

COUNCIL COPY

FINANCE COMMITTEE

10-058-0

ORDINANCE NO. _____

AN ORDINANCE AMENDING CHAPTER VIII, SECTION 54, OF THE CITY OF DULUTH HOME RULE CHARTER, 1912, AS AMENDED, PERTAINING TO ESTABLISHMENT OF A PARKS FUND IN CITY TREASURY.

CITY PROPOSAL:

The city of Duluth does ordain:

Section 1. That Section 54(A) of the city of Duluth Home Rule Charter, 1912, as amended, is hereby amended as follows:

Section 54(A). The city's accounting system shall present fairly and fully disclose the financial position and results of financial operations of the funds and account groups of the city in conformity with generally accepted accounting principles, as established by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

The requirements of the federal general accounting office, and OMB Circular A-133, or its successor, shall be followed in reporting all federal revenues and expenditures, as required, which will demonstrate compliance with finance-related legal and contractual provisions.

The accounting system of the city shall be organized and operated on a fund basis, which is a self-balancing accounting entity, recording cash and other financial resources together with related liabilities and residual equities or balances, which are segregated for the purpose of specific activities or objectives.

The city shall maintain a fund structure that includes:

- (1) A general fund to account for all financial resources, except those to be accounted for in another fund;
- (2) Special revenue funds, including a permanent improvement fund, to account for the proceeds of specific revenue

sources, other than special assessments, expendable trusts, and major capital projects, which are legally restricted to expenditure for specified purposes;

(3) Capital project funds to account for financial resources to as used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds, special assessment funds and trust funds;

(4) Debt service funds to account for the accumulation of resources for, and the payment of, general long-term debt principle and interest;

(5) Enterprise funds to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the city is that the costs, including depreciation, of providing goods or services to the general public, be financed through user fees, or where the city has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for public policy, management control, capital maintenance, accountability or other purposes.

An enterprise fund shall be maintained for the acquisition, construction, support, maintenance and operation of each public utility owned and operated by the city, including the payment on any bonds or other indebtedness which may be a lien on such utility. There shall be paid into these funds all monies derived from the sale of bonds issued on account of any such utilities, and from the operation of such utility, and from the sale of any property acquired for or used in connection with any such utility. There shall be paid out of these funds the cost of the purchase, construction, extension, operation, maintenance and repair of any such utility, including the interest upon all bonds or other

indebtedness which may be a lien upon such utility. Any surplus in such funds may be used for the purchase of any bonds or certificates of indebtedness issued upon said utilities, and for the payment of such bonds or other indebtedness upon their maturity;

(6) Internal service funds to account for the financing of goods or services provided by one department or agency to other departments or agencies within the city on a cost reimbursement basis;

(7) There shall be established in the city treasury a fund called the park fund for the purpose of funding the acquisition of property and equipment for park purposes, for maintenance and preservation of parks now or in the future belonging to the city, and for providing recreational facilities and programs to city residents. The city may transfer to the park fund the money it deems necessary for park purposes. The parks fund may be funded by city general funds, out of funds raised or designated for park purposes, or out of funds raised expressly for said purpose, and the city may levy taxes therefore, subject to any required authorizations and applicable limitations. All money earned by the parks fund must be credited to the fund;

(78) Agency funds to account for assets held by the city as an agent for individuals, private organizations or other governmental units.

The city shall establish and maintain those funds required by law and sound financial administration consistent with legal and operating requirements, which should be established to avoid unnecessary funds which would result in inflexibility, complexity and inefficient financial administration.

An annual budget shall be adopted by the city of Duluth which allows the accounting system to provide the basis for

appropriate budgetary control. Budgetary comparisons should be included in the appropriate financial statements and schedules, for which an annual budget has been adopted;

Section 54(B). Repealed.

Section 54(C). Repealed.

Section 54(D). There is hereby imposed an excise tax of three percent (3%) of the gross receipts derived from the furnishing for a consideration of lodging, of any hotel, rooming house, tourist court, motel or trailer camp, and of the granting of any similar license to use real property within the city other than the renting or leasing thereof for a continuous period of thirty (30) days or more. The council may exclude from such gross receipts income derived from the furnishing of lodging where the daily room rental is less than three dollars (\$3.00) or is less than such other greater or lesser amount as the council shall in its judgment from time to time determine. In no case shall the tax imposed hereby upon the proprietor of such establishment exceed the amount of tax which he is authorized and required by law to collect from the lodger. The city council may suspend, by resolution regularly adopted, the imposition of such tax in whole or in part in any year in which the council in its judgment shall determine that the revenue derived from such tax is not needed to accomplish the purposes to which such revenue is dedicated by virtue of the financial condition of the arena-auditorium board of the city of duluth as evidenced by the financial statements of said board filed with the city council as required by Laws of Minnesota 1963, Chapter 305.

The tax shall be stated and charged separately from the charge made for the furnishing of such lodging, and shall be collected by the proprietor from the lodger insofar as practicable, and shall be

a debt from the lodger to the proprietor recoverable at law in the same manner as other debts.

The director of finance and records, or such other officer as the mayor may designate, hereinafter termed the administrator, shall administer and enforce the assessment and collection of the taxes imposed by this Section.

The administrator shall promulgate all necessary rules and regulations for the administration and enforcement of this Section not inconsistent with its provisions; and such regulations shall have the force and effect of law.

The taxes imposed by this Section shall be due and payable to the administrator monthly on or before the 25th day of the month next succeeding, or such other reporting period as the administrator may prescribe.

In promulgating the necessary rules and regulations for the administration of this Section, the administrator shall require returns to be filed by each proprietor in such form as will insure the collection of the taxes imposed by this Section. Such rules and regulations shall include a system for reviewing the returns as so required and shall provide a method for the return of overpayments, and a method for the collection of any deficiencies.

The tax required to be collected by the proprietor shall constitute a debt owed by the proprietor to the city of Duluth, and shall be paid over to the administrator at the time hereinbefore provided, and in accordance with the rules and regulations promulgated by the administrator. The city council may, by ordinance, establish a penalty to be assessed if such tax is not paid within the time herein provided.

Failure to pay the tax or penalty as hereby imposed, or failure to abide by the rules and regulations as promulgated by the

administrator, shall constitute a misdemeanor punishable by a fine of not more than three hundred dollars (\$300.00) or imprisonment for not more than ninety (90) days, or both.

For the purpose of determining the correctness of any return required by the administrator, or of determining whether or not a return should have been made, the administrator shall have the power to examine, or cause to be examined, books and records which may be relevant to such determination; but such information so gathered shall be treated as confidential; and it shall be unlawful for the administrator or any public officer to make such information public.

Five (5) percent or five thousand dollars (\$5,000), whichever is greater, of such tax as collected during each calendar year shall be paid into the general fund of the city of Duluth to cover the cost of administration and collection thereof.

Sixty-five percent (65%) of any such tax collected over and above the sums hereinbefore denominated shall be paid into the general fund of the city of Duluth, to be used for the support and maintenance of the arena-auditorium of Duluth; and thirty-five percent (35%) shall be paid into an advertising and publicity fund, which shall be maintained in the city treasury, and which shall be used for advertising and promoting the city of Duluth as a tourist and convention center;

(E). There is hereby established in the treasury of the city of Duluth a fund designated as the community investment trust fund. The following monies shall be deposited into such fund:

(1) \$3,100,000 from pre-1994 profits of the Fund-du-Luth Casino;

(2) Net revenues received by the city in 1994 and future years from operation of the Fond-du-Luth Casino. "Net revenues" are revenues less expenses incurred by the city in

administering the agreement with the Fond du Lac Band of Lake Superior Chippewa for operation of the casino;

(3) Investment earnings generated by the monies in the fund;

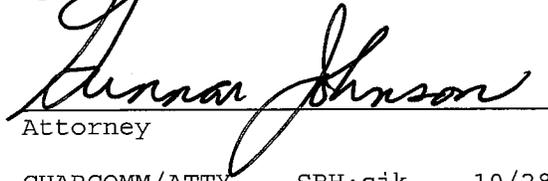
(4) Monies appropriated or transferred to such fund from time to time by the council or donated to such fund.

The accumulated investment earnings of this fund shall be transferred annually to the general fund.

Except for the annual transfer of investment earnings to the general fund, monies in this fund shall only be spent or transferred to another fund of the city by authority of a resolution approved by at least seven members of the council.

Section 2. That this ordinance was recommended by the Charter commission and shall take effect 90 days after its passage and publication.

Approved as to form:


Attorney

CHARCOMM/ATTY SBH:cjk 10/28/2010

STATEMENT OF PURPOSE: This ordinance amends the city Charter to establish a parks fund in the city treasury for the purposes of funding the acquisition of property and equipment for park purposes, for maintenance and preservation of parks now or in the future belonging to the city, and for providing recreational facilities and programs to city residents.

This amendment was reviewed and recommended by the Charter commission at its meeting of October 13, 2010.