Debt Service

APPROVED FY27 BUDGET	FULL TIME EQUIVALENTS
$524,401,750	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 approved FY27 Operating Budget for Debt Service is $524,401,750, an increase of $51,565,395 or 10.9 percent from the FY26 Approved Budget of $472,836,355. This amount includes long-term lease expenditures of $5,555,200, short-term financing of $14,402,400 and other long-term debt of $74,440,145.

FY27 Approved Changes

The Debt Service appropriation increase of 10.9 percent is primarily due to increases in 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 31.6 percent of the County's capital expenditures for the six years of the Approved FY27-32 CIP. Other long-term debt includes financing for the Silver Spring Music Venue, Affordable Housing (MHI Property Acquisition and HOC Housing Production Fund), Stormwater Management (Water Quality Protection Bonds), Wheaton Redevelopment, Rockville Core, and Energy Performance Contracting.

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 financing, 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 FY27 Debt Service budget is predicated on the bond issuance requirements in the Approved CIP, adjusted for inflation. An interest cost of 5.0 percent was budgeted for the Fall 2026 issuance. 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, total Debt

Service will increase from $524.4 million in FY27 to $626.5 million by FY32.

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	Approved FY27	%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**	**—**
Debt Service GO Bonds	402,251,407	408,290,190	404,787,485	430,004,005	5.3 %
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**	**462,466,950**	**5.4 %**
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	176,390	-7.1 %
Debt Service Revenues	**204,720**	**189,940**	**189,900**	**176,390**	**-7.1 %**
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					

BUDGET SUMMARY

	Actual FY25	Budget FY26	Estimated FY26	Approved FY27	%Chg Bud/App
Total Expenditures	**453,392,717**	**472,836,355**	**463,599,480**	**524,401,750**	**10.9 %**
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	**204,720**	**189,940**	**189,900**	**20,176,390**	**10522.5 %**

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

GO BOND DEBT SERVICE EXPENDITURES	Actual FY25	Approved FY26	Estimate FY26	Approved FY27	% Chg App/App	App % GO Bonds
General County	82,153,438	86,609,600	85,214,991	89,248,100		21.2%
Roads & Storm Drains	81,577,773	80,654,120	79,263,747	83,288,140		19.7%
Public Housing	18,076	33,540	33,534	22,890		0.0%
Parks	9,440,387	9,225,190	9,040,664	10,006,270		2.4%
Public Schools	153,995,560	154,369,080	154,268,257	162,475,975		38.5%
Montgomery College	29,061,740	29,203,790	28,774,178	29,285,350		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	382,426,725	4.0%	88.7%
Fire Tax District Fund	8,534,855	8,400,060	8,429,909	8,963,660		2.1%
Mass Transit Fund	20,984,717	21,563,940	22,263,971	26,605,730		6.3%
Recreation Fund	9,640,699	10,480,870	10,248,235	12,007,890		2.8%
Total Tax Supported Other Funds	39,160,271	40,444,870	40,942,115	47,577,280	17.6%	11.3%
TOTAL TAX SUPPORTED	402,251,407	408,290,190	404,787,485	430,004,005	5.3%	100.0%
TOTAL GO BOND DEBT SERVICE EXPENDITURES	402,251,407	408,290,190	404,787,485	430,004,005	5.3%	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 (L/T 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 - **Tax Supported**	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	1,782,080	1,818,100	1,818,100	1,848,400		
Wheaton Redevelopment	2,142,863	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**	12,074,999	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 - PSSM	-	-	-	-		
COPs - Corrections	155,750	73,500	73,500	-		
Transportation Special Taxing District	-	-	-	-		
Bus Rapid Transit Grant Revenue Bonds	-	-	-	20,000,000		
TOTAL OTHER LONG-TERM DEBT	42,334,903	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**	**462,466,950**	**5.4%**	
Non-Tax Supported - Other Long-term Debt	**24,830,965**	**34,259,690**	**29,824,190**	**61,934,800**	**80.8%**	
TOTAL DEBT SERVICE EXPENDITURES	**453,392,717**	**472,836,355**	**463,599,480**	**524,401,750**	**10.9%**	
GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	362,913,725	367,845,320	363,845,370	382,426,725		
Premium on General Obligation Bonds	-	-	-	-		
Total General Fund Sources	362,913,725	367,845,320	363,845,370	382,426,725		
Fire Tax District Funds	8,604,276	8,400,060	8,429,909	8,963,660		
Mass Transit Fund	21,092,706	21,563,940	22,263,971	26,605,730		
Recreation Fund	9,640,699	10,480,870	10,248,235	12,007,890		
Total Other Funding Sources	39,337,681	40,444,870	40,942,115	47,577,280		
TOTAL GO BOND FUNDING SOURCES	402,251,406	408,290,190	404,787,485	430,004,005		
NON GO BOND FUNDING SOURCES						
General Funds	11,146,580	14,962,237	14,749,177	15,739,227		
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	17,601,065	30,807,500		
MHI Fund - Interest Income	-	-	2,711,225	-		
Wheaton Redevelopment Contributions	2,142,864	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	5,569,700	7,378,200		
Federal Subsidy - QECBs	204,720	189,940	189,900	176,390		
Transportation Special Taxing District	-	-	-	-		
Bus Rapid Transit Grant Revenue Bonds	-	-	-	20,000,000		
TOTAL NON GO BOND FUNDING SOURCES	51,141,311	64,546,165	58,811,995	94,397,745		
TOTAL FUNDING SOURCES	**453,392,717**	**472,836,355**	**463,599,480**	**524,401,750**		
TOTAL GENERAL OBLIGATION BOND SALES						
Actual and Estimated Bond Sales	280,000,000	280,000,000	280,000,000	300,000,000		
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

GO BOND DEBT SERVICE EXPENDITURES	Approved FY27	Projected FY28	Projected FY29	Projected FY30	Projected FY31	Projected FY32
General County	89,248,100	89,358,080	95,494,700	96,843,460	97,722,750	94,697,890
Roads & Storm Drains	83,288,140	85,132,660	90,020,630	91,729,560	94,241,580	96,969,370
Public Housing	22,890	51,980	47,240	45,480	43,840	42,310
Parks	10,006,270	10,454,300	11,431,410	12,266,270	13,025,540	13,883,360
Public Schools	162,475,975	161,160,670	162,048,700	163,012,580	168,332,800	176,613,900
Montgomery College	29,285,350	30,880,620	33,670,430	36,444,020	35,770,580	35,611,530
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	382,426,725	385,468,310	401,663,110	409,611,370	418,717,090	427,818,360
Fire Tax District Fund	8,963,660	10,267,190	11,936,910	12,148,280	11,848,220	11,147,940
Mass Transit Fund	26,605,730	27,883,640	28,022,520	28,206,820	27,997,110	31,172,360
Recreation Fund	12,007,890	12,137,240	14,069,500	16,697,720	17,670,020	17,958,620
Total Tax Supported Other Funds	47,577,280	50,288,070	54,028,930	57,052,820	57,515,350	60,278,920
TOTAL TAX SUPPORTED	430,004,005	435,756,380	455,692,040	466,664,190	476,232,440	488,097,280
TOTAL GO BOND DEBT SERVICE EXPENDITURES	430,004,005	435,756,380	455,692,040	466,664,190	476,232,440	488,097,280
LONG-TERM LEASE EXPENDITURES						
Fire and Rescue Equipment	4,696,400	7,766,600	7,941,100	8,128,000	8,128,000	8,092,000
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	464,900	464,900	464,900	295,500	-
Transit System Radios	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	9,296,800	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	801,300	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	2,357,600	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	30,168,900	34,950,900	32,573,200	36,421,200	34,518,800
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	-	-	-	-
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 OTHER LONG-TERM DEBT	74,440,145	86,061,825	90,917,185	83,100,200	95,464,050	92,373,300
DEBT SERVICE EXPENDITURES						
Tax Supported	**462,466,950**	**471,415,005**	**488,022,825**	**495,971,540**	**505,634,040**	**513,480,280**
Non-Tax Supported - Other Long-term Debt	**61,934,800**	**73,763,100**	**81,443,200**	**73,607,250**	**85,952,350**	**85,862,400**
TOTAL DEBT SERVICE EXPENDITURES	**524,401,750**	**545,178,105**	**569,466,025**	**569,578,790**	**591,586,390**	**599,342,680**
GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	382,426,725	385,468,310	401,663,110	409,611,370	418,717,090	427,818,360
Premium on General Obligation Bonds	-	-	-	-	-	-
Total General Fund Sources	382,426,725	385,468,310	401,663,110	409,611,370	418,717,090	427,818,360
Fire Tax District Fund	8,963,660	10,267,190	11,936,910	12,148,280	11,848,220	11,147,940
Mass Transit Fund	26,605,730	27,883,640	28,022,520	28,206,820	27,997,110	31,172,360
Recreation Fund	12,007,890	12,137,240	14,069,500	16,697,720	17,670,020	17,958,620
Total Other Funding Sources	47,577,280	50,288,070	54,028,930	57,052,820	57,515,350	60,278,920
TOTAL GO BOND FUNDING SOURCES	430,004,005	435,756,380	455,692,040	466,664,190	476,232,440	488,097,280
NON GO BOND FUNDING SOURCES						
General Funds	15,739,227	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	37,236,200	42,020,800	39,641,950	43,486,400	41,587,800
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	176,390	162,260	147,530	131,370	113,570	99,670
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	109,421,725	113,773,985	102,914,600	115,353,950	111,245,400
TOTAL FUNDING SOURCES	**524,401,750**	**545,178,105**	**569,466,025**	**569,578,790**	**591,586,390**	**599,342,680**
TOTAL GENERAL OBLIGATION BOND SALES						
Estimated Bond Sales	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000
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%

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