

Debt Service

Agency Overview

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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 2019 appropriation for all general obligation borrowing of \$177.5 million is \$19.4 million less than the 2018 appropriation. The General Fund general obligation debt service for 2019 is \$46,462,422 in principal and \$8,705,634 in interest for a total of \$55,168,057. The General Fund general obligation debt service for 2018 was \$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 2017, applicable debt of the City totaled \$447.7 million or 33.4% of the maximum legal limit of \$1,338 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.

2019 Budget Highlights

The 2019 Executive Budget includes funding for:

- The General Fund general obligation debt service of \$46,462,422 in principal and \$8,705,634 in interest for a total of \$55,168,057.
- A \$3.6 million decrease from 2018 levels in Direct Appropriation to Capital Projects (see Direct Appropriations).

Debt Service**Function: Debt Service****Budget by Service (All Funds)**

	2017 Actual	2018 Adopted	2018 Projected	2019 Request	2019 Executive
Revenue					
Debt Service	(66,370,130)	(85,121,477)	(85,121,477)	(92,303,327)	(92,303,327)
Total Revenue	\$ (66,370,130)	\$ (85,121,477)	\$ (85,121,477)	\$ (92,303,327)	\$ (92,303,327)
Expense					
Debt Service	66,370,130	85,121,477	85,121,477	92,303,327	92,303,327
Total Expense	\$ 66,370,130	\$ 85,121,477	\$ 85,121,477	\$ 92,303,327	\$ 92,303,327

Budget by Fund & Major**Fund: Debt Service**

	2017 Actual	2018 Adopted	2018 Projected	2019 Request	2019 Executive
Revenue					
Intergovernmental Revenues	(323,430)	(323,531)	(323,531)	(213,817)	(213,817)
Investments & Contributions	(635,934)	(350,000)	(350,000)	(1,000,000)	(1,000,000)
Other Finance Source	(7,850,055)	-	-	-	-
Transfer In	(57,560,711)	(84,447,946)	(84,447,946)	(91,089,510)	(91,089,510)
Total Revenue	\$ (66,370,130)	\$ (85,121,477)	\$ (85,121,477)	\$ (92,303,327)	\$ (92,303,327)
Expense					
Purchased Services	135,358	-	-	-	-
Debt & Other Financing	66,234,772	85,121,477	85,121,477	92,303,327	92,303,327
Total Expense	\$ 66,370,130	\$ 85,121,477	\$ 85,121,477	\$ 92,303,327	\$ 92,303,327
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.

2019 Planned Activities

- Details of the projects funded by the Debt Service Fund are included in the 2019 Executive Capital Budget.

Debt Service

Function: Debt Service

Line Item Detail

Agency Primary Fund: Debt Service

Intergovernmental Revenues

	2017 Actual	2018 Adopted	2018 Projected	2019 Request	2019 Executive
Federal Revenues Operating	(323,430)	(323,531)	(323,531)	(213,817)	(213,817)
TOTAL	\$ (323,430)	\$ (323,531)	\$ (323,531)	\$ (213,817)	\$ (213,817)

Investments & Contributions

	2017 Actual	2018 Adopted	2018 Projected	2019 Request	2019 Executive
Interest	(635,934)	(350,000)	(350,000)	(1,000,000)	(1,000,000)
TOTAL	\$ (635,934)	\$ (350,000)	\$ (350,000)	\$ (1,000,000)	\$ (1,000,000)

Other Finance Sources

	2017 Actual	2018 Adopted	2018 Projected	2019 Request	2019 Executive
General Obligation Bond Alloc	(1,247,194)	-	-	-	-
Premium On Bonds Sold	(6,602,862)	-	-	-	-
TOTAL	\$ (7,850,055)	\$ -	\$ -	\$ -	\$ -

Transfer In

	2017 Actual	2018 Adopted	2018 Projected	2019 Request	2019 Executive
Transfer In From General	(44,321,038)	(47,239,110)	(47,239,110)	(55,168,057)	(55,168,057)
Transfer In From Library	(2,745,463)	(2,648,112)	(2,648,112)	(2,448,194)	(2,448,194)
Transfer In From CDBG	(10,520)	(11,041)	(11,041)	(11,601)	(11,601)
Transfer In From Loans	(100,000)	-	-	-	-
Transfer In From Other Restrict	(133,413)	(23,053,763)	(23,053,763)	(23,107,670)	(23,107,670)
Transfer In From Impact Fees	(509,945)	(319,534)	(319,534)	(309,508)	(309,508)
Transfer In From Capital	(246,408)	-	-	-	-
Transfer In From Special Asses	(257,975)	(251,976)	(251,976)	(245,976)	(245,976)
Transfer In From Tax Increment	(9,235,950)	(10,741,264)	(10,741,264)	(9,642,243)	(9,642,243)
Transfer In From Public Health	-	(183,146)	(183,146)	(156,261)	(156,261)
TOTAL	\$ (57,560,711)	\$ (84,447,946)	\$ (84,447,946)	\$ (91,089,510)	\$ (91,089,510)

Purchased Services

	2017 Actual	2018 Adopted	2018 Projected	2019 Request	2019 Executive
Financial Actuary Services	68,500	-	-	-	-
Audit Services	2,000	-	-	-	-
Legal Services	64,858	-	-	-	-
TOTAL	\$ 135,358	\$ -	\$ -	\$ -	\$ -

Debt & Other Financing

	2017 Actual	2018 Adopted	2018 Projected	2019 Request	2019 Executive
Principal	53,804,739	70,985,000	70,985,000	75,910,500	75,910,500
Interest	10,445,359	14,126,477	14,126,477	16,382,827	16,382,827
Bond Notes Issuance Services	295,466	-	-	-	-
Paying Agent Services	12,200	10,000	10,000	10,000	10,000
Fund Balance Generated	1,677,008	-	-	-	-
TOTAL	\$ 66,234,772	\$ 85,121,477	\$ 85,121,477	\$ 92,303,327	\$ 92,303,327