



# Debt Service

## RECOMMENDED FY23 BUDGET

\$459,907,765

## 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 FY23 Operating Budget for Debt Service is \$459,907,765 an increase of \$11,220,275 or 2.5 percent from the FY22 approved budget of \$448,687,490. This amount excludes \$47,230 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 35.9 percent of the County's capital expenditures (excluding WSSC) for the six years of the Recommended FY23-28 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 and State tax laws, interest rates are lower than for non-government issues.

"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 safety of repayment for 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

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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 5, 2021, the County Council approved SAG limits at \$300.0 million for FY23, \$290.0 million for FY24 and \$1,680.0 million for the FY23-28 period. On February 1, 2022, the County Council confirmed the guidelines set on October 5, 2021. The County Executive recommends the same level of debt issuance as SAG for FY23 and FY24 with adjustments in the out years resulting in \$1,750.0 million for FY23-28.

### **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 (including costs of issuance) constitute the total Debt Service budget for FY23. 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's 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.

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 and included in the debt service budget, usually at lower rates than with 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.

### **FY22 Estimated Debt Service**

The FY22 estimated general obligation debt service, lease, and other long-term debt expenditure requirements for tax-supported funds total \$414.0 million which is lower than the budget of \$420.9 million primarily due to deferrals in some lease financings and a delayed long-term debt issuance (MHI- Property Acquisition Fund).

During FY22, the County closed one of its revolving lines of credit in the amount of \$150 million. The County had not drawn any advances against the line of credit. These lines of credit have not been utilized but are available to ensure that the County has sufficient liquidity to meet its obligations

### **FY23 Recommended Debt Service Budget**

The FY23 Debt Service budget is predicated on a base of existing debt service requirements from past bond issues plus the following:

An FY23 issue of \$300 million at an interest cost of 5.0 percent for 20 years with even principal payments and annual debt issuance to continue through FY28.

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Interest expense based on an anticipated average BANs commercial paper balance of \$350 million during FY23.

Other short- and long-term financing obligations are displayed in a chart at the end of the section.

The Debt Service assumptions discussed above result in a total FY23 Debt Service requirement for tax supported funds of \$435.2 million, which is a 3.4 percent increase from the FY22 budget of \$420.9 million. The General Fund appropriation requirement is \$374.4 million, or 3.7 percent more than the budgeted FY22 amount of \$361.1 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 5.0 percent is budgeted for the fall 2022 (FY23) issue. Projected interest rates for bond issues for FY23 through FY28 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 \$435.2 million in FY23 to \$474.5 million by FY28 with the General Fund revenue requirement growing from \$374.4 million in FY23 to \$407.1 million by FY28.

## **Capital Improvements Program Impact 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 charge against the Operating Budget each year for 20 years or the actual maturity of the bonds issued. Debt requirements for past and future bond issues are calculated each fiscal year, and provision for the payment of debt service is included as an Operating Budget requirement. Debt service expenditures take up fiscal capacity that could be utilized to fund current or 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 which is displayed at the end of this section is based on the County Executive's recommendations for the six-year bond levels, and not the approved Spending Affordability Guidelines as is stated earlier in the section. The chart displays the anticipated debt issues for the six years which are the basis of the G.O. bond-funded portion of the Recommended FY23-28 CIP. Annual bond-funding requirements (on which future debt issue projections are based) are based on assumptions 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

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issue requirements for the first and second years and for the six years, and the County Executive's Recommended FY23-28 Capital Improvements Program meets that requirement. The General Obligation Bond Adjustment chart reflecting the Executive's January 18, 2022 proposals for the Recommended FY23-28 CIP is included at the end of this section.

### **Debt Limit**

The County's outstanding general obligation debt totals \$3,189,410,000 as of June 30, 2021. 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, Local Government Article, Section 10-203, 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, 2021, is \$12,603,201,000 based upon the assessed valuation \$198,347,861,932 for all real property and \$4,682,192,977 for personal property. The County's outstanding general obligation debt of \$3,189,410,000 plus outstanding short-term commercial paper of \$470,000,000 is 1.72 percent of assessed value, 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 - for Fiscal Year 2021. 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 Program 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 was 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 FY23 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 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. During FY20 the County entered into two drawdown loans with the Maryland Water Quality Financing Administration (MWQFA). The loans approximated \$50.7 million and are secured by Water Quality Protection Charge (WQPC) revenues.

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From FY23, debt service estimates for additional Water Quality Protection Bonds and MWQFA loans have been included. These financings are required to meet ongoing 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 Conservation 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. Contributions to the Wheaton Redevelopment tax- supported debt service appropriation are assumed from Permitting Services, CUPF, and Water Quality Protection funds.

The budget includes debt service for a \$50 million, Limited Obligation Bond financing issued by the Housing Opportunities Commission in FY22 for County housing projects. Debt service is to be paid from the Montgomery County Housing Initiatives Fund.

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. These bonds matured in FY22 and there are currently no bonds outstanding for the District.

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. The County Executive has recommended a funding plan for White Flint District improvements that includes additional debt. No debt has been issued at this time.

## PROGRAM CONTACTS

Contact Jacqueline Carter of the Department of Finance at 240.777.8979 or Anita Aryeetey of the Office of Management and Budget at 240.777.2784 for more information regarding this department's operating budget.

## BUDGET SUMMARY

	Actual FY21	Budget FY22	Estimate FY22	Recommended FY23	%Chg Bud/Rec
DEBT SERVICE					
EXPENDITURES					

## BUDGET SUMMARY

	Actual FY21	Budget FY22	Estimate FY22	Recommended FY23	%Chg Bud/Rec
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
<b>Debt Service Personnel Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>—</b>
Debt Service G.O Bonds	379,799,401	391,628,230	386,371,571	400,658,260	2.3 %
Debt Service Other	23,862,280	29,309,510	27,669,860	34,536,905	17.8 %
<b>Debt Service Expenditures</b>	<b>403,661,681</b>	<b>420,937,740</b>	<b>414,041,431</b>	<b>435,195,165</b>	<b>3.4 %</b>
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	2,184,730	1,652,930	732,660	243,350	-85.3 %
Miscellaneous Revenues	540,638	0	0	0	—
Premium on General Obligation Bonds	1,832,030	3,523,676	3,523,676	3,462,510	-1.7 %
<b>Debt Service Revenues</b>	<b>4,557,398</b>	<b>5,176,606</b>	<b>4,256,336</b>	<b>3,705,860</b>	<b>-28.4 %</b>
DEBT SERVICE - NON-TAX SUPPORTED					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
<b>Debt Service - Non-Tax Supported Personnel Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>—</b>
Debt Service Other	18,267,897	27,749,750	20,060,100	24,712,600	-10.9 %
<b>Debt Service - Non-Tax Supported Expenditures</b>	<b>18,267,897</b>	<b>27,749,750</b>	<b>20,060,100</b>	<b>24,712,600</b>	<b>-10.9 %</b>
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
REVENUES					
<b>Debt Service - Non-Tax Supported Revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>—</b>
DEPARTMENT TOTALS					
<b>Total Expenditures</b>	<b>421,929,578</b>	<b>448,687,490</b>	<b>434,101,531</b>	<b>459,907,765</b>	<b>2.5 %</b>
<b>Total Full-Time Positions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>—</b>
<b>Total Part-Time Positions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>—</b>
<b>Total FTEs</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>—</b>
<b>Total Revenues</b>	<b>4,557,398</b>	<b>5,176,606</b>	<b>4,256,336</b>	<b>3,705,860</b>	<b>-28.4 %</b>

DEBT SERVICE - GENERAL OBLIGATION BONDS, LONG & SHORT TERM LEASES AND OTHER DEBT							
	Actual FY20	Actual FY21	Budget FY22	Estimated FY22	Recommended FY23	% Chg App/App	App % GO Bonds
<b>GO BOND DEBT SERVICE EXPENDITURES</b>							
General County	71,597,357	72,406,533	72,736,570	73,207,078	73,669,270		18.8%
Roads & Storm Drains	78,635,686	77,448,929	81,511,740	80,307,371	81,692,170		20.8%
Public Housing	60,110	49,823	52,080	52,050	50,080		0.0%
Parks	9,634,126	9,304,075	9,611,110	9,432,154	9,610,150		2.5%
Public Schools	153,776,579	150,934,211	153,878,840	152,882,317	157,349,560		40.1%
Montgomery College	27,880,119	27,610,768	27,721,800	27,623,562	28,754,980		7.3%
Bond Anticipation Notes/Commercial Paper	4,593,302	551,912	1,300,000	1,010,000	4,725,000		
Bond Anticipation Notes/Liquidity & Remarketing	2,427,921	3,245,430	3,400,000	2,700,000	2,720,000		
Cost of Issuance	788,559	417,748	1,030,000	1,000,000	1,033,000		
Line(s) of Credit		992,500	1,400,000	483,260	-		
<b>Total General Fund</b>	<b>349,373,759</b>	<b>342,961,929</b>	<b>352,642,120</b>	<b>348,697,792</b>	<b>359,604,190</b>	<b>2.0%</b>	<b>89.5%</b>
Fire Tax District Fund	7,866,588	7,732,894	7,513,040	7,466,327	8,253,840		2.1%
Mass Transit Fund	21,710,478	19,187,126	20,997,580	20,193,362	22,146,340		5.8%
Recreation Fund	10,759,993	9,917,452	10,475,490	10,014,090	10,653,890		2.7%
<b>Total Tax Supported Other Funds</b>	<b>40,337,058</b>	<b>36,837,472</b>	<b>38,986,110</b>	<b>37,673,779</b>	<b>41,054,070</b>	<b>5.3%</b>	<b>10.5%</b>
<b>TOTAL TAX SUPPORTED</b>	<b>389,710,817</b>	<b>379,799,401</b>	<b>391,628,230</b>	<b>386,371,571</b>	<b>400,658,260</b>	<b>2.3%</b>	<b>100.0%</b>
<b>TOTAL GO BOND DEBT SERVICE EXPENDITURES</b>	<b>389,710,817</b>	<b>379,799,401</b>	<b>391,628,230</b>	<b>386,371,571</b>	<b>400,658,260</b>	<b>2.3%</b>	<b>100.0%</b>
<b>LONG-TERM LEASE EXPENDITURES</b>							
Revenue Authority - Conference Center	991,834	987,709	991,000	991,000	991,600		
Revenue Authority - Crossvines Project	-	-	250,000	140,000	860,200		
Fire and Rescue Equipment	2,090,843	-	1,500,000	36,000	725,000		
<b>TOTAL LONG-TERM LEASE EXPENDITURES</b>	<b>3,082,677</b>	<b>987,709</b>	<b>2,741,000</b>	<b>1,167,000</b>	<b>2,576,800</b>	<b>-8.0%</b>	
<b>SHORT-TERM LEASE EXPENDITURES / FINANCING</b>							
Technology Modernization Project	3,646,948	3,646,948	3,647,100	3,647,100	3,647,100		
Libraries System Modernization	96,955	96,955	48,500	48,500	-		
Corrections Security System	161,802	-	-	-	-		
Digital Evidence Data Storage	-	153,888	264,000	247,800	247,800		
Ride On Buses	6,885,409	5,244,330	1,738,200	1,738,200	712,400		
Public Safety System Modernization	3,564,498	1,322,586	387,200	17,200	320,200		
Fire Breathing Apparatus	-	1,045,422	-	-	-		
Fuel Management System	829,410	414,706	-	-	-		
Transit System Radios	-	-	365,000	-	375,000		
Police Body Armor	-	-	110,000	-	225,300		
Intelligent Transit System	-	-	980,000	-	980,000		
Fire Defibrillators	-	-	150,000	-	151,300		
Radio Lifecycle Replacement	-	-	-	-	1,047,500		
<b>TOTAL SHORT-TERM LEASE EXPENDITURES</b>	<b>15,185,082</b>	<b>11,924,835</b>	<b>7,690,000</b>	<b>5,698,800</b>	<b>7,686,600</b>	<b>0.0%</b>	
<b>OTHER LONG-TERM DEBT</b>							
Silver Spring Music Venue	290,643	294,055	292,000	74,000	215,700		
Incubators	926,325	931,759	936,720	936,720	4,244,500		
Site II Acquisition	1,238,855	1,238,855	-	-	-		
Rockville Core	-	-	1,508,500	1,508,500	1,506,850		
Energy Performance Leases QECBs	1,075,782	646,218	660,540	647,690	660,820		
Energy Performance Leases Other	1,352,884	1,622,101	1,674,150	1,687,000	1,716,210		
Wheaton Redevelopment	-	-	2,355,550	2,355,550	2,358,300		
MHI-HUD Loan - Non-Tax supported	54,396	52,034	49,650	49,650	47,230		
Water Quality Protection Charge Bonds - Non-Tax supported	6,149,188	8,119,113	8,887,800	8,493,500	9,450,600		
MHI - Property Acquisition Fund - Non-Tax supported	9,623,486	9,621,452	13,318,400	8,495,500	12,168,800		
MHI - Property Acquisition Fund - HOC - Non-Tax supported	-	-	3,400,000	3,071,100	3,073,200		
COPs - Rockville Core	-	374,117	-	-	-		
COPs - Wheaton Redevelopment	-	584,882	-	-	-		
COPs - Fire SCBA and Apparatus	-	1,393,352	4,386,575	4,386,575	4,383,850		
COPs - Fleet Equipment	-	57,178	329,250	329,250	329,100		
COPs - Buses	-	2,904,832	6,033,825	6,033,825	6,022,925		
COPs - Fuel Management	-	94,756	188,800	188,800	187,400		
COPs - PSSM	-	1,237,780	2,504,800	2,504,800	2,496,500		
COPs - Corrections	-	154,733	151,350	151,350	151,350		
<b>TOTAL OTHER LONG-TERM DEBT</b>	<b>20,711,539</b>	<b>29,327,217</b>	<b>46,677,910</b>	<b>40,913,810</b>	<b>49,033,335</b>	<b>5.0%</b>	
<b>DEBT SERVICE EXPENDITURES</b>							
Tax Supported	412,863,045	403,661,681	420,725,740	414,041,431	435,195,165		3.4%
Non-Tax Supported - Other Long-term Debt	15,827,070	18,377,481	29,911,400	20,109,750	24,759,830		
<b>TOTAL DEBT SERVICE EXPENDITURES</b>	<b>428,690,115</b>	<b>422,039,162</b>	<b>448,737,140</b>	<b>434,151,181</b>	<b>459,954,995</b>	<b>2.5%</b>	
<b>GO BOND DEBT SERVICE FUNDING SOURCES</b>							
General Funds	327,754,879	339,132,535	347,718,444	344,690,857	356,141,680		
BABs Crossover Funds with Escrow Agent	2,589,550	-	-	-	-		
Other Interest: Installment Notes, Interest & Penalties	1,465,500	-	-	-	-		
Federal Subsidy on General Obligation Bonds	3,684,798	1,141,184	-	-	-		
Federal Grants	-	992,500	1,400,000	483,260	-		
Premium on General Obligation Bonds	14,745,679	1,832,030	3,523,676	3,523,676	3,462,510		
<b>Total General Fund Sources</b>	<b>350,240,406</b>	<b>343,098,249</b>	<b>352,642,120</b>	<b>348,697,793</b>	<b>359,604,190</b>		
Fire Tax District Funds	7,689,547	7,648,423	7,513,040	7,466,327	8,253,840		
Mass Transit Fund	21,231,181	19,198,766	20,997,580	20,193,362	22,146,340		
Recreation Fund	10,425,227	9,853,986	10,475,490	10,014,090	10,653,890		
<b>Total Other Funding Sources</b>	<b>39,345,955</b>	<b>36,701,155</b>	<b>38,986,110</b>	<b>37,673,779</b>	<b>41,054,070</b>		
<b>TOTAL GO BOND FUNDING SOURCES</b>	<b>389,586,361</b>	<b>379,799,404</b>	<b>391,628,230</b>	<b>386,371,572</b>	<b>400,658,260</b>		
<b>NON GO BOND FUNDING SOURCES</b>							
General Funds	12,060,682	12,173,588	13,384,930	12,564,259	18,300,527		
MHI Fund - HUD Loan	54,396	52,034	49,650	49,650	47,230		
Water Quality Protection Fund	6,273,645	8,350,885	8,887,800	8,493,500	9,450,600		
MHI - Property Acquisition Fund	9,623,486	9,621,452	16,718,400	11,566,000	15,262,000		
Wheaton Redevelopment contributions	-	295,560	2,143,550	2,143,550	2,146,053		
Motor Pool Fund	-	57,178	518,050	518,050	516,500		
Mass Transit Fund	6,885,409	8,149,162	9,117,025	7,772,025	8,070,325		
Fire Tax District Fund	2,890,283	2,948,235	6,036,575	4,422,575	5,260,150		
Federal Subsidy - QECBs	209,993	51,046	252,930	249,400	243,350		
Capitalized Interest - Energy Performance Leases	45,405	-	-	-	-		
ESCO Pepco and Utility Rebates	610,395	90,638	-	-	-		
Developer Payments - Site II	450,000	450,000	-	-	-		
<b>TOTAL NON GO BOND FUNDING SOURCES</b>	<b>39,103,754</b>	<b>42,239,758</b>	<b>57,108,910</b>	<b>47,779,609</b>	<b>59,296,735</b>		
<b>TOTAL FUNDING SOURCES</b>	<b>428,690,115</b>	<b>422,039,162</b>	<b>448,737,140</b>	<b>434,151,181</b>	<b>459,954,995</b>		
<b>TOTAL GENERAL OBLIGATION BOND SALES</b>							
Actual and Estimated Bond Sales	320,000,000	320,000,000	310,000,000	310,000,000	300,000,000		
Council SAG Approved Bond Funded Expenditures	320,000,000	320,000,000	310,000,000	310,000,000	300,000,000		

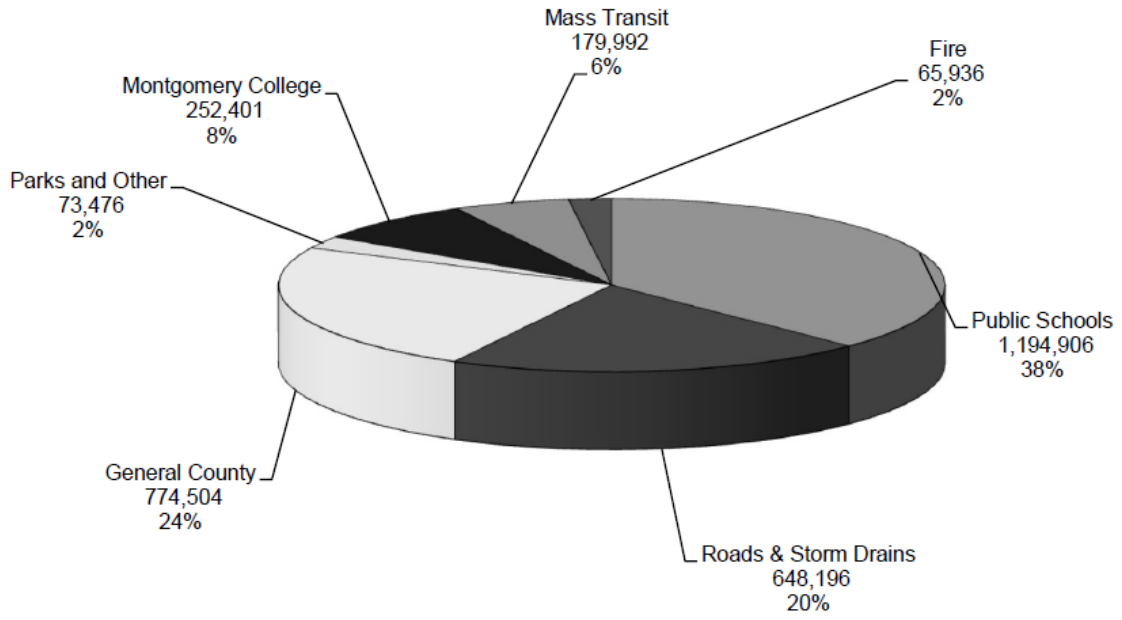


DEBT SERVICE - GENERAL OBLIGATION BONDS, LONG & SHORT TERM LEASES AND OTHER DEBT						
	Recommended FY23	Projected FY24	Projected FY25	Projected FY26	Projected FY27	Projected FY28
<b>GO BOND DEBT SERVICE EXPENDITURES</b>						
General County	73,889,270	77,615,240	79,246,360	79,804,850	82,804,290	89,649,780
Roads & Storm Drains	81,692,170	83,673,900	85,381,650	88,705,630	92,411,210	96,302,460
Public Housing	50,000	46,850	18,080	33,540	22,890	51,980
Parks	9,610,150	10,444,560	10,626,920	11,131,460	12,177,700	12,546,210
Public Schools	157,349,580	154,390,490	161,415,230	163,346,860	160,703,060	149,722,730
Montgomery College	28,754,980	29,800,220	30,825,400	30,890,290	31,281,270	34,145,130
Bond Anticipation Notes/Commercial Paper	4,725,000	5,565,000	6,370,000	6,825,000	7,175,000	7,315,000
Bond Anticipation Notes/Liquidity & Remarketing	2,720,000	2,720,000	2,720,000	2,720,000	2,720,000	2,720,000
Cost of Issuance	1,033,000	1,059,000	1,085,000	1,111,000	1,136,000	1,162,000
<b>Total General Fund</b>	<b>359,604,190</b>	<b>365,315,060</b>	<b>377,688,640</b>	<b>384,568,230</b>	<b>390,431,420</b>	<b>393,615,290</b>
Fire Tax District Fund	8,253,840	9,531,360	9,874,110	11,288,310	11,947,060	11,741,750
Mass Transit Fund	22,146,340	23,122,390	24,152,170	23,891,050	23,320,090	23,788,040
Recreation Fund	10,653,890	11,546,130	12,748,660	14,350,130	15,091,360	14,997,550
<b>Total Tax Supported Other Funds</b>	<b>41,054,070</b>	<b>44,199,880</b>	<b>46,774,940</b>	<b>49,529,490</b>	<b>50,358,510</b>	<b>50,527,340</b>
<b>TOTAL TAX SUPPORTED</b>	<b>400,658,260</b>	<b>409,514,940</b>	<b>424,463,580</b>	<b>434,097,720</b>	<b>440,789,930</b>	<b>444,142,630</b>
<b>TOTAL GO BOND DEBT SERVICE EXPENDITURES</b>	<b>400,658,260</b>	<b>409,514,940</b>	<b>424,463,580</b>	<b>434,097,720</b>	<b>440,789,930</b>	<b>444,142,630</b>
<b>LONG-TERM LEASE EXPENDITURES</b>						
Revenue Authority - Conference Center	991,600	-	-	-	-	-
Fire and Rescue Equipment	725,000	1,654,000	2,235,000	2,723,000	3,186,000	3,637,000
Revenue Authority - Crossvines Project	860,200	860,200	859,200	862,000	858,800	859,400
<b>TOTAL LONG-TERM LEASE EXPENDITURES</b>	<b>2,576,800</b>	<b>2,514,200</b>	<b>3,094,200</b>	<b>3,585,000</b>	<b>4,044,800</b>	<b>4,496,400</b>
<b>SHORT-TERM LEASE EXPENDITURES / FINANCING</b>						
Technology Modernization Project	3,647,100	1,823,500	-	-	-	-
Digital Evidence Data Storage	247,800	247,800	247,800	93,800	-	-
Ride On Buses	712,400	712,400	898,400	1,207,400	1,517,400	1,934,000
Intelligent Transit System	960,000	1,920,000	1,920,000	1,920,000	1,920,000	1,920,000
Public Safety System Modernization	320,200	1,364,400	1,364,400	1,364,400	1,364,400	1,364,400
Transit System Radios	375,000	750,000	750,000	750,000	750,000	375,000
Fire Defibrillators	151,300	269,300	373,200	373,200	373,200	221,900
Police Body Armor	225,300	225,300	225,300	225,300	225,300	-
Radio Lifecycle Replacement	1,047,500	3,258,000	5,745,600	7,362,800	8,173,200	7,720,300
<b>TOTAL SHORT-TERM LEASE EXPENDITURES</b>	<b>7,686,600</b>	<b>10,570,700</b>	<b>11,524,700</b>	<b>13,296,700</b>	<b>14,323,500</b>	<b>13,535,600</b>
<b>OTHER LONG-TERM DEBT</b>						
Silver Spring Music Venue	215,700	214,900	293,200	293,210	292,700	293,300
Incubators	4,244,500	-	-	-	-	-
Rockville Core	1,506,850	1,508,400	1,507,900	1,505,400	1,505,750	1,508,750
Energy Performance Leases QECBs	860,820	823,700	823,700	823,700	823,700	823,700
Energy Performance Leases Other	1,716,210	1,624,910	1,654,140	1,689,430	1,703,470	1,749,600
Wheaton Redevelopment	2,358,300	2,358,100	2,354,800	2,358,300	2,358,300	2,356,300
MHI-HUD Loan - Non-Tax supported	47,230	54,510	-	-	-	-
Water Quality Protection Charge Bonds - Non-Tax supported	9,450,600	10,296,150	12,305,150	15,665,850	17,469,100	17,617,175
MHI - Property Acquisition Fund - Non-Tax supported	12,188,800	14,835,600	14,728,520	19,051,790	19,052,299	22,352,600
MHI - Property Acquisition Fund - HOC - Non-Tax supported	3,073,200	3,071,000	3,069,500	3,072,100	3,070,300	3,068,800
COPs - Fire SCBA and Apparatus	4,383,850	4,389,750	4,388,650	2,401,500	2,399,600	2,398,050
COPs - Fleet Equipment	329,100	328,450	327,300	325,850	328,375	325,475
COPs - Buses	6,022,925	5,317,500	4,640,300	3,343,825	3,092,000	2,859,750
COPs - Fuel Management	187,400	185,800	189,000	-	-	-
COPs - PSSM	2,498,500	-	-	-	-	-
COPs - Corrections	151,350	151,150	155,750	73,500	-	-
<b>TOTAL OTHER LONG-TERM DEBT</b>	<b>49,033,335</b>	<b>45,159,920</b>	<b>46,437,910</b>	<b>50,604,255</b>	<b>52,095,594</b>	<b>55,353,500</b>
<b>DEBT SERVICE EXPENDITURES</b>						
Tax Supported	435,195,165	439,502,500	455,417,220	463,793,935	471,662,125	474,489,555
Non-Tax Supported - Other Long-term Debt	24,759,830	28,257,260	30,103,170	37,789,740	39,591,699	43,038,575
<b>TOTAL DEBT SERVICE EXPENDITURES</b>	<b>459,954,995</b>	<b>467,759,760</b>	<b>485,520,390</b>	<b>501,583,676</b>	<b>511,253,824</b>	<b>517,528,130</b>
<b>GO BOND DEBT SERVICE FUNDING SOURCES</b>						
General Funds	356,141,680	363,802,875	377,688,640	384,568,230	390,431,420	393,615,290
Federal Grants	-	-	-	-	-	-
Premium on General Obligation Bonds	3,462,510	1,712,185	-	-	-	-
<b>Total General Fund Sources</b>	<b>359,604,190</b>	<b>365,515,060</b>	<b>377,688,640</b>	<b>384,568,230</b>	<b>390,431,420</b>	<b>393,615,290</b>
Fire Tax District Fund	8,253,840	9,531,360	9,874,110	11,288,310	11,947,060	11,741,750
Mass Transit Fund	22,146,340	23,122,390	24,152,170	23,891,050	23,320,090	23,788,040
Recreation Fund	10,653,890	11,546,130	12,748,660	14,350,130	15,091,360	14,997,550
<b>Total Other Funding Sources</b>	<b>41,054,070</b>	<b>44,199,880</b>	<b>46,774,940</b>	<b>49,529,490</b>	<b>50,358,510</b>	<b>50,527,340</b>
<b>TOTAL GO BOND FUNDING SOURCES</b>	<b>400,658,260</b>	<b>409,714,940</b>	<b>424,463,580</b>	<b>434,097,720</b>	<b>440,789,930</b>	<b>444,142,630</b>
<b>NON GO BOND FUNDING SOURCES</b>						
General Funds	18,300,527	12,081,230	12,578,602	13,747,458	14,251,547	13,528,297
MHI Fund - HUD Loan	47,230	54,510	0	-	-	-
Water Quality Protection Fund	9,450,600	10,296,150	12,305,150	15,665,850	17,469,100	17,617,175
MHI - Property Acquisition Fund	15,262,000	17,906,600	17,798,020	22,123,890	22,122,599	25,421,400
Wheaton Redevelopment Contributions	2,146,053	2,146,871	2,142,868	2,146,053	2,146,053	2,144,233
Motor Pool Fund	516,500	514,250	516,300	325,650	328,375	325,475
Mass Transit Fund	8,070,325	8,699,900	8,208,700	7,221,225	7,279,400	7,088,750
Fire Tax District Fund	5,280,150	6,313,050	6,996,850	5,497,700	5,958,800	6,256,950
Federal Subsidy - QECBs	243,350	233,260	222,320	210,030	203,220	203,220
Revenue Authority - Crossvines Project	-	-	288,000	548,100	704,800	800,000
<b>TOTAL NON GO BOND FUNDING SOURCES</b>	<b>59,296,735</b>	<b>58,244,820</b>	<b>61,056,810</b>	<b>67,485,956</b>	<b>70,463,894</b>	<b>73,385,500</b>
<b>TOTAL FUNDING SOURCES</b>	<b>459,954,995</b>	<b>467,959,760</b>	<b>485,520,390</b>	<b>501,583,676</b>	<b>511,253,824</b>	<b>517,528,130</b>
<b>TOTAL GENERAL OBLIGATION BOND SALES</b>						
Estimated Bond Sales	300,000,000	290,000,000	290,000,000	290,000,000	290,000,000	290,000,000
Council SAG Approved Bond Funded Expenditures	300,000,000	290,000,000	280,000,000	270,000,000	270,000,000	270,000,000
<b>ESTIMATED INTEREST RATE</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>

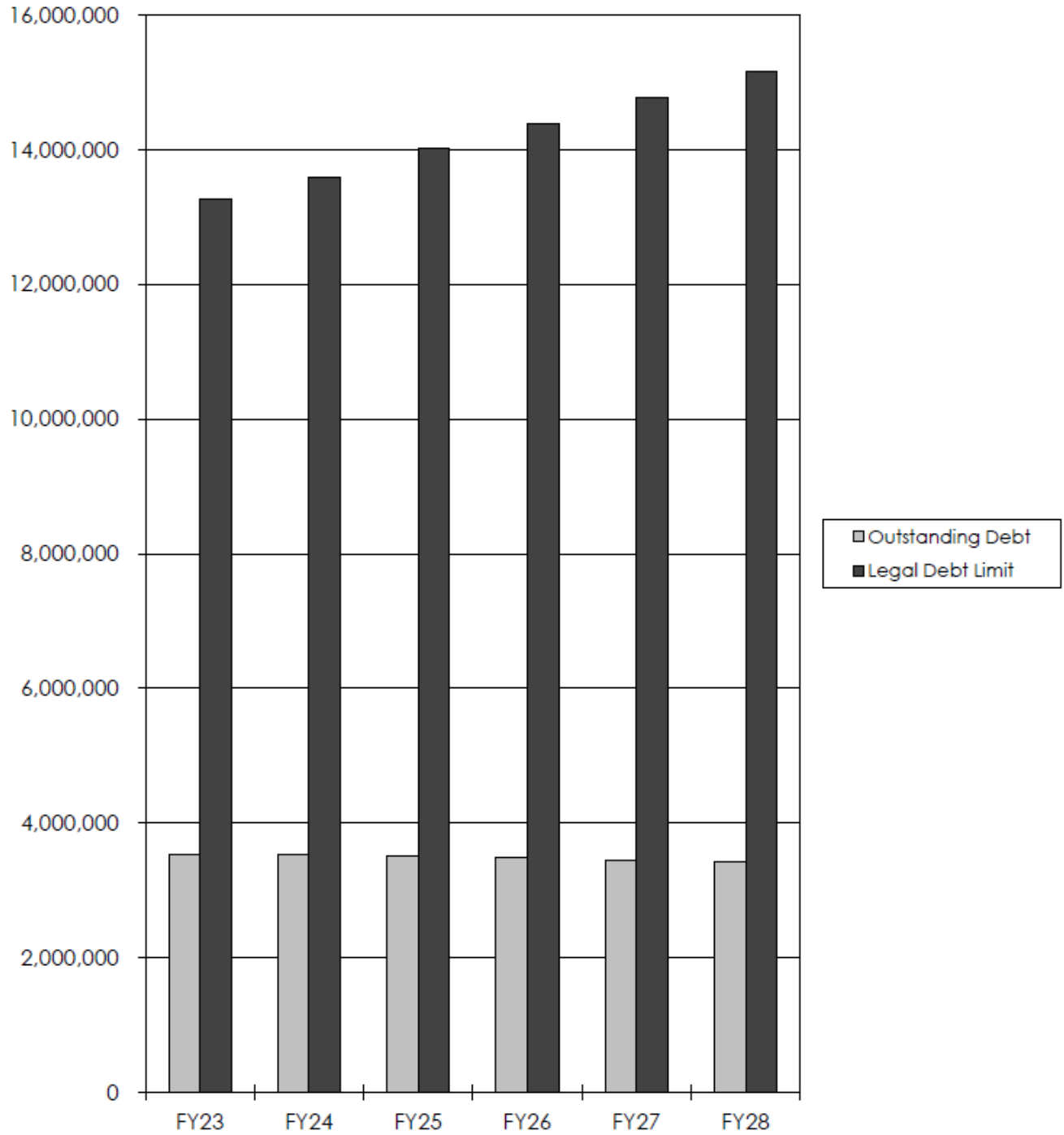
**Schedule of Principal & Interest  
FY23 Recommended Budget**

<b>FUND</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Debt Service Fund	314,977,857	144,929,908	459,907,765
Liquor Control (Section 65)	6,525,423	2,335,488	8,860,911
Montgomery Housing Initiative	43,000	4,230	47,230
Bethesda Parking Lot District (Section 46)	1,945,000	355,683	2,300,683
<b>Total</b>	<b>323,491,280</b>	<b>147,625,309</b>	<b>471,116,589</b>

**General Obligation Bonds Outstanding by Bond Category**  
(\$000s)  
Total \$3,189,410 as of June 30, 2021



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



**DEBT CAPACITY ANALYSIS**  
**FY23-28 CAPITAL IMPROVEMENTS PROGRAM**

March 15, 2022

COUNTY EXECUTIVE RECOMMENDED

GO BOND 6 YR TOTAL = 1,750.0 MILLION

GO BOND FY23 TOTAL = 300.0 MILLION

GO BOND FY24 TOTAL = 290.0 MILLION

	FY22	FY23	FY24	FY25	FY26	FY27	FY28
1 GO Bond Guidelines (\$000)	310,000	300,000	290,000	290,000	290,000	290,000	290,000
2 GO Debt/Assessed Value	1.70%	1.65%	1.61%	1.56%	1.51%	1.45%	1.40%
3 Debt Service + LTL + Short-Term Leases/Revenues (GF)	11.70%	11.14%	11.02%	11.10%	11.11%	11.00%	10.84%
4 \$ Debt/Capita	3,255	3,262	3,237	3,200	3,152	3,099	3,044
5 \$ Real Debt/Capita (FY22=100%)	3,255	3,165	3,072	2,967	2,855	2,744	2,638
6 Capita Debt/Capita Income	3.67%	3.29%	3.13%	2.98%	2.82%	2.68%	2.54%
7 Payout Ratio	71.81%	72.67%	73.51%	74.22%	74.54%	74.81%	74.99%
8 Total Debt Outstanding (\$000s)	3,520,835	3,533,330	3,529,750	3,512,410	3,486,060	3,453,165	3,417,300
9 Real Debt Outstanding (FY22=100%)	3,520,835	3,428,971	3,349,942	3,256,443	3,157,122	3,057,514	2,961,761
10 Note: OP/PSP Growth Assumption (2)		5.9%	3.0%	3.2%	2.5%	2.6%	2.8%

**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 FY22 approved budget to FY23 budget for FY23 and budget to budget for FY24-28.

**GENERAL OBLIGATION BOND ADJUSTMENT CHART**

**FY23-28 Capital Improvements Program**

**COUNTY EXECUTIVE RECOMMENDED**

**January 18, 2022**

(\$ millions)	<b>6 YEARS</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>
BONDS PLANNED FOR ISSUE	1,750.000	300.000	290.000	290.000	290.000	290.000	290.000
Does not assume Council SAG in FY09 and FY10*							
Plus PAYGO Funded	181.100	33.900	30.800	29.200	29.200	29.000	29.000
Adjust for Future Inflation **	(72.285)	-	-	(7.573)	(14.847)	(21.705)	(28.161)
<b>SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)</b>	<b>1,858.815</b>	<b>333.900</b>	<b>320.800</b>	<b>311.627</b>	<b>304.353</b>	<b>297.295</b>	<b>290.839</b>
<b>Less Set Aside: Future Projects</b>	<b>170.722</b>	<b>14.779</b>	<b>19.565</b>	<b>26.037</b>	<b>30.079</b>	<b>36.600</b>	<b>43.661</b>
9.18%							
<b>TOTAL FUNDS AVAILABLE FOR PROGRAMMING</b>	<b>1,688.093</b>	<b>319.121</b>	<b>301.235</b>	<b>285.590</b>	<b>274.274</b>	<b>260.695</b>	<b>247.178</b>
MCPS	(499.443)	(110.904)	(146.951)	(100.734)	(84.231)	(40.623)	(16.000)
MONTGOMERY COLLEGE	(144.128)	(20.807)	(23.015)	(21.253)	(15.504)	(27.463)	(36.086)
M-NCPPC PARKS	(76.450)	(13.997)	(12.637)	(10.933)	(12.961)	(12.961)	(12.961)
TRANSPORTATION	(595.979)	(129.525)	(104.930)	(67.016)	(75.031)	(108.013)	(111.464)
MCG - OTHER	(499.675)	(79.150)	(106.022)	(85.654)	(86.547)	(71.635)	(70.667)
Programming Adjustment - Unspent Prior Years*	127.582	35.262	92.320				-
<b>SUBTOTAL PROGRAMMED EXPENDITURES</b>	<b>(1,688.093)</b>	<b>(319.121)</b>	<b>(301.235)</b>	<b>(285.590)</b>	<b>(274.274)</b>	<b>(260.695)</b>	<b>(247.178)</b>
<b>AVAILABLE OR (GAP) TO BE SOLVED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
NOTES:							
* See additional information on the GO Bond Programming							
Inflation =		3.26%	2.51%	2.43%	2.39%	2.31%	2.22%