

## BUDGET SUMMARY

Category	2021 Actual	2022 Actual	2023 Budget	2024 Adopted Budget	2023/2024 Variance
<b>Expenditures</b>					
Debt & Depreciation	175,970,030	79,048,875	89,201,481	88,232,285	(969,196)
Interdepartmental Charges	(40,351,851)	(43,135,960)	(44,835,798)	(38,489,587)	6,346,211
<b>Total Expenditures</b>	<b>\$135,618,179</b>	<b>\$35,912,914</b>	<b>\$44,365,683</b>	<b>\$49,742,698</b>	<b>\$5,377,015</b>
<b>Revenues</b>					
Other Direct Revenue	103,069,676	1,979,001	8,791,307	12,744,581	3,953,274
State & Federal Revenue	142,326	72,741	95,702	70,450	(25,252)
<b>Total Revenues</b>	<b>\$103,212,002</b>	<b>\$2,051,742</b>	<b>\$8,887,009</b>	<b>\$12,815,031</b>	<b>\$3,928,022</b>
<b>Tax Levy</b>	<b>\$32,406,178</b>	<b>\$33,861,173</b>	<b>\$35,478,674</b>	<b>\$36,927,667</b>	<b>\$1,448,993</b>
<b>Personnel</b>					

**Department Mission:**  
GENERAL COUNTY DEBT SERVICE

**Major Changes**

- **DEBT SERVICE EXPENSES:** The 2024 Budget includes appropriations of \$74,124,377 and \$14,037,908 for principal and interest payments associated with general obligation debt. The total 2024 debt service amount of \$88,162,285 is an decrease of \$969,196 compared to the 2023 Budget amount of \$89,131,481.
- **DEBT ISSUE EXPENSES:** A significant portion of debt issue expenses are paid from the proceeds of each financing. Under Federal law, up to 2 percent of each financing may be used to cover expenses related to the issuance. Once the corporate purpose financing amounts are determined and more robust debt issue expenses have been identified the Office of the Comptroller and the Office of Strategy, Budget, and Performance will process an administrative appropriation transfer in order to make the necessary budget adjustments. In recent years, additional levy has been needed to finance additional bond counsel and financial advisory expenses associated with investigating the impact to outstanding debt resulting from the potential disposition of County assets, assessing the impact of leasing/contracting out areas in which the County has or may issue tax-exempt debt, complying with disclosure rules, and other matters. For 2024, the amount of levy for these matters remains at \$70,000.
- **PENSION OBLIGATION BONDS/NOTES:** 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 return compared to the interest rate of taxable general obligation bonds. The original debt consisted of two issues: \$265 million in taxable general obligation promissory notes for a 20-year term and \$135 million in taxable pension anticipation notes for a 5-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. In June 2013, the County closed on the issuance of \$99,300,000 of 2013B Taxable General Obligation Refunding Bonds. The 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 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 2024 debt service costs for the pension obligation bonds/notes issued in 2009, 2013, 2021 is \$26,682,069. To accurately reflect all benefit related costs, the pension obligation debt service expenses are budgeted in Org. 1950 - Employee Fringe Benefits. In addition, to accurately reflect all debt service costs, the principal and interest costs are budgeted in General County Debt Service along with an abatement of an equal amount.
- **RESERVE FOR COUNTY BONDS:** The 2024 contribution from the Reserve for County Bonds is \$11,789,581. The \$11,789,581 includes \$344,044 of net bid premiums/surplus bonds and notes from the 2023 Bond Sales. The break down for the \$344,044 includes:

\$182,178 of bid premiums from the Series 2023A General Obligation Corporate Purpose Bonds, \$145,500 of bid premiums from the Series 2023B General Obligation Promissory Notes, and \$16,366 of bid premiums/surplus proceeds from the Series 2020C Taxable General Obligation Promissory Notes.

- **COUNTY FLEET DEBT SERVICE ABATEMENT:** The 2024 principal costs for the debt issued for vehicles and equipment in 2013-2023 is \$9,075,000. To accurately reflect all fleet related costs, this amount is budgeted in 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 General County Debt Service Budget. To avoid duplication of the debt service costs, the amount is abated in the General County Debt Service Budget.
- **INTERNAL REVENUE SERVICE (IRS) BUILD AMERICA BOND (BAB)/RECOVERY ZONE BOND INTEREST PAYMENT REIMBURSEMENTS:** In 2009, the U.S. Congress enacted the American Recovery Zone 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 BABs that provide a credit to investors or credit 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).
- In 2009 and 2010, the County issued BABs and Recovery Zone Bonds. In 2015 and 2016, the County issued QECBs. In 2013, pursuant to the requirements of the Balance Budget and Emergency Deficit Control Act of 1985, as amended, automatic spending reductions (sequester) occurred across various areas of the Federal Budget. The IRS issues guidance regarding the sequestration reductions for reimbursements. The sequestration rate for 2024-2030 is 5.7%. The County has refunded and/or paid off its outstanding BABs and Recovery Zone Bonds. The 2015 and 2016 QECBs are still outstanding. For 2024, \$70,450 is anticipated to be received from the IRS as reimbursement for the 2024 interest expenses relating to the remaining 2015 and 2016 Qualified Energy Conservation Bonds.
- **JAIL ASSESSMENT SURCHARGE:** Jail Assessment Surcharge Revenue of \$955,000 is projected to be used to pay 2024 debt service costs for the construction of the Criminal Justice Facility (CJF) as allowed by Wisconsin State Statutes Section 302.46(2). The \$955,000 is the same amount as was included in the 2023 Budget,
- **INTEREST ALLOCATION TO PROPRIETARY FUND DEPARTMENTS AND TO FRINGE BENEFITS ORG:** Abatements for the allocations of debt service below are included in the General County Debt Service Budget: DAS - Information Management Services Division: \$53,471; MCDOT - Fleet Management Division (Principle): \$9,075,000; MCDOT - Fleet Management Division (Interest): \$623,874; MCDOT - Milwaukee County Transit/Paratransit: \$953,669; DHHS - Behavioral Health Services: \$1,031,857; DAS - Facilities Management Division: \$71,237; Capital Projects: \$0\*; Fringe Benefits (Pension Obligation Bonds/Notes): \$26,682,069 (including \$3,235,034 in org 1950 and \$23,447,035 in org 1951); Total Debt Service Abatement for General County Debt Service: (\$38,491,177). \*Note: The interest allocation amounts on general obligation bonds/notes for capital projects will be calculated at the end of 2024. As in prior years, an administrative transfer will be processed by the Office of the Comptroller to modify capital budgets and the Debt Service Budget to adjust the budgets based on actual amounts.

**Strategic Program Area: General County Debt Service**

Service Provision: N/A

**How We Do It: Program Budget Summary**

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