# PRINCE GEORGE'S COUNTY
# MARYLAND

## Annual Debt Report

## Fiscal Year 2023

Prepared by the
Office of Finance
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# The County Government

## Vision and Funding Priorities


Angela D. Alsobrooks
County Executive

**Vision – Prince George's Proud**

To attract and retain the most experienced workforce who will use innovative technology to provide efficient, effective services to our citizens. We will collaborate with our stakeholders to develop solutions that are data-based and rely on best-practices to address complex challenges within the county and the region. We will have a world-class education system, safe communities and a robust economy that creates jobs and opportunities for all and increase the commercial taxbase to ensure we can provide the services our residents deserve.

**Mission**

Through internal and external partnerships and collaboration, we will enhance government services to ensure that we are meeting or exceeding the needs of our residents, visitors and businesses. We will strategically implement initiatives within the six Policy Focus Areas critical to the long-term success of our County and demonstrating we are Prince George's Proud.

**Principles**

- ✓ Transparent government that is accountable to those we serve.
- ✓ Improve/enhance technology within the government, to ensure that services provided to constituents are efficient and effective.
- ✓ Education reform that puts the focus back on children, teachers and families to ensure that our learning environments, in and out of the classroom, are conducive to meeting the educational needs of our children.
- ✓ Building a robust economy that creates jobs, attracts services that our county needs and increases the commercial tax base, allowing the government to no longer balance our budget on the backs of those we serve.
- ✓ Focusing on infrastructure investments such as road improvements, revitalization of inner beltway communities and development around our Metro stations that provides more opportunities for our citizens to live and work here, as well as travel within the County and not just in and out of it.
- ✓ Investing in people by providing better access to affordable, preventative healthcare, educating citizens on principles of healthy living and providing more options for treatment of addictions and mental health

# INTRODUCTION

Maryland Annotated Code, Local Government Article, Section §10-203 authorizes the County to issue bonds and other forms of indebtedness. General Obligation Bonds (GOBs), are issued with the County's full faith and credit. Certificates of Participation (COPs) and Capital Leases are secured by annual appropriations. All debt is issued to advance the government's vision and priorities for Prince George's County by providing funds including but not limited to: education, public safety, infrastructure and economic development. All information provided herein is unaudited.

## Office of Finance Objectives

The Office of Finance is responsible for managing the County's Debt Program in accordance with applicable State and County laws and regulations to obtain the lowest cost of funding for the County while meeting or exceeding its long-term objectives:

✓ Integrity – to maintain or enhance the County's credit worthiness and reputation with the municipal bond investor community;

✓ Vigilance – to comply with all agreements, laws, regulations, contracts, covenants and policies;

✓ Equity – to be fair, reasonable and equitable to each generation of taxpayers, ratepayers, and other beneficiaries when distributing the debt burden or costs of service;

✓ Diligence – to carefully analyze and evaluate financial decisions related to debt and strive for the lowest possible cost; and

✓ Innovation – to augment the County's current Debt Program with innovative financing options, when appropriate.

## Requirements for this Report

The Prince George's County Annual Debt Report (the "Report") is prepared by the Office of Finance in accordance with CR-76-2008 which adopted the County's Debt Management Policy. As required by the Debt Policy, this Report will:

- Review the outstanding debt of the County;
- Provide an analysis of certain debt ratios, including change over time, and comparison to comparable jurisdictions;
- Summarize the County's credit strengths and weaknesses as identified by the three major rating agencies (Moody's, S&P, and Fitch); and
- Provide an analysis of variable rate debt if applicable.

# I. DIRECT COUNTY DEBT

**Note: This section includes information on the security pledges associated with County debt as described in the official statements or financing documents of each transaction.**

## Introduction

Prince George's County's direct debt[1] consists of:

- **General Obligation Bonds**: Include Consolidated Public Improvement Bonds. Debt service is secured by the County's unlimited tax pledge, and paid from the County General Fund. The following GOB debt categories are structured as self-supporting enterprise funds, with double-barreled credit support from the County unlimited tax pledge: stormwater, solid waste, school construction and renovation, telecom, and mass transit;
- **Maryland Water Infrastructure Financing Agency Loans:** funds certain stormwater management projects;
- **Certificates of Participation:** Has provided funding for hospitals, infrastructure, public safety equipment, textbooks, vehicles, and school buses; and
- **Equipment Leases:** Funds essential equipment and vehicles for County agencies. Examples include police cars, fire trucks and ambulances.

The following table shows the total outstanding amounts for each category of direct debt as of June 30, 2023, as well as the amounts supported by the General Fund and amounts that are self-supporting.

| Direct County Debt (Gross Principal) as of June 30, 2023 | | | |
|---|---|---|---|
| | **Total** | **General Fund** | **Self-supporting** |
| General Obligation Gross Principal Amount | 2,595,815,000 | 1,757,113,050 | 838,701,950 |
| Maryland Water Infrastructure Financing Administration ("MWIFA") Loans* | 43,716,454 | - | 43,716,454 |
| Certificates of Participation | 256,565,000 | 256,565,000 | - |
| Equipment Leases† | 109,587,417 | 109,587,417 | - |
| **Totals** | **3,005,683,871** | **2,123,265,467** | **882,418,404** |

*Source: Office of Finance*

*MWIFA loans are considered direct debt of the County.

†The number presented represents capital leases which the County received funds to purchase equipment to be repaid.

[1] Certain bonds issued through the County or County entities are not considered County debt because the bonds are not directly secured by County revenues. These include debt issued by component units, special obligation bonds for special tax districts (Tax-Increment Financings, or "TIFs"), and conduit debt, as discussed further in *Appendix A: Indirect County Debt*.

Each category of direct debt is described below, along with projected debt issuance, and bonds authorized but unissued.

## General Obligation Bonds

*Gross Principal Amount of Outstanding as of June 30, 2023:* *$2,595,815,000*
*General Obligation Bonds outstanding as of June 30, 2023:* *$1,757,113,050*
*Self-supporting GOBs outstanding as of June 30, 2023:* *$838,701,950*
*Security:* *County's full faith, credit and pledged revenues*

General Obligation bonds are irrevocably secured by the County's full faith and credit and taxing power. To provide for payment of interest and principal of the bonds, the County is empowered and directed to levy ad valorem taxes upon all legally assessable property within the corporate limits of the County, subject to the limitations set forth in Section 811 and 812 of the County Charter. Principal payments are made in installments, the first of which is typically within two years of issuance, and annually thereafter until fully repaid at final maturity. The County's GO bonds generally have a final maturity in twenty years, and require voter approval. School construction bonds and certain other obligations are exempt from the voter approval pursuant to the Charter.

The County also issues General Obligation bonds for self-supporting debt which include stormwater facilities, solid waste facilities, mass transit facilities, telecommunication and school facilities, as seen below. This debt is considered self-supporting as debt service is paid from dedicated revenues. The County provides back-up credit support with its full faith and credit pledge for the repayment of these bonds.

| Categories of Self-Supporting General Obligation Bonds | | | |
|---|---|---|---|
| **Category** | **Purpose** | **Source of Revenue** | **Outstanding Par at 6/30/2023** |
| Stormwater Bonds | Stormwater management projects | Special unlimited ad valorem tax levied by the County under a State statute | $358.8m |
| School Surcharge Bonds | New school construction | A surcharge imposed on new resident construction building permits, with certain exceptions, and paid by builder at the time the permit is issued | $395.4m |
| Solid Waste Bonds | Capital projects related to solid waste service for County residents | Payable from system revenue derived from waste management charges to residents receiving benefits and certain non-residential charges | $76.6m |
| Telecommunication Bonds | Existing school renovations | 5% sales and use tax on telecommunication service provided within the County | $5.9m |
| Mass Transit Bonds | Mass transit facilities | Special unlimited ad valorem tax levied by the Washington Suburban Transit Commission and collected by County | $2.0m |
| | | Total | $838.7m |

The table on the following page shows debt service schedules and associated information for the County's outstanding General Obligation bonds.

| General Obligation Bonds<br>Debt Service, Fiscal Year End Balances, and Paydown Rate as of June 30, 2023 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **General Fund** | | | | **Self-Supporting*** | | | | **Total** | | | | |
| *Fiscal Year* | *Principal* | *Interest* | *Debt Service* | *FYE Balance* | *Principal* | *Interest* | *Debt Service* | *FYE Balance* | *Principal* | *Interest* | *Debt Service* | *FYE Balance* | *Paydown Rate* |
| 2023 | - | - | - | 1,757,113,050 | - | - | - | 838,701,950 | - | - | - | 2,595,815,000 | 0.0% |
| 2024 | 122,250,420 | 69,830,696 | 192,081,116 | 1,634,862,630 | 56,114,580 | 32,317,429 | 88,432,009 | 782,587,370 | 178,365,000 | 102,148,125 | 280,513,125 | 2,417,450,000 | 6.9% |
| 2025 | 125,805,507 | 68,084,477 | 193,889,984 | 1,509,057,123 | 56,499,493 | 30,599,137 | 87,098,630 | 726,087,877 | 182,305,000 | 98,683,613 | 280,988,613 | 2,235,145,000 | 13.9% |
| 2026 | 130,203,252 | 62,413,783 | 192,617,035 | 1,378,853,871 | 104,731,748 | 28,054,408 | 132,786,156 | 621,356,129 | 234,935,000 | 90,468,191 | 325,403,191 | 2,000,210,000 | 22.9% |
| 2027 | 137,353,456 | 56,512,420 | 193,865,876 | 1,241,500,415 | 51,986,544 | 24,287,857 | 76,274,401 | 569,369,585 | 189,340,000 | 80,800,277 | 270,140,277 | 1,810,870,000 | 30.2% |
| 2028 | 140,449,834 | 50,492,725 | 190,942,559 | 1,101,050,581 | 52,160,166 | 22,091,089 | 74,251,255 | 517,209,419 | 192,610,000 | 72,583,814 | 265,193,814 | 1,618,260,000 | 37.7% |
| 2029 | 138,048,044 | 44,271,283 | 182,319,327 | 963,002,537 | 52,576,956 | 19,817,856 | 72,394,812 | 464,632,463 | 190,625,000 | 64,089,139 | 254,714,139 | 1,427,635,000 | 45.0% |
| 2030 | 134,603,383 | 38,134,014 | 172,737,397 | 828,399,154 | 53,436,617 | 17,426,426 | 70,863,043 | 411,195,846 | 188,040,000 | 55,560,440 | 243,600,440 | 1,239,595,000 | 52.2% |
| 2031 | 128,226,220 | 32,265,999 | 160,492,219 | 700,172,934 | 52,393,780 | 15,051,175 | 67,444,955 | 358,802,066 | 180,620,000 | 47,317,174 | 227,937,174 | 1,058,975,000 | 59.2% |
| 2032 | 121,165,934 | 26,709,970 | 147,875,904 | 579,007,000 | 49,249,066 | 12,818,771 | 62,067,837 | 309,553,000 | 170,415,000 | 39,528,741 | 209,943,741 | 888,560,000 | 65.8% |
| 2033 | 110,088,000 | 21,667,163 | 131,755,163 | 468,919,000 | 46,532,000 | 10,821,756 | 57,353,756 | 263,021,000 | 156,620,000 | 32,488,919 | 189,108,919 | 731,940,000 | 71.8% |
| 2034 | 96,770,000 | 17,323,262 | 114,093,262 | 372,149,000 | 42,840,000 | 9,037,550 | 51,877,550 | 220,181,000 | 139,610,000 | 26,360,812 | 165,970,812 | 592,330,000 | 77.2% |
| 2035 | 85,114,000 | 13,519,630 | 98,633,630 | 287,035,000 | 38,291,000 | 7,446,808 | 45,737,808 | 181,890,000 | 123,405,000 | 20,966,438 | 144,371,438 | 468,925,000 | 81.9% |
| 2036 | 73,510,000 | 10,260,375 | 83,770,375 | 213,525,000 | 34,705,000 | 6,053,638 | 40,758,638 | 147,185,000 | 108,215,000 | 16,314,013 | 124,529,013 | 360,710,000 | 86.1% |
| 2037 | 61,495,000 | 7,590,625 | 69,085,625 | 152,030,000 | 33,690,000 | 4,838,850 | 38,528,850 | 113,495,000 | 95,185,000 | 12,429,475 | 107,614,475 | 265,525,000 | 89.8% |
| 2038 | 48,210,000 | 5,416,000 | 53,626,000 | 103,820,000 | 32,600,000 | 3,656,188 | 36,256,188 | 80,895,000 | 80,810,000 | 9,072,188 | 89,882,188 | 184,715,000 | 92.9% |
| 2039 | 35,880,000 | 3,716,963 | 39,596,963 | 67,940,000 | 28,480,000 | 2,551,794 | 31,031,794 | 52,415,000 | 64,360,000 | 6,268,756 | 70,628,756 | 120,355,000 | 95.4% |
| 2040 | 26,470,000 | 2,435,250 | 28,905,250 | 41,470,000 | 20,915,000 | 1,659,300 | 22,574,300 | 31,500,000 | 47,385,000 | 4,094,550 | 51,479,550 | 72,970,000 | 97.2% |
| 2041 | 19,305,000 | 1,455,050 | 20,760,050 | 22,165,000 | 14,825,000 | 981,025 | 15,806,025 | 16,675,000 | 34,130,000 | 2,436,075 | 36,566,075 | 38,840,000 | 98.5% |
| 2042 | 12,905,000 | 746,625 | 13,651,625 | 9,260,000 | 9,720,000 | 517,550 | 10,237,550 | 6,955,000 | 22,625,000 | 1,264,175 | 23,889,175 | 16,215,000 | 99.4% |
| 2043 | 6,885,000 | 290,875 | 7,175,875 | 2,375,000 | 5,090,000 | 220,500 | 5,310,500 | 1,865,000 | 11,975,000 | 511,375 | 12,486,375 | 4,240,000 | 99.8% |
| 2044 | 2,375,000 | 59,375 | 2,434,375 | - | 1,865,000 | 46,625 | 1,911,625 | - | 4,240,000 | 106,000 | 4,346,000 | - | 100.0% |
| **Total** | **1,757,113,050** | **533,196,559** | **2,290,309,609** | **-** | **838,701,950** | **250,295,730** | **1,088,997,680** | **-** | **2,595,815,000** | **783,492,289** | **3,379,307,289** | **-** | **-** |

*Source: Office of Finance*

*Debt service schedules for each component of self-supporting debt are shown in Appendix D.

Note: Totals may not foot due to rounding.

## Maryland Water Infrastructure Financing Administration Loans

| | |
|---|---|
| *Principal Amount outstanding as of June 30, 2023:* | *$43,716,454* |
| *2019A* | *$42,216,454* |
| *2019B* | *$1,500,000*[2] |
| *Security:* | *Stormwater revenues with backup appropriation pledge* |

The County currently has one loan outstanding from the Maryland Water Infrastructure Financing Administration ("MWIFA", formerly known as the Maryland Water Quality Financing Administration), which provides state and federal financial assistance in the form of low interest or no interest loans, principal forgiveness, and grant funding for eligible water quality, drinking water, and stormwater management capital projects. The County plans to seek additional MWIFA loans for eligible projects that would otherwise require funding with a higher cost of borrowing.

[2]MWIFA loan of 2019B has a zero percent interest rate and principal is expected to be forgiven at maturity (9/25/2029).

| MWIFA Loans<br>Debt Service, Fiscal Year End Balances, and Paydown Rate as of June 30, 2023 (Unaudited) | | | | | | |
|---|---|---|---|---|---|---|
| *Fiscal Year* | *Principal* | *Interest* | *Admin Fee* | *Debt Service* | *FYE Balance* | *Paydown Rate* |
| 2023 | - | - | - | - | 43,716,454 | 0.0% |
| 2024 | 1,445,017 | 253,299 | 85,739 | 1,784,054 | 42,271,437 | 3.3% |
| 2025 | 1,453,687 | 244,629 | 85,739 | 1,784,054 | 40,817,750 | 6.6% |
| 2026 | 1,462,409 | 235,907 | 85,739 | 1,784,054 | 39,355,341 | 10.0% |
| 2027 | 1,471,184 | 227,132 | 85,739 | 1,784,054 | 37,884,158 | 13.3% |
| 2028 | 1,480,011 | 218,305 | 85,739 | 1,784,054 | 36,404,147 | 16.7% |
| 2029 | 1,488,891 | 209,425 | 85,739 | 1,784,054 | 34,915,256 | 20.1% |
| 2030 | 2,997,824 | 200,492 | 85,739 | 3,284,054 | 31,917,432 | 27.0% |
| 2031 | 1,506,811 | 191,505 | 85,739 | 1,784,054 | 30,410,621 | 30.4% |
| 2032 | 1,515,852 | 182,464 | 85,739 | 1,784,054 | 28,894,769 | 33.9% |
| 2033 | 1,524,947 | 173,369 | 85,739 | 1,784,054 | 27,369,822 | 37.4% |
| 2034 | 1,534,097 | 164,219 | 85,739 | 1,784,054 | 25,835,726 | 40.9% |
| 2035 | 1,543,301 | 155,014 | 85,739 | 1,784,054 | 24,292,424 | 44.4% |
| 2036 | 1,552,561 | 145,755 | 85,739 | 1,784,054 | 22,739,863 | 48.0% |
| 2037 | 1,561,876 | 136,439 | 85,739 | 1,784,054 | 21,177,987 | 51.6% |
| 2038 | 1,571,248 | 127,068 | 85,739 | 1,784,054 | 19,606,739 | 55.2% |
| 2039 | 1,580,675 | 117,640 | 85,739 | 1,784,054 | 18,026,064 | 58.8% |
| 2040 | 1,590,159 | 108,156 | 85,739 | 1,784,054 | 16,435,905 | 62.4% |
| 2041 | 1,599,700 | 98,615 | 85,739 | 1,784,054 | 14,836,205 | 66.1% |
| 2042 | 1,609,298 | 89,017 | 85,739 | 1,784,054 | 13,226,906 | 69.7% |
| 2043 | 1,618,954 | 79,361 | 85,739 | 1,784,054 | 11,607,952 | 73.4% |
| 2044 | 1,628,668 | 69,648 | 85,739 | 1,784,054 | 9,979,284 | 77.2% |
| 2045 | 1,638,440 | 59,876 | 85,739 | 1,784,054 | 8,340,844 | 80.9% |
| 2046 | 1,648,271 | 50,045 | 85,739 | 1,784,054 | 6,692,574 | 84.7% |
| 2047 | 1,658,160 | 40,155 | 85,739 | 1,784,054 | 5,034,413 | 88.5% |
| 2048 | 1,668,109 | 30,206 | 85,739 | 1,784,054 | 3,366,304 | 92.3% |
| 2049 | 1,678,118 | 20,198 | 85,739 | 1,784,054 | 1,688,186 | 96.1% |
| 2050 | 1,688,187 | 10,129 | 85,739 | 1,784,054 | -` | 100.0% |
| **Total** | **43,716,454** | **3,638,067** | | **49,669,468** | **-** | **-** |

*Source: Office of Finance*

Note: Totals may not foot due to rounding.

## Certificates of Participation

*Principal Amount outstanding as of June 30, 2023: $256,565,000*
*Security: Annual appropriation*

The County has issued Certificates of Participation ("COPs") for the purpose of acquiring real estate, equipment, textbooks, vehicles, and school buses. The term generally matches the average useful life of the assets being financed. The COPs are secured by the County's annual appropriation pledge, and at times additionally secured by the financed assets.

| Certificates of Participation<br>Debt Service, Fiscal Year End Balances, and Paydown Rate as of June 30, 2023 | | | | | |
|---|---|---|---|---|---|
| *Fiscal Year* | *Principal* | *Interest* | *Debt Service* | *FYE Balance* | *Paydown Rate* |
| 2023 | - | - | - | 256,565,000 | 0.0% |
| 2024 | 12,980,000 | 10,565,119 | 23,545,119 | 243,585,000 | 5.1% |
| 2025 | 13,375,000 | 9,954,644 | 23,329,644 | 230,210,000 | 10.3% |
| 2026 | 10,155,000 | 9,409,194 | 19,564,194 | 220,055,000 | 14.2% |
| 2027 | 10,670,000 | 8,888,569 | 19,558,569 | 209,385,000 | 18.4% |
| 2028 | 11,215,000 | 8,370,544 | 19,585,544 | 198,170,000 | 22.8% |
| 2029 | 11,725,000 | 7,856,044 | 19,581,044 | 186,445,000 | 27.3% |
| 2030 | 8,780,000 | 7,404,169 | 16,184,169 | 177,665,000 | 30.8% |
| 2031 | 9,155,000 | 7,018,394 | 16,173,394 | 168,510,000 | 34.3% |
| 2032 | 8,245,000 | 6,647,844 | 14,892,844 | 160,265,000 | 37.5% |
| 2033 | 8,590,000 | 6,293,369 | 14,883,369 | 151,675,000 | 40.9% |
| 2034 | 8,960,000 | 5,923,019 | 14,883,019 | 142,715,000 | 44.4% |
| 2035 | 9,345,000 | 5,535,844 | 14,880,844 | 133,370,000 | 48.0% |
| 2036 | 9,750,000 | 5,137,969 | 14,887,969 | 123,620,000 | 51.8% |
| 2037 | 10,115,000 | 4,773,953 | 14,888,953 | 113,505,000 | 55.8% |
| 2038 | 10,465,000 | 4,417,372 | 14,882,372 | 103,040,000 | 59.8% |
| 2039 | 10,855,000 | 4,024,616 | 14,879,616 | 92,185,000 | 64.1% |
| 2040 | 9,005,000 | 3,644,138 | 12,649,138 | 83,180,000 | 67.6% |
| 2041 | 9,375,000 | 3,275,781 | 12,650,781 | 73,805,000 | 71.2% |
| 2042 | 9,745,000 | 2,889,069 | 12,634,069 | 64,060,000 | 75.0% |
| 2043 | 8,785,000 | 2,510,438 | 11,295,438 | 55,275,000 | 78.5% |
| 2044 | 9,135,000 | 2,142,894 | 11,277,894 | 46,140,000 | 82.0% |
| 2045 | 9,500,000 | 1,759,838 | 11,259,838 | 36,640,000 | 85.7% |
| 2046 | 9,895,000 | 1,360,275 | 11,255,275 | 26,745,000 | 89.6% |
| 2047 | 10,290,000 | 943,544 | 11,233,544 | 16,455,000 | 93.6% |
| 2048 | 10,710,000 | 509,063 | 11,219,063 | 5,745,000 | 97.8% |
| 2049 | 5,745,000 | 143,625 | 5,888,625 | - | 100.0% |
| **Total** | **256,565,000** | **131,399,322** | **387,964,322** | **-** | **-** |

*Source: Office of Finance*

# Equipment Leases

*Amount outstanding as of June 30, 2023:* *$109,587,416*
*Security:* *Annual appropriation plus underlying assets*

The County has entered into equipment lease purchase financings to fund public safety equipment and other equipment essential for ongoing County operations. Equipment lease purchase financings are typically financed through banks. The County's equipment lease purchase financings are secured by annual appropriation pledge plus the assets being financed. The large majority of equipment financed to date has been public safety vehicles.

| Equipment Leases<br>Debt Service, Fiscal Year End Balances, and Paydown Rate as of June 30, 2023 | | | | | |
|---|---|---|---|---|---|
| *Fiscal Year* | *Principal* | *Interest* | *Debt Service* | *FYE Balance* | *Paydown Rate* |
| 2023 | - | - | - | 107,448,635 | 0.0% |
| 2024 | 24,919,122 | 2,816,787 | 27,735,910 | 82,529,512 | 23.2% |
| 2025 | 19,786,028 | 2,259,775 | 22,045,802 | 62,743,485 | 41.6% |
| 2026 | 17,437,393 | 1,749,338 | 19,186,731 | 45,306,092 | 57.8% |
| 2027 | 13,782,603 | 1,321,224 | 15,103,827 | 31,523,489 | 70.7% |
| 2028 | 11,628,489 | 957,606 | 12,586,095 | 19,895,000 | 81.5% |
| 2029 | 10,735,000 | 618,170 | 11,353,170 | 9,160,000 | 91.5% |
| 2030 | 9,160,000 | 272,528 | 9,432,528 | - | 100.0% |
| **Total** | **107,448,635** | **9,995,428** | **117,444,062** | - | **-** |

*Source: Office of Finance*

Note: These figures do not include the GASB-87. What is presented here are capital lease debt service paymen

Totals may not foot due to rounding.

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## Projected Use of Debt for County's Capital Improvement Plan

The table below summarizes the most recent Capital Improvement Plan ("CIP") expenditures and expected funding sources by fiscal year. Bond issuances for FY 2024 – FY 2029 are projections, authorizations may increase or decrease. Actual bond issuance amounts are refined closer to bond sale based on funding needs and market conditions. Since a portion of the CIP expenditures shown below are often paid with CIP funding from prior fiscal year bond issues, current year expenditures and current year funding may differ. All dollar amounts are in thousands.

| CIP Summary, FY 2023 Estimate and Budgeted Amounts for FY 2024 - FY 2029 as of July 1, 2023 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Estimate** | **Budgeted** | | | **Planned** | | | **Total** |
| **Fiscal Year** | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** | **2029** | **2024 - 2029** |
| | | | | | | | | |
| **CIP Expenditures** | **1,785,875** | **1,199,357** | **937,567** | **611,954** | **493,177** | **507,094** | **536,125** | **4,285,274** |
| | | | | | | | | |
| **CIP Funding** | | | | | | | | |
| General Obligation Bonds | 509,723 | 247,053 | 259,572 | 218,654 | 214,391 | 257,369 | 239,645 | 1,436,684 |
| Revenue Bonds | 21,201 | 23,403 | 21,339 | 2,610 | 15,160 | 8 | - | 62,520 |
| Stormwater Bonds | 83,764 | 61,788 | 58,603 | 59,130 | 64,161 | 26,247 | 22,615 | 292,544 |
| Federal | 70,528 | 75,610 | 71,972 | 34,810 | 20,680 | 9,680 | 800 | 213,552 |
| State | 224,284 | 229,911 | 116,444 | 50,323 | 65,096 | 124,974 | 161,291 | 748,039 |
| Developer | 37,340 | 28,784 | 9,130 | 9,130 | 4,130 | 4,130 | - | 55,304 |
| MNCPPC | 93,000 | 81,860 | 71,350 | 14,000 | 22,000 | 16,000 | 16,000 | 221,210 |
| Other | 414,351 | 342,972 | 195,090 | 114,500 | 50,466 | 43,564 | 63,177 | 809,769 |
| **Total CIP Funding** | **1,454,191** | **1,091,381** | **803,500** | **503,157** | **456,084** | **481,972** | **503,528** | **3,839,622** |

*Source: Office of Management and Budget*

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## General Obligation Bond Authorizations

*Authority to Borrow*

Maryland charter counties have certain powers set forth in Section 10-203 of the Local Government Article (the "Express Powers Act"). Prince George's County is a charter county. The County is authorized under the Express Powers Act to undertake borrowings for any public purpose of the County, provided that the aggregate amount of indebtedness outstanding at any one time shall not exceed 6% of the assessable basis of real property of the County and 15% of the County's assessable basis of personal property and operating real property described in Section 8-109(c) of the Tax-Property Article of the Annotated Code of Maryland, as amended (the "Tax-Property Article"). Excluded are tax anticipation notes, obligations having a maturity not in excess of 12 months, obligations issued or guaranteed by the County payable primarily from taxes levied in or on, special taxing areas or districts, or obligations issued for self-liquidating and other projects payable primarily from the proceeds of assessments or charges for special benefits or services. The County Charter requires passage of both a bond enabling act and bond authorization act before bonds may be issued to finance capital projects.

*Mandatory Referendum – Enabling Acts*

The County Charter requires any bond enabling act for capital financing or any act or resolution pledging the full faith and credit of the County or any County guarantee of any state, bi-county agency or district, unless such capital financing or pledge is otherwise exempted by the County Charter or Maryland law, to be submitted to a referendum at the ensuing congressional primary or general election. Each enabling act must identify a single capital project or a number of projects in the same generic class.

*Petition to Referendum – Authorization Acts*

Any local law authorizing the borrowing of money or issuance of bonds or other indebtedness shall be submitted to the referendum of County voters if a petition meeting certain legal requirements (including a 10,000-signature requirement) is filed. Once a project has been approved at referendum, subsequent bond enabling acts or bond authorization ordinance are not subject to the referendum/petition requirement.

Per the County's FY 2023 Annual Comprehensive Financial Report, the amount of General Obligation bonds enabled and authorized but not issued at June 30, 2023 is $933,998,000.

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# II. DEBT TARGETS AND LIMITS

## Debt Ratios

Debt ratios, along with total debt, are often used by issuers to monitor the proportion of their operating budget and revenue base that can have a significant impact on bond ratings, which in turn affects the cost of borrowing. The most common debt ratio measures are as follows:

- **Net direct debt outstanding** – the principal amount of debt that remains to be paid by the County.
- **Net direct debt as a percentage of assessed value** (or estimated full value) - indicates the burden the County's debt places on the property tax base - the main source of County revenue.
- **Net direct debt to personal income** - takes into account all earnings of the County's taxpayers that could be taxed to pay debt service and is perhaps the most comprehensive indicator.
- **Net direct debt per capita** - assesses the relative magnitude of the County's debt position compared to other issuers.
- **General Fund debt service as a percentage of general fund expenditures** - indicates the amount of flexibility that the County has in its General Fund budget.
- **Rapidity of amortization** – indicates how much net direct debt is retired after 5 and 10 years.

## Peer Comparisons

In order to measure the County's performance, it is helpful to compare to the performance of that of its peers. The table on the following page shows several key financial metrics for Prince George's County compared to Anne Arundel, Baltimore, and Montgomery Counties. Like Prince George's County, each of these peer Maryland counties receive the highest possible scores from all three credit rating agencies; have large, diverse populations; have histories of strong economic performance, a large tax base, and above average per capita income; and provide a high level of services to their residents.

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**Comparison of Selected Financial Metrics as of June 30, 2022 – Prince George's County vs. Peer Maryland Counties**

| Financial Metrics | Prince George's County | Anne Arundel County | Baltimore County | Montgomery County | Median | Average |
|---|---|---|---|---|---|---|
| | Aaa/AAA/AAA | Aaa/AAA/AAA | Aaa/AAA/AAA | Aaa/AAA/AAA | -- | -- |
| **Demographic & Economic Information** | | | | | | |
| Total Full Value ($000s) | 116,093,790 | 99,849,722 | 95,991,526 | 217,012,971 | 107,971,756 | 132,237,002 |
| Personal Income ($000s) | 41,600,767 | 51,697,064 | 44,140,702 | 60,441,201 | 47,918,883 | 49,469,934 |
| Population | 957,767 | 584,064 | 850,702 | 1,057,201 | 904,235 | 862,434 |
| Full Value Per Capita ($) | 121,213 | 170,957 | 112,838 | 205,271 | 146,085 | 152,570 |
| Personal Income Per Capita ($) | 40,643 | 51,113 | 43,290 | 59,384 | 47,202 | 48,608 |
| GDP Growth (5-Year CAGR) | 1.5% | 0.8% | 0.8% | 1.5% | 1.2% | 1.2% |
| **Selected Moody's Scorecard Factors[1]** | | | | | | |
| Resident Income Ratio (%) | 118.6% | 149.1% | 112.9% | 152.7% | 133.8% | 133.3% |
| GDP[2] Growth CAGR[3] vs. US | -0.6% | -1.3% | -1.3% | -0.6% | -0.9% | -0.9% |
| Long-Term Liabilities as a % of Revenues | 311.3% | 287.5% | 335.4% | 141.7% | 299.4% | 269.0% |
| Fixed Costs as a % of Revenues | 16.3% | 15.7% | 18.0% | 8.4% | 16.0% | 14.6% |
| **County Debt Study Metrics** | | | | | | |
| Total Debt ($000s) | 3,268,251 | 2,701,915 | 4,625,880 | 4,577,117 | 3,922,684 | 3,793,291 |
| Governmental Activities ($000s) | 2,778,587 | 1,807,491 | 2,540,644 | 4,471,269 | 2,659,616 | 2,899,498 |
| Business-Type Activities ($000s) | 489,664 | 894,424 | 2,085,236 | 105,848 | 692,044 | 893,793 |
| Total Debt as a % of Personal Income | 7.9% | 5.2% | 10.5% | 7.6% | 7.7% | 7.8% |
| Governmental Activities | 6.7% | 3.5% | 5.8% | 7.4% | 6.2% | 5.8% |
| Business-Type Activities | 1.2% | 1.7% | 4.7% | 0.2% | 1.5% | 2.0% |
| Total Debt as a % of Full Value | 2.8% | 2.7% | 4.8% | 2.1% | 2.8% | 3.1% |
| Governmental Activities | 2.4% | 1.8% | 2.6% | 2.1% | 2.2% | 2.2% |
| Business-Type Activities | 0.4% | 0.9% | 2.2% | 0.0% | 0.7% | 0.9% |
| Total Debt Per Capita ($) | 3,412 | 4,626 | 5,438 | 4,329 | 4,478 | 4,552 |
| Governmental Activities ($) | 2,901 | 3,095 | 2,987 | 4,229 | 3,041 | 3,068 |
| Business-Type Activities ($) | 511 | 1,531 | 2,451 | 100 | 1,021 | 1,276 |

*Source: PRAG, from Moody's Municipal Financial Ratio Analysis dataset; figures as of 6/30/2022. Some figures used for these calculations are accrual basis and/or adjusted by Moody's.*

[1]See following page for a brief description of the Selected Moody's Scorecard Factors.

[2]GDP – gross domestic product.

[3]CAGR – compound annual growth rate.

*Description of Moody's Scorecard Factors Used in Peer Comparison*

Below is a brief description of the Selected Moody's Scorecard Factors shown in the table on the preceding page. These metrics are useful for comparison purposes since they normalize certain calculations, such as borrowing costs and pension discount rates. Bear in mind, however, that the fixed costs and liabilities ratios Moody's includes self-supporting debt and business-type debt (as opposed to including only net tax-supported debt.)

| | |
|---|---|
| **Resident Income Ratio** | The Resident Income Ratio measures the cost-of-living adjusted median household income in the jurisdiction compared to the national as a whole. Above 100% means income is higher relative to the US median household income, below 100% means income is lower. |
| **GDP Growth CAGR vs. US** | GDP Growth CAGR vs. US measures the 5-Year CAGR GDP growth for the Metropolitan Statistical Area in which the jurisdiction is located compared to that of the US as a whole. A positive figure indicates GDP growth has been faster on average than that of the US; a negative number indicates it has been slower. |
| **Long-Term Liabilities as a % of Revenues** | The Long-Term Liabilities as a % of Revenues ratio compares an issuer's total outstanding liabilities to the amount of annual revenue it generates. It is calculated by adding all debt, pension, OPEB, and other liabilities (if applicable) and comparing it to the total amount of revenues. This includes all liabilities and revenues of the issuer, regardless of fund type or self-supporting status. Importantly, Moody's makes a number of adjustments to pension and OPEB liabilities to normalize them for comparison between issuers. |
| **Fixed Costs as a % of Revenue** | The Fixed Costs as a % of Revenues ratio is intended to measure budgetary flexibility by showing the percentage of revenues that are dedicated to fixed costs. It is calculated by adding debt service, pension expense, OPEB expense, and other liabilities expense and comparing it to total revenues. This includes all liabilities and revenues of the issuer, regardless of fund type or self-supporting status. Importantly, Moody's makes a number of adjustments to pension and OPEB liabilities to normalize them for comparison between issuers. |

## Debt Ratio Targets

In connection with the aforementioned debt metrics, the County's Debt Policy has set the following Debt Ratio Targets to ensure the current and future flexibility and financial vitality of the County:

- **Net direct debt issued should not exceed 3% of the County's assessable base**
- **Annual debt service should not exceed 8% of the County's general fund expenditures**
- **No less than 65% of debt retired in 10 years**

These targets are comparable to the State's targets and those of peer Maryland counties, as seen in the table below. Note that Anne Arundel County, Baltimore County, and the State of Maryland use debt service to revenues rather than debt service to expenditures. However, these are usually near-identical for issuers with balanced budget requirements.

| Debt Ratio Targets of Peer Counties and the State as of June 30, 2023 | | | |
|---|---|---|---|
| **Issuer** | **Debt to Assessable Base** | **Debt Service to Exp. (or Rev.)** | **10-Year Payout Ratio** |
| Prince George's County | 3.0% Ceiling | 8.0% Ceiling | 65% Floor |
| Anne Arundel County | 2.0% Ceiling | 11.5% Ceiling | - |
| Baltimore County | 2.2% Target 2.5% Ceiling | 8.5% Target 9.5% Ceiling | - |
| Montgomery County | 1.50% | ~10.00% Ceiling | 60-75% Range |
| State of Maryland | - | 8.0% Limit | - |

*Source: Public Resources Advisory Group*

The County is committed to keeping its debt level low despite rising needs for capital projects. Prince George's County debt level remains well below its self-imposed and statutory limits. In recent years, the County has successfully kept its net direct debt to assessable value ratio below 2%. The County's performance on the debt ratios discussed above at June 30, 2021, 2022, and 2023 are shown in table below.

| County Performance on Debt Ratios | | | | |
|---|---|---|---|---|
| **Ratio** | **Target** | **6/30/2021** | **6/30/2022** | **6/30/2023** |
| Net direct debt outstanding ($000s) | n/a | 1588462.00 | 1,707,674.00 | 1,757,113 |
| Net direct debt as a % of assessed valu | 2.0% ceiling | 1.75% | 1.79% | 1.76% |
| Debt service as a % of revenues | 8% ceiling | 6.7% | 6.9% | 7.3% |
| Payout ratio (five years) | n/a | 36.3% | 36.3% | 37.3% |
| Payout ratio (ten years) | 65% floor | 72.5% | 72.3% | 73.3% |

*Source: Office of Finance, Office of Management and Budget, Annual Comprehensive Financial Reports for 2021-2023*

## Statutory Debt Limit

Pursuant to the the Express Powers Act, the statutory debt limit of the County is a total of 6% of the assessable base of real property of the County and 15% of the County's assessable base of personal property and operating real property described in Section 8-109(c) of the Tax-Property Article. State law authorizes certain exclusions. Obligations issued by the Revenue Authority are excluded from the County's statutory limit. Per the County's 2023 Annual Comprehensive Financial Report, the debt limit of the County as of June 30, 2023 was $5,872,508,198. Debt outstanding subject to the limit was $1,757,113,050. See *Appendix B – Statutory Debt Limit Detail* for additional detail.

# <u>III. CREDIT RATINGS</u>

## Overview of Credit Rating Agencies' Approach

The County has earned the highest triple-A credit ratings from Moody's Investors Service, S&P Global Ratings and Fitch Ratings (collectively, the "Rating Agencies"). These high credit ratings ensure the County receives the lowest possible borrowing cost and provide an important indicator of economic strength that helps attract residents, development, and business activity.

Determination of a credit rating by a rating agency is based on the rating agency's assessment of the credit worthiness of an issuer with respect to a specific obligation. While each rating agency applies its own criteria and methodology to arrive at a judgment regarding an issuer's credit worthiness, they all analyze the issuer on four broad, yet interrelated factors:

- Economic Base
- Financial Performance and Flexibility
- Liability Burden, and
- Fiscal Management

*Economic Base*
Incorporates local and national economic factors and trends. The foundation of an entity's fiscal health is its economy. Financial growth prospects and major revenue sources depend on the performance of the local economy.

*Financial Performance and Flexibility*
The ability of a municipality to react to changes in the political, economic, financial environment, and the capacity to respond in a timely fashion.

*Liability Burden*
The analysis of debt focuses on the nature of the pledged security, the debt repayment structure, the current debt-service burden, and the future capital needs of an issuer. Manageable debt levels are an important consideration, since accelerated debt issuance can overburden a municipality while low debt levels may indicate under-investment in capital facilities. In addition, the magnitude of pension obligation and other post-employment benefits ("OPEB") liabilities is considered.

*Fiscal Management*
Fiscal Management involves several areas: accounting and reporting methods; revenue and expenditure structures and patterns; annual operating and budgetary performance; financial leverage and equity position; budget and financial planning; and contingent financial obligations, such as off-balance sheet debt, pension liabilities & OPEB.

## Ratings Strategy

The County Executive, Directors of OMB, Finance and senior staff will continue the practice of meeting regularly with credit analysts from the rating agencies to keep them informed of the County's borrowing plans and financial condition. Generally, face-to-face meetings (since Covid, virtual meetings) are scheduled annually with each rating agency and, at a minimum, conference calls are offered to credit analysts in connection with each issuance of debt. In addition, the analysts are periodically invited to the County to see first-hand evidence of the County's successes and planned future development. These meetings include discussions regarding the County's community economic development projects, management initiatives and revenue outlook.

As a part of the annual report prepared by the Office of Finance, the County will evaluate its credit strengths and weaknesses identified in the rating agency reports. When addressing efforts to maintain the County's credit ratings, the County will have to balance its current flexibility (and related ability to meet future challenges) with potential limitations or restrictions. The Office of Finance will include recommended actions to address any weaknesses identified by the rating agencies. These recommendations will be considered in the context of other County policies and objectives.

## Credit Strengths and Challenges

The County has earned the highest credit ratings from Fitch, Moody's and Standard & Poor's since 2012. The stable outlook indicates that no rating changes are expected in the near future. The key credit strengths and credit challenges from the each of the agencies are summarized below, as well as Environmental, Social and Governance ("ESG") considerations.

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| County's Credit Strengths and Challenges | | |
|---|---|---|
| FitchRatings | Moody's Investors Service | Standard & Poor's Ratings Services |
| **AAA (Stable)**<br>**Date of latest report: 6/2/2023** | **Aaa (Stable)**<br>**Date of latest report: 5/31/2023** | **AAA (Stable)**<br>**Date of latest report: 5/29/2023** |
| **Key Credit Strengths** | | |
| • Economic base benefitting from location adjacent to Washington, D.C., the Federal government, the University of Maryland, the Capital Region Medical Center, and MGM National Harbor; Purple Line also a key driver of the economic outlook<br>• High level of financial resilience due to spending flexibility, as well as adequate reserves<br>• Careful debt management practices | • Diverse economy and growing tax base, anchored by significant institutional presence which includes the Federal government and the University of Maryland<br>• Improved reserve position due to conservative budgeting and formal management policies | • Broad, diverse economy poised for continued growth due to its location in Washington-Arlington-Alexandria metropolitan statistical area, interconnectivity within the region, and land available for further development<br>• Good institutional framework and strong, well-embedded, and sustainable financial practices<br>• Rapid amortization of debt<br>• Federal government and universities stabilize employment and property tax bases |
| **Key Credit Challenges** | | |
| • Property taxes restricted by the TRIM millage cap, though this is offset by ability to exceed cap for public education spending<br>• Spending expected to be marginally above revenue growth in the absence of policy action<br>• Moderate overall debt, pension, and OPEB liabilities; plans for large additional debt | • Ongoing fiscal constraints due to TRIM millage cap and economically sensitive revenues<br>• County projects a structural imbalance for fiscal year 2023, which could pressure the rating if the imbalance becomes ongoing<br>• Sizable capital needs and increasing, already elevated debt burden | • Rising fixed costs due to large unfunded pension and OPEB liabilities<br>• Potential for growth pressure on need for capital investments, which could lead to material increase in debt burden<br>• Weak liability profile |
| **Environmental, Social, and Governance ("ESG") Considerations** | | |
| • ESG credit relevance score: 3<br>• This score means that ESG factors have minimal or no credit impact on the County's rating | • **Environmental**: Low exposure to environmental risks<br>• **Social**: Positive, reflecting integration into greater Washington MSA; risks attendant to housing, health, safety, and access to services is low<br>• **Governance**: County benefits from strong management and budget practices, as well as formal fiscal policies | • In line with S&P's view of the standard for the County government sector |
| *Source: Fitch Ratings* | *Source: Moody's Investors Service* | *Source: S&P Global Ratings* |

## Recent Ratings Developments

*New Fitch Rating Methodology Proposed in September 2023*

On September 21, 2023, Fitch Ratings released an Exposure Draft of a new methodology for rating U.S. local governments. In the report, they state that “the proposed methodology introduces new metrics conducive to a model-supported rating approach yet broadly retains the same analytical concepts to derive local government ratings.” The major changes to their methodology are:

- Move to model-supported approach, which begins with a modeled evaluation of an issuer’s credit quality relative to other issuers before allowing the analyst to adjust based on subjective/qualitative factors
- Key ratings drivers are reorganized, though they stay much the same
- Analysis of the credit qualities of issuer’s revenue and expenditure frameworks are combined rather than assessed separately, and revenue volatility is shifted to a separate standalone metric rather than being part of the revenue framework
- Incorporates recognition that carrying costs (debt service, pension, and OPEB liabilities) are fixed rather than normal expenditures that can be reduced in stress scenarios
- Covenant debt may be rated at same level as issuer’s IDR if covenant establishes absolute and non-cancellable promise to pay debt service, and if the revenues supporting the covenant are broad-based and controllable
- FAST model eliminated as part of move to new model-supported approach

Fitch expects 35% of the U.S. local government issuers it currently rates may be affected by the change to model-based ratings, split roughly evenly between upgrades and downgrades. Fitch expects most changes to be within one notch. Notably, Fitch states that in cases where ratings are changed, it is “likely due to the incorporation of quantitative metrics within the rating model to assess factors previously considered qualitative and unscaled.”

The new Criteria is expected to be finalized and released in March 2024.

*New S&P Rating Methodology to be Proposed January 2024*

On December 4, 2023, S&P Global Ratings released a brief statement announcing its intention to publish a Request for Comment on a new rating methodology in January 2024. No additional details are available as of the authoring of this report.

## Rating Reports and History

Copies of the most recent rating report from the three credit agencies referenced above have been included as *Appendix C: Rating Agency Reports.* As shown in the table on the following page, the County has maintained its triple-A ratings from all three rating agencies since 2012.

| Prince George's County<br>General Obligation Bond Rating as of June 30, 2023; 2012 - Present | | | |
|---|---|---|---|
| **Fiscal Year** | **Moody's Investors Service** | **Standard and Poor's** | **Fitch Ratings** |
| 2023 | Aaa | AAA | AAA |
| 2022 | Aaa | AAA | AAA |
| 2021 | Aaa | AAA | AAA |
| 2020 | Aaa | AAA | AAA |
| 2019 | Aaa | AAA | AAA |
| 2018 | Aaa | AAA | AAA |
| 2017 | Aaa | AAA | AAA |
| 2016 | Aaa | AAA | AAA |
| 2015 | Aaa | AAA | AAA |
| 2014 | Aaa | AAA | AAA |
| 2013 | Aaa | AAA | AAA |
| 2012 | Aaa | AAA | AAA |

*Source: Office of Finance*

# IV. VARIABLE RATE DEBT

At this time, the County has no variable rate debt, nor does it have plans to issue variable rate debt. The County periodically reviews the use of the variable rate debt with its financial advisor.

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# Appendix A: Indirect County Debt

Certain bonds are issued by the County or County entities, without a County security pledge, and therefore are not considered County debt. These include debt issued by component units, special obligation bonds for special tax districts (Tax-Increment Financings, or "TIFs"), and conduit debt. The outstanding balances below are from the County's 2022 Annual Comprehensive Financial Report.

## Component Unit Debt

| | |
|---|---|
| *Amount outstanding as of June 30, 2023:* | *$87.7 million* |
| *Security:* | *Pledged revenues (not a liability of the County)* |

Both the Revenue Authority and Housing Authority have certain revenue bonds outstanding. These bonds are not secured by the full faith and credit of the County or the County's taxing power, nor are any County revenues pledged to the repayment of these bonds.

## Special Tax District Bonds

| | |
|---|---|
| *Amount outstanding as of June 30, 2023:* | *$278.6 million* |
| *Classification in financial statements:* | *Pledged TIF revenues (not a liability of the County)* |

Special Tax Districts are both a financing vehicle and land development planning tool that provide incentives to the development community to pursue projects that address public policy concerns. The property owners in a special tax district pay the debt service on the bonds issued through an additional tax. State and County laws enable special obligation bonds to pay for infrastructure improvements that benefit the residents of the special taxing district and the immediate vicinity. Neither the full faith and credit nor the taxing power of the County is pledged for the payment of these bonds, other than the special taxes levied and paid in the special taxing district.

Tax Increment Financings (TIFs) are a tool to use future gains in taxes to finance the current improvements that create those gains. TIFs are used to fund public projects such as infrastructure, land acquisition, demolition, and planning costs. Once these projects are completed there is often an increase in the value of surrounding real estate, and often new investments such as new or rehabilitated buildings. This increased site value and investments create more taxable property, which increases tax revenues. The increased tax revenues are the "tax increment". Tax Increment Financing dedicates this increased revenue, or a portion thereof, to pay debt service on bonds issued to pay for the project. (# of districts)

## Conduit Debt

| | |
|---|---|
| *Amount outstanding as of June 30, 2023:* | *$121.1 million* |
| *Classification in financial statements:* | *Pledged project revenues (not a liability of the County)* |

The County encourages private industry to locate and remain in the County by, among other things, the issuance of tax-exempt Economic Development Revenue Bonds, which bear the County's name and benefit the private enterprise. The funds provided from the sale of such debt are used for the public interest, such as hospital construction or expansion of private businesses to increase employment and the County's tax base. These bonds do not constitute indebtedness or a charge against the general credit or taxing power of the County. The bond indentures and official statements explicitly state the absence of any legal obligation by the

County to repay the indebtedness. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2023, there were 174 series of Economic Development Revenue Bonds outstanding. The aggregate principal amount, for the ten series issued after July 1, 1995 that remain outstanding, is $121.1 million. The aggregate principal amount payable on June 30, 2023 for the 168 series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled approximately $1.1 billion.

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# Appendix B: Statutory Debt Limit Detail

As of June 30, 2023, the County's Statutory Debt Limit was $5,872,508,198 and its debt subject to the limit was $1,757,113,050. The detailed calculation for the County's Statutory Debt Limit is below.

**STATUTORY DEBT LIMIT**

**as of June 30, 2023**

| | | |
|---|---|---|
| County General Obligation Bonds | $ | 2,595,815,000 |
| Maryland Water Quality Loan | $ | 43,716,454 |
| Maryland Development Debt | | - |
| Maryland CDA Infrastructure Financing Bonds | | - |
| Total Debt of the County | | 2,639,531,454 |
| Less: Portion of Debt Excludable by State Law: | | |
| County General Obligation Bonds for: | | |
| Mass Transit Facilities | | 2,013,102 |
| Stormwater Facilities | | 358,752,855 |
| Solid Waste Projects | | 76,631,433 |
| School Facilities Surcharge-Supported | | 395,396,864 |
| School Facility Supported by Telecommunication Tax | | 5,907,696 |
| Maryland Water Quality Loan | | 43,716,454 |
| Maryland Development Debt | | - |
| Maryland CDA Infrastructure Financing Bonds | | - |
| Total Excludable Debt | | 882,418,404 |
| County Debt Subject to Statutory Debt Limitation | | 1,757,113,050 |
| Assessable Base of Real Property Taxation (FY2023) | | 118,050,014,090 |
| Assessable Base of Personal Property and Operating Real Property Taxation (FY2023) | | 3,642,936,020 |
| Debt Limit (a total of 6% of Real Property Assessable Base and 15% of Assessable Base of Personal Property) (FY2023) | | 7,629,621,248 |
| Less: County Debt Subject to Debt Limitation | | 1,757,113,050 |
| County Debt Margin | | 5,872,508,198 |

*Source: Office of Finance*

## Appendix C: Rating Agency Reports from Series 2023A GOB Issuance

- **Fitch Report**

- **Moody's Report**

- **S&P Global**

# Appendix D: Self-Supporting General Obligation Debt Service Schedule as of June 30, 2023

| Self-Supporting General Obligation Bonds<br>Debt Service and Fiscal Year End Balances as of June 30, 2023 | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Stormwater** | | | | **Solid Waste** | | | | **School Surcharge** | | | | **Telecommunications** | | | | **Mass Transit** | | | |
| *Fiscal Year* | *Principal* | *Interest* | *Debt Service* | *FYE Balance* | *Principal* | *Interest* | *Debt Service* | *FYE Balance* | *Principal* | *Interest* | *Debt Service* | *FYE Balance* | *Principal* | *Interest* | *Debt Service* | *FYE Balance* | *Principal* | *Interest* | *Debt Service* | *FYE Balance* |
| 2023 | - | - | - | 358,752,855 | | - | - | 76,631,433 | - | - | - | 395,396,864 | - | - | - | 5,907,696 | - | - | - | 2,013,102 |
| 2024 | 19,041,492 | 13,920,663 | 32,962,155 | 339,711,363 | 4,230,039 | 2,951,623 | 7,181,662 | 72,401,394 | 30,458,750 | 15,203,625 | 45,662,375 | 364,938,114 | 1,680,063 | 186,443 | 1,866,506 | 4,227,633 | 704,236 | 55,075 | 759,311 | 1,308,866 |
| 2025 | 20,187,903 | 13,497,885 | 33,685,788 | 319,523,460 | 4,471,720 | 2,929,737 | 7,401,457 | 67,929,674 | 29,777,462 | 14,011,555 | 43,789,017 | 335,160,652 | 1,473,339 | 125,150 | 1,598,489 | 2,754,294 | 589,069 | 34,811 | 623,880 | 719,797 |
| 2026 | 20,413,906 | 12,606,963 | 33,020,869 | 299,109,554 | 4,324,009 | 2,743,898 | 7,067,907 | 63,605,665 | 78,286,683 | 12,601,284 | 90,887,967 | 256,873,969 | 1,154,177 | 80,812 | 1,234,989 | 1,600,117 | 552,973 | 21,451 | 574,424 | 166,824 |
| 2027 | 20,057,366 | 11,735,620 | 31,792,986 | 279,052,188 | 4,103,483 | 2,558,616 | 6,662,099 | 59,502,182 | 26,888,247 | 9,947,400 | 36,835,647 | 229,985,722 | 841,229 | 41,804 | 883,033 | 758,888 | 96,219 | 4,418 | 100,637 | 70,605 |
| 2028 | 20,479,391 | 10,910,054 | 31,389,445 | 258,572,797 | 4,343,059 | 2,380,730 | 6,723,789 | 55,159,123 | 26,729,924 | 8,782,813 | 35,512,737 | 203,255,798 | 551,726 | 15,991 | 567,717 | 207,162 | 56,066 | 1,502 | 57,568 | 14,539 |
| 2029 | 20,825,972 | 10,010,237 | 30,836,209 | 237,746,825 | 4,478,485 | 2,181,153 | 6,659,638 | 50,680,638 | 27,050,798 | 7,623,140 | 34,673,938 | 176,205,000 | 207,162 | 3,107 | 210,269 | - | 14,539 | 218 | 14,757 | - |
| 2030 | 21,685,062 | 9,017,270 | 30,702,332 | 216,061,763 | 4,701,555 | 1,971,852 | 6,673,407 | 45,979,083 | 27,050,000 | 6,437,304 | 33,487,304 | 149,155,000 | - | - | - | - | - | - | - | - |
| 2031 | 22,576,219 | 8,003,938 | 30,580,157 | 193,485,544 | 4,007,561 | 1,775,474 | 5,783,035 | 41,971,522 | 25,810,000 | 5,271,763 | 31,081,763 | 123,345,000 | - | - | - | - | - | - | - | - |
| 2032 | 21,800,544 | 7,040,779 | 28,841,323 | 171,685,000 | 4,053,522 | 1,596,022 | 5,649,544 | 37,918,000 | 23,395,000 | 4,181,970 | 27,576,970 | 99,950,000 | - | - | - | - | - | - | - | - |
| 2033 | 21,385,000 | 6,175,994 | 27,560,994 | 150,300,000 | 4,172,000 | 1,417,186 | 5,589,186 | 33,746,000 | 20,975,000 | 3,228,576 | 24,203,576 | 78,975,000 | - | - | - | - | - | - | - | - |
| 2034 | 20,745,000 | 5,345,144 | 26,090,144 | 129,555,000 | 4,125,000 | 1,244,246 | 5,369,246 | 29,621,000 | 17,970,000 | 2,448,160 | 20,418,160 | 61,005,000 | - | - | - | - | - | - | - | - |
| 2035 | 19,100,000 | 4,551,950 | 23,651,950 | 110,455,000 | 4,021,000 | 1,080,195 | 5,101,195 | 25,600,000 | 15,170,000 | 1,814,663 | 16,984,663 | 45,835,000 | - | - | - | - | - | - | - | - |
| 2036 | 18,245,000 | 3,819,625 | 22,064,625 | 92,210,000 | 3,830,000 | 924,775 | 4,754,775 | 21,770,000 | 12,630,000 | 1,309,238 | 13,939,238 | 33,205,000 | - | - | - | - | - | - | - | - |
| 2037 | 19,040,000 | 3,145,175 | 22,185,175 | 73,170,000 | 3,995,000 | 776,681 | 4,771,681 | 17,775,000 | 10,655,000 | 916,994 | 11,571,994 | 22,550,000 | - | - | - | - | - | - | - | - |
| 2038 | 19,900,000 | 2,439,550 | 22,339,550 | 53,270,000 | 4,060,000 | 624,238 | 4,684,238 | 13,715,000 | 8,640,000 | 592,400 | 9,232,400 | 13,910,000 | - | - | - | - | - | - | - | - |
| 2039 | 18,600,000 | 1,735,600 | 20,335,600 | 34,670,000 | 3,420,000 | 479,544 | 3,899,544 | 10,295,000 | 6,460,000 | 336,650 | 6,796,650 | 7,450,000 | - | - | - | - | - | - | - | - |
| 2040 | 13,380,000 | 1,152,800 | 14,532,800 | 21,290,000 | 3,285,000 | 346,300 | 3,631,300 | 7,010,000 | 4,250,000 | 160,200 | 4,410,200 | 3,200,000 | - | - | - | - | - | - | - | - |
| 2041 | 9,100,000 | 714,825 | 9,814,825 | 12,190,000 | 3,450,000 | 211,300 | 3,661,300 | 3,560,000 | 2,275,000 | 54,900 | 2,329,900 | 925,000 | - | - | - | - | - | - | - | - |
| 2042 | 6,710,000 | 400,350 | 7,110,350 | 5,480,000 | 2,085,000 | 107,950 | 2,192,950 | 1,475,000 | 925,000 | 9,250 | 934,250 | - | - | - | - | - | - | - | - | - |
| 2043 | 4,155,000 | 170,125 | 4,325,125 | 1,325,000 | 935,000 | 50,375 | 985,375 | 540,000 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2044 | 1,325,000 | 33,125 | 1,358,125 | - | 540,000 | 13,500 | 553,500 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total** | **358,752,855** | **126,427,672** | **485,180,527** | **-** | **76,631,433** | **28,365,393** | **104,996,826** | **-** | **395,396,864** | **94,931,883** | **490,328,747** | **-** | **5,907,696** | **453,306** | **6,361,002** | **-** | **2,013,102** | **117,475** | **2,130,577** | **-** |

*Source: Office of Finance*

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