

7-23-19 FINANCE AND AUDIT COMMITTEE APPROPRIATION TRANSFERS
 B DEPARTMENTAL/ OTHER CHARGES

Action Required

Finance and Audit Committee
 Majority County Board

WHEREAS, department requests for transfers within their own accounts have been received by the Department of Administrative Services, Fiscal Affairs, and the Director finds that the best interests of Milwaukee County will be served by allowance of such transfers;

THEREFORE, BE IT RESOLVED, that the Director, Department of Administrative Services, is hereby authorized to make the following transfers in the 2019 appropriations of the respective listed departments:

1)	<u>From</u>	<u>To</u>
<u>9960 General County Debt Service</u>		
8022 – Interest (Levy Financed)	\$165,600	
8022 – Interest (Unspent Proceeds)		\$165,600
4703 – Contribution from Debt Service Reserve	\$165,600	
8033 – Principal Payment on Refunded General Obligation		\$165,600
<u>WT10401 Bus Replacement Program - 2018</u>		
4703 – Contribution from Debt Service Reserve	615,242	
4907 – Bond and Note Proceeds		615,242

An appropriation transfer of \$780,842 is requested by the Office of the Comptroller to reallocate surplus bonds from the Debt Service Reserve (DSR) to the 9960 – General County Debt Service Budget in order to pay interest costs and apply surplus funds towards the 2019 general obligation bond refunding. The transfer will also allocate surplus bonds to Project WT10401 Bus Replacement Program – 2018 (“Project”) in order to reduce the new bonding amount needed for the Project.

Of the \$780,842 of proceeds that are recommended to be transferred from the DSR, \$8,200 are bonds issued in 2015 are not compliant with IRS expenditure rules because the County has not been able to demonstrate a consistent pattern of spending that reflects a commitment to implementation. The \$27,299 of bonds issued in 2016 will not be compliant by the end of the year. To comply with the Internal Revenue Service (IRS) expenditure rules for bonds, the Office of the Comptroller is recommending that these bonds are used to pay interest expenses. In addition, there are \$130,101 of surplus 2018F Taxable Refunding Bonds that are also recommended to be used to pay interest. This appropriation transfer would reallocate the \$165,600 of surplus bond proceeds from the DSR to the General County Debt Service Budget so that the proceeds can be used to pay eligible interest expenses.

This transfer would also use the resulting available tax levy in the General County Debt Service Budget to provide \$165,600 of expenditure authority so that a cash contribution can be made towards the 2019 Refunding Bond issuance. The cash contribution would allow the Office of the Comptroller to address current private activity issues within projects that are financed by the 2010C Build America Bonds without having to include them as part of the 2019 Refunding Bond Issuance. Not including projects with current known private activity issues would reduce the risk that the future private activities issues would jeopardize the tax status of the outstanding debt. These private activity issues result from facilities or assets that are financed with tax-exempt debt being leased to or used by private entities in a manner that is not allowed by the Internal Revenue Service (IRS). The cash contribution would have an added benefit of reducing future debt service expenses.

The remaining \$615,242 are proceeds from bond issuances that closed in November 2017 and November 2018 and are still within the IRS expenditure targets. This appropriation transfer would reallocate the proceeds to Project WT10401 Bus Replacement Program – 2018 and reduce the amount of new bonding for the Project by the same amount. The buses are anticipated to be received before the end of 2019.

This fund transfer has no tax levy impact.

TRANSFERS SIGNED BY THE COUNTY EXECUTIVE JUNE 19, 2019.