

LRB – FISCAL REVIEW SECTION ANALYSIS

MARCH 2, 2004 AGENDA

ITEM 1, FILE 031471

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #031471 is a substitute resolution relating to the issuance and sale of short-term general obligation promissory notes under s. 67.12(12), Wis. Stats. for financing unbudgeted 2003 Milwaukee Police Department overtime expenditures in an amount not to exceed \$2,300,000.

Background

1. Due to overtime expenses, the Police Department's 2003 salary account exceeded the budgeted amount. As of March 2, 2004, the shortfall was estimated to be \$7.325 million.
2. In order to close the 2003 books, the \$7.325 million shortfall will be covered by the following:
 - Transfer the approximately \$2.4 million of the remaining balance from the 2003 Common Council Contingent Fund to the Police Department's salary account (File#031470). This expends 100% of the \$5 million 2003 Common Council Contingent Fund.
 - Transfer \$3 million from the Wages Supplement Fund.
 - Short-term borrowing in the approximate amount of \$1.9 million.
3. The 2004 Budget authorizes \$30 million of borrowing for contingent purposes.

Discussion

1. This resolution authorizes the issuance and sale of short-term general obligation promissory notes for financing unbudgeted 2003 Milwaukee Police Department overtime expenditures in an amount not to exceed \$2.3 million.
2. The resolution authorizes the use of 2004 contingent borrowing to finance unanticipated 2003 police overtime expenses.
3. The notes will have a term of 1 year.

Fiscal Impact

The resolution will have no fiscal impact in 2004. The actual fiscal impact will be determined after the notes are sold. Based on an interest rate of approximately 1.15% and an issuance of \$1.9 million, the 2005 debt service for the notes would be \$1,921,500.

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