

## B U D G E T   S U M M A R Y

Category	2018 Actual*	2019 Actual*	2020 Budget	2021 Budget	2021/2020 Variance
<b>Expenditures</b>					
<b>Personnel Costs</b>	\$0	\$0	\$0	\$0	\$ 0
<b>Operation Costs</b>	\$0	\$0	\$0	\$0	\$ 0
<b>Debt &amp; Depreciation</b>	\$134,536,226	\$107,384,579	\$87,926,338	\$88,097,556	\$171,218
<b>Capital Outlay</b>	\$0	\$0	\$0	\$0	\$ 0
<b>Interdepartmental. Charges</b>	(\$39,789,962)	(\$46,124,366)	(\$40,552,243)	(\$40,531,716)	\$20,527
<b>Total Expenditures</b>	<b>\$94,746,264</b>	<b>\$61,260,213</b>	<b>\$47,374,095</b>	<b>\$47,565,840</b>	<b>\$191,745</b>
<b>Revenues</b>					
<b>Direct Revenue</b>	\$67,784,613	\$30,053,403	\$10,050,000	\$5,025,000	(\$5,025,000)
<b>Intergovernmental Revenue</b>	\$1,863,156	\$624,037	\$159,821	\$141,710	(\$18,111)
<b>Indirect Revenue</b>	\$6,554,710	\$3,347,553	\$3,598,267	\$5,711,360	\$2,113,093
<b>Total Revenues</b>	<b>\$76,202,479</b>	<b>\$34,024,993</b>	<b>\$13,808,088</b>	<b>\$10,878,070</b>	<b>(\$2,930,018)</b>
<b>Tax Levy**</b>	<b>\$18,543,785</b>	<b>\$27,235,220</b>	<b>\$33,566,007</b>	<b>\$36,687,770</b>	<b>\$3,121,763</b>
<b>Personnel</b>					
<b>Full-Time Pos. (FTE)</b>	0.0	0.0	0.0	0.0	0.0
<b>Seasonal/Hourly/Pool Pos.</b>	0\$	\$0	\$0	\$0	\$ 0
<b>Overtime\$</b>	\$0	\$0	\$0	\$0	\$ 0

\* 2018 and 2019 actuals exclude balance sheet entries to record principal retired for proprietary fund departments. This adjustment is intended to allow 2018 and 2019 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.

## Summary of Bonds and Notes Outstanding

Type of Issue	True Interest Rate	Date of Bond Issue	Final Maturity Date	Bonds or Notes Outstanding 12/31/20	2021 Requirements	
					Principal	Interest
C	2.43	08/14/13	09/01/23	6,635,000	2,790,000	199,050
C	2.60	11/06/14	12/01/29	23,535,000	2,615,000	722,394
C	2.50	11/12/15	10/01/30	23,730,000	2,380,000	640,500
Q	2.34	11/12/15	10/01/25	2,410,000	490,000	61,895
R	1.25	11/12/15	10/01/21	2,335,000	2,335,000	70,050
C	2.36	11/10/16	09/01/31	20,030,000	1,825,000	491,600
R	1.53	11/10/16	12/01/22	5,125,000	2,630,000	178,700
Q	2.42	11/10/16	10/01/26	4,260,000	715,000	88,700
C	2.04	11/08/17	09/01/27	14,525,000	2,075,000	316,438
R	1.48	11/08/17	12/01/23	7,400,000	2,490,000	197,800
N	1.29	11/08/17	09/01/21	1,650,000	1,650,000	37,125
R	2.31	10/11/18	08/01/24	35,865,000	7,250,000	1,793,250
M	3.19	10/11/18	08/01/23	4,230,000	1,415,000	131,125
C	2.80	11/15/18	08/01/28	9,920,000	1,240,000	310,000
N	2.30	11/15/18	08/01/22	5,000,000	2,500,000	150,000
T	3.22	11/15/18	08/01/23	3,810,000	1,270,000	119,380
R	1.40	10/02/19	10/01/26	20,070,000	1,685,000	1,003,500
C	1.81	10/02/19	08/01/29	7,710,000	830,000	138,875
N	1.33	11/07/19	08/01/23	3,405,000	1,000,000	78,100
T	1.86	11/07/19	08/01/24	4,540,000	1,145,000	83,980
E	1.51	11/07/19	08/01/24	9,360,000	2,880,000	187,200
N	1.75	11/07/19	08/01/29	9,030,000	730,000	180,600
C	1.16	10/28/20	09/01/31	12,195,000	0	151,401
N	1.09	10/28/20	09/01/30	2,965,000	300,000	35,819
T	0.57	10/28/20	09/01/25	6,185,000	1,240,000	99,085
N	0.53	10/28/20	09/01/24	9,660,000	1,575,000	84,872

Non-Pension Obligation Debt Projected Outstanding \$ 255,580,000 \$ 47,055,000 \$ 7,551,439  
 Balance as of December 31, 2020 and Associated Debt Service

**DEBT SERVICE (9960) BUDGET**

UNIT NO. 9960

Department: General County Debt Service

FUND: General — 0016

**Summary of Bonds and Notes Outstanding (continued)**

Type of Issue	True Interest Rate	Date of Bond Issue	Final Maturity Date	Bonds or Notes Outstanding 12/31/20	2021 Requirements	
					Principal	Interest
<u>Penison Obligation Notes</u>						
Taxable GO	6.84	12/01/09	12/01/33	\$ 105,603,105	\$ 5,783,327	\$ 7,164,985
Taxable GO	3.28	03/15/13	12/31/30	102,795,000	5,435,000	3,497,311
Taxable GO	2.76	06/27/13	12/01/23	32,465,000	10,455,000	1,085,496
Pension Obligation Note Balance as of December 31, 2020 and associated Debt Service				\$ 240,863,105	\$ 21,673,327	\$ 11,747,792
<b>Total 2021 Principal/Interest</b>					<b>68,728,327</b>	<b>\$ 19,299,229</b>
<b>Total 2021 Debt Service</b>				<b>88,027,556</b>		

Type of Issue Explanation

- C - Corporate Purpose Bonds
- N - General Obligation Notes
- M - Marcus Center Taxable Refunding
- T - Taxable Notes
- R - Refunding Bonds or Notes
- Q - Qualified Energy Conservation Bonds
- E - Enterprise Software Project

**DEBT SERVICE EXPENSES (8021 and 8022)**

The 2021 Budget includes appropriations of \$68,728,327 and \$19,299,229 for principal and interest payments associated with general obligation debt. The total 2021 debt service amount of \$88,027,556 is an increase of \$171,218 over the 2020 Budget amount of \$87,856,338.

**DEBT ISSUANCE EXPENSE (8026)**

Currently, a significant portion of debt issue expenses are paid from the proceeds of each financing. Under current Federal law, up to 2 percent of each financing may be used to cover expenses related to the issue. Once the corporate purpose financing amounts have been determined and more robust debt issuance expense estimates have been identified by the Office of the Comptroller, the Department of Administrative Services will process an administrative appropriation transfer in order to make the necessary adjustments.

In recent years, additional levy has been needed to finance additional bond counsel expenses associated with investigating the impact to outstanding bonds associated with the potential disposition of County assets, leasing/contracting out areas in which the County has or may issue tax exempt debt and complying with the new disclosure rules that have been implemented by the Federal government. For 2021, the amount of levy for these remains at \$70,000.

**PENSION OBLIGATION BONDS****Pension Obligation Bond Debt Service**

In 2009, Milwaukee County sold \$400 million in pension obligation bonds to improve the funding ratios of the pension system and to take advantage of higher investment rates of returns compared to the interest rate of taxable general obligation bonds. The original debt consisted of two bond issues: \$265 million in taxable general obligation promissory notes for a 20-year term and \$135 million in taxable pension anticipation notes for a five-year term with a December 2013 maturity date. In March 2013, the County issued taxable general obligation pension notes to replace the anticipation notes.

In 2013, the Office of the Comptroller was contacted by JP Morgan to inquire if the County would be interested in purchasing the County's outstanding 2024 notes that were part of the 2009 issue. The Office of the Comptroller subsequently received initial authorization from the County Board and County Executive to issue new pension obligation notes to refund any of the 2009 pension obligation notes that the County is able to achieve an appropriate level of savings. In June 2013, the County closed on the issuance of \$99,300,000 of 2013B Taxable General Obligation Pension Refunding Bonds. These proceeds were used in order to purchase outstanding 2024 notes and the County achieved \$1,571,900 of net present value savings.

The 2021 debt service costs for the pension obligation notes issued in 2009 and 2013 is \$33,421,119.

To accurately reflect all benefit related costs, the pension obligation debt service expenses are 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 Debt Service Fund Budget. To avoid duplication of the debt service costs, the amount is abated in the General Debt Service Budget.

**DEBT SERVICE CONTRIBUTIONS****Reserve for County Bonds (4703)**

The 2021 contribution from the Reserve for County Bonds is \$5,711,360. The \$5,711,360 includes \$371,174 of net bid premiums from the 2020 Bond Sales. The break down for the \$371,174 includes: \$151,400 of bid premiums from the Series 2020A General Obligation Bonds, \$35,818 of bid premiums from the Series 2020B General Obligation Promissory notes, \$99,085 of bid premiums from the Series 2020C Taxable General Obligation Promissory Notes, and \$84,871 of bid premiums from the Series 2020D General Obligation Promissory Notes.

**County Fleet Debt Service Abatement**

The 2021 principal costs for the debt issued for vehicles and equipment in 2013-2020 is \$4,599,664. To accurately reflect all fleet-related costs, this amount is budgeted in the Org. 5300 – Fleet Management Division and cross charged 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 Debt Service Fund Budget. To avoid duplication of the debt service costs, the amount is abated in the General Debt Service Budget.

**Internal Revenue Service (IRS) Build America Bond (BAB)/Recovery Zone Bond Interest Payments Reimbursements (2410)**

In February of 2009, the U.S Congress enacted the American Recovery and Reinvestment Act (ARRA). The ARRA contained many provisions that provide Federal tax credits and stimulate the investment market. In an effort to expand the number of investors and broaden the tax-exempt municipal market, the ARRA contained provisions that allowed state and local governments to issue taxable Build America Bonds (BABs) that provide a credit to investors or credit to issuers that is equal to 35 percent of the interest costs for bonds issued. The ARRA also provided state and local governments the opportunity to issue Recovery Zone Bonds and Qualified Energy Conservation Bonds (QECBs). The RZBs provide a tax credit of 45 percent on the interest payments on the bonds and the QECBs provide a tax credit that covers the entire interest payments.

In March 2013, pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended (“Sequester”) automatic spending reductions occurred across various areas of the Federal Budget.

The Internal Revenue Service (IRS) issued guidance regarding the sequestration reduction for reimbursements between October 1, 2019 and September 30, 2020. The sequestration rate during this period is 5.9%.

In October 2018, the Series 2009C BABs, the Series 2009E BABs, and the Series 2010A BABs/RZBs were refunded by the Series 2018A General Obligation Refunding Bonds and the Series 2018B Taxable General Obligation Refunding Bonds.

In October 2019, the series 2010C BABs were refunded by the Series 2019A General Obligation Refunding Bonds and the Series 2019B Taxable General Obligation Refunding Bonds.

For 2021, \$141,710 is anticipated to be received from the IRS as reimbursement of 2021 interest expenses relating to the remaining Qualified Energy Conservation Bonds. The estimate includes a reduction of 5.9% as a result of the continuing impact of Sequestration for the remaining outstanding Qualified Energy Conservation Bonds.

The 2021 reimbursement amount of \$141,710 is \$18,111 less than the 2020 budgeted reimbursement amount of \$159,821.

**Jail Assessment Surcharge (1315)**

Jail Assessment Surcharge revenue of \$1,025,000 is projected to be used to pay 2021 debt service costs for the construction of the Criminal Justice Facility (CJF) as allowed by Wisconsin Statutes Section 302.46(2). This estimate represents the five-year average of actual surcharges.

**Sale of Capital Asset (4905)**

**Doyne Hospital Sale Revenues**

Based on the sale agreement between Milwaukee County and Froedtert Memorial Lutheran Hospital (Froedtert), the County will receive annual payments over 25 years beginning in 1996 and ending in 2020 based on the net operating cash flow generated by Froedtert.

For 2020, the Froedtert revenue is budgeted at \$9,000,000. In June 2020, the Office of the Comptroller projected a 2020 shortfall for Froedtert revenue of \$2,250,000 due to lower cash flows resulting from the COVID 19 pandemic. In late July, updated projections from Froedtert indicated 2020 revenue closer to the original \$9,000,000.

The 2021 payment represents the final payment from Froedtert. The 2021 payment is budgeted at \$4,000,000. The estimate is based approximately on a half year payment amount of the 2020 projected amount.

<u>Year</u>	<u>Budget</u>	<u>Actual</u>	<u>Surplus (Deficit)</u>
2015	\$7,000,000	\$8,550,000	\$1,550,000
2016	\$7,200,000	\$7,534,046	\$334,046
2017	\$8,000,000	\$9,314,000	\$1,314,000
2018	\$8,500,000	\$9,526,000	\$1,026,000
2019	\$9,000,000	\$9,891,000	\$891,000
2020	\$9,000,000	\$9,000,000	\$0
2021	\$4,000,000		

*\*2020 Actual is estimated.*

*\*2020 Actual is estimated as Froedtert is currently auditing its year-end financials. Froedtert staff anticipates final figures to be released in early October 2020.*

## INTEREST ALLOCATION\* (9880)

<b>Org. No.</b>	<b>Capitalized and Operating Interest Expense for Proprietary Fund Departments</b>	<b>2021 Amount</b>
1160	DAS-Information Management Services Division	\$ 347,951
5300	Fleet Management Division (Vehicle Initiative-Principal)	4,599,664
5300	Fleet Management Division (Vehicle Interest)	584,823
5500	DAS - Utility	9,766
5605	Milwaukee County Transit/Paratransit Services	1,308,602
5725	DAS - Facilities Management Division	259,791
1200-1850*	Capital Projects	0
	<b>Sub-Total</b>	<u>\$ 7,110,597</u>
1950	Taxable Pension Obligation Notes	<u>\$ 33,421,119</u>
	<b>Total Estimated 2021 Debt Service Abatement</b>	<b>\$ 40,531,716</b>

\* The interest allocation amounts on general obligation bonds and notes for capital projects will be calculated at the end of 2021. As in prior years, an administrative transfer will be processed by the Office of the Comptroller to modify capital project budgets and the Debt Service Budget to adjust budgets based on actual amounts.