

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 2020-2025 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

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 2020 for planned highway projects and potential capital improvements as outlined in the 2020-2025 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

	2018 Actual	2019 Modified Budget	2019 Projected Budget	2020 Budget	Change from 2019 Modified Budget	
					Amount Change	Percent Change
Revenue						
Taxes	2,754,871	3,049,267	3,049,267	3,541,462	492,195	16.14%
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	786,563	771,563	771,563	0	(771,563)	-100.00%
Intergovernmental Charges for Service	0	0	0	0	0	N/A
Miscellaneous Revenue	0	0	0	0	0	N/A
Other Financing Sources	80,316	74,990	186,065	154,253	79,263	105.70%
Total Revenue	\$3,621,750	\$3,895,820	\$4,006,895	\$3,695,715	(\$200,105)	-5.14%
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	3,637,268	3,895,820	3,902,935	3,695,715	(200,105)	-5.14%
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	103,960	0	0	N/A
Total Expenditures	\$3,637,268	\$3,895,820	\$4,006,895	\$3,695,715	(\$200,105)	-5.14%
County Allocation	\$15,518	\$0	\$0	\$0	\$0	N/A
Addition to (Use of) Fund Balance	(\$15,518)					

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FINANCIAL SUMMARY HIGHLIGHTS:

Overall the debt service budget decreased 5.14% or \$200,105, due to planned debt service schedule repayments, the payoff of the repayments from Health Care Center, 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 2019, the County financed the Highway Remodel and Renovation project. The County established repayment schedules for the Highway proprietary fund debt which differs from the repayment schedules of the County's promissory note – this will begin in 2021 when the County principal payments begin. As the proprietary fund retires its obligations to the debt service fund, the County applies the amount to reduce amounts levied for debt service in the future.

The County is anticipating the need for future debt service for the projects outlined in the 2020 – 2025 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
2016 G.O. Promissory Notes A	11/22/2016	1,535,000	785,000
2017 G.O. Promissory Notes A	12/1/2017	2,100,000	1,200,000
2018 G.O. Promissory Notes A	12/11/2018	2,650,000	2,650,000
2019 G.O. Promissory Notes A	7/10/2019	10,890,000	10,890,000
	Debt Outstanding 12/31/2019		\$15,525,000
	Anticipated 2020 Debt Issues *		\$2,350,000
	Total Debt Outstanding		<u>\$17,875,000</u>

Outstanding Debt Limit

	2018 Budget Year	2019 Budget Year	2020 Budget Year*
Total County Equalized Value	\$5,718,796,400	\$5,945,369,300	\$6,353,475,400
Debt Limit	285,939,820	297,268,465	317,673,770
Outstanding Debt (*)	8,983,510	8,199,028	17,789,322
Available Debt Limit	276,956,310	289,036,437	299,884,448
Percent of Debt Limit Available	96.9%	97.2%	94.4%

*Includes 2020 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	G.O. Promissory Notes 2019 A	TOTAL
2019							
Principal	1,500,000	750,000	750,000	700,000	0		3,700,000
Interest	30,000	21,563	12,778	31,000	77,292		172,632
2020							
Principal			785,000	1,200,000	1,325,000	0	3,310,000
Interest			4,514	12,000	59,625	309,576	385,715
2021							
Principal					1,325,000	2,550,000	3,875,000
Interest					19,875	196,950	216,825
2022							
Principal						3,730,000	3,730,000
Interest						134,150	134,150
2023							
Principal						4,145,000	4,145,000
Interest						55,400	55,400
2024 & Beyond							
Principal						465,000	465,000
Interest						6,975	6,975
TOTAL							
Principal	1,500,000	750,000	1,535,000	1,900,000	2,650,000	10,890,000	19,225,000
Interest	30,000	21,563	17,292	43,000	156,792	703,051	971,697