
Debt Service

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 (MCG, M-NCPPC, MCPS, and Montgomery College), as well as other associated costs. Non-tax supported debt repayment related to the MHI Property Acquisition Fund and Water Quality Protection bonds are also included.

BUDGET OVERVIEW

The total approved FY14 Operating Budget for Debt Service is \$319,683,870 an increase of \$12,038,220 or 3.9 percent from the FY13 approved budget of \$307,645,650. This amount includes long-term lease expenditures of \$6,898,680, short-term financing of \$17,900,500 and other long-term debt of \$11,221,400. The budget excludes \$67,730 in debt service, which is appropriated in a non-tax supported fund.

FY14 Approved Changes

The Debt Service appropriation increase of 3.9 percent is primarily due to additional financing needs for General Obligation (G.O.) Bonds, short-term leases 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 51.0 percent of the County's capital expenditures for the six years of the Amended FY13-18 CIP. Other long-term debt includes financing for the Silver Spring Music Venue, Site II Acquisition, Affordable Housing, and Stormwater Management.

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 FY14 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 82.3 percent rate for FY13 and 85.4 percent for FY14-FY18. An interest cost of 5.5 percent was budgeted for the Fall 2013 issue. Projected interest rates for bond issues for FY14 through FY19 are based on current market conditions. Under these projections and assumptions, total Debt Service will increase from \$319.7 million in FY14 to \$407.6 million by FY19.

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 FY12 | Budget FY13 | Estimated FY13 | Approved FY14 | % 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 | 246,257,198 | 268,928,280 | 265,585,820 | 283,663,290 | 5.5% |
| Debt Service Other | 26,151,699 | 29,863,760 | 27,287,700 | 25,493,180 | -14.6% |
| Capital Outlay | 0 | 0 | 0 | 0 | — |
| Debt Service Expenditures | 272,408,897 | 298,792,040 | 292,873,520 | 309,156,470 | 3.5% |
| 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 | 6,278,732 | 6,278,730 | 6,128,730 | 5,778,730 | -8.0% |
| Investment Income | 2,242,902 | 35,000 | 1,316,720 | 70,000 | 100.0% |
| Miscellaneous Revenues | 642,202 | 0 | 0 | 0 | — |
| Debt Service Revenues | 9,163,836 | 6,313,730 | 7,445,450 | 5,848,730 | -7.4% |
| DEBT SERVICE - NON-TAX SUPPORTED | | | | | |
| EXPENDITURES | | | | | |
| Salaries and Wages | 0 | 0 | 0 | 0 | — |
| Employee Benefits | 0 | 0 | 0 | 0 | — |
| Debt Service - Non-Tax Supported Personnel Costs | 0 | 0 | 0 | 0 | — |
| Operating Expenses | 0 | 0 | 0 | 0 | — |
| Debt Service Other | 4,088,162 | 8,853,610 | 7,285,740 | 10,527,400 | 18.9% |
| Capital Outlay | 0 | 0 | 0 | 0 | — |
| Debt Service - Non-Tax Supported Expenditures | 4,088,162 | 8,853,610 | 7,285,740 | 10,527,400 | 18.9% |
| PERSONNEL | | | | | |
| Full-Time | 0 | 0 | 0 | 0 | — |
| Part-Time | 0 | 0 | 0 | 0 | — |
| FTEs | 0.00 | 0.00 | 0.00 | 0.00 | — |
| DEPARTMENT TOTALS | | | | | |
| Total Expenditures | 276,497,059 | 307,645,650 | 300,159,260 | 319,683,870 | 3.9% |
| 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 | 9,163,836 | 6,313,730 | 7,445,450 | 5,848,730 | -7.4% |

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

| | Actual FY11 | Actual FY12 | Budget FY13 | Estimated FY13 | Approved FY14 | % Chg App/Bud | App % GO Bonds |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|-------------------|
| GO BOND DEBT SERVICE EXPENDITURES | | | | | | | |
| General County | 27,003,518 | 30,543,387 | 32,551,540 | 30,955,140 | 43,669,580 | | 15.7% |
| Roads & Storm Drains | 53,086,858 | 55,703,984 | 60,931,310 | 60,478,450 | 60,881,770 | | 21.9% |
| Public Housing | 34,920 | - | 62,080 | - | 8,430 | | 0.0% |
| Parks | 8,254,747 | 8,524,688 | 9,270,320 | 9,195,140 | 9,215,400 | | 3.3% |
| Public Schools | 111,502,816 | 115,105,587 | 122,423,790 | 122,137,830 | 124,466,930 | | 44.7% |
| Montgomery College | 10,912,757 | 13,544,588 | 15,129,550 | 14,912,250 | 15,783,460 | | 5.7% |
| Bond Anticipation Notes/Commercial Paper | 1,087,898 | 468,332 | 1,269,380 | 836,000 | 1,255,000 | | |
| Bond Anticipation Notes/Liquidity & Remarketing | 2,950,530 | 2,457,131 | 3,500,000 | 3,500,000 | 3,000,000 | | |
| Cost of Issuance | 1,457,453 | 1,463,839 | 1,146,200 | 1,146,200 | 1,180,600 | | |
| Total General Fund | 216,291,497 | 227,811,536 | 246,284,170 | 243,161,010 | 259,461,170 | 5.4% | 91.3% |
| Fire Tax District Fund | 5,488,984 | 6,686,464 | 7,201,560 | 6,891,430 | 7,084,290 | -1.6% | 2.5% |
| Mass Transit Fund | 3,265,863 | 3,620,529 | 5,658,860 | 6,236,260 | 8,199,410 | 44.9% | 2.9% |
| Recreation Fund | 7,880,932 | 8,106,417 | 9,753,140 | 9,266,570 | 8,918,420 | -8.6% | 3.2% |
| Bradley Noise Abatement Fund | 26,179 | 24,864 | 23,550 | 23,550 | - | -100.0% | 0.0% |
| Cabin John Noise Abatement Fund | 7,776 | 7,388 | 7,000 | 7,000 | - | -100.0% | 0.0% |
| Total Tax Supported Other Funds | 16,669,734 | 18,445,662 | 22,644,110 | 22,424,810 | 24,202,120 | 6.9% | 8.7% |
| TOTAL TAX SUPPORTED | 232,961,231 | 246,257,198 | 268,928,280 | 265,585,820 | 283,663,290 | 5.5% | 100.0% |
| TOTAL GO BOND DEBT SERVICE EXPENDITURES | 232,961,231 | 246,257,198 | 268,928,280 | 265,585,820 | 283,663,290 | 5.5% | 100.0% |
| LONG-TERM LEASE EXPENDITURES | | | | | | | |
| Revenue Authority - Conference Center | 1,901,647 | 1,903,886 | 995,440 | 309,650 | 645,340 | | |
| Revenue Authority - HHS Piccard Drive | 632,473 | 633,038 | 636,870 | 636,870 | 638,690 | | |
| Silver Spring Garages | 5,544,329 | 5,554,164 | 5,574,890 | 5,070,660 | - | | |
| Revenue Authority - Recreation Pools | 2,325,813 | 2,325,680 | 2,323,020 | 2,323,020 | 1,834,050 | | |
| Fire and Rescue Equipment | 4,509,226 | 4,459,475 | 4,418,350 | 4,418,350 | 3,780,600 | | |
| TOTAL LONG-TERM LEASE EXPENDITURES | 14,913,488 | 14,876,243 | 13,948,570 | 12,758,550 | 6,898,680 | -50.5% | |
| SHORT-TERM LEASE EXPENDITURES / FINANCING | | | | | | | |
| Technology Modernization Project | 3,666,170 | 4,645,524 | 5,948,090 | 5,660,200 | 6,347,200 | | |
| Libraries Phone System Modernization | - | - | - | - | 53,000 | | |
| Ride On Buses | 3,803,104 | 3,798,450 | 4,570,460 | 3,801,650 | 5,815,700 | | |
| Public Safety System Modernization | - | 2,186,770 | 4,373,600 | 4,373,600 | 5,519,600 | | |
| Fire and Rescue Fuel Management System | - | - | 329,340 | - | 165,000 | | |
| TOTAL SHORT-TERM LEASE EXPENDITURES | 7,469,274 | 10,630,744 | 15,221,490 | 13,835,450 | 17,900,500 | 17.6% | |
| OTHER LONG-TERM DEBT | | | | | | | |
| Silver Spring Music Venue - Tax supported | - | 244,712 | 293,700 | 293,700 | 294,000 | | |
| Site II Acquisition - Tax supported | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | | |
| MHI-HUD Loan - Non-Tax supported | 73,572 | 71,725 | 69,770 | 69,770 | 67,730 | | |
| Water Quality Protection Bonds - Non-Tax supported | - | - | 3,210,000 | 2,876,640 | 3,017,000 | | |
| MHI - Property Acquisition Fund - Non-Tax supported | 2,502,130 | 4,088,162 | 5,643,610 | 4,409,100 | 7,510,400 | | |
| TOTAL OTHER LONG-TERM DEBT | 2,975,702 | 4,804,599 | 9,617,080 | 8,049,210 | 11,289,130 | 17.4% | |
| DEBT SERVICE EXPENDITURES | | | | | | | |
| Tax Supported | 255,743,993 | 272,408,897 | 298,792,040 | 292,873,520 | 309,156,470 | | |
| Non-Tax Supported - Other Long-term Debt | 2,575,702 | 4,159,887 | 8,923,380 | 7,355,510 | 10,595,130 | | |
| TOTAL DEBT SERVICE EXPENDITURES | 258,319,695 | 276,568,784 | 307,715,420 | 300,229,030 | 319,751,600 | 3.9% | |
| GO BOND DEBT SERVICE FUNDING SOURCES | | | | | | | |
| General Funds | 207,864,998 | 219,829,713 | 239,970,440 | 235,715,560 | 253,612,440 | | |
| Other Interest: Installment Notes, Interest & Penalties | 1,054,896 | 2,225,680 | - | 1,281,720 | - | | |
| BAN/Commercial Paper Investment Income | 130,638 | 17,222 | 35,000 | 35,000 | 70,000 | | |
| Federal Subsidy on General Obligation Bonds | 5,102,186 | 6,278,732 | 6,278,730 | 6,128,730 | 5,778,730 | | |
| Premium on General Obligation Bonds | 3,122,734 | 642,202 | - | - | - | | |
| Total General Fund Sources | 217,275,452 | 228,993,549 | 246,284,170 | 243,161,010 | 259,461,170 | | |
| Fire Tax District Funds | 5,202,615 | 6,571,643 | 7,201,560 | 6,891,430 | 7,084,290 | | |
| Mass Transit Fund | 2,806,196 | 2,816,245 | 5,658,860 | 6,236,260 | 8,199,410 | | |
| Recreation Fund | 7,643,013 | 7,843,508 | 9,753,140 | 9,266,570 | 8,918,420 | | |
| Bradley Noise Abatement Fund | 26,179 | 24,864 | 23,550 | 23,550 | - | | |
| Cabin John Noise Abatement Fund | 7,776 | 7,388 | 7,000 | 7,000 | - | | |
| Total Other Funding Sources | 15,685,779 | 17,263,648 | 22,644,110 | 22,424,810 | 24,202,120 | | |
| TOTAL GO BOND FUNDING SOURCES | 232,961,231 | 246,257,197 | 268,928,280 | 265,585,820 | 283,663,290 | | |
| NON GO BOND FUNDING SOURCES | | | | | | | |
| General Funds | 12,144,619 | 15,568,095 | 18,222,590 | 16,744,680 | 13,897,830 | | |
| MHI Fund - HUD Loan | 73,572 | 71,725 | 69,770 | 69,770 | 67,730 | | |
| Water Quality Protection Fund | - | - | 3,210,000 | 2,876,640 | 3,017,000 | | |
| MHI - Property Acquisition Fund | 2,502,130 | 4,088,162 | 5,643,610 | 4,409,100 | 7,510,400 | | |
| Mass Transit Fund | 3,803,104 | 3,798,450 | 4,570,460 | 3,801,650 | 5,815,700 | | |
| Recreation Fund | 2,325,813 | 2,325,680 | 2,323,020 | 2,323,020 | 1,834,050 | | |
| Fire Tax District Fund | 4,509,226 | 4,459,475 | 4,747,690 | 4,418,350 | 3,945,600 | | |
| TOTAL NON GO BOND FUNDING SOURCES | 25,358,464 | 30,311,587 | 38,787,140 | 34,643,210 | 36,088,310 | | |
| TOTAL FUNDING SOURCES | 258,319,695 | 276,568,784 | 307,715,420 | 300,229,030 | 319,751,600 | | |
| TOTAL GENERAL OBLIGATION BOND SALES | | | | | | | |
| Actual and Estimated Bond Sales | 250,000,000 | 320,000,000 | 295,000,000 | 295,000,000 | 295,000,000 | | |
| Council SAG Approved Bond Funded Expenditures | 325,000,000 | 320,000,000 | 295,000,000 | 295,000,000 | 295,000,000 | | |

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

| | Approved FY14 | Projected FY15 | Projected FY16 | Projected FY17 | Projected FY18 | Projected FY19 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| GO BOND DEBT SERVICE EXPENDITURES | | | | | | |
| General County | 43,669,580 | 48,421,790 | 55,935,540 | 61,255,510 | 62,650,620 | 66,697,520 |
| Roads & Storm Drains | 60,881,770 | 67,997,100 | 67,274,180 | 69,643,830 | 74,099,080 | 80,449,470 |
| Public Housing | 8,430 | 31,710 | 30,870 | 30,030 | 29,190 | 28,350 |
| Parks | 9,215,400 | 9,857,960 | 9,325,670 | 9,763,300 | 11,061,670 | 12,007,350 |
| Public Schools | 124,466,930 | 135,692,650 | 142,814,950 | 147,841,190 | 147,030,230 | 147,577,950 |
| Montgomery College | 15,783,460 | 18,335,990 | 20,719,880 | 22,495,400 | 24,387,610 | 24,864,630 |
| Bond Anticipation Notes/Commercial Paper | 1,255,000 | 2,807,500 | 4,578,000 | 7,149,000 | 8,662,700 | 10,073,000 |
| Bond Anticipation Notes/Liquidity & Remarketing | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| Cost of Issuance | 1,180,600 | 1,212,500 | 1,244,100 | 1,277,700 | 1,312,200 | 1,347,700 |
| Total General Fund | 259,461,170 | 287,357,200 | 304,923,190 | 322,455,960 | 332,233,300 | 346,045,970 |
| Fire Tax District Fund | 7,084,290 | 7,835,840 | 6,816,550 | 6,976,020 | 7,543,660 | 7,809,260 |
| Mass Transit Fund | 8,199,410 | 8,688,350 | 11,083,080 | 11,469,960 | 12,540,860 | 15,096,680 |
| Recreation Fund | 8,918,420 | 9,832,780 | 9,162,780 | 8,953,370 | 9,040,290 | 8,821,550 |
| Total Tax Supported Other Funds | 24,202,120 | 26,356,970 | 27,062,410 | 27,399,350 | 29,124,810 | 31,727,490 |
| TOTAL TAX SUPPORTED | 283,663,290 | 313,714,170 | 331,985,600 | 349,855,310 | 361,358,110 | 377,773,460 |
| TOTAL GO BOND DEBT SERVICE EXPENDITURES | | | | | | |
| 283,663,290 | 313,714,170 | 331,985,600 | 349,855,310 | 361,358,110 | 377,773,460 | |
| LONG-TERM LEASE EXPENDITURES | | | | | | |
| Revenue Authority - Conference Center | 645,340 | 981,140 | 985,040 | 988,540 | 986,640 | 989,440 |
| Revenue Authority - HHS Piccard Drive | 638,690 | 638,580 | 641,520 | 642,500 | - | - |
| Revenue Authority - Recreation Pools | 1,834,050 | 1,834,300 | 1,836,050 | 1,834,050 | 1,834,450 | 1,832,250 |
| Fire and Rescue Equipment | 3,780,600 | 3,741,600 | 3,723,200 | 3,715,800 | 3,717,900 | 3,720,500 |
| TOTAL LONG-TERM LEASE EXPENDITURES | 6,898,680 | 7,195,620 | 7,185,810 | 7,180,890 | 6,538,990 | 2,821,690 |
| SHORT-TERM LEASE EXPENDITURES / FINANCING | | | | | | |
| Technology Modernization Project | 6,347,200 | 6,784,200 | 7,360,200 | 7,360,200 | 3,729,000 | 2,714,500 |
| Libraries Phone System Modernization | 53,000 | 105,000 | 96,000 | 86,000 | 86,000 | 43,000 |
| Ride On Buses | 5,815,700 | 8,572,200 | 9,314,800 | 9,314,200 | 9,314,200 | 5,513,000 |
| Public Safety System Modernization | 5,519,600 | 6,665,500 | 8,957,400 | 6,770,600 | 4,583,800 | 2,291,000 |
| Fire and Rescue Fuel Management System | 165,000 | 643,000 | 956,000 | 956,000 | 956,000 | 791,000 |
| TOTAL SHORT-TERM LEASE EXPENDITURES | 17,900,500 | 22,769,900 | 26,684,400 | 24,487,000 | 18,669,000 | 11,352,500 |
| OTHER LONG-TERM DEBT | | | | | | |
| Silver Spring Music Venue - Tax supported | 294,000 | 295,610 | 295,100 | 290,500 | 290,800 | 291,000 |
| Site II Acquisition - Tax supported | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| MHI-HUD Loan - Non-Tax supported | 67,730 | 65,630 | 63,500 | 61,280 | 59,030 | 56,730 |
| Water Quality Protection Bonds - Non-Tax supported | 3,017,000 | 3,019,200 | 3,020,250 | 7,432,400 | 7,430,100 | 7,431,200 |
| MHI - Property Acquisition Fund - Non-Tax supported | 7,510,400 | 7,508,510 | 7,512,510 | 7,513,810 | 7,515,910 | 7,511,110 |
| TOTAL OTHER LONG-TERM DEBT | 11,289,130 | 11,288,950 | 11,291,360 | 15,697,990 | 15,695,840 | 15,690,040 |
| DEBT SERVICE EXPENDITURES | | | | | | |
| Tax Supported | 309,156,470 | 344,375,300 | 366,550,910 | 382,213,700 | 387,256,900 | 392,638,650 |
| Non-Tax Supported - Other Long-term Debt | 10,595,130 | 10,593,340 | 10,596,260 | 15,007,490 | 15,005,040 | 14,999,040 |
| TOTAL DEBT SERVICE EXPENDITURES | 319,751,600 | 354,968,640 | 377,147,170 | 397,221,190 | 402,261,940 | 407,637,690 |
| GO BOND DEBT SERVICE FUNDING SOURCES | | | | | | |
| General Funds | 253,612,440 | 281,446,470 | 298,941,190 | 316,511,960 | 326,225,300 | 340,189,970 |
| BAN/Commercial Paper Investment Income | 70,000 | 132,000 | 275,000 | 494,000 | 658,000 | 786,000 |
| Federal Subsidy on General Obligation Bonds | 5,778,730 | 5,778,730 | 5,707,000 | 5,450,000 | 5,350,000 | 5,070,000 |
| Total General Fund Sources | 259,461,170 | 287,357,200 | 304,923,190 | 322,455,960 | 332,233,300 | 346,045,970 |
| Fire Tax District Fund | 7,084,290 | 7,835,840 | 6,816,550 | 6,976,020 | 7,543,660 | 7,809,260 |
| Mass Transit Fund | 8,199,410 | 8,688,350 | 11,083,080 | 11,469,960 | 12,540,860 | 15,096,680 |
| Recreation Fund | 8,918,420 | 9,832,780 | 9,162,780 | 8,953,370 | 9,040,290 | 8,821,550 |
| Total Other Funding Sources | 24,202,120 | 26,356,970 | 27,062,410 | 27,399,350 | 29,124,810 | 31,727,490 |
| TOTAL GO BOND FUNDING SOURCES | 283,663,290 | 313,714,170 | 331,985,600 | 349,855,310 | 361,358,110 | 377,773,460 |
| NON GO BOND FUNDING SOURCES | | | | | | |
| General Funds | 13,897,830 | 15,870,030 | 18,735,260 | 16,538,340 | 10,076,240 | 6,728,940 |
| MHI Fund - HUD Loan | 67,730 | 65,630 | 63,500 | 61,280 | 59,030 | 56,730 |
| Water Quality Protection Fund | 3,017,000 | 3,019,200 | 3,020,250 | 7,432,400 | 7,430,100 | 7,431,200 |
| MHI - Property Acquisition Fund | 7,510,400 | 7,508,510 | 7,512,510 | 7,513,810 | 7,515,910 | 7,511,110 |
| Mass Transit Fund | 5,815,700 | 8,572,200 | 9,314,800 | 9,314,200 | 9,314,200 | 5,513,000 |
| Recreation Fund | 1,834,050 | 1,834,300 | 1,836,050 | 1,834,050 | 1,834,450 | 1,832,250 |
| Fire Tax District Fund | 3,945,600 | 4,384,600 | 4,679,200 | 4,671,800 | 4,673,900 | 791,000 |
| TOTAL NON GO BOND FUNDING SOURCES | 36,088,310 | 41,254,470 | 45,161,570 | 47,365,880 | 40,903,830 | 29,864,230 |
| TOTAL FUNDING SOURCES | 319,751,600 | 354,968,640 | 377,147,170 | 397,221,190 | 402,261,940 | 407,637,690 |
| TOTAL GENERAL OBLIGATION BOND SALES | | | | | | |
| Estimated Bond Sales | 295,000,000 | 295,000,000 | 295,000,000 | 295,000,000 | 295,000,000 | 295,000,000 |
| Council SAG Approved Bond Funded Expenditures | 295,000,000 | 295,000,000 | 295,000,000 | 295,000,000 | 295,000,000 | 295,000,000 |
| ESTIMATED INTEREST RATE | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% | 5.50% |