
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 FY12 Operating Budget for Debt Service is \$296,643,260 an increase of \$34,638,400 or 13.2 percent from the FY11 approved budget of \$262,004,860. This amount includes long-term lease expenditures of \$14,876,260, short-term financing of \$13,852,260 and other long-term debt of \$5,804,850. The budget excludes \$71,730 in debt service, which is appropriated in a non-tax supported fund.

FY12 Approved Changes

The Debt Service appropriation increase of 13.2 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 55.5 percent of the County's capital expenditures for the six years of the Amended FY11-16 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 FY12 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 84 percent rate for FY11 and 85.7 percent for FY12-16. An interest cost of 5.5 percent was budgeted for the Fall 2011 issue. Projected interest rates for bond issues for FY12 through FY16 are based on current market conditions. Under these projections and assumptions, total Debt Service will increase from \$296.6 million in FY12 to \$416.2 million by FY17.

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 FY10	Budget FY11	Estimated FY11	Approved FY12	% 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	219,879,432	236,140,950	236,111,140	262,109,890	11.0%
Debt Service Other	17,551,670	22,950,430	22,783,490	29,464,180	28.4%
Capital Outlay	0	0	0	0	—
Debt Service Expenditures	237,431,102	259,091,380	258,894,630	291,574,070	12.5%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—
REVENUES					
Federal Subsidy on General Obligation Bonds	1,757,719	3,858,410	5,102,180	6,278,730	62.7%
Premium on GO Bonds	2,801,215	0	0	0	—
BAN/Comm Paper Investment Income: Pooled	213,811	689,570	182,830	404,500	-41.3%
Accrued Interest: Installment Notes, I&P	3,136,165	17,570	0	0	—
Accrued Interest: Bonds Non-Pooled	0	575,000	0	575,000	—
Debt Service Revenues	7,908,910	5,140,550	5,285,010	7,258,230	41.2%
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	2,913,480	2,602,130	5,069,190	74.0%
Capital Outlay	0	0	0	0	—
Debt Service - Non-Tax Supported Expenditures	0	2,913,480	2,602,130	5,069,190	74.0%
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	237,431,102	262,004,860	261,496,760	296,643,260	13.2%
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	7,908,910	5,140,550	5,285,010	7,258,230	41.2%

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

	Actual FY09	Actual FY10	Budget FY11	Estimated FY11	Approved FY12	% Chg App/Bud	App % GO Bonds
GO BOND DEBT SERVICE EXPENDITURES							
General County	26,072,025	25,845,026	26,755,120	27,540,510	32,850,820		12.9%
Roads & Storm Drains	49,276,790	51,732,527	54,807,900	54,102,350	59,636,210		23.4%
Public Housing	175,005	108,315	87,540	34,920	79,350		0.0%
Parks	7,064,767	7,376,222	8,264,900	8,255,340	8,845,930		3.5%
Public Schools	102,354,007	109,768,904	112,965,990	111,540,960	120,019,250		47.1%
Montgomery College	7,912,457	9,377,964	10,601,800	10,915,140	14,047,900		5.5%
Bond Anticipation Notes/Commercial Paper	4,121,080	1,248,473	1,962,500	1,962,500	3,425,000		
Bond Anticipation Notes/Liquidity & Remarketing	-	-	3,000,000	4,000,000	2,725,000		
Cost of Issuance	922,301	2,564,671	1,088,320	1,088,320	1,113,890		
Total General Fund	197,898,432	208,022,102	219,534,070	219,440,040	242,743,350	10.6%	92.4%
Fire Tax District Fund	3,416,221	3,806,874	5,236,630	5,490,530	6,943,680	32.6%	2.7%
Mass Transit Fund	2,028,746	2,696,182	3,489,700	3,266,100	3,290,520	-5.7%	1.3%
Recreation Fund	4,676,758	5,318,615	7,846,590	7,880,510	9,100,080	16.0%	3.6%
Bradley Noise Abatement Fund	28,810	27,495	26,180	26,180	24,870	-5.0%	0.0%
Cabin John Noise Abatement Fund	8,553	8,164	7,780	7,780	7,390	-5.0%	0.0%
Total Tax Supported Other Funds	10,159,088	11,857,330	16,606,880	16,671,100	19,366,540	16.6%	7.6%
TOTAL TAX SUPPORTED	208,057,520	219,879,432	236,140,950	236,111,140	262,109,890	11.0%	100.0%
TOTAL GO BOND DEBT SERVICE EXPENDITURES	208,057,520	219,879,432	236,140,950	236,111,140	262,109,890	11.0%	100.0%
LONG-TERM LEASE EXPENDITURES							
Revenue Authority - Conference Center	2,490,519	1,903,289	1,901,650	1,901,650	1,903,890		
Revenue Authority - HHS Piccard Drive	632,698	635,692	632,480	632,480	633,040		
Silver Spring Garages	5,553,516	5,590,326	5,544,320	5,544,320	5,554,170		
Revenue Authority - Recreation Pools	2,662,966	2,664,819	2,325,820	2,325,820	2,325,680		
Fire and Rescue Equipment	4,553,500	4,542,000	4,509,230	4,509,230	4,459,480		
TOTAL LONG-TERM LEASE EXPENDITURES	15,893,199	15,336,126	14,913,500	14,913,500	14,876,260	-0.2%	
SHORT-TERM LEASE EXPENDITURES / FINANCING							
Technology Modernization Project	-	1,815,544	3,701,260	3,666,890	4,815,410		
Ride On Buses	-	-	3,600,000	3,803,100	3,798,450		
Public Safety System Modernization	-	-	-	-	4,927,200		
Fire and Rescue Fuel Management System	-	-	-	-	311,200		
Fire and Rescue Equipment	591,728	-	-	-	-		
TOTAL SHORT-TERM LEASE EXPENDITURES	591,728	1,815,544	7,301,260	7,469,990	13,852,260	89.7%	
OTHER LONG-TERM DEBT							
Silver Spring Music Venue - Tax supported	-	-	335,670	-	335,660		
Site II Acquisition - Tax supported	-	400,000	400,000	400,000	400,000		
MHI-HUD Loan - Non-Tax supported	76,862	75,286	73,580	73,580	71,730		
Water Quality Protection Bonds - Non-Tax supported	-	-	413,480	100,000	450,000		
MHI - Property Acquisition Fund - Non-tax supported	-	-	2,500,000	2,502,130	4,619,190		
TOTAL OTHER LONG-TERM DEBT	76,862	475,286	3,722,730	3,075,710	5,876,580	57.9%	
DEBT SERVICE EXPENDITURES							
Tax Supported	224,542,447	237,431,102	259,091,380	258,894,630	291,574,070		
Non-Tax Supported - Other Long-term Debt	76,862	75,286	2,987,060	2,675,710	5,140,920		
TOTAL DEBT SERVICE EXPENDITURES	224,619,309	237,506,388	262,078,440	261,570,340	296,714,990	13.2%	
GO BOND DEBT SERVICE FUNDING SOURCES							
General Funds	195,205,792	200,396,941	214,393,520	214,432,780	235,485,120		
Accrued Interest: GO Bonds-Non Pooled	623,264	-	575,000	-	575,000		
Other Interest: Installment Notes, Interest & Penalties	896,190	3,136,166	17,570	-	-		
BAN/Commercial Paper Investment Income	1,412,223	213,811	689,570	182,830	404,500		
Federal Subsidy on General Obligation Bonds	-	1,757,719	3,858,410	5,102,180	6,278,730		
Premium on General Obligation Bonds	-	2,801,214	-	-	-		
Total General Fund Sources	198,137,469	208,305,851	219,534,070	219,717,790	242,743,350		
Fire Tax District Funds	3,164,512	3,586,400	5,236,630	5,490,530	6,943,680		
Mass Transit Fund	2,044,754	2,634,055	3,489,700	3,266,100	3,290,520		
Recreation Fund	4,673,423	5,317,467	7,846,590	7,880,510	9,100,080		
Bradley Noise Abatement Fund	28,810	27,495	26,180	26,180	24,870		
Cabin John Noise Abatement Fund	8,552	8,164	7,780	7,780	7,390		
Total Other Funding Sources	9,920,051	11,573,581	16,606,880	16,671,100	19,366,540		
TOTAL GO BOND FUNDING SOURCES	208,057,520	219,879,432	236,140,950	236,388,890	262,109,890		
NON GO BOND FUNDING SOURCES							
General Funds	9,268,461	10,344,851	12,515,380	11,867,600	18,569,370		
MHI Fund - HUD Loan	76,862	75,286	73,580	73,570	71,730		
Water Quality Protection Bonds	-	-	413,480	100,000	450,000		
MHI - Property Acquisition Fund	-	-	2,500,000	2,502,130	4,619,190		
Mass Transit Fund	-	-	3,600,000	3,803,100	3,798,450		
Recreation Fund	2,662,966	2,664,819	2,325,820	2,325,820	2,325,680		
Fire Tax District Fund	4,553,500	4,542,000	4,509,230	4,509,230	4,770,680		
TOTAL NON GO BOND FUNDING SOURCES	16,561,789	17,626,956	25,937,490	25,181,450	34,605,100		
TOTAL FUNDING SOURCES	224,619,309	237,506,388	262,078,440	261,570,340	296,714,990		
TRANSFERS							
FROM: RSF Investment Income	2,005,903	250,804	-	-	-		
TO: CIP - PAYGO	2,005,903	250,804	-	-	-		
TOTAL GENERAL OBLIGATION BOND SALES							
Actual and Estimated Bond Sales	-	250,000,000	325,000,000	325,000,000	320,000,000		
Council SAG Approved Bond Funded Expenditures	-	-	325,000,000	320,000,000	310,000,000		

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

	Approved FY12	Projected FY13	Projected FY14	Projected FY15	Projected FY16	Projected FY17
GO BOND DEBT SERVICE EXPENDITURES						
General County	32,850,820	39,922,920	46,830,030	49,693,470	52,273,130	54,619,320
Roads & Storm Drains	59,636,210	61,010,700	65,750,210	72,476,820	78,331,550	88,656,470
Public Housing	79,350	314,710	306,360	298,010	289,660	281,310
Parks	8,845,930	9,444,750	10,292,640	10,821,370	10,542,360	10,759,820
Public Schools	120,019,250	129,143,030	132,695,400	139,913,220	146,986,030	150,284,310
Montgomery College	14,047,900	15,441,470	16,549,240	17,696,510	19,536,380	19,181,460
Bond Anticipation Notes/Commercial Paper	3,425,000	3,900,000	5,600,000	5,600,000	8,400,000	11,200,000
Bond Anticipation Notes/Liquidity & Remarketing	2,725,000	2,725,000	2,725,000	2,725,000	2,725,000	2,725,000
Cost of Issuance	1,113,890	1,141,180	1,170,850	1,203,630	1,239,740	1,276,940
Total General Fund	242,743,350	263,043,760	281,919,730	300,428,030	320,323,850	338,984,630
Fire Tax District Fund	6,943,680	7,721,400	8,654,350	9,468,030	8,726,090	8,390,460
Mass Transit Fund	3,290,520	3,481,930	3,609,760	4,220,870	8,694,660	11,517,210
Recreation Fund	9,100,080	9,395,890	10,114,230	9,844,640	7,886,430	7,100,970
Bradley Noise Abatement Fund	24,870	23,550	-	-	-	-
Cabin John Noise Abatement Fund	7,390	7,000	-	-	-	-
Total Tax Supported Other Funds	19,366,540	20,629,770	22,378,340	23,533,540	25,307,180	27,008,640
TOTAL TAX SUPPORTED	262,109,890	283,673,530	304,298,070	323,961,570	345,631,030	365,993,270
TOTAL GO BOND DEBT SERVICE EXPENDITURES	262,109,890	283,673,530	304,298,070	323,961,570	345,631,030	365,993,270
LONG-TERM LEASE EXPENDITURES						
Revenue Authority - Conference Center	1,903,890	995,440	993,190	993,190	996,020	997,360
Revenue Authority - HHS Piccard Drive	633,040	636,870	638,390	638,580	641,520	642,500
Silver Spring Garages	5,554,170	5,574,890	5,561,410	5,563,880	5,538,030	5,536,320
Revenue Authority - Recreation Pools	2,325,680	2,323,020	1,834,050	1,834,300	1,836,050	1,834,050
Fire and Rescue Equipment	4,459,480	4,418,350	3,780,600	3,741,600	3,723,200	3,715,800
TOTAL LONG-TERM LEASE EXPENDITURES	14,876,260	13,948,570	12,807,640	12,771,550	12,734,820	12,726,030
SHORT-TERM LEASE EXPENDITURES / FINANCING						
Technology Modernization Project	4,815,410	5,999,730	5,999,730	5,999,730	5,999,730	5,999,730
Ride On Buses	3,798,450	3,801,650	3,802,000	3,802,000	3,801,800	3,801,200
Public Safety System Modernization	4,927,200	7,649,240	10,394,210	10,394,210	10,394,210	10,394,210
Fire and Rescue Fuel Management System	311,200	568,250	568,250	568,250	568,250	257,050
TOTAL SHORT-TERM LEASE EXPENDITURES	13,852,260	18,018,870	20,764,190	20,764,190	20,763,990	20,452,190
OTHER LONG-TERM DEBT						
Silver Spring Music Venue - Tax supported	335,660	335,660	335,660	335,610	335,610	335,610
Site II Acquisition - Tax Supported	400,000	400,000	400,000	400,000	400,000	400,000
MHI-HUD Loan - Non-Tax supported	71,730	69,770	67,730	65,630	63,480	61,270
Water Quality Protection Bonds - Non-Tax supported	450,000	2,125,880	4,871,460	5,751,020	8,587,700	8,363,250
MHI - Property Acquisition Fund - Non-tax supported	4,619,190	6,784,770	7,892,730	7,894,110	7,898,740	7,895,410
TOTAL OTHER LONG-TERM DEBT	5,876,580	9,716,080	13,567,580	14,446,370	17,285,530	17,055,540
DEBT SERVICE EXPENDITURES						
Tax Supported	291,574,070	316,376,630	338,605,560	358,232,920	379,865,450	399,907,100
Non-Tax Supported - Other Long-term Debt	5,140,920	8,980,420	12,831,920	13,710,760	16,549,920	16,319,930
TOTAL DEBT SERVICE EXPENDITURES	296,714,990	325,357,050	351,437,480	371,943,680	396,415,370	416,227,030
GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	235,485,120	255,379,280	273,514,330	291,440,760	310,856,190	329,336,090
Accrued Interest on Bonds - Non-Pooled	575,000	575,000	575,000	575,000	575,000	575,000
BAN/Commercial Paper Investment Income	404,500	810,750	1,551,670	2,133,540	2,715,420	3,103,330
Federal Subsidy on General Obligation Bonds	6,278,730	6,278,730	6,278,730	6,278,730	6,177,240	5,970,210
Total General Fund Sources	242,743,350	263,043,760	281,919,730	300,428,030	320,323,850	338,984,630
Fire Tax District Fund	6,943,680	7,721,400	8,654,350	9,468,030	8,726,090	8,390,460
Mass Transit Fund	3,290,520	3,481,930	3,609,760	4,220,870	8,694,660	11,517,210
Recreation Fund	9,100,080	9,395,890	10,114,230	9,844,640	7,886,430	7,100,970
Bradley Noise Abatement Fund	24,870	23,550	-	-	-	-
Cabin John Noise Abatement Fund	7,390	7,000	-	-	-	-
Total Other Funding Sources	19,366,540	20,629,770	22,378,340	23,533,540	25,307,180	27,008,640
TOTAL GO BOND FUNDING SOURCES	262,109,890	283,673,530	304,298,070	323,961,570	345,631,030	365,993,270
NON GO BOND FUNDING SOURCES						
General Funds	18,569,370	21,591,830	24,322,590	24,325,200	24,305,120	24,305,730
MHI Fund - HUD Loan	71,730	69,770	67,730	65,630	63,480	61,270
Water Quality Protection Bonds	450,000	2,125,880	4,871,460	5,751,020	8,587,700	8,363,250
MHI - Property Acquisition Fund	4,619,190	6,784,770	7,892,730	7,894,110	7,898,740	7,895,410
Mass Transit Fund	3,798,450	3,801,650	3,802,000	3,802,000	3,801,800	3,801,200
Recreation Fund	2,325,680	2,323,020	1,834,050	1,834,300	1,836,050	1,834,050
Fire Tax District Fund	4,770,680	4,986,600	4,348,850	4,309,850	4,291,450	3,972,850
TOTAL NON GO BOND FUNDING SOURCES	34,605,100	41,683,520	47,139,410	47,982,110	50,784,340	50,233,760
TOTAL FUNDING SOURCES	296,714,990	325,357,050	351,437,480	371,943,680	396,415,370	416,227,030
Estimated Bond Sales	320,000,000	310,000,000	320,000,000	320,000,000	320,000,000	320,000,000
Council SAG Approved Bond Funded Expenditures	310,000,000	320,000,000	320,000,000	320,000,000	320,000,000	320,000,000
ESTIMATED INTEREST RATE	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%