

**COUNTY EXECUTIVE'S 2012 BUDGET**

**DEPT:** GENERAL COUNTY DEBT SERVICE

**UNIT NO.** 9960

**FUND:** Debt Service - 0016

<b>BUDGET SUMMARY</b>			
	2010 Actual*	2011 Budget	2012 Budget
<b>Expenditures</b>			
Debt Service Principal (8021)	\$ 65,511,303	\$ 66,243,391	\$ 66,527,817
Debt Service Interest (8022)	42,084,515	41,531,086	41,000,258
Penalties and Interest (8031)	(49,516)	0	0
<b>Total Principal and Interest</b>	<b>\$ 107,546,302</b>	<b>\$ 107,774,477</b>	<b>\$ 107,528,075</b>
Debt Retirement (6999)	0	0	1,000,000
Interest Allocation (9880)	(41,156,137)	(39,856,881)	(41,069,747)
<b>Total Expenditures</b>	<b>\$ 66,390,165</b>	<b>\$ 67,917,596</b>	<b>\$ 67,458,328</b>
<b>Contributions</b>			
Reserve for County Bonds (4703)	\$ 0	\$ 5,894,221	\$ 0
<b>Total Contributions</b>	<b>\$ 0</b>	<b>\$ 5,894,221</b>	<b>\$ 0</b>
<b>Revenues</b>			
Jail Assessment Surcharge (1315)	\$ 1,313,201	\$ 1,401,209	\$ 1,429,374
Earning Allocations (1842)			
Golf Course Enhancement Fee - Debt Service (4702)			
Gain on Sale of Fixed Asset (4902)			
Sale of Capital Asset (4905)	6,125,756	6,300,000	6,300,000
Bond and Note Proceeds (4907)	(3,567,554)	0	0
Revenue from Project Rents (4999)	1,527,776	1,062,293	438,775
<b>Total Revenues</b>	<b>\$ 5,399,179</b>	<b>\$ 8,763,502</b>	<b>\$ 8,168,149</b>
<b>Direct Property Tax Levy**</b>	<b>\$ 60,990,986</b>	<b>\$ 53,259,873</b>	<b>\$ 59,290,179</b>

\* 2010 actual excludes balance sheet entries to record principal retired for proprietary fund departments. This adjustment is intended to allow 2010 information to be reported on a basis comparable to the subsequent year budget summaries.

\*\* County sales and use tax revenues are dedicated primarily to the payment of general obligation debt service costs. For budgetary purposes, the County's pledge to levy ad valorem taxes for the payment of debt service payments treats sales tax revenues and property tax revenues as interchangeable.

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**Summary of Bonds and Notes Outstanding**

Type of Issue	True Interest Rate	Date of Bond Issue	Final Maturity Date	Bonds or Notes Outstanding 12/31/10	2012 Budget Requirements	
					Principal	Interest
C	3.95	02/01/03	08/01/18	1,725,000	1,725,000	629,250
R	3.48	07/01/03	08/01/17	88,930,000	19,585,000	3,033,355
C	3.72	02/01/04	08/01/19	16,670,000	1,775,000	653,994
C	4.24	06/01/06	12/01/20	16,675,000	1,575,000	741,200
R	3.89	02/01/06	10/01/15	34,145,000	13,095,000	1,714,913
C	4.14	04/01/07	10/01/21	25,280,000	2,525,000	1,264,000
C	4.12	06/01/08	12/01/22	28,040,000	1,420,000	1,135,775
C	3.93	06/01/08	12/01/23	28,655,000	700,000	1,119,300
C	5.04	08/01/09	10/01/24	24,775,000	0	1,221,733
R	2.00	08/01/09	10/01/16	9,815,000	3,690,000	223,594
C	4.87	08/01/10	08/01/24	30,365,000	0	1,406,500
N	2.55	08/01/10	08/01/19	12,260,000	2,215,000	310,213
C	4.60	04/01/11	10/01/29	22,725,000		992,743
N	2.37	04/01/11	10/01/18	11,090,000	1,465,000	261,513
C	4.78	10/01/11	10/01/26	38,165,000	0	1,694,155
N	2.82	10/01/11	10/01/20	9,770,000	945,000	286,222
R	5.04	10/01/11	10/01/18	35,095,000	<u>4,640,000</u>	<u>1,754,750</u>
Projected Outstanding Balance as of December 31, 2011 and Associated Debt Service				\$ 434,180,000	\$ 55,355,000	\$ 18,443,210
STFLP-Housing	6.00	03/15/09	03/15/17	838,373	107,305	39,305
STFLP-Housing	5.25	03/15/11	03/15/19	<u>1,835,579</u>	<u>195,512</u>	<u>82,827</u>
				\$ 2,673,952	\$ 302,817	\$ 122,132
				\$ 436,853,952	\$ 55,657,817	\$ 18,565,339
Taxable GO Notes	6.84	12/01/09	12/01/33	\$ 244,595,000	\$ 10,870,000	\$ 15,158,419
Taxable Pension Anticipation Notes	5.39	12/01/09	12/01/13	<u>135,000,000</u>	<u>-</u>	<u>7,276,500</u>
				\$ 379,595,000	\$ 10,870,000	\$ 22,434,919
Total 2012 Debt						\$ 107,528,075

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## Type of Issue Explanation

- A -Airport Bonds
- B -Building Bonds
- C -Corporate Purpose Bonds
- D -Detention Facility Bonds
- N -General Obligation Note
- R -Refunding Bonds
- AR-Airport Refunding Bonds
- TB-Taxable Bonds
- STFLP- State Trust Fund Loan Program

## **DEBT SERVICE CONTRIBUTIONS**

### **Contribution to the Debt Service Reserve**

The 2012 Budget includes the creation of a Debt Retirement Program. An appropriation of \$1,000,000 is included for a contribution to the debt service reserve for the specific purpose of debt retirement.

The Department of Administrative Services will conduct a feasibility analysis each year to determine, with the current available resources in the Debt Retirement Program and the call dates that will occur in that year, if it is prudent to use the funds allocated to the Debt Retirement Program to retire debt. If it is determined that debt can be retired, the Department of Administrative Services will submit the appropriate resolution to the County Board to retire the debt.

## **DEBT SERVICE CONTRIBUTIONS**

### **Pension Obligation Bond Debt Service Abatement**

The 2012 debt service costs for the pension obligation notes issued in 2009 is \$33,304,919. To accurately reflect all benefit related costs, this amount is budgeted in the Org. 1950 - Employee Fringe Benefits. In addition, to accurately reflect all debt service costs, this amount is also included in the principal and interest amounts within the General County Debt Service Budget. To avoid duplication of the debt service costs, the amount is abated in the General County Debt Service Budget.

### **County Fleet Debt Service Abatement**

The 2012 debt service costs for the \$20,074,000 issued for vehicles and equipment in 2009 and 2010 is \$3,200,000. To accurately reflect all fleet-related costs, this amount is budgeted in the Org. 5300 – Fleet Management Division and crosscharged to user departments. In addition, to accurately reflect all debt service costs, this amount is also included in the principal and interest amounts within the General County Debt Service Budget. To avoid duplication of the debt service costs, the amount is abated in the General County Debt Service Budget.

### **Jail Assessment Surcharge (1315)**

Jail Assessment Surcharge Revenue of \$1,429,374 is projected to be used to pay 2012 debt service costs for the construction of the Criminal Justice Facility (CJF) as allowed by Wisconsin Statutes Section 302.46(2).

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## Sale of Capital Asset (4905)

### **Doyne Hospital Sale Revenues**

Based on the sale agreement between Milwaukee County and Froedtert Memorial Lutheran Hospital (Froedtert Hospital), the County will receive annual payments over 20 years beginning in 1997 and ending in 2016 based on the net operating cash flow generated by Froedtert Hospital.

<u>Year</u>	<u>Budget</u>	<u>Actual</u>	<u>Surplus (Deficit)</u>
2009	\$3,190,000	\$79,000	(\$3,111,000)
2010	\$3,900,000	\$6,125,756	\$2,225,756
2011	\$6,300,000	\$8,300,000*	\$2,000,000

\* The actual amount for 2011 reflects revenue anticipated to be received in 2011.

Revenues for, 2009 revenues were budgeted based on a seven-year average excluding the 2008 payment. Actual revenues for 2009 were significantly lower than budgeted due to the global economic recession. Actual revenues for 2010 were \$6,125,756. The 2011 estimated revenue reflects the anticipated actual revenues of \$8,300,000 based on conversations with Froedtert Hospital.

## Revenue from Project Rents (4999)

### **Milwaukee Kickers Soccer Club**

The County issued a total of \$3,750,000 in 1994 and 1995 General Obligation Bonds for the Milwaukee Kickers Soccer Club (MKSC) for the purpose of purchasing land and developing an indoor/outdoor sports complex to be located at the Uihlein Soccer Park at 7101 West Good Hope Road in Milwaukee. The MKSC agreed to repay the County for debt service on these bonds.

On July 23, 1998, the County Board of Supervisors approved Resolution File No. 98-427, which authorized an amendment of the lease agreement between the MKSC and Milwaukee County to restructure the lease payment schedule. The revised payment plan reflected the donation to MKSC of the Uihlein Soccer Park land and associated costs by establishing a level payment schedule of \$430,000 annually and extending the schedule from 2010 to 2011, beginning in 1998.

The payment dates were changed from June and December to August and February, beginning in 1999. The final payments for 2011 totaled \$376,743. There are no payments due from MKSC in 2012 or 2013.

The current lease agreement does not expire until 2014.

### **Marcus Center Renovation**

The County issued a total of \$5,802,000 in General Obligation Bonds during 1994 and 1995 for the purpose of renovating the interior of the Marcus Center for the Performing Arts. The Marcus Center instituted a facility fee on tickets for the specific purpose of repaying the County bonds. Based on information provided by the Marcus Center, facility fee income is sufficient to repay bonds issued by Milwaukee County for this project. This restructured amount reflects a one-year extension of the loan repayment until 2011. The 2011 Adopted Budget included \$243,254 for the loan repayment. By December 2011, all of the debt will have been repaid by the Marcus Center.

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### **Intergovernmental Cooperation Council**

The County issued \$2,500,000 General Obligation Building Bonds, Series 1997A on July 17, 1997 on behalf of the Intergovernmental Cooperation Council (ICC) for the development of an animal control shelter. The County and ICC have developed a final agreement as required for the release of the bond proceeds to the ICC. The ICC will repay the County for actual debt service costs on this issue.

In 2005, Milwaukee County refunded the debt, which resulted in savings of \$55,643 over the life of the issue. The debt service payments reflect the savings per maturity.

The budgeted amount for 2012 for the reimbursement for debt service costs is \$224,795.

### **Private Geographic Members (PGMs)**

In 2003, Milwaukee County issued general obligation bonds to finance Project WG008 – Milwaukee County Grounds Roadway Rehabilitation. Milwaukee County Ordinance 98.01 states that the Private Geographic Members (PGM's) shall share in the cost of improvements at the County Grounds on an equitable basis. The PGM's consist of Milwaukee County (DHHS – Behavioral Health Division), Froedtert Hospital, Children's Hospital, Medical College of Wisconsin, Curative Rehabilitation and Blood Center of Southeastern Wisconsin.

The cost allocations for improvements are based on a cost sharing formula that is determined by the square footage of building area that the geographic members bear to the total gross square feet of the building area of all geographic members combined. The square footage is evaluated annually and is expressed as a percentage. Presently, the allocation for the County is 17.8 percent and the combined percentage for the remaining PGM's is 82.2 percent. Therefore, 82.2 percent of the debt service costs for the roadway improvements will be paid by the remaining PGMs. The budgeted amount for 2012 is \$210,287.

### **State Trust Fund Loan Program**

In 2007, the County borrowed \$1,000,000 from the State Trust Fund Loan Program to finance housing for persons with mental illness. The 2012 principal and interest amounts for the loan are \$107,305 and \$39,305, respectively. These amounts are included in the account 8021 and 8022 for the payment of principal and interest.

In 2009, the County borrowed \$2,000,000 in 2009 to finance housing projects for persons with mental illness. The 2012 principal and interest amounts for the loan are \$195,512 and \$82,827, respectively. These amounts are included in the account 8021 and 8022 for the payment of principal and interest.

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**INTEREST ALLOCATION (9880)**

<b>Org. No.</b>	<b>Capitalized and Operating Interest Expense for Proprietary Fund Departments</b>	<b>2012 Amount</b>
1162	DAS-Information Management Services Division	\$ 631,280
5041	DTPW-Airport Divison	24,823
5300	Fleet Management Division (Prior Year Debt Service)	695,308
5300	Fleet Management Division (Vehicle Initiative)	3,200,000
5500	DTPW - Utility	\$ 86,514
5605	Milwaukee County Transit/Paratransit Services	1,442,139
5725	DTPW - Facilities Management Division	<u>1,084,764</u>
	<b>Sub-Total</b>	<b>\$ 7,164,828</b>
1200-1850	Capitalized Interests	\$ 600,000
1950	Taxable Pension Obligation Notes, Anticipation Notes and Stabilization Fund	<u>\$ 33,304,919</u>
	<b>Total Estimated 2011 Debt Service Abatement</b>	<b>\$ 41,069,747</b>