

Debt Service

MISSION STATEMENT

This section provides budget data for the repayment of general obligation bonds issued and payment of long-term leases and short-term financing for public facilities 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.

BUDGET OVERVIEW

The total approved FY06 Operating Budget for Debt Service is \$217,074,540, an increase of \$13,229,590 or 6.5 percent from the FY05 approved budget of \$203,844,950. This amount includes long-term lease expenditures of \$12,907,060, and short-term financing of \$11,091,700 but excludes \$135,460 in debt service which is appropriated in non-tax supported funds.

FY06 Approved Changes

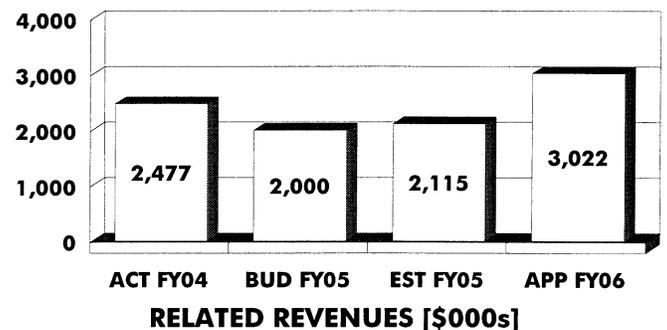
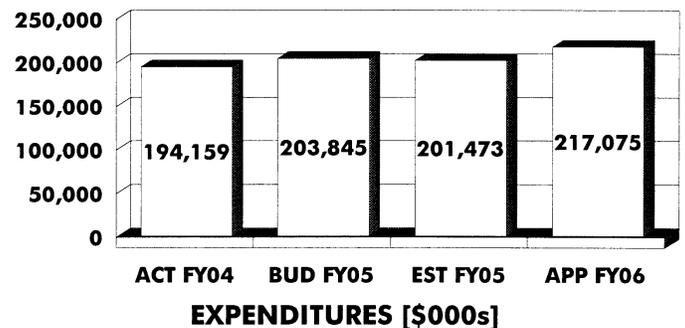
The Debt Service appropriation increase of 6.5 percent is mostly due to an estimated FY05 General Obligation (G.O.) bond issue of \$200.0 million and lease payments associated with the Liquor Control Warehouse.

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 58 percent of the County's capital expenditures for the six years of the Amended FY05-10 CIP.

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 FY06 Debt Service budget is predicated on the bond issue requirements in the Amended CIP, adjusted for inflation, and implementation of the capital program at a projected 92 percent rate in FY05 and FY06 and 93 percent in FY07-10. An interest cost of 5.9 percent was budgeted for the May 2005 issue. Projected interest rates for bond issues for FY05 through FY10 are based on an econometric model which forecasts little change in interest rates after FY05. Under these projections and assumptions, total Debt Service will increase from \$217.1 million in FY06 to \$263.9 million by FY11.

Trends



PROGRAM CONTACTS

Contact Jennifer Barrett of the Department of Finance at 240.777.8870 or Jacqueline Carter of the Office of Management and Budget at 240.777.2771 for more information regarding this department's operating budget.

BUDGET SUMMARY

	Actual FY04	Budget FY05	Estimated FY05	Approved FY06	% 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	194,158,606	203,844,950	201,472,620	216,024,540	6.0%
Capital Outlay	0	0	0	0	—
Debt Service Expenditures	194,158,606	203,844,950	201,472,620	216,024,540	6.0%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—
REVENUES					
Street Assessments	3,745	0	0	0	—
Premium on GO Bonds	485,333	0	0	0	—
BAN/Comm Paper Investment Income: Pooled	515,058	1,700,000	1,090,490	2,722,000	60.1%
Accrued Interest: GO Refunding Bonds	347,072	0	525,890	0	—
Accrued Interest: Installment Notes, I&P	727,529	0	36,590	0	—
Accrued Interest: Bonds Non-Pooled	397,833	300,000	462,380	300,000	—
Debt Service Revenues	2,476,570	2,000,000	2,115,350	3,022,000	51.1%
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	1,050,000	—
Capital Outlay	0	0	0	0	—
Debt Service - Non-Tax Supported Expenditures	0	0	0	1,050,000	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—
DEPARTMENT TOTALS					
Total Expenditures	194,158,606	203,844,950	201,472,620	217,074,540	6.5%
Total Full-Time Positions	0	0	0	0	—
Total Part-Time Positions	0	0	0	0	—
Total Workyears	0.0	0.0	0.0	0.0	—
Total Revenues	2,476,570	2,000,000	2,115,350	3,022,000	51.1%

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

	Actual FY03	Actual FY04	Budget FY05	Estimated FY05	Approved FY06	% Chg Rec/Bud	Rec % GO Bonds
GO BOND DEBT SERVICE EXPENDITURES							
General County	20,310,148	19,586,319	22,913,750	22,368,340	24,308,440		12.9%
Roads & Storm Drains	46,463,300	46,642,173	46,362,740	45,683,510	49,899,240		26.4%
Public Housing	327,862	312,550	297,090	297,080	281,550		0.1%
Parks	5,512,159	5,215,712	5,746,810	5,564,370	6,722,720		3.6%
Public Schools	81,343,699	83,881,739	87,273,450	86,162,420	90,201,310		47.8%
Montgomery College	4,251,374	4,845,285	4,790,530	4,730,720	6,211,610		3.3%
Bond Anticipation Notes/Commercial Paper	1,829,315	1,317,433	3,000,000	2,887,500	3,333,300		
Bond Refunding	-	-	(750,000)	-	-		
Cost of Issuance: General Fund	692,091	645,288	928,900	928,900	952,120		
Total General Fund	160,729,948	162,446,499	170,563,270	168,622,840	181,910,290	6.7%	94.1%
Fire Tax District Fund	2,147,648	2,256,102	2,294,600	2,276,040	3,043,220	32.6%	1.6%
Mass Transit Fund	3,760,774	3,140,136	3,038,680	3,005,060	3,119,380	2.7%	1.7%
Recreation Fund	3,144,518	3,547,968	4,126,760	3,981,840	4,850,190	17.5%	2.6%
Bradley Noise Abatement Fund	36,313	35,112	33,890	33,890	32,650	-3.7%	0.0%
Cabin John Noise Abatement Fund	10,767	10,411	10,060	10,050	9,690	-3.7%	0.0%
Total Tax Supported Other Funds	9,100,020	8,989,729	9,503,990	9,306,880	11,055,130	16.3%	5.9%
TOTAL TAX SUPPORTED	169,829,968	171,436,228	180,067,260	177,929,720	192,965,420	7.2%	100.0%
Non-Tax Supported							
Parking District Funds	374,500	-	-	-	-	0.0%	0.0%
Solid Waste Disposal Fund	110,298	97,685	58,440	58,430	55,160	-5.6%	0.0%
Total Non-Tax Supported	484,798	97,685	58,440	58,430	55,160	-5.6%	0.0%
TOTAL GO BOND DEBT SERVICE EXPENDITURES	170,314,766	171,533,913	180,125,700	177,988,150	193,020,580	7.2%	100.0%
LONG-TERM LEASE EXPENDITURES							
Revenue Authority - Conference Center	561,426	1,581,768	2,269,510	2,269,510	2,266,060		
Revenue Authority - HHS Piccard Drive	640,952	636,388	634,520	634,520	631,830		
Silver Spring Garages	992,093	5,376,400	6,227,710	6,227,710	5,858,990		
Revenue Authority - Recreation Pools	1,353,903	1,327,174	3,197,900	3,153,110	3,100,180		
Liquor Control Warehouse - (Non-tax supported)	-	-	190,000	-	1,050,000		
TOTAL LONG-TERM LEASE EXPENDITURES	3,548,374	8,921,730	12,519,640	12,284,850	12,907,060		
SHORT-TERM LEASE EXPENDITURES							
Short Term Financing - Public Safety Radio	10,383,688	10,320,688	10,276,090	10,276,090	10,220,100		
Short Term Financing - Kay Property	-	-	871,600	871,600	871,600		
Short Term Financing - Buses	3,390,000	3,369,600	-	-	-		
TOTAL SHORT-TERM LEASE EXPENDITURES	13,773,688	13,690,288	11,147,690	11,147,690	11,091,700		
OTHER LONG-TERM DEBT							
MICRF Loan - Tax supported	110,360	110,360	110,360	110,360	110,360		
MHI-HUD Loan - Non-Tax supported	-	18,463	-	80,940	80,300		
TOTAL OTHER LONG-TERM DEBT	110,360	128,823	110,360	191,300	190,660	72.8%	
DEBT SERVICE EXPENDITURES							
Tax Supported	187,262,390	194,158,606	203,654,950	201,472,620	216,024,540		
Non-Tax supported - Long-Term Leases	0	0	190,000	0	1,050,000		
Non-Tax Supported - Other Debt	484,798	116,148	58,440	139,370	135,460		
TOTAL DEBT SERVICE EXPENDITURES	187,747,188	194,274,754	203,903,390	201,611,990	217,210,000	6.5%	
GO BOND DEBT SERVICE FUNDING SOURCES							
General Funds	155,840,126	159,771,070	168,563,270	166,507,490	178,888,290		
Accrued Interest: Bonds-Non Pooled	703,889	397,833	300,000	462,380	300,000		
Accrued Interest: G.O.Refunding Bonds	335,805	347,072	-	525,890	-		
Accrued Interest: Installmt Notes, I&P, Street Assessmts	145,503	727,529	-	36,590	-		
BAN/Commercial Paper Investment Income	680,701	515,058	1,700,000	1,090,490	2,722,000		
Special Street Assessments	4,882	3,745	-	-	-		
Premium on General Obligation Bonds	3,039,440	485,333	-	-	-		
Total General Fund Sources	160,750,346	162,247,640	170,563,270	168,622,840	181,910,290		
Fire Tax District Funds	2,140,101	2,481,625	2,294,600	2,276,040	3,043,220		
Mass Transit Fund	3,750,321	3,114,488	3,038,680	3,005,060	3,119,380		
Recreation Fund	3,142,120	3,546,952	4,126,760	3,981,840	4,850,190		
Bradley Noise Abatement Fund	36,313	35,112	33,890	33,890	32,650		
Cabin John Noise Abatement Fund	10,767	10,411	10,060	10,050	9,690		
Parking Lot District Funds	374,500	-	-	-	-		
Solid Waste Disposal Fund	110,298	97,685	58,440	58,430	55,160		
Total Other Funding Sources	9,564,420	9,286,273	9,562,430	9,365,310	11,110,290		
TOTAL GO BOND FUNDING SOURCES	170,314,766	171,533,913	180,125,700	177,988,150	193,020,580		
NON GO BOND FUNDING SOURCES							
General Funds	12,578,159	17,915,244	20,279,430	20,279,430	19,848,580		
Montgomery Housing Initiative Fund	-	18,463	-	80,940	80,300		
Mass Transit Fund	3,390,000	3,369,600	-	-	-		
Liquor Control Fund	-	-	190,000	-	1,050,000		
Economic Development Fund	110,360	110,360	110,360	110,360	110,360		
Recreation Fund	1,353,903	1,327,174	3,197,900	3,153,110	3,100,180		
TOTAL NON GO BOND FUNDING SOURCES	17,432,422	22,740,841	23,777,690	23,623,840	24,189,420		
TOTAL FUNDING SOURCES	187,747,188	194,274,754	203,903,390	201,611,990	217,210,000		
TRANSFERS							
FROM: RSF Investment Income	1,342,360	1,083,101	2,206,660	2,062,740	3,035,320		
TO: CIP - PAYGO	1,342,360	1,083,101	2,206,660	2,062,740	3,035,320		
TOTAL GENERAL OBLIGATION BOND SALES							
Actual and Estimated Bond Sales	155,000,000	154,600,000	-	200,000,000	-		
Council SAG Approved Issues	-	-	209,000,000	-	213,000,000		

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

	Approved FY06	Projected FY07	Projected FY08	Projected FY09	Projected FY10	Projected FY11
GO BOND DEBT SERVICE EXPENDITURES						
General County	24,308,440	26,910,890	27,884,270	29,722,490	34,019,060	38,020,440
Roads & Storm Drains	49,899,240	54,824,530	58,136,020	58,115,260	58,276,120	57,309,640
Public Housing	281,550	266,000	250,420	175,010	108,320	34,920
Parks	6,722,720	7,203,050	8,087,970	9,157,490	10,539,170	11,962,480
Public Schools	90,201,310	97,881,790	107,730,260	108,382,540	106,499,500	104,410,880
Montgomery College	6,211,610	7,243,200	8,352,490	10,609,760	13,639,180	15,363,220
Bond Anticipation Notes/Commercial Paper	3,333,300	4,468,800	5,281,300	5,931,300	6,500,000	6,906,300
Cost of Issuance	952,120	975,920	1,000,320	1,025,330	1,050,960	1,077,240
Total General Fund	181,910,290	199,774,180	216,723,050	223,119,180	230,632,310	235,085,120
Fire Tax District Fund	3,043,220	3,712,780	3,993,870	5,171,780	5,378,520	5,683,600
Mass Transit Fund	3,119,380	2,992,800	2,837,310	2,506,530	2,293,600	2,050,990
Recreation Fund	4,850,190	5,364,050	5,646,600	6,694,410	8,548,810	9,519,100
Bradley Noise Abatement Fund	32,650	31,390	30,120	28,810	27,500	26,180
Cabin John Noise Abatement Fund	9,690	9,320	8,940	8,560	8,170	7,780
Total Tax Supported Other Funds	11,055,130	12,110,340	12,516,840	14,410,090	16,256,600	17,287,650
TOTAL TAX SUPPORTED	192,965,420	211,884,520	229,239,890	237,529,270	246,888,910	252,372,770
Non-Tax Supported						
Solid Waste Disposal Fund	55,160	2,720	2,540	-	-	-
Total Non-Tax Supported	55,160	2,720	2,540	0	0	0
TOTAL GO BOND DEBT SERVICE EXPENDITURES	193,020,580	211,887,240	229,242,430	237,529,270	246,888,910	252,372,770
LONG-TERM LEASE EXPENDITURES						
Revenue Authority - Conference Center	2,266,060	2,264,410	2,204,210	2,198,800	1,903,290	1,901,640
Revenue Authority - HHS Piccard Drive	631,830	633,200	633,490	632,700	635,700	632,500
Silver Spring Garages	5,858,990	5,862,370	5,591,010	5,553,520	5,590,330	5,544,320
Revenue Authority - Recreation Pools	3,100,180	3,060,300	3,051,120	2,662,970	2,664,820	2,325,810
Liquor Control Warehouse (Non-tax supported)	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
TOTAL LONG-TERM LEASE EXPENDITURES	12,907,060	12,870,280	12,529,830	12,097,990	11,844,140	11,454,270
SHORT-TERM LEASE EXPENDITURES						
Short Term Financing - Public Safety Radio	10,220,100	-	-	-	-	-
Short Term Financing - Kay Property	871,600	871,600	871,600	871,600	-	-
TOTAL SHORT-TERM LEASE EXPENDITURES	11,091,700	871,600	871,600	871,600	-	-
OTHER LONG-TERM DEBT						
MICRF Loan - Tax supported	110,360	110,360	110,360	110,360	110,360	110,360
MHI-HUD Loan - Non-Tax supported	80,300	79,410	78,250	76,860	75,290	73,570
TOTAL OTHER LONG-TERM DEBT	190,660	189,770	188,610	187,220	185,650	183,930
DEBT SERVICE EXPENDITURES						
Tax Supported	216,024,540	224,686,760	241,701,680	249,559,220	257,793,410	262,887,400
Non-Tax supported - Long-Term Leases	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Non-Tax Supported - Other Debt	135,460	82,130	80,790	76,860	75,290	73,570
TOTAL DEBT SERVICE EXPENDITURES	217,210,000	225,818,890	242,832,470	250,686,080	258,918,700	264,010,970
GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	178,888,290	195,634,180	212,071,050	218,057,580	225,108,210	229,299,820
Accrued Interest on Bonds - Non-Pooled	300,000	300,000	300,000	300,000	300,000	300,000
BAN/Commercial Paper Investment Income	2,722,000	3,840,000	4,352,000	4,761,600	5,224,100	5,485,300
Total General Fund Sources	181,910,290	199,774,180	216,723,050	223,119,180	230,632,310	235,085,120
Fire Tax District Fund	3,043,220	3,712,780	3,993,870	5,171,780	5,378,520	5,683,600
Mass Transit Fund	3,119,380	2,992,800	2,837,310	2,506,530	2,293,600	2,050,990
Recreation Fund	4,850,190	5,364,050	5,646,600	6,694,410	8,548,810	9,519,100
Bradley Noise Abatement Fund	32,650	31,390	30,120	28,810	27,500	26,180
Cabin John Noise Abatement Fund	9,690	9,320	8,940	8,560	8,170	7,780
Solid Waste Disposal Fund	55,160	2,720	2,540	0	-	-
Total Other Funding Sources	11,110,290	12,113,060	12,519,380	14,410,090	16,256,600	17,287,650
TOTAL GO BOND FUNDING SOURCES	193,020,580	211,887,240	229,242,430	237,529,270	246,888,910	252,372,770
NON GO BOND FUNDING SOURCES						
General Funds	19,848,580	9,631,580	9,300,310	9,256,620	8,129,320	8,078,460
Montgomery Housing Initiative Fund	80,300	79,410	78,250	76,860	75,290	73,570
Liquor Control Fund	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Economic Development Fund	110,360	110,360	110,360	110,360	110,360	110,360
Recreation Fund	3,100,180	3,060,300	3,051,120	2,662,970	2,664,820	2,325,810
TOTAL NON GO BOND FUNDING SOURCES	24,189,420	13,931,650	13,590,040	13,156,810	12,029,790	11,638,200
TOTAL FUNDING SOURCES	217,210,000	225,818,890	242,832,470	250,686,080	258,918,700	264,010,970
TRANSFERS						
FROM: RSF Investment Income	3,035,320	3,794,150	4,300,040	4,704,750	5,058,870	5,311,810
TO: CIP - PAYGO	3,035,320	3,794,150	4,300,040	4,704,750	5,058,870	5,311,810
TOTAL GENERAL OBLIGATION BOND SALES						
Council SAG Approved Issues (flatlined in FY11)	213,000,000	210,000,000	210,000,000	190,000,000	186,000,000	186,000,000
ESTIMATED INTEREST RATE	6.10%	6.10%	6.10%	6.00%	6.00%	6.10%