



Debt Service

Recommended 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 MHI Property Acquisition Fund and Water Quality Protection bonds are also included.

Budget Overview

The total recommended 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 excludes \$59,020 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 41.8 percent of the County's capital expenditures (excluding WSSC) for the six years of the Recommended FY17-22 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 September 29, 2015, the County Council approved SAG limits at \$340.0 million for FY17, \$340.0 million for FY18 and \$2,040.0 million for the FY17-22 period. On February 2, 2016 and again on February 7, 2017, the County Council confirmed the guidelines set on September 29, 2015.

Debt Service Program

The annual debt service obligation of all outstanding G.O. bond issues, long- and short-term lease payments, other long-term debt, and projections of certain related expenditures constitute the total Debt Service budget for FY17. 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; 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, and Recreation) as appropriate. These appropriations include debt service for G.O. bond issues outstanding and other long-term and short-term financing.

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 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.

FY17 Estimated Debt Service

FY17 estimated general obligation debt service, lease and other long-term debt expenditure requirements for tax-supported funds total \$388.6 million which is lower than the budget of \$397.6 million primarily due to deferrals in some lease financing, and actual interest rates that were lower than budget.

FY18 Recommended Debt Service Budget

The FY18 Debt Service budget is predicated on a base of existing debt service requirements from past bond issues (through November 2016) plus the following:

- A fall 2017 (FY18) issue of \$340.0 million at an interest cost of 5.5 percent for 20 years with even principal payments (fall bond issues are expected to continue through FY23).
- Interest expense based on an anticipated average BANs/commercial paper balance of \$500.0 million during FY18.
- 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 FY18 Debt Service requirement for tax supported funds of \$408.2 million, which is a 2.7 percent increase from the FY17 budget of \$397.6 million. The General Fund appropriation requirement is \$320.0 million, or 0.3 percent more than the budgeted FY17 amount of \$319.9 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 100.0 percent for FY18-FY23. An estimated interest cost of 5.5 percent is budgeted for the fall 2017 (FY18) issue. 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, tax-supported debt service will increase from \$408.2 million in FY18 to \$504.5 million by FY23 with the General Fund revenue requirement growing from \$320.0 million in FY18 to \$402.1 million by FY23.

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 CIP. 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. 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 FY17-22 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 FY17-22 Amended Capital Improvements Program meets that requirement. The General Obligation Bond Adjustment chart reflecting the Executive's proposals for the Recommended FY17-22 Amended CIP is included at the end of this section.

Debt Limit

The County's outstanding general obligation debt totals \$2,757,290,000 as of June 30, 2016. 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, 2016, is \$10,793,239,116 based upon the assessed valuation \$170,176,446,052 for all real property and \$3,884,349,017 for personal property. The County's outstanding general obligation debt of \$2,757,290,000 plus outstanding short-term commercial paper of \$500,000,000 is 1.87 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 2016 (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 at the following link: <http://www.montgomerycountymd.gov/Finance/financial.html>

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 Montgomery Housing Initiative (MHI) Fund. Transfers from the MHI Fund support the repayment shown in the Debt Service Fund.

The FY18 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, (MHI - Property Acquisition Fund) 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. In 2016, the County continued the energy systems modernization program with an additional QECB financing and a regular tax-supported lease.

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. 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 Ratings Inc. (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 FY16	Budget FY17	Estimate FY17	Recommended FY18	%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	—
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	—

BUDGET SUMMARY

	Actual FY16	Budget FY17	Estimate FY17	Recommended FY18	%Chg Bud/Rec
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	—
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	Recommended FY18	% Chg Bud/Rec	Rec % 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	30,552,560	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		

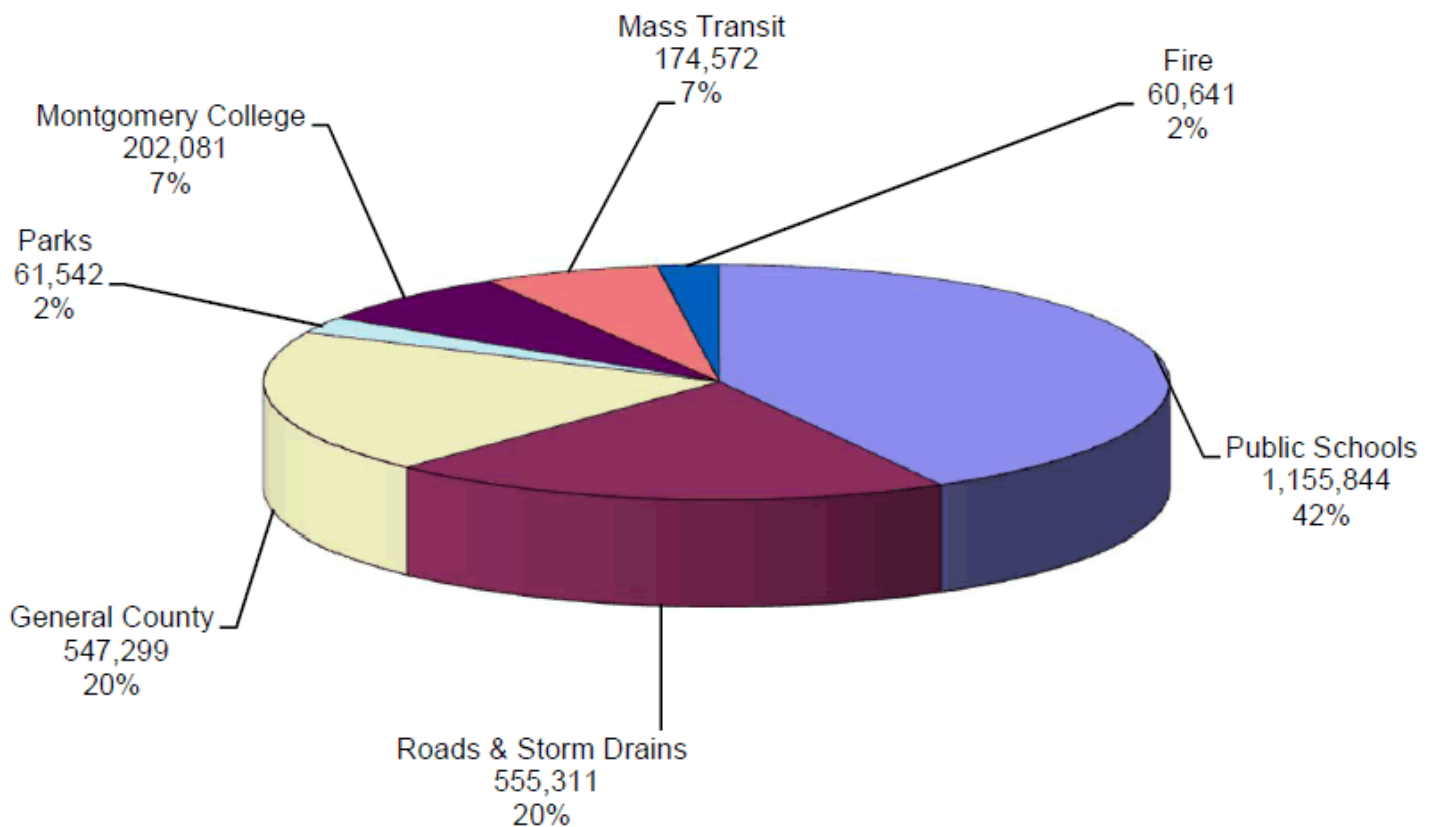
DEBT SERVICE - GENERAL OBLIGATION BONDS, LONG & SHORT TERM LEASES AND OTHER DEBT						
	Recommended FY18	Projected FY19	Projected FY20	Projected FY21	Projected FY22	Projected FY23
GO BOND DEBT SERVICE EXPENDITURES						
General County	63,521,610	72,328,950	76,022,260	76,810,070	77,138,340	78,934,200
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%

**Projected Debt Obligations
Schedule of Principal & Interest
FY18 Recommended Budget**

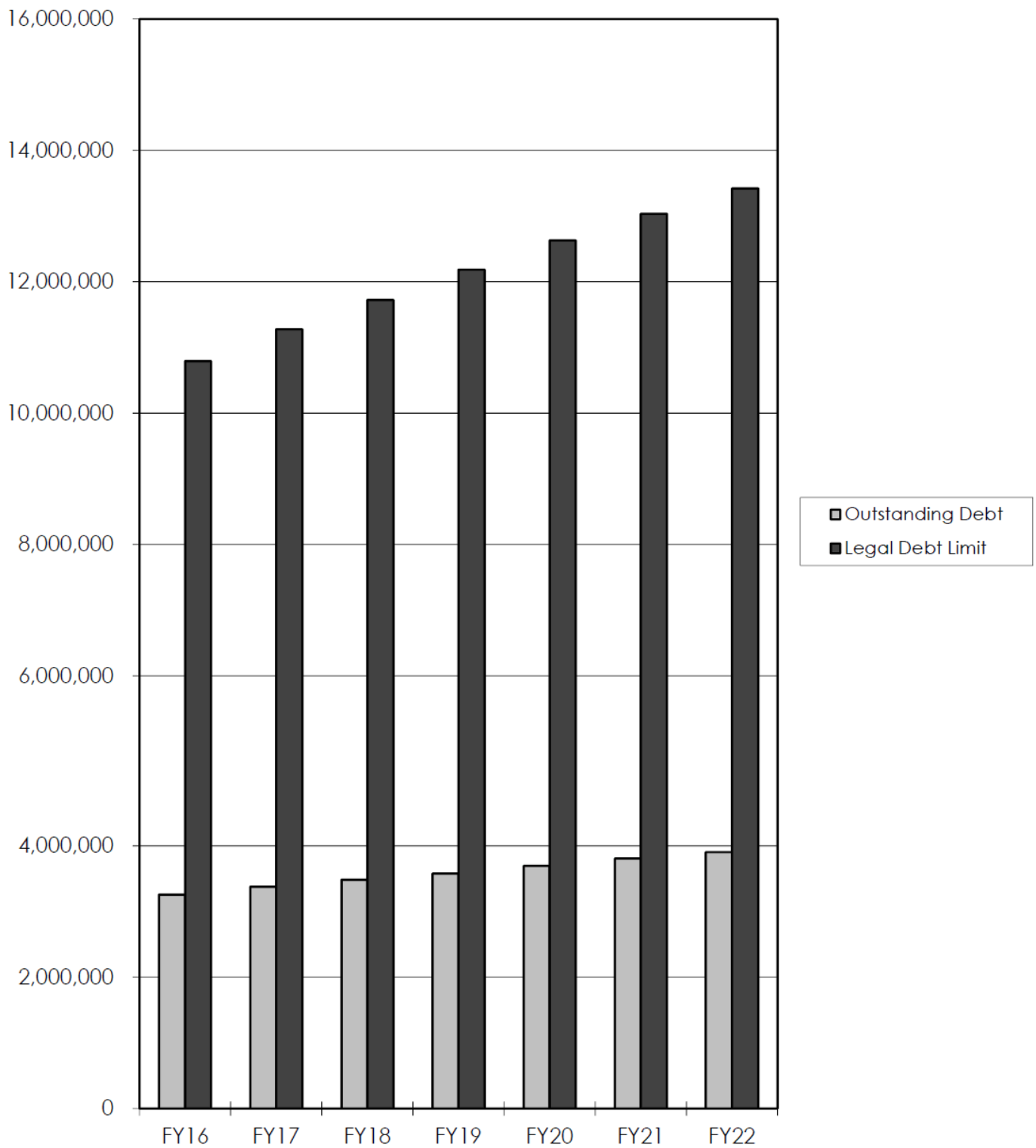
FUND	Principal	Interest	Total
Debt Service Fund	255,634,859	152,598,811	408,233,670
Liquor Control (Section 65)	6,364,813	4,627,787	10,992,600
Montgomery Housing Initiative	43,000	16,020	59,020
Bethesda Parking Lot District (Section 46)	3,291,095	1,342,605	4,633,700
Total	265,333,767	158,585,223	423,918,990

**General Obligation Bonds Outstanding by Bond Category
(\$000s)**

Total \$2,757,290 as of June 30, 2016



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



DEBT CAPACITY ANALYSIS

FY17-22 Amended Capital Improvements Program

COUNTY EXECUTIVE RECOMMENDED

March 14, 2017

GO BOND 6 YR TOTAL = 2,040.0 MILLION

GO BOND FY17 TOTAL = 340.0.0 MILLION

GO BOND FY18 TOTAL = 340.0 MILLION

	FY16	FY17	FY18	FY19	FY20	FY21	FY22
1 GO Bond Guidelines (\$000)	300,000	340,000	340,000	340,000	340,000	340,000	340,000
2 GO Debt/Assessed Value	1.86%	1.84%	1.84%	1.81%	1.81%	1.80%	1.79%
3 Debt Service + LTL + Short-Term Leases/Revenues (GF)	11.06%	11.25%	11.28%	11.53%	11.80%	11.99%	12.00%
4 \$ Debt/Capita	3,165	3,249	3,277	3,343	3,429	3,507	3,574
5 \$ Real Debt/Capita (FY14=100%)	3,165	3,192	3,148	3,139	3,147	3,141	3,123
6 Capita Debt/Capita Income	3.91%	3.85%	3.82%	3.73%	3.69%	3.66%	3.61%
7 Payout Ratio	67.71%	68.11%	72.55%	73.00%	73.41%	71.13%	68.94%
8 Total Debt Outstanding (\$000s)	3,257,290	3,374,265	3,481,335	3,577,105	3,695,810	3,804,170	3,902,580
9 Real Debt Outstanding (FY14=100%)	3,257,290	3,314,602	3,344,527	3,359,270	3,391,057	3,407,010	3,409,898
10 Note: OP/PSP Growth Assumption (2)		2.8%	2.8%	2.6%	2.6%	2.6%	3.0%

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 FY17 approved budget to FY18 budget for FY18 and budget to budget for FY19-22.

GENERAL OBLIGATION BOND ADJUSTMENT CHART

FY17-22 Amended Capital Improvements Program

COUNTY EXECUTIVE RECOMMENDED

March 14, 2017

(\$ millions)	6 YEARS	FY17	FY18	FY19	FY20	FY21	FY22
BONDS PLANNED FOR ISSUE	2,040.000	340.000	340.000	340.000	339.999	340.000	340.001
Plus PAYGO Funded	204.000	34.000	34.000	34.000	34.000	34.000	34.000
Adjust for Implementation **	-	-	-	-	-	-	-
Adjust for Future Inflation **	(84.405)	-	-	(8.409)	(16.803)	(25.345)	(33.849)
SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)	2,159.596	374.000	374.000	365.591	357.197	348.655	340.152
Less Set Aside: Future Projects	201.288 9.32%	1.802	16.658	24.677	36.220	38.981	82.949
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	1,958.308	372.198	357.342	340.914	320.977	309.674	257.203
MCPS	(672.220)	(141.030)	(111.803)	(127.350)	(140.897)	(95.596)	(55.544)
MONTGOMERY COLLEGE	(140.924)	(30.285)	(29.904)	(14.751)	(13.579)	(21.687)	(30.718)
M-NCPPC PARKS	(69.931)	(11.703)	(11.230)	(10.648)	(9.970)	(12.430)	(13.950)
TRANSPORTATION	(566.058)	(81.112)	(91.149)	(85.467)	(104.701)	(108.275)	(95.354)
MCG - OTHER	(606.293)	(144.507)	(172.940)	(103.693)	(51.830)	(71.686)	(61.637)
Programming Adjustment - Unspent Prior Years*	97.118	36.439	59.684	0.995	-	-	-
	-						
SUBTOTAL PROGRAMMED EXPENDITURES	(1,958.308)	(372.198)	(357.342)	(340.914)	(320.977)	(309.674)	(257.203)
AVAILABLE OR (GAP)	-	-	-	-	-	-	-
NOTES:							
* See additional information on the GO Bond Programming Adjustment for Unspent Prior Year Detail Chart County Executive's FY17-22 Recommended CIP publication, Inflation =		1.80%	2.25%	2.30%	2.35%	2.45%	2.50%
Implementation Rate =		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%