

BUDGET SUMMARY

Category	2023 Actual	2024 Actual	2025 Budget	2026 Recommended Budget	2025/2026 Variance
Expenditures					
Operations Costs	0	(17,711)	0	0	0
Debt & Depreciation	89,424,949	88,905,796	91,793,375	103,726,547	11,933,172
Interdepartmental Charges	(45,485,812)	(38,422,516)	(51,229,399)	(51,677,390)	(447,991)
Total Expenditures	\$43,939,137	\$50,465,568	\$40,563,976	\$52,049,157	\$11,485,181
Revenues					
Other Direct Revenue	1,662,945	1,234,977	8,308,123	10,568,278	2,260,155
State & Federal Revenue	68,254	141,626	43,874	15,789	(28,085)
Total Revenues	\$1,731,199	\$1,376,603	\$8,351,997	\$10,584,067	\$2,232,070
Tax Levy	\$42,207,938	\$49,088,966	\$32,211,979	\$41,465,090	\$9,253,111
Personnel					

Department Mission:
GENERAL COUNTY DEBT SERVICE

Department Description:
DEBT SERVICE EXPENSES: The 2026 Budget includes appropriations of \$83,920,000 and \$19,736,547 for principal and interest payments associated with general obligation debt. The total 2026 debt service amount of \$103,656,547 is an increase of \$11,933,172 compared to the 2025 Budget amount of \$91,723,375.

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 capital improvement 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 work performed to conduct the required arbitrage calculations in accordance with IRS regulations. This budget has also been used 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 2026, 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 2026 debt service costs for the pension obligation bonds/notes issued in 2009 and 2021 is \$37,006,014. To accurately reflect all benefit related costs, the pension obligation debt service expenses are budgeted in Org. 1950 - Employee Fringe Benefits and Org. 1951 - 0.4% Sales Tax. 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 2026 contribution from the Reserve for County Bonds is \$9,773,278. This includes \$342,078 of various bonds and notes that are eligible to be used to pay 2026 debt service expenses.

COUNTY FLEET DEBT SERVICE ABATEMENT: The 2026 principal costs for the debt issued for vehicles and equipment in 2014-2025 is \$11,164,173. 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 2016 QECBs are still outstanding. For 2026, \$15,789 is anticipated to be received from the IRS as reimbursement for the 2026 interest expenses relating to the remaining 2016 Qualified Energy Conservation Bonds.

JAIL ASSESSMENT SURCHARGE: Jail Assessment Surcharge Revenue of \$795,000 is projected to be used to pay 2026 debt service costs for the construction of the Criminal Justice Facility (CJF) as allowed by Wisconsin State Statutes Section 302.46(2). The \$795,000 is based on the actual amount received in 2024.

INTEREST ALLOCATION TO PROPRIETARY FUND DEPARTMENTS AND TO FRINGE BENEFITS ORGS: Abatements for the allocations of debt service below are included in the General County Debt Service Budget: DAS - Information Management Services Division: \$0; MCDOT - Fleet Management Division (Principle): \$11,164,173; MCDOT - Fleet Management Division (Interest): \$988,130; MCDOT - Milwaukee County Transit/Paratransit: \$1,529,361 DHHS - Behavioral Health Services: \$949,294; DAS - Facilities Management Division: \$42,100; Capital Projects: \$0*; Fringe Benefits (Pension Obligation Bonds/Notes): \$37,006,014 (including \$15,354,699 in org 1950 and \$21,651,315 in org 1951); Total Debt Service Abatement for General County Debt Service: (\$51,679,072).

*Note: The interest allocation amounts on general obligation bonds/notes for capital projects will be calculated at the end of 2026. 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 interest allocation and interest earnings amounts.

The following contracts are included in the 2026 Budget in lieu of separate review and approval from the County Board during the fiscal year:

Vendor	Contract Description	Contract Amount
PFM ASSET MANAGEMENT LLC	Arbitrage calculations related to outstanding tax-exempt bonds.	\$50,000.00

Strategic Program Area: General County Debt Service

Service Provision: N/A

How We Do It: Program Budget Summary

Category	2023 Actual	2024 Actual	2025 Budget	2026 Budget	2025/2026 Variance
Expenditures	43,939,137	50,465,568	40,563,976	52,049,157	11,485,181
Revenues	1,731,199	1,376,603	8,351,997	10,584,067	2,232,070
Tax Levy	42,207,938	49,088,966	32,211,979	41,465,090	9,253,111

Type of Issue	True Interest Rate	Date of Bond Issue	Final Maturity Date	Bonds or Notes Outstanding 12/31/25	2026 Requirements		
					Principal	Interest	
Corporate Purpose Bonds	2.60	11/06/14	12/01/29	10,460,000	2,615,000	330,144	
Corporate Purpose Bonds	2.50	11/12/15	10/01/30	11,850,000	2,370,000	355,500	
Corporate Purpose Bonds	2.36	11/10/16	09/01/31	10,920,000	1,820,000	309,400	
Qualified Energy Conservation Bonds	2.42	11/10/16	10/01/26	705,000	705,000	16,744	
Corporate Purpose Bonds	2.04	11/08/17	09/01/27	4,150,000	2,075,000	103,750	
Corporate Purpose Bonds	2.80	11/15/18	08/01/28	3,720,000	1,240,000	124,000	
Refunding Bonds or Notes	1.40	10/02/19	10/01/26	4,235,000	4,235,000	211,750	
Corporate Purpose Bonds	1.81	10/02/19	08/01/29	3,440,000	860,000	86,430	
Corporate Purpose Notes	1.75	11/07/19	08/01/29	4,140,000	1,035,000	82,800	
Corporate Purpose Bonds	1.16	10/28/20	09/01/31	7,315,000	1,220,000	106,681	
Corporate Purpose Notes	1.09	10/28/20	09/01/30	1,475,000	295,000	21,756	
Corporate Purpose Bonds	1.54	11/23/21	09/01/35	20,460,000	2,050,000	357,975	
Corporate Purpose Notes	1.30	11/23/21	09/01/31	6,210,000	1,035,000	108,675	
Taxable Notes	1.06	11/23/21	09/01/26	550,000	550,000	6,875	
Corporate Purpose Bonds	3.48	11/03/22	09/01/26	1,575,000	1,575,000	63,000	
Mental Health Facility Bonds or Notes	4.52	11/03/22	09/01/26	905,000	905,000	40,273	
Corporate Purpose Bonds	3.45	11/03/22	09/01/32	10,150,000	1,470,000	406,000	
Taxable Notes	4.78	11/03/22	09/01/27	2,505,000	1,255,000	125,250	
Transit Notes	3.47	11/03/22	09/01/32	3,580,000	520,000	140,600	
Corporate Purpose Bonds	4.14	11/08/23	08/01/33	8,115,000	1,015,000	355,000	
Promissory Notes	4.10	11/08/23	08/01/26	2,425,000	2,425,000	121,250	
Taxable Notes	5.43	11/08/23	08/01/27	4,100,000	2,050,000	225,500	
Corporate Purpose	3.25	11/07/24	08/01/34	9,870,000	950,000	361,350	
North Shop Prom Notes	3.46	11/07/24	08/01/39	10,125,000	570,000	420,623	
South Shore Breakwater Prom Notes	3.35	11/07/24	08/01/39	8,350,000	475,000	313,581	
Promissory Notes	3.28	11/07/24	08/01/28	8,715,000	2,775,000	366,919	
Taxable Notes	4.74	11/07/24	08/01/39	13,855,000	800,000	638,371	
Transit Notes	3.25	11/07/24	08/01/29	5,020,000	1,285,000	200,800	
CFSPM Notes	4.87	11/07/24	08/01/44	26,125,000	1,375,000	1,234,338	
2025A CP	TBD	TBD	TBD	TBD	2,455,000	2,160,618	
2025B Promissory Notes	TBD	TBD	TBD	TBD	1,645,000	385,238	
2025C Taxable Notes	TBD	TBD	TBD	TBD	805,000	471,792	
2025D South Shore	TBD	TBD	TBD	TBD	985,000	231,201	
2025E New MPM Bldg.	TBD	TBD	TBD	TBD	3,050,000	2,681,701	
2025F New Coggs Bldg.	TBD	TBD	TBD	TBD	825,000	241,470	
2025G Zoo Rhino Exhibit	TBD	TBD	TBD	TBD	1,060,000	868,179	
Non-Pension Obligation Debt Projected Outstanding Balance as of December 31, 2025 and Associated Debt Service					\$ 205,045,000	\$ 52,375,000	\$ 14,275,535
Type of Issue	True Interest Rate	Date of Bond Issue	Final Maturity Date	Bonds or Notes Outstanding 12/31/25	2026 Requirements		
<u>Penison Obligation Notes</u>							
Taxable GO Notes	6.84	12/01/09	12/01/28	\$ 62,085,000	\$ 19,400,000	\$ 4,246,614	
Taxable GO Notes	1.65	11/23/21	12/01/30	60,720,000	12,145,000	1,214,400	
Pension Obligation Note Balance as of December 31, 2024 and associated Debt Service				\$ 122,805,000	\$ 31,545,000	\$ 5,461,014	
Total 2026 Principal/Interest					83,920,000	\$ 19,736,547	
Total 2026 Debt Service				103,656,547			