

LRB – FISCAL REVIEW SECTION ANALYSIS

MARCH 31, 2004 AGENDA

ITEM 9, FILE 031675

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #031675 is a resolution authorizing the issuance of short-term promissory notes for the purpose of financing the operating budget on an interim basis in the amount not to exceed \$125 million.

Background

1. The City of Milwaukee annually issues short-term notes in anticipation of receiving shared revenue payments from the State of Wisconsin and in anticipation of revenue received from delinquent taxes.
2. A recent accounting change requires the City to specifically authorize tax and revenue anticipation notes in order to issue short-term debt to finance the operating budget on an interim basis.
3. On February 10, 2004, the Common Council adopted a resolution (#031382) authorizing the issuance of short-term promissory notes for the purpose of financing the operating budget on an interim basis. The resolution did not include the borrowing authorization required by the recent accounting change.

Discussion

1. By authorizing the issuance and sale of tax and revenue anticipation notes, this resolution complies with the recent accounting requirement.
2. This resolution authorizes the City of Milwaukee to issue up to \$125 million in short-term promissory notes to finance the City's operating budget until the City receives shared revenue payments from the State of Wisconsin and revenue from the payment of delinquent taxes. Of the \$125 million in borrowing authorized, up to \$10 million is authorized for the revenue anticipated to be received from delinquent taxes.

Fiscal Impact

The Comptroller's Office estimates 2004 expenditures of \$780,000 for debt service and \$125,000 for issuance costs, and earnings of \$355,000 in General Fund revenue from the interest earned on the proceeds.

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