
Debt Service

MISSION STATEMENT

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

BUDGET OVERVIEW

The total approved FY11 Operating Budget for Debt Service is \$262,004,860 an increase of \$13,324,170 or 5.4 percent from the FY10 approved budget of \$248,680,690. This amount includes long-term lease expenditures of \$14,913,500, short-term financing of \$7,301,260 and other long-term debt of \$3,649,150. The budget excludes \$73,580 in debt service, which is appropriated in a non-tax supported fund.

FY11 Approved Changes

The Debt Service appropriation increase of 5.4 percent is primarily due to additional financing needs for General Obligation (G.O.) Bonds, short-term leases and other long-term debt.

G.O. Bonds are issued by the County to finance a major portion of the construction of long-lived additions or improvements to the County's publicly-owned infrastructure. The County's budget and fiscal plan for these improvements is known as the Capital Improvements Program (CIP) and is published separately from the Operating Budget and Public Services Program. Currently, G.O. Bonds are anticipated to fund approximately 56.5 percent of the County's capital expenditures for the six years of the Approved FY11-16 CIP. Other long-term debt includes financing for the Silver Spring Music Venue, Site II Acquisition, Water Quality Protection Bonds and the MHI Property Acquisition Fund.

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 FY11 Debt Service budget is predicated on the bond issue requirements in the Approved CIP, adjusted for inflation, and implementation of the capital program at a projected 84 percent rate for FY11-16. An interest cost of 5.5 percent was budgeted for the Fall 2010 issue. Projected interest rates for bond issues for FY12 through FY16 are based on current market conditions. Under these projections and assumptions, total Debt Service will increase from \$262 million in FY11 to \$408 million by FY16.

PROGRAM CONTACTS

Contact Glenn Wyman of the Department of Finance at 240.777.8929 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 FY09	Budget FY10	Estimated FY10	Approved FY11	% 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	208,057,520	224,833,960	221,287,180	236,140,950	5.0%
Debt Service Other	16,484,927	21,666,730	17,586,770	22,950,430	5.9%
Capital Outlay	0	0	0	0	—
Debt Service Expenditures	224,542,447	246,500,690	238,873,950	259,091,380	5.1%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—
REVENUES					
Federal Subsidy on General Obligation Bonds	0	0	1,757,720	3,858,410	—
Premium on GO Bonds	0	0	2,772,870	0	—
BAN/Comm Paper Investment Income: Pooled	1,412,223	2,000,000	255,220	689,570	-65.5%
Accrued Interest: Installment Notes, I&P	896,190	0	21,280	17,570	—
Accrued Interest: Bonds Non-Pooled	623,264	575,000	0	575,000	—
MCPS Reimbursement - Debt Service	0	79,537,322	79,537,322	0	—
Debt Service Revenues	2,931,677	82,112,322	84,344,412	5,140,550	-93.7%
DEBT SERVICE - NON-TAX SUPPORTED					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Debt Service - Non-Tax Supported Personnel Costs	0	0	0	0	—
Operating Expenses	0	0	0	0	—
Debt Service Other	0	2,180,000	0	2,913,480	33.6%
Capital Outlay	0	0	0	0	—
Debt Service - Non-Tax Supported Expenditures	0	2,180,000	0	2,913,480	33.6%
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	224,542,447	248,680,690	238,873,950	262,004,860	5.4%
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	2,931,677	82,112,322	84,344,412	5,140,550	-93.7%

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

	Actual FY08	Actual FY09	Budget FY10	Estimated FY10	Approved FY11	% Chg App/Bud	App % GO Bonds
GO BOND DEBT SERVICE EXPENDITURES							
General County	27,416,273	26,072,025	27,556,930	25,845,700	26,755,120		11.6%
Roads & Storm Drains	53,643,535	49,276,790	53,243,820	51,741,110	54,807,900		23.8%
Public Housing	250,417	175,005	108,320	108,320	87,540		0.0%
Parks	7,255,370	7,064,767	7,554,290	7,376,550	8,264,900		3.6%
Public Schools	109,293,160	102,354,007	111,292,490	109,790,040	112,965,990		49.1%
Montgomery College	7,708,907	7,912,457	10,451,460	9,379,290	10,601,800		4.6%
Bond Anticipation Notes/Commercial Paper	5,564,456	4,121,080	3,023,700	2,887,850	1,962,500		
Bond Anticipation Notes/Liquidity & Remarketing	-	-	-	1,447,800	3,000,000		
Cost of Issuance - General Fund	892,924	922,301	1,060,220	852,200	1,088,320		
Total General Fund	212,025,042	197,898,432	214,291,230	209,428,860	219,534,070	2.4%	92.8%
Fire Tax District Fund	3,560,618	3,416,221	3,970,910	3,807,570	5,236,630	31.9%	2.3%
Mass Transit Fund	2,321,315	2,028,746	2,447,450	2,696,310	3,489,700	42.6%	1.5%
Recreation Fund	5,034,794	4,676,758	5,012,400	5,318,770	7,846,590	56.5%	3.4%
Bradley Noise Abatement Fund	30,111	28,810	27,500	27,500	26,180	-4.8%	0.0%
Cabin John Noise Abatement Fund	8,936	8,553	8,170	8,170	7,780	-4.8%	0.0%
Total Tax Supported Other Funds	10,955,774	10,159,088	11,466,430	11,858,320	16,606,880	44.8%	7.2%
TOTAL TAX SUPPORTED	222,980,816	208,057,520	225,757,660	221,287,180	236,140,950	4.6%	100.0%
Non-Tax Supported							
Solid Waste Disposal Fund	2,447	-	-	-	-	0.0%	0.0%
Total Non-Tax Supported	2,447	-	-	-	-	0.0%	0.0%
TOTAL GO BOND DEBT SERVICE EXPENDITURES	222,983,263	208,057,520	225,757,660	221,287,180	236,140,950	4.6%	100.0%
LONG-TERM LEASE EXPENDITURES							
Revenue Authority - Conference Center	2,216,061	2,490,519	1,903,290	1,903,290	1,901,650		
Revenue Authority - HHS Piccard Drive	633,488	632,698	635,700	635,700	632,480		
Silver Spring Garages	5,591,008	5,553,516	5,590,330	5,590,330	5,544,320		
Revenue Authority - Recreation Pools	3,041,772	2,662,966	2,664,820	2,664,820	2,325,820		
Fire and Rescue Equipment	633,613	4,553,500	4,542,000	4,542,000	4,509,230		
TOTAL LONG-TERM LEASE EXPENDITURES	12,115,942	15,893,199	15,336,140	15,336,140	14,913,500	-2.8%	
SHORT-TERM LEASE EXPENDITURES / FINANCING							
Technology Modernization Project	-	-	2,026,970	1,850,630	3,701,260		
Ride On Buses	-	-	2,644,250	-	3,600,000		
Short Term Financing - Kay Property	871,600	591,728	-	-	-		
TOTAL SHORT-TERM LEASE EXPENDITURES	871,600	591,728	4,671,220	1,850,630	7,301,260	56.3%	
OTHER LONG-TERM DEBT							
Silver Spring Music Venue - Tax supported	-	-	335,670	-	335,670		
Site II Acquisition - Tax supported	-	-	400,000	400,000	400,000		
MHI-HUD Loan - Non-Tax supported	78,255	76,862	75,300	75,300	73,580		
Water Quality Protection Bonds - Non-Tax supported	-	-	-	-	413,480		
MHI - Property Acquisition Fund - Non-tax supported	-	-	2,180,000	-	2,500,000		
TOTAL OTHER LONG-TERM DEBT	78,255	76,862	2,990,970	475,300	3,722,730	24.5%	
DEBT SERVICE EXPENDITURES							
Tax Supported	235,968,358	224,542,447	246,500,690	238,873,950	259,091,380		
Non-Tax Supported - Other & GO Bond Debt	80,702	76,862	2,255,300	75,300	2,987,060		
TOTAL DEBT SERVICE EXPENDITURES	236,049,060	224,619,309	248,755,990	238,949,250	262,078,440	5.4%	
GO BOND DEBT SERVICE FUNDING SOURCES							
General Funds	206,179,168	195,205,792	131,255,210	125,084,450	214,393,520		
MCPS Reimbursement	-	-	79,537,320	79,537,320	-		
Accrued Interest: GO Bonds-Non Pooled	729,167	623,264	575,000	-	575,000		
Accrued Interest: Installmt Notes, I&P, Street Assessmts	468,035	896,190	-	21,280	17,570		
BAN/Commercial Paper Investment Income	5,068,687	1,412,223	2,000,000	255,220	689,570		
Federal Subsidy on General Obligation Bonds	-	-	-	1,757,720	3,858,410		
Premium on General Obligation Bonds	-	-	-	2,772,870	-		
Total General Fund Sources	212,445,057	198,137,469	213,367,530	209,428,860	219,534,070		
Fire Tax District Funds	3,146,701	3,164,512	3,970,910	3,807,570	5,236,630		
Mass Transit Fund	2,323,084	2,044,754	2,447,450	2,696,310	3,489,700		
Recreation Fund	5,026,927	4,673,423	5,012,400	5,318,770	7,846,590		
Bradley Noise Abatement Fund	30,111	28,810	27,500	27,500	26,180		
Cabin John Noise Abatement Fund	8,936	8,552	8,170	8,170	7,780		
Solid Waste Disposal Fund	2,447	-	-	-	-		
Total Other Funding Sources	10,538,206	9,920,051	11,466,430	11,858,320	16,606,880		
TOTAL GO BOND FUNDING SOURCES	222,983,263	208,057,520	224,833,960	221,287,180	236,140,950		
NON GO BOND FUNDING SOURCES							
General Funds	9,312,157	9,268,461	11,815,660	10,379,950	12,515,380		
MHI Fund - HUD Loan	78,255	76,862	75,300	75,300	73,580		
Water Quality Protection Bonds - Non-Tax supported	-	-	-	-	413,480		
MHI Fund - Property Acquisition Fund	-	-	2,180,000	-	2,500,000		
Mass Transit Fund	-	-	2,644,250	-	3,600,000		
Recreation Fund	3,041,772	2,662,966	2,664,820	2,664,820	2,325,820		
Fire Tax District Fund	633,613	4,553,500	4,542,000	4,542,000	4,509,230		
TOTAL NON GO BOND FUNDING SOURCES	13,065,797	16,561,789	23,922,030	17,662,070	25,937,490		
TOTAL FUNDING SOURCES	236,049,060	224,619,309	248,755,990	238,949,250	262,078,440		
TRANSFERS							
FROM: RSF Investment Income	5,763,222	2,005,903	1,316,000	311,080	-		
TO: CIP - PAYGO	5,763,222	2,005,903	1,316,000	311,080	-		
TOTAL GENERAL OBLIGATION BOND SALES							
Actual and Estimated Bond Sales	-	250,000,000	310,000,000	310,000,000	325,000,000		
Council SAG Approved Issues	-	-	320,000,000	320,000,000	325,000,000		

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

	Approved FY11	Projected FY12	Projected FY13	Projected FY14	Projected FY15	Projected FY16
GO BOND DEBT SERVICE EXPENDITURES						
General County	26,755,120	33,773,830	40,267,770	46,774,080	49,777,360	51,997,290
Roads & Storm Drains	54,807,900	57,176,010	60,235,550	63,474,160	68,509,540	73,191,830
Public Housing	87,540	292,220	522,050	508,160	494,270	480,380
Parks	8,264,900	8,898,150	9,518,940	10,358,020	10,544,400	9,963,720
Public Schools	112,965,990	123,176,730	132,772,760	138,686,810	148,122,130	157,803,370
Montgomery College	10,601,800	12,733,700	13,924,000	14,530,970	15,632,340	16,903,680
Bond Anticipation Notes/Commercial Paper	1,962,500	4,902,090	9,234,380	11,937,500	11,937,500	12,932,300
Bond Anticipation Notes/Liquidity & Remarketing	3,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Cost of Issuance	1,088,320	1,116,610	1,145,090	1,173,720	1,203,060	1,233,130
Total General Fund	219,534,070	246,069,340	271,620,540	291,443,420	310,220,600	328,505,700
Fire Tax District Fund	5,236,630	6,040,180	6,852,850	7,902,170	8,742,450	7,890,200
Mass Transit Fund	3,489,700	4,107,670	4,380,710	4,784,220	5,446,850	10,174,750
Recreation Fund	7,846,590	9,070,010	10,422,150	11,233,620	11,029,890	9,129,810
Bradley Noise Abatement Fund	26,180	24,870	23,550	-	-	-
Cabin John Noise Abatement Fund	7,780	7,390	7,000	-	-	-
Total Tax Supported Other Funds	16,606,880	19,250,120	21,686,260	23,920,010	25,219,190	27,194,760
TOTAL TAX SUPPORTED	236,140,950	265,319,460	293,306,800	315,363,430	335,439,790	355,700,460
TOTAL GO BOND DEBT SERVICE EXPENDITURES	236,140,950	265,319,460	293,306,800	315,363,430	335,439,790	355,700,460
LONG-TERM LEASE EXPENDITURES						
Revenue Authority - Conference Center	1,901,650	1,903,890	995,440	993,190	993,190	996,020
Revenue Authority - HHS Piccard Drive	632,480	633,040	636,870	638,390	638,580	642,520
Silver Spring Garages	5,544,320	5,554,170	5,574,890	5,561,410	5,563,880	5,538,040
Revenue Authority - Recreation Pools	2,325,820	2,325,680	2,323,020	1,834,050	1,834,300	1,836,050
Fire and Rescue Equipment	4,509,230	4,459,480	4,418,350	3,780,600	3,741,600	3,723,200
TOTAL LONG-TERM LEASE EXPENDITURES	14,913,500	14,876,260	13,948,570	12,807,640	12,771,550	12,735,830
SHORT-TERM LEASE EXPENDITURES / FINANCING						
Technology Modernization Project	3,701,260	4,850,490	5,999,730	5,999,730	5,999,730	5,999,730
Ride On Buses	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
Public Safety System Modernization	-	702,220	5,540,020	12,048,000	14,414,240	11,772,060
Fire and Rescue Fuel Management System	-	311,200	568,250	568,250	568,250	568,250
TOTAL SHORT-TERM LEASE EXPENDITURES	7,301,260	9,463,910	15,708,000	22,215,980	24,582,220	21,940,040
OTHER LONG-TERM DEBT						
Silver Spring Music Venue - Tax supported	335,670	335,670	335,670	335,670	335,620	335,620
Site II Acquisition - Tax Supported	400,000	400,000	400,000	400,000	400,000	400,000
MHI-HUD Loan - Non-Tax supported	73,580	71,730	69,770	67,730	65,630	65,630
Water Quality Protection Bonds - Non-Tax supported	413,480	1,633,230	2,532,750	5,266,990	6,135,200	8,960,540
Property Acquisition Fund - Non-tax supported	2,500,000	3,809,100	6,065,100	7,941,900	7,951,600	7,946,100
TOTAL OTHER LONG-TERM DEBT	3,722,730	6,249,730	9,403,290	14,012,290	14,888,050	17,707,890
DEBT SERVICE EXPENDITURES						
Tax Supported	259,091,380	290,395,300	323,699,040	351,122,720	373,529,180	391,111,950
Non-Tax Supported - Other Long-term Debt	2,987,060	5,514,060	8,667,620	13,276,620	14,152,430	16,972,270
TOTAL DEBT SERVICE EXPENDITURES	262,078,440	295,909,360	332,366,660	364,399,340	387,681,610	408,084,220
GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	214,393,520	240,175,680	264,212,020	283,848,340	302,230,310	320,419,300
Accrued Interest on Bonds - Non-Pooled	575,000	575,000	575,000	575,000	575,000	575,000
Accrued Interest: Installmt Notes, I&P, Street Assessmts	17,570	-	-	-	-	-
BAN/Commercial Paper Investment Income	689,570	1,460,250	2,975,110	3,161,670	3,556,880	3,754,480
Federal Subsidy on General Obligation Bonds	3,858,410	3,858,410	3,858,410	3,858,410	3,858,410	3,756,920
Total General Fund Sources	219,534,070	246,069,340	271,620,540	291,443,420	310,220,600	328,505,700
Fire Tax District Fund	5,236,630	6,040,180	6,852,850	7,902,170	8,742,450	7,890,200
Mass Transit Fund	3,489,700	4,107,670	4,380,710	4,784,220	5,446,850	10,174,750
Recreation Fund	7,846,590	9,070,010	10,422,150	11,233,620	11,029,890	9,129,810
Bradley Noise Abatement Fund	26,180	24,870	23,550	-	-	-
Cabin John Noise Abatement Fund	7,780	7,390	7,000	-	-	-
Total Other Funding Sources	16,606,880	19,250,120	21,686,260	23,920,010	25,219,190	27,194,760
TOTAL GO BOND FUNDING SOURCES	236,140,950	265,319,460	293,306,800	315,363,430	335,439,790	355,700,460
NON GO BOND FUNDING SOURCES						
General Funds	12,515,380	14,379,480	19,482,620	25,976,390	28,345,240	25,683,990
MHI Fund - HUD Loan	73,580	71,730	69,770	67,730	65,630	65,630
Water Quality Protection Bonds - Non-Tax supported	413,480	1,633,230	2,532,750	5,266,990	6,135,200	8,960,540
MHI Fund - Property Acquisition Fund	2,500,000	3,809,100	6,065,100	7,941,900	7,951,600	7,946,100
Mass Transit Fund	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
Recreation Fund	2,325,820	2,325,680	2,323,020	1,834,050	1,834,300	1,836,050
Fire Tax District Fund	4,509,230	4,770,680	4,986,600	4,348,850	4,309,850	4,291,450
TOTAL NON GO BOND FUNDING SOURCES	25,937,490	30,589,900	39,059,860	49,035,910	52,241,820	52,383,760
TOTAL FUNDING SOURCES	262,078,440	295,909,360	332,366,660	364,399,340	387,681,610	408,084,220
TRANSFERS						
FROM: RSF Investment Income	-	-	-	-	-	-
TO: CIP - PAYGO	-	-	-	-	-	-
Estimated Bond Sales	325,000,000	325,000,000	325,000,000	325,000,000	325,000,000	325,000,000
Council SAG Approved Issues	325,000,000	325,000,000	325,000,000	325,000,000	325,000,000	325,000,000
ESTIMATED INTEREST RATE	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%