

# *Debt Service*



# DEBT SERVICE

## MISSION

Debt Service provides funds sufficient to make annual principal and interest payments on general long-term debt obligations of the County issued for the purpose of paying for capital improvements.

## POLICY

The County's current and proposed general long-term obligations include general obligation bonds and notes. General obligation bonds and notes include debt issued for the purpose of paying the cost for acquisition of land, land improvements, construction and major reconditioning of parking lots, construction of new County buildings, remodeling or renovation of existing County buildings, construction and reconditioning of County roads and bridges, and major technology and equipment purchases. Bonds, including debt service and capital projects are issued after the annual budget is submitted to the County Board and approved. The County Board's bonding criteria requires that a project cost at least \$250,000 or have a project life of 5 years or more.

The County's general obligation bonds also include refunding bonds, which are bonds issued to pay off existing debt to take advantage of more favorable interest rates or to restructure debt service payments.

The County issues long-term debt for terms ranging from five to twenty years. Generally, bonds for lower cost projects are issued for a term of five to ten years, bonds for road and bridge projects are issued for a period of fifteen to twenty years, and bonds for major cost projects are issued for a period of twenty years. Refunding bonds are issued for the term remaining from the issue date of the original bond. The County also structures proposed bond issues to avoid major fluctuations in annual debt service requirements that would impact future budgets.

All of the County's general obligation debt is issued by which the full faith, credit, and resources of the County are irrevocably pledged and an irrevocable property tax levy shall be collected to pay the principal and interest on the bonds as they become due.

By state statute, the County's debt obligations cannot exceed 5% of the equalized value of all property in the County. The County will have 82.83% of its legal debt limit available after including the proposed 2012 debt issues of \$13,680,000.

The County's Debt Service Fund accounts for principal, interest and debt issuance payments not otherwise paid from another fund. The Airport, Golf Course, and NEW Zoo are Enterprise funds and make the principal, interest and debt issuance payments from resources within each of their respective funds. The total annual principal, interest and debt issuance payments to be made from those Enterprise Funds are shown as offsetting revenue in the Debt Service budget.

## GENERAL DEBT SERVICE FUND

	2010 Actual	2011 Estimate	2011 Revised Budget	2012 Budget	Change from 2011 Revised Budget	
					\$	%
Interest on Investments	11,970	6,565	10,040	6,241	(3,799)	-37.84%
Transfer In	555,550	822,217	822,217	1,224,831	402,614	48.97%
Other Financing Sources	390,714	580,213	-	-	-	0.00%
<b>Total Revenues</b>	<b>958,234</b>	<b>1,408,995</b>	<b>832,257</b>	<b>1,231,072</b>	<b>398,815</b>	<b>47.92%</b>
Principal	8,725,000	10,485,000	10,485,000	10,780,000	295,000	2.81%
Interest Expense	5,615,609	6,084,640	6,154,344	6,139,665	(14,679)	-0.24%
Debt Issuance Expense	86,427	124,405	8,286	8,649	363	4.38%
Professional Services	3,500	3,500	3,500	17,500	14,000	400.00%
Legal Fee Chargebacks	-	-	25,000	-	(25,000)	-100.00%
<b>Total Debt Requirements</b>	<b>14,430,536</b>	<b>16,697,545</b>	<b>16,676,130</b>	<b>16,945,814</b>	<b>269,684</b>	<b>1.62%</b>
Offsetting Revenue (a)	(2,040,187)	(1,929,087)	(1,929,087)	(1,999,300)	(70,213)	3.64%
<b>Total Expenses</b>	<b>12,390,349</b>	<b>14,768,458</b>	<b>14,747,043</b>	<b>14,946,514</b>	<b>199,471</b>	<b>1.35%</b>
Property Taxes	11,001,061	13,171,690	13,171,690	13,311,394	139,704	1.06%
Addition to (Use of) Fund Balance	(431,054)	(187,773)	(743,096)	(404,048)		

- (a) Offsetting revenue represents the total principal, interest and debt issuance payments from the Airport, Golf Course and NEW Zoo.

## OUTSTANDING DEBT LIMIT

By Wisconsin Statute 67.03, the County's outstanding debt is limited to 5% of the equalized value of all property in the County.

Equalized value of real and personal property <sup>(a)</sup>	18,156,625,100
Statutory limitation percentage	x 5%
Statutory debt limitation	<u>907,831,255</u>
Outstanding indebtedness <sup>(b)</sup>	<u>155,920,000</u>
Available debt limit	<u><u>751,911,255</u></u>
Percentage of debt limit available	<u>82.83%</u>

- (a) Total County equalized value including Tax Incremental Districts for budget year purposes.  
 (b) Includes proposed 2012 debt issuance totaling \$13,680,000.

## OUTSTANDING INDEBTEDNESS

Outstanding indebtedness is the outstanding principal on general obligation bonds for which the County has pledged its full faith, credit, and unlimited taxing power.

<u>Character of Indebtedness</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>True Interest Cost</u>	<u>Outstanding Debt</u>
<b>General Obligation Bonds</b>				
Corporate Purpose 2001C	09/05/01	11/01/15	4.257204%	1,215,000
Corporate Purpose 2002A	08/05/02	11/01/21	4.870240%	4,160,000
Corporate Purpose 2002B	08/05/02	11/01/17	4.068547%	2,795,000
Corporate Purpose Refunding 2003	03/28/03	11/01/22	5.479949%	10,035,000
Corporate Purpose 2003A	09/01/03	11/01/22	4.753197%	4,505,000
Corporate Purpose 2003B	09/01/03	11/01/18	3.675685%	2,745,000
Corporate Purpose 2004A	08/01/04	11/01/23	4.699985%	5,775,000
Corporate Purpose 2004B	08/01/04	11/01/19	3.938135%	3,490,000
Corporate Purpose 2005A	06/01/05	11/01/24	4.762079%	3,520,000
Corporate Purpose 2005B	06/01/05	11/01/20	3.747522%	3,105,000
Corporate Purpose Refunding 2005C	12/15/05	11/01/13	3.481807%	1,315,000
Corporate Purpose 2006	06/07/06	11/01/21	4.011631%	4,625,000
Corporate Purpose 2007	07/01/07	11/01/22	4.097733%	6,655,000
Corporate Purpose 2008B	03/01/08	11/01/27	4.327792%	24,355,000
Corporate Purpose Refunding 2008C	04/01/08	11/01/18	3.339250%	11,635,000
Taxable Corporate Purpose 2009A	06/01/09	11/01/28	3.239906%	12,455,000
Taxable Corporate Purpose 2010B	08/01/10	11/01/29	3.038414%	5,600,000
Taxable Corporate Purpose 2010C	12/01/10	11/01/29	3.927224%	4,550,000
Corporate Purpose 2011A	05/01/11	11/01/30	3.939427%	10,440,000
<b>Total General Obligations as of December 31, 2011</b>				<b>122,975,000</b>
<b>Long-Term Notes</b>				
Promissory Notes 2008A	03/01/08	11/01/17	3.158851%	5,360,000
Promissory Notes 2010A	08/01/10	11/01/19	2.366987%	13,905,000
<b>Total Long-Term Notes as of December 31, 2011</b>				<b>19,265,000</b>
<b>Total Outstanding Indebtedness as of December 31, 2011</b>				<b>142,240,000</b>
<b>2012 Proposed Debt Issuance <sup>(a)</sup></b>				
General Obligation Bonds for Public Works - Highway Projects - Series 2012				6,157,479
General Obligation Bonds for Library Renovation - Series 2012				2,007,521
General Obligation Bonds for Radio Interoperability - Brown County Equipment - Series 2012				1,915,000
Promissory Notes for Radio Interoperability - Other Municipality/Agency Equipment <sup>(b)</sup>				3,600,000
<b>Total 2012 Proposed Debt Issuance</b>				<b>13,680,000</b>
<b>Total Outstanding Indebtedness</b>				<b>155,920,000</b>

(a) See Capital Projects section for a description of each project description, cost, and sources of funds.

(b) Brown County will be reimbursed by other municipalities and/or emergency agencies for required debt payments.

## SCHEDULE OF CURRENT AND PROPOSED DEBT SERVICE REQUIREMENTS BY FUND

Fiscal Year	Enterprise Funds				Debt Service Fund	Total Debt Requirements *
	Airport	Golf Course	NEW Zoo	Total Enterprise		
2012						
Principal	1,035,000	60,000	29,000	1,124,000	9,656,000	10,780,000
Interest	838,344	4,410	30,731	873,485	5,266,180	6,139,665
2013						
Principal	1,145,000	60,000	30,000	1,235,000	10,970,000	12,205,000
Interest	796,334	2,220	29,826	828,380	5,185,088	6,013,468
2014						
Principal	1,255,000		31,000	1,286,000	10,929,000	12,215,000
Interest	747,724		28,870	776,594	4,841,780	5,618,374
2015						
Principal	1,340,000		32,000	1,372,000	10,938,000	12,310,000
Interest	693,439		27,863	721,302	4,494,372	5,215,674
2016						
Principal	1,440,000		34,000	1,474,000	10,716,000	12,190,000
Interest	634,413		26,738	661,151	4,128,040	4,789,191
2017						
Principal	1,530,000		35,000	1,565,000	10,710,000	12,275,000
Interest	568,763		25,525	594,288	3,750,914	4,345,202
2018						
Principal	1,605,000		36,000	1,641,000	9,524,000	11,165,000
Interest	497,682		24,188	521,870	3,356,558	3,878,428
2019						
Principal	1,750,000		37,000	1,787,000	9,238,000	11,025,000
Interest	422,401		22,413	444,814	2,967,680	3,412,494
2020						
Principal	1,835,000		42,000	1,877,000	7,283,000	9,160,000
Interest	338,582		20,588	359,170	2,577,032	2,936,202
2021						
Principal	1,925,000		45,000	1,970,000	6,855,000	8,825,000
Interest	249,632		18,510	268,142	2,247,455	2,515,597
2022						
Principal	1,475,000		46,000	1,521,000	6,724,000	8,245,000
Interest	155,788		16,260	172,048	1,928,322	2,100,370
2023						
Principal	1,075,000		47,000	1,122,000	5,173,000	6,295,000
Interest	82,500		13,960	96,460	1,607,612	1,704,072
2024						
Principal	550,000		50,000	600,000	5,230,000	5,830,000
Interest	28,188		11,598	39,786	1,364,036	1,403,822
2025						
Principal			53,000	53,000	5,282,000	5,335,000
Interest			9,070	9,070	1,114,374	1,123,444
2026						
Principal			54,000	54,000	5,356,000	5,410,000
Interest			6,375	6,375	860,312	866,687
2027						
Principal			57,000	57,000	5,183,000	5,240,000
Interest			3,630	3,630	600,374	604,004
2028						
Principal			13,000	13,000	3,007,000	3,020,000
Interest			715	715	347,001	347,716
2029						
Principal					2,380,000	2,380,000
Interest					199,636	199,636
2030						
Principal					1,445,000	1,445,000
Interest					86,503	86,503
2031						
Principal					570,000	570,000
Interest					24,510	24,510
Total Principal	<u>17,960,000</u>	<u>120,000</u>	<u>671,000</u>	<u>18,751,000</u>	<u>137,169,000</u>	<u>155,920,000</u>
Total Interest	<u>6,053,790</u>	<u>6,630</u>	<u>316,860</u>	<u>6,377,280</u>	<u>46,947,779</u>	<u>53,325,059</u>

\* Debt Service Fund Includes estimated payments for 2012 proposed debt issuance.

## SCHEDULE OF CURRENT AND PROPOSED DEBT SERVICE REQUIREMENTS BY ISSUE

Fiscal Year	G.O. Bond 2001C	G.O. Bond 2002A	G.O. Bond 2002B	G.O. Bond 2003	G.O. Bond 2003A	G.O. Bond 2003B	G.O. Bond 2004A	G.O. Bond 2004B	G.O. Bond 2005A	G.O. Bond 2005B	G.O. Bond 2005C	G.O. Bond 2006
2012												
Principal	280,000	305,000	410,000	435,000	300,000	395,000	300,000	330,000	130,000	310,000	655,000	485,000
Interest	53,223	204,240	118,520	546,841	209,653	107,363	261,238	139,480	163,213	118,640	49,980	191,563
2013												
Principal	295,000	330,000	430,000	510,000	325,000	405,000	350,000	335,000	140,000	325,000	660,000	500,000
Interest	41,323	191,430	101,710	524,548	197,653	92,945	249,238	127,105	158,013	106,860	26,400	170,950
2014												
Principal	310,000	355,000	455,000	590,000	350,000	355,000	400,000	440,000	150,000	335,000		525,000
Interest	28,490	175,920	84,510	497,773	184,328	77,960	235,063	114,208	152,413	94,510		149,700
2015												
Principal	330,000	380,000	475,000	675,000	360,000	375,000	425,000	415,000	175,000	315,000		545,000
Interest	14,850	159,235	65,400	467,093	169,278	64,470	218,663	97,268	146,263	81,780		127,388
2016												
Principal		405,000	500,000	765,000	385,000	390,000	450,000	495,000	200,000	330,000		570,000
Interest		141,375	44,975	431,993	153,438	49,845	200,600	81,290	139,000	69,810		104,225
2017												
Principal		430,000	525,000	870,000	400,000	405,000	475,000	460,000	225,000	345,000		370,000
Interest		121,125	23,100	391,830	136,113	34,245	181,025	61,490	130,500	57,600		80,000
2018												
Principal		455,000		980,000	425,000	420,000	500,000	520,000	225,000	365,000		380,000
Interest		99,625		343,545	117,513	17,640	159,888	42,630	120,656	44,490		65,200
2019												
Principal		475,000		1,100,000	450,000		525,000	495,000	300,000	380,000		400,000
Interest		76,875		289,155	97,325		137,388	20,790	110,813	30,620		50,000
2020												
Principal		500,000		1,225,000	485,000		550,000		300,000	400,000		415,000
Interest		52,531		228,105	75,500		113,238		97,313	15,800		34,000
2021												
Principal		525,000		1,365,000	500,000		575,000		325,000			435,000
Interest		26,906		160,118	51,250		87,663		83,813			17,400
2022												
Principal				1,520,000	525,000		600,000		350,000			
Interest				84,360	26,250		60,350		69,188			
2023												
Principal							625,000		450,000			
Interest							31,250		51,250			
2024												
Principal									550,000			
Interest									28,188			
2025												
Principal												
Interest												
2026												
Principal												
Interest												
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Interest												
2028												
Principal												
Interest												
2029												
Principal												
Interest												
2030												
Principal												
Interest												
2031												
Principal												
Interest												
<b>Total Principal</b>	<b>1,215,000</b>	<b>4,160,000</b>	<b>2,795,000</b>	<b>10,035,000</b>	<b>4,505,000</b>	<b>2,745,000</b>	<b>5,775,000</b>	<b>3,490,000</b>	<b>3,520,000</b>	<b>3,105,000</b>	<b>1,315,000</b>	<b>4,625,000</b>
<b>Total Interest</b>	<b>137,886</b>	<b>1,249,262</b>	<b>438,215</b>	<b>3,965,361</b>	<b>1,418,301</b>	<b>444,468</b>	<b>1,935,604</b>	<b>684,261</b>	<b>1,450,623</b>	<b>620,110</b>	<b>76,380</b>	<b>990,426</b>

G.O. Bond <u>2007</u>	G.O. Note <u>2008A</u>	G.O. Bond <u>2008B</u>	G.O. Bond <u>2008C</u>	G.O. Bond <u>2009</u>	G.O. Note <u>2010A</u>	G.O. Bond <u>2010B</u>	G.O. Bond <u>2010C</u>	G.O. Bond <u>2011</u>	Promissory Note* <u>2012<sup>(B)</sup></u>	G.O. Bond* <u>2012</u>	Totals
500,000	870,000	575,000	1,860,000	440,000	1,725,000		220,000	255,000			10,780,000
268,298	180,300	1,158,088	417,125	598,770	304,000	292,718	164,945	402,006		189,461	6,139,665
515,000	830,000	595,000	1,930,000	120,000	1,740,000		220,000	260,000	675,000	715,000	12,205,000
248,298	153,113	1,139,400	356,675	587,770	286,750	292,718	162,470	396,906	117,000	284,193	6,013,468
530,000	860,000	620,000	1,840,000	430,000	1,770,000		220,000	260,000	695,000	725,000	12,215,000
227,698	126,138	1,120,063	293,950	584,320	260,650	292,718	159,610	389,106	95,063	274,183	5,618,374
550,000	895,000	645,000	1,910,000	100,000	1,795,000		225,000	265,000	720,000	735,000	12,310,000
206,498	98,188	1,099,913	229,550	570,345	234,100	292,718	156,310	381,306	72,475	262,583	5,215,674
575,000	935,000	665,000	1,395,000	485,000	1,655,000		225,000	270,000	745,000	750,000	12,190,000
184,498	69,100	1,077,338	160,313	566,745	198,200	292,718	151,810	373,356	49,209	249,353	4,789,191
600,000	970,000	695,000	1,455,000	325,000	1,695,000		230,000	275,000	765,000	760,000	12,275,000
161,498	36,375	1,054,063	108,000	547,588	156,825	292,718	146,635	365,256	24,863	234,353	4,345,202
625,000		1,735,000	1,245,000	660,000	1,740,000		235,000	280,000		375,000	11,165,000
137,498		1,028,000	49,800	533,775	110,213	292,718	140,598	357,006		217,633	3,878,428
650,000		1,800,000		1,750,000	1,785,000		240,000	290,000		385,000	11,025,000
112,498		941,250		504,075	58,013	292,718	133,548	348,606		208,820	3,412,494
675,000		1,875,000		745,000		455,000	245,000	895,000		395,000	9,160,000
86,173		851,250		425,325		292,718	125,148	339,906		199,195	2,936,202
705,000		1,950,000		700,000		470,000	250,000	620,000		405,000	8,825,000
58,835		757,500		389,938		273,380	115,960	304,106		188,728	2,515,597
730,000		2,025,000		700,000		490,000	255,000	635,000		415,000	8,245,000
29,930		660,000		354,938		252,700	105,960	279,306		177,388	2,100,370
		2,110,000		1,250,000		515,000	260,000	660,000		425,000	6,295,000
		558,750		319,938		228,200	95,633	253,906		165,145	1,704,072
		2,195,000		1,150,000		540,000	270,000	685,000		440,000	5,830,000
		453,250		255,875		202,450	84,583	227,506		151,970	1,403,822
		2,280,000		1,050,000		565,000	275,000	710,000		455,000	5,335,000
		343,500		195,500		174,100	72,568	200,106		137,670	1,123,444
		2,375,000		950,000		595,000	280,000	740,000		470,000	5,410,000
		229,500		139,063		144,438	59,780	171,706		122,200	866,687
		2,215,000		850,000		625,000	290,000	775,000		485,000	5,240,000
		110,750		88,000		111,713	45,920	142,106		105,515	604,004
				750,000		655,000	300,000	810,000		505,000	3,020,000
				41,250		77,338	31,420	110,138		87,570	347,716
						690,000	310,000	855,000		525,000	2,380,000
						39,675	16,120	75,713		68,128	199,636
								900,000		545,000	1,445,000
								39,375		47,128	86,503
										570,000	570,000
										24,510	24,510
6,655,000	5,360,000	24,355,000	11,635,000	12,455,000	13,905,000	5,600,000	4,550,000	10,440,000	3,600,000	10,080,000	155,920,000
1,721,722	663,214	12,582,615	1,615,413	6,703,215	1,608,751	4,138,456	1,969,018	5,157,422	358,610	3,395,726	53,325,059