

# LRB – FISCAL REVIEW SECTION ANALYSIS

JANUARY 14, 2004 AGENDA

ITEM 28, FILE 031257

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #031257 is a resolution ratifying various fund transfers related to special assessment improvements.

## **Background**

1. State Statutes and the City Charter provide for the establishment of a Public Debt Commission (PDC) to oversee the issuance of debt and the Public Debt Amortization Fund (PDAF).
2. The PDAF receipts are from the following sources per Section 67.101(1)(b) of the Wisconsin State Statutes:
  - ❖ 1/3 of all interest on any invested city funds
  - ❖ 1/3 of all interest on any funds to the interest of which the city is entitled
  - ❖ 1/3 of interest received on delinquent personal property taxes
  - ❖ 100% of interest on installment payments on special assessments
3. The practical impact of PDAF utilization is a reduction to the property tax levy, which would otherwise be required for debt service or cash-financed capital projects.
4. Credit agency reports indicate the existence of a well-funded PDAF enhances the credit quality of city debt. Credit quality factors significantly influence the cost of City debt.
5. The Special Assessment Fund is part of the General Fund and receives special assessment payments that are used to repay special assessment financings.

## **Discussion**

1. This resolution authorizes transfer funds from the Special Assessment Fund to the Public Debt Amortization Fund and ratifies that the transfer took place on or before December 31, 2003.

## **Fiscal Impact**

The resolution authorizes the transfer \$6,080,000 million from the Special Assessment Fund (General Fund) to the Public Debt Amortization Fund.

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LRB Fiscal Review  
January 12, 2004