

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 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.

FINANCIAL SUMMARY

DEBT SERVICE FUND – DEBT

ON THE HORIZON:

Portage County is preparing for anticipated larger debt issues as outlined in the 2015-2020 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 2016 or 2017 for planned capital improvements as outlined in the 2015-2020 Capital Improvement Plan. (For more information on the specific projects see the Capital Projects Section.)

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	2013 Actual	2014 Modified Budget	2014 Projected Budget	2015 Budget	Change from 2014 Modified Budget	
					Amount Change	Percent Change
Revenue						
Taxes	2,408,472	2,227,196	2,227,196	2,153,613	(73,583)	-3.30%
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	0	0	27,016	36,563	36,563	N/A
Intergovernmental Charges for Service	0	0	0	0	0	N/A
Miscellaneous Revenue	0	0	0	0	0	N/A
Other Financing Sources	390,755	652,804	781,352	254,362	(398,442)	-61.04%
Total Revenue	\$2,799,227	\$2,880,000	\$3,035,564	\$2,444,538	(\$435,462)	-15.12%
Expenditures						
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	3,117,500	2,880,000	3,035,564	2,444,538	(435,462)	-15.12%
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
Total Expenditures	\$3,117,500	\$2,880,000	\$3,035,564	\$2,444,538	(\$435,462)	-15.12%
County Allocation	\$318,273	\$0	\$0	\$0	\$0	N/A
Addition to (Use of) Fund Balance	(\$318,273)					

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FINANCIAL SUMMARY HIGHLIGHTS:

Overall the debt service budget decreased by 15%, or \$435,450, due to the structure of the debt repayment schedules. 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 2015 – 2020 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
2011 G.O. Promissory Note	12/01/2011	8,675,000	\$1,200,000
2014 G.O. Promissory Notes A	3/5/2014	9,810,000	9,810,000
2014 G.O. Promissory Notes B AMT	3/5/2014	1,500,000	1,500,000
	Debt Outstanding 12/31/2014		<u>\$12,510,000</u>
	Anticipated 2015 Debt Issues		\$0
	Total Debt Outstanding		<u>\$12,510,000</u>

Outstanding Debt Limit

	2013 Budget Year	2014 Budget Year	2015 Budget Year
Total County Equalized Value	\$4,828,301,400	\$4,882,392,000	\$5,194,469,700
Debt Limit	241,415,070	244,119,600	259,723,485
Outstanding Debt (*)	5,674,816	14,302,816	11,726,799
Available Debt Limit	235,740,254	229,816,784	247,996,686
Percent of Debt Limit Available	97.6%	94.1%	95.5%

*Includes 2014 debt issues after year end.

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Schedule of Current and Future Debt Service Requirements

Fiscal Year	G.O. Promissory Note 2011	G.O. Promissory Note 2014 A	G.O. Note AMT 2014 B Airport	TOTAL
2014				
Principal	2,800,000	0	0	2,880,000
Interest	80,000	128,548	27,016	235,564
2015				
Principal	1,200,000	1,010,000	0	2,210,000
Interest	24,000	173,975	36,563	234,538
2016				
Principal		2,375,000	0	2,375,000
Interest		163,875	36,563	200,438
2017				
Principal		2,425,000	0	2,425,000
Interest		116,375	36,563	152,938
2018				
Principal		2,500,000	750,000	3,250,000
Interest		80,000	36,563	116,563
2019				
Principal		1,500,000	750,000	2,250,000
Interest		30,000	21,563	51,563
2020				
Principal				
Interest				
2021				
Principal				
Interest				
2022 & Beyond				
Principal				
Interest				
TOTAL				
Principal	4,000,000	9,810,000	1,500,000	15,310,000
Interest	104,000	692,773	194,828	991,601