

## **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, Solid Waste, and Highway —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 2021-2026 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.)

**DEBT SERVICE**

**FINANCIAL SUMMARY**

	2019 Actual	2020 Modified Budget	2020 Projected Budget	2021 Budget	Change from 2020 Modified Budget	
					Amount Change	Percent Change
<b>Revenue</b>						
Taxes	3,049,267	3,541,462	3,541,462	3,947,822	406,360	11.5%
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	771,563	0	0	0	0	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	186,065	154,253	154,253	144,003	(10,250)	-6.6%
<b>Total Revenue</b>	<b>\$4,006,895</b>	<b>\$3,695,715</b>	<b>\$3,695,715</b>	<b>\$4,091,825</b>	<b>\$396,110</b>	<b>10.7%</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	3,902,934	3,695,715	3,695,715	4,091,825	396,110	10.7%
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>\$3,902,934</b>	<b>\$3,695,715</b>	<b>\$3,695,715</b>	<b>\$4,091,825</b>	<b>\$396,110</b>	<b>10.7%</b>
<b>County Allocation</b>	<b>(\$103,961)</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>\$103,961</b>					

## DEBT SERVICE

### **FINANCIAL SUMMARY HIGHLIGHTS:**

Overall the debt service budget increased 10.72% or \$396,110 due to planned debt service schedule repayments 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 2020, the County planned to finance County highway projects. 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 2021 – 2026 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
2018 G.O. Promissory Notes A	12/5/2018	2,650,000	1,325,000
2019 G.O. Promissory Notes A	7/10/2019	10,890,000	10,890,000
2020 G.O. Promissory Notes A*	TBD	2,295,000	2,295,000
	Debt Outstanding 12/31/2020 *		\$14,510,000
	Anticipated 2021 Debt Issues		\$0
	Total Debt Outstanding		<u>\$14,510,000</u>

### **Outstanding Debt Limit**

	2019 Budget Year	2020 Budget Year	2021 Budget Year*
Total County Equalized Value	\$5,945,369,300	\$6,353,475,400	\$6,645,640,400
Debt Limit	297,268,465	317,673,770	332,282,020
Outstanding Debt (*)	8,199,028	16,641,581	14,510,000
Available Debt Limit	289,036,437	302,388,703	317,772,020
Percent of Debt Limit Available	97.2%	95.2%	95.6%

\*Includes 2020 anticipated debt issues.

## DEBT SERVICE

### Schedule of Current and Future Debt Service Requirements

Fiscal Year	G.O. Promissory Notes 2016	G.O. Promissory Notes 2017 A	G.O. Promissory Notes 2018 A	G.O. Promissory Notes 2019 A	G.O. Promissory Notes 2020 A*	TOTAL
2020						
Principal	785,000	1,200,000	1,325,000	0	0	3,310,000
Interest	4,514	12,000	59,625	309,576	0	385,715
2021						
Principal			1,325,000	2,550,000	0	3,875,000
Interest			19,875	196,950	24,808	241,633
2022						
Principal				3,730,000	230,000	3,960,000
Interest				134,150	21,800	155,950
2023						
Principal				4,145,000	0	4,145,000
Interest				55,400	20,650	76,050
2024 & Beyond						
Principal				465,000	2,065,000	2,530,000
Interest				6,975	10,325	17,300
TOTAL						
Principal	1,535,000	1,900,000	2,650,000	10,890,000	2,295,000	17,820,000
Interest	17,292	43,000	156,792	703,051	77,583	876,648