



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 approved FY17 Operating Budget for Debt Service is \$397,600,850 an increase of \$38,601,765 or 10.8 percent from the FY16 approved budget of \$358,999,085. This amount includes long-term lease expenditures of \$6,624,640, short-term financing of \$23,271,390 and other long-term debt of \$15,334,210. The budget excludes \$61,280 in debt service, which is appropriated in a non-tax supported fund.

FY17 Approved Changes

The Debt Service appropriation increase of 10.8 percent is primarily due to additional financing needs for General Obligation (G.O.) Bonds and short-term leases.

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 42.7 percent of the County's capital expenditures for the six years of the Approved FY17-22 CIP. Other long-term debt includes financing for the Silver Spring Music Venue, Site II Acquisition, Affordable Housing (MHI Property Acquisition), Stormwater Management (Water Quality Protection Bonds), and Energy Performance Contracting (Qualified Energy Conservation Bonds).

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.

The FY17 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 100.0 percent rate for FY17-FY22. An interest cost of 5.5 percent was budgeted for the Fall 2016 issue. Projected interest rates for bond issues for FY17 through FY22 are based on market expectations for coupon rates, which drive actual debt service costs. Under these projections and assumptions, total Debt Service will increase from \$397.6 million in FY17 to \$484.3 million by FY22.

Linkage to County Result Areas

While this program area supports all eight of the County Result Areas, the following is emphasized:

 **Not Applicable**

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 FY15	Budget FY16	Estimate FY16	Approved FY17	%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	---
Debt Service G.O Bonds	308,090,187	316,819,300	315,024,624	352,370,610	11.2 %
Debt Service Other	24,419,464	31,963,425	27,497,185	30,912,030	-3.3 %
Debt Service Expenditures	332,509,651	348,782,725	342,521,809	383,282,640	9.9 %
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	5,956,603	5,853,000	5,853,520	5,591,000	-4.5 %
Investment Income	8,957	0	0	0	---
Miscellaneous Revenues	2,352,252	0	0	0	---
Other Intergovernmental	102,077	0	0	0	---
Premium on General Obligation Bonds	5,236,781	11,488,440	14,998,462	6,942,760	-39.6 %
State Grants	2,823,835	0	0	0	---
Debt Service Revenues	16,480,505	17,341,440	20,851,982	12,533,760	-27.7 %
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	---
Debt Service Other	10,214,799	10,216,360	10,216,360	14,318,210	40.2 %
Debt Service - Non-Tax Supported Expenditures	10,214,799	10,216,360	10,216,360	14,318,210	40.1 %
PERSONNEL					
Full-Time	0	0	0	0	---
Part-Time	0	0	0	0	---
FTEs	0.00	0.00	0.00	0.00	---
REVENUES					
DEPARTMENT TOTALS					
Total Expenditures	342,724,450	358,999,085	352,738,169	397,600,850	10.8 %
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	16,480,505	17,341,440	20,851,982	12,533,760	-27.7 %

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

	Actual	Actual	Budget	Estimated	Approved	% Chg	App %
	FY14	FY15	FY16	FY16	FY17	Bud/App	GO Bonds
GO BOND DEBT SERVICE EXPENDITURES							
General County	42,875,231	46,989,995	51,742,730	51,666,053	59,184,220		17.1%
Roads & Storm Drains	59,990,819	67,396,632	62,163,950	62,101,823	70,224,060		20.3%
Public Housing	13,562	65,625	258,810	64,050	62,470		0.0%
Parks	9,119,493	9,714,221	8,339,930	8,086,019	8,237,270		2.4%
Public Schools	122,363,519	133,188,736	135,717,510	135,505,954	150,187,650		43.4%
Montgomery College	15,391,009	18,046,881	21,904,420	21,904,420	23,688,760		6.8%
Bond Anticipation Notes/Commercial Paper	428,377	309,534	1,200,000	500,000	2,400,000		
Bond Anticipation Notes/Liquidity & Remarketing	2,574,642	2,099,233	2,500,000	2,500,000	2,500,000		
Cost of Issuance	661,347	897,494	1,183,000	1,183,000	1,203,000		
Total General Fund	253,417,999	278,708,351	285,010,350	283,511,319	317,687,430	11.5%	90.0%
Fire Tax District Fund	7,078,100	8,207,008	7,238,360	7,020,527	7,491,440		2.2%
Mass Transit Fund	8,637,569	11,836,166	17,248,520	17,200,152	18,863,850		5.4%
Recreation Fund	8,893,735	9,338,662	7,322,070	7,292,626	8,327,890		2.4%
Total Tax Supported Other Funds	24,609,404	29,381,836	31,808,950	31,513,305	34,683,180	9.0%	10.0%
TOTAL TAX SUPPORTED	278,027,403	308,090,187	316,819,300	315,024,624	352,370,610	11.2%	100.0%
TOTAL GO BOND DEBT SERVICE EXPENDITURES	278,027,403	308,090,187	316,819,300	315,024,624	352,370,610	11.2%	100.0%
LONG-TERM LEASE EXPENDITURES							
Revenue Authority - Conference Center	645,334	981,134	985,040	985,040	988,540		
Revenue Authority - HHS Piccard Drive	638,689	391,106	394,400	394,400	395,800		
Revenue Authority - Recreation Pools	1,834,050	1,522,159	1,525,040	1,525,040	1,524,500		
Fire and Rescue Equipment	3,780,600	3,741,600	3,723,200	3,723,200	3,715,800		
TOTAL LONG-TERM LEASE EXPENDITURES	6,898,673	6,635,999	6,627,680	6,627,680	6,624,640	0.0%	
SHORT-TERM LEASE EXPENDITURES / FINANCING							
Technology Modernization Project	5,659,962	5,659,962	7,310,200	5,660,200	7,294,600		
Libraries System Modernization	-	-	128,500	128,500	128,500		
Ride On Buses	3,802,000	6,625,835	8,396,640	8,253,800	9,138,890		
Public Safety System Modernization	4,373,540	4,373,540	6,990,600	5,327,400	4,907,600		
Fire and Rescue Apparatus	-	-	1,010,200	-	1,010,200		
Fuel Management System	-	-	480,000	480,000	791,600		
TOTAL SHORT-TERM LEASE EXPENDITURES	13,835,502	16,659,337	24,316,140	19,849,900	23,271,390	-4.3%	
OTHER LONG-TERM DEBT							
Silver Spring Music Venue - Tax supported	293,955	294,606	295,105	295,105	290,500		
Site II Acquisition - Tax supported	400,000	400,000	400,000	400,000	400,000		
Qualified Energy Conservation Bond - Tax supported	50,994	429,522	324,500	324,500	325,500		
MHI-HUD Loan - Non-Tax supported	67,729	65,630	63,480	63,480	61,280		
Water Quality Protection Charge Bonds - Non-Tax supported	3,016,160	3,018,850	3,020,250	3,020,250	6,367,900		
MHI - Property Acquisition Fund - Non-Tax supported	4,949,804	7,195,949	7,196,110	7,196,110	7,950,310		
TOTAL OTHER LONG-TERM DEBT	8,778,642	11,404,557	11,299,445	11,299,445	15,395,490	36.2%	
DEBT SERVICE EXPENDITURES							
Tax Supported	299,506,527	332,509,651	348,782,725	342,521,809	383,282,640	9.9%	
Non-Tax Supported - Other Long-term Debt	8,033,693	10,280,429	10,279,840	10,279,840	14,379,490		
TOTAL DEBT SERVICE EXPENDITURES	307,540,220	342,790,080	359,062,565	352,801,649	397,662,130	10.8%	

GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	244,144,296	268,947,012	267,814,910	262,805,857	305,294,670	
Other Interest: Installment Notes, Interest & Penalties	334,924	10,682	-	-	-	
BAN/Commercial Paper Investment Income	95,589	8,957	-	-	-	
Federal Subsidy on General Obligation Bonds	5,808,511	5,848,290	5,707,000	5,707,000	5,450,000	
Premium on General Obligation Bonds	3,088,117	5,236,781	11,488,440	14,998,462	6,942,760	
Total General Fund Sources	253,471,437	280,051,722	285,010,350	283,511,319	317,687,430	
Fire Tax District Funds	7,781,477	7,941,508	7,238,360	7,020,527	7,491,440	
Mass Transit Fund	8,175,611	10,902,479	17,248,520	17,200,152	18,863,850	
Recreation Fund	8,598,881	9,065,412	7,322,070	7,292,626	8,327,890	
Total Other Funding Sources	24,555,969	27,909,399	31,808,950	31,513,305	34,683,180	
TOTAL GO BOND FUNDING SOURCES	278,027,406	307,961,121	316,819,300	315,024,624	352,370,610	
NON GO BOND FUNDING SOURCES						
General Funds	12,062,471	12,448,546	16,682,345	13,368,625	14,590,040	
MHI Fund - HUD Loan	67,729	65,630	63,480	63,480	61,280	
Water Quality Protection Fund	3,016,160	3,018,850	3,020,250	3,020,250	6,367,900	
MHI - Property Acquisition Fund	4,949,804	7,195,949	7,196,110	7,196,110	7,950,310	
Federal Subsidy - Qualified Energy Conservation Bond	-	108,313	146,000	146,520	141,000	
Mass Transit Fund	3,802,000	3,802,000	8,396,640	8,253,800	9,138,890	
Recreation Fund	1,834,050	1,522,159	1,525,040	1,525,040	1,524,500	
Fire Tax District Fund	3,780,600	1,400,030	5,213,400	4,203,200	5,517,600	
Energy Savings	-	102,077	-	-	-	
State Grant for Ride On Buses	-	2,823,835	-	-	-	
Fire 2007 Certificates of Participation Closeout	-	2,341,570	-	-	-	
TOTAL NON GO BOND FUNDING SOURCES	29,512,814	34,828,959	42,243,265	37,777,025	45,291,520	
TOTAL FUNDING SOURCES	307,540,220	342,790,080	359,062,565	352,801,649	397,662,130	
TOTAL GENERAL OBLIGATION BOND SALES						
Actual and Estimated Bond Sales	295,000,000	500,000,000	324,500,000	300,000,000	340,000,000	
Council SAG Approved Bond Funded Expenditures	295,000,000	299,500,000	340,000,000	340,000,000	340,000,000	

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

	Approved	Projected	Projected	Projected	Projected	Projected
	FY17	FY18	FY19	FY20	FY21	FY22
GO BOND DEBT SERVICE EXPENDITURES						
General County	59,184,220	64,383,400	72,296,180	73,919,840	72,860,850	72,222,210
Roads & Storm Drains	70,224,060	73,327,410	76,372,300	82,349,810	89,648,580	98,794,470
Public Housing	62,470	60,730	58,980	57,230	55,480	53,730
Parks	8,237,270	8,915,710	9,404,390	10,215,340	10,943,700	11,530,480
Public Schools	150,187,650	154,262,760	159,483,820	166,166,690	170,262,840	173,381,470
Montgomery College	23,688,760	25,281,110	26,801,450	27,386,680	27,432,680	28,874,350
Bond Anticipation Notes/Commercial Paper	2,400,000	3,400,000	3,950,000	4,500,000	5,050,000	5,800,000
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	1,203,000	1,227,000	1,256,000	1,290,000	1,324,000	1,359,000
Total General Fund	317,687,430	333,358,120	352,123,120	368,385,590	380,078,130	394,515,710
Fire Tax District Fund	7,491,440	8,366,570	8,953,040	10,096,760	12,775,670	14,593,080
Mass Transit Fund	18,863,850	19,702,790	20,199,440	21,920,890	25,298,520	25,720,840
Recreation Fund	8,327,890	9,235,980	9,175,070	8,980,870	8,939,860	8,497,730
Total Tax Supported Other Funds	34,683,180	37,305,340	38,327,550	40,998,520	47,014,050	48,811,650
TOTAL TAX SUPPORTED	352,370,610	370,663,460	390,450,670	409,384,110	427,092,180	443,327,360
TOTAL GO BOND DEBT SERVICE EXPENDITURES	352,370,610	370,663,460	390,450,670	409,384,110	427,092,180	443,327,360
LONG-TERM LEASE EXPENDITURES						
Revenue Authority - Conference Center	988,540	986,640	989,440	991,850	987,710	991,540
Revenue Authority - HHS Piccard Drive	395,800	-	-	-	-	-
Revenue Authority - Recreation Pools	1,524,500	1,526,360	1,525,700	-	-	-
Fire and Rescue Equipment	3,715,800	3,717,900	-	-	-	-
TOTAL LONG-TERM LEASE EXPENDITURES	6,624,640	6,230,900	2,515,140	991,850	987,710	991,540
SHORT-TERM LEASE EXPENDITURES / FINANCING						
Technology Modernization Project	7,294,600	5,479,000	4,464,500	3,450,000	3,100,000	3,100,000
Libraries System Modernization	128,500	128,500	128,500	128,500	128,500	-
Ride On Buses	9,138,890	6,030,490	6,723,290	6,723,290	6,723,290	4,923,290
Public Safety System Modernization	4,907,600	4,219,800	4,433,800	4,433,800	3,480,000	1,713,000
Fire and Rescue Apparatus	1,010,200	1,700,000	2,625,000	3,196,000	3,664,000	4,071,000
Fuel Management System	791,600	951,600	951,600	951,600	635,800	160,000
TOTAL SHORT-TERM LEASE EXPENDITURES	23,271,390	18,509,390	19,326,690	18,883,190	17,731,590	13,967,290
OTHER LONG-TERM DEBT						
Silver Spring Music Venue - Tax supported	290,500	290,800	291,000	291,000	294,100	292,000
Site II Acquisition - Tax supported	400,000	400,000	400,000	400,000	400,000	400,000
Qualified Energy Conservation Bond - Tax supported	325,500	326,500	327,000	321,500	321,800	322,100
MHI-HUD Loan - Non-Tax supported	61,280	59,020	56,750	54,400	52,050	49,640
Water Quality Protection Charge Bonds - Non-Tax supported	6,367,900	6,342,250	11,581,960	11,578,400	15,581,650	15,581,900
MHI - Property Acquisition Fund - Non-Tax supported	7,950,310	8,708,010	9,451,510	9,455,600	9,450,460	9,446,660
TOTAL OTHER LONG-TERM DEBT	15,395,490	16,126,580	22,108,220	22,100,900	26,100,060	26,092,300
DEBT SERVICE EXPENDITURES						
Tax Supported	383,282,640	396,421,050	413,310,500	430,271,650	446,827,380	459,300,290
Non-Tax Supported - Other Long-term Debt	14,379,490	15,109,280	21,090,220	21,088,400	25,084,160	25,078,200
TOTAL DEBT SERVICE EXPENDITURES	397,662,130	411,530,330	434,400,720	451,360,050	471,911,540	484,378,490

GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	305,294,670	321,215,120	343,710,220	363,515,590	375,438,130	389,845,710
Federal Subsidy on General Obligation Bonds	5,450,000	5,350,000	5,070,000	4,870,000	4,640,000	4,670,000
Premium on General Obligation Bonds	6,942,760	6,793,000	3,342,900	-	-	-
Total General Fund Sources	317,687,430	333,358,120	352,123,120	368,385,590	380,078,130	394,515,710
Fire Tax District Fund	7,491,440	8,366,570	8,953,040	10,096,760	12,775,670	14,593,080
Mass Transit Fund	18,863,850	19,702,790	20,199,440	21,920,890	25,298,520	25,720,840
Recreation Fund	8,327,890	9,235,980	9,175,070	8,980,870	8,939,860	8,497,730
Total Other Funding Sources	34,683,180	37,305,340	38,327,550	40,998,520	47,014,050	48,811,650
TOTAL GO BOND FUNDING SOURCES	352,370,610	370,663,460	390,450,670	409,384,110	427,092,180	443,327,360
NON GO BOND FUNDING SOURCES						
General Funds	14,590,040	11,695,240	10,902,640	9,891,150	8,590,110	6,703,640
MHI Fund - HUD Loan	61,280	59,020	56,750	54,400	52,050	49,640
Water Quality Protection Fund	6,367,900	6,342,250	11,581,960	11,578,400	15,581,650	15,581,900
MHI - Property Acquisition Fund	7,950,310	8,708,010	9,451,510	9,455,600	9,450,460	9,446,660
Federal Subsidy - Qualified Energy Conservation Bond	141,000	136,000	131,600	125,500	122,000	115,000
Mass Transit Fund	9,138,890	6,030,490	6,723,290	6,723,290	6,723,290	4,923,290
Recreation Fund	1,524,500	1,526,360	1,525,700	-	-	-
Fire Tax District Fund	5,517,600	6,369,500	3,576,600	4,147,600	4,299,800	4,231,000
TOTAL NON GO BOND FUNDING SOURCES	45,291,520	40,866,870	43,950,050	41,975,940	44,819,360	41,051,130
TOTAL FUNDING SOURCES	397,662,130	411,530,330	434,400,720	451,360,050	471,911,540	484,378,490
TOTAL GENERAL OBLIGATION BOND SALES						
Estimated Bond Sales	340,000,000	340,000,000	340,000,000	340,000,000	340,000,000	340,000,000
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%