



Debt Service

RECOMMENDED FY27 BUDGET

\$525,401,750

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 FY27 Operating Budget for Debt Service is \$525,401,750, an increase of \$52,565,395 or 11.1 percent from the FY26 Approved Budget of \$472,836,355.

General Obligation Bonds

General Obligation (GO) 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, GO bonds are anticipated to fund approximately 36.9 percent of the County's capital expenditures (excluding WSSC Water) for the six years of the Recommended FY27-32 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 GO 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 offer relative 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 GO bonds and must specify the total GO 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 7, 2025, the County Council approved SAG limits at \$300 million for FY27-32, and \$1.8 billion for the FY27-32 period. On February 6, 2026, the County Council confirmed the guidelines set on October 7, 2025. The County Executive recommends starting issuances at \$340 million in FY27 and increasing them by \$10 million dollars each year, reaching \$390 million by FY32, for a total of \$2.2 billion over six years.

Debt Service Program

The annual debt service obligation of all outstanding GO 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 FY27. 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 GO 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 GO 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.

FY26 Estimated Debt Service

The FY26 estimated General Obligation debt service, lease, and other long-term debt expenditure requirements for tax-supported funds total \$433.8 million which is lower than the budget of \$438.6 million primarily due to deferrals of some lease and long-term debt financings.

FY27 Recommended Debt Service Budget

The FY27 Debt Service budget is predicated on a base of existing debt service requirements from past bond issues plus the following:

- A FY27 issue of \$340 million at an interest cost of 5.0 percent for 20 years with even principal payments and annual debt issuance to continue through FY32.
- Interest expense based on an anticipated average BANs/Commercial paper balance of \$166 million during FY27.
- 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 FY27 Debt Service requirement for tax-supported funds of \$463.5 million, which is a 5.7 percent increase from the FY26 budget of \$438.6 million. The General Fund appropriation requirement is \$383.3 million, or 4.2 percent more than the budgeted FY26 amount of \$367.8 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 (PSP) 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 2026 (FY27) issue. Projected interest rates for bond issues for FY27 through FY32 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 \$463.5 million in FY27 to \$544.2 million by FY32 with the General Fund revenue requirement growing from \$399.0 million in FY27 to \$439.2 million by FY32.

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 GO 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 recommended Spending Affordability Guidelines for FY27-32. The chart displays the anticipated debt issues for the six years which are the basis of the GO bond-funded portion of the Recommended FY27-32 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 FY27-32 Capital Improvements Program meets that requirement. The General Obligation Bond Adjustment chart reflecting the County Executive's January 13, 2026, proposals for the Recommended FY27-32 CIP is included at the end of this section.

Debt Limit

The County's outstanding general obligation debt totals \$3,204,610,000 as of June 30, 2025. 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, 2025, is \$14,399,462,000 based upon the assessed valuation \$229,128,088,000 for all real property and \$4,345,177,767, for personal property. The County's outstanding general obligation debt of \$3,204,610,000, plus outstanding short-term commercial paper of \$200,000,000 is 1.46 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 FY25 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 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 FY27 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 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), approximating \$50.7 million. In FY24, the County secured another loan from the Maryland Water Infrastructure Financing Association (MWIFA), previously the MWQFA, in the amount of \$4.8 million. The loans are secured by Water Quality Protection Charge (WQPC) revenues.

Debt service estimates for additional Water Quality Protection Bonds and MWIFA 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.

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 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 in FY25. Interest income of \$923k that was earned on unspent bond proceeds from the bond issuances has been included as a non-GO Bond funding source.

The FY27 Budget includes \$20 million for debt service related to Bus Rapid Transit (BRT) Grant Revenue Bonds to fund the MD 355 FLASH Bus Rapid Transit project, creating a high-capacity, high-frequency BRT system intended to improve reliability, accessibility, and speed compared to existing bus services.

The bonds will be limited obligations of Montgomery County, payable solely from State appropriations from lottery revenue and the Transportation Trust Fund, which flow into the State-held Bus Rapid Transit Fund and are then distributed to the County.

Legal authority for issuing the bonds comes from Maryland legislation enacted in 2023 (Chapter 112). Subject to annual state appropriation, the County may receive \$17 million in lottery revenues and \$10 million from the Transportation Trust Fund for BRT system grants.

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, Community Use of Public Facilities, 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, WSSC Water, 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 1991, 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

The County has two active special taxing districts: West Germantown and White Flint. West Germantown was created in accordance with Chapter 14 of the Montgomery County Code, the Montgomery County Development District Act enacted in 1994. The White Flint Taxing District was created in accordance with Chapter 68C of the Montgomery County Code, which was enacted in 2010. The

creation of these 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 with high priority for new development or redevelopment.

The budget recognizes the creation of a Strategic Special Taxing District that is within half mile of each side of the centerline of all routes designated as Bus Rapid Transit in the 2025 Master Plan of Highways and Transitways, within half mile of each side of the centerline of the final design alignment of the Maryland 355 Central Bus Rapid Transit, within the boundaries of the municipality of Kensington, and within the Clarksburg Gateway Sector plan. Revenue collection for this district is expected to begin in FY28 and debt service on bonds issued to fund infrastructure in the district is programmed in FY29.

Pursuant to Chapter 14 and 68C, special taxes or special assessments may be levied to fund the costs of bonds or other obligations issued on behalf of the respective districts. Any bond issued under Chapter 14 and 68C is not an indebtedness of the County within the meaning of Section 312 of the Charter. Additionally, any bond issued must not pledge the full faith and credit of the County and must state that the full faith and credit is not pledged to pay its principal, interest, or premium, if any. Any bonds issued are not considered liabilities of the County and are not reported in the County's financial statements. However, unlike the West Germantown development district, the County may issue financing or provide funding for certain infrastructure projects within the White Flint Taxing District that are not derived under the authority of 68C.

In April 2002, the County issued two series of special obligation bonds for the West Germantown Development District. The County issued \$11.6 million of Senior Series 2002A bonds and \$4.3 million of Junior Series 2002B bonds to finance the construction of infrastructure in the development district. Special taxes and assessments were levied beginning in FY03 to repay this debt. On August 13, 2014, the County issued \$12,025,000 of Special Obligation Refunding bonds (Senior Series 2014) to refund West Germantown Development District Series 2002A, 2004A and 2004B bonds. The outstanding principal balance as of June 30, 2025, was \$4.2 million.

PROGRAM CONTACTS

Contact Joseph Mason of the Department of Finance at 240-777-8827 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 FY25	Budget FY26	Estimated FY26	Recommended FY27	%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 GO Bonds	402,251,407	408,290,190	404,787,485	431,004,005	5.6 %
Debt Service Other	26,310,346	30,286,475	28,987,805	32,462,945	7.2 %
Debt Service Expenditures	428,561,753	438,576,665	433,775,290	463,466,950	5.7 %

BUDGET SUMMARY

	Actual FY25	Budget FY26	Estimated FY26	Recommended FY27	%Chg Bud/Rec
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	204,720	189,940	189,900	180,300	-5.1 %
Debt Service Revenues	204,720	189,940	189,900	180,300	-5.1 %
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	24,830,964	34,259,690	29,824,190	61,934,800	80.8 %
Debt Service - Non-Tax Supported Expenditures	24,830,964	34,259,690	29,824,190	61,934,800	80.8 %
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
REVENUES					
Bus Rapid Transit Grant Revenue Bonds	0	0	0	20,000,000	—
Debt Service - Non-Tax Supported Revenues	0	0	0	20,000,000	—
DEPARTMENT TOTALS					
Total Expenditures	453,392,717	472,836,355	463,599,480	525,401,750	11.1 %
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	204,720	189,940	189,900	20,180,300	10524.6 %

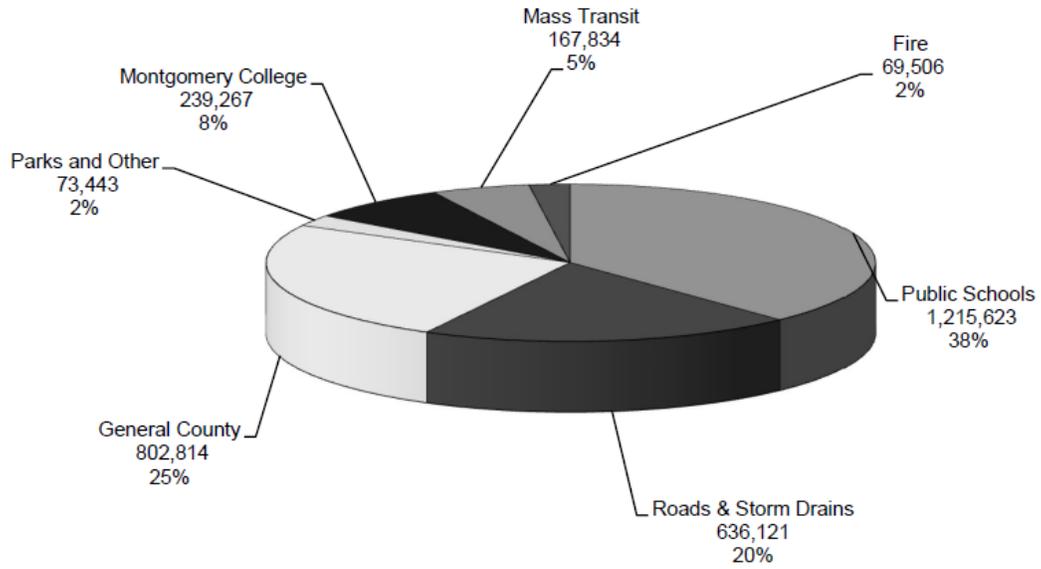
DEBT SERVICE - GENERAL OBLIGATION BONDS, LONG & SHORT TERM LEASES AND OTHER DEBT

	Act FY	Actual FY25	Approved FY26	Estimate FY26	Recommended FY27	% Chg App/App	App % GO Bonds
GO BOND DEBT SERVICE EXPENDITURES							
General County		82,153,438	86,809,600	85,214,991	89,378,650		21.1%
Roads & Storm Drains		81,577,773	80,654,120	79,263,747	83,577,330		19.8%
Public Housing		18,078	33,540	33,534	22,890		0.0%
Parks		9,440,387	9,225,190	9,040,664	10,044,430		2.4%
Public Schools		153,995,560	154,369,080	154,268,257	162,786,265		38.5%
Montgomery College		29,061,740	29,203,790	28,774,178	29,353,810		6.9%
Recovery Zone Economic Development		-	-	-	-		0.0%
Bond Anticipation Notes/Commercial Paper		4,770,286	5,000,000	4,500,000	5,200,000		1.2%
Bond Anticipation Notes/Liquidity & Remarketing		1,588,722	2,000,000	2,000,000	2,000,000		0.5%
Cost of Issuance		485,153	750,000	750,000	900,000		0.2%
Total General Fund		363,091,136	367,845,320	363,845,370	383,263,375	4.2%	88.7%
Fire Tax District Fund		8,534,855	8,400,060	8,428,909	9,009,870		2.1%
Mass Transit Fund		20,984,717	21,563,940	22,263,971	26,667,570		6.3%
Recreation Fund		9,640,699	10,480,870	10,248,235	12,063,190		2.9%
Total Tax Supported Other Funds		39,160,271	40,444,870	40,942,115	47,740,630	18.0%	11.3%
TOTAL TAX SUPPORTED		402,251,407	408,290,190	404,787,485	431,004,005	5.6%	100.0%
TOTAL GO BOND DEBT SERVICE EXPENDITURES		402,251,407	408,290,190	404,787,485	431,004,005	5.6%	100.0%
LONG-TERM LEASE EXPENDITURES							
Revenue Authority - Crossvines Project		859,113	862,000	862,000	858,800		
Fire and Rescue Equipment		1,092,835	3,113,100	2,886,000	4,696,400		
Alcohol Beverage Services - Conveyor System Upgrade (LT Lease)		-	-	-	-		
TOTAL LONG-TERM LEASE EXPENDITURES		1,951,948	3,975,100	3,748,000	5,555,200	39.7%	
SHORT-TERM LEASE EXPENDITURES							
Technology Modernization Project		-	-	-	-		
Digital Evidence Data Storage		247,627	93,800	93,800	-		
Ride On Buses		712,394	918,570	712,400	1,117,900		
Public Safety System Modernization		26,691	337,900	196,100	491,600		
Transit System Radios		-	479,600	479,600	479,600		
Police Body Armor		241,426	241,500	241,500	241,500		
Intelligent Transit System		-	2,123,800	1,471,500	2,005,200		
Fire Defibrillators		282,087	282,200	282,200	282,200		
Radio Lifecycle Replacement		5,344,236	8,543,900	8,474,600	9,296,800		
Business Continuity Plan		-	489,600	487,600	487,600		
TOTAL SHORT-TERM LEASE EXPENDITURES		6,854,460	13,510,870	12,439,300	14,402,400	6.6%	
OTHER LONG-TERM DEBT							
Silver Spring Music Venue		293,154	293,210	293,210	292,700		
Incubators		-	-	-	-		
Rockville Core		1,507,838	1,505,400	1,505,400	1,505,750		
Energy Performance Leases QECBs		681,456	681,020	681,020	680,220		
Energy Performance Leases Other		1,782,800	1,818,100	1,818,100	1,848,400		
Wheaton Redevelopment		2,142,893	2,358,300	2,358,300	2,358,300		
MHI-HUD Loan - Non-Tax supported		-	-	-	-		
Water Quality Protection Charge Bonds - Non-Tax supported		9,143,911	9,921,900	9,511,900	11,127,300		
MHI - Property Acquisition and Preservation Fund - Non-Tax supported		14,786,224	17,265,690	13,240,790	23,741,300		
MHI Production Fund - HOC - Non-Tax supported		3,612,054	7,072,100	7,071,500	7,066,200		
COP - Wheaton Redevelopment - Non-Tax supported		211,931	-	-	-		
COPs - Fire SCBA and Apparatus		5,092,932	2,401,500	2,401,500	2,399,600		
COPs - Fleet Equipment		327,300	325,650	325,650	328,375		
COPs - Buses		5,119,635	3,343,825	3,343,825	3,092,000		
COPs - Fuel Management		189,000	-	-	-		
COPs - PSM		-	-	-	-		
COPs - Corrections		155,760	73,500	73,500	-		
Transportation Special Taxing District - Non-Tax supported		-	-	-	-		
Bus Rapid Transit Grant Revenue Bonds		-	-	-	20,000,000		
TOTAL OTHER LONG-TERM DEBT		45,046,128	47,060,195	42,624,695	74,440,145	58.2%	
DEBT SERVICE EXPENDITURES							
Tax Supported		428,561,753	438,576,665	433,775,290	463,466,950	5.7%	
Non-Tax Supported - Other Long-term Debt		27,542,190	34,259,690	29,824,190	61,934,800	80.8%	
TOTAL DEBT SERVICE EXPENDITURES		456,103,942	472,836,355	463,599,480	525,401,750	11.1%	
GO BOND DEBT SERVICE FUNDING SOURCES							
General Funds		362,913,725	367,845,320	363,845,370	383,263,375		
Premium on General Obligation Bonds		-	-	-	-		
Total General Fund Sources		362,913,725	367,845,320	363,845,370	383,263,375		
Fire Tax District Funds		8,604,276	8,400,060	8,428,909	9,009,870		
Mass Transit Fund		21,092,706	21,563,940	22,263,971	26,667,570		
Recreation Fund		9,640,699	10,480,870	10,248,235	12,063,190		
Total Other Funding Sources		39,337,681	40,444,870	40,942,115	47,740,630		
TOTAL GO BOND FUNDING SOURCES		402,251,406	408,290,190	404,787,485	431,004,005		
NON GO BOND FUNDING SOURCES							
General Funds		11,146,580	14,982,237	14,749,177	15,735,317		
MHI Fund - HUD Loan		-	-	-	-		
Water Quality Protection Fund		9,143,910	9,921,900	9,511,900	11,127,300		
MHI - Property Acquisition Fund		15,687,054	24,337,790	19,389,778	30,807,500		
MHI Fund - Interest Income		2,711,225	-	922,512	-		
Wheaton Redevelopment Contributions		2,142,884	2,146,053	2,146,053	2,146,053		
Motor Pool Fund		516,300	325,650	325,650	328,375		
Mass Transit Fund		5,832,029	6,865,795	6,007,325	6,694,700		
Fire Tax District Fund		6,467,854	5,796,800	5,669,700	7,378,200		
Federal Subsidy - QECBs		204,720	189,940	189,900	180,300		
Transportation Special Taxing District		-	-	-	-		
Bus Rapid Transit Grant Revenue Bonds		-	-	-	20,000,000		
TOTAL NON GO BOND FUNDING SOURCES		53,852,536	64,546,165	58,811,995	94,397,745		
TOTAL FUNDING SOURCES		456,103,942	472,836,355	463,599,480	525,401,750		
TOTAL GENERAL OBLIGATION BOND SALES							
Actual and Estimated Bond Sales		280,000,000	280,000,000	280,000,000	340,000,000		
Council SAG Approved Bond Funded Expenditures		280,000,000	280,000,000	280,000,000	300,000,000		

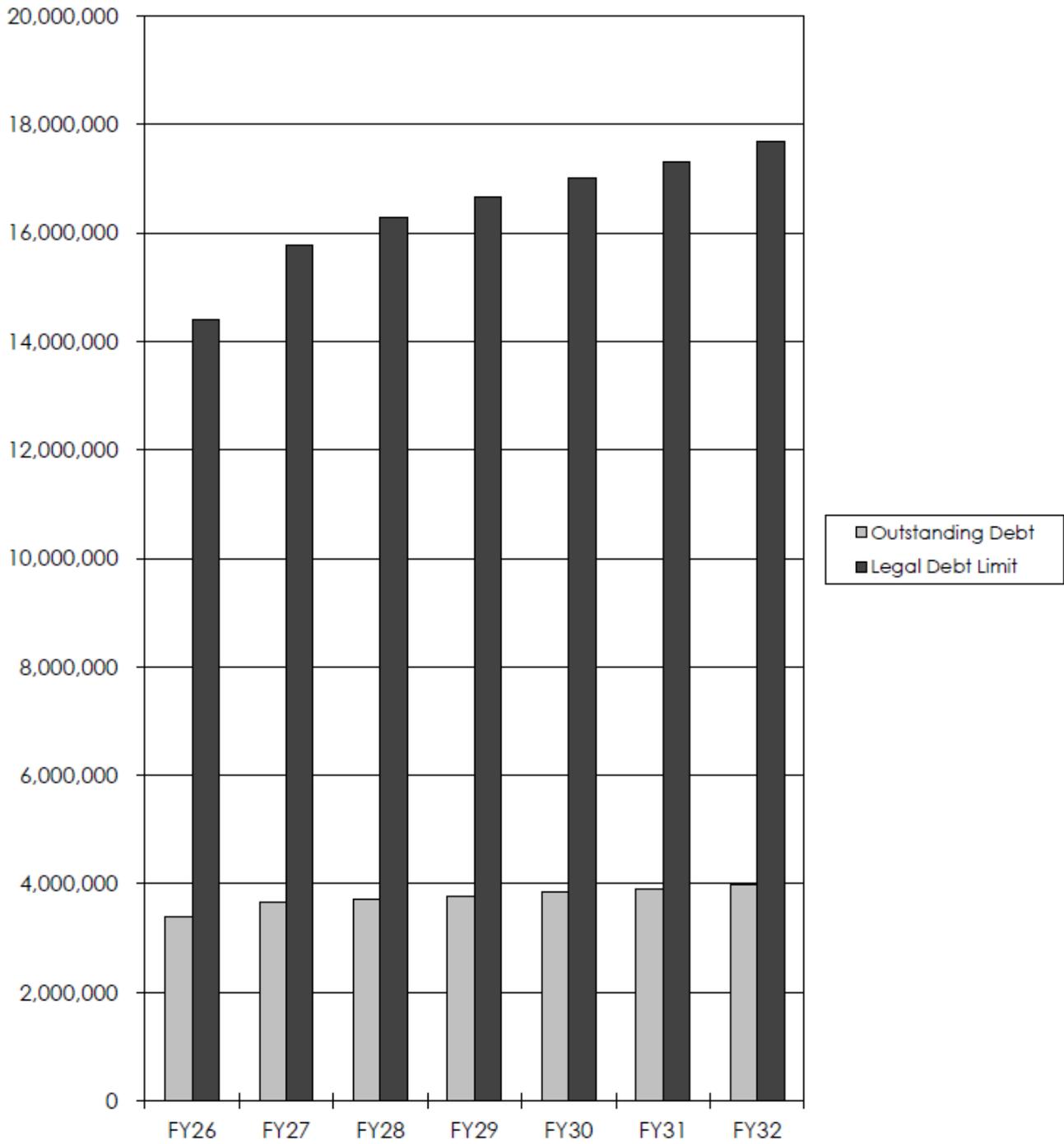
DEBT SERVICE - GENERAL OBLIGATION BONDS, LONG & SHORT TERM LEASES AND OTHER DEBT							
	Recommended FY27	Projected FY28	Projected FY29	Projected FY30	Projected FY31	Projected FY32	
GO BOND DEBT SERVICE EXPENDITURES							
General County	89,378,650	89,873,790	95,997,350	97,333,050	98,199,290	95,161,370	
Roads & Storm Drains	83,577,330	86,274,960	91,134,010	92,814,020	95,297,120	97,995,990	
Public Housing	22,890	51,980	47,240	45,480	43,840	42,310	
Parks	10,044,430	10,605,010	11,578,310	12,409,350	13,164,810	14,018,820	
Public Schools	162,786,265	162,386,320	163,243,320	164,176,170	169,465,370	177,715,440	
Montgomery College	29,353,810	31,151,030	33,934,000	36,700,740	38,020,450	35,854,550	
Bond Anticipation Notes/Commercial Paper	5,200,000	5,500,000	6,000,000	6,300,000	6,600,000	7,000,000	
Bond Anticipation Notes/Liquidity & Remarketing	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	
Cost of Issuance	900,000	930,000	950,000	970,000	980,000	1,000,000	
Total General Fund	383,263,375	388,773,090	404,884,230	412,748,810	421,770,880	430,788,480	
Fire Tax District Fund	9,009,870	10,449,730	12,114,820	12,321,580	12,016,900	11,311,990	
Mass Transit Fund	26,667,570	28,127,890	28,260,580	28,438,710	28,222,810	31,391,880	
Recreation Fund	12,063,190	12,355,680	14,282,410	16,905,090	17,871,860	18,154,940	
Total Tax Supported Other Funds	47,740,630	50,933,300	54,657,810	57,665,380	58,111,570	60,858,810	
TOTAL TAX SUPPORTED	431,004,005	439,706,390	459,542,040	470,414,190	479,882,450	491,647,290	
TOTAL GO BOND DEBT SERVICE EXPENDITURES	431,004,005	439,706,390	459,542,040	470,414,190	479,882,450	491,647,290	
LONG-TERM LEASE EXPENDITURES							
Fire and Rescue Equipment	4,696,400	7,766,600	7,941,100	8,128,000	8,128,000	8,082,000	
Revenue Authority - Crossvines Project	858,800	859,400	858,800	861,800	858,400	858,700	
TOTAL LONG-TERM LEASE EXPENDITURES	5,555,200	8,626,000	8,799,900	8,989,800	8,986,400	8,950,700	
SHORT-TERM LEASE EXPENDITURES / FINANCING							
Digital Evidence Data Storage	-	-	-	-	-	-	
Ride On Buses	1,117,900	405,500	1,505,800	1,505,800	4,589,400	4,589,400	
Intelligent Transit System	2,005,200	2,005,200	2,005,200	2,005,200	2,005,200	2,005,200	
Public Safety System Modernization	491,600	484,900	464,900	464,900	295,500	-	
Transit System Radios	479,600	479,600	479,600	479,600	-	-	
Fire Defibrillators	282,200	282,200	123,700	-	-	-	
Police Body Armor	241,500	423,700	359,800	494,800	836,300	971,900	
Radio Lifecycle Replacement	9,290,800	10,185,200	8,630,300	5,866,300	3,177,100	2,354,900	
Business Continuity Plan	487,600	487,600	487,600	487,600	-	-	
TOTAL SHORT-TERM LEASE EXPENDITURES	14,402,400	14,733,900	14,056,900	10,824,600	10,903,500	9,921,400	
OTHER LONG-TERM DEBT							
Silver Spring Music Venue	292,700	293,300	293,400	293,100	293,100	-	
Rockville Core	1,505,750	1,508,750	1,509,250	1,509,250	1,507,600	1,510,100	
Energy Performance Leases QECBs	680,220	679,320	678,220	681,300	913,100	913,900	
Energy Performance Leases Other	1,848,400	1,879,280	1,911,915	1,805,200	1,721,000	1,730,700	
Wheaton Redevelopment	2,358,300	2,354,800	2,357,800	2,356,300	2,356,000	2,356,200	
Water Quality Protection Charge Bonds - Non-Tax supported	11,127,300	16,526,900	19,422,400	21,620,300	30,120,200	31,926,600	
MHI - Property Acquisition and Preservation Fund - Non-Tax supported	23,741,300	28,611,400	34,389,100	32,012,400	35,857,100	33,958,100	
MHI Production Fund - HOC - Non-Tax supported	7,066,200	7,067,300	7,069,900	7,068,750	7,065,200	7,069,000	
COPs - Fire SCBA and Apparatus	2,399,600	2,398,050	2,396,650	2,400,125	2,398,125	-	
COPs - Fleet Equipment	328,375	325,475	326,950	327,675	322,775	-	
COPs - Buses	3,092,000	2,859,750	-	-	-	-	
Transportation Special Taxing District	-	-	7,340,000	12,200,000	22,720,000	27,130,000	
Bus Rapid Transit Grant Revenue Bonds - Non-Tax supported	20,000,000	20,000,000	20,000,000	12,345,000	12,345,750	12,348,000	
TOTAL OTHER LONG-TERM DEBT	74,440,145	85,504,325	97,695,385	94,739,400	117,619,950	118,942,600	
DEBT SERVICE EXPENDITURES							
Tax Supported	463,466,950	475,365,015	499,212,825	511,921,540	532,004,050	544,160,290	
Non-Tax Supported - Other Long-term Debt	61,934,800	73,205,600	80,881,400	73,046,450	85,388,250	85,301,700	
TOTAL DEBT SERVICE EXPENDITURES	525,401,750	548,570,615	580,094,225	584,967,990	617,392,300	629,461,990	
GO BOND DEBT SERVICE FUNDING SOURCES							
General Funds	383,263,375	388,773,090	404,884,230	412,748,810	421,770,880	430,788,480	
Premium on General Obligation Bonds	-	-	-	-	-	-	
Total General Fund Sources	383,263,375	388,773,090	404,884,230	412,748,810	421,770,880	430,788,480	
Fire Tax District Fund	9,009,870	10,449,730	12,114,820	12,321,580	12,016,900	11,311,990	
Mass Transit Fund	26,667,570	28,127,890	28,260,580	28,438,710	28,222,810	31,391,880	
Recreation Fund	12,063,190	12,355,680	14,282,410	16,905,090	17,871,860	18,154,940	
Total Other Funding Sources	47,740,630	50,933,300	54,657,810	57,665,380	58,111,570	60,858,810	
TOTAL GO BOND FUNDING SOURCES	431,004,005	439,706,390	459,542,040	470,414,190	479,882,450	491,647,290	
NON GO BOND FUNDING SOURCES							
General Funds	15,735,317	16,831,122	15,258,839	12,664,947	9,700,570	8,452,588	
Water Quality Protection Fund	11,127,300	16,526,900	19,422,400	21,620,300	30,120,200	31,926,600	
MHI - Property Acquisition Fund	30,807,500	36,678,700	41,459,000	39,081,150	42,922,300	41,027,100	
Wheaton Redevelopment Contributions	2,146,053	2,142,868	2,145,416	2,144,233	2,143,960	2,144,142	
Motor Pool Fund	328,375	325,475	326,950	327,675	322,775	-	
Mass Transit Fund	6,694,700	5,750,050	3,990,600	3,511,000	6,594,600	6,594,600	
Fire Tax District Fund	7,378,200	10,446,850	10,461,450	10,528,125	10,526,125	8,092,000	
Federal Subsidy - QECBs	180,300	162,260	147,530	131,370	113,570	99,670	
Transportation Special Taxing District	-	-	7,340,000	12,200,000	22,720,000	27,130,000	
Bus Rapid Transit Grant Revenue Bonds	20,000,000	20,000,000	20,000,000	12,345,000	12,345,750	12,348,000	
TOTAL NON GO BOND FUNDING SOURCES	94,397,745	108,864,225	120,552,185	114,553,800	137,509,850	137,814,700	
TOTAL FUNDING SOURCES	525,401,750	548,570,615	580,094,225	584,967,990	617,392,300	629,461,990	
TOTAL GENERAL OBLIGATION BOND SALES							
Estimated Bond Sales	340,000,000	350,000,000	360,000,000	370,000,000	380,000,000	390,000,000	
Council SAG Approved Bond Funded Expenditures	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000	
ESTIMATED INTEREST RATE	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	

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

Total \$3,204,610 as of June 30, 2025



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



**Projected Debt Obligations
Schedule of Principal & Interest
FY27 Approved Budget**

FUND	Principal	Interest	Total
Debt Service Fund	356,171,483	169,230,267	525,401,750
Liquor Control (Section 65)	8,831,610	1,675,680	10,507,290
Bethesda Parking Lot District (Section 46)	2,066,000	234,794	2,300,794
Total	367,069,093	171,140,741	538,209,834

GENERAL OBLIGATION BOND ADJUSTMENT CHART

FY27-32 Capital Improvements Program

COUNTY EXECUTIVE RECOMMENDED

January 15, 2026

(\$ millions)	6 YEARS	FY27	FY28	FY29	FY30	FY31	FY32
BONDS PLANNED FOR ISSUE	2,190.000	340.000	350.000	360.000	370.000	380.000	390.000
Plus PAYGO Funded	219.000	34.000	35.000	36.000	37.000	38.000	39.000
Adjust for Implementation **	285.365	46.364	47.727	47.498	47.632	47.916	48.229
Adjust for Future Inflation *	(97.323)	-	-	(11.683)	(20.700)	(28.618)	(36.322)
SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)	2,597.042	420.364	432.727	431.815	433.932	437.297	440.907
Less Set Aside: Future Projects	181.694	15.748	19.986	27.550	33.031	41.150	44.229
	7.00%						
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	2,415.348	404.616	412.741	404.265	400.901	396.147	396.678
MCPS	(853.802)	(125.549)	(108.375)	(81.536)	(200.738)	(180.509)	(157.095)
MONTGOMERY COLLEGE	(178.921)	(27.700)	(34.754)	(62.523)	(13.831)	(26.387)	(13.726)
M-NCPPC PARKS	(94.033)	(15.439)	(15.888)	(15.889)	(15.039)	(15.889)	(15.889)
TRANSPORTATION	(697.194)	(142.029)	(126.466)	(101.480)	(89.103)	(115.700)	(122.416)
MCG - OTHER	(591.398)	(93.899)	(127.258)	(142.837)	(82.190)	(57.662)	(87.552)
	-						
SUBTOTAL PROGRAMMED EXPENDITURES	(2,415.348)	(404.616)	(412.741)	(404.265)	(400.901)	(396.147)	(396.678)
AVAILABLE OR (GAP) TO BE SOLVED	-	-	-	-	-	-	-
NOTES:							
* Adjustments Include:							
Inflation =		3.04%	2.25%	1.89%	1.78%	1.76%	1.77%
Implementation Rate =		88.00%	88.00%	88.00%	88.00%	88.00%	88.00%

DEBT CAPACITY ANALYSIS**FY27-32 CAPITAL IMPROVEMENTS PROGRAM**

January 15, 2026

COUNTY EXECUTIVE RECOMMENDED

GO BOND 6 YR TOTAL = 2,190.0 MILLION

GO BOND FY27 TOTAL = 340.0.0 MILLION

GO BOND FY28 TOTAL = 350.0 MILLION

	FY26	FY27	FY28	FY29	FY30	FY31	FY32
1 GO Bond Guidelines (\$000)	280,000	340,000	350,000	360,000	370,000	380,000	390,000
2 GO Debt/Assessed Value	1.42%	1.35%	1.33%	1.33%	1.34%	1.35%	1.35%
3 Debt Service + LTL + Short-Term Leases/Revenues (GF)	9.78%	10.26%	10.28%	10.44%	10.42%	10.38%	10.34%
4 \$ Debt/Capita	3,223	3,183	3,205	3,239	3,276	3,319	3,365
5 \$ Real Debt/Capita (FY24=100%)	3,223	3,089	3,042	3,017	2,998	2,985	2,973
6 Capita Debt/Capita Income	2.98%	3.22%	3.18%	3.14%	3.10%	3.07%	3.04%
7 Payout Ratio	74.73%	74.65%	74.38%	73.83%	73.36%	72.89%	72.42%
8 Total Debt Outstanding (\$000s)	3,461,460	3,503,330	3,550,505	3,610,640	3,675,520	3,746,740	3,822,495
9 Real Debt Outstanding (FY24=100%)	3,461,460	3,399,813	3,369,618	3,363,177	3,363,614	3,369,407	3,377,751
10 Note: OP/PSP Growth Assumption (2)	7.3%	2.0%	2.6%	1.7%	1.7%	1.9%	2.3%

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 FY26 approved budget to FY27 budget for FY27 and budget to budget for FY28-32.