

B U D G E T S U M M A R Y

Category	2019 Actual*	2020 Actual*	2021 Budget	2022 Budget	2022/2021 Variance
Expenditures					
Personnel Costs	\$0	\$0	\$0	\$0	\$ 0
Operation Costs	\$0	\$0	\$0	\$0	\$ 0
Debt & Depreciation	\$107,384,579	\$88,285,430	\$88,097,556	\$88,976,874	\$879,318
Capital Outlay	\$0	\$0	\$0	\$0	\$ 0
Interdepartmental. Charges	(\$39,778,591)	(\$47,225,818)	(\$40,531,716)	(44,089,624)	(\$3,557,908)
Total Expenditures	\$67,605,988	\$41,059,612	\$47,565,840	\$44,887,250	(\$2,678,590)
Revenues					
Direct Revenue	\$30,064,544	\$8,745,875	\$5,025,000	\$1,000,000	(\$4,025,000)
Intergovernmental Revenue	\$624,037	\$160,947	\$141,710	\$120,277	(\$21,433)
Indirect Revenue	\$3,347,553	\$3,598,267	\$5,711,360	\$7,339,034	\$1,627,674
Total Revenues	\$34,036,134	\$12,505,089	\$10,878,070	\$8,459,311	(\$2,418,759)
Tax Levy**	\$33,569,854	\$28,554,523	\$36,687,770	\$36,427,939	(\$259,831)
Personnel					
Full-Time Pos. (FTE)	0.0	0.0	0.0	0.0	0.0
Seasonal/Hourly/Pool Pos.	\$0	\$0	\$0	\$0	\$ 0
Overtime \$	\$0	\$0	\$0	\$0	\$ 0

* 2019 and 2020 actuals exclude balance sheet entries to record principal retired for proprietary fund departments. This adjustment is intended to allow 2019 and 2020 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 12/31/2021	2022 Requirements	
					Principal	Interest
C	2.43	08/14/13	09/01/23	3,845,000	2,790,000	115,350
C	2.60	11/06/14	12/01/29	20,920,000	2,615,000	643,944
C	2.50	11/12/15	10/01/30	21,350,000	2,380,000	592,900
Q	2.34	11/12/15	10/01/25	1,920,000	480,000	51,360
C	2.36	11/10/16	09/01/31	18,205,000	1,825,000	455,100
R	1.53	11/10/16	12/01/22	2,495,000	2,495,000	99,800
Q	2.42	11/10/16	10/01/26	3,545,000	715,000	76,188
C	2.04	11/08/17	09/01/27	12,450,000	2,075,000	274,938
R	1.48	11/08/17	12/01/23	4,910,000	2,485,000	98,200
R	2.31	10/11/18	08/01/24	28,615,000	6,775,000	1,430,750
M	3.19	10/11/18	08/01/23	2,815,000	1,405,000	88,675
C	2.80	11/15/18	08/01/28	8,680,000	1,240,000	272,800
N	2.30	11/15/18	08/01/22	2,500,000	2,500,000	75,000
T	3.22	11/15/18	08/01/23	2,540,000	1,270,000	80,645
R	1.40	10/02/19	10/01/26	18,385,000	3,185,000	919,250
C	1.81	10/02/19	08/01/29	6,880,000	860,000	138,460
N	1.33	11/07/19	08/01/23	2,405,000	1,000,000	48,100
T	1.86	11/07/19	08/01/24	3,395,000	1,135,000	63,370
E	1.51	11/07/19	08/01/24	6,480,000	2,120,000	129,600
N	1.75	11/07/19	08/01/29	8,300,000	1,040,000	166,000
C	1.16	10/28/20	09/01/31	12,195,000	1,220,000	179,881
N	1.09	10/28/20	09/01/30	2,665,000	300,000	39,556
T	0.58	10/28/20	09/01/25	4,945,000	1,240,000	68,125
N	0.53	10/28/20	09/01/24	8,085,000	1,950,000	96,900
C	TBD	TBD	TBD	TBD	1,000,000	909,000
N	0.63	11/23/21	09/01/25	4,110,000	1,030,000	47,608
T	1.30	11/23/21	09/01/31	10,360,000	1,040,000	115,969
X	TBD	TBD	TBD	TBD	560,000	70,574
Non-Pension Obligation Debt Projected Outstanding				\$ 222,995,000	\$ 48,730,000	\$ 7,348,043
Balance as of December 31, 2021 and Associated Debt Service						

Summary of Bonds and Notes Outstanding (continued)

Summary of Bonds and Notes Outstanding Continued						
Type of Issue	True Interest Rate	Date of Bond Issue	Final Maturity Date	Bonds or Notes Outstanding 12/31/2021	2022 Requirements	
					Principal	Interest
<u>Penison Obligation Notes</u>						
Taxable GO	6.84	12/01/09	12/01/33	\$ 99,819,778	\$ 6,134,325	\$ 6,782,676
Taxable GO	3.28	03/15/13	12/31/22	5,550,000	5,550,000	130,647
Taxable GO	2.76	06/27/13	12/01/23	22,010,000	10,810,000	757,314
Taxable GO	1.65	11/23/21	12/01/30	93,540,000	750,000	1,912,373
Pension Obligation Note Balance as of December 31, 2021 and associated Debt Service				\$ 220,919,778	\$ 23,244,325	\$ 9,583,010
Total 2022 Principal/Interest					71,974,325	\$ 16,931,052

Total 2022 Debt Service **88,905,377**

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 2022 Budget includes appropriations of \$71,974,325 and \$16,931,052 for principal and interest payments associated with general obligation debt. The total 2022 debt service amount of \$88,905,377 is an increase of \$877,821 over the 2021 Budget amount of \$88,027,556.

The 2022 Budget contains assumptions related to the 2021 debt issuances that have not yet been issued.

The debt service amounts related to the 2021 bond issuances will be revised throughout the budget process and will be final once the bond issues close.

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 2022, 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 2022 debt service costs for the pension obligation notes issued in 2009 and 2013 is \$33,411,838.

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 2022 contribution from the Reserve for County Bonds is \$7,339,034. The \$7,339,034 includes \$163,576 of net bid premiums from the 2021 Bond Sales. The break down for the \$163,576 includes: \$47,606 of bid premiums from the Series 2021B General Obligation Promissory Notes and \$115,969 of bid premiums from the Series 2021C General Obligation Transit Promissory Notes.

County Fleet Debt Service Abatement

The 2022 principal costs for the debt issued for vehicles and equipment in 2013-2021 is \$7,458,875. 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 2022, \$120,277 is anticipated to be received from the IRS as reimbursement of 2022 interest expenses relating to the remaining Qualified Energy Conservation Bonds. The estimate includes a reduction of 5.7% as a result of the continuing impact of Sequestration for the remaining outstanding Qualified Energy Conservation Bonds.

The 2022 reimbursement amount of \$120,277 is \$21,433 less than the 2021 budgeted reimbursement amount of \$141,710.

Jail Assessment Surcharge (1315)

Jail Assessment Surcharge revenue of \$1,000,000 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). The 2022 estimate represents a five-year trend 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.

The 2021 payment represents the final payment from Froedtert. There is no payment budgeted for 2022. The 2021 payment is budgeted at \$4,000,000.

DEBT SERVICE (9960) BUDGET

UNIT NO. 9960

Department: General County Debt Service

FUND: General — 0016

<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	\$6,492,000	(\$2,508,000)
2021*	\$4,000,000	\$5,400,000	\$1,400,000

**2021 Actual is estimated as Froedtert is currently auditing its year-end financials.*

INTEREST ALLOCATION* (9880)

<u>Org. No.</u>	<u>Capitalized and Operating Interest Expense for Proprietary Fund Departments</u>	<u>2022 Amount</u>
1160	DAS-Information Management Services Division	\$ 217,683
5300	Fleet Management Division (Vehicle Initiative-Principal)	\$ 7,458,875
5300	Fleet Management Division (Vehicle Interest)	\$ 541,705
5500	DAS - Utility	\$ 11,155
5605	Milwaukee County Transit/Paratransit Services	\$ 1,290,720
5725	DAS - Facilities Management Division	\$ 363,497
6300	Behavioral Health Division (Principal)	\$ 550,000
6300	Behavioral Health Division (Interest)	\$ 244,151
1200-1850*	Capital Projects	\$ -
	Sub-Total	\$ 10,677,786
1950	Taxable Pension Obligation Notes	\$ 33,411,838
	Total Estimated 2022 Debt Service Abatement	\$ 44,089,624

* The interest allocation amounts on general obligation bonds and notes for capital projects will be calculated at the end of 2022. 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.