



Debt Service

RECOMMENDED FY24 BUDGET

\$468,319,940

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 recommended FY24 Operating Budget for Debt Service is \$468,319,940, an increase of \$4,412,175 or 0.95 percent from the FY23 approved budget of \$463,907,765. This amount excludes \$54,510 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 33.7 percent of the County's capital expenditures (excluding WSSC) for the six years of the Amended Recommended FY23-28 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 and State tax laws, interest rates are usually lower than for non-government issues.

"General obligation" refers to the fact that the bonds are backed by an irrevocable pledge of the County's full faith and credit and unlimited taxing power. Such Bonds are payable from ad valorem taxes, unlimited as to rate or amount, on all real, tangible personal and certain intangible property subject to taxation at full rates for local purposes in the County. 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 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 safety of repayment for 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 5, 2021, the County Council approved SAG limits at \$300.0 million for FY23, \$290.0 million for FY24 and \$1,680.0 million for the FY23-28 period. On February 7, 2023, the County Council confirmed the guidelines set on October 5, 2021. The County Executive recommends issuances of \$280 million in FY23, \$300 million for FY24 and FY25, and \$280 million in each of years FY26 to FY28, resulting in a total of \$1,720.0 million for FY23-28.

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 (including costs of issuance) constitute the total Debt Service budget for FY24. 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 and the Recreation 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.

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 and included in the debt service budget, usually at lower rates than with long-term financing. Cost of issuance includes the legal, financial advisory, administrative, and production costs of rating, issuing, and selling bonds, BANs/commercial paper and short- and long-term financing. 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.

FY23 Estimated Debt Service

The FY23 estimated general obligation debt service, lease, and other long-term debt expenditure requirements for tax-supported funds total \$431.5 million which is lower than the budget of \$435.2 million primarily due to deferrals to FY24 of some short-term lease financings and the second, \$50 million, Housing Opportunities Commission (HOC) Production Fund long-term debt issuance.

FY24 Recommended Debt Service Budget

The FY24 Debt Service budget is predicated on a base of existing debt service requirements from past bond issues plus the following:

- An FY24 issue of \$300 million at an interest cost of 5.0 percent for 20 years with even principal payments and annual debt issuance to continue through FY29.
- Interest expense based on an anticipated average BANs commercial paper balance of \$200 million during FY24.
- Other short- and long-term financing obligations as displayed in a chart at the end of the section.

The Debt Service assumptions discussed above result in a total FY24 Debt Service requirement for tax supported funds of \$439.4 million, which is a 0.96 percent increase from the FY23 budget of \$435.2 million. The General Fund appropriation requirement is \$377.7 million, or 0.9 percent more than the budgeted FY23 amount of \$374.4 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. An estimated interest cost of 5.0 percent is budgeted for the fall 2023 (FY24) issue. Projected interest rates for bond issues for FY24 through FY29 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 \$439.4 million in FY24 to \$482.9 million by FY29 with the General Fund revenue requirement growing from \$377.7 million in FY24 to \$414.1 million by FY29.

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 charge against the Operating Budget each year for 20 years or the actual maturity of the bonds issued. Debt requirements for past and future bond issues are calculated each fiscal year, and provision for the payment of debt service is included as an Operating Budget requirement. Debt service expenditures take up fiscal capacity that could be utilized to fund current or 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 as displayed at the end of this section is based on the County Executive's recommendations for the six-year bond levels, and not the approved Spending Affordability Guidelines. The chart displays the anticipated debt issues for the six years which are the basis of the G.O. bond-funded portion of the Amended Recommended FY23-28 CIP. Annual bond-funding requirements (on which future debt issue projections are based) are based on assumptions 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, 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 FY23-28 Capital Improvements Program meets that requirement. The General Obligation Bond Adjustment chart reflecting the Executive's January 17, 2023 proposals for the Amended Recommended FY23-28 CIP is included at the end of this section.

Debt Limit

The County's outstanding general obligation debt totals \$ 3,235,985,000 as of June 30, 2022. 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, 2022, is \$12,789,848,000 based upon the assessed valuation \$202,557,243,499 for all real property and \$4,242,757,208 for personal property. The County's outstanding general obligation debt of \$3,235,985,000 plus outstanding short-term commercial paper of \$311,000,000 is 1.71 percent of assessed value, 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 Book - for Fiscal Year 2022. 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 Book at the following link: <http://www.montgomerycountymd.gov/Finance/financial.html>

Leases and Other Debt

Long-term lease costs 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 leases, where the payments represent a substantial County commitment for the acquisition of assets that have a shorter life but still result in a substantial asset, are also displayed and appropriated within this Fund.

The FY24 appropriations for the long- and short-term financing are displayed in a chart at the end of this section.

Other Long-Term Debt

The County entered into lease-purchase agreements to finance energy systems modernization at various County buildings for which the debt service is covered by energy savings. Three of the leases qualified for Qualified Energy Conservation Bonds which provided a Federal Tax Subsidy.

Commencing in FY12, Water Quality Protection bonds finance stormwater management requirements resulting from the new National Pollutant Discharge Elimination System (NPDES) Municipal Separate Storm Sewer System (MS-4) permit requirements. During FY20 the County entered into two drawdown loans with the Maryland Water Quality Financing Administration (MWQFA). The loans approximated \$50.7 million and are secured by Water Quality Protection Charge (WQPC) revenues.

Debt service estimates for additional Water Quality Protection Bonds and MWQFA loans have been included. These financings are required to meet ongoing 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.

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 the Housing Opportunities Commission (HOC). Repayment of the loan was 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.

Other long-term debt (MHI) includes the debt service costs, offset by a transfer from the MHI Fund, for the issuance of debt for housing projects, which will significantly increase the County's capacity to acquire and renovate affordable housing. In addition to financing costs related to funding the County's ongoing Affordable Acquisition and Preservation project, the budget includes debt service on two \$50 million tranches of Limited Obligation Bonds issued by the Housing Opportunities Commission. The first tranche was issued in FY22 and the second is planned for FY24.

Long-term debt payments to acquire the Silver Spring Music Venue and to finance Rockville Core and Wheaton Redevelopment facilities are also included. Contributions to the Wheaton Redevelopment tax- supported debt service appropriation are assumed from Permitting Services, CUPF, and Water Quality Protection funds.

In FY21 certain Master Leases were refunded as part of a Certificates of Participation (COPs) financing for which debt service is included.

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.

Bond issued for the Kingsview Village Center Development District matured in FY22 and there are currently no bonds outstanding for the District. 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 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 the outstanding bonds.

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 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. No debt has been issued at this time.

PROGRAM CONTACTS

Contact Jacqueline Carter of the Department of Finance at 240.777.8979 or Anita Aryeetey of the Office of Management and Budget at 240.777.2784 for more information regarding this department's operating budget.

BUDGET SUMMARY

	Actual FY22	Budget FY23	Estimate FY23	Recommended FY24	%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	384,850,193	400,658,260	400,025,680	411,931,880	2.8 %
Debt Service Other	27,513,960	34,536,905	31,499,605	27,459,560	-20.5 %
Debt Service Expenditures	412,364,153	435,195,165	431,525,285	439,391,440	1.0 %
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—

BUDGET SUMMARY

	Actual FY22	Budget FY23	Estimate FY23	Recommended FY24	%Chg Bud/Rec
FTEs	0.00	0.00	0.00	0.00	—
REVENUES					
Premium on General Obligation Bonds	3,638,343	3,462,510	3,462,511	1,712,185	-50.6 %
Federal Grants	234,843	243,350	230,630	241,600	-0.7 %
Debt Service Revenues	3,873,186	3,705,860	3,693,141	1,953,785	-47.3 %

GRANT FUND - MCG

EXPENDITURES

Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Grant Fund - MCG Personnel Costs	0	0	0	0	—
Operating Expenses	424,931	0	0	0	—
Grant Fund - MCG Expenditures	424,931	0	0	0	—

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	424,931	0	0	0	—
Grant Fund - MCG Revenues	424,931	0	0	0	—

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	20,024,523	28,712,600	24,106,600	28,928,500	0.8 %
Debt Service - Non-Tax Supported Expenditures	20,024,523	28,712,600	24,106,600	28,928,500	0.8 %

PERSONNEL

Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—

REVENUES

Debt Service - Non-Tax Supported Revenues	0	0	0	0	—
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DEPARTMENT TOTALS

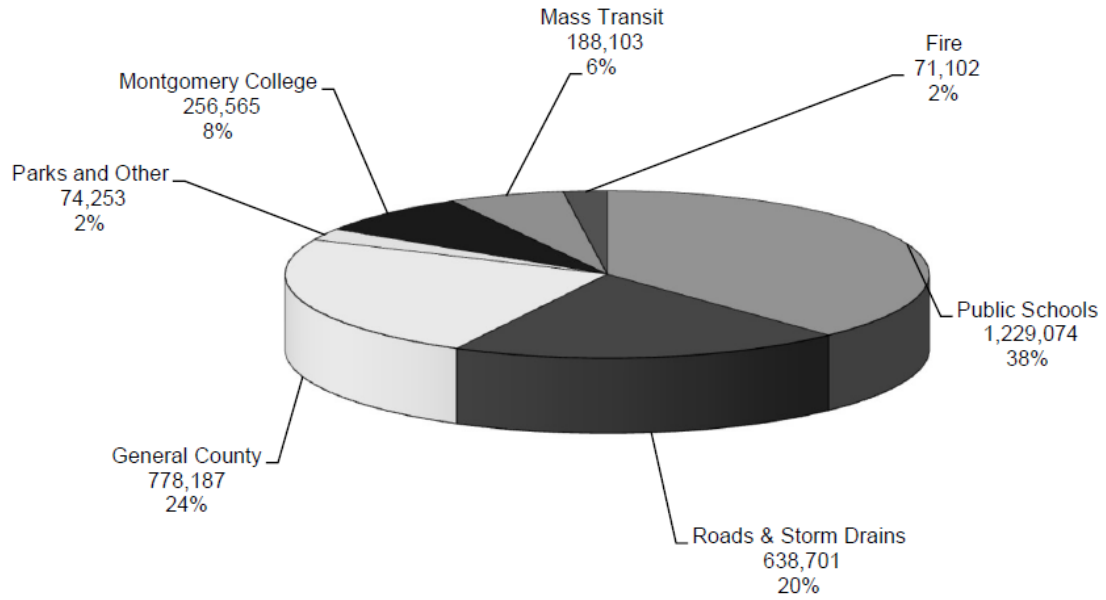
Total Expenditures	432,813,607	463,907,765	455,631,885	468,319,940	1.0 %
Total Full-Time Positions	0	0	0	0	—
Total Part-Time Positions	0	0	0	0	—

BUDGET SUMMARY

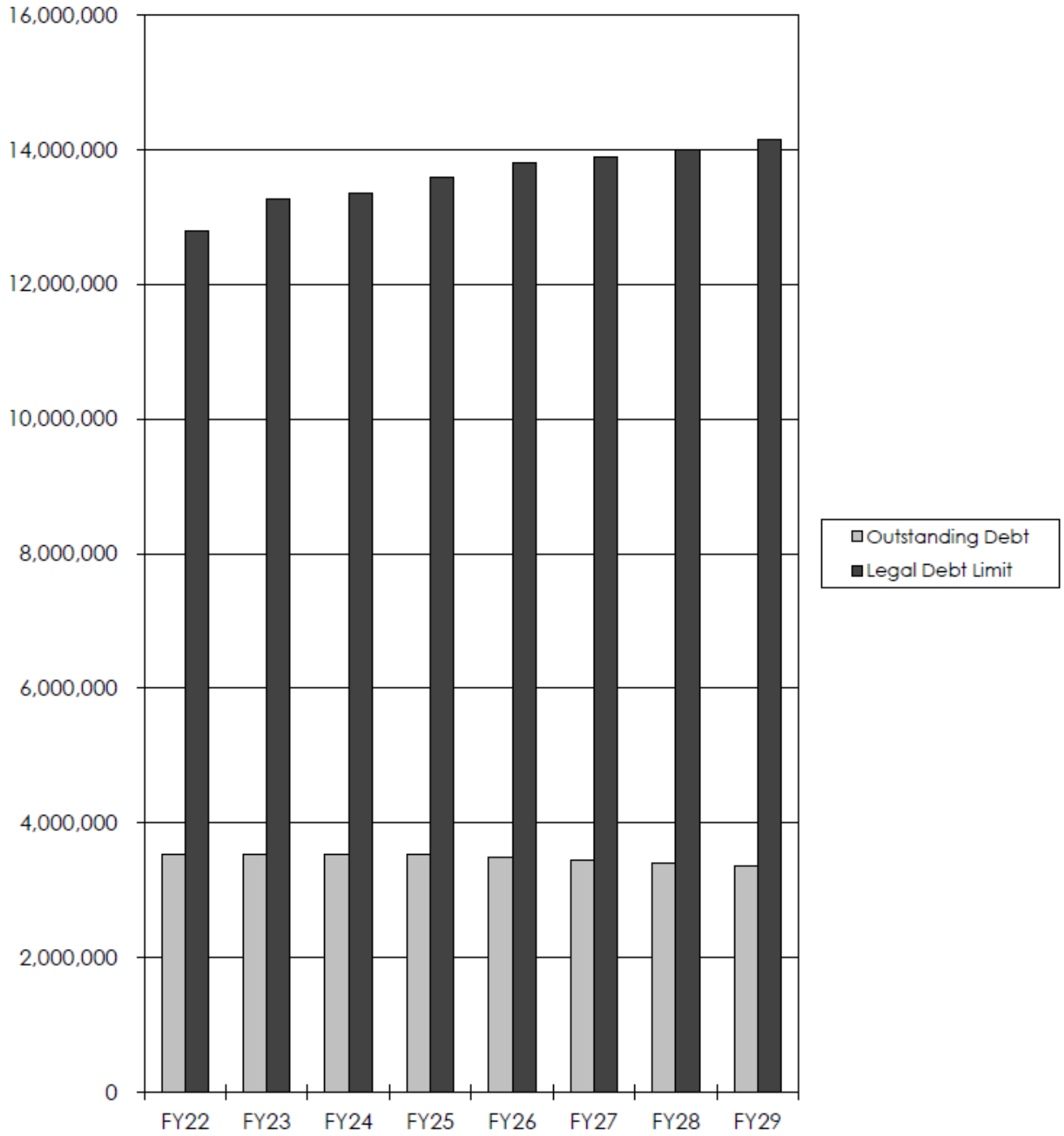
	Actual FY22	Budget FY23	Estimate FY23	Recommended FY24	%Chg Bud/Rec
Total FTEs	0.00	0.00	0.00	0.00	—
Total Revenues	4,298,117	3,705,860	3,693,141	1,953,785	-47.3 %

DEBT SERVICE - GENERAL OBLIGATION BONDS, LONG & SHORT TERM LEASES AND OTHER DEBT						
	Recommended FY24	Projected FY25	Projected FY26	Projected FY27	Projected FY28	Projected FY29
GO BOND DEBT SERVICE EXPENDITURES						
General County	82,724,440	85,421,370	86,682,500	88,087,090	93,767,370	99,407,960
Roads & Storm Drains	84,555,130	86,715,790	90,547,560	93,385,310	93,241,820	98,228,860
Public Housing	46,640	18,080	33,540	22,890	51,960	47,240
Parks	10,365,560	10,724,580	11,311,290	12,392,810	12,712,150	13,736,440
Public Schools	149,963,800	155,836,770	157,225,050	155,550,690	146,851,600	143,268,200
Montgomery College	30,214,960	31,268,230	31,318,590	31,808,430	34,507,560	37,508,940
Bond Anticipation Notes/Commercial Paper	7,000,000	6,000,000	6,000,000	6,500,000	6,500,000	6,500,000
Bond Anticipation Notes/Liquidity & Remarketing	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000
Cost of Issuance	920,000	936,000	956,000	979,000	1,002,000	1,026,000
Total General Fund	388,690,530	379,820,820	386,974,530	391,626,220	391,534,480	402,623,640
Fire Tax District Fund	9,311,730	9,153,950	10,062,070	11,143,840	11,890,570	12,001,320
Mass Transit Fund	22,579,220	22,896,620	22,583,750	21,811,670	22,364,530	21,284,260
Recreation Fund	11,350,400	12,679,190	14,288,360	15,371,160	16,466,030	18,166,540
Total Tax Supported Other Funds	43,241,350	44,729,760	46,934,180	48,326,670	50,721,130	51,452,120
TOTAL TAX SUPPORTED	411,931,880	424,550,580	433,908,710	439,952,890	442,255,610	454,075,760
TOTAL GO BOND DEBT SERVICE EXPENDITURES	411,931,880	424,550,580	433,908,710	439,952,890	442,255,610	454,075,760
LONG-TERM LEASE EXPENDITURES						
Fire and Rescue Equipment	1,831,300	2,433,300	2,965,300	3,478,300	3,970,300	4,584,300
Revenue Authority - Crossvines Project	860,200	859,200	862,000	858,800	859,400	858,800
TOTAL LONG-TERM LEASE EXPENDITURES	2,691,500	3,292,500	3,827,300	4,337,100	4,829,700	5,443,100
SHORT-TERM LEASE EXPENDITURES / FINANCING						
Technology Modernization Project	1,823,500	-	-	-	-	-
Digital Evidence Data Storage	247,800	247,800	93,800	-	-	-
Ride On Buses	712,400	915,400	1,252,400	1,590,400	2,110,000	4,474,000
Intelligent Transit System	1,030,000	2,060,000	2,060,000	2,060,000	2,060,000	2,060,000
Public Safety System Modernization	968,700	968,700	968,700	968,700	942,000	-
Transit System Radios	315,000	630,000	630,000	630,000	630,000	315,000
Fire Defibrillators	290,000	290,000	290,000	290,000	290,000	-
Police Body Armor	240,000	240,000	240,000	240,000	240,000	-
Radio Lifecycle Replacement	2,238,000	4,708,000	7,518,000	8,141,000	9,241,000	7,003,000
TOTAL SHORT-TERM LEASE EXPENDITURES	7,885,400	10,056,900	13,052,900	13,920,100	15,513,000	13,852,000
OTHER LONG-TERM DEBT						
Silver Spring Music Venue	214,000	293,200	293,210	292,700	293,300	293,400
Rockville Core	1,508,400	1,507,900	1,505,400	1,505,750	1,508,750	1,509,250
Energy Performance Leases QECBs	823,700	823,700	823,700	823,700	823,700	823,700
Energy Performance Leases Other	1,624,910	1,654,140	1,689,430	1,703,470	1,749,000	1,781,135
Wheaton Redevelopment	2,358,100	2,354,800	2,358,300	2,358,300	2,354,800	2,357,600
MHI-HUD Loan - Non-Tax supported	54,510	-	-	-	-	-
Water Quality Protection Charge Bonds - Non-Tax supported	9,772,900	11,509,550	13,683,500	15,321,250	17,104,000	17,810,500
MHI - Property Acquisition and Preservation Fund - Non-Tax supported	13,384,600	15,421,220	19,621,490	22,672,100	22,672,700	22,670,500
MHI Production Fund - HOC - Non-Tax supported	5,771,000	7,069,500	7,072,100	7,070,300	7,068,800	7,072,900
COPs - Fire SCBA and Apparatus	4,389,750	4,388,650	2,401,500	2,399,600	2,398,050	2,396,650
COPs - Fleet Equipment	328,450	327,300	325,650	328,375	325,475	326,950
COPs - Buses	5,317,500	4,640,300	3,343,825	3,092,000	2,859,750	-
COPs - Fuel Management	185,800	189,000	-	-	-	-
COPs - Corrections	151,150	155,750	73,500	-	-	-
TOTAL OTHER LONG-TERM DEBT	45,885,670	50,335,010	53,191,605	57,567,545	59,158,925	57,042,585
DEBT SERVICE EXPENDITURES						
Tax Supported	439,391,440	454,237,720	463,603,425	470,713,985	474,911,735	482,859,545
Non-Tax Supported - Other Long-term Debt	28,983,010	34,000,270	40,377,090	45,063,650	46,845,500	47,553,900
TOTAL DEBT SERVICE EXPENDITURES	468,374,450	488,237,990	503,980,515	515,777,635	521,757,235	530,413,445
GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	366,978,345	379,820,820	386,974,530	391,626,220	391,534,480	402,623,640
Premium on General Obligation Bonds	1,712,185	-	-	-	-	-
Total General Fund Sources	368,690,530	379,820,820	386,974,530	391,626,220	391,534,480	402,623,640
Fire Tax District Fund	9,311,730	9,153,950	10,062,070	11,143,840	11,890,570	12,001,320
Mass Transit Fund	22,579,220	22,896,620	22,583,750	21,811,670	22,364,530	21,284,260
Recreation Fund	11,350,400	12,679,190	14,288,360	15,371,160	16,466,030	18,166,540
Total Other Funding Sources	43,241,350	44,729,760	46,934,180	48,326,670	50,721,130	51,452,120
TOTAL GO BOND FUNDING SOURCES	411,931,880	424,550,580	433,908,710	439,952,890	442,255,610	454,075,760
NON GO BOND FUNDING SOURCES						
General Funds	10,671,889	11,154,022	13,517,387	13,841,367	14,884,482	11,511,469
MHI Fund - HUD Loan	54,510	0	0	-	-	-
Water Quality Protection Fund	9,772,900	11,509,550	13,683,500	15,321,250	17,104,000	17,810,500
MHI - Property Acquisition Fund	19,155,600	22,490,720	26,693,590	29,742,400	29,741,500	29,743,400
Wheaton Redevelopment contributions	2,146,871	2,142,868	2,146,053	2,146,053	2,142,868	2,145,418
Motor Pool Fund	514,250	516,300	325,650	328,375	325,475	326,950
Mass Transit Fund	7,374,900	8,245,700	7,286,225	7,372,400	7,659,750	6,849,000
Fire Tax District Fund	6,511,050	7,111,950	5,656,800	6,167,900	6,658,350	6,980,950
Federal Subsidy - QECBs	241,800	228,300	214,500	200,200	185,200	170,000
Revenue Authority - Crossvines Project	-	288,000	548,100	704,800	800,000	800,000
TOTAL NON GO BOND FUNDING SOURCES	56,442,570	63,687,410	70,071,805	75,824,745	79,501,625	76,337,685
TOTAL FUNDING SOURCES	468,374,450	488,237,990	503,980,515	515,777,635	521,757,235	530,413,445
TOTAL GENERAL OBLIGATION BOND SALES						
Estimated Bond Sales	300,000,000	300,000,000	280,000,000	280,000,000	280,000,000	280,000,000
Council SAG Approved Bond Funded Expenditures	290,000,000	280,000,000	270,000,000	270,000,000	270,000,000	270,000,000
ESTIMATED INTEREST RATE	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

General Obligation Bonds Outstanding by Bond Category
(\$000s)
Total \$3,235,985 as of June 30, 2022



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



**Projected Debt Obligations
Schedule of Principal & Interest
FY24 Recommended Budget**

FUND	Principal	Interest	Total
Debt Service Fund	314,158,008	154,161,932	468,319,940
Montgomery Housing Initiative	53,000	1,510	54,510
Liquor Control (Section 65)	6,585,000	2,068,590	8,653,590
Bethesda Parking Lot District (Section 46)	1,970,000	330,900	2,300,900
Total	322,766,008	156,562,932	479,328,940

GENERAL OBLIGATION BOND ADJUSTMENT CHART

FY23-28 Amended Capital Improvements Program

COUNTY EXECUTIVE RECOMMENDED

January 17, 2023

(\$ millions)	6 YEARS	FY23	FY24	FY25	FY26	FY27	FY28
BONDS PLANNED FOR ISSUE	1,720.000	280.000	300.000	300.000	280.000	280.000	280.000
Does not assume Council SAG in FY09 and FY10*							
Plus PAYGO Funded	185.100	33.900	32.800	31.200	29.200	29.000	29.000
Adjust for Future Inflation **	(61.636)	-	-	(5.760)	(11.889)	(18.646)	(25.341)
SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)	1,843.464	313.900	332.800	325.440	297.311	290.354	283.659
Less Set Aside: Future Projects	151.212	7.418	17.904	21.085	32.843	33.611	38.351
8.20%							
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	1,692.252	306.482	314.896	304.355	264.468	256.743	245.308
MCPS	(525.849)	(116.786)	(131.973)	(94.799)	(86.813)	(60.671)	(34.807)
MONTGOMERY COLLEGE	(148.760)	(23.702)	(25.069)	(21.663)	(16.955)	(27.041)	(34.330)
M-NCPPC PARKS	(79.837)	(12.747)	(15.524)	(12.289)	(13.526)	(12.795)	(12.956)
TRANSPORTATION	(526.261)	(110.504)	(101.373)	(80.464)	(78.300)	(73.942)	(81.678)
MCG - OTHER	(530.565)	(82.652)	(120.068)	(95.140)	(68.874)	(82.294)	(81.537)
Programming Adjustment - Unspent Prior Years*	119.020	39.909	79.111				
	-						
SUBTOTAL PROGRAMMED EXPENDITURES	(1,692.252)	(306.482)	(314.896)	(304.355)	(264.468)	(256.743)	(245.308)
AVAILABLE OR (GAP) TO BE SOLVED	-	-	-	-	-	-	-
NOTES:							
** Adjustments Include:							
Inflation =		3.04%	2.11%	1.77%	2.19%	2.33%	2.36%

DEBT CAPACITY ANALYSIS**FY23-28 AMENDED CAPITAL IMPROVEMENTS PROGRAM**

January 17, 2023

COUNTY EXECUTIVE RECOMMENDED

GO BOND 6 YR TOTAL = 1,720.0 MILLION

GO BOND FY23 TOTAL = 280.0.0 MILLION

GO BOND FY24 TOTAL = 300.0 MILLION

	FY22	FY23	FY24	FY25	FY26	FY27	FY28
1 GO Bond Guidelines (\$000)	310,000	280,000	300,000	300,000	280,000	280,000	280,000
2 GO Debt/Assessed Value	1.71%	1.66%	1.64%	1.60%	1.56%	1.53%	1.50%
3 Debt Service + LTL + Short-Term Leases/Revenues (GF)	11.62%	11.24%	11.39%	11.62%	11.75%	11.73%	11.62%
4 \$ Debt/Capita	3,269	3,256	3,243	3,216	3,159	3,098	3,034
5 \$ Real Debt/Capita (FY23=100%)	3,269	3,256	3,176	3,094	2,975	2,851	2,728
6 Capita Debt/Capita Income	3.69%	3.49%	3.24%	3.07%	2.91%	2.77%	2.63%
7 Payout Ratio	71.81%	72.67%	73.56%	74.18%	74.58%	74.91%	75.15%
8 Total Debt Outstanding (\$000s)	3,535,985	3,529,830	3,536,750	3,529,910	3,494,060	3,451,665	3,406,300
9 Real Debt Outstanding (FY23=100%)	3,535,985	3,529,830	3,463,601	3,396,811	3,290,332	3,176,355	3,062,290
10 Note: OP/PSP Growth Assumption (2)		5.9%	1.1%	2.2%	1.9%	1.7%	2.2%

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 FY23 approved budget to FY24 budget for FY24 and budget to budget for FY25-28.

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