

To: President and Members of the Munster Town Council
From: Wendy Mis, Clerk-Treasurer *W Mis*
Date: June 15, 2020
Re: Ordinance 1798: Surplus Bond Proceeds

The Town issues general obligation and park bonds each year. At the time of issuance, an amortization schedule is prepared detailing the repayment terms. This schedule is then used by the Department of Local Government Finance to determine the tax levy and appropriations needed to make the debt service payments.

The amortization schedules for the General Obligation and Park Bonds of 2019 were properly submitted and budgets were certified. It has been discovered that both amortization schedules were incorrect causing the certified levy and appropriations for both bond issues to be too low to cover the debt service payments in 2020.

The Town of Munster will meet all of its debt service obligations. This will be accomplished through two separate processes as follows.

The municipal and park bonds are used to finance large, capital expenditures such as street resurfacing, equipment purchases, and major park and building improvements. There are times when a project does not proceed. This can happen when a higher priority situation presents itself unexpectedly. There are times when a project or piece of equipment comes in at a lower price than expected at the time of bond issuance. In these instances, the amounts not spent are considered surplus bond proceeds.

I.C. 5-1-13-2 et seq. has the effect of allowing the Town Council, as the local issuing body, to transfer these surplus proceeds to a debt service fund in order to make debt service payments. Under advice of bond counsel, surplus bond proceeds from 2015 can be transferred in this way. These bonds are fully amortized and total \$214,272.62. Under this ordinance, surplus proceeds in the amount of \$11,500.00 would be transferred to the Municipal Bond & Interest Fund 306 and used to meet the debt service obligation of the 2019 General Obligation Bond.

The Park Board is being asked to adopt a resolution determining \$12,000.00 in surplus bond proceeds be transferred to the Park Bond & Interest Fund 312. The Council will then be asked to adopt an ordinance approving the transfer.

The second process is to secure an additional appropriation to have authority to spend the transferred surplus proceeds. This process will be discussed under Ordinance 1799 later this evening.

Recommendation:

By motion and voice vote, hear Ordinance 1798 on first reading and schedule second reading for the next regular meeting.