

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 07/01/13

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Unspent Bond Proceeds

FISCAL EFFECT:

- | | |
|--|--|
| <input type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input checked="" type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input type="checkbox"/> Absorbed Within Agency's Budget | <input type="checkbox"/> Decrease Capital Revenues |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input checked="" type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input type="checkbox"/> Increase Operating Revenues | |
| <input checked="" type="checkbox"/> Decrease Operating Revenues | |

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	\$0	
	Revenue	\$0	
	Net Cost	\$0	See explanation
Capital Improvement Budget	Expenditure	\$0	
	Revenue	\$0	
	Net Cost	\$0	

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
 - B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
 - C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
 - D. Describe any assumptions or interpretations that were utilized to provide the information on this form.
- A. In April 2013, the Office of the Comptroller included language in the 2012 to 2013 Carryover Report informing policymakers that the County was not in compliance with IRS expenditure rules for bonds due to a lack of expenditures during the IRS approved time period for bonds on specific projects.

The Office of the Comptroller with the assistance of the Department of Administrative Services – Fiscal Affairs Division met with Departments to develop a plan to expend the bonds in accordance with IRS Rules. This plan consisted of a two phased approach to reallocate \$13.3 million of the unspent bond proceeds. The first phase reallocated approximately \$5.8 million in unspent bond proceeds to finance projects in the 2013 Adopted Capital Improvements Budget. The County Board of Supervisors approved the first phase on June 20, 2013.

The second phase, which is submitted for approval for the July 2013 cycle of the Committee on Finance, Personnel and Audit, reallocates the remaining balance of approximately \$7.5 million to continuing capital projects and projects in the Five Year Capital Improvements Plan (2014 Requests).

The Office of the Comptroller is recommending the approval by the Finance, Personnel and Audit Committee of the reallocation of approximately \$7.5 million in unspent bond proceeds to fund continuing capital projects and projects in the Five Year Capital Improvements Plan.

- B. Phase 1 reallocated \$5.8 million to finance capital projects in the 2013 Adopted Capital Improvements Budget. As a result, the 2013 bond issue was reduced, which resulted in a decrease in the projected debt service costs for that issue. Phase 2 will reallocated approximately \$7.5 million in unspent bonds to finance continuing projects, which in some instances will finance costs increases from higher than anticipated bids. In other instances, the project will be completed or implemented earlier due to the availability of additional funds.

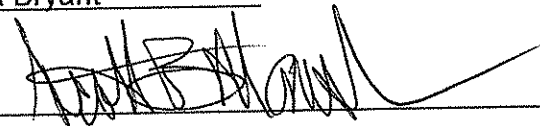
¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

² Community Business Development Partners' review is required on all professional service and public work construction contracts.

C. For projects that were requested to be included in the 2014 Recommended Capital Improvements Budget, the funding of these projects through the reallocation may result in a decrease in 2014 bond issue. Policymakers may also choose to maintain the 2014 bond issue but will then have the ability to fund additional projects while not increasing the bond issue. Policymakers have not made a decision regarding the 2014 bond issue and the approximately \$6.5 million that was used to finance projects requested in the 2014 Requested Capital Improvements Budget.

D. N/A

Department/Prepared By Pamela Bryant

Authorized Signature 

Did DAS-Fiscal Staff Review? Yes No

Did CDBP Review?² Yes No Not Required

