

COUNTY EXECUTIVE'S 2008 BUDGET

DEPT: DEBT ISSUE EXPENSE

UNIT NO. 1987
FUND: General - 0001

OPERATING AUTHORITY & PURPOSE

Appropriations are for expenses incurred for issuing bonds by Milwaukee County. The bonds are issued as provided under 67.04 of the Wisconsin Statutes,

which authorizes issuing bonds for specific purposes, subject to stated limitations.

BUDGET SUMMARY			
	2006 Actual	2007 Budget	2008 Budget
Debt Issue Expense	\$ 7,719	\$ 11,500	\$ 11,500

STATISTICAL SUPPORTING DATA	2006 Actual	2007 Budget	2008 Budget
Debt Issue Expense (8026)	\$ 435,318	\$ 71,500	\$ 341,500
DAS-Fiscal Affairs Division - Staff Costs (9787)	0	0	202,185
Total Expenditures	435,318	71,500	543,685
General Obligation Bond Proceeds* (4907)	(99,229)	0	202,185
Airport Revenue Bond Proceeds** (4907)	(328,370)	(60,000)	330,000
Total Bond Proceeds	(427,599)	(60,000)	532,185
Property Tax Levy	\$ 7,719	\$ 11,500	\$ 11,500

*The negative amounts for 2006 reflect expenditures that are offset with bond proceeds and therefore do not require County property tax levy.

**According to the Airport Master Lease Agreement, the Airport is required to pay all direct costs associated with the issuance of airport debt. Airport debt issuance costs, totaling \$60,000, have been included in the Airport's 2007 operating budget and prior years.

DESCRIPTION

Expenses not eligible to be paid from financing proceeds are reflected in this budgetary appropriation.

In addition, this non-departmental account exists to pay bond counsel, financial advisor fees and other costs associated with issuing debt, including credit rating agency fees, financial auditor fees, printing and distribution costs for the official statement, and fiscal agent and trustee fees.

Currently, a significant portion of debt issue expenses are paid from the proceeds of each financing. Under current Federal law, up to 2% of each financing may be used to cover expenses related to the issue.

Airport Issue Expenses for 2006 totaled \$328,370. Included in this amount are fees relating to the issuance of airport revenue bonds totaling \$321,083 and a remaining balance of \$7,287 relate to costs incurred for trustee fees and updating the feasibility report.

BUDGET HIGHLIGHTS

- Beginning with the 2008 budget, the Department of Administrative Services-Fiscal Affairs Division will crosscharge the debt issue expense budget for costs associated with the preparation and issuance of the bond issues, the preparation of the capital improvements budget as it relates to capital improvements for which bonds will be issued and fiscal monitoring of the expenditure of the bond proceeds. The estimated amount for these costs for 2008 is \$202,185.

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- Beginning with the 2008 budget, estimated costs of issuance amounts for the general obligation bond and Airport revenue bond issues will be budgeted in the Debt Issue Expense Budget. Any adjustments to the costs of issuance amount, once the financing amounts have been determined, will be done through a DAS-only appropriation transfer. In addition, the revenue to finance the debt issue expense will be budgeted in the Debt Issue Expense budget instead of the General Debt Service Fund budget for a more transparent accounting of revenue and expenses associated with the issuance of debt. In prior years, the expenditure authority for expenses paid with bond proceeds was added through a Department of Administrative Services-only transfer once actual financing amounts were determined and revenues were budgeted in the General Debt Service Fund budget.
- Estimated costs of issuance amounts for 2008 consist of \$202,185 for the general obligation bonds and \$330,000 for the Airport revenue bond issue. Non-Airport debt issue expenses not eligible to be paid from financing proceeds totaled \$11,500 for 2008 and will be financed with property tax levy.