

To: President and Members of the Munster Town Council

From: David F. Shafer, Clerk-Treasurer *DFA*

Date: October 21, 2019

Re: Ordinance 1779: Surplus Bond Proceeds

A number of measures are being taken to address the challenges facing the Town in 2020 due to the full impact of the circuit breakers. One of these measures is making use of surplus bond proceeds.

The Town issues general obligation and park bonds each year. The bonds are repaid from ad valorem property taxes. These 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 reduce the rate or amount of ad valorem property taxes imposed by or allocated to the local issuing body. Basically, the proceeds can be transferred to a property tax supported fund to reduce the tax rate in that fund.

Under advice of bond counsel, surplus bond proceeds from 2006 through 2014 can be transferred in this way. These bonds are fully amortized and total \$648,409.73. Under this ordinance, these surplus proceeds would be transferred to the General Fund and used to offset the circuit breaker losses anticipated in 2020.

The Park Board is being asked to adopt a resolution determining \$12,521.31 in surplus bond proceeds be transferred to the Park & Recreation Fund. The Council will then be asked to adopt an ordinance approving the transfer.

Recommendation:

By motion and voice vote, hear Ordinance 1779 on first reading and schedule second reading.