

Debt Service

MISSION STATEMENT

This section provides budget data for the repayment of general obligation bonds issued and payment of long-term leases and short-term financing for public facilities and infrastructure in the Debt Service Fund for all tax supported County agencies (MCG, M-NCPPC, MCPS, and Montgomery College), as well as other associated costs.

BUDGET OVERVIEW

The total approved FY08 Operating Budget for Debt Service is \$240,250,710 an increase of \$19,291,290 or 8.7 percent from the FY07 approved budget of \$220,959,420. This amount includes long-term lease expenditures of \$12,902,790 and short-term financing of \$871,600. The budget excludes \$80,800 in debt service which is appropriated in non-tax supported funds.

FY08 Approved Changes

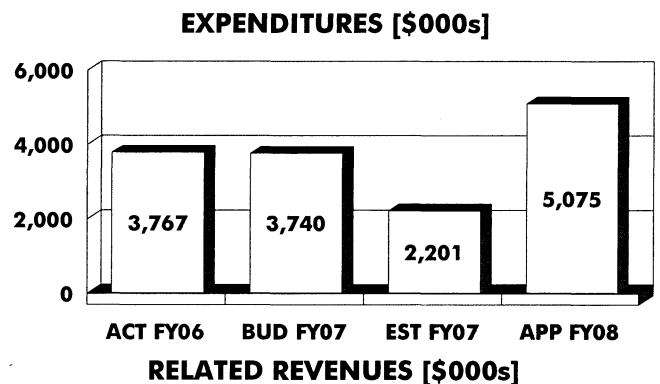
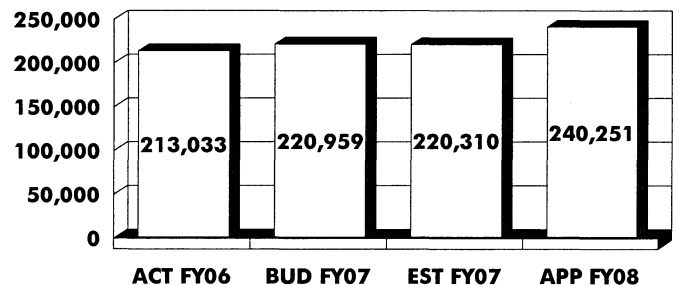
The Debt Service appropriation increase of 8.7 percent is mostly due to the FY07 General Obligation (G.O.) bond issue of \$250.0 million.

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 53 percent of the County's capital expenditures for the six years of the Amended FY07-12 CIP.

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 financings, 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 FY08 Debt Service budget is predicated on the bond issue requirements in the Amended CIP, adjusted for inflation, and implementation of the capital program at a projected 90 percent rate for FY07-12. An interest cost of 4.7 percent was budgeted for the May 2007 issue. Projected interest rates for bond issues for FY07 through FY12 are based on an econometric model which forecasts little change in interest rates after FY07. Under these projections and assumptions, total Debt Service will increase from \$240.3 million in FY08 to \$323.8 million by FY13.

Trends



PROGRAM CONTACTS

Contact Glenn Wyman of the Department of Finance at 240.777.8929 or Jacqueline Carter of the Office of Management and Budget at 240.777.2771 for more information regarding this department's operating budget.

BUDGET SUMMARY

	Actual FY06	Budget FY07	Estimated FY07	Approved FY08	% 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	—
Operating Expenses	0	0	0	0	—
Debt Service G.O. Bonds	190,105,430	206,429,840	206,892,810	226,476,320	9.7%
Debt Service Other	22,927,235	13,238,750	12,646,440	13,003,970	-1.8%
Capital Outlay	0	0	0	0	—
Debt Service Expenditures	213,032,665	219,668,590	219,539,250	239,480,290	9.0%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—
REVENUES					
Street Assessments	40,798	0	0	0	—
BAN/Comm Paper Investment Income: Pooled	2,941,977	3,400,000	1,900,000	4,500,000	32.4%
Accrued Interest: GO Refunding Bonds	451,331	0	0	0	—
Accrued Interest: Installment Notes, I&P	42,479	0	0	0	—
Accrued Interest: Bonds Non-Pooled	290,278	340,000	300,980	575,000	69.1%
Debt Service Revenues	3,766,863	3,740,000	2,200,980	5,075,000	35.7%
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	—
Operating Expenses	0	0	0	0	—
Debt Service Other	0	1,290,650	770,420	770,420	-40.3%
Capital Outlay	0	0	0	0	—
Debt Service - Non-Tax Supported Expenditures	0	1,290,650	770,420	770,420	-40.3%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—
DEPARTMENT TOTALS					
Total Expenditures	213,032,665	220,959,240	220,309,670	240,250,710	8.7%
Total Full-Time Positions	0	0	0	0	—
Total Part-Time Positions	0	0	0	0	—
Total Workyears	0.0	0.0	0.0	0.0	—
Total Revenues	3,766,863	3,740,000	2,200,980	5,075,000	35.7%

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

	Actual FY05	Actual FY06	Budget FY07	Estimated FY07	Approved FY08	% Chg Rec/Bud	Rec % GO Bonds
GO BOND DEBT SERVICE EXPENDITURES							
General County	22,368,334	24,460,186	25,612,430	26,233,930	27,498,810		12.7%
Roads & Storm Drains	45,683,511	48,415,800	52,289,880	51,852,020	53,900,920		24.8%
Public Housing	297,081	281,544	266,000	266,000	250,420		0.1%
Parks	5,564,364	6,526,972	6,640,990	6,772,480	7,255,290		3.3%
Public Schools	86,162,421	88,421,768	97,404,250	96,365,830	109,707,010		50.5%
Montgomery College	4,730,719	6,012,792	6,725,030	6,815,470	7,891,260		3.6%
Bond Anticipation Notes/Commercial Paper	2,883,383	4,675,356	5,800,000	6,700,000	8,100,000		
Cost of Issuance: General Fund	630,299	915,831	976,880	976,880	1,005,210		
Total General Fund	168,320,112	179,710,249	195,715,460	195,982,610	215,608,920	10.2%	95.0%
Fire Tax District Fund	2,276,043	2,729,950	3,303,290	3,396,920	3,624,800	9.7%	1.7%
Mass Transit Fund	3,005,061	3,011,246	2,506,300	2,483,050	2,328,860	-7.1%	1.1%
Recreation Fund	3,981,838	4,611,661	4,862,820	4,989,520	4,874,680	0.2%	2.2%
Bradley Noise Abatement Fund	33,888	32,641	32,650	31,390	30,120	-7.7%	0.0%
Cabin John Noise Abatement Fund	10,051	9,683	9,320	9,320	8,940	-4.1%	0.0%
Total Tax Supported Other Funds	9,306,881	10,395,181	10,714,380	10,910,200	10,867,400	1.4%	5.0%
TOTAL TAX SUPPORTED	177,626,993	190,105,430	206,429,840	206,892,810	226,476,320	9.7%	100.0%
Non-Tax Supported							
Solid Waste Disposal Fund	58,431	55,156	2,720	2,720	2,540	-6.6%	0.0%
Total Non-Tax Supported	58,431	55,156	2,720	2,720	2,540	-6.6%	0.0%
TOTAL GO BOND DEBT SERVICE EXPENDITURES	177,685,424	190,160,586	206,432,560	206,895,530	226,478,860	9.7%	100.0%
LONG-TERM LEASE EXPENDITURES							
Revenue Authority - Conference Center	1,904,509	1,901,051	2,211,270	2,211,270	2,216,070		
Revenue Authority - HHS Piccard Drive	634,512	620,993	633,200	633,200	633,490		
Silver Spring Garages	6,227,703	5,858,988	5,862,370	5,862,370	5,591,010		
Revenue Authority - Recreation Pools	3,153,782	3,100,172	3,060,310	3,068,000	3,041,800		
Fire and Rescue Equipment	-	-	600,000	-	650,000		
Liquor Control Warehouse - (Non-tax supported)	-	-	190,000	770,420	770,420		
TOTAL LONG-TERM LEASE EXPENDITURES	11,920,506	11,481,204	12,557,150	12,545,260	12,902,790		
SHORT-TERM LEASE EXPENDITURES							
Short Term Financing - Public Safety Radio	10,276,087	10,220,100	-	-	-		
Short Term Financing - Kay Property	1,158,045	1,170,751	871,600	871,600	871,600		
TOTAL SHORT-TERM LEASE EXPENDITURES	11,434,132	11,390,851	871,600	871,600	871,600		
OTHER LONG-TERM DEBT							
MICRF Loan - Tax supported	110,360	55,180	-	-	-		
MHI-HUD Loan - Non-Tax supported	80,938	80,304	79,420	79,420	78,260		
Liquor Revenue Bonds - Non-tax supported	-	-	1,100,650	-	-		
TOTAL OTHER LONG-TERM DEBT	191,298	135,484	1,180,070	79,420	78,260	-93.4%	
DEBT SERVICE EXPENDITURES							
Tax Supported	201,091,991	213,032,665	219,668,590	219,539,250	239,480,290		
Non-Tax supported - Long-Term Leases	-	-	190,000	770,420	770,420		
Non-Tax Supported - Other & GO Bond Debt	139,369	135,460	1,182,790	82,140	80,800		
TOTAL DEBT SERVICE EXPENDITURES	201,231,360	213,168,125	221,041,380	220,391,810	240,331,510	8.7%	
GO BOND DEBT SERVICE FUNDING SOURCES							
General Funds	166,265,107	175,105,669	191,975,460	193,781,630	210,533,920		
Accrued Interest: GO Bonds-Non Pooled	462,377	290,278	340,000	300,980	575,000		
Accrued Interest: G.O.Refunding Bonds	520,918	451,331	-	-	-		
Accrued Interest: Installmt Notes, I&P, Street Assessmts	260,853	42,479	-	-	-		
BAN/Commercial Paper Investment Income	882,283	2,941,977	3,400,000	1,900,000	4,500,000		
Special Street Assessments	14,998	40,798	-	-	-		
Total General Fund Sources	168,406,536	178,872,532	195,715,460	195,982,610	215,608,920		
Fire Tax District Funds	2,359,752	2,758,039	3,303,290	3,396,920	3,624,800		
Mass Transit Fund	3,019,228	3,009,912	2,506,300	2,483,050	2,328,860		
Recreation Fund	3,797,538	4,607,795	4,862,820	4,989,520	4,874,680		
Bradley Noise Abatement Fund	33,888	32,641	32,650	31,390	30,120		
Cabin John Noise Abatement Fund	10,051	9,683	9,320	9,320	8,940		
Solid Waste Disposal Fund	58,431	55,156	2,720	2,720	2,540		
Capital Projects Fund	-	814,828	-	-	-		
Total Other Funding Sources	9,278,888	11,288,054	10,717,100	10,912,920	10,869,940		
TOTAL GO BOND FUNDING SOURCES	177,685,424	190,160,586	206,432,560	206,895,530	226,478,860		
NON GO BOND FUNDING SOURCES							
General Funds	20,200,856	19,771,883	9,578,440	9,578,440	9,312,170		
Montgomery Housing Initiative Fund	80,938	80,304	79,420	79,420	78,260		
Liquor Control Fund	-	-	1,290,650	770,420	770,420		
Economic Development Fund	110,360	55,180	-	-	-		
Recreation Fund	3,153,782	3,100,172	3,060,310	3,068,000	3,041,800		
Fire Tax District fund	-	-	600,000	-	650,000		
TOTAL NON GO BOND FUNDING SOURCES	23,545,936	23,007,539	14,608,820	13,496,280	13,852,650		
TOTAL FUNDING SOURCES	201,231,360	213,168,125	221,041,380	220,391,810	240,331,510		
TRANSFERS							
FROM: RSF Investment Income	2,369,863	4,719,842	4,904,290	5,960,600	6,161,852		
TO: CIP - PAYGO	2,369,863	4,719,842	4,904,290	5,960,600	6,161,852		
TOTAL GENERAL OBLIGATION BOND SALES	200,000,000	200,000,000	-	250,000,000	-		
Actual and Estimated Bond Sales	200,000,000	200,000,000	-	250,000,000	-		
Council SAG Approved Issues	-	-	264,000,000	275,000,000	275,000,000		

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

	Approved FY08	Projected FY09	Projected FY10	Projected FY11	Projected FY12	Projected FY13
GO BOND DEBT SERVICE EXPENDITURES						
General County	27,498,810	29,055,750	34,148,730	39,626,060	45,154,260	46,150,990
Roads & Storm Drains	53,900,920	56,151,820	56,657,800	58,588,250	60,899,980	72,216,040
Public Housing	250,420	175,010	108,320	34,920	200,150	407,620
Parks	7,255,290	8,074,480	9,178,730	10,496,490	12,766,480	14,500,690
Public Schools	109,707,010	115,525,160	121,774,410	122,225,710	122,204,040	123,772,950
Montgomery College	7,891,260	11,360,340	14,588,590	17,965,790	21,415,860	22,757,130
Bond Anticipation Notes/Commercial Paper	8,100,000	7,700,000	7,000,000	7,100,000	7,200,000	7,200,000
Cost of Issuance	1,005,210	1,032,350	1,060,220	1,088,850	1,118,250	1,148,440
Total General Fund	215,608,920	229,074,910	244,516,800	257,126,070	270,959,020	288,153,860
Fire Tax District Fund	3,624,800	5,009,600	6,806,300	8,510,560	8,730,430	8,842,900
Mass Transit Fund	2,328,860	2,628,420	2,947,980	3,058,940	3,074,700	3,326,320
Recreation Fund	4,874,680	5,712,670	6,456,930	7,290,350	8,404,040	9,534,860
Bradley Noise Abatement Fund	30,120	28,810	27,500	26,180	24,870	23,550
Cabin John Noise Abatement Fund	8,940	8,560	8,170	7,780	7,390	7,000
Total Tax Supported Other Funds	10,867,400	13,388,060	16,246,880	18,893,810	20,241,430	21,734,630
TOTAL TAX SUPPORTED	226,476,320	242,462,970	260,763,680	276,019,880	291,200,450	309,888,490
Non-Tax Supported						
Solid Waste Disposal Fund	2,540	0	-	-	-	-
Total Non-Tax Supported	2,540	0	0	0	0	0
TOTAL GO BOND DEBT SERVICE EXPENDITURES	226,478,860	242,462,970	260,763,680	276,019,880	291,200,450	309,888,490
LONG-TERM LEASE EXPENDITURES						
Revenue Authority - Conference Center	2,216,070	2,210,660	1,903,290	1,901,650	1,903,900	995,440
Revenue Authority - HHS Piccard Drive	633,490	632,700	635,700	632,500	633,040	636,870
Silver Spring Garages	5,591,010	5,553,520	5,590,330	5,544,320	5,544,170	5,574,900
Revenue Authority - Recreation Pools	3,041,800	2,662,970	2,664,820	2,325,820	2,325,680	2,323,020
Fire and Rescue Equipment	650,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000
Liquor Control Warehouse (Non-tax supported)	770,420	-	-	-	-	-
Ride On Buses	-	2,590,960	2,590,960	2,590,960	602,370	602,370
TOTAL LONG-TERM LEASE EXPENDITURES	12,902,790	17,450,810	17,185,100	16,795,250	14,809,160	13,932,600
SHORT-TERM LEASE EXPENDITURES						
Short Term Financing - Kay Property	871,600	871,600	-	-	-	-
TOTAL SHORT-TERM LEASE EXPENDITURES	871,600	871,600	-	-	-	-
OTHER LONG-TERM DEBT						
MHI-HUD Loan - Non-Tax supported	78,260	76,870	75,300	73,580	71,730	69,770
TOTAL OTHER LONG-TERM DEBT	78,260	76,870	75,300	73,580	71,730	69,770
DEBT SERVICE EXPENDITURES						
Tax Supported	239,480,290	260,785,380	277,948,780	292,815,130	306,009,610	323,821,090
Non-Tax supported - Long-Term Leases	770,420	0	0	0	0	0
Non-Tax Supported - Other & GO bond Debt	80,800	76,870	75,300	73,580	71,730	69,770
TOTAL DEBT SERVICE EXPENDITURES	240,331,510	260,862,250	278,024,080	292,888,710	306,081,340	323,890,860
GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	210,533,920	224,399,910	240,141,800	252,751,070	266,484,020	283,678,860
Accrued Interest on Bonds - Non-Pooled	575,000	575,000	575,000	575,000	575,000	575,000
BAN/Commercial Paper Investment Income	4,500,000	4,100,000	3,800,000	3,800,000	3,900,000	3,900,000
Total General Fund Sources	215,608,920	229,074,910	244,516,800	257,126,070	270,959,020	288,153,860
Fire Tax District Fund	3,624,800	5,009,600	6,806,300	8,510,560	8,730,430	8,842,900
Mass Transit Fund	2,328,860	2,628,420	2,947,980	3,058,940	3,074,700	3,326,320
Recreation Fund	4,874,680	5,712,670	6,456,930	7,290,350	8,404,040	9,534,860
Bradley Noise Abatement Fund	30,120	28,810	27,500	26,180	24,870	23,550
Cabin John Noise Abatement Fund	8,940	8,560	8,170	7,780	7,390	7,000
Solid Waste Disposal Fund	2,540	0	0	0	-	-
Total Other Funding Sources	10,869,940	13,388,060	16,246,880	18,893,810	20,241,430	21,734,630
TOTAL GO BOND FUNDING SOURCES	226,478,860	242,462,970	260,763,680	276,019,880	291,200,450	309,888,490
NON GO BOND FUNDING SOURCES						
General Funds	9,312,170	9,268,480	8,129,320	8,078,470	8,081,110	7,207,210
Montgomery Housing Initiative Fund	78,260	76,870	75,300	73,580	71,730	69,770
Mass Transit Fund	-	2,590,960	2,590,960	2,590,960	602,370	602,370
Liquor Control Fund	770,420	-	-	-	-	-
Recreation Fund	3,041,800	2,662,970	2,664,820	2,325,820	2,325,680	2,323,020
Fire Tax District Fund	650,000	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000
TOTAL NON GO BOND FUNDING SOURCES	13,852,650	18,399,280	17,260,400	16,868,830	14,880,890	14,002,370
TOTAL FUNDING SOURCES	240,331,510	260,862,250	278,024,080	292,888,710	306,081,340	323,890,860
TRANSFERS						
FROM: RSF Investment Income	6,161,852	5,982,380	5,982,380	6,042,200	6,102,030	6,161,850
TO: CIP - PAYGO	6,161,852	5,982,380	5,982,380	6,042,200	6,102,030	6,161,850
TOTAL GENERAL OBLIGATION BOND SALES						
Council SAG Approved Issues (FY13 flattened)	275,000,000	275,000,000	275,000,000	275,000,000	275,000,000	275,000,000
ESTIMATED INTEREST RATE	6.55%	6.30%	6.20%	6.20%	6.10%	6.10%