereby amended by increasing Section 2 which are taxes levied for the support of the general fund by \$324,000 for a new total of \$8,594,500; and by decreasing Section 3 which are taxes levied for the purpose of payment of debt by \$324,000 for a new total of \$5,272,900.

Section 2. That this ordinance shall take effect immediately upon its passage.

Approved:

Approved for presentation to council:

Department Director

Chief Administrative Officer

Approved as to form:

Approved:

Attorney

Auditor

STATEMENT OF PURPOSE: This ordinance amends the 2009 property tax levy ordinance by transferring \$324,000 to the general fund property tax levy from the portion of the debt service levy that had been approved to pay for the interest expense of tax anticipation certificates. Annually, the city sells tax anticipation certificates to assist in cash flow in the general fund. The certificates are paid in full by year's end with the cost of interest paid from an annual debt service levy, with \$324,000 approved in the 2009 levy for this purpose. Since that time, administration has decided upon the advice of bond counsel to not issue these certificates. This decision has impacted available cash for investment purposes and contributed to the anticipated shortfall in earnings on investments in the general fund. If the ordinance is approved, the transfer will offset a portion of that shortfall.