



Debt Service

Approved FY18 Budget
\$408,233,670

Full Time Equivalents
0.00

Mission Statement

This section provides budget data for the repayment of general obligation bond issues, and other long- and short-term financing for public facilities, equipment, and infrastructure in the Debt Service Fund for all tax supported County agencies (Montgomery County Government, Maryland-National Capital Park and Planning Commission, Montgomery County Public Schools, and Montgomery College), as well as other associated costs. Non-tax supported debt repayment related to the Montgomery Housing Initiative Property Acquisition Fund and Water Quality Protection bonds are also included.

Budget Overview

The total approved FY18 Operating Budget for Debt Service is \$408,233,670 an increase of \$10,632,820 or 2.7 percent from the FY17 approved budget of \$397,600,850. This amount includes long-term lease expenditures of \$6,580,900, short-term financing of \$16,557,600 and other long-term debt of \$15,239,620. The budget excludes \$59,020 in debt service, which is appropriated in a non-tax supported fund.

FY18 Approved Changes

The Debt Service appropriation increase of 2.7 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 42.0 percent of the County's capital expenditures for the six years of the Amended 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.

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 FY18 Debt Service budget is predicated on the bond issuance requirements in the Amended 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 2017 issuance. Projected interest rates for bond issues for FY18 through FY23 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 \$408.2 million in FY18 to \$504.5 million by FY23.

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 FY16	Budget FY17	Estimate FY17	Approved FY18	%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	311,703,671	352,370,610	349,602,923	369,855,550	5.0 %
Debt Service Other	26,601,589	30,912,030	25,626,340	24,424,110	-21.0 %
Debt Service Expenditures	338,305,260	383,282,640	375,229,263	394,279,660	2.9 %
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	5,881,147	5,591,000	5,660,800	5,598,670	0.1 %
Miscellaneous Revenues	34,020	0	42,860	1,033,870	—
Premium on General Obligation Bonds	14,998,462	6,942,760	11,421,060	16,230,640	133.8 %
State Grants	2,176,165	0	0	0	—
Debt Service Revenues	23,089,794	12,533,760	17,124,720	22,863,180	82.4 %
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	10,216,272	14,318,210	13,348,710	13,954,010	-2.5 %
Debt Service - Non-Tax Supported Expenditures	10,216,272	14,318,210	13,348,710	13,954,010	-2.5 %
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	348,521,532	397,600,850	388,577,973	408,233,670	2.7 %
Total Full-Time Positions	0	0	0	0	—

BUDGET SUMMARY

	Actual FY16	Budget FY17	Estimate FY17	Approved FY18	%Chg Bud/App
Total Part-Time Positions	0	0	0	0	—
Total FTEs	0.00	0.00	0.00	0.00	—
Total Revenues	23,089,794	12,533,760	17,124,720	22,863,180	82.4 %

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

	Actual FY15	Actual FY16	Budget FY17	Estimated FY17	Approved FY18	% Chg Bud/App	App % GO Bonds
GO BOND DEBT SERVICE EXPENDITURES							
General County	46,989,995	51,082,509	59,184,220	58,299,080	63,521,610		17.6%
Roads & Storm Drains	67,396,632	61,896,517	70,224,060	70,304,845	74,945,800		20.8%
Public Housing	65,625	64,050	62,470	62,475	60,720		0.0%
Parks	9,714,221	8,068,892	8,237,270	8,227,183	9,113,810		2.5%
Public Schools	133,188,736	133,869,814	150,187,650	148,720,848	150,388,180		41.7%
Montgomery College	18,046,881	21,814,230	23,688,760	23,486,250	24,785,350		6.9%
Bond Anticipation Notes/Commercial Paper	309,534	549,173	2,400,000	2,600,000	5,900,000		
Bond Anticipation Notes/Liquidity & Remarketing	2,099,233	2,096,849	2,500,000	2,500,000	2,500,000		
Cost of Issuance	897,494	775,424	1,203,000	1,000,000	1,023,000		
Total General Fund	278,708,351	280,217,458	317,687,430	315,200,681	332,238,470	4.6%	89.6%
Fire Tax District Fund	8,207,008	7,016,060	7,491,440	7,282,566	7,678,780		2.1%
Mass Transit Fund	11,836,166	17,199,301	18,863,850	18,924,753	20,461,280		5.7%
Recreation Fund	9,338,662	7,270,852	8,327,890	8,194,923	9,477,020		2.6%
Total Tax Supported Other Funds	29,381,836	31,486,213	34,683,180	34,402,242	37,617,080	8.5%	10.4%
TOTAL TAX SUPPORTED	308,090,187	311,703,671	352,370,610	349,602,923	369,855,550	5.0%	100.0%
TOTAL GO BOND DEBT SERVICE EXPENDITURES	308,090,187	311,703,671	352,370,610	349,602,923	369,855,550	5.0%	100.0%
LONG-TERM LEASE EXPENDITURES							
Revenue Authority - Conference Center	981,134	985,034	988,540	988,540	986,640		
Revenue Authority - HHS Piccard Drive	391,106	394,376	395,800	395,800	-		
Revenue Authority - Recreation Pools	1,522,159	1,525,040	1,524,500	1,524,500	1,526,360		
Fire and Rescue Equipment	3,741,600	4,038,961	4,726,000	3,715,800	4,067,900		
TOTAL LONG-TERM LEASE EXPENDITURES	6,635,999	6,943,411	7,634,840	6,624,640	6,580,900	-13.8%	
SHORT-TERM LEASE EXPENDITURES / FINANCING							
Technology Modernization Project	5,659,962	5,659,960	7,294,600	5,668,100	5,676,100		
Libraries System Modernization	-	-	128,500	48,500	127,500		
Corrections Security System	-	-	-	-	70,700		
Ride On Buses	6,625,835	7,651,422	9,138,890	8,366,500	5,982,600		
Public Safety System Modernization	4,373,540	5,327,263	4,907,600	3,157,800	2,487,200		
Fire Breathing Apparatus	-	-	-	-	1,421,900		
Fuel Management System	-	-	791,600	631,600	791,600		
TOTAL SHORT-TERM LEASE EXPENDITURES	16,659,337	18,638,645	22,261,190	17,872,500	16,557,600	-25.6%	
OTHER LONG-TERM DEBT							
Silver Spring Music Venue - Tax supported	294,606	295,105	290,500	290,500	290,800		
Site II Acquisition - Tax supported	400,000	400,000	400,000	400,000	400,000		
Energy Performance Leases QECBs - Tax supported	429,522	324,428	325,500	400,500	445,700		
Energy Performance Leases Other - Tax supported	-	-	-	38,200	149,110		
MHI-HUD Loan - Non-Tax supported	65,630	63,480	61,280	61,280	59,020		
Water Quality Protection Charge Bonds - Non-Tax supported	3,018,850	3,020,250	6,367,900	6,148,400	6,146,000		
MHI - Property Acquisition Fund - Non-Tax supported	7,195,949	7,196,022	7,950,310	7,200,310	7,808,010		
TOTAL OTHER LONG-TERM DEBT	11,404,557	11,299,285	15,395,490	14,539,190	15,298,640	-0.6%	
DEBT SERVICE EXPENDITURES							
Tax Supported	332,509,651	338,305,260	383,282,640	375,229,263	394,279,660	2.9%	
Non-Tax Supported - Other Long-term Debt	10,280,429	10,279,752	14,379,490	13,409,990	14,013,030		
TOTAL DEBT SERVICE EXPENDITURES	342,790,080	348,585,012	397,662,130	388,639,253	408,292,690	2.7%	
GO BOND DEBT SERVICE FUNDING SOURCES							
General Funds	268,947,012	260,384,661	305,294,670	298,329,621	310,657,830		
Other Interest: Installment Notes, Interest & Penalties	10,682	34,020	-	-	-		
BAN/Commercial Paper Investment Income	8,957	-	-	-	-		
Federal Subsidy on General Obligation Bonds	5,848,290	5,751,483	5,450,000	5,450,000	5,350,000		
Premium on General Obligation Bonds	5,236,781	14,998,462	6,942,760	11,421,060	16,230,640		
Total General Fund Sources	280,051,722	281,168,626	317,687,430	315,200,681	332,238,470		
Fire Tax District Funds	7,941,508	6,816,418	7,491,440	7,282,566	7,678,780		
Mass Transit Fund	10,902,479	16,734,177	18,863,850	18,924,753	20,461,280		
Recreation Fund	9,065,412	7,001,965	8,327,890	8,194,923	9,477,020		
Total Other Funding Sources	27,909,399	30,552,500	34,683,180	34,402,242	37,617,080		
TOTAL GO BOND FUNDING SOURCES	307,961,121	311,721,186	352,370,610	349,602,923	369,855,550		
NON GO BOND FUNDING SOURCES							
General Funds	12,448,546	13,238,987	14,590,040	11,134,280	9,351,210		
MHI Fund - HUD Loan	65,630	63,480	61,280	61,280	59,020		
Water Quality Protection Fund	3,018,850	3,020,250	6,367,900	6,148,400	6,146,000		
MHI - Property Acquisition Fund	7,195,949	7,196,022	7,950,310	7,200,310	7,808,010		
Mass Transit Fund	3,802,000	5,475,257	9,138,890	8,366,500	5,982,600		
Recreation Fund	1,522,159	1,525,040	1,524,500	1,524,500	1,526,360		
Fire Tax District Fund	1,400,030	4,038,961	5,517,600	4,347,400	6,281,400		
Energy Savings	102,077	-	-	-	-		
Federal Subsidy - QECBs	108,313	129,664	141,000	210,800	248,670		
Capitalized Interest - Energy Performance Leases	-	-	-	42,860	47,230		
Land Sale Proceeds	-	-	-	-	986,640		
State Grant for Ride On Buses	2,823,835	2,176,165	-	-	-		
Fire 2007 Certificates of Participation Closeout	2,341,570	-	-	-	-		
TOTAL NON GO BOND FUNDING SOURCES	34,828,959	36,863,826	45,291,520	39,036,330	38,437,140		
TOTAL FUNDING SOURCES	342,790,080	348,585,012	397,662,130	388,639,253	408,292,690		
TOTAL GENERAL OBLIGATION BOND SALES							
Actual and Estimated Bond Sales	500,000,000	500,000,000	340,000,000	340,000,000	340,000,000		
Council SAG Approved Bond Funded Expenditures	299,500,000	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 FY18	Projected FY19	Projected FY20	Projected FY21	Projected FY22	Projected FY23
GO BOND DEBT SERVICE EXPENDITURES						
General County	63,521,610	72,328,950	76,022,260	76,810,070	77,138,340	78,934,200
Roads & Storm Drains	74,945,800	76,630,960	78,990,200	82,058,090	87,457,680	92,964,420
Public Housing	60,720	58,980	57,230	55,480	53,730	51,980
Parks	9,113,810	9,622,810	10,281,630	10,922,580	11,751,860	13,089,220
Public Schools	150,388,180	153,311,720	159,853,540	166,414,290	168,708,190	168,034,300
Montgomery College	24,785,350	25,827,920	26,421,500	26,855,640	28,885,710	32,297,410
Bond Anticipation Notes/Commercial Paper	5,900,000	6,800,000	7,500,000	8,122,000	8,645,000	9,072,000
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	1,048,600	1,076,000	1,104,000	1,132,700	1,162,150
Total General Fund	332,238,470	348,129,940	362,702,360	374,842,150	386,273,210	398,105,680
Fire Tax District Fund	7,678,780	8,216,000	8,423,050	9,373,730	12,033,990	14,767,150
Mass Transit Fund	20,461,280	21,879,420	24,498,380	28,463,870	30,435,290	33,823,010
Recreation Fund	9,477,020	10,957,900	12,721,320	13,524,430	13,598,580	12,753,000
Total Tax Supported Other Funds	37,617,080	41,053,320	45,642,750	51,362,030	56,067,860	61,343,160
TOTAL TAX SUPPORTED	369,855,550	389,183,260	408,345,110	426,204,180	442,341,070	459,448,840
TOTAL GO BOND DEBT SERVICE EXPENDITURES	369,855,550	389,183,260	408,345,110	426,204,180	442,341,070	459,448,840
LONG-TERM LEASE EXPENDITURES						
Revenue Authority - Conference Center	986,640	989,440	991,850	987,710	991,000	991,600
Revenue Authority - Recreation Pools	1,526,360	1,525,700	-	-	-	-
Fire and Rescue Equipment	4,067,900	2,300,000	2,900,000	4,200,000	4,700,000	4,700,000
TOTAL LONG-TERM LEASE EXPENDITURES	6,580,900	4,815,140	3,891,850	5,187,710	5,691,000	5,691,600
SHORT-TERM LEASE EXPENDITURES / FINANCING						
Technology Modernization Project	5,676,100	4,661,600	3,647,100	3,647,100	3,647,100	3,647,100
Libraries System Modernization	127,500	127,500	127,500	127,500	79,000	-
Corrections Security System	70,700	141,400	141,400	141,400	141,400	70,700
Ride On Buses	5,982,600	6,685,100	6,685,100	6,685,100	3,858,900	2,833,100
Intelligent Transit System	-	-	935,100	1,870,200	1,870,200	1,870,200
Public Safety System Modernization	2,487,200	4,288,200	4,288,200	3,334,400	3,317,200	2,000,000
Fire Breathing Apparatus	1,421,900	1,421,900	1,421,900	1,421,900	1,421,900	1,421,900
Fuel Management System	791,600	951,600	951,600	951,600	635,800	160,000
TOTAL SHORT-TERM LEASE EXPENDITURES	16,557,600	18,277,300	18,197,900	18,179,200	14,971,500	12,003,000
OTHER LONG-TERM DEBT						
Silver Spring Music Venue - Tax supported	290,800	291,000	291,000	294,100	292,000	294,100
Site II Acquisition - Tax supported	400,000	1,238,900	1,238,900	1,238,900	1,238,900	1,238,900
Energy Performance Leases QECBs - Tax supported	445,700	641,560	573,450	573,750	574,020	574,300
Energy Performance Leases Other - Tax supported	149,110	209,960	212,300	218,000	223,850	234,000
MHI-HUD Loan - Non-Tax supported	59,020	56,750	54,400	52,050	49,640	47,300
Water Quality Protection Charge Bonds - Non-Tax supported	6,146,000	11,383,660	11,382,150	15,386,300	15,384,600	15,386,400
MHI - Property Acquisition Fund - Non-Tax supported	7,808,010	9,748,510	9,727,600	9,690,460	9,649,660	9,610,100
TOTAL OTHER LONG-TERM DEBT	15,298,640	23,570,340	23,479,800	27,453,560	27,412,670	27,385,100
DEBT SERVICE EXPENDITURES						
Tax Supported	394,279,660	414,657,120	432,750,510	451,895,840	465,332,340	479,484,740
Non-Tax Supported - Other Long-term Debt	14,013,030	21,188,920	21,164,150	25,128,810	25,083,900	25,043,800
TOTAL DEBT SERVICE EXPENDITURES	408,292,690	435,846,040	453,914,660	477,024,650	490,416,240	504,528,540
GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	310,657,830	330,567,150	353,638,190	370,202,150	381,863,210	393,695,680
Federal Subsidy on General Obligation Bonds	5,350,000	5,070,000	4,870,000	4,640,000	4,410,000	4,410,000
Premium on General Obligation Bonds	16,230,640	12,492,790	4,194,170	-	-	-
Total General Fund Sources	332,238,470	348,129,940	362,702,360	374,842,150	386,273,210	398,105,680
Fire Tax District Fund	7,678,780	8,216,000	8,423,050	9,373,730	12,033,990	14,767,150
Mass Transit Fund	20,461,280	21,879,420	24,498,380	28,463,870	30,435,290	33,823,010
Recreation Fund	9,477,020	10,957,900	12,721,320	13,524,430	13,598,580	12,753,000
Total Other Funding Sources	37,617,080	41,053,320	45,642,750	51,362,030	56,067,860	61,343,160
TOTAL GO BOND FUNDING SOURCES	369,855,550	389,183,260	408,345,110	426,204,180	442,341,070	459,448,840
NON GO BOND FUNDING SOURCES						
General Funds	9,351,210	11,899,170	10,831,990	9,893,212	9,845,240	8,402,440
MHI Fund - HUD Loan	59,020	56,750	54,400	52,050	49,640	47,300
Water Quality Protection Fund	6,146,000	11,383,660	11,382,150	15,386,300	15,384,600	15,386,400
MHI - Property Acquisition Fund	7,808,010	9,748,510	9,727,600	9,690,460	9,649,660	9,610,100
Mass Transit Fund	5,982,600	6,685,100	7,620,200	8,555,300	5,729,100	4,703,300
Recreation Fund	1,526,360	1,525,700	-	-	-	-
Fire Tax District Fund	6,281,400	4,673,500	5,273,500	6,573,500	6,757,700	6,281,900
Federal Subsidy - QECBs	248,670	240,390	229,710	219,648	209,230	198,260
Capitalized Interest - Energy Performance Leases	47,230	-	-	-	-	-
Land Sale Proceeds	986,640	-	-	-	-	-
Developer Payments - Site II	-	450,000	450,000	450,000	450,000	450,000
TOTAL NON GO BOND FUNDING SOURCES	38,437,140	46,662,780	45,569,550	50,820,470	48,075,170	45,079,700
TOTAL FUNDING SOURCES	408,292,690	435,846,040	453,914,660	477,024,650	490,416,240	504,528,540
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%

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