

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

Category	2020 Actual*	2021 Actual*	2022 Budget	2023 Budget	2023/2022 Variance
Expenditures					
Personnel Costs	\$0	\$0	\$0	\$0	\$ 0
Operation Costs	\$0	\$0	\$0	\$0	\$ 0
Debt & Depreciation	\$107,384,579	\$88,285,430	\$88,975,377	\$89,201,481	\$226,104
Capital Outlay	\$0	\$0	\$0	\$0	\$ 0
Interdepartmental. Charges	(\$39,778,591)	(\$47,225,818)	(\$44,088,127)	(\$44,835,798)	(\$747,671)
Total Expenditures	\$67,605,988	\$41,059,612	\$44,887,250	\$44,365,683	(\$521,567)
Revenues					
Direct Revenue	\$30,064,544	\$8,745,875	\$1,000,000	955,000	(\$45,000)
Intergovernmental Revenue	\$624,037	\$160,947	\$120,277	95,702	(\$24,575)
Indirect Revenue	\$3,347,553	\$3,598,267	\$7,339,034	\$7,836,307	\$497,273
Total Revenues	\$34,036,134	\$12,505,089	\$8,459,311	\$8,887,009	\$427,698
Tax Levy**	\$33,569,854	\$28,554,523	\$36,427,939	\$35,478,674	(\$949,265)
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

* 2020 and 2021 actuals exclude balance sheet entries to record principal retired for proprietary fund departments. This adjustment is intended to allow 2020 and 2021 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.

DEBT SERVICE (996) BUDGET

AGENCY NO. **996**

Department: **General County Debt Service**

FUND: **Debt Service — 60016**

Summary of Bonds and Notes Outstanding

Type of <u>Issue</u>	True Interest <u>Rate</u>	Date of <u>Bond Issue</u>	Final Maturity <u>Date</u>	Bonds or Notes Outstanding <u>12/31/22</u>	2023			
					<u>Requirements</u>			
					<u>Principal</u>	<u>Interest</u>		
Corporate Purpose Bonds	2.43	08/14/13	09/01/23	1,055,000	1,055,000	31,650	1,086,650	
Corporate Purpose Bonds	2.60	11/06/14	12/01/29	18,305,000	2,615,000	565,494	3,180,494	
Corporate Purpose Bonds	2.50	11/12/15	10/01/30	18,370,000	2,380,000	545,300	2,925,300	
Qualified Energy Conservation Bonds	2.34	11/12/15	10/01/25	1,440,000	480,000	39,600	519,600	
Corporate Purpose Bonds	2.36	11/10/16	09/01/31	16,380,000	1,820,000	418,600	2,238,600	
Qualified Energy Conservation Bonds	2.42	11/10/16	10/01/26	2,830,000	715,000	61,888	776,888	
Corporate Purpose Bonds	2.04	11/08/17	09/01/27	10,375,000	2,075,000	233,438	2,308,438	
Refunding Bonds or Notes	1.48	11/08/17	12/01/23	2,425,000	2,425,000	48,500	2,473,500	
Refunding Bonds or Notes	2.31	10/11/18	08/01/24	21,840,000	10,645,000	1,092,000	11,737,000	
Marcus Center Taxable Refunding	3.19	10/11/18	08/01/23	1,410,000	1,410,000	45,120	1,455,120	
Corporate Purpose Bonds	2.80	11/15/18	08/01/28	7,440,000	1,240,000	235,600	1,475,600	
Taxable Notes	3.22	11/15/18	08/01/23	1,270,000	1,270,000	40,640	1,310,640	
Refunding Bonds or Notes	1.40	10/02/19	10/01/26	15,200,000	3,365,000	760,000	4,125,000	
Corporate Purpose Bonds	1.81	10/02/19	08/01/29	6,020,000	860,000	138,030	998,030	
Corporate Purpose Notes	1.33	11/07/19	08/01/23	1,405,000	1,405,000	28,100	1,433,100	
Taxable Notes	1.86	11/07/19	08/01/24	2,260,000	1,130,000	42,940	1,172,940	
Corporate Purpose Notes	1.51	11/07/19	08/01/24	4,360,000	2,180,000	87,200	2,267,200	
Corporate Purpose Notes	1.75	11/07/19	08/01/29	7,260,000	1,040,000	145,200	1,185,200	
Corporate Purpose Bonds	1.16	10/28/20	09/01/31	10,975,000	1,220,000	167,681	1,387,681	
Corporate Purpose Notes	1.09	10/28/20	09/01/30	2,365,000	300,000	36,556	336,556	
Taxable Notes	0.58	10/28/20	09/01/25	3,705,000	1,235,000	18,525	1,253,525	
Corporate Purpose Notes	0.53	10/28/20	09/01/24	6,135,000	2,370,000	92,025	2,462,025	
Corporate Purpose Bonds	1.54	11/23/21	09/01/35	25,560,000	1,000,000	408,975	1,408,975	
Enterprise Platform Modernization Notes	0.63	11/23/21	09/01/25	3,080,000	1,030,000	46,200	1,076,200	
Corporate Purpose Notes	1.30	11/23/21	09/01/31	9,320,000	1,040,000	139,775	1,179,775	
Taxable Notes	1.06	11/23/21	09/01/26	2,205,000	555,000	19,825	574,825	
Corporate Purpose Bonds	3.48	11/03/22	09/01/26	8,390,000	\$ 200,000.00	277,802	477,802	
Mental Health Facility Bonds or Notes	4.52	11/03/22	09/01/26	3,160,000	\$ 445,000.00	114,542	559,542	
Corporate Purpose Bonds	3.45	11/03/22	09/01/32	12,875,000	\$ 200,000.00	392,843	592,843	
Taxable Notes	4.78	11/03/22	09/01/27	5,175,000	\$ 150,000.00	214,188	364,188	
Transit Notes	3.47	11/03/22	09/01/32	5,140,000	\$ 520,000.00	157,816	677,816	

Non-Pension Obligation Debt Projected Outstanding \$ 237,730,000 \$ 48,375,000 \$ 6,646,052 55,021,052
 Balance as of December 31, 2022 and Associated Debt Service

DEBT SERVICE (996) BUDGET

AGENCY NO. 996

Department: **General County Debt Service**

FUND: **Debt Service — 60016**

Summary of Bonds and Notes Outstanding (continued)

Type of Issue	True Interest Rate	Date of Bond Issue	Final Maturity Date	Bonds or Notes Outstanding 12/31/22	2023 Requirements			
					Principal	Interest		
<u>Pension Obligation Notes</u>								
Taxable GO Notes	6.84	12/01/09	12/01/33	\$ 93,685,453	\$ 6,501,076	\$ 6,377,186	12,878,262	
Taxable GO Notes	2.76	06/27/13	12/01/23	11,200,000	11,200,000	396,368	11,596,368	
Taxable GO Notes	1.65	11/23/21	12/01/30	92,790,000	7,780,000	1,855,800	9,635,800	
Pension Obligation Note Balance as of December 31, 2022 and associated Debt Service				\$ 197,675,453	\$ 25,481,076	\$ 8,629,354		
Total 2023 Principal/Interest					73,856,076	\$ 15,275,405		
Total 2023 Debt Service				89,131,481				

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
- B - Behavioral Health Services Hospital

DEBT SERVICE EXPENSES

The 2023 Budget includes appropriations of \$73,856,076 and \$15,275,405 for principal and interest payments associated with general obligation debt. The total 2023 debt service amount of \$89,131,481 is an increase of \$226,104 over the 2022 Budget amount of \$88,905,377.

DEBT ISSUANCE EXPENSE

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 2023, 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 to purchase outstanding 2024 notes and the County achieved \$1,571,900 of net present value savings.

In 2021, Milwaukee County issued \$93,540,000 of Taxable General Obligation Pension Promissory Notes to advance refund the 2023 through 2030 maturities of the County's Series 2013 Taxable General Obligation Pension Promissory Notes. The transaction resulted in \$9,322,416 of net present value savings.

The 2023 debt service costs for the pension obligation notes issued in 2009, 2013, and 2021 is \$34,110,430.

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

The 2023 contribution from the Reserve for County Bonds is \$7,836,307. The \$7,836,307 includes \$497,273 of net bid premiums/surplus bonds and notes from the 2022 Bond Sales. The break down for the \$497,273 includes: \$105,758 of bid premiums from the Series 2022A General Obligation Promissory Notes, \$831 of surplus Series 2022B Taxable General Obligation MHEC Notes, \$255,031 of bid premiums from the Series 2022C General Obligation Corporate Purpose Bonds, \$37,007 of bid premiums/surplus notes from the Series 2022D Taxable Promissory Notes, and \$98,646 of bid premiums from the Series 2022E Transit Promissory Notes.

County Fleet Debt Service Abatement

The 2023 principal costs for the debt issued for vehicles and equipment in 2013-2022 is \$8,470,450. 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

In 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. 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 (QECCBs).

In 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.

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.

The Internal Revenue Service (IRS) issued guidance regarding the sequestration reduction for reimbursements through 2030. The sequestration rate during this period is 5.7%.

For 2023, \$95,702 is anticipated to be received from the IRS as reimbursement of 2023 interest expenses relating to the remaining Qualified Energy Conservation Bonds. The 2023 reimbursement amount of \$95,702 is \$24,575 less than the 2022 budgeted reimbursement amount of \$120,277.

Jail Assessment Surcharge

Jail Assessment Surcharge revenue of \$955,000 is projected to be used to pay 2023 debt service costs for the construction of the Criminal Justice Facility (CJF) as allowed by Wisconsin Statutes Section 302.46(2).

DEBT SERVICE (996) BUDGET

AGENCY NO. 996

Department: **General County Debt Service**FUND: **Debt Service — 60016****Sale of Capital Asset****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 represented the final payment from Froedtert. There is no payment budgeted for 2023.

<u>Year</u>	<u>Budget</u>	<u>Actual</u>	<u>Surplus (Deficit)</u>
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	\$5,491,000	\$1,491,000

INTEREST ALLOCATION

<u>Agency No.</u>	<u>Capitalized and Operating Interest Expense for Proprietary Fund Departments</u>	<u>2023 Amount</u>
116	DAS-Information Management Services Division	\$ 100,262
530	Fleet Management (Vehicle Initiative - Principal)	\$ 8,470,450
530	Fleet Management (Vehicle Initiative - Interest)	\$ 573,844
560	Milwaukee County Transit/Paratransit Services	\$ 812,840
630	Behavioral Health Division	\$ 665,957
115	DAS-Facilities Management Division	\$ 103,558
120*	Capital Projects	\$ -
	SUB-TOTAL	\$ 10,726,911
194	Taxable Pension Obligation Notes	<u>\$ 34,110,430</u>
	Total Estimated 2023 Debt Service Abatement	\$ 44,837,341

* The interest allocation amounts on general obligation bonds and notes for capital projects will be calculated at the end of 2023. 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.