



Debt Service

RECOMMENDED FY20 BUDGET

\$439,224,240

FULL TIME EQUIVALENTS

0.00

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 (Montgomery County Government, Maryland-National Capital Park and Planning Commission, Montgomery County Public Schools, and Montgomery College), as well as other associated costs. Non-tax supported debt repayment related to the Montgomery Housing Initiative Property Acquisition Fund and Water Quality Protection bonds are also included.

BUDGET OVERVIEW

The total recommended FY20 Operating Budget for Debt Service is \$439,224,240 an increase of \$10,150,130 or 2.4 percent from the FY19 approved budget of \$429,074,110. This amount excludes \$54,400 in debt service which is appropriated in non-tax supported funds.

General Obligation Bonds

General obligation (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 43.1 percent of the County's capital expenditures (excluding WSSC) for the six years of the Recommended Amended FY19-24 CIP program. The bonds are repaid to bondholders with a series of principal and interest payments over a period of years, known as Debt Service. In this manner, the initial high cost of capital improvements is absorbed over time and assigned to citizens benefiting from facilities in the future, as well as current taxpayers. Due to various Federal, State, and local regulations, interest rates are lower than in the private sector.

"General obligation" refers to the fact that the bonds are backed by the "full faith and credit" of the County and its general revenue stream. In addition, the Montgomery County Charter provides that the Director of Finance must make debt service payments even if the Council fails to provide sufficient appropriation. County G.O. bonds are exempt from Federal taxes and also from State taxes for citizens of Maryland. Finally, the County strives to maintain its total and projected outstanding debt and debt service within certain financial parameters according to the County's fiscal policy. Thus, these financial instruments provide strong advantages in both safety of repayment and investment return for certain categories of investors.

Section 305 of the County Charter requires the County Council to set Spending Affordability Guidelines (SAG) for the CIP. The

guidelines are related to how much the Council believes the County can afford, rather than how much might be needed. The guidelines apply to County G.O. bonds and must specify the total G.O. debt issued by the County that may be planned for expenditure in the first and second year and approved under the six-year CIP. On October 3, 2017 the County Council approved SAG limits at \$330.0 million for FY19, \$320.0 million for FY20 and \$1,860.0 million for the FY19-24 period. On February 5, 2019, the County Council confirmed the guidelines set on October 3, 2017.

Debt Service Program

The annual debt service obligation of all outstanding G.O. bond issues, long- and short-term lease payments, other long-term debt, and projections of certain related expenditures constitute the total Debt Service budget for FY20. When a bond-funded facility supports an activity funded by one of the County's Enterprise funds, the debt service is appropriated in that Enterprise fund operation.

Montgomery County G.O. bonds are budgeted in specific categories for specific purposes: General County (Police, Corrections, Human Services, Libraries, General Government, and other miscellaneous purposes); Roads and Storm Drains; Public Housing; Parks (including land and development for M-NCPPC regional and Countywide use parks); Public Schools; Montgomery College; Fire Tax District; Mass Transit Fund; Recreation Fund; Parking Districts; and Solid Waste Disposal Fund. A separate appropriation is made for the General Fund or a special fund (e.g., Fire Tax District, Mass Transit, and Recreation) as appropriate. These appropriations include debt service for G.O. bond issues outstanding and other long-term and short-term financing.

Certain other expenditures and revenues are included in Debt Service budget calculations. The total Debt Service budget consists of principal and interest on the bonds and other long-term and short-term financing obligations. Bond anticipation notes (BANs)/commercial paper are short-term capital financing instruments issued with the expectation that the principal amount will be refunded with long-term bonds. In the meantime, interest costs are incurred, usually at lower rates than with more long-term financing. Cost of issuance includes the legal, administrative, and production cost of rating, issuing, and selling bonds, BANs/commercial paper and short- and long-term lease obligations as well as financial advisory services. Funding sources which offset the General Fund requirement for Debt Service may include premium on bonds issued. The special funds will fund the debt service appropriation via a transfer from individual special funds to the Debt Service Fund.

The County issued Series 2017D Bonds to "crossover-refund" the outstanding Series 2009 Build America Bonds. Prior to the crossover date of November 1, 2019, funds will be held by a trustee to pay debt service on the refunding bonds.

FY19 Estimated Debt Service

FY19 estimated general obligation debt service, lease and other long-term debt expenditure requirements for tax-supported funds total \$409.9 million which is lower than the budget of \$413.4 million primarily due to deferrals in some lease financing, and actual interest rates that were lower than budget.

FY20 Recommended Debt Service Budget

The FY20 Debt Service budget is predicated on a base of existing debt service requirements from past bond issues (through November 2018) plus the following:

- A fall 2019 (FY20) issue of \$320.0 million at an interest cost of 5.5 percent for 20 years with even principal payments (fall bond

issues are expected to continue through FY24).

- Interest expense based on an anticipated average BANs/commercial paper balance of \$375.0 million during FY20.
- Other short- and long-term financing obligations displayed in a chart at the end of the section.

The Debt Service assumptions discussed above result in a total FY20 Debt Service requirement for tax supported funds of \$423.2 million, which is a 2.4 percent increase from the FY19 budget of \$413.4 million. The General Fund appropriation requirement is \$346.8 million, or 4.7 percent more than the budgeted FY19 amount of \$331.3 million. A schedule detailing debt service principal and interest by major fund is included at the end of the chapter.

Public Services Program

The six-year Public Services Program for Debt Service is predicated on the bond issue requirements in the Recommended CIP, adjusted for inflation. An estimated interest cost of 5.5 percent is budgeted for the fall 2019 (FY20) issue. Projected interest rates for bond issues for FY20 through FY25 are based on market expectations for coupon rates, which drive actual debt service costs. Under these projections and assumptions, tax-supported debt service will increase from \$423.3 million in FY20 to \$477.3 million by FY25 with the General Fund revenue requirement growing from \$346.8 million in FY20 to \$408.7 million by FY25.

Capital Improvements Program On Operating Budget

Debt Service Requirements

Debt service requirements are the single largest impact on the Operating Budget/Public Services Program by the CIP. The Charter-required CIP contains a plan or schedule of project expenditures for schools, transportation, and infrastructure modernization, with estimated project costs, sources of funding, and timing of work over a six-year period. Each bond issue used to fund the CIP translates to a draw against the Operating Budget each year for 20 years. Debt requirements for past and future bond issues are calculated each fiscal year, and provision for the payment of debt service is included as part of the annual estimation of resources available for other Operating Budget requirements. Debt service expenditures take up fiscal capacity that could be diverted to improved services as well as tax bill containment. As Debt Service grows over the years, increased pressures are placed on other PSP programs competing for scarce resources.

The County Council adopts Spending Affordability Guidelines for the Capital Budget based on criteria for debt affordability. These criteria are described in the County's Fiscal Policy and provide a foundation for judgments about the County's capacity to issue debt and its ability to retire the debt over time. Debt capacity evaluation also focuses on other factors which impact the County's ability and willingness to pay current and future bond holders. Debt obligations, which include G.O. debt service plus other short- and long-term commitments, are expected to stay manageable. Maintaining this guideline ensures that taxpayer resources are not overextended during fiscal downturns, nor are services squeezed out over time due to increased debt service burdens. The Debt Capacity chart is displayed at the end of this section. The chart displays the debt issues for the six years which are the basis of the G.O. bond-funded portion of the Recommended Amended FY19-24 CIP. Annual bond-funding requirements (on which future debt issue projections are based) are based on summations of projected bond-funded expenditures identified by project, amount, and year. The total programmed bond-funded expenditures for each year and for the CIP period are then adjusted to assist in estimating annual bond issue requirements. Adjustment factors include inflation, commitment of County current revenues (PAYGO) as an offset against bond requirements, and a

set-aside for future unprogrammed projects. The resulting bond requirements are then compared to planned bond issue levels over the six-year period. It is most critical that debt funding of the CIP be within projected bond issue requirements for the first and second years and for the six years, and the County Executive's Recommended Amended FY19-24 Capital Improvements Program meets that requirement. The General Obligation Bond Adjustment chart reflecting the Executive's January 15, 2019 proposals for the Recommended Amended FY19-24 CIP is included at the end of this section.

Debt Limit

The County's outstanding general obligation debt totals \$3,095,230,000 as of June 30, 2018. The allocation of outstanding debt to government programs and functions is displayed in a chart at the end of this section.

The Annotated Code of Maryland, Article 25A, Section 5(P), authorizes borrowing funds and issuance of bonds up to a maximum of 6 percent of the assessed valuation of all real property and 15 percent of the assessed value of all personal property within the County. The legal debt limit as of June 30, 2018, is \$11,667,917,030 based upon the assessed valuation \$183,993,870,661 for all real property and \$4,188,565,266 for personal property. The County's outstanding general obligation debt of \$3,095,230,000 plus outstanding short-term commercial paper of \$500,000,000 is 1.91 percent of assessed value, well within the legal debt limit and safely within the County's financial capabilities. A comparison of outstanding debt to legal debt limit is displayed in a chart at the end of this section.

Additional information regarding the County's outstanding general obligation debt and revenue bond debt can be found in the Debt Service Program Direct Debt for Fiscal Year 2018 (Debt Service Booklet). Schedules which display the allocation of outstanding debt to government programs and functions, debt service requirements for bond principal and interest, and payment schedules for paying agents can also be found in the Debt Service Booklet at the following link: <http://www.montgomerycountymd.gov/Finance/financial.html>

Leases and Other Debt

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 financing, 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.

Loan payments to HUD are related to a HUD Section 108 program loan that was received by the County. The County re-loaned the funds to the Housing Opportunities Commission (HOC). Repayment of the loan will be made by HOC to the County through the Montgomery Housing Initiative (MHI) Fund. Transfers from the MHI Fund support the repayment shown in the Debt Service Fund.

The FY20 appropriations for the long- and short-term financing are displayed in a chart at the end of this section.

Other Long-Term Debt

Other long-term debt (MHI - Property Acquisition Fund) includes the debt service costs, offset by a transfer from the MHI Fund, for the issuance of debt to create a property acquisition revolving fund which will significantly increase the County's capacity to acquire and renovate affordable housing. Long-term debt payments to acquire the Silver Spring Music Venue and Site II land are also included.

Commencing in FY12, Water Quality Protection bonds financed stormwater management requirements resulting from the new National

Pollutant Discharge Elimination System (NPDES) Municipal Separate Storm Sewer System (MS-4) permit requirements. To pay for the debt service, a transfer of funds from the Water Quality Protection Fund to the Debt Service Fund is required. The County has entered into lease-purchase agreements to finance energy systems modernization at various County buildings for which the debt service is covered by energy savings. Three of the leases qualified for Qualified Energy Conversation Bonds which provided a Federal Tax Subsidy. Debt service costs include financing for the County's Rockville Innovation Center and National Cybersecurity Center of Excellence incubator projects. Debt service estimates for financing the Wheaton Redevelopment Program are partially funded by transfers from Permitting Services and Water Quality Protection funds.

Certain other types of long-term debt are issued by the County government and State-chartered agencies of the County, such as the Maryland-National Capital Park and Planning Commission, Washington Suburban Sanitary Commission, Housing Opportunities Commission, and the Revenue Authority. Examples are revenue bonds, backed by fees and charges to facility users; and agency bonds, backed by separate taxes, charges, other revenues, and/or the faith and credit available directly to these agencies. In some cases, the County government may make direct payments under contract to these or other agencies. Most of these other types of non-general obligation debt are not included in expenditure listings of this section.

Rating Agency Reviews

Montgomery County continues to maintain its status as a top-rated issuer of municipal securities. The County has the highest credit ratings possible for a local government, AAA from Moody's Investors Service, Inc. (since 1973), from Standard and Poor's (since 1976), and from Fitch Ratings Inc. (since 1993, the first year a rating was sought from Fitch). These high ratings are critical to ensure the lowest possible cost of debt to citizens. High ratings translate into lower interest rates and considerable savings over the 20-year interest payments on the bonds. The rating agencies also place great emphasis on certain operating budget criteria, the quality of government administration, legal or constitutional restrictions, and the overall condition of the local economy. All of these factors are considered evidence of both the ability and willingness of local governments to support public debt.

Special Taxing Districts

Three development districts have been created in accordance with Chapter 14 of the Montgomery County Code, the Montgomery County Development District Act, enacted in 1994. The West Germantown District was created by Council Resolution 13-1135, the Kingsview Village Center Development District was created by Resolution 13-1377, and the Clarksburg Town Center District was created by Resolution 15-87. The creation of the development districts allows the County to provide financing, refinancing, or reimbursement for the cost of infrastructure improvements necessary for the development of land in areas of the County of high priority for new development or redevelopment. Special assessments and/or special taxes may be levied to fund the issuance of bonds or other obligations created from the construction or purchase of infrastructure improvements.

The West Germantown Development District was created in an unincorporated area of Montgomery County, encompassing approximately 671 acres. Various transportation, local park, and sewer infrastructure improvements were constructed by developers and acquired by the County at completion for a total cost of \$15.9 million. Special obligation bonds were issued in March 2002. In August 2014, the County issued \$12.02 million of bonds to refund all of the outstanding bonds.

The Kingsview Village Center Development District was created in an unincorporated area of Montgomery County, encompassing approximately 29 acres. Various transportation improvements were constructed by developers and acquired by the County at completion for a total cost of \$2.4 million. Special obligation bonds were issued in December 1999. In August 2014, the County issued

\$1.4 million of bonds to refund the outstanding 1999 Series bonds.

In October 2010, the County Council terminated the Clarksburg Town Center development district, therefore no bonds were issued and no special taxes or assessments were levied.

The County issues special obligation bonds to fund the acquisition of the completed infrastructure assets. The debt service on the special obligation debt is funded by an ad valorem tax and special benefit assessment levied on the properties located in the development district. The County Council, by separate resolution, sets the ad valorem tax and special benefit assessment at rates sufficient to pay the principal, interest, any redemption premium on the bonds, and administrative expenses. Revenues resulting from the ad valorem tax and special benefit assessed, and expenditures for the debt service on the special obligation bonds and administrative expenses, are accounted for in an agency fund, because the County has no obligation whatsoever for the indebtedness. The County acts only as a financing conduit and agent for the property owners and bondholders. In accordance with Section 20A-1 of the Montgomery County Code, the bonds or other obligations issued may not constitute a general obligation debt of the County or a pledge of the County's full faith and credit or taxing power.

In March 2010, the County adopted a new sector plan for the White Flint area of north Bethesda. This smart-growth master plan attempts to transform the area into a pedestrian-friendly, transit-oriented, urban setting that is expected to be a leading economic engine for the County. To successfully implement the sector plan, the County adopted legislation (Bill 50-10, December 2010) to create a new special taxing district in the White Flint area, along with an implementation strategy and a list of the infrastructure necessary to successfully implement that strategy (Resolution No. 16-1570, December 2010). Bill 50-10 creates the White Flint Special Taxing District (Chapter 68C of the County Code) in order to collect ad valorem tax revenues that will provide a stable, reliable and consistent revenue stream to fund the transportation infrastructure improvements identified in the implementation and strategy resolution, by paying for the bonds authorized by the legislation.

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 FY18	Budget FY19	Estimate FY19	Recommended FY20	%Chg Bud/Rec
DEBT SERVICE					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Debt Service Personnel Costs	0	0	0	0	—
Debt Service G.O Bonds	364,263,579	389,165,690	386,330,027	397,517,180	2.2 %
Debt Service Other	20,382,798	24,258,310	23,547,680	25,721,460	6.0 %
Debt Service Expenditures	384,646,377	413,424,000	409,877,707	423,238,640	2.4 %

PERSONNEL

BUDGET SUMMARY

	Actual FY18	Budget FY19	Estimate FY19	Recommended FY20	%Chg Bud/Rec
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
REVENUES					
Federal Grants	5,656,650	5,359,380	5,464,240	3,864,760	-27.9 %
Investment Income	1,272,378	0	0	0	—
Miscellaneous Revenues	59,194	5,637,100	5,450,290	3,446,260	-38.9 %
Premium on General Obligation Bonds	17,973,769	20,724,940	20,400,240	14,281,670	-31.1 %
Debt Service Revenues	24,961,991	31,721,420	31,314,770	21,592,690	-31.9 %
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	—
Debt Service Other	13,306,065	15,650,110	14,837,130	15,985,600	2.1 %
Debt Service - Non-Tax Supported Expenditures	13,306,065	15,650,110	14,837,130	15,985,600	2.1 %
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
REVENUES					
DEPARTMENT TOTALS					
Total Expenditures	397,952,442	429,074,110	424,714,837	439,224,240	2.4 %
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	24,961,991	31,721,420	31,314,770	21,592,690	-31.9 %

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

	Actual FY17	Actual FY18	Budget FY19	Estimated FY19	Recommended FY20	% Chg Rec/Rec	Rec % GO Bonds
GO BOND DEBT SERVICE EXPENDITURES							
General County	58,302,269	61,573,861	70,037,020	68,467,542	71,907,760		18.6%
Roads & Storm Drains	70,310,726	74,528,705	77,869,410	77,508,499	79,373,220		20.6%
Public Housing	62,475	60,055	58,330	58,335	58,330		0.0%
Parks	8,227,409	8,984,883	9,417,240	9,333,582	9,754,070		2.5%
Public Schools	148,735,322	150,398,822	154,958,720	154,402,936	154,898,510		40.2%
Montgomery College	23,487,154	24,610,342	26,017,730	26,342,614	27,855,450		7.2%
Bond Anticipation Notes/Commercial Paper	2,148,047	3,672,862	7,650,000	7,650,000	8,062,500		
Bond Anticipation Notes/Liquidity & Remarketing	2,103,596	2,269,555	2,800,000	2,502,000	2,600,000		
Cost of Issuance	711,478	940,998	1,047,100	900,000	1,071,200		
Total General Fund	314,088,476	327,040,083	349,855,550	347,165,508	355,581,040	1.6%	89.1%
Fire Tax District Fund	7,283,040	7,524,661	7,873,730	7,825,087	8,005,050		2.1%
Mass Transit Fund	18,924,844	20,378,554	21,894,010	21,483,125	22,400,120		5.8%
Recreation Fund	8,192,300	9,320,281	9,542,400	9,856,307	11,530,970		3.0%
Total Tax Supported Other Funds	34,400,184	37,223,496	39,310,140	39,164,519	41,936,140	6.7%	10.9%
TOTAL TAX SUPPORTED	348,488,660	364,263,579	389,165,690	386,330,027	397,517,180	2.1%	100.0%
TOTAL GO BOND DEBT SERVICE EXPENDITURES	348,488,660	364,263,579	389,165,690	386,330,027	397,517,180	2.1%	100.0%
LONG-TERM LEASE EXPENDITURES							
Revenue Authority - Conference Center	988,534	986,634	989,440	989,440	991,850		
Revenue Authority - HHS Piccard Drive	395,743	-	-	-	-		
Revenue Authority - Recreation Pools	1,524,496	1,526,249	1,525,700	1,525,700	-		
Fire and Rescue Equipment	3,715,800	3,717,900	500,000	618,250	2,018,250		
Fleet Equipment	-	-	-	-	190,000		
TOTAL LONG-TERM LEASE EXPENDITURES	6,624,572	6,230,782	3,015,140	3,133,390	3,200,100	6.1%	
SHORT-TERM LEASE EXPENDITURES / FINANCING							
Technology Modernization Project	5,667,891	5,675,821	4,661,600	4,661,600	3,647,100		
Libraries System Modernization	48,478	96,955	97,000	97,000	97,000		
Corrections Security System	-	-	220,000	81,000	162,000		
Ride On Buses	8,364,053	5,276,084	6,718,600	6,644,300	8,364,300		
Public Safety System Modernization	3,157,691	988,120	4,228,200	3,586,300	3,586,300		
Fire Breathing Apparatus	-	-	1,484,000	1,472,700	1,472,700		
Fuel Management System	631,522	631,522	912,600	829,600	829,600		
TOTAL SHORT-TERM LEASE EXPENDITURES	17,869,634	12,668,502	18,322,000	17,352,500	18,139,000	-1.0%	
OTHER LONG-TERM DEBT							
Silver Spring Music Venue - Tax supported	290,455	290,805	291,000	291,000	291,000		
NDA Incubator - Tax Supported	-	-	-	-	928,000		
Site II Acquisition - Tax supported	400,000	400,000	1,238,900	1,238,900	1,238,900		
Energy Performance Leases QECBs - Tax supported	325,332	326,126	728,080	641,360	659,970		
Energy Performance Leases Other - Tax supported	112,659	466,583	663,190	890,530	1,264,490		
MHI-HUD Loan - Non-Tax supported	61,274	59,021	56,750	56,750	54,400		
Water Quality Protection Charge Bonds - Non-Tax supported	6,148,160	6,100,007	6,148,600	6,148,600	6,361,900		
MHI - Property Acquisition Fund - Non-Tax supported	7,199,246	7,206,058	9,501,510	8,688,530	9,623,700		
TOTAL OTHER LONG-TERM DEBT	14,537,125	14,848,600	18,628,030	17,955,670	20,422,360	9.6%	
DEBT SERVICE EXPENDITURES							
Tax Supported	374,111,312	384,646,377	413,424,000	409,877,707	423,238,640	2.4%	
Non-Tax Supported - Other Long-term Debt	13,408,680	13,365,086	15,706,860	14,893,880	16,040,000		
TOTAL DEBT SERVICE EXPENDITURES	387,519,992	398,011,463	429,130,860	424,771,587	439,278,640	2.4%	
GO BOND DEBT SERVICE FUNDING SOURCES							
General Funds	297,850,103	302,826,842	318,864,140	316,399,238	335,107,250		
BABs Crossover Funds with Escrow Agent	-	-	5,179,100	5,179,100	2,589,550		
Other Interest: Installment Notes, Interest & Penalties	76,713	1,272,378	-	-	-		
Federal Subsidy on General Obligation Bonds	5,624,450	5,372,848	5,087,370	5,186,890	3,602,570		
Premium on General Obligation Bonds	11,421,071	17,973,769	20,724,940	20,400,240	14,281,670		
Total General Fund Sources	314,972,337	327,445,837	349,855,550	347,165,468	355,581,040		
Fire Tax District Funds	7,124,641	7,524,661	7,873,730	7,825,087	8,005,050		
Mass Transit Fund	18,517,146	19,739,278	21,894,010	21,483,125	22,400,120		
Recreation Fund	7,828,616	8,914,525	9,542,400	9,856,307	11,530,970		
Total Other Funding Sources	33,470,404	36,178,464	39,310,140	39,164,519	41,936,140		
TOTAL GO BOND FUNDING SOURCES	348,442,741	363,624,301	389,165,690	386,329,987	397,517,180		
NON GO BOND FUNDING SOURCES							
General Funds	11,315,267	9,527,325	12,387,400	11,908,630	11,727,710		
MHI Fund - HUD Loan	61,274	59,021	56,750	56,750	54,400		
Water Quality Protection Fund	6,148,160	6,100,007	6,148,600	6,148,600	6,361,900		
MHI - Property Acquisition Fund	7,199,246	7,206,058	9,501,510	8,688,530	9,623,700		
Motor Pool Fund	-	-	-	-	190,000		
Mass Transit Fund	8,364,053	5,276,084	6,718,600	6,644,300	8,364,300		
Recreation Fund	1,524,496	1,526,249	1,525,700	1,525,700	-		
Fire Tax District Fund	4,347,322	4,349,422	2,896,600	2,920,550	4,320,550		
Federal Subsidy - QECBs	65,494	283,802	272,010	277,350	262,190		
Capitalized Interest - Energy Performance Leases	51,940	59,194	8,000	130,600	47,300		
Energy Performance Leases - PEPCO and Utility Rebate	-	-	-	140,590	359,410		
Developer Payments - Site II	-	-	450,000	-	450,000		
TOTAL NON GO BOND FUNDING SOURCES	39,077,251	34,387,162	39,965,170	38,441,600	41,761,460		
Actual and Estimated Bond Sales	500,000,000	340,000,000	330,000,000	330,000,000	320,000,000		
Council SAG Approved Bond Funded Expenditures	299,500,000	340,000,000	330,000,000	330,000,000	320,000,000		

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

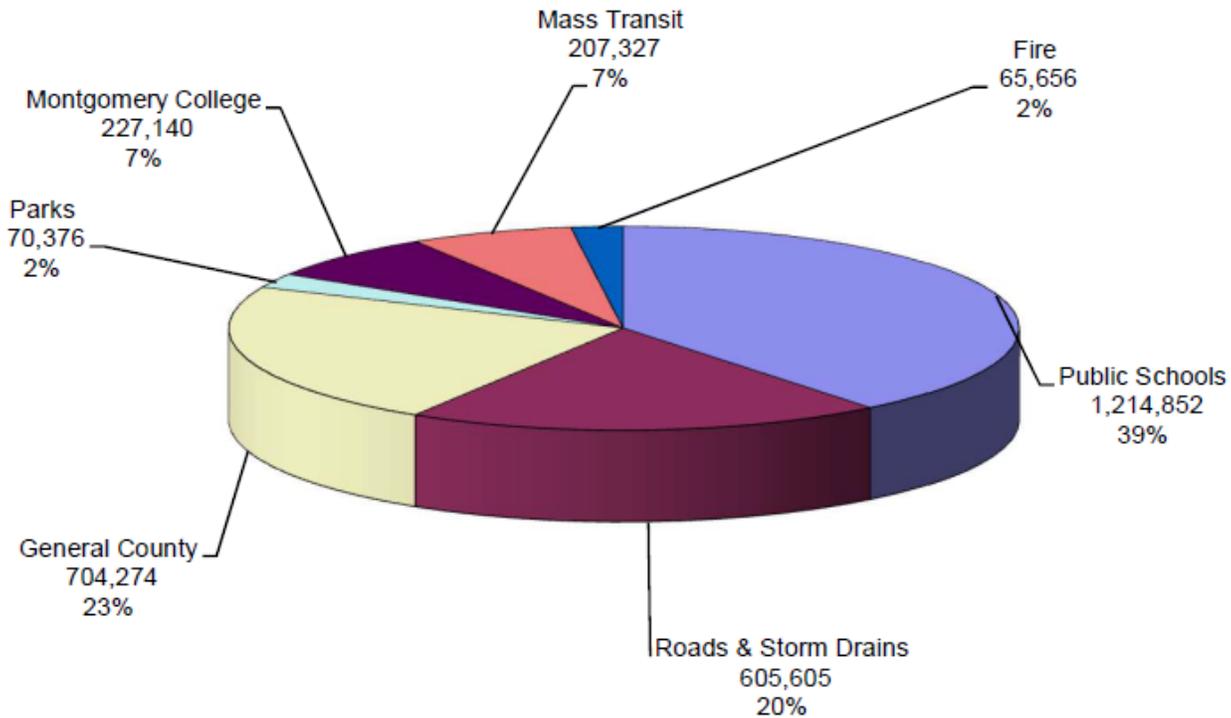
	Recommended FY20	Projected FY21	Projected FY22	Projected FY23	Projected FY24	Projected FY25
GO BOND DEBT SERVICE EXPENDITURES						
General County	71,907,780	74,090,830	73,992,070	74,006,800	81,170,970	82,163,120
Roads & Storm Drains	79,373,220	80,749,400	84,039,230	84,805,620	84,078,980	84,072,490
Public Housing	58,330	57,290	58,320	56,330	51,180	18,100
Parks	9,754,070	9,921,820	10,715,660	11,265,310	12,423,070	12,912,270
Public Schools	154,898,510	157,899,650	161,616,530	166,455,750	167,307,720	176,944,730
Montgomery College	27,855,450	28,023,290	28,332,230	29,822,400	31,736,940	33,441,800
Bond Anticipation Notes/Commercial Paper	8,062,500	8,250,000	8,325,000	8,862,500	9,112,500	9,862,500
Bond Anticipation Notes/Liquidity & Remarketing	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
Cost of Issuance	1,071,200	1,097,500	1,124,400	1,151,950	1,180,200	1,209,200
Total General Fund	355,581,040	362,689,580	370,803,470	379,426,660	389,659,540	403,224,010
Fire Tax District Fund	8,005,050	8,596,770	9,324,170	10,670,260	12,528,000	12,372,780
Mass Transit Fund	22,400,120	23,028,420	25,473,310	27,288,440	25,078,490	24,041,170
Recreation Fund	11,530,970	13,214,720	15,297,660	15,670,630	15,835,970	14,999,780
Total Tax Supported Other Funds	41,936,140	44,837,910	50,095,140	53,629,330	53,442,460	51,413,730
TOTAL TAX SUPPORTED	397,517,180	407,527,490	420,898,610	433,055,990	443,102,000	454,637,740
TOTAL GO BOND DEBT SERVICE EXPENDITURES	397,517,180	407,527,490	420,898,610	433,055,990	443,102,000	454,637,740
LONG-TERM LEASE EXPENDITURES						
Revenue Authority - Conference Center	991,850	987,710	991,000	991,600	-	-
Fire and Rescue Equipment	2,018,250	3,628,250	4,618,250	4,968,250	5,343,250	5,868,250
Fleet Equipment	190,000	380,000	380,000	380,000	380,000	380,000
TOTAL LONG-TERM LEASE EXPENDITURES	3,200,100	4,995,960	5,989,250	6,339,850	5,723,250	6,248,250
SHORT-TERM LEASE EXPENDITURES / FINANCING						
Technology Modernization Project	3,647,100	3,647,100	3,647,100	3,647,100	1,823,500	-
Libraries System Modernization	97,000	97,000	48,500	-	-	-
Corrections Security System	162,000	162,000	162,000	162,000	162,000	162,000
Digital Evidence Data Storage	-	162,500	162,500	162,500	162,500	162,500
Ride On Buses	8,364,300	11,284,300	8,458,100	7,432,300	6,719,000	4,640,000
Intelligent Transit System	-	1,980,000	1,980,000	1,980,000	1,980,000	1,980,000
Public Safety System Modernization	3,566,300	2,612,500	3,685,300	3,668,100	1,090,000	1,090,000
Fire Breathing Apparatus	1,472,700	1,472,700	1,472,700	1,472,700	1,472,700	1,472,700
Fuel Management System	829,600	513,800	198,000	198,000	198,000	198,000
TOTAL SHORT-TERM LEASE EXPENDITURES	18,139,000	21,911,900	19,794,200	18,702,700	13,587,700	9,685,200
OTHER LONG-TERM DEBT						
Silver Spring Music Venue - Tax supported	291,000	294,100	292,000	294,100	291,000	292,000
Site II Acquisition - Tax supported	1,238,900	1,238,900	1,238,900	1,238,900	1,238,900	1,238,900
NDA Incubator - Tax Supported	928,000	931,500	936,720	4,244,500	-	-
Rockville Core - Tax Supported	-	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Energy Performance Leases QECBs - Tax supported	659,970	660,270	660,540	660,820	701,140	865,550
Energy Performance Leases Other - Tax supported	1,264,490	1,356,820	1,320,150	1,362,210	1,393,470	1,528,290
Wheaton Redevelopment - Non-Tax Supported	-	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
MHI-HUD Loan - Non-Tax supported	54,400	52,050	49,650	47,230	54,510	-
Water Quality Protection Charge Bonds - Non-Tax supported	6,361,900	7,376,550	8,186,800	8,887,400	9,541,250	9,547,950
MHI - Property Acquisition Fund - Non-Tax supported	9,623,700	11,921,700	11,918,400	11,918,500	11,922,900	11,916,800
TOTAL OTHER LONG-TERM DEBT	20,422,360	29,131,990	29,903,160	33,953,660	30,443,170	30,519,490
DEBT SERVICE EXPENDITURES						
Tax Supported	423,238,640	441,914,940	454,130,370	468,899,070	469,037,460	477,325,930
Non-Tax Supported - Other Long-term Debt	16,040,000	21,650,300	22,454,850	23,153,130	23,818,660	23,764,750
TOTAL DEBT SERVICE EXPENDITURES	439,278,640	463,565,240	476,585,220	492,052,200	492,856,120	501,090,680
GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	335,107,250	360,374,750	368,576,770	377,330,700	387,563,580	401,128,050
BABs Crossover Funds with Escrow Agent	2,589,550	-	-	-	-	-
Federal Subsidy on General Obligation Bonds	3,602,570	2,226,700	2,226,700	2,095,960	2,095,960	2,095,960
Premium on General Obligation Bonds	14,281,670	88,130	-	-	-	-
Total General Fund Sources	355,581,040	362,689,580	370,803,470	379,426,660	389,659,540	403,224,010
Fire Tax District Fund	8,005,050	8,596,770	9,324,170	10,670,260	12,528,000	12,372,780
Mass Transit Fund	22,400,120	23,028,420	25,473,310	27,288,440	25,078,490	24,041,170
Recreation Fund	11,530,970	13,214,720	15,297,660	15,670,630	15,835,970	14,999,780
Total Other Funding Sources	41,936,140	44,837,910	50,095,140	53,629,330	53,442,460	51,413,730
TOTAL GO BOND FUNDING SOURCES	397,517,180	407,527,490	420,898,610	433,055,990	443,102,000	454,637,740
NON GO BOND FUNDING SOURCES						
General Funds	11,727,710	14,447,470	15,451,360	18,748,570	9,190,190	7,509,250
MHI Fund - HUD Loan	54,400	52,050	49,650	47,230	54,510	0
Water Quality Protection Fund	6,361,900	7,376,550	8,186,800	8,887,400	9,541,250	9,547,950
MHI - Property Acquisition Fund	9,623,700	11,921,700	11,918,400	11,918,500	11,922,900	11,916,800
Non-tax funds - Wheaton Redevelopment	0	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
Motor Pool Fund	190,000	380,000	380,000	380,000	380,000	380,000
Mass Transit Fund	8,364,300	13,244,300	10,418,100	9,392,300	8,679,000	6,800,000
Fire Tax District Fund	4,320,550	5,612,750	6,288,950	6,838,950	7,013,950	7,538,950
Federal Subsidy - QECBs	262,190	252,930	243,350	233,260	222,320	209,990
Capitalized Interest - Energy Performance Leases	47,300	-	-	-	-	-
Energy Performance Leases - PEPCO and Utility Rebate	359,410	-	-	-	-	-
Developer Payments - Site II	450,000	450,000	450,000	450,000	450,000	450,000
TOTAL NON GO BOND FUNDING SOURCES	41,781,480	58,037,750	55,686,610	58,996,210	49,754,120	46,452,940
TOTAL FUNDING SOURCES	439,278,640	463,565,240	476,585,220	492,052,200	492,856,120	501,090,680
TOTAL GENERAL OBLIGATION BOND SALES						
Estimated Bond Sales	320,000,000	310,000,000	300,000,000	300,000,000	300,000,000	300,000,000
Council SAG Approved Bond Funded Expenditures	320,000,000	310,000,000	300,000,000	300,000,000	300,000,000	300,000,000
ESTIMATED INTEREST RATE	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%

**Projected Debt Obligations
Schedule of Principal & Interest
FY20 Recommended Budget**

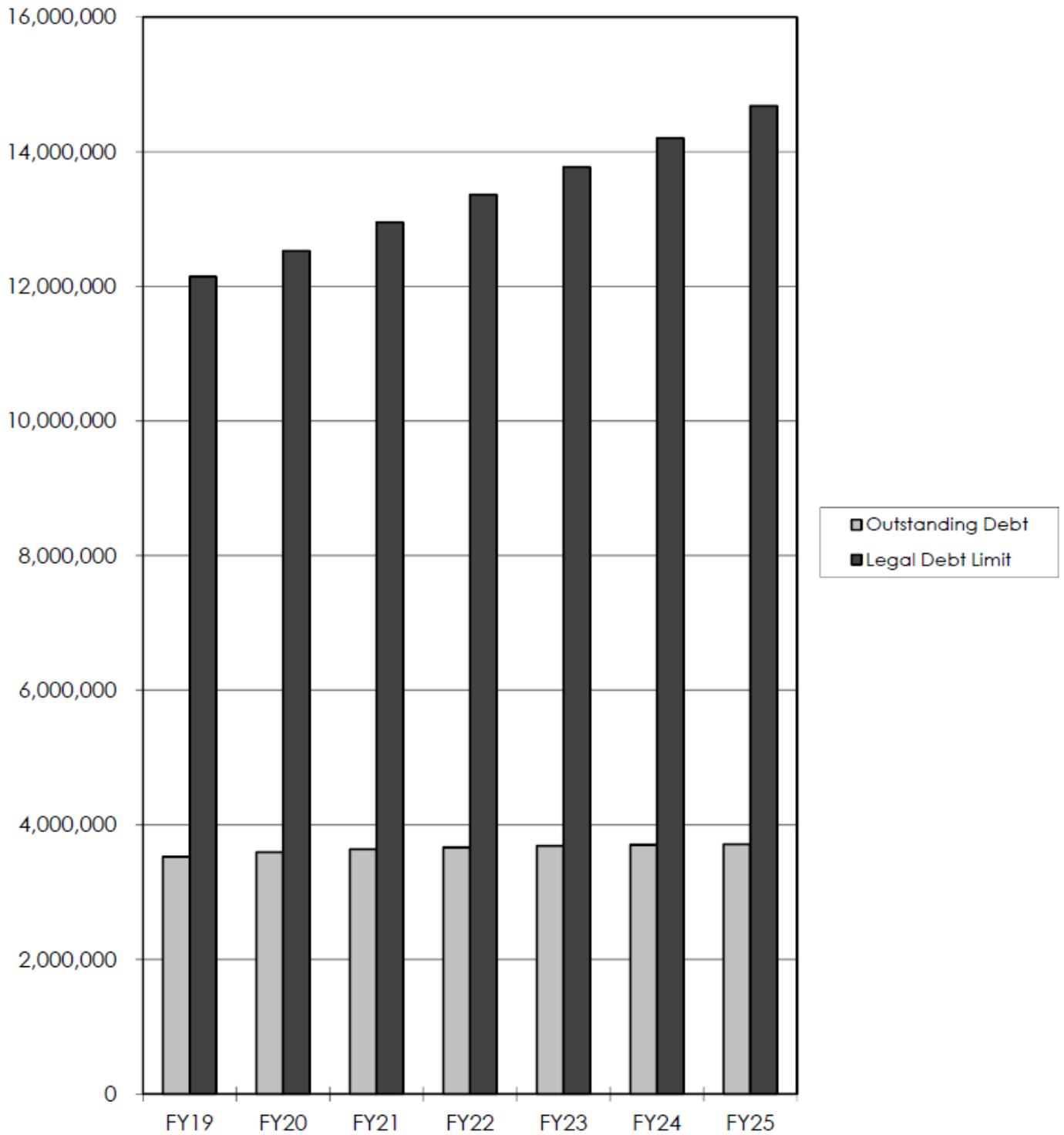
FUND	Principal	Interest	Total
Debt Service Fund	275,859,980	163,364,260	439,224,240
Liquor Control (Section 65)	5,170,590	4,094,210	9,264,800
Montgomery Housing Initiative	43,000	11,400	54,400
Bethesda Parking Lot District (Section 46)	3,591,000	1,049,400	4,640,400
Total	284,664,570	168,519,270	453,183,840

**General Obligation Bonds Outstanding by Bond Category
(\$000s)**

Total \$3,095,230 as of June 30, 2018



Outstanding Debt and Legal Debt Limit (\$000s)



DEBT CAPACITY ANALYSIS

FY19-24 Amended Capital Improvements Program

COUNTY EXECUTIVE RECOMMENDED

March 15, 2019

GO BOND 6 YR TOTAL = 1,860.0 MILLION

GO BOND FY19 TOTAL = 330.0 MILLION

GO BOND FY20 TOTAL = 320.0 MILLION

	FY18	FY19	FY20	FY21	FY22	FY23	FY24
1 GO Bond Guidelines (\$000)	340,000	330,000	320,000	310,000	300,000	300,000	300,000
2 GO Debt/Assessed Value	1.84%	1.74%	1.72%	1.69%	1.65%	1.61%	1.57%
3 Debt Service + LTL + Short-Term Leases/Revenues (GF)	11.31%	11.65%	11.46%	11.73%	11.70%	11.69%	11.33%
4 \$ Debt/Capita	3,279	3,210	3,195	3,208	3,232	3,193	3,176
5 \$ Real Debt/Capita (FY18=100%)	3,279	3,148	3,063	2,999	2,943	2,831	2,742
6 Capita Debt/Capita Income	3.82%	3.62%	3.40%	3.32%	3.21%	3.10%	2.99%
7 Payout Ratio	68.70%	69.58%	70.19%	71.10%	71.94%	72.71%	73.42%
8 Total Debt Outstanding (\$000s)	3,483,555	3,413,440	3,478,995	3,525,420	3,553,415	3,575,350	3,589,700
9 Real Debt Outstanding (FY18=100%)	3,483,555	3,348,151	3,335,078	3,296,189	3,235,019	3,169,414	3,098,476
10 Note: OP/PSP Growth Assumption (2)		1.9%	2.8%	2.0%	2.6%	2.9%	3.2%

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 FY19 approved budget to FY20 budget for FY20 and budget to budget for FY21-24.

FY19-24 Amended Capital Improvements Program

COUNTY EXECUTIVE RECOMMENDED

January 15, 2019

(\$ millions)	6 YEARS	FY19	FY20	FY21	FY22	FY23	FY24
BONDS PLANNED FOR ISSUE	1,860.000	330.000	320.000	310.000	300.000	300.000	300.000
Plus PAYGO Funded	186.000	33.000	32.000	31.000	30.000	30.000	30.000
Adjust for Implementation **	-	-	-	-	-	-	-
Adjust for Future Inflation **	(85.738)	-	-	(8.512)	(17.153)	(25.822)	(34.251)
SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)	1,960.262	363.000	352.000	332.488	312.847	304.178	295.749
Less Set Aside: Future Projects	135.226	5.973	12.583	15.020	24.773	33.224	43.653
	6.90%						
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	1,825.036	357.027	339.417	317.468	288.074	270.954	252.096
MCPS	(744.484)	(98.104)	(143.837)	(130.837)	(109.555)	(139.257)	(122.894)
MONTGOMERY COLLEGE	(121.622)	(20.926)	(13.921)	(22.169)	(24.776)	(15.774)	(24.056)
M-NCPPC PARKS	(66.628)	(12.139)	(10.687)	(10.152)	(10.818)	(11.431)	(11.401)
TRANSPORTATION	(460.091)	(105.447)	(124.606)	(73.734)	(73.885)	(40.871)	(41.548)
MCG - OTHER	(489.219)	(120.411)	(103.375)	(80.576)	(69.040)	(63.620)	(52.197)
Programming Adjustment - Overspent Prior Years*	57.008		57.009	-		(0.001)	-
	-						
SUBTOTAL PROGRAMMED EXPENDITURES	(1,825.036)	(357.027)	(339.417)	(317.468)	(288.074)	(270.954)	(252.096)
AVAILABLE OR (GAP)	-	-	-	-	-	-	-
NOTES:							
* See additional information on the GO Bond Programming Adjustment for Unspent Prior Year Detail Chart							
** Adjustments Include:							
Inflation =		1.95%	2.27%	2.56%	2.85%	2.85%	2.85%

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