

Debt Service

Agency Overview

Agency Overview

The agency accounts for Citywide appropriations that support general obligation loan authorization principal and interest payments for the City other than TID or enterprise debt. All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. General obligation long-term debt comprises the largest share of outstanding debt to the City.

The 2018 appropriation for all general obligation borrowing of \$144.6 million is \$25.9 million less than the 2017 appropriation. The General Fund general obligation debt service for 2018 is \$39,773,506 in principal and \$7,465,604 in interest for a total of \$47,239,110.

As a result of the annual debt review by rating agencies, the City has a Aaa bond rating, the highest quality rating available with Moody's Investors Services.

The debt service fund has advanced amounts to various enterprise funds and component units to fund the repayment of long-term liabilities. Repayment schedules have been established and interest is being charged based on the repayment schedules.

The City of Madison has established a policy to remove from the Capital Budget those items with a useful life of less than the repayment term of General Obligation debt (usually ten years). Those items should be considered in the Operating Budget under MGO 4.02(6)(c)(3).

In December 2012, the Common Council created MGO 4.17 to prohibit the use of unused balances in the debt service fund for operating expenses. The Ordinance states: "In any year when general debt reserves are applied to reduce general fund debt service, an amount at least equal to the general debt reserves applied must be directly appropriated from the general fund for capital projects, unless the Common Council, by a separate vote of two-thirds (2/3) of all members during approval of the budget, votes to do otherwise."

Under Wisconsin State Statutes, the outstanding general obligation long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the city's jurisdiction. At the end of 2016, applicable debt of the City totaled \$410.6 million or 33.4% of the maximum legal limit of \$1,230 million.

Revenue bonds are payable only from revenues derived from the operation of the responsible fund. This agency does not include revenue obligations for the enterprise operations of the Water Utility or the Sewer Utility. Revenue obligations of the City's enterprise operations are provided in the respective budgets for these funds.

2018 Budget Highlights

The 2018 Executive Budget includes funding for:

- The General Fund general obligation debt service of \$39,773,506 in principal and \$7,465,604 in interest for a total of \$47,239,110.
- A \$1.5 million increase from 2017 levels in Direct Appropriation to Capital Projects (see Miscellaneous Appropriations) due to additional levy limit associated with reoffering premium on the 2017 debt issues.

Debt Service

Function: Debt Service

Budget Overview

Budget by Service (All Funds)

| | 2016 Actual | 2017 Adopted | 2017 Projected | 2018 Request | 2018 Executive |
|-------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Revenue | | | | | |
| Debt Service | (70,835,431) | (78,488,643) | (78,488,643) | (78,488,643) | (85,121,477) |
| Total Revenue | \$ (70,835,431) | \$ (78,488,643) | \$ (78,488,643) | \$ (78,488,643) | \$ (85,121,477) |
| Expense | | | | | |
| Debt Service | 70,835,431 | 78,488,643 | 78,488,643 | 78,488,643 | 85,121,477 |
| Total Expense | \$ 70,835,431 | \$ 78,488,643 | \$ 78,488,643 | \$ 78,488,643 | \$ 85,121,477 |
| Net General Fund | \$ - | \$ - | \$ - | \$ - | \$ - |

Budget by Fund & Major

Fund: Debt Service

| | 2016 Actual | 2017 Adopted | 2017 Projected | 2018 Request | 2018 Executive |
|-----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Revenue | | | | | |
| Intergovernmental Revenues | (398,744) | (468,274) | (468,274) | (468,274) | (323,531) |
| Investments & Contributions | (444,824) | (350,000) | (350,000) | (350,000) | (350,000) |
| Other Finance Source | (15,556,842) | - | - | - | - |
| Transfer In | (54,435,022) | (77,670,369) | (77,670,369) | (77,670,369) | (84,447,946) |
| Total Revenue | \$ (70,835,431) | \$ (78,488,643) | \$ (78,488,643) | \$ (78,488,643) | \$ (85,121,477) |
| Expense | | | | | |
| Purchased Services | 108,278 | - | - | - | - |
| Debt & Other Financing | 70,727,154 | 78,488,643 | 78,488,643 | 78,488,643 | 85,121,477 |
| Total Expense | \$ 70,835,431 | \$ 78,488,643 | \$ 78,488,643 | \$ 78,488,643 | \$ 85,121,477 |
| Net General Fund | \$ - | \$ - | \$ - | \$ - | \$ - |

Debt Service

Function: Debt Service

Service Overview

Service: Debt Service

Service Description

This service accounts for the interest and principal costs and payments of the general obligation notes and bonds issued by the City to fund capital projects other than TID or enterprise debt.

2018 Planned Activities

- Details of the projects funded by the Debt Service Fund are included in the 2018 Executive Capital Budget.

Service Budget by Account Type

| | 2016 Actual | 2017 Adopted | 2017 Projected | 2018 Request | 2018 Executive |
|---------------------------|--------------|--------------|----------------|--------------|----------------|
| Revenue | (70,835,431) | (78,488,643) | (78,488,643) | (78,488,643) | (85,121,477) |
| Expense | 70,835,431 | 78,488,643 | 78,488,643 | 78,488,643 | 85,121,477 |
| Net Service Budget | \$ - | \$ - | \$ - | \$ - | - |

Debt ServiceFunction: **Debt Service***Line Item Detail*Agency Primary Fund: **Debt Service****Intergovernmental Revenues**

| | 2016 Actual | 2017 Adopted | 2017 Projected | 2018 Request | 2018 Executive |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Federal Revenues Operating | (398,744) | (468,274) | (468,274) | (468,274) | (323,531) |
| TOTAL | \$ (398,744) | \$ (468,274) | \$ (468,274) | \$ (468,274) | \$ (323,531) |

Investments & Contributions

| | 2016 Actual | 2017 Adopted | 2017 Projected | 2018 Request | 2018 Executive |
|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Interest | (444,824) | (350,000) | (350,000) | (350,000) | (350,000) |
| TOTAL | \$ (444,824) | \$ (350,000) | \$ (350,000) | \$ (350,000) | \$ (350,000) |

Other Finance Sources

| | 2016 Actual | 2017 Adopted | 2017 Projected | 2018 Request | 2018 Executive |
|-------------------------------|------------------------|--------------|----------------|--------------|----------------|
| General Obligation Bond Issue | (10,610,599) | - | - | - | - |
| Premium On Bonds Sold | (4,946,243) | - | - | - | - |
| TOTAL | \$ (15,556,842) | \$ - | \$ - | \$ - | \$ - |

Transfer In

| | 2016 Actual | 2017 Adopted | 2017 Projected | 2018 Request | 2018 Executive |
|---------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Transfer In From General | (40,476,749) | (44,321,038) | (44,321,038) | (44,321,038) | (47,239,110) |
| Transfer In From Library | (2,720,545) | (2,722,768) | (2,722,768) | (2,722,768) | (2,648,112) |
| Transfer In From CDBG | (10,039) | (10,520) | (10,520) | (10,520) | (11,041) |
| Transfer In From Loans | (50,000) | - | - | - | - |
| Transfer In From Other Restrict | (134,727) | (20,604,289) | (20,604,289) | (20,604,289) | (23,053,763) |
| Transfer In From Impact Fees | (418,386) | (402,201) | (402,201) | (402,201) | (319,534) |
| Transfer In From Capital | (1,455,413) | - | - | - | - |
| Transfer In From Special Asses | (261,975) | (257,975) | (257,975) | (257,975) | (251,976) |
| Transfer In From Tax Increment | (8,894,470) | (9,186,201) | (9,186,201) | (9,186,201) | (10,741,264) |
| Transfer In From Stormwater | (1,960) | - | - | - | - |
| Transfer In From Public Health | (10,758) | (165,377) | (165,377) | (165,377) | (183,146) |
| TOTAL | \$ (54,435,022) | \$ (77,670,369) | \$ (77,670,369) | \$ (77,670,369) | \$ (84,447,946) |

Purchased Services

| | 2016 Actual | 2017 Adopted | 2017 Projected | 2018 Request | 2018 Executive |
|----------------------------|-------------------|--------------|----------------|--------------|----------------|
| Financial Actuary Services | 45,000 | - | - | - | - |
| Audit Services | 2,000 | - | - | - | - |
| Legal Services | 61,278 | - | - | - | - |
| TOTAL | \$ 108,278 | \$ - | \$ - | \$ - | \$ - |

Debt & Other Financing

| | 2016 Actual | 2017 Adopted | 2017 Projected | 2018 Request | 2018 Executive |
|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Principal | 59,089,249 | 65,675,000 | 65,675,000 | 65,675,000 | 70,985,000 |
| Interest | 10,668,213 | 12,803,643 | 12,803,643 | 12,803,643 | 14,126,477 |
| Bond Notes Issuance Services | 342,296 | - | - | - | - |
| Paying Agent Services | 10,450 | 10,000 | 10,000 | 10,000 | 10,000 |
| Fund Balance Generated | 616,946 | - | - | - | - |
| TOTAL | \$ 70,727,154 | \$ 78,488,643 | \$ 78,488,643 | \$ 78,488,643 | \$ 85,121,477 |