
Debt Service

MISSION STATEMENT

This section provides budget data for the repayment of general obligation bond issues, and other long- 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 DHCA Property Acquisition Fund is also included.

BUDGET OVERVIEW

The total approved FY10 Operating Budget for Debt Service is \$248,680,690 a decrease of \$1,148,410 or 0.5 percent from the FY09 approved budget of \$249,829,100. This amount includes long-term lease expenditures of \$15,336,140, short-term financing of \$5,594,920 and other long-term debt of \$2,915,670. The budget excludes \$75,300 in debt service which is appropriated in a non-tax supported fund.

FY10 Approved Changes

The Debt Service appropriation decrease of 0.5 percent is primarily due to a change in the issue of FY09 General Obligation (G.O.) bonds from Spring to Fall. A fall issue delays principal and one semiannual interest payment until the following fiscal year. These projected savings are partially offset by changes to other short- and long-term financing obligations displayed at the end of the section.

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 52.6 percent of the County's capital expenditures for the six years of the Amended FY09-14 CIP. Other long-term debt includes financing for the Silver Spring Music Venue, Site II Acquisition, and the DHCA Property Acquisition Fund.

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.

Montgomery County Public Schools will reimburse the County Government \$79.5 in FY10 to support the Debt Service appropriation.

The FY10 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 87.5 percent rate for FY09-10 and a projected 87.5 percent rate for FY11-14. An interest cost of 5.5 percent was budgeted for the Fall 2009 issue. Projected interest rates for bond issues for FY11 through FY15 are based on an econometric model which forecasts little change in interest rates after FY09. Under these projections and assumptions, total Debt Service will increase from \$248.7 million in FY10 to \$353.5 million by FY15.

PROGRAM CONTACTS

Contact Glenn Wyman of the Department of Finance at 240.777.8929 or Catherine Patterson of the Office of Management and Budget at 240.777.2782 for more information regarding this department's operating budget.

BUDGET SUMMARY

	Actual FY08	Budget FY09	Estimated FY09	Approved FY10	% 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	222,980,816	230,597,980	207,883,830	224,833,960	-2.5%
Debt Service Other	12,987,542	17,381,120	16,484,950	21,666,730	24.7%
Capital Outlay	0	0	0	0	—
Debt Service Expenditures	235,968,358	247,979,100	224,368,780	246,500,690	-0.6%
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	468,035	0	0	0	—
BAN/Comm Paper Investment Income: Pooled	5,068,687	2,700,000	1,700,000	2,000,000	-25.9%
Accrued Interest: Bonds Non-Pooled	729,167	575,000	648,020	575,000	—
MCPS Reimbursement - Debt Service	0	0	0	79,537,322	—
Debt Service Revenues	6,265,889	3,275,000	2,348,020	82,112,322	2407.2%
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	1,850,000	0	2,180,000	17.8%
Capital Outlay	0	0	0	0	—
Debt Service - Non-Tax Supported Expenditures	0	1,850,000	0	2,180,000	17.8%
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	235,968,358	249,829,100	224,368,780	248,680,690	-0.5%
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	6,265,889	3,275,000	2,348,020	82,112,322	2407.2%

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

	Actual FY07	Actual FY08	Budget FY09	Estimated FY09	Approved FY10	% Chg Bud/Bud	App % GO Bonds
GO BOND DEBT SERVICE EXPENDITURES							
General County	26,233,739	27,416,273	28,093,870	25,950,040	27,556,930		12.4%
Roads & Storm Drains	51,846,170	53,643,535	56,963,150	49,520,490	53,243,820		24.0%
Public Housing	265,999	250,417	175,010	175,010	108,320		0.0%
Parks	6,772,021	7,255,370	7,798,110	7,074,140	7,554,290		3.4%
Public Schools	96,350,665	109,293,160	115,136,940	102,953,880	111,292,490		50.2%
Montgomery College	6,815,147	7,708,907	9,157,530	7,949,950	10,451,460		4.7%
Bond Anticipation Notes/Commercial Paper	6,784,398	5,564,456	3,800,000	2,900,000	2,100,000		
Bond Refunding	-	-	(3,030,000)	-	-		
Cost of Issuance: General Fund	801,172	892,924	1,032,350	1,032,350	1,060,220		
Total General Fund	195,869,311	212,025,042	219,126,960	197,555,860	213,367,530	-2.6%	94.8%
Fire Tax District Fund	3,396,710	3,560,618	4,176,900	3,435,910	3,970,910	-4.9%	1.8%
Mass Transit Fund	2,482,762	2,321,315	2,259,520	2,032,500	2,447,450	8.3%	1.1%
Recreation Fund	4,989,515	5,034,794	4,995,540	4,822,190	5,012,400	0.3%	2.3%
Bradley Noise Abatement Fund	31,383	30,111	30,120	28,810	27,500	-8.7%	0.0%
Cabin John Noise Abatement Fund	9,312	8,936	8,940	8,560	8,170	-8.6%	0.0%
Total Tax Supported Other Funds	10,909,682	10,955,774	11,471,020	10,327,970	11,466,430	0.0%	5.2%
TOTAL TAX SUPPORTED	206,778,993	222,980,816	230,597,980	207,883,830	224,833,960	-2.5%	100.0%
Non-Tax Supported							
Solid Waste Disposal Fund	2,711	2,447	-	-	-	0.0%	0.0%
Total Non-Tax Supported	2,711	2,447	0	0	0	0.0%	0.0%
TOTAL GO BOND DEBT SERVICE EXPENDITURES	206,781,704	222,983,263	230,597,980	207,883,830	224,833,960	-2.5%	100.0%
LONG-TERM LEASE EXPENDITURES							
Revenue Authority - Conference Center	2,211,269	2,216,061	2,210,660	2,210,660	1,903,290		
Revenue Authority - HHS Piccard Drive	633,198	633,488	632,700	632,700	635,700		
Silver Spring Garages	5,862,366	5,591,008	5,553,520	5,553,520	5,590,330		
Revenue Authority - Recreation Pools	3,067,994	3,041,772	2,662,970	2,662,970	2,664,820		
Fire and Rescue Equipment	-	633,613	4,553,500	4,553,500	4,542,000		
TOTAL LONG-TERM LEASE EXPENDITURES	11,774,827	12,115,942	15,613,350	15,613,350	15,336,140		
SHORT-TERM LEASE EXPENDITURES / FINANCING							
Technology Modernization Project	-	-	560,500	-	2,026,970		
Smart Growth Interim Financing	-	-	-	-	923,700		
Ride On Buses	-	-	-	-	2,644,250		
Short Term Financing - Kay Property	882,219	871,600	871,600	871,600	-		
TOTAL SHORT-TERM LEASE EXPENDITURES	882,219	871,600	1,432,100	871,600	5,594,920		
OTHER LONG-TERM DEBT							
Silver Spring Music Venue - Tax supported	-	-	335,670	-	335,670		
Site II Acquisition - Tax supported	-	-	-	-	400,000		
MHI-HUD Loan - Non-Tax supported	79,412	78,255	76,870	76,870	75,300		
MHI - Property Acquisition Fund - Non-tax supported	-	-	1,850,000	-	2,180,000		
TOTAL OTHER LONG-TERM DEBT	79,412	78,255	2,262,540	76,870	2,990,970	32.2%	
DEBT SERVICE EXPENDITURES							
Tax Supported	219,436,039	235,968,358	247,979,100	224,368,780	246,500,690		
Non-Tax Supported - Other & GO Bond Debt	82,123	80,702	1,926,870	76,870	2,255,300		
TOTAL DEBT SERVICE EXPENDITURES	219,518,162	236,049,060	249,905,970	224,445,650	248,755,990	-0.5%	
GO BOND DEBT SERVICE FUNDING SOURCES							
General Funds	193,168,912	206,179,168	215,851,960	195,207,840	131,255,210		
MCPS Reimbursement	-	-	-	-	79,537,320		
Accrued Interest: GO Bonds-Non Pooled	300,972	729,167	575,000	648,020	575,000		
Accrued Interest: Installmt Notes, I&P, Street Assessmts	80,492	468,035	-	-	-		
BAN/Commercial Paper Investment Income	2,209,468	5,068,687	2,700,000	1,700,000	2,000,000		
Special Street Assessments	169	-	-	-	-		
Total General Fund Sources	195,760,013	212,445,057	219,126,960	197,555,860	213,367,530		
Fire Tax District Funds	3,514,976	3,780,314	4,176,900	3,435,910	3,970,910		
Mass Transit Fund	2,480,147	2,323,084	2,259,520	2,032,500	2,447,450		
Recreation Fund	4,983,162	5,026,927	4,995,540	4,822,190	5,012,400		
Bradley Noise Abatement Fund	31,383	30,111	30,120	28,810	27,500		
Cabin John Noise Abatement Fund	9,312	8,936	8,940	8,560	8,170		
Solid Waste Disposal Fund	2,711	2,447	-	-	-		
Total Other Funding Sources	11,021,691	11,171,819	11,471,020	10,327,970	11,466,430		
TOTAL GO BOND FUNDING SOURCES	206,781,704	223,616,876	230,597,980	207,883,830	224,833,960		
NON GO BOND FUNDING SOURCES							
General Funds	9,589,052	9,312,157	10,164,650	9,268,480	11,815,660		
MHI Fund - HUD Loan	79,412	78,255	76,870	76,870	75,300		
MHI Fund - Property Acquisition Fund	-	-	1,850,000	-	2,180,000		
Mass Transit Fund	-	-	-	-	2,644,250		
Recreation Fund	3,067,994	3,041,772	2,662,970	2,662,970	2,664,820		
Fire Tax District Fund	-	-	4,553,500	4,553,500	4,542,000		
TOTAL NON GO BOND FUNDING SOURCES	12,736,458	12,432,184	19,307,990	16,561,820	23,922,030		
TOTAL FUNDING SOURCES	219,518,162	236,049,060	249,905,970	224,445,650	248,755,990		
TRANSFERS							
FROM: RSF Investment Income	6,175,154	5,763,222	2,991,190	1,558,100	1,316,000		
TO: CIP - PAYGO	6,175,154	5,763,222	2,991,190	1,558,100	1,316,000		
TOTAL GENERAL OBLIGATION BOND SALES							
Actual and Estimated Bond Sales	200,000,000	-	-	250,000,000	310,000,000		
Council SAG Approved Issues	-	-	300,000,000	320,000,000	320,000,000		

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

	Approved FY10	Projected FY11	Projected FY12	Projected FY13	Projected FY14	Projected FY15
GO BOND DEBT SERVICE EXPENDITURES						
General County	27,556,930	31,711,730	36,601,280	40,585,200	45,415,750	47,264,090
Roads & Storm Drains	53,243,820	55,531,800	60,241,230	65,080,430	69,467,160	71,390,320
Public Housing	108,320	34,920	-	-	-	-
Parks	7,554,290	8,385,050	9,055,410	10,052,170	11,035,900	11,513,510
Public Schools	111,292,490	116,096,650	123,247,700	133,244,680	135,555,610	138,296,970
Montgomery College	10,451,460	15,278,450	17,273,730	18,711,220	20,401,390	21,584,600
Bond Anticipation Notes/Commercial Paper	2,100,000	4,500,000	8,100,000	9,000,000	10,200,000	11,200,000
Cost of Issuance	1,060,220	1,088,320	1,116,610	1,145,090	1,173,720	1,203,060
Total General Fund	213,367,530	232,626,920	255,635,960	277,818,790	293,249,530	302,452,550
Fire Tax District Fund	3,970,910	4,741,560	5,173,610	5,302,510	5,473,870	5,360,340
Mass Transit Fund	2,447,450	3,527,840	3,554,900	4,833,040	7,416,140	9,443,160
Recreation Fund	5,012,400	5,836,230	7,026,340	8,289,420	8,515,470	8,121,560
Bradley Noise Abatement Fund	27,500	26,180	24,870	23,550	-	-
Cabin John Noise Abatement Fund	8,170	7,780	7,390	7,000	-	-
Total Tax Supported Other Funds	11,466,430	14,139,590	15,787,110	18,455,520	21,405,480	22,925,060
TOTAL TAX SUPPORTED	224,833,960	246,766,510	271,423,070	296,274,310	314,655,010	325,377,610
TOTAL GO BOND DEBT SERVICE EXPENDITURES	224,833,960	246,766,510	271,423,070	296,274,310	314,655,010	325,377,610
LONG-TERM LEASE EXPENDITURES						
Revenue Authority - Conference Center	1,903,290	1,901,650	1,903,890	995,440	993,190	993,270
Revenue Authority - HHS Piccard Drive	635,700	632,480	633,040	636,870	638,390	638,580
Silver Spring Garages	5,590,330	5,544,320	5,554,170	5,574,890	5,561,410	5,563,880
Revenue Authority - Recreation Pools	2,664,820	2,325,820	2,325,680	2,323,020	1,834,050	1,834,300
Fire and Rescue Equipment	4,542,000	4,509,230	4,459,480	4,418,350	3,780,600	3,741,600
TOTAL LONG-TERM LEASE EXPENDITURES	15,336,140	14,913,500	14,876,260	13,948,570	12,807,640	12,771,630
SHORT-TERM LEASE EXPENDITURES / FINANCING						
Technology Modernization Project	2,026,970	4,126,810	5,077,750	5,991,390	5,991,390	5,991,390
Smart Growth Interim Financing	923,700	3,215,100	4,780,000	108,000	553,300	1,624,800
Ride On Buses	2,644,250	5,128,500	5,128,500	5,128,500	5,128,500	2,644,250
TOTAL SHORT-TERM LEASE EXPENDITURES	5,594,920	12,470,410	14,986,250	11,227,890	11,673,190	10,260,440
OTHER LONG-TERM DEBT						
Silver Spring Music Venue - Tax supported	335,670	335,670	335,670	335,670	335,670	335,620
Site II Acquisition - Tax Supported	400,000	400,000	400,000	400,000	400,000	400,000
MHI-HUD Loan - Non-Tax supported	75,300	73,580	71,730	69,770	67,730	65,630
Property Acquisition Fund - Non-tax supported	2,180,000	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000
TOTAL OTHER LONG-TERM DEBT	2,990,970	5,209,250	5,207,400	5,205,440	5,203,400	5,201,250
DEBT SERVICE EXPENDITURES						
Tax Supported	246,500,690	274,886,090	302,021,250	322,186,440	339,871,510	349,145,300
Non-Tax Supported - Other Long-term Debt	2,255,300	4,473,580	4,471,730	4,469,770	4,467,730	4,465,630
TOTAL DEBT SERVICE EXPENDITURES	248,755,990	279,359,670	306,492,980	326,656,210	344,339,240	353,610,930
GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	131,255,210	228,351,920	249,360,960	270,943,790	285,774,530	294,377,550
MCPS Reimbursement	79,537,320	0	0	0	0	0
Accrued Interest on Bonds - Non-Pooled	575,000	575,000	575,000	575,000	575,000	575,000
BAN/Commercial Paper Investment Income	2,000,000	3,700,000	5,700,000	6,300,000	6,900,000	7,500,000
Total General Fund Sources	213,367,530	232,626,920	255,635,960	277,818,790	293,249,530	302,452,550
Fire Tax District Fund	3,970,910	4,741,560	5,173,610	5,302,510	5,473,870	5,360,340
Mass Transit Fund	2,447,450	3,527,840	3,554,900	4,833,040	7,416,140	9,443,160
Recreation Fund	5,012,400	5,836,230	7,026,340	8,289,420	8,515,470	8,121,560
Bradley Noise Abatement Fund	27,500	26,180	24,870	23,550	0	0
Cabin John Noise Abatement Fund	8,170	7,780	7,390	7,000	0	0
Total Other Funding Sources	11,466,430	14,139,590	15,787,110	18,455,520	21,405,480	22,925,060
TOTAL GO BOND FUNDING SOURCES	224,833,960	246,766,510	271,423,070	296,274,310	314,655,010	325,377,610
NON GO BOND FUNDING SOURCES						
General Funds	11,815,660	16,156,030	18,684,520	14,042,260	14,473,350	15,547,540
MHI Fund - HUD Loan	75,300	73,580	71,730	69,770	67,730	65,630
MHI Fund - Property Acquisition Fund	2,180,000	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000
Mass Transit Fund	2,644,250	5,128,500	5,128,500	5,128,500	5,128,500	2,644,250
Recreation Fund	2,664,820	2,325,820	2,325,680	2,323,020	1,834,050	1,834,300
Fire Tax District Fund	4,542,000	4,509,230	4,459,480	4,418,350	3,780,600	3,741,600
TOTAL NON GO BOND FUNDING SOURCES	23,922,030	32,593,160	35,069,910	30,381,900	29,684,230	28,233,320
TOTAL FUNDING SOURCES	248,755,990	279,359,670	306,492,980	326,656,210	344,339,240	353,610,930
TRANSFERS						
FROM: RSF Investment Income	1,316,000	1,974,190	3,051,010	3,350,130	3,709,080	4,008,200
TO: CIP - PAYGO	1,316,000	1,974,190	3,051,010	3,350,130	3,709,080	4,008,200
TOTAL GENERAL OBLIGATION BOND SALES						
Actual and Estimated Bond Sales	310,000,000	315,000,000	325,000,000	290,000,000	300,000,000	300,000,000
Council SAG Approved Issues	320,000,000	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000
ESTIMATED INTEREST RATE	5.50%	6.30%	6.00%	6.00%	6.00%	6.00%