

## **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 2017-2022 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 and 2017 for planned capital improvements as outlined in the 2017-2022 Capital Improvement Plan. (For more information on the specific projects see the Capital Projects Section.)

**DEBT SERVICE**

**FINANCIAL SUMMARY**

	2015 Actual	2016 Modified Budget	2016 Projected Budget	2017 Budget	Change from 2016 Modified Budget	
					Amount Change	Percent Change
<b>Revenue</b>						
Taxes	2,153,613	2,284,513	2,284,513	2,364,226	79,713	3.49%
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	36,563	0	0.00%
Intergovernmental Charges for Service	0	0	0	0	0	N/A
Miscellaneous Revenue	0	0	0	0	0	N/A
Other Financing Sources	24,174	254,362	254,362	208,514	(45,848)	-18.02%
<b>Total Revenue</b>	<b>\$2,214,350</b>	<b>\$2,575,438</b>	<b>\$2,575,438</b>	<b>\$2,609,303</b>	<b>\$33,865</b>	<b>1.31%</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	2,444,538	2,575,438	2,575,438	2,609,303	33,865	1.31%
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>\$2,444,538</b>	<b>\$2,575,438</b>	<b>\$2,575,438</b>	<b>\$2,609,303</b>	<b>\$33,865</b>	<b>1.31%</b>
<b>County Allocation</b>	<b>\$230,188</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>(\$230,188)</b>					

## DEBT SERVICE

### FINANCIAL SUMMARY HIGHLIGHTS:

Overall the debt service budget increased 1.3% or \$33,865, due to planned debt service schedule repayments. 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 2017 – 2022 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	6,425,000
2014 G.O. Promissory Notes B AMT	3/5/2014	1,500,000	1,500,000
2016 G.O. Promissory Notes A	11/1/2016*	1,530,000	1,530,000
	Debt Outstanding 12/31/2016		\$9,455,000
	Anticipated 2017 Debt Issues *		\$2,800,000
	Total Debt Outstanding		<u>\$12,255,000</u>

### Outstanding Debt Limit

	2015 Budget Year	2016 Budget Year	2017 Budget Year*
Total County Equalized Value	\$5,194,469,700	\$5,344,210,100	\$5,428,971,000
Debt Limit	259,723,485	267,210,505	271,448,550
Outstanding Debt (*)	12,457,800	10,247,800	12,202,800
Available Debt Limit	247,265,685	256,962,705	259,245,750
Percent of Debt Limit Available	95.2%	96.2%	95.5%

\*Includes 2016 and 2017 anticipated debt issues.

## DEBT SERVICE

### Schedule of Current and Future Debt Service Requirements

Fiscal Year	G.O. Promissory Note 2014 A	G.O. Note AMT 2014 B Airport	G.O. Promissory Note 2016 A*	TOTAL
2016				
Principal	2,375,000	0		2,375,000
Interest	163,875	36,563		200,438
2017				
Principal	2,425,000	0	0	2,425,000
Interest	116,375	36,563	31,365	184,303
2018				
Principal	2,500,000	750,000	0	3,250,000
Interest	80,000	36,563	30,600	147,163
2019				
Principal	1,500,000	750,000	750,000	3,000,000
Interest	30,000	21,563	23,100	74,663
2020				
Principal			780,000	780,000
Interest			7,800	7,800
2021				
Principal				
Interest				
2022 & Beyond				
Principal				
Interest				
TOTAL				
Principal	8,800,000	1,500,000	1,530,000	11,830,000
Interest	390,250	131,252	92,865	614,367

\*Anticipated schedule for G.O. Promissory Notes scheduled for November 2016. Anticipated debt service of \$2,800,000 in 2017, but schedule yet to be determined.