

# Debt Service Funds Overview

## Introduction

Debt service funds are a category of funds intended to demonstrate the proper funding and repayment of general obligation and the mandatory reserves associated with such debt. The budget includes four debt service funds.

### 2010 UTGO Refunding

This fund included the repayment of bonds issued in 2010 to advance refund voter approved general obligation bonds issued in 2002. Funding for the refunding is provided by an annual property tax levy.

### Government Center LTGO

The LTGO 2012 Refunding Debt Service Fund was established to account for the revenue and debt service payments associated with refunding of the City's portion of the bonds used to finance the construction of the government center (Norm Dick's Building).

### 2015 Public Safety Bond

This fund was established to account for the collection of tax payments and repayment of bonds issued for the purpose of providing fire apparatus, life safety equipment and remodel of fire facilities.

### 2019 Refunding LTGO

The debt service for this fund includes the refunding of the 2010 LTGO non-voter approved general obligation bonds issued to fund the construction of Park Plaza parking, the purchase and remodel of a building to house the Municipal Court and to provide matching funds for the renovation of Lions Park; as well as the refunding of the LTGO Series (B) non-voter approved general obligation bonds issued to complete the financing of Park Plaza Parking.

Revenue bonds and other loans secured by utility revenues are included in the related Enterprise Funds and are not presented in this section per GAAP.

## Debt Service Funds Overview

**City of Bremerton**  
**Direct Debt Obligations**  
(As of September 30, 2019)

**General Obligation Debt:**

Voted general obligation bonds outstanding	9,435,000
Non-voted general obligation bonds outstanding (councilmanic)	21,480,000
<b>General obligation debt balance</b>	<b>\$30,915,000</b>

**Revenue Bonds and Loans:**

Revenue bonds	14,450,001
Loans	18,531,493
Capital leases	-
<b>Revenue bonds and loans balance</b>	<b>\$32,981,494</b>

<b>Total Direct Debt Outstanding</b>	<b>\$63,896,494</b>
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Debt management is an important component of the City’s financial management practices. Generally, debt financing is reserved for funding large capital projects.

The public may also vote to approve park facilities and utility bond issues, each of which is also limited to 2.5% of the assessed valuation of taxable property within the City.

The public may vote to approve bond issues for general government in an amount not to exceed 2.5% of the assessed value of all taxable property within the City. Within that 2.5% limit, the City Council may approve bond issues in an amount not to exceed 1.5% of the City’s assessed valuation. Bremerton’s remaining debt capacity within the 2.5% limit is estimated to be \$69,888,157.

Unlimited tax general obligation requires an approving vote of the people, and any election to validate such general obligation debt must have a voter turnout of at least 40 percent of those who voted in the last general election and at which 60 percent must vote favorably. The following table outlines the City’s statutory debt capacity as of September 30, 2019.

**Debt Service Funds Overview**

**City of Bremerton**  
**Statutory Debt Limit Calculations**  
(As of September 30, 2019)

2019 Valuation for Collection Year 2020	\$ 4,005,062,409
General purposes:	
a. Non-Voted indebtedness limit (1.5% of assessed valuation)	\$ 60,075,936
Less: Non-voted bonds outstanding	(21,480,000)
Less: Contracts payable	-
Plus: Assets available for debt service	171,083
Remaining capacity for general purpose (non-voted)	\$ 38,767,019
b. Voted indebtedness limit (2.5 % of assessed valuation)	\$ 100,126,560
Less: Voted bonds outstanding	(9,435,000)
Less: Non-voted bonds outstanding	(21,480,000)
Plus: Assets available for debt service	676,597
Remaining capacity for general purposes (Voted)	\$ 69,888,157
Utility purposes (2.5% of assessed valuation)	\$ 100,126,560
Limit	
Less: Bonds outstanding	(14,450,001)
Remaining capacity for utility purposes	\$ 85,676,559
Parks and open spaces and economic development purposes (2.5% of assessed valuation)	100,126,560
Limit	
Less: Bonds outstanding	(30,915,000)
Remaining capacity for parks and open space purposes	\$ 69,211,560

Revenue bonds may be issued to finance projects for any City enterprise that is self-supporting. These bonds may finance water, wastewater, Stormwater utilities, and golf courses. Payment for debt service on revenue bonds comes from user fees and rates generated by the utility for which the capital facility is being built.

## Debt Service Funds Overview

<b>Total Debt Service Funds</b>				
	Actual 2017	Actual 2018	Budget 2019	Budget 2020
<b>Revenue</b>				
Taxes	\$1,309,597	\$1,362,647	\$1,260,000	\$1,780,000
Licenses & permits	0	0	0	0
Intergovernmental	31,135	29,911	29,975	3,000
Charges for services	0	0	0	0
Fines & forfeits	0	0	0	0
Other revenue	503,390	508,365	516,500	482,100
Debt Proceeds	0	0	0	0
<b>Total Revenue</b>	<b>1,844,122</b>	<b>1,900,923</b>	<b>1,806,475</b>	<b>2,265,100</b>
<b>Expenditures</b>				
Personnel	0	0	0	0
Supplies, services & taxes	0	0	0	0
Capital expenditures	0	0	0	0
Debt service	1,895,100	1,895,454	1,887,665	2,112,320
Transfers & Other	0	0	0	0
<b>Total Expenditures</b>	<b>1,895,100</b>	<b>1,895,454</b>	<b>1,887,665</b>	<b>2,112,320</b>
Revenue over(under) expenditures	-50,978	5,469	-81,190	152,780
Beginning fund balance	282,133	231,155	236,623	276,694
<b>Ending fund balance</b>	<b>\$231,155</b>	<b>\$236,624</b>	<b>\$155,433</b>	<b>\$429,474</b>
<b>Fund totals - Expenditures only</b>				
2010 UTGO	1,057,686	1,060,591	1,053,302	853,438
Government Center LTGO	333,663	334,363	335,263	330,838
2015 Public Safety Bond Fund	503,751	500,500	499,100	502,700
2019 Refunding LTGO	0	0	0	425,344
<b>Total Debt Service Funds</b>	<b>\$1,895,100</b>	<b>\$1,895,454</b>	<b>\$1,887,665</b>	<b>\$2,112,320</b>

## 2010 UTGO Refunding

*Debt Service Fund*

**Summary:**

The 2010 UTGO Refunding Fund has been established to account for the collection of tax payments and other revenues used for repayment of bonds issued. Bonds were issued in 2010 to refund a portion of the outstanding 2002 Public Safety bonds.

<b>2010 UTGO Refunding</b>				
	Actual 2017	Actual 2018	Budget 2019	Budget 2020
<b>Revenue</b>				
Taxes	\$813,822	\$861,605	\$780,000	\$900,000
Licenses & permits	0	0	0	0
Intergovernmental	31,135	29,911	29,975	0
Charges for services	0	0	0	0
Fines & forfeits	0	0	0	0
Other revenue	173,645	177,661	174,000	1,000
Debt Proceeds	0	0	0	0
<b>Total Revenue</b>	<b>1,018,602</b>	<b>1,069,177</b>	<b>983,975</b>	<b>901,000</b>
<b>Expenditures</b>				
Personnel	0	0	0	0
Supplies, services & taxes	0	0	0	0
Capital expenditures	0	0	0	0
Debt service	1,057,686	1,060,591	1,053,302	853,438
Transfers & Other	0	0	0	0
<b>Total Expenditures</b>	<b>1,057,686</b>	<b>1,060,591</b>	<b>1,053,302</b>	<b>853,438</b>
Revenue over(under) expenditures	-39,084	8,586	-69,327	47,562
Beginning fund balance	134,022	94,938	103,523	24,305
<b>Ending fund balance</b>	<b>\$94,938</b>	<b>\$103,524</b>	<b>\$34,196</b>	<b>\$71,867</b>

## Government Center LTGO

*Debt Service Fund*

**Summary:**

The LTGO 2012 Refunding Debt Service Fund occurred in 2012 and is expected to save approximately \$1,690,000 over the life of the bond (maturity in 2034). Revenue sources to pay this debt include REET and a transfer from the General Fund. The refunding

<b>Government Center LTGO</b>				
	Actual 2017	Actual 2018	Budget 2019	Budget 2020
<b>Revenue</b>				
Taxes	\$0	\$0	\$0	\$0
Licenses & permits	0	0	0	0
Intergovernmental	0	0	0	0
Charges for services	0	0	0	0
Fines & forfeits	0	0	0	0
Other revenue	328,005	327,640	341,500	332,100
Debt Proceeds	0	0	0	0
<b>Total Revenue</b>	<b>328,005</b>	<b>327,640</b>	<b>341,500</b>	<b>332,100</b>
<b>Expenditures</b>				
Personnel	0	0	0	0
Supplies, services & taxes	0	0	0	0
Capital expenditures	0	0	0	0
Debt service	333,663	334,363	335,263	330,838
Transfers & Other	0	0	0	0
<b>Total Expenditures</b>	<b>333,663</b>	<b>334,363</b>	<b>335,263</b>	<b>330,838</b>
Revenue over(under) expenditures	-5,658	-6,723	6,237	1,262
Beginning fund balance	89,765	84,107	77,385	83,822
<b>Ending fund balance</b>	<b>\$84,107</b>	<b>\$77,384</b>	<b>\$83,622</b>	<b>\$85,084</b>

## 2015 Public Safety Bond Fund

*Debt Service Fund*

**Summary:**

This fund was established to account for the of providing fire apparatus, life safety equip- collection of tax payments and repayment of ment and remodel of fire facilities. general obligation bonds issued for the purpose

<b>2015 Public Safety Bond Fund</b>				
	Actual 2017	Actual 2018	Budget 2019	Budget 2020
<b>Revenue</b>				
Taxes	\$495,775	\$501,042	\$480,000	\$550,000
Licenses & permits	0	0	0	0
Intergovernmental	0	0	0	0
Charges for services	0	0	0	0
Fines & forfeits	0	0	0	0
Other revenue	1,740	3,064	1,000	1,000
Debt Proceeds	0	0	0	0
<b>Total Revenue</b>	<b>497,515</b>	<b>504,106</b>	<b>481,000</b>	<b>551,000</b>
<b>Expenditures</b>				
Personnel	0	0	0	0
Supplies, services & taxes	0	0	0	0
Capital expenditures	0	0	0	0
Debt service	503,751	500,500	499,100	502,700
Transfers	0	0	0	0
<b>Total Expenditures</b>	<b>503,751</b>	<b>500,500</b>	<b>499,100</b>	<b>502,700</b>
Revenue over(under) expenditures	-6,236	3,606	-18,100	48,300
Beginning fund balance	58,346	52,110	55,715	37,315
<b>Ending fund balance</b>	<b>\$52,110</b>	<b>\$55,716</b>	<b>\$37,615</b>	<b>\$85,615</b>

## 2019 Refunding LTGO

*Debt Service Fund*

**Summary:**

This fund has been established to account for debt repayment associated with the issuance of bonds to fund construction of Park Plaza parking and related improvements. Revenue sources to pay this debt include REET, a federal subsidy and a sales tax contribution from the state.

<b>2019 Refunding LTGO Fund</b>				
	Actual 2017	Actual 2018	Budget 2019	Budget 2020
<b>Revenue</b>				
Taxes	\$0	\$0	\$0	\$330,000
Licenses & permits	0	0	0	0
Intergovernmental	0	0	0	3,000
Charges for services	0	0	0	0
Fines & forfeits	0	0	0	0
Other revenue	0	0	0	148,000
Debt Proceeds	0	0	0	0
<b>Total Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>481,000</b>
<b>Expenditures</b>				
Personnel	0	0	0	0
Supplies, services & taxes	0	0	0	0
Capital expenditures	0	0	0	0
Debt service	0	0	0	425,344
Transfers & Other	0	0	0	0
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>425,344</b>
Revenue over(under) expenditures	0	0	0	55,656
Beginning fund balance	0	0	0	131,252
<b>Ending fund balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$186,908</b>