

SECTION 2



BUDGET DEVELOPMENT



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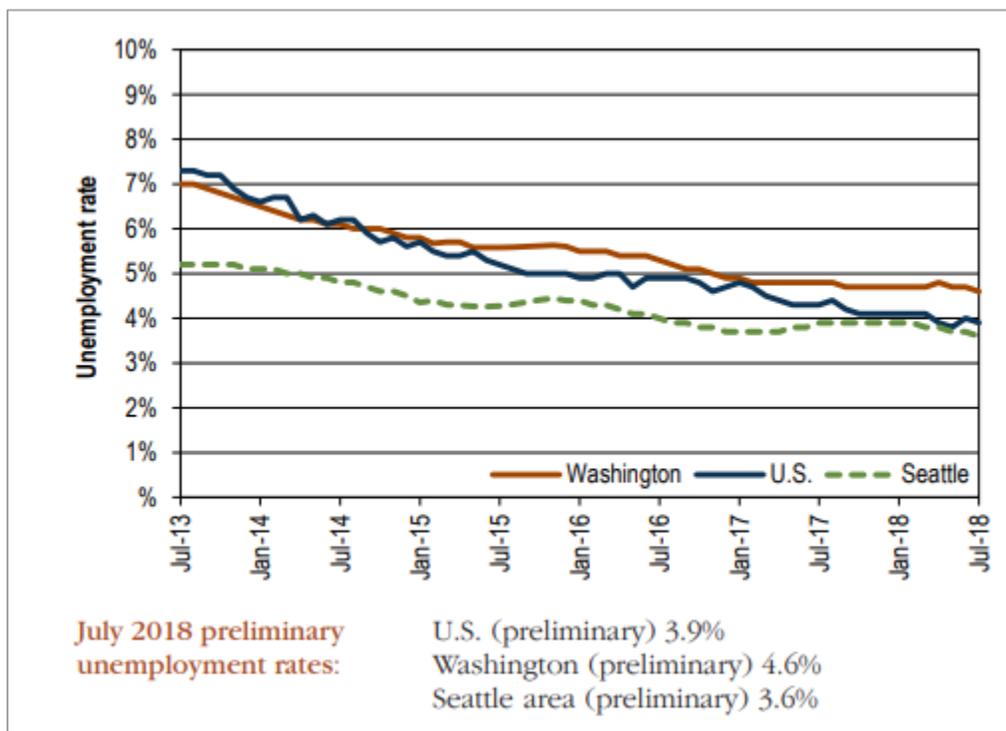
FINANCE DIRECTOR’S MESSAGE

The following Finance Director’s summary provides background on decisions made in preparing the 2019-2020 Adopted Budget for the City of Bainbridge Island. The options available and the choices made by the City in preparing the Adopted Budget are determined by the financial and policy context in which the City operates.

Background and Budgetary Trends

The City of Bainbridge Island experienced typical financial difficulties during the national and regional economic recession spanning December 2007 to June 2009. Yet, economic growth has been steady since that time. Over the past five years, the regional and local economy continued to grow. A slower rate of growth occurred in more recent months, along with emerging indicators showing a decrease in real-estate-related revenue streams. Current estimates predict over the next biennium either no continued growth or, in the case of real estate excise tax (REET), a small decline for the next biennium.

The region’s unemployment rate continued to decrease in 2018, with a 3.6% seasonally adjusted employment rate for Seattle-Tacoma-Bellevue in July 2018, lower than the Washington State rate of 4.6% and the national rate of 3.9%. The regional level of unemployment is now below 3.9%, comparable to July 2007 pre-recession levels.

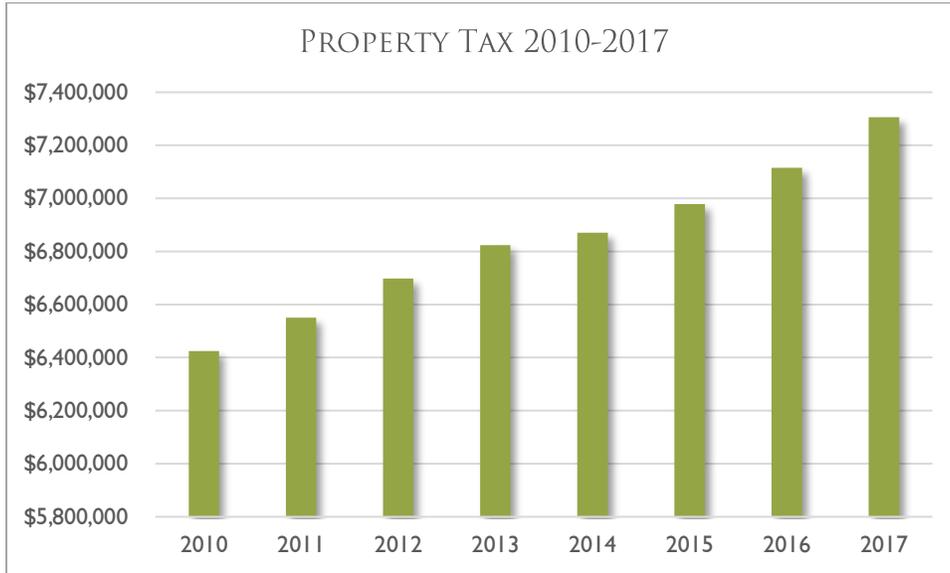


Source: U.S. Bureau of Labor Statistics, and Employment Security Department Workforce Information and Technology Services August 2018

The City’s revenue portfolio relies heavily on general property taxes which account for more than 40% of General Fund revenues. In Washington State, property taxes are a stable revenue source that grow annually

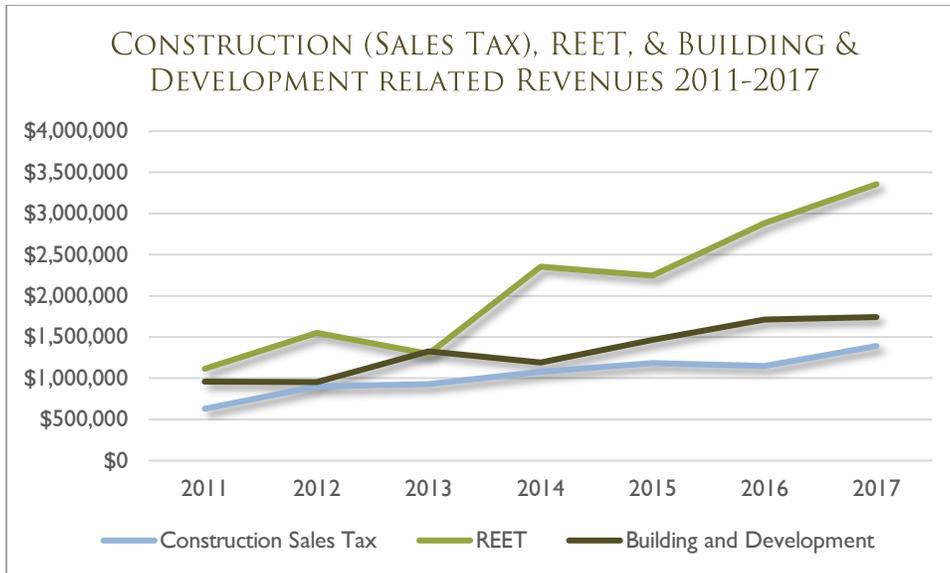


at a maximum rate of 1% plus tax on the value of new construction. This stable revenue stream helps the City maintain core services during periods of economic volatility.



Source: City of Bainbridge Island (bainbridgeislandwa.opengov.com)

As shown below, revenues at the City of Bainbridge Island have continued to benefit from building and growth. REET led the economic recovery as the real estate market began to rebound followed by construction-related sales tax, building permits, and other building and development related revenue.



Source: City of Bainbridge Island

In 2018, there were indications this growth trajectory may not continue into the 2019-2020 biennium. On the national level, home sales declined in four of the past five months while home prices show a steady annual increase. There is concern this indicates home buyers may no longer be able to afford new homes,

or they do not see properly priced homes in their area. The Federal Reserve is expected to raise rates in the later part of 2019, which could further reduce affordability for potential home buyers.

At the local level, the number of homes sold in the second quarter of 2018 decreased compared to the same period in 2017. The average price of homes sold during that timeframe also decreased, strengthening concern that continued growth in real-estate-related revenue streams may not be a reliable assumption for the next biennium. This led to a small decrease in the estimated 2020 REET revenue.

Retail-related sales tax shows continued growth at an average of seven percent per year. Sales tax reporting lags by two months. The lag results in a delayed reflection of local consumer confidence as portrayed by sales tax compared to the timing of transactions contributing to REET revenue. While growth in retail-related sales tax is estimated to continue in 2019, growth is predicted to slow in 2020.

The City reacted to the dramatic decline in overall general governmental revenue in 2008 and 2009 with corresponding reductions to programs and services, mostly achieved through significant reductions in City staffing. City staffing was 152 full-time equivalent (FTE) positions in 2008, the highest point of City staffing to date. By comparison, City staffing for 2019 includes 126 FTE, an increase over 2018 staffing of 119 FTE. As revenue growth slows or ceases, staffing increases will also slow or cease.

Budget Process

Priority Based Budgeting. The City begins its biennial budget process in late spring or early summer using Priority Based Budgeting (PBB). PBB is a budgeting approach aligning City budget conversations with the results the City wishes to achieve. In 2018, the City updated its PBB information. More detail on this process is included in Section I and in the appendix of the Adopted Budget.

At the outset of the PBB process in 2014, six strategic priorities based on Council discussions, staff input, and a consultant's review, were identified and have been reaffirmed by Council in subsequent years. The following areas reflect key priorities toward which the City focuses its efforts:



Safe City



Green Well-Planned Community



Reliable Infrastructure and Connected Mobility



Healthy Community



Vibrant Economy



Good Governance

Capital Budget. The City Council and staff reviewed capital budget plans during the summer of 2018. The capital budget planning process included a review by Public Works and Planning and Community Development staff, in addition to the Planning Commission, the Utility Advisory Committee, and the community.

Operating Budget. Planning for the City's operating budgets commenced with a Council review and approval of a consolidated set of financial policies. The policies provide an up-to-date framework within which budget development occurs. Operating budget development began in June 2018 with a meeting for all City



staff. Department directors and staff worked to develop budgets in alignment with the City's PBB priorities. Based on recent financial performance and requests for service, several departments proposed targeted increases to their operating budgets. Department staff took a zero-based budgeting approach to non-personnel expenses, while Finance staff performed a line item review of all personnel-related expenditures.

Near-term Budget Influences

The City experienced a recovery from the financial pressures of the Great Recession with stable or increasing revenue from primary revenue sources. A combination of factors, including staff vacancies, revenue performance exceeding forecasts, and ongoing work to deliver capital projects, increased the City's General Fund balance each year since 2010.

The City tracks policy reserves for the General Fund. The reserves include an Emergency Reserve for 2019, with a target of \$1 million and a minimum General Fund balance of 25% of ongoing revenues, or \$4.5 million for the coming biennium. The City also maintains reserves in each utility fund, as described in the financial policies. The City has fully funded all reserves since the end of 2013, with a General Fund balance significantly exceeding the minimum target in recent years. The 2019-2020 Adopted Budget fully funds the General Fund reserves and utility fund reserves.

The General Fund balance is also available for one-time projects or investments. These projects and investments include the City's portion of the Wyatt Way Reconstruction project, operating initiatives such as implementation of the new Comprehensive Plan, and certain major maintenance projects.

The City's financial policies require recurring expenditures, including debt service, to be supported by recurring revenues. This approach ensures a balanced and sustainable budget, sizing expenditures at a level supported by appropriate revenues. The 2019 Adopted Budget identifies \$22.3 million of recurring costs in governmental funds, including \$1.2 million of debt service, and \$25 million of recurring revenues for the same funds.

Long-term Financial Planning

The 2019-2020 Adopted Budget includes choices on key issues to position the organization for long-term financial sustainability. Through budget development, City staff review and respond to these issues ensuring sound financial plans. Key issues are:

- Broader economic conditions indicate near-term revenue performance for existing governmental revenue streams will experience modest growth overall, while the City is expected to experience some decreases in real estate related revenue streams in 2020.
- Utility revenues depend on rates set by the City Council. Sewer Utility rates have not changed since 2013 and will hold steady in 2019. Water Utility rates decreased in 2013 and continue unchanged. A rate study is currently underway for the Water and Sewer utilities, and rate updates based on the results of that study are anticipated in early 2019. Surface and Storm Water Management Utility rates increase annually within the biennium according to the rate ordinance adopted in 2017.
- The City continues to face significant and externally driven increases in recurring expenses. Currently, these expenses generate roughly \$700,000 annually in new costs for salaries and benefits to deliver existing services. These increases accumulate year-over-year and are, thus, expected to compound each



year. This challenge is faced almost universally by both public and private sector organizations as medical and pension expenses as well as general inflation levels continue to rise.

- The City has resumed capital projects and asset management at a level reflecting an emphasis on stewardship and long-range sustainability. This emphasis includes sound management of roads, facilities, fleet, equipment, and utility infrastructure. In total, the City's asset portfolio, not including land, is valued at \$84.2 million citywide. These assets require adequate stewardship and maintenance to avoid unplanned failures and maximize life-cycle performance.

Staff Increases

The 2019-2020 Adopted Budget includes 7.5 new FTE and abrogates 1.0 FTE, for a net increase of 6.5 FTE or 16%, as detailed in the City Manager's message. Our approach to new staff is grounded in our commitment to provide excellent customer service, meet our increasing regulatory requirements, and deliver the high level of environmental stewardship and asset management our citizens expect. The staff increases reflect the City's plan to expand priority operating and capital programs to meet the community's desired level of service. In this context, new staff are added only when the City adequately demonstrates recurring revenues sufficient to support these additional, long-term expenses. Including the staff additions for 2019, City staff remains 17% lower than in 2008. More detail on staffing increases, and corresponding services, appears in the relevant department sections of the budget.

Conclusion

Bainbridge Island is a unique, multi-faceted community, and our municipal organization works hard to serve the critical needs and priorities identified as integral to the community's goals. We do this within a framework emphasizing financial sustainability and accountability. A variety of tools and analyses are used to guide financial forecasting and financial sustainability. Improving innovation and efficiency is a continuous pursuit, enabling the City to provide the highest level of service using our existing resources.



FINANCIAL POLICIES

The City's adopted municipal code is the main policy document of the City of Bainbridge Island. It establishes policy and guidelines for most City operations. In addition, the City defines its approach to operations or the scope of duties and responsibilities through additional policies and practices.

Stewardship of public funds on behalf of the community is the primary financial responsibility of the City of Bainbridge Island. Policies that define and maintain the City's fiscal stability have been created to help City officials plan fiscal strategy with a consistent approach. By adhering to its stated policies, City Council and City management seek to continually improve the City's financial stability and provide adequate funding for the services desired by the public. The City Council reviews the Financial Policies as a key initial step of budget development. In 2018, Council reviewed and adopted an updated set of financial policies. The entire text of the policies is included in the Appendix to this document, with certain key provisions cited below.

Key Policy Statements

The primary purpose of financial policies is to provide guidelines for the City Council and staff to use in making financial decisions that ensure core services are maintained and the Council's vision for the community is achieved.

The City shall adopt a balanced budget. The City defines a balanced budget as one in which current biennium budgeted revenues in addition to fund balances are equal to or greater than current biennium budgeted expenditures. In addition, the City's budget shall maintain recurring expenditures at a level less than recurring revenues.

The City shall consider its financial capacity when making budget decisions. Staff shall deliver to Council a ten-year Financial Capacity Analysis as part of the biennial budget process. For each Financial Capacity Analysis, the financial assumptions shall be reasonable and shall take into account an appropriately chosen set of inflation factors and an appropriate set of economic projections. The Administration's chosen assumptions for revenues, expenditure inflation factors and economic measures shall be disclosed to the Council.

The City will strive to maintain a diverse and stable revenue stream to protect against short-run volatility of any single revenue source.

The City shall maintain a structure for all fees and charges where the beneficiary of the service pays the cost of that service except to the extent that the Council has determined that provision of the specific service in question provides a benefit to the general public.

On a periodic basis, Building and Development Services (B&DS) rates shall be reviewed, with a goal of full cost recovery for the B&DS Fund.

The City will maintain expenditure categories according to state statute and administrative regulation.



Capital expenditures shall meet the requirements of generally accepted accounting principles (GAAP).

The City's capital asset policy states physical inventory count of capital and attractive assets will occur every five years. The inventory count will verify the existence, condition and location of all assets. This GFOA recommended practice establishes a method for assessing assets so the City can appropriately plan and budget any capital maintenance or replacement needs.

The Capital Improvement Plan and the City operating budget will be reviewed at the same time to ensure that capital and operating needs are balanced with each other and support overall City goals.

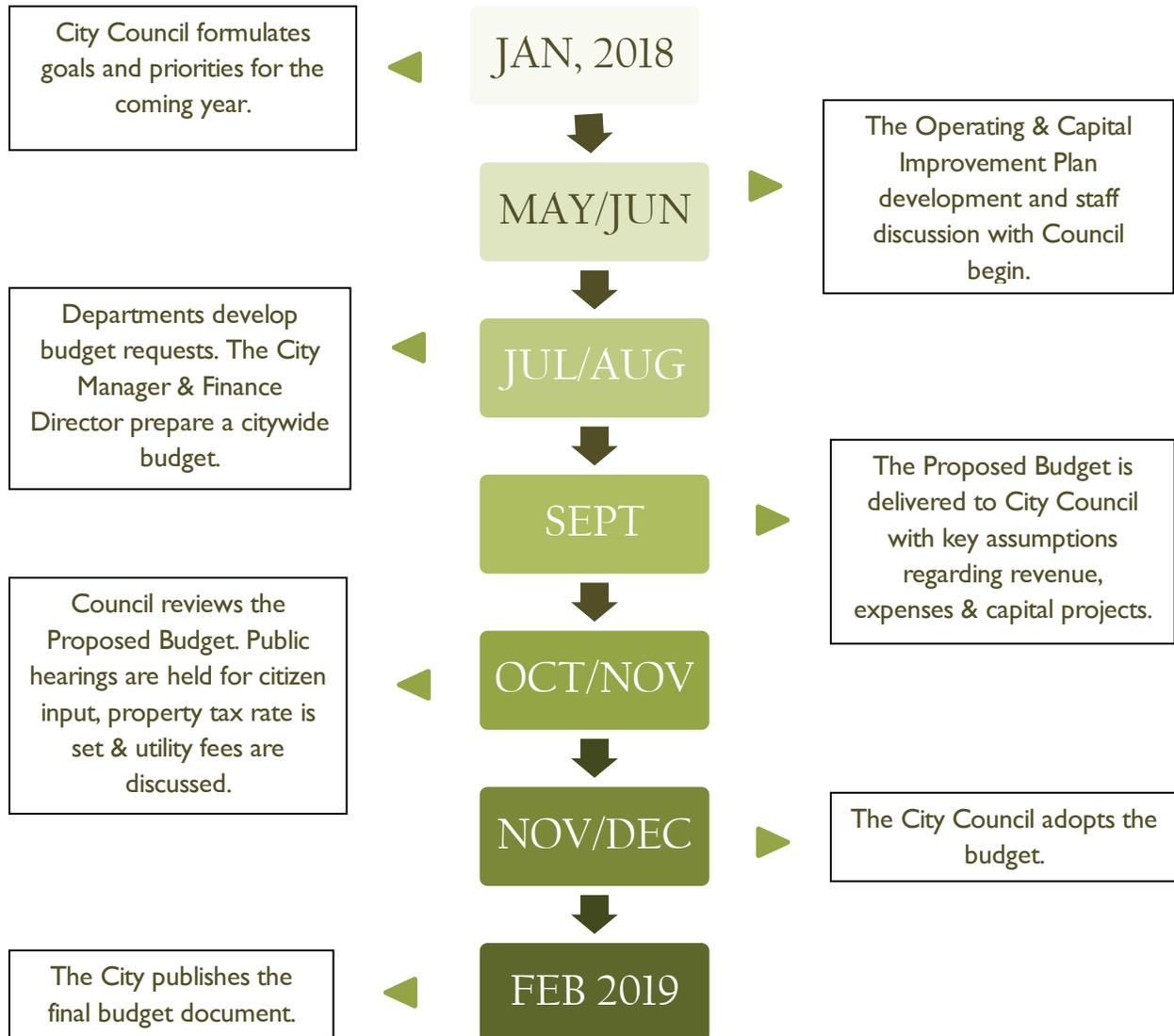
Reserve funds enable the City to deal with unforeseen emergencies and changes in economic conditions. Reserve targets are set by the City Council for the General Fund, and for each utility fund.

The accounting system will maintain records on a basis consistent with accepted national standards for local government accounting and the Washington State Auditor's Budgeting, Accounting and Reporting System.

The City will ensure that City records are audited annually, resulting in a financial opinion. The results of the audit will be available to the public through the City's website.

BUDGET PROCESS

Budget development is a continuous process that begins in January and culminates with the passage of a final budget in November or December. During the year, the City tracks budget to actuals to improve on the next year's budget. On a quarterly basis, Council considers a consolidated set of citywide budget and capital project adjustments, and amends the current year's budget, as necessary. Many of Council's actions, citizen input, and new legislative mandates throughout the year have budgetary implications that also need to be incorporated into the future budgets.



*The City of Bainbridge Island adopts a biennial budget with a full budget process once every two years. In the mid-biennium, there is a review and necessary adjustments are made.

*The Adopted Budget is monitored and amended as necessary during the budget year.



KEY ASSUMPTIONS IN 2019 – 2020 BUDGET DEVELOPMENT

The City developed the 2019-2020 Adopted Budget beginning with some key citywide assumptions, and with additional detailed spending developed on a department-by-department basis.

Estimated beginning fund balances for each fund for 2019 based on actual 2018 performance through July and estimated revenue and expenditure performance through the end of 2018.

Revenue Estimates

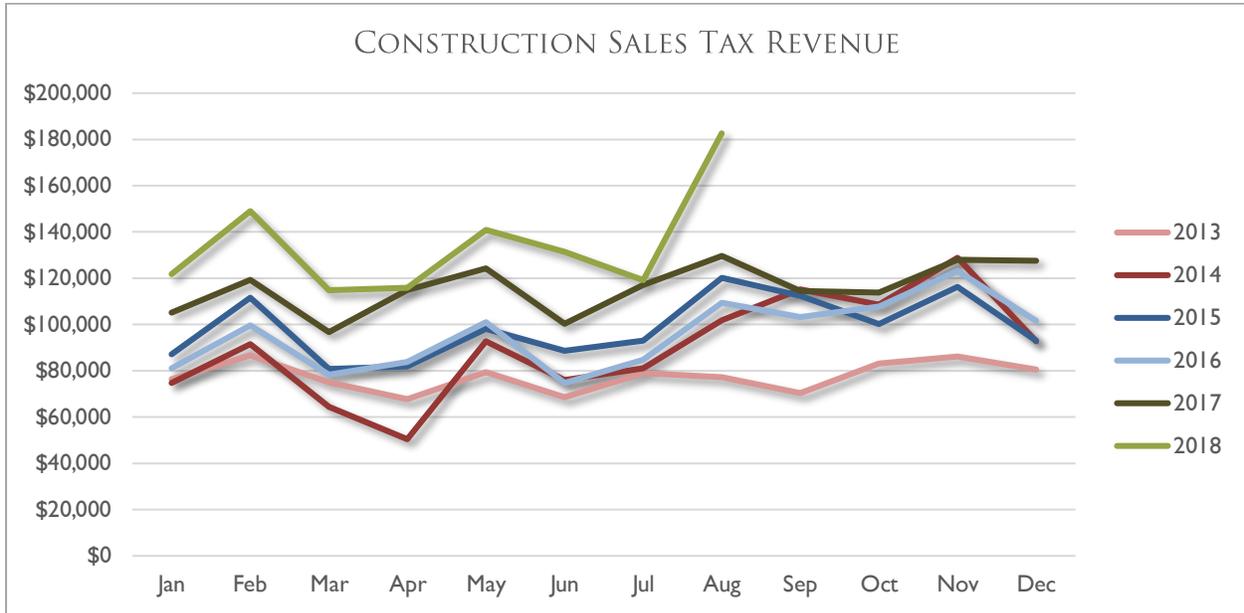
Revenue estimates were prepared by each source after an analysis of the City's past five years of revenue performance and expected near-term economic variabilities. In some cases, such as the statutory limits to increases to property tax, external factors guide the revenue estimate. In other cases, actual performance indicated a reduction or increase was warranted, and for other revenue sources, a general inflator was applied to the average of recent years' actuals.

Property Tax

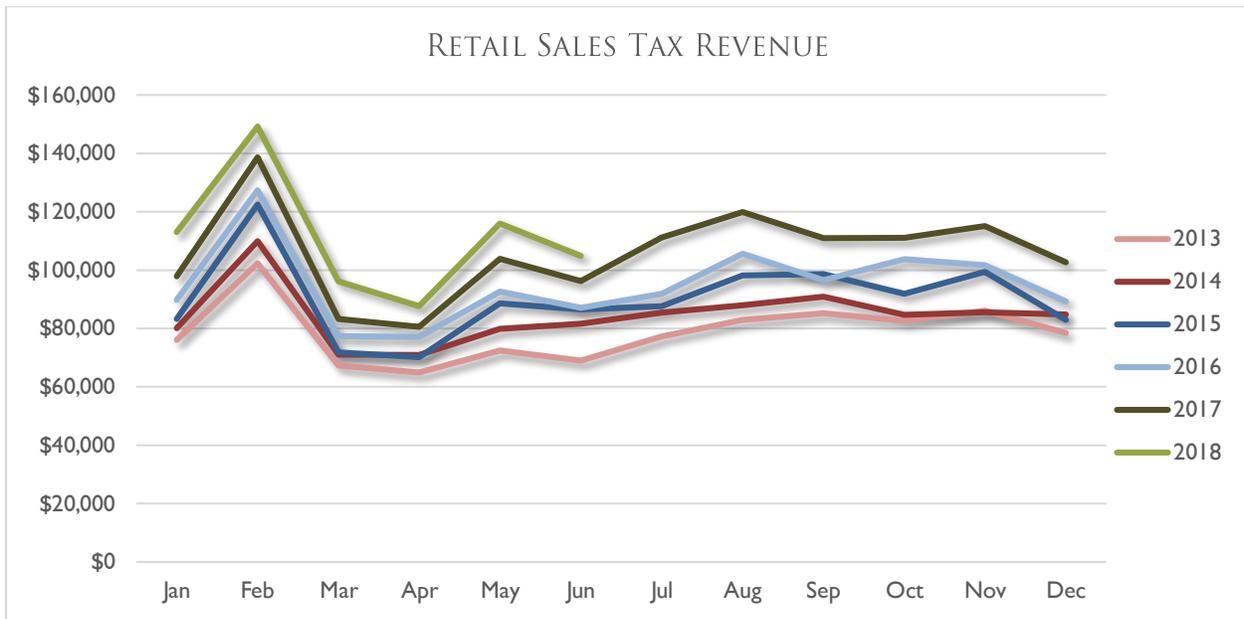
Growth in property tax in Washington State is limited to 1% plus new construction. Recent development has led to increases in construction. Therefore, estimated assessed value of Bainbridge Island property is also expected to grow. Kitsap County Assessor's Office forecasts assessed value to grow from \$7.5 billion in 2018 to \$8.4 billion in 2019. The 2019 – 2020 Biennium Budget assumes a 1.75% year over year increase in property tax revenue.

Sales Tax

The strong local economy is generating significant growth in sales tax. Future growth is projected, but at slower rates. One reason for the current strong growth and projection for slowing in the future is the large influence of construction-related sales tax on the total. Construction sales tax revenue is typically 30 to 35 percent of the sales tax base. In the last five years construction sales tax revenue has been averaging 9% growth. Development is highly influenced by economic conditions and historically comprises a large portion of the City's sales tax revenue leaving the City's sales tax revenues at risk during economic downturns. This is the main reason for the slower growth rates.



Retail trade also makes up approximately 30 to 35 percent of total sales tax revenue. Retail trade sales tax revenue in the last five years has been averaging 7% growth. While retail sales tax revenue is also dependent on overall economic conditions, the year over year growth has been more consistent than construction sales tax revenue.



In summary, in 2019 we assumed a 15 percent increase in sales and use tax over 2018 Modified Budget, and in 2020 we assumed another 2 percent increase over 2019.

Real Estate Excise Tax

Washington State law allows cities to impose up to a 0.5 percent excise tax on property sales, which is known as the Real Estate Excise Tax (REET). The City has experienced substantial growth in REET in the

past three years. REET has grown from 2015 actual annual revenue of \$2.2 million to \$3.3 million in 2017. The City has averaged approximately 20 percent growth in revenue year-over-year since 2015. Growth in recent years can be attributed to both volume and average selling price. The number of properties sold in 2017 was 804 which is a 9 percent increase over 2016. Furthermore, the average selling price from 2016 to 2017 increased approximately 14 percent. However, recent months in 2018 REET revenue has shown some slowing. 2018 REET revenue is estimated at \$3.3 million. 2019 REET revenue is budgeted at \$3.2 million, and 2020 REET revenue is budgeted at \$3.0 million. This is consistent with other local jurisdiction REET revenue forecasts.



Expenditure Estimates

Expense estimates were prepared for specific expenditures after an analysis of the City’s past five years of expense performance and expected near-term services.

Personnel Costs

Cost allocation factors were updated. Consistent with best practices, the City reviewed the factors that it uses to distribute personnel costs across operating funds. For example, personnel costs related to Human Resources are distributed based on the number of full-time equivalent employees, while the Code Compliance officer’s costs are distributed based on the past three years of cases by topic. Departments including City Council, Public Safety, and the Municipal Court are entirely allocated to the General Fund. To prepare for the 2019-2020 budgets, staff updated the data on allocation factors based on information from the most recent years. Staff used updated data to distribute personnel costs and incorporated this information into the budgets. These changes represent a redistribution of personnel expenses rather than a net increase or decrease to City personnel spending.

Personnel costs were calculated for 2019-2020 using current proposed position lists and approved salary schedules along with estimated costs provided by external service providers such as the Department of



Retirement Services and the Association of Washington Cities (AWC). Vacant positions are estimated at top step. Personnel costs increase by 2.5% in 2019 and 2020, as an assumption for a cost-of-living increase based on current IAM collective bargaining agreement and expected increases due to employees moving up the established position steps. Medical costs increase by 6% for 2019 and 6% in 2020, based on current information from AWC. Also, under Washington's new Paid Family and Medical Leave (PFML) law, the City has phased in over the biennium a 0.4 percent of salary expense for additional benefits.

Other Costs

Other central costs such as insurance and utilities were updated based on recent actual costs or estimates from outside service providers.

Capital costs were updated based on the Capital Improvement Plan proposed with the budget.

Operating transfers were updated to match budgeted expenditure levels.

Departmental costs were developed for existing programs and services at approved service levels. Changes in costs for additional services or enhanced services are detailed in the department budget sections.

Other Key Assumptions

The Adopted Budget assumes a total Police and Municipal Court Building project budget of \$20 million, with half (\$10 million) funded from City cash and half (\$10 million) funded from Councilmanic bonds. The spending assumptions are as follows: \$10 million will be spent in 2018, \$5 million will be spent in 2019, and \$5 million will be spent in 2020. Revenue from the bonds, \$10 million in total, is assumed to be receipted in 2019.

In 2020, the sale of the Suzuki property is included in General Fund revenues in the amount of \$800,000.



GENERAL FUND RESERVES

During 2018, Council reviewed and approved the City’s comprehensive financial policies, including the following reserve targets and definitions.

- Emergency Reserve: established to pay for unexpected emergencies that cannot reasonably be accommodated by current budget appropriations. The target level for this reserve is \$1.0 million.
- General Fund Stability Reserve: defined as the dollar amount of unencumbered fund balance, excluding amounts held in restricted or designated reserves. The year-end target level for this reserve is 25% of ongoing General Fund revenues, or approximately \$4.5 million in 2019 and 2020.
- The 2019-2020 Adopted Budget provides for additional items to be tracked as part of financial management. These amounts include the following:
 - Specially-tracked General Fund monies. These include PEG Capital Reserve, Police Investigative Reserve, Police Marine Reserve, Public Arts Subfund.
 - General Fund reserve for 2021-2022 capital plans. This reserve is the net City investment required to fund the current 2019-2020 CIP for projects that will begin in those two years.

The table below provides detail behind the total shown for the General Fund policy reserves at the end of 2019 and 2020. The budgeted total balance of the General Fund year-end is \$9,960,000 for 2019 and \$11,127,000 for 2020.

Detail of General Fund Reserves at end of 2019 and 2020

General Fund Reserve Category	2019	2020
Emergency Reserve	1,000,000	1,000,000
General Fund Stability Reserve Minimum	4,500,000	4,600,000
Other Specially-Tracked General Fund Monies	133,000	133,000
Reserve for 2021-2022 CIP	-	1,625,000

FINANCIAL CAPACITY/FISCAL HEALTH

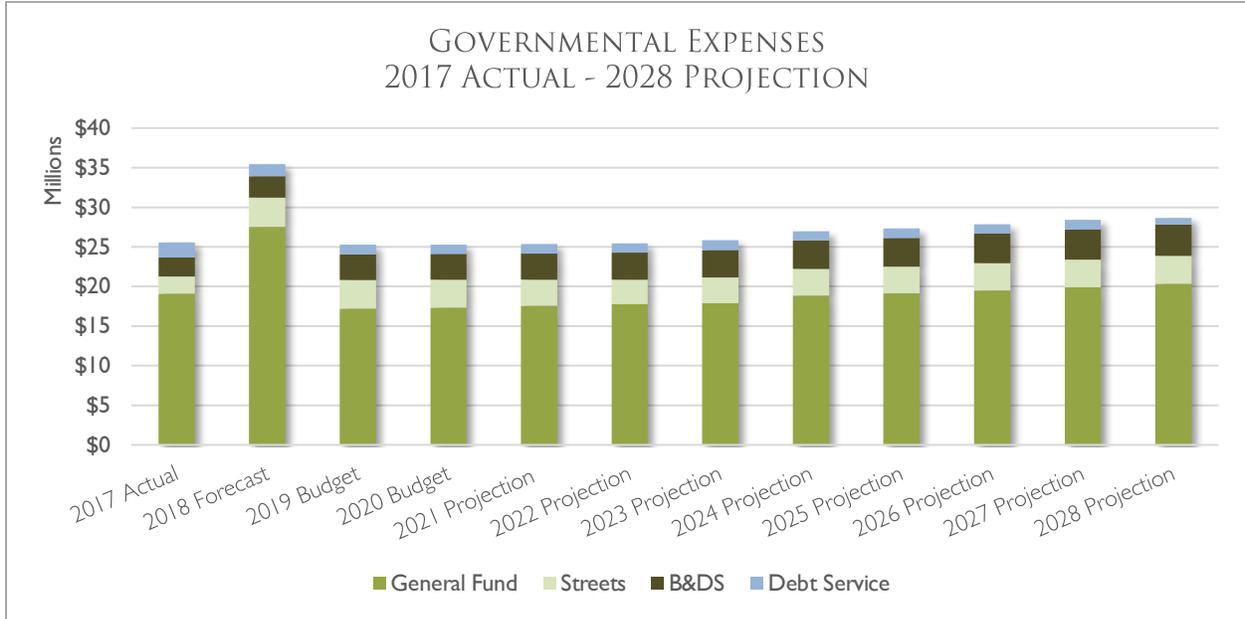
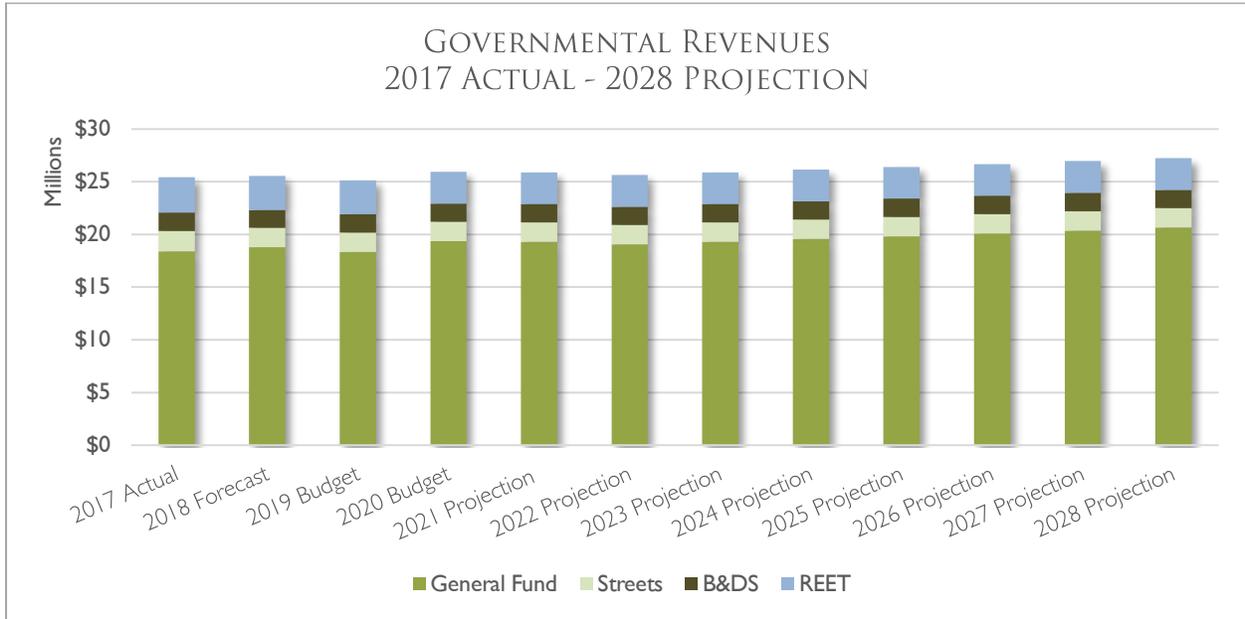
In an effort to support the review of the long-term viability of the City's financial structure, the Finance Department provides a ten-year forward look at the City's projected financial performance by fund. This is called the "Financial Capacity Analysis" (FCA) and is based on analyses completed using a tool called the Fiscal Health Model.

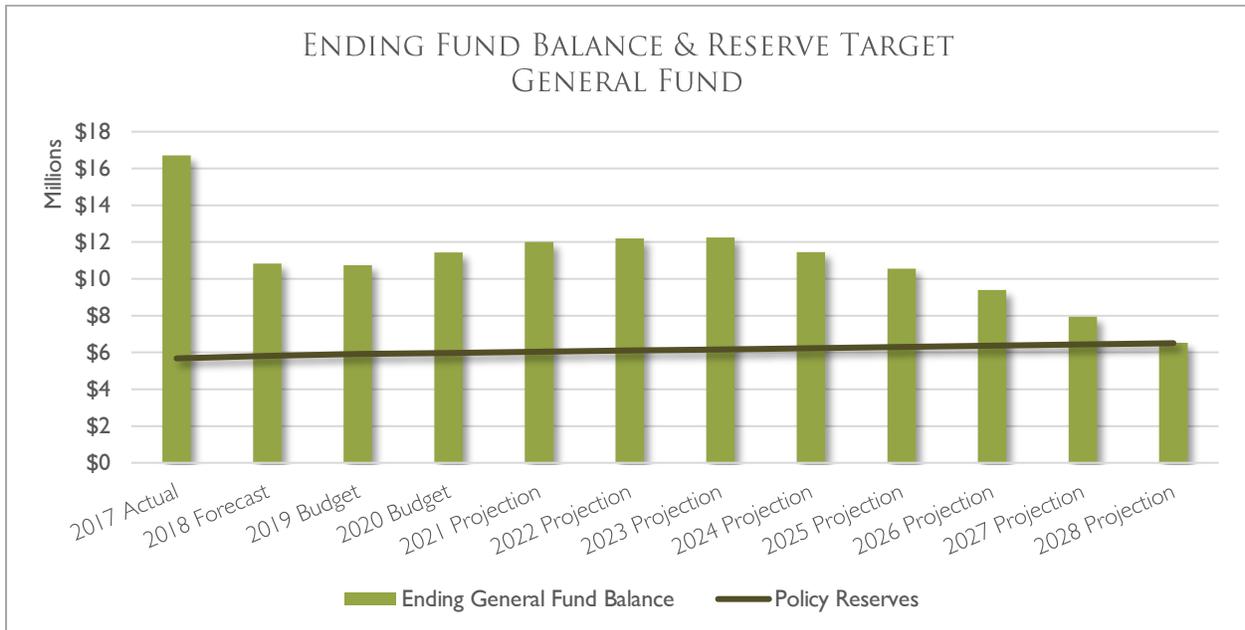
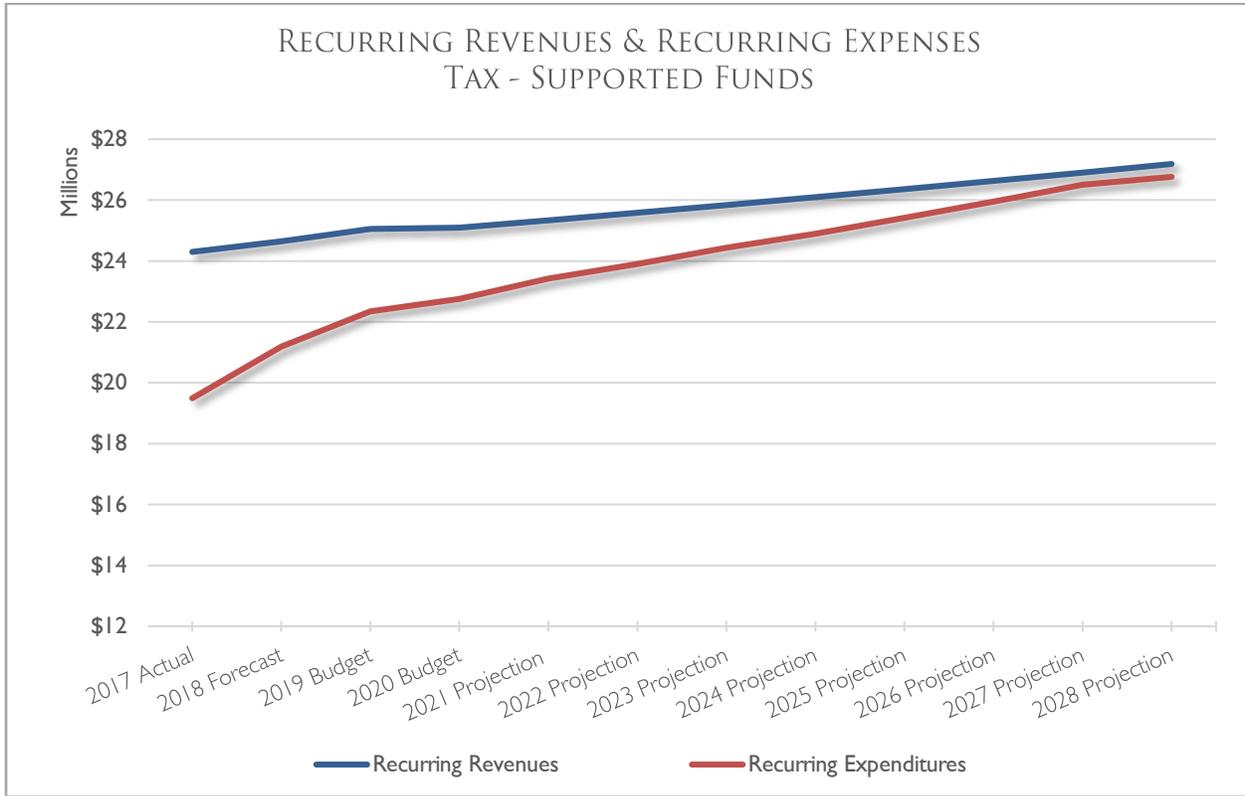
This forward-looking analysis focuses on long-range planning to guide macro-level financial planning in support of maintaining City services and financial stability, while moving toward its goals. The analysis is based on past actual results, current estimates and budgeted forecasts, and relies on a range of assumptions and escalators that require regular review. Thus, it can provide a useful look at the results of overall budget decisions and multi-year trends and impacts. We update this tool periodically, usually in conjunction with annual budget development, and as part of Council financial briefings, and use the updated information to provide context for future decision making.

The City has built General Fund balance over the past five years which is supporting capital investment, specifically the Police and Municipal Court Building. Absent new revenues or significant changes to spending patterns, the City's recurring expenses escalate at a faster pace than our recurring revenues. The City will continue to monitor the issue over the next five years and act accordingly. Going forward, reserves are fully funded for the next biennium. Periodic future updates will provide staff and Council with the information to position the City for continued financial stability.

To help interpret the information presented in the following charts, the below assumptions are presented as background and are incorporated into the FCA results for years after 2020:

- General Fund Sales Tax revenue growth of 2%, and Property Tax growth of 1.75%.
- For all funds, personnel costs assume an annual increase of 2.5% for salary costs and an annual increase of 6% for benefits costs;
- General operating expenses assume an annual increase of 2%;
- Councilmanic general obligation debt issued in 2019 to support the Police and Municipal Court Building project;
- No change to policy reserve targets or expenditure of reserve funds.
- Street annual preservation program at \$650,000, increasing annually for inflation;
- REET revenue held steady at \$3 million;
- Building and Development Services annual revenue held steady at \$1.7 million;
- Capital project expenses and revenues matched to current CIP.
- Streets annual revenue held steady at \$1.8 million.







BASIS OF ACCOUNTING & BUDGETING

The basis of accounting determines how and when to recognize revenues and expenditures in the financial accounts of the City, and then to report them on the City's financial statements.

In the City's financial statements, governmental funds use a modified accrual basis of accounting (see glossary), while proprietary funds use accrual (see glossary). Beginning in 2002, the Governmental Accounting Standards Board Statement No. 34 required an additional set of government-wide financial statements that use accrual accounting.

The City's budget is prepared using the modified accrual basis of accounting. Revenues and receivables are recognized in the year in which they are available to fund that year's expenditures. Expenditures are recognized in the year the liability is incurred.

One major function of the City's budget is to evaluate what projects and programs, in addition to normal operations, the City plans to fund in the coming budget biennium and how the City will pay for those plans. Support can come from expected budget-year revenues, fund balance, new long-term debt or a combination of these resources.

City of Bainbridge Island - 2019 Adopted Budget
Limits on Debt

Washington State law places limits on the amount of debt that cities may issue. Those limits cover all direct debt of the City. The City Council has the authority under RCW 35.42.200 to obligate the taxpayers without a vote of the people for up to a net aggregate total of 1.5% of the 'taxable property value' (assessed value) within the City. In addition, with a 60% vote of the people, the City can issue bonds of up to 2.5% of the assessed value for general purposes plus up to 2.5% for utility purposes plus up to 2.5% for open space and park facilities. The total for all purposes may not exceed 7.5% and the total for general purposes may not exceed 2.5% whether or not a vote has been held. There are no limits (other than political or market driven ones) on the amount of debt that can be issued which is not an obligation of the taxpayers (utility revenue debt and local assessment debt).

LIMITED TAX GENERAL OBLIGATION BONDS (Can be approved by a majority City Council vote)	1/1/2019 OUTSTANDING	PERCENTAGE OF LEGAL LIMIT
2005 LTGO (Refunding) Bonds	\$ 390,000	
2007 LTGO (Construction) Bonds	2,260,000	
2008 LTGO (Construction) Bonds	1,070,000	
2011 LTGO (Construction & Refunding) Bonds	3,415,000	
TOTAL LTGO BONDS	\$ 7,135,000	
Public Works Trust Fund Loans	4,984,702	
All Other Direct General Obligation Debt	3,131,076	
TOTAL DIRECT DEBT	\$ 15,250,778	13.5%
	LEGAL LIMIT	\$ 113,132,323
	REMAINING (UNUSED) MARGIN	\$ 97,881,545
SPECIAL LEVY GENERAL OBLIGATION BONDS (All types require a 60% vote of the people)		
For General Purposes	\$ 0	
For Utility Purposes	0	
For Parks & Open Space	2,760,000	
TOTAL SPECIAL LEVY BONDS	\$ 2,760,000	
TOTAL GENERAL OBLIGATION DEBT	\$ 18,010,778	3.2%
	LEGAL LIMIT	\$ 565,661,616
	REMAINING (UNUSED) MARGIN	\$ 547,650,838
ASSESSMENT DEBT		
Public Works Trust Loan for South Island Sewer	\$ 1,785,000	
2011 LID Street Bonds	186,817	
TOTAL ASSESSMENT DEBT	\$ 1,971,817	No legal limit
REVENUE DEBT		
Public Works Trust Loan #2 for WWTP Constr.	\$ 1,600,065	
TOTAL REVENUE DEBT	\$ 1,600,065	No legal limit

City of Bainbridge Island - 2019 Adopted Budget
Long-Term Debt and Debt Service

EXISTING DEBT	ORIGINAL ISSUE	1/1/2019 BALANCE	2019 PRINCIPAL	2019 INTEREST	12/31/2019 BALANCE	FINAL MATURITY	FUND
2005 LTGO Refunding Bonds	\$ 7,410,000	\$ 390,000	\$ 390,000	\$ 16,770	\$ -	Oct-2019	General Obligation Bond Fund
PWTF Loan - New Storm Drain Decant Facility Design	179,025	57,270	9,545	286	47,725	Jun-2024	Storm & Surface Water Management
PWTF Loan - New Storm Drain Decant Facility Construction	782,000	288,105	41,158	1,440	246,947	Jun-2025	Storm & Surface Water Management
PWTF Loan - South Island Sewer LID Construction	5,600,000	1,785,000	297,500	8,925	1,487,500	Jun-2024	Sewer Fund
PWTF Loan - Sewage Treatment Plant Upgrade Design	389,215	126,524	21,088	633	105,436	Jun-2024	Sewer Fund
PWTF Loan - Sewage Treatment Plant Upgrade Construction Loan #1	3,618,000	1,474,363	210,623	7,372	1,263,740	Jun-2025	Sewer Fund
PWTF Loan - Sewage Treatment Plant Upgrade Construction Loan #2	3,564,500	1,600,065	200,008	8,000	1,400,057	Jun-2026	Sewer Fund
PWTF Loan - Dec 2007 Storms - Street Repairs	449,632	236,648	23,665	7,099	212,983	Jun-2028	General Obligation Bond Fund
2007 LTGO Bonds - Open Space Purchases & Winslow Way Design	4,120,000	2,260,000	215,000	92,080	2,045,000	Dec-2027	General Obligation Bond Fund
2008 LTGO Bonds - Capital Construction	1,770,000	1,070,000	85,000	45,695	985,000	Jun-2028	General Obligation Bond Fund
2011 LTGO Bonds - Sewer Treatment Plant Upgrade Construction	5,700,000	3,415,000	230,000	136,600	3,185,000	Dec-2030	Sewer Fund
2011 LID Bonds - Winslow Way Construction	755,300	186,817	37,364	8,519	149,453	May-2023	General Obligation Bond Fund
2013 Voted Refunding Bonds	5,230,000	2,760,000	500,000	110,400	2,260,000	Dec-2023	General Obligation Bond Fund
PWTF Loan - Sewer Beach Mains Design	383,542	204,340	20,434	1,022	183,906	Jun-2028	Sewer Fund
PWTF Loan - Sewer Beach Mains Construction	3,474,933	2,597,452	185,532	6,494	2,411,920	Jun-2032	Sewer Fund
TOTAL EXISTING DEBT	\$ 43,426,147	\$ 18,451,584	\$ 2,466,917	\$ 451,335	\$ 15,984,667		
2018 BUDGETED NEW DEBT							
2019 Public Safety and Municipal Court Facility	10,000,000	0	0	360,000	10,000,000	Dec-2038	
TOTAL EXISTING DEBT AND BUDGETED NEW DEBT	\$ 53,426,147	\$ 18,451,584	\$ 2,466,917	\$ 811,335	\$ 25,984,667		

DEBT ITEMS NOT INCLUDED ABOVE: The following types of debt are not included above: Interfund Debt, Compensated Absences, Net Pension Liability, Other Post-Employment Benefits, Post-Closure Landfill Costs, Accounts Payable and Accrued Payroll.

City of Bainbridge Island - 2020 Adopted Budget
Limits on Debt

Washington State law places limits on the amount of debt that cities may issue. Those limits cover all direct debt of the City. The City Council has the authority under RCW 35.42.200 to obligate the taxpayers without a vote of the people for up to a net aggregate total of 1.5% of the 'taxable property value' (assessed value) within the City. In addition, with a 60% vote of the people, the City can issue bonds of up to 2.5% of the assessed value for general purposes plus up to 2.5% for utility purposes plus up to 2.5% for open space and park facilities. The total for all purposes may not exceed 7.5% and the total for general purposes may not exceed 2.5% whether or not a vote has been held. There are no limits (other than political or market driven ones) on the amount of debt that can be issued which is not an obligation of the taxpayers (utility revenue debt and local assessment debt).

LIMITED TAX GENERAL OBLIGATION BONDS (Can be approved by a majority City Council vote)	1/1/2020 OUTSTANDING	PERCENTAGE OF LEGAL LIMIT
2007 LTGO (Construction) Bonds	\$ 2,045,000	
2008 LTGO (Construction) Bonds	985,000	
2011 LTGO (Construction & Refunding) Bonds	3,185,000	
2018 LTGO (Construction) Bonds	10,000,000	
TOTAL LTGO BONDS	\$ 16,215,000	
Public Works Trust Fund Loans	4,472,657	
All Other Direct General Obligation Debt	3,131,076	
TOTAL DIRECT DEBT	\$ 23,818,733	21.1%
	LEGAL LIMIT \$ 113,132,323	
	REMAINING (UNUSED) MARGIN \$ 89,313,590	
SPECIAL LEVY GENERAL OBLIGATION BONDS (All types require a 60% vote of the people)		
For General Purposes	\$ 0	
For Utility Purposes	0	
For Parks & Open Space	2,260,000	
TOTAL SPECIAL LEVY BONDS	\$ 2,260,000	
TOTAL GENERAL OBLIGATION DEBT	\$ 26,078,733	4.6%
	LEGAL LIMIT \$ 565,661,616	
	REMAINING (UNUSED) MARGIN \$ 539,582,883	
ASSESSMENT DEBT		
Public Works Trust Loan for South Island Sewer	\$ 1,487,500	
2011 LID Street Bonds	149,453	
TOTAL ASSESSMENT DEBT	\$ 1,636,953	No legal limit
REVENUE DEBT		
Public Works Trust Loan #2 for WWTP Constr.	\$ 1,400,057	
TOTAL REVENUE DEBT	\$ 1,400,057	No legal limit

City of Bainbridge Island - 2020 Adopted Budget
Long-Term Debt and Debt Service

EXISTING DEBT	ORIGINAL ISSUE	1/1/2020 BALANCE	2020 PRINCIPAL	2020 INTEREST	12/31/2020 BALANCE	FINAL MATURITY	Fund
PWTF Loan - New Storm Drain Decant Facility Design	179,025	47,725	9,545	238	38,180	Jun-2024	Storm & Surface Water Management
PWTF Loan - New Storm Drain Decant Facility Construction	782,000	246,947	41,158	1,235	205,789	Jun-2025	Storm & Surface Water Management
PWTF Loan - South Island Sewer LID Construction	5,600,000	1,487,500	297,500	7,438	1,190,000	Jun-2024	Sewer Fund
PWTF Loan - Sewage Treatment Plant Upgrade Design	389,215	105,436	21,088	527	84,348	Jun-2024	Sewer Fund
PWTF Loan - Sewage Treatment Plant Upgrade Construction Loan #1	3,618,000	1,263,740	210,623	6,319	1,053,117	Jun-2025	Sewer Fund
PWTF Loan - Sewage Treatment Plant Upgrade Construction Loan #2	3,564,500	1,400,057	200,008	7,000	1,200,049	Jun-2026	Sewer Fund
PWTF Loan - Dec 2007 Storms - Street Repairs	449,632	212,983	23,665	6,389	189,318	Jun-2028	General Obligation Bond Fund
2007 LTGO Bonds - Open Space Purchases & Winslow Way Design	4,120,000	2,045,000	220,000	83,480	1,825,000	Dec-2027	General Obligation Bond Fund
2008 LTGO Bonds - Capital Construction	1,770,000	985,000	90,000	41,845	895,000	Jun-2028	General Obligation Bond Fund
2011 LTGO Bonds - Sewer Treatment Plant Upgrade Construction	5,700,000	3,185,000	235,000	127,400	2,950,000	Dec-2030	Sewer Fund
2011 LID Bonds - Winslow Way Construction	755,300	149,453	37,364	6,815	112,089	May-2023	General Obligation Bond Fund
2013 Voted Refunding Bonds	5,230,000	2,260,000	520,000	90,400	1,740,000	Dec-2023	General Obligation Bond Fund
PWTF Loan - Sewer Beach Mains Design	383,542	183,906	20,434	920	163,472	Jun-2028	Sewer Fund
PWTF Loan - Sewer Beach Mains Construction	3,474,933	2,411,920	185,532	6,030	2,226,388	Jun-2032	Sewer Fund
TOTAL EXISTING DEBT	\$ 36,016,147	\$ 15,984,667	\$ 2,111,917	\$ 386,036	\$ 13,872,750		
2018 BUDGETED NEW DEBT							
2019 Public Safety and Municipal Court Facility	10,000,000	10,000,000	400,000	500,000	9,600,000	Dec-2038	
TOTAL EXISTING DEBT AND BUDGETED NEW DEBT	\$ 46,016,147	\$ 25,984,667	\$ 2,511,917	\$ 886,036	\$ 23,472,750		

The following types of debt are not included above:

Interfund Debt, Compensated Absences, Net Pension Liability, Other Post-Employment Benefits, Post-Closure Landfill Costs, Accounts Payable, and Accrued Payroll.