
Debt Service

MISSION STATEMENT

This section provides budget data for the repayment of general obligation bond issues, and other long- and short-term financing for public facilities, equipment, and infrastructure in the Debt Service Fund for all tax supported County agencies (MCG, M-NCPPC, MCPS, and Montgomery College), as well as other associated costs. Non-tax supported debt repayment related to the MHI Property Acquisition Fund and Water Quality Protection bonds are also included.

BUDGET OVERVIEW

The total approved FY15 Operating Budget for Debt Service is \$348,909,400 an increase of \$29,225,530 or 9.1 percent from the FY14 approved budget of \$319,683,870. This amount includes long-term lease expenditures of \$7,195,620, short-term financing of \$19,257,750 and other long-term debt of \$11,340,820. The budget excludes \$65,630 in debt service, which is appropriated in a non-tax supported fund.

FY15 Approved Changes

The Debt Service appropriation increase of 9.1 percent is primarily due to additional financing needs for General Obligation (G.O.) Bonds, short-term leases and other long-term debt.

G.O. Bonds are issued by the County to finance a major portion of the construction of long-lived additions or improvements to the County's publicly-owned infrastructure. The County's budget and fiscal plan for these improvements is known as the Capital Improvements Program (CIP) and is published separately from the Operating Budget and Public Services Program. Currently, G.O. Bonds are anticipated to fund approximately 48.1 percent of the County's capital expenditures for the six years of the Approved FY15-20 CIP. Other long-term debt includes financing for the Silver Spring Music Venue, Site II Acquisition, Affordable Housing, Stormwater Management Water Quality Protection Charge Bonds, and Qualified Energy Conservation Bonds.

Long-term leases are similar to debt service in that they are long-term commitments of County funds for the construction or purchase of long-lived assets. They are displayed and appropriated within the Debt Service Fund. Short-term financings, where the payments represent a substantial County commitment for the acquisition of assets which have a shorter life, but still result in a substantial asset, are also displayed and appropriated within this Fund.

The FY15 Debt Service budget is predicated on the bond issue requirements in the Approved CIP, adjusted for inflation, and implementation of the capital program at a projected 86.5 percent rate for FY15-FY20. An interest cost of 5.5 percent was budgeted for the Fall 2014 issue. Projected interest rates for bond issues for FY15 through FY20 are based on current market conditions. Under these projections and assumptions, total Debt Service will increase from \$348.9 million in FY15 to \$439.0 million by FY20.

PROGRAM CONTACTS

Contact Jacqueline Carter of the Department of Finance at 240.777.8979 or Christopher Mullin of the Office of Management and Budget at 240.777.2772 for more information regarding this department's operating budget.

BUDGET SUMMARY

	Actual FY13	Budget FY14	Estimated FY14	Approved FY15	% Chg Bud/App
DEBT SERVICE					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Debt Service Personnel Costs	0	0	0	0	—
Operating Expenses	0	0	0	0	—
Debt Service G.O. Bonds	264,496,750	283,663,290	279,867,012	311,115,210	9.7%
Debt Service Other	27,286,282	25,493,180	21,479,480	27,578,980	8.2%
Capital Outlay	0	0	0	0	—
Debt Service Expenditures	291,783,032	309,156,470	301,346,492	338,694,190	9.6%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
REVENUES					
Federal Grants	6,111,775	5,778,730	5,811,730	5,928,730	2.6%
Investment Income	114	70,000	0	0	—
Miscellaneous Revenues	1,284,836	0	0	0	—
Debt Service Revenues	7,396,725	5,848,730	5,811,730	5,928,730	1.4%
DEBT SERVICE - NON-TAX SUPPORTED					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Debt Service - Non-Tax Supported Personnel Costs	0	0	0	0	—
Operating Expenses	0	0	0	0	—
Debt Service Other	6,529,175	10,527,400	7,967,400	10,215,210	-3.0%
Capital Outlay	0	0	0	0	—
Debt Service - Non-Tax Supported Expenditures	6,529,175	10,527,400	7,967,400	10,215,210	-3.0%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
DEPARTMENT TOTALS					
Total Expenditures	298,312,207	319,683,870	309,313,892	348,909,400	9.1%
Total Full-Time Positions	0	0	0	0	—
Total Part-Time Positions	0	0	0	0	—
Total FTEs	0.00	0.00	0.00	0.00	—
Total Revenues	7,396,725	5,848,730	5,811,730	5,928,730	1.4%

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

	Actual FY12	Actual FY13	Budget FY14	Estimated FY14	Approved FY15	% Chg Bud/App	App % GO Bonds
GO BOND DEBT SERVICE EXPENDITURES							
General County	30,543,387	31,544,095	43,669,580	43,034,578	47,398,490		15.5%
Roads & Storm Drains	55,703,984	60,350,215	60,881,770	60,263,490	68,437,830		22.4%
Public Housing	-	-	8,430	13,570	65,640		0.0%
Parks	8,524,688	9,192,758	9,215,400	9,167,030	9,906,220		3.2%
Public Schools	115,105,587	121,987,885	124,466,930	122,759,135	133,221,530		43.5%
Montgomery College	13,544,588	14,902,744	15,783,460	15,443,075	17,841,820		5.8%
Bond Anticipation Notes/Commercial Paper	468,332	753,371	1,255,000	700,000	1,000,000		
Bond Anticipation Notes/Liquidity & Remarketing	3,275,481	2,719,343	3,000,000	3,000,000	3,000,000		
Cost of Issuance	645,489	623,713	1,180,600	850,000	1,000,000		
Total General Fund	227,811,536	242,074,124	259,461,170	255,230,878	281,871,530	8.6%	90.4%
Fire Tax District Fund	6,686,464	6,886,445	7,084,290	7,098,665	8,438,020		2.8%
Mass Transit Fund	3,620,529	6,235,302	8,199,410	8,642,566	11,046,940		3.6%
Recreation Fund	8,106,417	9,270,330	8,918,420	8,894,903	9,758,720		3.2%
Bradley Noise Abatement Fund	24,864	23,549	-	-	-		0.0%
Cabin John Noise Abatement Fund	7,388	7,000	-	-	-		0.0%
Total Tax Supported Other Funds	18,445,662	22,422,626	24,202,120	24,636,134	29,243,680	20.8%	9.6%
TOTAL TAX SUPPORTED	246,257,198	264,496,750	283,663,290	279,867,012	311,115,210	9.7%	100.0%
TOTAL GO BOND DEBT SERVICE EXPENDITURES	246,257,198	264,496,750	283,663,290	279,867,012	311,115,210	9.7%	100.0%
LONG-TERM LEASE EXPENDITURES							
Revenue Authority - Conference Center	1,903,886	309,649	645,340	645,340	981,140		
Revenue Authority - HHS Piccard Drive	633,038	636,870	638,690	638,690	638,580		
Silver Spring Garages	5,554,164	5,070,347	-	-	-		
Revenue Authority - Recreation Pools	2,325,680	2,323,016	1,834,050	1,834,050	1,834,300		
Fire and Rescue Equipment	4,459,475	4,418,126	3,780,600	3,780,600	3,741,600		
TOTAL LONG-TERM LEASE EXPENDITURES	14,876,243	12,758,008	6,898,680	6,898,680	7,195,620	4.3%	
SHORT-TERM LEASE EXPENDITURES / FINANCING							
Technology Modernization Project	4,645,524	5,659,962	6,347,200	5,660,200	6,780,200		
Libraries System Modernization	-	-	53,000	-	98,000		
Ride On Buses	3,798,450	3,801,617	5,815,700	3,802,000	6,675,950		
Public Safety System Modernization	2,186,770	4,373,540	5,519,600	4,373,600	5,223,600		
Fuel Management System	-	-	165,000	-	480,000		
TOTAL SHORT-TERM LEASE EXPENDITURES	10,630,744	13,835,119	17,900,500	13,835,800	19,257,750	7.6%	
OTHER LONG-TERM DEBT							
Silver Spring Music Venue - Tax supported	244,712	293,155	294,000	294,000	295,610		
Site II Acquisition - Tax supported	400,000	400,000	400,000	400,000	400,000		
Qualified Energy Conservation Bond - Tax supported	-	-	-	51,000	430,000		
MHI-HUD Loan - Non-Tax supported	71,725	69,769	67,730	67,730	65,630		
Water Quality Protection Charge Bonds - Non-Tax supported	-	2,122,601	3,017,000	3,017,000	3,019,200		
MHI - Property Acquisition Fund - Non-Tax supported	4,088,162	4,406,574	7,510,400	4,950,400	7,196,010		
TOTAL OTHER LONG-TERM DEBT	4,804,599	7,292,099	11,289,130	8,780,130	11,406,450	1.0%	
DEBT SERVICE EXPENDITURES							
Tax Supported	272,408,897	291,783,032	309,156,470	301,346,492	338,694,190		
Non-Tax Supported - Other Long-term Debt	4,159,887	6,598,944	10,595,130	8,035,130	10,280,840		
TOTAL DEBT SERVICE EXPENDITURES	276,568,784	298,381,976	319,751,600	309,381,622	348,975,030	9.1%	
GO BOND DEBT SERVICE FUNDING SOURCES							
General Funds	219,829,713	235,481,958	253,612,440	249,452,148	276,092,800		
Other Interest: Installment Notes, Interest & Penalties	2,225,680	1,284,836	-	-	-		
BAN/Commercial Paper Investment Income	17,222	114	70,000	-	-		
Federal Subsidy on General Obligation Bonds	6,278,732	6,111,775	5,778,730	5,778,730	5,778,730		
Premium on General Obligation Bonds	642,202	-	-	-	-		
Total General Fund Sources	228,993,549	242,878,683	259,461,170	255,230,878	281,871,530		
Fire Tax District Funds	6,571,643	6,799,377	7,084,290	7,098,665	8,438,020		
Mass Transit Fund	2,816,245	5,805,704	8,199,410	8,642,566	11,046,940		
Recreation Fund	7,843,508	8,982,438	8,918,420	8,894,903	9,758,720		
Bradley Noise Abatement Fund	24,864	23,549	-	-	-		
Cabin John Noise Abatement Fund	7,388	7,000	-	-	-		
Total Other Funding Sources	17,263,648	21,618,068	24,202,120	24,636,134	29,243,680		
TOTAL GO BOND FUNDING SOURCES	246,257,197	264,496,751	283,663,290	279,867,012	311,115,210		
NON GO BOND FUNDING SOURCES							
General Funds	15,568,095	16,743,522	13,897,830	12,029,830	14,697,130		
MHI Fund - HUD Loan	71,725	69,769	67,730	67,730	65,630		
Water Quality Protection Fund	-	2,122,601	3,017,000	3,017,000	3,019,200		
MHI - Property Acquisition Fund	4,088,162	4,406,574	7,510,400	4,950,400	7,196,010		
Federal Subsidy - Qualified Energy Conservation Bond	-	-	-	33,000	150,000		
Mass Transit Fund	3,798,450	3,801,617	5,815,700	3,802,000	6,675,950		
Recreation Fund	2,325,680	2,323,016	1,834,050	1,834,050	1,834,300		
Fire Tax District Fund	4,459,475	4,418,126	3,945,600	3,780,600	4,221,600		
TOTAL NON GO BOND FUNDING SOURCES	30,311,587	33,885,225	36,088,310	29,514,610	37,859,820		
TOTAL FUNDING SOURCES	276,568,784	298,381,976	319,751,600	309,381,622	348,975,030		
TOTAL GENERAL OBLIGATION BOND SALES							
Actual and Estimated Bond Sales	320,000,000	295,000,000	295,000,000	295,000,000	324,500,000		
Council SAG Approved Bond Funded Expenditures	325,000,000	295,000,000	295,000,000	295,000,000	324,500,000		

DEBT SERVICE - GENERAL OBLIGATION BONDS, LONG & SHORT TERM LEASES AND OTHER DEBT						
	Approved FY15	Projected FY16	Projected FY17	Projected FY18	Projected FY19	Projected FY20
GO BOND DEBT SERVICE EXPENDITURES						
General County	47,398,490	54,200,320	59,542,110	62,930,250	68,264,100	68,079,940
Roads & Storm Drains	68,437,830	68,574,830	70,458,400	72,543,450	76,097,440	83,901,580
Public Housing	65,640	64,050	62,480	60,730	58,980	57,230
Parks	9,906,220	9,151,000	9,415,820	10,386,820	11,137,080	11,824,010
Public Schools	133,221,530	142,029,940	149,382,880	151,512,300	156,786,050	161,673,520
Montgomery College	17,841,820	20,546,920	22,580,320	24,473,280	24,824,430	25,795,560
Bond Anticipation Notes/Commercial Paper	1,000,000	1,750,000	3,000,000	4,250,000	5,500,000	7,000,000
Bond Anticipation Notes/Liquidity & Remarketing	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Cost of Issuance	1,000,000	1,023,000	1,051,200	1,078,000	1,103,400	1,127,800
Total General Fund	281,871,530	300,340,060	318,493,210	330,234,830	346,771,480	362,459,640
Fire Tax District Fund	8,438,020	8,128,130	8,599,860	9,516,070	11,194,180	13,633,090
Mass Transit Fund	11,046,940	13,419,710	14,110,660	15,640,870	16,835,800	17,646,210
Recreation Fund	9,758,720	8,987,480	9,378,870	9,431,170	9,194,310	8,862,040
Total Tax Supported Other Funds	29,243,680	30,535,320	32,089,390	34,588,110	37,224,290	40,141,340
TOTAL TAX SUPPORTED	311,115,210	330,875,380	350,582,600	364,822,940	383,995,770	402,600,980
TOTAL GO BOND DEBT SERVICE EXPENDITURES	311,115,210	330,875,380	350,582,600	364,822,940	383,995,770	402,600,980
LONG-TERM LEASE EXPENDITURES						
Revenue Authority - Conference Center	981,140	985,040	988,540	986,640	989,440	991,850
Revenue Authority - HHS Piccard Drive	638,580	641,520	642,500	-	-	-
Revenue Authority - Recreation Pools	1,834,300	1,836,050	1,834,050	1,834,450	1,832,250	-
Fire and Rescue Equipment	3,741,600	3,723,200	3,715,800	3,717,900	-	-
TOTAL LONG-TERM LEASE EXPENDITURES	7,195,620	7,185,810	7,180,890	6,538,990	2,821,690	991,850
SHORT-TERM LEASE EXPENDITURES / FINANCING						
Technology Modernization Project	6,780,200	7,130,200	7,130,200	3,499,000	2,484,500	1,470,000
Libraries System Modernization	98,000	128,500	128,500	128,500	128,500	30,500
Ride On Buses	6,675,950	8,492,540	9,234,790	5,433,590	5,433,590	5,433,590
Public Safety System Modernization	5,223,600	6,990,600	6,302,800	4,330,000	4,330,000	3,480,000
Fire and Rescue Apparatus	-	1,010,200	1,667,500	2,361,200	2,994,100	3,505,000
Fuel Management System	480,000	960,000	960,000	960,000	960,000	480,000
TOTAL SHORT-TERM LEASE EXPENDITURES	19,257,750	24,712,040	25,423,790	16,712,290	16,330,690	14,399,090
OTHER LONG-TERM DEBT						
Silver Spring Music Venue - Tax supported	295,610	295,100	290,500	290,800	291,000	291,000
Site II Acquisition - Tax supported	400,000	400,000	400,000	400,000	400,000	400,000
Qualified Energy Conservation Bond - Tax supported	430,000	324,500	325,500	326,500	327,000	321,500
MHI-HUD Loan - Non-Tax supported	65,630	63,480	61,274	59,021	56,727	54,396
Water Quality Protection Charge Bonds - Non-Tax supported	3,019,200	3,020,250	7,432,400	7,430,100	12,646,200	12,839,650
MHI - Property Acquisition Fund - Non-Tax supported	7,196,010	7,196,110	7,200,310	7,208,010	7,201,510	7,205,600
TOTAL OTHER LONG-TERM DEBT	11,406,450	11,299,440	15,709,984	15,714,431	20,922,437	21,112,146
DEBT SERVICE EXPENDITURES						
Tax Supported	338,694,190	363,792,830	384,203,280	389,091,520	404,166,150	419,004,420
Non-Tax Supported - Other Long-term Debt	10,280,840	10,279,840	14,693,984	14,697,131	19,904,437	20,099,646
TOTAL DEBT SERVICE EXPENDITURES	348,975,030	374,072,670	398,897,264	403,788,651	424,070,587	439,104,066
GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	276,092,800	294,633,060	313,043,210	324,884,830	341,701,480	357,589,640
Federal Subsidy on General Obligation Bonds	5,778,730	5,707,000	5,450,000	5,350,000	5,070,000	4,870,000
Total General Fund Sources	281,871,530	300,340,060	318,493,210	330,234,830	346,771,480	362,459,640
Fire Tax District Fund	8,438,020	8,128,130	8,599,860	9,516,070	11,194,180	13,633,090
Mass Transit Fund	11,046,940	13,419,710	14,110,660	15,640,870	16,835,800	17,646,210
Recreation Fund	9,758,720	8,987,480	9,378,870	9,431,170	9,194,310	8,862,040
Total Other Funding Sources	29,243,680	30,535,320	32,089,390	34,588,110	37,224,290	40,141,340
TOTAL GO BOND FUNDING SOURCES	311,115,210	330,875,380	350,582,600	364,822,940	383,995,770	402,600,980
NON GO BOND FUNDING SOURCES						
General Funds	14,697,130	16,749,460	16,067,540	9,825,440	8,818,840	6,859,350
MHI Fund - HUD Loan	65,630	63,480	61,274	59,021	56,727	54,396
Water Quality Protection Fund	3,019,200	3,020,250	7,432,400	7,430,100	12,646,200	12,839,650
MHI - Property Acquisition Fund	7,196,010	7,196,110	7,200,310	7,208,010	7,201,510	7,205,600
Federal Subsidy - Qualified Energy Conservation Bond	150,000	146,000	141,000	136,000	131,600	125,500
Mass Transit Fund	6,675,950	8,492,540	9,234,790	5,433,590	5,433,590	5,433,590
Recreation Fund	1,834,300	1,836,050	1,834,050	1,834,450	1,832,250	-
Fire Tax District Fund	4,221,600	5,693,400	6,343,300	7,039,100	3,954,100	3,985,000
TOTAL NON GO BOND FUNDING SOURCES	37,859,820	43,197,290	48,314,664	38,965,711	40,074,817	36,503,086
TOTAL FUNDING SOURCES	348,975,030	374,072,670	398,897,264	403,788,651	424,070,587	439,104,066
TOTAL GENERAL OBLIGATION BOND SALES						
Estimated Bond Sales	324,500,000	324,500,000	324,500,000	324,500,000	324,500,000	324,500,000
Council SAG Approved Bond Funded Expenditures	324,500,000	324,500,000	324,500,000	324,500,000	324,500,000	324,500,000
ESTIMATED INTEREST RATE	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%