


MEMORANDUM

April 16, 2015

TO: Government Operations and Fiscal Policy Committee

FROM: Jacob Sesker, Senior Legislative Analyst 

SUBJECT: FY16 Operating Budget: Debt Service

Those expected to attend this worksession include: Joseph Beach, Finance Director; Jacqueline Carter, Debt Manager; Chris Mullin, Office of Management and Budget.

Relevant pages from the FY16 Recommended Operating Budget are attached on ©1-12.

Staff recommendation: Concur with CE's Recommended Budget for Debt Service

Overview

The FY16 recommended budget for Debt Service is \$367,558,865.¹ This amount represents an increase of \$18,649,465 (5.3 percent) over the FY15 approved budget of \$348,909,400. In FY16, as is true every year, the lion's share of the debt service budget is for estimated principal and interest payments on debt the County has already incurred to finance capital projects the County has previously approved and for which the County has already begun repayment.

The total debt service budget for FY16 is comprised of the annual debt service obligation of all outstanding general obligation bond issues, long-term lease payments, long-term loans, short-term lease payments, and projections of certain related expenditures. The budget amount includes \$228.8 million in principal and \$138.7 million in interest. The FY16 debt service budget is based on existing debt service requirements from bond issues (through November 2014), plus:

- Fall 2015 (FY16) issue of \$324.5 million at an interest cost of 5.5 percent for 20 years, with even principal payments;

¹ This amount excludes \$63,480 in debt service, which is appropriated in non-tax supported funds.

- Interest expense based on an anticipated average commercial paper/bond anticipation note balance of \$500.0 million² during FY14; and
- Other short- and long-term financing obligations.

The debt service budget includes debt service on general obligation bonds and on bond anticipation notes (also known as commercial paper), which are short-term notes the County issues several times each year to pay for capital projects. The bond anticipation notes are issued (as the name would imply) with an expectation that the principal amount will be refunded with long-term bonds. Debt service also includes long-term and short-term lease payments, both of which are virtually identical to debt service. Financial advisory services are also included in the debt service budget.

As previously noted, debt service represents a cumulative cost of current and past spending decisions. Consequently, even draconian cuts in capital spending in any one year are unlikely to have a significant effect on debt service costs in that year or any subsequent year.

Total debt outstanding (\$3,259,180,000 in FY16) consists of outstanding General Obligation Debt (\$2,759,180,000) and Bond Anticipation Notes (\$500,000,000). The total amount of debt outstanding has increased each year since FY05 and is projected to continue to do so through FY20. **Total debt outstanding as a percentage of the legal debt limit—as calculated by Finance—fell from 24.9 percent in FY04 to 18.8 percent in FY09, then rose to 28.3 percent in FY14.** Based on Finance's current estimates, outstanding debt as a percentage of legal debt limit will peak at 30.3 percent in FY15 (this year) and will fall back down to 28.5 percent in FY20. *See Outstanding Debt, © 13.*

The debt service in the General Fund is for various County Government facilities and also for MCPS, the College, and Countywide parks. The currently outstanding general obligation debt financed projects are in the following categories: **44 percent financed public schools**; 22 percent financed roads and storm drains; 17 percent financed general County government projects; 6 percent financed Montgomery College projects; 5 percent financed mass transit projects; 3 percent financed parks projects; and 3 percent financed fire projects.

FY15 Debt Issuance

In the fall of 2014, the County issued \$324.5 million in bonds. The true interest cost for the issue was 2.7% and the average coupon was 4.6%.

FY15 Interest Rate Trends

Interest rates for GO bonds and commercial paper have been falling. Interest rates on commercial paper have fallen from 0.089 percent in 4QFY14 to 0.040 percent in 3QFY15. Interest rates on 20-year AAA GO bonds have trended down, falling from a high of 3.53% in early March of 2014 to a low of 2.35% in January 2015. March 31, 2015 rates were 2.67%, below the 2.90% average rate from March 2014 through March 2015. *See GO Interest Rates, © 15.*

² For comparison, the recommended FY13 Operating Budget assumed \$415.0 million in average commercial paper/bond anticipation note balance.

The County's Bond Rating

Montgomery County is one of 41 counties in the nation—and one of only 21 counties with a population greater than 500,000—to be rated AAA by Moody's, Standard & Poor's, and Fitch ("triple-AAA"). *See Triple AAA Counties Over 500,000 Population, © 18.* The County has held its AAA rating from Moody's since 1973, from S & P since 1976, and from Fitch since 1993 (the first year in which the County sought a rating from Fitch). Those ratings translate into lower interest rates on debt and debt service cost savings over the life of every bond issuance. *See also Financial Impact of a Downgrade, © 19-20.*

Staff recommendation: Concur with CE's Recommended Budget for Debt Service

Attachments: © 1 Recommended FY16 Operating Budget: Debt Service
© 13 Outstanding Debt
© 14 GO Interest Rates
© 15 Financial Impact of a Downgrade
© 17 Triple AAA Counties Over 500,000 Population
© 19 Charts

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Debt Service

MISSION STATEMENT

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

BUDGET OVERVIEW

The total recommended FY16 Operating Budget for Debt Service is \$367,558,865 an increase of \$18,649,465 or 5.3 percent from the FY15 approved budget of \$348,909,400. This amount excludes \$63,480 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 44.8 percent of the County's capital expenditures (excluding WSSC) for the six years of the Recommended FY15-20 Amended 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 1, 2013, the County Council approved SAG limits at \$295.0 million for FY15, \$295.0 million for FY16 and \$1,770.0 million for the FY15-20 period. On February 4, 2014, the County Council amended the SAG limits to \$324.5 million for FY15, \$324.5 million for FY16 and \$1,947.0 million for the FY15-20 period. On February 3, 2015, the County Council amended the SAG limits to \$299.5 million in FY15, \$340.0 million in FY16 and \$1,999.5 million for the FY15-20 period. The debt service budget includes the Recommended FY15-20 Amended G.O. bond CIP programmed levels.

Debt Service Program

The annual Debt Service obligation of all outstanding G.O. bond issues, long-term lease payments, long-term loans, short-term lease payments, and projections of certain related expenditures constitute the total Debt Service budget for FY16. 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; Noise Abatement Districts; 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, Recreation, Bradley Noise Abatement, and the Cabin John Noise Abatement Fund) as appropriate. These appropriations include debt service for G.O. bond issues outstanding, long-term lease obligations and short-term financing obligations.

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 permanent 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 include investment income on BANs/commercial paper and 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.

FY15 Estimated Debt Service

FY15 estimated general obligation Debt Service and lease expenditure requirements for tax-supported funds total \$333.6 million which is lower than the budget of \$338.7 million due to prior years G.O. bond refundings and actual interest rates that were lower than budget.

FY16 Recommended Debt Service Budget

The FY16 Debt Service budget is predicated on a base of existing Debt Service requirements from past bond issues (through November 2014) plus the following:

- A fall 2015 (FY16) issue of \$324.5 million at an interest cost of 5.5 percent for 20 years with even principal payments (fall bond issues are expected to continue through FY21).
- Interest expense based on an anticipated average BANs/commercial paper balance of \$500.0 million during FY16.
- 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 FY16 Debt Service requirement for tax supported funds of \$357.3 million, which is a 5.5 percent increase from the FY15 budget of \$338.7 million. The General Fund appropriation requirement is \$292.9 million, or 0.7 percent more than the budgeted FY15 amount of \$290.8 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, and implementation of the capital program at a projected 86.5 percent for FY15 and 94.6 percent for FY16-FY20. An estimated interest cost of 5.5 percent is budgeted for the fall 2015 (FY16) issue. Projected interest rates for bond issues for FY16 through FY20 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 \$357.3 million in FY16 to \$448.1 million by FY21 with the General Fund revenue requirement growing from \$292.9 million in FY16 to \$388.5 million by FY21.

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 Capital Improvements Program. 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, representing about ten percent of General Fund revenues. 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 FY15-20 Amended 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, project implementation rate, 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 FY15-20 Amended Capital Improvements Program meets that requirement. The General Obligation Bond Adjustment chart reflecting the Executive's proposals for the Recommended FY15-20 Amended CIP is included at the end of this section.

Debt Limit

The County's outstanding general obligation debt totals \$2,370,500,000 as of June 30, 2014. 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, 2014, is \$10,149,911,046 based upon the assessed valuation \$159,891,865,334 for all real property and \$3,709,327,508 for personal property. The County's outstanding general obligation debt of \$2,370,500,000 plus outstanding short-term commercial paper of \$500,000,000 is 1.75 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 2014 (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.

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 Housing Opportunities Commission(HOC). Repayment of the loan will be made by HOC to the County through the MHI fund. Transfers from the Montgomery Housing Initiative (MHI) fund support the repayment shown in the Debt Service Fund.

The FY16 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 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.

In FY13 the County entered into a 20 year lease purchase agreement to finance energy systems modernization at the County's Health and Human Services building. The lease purchase qualified as financing under the County's Qualified Energy Conservation Bond (QECB) allocation, which provides a federal tax subsidy.

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, such as the service payment to the Northeast Maryland Waste Disposal Authority for financing of the Resource Recovery Facility. 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 (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 FY14	Budget FY15	Estimated FY15	Recommended FY16	% 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	—
Operating Expenses	0	0	0	0	—
Debt Service G.O. Bonds	278,027,403	311,115,210	309,198,700	325,379,080	4.6%
Debt Service Other	21,479,124	27,578,980	24,422,450	31,963,425	15.9%
Capital Outlay	0	0	0	0	—
Debt Service Expenditures	299,506,527	338,694,190	333,621,150	357,342,505	5.5%
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	5,808,511	5,928,730	5,928,730	5,853,000	-1.3%
Investment Income	95,589	0	0	0	—
Miscellaneous Revenues	334,924	0	2,341,570	0	—
Premium on General Obligation Bonds	3,088,117	0	5,236,781	11,488,440	—
Debt Service Revenues	9,327,141	5,928,730	13,507,081	17,341,440	192.5%
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	7,965,964	10,215,210	10,215,210	10,216,360	0.0%
Capital Outlay	0	0	0	0	—
Debt Service - Non-Tax Supported Expenditures	7,965,964	10,215,210	10,215,210	10,216,360	0.0%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
DEPARTMENT TOTALS					
Total Expenditures	307,472,491	348,909,400	343,836,360	367,558,865	5.3%
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	9,327,141	5,928,730	13,507,081	17,341,440	192.5%

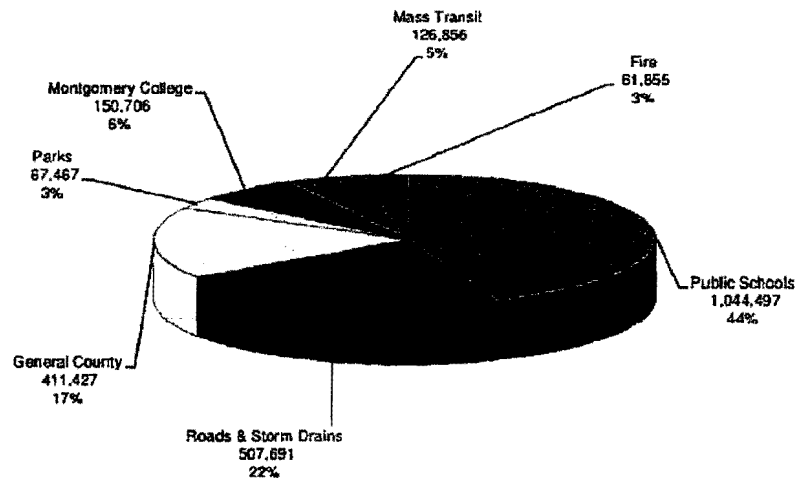
DEBT SERVICE - GENERAL OBLIGATION BONDS, LONG & SHORT TERM LEASES AND OTHER DEBT							
	Actual FY13	Actual FY14	Budget FY15	Estimated FY15	Recommended FY16	% Chg Bud/Rec	Rec % GO Bonds
GO BOND DEBT SERVICE EXPENDITURES							
General County	31,544,095	42,875,231	47,398,490	46,988,590	53,355,890		16.6%
Roads & Storm Drains	60,350,215	59,990,819	68,437,830	67,503,620	64,069,230		20.0%
Public Housing	-	13,562	65,640	65,630	258,810		0.1%
Parks	9,192,758	9,119,493	9,906,220	9,717,030	8,584,080		2.7%
Public Schools	121,987,885	122,363,519	133,221,530	133,368,500	140,243,070		43.7%
Montgomery College	14,902,744	15,391,009	17,841,820	18,058,120	22,146,830		6.9%
Bond Anticipation Notes/Commercial Paper	753,371	428,377	1,000,000	500,000	1,200,000		
Bond Anticipation Notes/Liquidity & Remarketing	2,719,343	2,574,642	3,000,000	2,600,000	2,500,000		
Cost of Issuance Costs	623,713	661,347	1,000,000	1,000,000	1,023,000		
Total General Fund	242,074,124	253,417,999	281,871,530	279,801,490	293,380,910	4.1%	90.0%
Fire Tax District Fund	6,886,445	7,078,100	8,438,020	8,212,910	7,392,700		2.3%
Mass Transit Fund	6,235,302	6,637,569	11,046,940	11,837,290	17,283,400		5.4%
Recreation Fund	9,270,330	8,893,735	9,758,720	9,347,010	7,322,070		2.3%
Bradley Noise Abatement Fund	23,549	-	-	-	-		0.0%
Cabin John Noise Abatement Fund	7,000	-	-	-	-		0.0%
Total Tax Supported Other Funds	22,422,626	24,609,404	29,243,680	29,397,210	31,998,170	9.4%	10.0%
TOTAL TAX SUPPORTED	264,496,750	278,027,403	311,115,210	309,198,700	325,379,080	4.6%	100.0%
TOTAL GO BOND DEBT SERVICE EXPENDITURES	264,496,750	278,027,403	311,115,210	309,198,700	325,379,080	4.6%	100.0%
LONG-TERM LEASE EXPENDITURES							
Revenue Authority - Conference Center	309,649	645,334	981,140	981,140	985,040		
Revenue Authority - HHS Piccard Drive	636,870	638,689	638,580	391,100	394,400		
Silver Spring Garages	5,070,347	-	-	-	-		
Revenue Authority - Recreation Pools	2,323,016	1,834,050	1,834,300	1,522,160	1,525,040		
Fire and Rescue Equipment	4,418,126	3,780,600	3,741,600	3,741,600	3,723,200		
TOTAL LONG-TERM LEASE EXPENDITURES	12,758,008	6,898,673	7,195,620	6,636,000	6,627,680	-7.9%	
SHORT-TERM LEASE EXPENDITURES / FINANCING							
Technology Modernization Project	5,659,962	5,659,962	6,780,200	5,660,200	7,310,200		
Libraries System Modernization	-	-	98,000	-	128,500		
Ride On Buses	3,801,617	3,802,000	6,675,950	6,628,000	8,396,640		
Public Safety System Modernization	4,373,540	4,373,540	5,223,600	4,373,600	6,990,600		
Fire and Rescue Apparatus	-	-	-	-	1,010,200		
Fuel Management System	-	-	480,000	-	480,000		
TOTAL SHORT-TERM LEASE EXPENDITURES	13,835,119	13,835,502	19,257,750	16,661,800	24,216,140	26.3%	
OTHER LONG-TERM DEBT							
Silver Spring Music Venue - Tax supported	293,155	293,955	295,610	294,650	295,105		
Site II Acquisition - Tax supported	400,000	400,000	400,000	400,000	400,000		
Qualified Energy Conservation Bond - Tax supported	-	50,994	430,000	430,000	324,500		
MHI-HUD Loan - Non-Tax supported	69,769	67,729	65,630	65,640	63,480		
Water Quality Protection Charge Bonds - Non-Tax supported	2,122,601	3,016,160	3,019,200	3,019,200	3,020,250		
MHI - Property Acquisition Fund - Non-Tax supported	4,406,574	4,949,804	7,196,010	7,196,010	7,196,110		
TOTAL OTHER LONG-TERM DEBT	7,292,099	8,778,642	11,406,450	11,405,500	11,299,445	-0.9%	
DEBT SERVICE EXPENDITURES							
Tax Supported	291,783,032	299,506,527	338,694,190	333,621,150	357,342,505		
Non-Tax Supported - Other Long-term Debt	6,598,944	8,033,693	10,280,840	10,280,850	10,279,840		
TOTAL DEBT SERVICE EXPENDITURES	298,381,976	307,540,220	348,975,030	343,902,000	367,622,345	5.3%	
GO BOND DEBT SERVICE FUNDING SOURCES							
General Funds	235,481,958	244,144,296	276,092,800	268,785,979	276,185,470		
Other Interest: Installment Notes, Interest & Penalties	1,284,836	334,924	-	-	-		
BAN/Commercial Paper Investment Income	114	95,589	-	-	-		
Federal Subsidy on General Obligation Bonds	6,111,775	5,808,511	5,778,730	5,778,730	5,707,000		
Premium on General Obligation Bonds	-	3,088,117	-	5,236,781	11,488,440		
Total General Fund Sources	242,878,683	253,471,437	281,871,530	279,801,490	293,380,910		
Fire Tax District Funds	6,799,377	7,781,477	8,438,020	8,212,910	7,392,700		
Mass Transit Fund	5,805,704	8,175,611	11,046,940	11,837,290	17,283,400		
Recreation Fund	8,982,438	8,598,881	9,758,720	9,347,010	7,322,070		
Bradley Noise Abatement Fund	23,549	-	-	-	-		
Cabin John Noise Abatement Fund	7,000	-	-	-	-		
Total Other Funding Sources	21,618,068	24,555,969	29,243,680	29,397,210	31,998,170		
TOTAL GO BOND FUNDING SOURCES	264,496,751	278,027,406	311,115,210	309,198,700	325,379,080		
NON GO BOND FUNDING SOURCES							
General Funds	16,743,522	12,062,471	14,697,130	12,380,690	16,682,345		
MHI Fund - HUD Loan	69,769	67,729	65,630	65,640	63,480		
Water Quality Protection Fund	2,122,601	3,016,160	3,019,200	3,019,200	3,020,250		
MHI - Property Acquisition Fund	4,406,574	4,949,804	7,196,010	7,196,010	7,196,110		
Federal Subsidy - Qualified Energy Conservation Bond	-	-	150,000	150,000	146,000		
Mass Transit Fund	3,801,617	3,802,000	6,675,950	6,628,000	8,396,640		
Recreation Fund	2,323,016	1,834,050	1,834,300	1,522,160	1,525,040		
Fire Tax District Fund	4,418,126	3,780,600	4,221,600	1,400,030	5,213,400		
Fire 2007 Certificates of Participation Closeout	-	-	-	2,341,570	-		
TOTAL NON GO BOND FUNDING SOURCES	33,885,225	29,512,814	37,859,820	34,703,300	42,243,265		
TOTAL FUNDING SOURCES	298,381,976	307,540,220	348,975,030	343,902,000	367,622,345		
TOTAL GENERAL OBLIGATION BOND SALES							
Actual and Estimated Bond Sales	320,000,000	295,000,000	324,500,000	500,000,000	324,500,000		
Council SAG Approved Bond Funded Expenditures	325,000,000	295,000,000	324,500,000	299,500,000	340,000,000		

DEBT SERVICE - GENERAL OBLIGATION BONDS, LONG & SHORT TERM LEASES AND OTHER DEBT						
	Recommended FY16	Projected FY17	Projected FY18	Projected FY19	Projected FY20	Projected FY21
GO BOND DEBT SERVICE EXPENDITURES						
General County	53,355,890	59,602,490	60,639,090	63,186,840	64,182,450	64,708,820
Roads & Storm Drains	64,069,230	69,785,800	73,665,980	77,393,970	85,398,030	94,268,560
Public Housing	258,810	761,430	741,130	720,830	700,530	680,240
Parks	8,584,080	9,293,610	10,423,180	11,149,850	11,793,320	12,295,430
Public Schools	140,243,070	154,146,710	159,814,420	166,721,400	171,372,110	174,398,990
Montgomery College	22,146,830	23,803,460	25,974,370	26,972,470	27,731,820	29,365,680
Bond Anticipation Notes/Commercial Paper	1,200,000	2,550,000	3,400,000	4,350,000	5,300,000	6,200,000
Bond Anticipation Notes/Liquidity & Remarketing	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Cost of Issuance	1,023,000	1,053,100	1,080,200	1,111,300	1,146,400	1,184,500
Total General Fund	293,380,910	323,496,600	338,238,370	354,106,660	370,124,660	385,602,220
Fire Tax District Fund	7,392,700	8,255,520	9,282,370	10,845,120	13,153,570	14,410,670
Mass Transit Fund	17,283,400	18,906,470	20,614,280	22,537,670	22,916,790	23,385,630
Recreation Fund	7,322,070	7,546,280	7,748,070	7,636,330	7,340,690	7,296,740
Total Tax Supported Other Funds	31,998,170	34,708,270	37,644,720	41,019,120	43,411,050	45,093,040
TOTAL TAX SUPPORTED	325,379,080	358,204,870	375,883,090	395,125,780	413,535,710	430,695,260
TOTAL GO BOND DEBT SERVICE EXPENDITURES	325,379,080	358,204,870	375,883,090	395,125,780	413,535,710	430,695,260
LONG-TERM LEASE EXPENDITURES						
Revenue Authority - Conference Center	985,040	988,540	986,640	989,440	991,850	987,710
Revenue Authority - HHS Piccard Drive	394,400	395,800	-	-	-	-
Revenue Authority - Recreation Pools	1,525,040	1,524,500	1,526,360	1,525,700	-	-
Fire and Rescue Equipment	3,723,200	3,715,800	3,717,900	-	-	-
TOTAL LONG-TERM LEASE EXPENDITURES	6,627,680	6,624,640	6,230,900	2,515,140	991,850	987,710
SHORT-TERM LEASE EXPENDITURES / FINANCING						
Technology Modernization Project	7,310,200	9,110,200	5,479,000	4,464,500	3,450,000	3,100,000
Libraries System Modernization	128,500	128,500	128,500	128,500	128,500	-
Ride On Buses	8,396,640	9,138,890	5,337,690	5,337,690	5,337,690	5,337,690
Public Safety System Modernization	6,990,600	6,302,800	4,330,000	4,330,000	4,330,000	2,563,000
Fire and Rescue Apparatus	1,010,200	1,667,500	2,361,200	2,994,100	3,505,000	3,930,000
Fuel Management System	480,000	960,000	960,000	960,000	960,000	480,000
TOTAL SHORT-TERM LEASE EXPENDITURES	24,316,140	27,307,890	18,596,390	18,214,790	17,711,190	15,410,690
OTHER LONG-TERM DEBT						
Silver Spring Music Venue - Tax supported	295,105	290,500	290,800	291,000	291,000	294,100
Site II Acquisition - Tax supported	400,000	400,000	400,000	400,000	400,000	400,000
Qualified Energy Conservation Bond - Tax supported	324,500	325,500	326,500	327,000	327,000	321,800
MHI-HUD Loan - Non-Tax supported	63,480	61,280	59,020	56,750	54,400	52,050
Water Quality Protection Charge Bonds - Non-Tax supported	3,020,250	7,432,400	7,430,100	12,646,200	12,839,650	12,844,000
MHI - Property Acquisition Fund - Non-Tax supported	7,196,110	7,200,310	7,208,010	7,201,510	7,205,600	7,200,460
TOTAL OTHER LONG-TERM DEBT	11,299,445	15,709,990	15,714,430	20,922,460	21,112,150	21,112,410
DEBT SERVICE EXPENDITURES						
Tax Supported	357,342,505	393,153,400	401,727,680	416,873,710	433,251,250	448,109,560
Non-Tax Supported - Other Long-term Debt	18,279,840	14,693,990	14,697,130	19,904,660	20,099,650	20,096,510
TOTAL DEBT SERVICE EXPENDITURES	367,622,345	407,847,390	416,424,810	436,778,170	453,350,900	468,206,070
GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	276,185,470	318,046,600	332,888,370	349,036,660	365,254,660	380,932,220
Federal Subsidy on General Obligation Bonds	5,707,000	5,450,000	5,350,000	5,070,000	4,870,000	4,670,000
Premium on General Obligation Bonds	11,488,440	-	-	-	-	-
Total General Fund Sources	293,380,910	323,496,600	338,238,370	354,106,660	370,124,660	385,602,220
Fire Tax District Fund	7,392,700	8,255,520	9,282,370	10,845,120	13,153,570	14,410,670
Mass Transit Fund	17,283,400	18,906,470	20,614,280	22,537,670	22,916,790	23,385,630
Recreation Fund	7,322,070	7,546,280	7,748,070	7,636,330	7,340,690	7,296,740
Total Other Funding Sources	31,998,170	34,708,270	37,644,720	41,019,120	43,411,050	45,093,040
TOTAL GO BOND FUNDING SOURCES	325,379,080	358,204,870	375,883,090	395,125,780	413,535,710	430,695,260
NON GO BOND FUNDING SOURCES						
General Funds	16,682,345	17,800,840	11,805,440	10,798,840	9,787,350	7,544,610
MHI Fund - HUD Loan	63,480	61,280	59,020	56,750	54,400	52,050
Water Quality Protection Fund	3,020,250	7,432,400	7,430,100	12,646,200	12,839,650	12,844,000
MHI - Property Acquisition Fund	7,196,110	7,200,310	7,208,010	7,201,510	7,205,600	7,200,460
Federal Subsidy - Qualified Energy Conservation Bond	146,000	141,000	136,000	131,600	125,500	122,000
Mass Transit Fund	8,396,640	9,138,890	5,337,690	5,337,690	5,337,690	5,337,690
Recreation Fund	1,525,040	1,524,500	1,526,360	1,525,700	-	-
Fire Tax District Fund	5,213,400	6,343,300	7,039,100	3,954,100	4,465,000	4,410,000
TOTAL NON GO BOND FUNDING SOURCES	42,243,265	49,642,520	40,541,720	41,652,390	39,815,190	37,510,810
TOTAL FUNDING SOURCES	367,622,345	407,847,390	416,424,810	436,778,170	453,350,900	468,206,070
TOTAL GENERAL OBLIGATION BOND SALES						
Estimated Bond Sales	324,500,000	327,000,000	332,000,000	332,000,000	332,000,000	332,000,000
Council SAG Approved Bond Funded Expenditures	340,000,000	340,000,000	340,000,000	340,000,000	340,000,000	340,000,000
ESTIMATED INTEREST RATE	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%

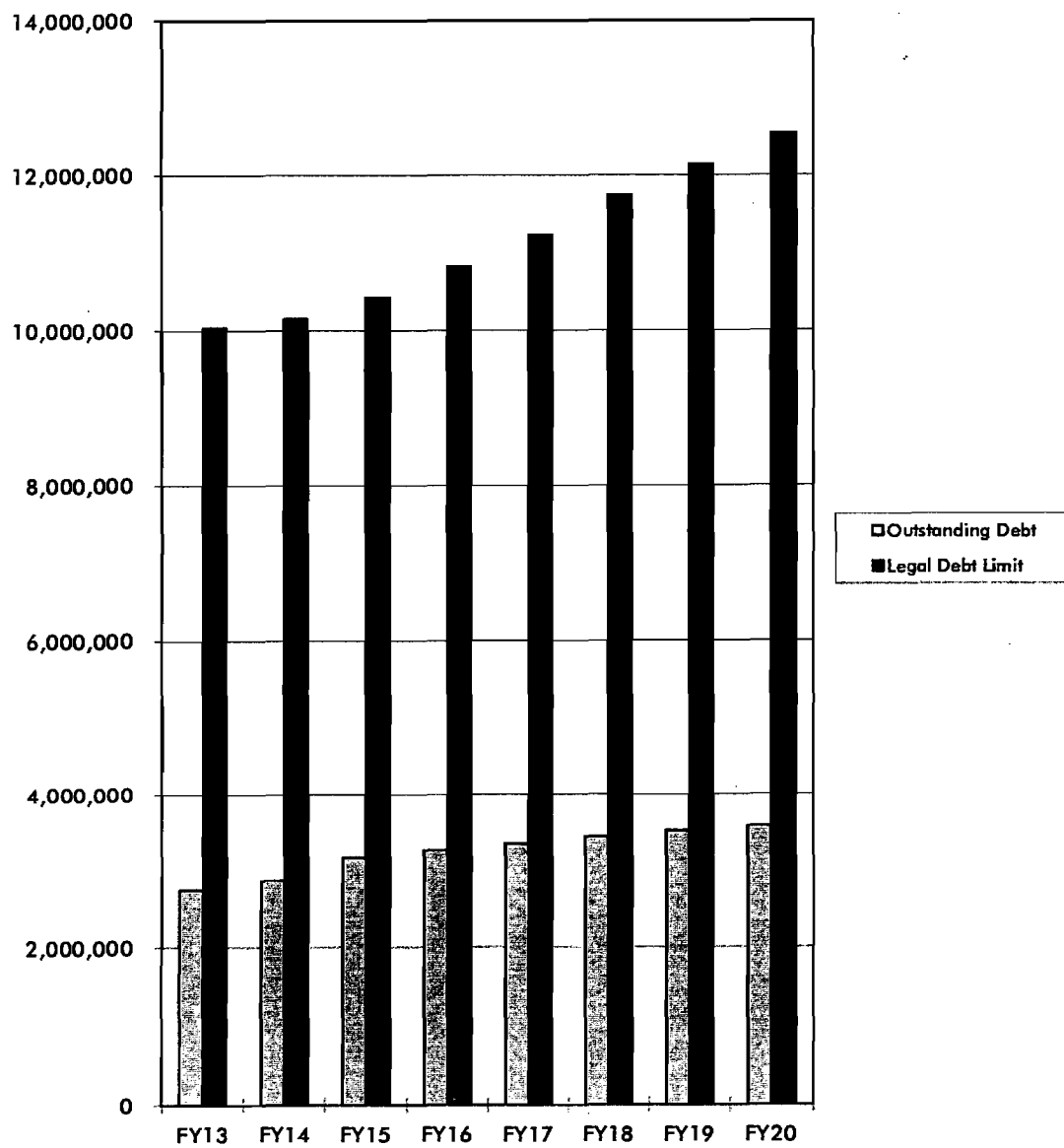
**Projected Debt Obligations
Schedule of Principal & Interest
FY16 Recommended Budget**

FUND	Principal	Interest	Total
Debt Service Fund	228,839,522	138,719,343	367,558,865
Liquor Control (Section 65)	5,884,100	5,118,500	11,002,600
Montgomery Housing Initiative	43,000	20,480	63,480
Bethesda Parking Lot District (Section 46)	3,245,000	1,715,920	4,960,920
Total	238,011,622	145,574,243	383,585,865

General Obligation Bonds Outstanding by Bond Category
(\$000s)
Total \$2,370,500 as of June 30, 2014



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



DEBT CAPACITY ANALYSIS

FY15-20 Amended Capital Improvements Program

COUNTY EXECUTIVE RECOMMENDED

MARCH 16, 2015

GO BOND 6 YR TOTAL = 1,947.0 MILLION

GO BOND FY15 TOTAL = 299.5.0 MILLION

GO BOND FY16 TOTAL = 324.5 MILLION

	FY14	FY15	FY16	FY17	FY18	FY19	FY20
1 GO Bond Guidelines (\$000)	295,000	299,500	324,500	327,000	332,000	332,000	332,000
2 GO Debt/Assessed Value	1.76%	1.87%	1.86%	1.84%	1.80%	1.78%	1.76%
3 Debt Service + LTL + Short-Term Leases/Revenues (GF)	10.31%	11.40%	11.25%	11.88%	11.69%	11.71%	11.90%
4 \$ Debt/Capita	2,845	3,101	3,167	3,225	3,282	3,327	3,355
5 \$ Real Debt/Capita (FY14 = 100%)	2,845	3,039	3,044	3,033	3,016	2,982	2,925
6 Capita Debt/Capita Income	3.70%	3.82%	3.91%	3.85%	3.83%	3.81%	3.73%
7 Payout Ratio	68.62%	67.41%	67.81%	68.27%	68.73%	69.60%	70.44%
8 Total Debt Outstanding (\$000s)	2,870,500	3,162,750	3,259,180	3,347,715	3,435,845	3,513,100	3,579,665
9 Real Debt Outstanding (FY14 = 100%)	2,870,500	3,099,824	3,132,315	3,148,145	3,157,452	3,148,783	3,121,056
10 Note: OP/PSP Growth Assumption (2)		3.0%	3.9%	3.2%	3.4%	3.1%	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 FY15 approved budget to FY16 budget for FY16 and budget to budget for FY17-20.

GENERAL OBLIGATION BOND ADJUSTMENT CHART							
FY15-20 Amended Capital Improvements Program							
CE RECOMMENDED							
March 16, 2015							
(\$ millions)	6 YEARS	FY15	FY16	FY17	FY18	FY19	FY20
BONDS PLANNED FOR ISSUE	1,947,000	299,500	324,500	327,000	332,000	332,000	332,000
Plus PAYGO Funded	194,700	29,950	32,450	32,700	33,200	33,200	33,200
Adjust for Implementation **	136,077	46,903	18,487	18,188	18,003	17,512	18,983
Adjust for Future Inflation **	(82,247)	-	-	(7,743)	(15,988)	(24,615)	(33,891)
SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)	2,195,530	376,353	375,437	370,145	367,205	358,097	348,292
Less Set Aside: Future Projects	110,257	0,929	14,548	18,324	19,099	19,290	37,967
	5.02%						
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	2,085,272	375,424	360,789	351,821	348,106	338,807	310,325
MCPS	(772,762)	(119,158)	(138,761)	(138,484)	(153,118)	(124,107)	(101,133)
MONTGOMERY COLLEGE	(153,700)	(37,570)	(20,427)	(30,863)	(25,817)	(12,452)	(26,771)
M-NCPPC PARKS	(67,788)	(9,789)	(11,103)	(13,135)	(12,677)	(11,222)	(9,862)
TRANSPORTATION	(608,312)	(105,073)	(78,496)	(78,212)	(96,334)	(122,492)	(127,705)
MCG - OTHER	(558,151)	(161,048)	(122,849)	(98,256)	(82,476)	(68,668)	(44,854)
Programming Adjustment - Unspent Prior Years*	75,441	57,214	10,847	4,929	2,317	0,134	-
SUBTOTAL PROGRAMMED EXPENDITURES	(2,085,272)	(375,424)	(360,789)	(351,821)	(348,106)	(338,807)	(310,325)
AVAILABLE OR (GAP)	-	-	-	-	-	-	-
NOTES:							
* See additional information on the GO Bond Programming Adjustment for Unspent Prior Year Detail Chart							
** Adjustments Include:							
Inflation =		2.03%	1.98%	2.20%	2.33%	2.53%	2.80%
Implementation Rate =		86.46%	94.61%	94.61%	94.61%	94.61%	94.61%

	A	B	C	D	E	F	G	H	
		Assessable Base - Real Property	Assessable Base - Personal Property	Legal Debt Limit	Outstanding GO Debt	Outstanding Commercial Paper	Total Debt Outstanding (GO + CP)	Debt Outstanding as Percentage of Legal Debt Limit	
1									1
2	FY04 Act	\$89,263,005,267	\$3,963,801,610	\$5,950,350,558	\$1,331,068,348	\$150,000,000	\$1,481,068,348	24.9%	2
3	FY05 Act	\$98,281,724,723	\$3,902,612,110	\$6,482,295,300	\$1,416,406,439	\$0	\$1,416,406,439	21.9%	3
4	FY06 Act	\$110,529,249,116	\$3,831,629,230	\$7,206,499,331	\$1,493,888,054	\$100,000,000	\$1,593,888,054	22.1%	4
5	FY07 Act	\$125,710,776,118	\$3,948,949,550	\$8,134,989,000	\$1,612,678,054	\$150,000,000	\$1,762,678,054	21.7%	5
6	FY08 Act	\$142,306,435,593	\$3,970,547,370	\$9,133,968,241	\$1,466,758,054	\$300,000,000	\$1,766,758,054	19.3%	6
7	FY09 Act	\$158,133,491,472	\$3,920,171,020	\$10,076,035,141	\$1,596,561,371	\$300,000,000	\$1,896,561,371	18.8%	7
8	FY10 Act	\$167,096,843,537	\$4,123,996,612	\$10,644,410,104	\$1,769,839,285	\$425,000,000	\$2,194,839,285	20.6%	8
9	FY11 Act	\$167,790,792,529	\$3,856,191,952	\$10,645,876,345	\$1,955,600,000	\$500,000,000	\$2,455,600,000	23.1%	9
10	FY12 Act	\$162,197,149,758	\$3,718,945,710	\$10,289,670,842	\$2,097,290,000	\$500,000,000	\$2,597,290,000	25.2%	10
11	FY13 Act	\$158,272,830,848	\$3,604,478,750	\$10,037,041,663	\$2,249,825,000	\$500,000,000	\$2,749,825,000	27.4%	11
12	FY14 Act	\$159,891,865,334	\$3,709,327,508	\$10,149,911,046	\$2,370,500,000	\$500,000,000	\$2,870,500,000	28.3%	12
13	FY15 Est	\$164,699,700,000	\$3,672,100,000	\$10,432,797,000	\$2,662,750,000	\$500,000,000	\$3,162,750,000	30.3%	13
14	FY16 Est	\$171,470,300,000	\$3,589,700,000	\$10,826,673,000	\$2,759,180,000	\$500,000,000	\$3,259,180,000	30.1%	14
15	FY17 Est	\$178,370,600,000	\$3,539,600,000	\$11,233,176,000	\$2,847,715,000	\$500,000,000	\$3,347,715,000	29.8%	15
16	FY18 Est	\$187,020,400,000	\$3,505,500,000	\$11,747,049,000	\$2,935,845,000	\$500,000,000	\$3,435,845,000	29.2%	16
17	FY19 Est	\$193,485,700,000	\$3,486,600,000	\$12,132,132,000	\$3,013,100,000	\$500,000,000	\$3,513,100,000	29.0%	17
18	FY20 Est	\$200,384,700,000	\$3,443,700,000	\$12,539,637,000	\$3,079,665,000	\$500,000,000	\$3,579,665,000	28.5%	18
	A	B	C	D	E	F	G	H	

Notes: Actual FY04-FY14

1. Data is from the FY04-FY14 Annual Information Statements, Table 2. Source is the Department of Finance.

Notes: Estimated FY15-FY20

1. Assessable base data is Finance's March 2015 projection.

2. Legal Debt Limit assumes 6% of assessed valuation for Real Property and 15% of assessed valuation for Personal Property.

This is consistent with actual years.

3. Outstanding commercial paper is flat lined at the FY14 level for FY15 to FY20. The GO bond debt is projected for FY15 to FY20.



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April 14, 2015

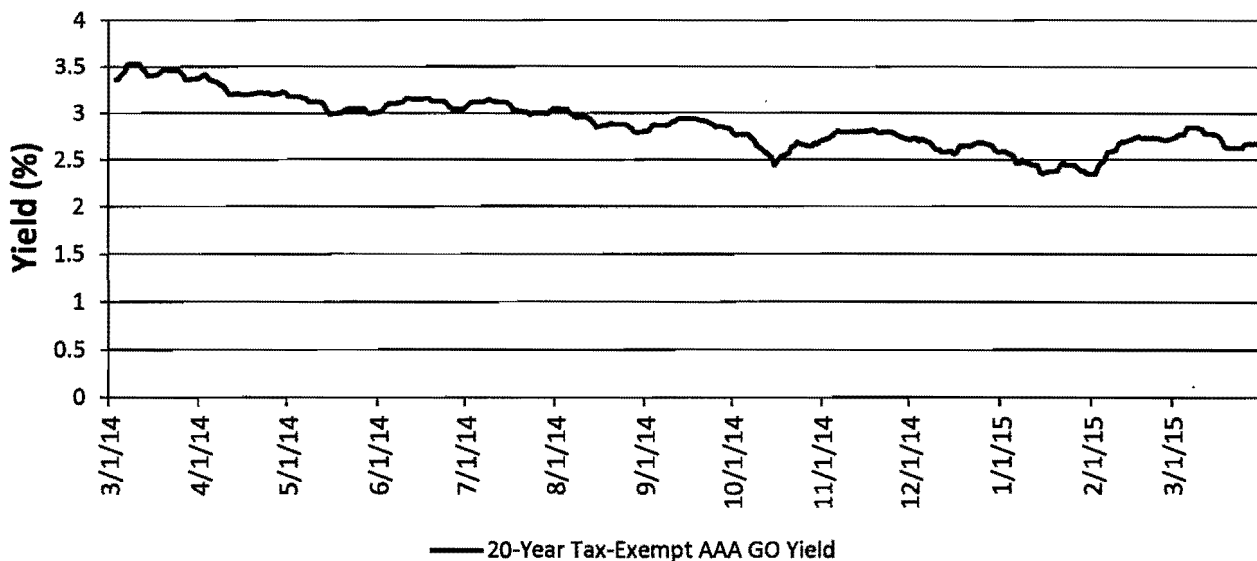
Memorandum

To: Jacqueline D. Carter, *Debt Manager, Montgomery County*
From: Geoff Stewart, *Director*
Austin Wood, *Analyst*
Re: General Obligation Interest Rates: March 1, 2014 through March 31, 2015

At your request, we have compiled historical interest rate data from March 1, 2014 through March 31, 2015 for AAA General Obligation Tax-Exempt bonds maturing in 20 years. During the past year, U.S. GDP has fully recovered from the 2007-2008 financial crisis and moderate growth is now expected. The dollar has strengthened on the international stage, while the Eurozone's and Japan's economy have started to struggle. After the U.S.'s Federal Reserve's announcement about cutting the quantitative easing program, investors believe that the path forward is likely to involve modest rate increases over an extended period of time.

20-Year Tax-Exempt AAA GO Yield	
3/3/2014	3.36%
3/31/2015	2.67%
Low (1/15, 1/30, and 2/2/2015)	2.35%
High (3/7, 3/10, and 3/11/2014)	3.53%
Average	2.90%

20-Year Tax-Exempt AAA GO Yield



The Financial Impact of a Downgrade

April 2014

Prepared by the Montgomery County Department of Finance

The purpose of bond ratings is to indicate to the investor community the relative likelihood that a bond issuer will make timely and required debt service payments on outstanding bonds. The question as to the relative costs associated with being downgraded from an AAA rated county is not answered with a simple mathematical calculation. Below, we attempt to both define and quantify the impacts of a downgrade in the County's general obligation bond rating on various components of the County's financial operations, and especially on its borrowing and transaction costs.

Nearly every single financial transaction that the County enters into with a financial institution has some element of risk for that institution and that risk has a price associated with it. So from a more subjective standpoint, a lower rated county pays more for banking services and credit card merchant fees, receives less interest on investments, pays higher lockbox fees, has a less lucrative P-card rebate program, pays higher fees for financial advisors and bond counsel, pays higher underwriting and remarketing fees, etc.

It would be difficult, if not impossible, to quantify all of the additional costs associated with being a lower rated county. Too many subjective and objective attributes are calculated and considered in pricing certain financial services. However, as a triple AAA rated issuer of debt, and one of the top 250 counties in the nation issuing debt, it is highly probable that Montgomery County is paying some of the lowest fees for its financial services and, more importantly, has one of the lowest costs of funds.

It is not difficult to quantify in dollars some of the more obvious differences in higher and lower rated general obligation debt. For example, if the County priced its \$295 million of general obligation bonds sold on November 13, 2013 as an AA+ rated issuer, over the 20-year life of that bond issue, the County would pay approximately \$4.51 million more in interest expense. In the current market the average spread between AAA and AA+ interest rates is about 15 basis points. To place this additional cost in the context of the County's 6-year CIP program, if one assumes equal future annual borrowings; debt service would increase by about \$27 million.

The County maintains standby liquidity facilities to back its \$600 million variable rate note programs. These programs include the County's \$500 million commercial paper program (BANs) and its \$100 million variable rate demand obligation program. Based on information provided by the County's financial advisor, as an AA+ rated issuer of short-term notes, the County would pay an additional 20 basis points for its lines of credit. In real terms, the additional annual fee would be \$1.2 million. Again, that is an annual fee for programs, which at different amounts, have been in place since 1988.

Typically, debt issued by the County that is "appropriation backed" is not backed by the "full faith and credit of the County" and is therefore priced slightly below the County's AAA bonds.

Appropriation backed debt issues, which would include lease revenue bonds and certificates of participation, are generally rated one to two steps below the County's GO rating, with each step costing approximately 15 basis points in the current market. Therefore, appropriation backed debt now would become AA or AA- rated debt instead of AA+ or AA rated.

The average basis point spread over the last year between an AA+ bond and an AA bond with a maturity of 10 years is about 15 basis points. The County issued certificates of participation for about \$38 million in December 2013. The certificates were rated AA+; had they been rated AA, the additional debt service cost over the life of the certificates would have been about \$644,000.

Another example of the benefit of the AAA rating is the access to the credit markets. During the historic credit market disruptions of 2008 the County was able to maintain its access to a liquidity facility for its commercial paper program because of its strong credit rating. During this same time period many lower rated municipalities were not able to access the credit markets.

The last few examples of costs associated with being a lower rated county are probably some of the most obvious and expensive examples. Since FY12, the County has been able to save over \$46 million in long term debt service savings through bond refundings. This level of savings would not have been possible without the County's strong credit rating. The County has a \$25 million master lease program, through which over the last 10 years it has leased various assets such as computer equipment, fire trucks, ambulances, and buses. Without question, the cost of those leases would have been higher if the County had lower ratings. Over the last few decades, the County frequently issued debt that did not fall into the categories described above. The County issued development district bonds, various varieties of revenue bonds, term notes, short term debt for bus, apparatus, and equipment financings, and acted as a conduit issuer for not-for-profit borrowers. Suffice it to say, all those terms would have been more costly had the County been lower rated.

Finally, one should remember that a downgrade in a credit rating not only affects the issuer's new debt, but it also influences all existing debt of that issuer. That is, in the case of a downgrade, all the outstanding debt of the issuer becomes cheaper or the market value shrinks. A municipal investor who is holding onto an AAA rated County bond is now holding a lower rated security that is not worth as much as it was before the downgrade. That could potentially discourage investors from purchasing future County bonds and drives up the County's cost of funds.

For decades, the County has enjoyed and benefited from having the highest ratings from all three rating agencies. In the municipal bond market, the name Montgomery County, Maryland is synonymous with the highest quality bonds. County bonds often trade at levels equal in price and yield to similarly rated state bonds. There are only 40 other counties in the United States that enjoy AAA ratings from all three rating agencies. While it is difficult to achieve and maintain that status, from a financial perspective the rewards are voluminous.

Triple-AAA Counties

Population Greater than 500,000

As of 03/26/2015

Municipality	Moody's	S&P	Fitch
Baltimore County, MD	Aaa	AAA	AAA
Bernalillo County, NM	Aaa	AAA	AAA
Broward County, FL	Aaa	AAA	AAA
Cobb County, GA	Aaa	AAA	AAA
DuPage County, IL	Aaa	AAA	AAA
Fairfax County, VA	Aaa	AAA	AAA
Gwinnett County, GA	Aaa	AAA	AAA
Harris County, TX	Aaa	AAA	AAA
Hennepin County, MN	Aaa	AAA	AAA
Hillsborough County, FL	Aaa	AAA	AAA
Johnson County, KS	Aaa	AAA	AAA
Maricopa County, AZ	Aaa	AAA (ICR)	AAA (ICR)
Mecklenburg County, NC	Aaa	AAA	AAA
Monmouth County, NJ	Aaa	AAA	AAA
Montgomery County, MD	Aaa	AAA	AAA
New Castle County, DE	Aaa	AAA	AAA
Palm Beach County, FL	Aaa	AAA	AAA
Prince George's County, MD	Aaa	AAA	AAA
Salt Lake County, UT	Aaa	AAA	AAA
San Diego County, CA	Aaa	AAA (ICR)	AAA (ICR)
Wake County, NC	Aaa	AAA	AAA

Notes:

ICR = Issuer Credit Rating

NR = Not Rated

Moody's updated with Aaa MFRA on 3/26/2015

S&P updated with AAA ratings search export on 3/26/2015

Fitch Rating Actions reviewed 3/26/2015

**All ratings represent the GO rating*



AAA Counties

Population Greater than 500,000

As of 03/26/2015

Municipality	Moody's	S&P	Fitch
Baltimore County, MD	Aaa	AAA	AAA
Bergen County, NJ	Aaa	NR	NR
Bernalillo County, NM	Aaa	AAA	AAA
Bexar County, TX	Aaa	AA+	AAA
Broward County, FL	Aaa	AAA	AAA
Bucks County, PA	Aaa	AAA	NR
Cobb County, GA	Aaa	AAA	AAA
Collin County, TX	Aaa	AAA	NR
Dallas County, TX	Aaa	AAA	NR
Denton County, TX	Aaa	AAA	NR
Douglas County, NE	Aaa	AAA	NR
DuPage County, IL	Aaa	AAA	AAA
Fairfax County, VA	Aaa	AAA	AAA
Franklin County, OH	Aaa	AAA	NR
Gwinnett County, GA	Aaa	AAA	AAA
Harris County, TX	Aaa	AAA	AAA
Hennepin County, MN	Aaa	AAA	AAA
Hillsborough County, FL	Aaa	AAA	AAA
Jefferson County, CO	Aaa	NR	NR
Johnson County, KS	Aaa	AAA	AAA
Kent County, MI	Aaa	AAA	NR
King County, WA	Aaa	AAA	AA+
Lake County, IL	Aaa	AAA	NR
Maricopa County, AZ	Aaa	AAA (ICR)	AAA (ICR)
Mecklenburg County, NC	Aaa	AAA	AAA
Monmouth County, NJ	Aaa	AAA	AAA
Montgomery County, MD	Aaa	AAA	AAA
Multnomah County, OR	Aaa	AA+	NR
New Castle County, DE	Aaa	AAA	AAA
Oakland County, MI	Aaa	AAA	NR
Ocean County, NJ	Aaa	NR	AAA
Palm Beach County, FL	Aaa	AAA	AAA
Prince George's County, MD	Aaa	AAA	AAA
Ramsey County, MN	Aaa	AAA	NR
Salt Lake County, UT	Aaa	AAA	AAA
San Diego County, CA	Aaa	AAA (ICR)	AAA (ICR)
San Mateo County, CA	Aaa	AAA (ICR)	NR
St. Louis County, MO	Aaa	AA+	AAA
Tarrant County, TX	Aaa	AAA	NR
Travis County, TX	Aaa	AAA	NR
Wake County, NC	Aaa	AAA	AAA

Notes:

ICR = Issuer Credit Rating

NR = Not Rated



DEBT SERVICE - GENERAL OBLIGATION BONDS, LONG & SHORT TERM LEASES AND OTHER DEBT							
	Actual FY13	Actual FY14	Budget FY15	Estimated FY15	Recommended FY16	% Chg Bud/Rec	Rec % GO Bonds
GO BOND DEBT SERVICE EXPENDITURES							
General County	31,544,095	42,875,231	47,398,490	46,988,590	53,355,890		16.6%
Roads & Storm Drains	60,350,215	59,990,819	68,437,830	67,503,620	64,069,230		20.0%
Public Housing	-	13,562	65,640	65,630	258,810		0.1%
Parks	9,192,758	9,119,493	9,906,220	9,717,030	8,584,080		2.7%
Public Schools	121,987,885	122,363,519	133,221,530	133,368,500	140,243,070		43.7%
Montgomery College	14,902,744	15,391,009	17,841,820	18,058,120	22,146,830		6.9%
Bond Anticipation Notes/Commercial Paper	753,371	428,377	1,000,000	500,000	1,200,000		
Bond Anticipation Notes/Liquidity & Remarketing	2,719,343	2,574,642	3,000,000	2,600,000	2,500,000		
Cost of Issuance Costs	623,713	661,347	1,000,000	1,000,000	1,023,000		
Total General Fund	242,074,124	253,417,999	281,871,530	279,801,490	293,380,910	4.1%	90.0%
Fire Tax District Fund	6,886,445	7,078,100	8,438,020	8,212,910	7,392,700		2.3%
Mass Transit Fund	6,235,302	8,637,569	11,046,940	11,837,290	17,283,400		5.4%
Recreation Fund	9,270,330	8,893,735	9,758,720	9,347,010	7,322,070		2.3%
Bradley Noise Abatement Fund	23,549	-	-	-	-		0.0%
Cabin John Noise Abatement Fund	7,000	-	-	-	-		0.0%
Total Tax Supported Other Funds	22,422,626	24,609,404	29,243,680	29,397,210	31,998,170	9.4%	10.0%
TOTAL TAX SUPPORTED	264,496,750	278,027,403	311,115,210	309,198,700	325,379,080	4.6%	100.0%
TOTAL GO BOND DEBT SERVICE EXPENDITURES	264,496,750	278,027,403	311,115,210	309,198,700	325,379,080	4.6%	100.0%
LONG-TERM LEASE EXPENDITURES							
Revenue Authority - Conference Center	309,649	645,334	981,140	981,140	985,040		
Revenue Authority - HHS Piccard Drive	636,870	638,689	638,580	391,100	394,400		
Silver Spring Garages	5,070,347	-	-	-	-		
Revenue Authority - Recreation Pools	2,323,016	1,834,050	1,834,300	1,522,160	1,525,040		
Fire and Rescue Equipment	4,418,126	3,780,600	3,741,600	3,741,600	3,723,200		
TOTAL LONG-TERM LEASE EXPENDITURES	12,758,008	6,898,673	7,195,620	6,636,000	6,627,680	-7.9%	
SHORT-TERM LEASE EXPENDITURES / FINANCING							
Technology Modernization Project	5,659,962	5,659,962	6,780,200	5,660,200	7,310,200		
Libraries System Modernization	-	-	98,000	-	128,500		
Ride On Buses	3,801,617	3,802,000	6,675,950	6,628,000	8,396,640		
Public Safety System Modernization	4,373,540	4,373,540	5,223,600	4,373,600	6,990,600		
Fire and Rescue Apparatus	-	-	-	-	1,010,200		
Fuel Management System	-	-	480,000	-	480,000		
TOTAL SHORT-TERM LEASE EXPENDITURES	13,835,119	13,835,502	19,257,750	16,661,800	24,316,140	26.3%	
OTHER LONG-TERM DEBT							
Silver Spring Music Venue - Tax supported	293,155	293,955	295,610	294,650	295,105		
Site II Acquisition - Tax supported	400,000	400,000	400,000	400,000	400,000		
Qualified Energy Conservation Bond - Tax supported	-	50,994	430,000	430,000	324,500		
MHI-HUD Loan - Non-Tax supported	69,769	67,729	65,630	65,640	63,480		
Water Quality Protection Charge Bonds - Non-Tax supported	2,122,601	3,016,160	3,019,200	3,019,200	3,020,250		
MHI - Property Acquisition Fund - Non-Tax supported	4,406,574	4,949,804	7,196,010	7,196,010	7,196,110		
TOTAL OTHER LONG-TERM DEBT	7,292,099	8,778,642	11,406,450	11,405,500	11,299,445	-0.9%	
DEBT SERVICE EXPENDITURES							
Tax Supported	291,783,032	299,508,527	338,694,190	333,621,150	357,342,505		
Non-Tax Supported - Other Long-term Debt	6,598,944	8,033,693	10,280,840	10,280,850	10,279,840		
TOTAL DEBT SERVICE EXPENDITURES	298,381,976	307,542,220	348,975,030	343,902,000	367,622,345	5.3%	
GO BOND DEBT SERVICE FUNDING SOURCES							
General Funds	235,481,958	244,144,296	276,092,800	268,785,979	276,185,470		
Other Interest: Installment Notes, Interest & Penalties	1,284,836	334,924	-	-	-		
BAN/Commercial Paper Investment Income	114	95,589	-	-	-		
Federal Subsidy on General Obligation Bonds	6,111,775	5,808,511	5,778,730	5,778,730	5,707,000		
Premium on General Obligation Bonds	-	3,088,117	-	5,236,781	11,488,440		
Total General Fund Sources	242,878,683	253,471,437	281,871,530	279,801,490	293,380,910		
Fire Tax District Funds	6,799,377	7,781,477	8,438,020	8,212,910	7,392,700		
Mass Transit Fund	5,805,704	8,175,611	11,046,940	11,837,290	17,283,400		
Recreation Fund	8,982,438	8,598,881	9,758,720	9,347,010	7,322,070		
Bradley Noise Abatement Fund	23,549	-	-	-	-		
Cabin John Noise Abatement Fund	7,000	-	-	-	-		
Total Other Funding Sources	21,618,068	24,555,969	29,243,680	29,397,210	31,998,170		
TOTAL GO BOND FUNDING SOURCES	264,496,751	278,027,406	311,115,210	309,198,700	325,379,080		
NON GO BOND FUNDING SOURCES							
General Funds	16,743,522	12,062,471	14,697,130	12,380,690	16,682,345		
MHI Fund - HUD Loan	69,769	67,729	65,630	65,640	63,480		
Water Quality Protection Fund	2,122,601	3,016,160	3,019,200	3,019,200	3,020,250		
MHI - Property Acquisition Fund	4,406,574	4,949,804	7,196,010	7,196,010	7,196,110		
Federal Subsidy - Qualified Energy Conservation Bond	-	-	150,000	150,000	146,000		
Mass Transit Fund	3,801,617	3,802,000	6,675,950	6,628,000	8,396,640		
Recreation Fund	2,323,016	1,834,050	1,834,300	1,522,160	1,525,040		
Fire Tax District Fund	4,418,126	3,780,600	4,221,600	1,400,030	5,213,400		
Fire 2007 Certificates of Participation Closeout	-	-	-	2,341,570	-		
TOTAL NON GO BOND FUNDING SOURCES	33,885,225	29,512,814	37,859,820	34,703,300	42,243,265		
TOTAL FUNDING SOURCES	298,381,976	307,540,220	348,975,030	343,902,000	367,622,345		
TOTAL GENERAL OBLIGATION BOND SALES							
Actual and Estimated Bond Sales	320,000,000	295,000,000	324,500,000	500,000,000	324,500,000		
Council SAG Approved Bond Funded Expenditures	325,000,000	295,000,000	324,500,000	299,500,000	340,000,000		

DEBT SERVICE - GENERAL OBLIGATION BONDS, LONG & SHORT TERM LEASES AND OTHER DEBT						
	Recommended FY16	Projected FY17	Projected FY18	Projected FY19	Projected FY20	Projected FY21
GO BOND DEBT SERVICE EXPENDITURES						
General County	53,355,890	59,602,490	60,639,090	63,186,840	64,182,450	64,708,820
Roads & Storm Drains	64,069,230	69,785,800	73,665,980	77,393,970	85,398,030	94,268,560
Public Housing	258,810	761,430	741,130	720,830	700,530	680,240
Parks	8,584,080	9,293,610	10,423,180	11,149,850	11,793,320	12,295,430
Public Schools	140,243,070	154,146,710	159,814,420	166,721,400	171,372,110	174,398,990
Montgomery College	22,146,830	23,803,460	25,974,370	26,972,470	27,731,820	29,365,680
Bond Anticipation Notes/Commercial Paper	1,200,000	2,550,000	3,400,000	4,350,000	5,300,000	6,200,000
Bond Anticipation Notes/Liquidity & Remarketing	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Cost of Issuance	1,023,000	1,053,100	1,080,200	1,111,300	1,146,400	1,184,500
Total General Fund	293,380,910	323,496,600	338,238,370	354,106,660	370,124,660	385,602,220
Fire Tax District Fund	7,392,700	8,255,520	9,282,370	10,845,120	13,153,570	14,410,670
Mass Transit Fund	17,283,400	18,906,470	20,614,280	22,537,670	22,916,790	23,385,630
Recreation Fund	7,322,070	7,546,280	7,748,070	7,636,330	7,340,690	7,296,740
Total Tax Supported Other Funds	31,998,170	34,708,270	37,644,720	41,019,120	43,411,050	45,093,040
TOTAL TAX SUPPORTED	325,379,080	358,204,870	375,883,090	395,125,780	413,535,710	430,695,260
TOTAL GO BOND DEBT SERVICE EXPENDITURES	325,379,080	358,204,870	375,883,090	395,125,780	413,535,710	430,695,260
LONG-TERM LEASE EXPENDITURES						
Revenue Authority - Conference Center	985,040	988,540	986,640	989,440	991,850	987,710
Revenue Authority - HHS Piccard Drive	394,400	395,800	-	-	-	-
Revenue Authority - Recreation Pools	1,525,040	1,524,500	1,526,360	1,525,700	-	-
Fire and Rescue Equipment	3,723,200	3,715,800	3,717,900	-	-	-
TOTAL LONG-TERM LEASE EXPENDITURES	6,627,680	6,624,640	6,230,900	2,515,140	991,850	987,710
SHORT-TERM LEASE EXPENDITURES / FINANCING						
Technology Modernization Project	7,310,200	9,110,200	5,479,000	4,464,500	3,450,000	3,100,000
Libraries System Modernization	128,500	128,500	128,500	128,500	128,500	-
Ride On Buses	8,396,640	9,138,890	5,337,690	5,337,690	5,337,690	5,337,690
Public Safety System Modernization	6,990,600	6,302,800	4,330,000	4,330,000	4,330,000	2,563,000
Fire and Rescue Apparatus	1,010,200	1,667,500	2,361,200	2,994,100	3,505,000	3,930,000
Fuel Management System	480,000	960,000	960,000	960,000	960,000	480,000
TOTAL SHORT-TERM LEASE EXPENDITURES	24,316,140	27,307,890	18,596,390	18,214,790	17,711,190	15,410,690
OTHER LONG-TERM DEBT						
Silver Spring Music Venue - Tax supported	295,105	290,500	290,800	291,000	291,000	294,100
Site II Acquisition - Tax supported	400,000	400,000	400,000	400,000	400,000	400,000
Qualified Energy Conservation Bond - Tax supported	324,500	325,500	326,500	327,000	321,500	321,800
MHI-HUD Loan - Non-Tax supported	63,480	61,280	59,020	56,750	54,400	52,050
Water Quality Protection Charge Bonds - Non-Tax supported	3,020,250	7,432,400	7,430,100	12,646,200	12,839,650	12,844,000
MHI - Property Acquisition Fund - Non-Tax supported	7,196,110	7,200,310	7,208,010	7,201,510	7,205,600	7,200,460
TOTAL OTHER LONG-TERM DEBT	11,299,445	15,709,990	15,714,430	20,922,460	21,112,150	21,112,410
DEBT SERVICE EXPENDITURES						
Tax Supported	357,342,505	393,153,400	401,727,680	416,873,710	433,251,250	448,109,560
Non-Tax Supported - Other Long-term Debt	10,279,840	14,693,990	14,697,130	19,904,460	20,099,650	20,096,610
TOTAL DEBT SERVICE EXPENDITURES	367,622,345	407,847,390	416,424,810	436,778,170	453,350,900	468,206,070
GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	276,185,470	318,046,600	332,888,370	349,036,660	365,254,660	380,932,220
Federal Subsidy on General Obligation Bonds	5,707,000	5,450,000	5,350,000	5,070,000	4,870,000	4,670,000
Premium on General Obligation Bonds	11,488,440	-	-	-	-	-
Total General Fund Sources	293,380,910	323,496,600	338,238,370	354,106,660	370,124,660	385,602,220
Fire Tax District Fund	7,392,700	8,255,520	9,282,370	10,845,120	13,153,570	14,410,670
Mass Transit Fund	17,283,400	18,906,470	20,614,280	22,537,670	22,916,790	23,385,630
Recreation Fund	7,322,070	7,546,280	7,748,070	7,636,330	7,340,690	7,296,740
Total Other Funding Sources	31,998,170	34,708,270	37,644,720	41,019,120	43,411,050	45,093,040
TOTAL GO BOND FUNDING SOURCES	325,379,080	358,204,870	375,883,090	395,125,780	413,535,710	430,695,260
NON GO BOND FUNDING SOURCES						
General Funds	16,682,345	17,800,840	11,805,440	10,798,840	9,787,350	7,544,610
MHI Fund - HUD Loan	63,480	61,280	59,020	56,750	54,400	52,050
Water Quality Protection Fund	3,020,250	7,432,400	7,430,100	12,646,200	12,839,650	12,844,000
MHI - Property Acquisition Fund	7,196,110	7,200,310	7,208,010	7,201,510	7,205,600	7,200,460
Federal Subsidy - Qualified Energy Conservation Bond	146,000	141,000	136,000	131,600	125,500	122,000
Mass Transit Fund	8,396,640	9,138,890	5,337,690	5,337,690	5,337,690	5,337,690
Recreation Fund	1,525,040	1,524,500	1,526,360	1,525,700	-	-
Fire Tax District Fund	5,213,400	6,343,300	7,039,100	3,954,100	4,465,000	4,410,000
TOTAL NON GO BOND FUNDING SOURCES	42,243,285	49,642,520	40,541,720	41,652,390	39,815,190	37,510,810
TOTAL FUNDING SOURCES	367,622,345	407,847,390	416,424,810	436,778,170	453,350,900	468,206,070
TOTAL GENERAL OBLIGATION BOND SALES						
Estimated Bond Sales	324,500,000	327,000,000	332,000,000	332,000,000	332,000,000	332,000,000
Council SAG Approved Bond Funded Expenditures	340,000,000	340,000,000	340,000,000	340,000,000	340,000,000	340,000,000
ESTIMATED INTEREST RATE	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%

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DEBT CAPACITY ANALYSIS

FY15-20 Amended Capital Improvements Program

COUNTY EXECUTIVE RECOMMENDED

MARCH 16, 2015

GO BOND 6 YR TOTAL = 1,947.0 MILLION

GO BOND FY15 TOTAL = 299.5.0 MILLION

GO BOND FY16 TOTAL = 324.5 MILLION

	FY14	FY15	FY16	FY17	FY18	FY19	FY20
1 GO Bond Guidelines (\$000)	295,000	299,500	324,500	327,000	332,000	332,000	332,000
2 GO Debt/Assessed Value	1.76%	1.87%	1.86%	1.84%	1.80%	1.78%	1.76%
3 Debt Service + LTL + Short-Term Leases/Revenues (GF)	10.31%	11.40%	11.25%	11.88%	11.69%	11.71%	11.90%
4 \$ Debt/Capita	2,845	3,101	3,167	3,225	3,282	3,327	3,355
5 \$ Real Debt/Capita (FY14=100%)	2,845	3,039	3,044	3,033	3,016	2,982	2,925
6 Capita Debt/Capita Income	3.70%	3.82%	3.91%	3.85%	3.83%	3.81%	3.73%
7 Payout Ratio	68.62%	67.41%	67.81%	68.27%	68.73%	69.60%	70.44%
8 Total Debt Outstanding (\$000s)	2,870,500	3,162,750	3,259,180	3,347,715	3,435,845	3,513,100	3,579,665
9 Real Debt Outstanding (FY14=100%)	2,870,500	3,099,824	3,132,315	3,148,145	3,157,452	3,148,783	3,121,056
10 Note: OP/PSP Growth Assumption (2)		3.0%	3.9%	3.2%	3.4%	3.1%	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 FY15 approved budget to FY16 budget for FY16 and budget to budget for FY17-20.

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GENERAL OBLIGATION BOND ADJUSTMENT CHART

FY15-20 Amended Capital Improvements Program

CE RECOMMENDED

March 16, 2015

(\$ millions)	6 YEARS	FY15	FY16	FY17	FY18	FY19	FY20
BONDS PLANNED FOR ISSUE	1,947.000	299.500	324.500	327.000	332.000	332.000	332.000
Plus PAYGO Funded	194.700	29.950	32.450	32.700	33.200	33.200	33.200
Adjust for Implementation **	136.077	46.903	18.487	18.188	18.003	17.512	16.983
Adjust for Future Inflation **	(82.247)	-	-	(7.743)	(15.998)	(24.615)	(33.891)
SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)	2,195.530	376.353	375.437	370.145	367.205	358.097	348.292
Less Set Aside: Future Projects	110.257 4.98%	0.929	13.648	18.324	19.099	19.290	37.967
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	2,085.272	375.424	361.789	351.821	348.106	338.807	310.325
MCPS	(772.762)	(119.158)	(138.761)	(136.484)	(153.119)	(124.107)	(101.133)
MONTGOMERY COLLEGE	(153.700)	(37.570)	(20.427)	(30.663)	(25.817)	(12.452)	(26.771)
M-NCPPC PARKS	(67.788)	(9.789)	(11.103)	(13.135)	(12.677)	(11.222)	(9.862)
TRANSPORTATION	(608.312)	(105.073)	(78.496)	(78.212)	(96.334)	(122.492)	(127.705)
MCG - OTHER	(559.151)	(161.048)	(123.849)	(98.256)	(62.476)	(68.668)	(44.854)
Programming Adjustment - Unspent Prior Years*	75.441	57.214	10.847	4.929	2.317	0.134	-
SUBTOTAL PROGRAMMED EXPENDITURES	(2,085.272)	(375.424)	(361.789)	(351.821)	(348.106)	(338.807)	(310.325)
AVAILABLE OR (GAP)	-	-	-	-	-	-	-
NOTES:							
* See additional information on the GO Bond Programming Adjustment for Unspent Prior Year Detail Chart							
** Adjustments Include:							
Inflation =		2.03%	1.98%	2.20%	2.33%	2.53%	2.80%
Implementation Rate =		86.46%	94.61%	94.61%	94.61%	94.61%	94.61%

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