

MEMORANDUM

March 17, 2010

TO: County Council

FROM: Charles H. Sherer, Legislative Analyst *CHS*
Glenn Orlin, Deputy Council Staff Director *GO*

SUBJECT: Short term and interim financing for the CIP

Background On February 25 and March 2, 2010, the Education Committee discussed the FY11-16 CIP for Montgomery College. For the Information Technology project in FY11, the College requested expenditures of \$11.1 million, financed by current revenue. The Executive recommended the same expenditure, but proposed to finance \$4.5 million of the \$11.1 million expenditure with short term financing (and the remaining \$6.6 million with current revenue). The reason for substituting \$4.5 million of short term financing for current revenue for this project was that there is not enough current revenue generally, and not enough from the recordation tax specifically, to finance all the County's needs.

The Committee raised a number of questions and concerns about the use of short term and interim financing for the CIP and asked that a briefing be scheduled for the Council on this topic. To put these two types of financing in perspective, additional background information is provided below.

Fiscal Policy Section 6 of the CIP explains the County Executive's fiscal policy: "Fiscal policy is the combined practices of government with respect to revenues, expenditures, and debt management. Fiscal policy for the Capital Improvements Program focuses on the acquisition, construction, and renovation of public facilities and on the funding of such activities, with special attention to both long-term borrowing, and increasingly, short-term debt."

The County uses many sources of funds for the CIP — ©3-4 show 80(!) including WSSC, although many of the individual sources could be combined. For example, at least 15 of the sources are current revenue of one kind or another. See ©1-2 for summaries of the 80 sources. Leasing is not shown as a source of funding, but the amount of the annual lease payment is included in the County's Debt Service Fund.

The County will, of course, use non-County funds as much as possible (Federal, State, and contributions). With regard to County funds, the County uses a mix of:

1. long term bonds which are paid back over 20-years
2. short term financing which is paid back over as many as seven years
3. commercial paper on which the County pays interest only, and either refinances after periods ranging from 30 to 270 days, OR sells GO bonds or land and uses the proceeds to pay off the debt
4. current revenue

With regard to which length of maturity is used, Finance considers several factors:

1. One guideline is that taxpayers should pay for the assets the County provides for them over the life of the asset — the length of the loan should match the life of the asset. If the asset will last 20-years, then the cost of the asset should be paid over 20-years. If the cost of a 20-year asset were paid over only 5-years, then current taxpayers would pay too much and future taxpayers would pay too little: the future taxpayers would pay \$0 and get to use an asset without paying for it. Similarly, if the asset will last only 5-years, then the cost of the asset should be paid over 5-years. If the cost of a 5-year asset were paid over 20-years, then current taxpayers would pay too little and future taxpayers would pay too much, because the future taxpayers would be paying for an asset that no longer existed.
2. The interest rate is lowest on the shortest term debt, and the interest rate increases as the length of the loan increases. On March 5, 2010 the yields on AAA bonds were:
 - a. Maturing in 1 year, 0.25%
 - b. Maturing in 5-years, 1.45%
 - c. Maturing in 10-years, 2.81%
 - d. Maturing in 15-years, 3.33%
 - e. Maturing in 20-years, 3.79%
3. The probability that the bond rating agencies will give a AAA rating increases as the average length of debt payback decreases — short term is better than long term. Twenty year bonds are the worst and current revenue is the best from this perspective. This factor is reflected in the “Ten year payout ratio”, which is one factor the County considers in deciding how much additional County general obligation debt may be issued, as discussed below.

Financing the CIP The following text is from section 6 of the CIP, which explains the County Executive’s fiscal policy for using the major types of financing.

I. “Policy on Funding CIP with Debt Much of the CIP should be funded with debt. Capital projects usually have a long useful life and will serve future taxpayers as well as current taxpayers. It would be inequitable and an unreasonable fiscal burden to make current taxpayers pay for many projects out of current tax revenues. Bond issues, retired over approximately 20-years, are both necessary and equitable.

“Projects deemed to be debt eligible should:

- Have a useful life at least approximately as long as the debt issue with which they are funded.
- Not be able to be funded entirely from other potential revenue sources, such as intergovernmental aid or private contributions.
- Special Note: With a trend towards more public/private partnerships, especially regarding projects aimed at the revitalization or redevelopment of the County's central business districts, there are more instances when public monies leverage private funds. These instances; however, generally bring with them the "private activity" or private benefit (to the County's partners) that make it necessary for the County to use current revenue as its funding source. It is County fiscal policy that financing in partnership situations ensure that tax-exempt debt is issued only for those improvements that meet the IRS requirements for the use of tax-exempt bond proceeds.

Linda McMillan added the following explanation: “As a part of the FY09 budget, the Council approved the Executive’s proposal to use \$50 million in proceeds from taxable bonds to establish a revolving property acquisition and preservation program within the Montgomery Housing Initiative Fund (HIF). The debt service would be paid from current revenue appropriation in the HIF. Taxable bonds were proposed to fund this effort because they would provide maximum flexibility and because the projects being funded would generally be in privately held buildings (both non-profit and for-profit). The Fiscal Policy says, “Issuance of taxable debt may be useful in situations where private activity or other considerations make tax-exempt debt disadvantageous or ineligible due to tax code requirements or other considerations.” As of early March 2010, the taxable debt had not been issued and Finance had forward funded this effort with proceeds from other sources.”

“Policy on General Obligation Debt Limits General obligation debt usually takes the form of bond issues, and pledges general tax revenue for repayment. Paying principal and interest on general obligation debt is the first claim on County revenues.

“Debt Capacity To maintain the AAA rating, the County adheres to the following guidelines in deciding how much additional County general obligation debt may be issued in the six-year CIP period:

1. Overall Debt as a Percentage of Assessed Valuation - This ratio measures debt levels against the property tax base, which generates the tax revenues that are the main source of debt repayment. Total debt, both existing and proposed, should be kept at about 1.5 percent of full market value (substantially the same as assessed value) of taxable real property in the County.

2. Debt Service as a percentage of the General Fund - This ratio reflects the County's budgetary flexibility to adapt spending levels and respond to economic condition changes. Required annual debt service expenditures should be kept at about ten percent of the County's total General Fund. The General Fund excludes other special revenue tax supported funds. If those special funds supported by all County taxpayers were to be included, the ratio would be below ten percent.

3. **Overall Debt per Capita** - This ratio measures the burden of debt placed on the population supporting the debt and is widely used as a measure of an issuers' ability to repay debt. Total debt outstanding and annual amounts issued, when adjusted for inflation, should not cause real debt per capita (i.e., after eliminating the effects of inflation) to rise significantly.

4. **Ten-year Payout Ratio** - This ratio reflects the amortization of the County's outstanding debt. A faster payout is considered a positive credit attribute. The rate of repayment of bond principal should be kept at existing high levels and in the 60-75 percent range during any ten-year period.

5. **Per Capita Debt to Per Capita Income** – This ratio reflects a community's economic strength as an indicator of income levels relative to debt. Total debt outstanding and annual amounts proposed should not cause the ratio of per capita debt to per capita income to rise significantly above about 3.5 percent.

These ratios will be calculated and reported each year in conjunction with the capital budget process, the annual financial audit and as needed for fiscal analysis.

“Policy on Terms for General Obligation Bond Issues Bonds are normally issued in a 20-year series, with 5 percent of the series retired each year. This practice produces equal annual payments of principal over the life of the bond issue, which means declining annual payments of interest on the outstanding bonds, positively affecting the pay-out ratio (see Debt Limits, below). Thus annual debt service on each bond issue is higher at the beginning and lower at the end. When bond market conditions warrant, or when a specific project would have a shorter useful life, then different repayment terms may be used.

II. **“Interim Financing** may be useful in situations where project expenditures are eligible for long term debt, but permanent financing is delayed for specific reasons, other than affordability. Interim Financing should have an identified ultimate funding source [such as sale of land or GO bonds], and should be repaid within the short term. An example for interim financing would be in a situation where an offsetting revenue will be available in the future to pay off a portion of the amounts borrowed, but the exact amounts and timing of the repayment are uncertain.”

“The County may issue other forms of debt as appropriate and authorized by law. From time to time, the County issues Commercial Paper/Bond Anticipation Notes (BANs) for **interim financing** to take advantage of favorable interest rates within rules established by the Internal Revenue Service.” The County sells BANs to finance bond-funded projects and later repays the BANs from a GO bond issue.

[Council staff note: Executive staff explained that this interim financing is only used to finance the seven projects in the Smart Growth Initiative listed on ©7, at a total cost of \$223.0 million. As shown on ©7, the term “interim financing” was not used before FY10. However, as just explained above, this term refers to commercial paper, on which the County pays interest only. The County has used such financing, referred to as “bond anticipation notes”, for many years to finance bond-funded

projects in the CIP. The County sells “bond anticipation notes”, a form of commercial paper, as interim financing to pay for assets over the course of a year as needed for each asset.

[The interim financing/bond anticipation notes/commercial paper is paid back in one of two ways: 1) The County refinances at the then-current interest rate after periods of 270 days or less; or 2) Eventually, the County will sell either GO bonds or land and uses the proceeds to pay back the principal.

[The difference between the interim financing for the Smart Growth Initiative and the interim financing for other CIP projects is this:

The total amount of interim financing on ©7 is \$302.1 million, all for the SGI, with \$223.0 million estimated to be repaid from the sale of land and the remaining \$79.1 million to be repaid from GO bonds, sometime beyond FY16.

The interim financing for other CIP projects will be repaid entirely from bond proceeds. This type of interim financing is not shown on ©3-4 as a source of funds for the CIP, because GO bonds are shown instead, as if interim financing were not used. End of Council staff note.]

III. “Short term financing (terms of seven years or less) may be appropriate for certain types of equipment or system financings, where the term of the financing correlates to the useful life of the asset acquired, or in other cases where the expected useful life is long, but due to the nature of the system, upgrades are frequent and long term financing is not appropriate. Short term financings in the CIP are also of a larger size or magnitude than smaller purchases typically financed with short term Master Lease financing in the Operating Budget.”

Questions/issues regarding short term and interim financing

1. **What is the difference between short term financing and interim financing?** Short term debt is paid back over a period of seven years or less, as noted above. Each debt service payment for short term financing includes interest **plus** principal, so the principal is reduced each year and the debt is eventually paid off over the life of the loan (seven years or less as noted above).

In contrast, the entire amount borrowed in interim financing is either refinanced after a period of 270 days or less, or the entire amount is repaid from the sale of GO bonds or land. Each debt service payment for interim financing is interest only, so the principal is not reduced each year and the debt is not paid off until the County sells GO bonds or land, and uses the proceeds to pay back the entire amount borrowed.

2. **How much short term and interim financing is being used to finance the FY11-16 CIP, and what is the history of such financing?** As shown on ©3-4:

a. Interim financing: \$0 through FY09, \$91.7 million estimated in FY10, \$210.3 million in FY11-16. The commercial paper will be paid back from the proceeds from the sale of land (\$223.0 million and GO bonds (\$79.1 million). The expenditures shown on ©3 and ©7 do not include the construction costs for the PSTA (estimated to be another \$80

million) or the MCPS and MNCPPC Maintenance facilities (unknown cost). These expenditures will presumably have to be financed with GO bonds.

- b. Short term financing: \$62.2 million through FY09, \$45.0 million estimated in FY10 and \$64.5 million in FY11-16. The short term financing will be paid back from current revenue in the operating budget.
3. **Which projects and agencies will use this financing?** See ©5 for the eight County Government projects that use or have used short term financing, see ©6 for the one and only College project that will or may use short term financing (noted above), and see ©7 for the seven County Government projects that used or may use interim financing **for the Smart Growth Initiative**. (As explained above, interim financing is used for all GO bond funded projects, but this funding is not shown as a source of funds. Rather, GO bonds are shown, as if the interim financing were not used.)
4. **What is the impact on debt service?** The ratio of debt service (plus long term leases, plus short term leases/short term financing) to revenue in the General Fund is one of the indicators the County uses to determine how much debt the County can afford. The guideline is that this ratio should not exceed about 10%. The debt service on interim and short term financing affects the ratio, but as noted above, the interest rate is lower than GO bonds, and this debt service is by no means the only factor that causes the ratio to exceed 10% starting in FY13 (©12). A larger factor is the decreased rate of growth of General Fund revenues.

The budget for the Debt Service Fund is on ©8. As the last column shows, 91% of the debt service in FY11 is from GO bonds, which includes interest only on interim financing. As shown on rows 19 and 28, OMB estimates that tax-supported debt service in FY11 will be \$260.1 million, which is \$21.2 million more than the \$238.9 million latest estimate for FY10. Almost all of the \$260.1 million estimated debt service in FY11 is for project expenditures the Council approved through FY10. Almost all of the debt service for project expenditures the Council approves for FY11 will occur in FY12 and beyond.

When the MFP Committee reviewed the budget for debt service last year, for FY10, the Committee noted the \$11.4 million decrease from FY08 to FY09. Finance explained that “The reduction is due primarily to lower commercial paper costs, savings from a GO bond refunding, and the issuance of GO bonds in July 2008 (FY09) instead of May 2008 (FY08) as previously planned.”

5. **What is the impact on bond capacity and on the County’s bond rating?** As just noted, this debt service is in the ratio of debt service to revenue in the General Fund, so this debt service limits bond capacity to the extent that the County limits the ratio to 10%. To the extent that the interim financing will be repaid from the proceeds from the sale of land, there will be no increase in the County’s GO debt.

6. **Should the County use 20-year general obligation bonds instead of short term financing, for those projects that are eligible for bond financing?** There are at least two factors to consider:
- a. As noted above, the interest rate for short term financing is less than the interest rate for long term financing, which suggests that the County should use short term financing as much as possible instead of long term financing, subject to the 10% limit. Finance staff explained that the County should use the right mix of both short and long term financing, taking into account the factors on page 2.
 - b. As shown on ©5-6, the projects are mostly buses and IT equipment, which the County does not fund with bonds because of the short useful life.

SIX-YEAR CIP

MAJOR FUNDING CATEGORIES

| FUNDING SOURCE | FY09-14 AMENDED EXCLUDES WSSC (\$000s) | FY11-16 RECOMMENDED EXCLUDES WSSC (\$000s) | PERCENT CHANGE | PERCENT OF TOTAL APPROVED |
|---------------------------------------|---|---|-------------------|---------------------------------|
| GENERAL OBLIGATION BONDS | 1,839,996 | 2,094,796 | 13.8% | 52.4% |
| GENERAL PAYGO | 129,722 | 164,474 | 26.8% | 4.1% |
| AGENCY BONDS | 25,181 | 29,220 | 16.0% | 0.7% |
| REVENUE BONDS | 126,825 | 185,151 | 46.0% | 4.6% |
| CURRENT REVENUE - GENERAL FUND | 219,933 | 279,418 | 27.0% | 7.0% |
| CURRENT REVENUE - OTHER TAX-SUPPORTED | 33,700 | 62,735 | 86.2% | 1.6% |
| CURRENT REVENUE - NON-TAX SUPPORTED | 82,621 | 46,572 | -43.6% | 1.2% |
| RECORDATION TAX | 161,600 | 148,846 | -7.9% | 3.7% |
| RECORDATION TAX - PREMIUM | 29,932 | 26,051 | -13.0% | 0.7% |
| INTERGOVERNMENTAL REVENUES | 560,117 | 466,441 | -16.7% | 11.7% |
| IMPACT TAXES - Transportation | 71,192 | 29,472 | -58.6% | 0.7% |
| IMPACT TAXES - Schools | 109,993 | 55,500 | -49.5% | 1.4% |
| SHORT & LONG-TERM FINANCING | 48,979 | 64,524 | 31.7 % | 1.6% |
| INTERIM FINANCE | 109,083 | 210,324 | 92.8 % | 5.3% |
| LAND SALE | 60,855 | 35,500 | -41.7% | 0.9% |
| HIF REVOLVING PROGRAM | 50,000 | 50,000 | 0.0% | 1.2% |
| CONTRIBUTIONS | 18,665 | 8,335 | -55.3% | 0.2% |
| OTHER | 65,437 | 43,542 | -33.5% | 1.1% |
| TOTAL SIX-YEAR CIP | 3,743,831 | 4,000,901 | 6.9% | 100.0% |

NOTE: After reducing FY11-16 Recommended expenditures for unspent prior year's General Obligation Bonds (slippage):

| | SLIPPAGE AMOUNT | FY11-16 EXPENDITURES EXCLUDING SLIPPAGE | PERCENT CHANGE |
|--------------|-----------------|--|-------------------|
| All Agencies | 90,066 | 3,910,835 | 4.5% |

| | FY10-15 APPROVED WSSC ONLY | FY11-16 RECOMMENDED WSSC ONLY | PERCENT CHANGE | PERCENT OF TOTAL APPROVED |
|----------------------------|----------------------------------|-------------------------------------|-------------------|---------------------------------|
| WSSC (Note) | | | | |
| AGENCY BONDS | 460,463 | 1,086,211 | 135.9% | 65.6% |
| INTERGOVERNMENTAL REVENUES | 320,284 | 396,902 | 23.9% | 24.0% |
| CONTRIBUTIONS | 12,389 | 11,686 | -5.7% | 0.7% |
| OTHER | 187,759 | 161,798 | -13.8% | 9.8% |
| TOTAL SIX-YEAR CIP | 980,895 | 1,656,597 | 68.9% | 100.0% |

NOTE: WSSC is governed by State law and is the only agency for which the County Council adopts an annual CIP.

①

| | A | B | C | D | E |
|----|------------------------------------|-----------------|------------------------|----------|-----------------------|
| 1 | FUNDING THE FY11-16 CIP (\$000) | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | Source (excluding WSSC) | FY09-14 amended | FY11-16 CE recommended | % change | % of total in FY11-16 |
| 5 | GO bonds | 1,839,996 | 2,094,796 | 13.8% | 52.4% |
| 6 | Current revenue, specific projects | 527,786 | 563,622 | 6.8% | 14.1% |
| 7 | Intergovernmental | 560,117 | 466,441 | -16.7% | 11.7% |
| 8 | Other long term bonds, not GO | 152,006 | 214,371 | 41.0% | 5.4% |
| 9 | Interim financing | 109,083 | 210,324 | 92.8% | 5.3% |
| 10 | Current revenue, PAYGO | 129,722 | 164,474 | 26.8% | 4.1% |
| 11 | Other | 194,947 | 137,377 | -29.5% | 3.4% |
| 12 | Impact taxes | 181,185 | 84,972 | -53.1% | 2.1% |
| 13 | Short term financing | 48,979 | 64,524 | 31.7% | 1.6% |
| 14 | Total | 3,743,821 | 4,000,901 | 6.9% | 100.0% |

All Agency Funding Summary (\$000s)

| Funding Source | Total | Thru FY09 | Est. FY10 | 6 Year Total | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | Beyond 6 Years |
|--|-----------|--------------|--------------|-----------------|---------|---------|---------|---------|---------|---------|-------------------|
| Aging Schools Program | 603 | 0 | 603 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Agricultural Transfer Tax | 10,568 | 0 | 5,418 | 5,150 | 600 | 750 | 850 | 950 | 1,000 | 1,000 | 0 |
| Cable TV | 44,320 | 28,114 | 2,285 | 13,921 | 2,012 | 2,706 | 4,378 | 2,375 | 1,225 | 1,225 | 0 |
| Certificates of Participation | 2,700 | 1,789 | 911 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Community Development Block Grant | 14,495 | 5,398 | 3,029 | 5,598 | 1,790 | 1,228 | 770 | 770 | 520 | 520 | 470 |
| Contributions | 24,707 | 7,629 | 8,743 | 8,335 | 1,749 | 3,600 | 886 | 700 | 700 | 700 | 0 |
| Contributions - Other (WSSC only) | 21,155 | 3,824 | 5,645 | 11,686 | 7,893 | 3,663 | 89 | 41 | 0 | 0 | 0 |
| Current Rev.- GO Montgomery | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Current Revenue: General | 578,724 | 249,917 | 47,476 | 279,418 | 32,593 | 33,673 | 49,181 | 54,828 | 54,645 | 54,498 | 1,913 |
| Current Revenue: P & P (ISF) | 600 | 600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Current Revenue: Park and Planning | 17,928 | 14,829 | 999 | 2,100 | 350 | 350 | 350 | 350 | 350 | 350 | 0 |
| Current Revenue: Parking - Bethesda | 18,027 | 3,303 | 7,035 | 7,689 | 590 | 4,739 | 590 | 590 | 590 | 590 | 0 |
| Current Revenue: Parking - Montgomery Hill | 700 | 586 | 114 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Current Revenue: Parking - Silver Spring | 33,118 | 3,392 | 13,526 | 16,200 | 2,700 | 2,700 | 2,700 | 2,700 | 2,700 | 2,700 | 0 |
| Current Revenue: Parking - Wheaton | 1,885 | 209 | 734 | 942 | 157 | 157 | 157 | 157 | 157 | 157 | 0 |
| Current Revenue: Recordation Tax | 287,772 | 113,840 | 25,086 | 148,846 | 23,586 | 24,338 | 24,260 | 24,952 | 25,557 | 26,153 | 0 |
| Current Revenue: WMATA Surcharge | 9,472 | 4,587 | 4,885 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Department of Liquor Control Fund | 157 | 92 | 65 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Development Approval Payment | 7,576 | 5,055 | 2,389 | 132 | 0 | 100 | 32 | 0 | 0 | 0 | 0 |
| Development District | 11,100 | 281 | 10,819 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Economic Development Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EDAET | 7,745 | 7,241 | 504 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Enhancement | 7,115 | 4,891 | 1,187 | 1,037 | 553 | 0 | 0 | 484 | 0 | 0 | 0 |
| Enterprise Park and Planning | 1,515 | 820 | 0 | 695 | 195 | 100 | 100 | 100 | 100 | 100 | 0 |
| Fed Stimulus (State Allocation) | 15,252 | 0 | 14,152 | 1,100 | 1,100 | 0 | 0 | 0 | 0 | 0 | 0 |
| Federal Aid | 167,069 | 63,041 | 38,309 | 65,719 | 27,856 | 10,263 | 5,285 | 6,900 | 13,265 | 2,150 | 0 |
| Federal Stimulus | 500 | 0 | 0 | 500 | 500 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fire Consolidated | 4,430 | 24 | 2,907 | 1,499 | 0 | 1,499 | 0 | 0 | 0 | 0 | 0 |
| G.O. Bonds | 4,443,099 | 1,062,203 | 474,804 | 2,259,270 | 446,023 | 427,008 | 399,044 | 358,809 | 327,333 | 301,053 | 646,822 |
| HIF Revolving Program | 100,000 | 16,067 | 33,933 | 50,000 | 25,000 | 25,000 | 0 | 0 | 0 | 0 | 0 |
| HOC Bonds | 50,000 | 50,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impact Tax | 79,236 | 36,078 | 11,684 | 29,340 | 3,950 | 4,930 | 4,950 | 5,080 | 5,120 | 5,310 | 2,134 |
| Intergovernmental | 11,083 | 7,287 | 1,402 | 2,319 | 189 | 1,015 | 303 | 0 | 32 | 780 | 75 |
| Interim Finance | 222,969 | 0 | 91,728 | 210,324 | 79,378 | 69,021 | 11,925 | 50,000 | 0 | 0 | -79,083 |
| Investment Income | 4,653 | 1,353 | 424 | 2,876 | 445 | 458 | 472 | 486 | 500 | 515 | 0 |
| ISTEA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Land Sale | 35,015 | 20,034 | 14,981 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Land Sale - Bethesda PLD | 35,500 | 0 | 0 | 35,500 | 0 | 35,500 | 0 | 0 | 0 | 0 | 0 |
| Land Sale (P&P Only) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Long-Term Financing | 3,850 | 0 | 3,850 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Major Facilities Capital Projects Fund (MC only) | 3,564 | 2,400 | 1,064 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 |

45-3

(W)

All Agency Funding Summary (\$000s)

| Funding Source | Total | Thru FY09 | Est. FY10 | 6 Year Total | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | Beyond 6 Years |
|------------------------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|----------------|----------------|-------------------|
| Mass Transit Fund | 72,477 | 8,890 | 4,451 | 59,136 | 1,191 | 5,044 | 6,053 | 21,861 | 22,902 | 2,085 | 0 |
| M-NCPPC Contributions | 5,000 | 0 | 5,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Montgomery Housing Initiative Fund | 2,500 | 2,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Municipal (WSSC only) | 51,711 | 26,564 | 2,906 | 20,904 | 3,551 | 7,088 | 5,080 | 3,227 | 1,003 | 955 | 1,337 |
| P&P ALA Bonds | 16,200 | 16,200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Park and Planning Bonds | 42,496 | 3,466 | 7,254 | 29,220 | 8,521 | 6,878 | 3,555 | 3,897 | 3,261 | 3,108 | 2,556 |
| PAYGO | 151,128 | 151,128 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| POS-Stateside (P&P only) | 5,200 | 200 | 0 | 5,000 | 0 | 0 | 500 | 1,500 | 1,500 | 1,500 | 0 |
| Program Open Space | 46,479 | 8,348 | 6,007 | 32,124 | 8,975 | 4,775 | 4,075 | 6,352 | 4,447 | 3,500 | 0 |
| Qualified Zone Academy Funds | 4,152 | 4,001 | 151 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Recordation Tax | 9,018 | 9,018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Recordation Tax Premium | 31,713 | 1,710 | 3,952 | 26,051 | 0 | 4,350 | 4,677 | 5,254 | 5,650 | 6,120 | 0 |
| Rental Income - General | 59 | 59 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rental Income - Roads | 2 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revenue Authority | 81,004 | 74,933 | 1,055 | 5,016 | 750 | 665 | 908 | 975 | 1,043 | 675 | 0 |
| Revenue Bonds | 93,708 | 44,737 | 7,490 | 41,481 | 40,565 | 916 | 0 | 0 | 0 | 0 | 0 |
| Revenue Bonds: Liquor Fund | 133,119 | 55,357 | 28,362 | 49,400 | 17,616 | 12,622 | 14,370 | 4,792 | 0 | 0 | 0 |
| Revolving (P&P only) | 18,357 | 11,357 | 1,000 | 6,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 0 |
| Revolving Fund - Current Revenue | 6,804 | 6,137 | 667 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revolving Fund - G.O. Bonds | 44,810 | 16,785 | 4,025 | 24,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 0 |
| School Facilities Payment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Schools Impact Tax | 92,371 | 25,871 | 11,000 | 55,500 | 7,960 | 8,480 | 8,890 | 9,520 | 10,000 | 10,650 | 0 |
| Short-Term Financing | 167,281 | 62,241 | 45,030 | 60,010 | 10,045 | 24,307 | 19,648 | 6,010 | 0 | 0 | 0 |
| Short-term Financing: College | 4,514 | 0 | 0 | 4,514 | 4,514 | 0 | 0 | 0 | 0 | 0 | 0 |
| Solid Waste Disposal Fund | 30,967 | 25,876 | 5,091 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State Aid | 1,280,481 | 371,653 | 110,056 | 725,667 | 122,104 | 162,276 | 153,684 | 103,074 | 87,947 | 96,582 | 73,105 |
| State Bonds (P&P only) | 1,500 | 0 | 0 | 1,500 | 500 | 1,000 | 0 | 0 | 0 | 0 | 0 |
| State DNR (P&P only) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State ICC Funding (M-NCPPC Only) | 2,000 | 0 | 125 | 1,875 | 700 | 1,000 | 175 | 0 | 0 | 0 | 0 |
| Stormwater Management Waiver Fees | 4,716 | 3,226 | 1,490 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| System Development Charge | 267,328 | 53,363 | 52,167 | 161,798 | 59,914 | 57,985 | 39,303 | 4,596 | 0 | 0 | 0 |
| TEA-21 | 2,368 | 1,056 | 1,312 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transportation Enhancement Program | 1,589 | 0 | 1,089 | 500 | 500 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transportation Improvement Credit | 1,125 | 1,125 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Urban District - Bethesda | 435 | 116 | 319 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Urban District - Silver Spring | 150 | 150 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Water Quality Protection Bonds | 94,270 | 0 | 0 | 94,270 | 7,125 | 9,415 | 18,515 | 19,125 | 22,025 | 18,065 | 0 |
| Water Quality Protection Charge | 12,794 | 1,692 | 4,077 | 7,025 | 925 | 1,200 | 1,350 | 1,350 | 1,100 | 1,100 | 0 |
| WSSC Bonds | 1,742,433 | 543,271 | 89,941 | 1,086,211 | 157,051 | 346,199 | 270,900 | 165,042 | 100,567 | 46,452 | 23,010 |
| Total | 10,800,461 | 3,245,916 | 1,224,708 | 5,657,498 | 1,116,816 | 1,311,998 | 1,063,005 | 871,847 | 700,239 | 593,593 | 672,339 |

45-4



(4)

Funding Detail by Revenue Source, Department/Agency and Project (\$000s)

Short-Term Financing - MCG

45-92

| Project | Total | Thru FY09 | Est. FY10 | 6 Year Total | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | Beyond 6 Years |
|--|---------|--------------|--------------|-----------------|--------|--------|--------|-------|------|------|-------------------|
| <i>County Executive</i> | | | | | | | | | | | |
| 1 150701 Technology Modernization - MCG | 35,489 | 2,587 | 21,857 | 11,045 | 5,633 | 5,412 | 0 | 0 | 0 | 0 | 0 |
| Sub-Total | 35,489 | 2,587 | 21,857 | 11,045 | 5,633 | 5,412 | 0 | 0 | 0 | 0 | 0 |
| <i>Fire/Rescue Service</i> | | | | | | | | | | | |
| 2 450600 Fire Apparatus Replacement | 30,735 | 29,891 | 844 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-Total | 30,735 | 29,891 | 844 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>General Services</i> | | | | | | | | | | | |
| 3 361112 Fuel Management | 2,487 | 0 | 0 | 2,487 | 1,362 | 1,125 | 0 | 0 | 0 | 0 | 0 |
| Sub-Total | 2,487 | 0 | 0 | 2,487 | 1,362 | 1,125 | 0 | 0 | 0 | 0 | 0 |
| <i>Liquor Control</i> | | | | | | | | | | | |
| 4 850500 Temperature Controlled Liquor Warehouse | 776 | 776 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-Total | 776 | 776 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Recreation</i> | | | | | | | | | | | |
| 5 720601 Cost Sharing: MCG | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Technology Services</i> | | | | | | | | | | | |
| 6 340901 Public Safety System Modernization | 46,478 | 0 | 0 | 46,478 | 3,050 | 17,770 | 19,648 | 6,010 | 0 | 0 | 0 |
| 7 349657 Public Safety Mobile Data Sys. | 28,634 | 28,634 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-Total | 75,112 | 28,634 | 0 | 46,478 | 3,050 | 17,770 | 19,648 | 6,010 | 0 | 0 | 0 |
| <i>Transportation</i> | | | | | | | | | | | |
| 8 500821 Ride On Bus Fleet | 22,682 | 353 | 22,329 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-Total | 22,682 | 353 | 22,329 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revenue Source Total | 167,281 | 62,241 | 45,030 | 60,010 | 10,045 | 24,307 | 19,648 | 6,010 | 0 | 0 | 0 |



Funding Detail by Revenue Source, Department/Agency and Project (\$000s)

Short-term Financing: College

| Project | Total | Thru FY09 | Est. FY10 | 6 Year Total | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | Beyond 6 Years |
|--|-------|--------------|--------------|-----------------|-------|------|------|------|------|------|-------------------|
| <i>Montgomery College</i> | | | | | | | | | | | |
| 9 856509 Information Technology: College | 4,514 | 0 | 0 | 4,514 | 4,514 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-Total | 4,514 | 0 | 0 | 4,514 | 4,514 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revenue Source Total | 4,514 | 0 | 0 | 4,514 | 4,514 | 0 | 0 | 0 | 0 | 0 | 0 |

45-93

Funding Detail by Revenue Source, Department/Agency and Project (\$000s)

Interim Finance

| Project | Total | Thru FY09 | Est. FY10 | 6 Year Total | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | Beyond 6 Years | |
|---|----------------|--------------|---------------|-----------------|---------------|---------------|---------------|---------------|----------|----------|-------------------|--|
| <i>Fire/Rescue Service</i> | | | | | | | | | | | | |
| 1 470907 PSTA and Multi-Agency Service Park | 48,241 | 0 | 48,241 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 2 471102 Public Safety Training Academy (PSTA) Relocation | 5,515 | 0 | 0 | 5,515 | 4,224 | 1,291 | 0 | 0 | 0 | 0 | 0 | |
| Sub-Total | 53,756 | 0 | 48,241 | 5,515 | 4,224 | 1,291 | 0 | 0 | 0 | 0 | 0 | |
| <i>General Services</i> | | | | | | | | | | | | |
| 3 360902 Montgomery County Radio Shop Relocation | 7,920 | 0 | 0 | 7,920 | 503 | 2,063 | 5,354 | 0 | 0 | 0 | 0 | |
| 4 361109 MCPS & M-NCPPC Maintenance Facilities Relocation | 4,447 | 0 | 0 | 4,447 | 2,577 | 1,870 | 0 | 0 | 0 | 0 | 0 | |
| 5 361111 MCPS Food Distribution Facility Relocation | 29,179 | 0 | 0 | 29,179 | 3,781 | 18,827 | 6,571 | 0 | 0 | 0 | 0 | |
| 6 470906 Public Safety Headquarters | 0 | 0 | 13,487 | 65,596 | 15,455 | 141 | 0 | 50,000 | 0 | 0 | -79,083 | |
| Sub-Total | 41,546 | 0 | 13,487 | 107,142 | 22,316 | 22,901 | 11,925 | 50,000 | 0 | 0 | -79,083 | |
| <i>Transportation</i> | | | | | | | | | | | | |
| 7 500933 Equipment Maintenance and Operations Center (EMOC) | 127,667 | 0 | 30,000 | 97,667 | 52,838 | 44,829 | 0 | 0 | 0 | 0 | 0 | |
| Sub-Total | 127,667 | 0 | 30,000 | 97,667 | 52,838 | 44,829 | 0 | 0 | 0 | 0 | 0 | |
| Revenue Source Total | 222,969 | 0 | 91,728 | 210,324 | 79,378 | 69,021 | 11,925 | 50,000 | 0 | 0 | -79,083 | |

79,083
 309,050

45-60

DEBT SERVICE, tax supported

Note: debt service on all interim financing is interest only and is included in the row for GO bonds

I. Amount by fiscal year

| | Type of financing | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 estimated | FY11 budget | % in FY11 |
|----|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------|
| 6 | GO bonds | 177,626,993 | 190,105,430 | 206,778,993 | 222,980,816 | 208,057,520 | 221,287,180 | 237,140,950 | 91.2% |
| 7 | Long term leases | 11,920,506 | 11,793,068 | 11,774,827 | 12,115,942 | 15,893,199 | 15,336,140 | 14,913,500 | 5.7% |
| 8 | Short term leases, short term financing | 11,434,132 | 11,078,987 | 882,219 | 871,600 | 591,728 | 1,850,630 | 7,301,260 | 2.8% |
| 9 | Other long term debt | 110,360 | 55,180 | 0 | 0 | 0 | 400,000 | 735,670 | 0.3% |
| 10 | Total | 201,091,991 | 213,032,665 | 219,436,039 | 235,968,358 | 224,542,447 | 238,873,950 | 260,091,380 | 100.0% |

Projected →

| | Type of financing | FY11 budget | FY12 | FY13 | FY14 | FY15 | FY16 |
|----|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 15 | GO bonds | 237,140,950 | 265,319,460 | 293,306,800 | 315,363,430 | 335,439,790 | 355,700,460 |
| 16 | Long term leases | 14,913,500 | 14,876,260 | 13,948,570 | 12,807,640 | 12,771,550 | 12,735,830 |
| 17 | Short term leases, short term financing | 7,301,260 | 9,869,110 | 17,727,480 | 24,861,440 | 25,936,180 | 19,484,100 |
| 18 | Other long term debt | 735,670 | 735,670 | 735,670 | 735,670 | 735,620 | 735,620 |
| 19 | Total | 260,091,380 | 290,800,500 | 325,718,520 | 353,768,180 | 374,883,140 | 388,656,010 |

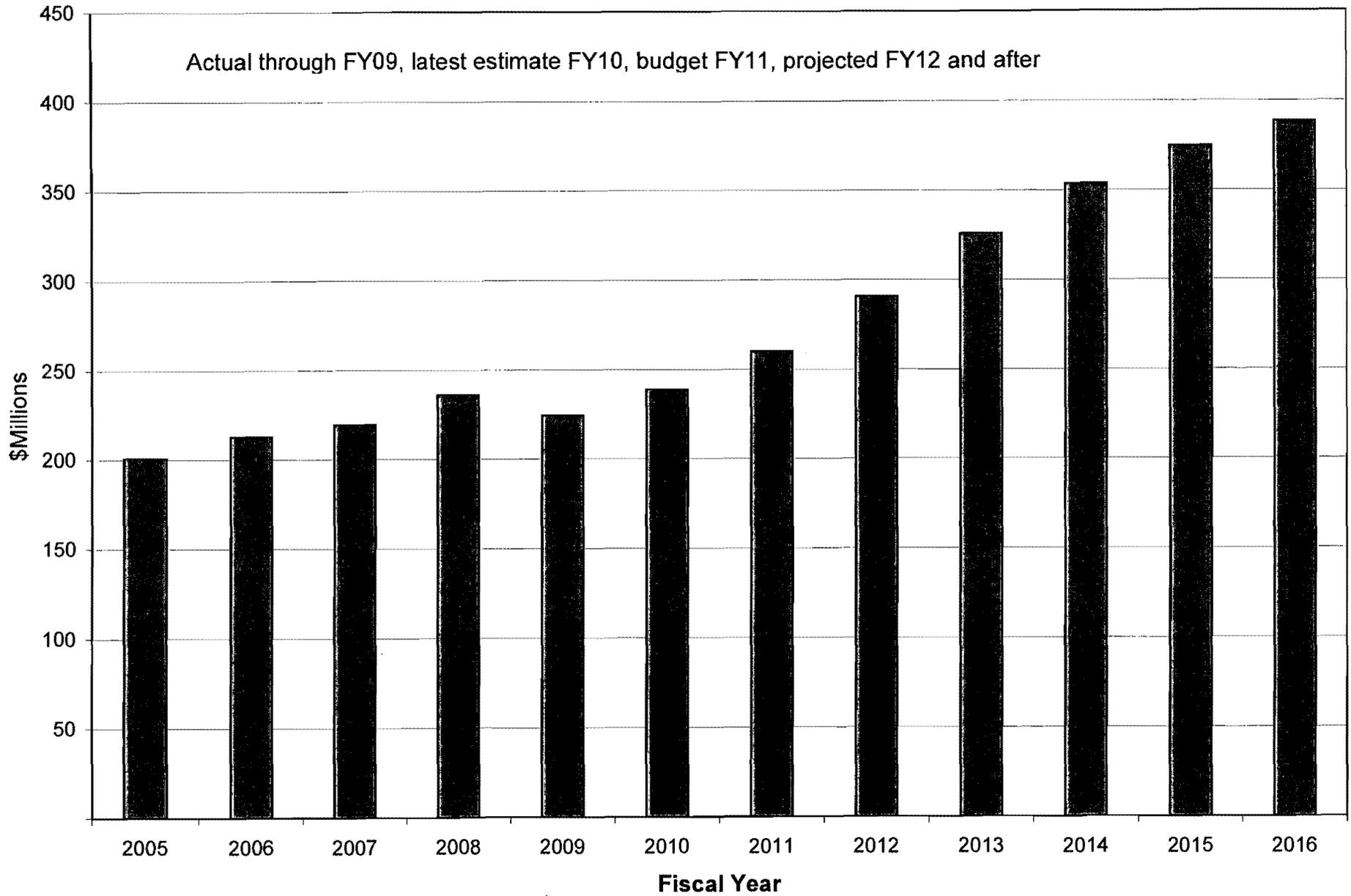
II. Amount increase from previous year

| | Type of financing | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 estimated | FY11 budget |
|----|---|------|-------------------|------------------|-------------------|---------------------|-------------------|-------------------|
| 24 | GO bonds | | 12,478,437 | 16,673,563 | 16,201,823 | (14,923,296) | 13,229,660 | 15,853,770 |
| 25 | Long term leases | | (127,438) | (18,241) | 341,115 | 3,777,257 | (557,059) | (422,640) |
| 26 | Short term leases, short term financing | | (355,145) | (10,196,768) | (10,619) | (279,872) | 1,258,902 | 5,450,630 |
| 27 | Other long term debt | | (55,180) | (55,180) | 0 | 0 | 400,000 | 335,670 |
| 28 | Total | | 11,940,674 | 6,403,374 | 16,532,319 | (11,425,911) | 14,331,503 | 21,217,430 |

Projected →

| | Type of financing | FY11 budget | FY12 | FY13 | FY14 | FY15 | FY16 |
|----|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 33 | GO bonds | 15,853,770 | 28,178,510 | 27,987,340 | 22,056,630 | 20,076,360 | 20,260,670 |
| 34 | Long term leases | (422,640) | (37,240) | (927,690) | (1,140,930) | (36,090) | (35,720) |
| 35 | Short term leases, short term financing | 5,450,630 | 2,567,850 | 7,858,370 | 7,133,960 | 1,074,740 | (6,452,080) |
| 36 | Other long term debt | 335,670 | 0 | 0 | 0 | (50) | 0 |
| 37 | Total | 21,217,430 | 30,709,120 | 34,918,020 | 28,049,660 | 21,114,960 | 13,772,870 |

TAX SUPPORTED DEBT SERVICE



DEBT SERVICE - GENERAL OBLIGATION BONDS, LONG & SHORT TERM LEASES AND OTHER DEBT

| | Actual FY08 | Actual FY09 | Budget FY10 | Estimated FY10 | Recommended FY11 | % Chg Rec/Bud | App % GO Bonds |
|--|--------------------|--------------------|--------------------|--------------------|---------------------|------------------|-------------------|
| GO BOND DEBT SERVICE EXPENDITURES | | | | | | | |
| General County | 27,416,273 | 26,072,025 | 27,556,930 | 25,845,700 | 26,755,120 | | 11.6% |
| Roads & Storm Drains | 53,643,535 | 49,276,790 | 53,243,820 | 51,741,110 | 54,807,900 | | 23.8% |
| Public Housing | 250,417 | 175,005 | 108,320 | 108,320 | 87,540 | | 0.0% |
| Parks | 7,255,370 | 7,064,767 | 7,554,290 | 7,376,550 | 8,264,900 | | 3.6% |
| Public Schools | 109,293,160 | 102,354,007 | 111,292,490 | 109,790,040 | 112,965,990 | | 49.1% |
| Montgomery College | 7,708,907 | 7,912,457 | 10,451,460 | 9,379,290 | 10,601,800 | | 4.6% |
| Bond Anticipation Notes/Commercial Paper | 5,564,456 | 4,121,080 | 3,023,700 | 2,887,850 | 1,962,500 | | |
| Bond Anticipation Notes/Liquidity & Remarketing | - | - | - | 1,447,800 | 4,000,000 | | |
| Cost of Issuance: General Fund | 892,924 | 922,301 | 1,060,220 | 852,200 | 1,088,320 | | |
| Total General Fund | 212,025,042 | 197,898,432 | 214,291,230 | 209,428,860 | 220,534,070 | 2.9% | 92.8% |
| Fire Tax District Fund | 3,560,618 | 3,416,221 | 3,970,910 | 3,807,570 | 5,236,630 | | 2.3% |
| Mass Transit Fund | 2,321,315 | 2,028,746 | 2,447,450 | 2,696,310 | 3,489,700 | | 1.5% |
| Recreation Fund | 5,034,794 | 4,676,758 | 5,012,400 | 5,318,770 | 7,846,590 | | 3.4% |
| Bradley Noise Abatement Fund | 30,111 | 28,810 | 27,500 | 27,500 | 26,180 | | 0.0% |
| Cabin John Noise Abatement Fund | 8,936 | 8,553 | 8,170 | 8,170 | 7,780 | | 0.0% |
| Total Tax Supported Other Funds | 10,955,774 | 10,159,088 | 11,466,430 | 11,858,320 | 16,606,880 | 44.8% | 7.2% |
| TOTAL TAX SUPPORTED | 222,980,816 | 208,057,520 | 225,757,660 | 221,287,180 | 237,140,950 | 5.0% | 100.0% |
| Non-Tax Supported | | | | | | | |
| Solid Waste Disposal Fund | 2,447 | - | - | - | - | | 0.0% |
| Total Non-Tax Supported | 2,447 | - | - | - | - | 0.0% | 0.0% |
| TOTAL GO BOND DEBT SERVICE EXPENDITURES | 222,983,263 | 208,057,520 | 225,757,660 | 221,287,180 | 237,140,950 | 5.0% | 100.0% |
| LONG-TERM LEASE EXPENDITURES | | | | | | | |
| Revenue Authority - Conference Center | 2,216,061 | 2,490,519 | 1,903,290 | 1,903,290 | 1,901,650 | | |
| Revenue Authority - HHS Piccard Drive | 633,488 | 632,698 | 635,700 | 635,700 | 632,480 | | |
| Silver Spring Garages | 5,591,008 | 5,553,516 | 5,590,330 | 5,590,330 | 5,544,320 | | |
| Revenue Authority - Recreation Pools | 3,041,772 | 2,662,966 | 2,664,820 | 2,664,820 | 2,325,820 | | |
| Fire and Rescue Equipment | 633,613 | 4,553,500 | 4,542,000 | 4,542,000 | 4,509,230 | | |
| TOTAL LONG-TERM LEASE EXPENDITURES | 12,115,942 | 15,893,199 | 15,336,140 | 15,336,140 | 14,913,500 | | |
| SHORT-TERM LEASE EXPENDITURES / FINANCING | | | | | | | |
| Technology Modernization Project | - | - | 2,026,970 | 1,850,630 | 3,701,260 | | |
| Ride On Buses | - | - | 2,644,250 | - | 3,600,000 | | |
| Short Term Financing - Kay Property | 871,600 | 591,728 | - | - | - | | |
| TOTAL SHORT-TERM LEASE EXPENDITURES | 871,600 | 591,728 | 4,671,220 | 1,850,630 | 7,301,260 | | |
| OTHER LONG-TERM DEBT | | | | | | | |
| Silver Spring Music Venue - Tax supported | - | - | 335,670 | - | 335,670 | | |
| Site II Acquisition - Tax supported | - | - | 400,000 | 400,000 | 400,000 | | |
| MHI-HUD Loan - Non-Tax supported | 78,255 | 76,862 | 75,300 | 75,300 | 73,580 | | |
| Water Quality Protection Bonds - Non-Tax supported | - | - | - | - | 413,480 | | |
| MHI - Property Acquisition Fund - Non-tax supported | - | - | 2,180,000 | - | 2,500,000 | | |
| TOTAL OTHER LONG-TERM DEBT | 78,255 | 76,862 | 2,990,970 | 475,300 | 3,722,730 | 24.5% | |
| DEBT SERVICE EXPENDITURES | | | | | | | |
| Tax Supported | 235,968,358 | 224,542,447 | 246,500,690 | 238,873,950 | 260,091,380 | | |
| Non-Tax Supported - Other & GO Bond Debt | 80,702 | 76,862 | 2,255,300 | 75,300 | 2,987,060 | | |
| TOTAL DEBT SERVICE EXPENDITURES | 236,049,060 | 224,619,309 | 248,755,990 | 238,949,250 | 263,078,440 | 5.8% | |
| GO BOND DEBT SERVICE FUNDING SOURCES | | | | | | | |
| General Funds | 206,179,168 | 195,205,792 | 131,255,210 | 125,084,450 | 215,393,520 | | |
| MCPS Reimbursement | - | - | 79,537,320 | 79,537,320 | - | | |
| Accrued Interest: GO Bonds-Non Pooled | 729,167 | 623,264 | 575,000 | - | 575,000 | | |
| Accrued Interest: Installmt Notes, I&P, Street Assessmts | 468,035 | 896,190 | - | 21,280 | 17,570 | | |
| BAN/Commercial Paper Investment Income | 5,068,687 | 1,412,223 | 2,000,000 | 255,220 | 689,570 | | |
| Federal Subsidy on General Obligation Bonds | - | - | - | 1,757,720 | 3,858,410 | | |
| Premium on General Obligation Bonds | - | - | - | 2,772,870 | - | | |
| Total General Fund Sources | 212,445,057 | 198,137,469 | 213,367,530 | 209,428,860 | 220,534,070 | | |
| Fire Tax District Funds | 3,146,701 | 3,164,512 | 3,970,910 | 3,807,570 | 5,236,630 | | |
| Mass Transit Fund | 2,323,084 | 2,044,754 | 2,447,450 | 2,696,310 | 3,489,700 | | |
| Recreation Fund | 5,026,927 | 4,673,423 | 5,012,400 | 5,318,770 | 7,846,590 | | |
| Bradley Noise Abatement Fund | 30,111 | 28,810 | 27,500 | 27,500 | 26,180 | | |
| Cabin John Noise Abatement Fund | 8,936 | 8,552 | 8,170 | 8,170 | 7,780 | | |
| Solid Waste Disposal Fund | 2,447 | - | - | - | - | | |
| Total Other Funding Sources | 10,538,206 | 9,920,051 | 11,466,430 | 11,858,320 | 16,606,880 | | |
| TOTAL GO BOND FUNDING SOURCES | 222,983,263 | 208,057,520 | 224,833,960 | 221,287,180 | 237,140,950 | | |
| NON GO BOND FUNDING SOURCES | | | | | | | |
| General Funds | 9,312,157 | 9,268,461 | 11,815,660 | 10,379,950 | 12,515,380 | | |
| MHI Fund - HUD Loan | 78,255 | 76,862 | 75,300 | 75,300 | 73,580 | | |
| Water Quality Protection Bonds - Non-Tax supported | - | - | - | - | 413,480 | | |
| MHI Fund - Property Acquisition Fund | - | - | 2,180,000 | - | 2,500,000 | | |
| Mass Transit Fund | - | - | 2,644,250 | - | 3,600,000 | | |
| Recreation Fund | 3,041,772 | 2,662,966 | 2,664,820 | 2,664,820 | 2,325,820 | | |
| Fire Tax District Fund | 633,613 | 4,553,500 | 4,542,000 | 4,542,000 | 4,509,230 | | |
| TOTAL NON GO BOND FUNDING SOURCES | 13,065,797 | 16,561,789 | 23,922,030 | 17,662,070 | 25,937,490 | | |
| TOTAL FUNDING SOURCES | 236,049,060 | 224,619,309 | 248,755,990 | 238,949,250 | 263,078,440 | | |
| TRANSFERS | | | | | | | |
| FROM: RSF Investment Income | 5,763,222 | 2,005,903 | 1,316,000 | 311,080 | - | | |
| TO: CIP - PAYGO | 5,763,222 | 2,005,903 | 1,316,000 | 311,080 | - | | |
| TOTAL GENERAL OBLIGATION BOND SALES | | | | | | | |
| Actual and Estimated Bond Sales | - | 250,000,000 | 310,000,000 | 310,000,000 | 325,000,000 | | |
| Council SAG Approved Issues | - | - | 320,000,000 | 320,000,000 | 325,000,000 | | |

10

DEBT SERVICE - GENERAL OBLIGATION BONDS AND LONG & SHORT TERM LEASES AND OTHER DEBT

| | Recommended FY11 | Projected FY12 | Projected FY13 | Projected FY14 | Projected FY15 | Projected FY16 |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| GO BOND DEBT SERVICE EXPENDITURES | | | | | | |
| General County | 26,755,120 | 33,773,830 | 40,267,770 | 46,774,080 | 49,777,360 | 51,997,290 |
| Roads & Storm Drains | 54,807,900 | 57,176,010 | 60,235,550 | 63,474,160 | 68,509,540 | 73,191,830 |
| Public Housing | 87,540 | 292,220 | 522,050 | 508,160 | 494,270 | 480,380 |
| Parks | 8,264,900 | 8,898,150 | 9,518,940 | 10,358,020 | 10,544,400 | 9,963,720 |
| Public Schools | 112,965,990 | 123,176,730 | 132,772,760 | 138,686,810 | 148,122,130 | 157,803,370 |
| Montgomery College | 10,601,800 | 12,733,700 | 13,924,000 | 14,530,970 | 15,632,340 | 16,903,680 |
| Bond Anticipation Notes/Commercial Paper | 1,962,500 | 4,902,090 | 9,234,380 | 11,937,500 | 11,937,500 | 12,932,300 |
| Bond Anticipation Notes/Liquidity & Remarketing | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 |
| Cost of Issuance | 1,088,320 | 1,116,610 | 1,145,090 | 1,173,720 | 1,203,060 | 1,233,130 |
| Total General Fund | 220,534,070 | 246,069,340 | 271,620,540 | 291,443,420 | 310,220,600 | 328,505,700 |
| Fire Tax District Fund | 5,236,630 | 6,040,180 | 6,852,850 | 7,902,170 | 8,742,450 | 7,890,200 |
| Mass Transit Fund | 3,489,700 | 4,107,670 | 4,380,710 | 4,784,220 | 5,446,850 | 10,174,750 |
| Recreation Fund | 7,846,590 | 9,070,010 | 10,422,150 | 11,233,620 | 11,029,890 | 9,129,810 |
| Bradley Noise Abatement Fund | 26,180 | 24,870 | 23,550 | - | - | - |
| Cabin John Noise Abatement Fund | 7,780 | 7,390 | 7,000 | - | - | - |
| Total Tax Supported Other Funds | 16,606,880 | 19,250,120 | 21,686,260 | 23,920,010 | 25,219,190 | 27,194,760 |
| TOTAL TAX SUPPORTED | 237,140,950 | 265,319,460 | 293,306,800 | 315,363,430 | 335,439,790 | 355,700,460 |
| TOTAL GO BOND DEBT SERVICE EXPENDITURES | 237,140,950 | 265,319,460 | 293,306,800 | 315,363,430 | 335,439,790 | 355,700,460 |
| LONG-TERM LEASE EXPENDITURES | | | | | | |
| Revenue Authority - Conference Center | 1,901,650 | 1,903,890 | 995,440 | 993,190 | 993,190 | 996,020 |
| Revenue Authority - HHS Piccard Drive | 632,480 | 633,040 | 636,870 | 638,390 | 638,580 | 642,520 |
| Silver Spring Garages | 5,544,320 | 5,554,170 | 5,574,890 | 5,561,410 | 5,563,880 | 5,538,040 |
| Revenue Authority - Recreation Pools | 2,325,820 | 2,325,680 | 2,323,020 | 1,834,050 | 1,834,300 | 1,836,050 |
| Fire and Rescue Equipment | 4,509,230 | 4,459,480 | 4,418,350 | 3,780,600 | 3,741,600 | 3,723,200 |
| TOTAL LONG-TERM LEASE EXPENDITURES | 14,913,500 | 14,876,260 | 13,948,570 | 12,807,640 | 12,771,550 | 12,735,830 |
| SHORT-TERM LEASE EXPENDITURES / FINANCING | | | | | | |
| Technology Modernization Project | 3,701,260 | 4,850,490 | 5,999,730 | 5,999,730 | 5,999,730 | 5,999,730 |
| Ride On Buses | 3,600,000 | 3,600,000 | 3,600,000 | 3,600,000 | 3,600,000 | 3,600,000 |
| Public Safety System Modernization | - | 1,107,420 | 7,559,500 | 14,693,460 | 15,768,200 | 9,316,120 |
| Fire and Rescue Fuel Management System | - | 311,200 | 568,250 | 568,250 | 568,250 | 568,250 |
| TOTAL SHORT-TERM LEASE EXPENDITURES | 7,301,260 | 9,869,110 | 17,727,480 | 24,861,440 | 25,936,180 | 19,484,100 |
| OTHER LONG-TERM DEBT | | | | | | |
| Silver Spring Music Venue - Tax supported | 335,670 | 335,670 | 335,670 | 335,670 | 335,620 | 335,620 |
| Site II Acquisition - Tax Supported | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| MHI-HUD Loan - Non-Tax supported | 73,580 | 71,730 | 69,770 | 67,730 | 65,630 | 65,630 |
| Water Quality Protection Bonds - Non-Tax supported | 413,480 | 1,633,230 | 2,532,750 | 5,266,990 | 6,135,200 | 8,960,540 |
| Property Acquisition Fund - Non-tax supported | 2,500,000 | 4,700,000 | 6,900,000 | 8,660,000 | 8,660,000 | 8,660,000 |
| TOTAL OTHER LONG-TERM DEBT | 3,722,730 | 7,140,630 | 10,238,190 | 14,730,390 | 15,596,450 | 18,421,790 |
| DEBT SERVICE EXPENDITURES | | | | | | |
| Tax Supported | 260,091,380 | 290,800,500 | 325,718,520 | 353,768,180 | 374,883,140 | 388,656,010 |
| Non-Tax Supported - Other Long-term Debt | 2,987,060 | 6,404,960 | 9,502,520 | 13,994,720 | 14,860,830 | 17,686,170 |
| TOTAL DEBT SERVICE EXPENDITURES | 263,078,440 | 297,205,460 | 335,221,040 | 367,762,900 | 389,743,970 | 406,342,180 |
| GO BOND DEBT SERVICE FUNDING SOURCES | | | | | | |
| General Funds | 215,393,520 | 240,175,680 | 264,212,020 | 283,848,340 | 302,230,310 | 320,419,300 |
| MCPS Reimbursement | - | - | - | - | - | - |
| Accrued Interest on Bonds - Non-Pooled | 575,000 | 575,000 | 575,000 | 575,000 | 575,000 | 575,000 |
| Accrued Interest: Installmt Notes, I&P, Street Assessmts | 17,570 | - | - | - | - | - |
| BAN/Commercial Paper Investment Income | 689,570 | 1,460,250 | 2,975,110 | 3,161,670 | 3,556,880 | 3,754,480 |
| Federal Subsidy on General Obligation Bonds | 3,858,410 | 3,858,410 | 3,858,410 | 3,858,410 | 3,858,410 | 3,756,920 |
| Total General Fund Sources | 220,534,070 | 246,069,340 | 271,620,540 | 291,443,420 | 310,220,600 | 328,505,700 |
| Fire Tax District Fund | 5,236,630 | 6,040,180 | 6,852,850 | 7,902,170 | 8,742,450 | 7,890,200 |
| Mass Transit Fund | 3,489,700 | 4,107,670 | 4,380,710 | 4,784,220 | 5,446,850 | 10,174,750 |
| Recreation Fund | 7,846,590 | 9,070,010 | 10,422,150 | 11,233,620 | 11,029,890 | 9,129,810 |
| Bradley Noise Abatement Fund | 26,180 | 24,870 | 23,550 | - | - | - |
| Cabin John Noise Abatement Fund | 7,780 | 7,390 | 7,000 | - | - | - |
| Total Other Funding Sources | 16,606,880 | 19,250,120 | 21,686,260 | 23,920,010 | 25,219,190 | 27,194,760 |
| TOTAL GO BOND FUNDING SOURCES | 237,140,950 | 265,319,460 | 293,306,800 | 315,363,430 | 335,439,790 | 355,700,460 |
| NON GO BOND FUNDING SOURCES | | | | | | |
| General Funds | 12,515,380 | 14,784,680 | 21,502,100 | 28,621,850 | 29,699,200 | 23,228,050 |
| MHI Fund - HUD Loan | 73,580 | 71,730 | 69,770 | 67,730 | 65,630 | 65,630 |
| Water Quality Protection Bonds - Non-Tax supported | 413,480 | 1,633,230 | 2,532,750 | 5,266,990 | 6,135,200 | 8,960,540 |
| MHI Fund - Property Acquisition Fund | 2,500,000 | 4,700,000 | 6,900,000 | 8,660,000 | 8,660,000 | 8,660,000 |
| Mass Transit Fund | 3,600,000 | 3,600,000 | 3,600,000 | 3,600,000 | 3,600,000 | 3,600,000 |
| Recreation Fund | 2,325,820 | 2,325,680 | 2,323,020 | 1,834,050 | 1,834,300 | 1,836,050 |
| Fire Tax District Fund | 4,509,230 | 4,770,680 | 4,986,600 | 4,348,850 | 4,309,850 | 4,291,540 |
| TOTAL NON GO BOND FUNDING SOURCES | 25,937,490 | 31,886,000 | 41,914,240 | 52,399,470 | 54,304,180 | 50,641,720 |
| TOTAL FUNDING SOURCES | 263,078,440 | 297,205,460 | 335,221,040 | 367,762,900 | 389,743,970 | 406,342,180 |
| TRANSFERS | | | | | | |
| FROM: RSF Investment Income | - | - | - | - | - | - |
| TO: CIP - PAYGO | - | - | - | - | - | - |
| Actual and Estimated Bond Sales | 325,000,000 | 325,000,000 | 325,000,000 | 325,000,000 | 325,000,000 | 325,000,000 |
| Council SAG Approved Issues | 325,000,000 | 325,000,000 | 325,000,000 | 325,000,000 | 325,000,000 | 325,000,000 |
| ESTIMATED INTEREST RATE | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |

(11)

DEBT CAPACITY ANALYSIS

FY11-16 Capital Improvements Program

COUNTY EXECUTIVE RECOMMENDED

MARCH 15, 2010

GO BOND 6 YR TOTAL = 1,950.0 MILLION

GO BOND FY11 TOTAL = 325.0 MILLION

GO BOND FY12 TOTAL = 325.0 MILLION

| | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 1 New GO Debt Issued (\$000s) | 310,000 | 325,000 | 325,000 | 325,000 | 325,000 | 325,000 | 325,000 |
| 2 GO Debt/Assessed Value | 1.24% | 1.40% | 1.46% | 1.47% | 1.47% | 1.44% | 1.39% |
| 3 Debt Service + LTL + Short-Term Leases/Revenues (GF) | 8.75% | 9.03% | 9.84% | 10.64% | 11.08% | 11.13% | 11.04% |
| 4 \$ Debt/Capita | 2,239 | 2,498 | 2,639 | 2,762 | 2,872 | 2,969 | 3,058 |
| 5 \$ Real Debt/Capita (FY10=100%) | 2,239 | 2,446 | 2,528 | 2,583 | 2,617 | 2,632 | 2,632 |
| 6 Capita Debt/Capita Income | 3.11% | 3.49% | 3.56% | 3.57% | 3.55% | 3.53% | 3.53% |
| 7 Payout Ratio | 69.56% | 68.59% | 68.12% | 67.91% | 67.95% | 68.17% | 68.47% |
| 8 Total Debt Outstanding (\$000s) | 2,163,274 | 2,442,635 | 2,610,455 | 2,765,125 | 2,909,660 | 3,042,940 | 3,164,765 |
| 9 Real Debt Outstanding (FY10=100%) | 2,163,274 | 2,392,395 | 2,500,502 | 2,585,317 | 2,651,514 | 2,697,441 | 2,723,722 |
| 10 Note: OP/PSP Growth Assumption (2) | 4.6% | 3.8% | 2.9% | 3.6% | 4.2% | 5.1% | 4.1% |

Notes:

(1) This analysis is used to determine the capacity of Montgomery County to pay debt service on long-term GO Bond debt, long-term leases, and substantial short-term financing.

(2) OP/PSP Growth Assumption equals change in revenues from FY10 approved budget to FY11 budget for FY11 and budget to budget for FY12-16.