

General Long Term Liabilities

Debt & other long-term liabilities that arise from activities of governmental funds

Issuance of bonds and notes, and capital leases

Long-term liabilities related to operating activities

Claims and judgements, compensated absences, pensions, and other postemployment benefits, and obligations related to landfills and pollution remediation.

Pollution Remediation Obligations

Liabilities arising from clean-up of hazardous waste or hazardous substances resulting from existing pollution

Debt Service Funds

Fund that accounts for financial resources set aside for **payment of principal and interest on general long term liabilities**

Resources may come from **taxes (either levied by DSF or levied by GF then transferred to DSF), special assessments, or other revenues**

Usually only have **one** DSF for all tax supported debt, but if there are legal restrictions then there may be more

Types of Tax-Supported Bonds

Serial Bonds

Principal matures in **annual installments**

Resources raised each year approximate debt service requirements

Term Bonds

Principal matures in **lump sum** amount at the end of the bond term

Not used as frequently as serial bonds because they usually require a sinking fund and the accounting is more complex

Accounting for Debt Service Funds

Financial Reporting



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