

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 2019-2023 Capital Improvement Plan and highway projects identified in the Highway Special Revenue Fund budget. Projects requiring financing in the plan include:

- New government facility project for court services and related offices
- Renovation and remodel of the existing courthouse building
- Future facility planning for the law enforcement center and jail
- Highway facilities project for highway infrastructure purposes along with other government services such as alternate emergency operations center, alternate IT services, and Sheriff's impound facility

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 in 2018 and 2019 for planned highway projects and potential capital improvements as outlined in the 2019-2023 Capital Improvement Plan. (For more information on the specific projects see the Capital Projects Section and the Highway Special Revenue Section.)

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FINANCIAL SUMMARY

	2017 Actual	2018 Modified Budget	2018 Projected Budget	2019 Budget	Change from 2018 Modified Budget	
					Amount Change	Percent Change
Revenue						
Taxes	2,364,226	2,754,871	2,754,871	3,049,267	294,396	10.69%
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	786,563	786,563	771,563	(15,000)	-1.91%
Intergovernmental Charges for Service	0	0	0	0	0	N/A
Miscellaneous Revenue	0	0	0	0	0	N/A
Other Financing Sources	38,650	82,824	81,657	74,990	(7,834)	-9.46%
Total Revenue	\$2,439,439	\$3,624,258	\$3,623,091	\$3,895,820	\$271,562	7.49%
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	2,602,098	3,624,258	3,623,091	3,895,820	271,562	7.49%
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	\$2,602,098	\$3,624,258	\$3,623,091	\$3,895,820	\$271,562	7.49%
County Allocation	\$162,660	\$0	\$0	\$0	\$0	N/A
Addition to (Use of) Fund Balance	(\$162,660)					

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FINANCIAL SUMMARY HIGHLIGHTS:

Overall the debt service budget increased 7.49% or \$271,562, 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. The repayment schedule for Solid Waste was paid off in 2017 and continues through 2019 for Health Care Center.

The County is anticipating the need for future debt service for the projects outlined in the 2019 – 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	1,500,000
2014 G.O. Promissory Notes B AMT	3/5/2014	1,500,000	750,000
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	1,900,000
2018 G.O. Promissory Notes A	11/1/2018*	2,650,000	2,650,000
	Debt Outstanding 12/31/2018		\$8,335,000
	Anticipated 2019 Debt Issues *		\$12,450,000
	Total Debt Outstanding		<u>\$20,785,000</u>

Outstanding Debt Limit

	2017 Budget Year	2018 Budget Year*	2019 Budget Year*
Total County Equalized Value	\$5,428,971,000	\$5,718,796,400	\$5,945,369,300
Debt Limit	271,448,550	285,939,820	297,268,465
Outstanding Debt (*)	9,145,850	11,633,510	20,710,979
Available Debt Limit	262,302,700	274,306,310	276,557,486
Percent of Debt Limit Available	96.6%	95.9%	93.0%

*Includes 2018 and 2019 anticipated debt issues.

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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	G.O. Promissory Notes 2018 A*	TOTAL
2018						
Principal	2,500,000	750,000	0	200,000		3,450,000
Interest	80,000	36,563	16,528	40,000		173,091
2019						
Principal	1,500,000	750,000	750,000	700,000	0	3,700,000
Interest	30,000	21,563	12,778	31,000	100,479	195,820
2020						
Principal			785,000	1,200,000	1,325,000	3,310,000
Interest			4,514	12,000	69,563	86,077
2021						
Principal					1,325,000	1,325,000
Interest					23,188	23,188
2022 & Beyond						
Principal						
Interest						
TOTAL						
Principal	6,425,000	1,500,000	1,535,000	2,100,000	2,650,000	11,785,000
Interest	226,375	94,689	50,761	84,167	193,230	478,176

*Anticipated schedule for G.O. Promissory Notes scheduled for November 2018. Anticipated debt service of \$12,450,000 in 2019, but schedule yet to be determined.