

## **DEBT SERVICE**

### **MISSION:**

Debt Service provides funds sufficient to make annual interest and principal payments on Portage County's general long-term debt obligations issued for capital expenditures--primarily highway and building projects.

### **OVERVIEW:**

The County structures its borrowing to maintain steady annual debt service payments. This enables Portage County to avoid major fluctuations between budget years so that taxpayers don't have great fluctuations in their tax bill from the County.

The County's current and proposed general long-term obligations include general obligation bonds and promissory notes. Portage County typically issues long-term debt for terms ranging from five to twenty years. The County's general obligation bonds may also include refunding bonds, which are bonds to pay off existing debt to take advantage of more favorable interest rates or restructure debt service payments.

In accordance with Wisconsin State Statute 67.03, Portage County's outstanding debt is limited to 5% of the equalized value of all property in the County.

The County's Debt Service fund accounts for principal, interest, and debt issuance payments not otherwise paid from another fund. The County's enterprise funds—Health Care Center and Solid Waste—make payments from resources in their respective funds. The associated payments to be made from those funds are shown as offsetting revenue in the Debt Service budget.

### **ON THE HORIZON:**

Portage County is preparing for anticipated larger debt issues as outlined in the 2018-2023 Capital Improvement Plan. The current financing structure is designed for shorter term issues; therefore, allowing the County to finance these larger projects in the near future.

The County is anticipating a debt issue for 2017 and 2018 for planned highway projects and potential capital improvements as outlined in the 2018-2023 Capital Improvement Plan. (For more information on the specific projects see the Capital Projects Section and the Highway Special Revenue Section.)

**DEBT SERVICE**

**FINANCIAL SUMMARY**

	2016 Actual	2017 Modified Budget	2017 Projected Budget	2018 Budget	Change from 2017 Modified Budget	
					Amount Change	Percent Change
<b>Revenue</b>						
Taxes	2,284,513	2,364,226	2,364,226	2,754,871	390,645	16.52%
Intergovernmental Revenue	0	0	0	0	0	N/A
Licenses and Permits	0	0	0	0	0	N/A
Fines, Forfeits and Penalties	0	0	0	0	0	N/A
Public Charges for Service	36,563	36,563	36,563	786,563	750,000	2051.25%
Intergovernmental Charges for Service	0	0	0	0	0	N/A
Miscellaneous Revenue	0	0	0	0	0	N/A
Other Financing Sources	17,701	208,514	194,090	82,824	(125,690)	-60.28%
<b>Total Revenue</b>	<b>\$2,338,776</b>	<b>\$2,609,303</b>	<b>\$2,594,879</b>	<b>\$3,624,258</b>	<b>\$1,014,955</b>	<b>38.90%</b>
<b>Expenditures</b>						
Personnel Services	0	0	0	0	0	N/A
Contractual Services	0	0	0	0	0	N/A
Supplies & Expenses	0	0	0	0	0	N/A
Building Materials	0	0	0	0	0	N/A
Fixed Charges	0	0	0	0	0	N/A
Debt Service	2,575,438	2,609,303	2,594,879	3,624,258	1,014,955	38.90%
Grants, Contributions, Indemnities	0	0	0	0	0	N/A
Capital Projects	0	0	0	0	0	N/A
Cost Allocations	0	0	0	0	0	N/A
Transfers to Other Funds	0	0	0	0	0	N/A
Future Operations Designations	0	0	0	0	0	N/A
<b>Total Expenditures</b>	<b>\$2,575,438</b>	<b>\$2,609,303</b>	<b>\$2,594,879</b>	<b>\$3,624,258</b>	<b>\$1,014,955</b>	<b>38.90%</b>
<b>County Allocation</b>	<b>\$236,661</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Addition to (Use of ) Fund Balance</b>	<b>(\$236,661)</b>					

## DEBT SERVICE

### FINANCIAL SUMMARY HIGHLIGHTS:

Overall the debt service budget increased 38.9% or \$390,645, due to planned debt service schedule repayments, the payoff of the repayments from Solid Waste, and a slight increase in the debt service annual target.

The County has structured the debt repayment schedules to allow for and prepare for anticipated larger debt issues in the upcoming Capital Improvement Plan. (See Capital Projects Section for additional information on upcoming projects.)

In 2007, the County refunded prior debt issues, including portions allocated to the County's proprietary funds (Solid Waste and Health Care Center). The County established repayment schedules for the proprietary fund debt which differs from the repayment schedules of the refunding bonds. As the proprietary funds retire their obligations to the debt service fund, the County applies the amount to reduce amounts levied for debt service in the future. These repayment schedules continue through 2017 for Solid Waste and through 2019 for Health Care Center.

The County is anticipating the need for future debt service for the projects outlined in the 2018 – 2023 Capital Improvement Plan. As more defined plans are made, the County will be able to forecast the need and determine a financing plan to support the projects. The County will structure repayments to allow for upcoming projects which will need to be financed over a longer period of time. The structure will maintain the integrity of the County's plan to incorporate new debt issues with the existing debt structure—a stable approach. Portage County plans to continue to strive to keep a stable tax levy for debt service while maintaining and improving the County's infrastructure. This means that the County must continue to have a strong planning effort to forecast capital projects.

### Debt Outstanding

	Date of Issue	Amount Issued	Outstanding Debt
2014 G.O. Promissory Notes A	3/5/2014	9,810,000	4,000,000
2014 G.O. Promissory Notes B AMT	3/5/2014	1,500,000	1,500,000
2016 G.O. Promissory Notes A	11/22/2016	1,535,000	1,535,000
2017 G.O. Promissory Notes A	11/1/2017*	2,100,000	2,100,000
	Debt Outstanding 12/31/2017		\$9,135,000
	Anticipated 2018 Debt Issues *		\$2,581,263
	Total Debt Outstanding		<u>\$11,716,263</u>

### Outstanding Debt Limit

	2016 Budget Year	2017 Budget Year	2018 Budget Year*
Total County Equalized Value	\$5,344,210,100	\$5,428,971,000	\$5,718,796,400
Debt Limit	267,210,505	271,448,550	285,939,820
Outstanding Debt (*)	10,247,800	9,145,850	11,685,871
Available Debt Limit	256,962,705	262,302,700	274,253,949
Percent of Debt Limit Available	96.2%	96.6%	96.0%

\*Includes 2017 and 2018 anticipated debt issues.

## DEBT SERVICE

### Schedule of Current and Future Debt Service Requirements

Fiscal Year	G.O. Promissory Notes 2014 A	G.O. Notes AMT 2014 B Airport	G.O. Promissory Notes 2016	G.O. Promissory Notes 2017 A*	TOTAL
2017					
Principal	2,425,000	0	0		2,425,000
Interest	116,375	36,563	16,941		169,879
2018					
Principal	2,500,000	750,000	0	200,000	3,450,000
Interest	80,000	36,563	16,528	41,167	174,258
2019					
Principal	1,500,000	750,000	750,000	700,000	3,700,000
Interest	30,000	21,563	12,778	31,000	95,341
2020					
Principal			785,000	1,200,000	1,985,000
Interest			4,514	12,000	16,514
2021					
Principal					
Interest					
2022 & Beyond					
Principal					
Interest					
TOTAL					
Principal	6,425,000	1,500,000	1,535,000	2,100,000	11,560,000
Interest	226,375	94,689	50,761	84,167	455,992

\*Anticipated schedule for G.O. Promissory Notes scheduled for November 2017. Anticipated debt service of \$2,581,263 in 2018, but schedule yet to be determined.