



Debt Service

APPROVED FY20 BUDGET

\$439,224,240

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 FY20 Operating Budget for Debt Service is \$439,224,240 an increase of \$10,150,130 or 2.4 percent from the FY19 approved budget of \$429,074,110. This amount includes long-term lease expenditures of \$3,200,100, short-term financing of \$18,139,000 and other long-term debt of \$20,367,960. The budget excludes \$54,400 in debt service, which is appropriated in a non-tax supported fund.

FY20 Approved Changes

The Debt Service appropriation increase of 2.4 percent is primarily due to additional financing needs for General Obligation (G.O.) Bonds and other Long-Term debt.

G.O. Bonds are issued by the County to finance a major portion of the construction of long-lived additions or improvements to the County's publicly-owned infrastructure. The County's budget and fiscal plan for these improvements is known as the Capital Improvements Program (CIP) and is published separately from the Operating Budget and Public Services Program. Currently, G.O. Bonds are anticipated to fund approximately 38.7 percent of the County's capital expenditures for the six years of the Amended FY19-24 CIP. Other long-term debt includes financing for the Silver Spring Music Venue, Incubators, 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 FY20 Debt Service budget is predicated on the bond issuance requirements in the Amended CIP, adjusted for inflation. An interest cost of 5.5 percent was budgeted for the Fall 2019 issuance. Projected interest rates for bond issues for FY20 through FY25 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 \$439.2 million in FY20 to \$500.7 million by FY25.

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 FY18	Budget FY19	Estimate FY19	Approved FY20	%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	364,263,579	389,165,690	386,330,027	397,517,180	2.2 %
Debt Service Other	20,382,798	24,258,310	23,547,680	25,721,460	6.0 %
Debt Service Expenditures	384,646,377	413,424,000	409,877,707	423,238,640	2.4 %
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	5,656,650	5,359,380	5,464,240	3,864,760	-27.9 %
Investment Income	1,272,378	0	0	0	—
Miscellaneous Revenues	59,194	5,637,100	5,450,290	3,446,260	-38.9 %
Premium on General Obligation Bonds	17,973,769	20,724,940	20,400,240	14,281,670	-31.1 %
Debt Service Revenues	24,961,991	31,721,420	31,314,770	21,592,690	-31.9 %
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	13,306,065	15,650,110	14,837,130	15,985,600	2.1 %
Debt Service - Non-Tax Supported Expenditures	13,306,065	15,650,110	14,837,130	15,985,600	2.1 %
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—

BUDGET SUMMARY

	Actual FY18	Budget FY19	Estimate FY19	Approved FY20	%Chg Bud/App
FTEs	0.00	0.00	0.00	0.00	—

REVENUES

DEPARTMENT TOTALS

Total Expenditures	397,952,442	429,074,110	424,714,837	439,224,240	2.4 %
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	24,961,991	31,721,420	31,314,770	21,592,690	-31.9 %

DEBT SERVICE - GENERAL OBLIGATION BONDS, LONG & SHORT TERM LEASES AND OTHER DEBT							
	Actual FY17	Actual FY18	Budget FY19	Estimated FY19	Approved FY20	% Chg App/App	App % GO Bonds
GO BOND DEBT SERVICE EXPENDITURES							
General County	58,302,269	61,573,861	70,037,020	68,467,542	71,907,760		18.6%
Roads & Storm Drains	70,310,726	74,528,705	77,869,410	77,508,499	79,373,220		20.6%
Public Housing	62,475	60,055	58,330	58,335	58,330		0.0%
Parks	8,227,409	8,984,883	9,417,240	9,333,582	9,754,070		2.5%
Public Schools	148,735,322	150,398,822	154,958,720	154,402,936	154,898,510		40.2%
Montgomery College	23,487,154	24,610,342	26,017,730	26,342,614	27,855,450		7.2%
Bond Anticipation Notes/Commercial Paper	2,148,047	3,672,862	7,650,000	7,650,000	8,082,500		
Bond Anticipation Notes/Liquidity & Remarketing	2,103,596	2,269,555	2,800,000	2,502,000	2,600,000		
Cost of Issuance	711,478	940,998	1,047,100	900,000	1,071,200		
Total General Fund	314,088,476	327,040,083	349,855,550	347,165,508	355,581,040	1.6%	89.1%
Fire Tax District Fund	7,283,040	7,524,861	7,873,730	7,825,087	8,005,050		2.1%
Mass Transit Fund	18,924,844	20,378,554	21,894,010	21,483,125	22,400,120		5.8%
Recreation Fund	8,192,300	9,320,281	9,542,400	9,856,307	11,530,970		3.0%
Total Tax Supported Other Funds	34,400,184	37,223,496	39,310,140	39,164,519	41,936,140	6.7%	10.9%
TOTAL TAX SUPPORTED	348,488,660	364,263,579	389,165,690	386,330,027	397,517,180	2.1%	100.0%
TOTAL GO BOND DEBT SERVICE EXPENDITURES	348,488,660	364,263,579	389,165,690	386,330,027	397,517,180	2.1%	100.0%
LONG-TERM LEASE EXPENDITURES							
Revenue Authority - Conference Center	988,534	986,634	989,440	989,440	991,850		
Revenue Authority - HHS Piccard Drive	395,743	-	-	-	-		
Revenue Authority - Recreation Pools	1,524,496	1,526,249	1,525,700	1,525,700	-		
Fire and Rescue Equipment	3,715,800	3,717,900	500,000	618,250	2,018,250		
Fleet Equipment	-	-	-	-	190,000		
TOTAL LONG-TERM LEASE EXPENDITURES	6,624,572	6,230,782	3,015,140	3,133,390	3,200,100	6.1%	
SHORT-TERM LEASE EXPENDITURES / FINANCING							
Technology Modernization Project	5,667,891	5,675,821	4,661,600	4,661,600	3,647,100		
Libraries System Modernization	48,478	96,955	97,000	97,000	97,000		
Corrections Security System	-	-	220,000	81,000	162,000		
Ride On Buses	8,364,053	5,276,084	6,718,600	6,644,300	8,364,300		
Public Safety System Modernization	3,157,691	988,120	4,228,200	3,566,300	3,566,300		
Fire Breathing Apparatus	-	-	1,484,000	1,472,700	1,472,700		
Fuel Management System	631,522	631,522	912,600	829,600	829,600		
TOTAL SHORT-TERM LEASE EXPENDITURES	17,669,634	12,668,502	18,322,000	17,352,500	18,139,000	-1.0%	
OTHER LONG-TERM DEBT							
Silver Spring Music Venue - Tax supported	290,455	290,805	291,000	291,000	291,000		
Incubators - Tax Supported	-	-	-	-	928,000		
Site II Acquisition - Tax supported	400,000	400,000	1,238,900	1,238,900	1,238,900		
Energy Performance Leases QECBs - Tax supported	325,332	326,126	728,080	641,360	659,970		
Energy Performance Leases Other - Tax supported	112,659	466,583	663,190	890,530	1,264,490		
MHI-HUD Loan - Non-Tax supported	61,274	59,021	56,750	56,750	54,400		
Water Quality Protection Charge Bonds - Non-Tax supported	6,148,160	6,100,007	6,148,600	6,148,600	6,361,900		
MHI - Property Acquisition Fund - Non-Tax supported	7,199,246	7,206,058	9,501,510	8,688,530	9,623,700		
TOTAL OTHER LONG-TERM DEBT	14,537,125	14,848,600	18,628,030	17,955,670	20,422,360	9.6%	
DEBT SERVICE EXPENDITURES							
Tax Supported	374,111,312	384,646,377	413,424,000	409,877,707	423,238,640	2.4%	
Non-Tax Supported - Other Long-term Debt	13,408,680	13,365,086	15,706,860	14,893,880	16,040,000		
TOTAL DEBT SERVICE EXPENDITURES	387,519,992	398,011,463	429,130,860	424,771,587	439,278,640	2.4%	
GO BOND DEBT SERVICE FUNDING SOURCES							
General Funds	297,850,103	302,826,842	318,864,140	316,399,238	335,107,250		
BABs Crossover Funds with Escrow Agent	-	-	5,179,100	5,179,100	2,589,550		
Other Interest: Installment Notes, Interest & Penalties	76,713	1,272,378	-	-	-		
Federal Subsidy on General Obligation Bonds	5,624,450	5,372,848	5,087,370	5,186,890	3,602,570		
Premium on General Obligation Bonds	11,421,071	17,973,769	20,724,940	20,400,240	14,281,670		
Total General Fund Sources	314,972,337	327,445,837	349,855,550	347,165,468	355,581,040		
Fire Tax District Funds	7,124,641	7,524,861	7,873,730	7,825,087	8,005,050		
Mass Transit Fund	18,517,146	19,739,278	21,894,010	21,483,125	22,400,120		
Recreation Fund	7,828,616	8,914,525	9,542,400	9,856,307	11,530,970		
Total Other Funding Sources	33,470,404	36,178,464	39,310,140	39,164,519	41,936,140		
TOTAL GO BOND FUNDING SOURCES	348,442,741	363,624,301	389,165,690	386,329,987	397,517,180		
NON GO BOND FUNDING SOURCES							
General Funds	11,315,267	9,527,325	12,387,400	11,908,630	11,727,710		
MHI Fund - HUD Loan	61,274	59,021	56,750	56,750	54,400		
Water Quality Protection Fund	6,148,160	6,100,007	6,148,600	6,148,600	6,361,900		
MHI - Property Acquisition Fund	7,199,246	7,206,058	9,501,510	8,688,530	9,623,700		
Motor Pool Fund	-	-	-	-	190,000		
Mass Transit Fund	8,364,053	5,276,084	6,718,600	6,644,300	8,364,300		
Recreation Fund	1,524,496	1,526,249	1,525,700	1,525,700	-		
Fire Tax District Fund	4,347,322	4,349,422	2,896,600	2,920,550	4,320,550		
Federal Subsidy - QECBs	65,494	283,802	272,010	277,350	262,190		
Capitalized Interest - Energy Performance Leases	51,040	59,194	8,000	130,600	47,300		
Energy Performance Leases - PEPCO and Utility Rebate	-	-	-	140,590	359,410		
Developer Payments - Site II	-	-	450,000	-	450,000		
TOTAL NON GO BOND FUNDING SOURCES	39,077,251	34,387,162	39,965,170	38,441,600	41,761,460		
TOTAL FUNDING SOURCES	387,519,992	398,011,463	429,130,860	424,771,587	439,278,640		
TOTAL GENERAL OBLIGATION BOND SALES							
Actual and Estimated Bond Sales	500,000,000	340,000,000	330,000,000	330,000,000	320,000,000		
Council SAG Approved Bond Funded Expenditures	299,500,000	340,000,000	330,000,000	330,000,000	320,000,000		

DEBT SERVICE - GENERAL OBLIGATION BONDS, LONG & SHORT TERM LEASES AND OTHER DEBT						
	Approved FY20	Projected FY21	Projected FY22	Projected FY23	Projected FY24	Projected FY25
GO BOND DEBT SERVICE EXPENDITURES						
General County	71,907,780	74,125,970	74,164,290	74,837,460	81,217,290	82,017,540
Roads & Storm Drains	79,373,220	80,789,500	84,236,160	85,080,730	84,182,980	84,005,410
Public Housing	58,330	57,290	58,320	58,330	51,180	18,100
Parks	9,754,070	9,930,420	10,759,600	11,325,830	12,436,620	12,877,610
Public Schools	154,898,510	156,013,000	162,153,920	167,135,190	167,432,950	176,550,430
Montgomery College	27,855,450	28,042,480	28,429,170	29,968,060	31,806,980	33,408,790
Bond Anticipation Notes/Commercial Paper	8,062,500	8,250,000	8,325,000	8,662,500	9,112,500	9,862,500
Bond Anticipation Notes/Liquidity & Remarketing	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
Cost of Issuance	1,071,200	1,097,500	1,124,400	1,151,950	1,180,200	1,209,200
Total General Fund	355,581,040	362,908,160	371,850,860	380,818,050	390,020,700	402,549,580
Fire Tax District Fund	8,005,050	8,808,630	9,384,110	10,755,520	12,562,470	12,382,350
Mass Transit Fund	22,400,120	23,050,210	25,590,810	27,478,600	25,262,120	24,215,560
Recreation Fund	11,530,970	13,237,490	15,397,830	15,801,310	15,949,210	15,105,250
Total Tax Supported Other Funds	41,936,140	44,896,330	50,372,750	54,035,430	53,773,800	51,703,160
TOTAL TAX SUPPORTED	397,517,180	407,802,490	422,223,610	434,853,480	443,794,500	454,252,740
TOTAL GO BOND DEBT SERVICE EXPENDITURES						
LONG-TERM LEASE EXPENDITURES						
Revenue Authority - Conference Center	991,850	987,710	991,000	991,600	-	-
Fire and Rescue Equipment	2,018,250	3,626,250	4,618,250	4,968,250	5,343,250	5,868,250
Fleet Equipment	190,000	380,000	380,000	380,000	380,000	380,000
TOTAL LONG-TERM LEASE EXPENDITURES	3,200,100	4,993,960	5,989,250	6,339,850	5,723,250	6,248,250
SHORT-TERM LEASE EXPENDITURES / FINANCING						
Technology Modernization Project	3,647,100	3,647,100	3,647,100	3,647,100	1,823,500	-
Libraries System Modernization	97,000	97,000	48,500	-	-	-
Corrections Security System	162,000	162,000	162,000	162,000	162,000	162,000
Digital Evidence Data Storage	-	162,500	162,500	162,500	162,500	162,500
Ride On Buses	8,364,300	11,284,300	8,458,100	7,432,300	6,719,000	4,640,000
Intelligent Transit System	-	1,960,000	1,960,000	1,960,000	1,960,000	1,960,000
Public Safety System Modernization	3,566,300	2,612,500	3,685,300	3,688,100	1,090,000	1,090,000
Fire Breathing Apparatus	1,472,700	1,472,700	1,472,700	1,472,700	1,472,700	1,472,700
Fuel Management System	829,600	513,800	198,000	198,000	198,000	198,000
TOTAL SHORT-TERM LEASE EXPENDITURES	18,139,000	21,911,900	19,794,200	18,702,700	13,587,700	9,885,200
OTHER LONG-TERM DEBT						
Silver Spring Music Venue - Tax supported	291,000	294,100	292,000	294,100	291,000	292,000
Site II Acquisition - Tax supported	1,238,900	1,238,900	1,238,900	1,238,900	1,238,900	1,238,900
Incubators - Tax Supported	928,000	931,500	936,720	4,244,500	-	-
Rockville Core - Tax Supported	-	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Energy Performance Leases QECBs - Tax supported	659,970	680,270	660,540	660,820	701,140	695,550
Energy Performance Leases Other - Tax supported	1,264,490	1,356,820	1,320,150	1,362,210	1,393,470	1,528,290
Wheaton Redevelopment - Non-Tax Supported	-	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
MHI-HUD Loan - Non-Tax supported	54,400	52,050	49,650	47,230	54,510	-
Water Quality Protection Charge Bonds - Non-Tax supported	6,361,900	7,376,550	8,186,800	8,887,400	9,541,250	9,547,950
MHI - Property Acquisition Fund - Non-Tax supported	9,623,700	11,921,700	11,918,400	11,918,500	11,922,900	11,916,800
TOTAL OTHER LONG-TERM DEBT	20,422,360	29,131,890	29,903,160	33,953,660	30,443,170	30,519,490
DEBT SERVICE EXPENDITURES						
Tax Supported	423,238,640	442,189,940	455,455,370	470,696,560	469,729,960	476,940,930
Non-Tax Supported - Other Long-term Debt	16,040,000	21,650,300	22,454,850	23,153,130	23,818,660	23,764,750
TOTAL DEBT SERVICE EXPENDITURES	439,278,640	463,840,240	477,910,220	493,849,690	493,548,620	500,705,680
GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	335,107,250	360,591,330	369,624,160	378,722,090	387,924,740	400,453,620
BABs Crossover Funds with Escrow Agent	2,589,550	-	-	-	-	-
Federal Subsidy on General Obligation Bonds	3,602,570	2,226,700	2,226,700	2,095,960	2,095,960	2,095,960
Premium on General Obligation Bonds	14,281,670	88,130	-	-	-	-
Total General Fund Sources	355,581,040	362,908,160	371,850,860	380,818,050	390,020,700	402,549,580
Fire Tax District Fund	8,005,050	8,808,630	9,384,110	10,755,520	12,562,470	12,382,350
Mass Transit Fund	22,400,120	23,050,210	25,590,810	27,478,600	25,262,120	24,215,560
Recreation Fund	11,530,970	13,237,490	15,397,830	15,801,310	15,949,210	15,105,250
Total Other Funding Sources	41,936,140	44,896,330	50,372,750	54,035,430	53,773,800	51,703,160
TOTAL GO BOND FUNDING SOURCES	397,517,180	407,802,490	422,223,610	434,853,480	443,794,500	454,252,740
NON GO BOND FUNDING SOURCES						
General Funds	11,727,710	14,447,470	15,451,360	18,748,570	9,190,190	7,509,250
MHI Fund - HUD Loan	54,400	52,050	49,650	47,230	54,510	-
Water Quality Protection Fund	6,361,900	7,376,550	8,186,800	8,887,400	9,541,250	9,547,950
MHI - Property Acquisition Fund	9,623,700	11,921,700	11,918,400	11,918,500	11,922,900	11,916,800
Non-tax funds - Wheaton Redevelopment	0	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
Motor Pool Fund	190,000	380,000	380,000	380,000	380,000	380,000
Mass Transit Fund	8,364,300	13,244,300	10,418,100	9,392,300	8,679,000	6,600,000
Fire Tax District Fund	4,320,550	5,612,750	6,288,950	6,638,950	7,013,950	7,538,950
Federal Subsidy - QECBs	262,190	252,930	243,350	233,260	222,320	209,990
Capitalized Interest - Energy Performance Leases	47,300	-	-	-	-	-
Energy Performance Leases - PEPCO and Utility Rebate	359,410	-	-	-	-	-
Developer Payments - Site II	450,000	450,000	450,000	450,000	450,000	450,000
TOTAL NON GO BOND FUNDING SOURCES	41,761,460	50,037,750	55,686,610	58,996,210	49,754,120	46,452,940
TOTAL FUNDING SOURCES	439,278,640	463,840,240	477,910,220	493,849,690	493,548,620	500,705,680
TOTAL GENERAL OBLIGATION BOND SALES						
Estimated Bond Sales	320,000,000	320,000,000	310,000,000	290,000,000	290,000,000	290,000,000
Council SAG Approved Bond Funded Expenditures	320,000,000	320,000,000	310,000,000	290,000,000	290,000,000	290,000,000
ESTIMATED INTEREST RATE	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%

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