



**MONTGOMERY
COUNTY MARYLAND**

Comprehensive Annual Financial Report

Fiscal Year 2020

July 1, 2019 - June 30, 2020
Rockville, Maryland



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Montgomery County
Maryland**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

MONTGOMERY COUNTY MARYLAND

Comprehensive Annual Financial Report



Prepared by the
DEPARTMENT OF FINANCE

Michael J. Coveyou, Director
101 Monroe Street
Rockville, Maryland 20850
240-777-8860

Fiscal Year 2020
July 1, 2019 - June 30, 2020

Vision

A More Equitable and Inclusive Montgomery County



Marc Elrich
MARC ELRICH

Thriving Youth and Families

Children need great schools, supportive families, and caring communities to help them succeed in life. We can give them the start they need by providing adequate funding for public schools, access to affordable early childhood education and expanded high school options, and support for programs that relieve stress on families through increased access to affordable housing and better-paying jobs.

A Growing Economy

A healthy business community is essential to our success. We will reinvigorate the county's direct involvement in economic activities by re-examining our regulations to make sure they are sensible, fair, and efficient; opening support centers that help both new and existing businesses; and developing an incubator and innovation climate to help local entrepreneurs bring their ideas into the world.

A Greener County

We recognize the urgency of global warming and will take concrete steps to address climate change. County government has committed to zero Greenhouse Gas emissions by 2035, an ambitious – but achievable – target. We will reduce our footprint by pursuing clean energy, energy efficiency, enhanced building design, reduction of waste, and developing a better transit system for our residents.

Easier Commutes

Moving people and goods more efficiently is an economic imperative and is essential to our quality of life. We will reduce traffic congestion by improving transit options, supporting Metro, encouraging telecommuting and implementing common-sense road improvements.

An Affordable and Welcoming County for a Lifetime

We will focus on initiatives that make Montgomery County a place where all residents can pursue their dreams regardless of race, ethnicity, age or economic circumstances.

Safe Neighborhoods

We will address crime and pedestrian safety issues and seek input from communities across the county on ways to address these issues. We plan to enhance opportunities for walking, biking, and creating neighborhood gathering places.

Effective, Sustainable Government

We will partner with county employees to make County Government more cost-effective and to deliver services more efficiently and responsively.

www.montgomerycountymd.gov

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INTRODUCTORY SECTION

Red Brick Courthouse -
Rockville, MD



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DEPARTMENT OF FINANCE

Marc Elrich
County Executive

Michael Coveyou
Director

December 18, 2020

Honorable County Executive,
Members of the Montgomery County Council,
Chief Administrative Officer,
and Citizens of Montgomery County

Ladies and Gentlemen:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of Montgomery County, Maryland (the County) for the fiscal year ended June 30, 2020.

FORMAL TRANSMITTAL OF THE CAFR

This report, presented in conformity with accounting principles generally accepted in the United States of America (GAAP), was prepared by the County's Department of Finance in cooperation with the finance departments of the County's component unit and joint venture organizations. The CAFR has been prepared pursuant to the provisions of Article 2, Section 214 of the Charter of the County, and includes the independent auditors' opinion, issued by the County Council appointed independent public accounting firm, as provided by Article 3, Section 315 of the County Charter.

The County is responsible for the completeness and fairness of the information and disclosures presented in this report. We believe the information presented is complete and accurate in all material respects, and that it fairly presents the County's financial position and results of operations. To provide a reasonable basis for making these representations, management of the County has established a comprehensive framework of internal controls. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

The public accounting firm of SB & Company, LLC has performed an independent audit of, and issued an unmodified opinion on, the County's financial statements as of and for the year ended June 30, 2020. The independent auditors' report is located at the front of the financial section of this report. This independent audit of the County's financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The independent auditors' reports associated with the Single Audit are available in a separately issued *Report on Expenditures of Federal Awards*.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement and be reviewed in conjunction with the MD&A. The MD&A can be found immediately following the report of the independent auditors.

Office of the Director

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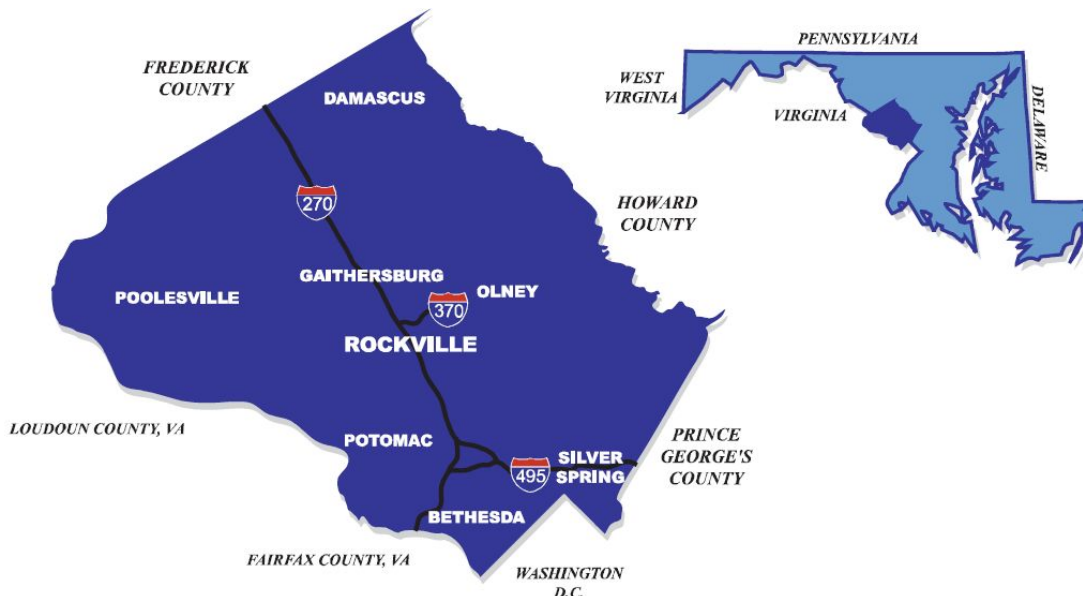
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240-773-3556 TTY

PROFILE OF THE GOVERNMENT

Montgomery County, named after the early American general, Richard Montgomery, was established in 1776 by the State Convention. The County government was structured under the County Commission system until 1948, when voters adopted a charter to give the County home rule and a council-manager form of government. The charter remains the governing authority of the County and was fully implemented in 1970 with the election of an executive and a council. Currently, Montgomery County is the most populated and one of the most affluent jurisdictions in Maryland and enjoys the distinction of being named an All-American community.



Budgetary Overview

The annual budget provides the basis for coordinating and controlling the County government programs and expenditures. These include public safety, public works and transportation, culture and recreation, health and human services, community development and housing, environment, and general government services. Education services, funded in large part by the County (see Note III-I.1), are provided by Montgomery County Public Schools (MCPS) and Montgomery College (MC). For County government services, the County Executive annually develops and recommends operating budget proposals. The County Council then authorizes expenditures and sets property tax rates. Expenditure authority is provided at the fund and department level in two major categories (personnel and operating costs). Budgets are annually adopted by the County Council for the General Fund, Debt Service Fund, substantially all Special Revenue Funds, Enterprise Funds (except Liquor), and two Internal Service Funds (Liability and Property Coverage Self-Insurance and Employee Health Benefits Self-Insurance). The County Executive has authority to transfer appropriations within departments up to ten percent of the original appropriation. Transfers between departments are also limited to ten percent of original appropriation and require County Council action. Additional spending authority, in the form of supplemental or special appropriations, may also be approved by the County Council during the year.

Per State law, the budget of the Liquor Enterprise Fund is approved by the County Executive. The County Executive also determines the amount of working capital required by Alcohol Beverage Services (ABS), the amount to retain from the ABS' net profits (before making any deposit into the General Fund), and the funds necessary to service ABS-related debt and provide adequate working capital. The Capital Projects Fund budget is appropriated at the project level on an annual basis with an annual unencumbered re-appropriation. The County Council approves the six-year Capital Improvements Program (CIP) on a biennial basis with opportunities for limited amendments in the intervening years.

Budget-to-actual comparison schedules (statements) for major funds are presented in Exhibits RSI-1 to RSI-3 as part of the Required Supplementary Information section of this annual report. Non-major funds are presented in the Supplementary Data section of the report.

The Reporting Entity

The following organizations are included as component units in the accompanying financial statements: MCPS, MC, Housing Opportunities Commission of Montgomery County (HOC), Montgomery County Revenue Authority (MCRA), and the Bethesda Urban Partnership, Inc. (BUP). The County's participation in the following joint ventures and jointly governed organization is also disclosed in the Notes to the Financial Statements (see Note IV-D): Maryland-National Capital Park and Planning Commission, Washington Suburban Sanitary Commission, Washington Suburban Transit Commission, Washington Metropolitan Area Transit Authority, Northeast Maryland Waste Disposal Authority, and Metropolitan Washington Council of Governments. Copies of the respective independently audited annual financial reports required by State or County law are available from the above-mentioned component units, joint ventures, and jointly governed organizations.

INFORMATION USEFUL IN ASSESSING THE COUNTY'S ECONOMIC CONDITION

The information presented in the financial statements is best understood in conjunction with the broader perspective of Montgomery County's economic environment.

The Local Economy

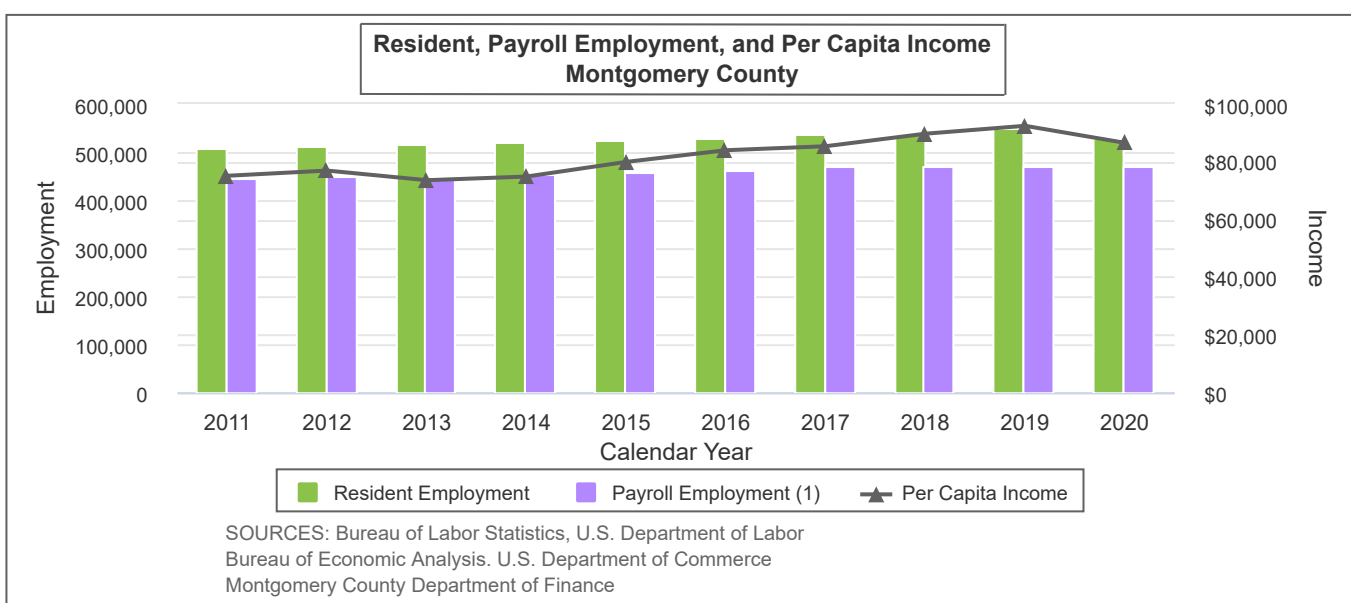
Montgomery County's economy experienced mixed economic performance during fiscal year (FY) 2020. Employment measured by the survey of households decreased 0.7 percent, and the unemployment rate at 4.2 percent was an increase from FY19 (3.1%). The reasons for the decline in employment and the increase in the unemployment rate are attributed to the impact of the coronavirus disease 2019 (COVID-19). Because of COVID-19, average employment declined 8.0 percent from the fourth quarter of FY19 to the fourth quarter of FY20, and the average unemployment rate increased from 2.9 percent during the fourth quarter of FY19 to 8.5 percent during the fourth quarter of FY20.

Sales of existing homes increased by 3.8 percent and average prices were up 4.3 percent during the fiscal year compared to last fiscal year. COVID-19 had two different effects on the real estate market during the fourth quarter of FY20. Sales of existing homes declined a significant 20.8 percent from the fourth quarter of FY19 to the fourth quarter of FY20, but average sales prices increased 2.8 percent over the same comparative period.

Residential construction experienced a decrease in single-family homes and a decrease in multi-family units. Construction in the number of non-residential projects also decreased, as well as the value of added non-residential projects.

Personal Income and Employment

Income tax revenues for the County represented 50.0 percent of total tax revenues for the General Fund in FY20. Two economic indicators, personal income and employment, are the major contributors that drive income tax receipts. On a calendar year basis, per capita personal income is estimated to decrease from \$92,430 in 2019 to \$86,533 in 2020 (-6.4 percent) and is estimated to have increased at an average annual rate of 1.6 percent from 2011 to 2020.



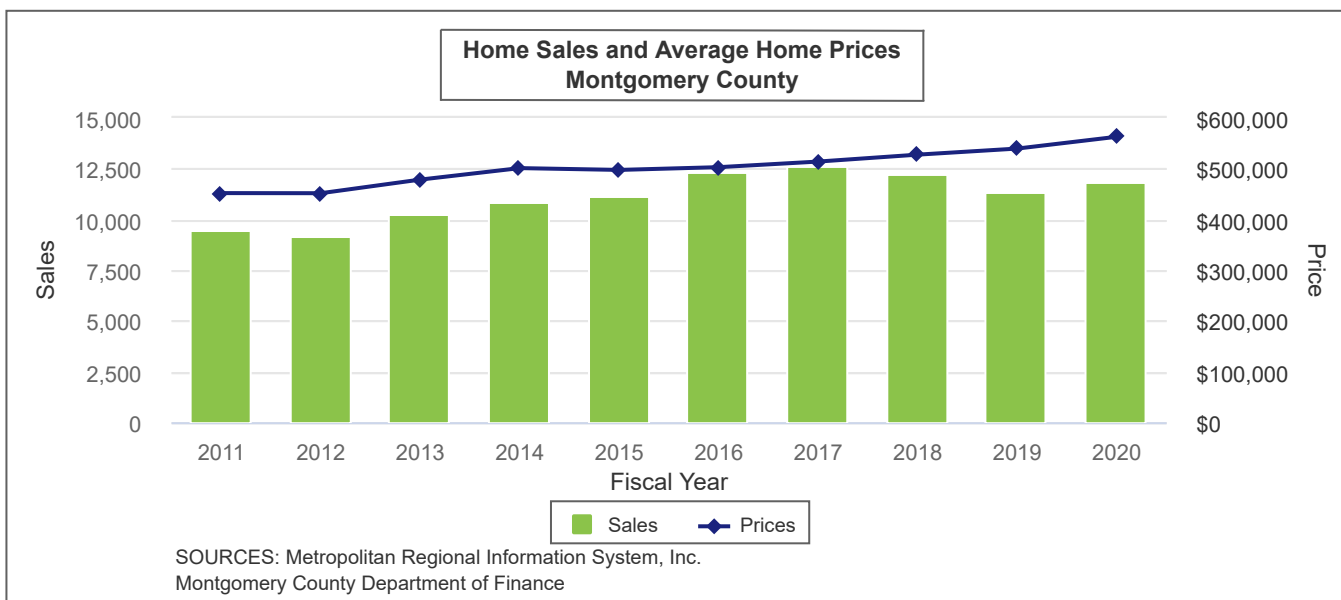
On a calendar year basis, resident employment is estimated to decrease 3.4 percent from 549,310 in 2019 to 530,500 in 2020. In 2011, resident employment in Montgomery County stood at 508,575. By calendar year 2020, employment is expected to reach approximately 530,500 – an average annual increase of over 0.5 percent.

On a calendar basis, payroll employment in the County based on the Quarterly Census of Employment and Wages database is estimated to decrease 0.3 percent from 472,495 in 2019 to 471,165 in 2020. In 2011, payroll employment was 447,238 and is expected to increase in 2020 to approximately 471,165 – an average annual increase of nearly 0.6 percent.

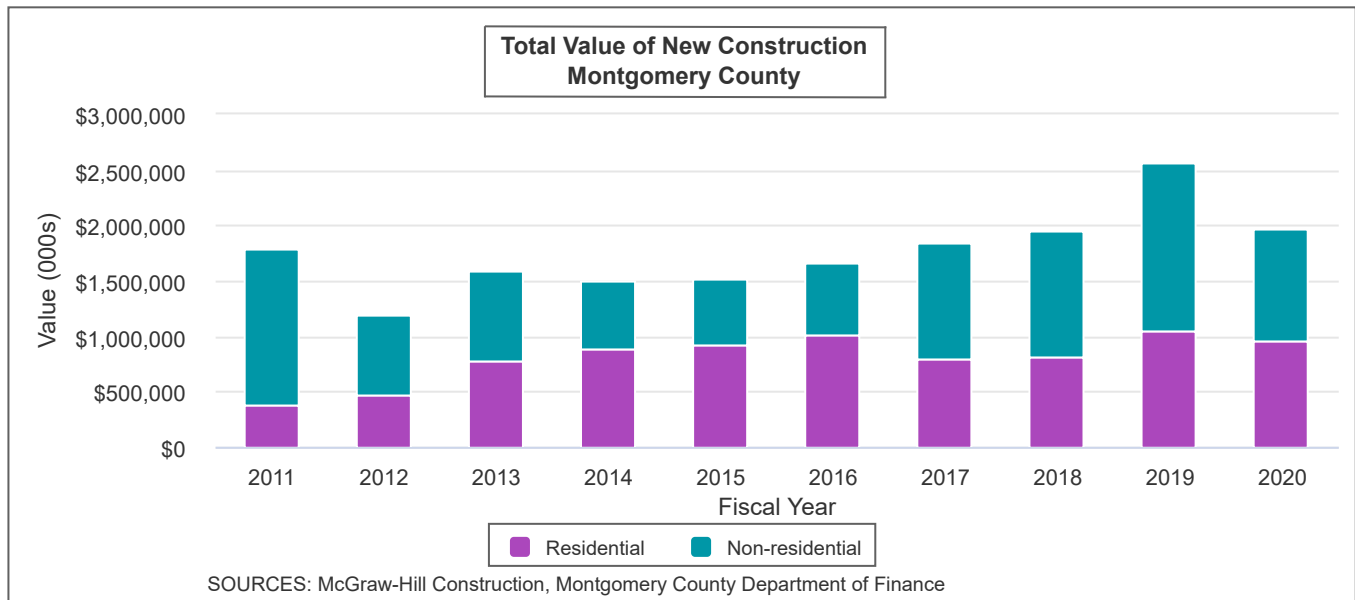
Construction and Real Estate

The property tax (General Fund) and the transfer and recordation taxes consisted of 37.3 percent share and 5.1 percent share, respectively, of total tax revenues for the General Fund in FY20. Construction and real estate activity play a significant role in Montgomery County's economy and their effects on the amount of property taxes and transfer and recordation taxes collected.

Non-residential and residential construction help maintain the value of existing assessable property tax base by replacing technologically obsolescent property (equipment and real estate) and grow the base by providing additional capacity to meet increases in employment and new households. Changes in home prices affect both the property tax assessments and the transfer and recordation taxes. The average sales prices for existing homes were up 4.3 percent in FY20, and sales of existing homes also increased 3.8 percent following two consecutive declines in FY18 and FY19. That increase in the number of home sales followed a decrease of 14.6 percent in FY11, a decrease of 2.7 in FY12, an increase of 11.4 percent in FY13, an increase of 5.5 percent in FY14, an increase of 3.1 percent in FY15, an increase of 10.4 percent in FY16, an increase of 2.7 percent in FY17, but decreases of 3.3 percent and 7.1 percent in FY18 and FY19, respectively. However, collections from residential transfer taxes *decreased* 8.6 percent attributed to a decrease of 9.2 percent in the volume of transactions. Collections from non-residential transfer taxes (including farm and rezoned rates) increased 35.4 percent in FY20. Overall, total transfer taxes collected for the General Fund were up 2.2 percent, and recordation taxes were up 6.0 percent in FY20.



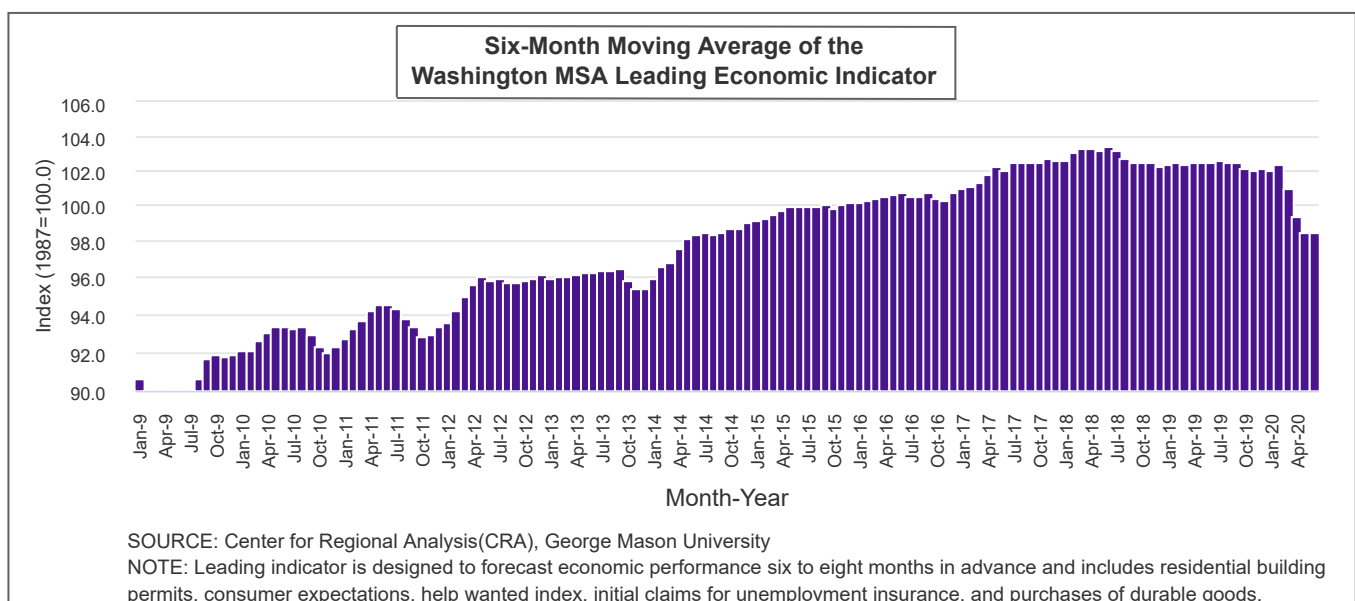
While the total value of new residential construction decreased 7.6 percent in FY20, the total value of new residential construction at \$960.9 million in FY20 was up \$171.4 million compared to the nine-year average between FY11-FY19. The number of new detached single-family units decreased 1.7 percent from 968 units in FY19 to 952 units in FY20. Construction of multi-family units decreased by 30.6 percent in FY20 from 4,545 to 3,154. The total value of non-residential construction at \$1,008.1 million was down 33.8 percent in FY20 compared to FY19.



Future Economic Outlook

Following FY20 in which the County's economy experienced a decrease in resident employment (-3.4% in the calendar year 2020), an increase in the average monthly unemployment rate from 2.9 to 5.5 percent, and a decrease in estimated per capita income (-6.4% in calendar year 2020), an increase in home sales, and an increase in the average sales prices of existing homes, the outlook for FY21 is expected to see a decline in economic growth attributed to the impact of COVID-19.

According to the Stephen S. Fuller Institute (Institute), the economic contraction as measured by the Washington Area Coincident Index was greater in June than the peak-to-trough contraction experienced during the Great Recession. While the Leading Index increased in June, this increase was most likely temporary. According to the Institute, the Washington region had 7.3 percent fewer jobs compared to last year. In future months, weakening consumer expectations and constraints affecting business operations are likely to further subdue the rate of recovery.



Collective Bargaining

Per the County Council FY21 approved budget decision, effective July 1, 2020, the following employee increases have been suspended and will not be paid in FY21:

- General Wage Adjustments (GWA)
- Service Increments
- New Longevity Service Increments (employees currently receiving longevity service increments will continue)
- Performance-based pay

All FY21 Salary Schedules excluding the Minimum Wage/Seasonal Salary Schedule will remain at the FY20 level.

Long-term Financial Planning

Montgomery County is required by its adopted fiscal policies (Council Resolutions 16-1415, June 29, 2010; and 17-312, November 29, 2011) to budget for a reserve in the General Fund. This reserve is five percent of General Fund revenues in the preceding fiscal year (maximum permitted under §310 of the County Charter). In addition, the County is required to maintain the sum of Unrestricted General Fund Balance and the Revenue Stabilization Fund Balance to 10% of Adjusted Governmental Fund Revenues, as required in Section 20-68 of the County Code. Adjusted Governmental Fund Revenues are defined in Section 20-65 of the County Code.

The reserves will be budgeted in order to provide sufficient funds for unanticipated revenue shortfalls or expenditure requirements. The County's Revenue Stabilization Fund was established to accumulate funds during periods of strong economic growth in order to provide budgetary flexibility during times of funding shortfalls. Annual transfers to the Revenue Stabilization Fund must be made of the greater of: 50 percent of selected revenues in excess of budgeted amounts; or 0.5 percent of Adjusted Governmental Revenues; or the amount needed to obtain a total reserve of 10% of Adjusted Governmental Revenues. Additional discretionary contributions may also be made. Withdrawals may be used, with the vote of six or more council members, only to support appropriations which have become unfunded. The County's Revenue Stabilization Fund is consolidated with the General Fund for financial reporting purposes.

As part of the annual operating budget process, the County develops a structurally balanced six-year fiscal plan. This plan addresses long-term structural issues in the budget, maintains the General Fund reserves at the required policy levels, and emphasizes the priorities of education, public safety, affordable housing, transportation, and health and human services.

Significant budget challenges include rising retirement and medical costs, recognition of retiree health expenses, addressing deferred maintenance, and funding program improvements. In addition to these challenges, actions implemented at the Federal and State level may complicate the County's ability to plan for the FY21 – FY26 period. The County is closely monitoring proposed changes in the federal budget and tax policy, and analyzing the potential impact on the County's economy and financial position.

Relevant Financial Policies

The financial policies as put forth by the Executive of Montgomery County, which were again recognized by all major rating agencies with the continuation of a AAA credit rating, remain unchanged: grow the local economy and tax base, obtain a fair share of State aid, maintain strong reserves, minimize the tax burden on citizens, and carefully manage indebtedness and debt service. Spending affordability guidelines are adopted annually for the County's capital and operating budgets. The County limits its exposure in future years to rising costs by controlling baseline costs and allocating one-time revenues to one-time expenditures, whenever possible.

Major Initiatives

Major initiatives of the County during FY20 that are expected to affect future financial position include the following:

Housing

The County invested nearly \$85 million in affordable housing. This includes \$53 million in the Montgomery Housing Initiative (MHI) Funds, \$22 million in the Affordable Housing Acquisition and Preservation CIP project, and \$10 million for the new Affordable Housing Opportunity Fund.

The County supported residents who need rental assistance the most with a focus on eviction prevention, including targeted assistance and financial literacy seminars in areas experiencing high levels of evictions. Over 4,500 households are projected to be assisted in FY21.

Transportation

The County began operation of the FLASH service - Montgomery County's new express bus service along US29 (Colesville Road).

The County focused on improving bus service to meet the needs of our growing population and on a way to leverage non-County funding sources to develop a financing plan to construct and operate the Bus Rapid Transit (BRT) lines.

Public Safety

The County invested close to \$55 million to support pedestrian safety activities to eliminate deaths and serious injuries on our County roads by 2030.

The County supported community policing by adding four positions to reestablish the Police Activities League which will specialize in sports activities and other events for at-risk youth.

The county added 20 positions to eliminate overtime while firefighter/rescuers are training to become paramedics.

Culture and Recreation

The County included \$10.4 million to expand the Early Care and Education Initiative.

The County included \$9.7 million for funding to renew previously awarded community grants as we transitioned to a consolidated community grants program.

The County recommended \$600,000 in funding to support the establishment of the Office of Racial Equity and Social Justice to ensure that racial equity and social justice become core principles embedded in all County decision making.

Education

The County increased the contribution to MCPS by \$114.9 million or 4.3%. The County's total contribution is \$39.1 million over the State required MOE level of funding.

The County's funding for Montgomery College is slightly above the Maintenance of Effort requirements and the College's proposed level of support. The overall County contribution on a per student full-time enrollment basis increased by \$98 or 0.9% since FY20.

General Government

The County implemented economic development grant agreements for retention and expansion of jobs and business activities to support economic growth in the County.

The County provided \$600,000 in funding for the conversion of excess office space into wet labs in the lab corridor of the Germantown Innovation Center. By increasing the number of available wet labs, the incubator can serve more emerging life science companies by providing both lab and office space vacancy.

The County allocated \$418,000 to implement a commercial food waste program, \$408,000 to pilot single family food waste program, and \$40,000 for a program that provides composting bins to single family homes for at-home food waste. These programs helped reduce the amount of food waste materials that go into our landfills every day.

AWARDS AND ACKNOWLEDGMENTS

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Montgomery County, Maryland for its comprehensive annual financial report for the fiscal year ended June 30, 2019. Montgomery County has received the Certificate of Achievement more than any other county in the nation; 50 times since 1951, and consecutively for 48 years since 1972. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Popular Annual Financial Report

The GFOA awarded the Outstanding Achievement Award in Financial Reporting for the County's Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2019. This is the third year Montgomery County has submitted a PAFR to GFOA for review and consideration for the Outstanding Achievement Award.

In order to be eligible for the PAFR award, a government must also submit its comprehensive annual financial report (CAFR) to GFOA's Certificate of Achievement for Excellence in Financial Reporting and receive the award for the fiscal year. The PAFR is evaluated on a variety of categories, including reader appeal, understandability, distribution methods, creativity, and other elements. The Outstanding Achievement Award is valid for a period of one year only.

Distinguished Budget Presentation

GFOA presented the Distinguished Budget Presentation Award to Montgomery County, Maryland for its annual budget for the fiscal year beginning July 1, 2020. In order to receive this award, a government must publish a document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The award is valid for a period of one year only. Montgomery County has received this award every year since 1984, the year the program was established. The Office of Management and Budget believes the current budget continues to conform to program requirements and is submitting it to GFOA to determine its eligibility for another award.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the staff of the County's Department of Finance. I express my appreciation to all participants who assisted and contributed to its preparation. I particularly express my sincerest appreciation to Karen Hawkins, Chief Operating Officer; Kim Williams, Controller; and the staff of the General Accounting, Accounts Receivable, Accounts Payable, and Administration Section for their outstanding performance in the preparation of this report. A list of individuals whose dedicated efforts produced this report is provided separately after this letter. A special appreciation is extended to the finance and accounting managers of the component units whose cooperation greatly facilitated the preparation of this report. I express my appreciation to the County Executive, the members of the County Council, and the Chief Administrative Officer who served the County during the reporting period, and their staffs, for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

USE OF THIS REPORT

This report, and other financial information prepared by the Montgomery County Department of Finance, can be accessed on the County's website at <http://www.montgomerycountymd.gov> (see Governments, Departments, Finance, Financial Reports). Copies of this report are also placed in the County Library System for use by the general public.

Respectfully submitted,



Michael J. Coveyou
Director of Finance

ACKNOWLEDGMENTS

The following individuals' efforts were instrumental in performing the year-end closing of the County's funds and in preparing this Comprehensive Annual Financial Report:

Department of Finance, The Division of the Controller

Lauren Bierly	Tim Hughes	Jay Narang	Sarita Swar
Yihui Brown	Chong Lee	Ome Patel	Michael Toney
Douglas Campbell	Michael Lee	Lal Sangliani	Kim Williams
Mei Chen	Jing Luo	Lisa Sesny	Sherianne Wilson
Alla Cole	Tejal Mendpara	Laleh Shabani	Lan Xu
Mauricio Delgado	Marcia Mikulski	Chihyu Shen	Jeanie Yu
Neli Georgieva	Ah-Young Moon	Diki Shrestha	
Jiaojiao Gu	Charles Mordecai	Karen Smith	
Jason Hsu	Befekadu Mulaw	Iraj Soroori	

Department of General Services

Quinton McHenry	Michelle West
Rick Taylor	The Print Shop

Alcohol Beverage Services

Bill Davis
Courtney Orsini

The following individuals provided data, special research and information for inclusion in this report:

James Babb	Kimberly Gay-Armour	Lih Jiang	David Platt
Jacqueline Carter	Robert Hagedoorn	Lydia Lan	Uday Ravipati
Sean D'Costa	Amanda Hardy-Konkus	Chandra Maddela	Matthew Rosenstock
Victoria Dizelos	Karen Hawkins	Andrew Marschhauser	Pamela Vaughn
	Molly Hayward-Koert	Karen Michalak	Erin Von Nessen

Department of Environmental Protection

Richard Hands	Dan Rogers
Don Birnesser	Anthony Skinner
Scott McClure	

Office of Management and Budget

Mary Beck	Chris Mullin
-----------	--------------

Office of Public Information

Sean Clark

Department of Transportation

Giuliana Custode	Jonson Lum
Hye Kim	Flor Reichers
Alex Kinyenje	

Office of Human Resources

Karen Bass	Jennifer Shovlin
Kay Russell Deerin	

Montgomery County Employee Retirement Plans

Yan Yan	Min Tang
Ge Lee	Priti Mehta
Jessica Guo	

Component Units

Bethesda Urban Partnership, Inc.

Jeff Oyer

Montgomery County Public Schools

Daniel K. Marella	Robert Reilly
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Housing Opportunities Commission

Cornelia Kent	Francisco Vega
Eugenia Pascual	

Montgomery College

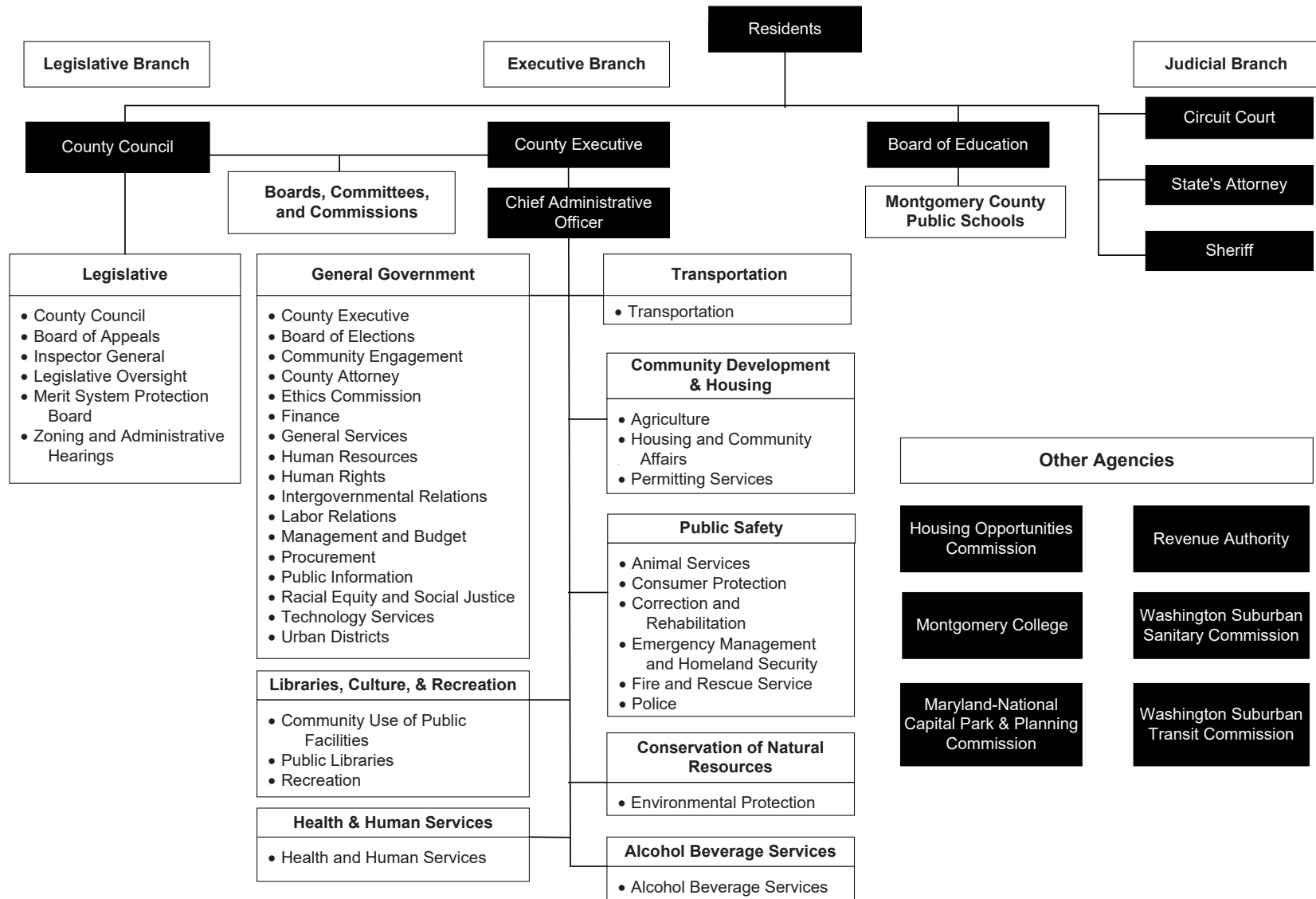
Elizabeth Greaney
Monica Wong
Phillip Howard

Montgomery County Revenue Authority

Michael Boone

Appreciation is also extended to employees in all County departments and agencies who participate in the year-end process.

Montgomery County, Maryland Functional Organization Chart



MONTGOMERY COUNTY, MARYLAND
ELECTED OFFICIALS
 June 30, 2020

COUNTY EXECUTIVE
Marc Elrich

COUNTY COUNCIL

President	Sidney Katz
Vice President	Tom Hucker
Gabe Albornoz	Nancy Navarro
Andrew Friedson	Craig Rice
Evan Glass	Hans Riemer
Will Jawando	

Other Elected Officials

Administrative Judge Circuit Court	Robert A. Greenberg
Clerk of the Circuit Court	Barbara H. Meiklejohn
Register of Wills	Joseph M. Griffin
Sheriff	Darren M. Popkin
State's Attorney	John McCarthy

APPOINTED OFFICIALS

Chief Administrative Officer	Andrew Kleine
Agriculture Services	Jeremy V. Criss
Alcohol Beverage Services	Robert Dorfman
Board of Appeals	Barbara Jay
Consumer Protection	Eric Friedman
Correction and Rehabilitation	Angela Talley
County Attorney	Marc Hansen
County Council	Sidney Katz
Environmental Protection	Adam Ortiz
Ethics Commission	Robert W. Cobb
Finance	Michael Coveyou
Fire and Rescue Service	Scott Goldstein
General Services	David E. Dise
Health and Human Services	Raymond Crowel
Housing and Community Affairs	Aseem Nigam
Human Resources	Berke Attila
Inspector General	Megan Davey Limarzi
Intergovernmental Relations	Melanie Wenger
Legislative Oversight	Chris Cihlar
Management and Budget	Richard Madaleno
Merit System Protection Board	Bruce P. Martin
Permitting Services	Mitra Pedoeem
Police	Marcus Jones
Procurement	Avinash G. Shetty
Public Information	Barry Hudson
Public Libraries	Anita Vassallo
Recreation	Robin Riley
Technology Services	Gail Roper
Transportation	Christopher Conklin
Zoning and Administrative Hearings	Lynn Robeson Hannan

COMPONENT UNIT OFFICIALS

Montgomery County Public Schools

Board of Education:

Shebra L. Evans, President
Brenda Wolff, Vice
President

Jeanette E. Dixon	Patricia B. O'Neill
Dr. Judith R. Docca	Rebecca K. Smondrowski
Karla Silvestre	
Nick Asante, Student Board Member	

Dr. Jack Smith, Superintendent of Schools

Montgomery County Revenue Authority

Board of Directors:

Stephen H. Edwards, Chairman
Herbert L. Tyson, Secretary-Treasurer

David D. Freishtat	Jonathan Powell
Eric Goldberg	
Andrew Kleine, Ex-Officio member	

Keith Miller, Chief Executive Officer

Bethesda Urban Partnership, Inc.

Board of Directors:

Gregory Rooney, Chair
Jane Fairweather, Vice Chair
Brian Wynne, Treasurer
Marian Block, Secretary

Robert Donohoe, Jr.	Katya Marin
Heather Dhlopolsky	Deborah Michaels
Andrew Jones	Sarah Wolek

Kenneth B. Hartman, Ex-Officio: County Executive Rep
Jeff Burton, Executive Director

Montgomery College

Board of Trustees:

Gloria A. Blackwell, Chair
Leslie S. Levine, First Vice Chair

Michael A. Brintnall, Second Vice Chair

Kenneth J. Hoffman	Robert F. Levey
Marsha Suggs Smith	Frieda K. Lacey
Maricé Morales	Michael J. Knapp
Sarah Haj Hamad, Student	

DeRionne Pollard, PhD., President
and Secretary-Treasurer

Housing Opportunities Commission of Montgomery County

Commissioners:

Roy Priest, Chair
Frances Kelleher, Vice Chair
Richard Y. Nelson, Jr., Chair Pro Tem

Pamela Byrd
Linda Croom
Margaret McFarland

Stacy L. Spann, Executive Director

INDEPENDENT AUDITORS

SB & Company, LLC
10200 Grand Central Avenue, Suite 250
Owings Mills, MD 21117

Elected Officials Montgomery County, Maryland



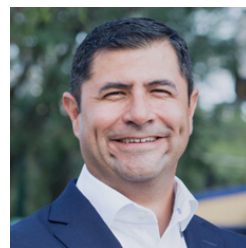
Marc Elrich
County Executive



Sidney Katz
Council President



Tom Hucker
Council Vice President



Gabe Albornoz
Council Member



Andrew Friedson
Council Member



Evan Glass
Council Member



Will Jawando
Council Member



Nancy Navarro
Council Member



Craig Rice
Council Member



Hans Riemer
Council Member

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FINANCIAL SECTION

Science West Building at
Montgomery College—
Rockville, MD

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Honorable County Council of Montgomery County, Maryland
Rockville, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montgomery County, Maryland (the County), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The County's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Montgomery County Public Schools, Housing Opportunities Commission of Montgomery County, Montgomery College, Montgomery County Revenue Authority, and Bethesda Urban Partnership, Inc., which represents 100% of the assets, net position and revenues of the component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the County, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the

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business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information for the general, housing initiative and grants funds, the Consolidated Retiree Health Benefits Trust, Employees' Retirement System, Maryland State Retirement and Pension System, Length of Service Award Program and the notes to required supplementary information, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory and statistical sections, combining and individual fund financial statements and supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures described above, and the reports of the other auditors, the combining and individual fund financial statements and supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Owings Mills, Maryland
December 18, 2020

SB & Company, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This discussion and analysis (MD&A) is designed to a) assist readers in understanding Montgomery County, Maryland's (the County's) basic financial statements, the relationship of different types of statements, and the significant differences in the information they provide; b) assist the reader in focusing on significant financial issues; c) provide an overview of the County's current financial activity; d) identify changes in the County's financial position (i.e. its ability to address the next and subsequent years' financial needs, based on currently known facts); e) identify any material deviations from the approved budget for the fiscal year, and f) identify individual fund issues or concerns. The MD&A is best understood if read in conjunction with the Transmittal Letter and the County's basic financial statements.

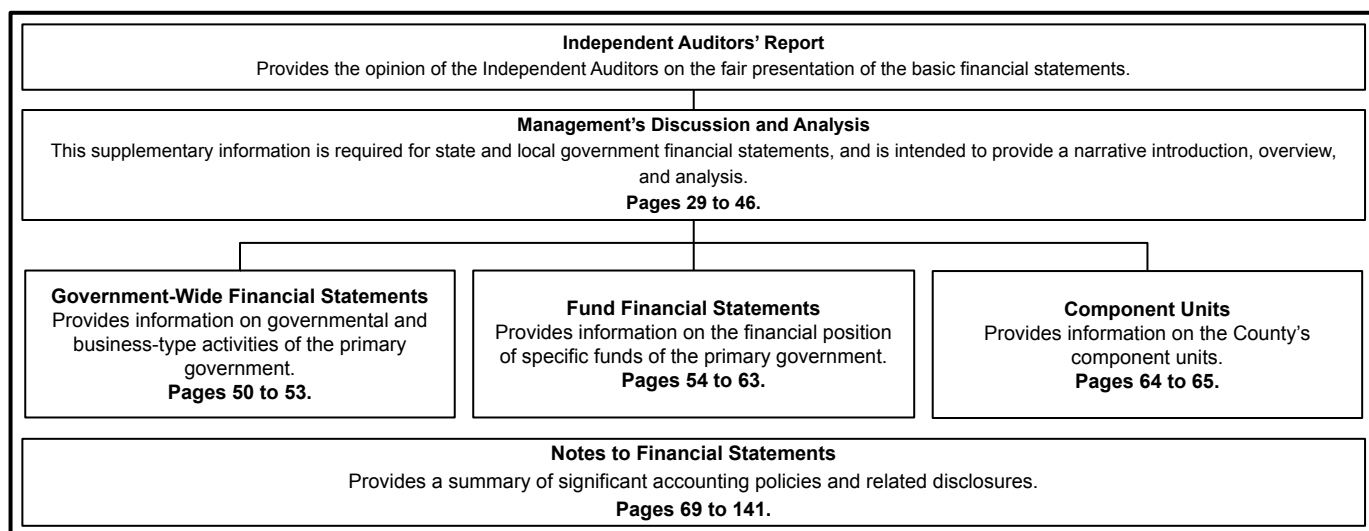
Financial Highlights

- The government-wide assets and deferred outflows of the County exceeded its liabilities and deferred inflows of resources at the close of FY20 by \$714.4 million. That amount is net of a \$2,919.2 million unrestricted deficit. The deficit occurs mainly because the County issues debt to fund construction costs for Montgomery County Public Schools (MCPS) and Montgomery College (MC), two of its component units, and for Maryland-National Capital Park and Planning Commission (M-NCPPC), a joint venture. Debt outstanding for these entities amounted to \$1,802.0 million at June 30, 2020. Absent the effect of this relationship, the County would have reported a deficit government-wide unrestricted net position of \$1,117.1 million.
- The County's total government-wide net position increased by \$241.6 million.
- As of the close of FY20, the County's governmental funds reported combined ending fund balances of \$870.9 million; a decrease of \$248.2 million over the prior year's ending fund balances.
- At the end of FY20, unassigned fund balance for the General Fund was \$97.7 million, or 3.1 percent of total General Fund expenditures.
- The County's government-wide long-term debt and obligations decreased by \$673.1 million during FY20. See page 31 for the details. The key factor in this decrease is a decrease in the net Other Postemployment Benefits (OPEB) liability of \$466.3 million from the FY19 liability.

Overview of the Financial Statements

The County's financial statements focus on both the County as a whole (government-wide), and on the major individual funds. "Funds" are resources segregated for the purposes of implementing specific activities or achieving certain objectives in accordance with special regulations, restrictions, or limitations. Both the government-wide and fund perspectives allow users to address relevant questions and understand changes in financial conditions. The structure of the financial statements is presented below. This MD&A is intended to be an introduction to Montgomery County's basic financial statements. Montgomery County's basic financial statements comprise three components, including government-wide financial statements, fund financial statements, and notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Organization and Flow of Financial Section Information



Government-Wide Financial Statements

The government-wide financial statements report information about the County as a whole using accounting methods similar to those used by private-sector businesses. In addition, they report the County's net position and how they have changed during the fiscal year.

The first government-wide statement - the statement of net position - presents information on all of the County's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the County is improving or deteriorating. Additionally, nonfinancial factors, such as a change in the County's property tax base or the condition of County facilities and infrastructure, should be considered to assess the overall health of the County.

The second statement - the statement of activities - presents information showing how the County's net position changed during the fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid. The information on governmental activities included in the statement reflects the County's basic services, including general government, public safety, public works and transportation, health and human services, and others. Taxes, including the property and income tax, license and permit fees, intergovernmental revenues, charges for services, fines and forfeitures, and investment income finance the majority of these services. The business-type activities reflect private sector-type operations, including: liquor control, solid waste activities, three parking lot districts, permitting services, and community use of public facilities, where fees for services or products are required or designed to recover the cost of operation, including depreciation.

The government-wide financial statements include not only the County itself (known as the primary government), but also legally separate entities known as component units. Component units, which are other governmental units over which the County Council can exercise influence and/or may be obligated to provide financial subsidy, are presented as a separate column in the government-wide statements and as individual activities in the basic and fund financial statements. The County has five component units - Montgomery County Public Schools (MCPS), Housing Opportunities Commission (HOC), Montgomery College (MC), Montgomery County Revenue Authority (MCRA), and Bethesda Urban Partnership, Inc. (BUP).

Fund Financial Statements

Traditional users of governmental financial statements may find the fund financial statement presentation more familiar. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In the fund financial statements, the focus is on major funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. The County has the following three types of funds:

Governmental Funds

Most of the County's basic services are included in governmental funds, which focus on (1) cash and other financial assets that can readily be converted to cash and how they flow in and out, and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, a reconciliation of the fund financial statements to the government-wide financial statements is presented immediately after the fund financial statements. For example, the fund financial statements reflect bond proceeds and interfund transfers as other financing sources, as well as capital expenditures and bond principal payments as expenditures. The reconciliation reflects the elimination of these transactions and incorporates the capital assets and long-term obligations (bonds and others) that are presented in the governmental activities column (in the government-wide statements). The County has five major governmental funds - General, Debt Service, Housing Initiative, Grants and Capital Projects - and nine non-major special revenue funds.

Proprietary Funds

Proprietary funds, which consist of enterprise funds and internal service funds, are used to account for operations that are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. Proprietary fund financial statements, like the government-wide financial statements, provide both long-term and short-term financial information. The fund financial statements provide more detail and additional information, such as cash flows, for the County's enterprise funds. The County has three major enterprise funds - liquor control, solid waste activities, and parking lot districts - and two non-major funds. The internal service funds, which are presented in a single, aggregated column in the proprietary fund financial statements, are used to account for the provision of liability and property insurance coverage, employee health benefits, motor pool services, and central duplicating services, to County departments on a cost reimbursement basis. Although both the fund and government-wide financial statements provide a long-term and short-term focus, reconciliations between these two sets of statements are still required.

This is due to the fact that the excess income/loss for the internal service funds has been redistributed to the customers, including business-type activities; such reconciliations are reflected on the bottom of the proprietary fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The County's fiduciary funds consist of pension and other employee benefit trusts, and custodial funds.

Financial Analysis of Montgomery County, Maryland: Government-Wide Financial Statements

A comparative analysis of government-wide financial information is presented below.

Statement of Net Position

The following presents a summary of the Statements of Net Position for the County as of June 30, 2020 and 2019:

Summary of Net Position *						
June 30, 2020 and 2019						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 2,073,461,001	\$ 2,068,638,550	\$ 233,732,641	\$ 234,127,577	\$ 2,307,193,642	\$ 2,302,766,127
Capital assets, net	5,422,438,864	5,193,454,214	255,180,419	256,106,159	5,677,619,283	5,449,560,373
Total Assets	7,495,899,865	7,262,092,764	488,913,060	490,233,736	7,984,812,925	7,752,326,500
Deferred outflows of resources	200,883,451	185,600,627	6,433,865	5,804,125	207,317,316	191,404,752
Liabilities						
Long-term liabilities outstanding	5,455,903,363	6,147,227,376	151,202,238	132,963,409	5,607,105,601	6,280,190,785
Other liabilities	751,086,753	545,040,130	57,445,718	47,368,217	808,532,471	592,408,347
Total Liabilities	6,206,990,116	6,692,267,506	208,647,956	180,331,626	6,415,638,072	6,872,599,132
Deferred inflows of resources	1,049,323,659	592,075,482	12,796,790	6,295,388	1,062,120,449	598,370,870
Net position:						
Net investment in capital assets	2,999,713,433	2,734,892,546	191,115,410	186,027,386	3,190,828,843	2,920,919,932
Restricted	405,793,922	564,498,034	36,905,016	76,894,899	442,698,938	641,392,933
Unrestricted (deficit)	(2,965,037,814)	(3,136,040,177)	45,881,753	46,488,562	(2,919,156,061)	(3,089,551,615)
Total Net Position	\$ 440,469,541	\$ 163,350,403	\$ 273,902,179	\$ 309,410,847	\$ 714,371,720	\$ 472,761,250

* Primary Government

The County's current and other assets increased by \$4.8 million or 0.2 percent from FY19. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of FY20 by \$714.4 million. By far the largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, improvements, furniture and equipment, infrastructure), less any related outstanding debt used to construct or acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

It is also important to note that although counties in the state of Maryland issue debt for the construction of schools, those school buildings are owned by each county's Board of Education. The County also funds projects for MC and M-NCPPC. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. Debt outstanding for these entities amounted to \$1,802.0 million at June 30, 2020. Absent the effect of this relationship, the County would have reported a deficit government-wide unrestricted net position of \$1,117.1 million. An additional portion of the County's net position of \$442.7 million represents resources that are subject to restrictions on how they may be used.

The County's total net position increased by \$241.6 million for FY20.

Statement of Activities

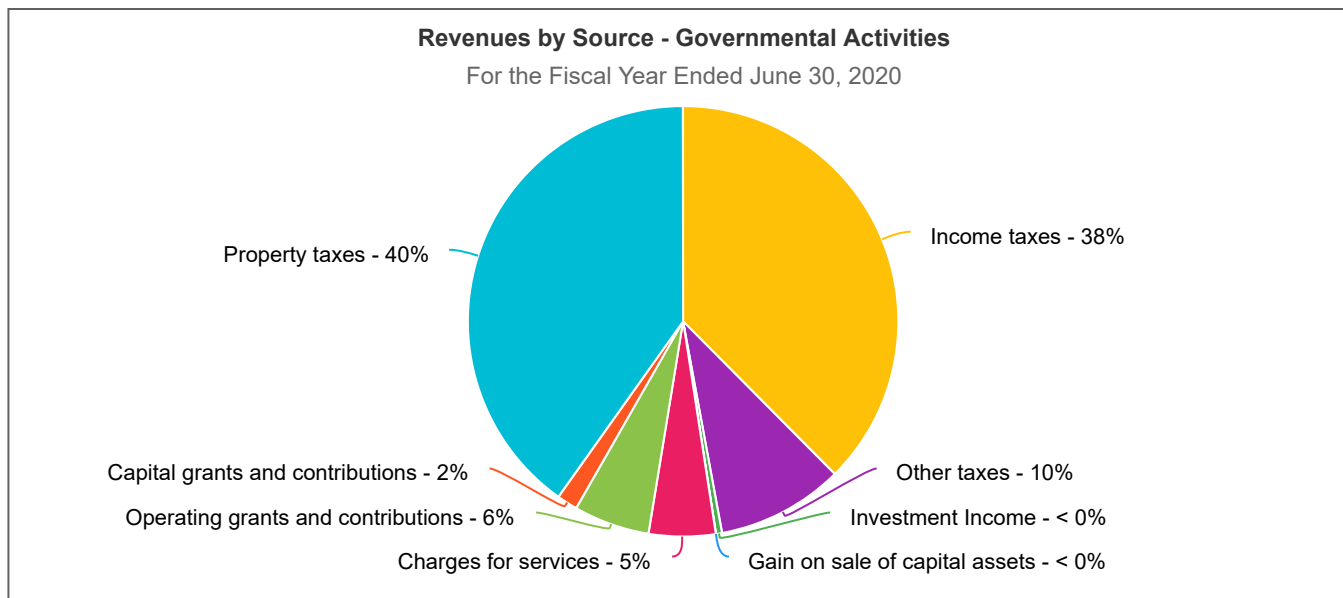
The following table summarizes the County's change in net position for the years ended June 30, 2020 and 2019:

Summary of Changes in Net Position *						
For the Fiscal Years Ended June 30, 2020 and 2019						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program Revenues:						
Charges for services	\$ 227,639,415	\$ 231,554,172	\$ 511,442,819	\$ 505,564,342	\$ 739,082,234	\$ 737,118,514
Operating grants and contributions	259,057,362	214,444,752	-	-	259,057,362	214,444,752
Capital grants and contributions	71,022,023	49,620,809	-	-	71,022,023	49,620,809
General revenues:						
Property taxes	1,824,207,619	1,839,468,334	-	-	1,824,207,619	1,839,468,334
Income taxes	1,706,303,331	1,593,550,972	-	-	1,706,303,331	1,593,550,972
Other taxes	433,166,520	443,119,824	-	-	433,166,520	443,119,824
Investment income	21,117,925	31,894,139	4,118,652	4,379,460	25,236,577	36,273,599
Grants, contributions, and other revenues not restricted to specific programs	-	(7,262,152)	-	-	-	(7,262,152)
Gain/(loss) on sale of capital assets	24,631,318	-	426	25,543	24,631,744	25,543
Total Revenues	4,567,145,513	4,396,390,850	515,561,897	509,969,345	5,082,707,410	4,906,360,195
EXPENSES						
Governmental Activities:						
General government	590,174,881	438,014,357	-	-	590,174,881	438,014,357
Public safety	623,407,978	622,873,906	-	-	623,407,978	622,873,906
Public works and transportation	270,530,860	238,384,714	-	-	270,530,860	238,384,714
Health and human services	321,292,120	329,736,686	-	-	321,292,120	329,736,686
Culture and recreation	114,017,908	111,901,877	-	-	114,017,908	111,901,877
Community development and housing	41,018,670	62,494,208	-	-	41,018,670	62,494,208
Environment	33,264,778	35,059,399	-	-	33,264,778	35,059,399
Education	2,237,040,332	2,191,087,238	-	-	2,237,040,332	2,191,087,238
Interest on long-term debt	111,886,439	115,507,787	-	-	111,886,439	115,507,787
Business-type Activities:						
Liquor control	-	-	268,696,377	263,120,732	268,696,377	263,120,732
Solid waste activities	-	-	152,084,064	110,018,670	152,084,064	110,018,670
Parking lot districts	-	-	30,430,789	34,104,944	30,430,789	34,104,944
Permitting services	-	-	38,036,292	36,608,286	38,036,292	36,608,286
Community use of public facilities	-	-	9,448,918	11,033,992	9,448,918	11,033,992
Total Expenses	4,342,633,966	4,145,060,172	498,696,440	454,886,624	4,841,330,406	4,599,946,796
Net Position Before Transfers	224,511,547	251,330,678	16,865,457	55,082,721	241,377,004	306,413,399
Transfers	52,374,125	55,798,781	(52,374,125)	(55,798,781)	-	-
Change in Net Position	276,885,672	307,129,459	(35,508,668)	(716,060)	241,377,004	306,413,399
Net Position, beginning of year, as restated	163,583,869	(143,779,056)	309,410,847	310,126,907	472,994,716	166,347,851
Net Position, end of year	\$ 440,469,541	\$ 163,350,403	\$ 273,902,179	\$ 309,410,847	\$ 714,371,720	\$ 472,761,250

* Primary Government

Governmental Activities

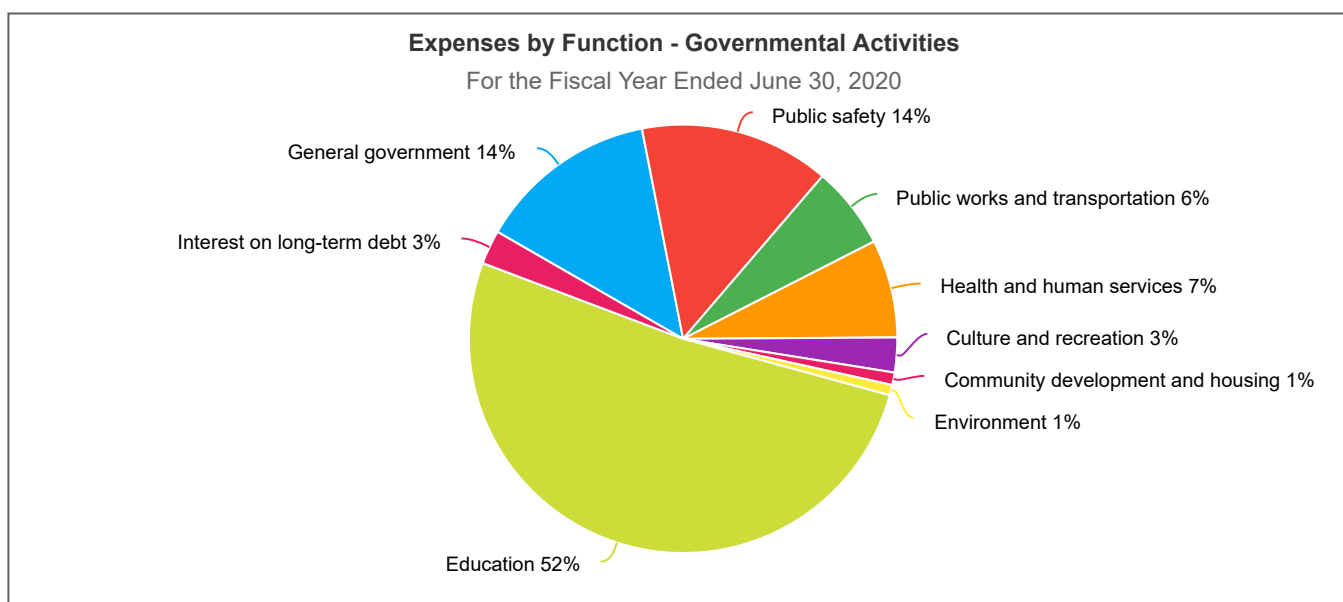
Revenues for the County's governmental activities were \$4,567.1 million for FY20. Sources of revenue are comprised of the following items:



- Taxes constitute the largest source of County revenues, amounting to \$3,963.7 million for FY20.
- Property and local income taxes combined comprise 89.1 percent of all County revenues. Each County in Maryland sets its income tax rate within parameters established by the State. The local income tax rate was 3.2 percent of the State taxable income for calendar years 2020 and 2019. There is no local sales tax in the State of Maryland.
- Operating grants and contributions represent primarily grants from the Federal and State governments and State aid programs. The majority of such revenues are received to fund the following County programs: health and human services (\$112.1 million or 43.3 percent), public works and transportation (\$52.7 million or 20.3 percent) and public safety (\$48.5 million or 18.7 percent).

A more detailed discussion of the County's revenue results for FY20 as compared to what was budgeted can be found in the General Fund Budgetary Highlights section of this MD&A.

The cost of all governmental activities for FY20 was \$4,342.6 million. As the chart on the next page indicates, education constitutes the County's largest program and highest priority; education expenses totaled \$2,237.0 million. Public safety expenses totaled \$623.4 million, general government services totaled \$590.2 million, and health and human services, the fourth largest expense for the County, totaled \$321.3 million.



The following table presents the cost and program revenues of the County as a whole and each of the County's six largest programs – education, public safety, general government, public works and transportation, health and human services, and culture and recreation – as well as each program's net cost (total cost less fees generated by the activities and program-specific intergovernmental aid).

Net Cost of County's Governmental Activities For the Fiscal Years Ended June 30, 2020 and 2019						
	Expenses		Revenues		Net Cost of Services	
	2020	2019	2020	2019	2020	2019
Education	\$ 2,237,040,332	\$ 2,191,087,238	\$ 139,567	\$ 58,834	\$ 2,236,900,765	\$ 2,191,028,404
Public safety	623,407,978	624,187,876	99,918,831	82,982,313	523,489,147	541,205,563
General government	590,174,881	438,014,357	122,538,626	110,296,879	467,636,255	327,717,478
Public works and transportation	270,530,860	238,384,714	159,222,674	116,798,418	111,308,186	121,586,296
Health and human services	321,292,120	329,736,686	115,721,209	121,472,103	205,570,911	208,264,583
Culture and recreation	114,017,908	111,901,877	43,431,536	42,937,985	70,586,372	68,963,892
Other	186,169,887	213,061,394	16,746,357	21,073,201	169,423,530	191,988,193
Total	\$ 4,342,633,966	\$ 4,146,374,142	\$ 557,718,800	\$ 495,619,733	\$ 3,784,915,166	\$ 3,650,754,409

Of the total cost of governmental activities of \$4,342.6 million, \$557.7 million was paid by those who directly benefited from the programs (\$227.6 million) and other governments and organizations that subsidized certain programs with operating and capital grants and contributions (\$330.1 million). Of the \$3,784.9 million net cost of services, our taxpayers paid for these activities through County taxes which totaled \$3,963.7 million; also available to contribute towards such net costs were investment income and other contributions not restricted to a specific program.

Highlights of significant changes in governmental activities compared to last year are:

- **Education:**
\$46.0 million increase in resources spent on education. The County contribution was \$18.6 million over Maintenance of Effort (MOE) and 4.6 percent higher than FY19 for Montgomery County Public Schools (MCPS) funding. The County's local contribution is \$2.0 million over MOE for Montgomery College (MC).
- **General Government:**
\$152.2 million increase in expenses primarily due to OPEB contributions for the County, MCPS, and MC.
- **Public Safety:**
\$0.8 million decrease in expenses primarily due to the adjustment of pension expense, net pension liability and pension related inflows and outflows of \$33.7 million.
- **Public Works and Transportation:**
\$32.1 million increase in expenses primarily driven by the decrease in capital projects of \$42.0 million covering several projects that were expensed and capitalized in the prior year.
- **Culture and Recreation:**
\$2.0 million increase in expenses due to the reclassification of certain activities associated with the implementation of GASB Statement No. 84.

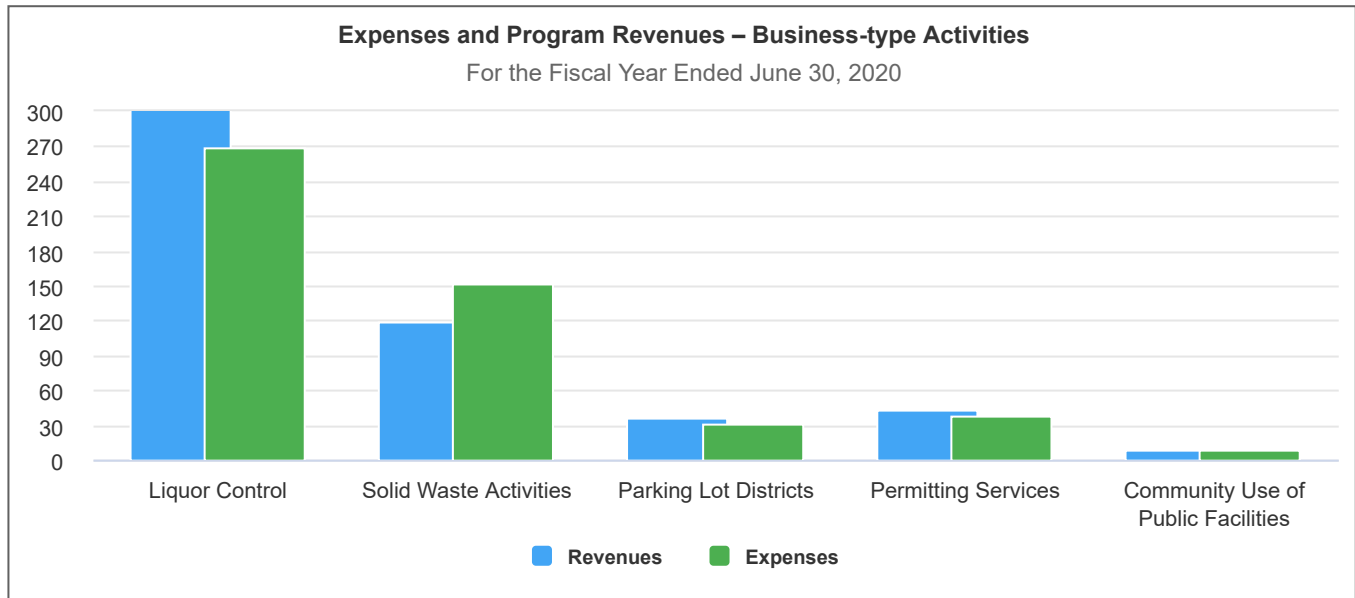
Business-type Activities

Highlights of the County's business-type activities for FY20 are as follows:

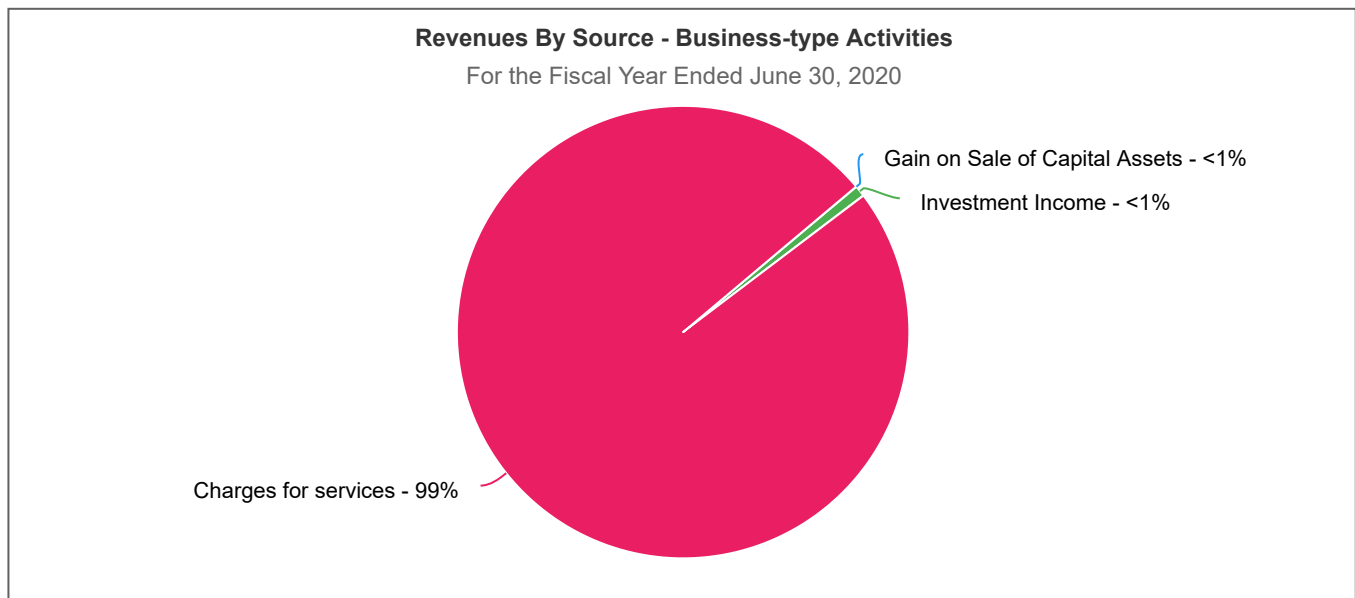
- Business-type activities experienced a decrease in net position of \$35.5 million for FY20. This amount is reported after total net transfers out of \$52.4 million. The most significant components of the change include:
 - \$0.9 million increase in net position related to liquor control;
 - \$35.9 million decrease in net position related to solid waste activity;
 - \$1.0 million increase in net position related to parking lot districts; and
 - \$0.3 million decrease in net position mainly related to permitting services (net of \$6.1 million revenues and \$6.5 million transfers out).

- Charges for services to users comprise 99.2 percent of revenues, with \$305.0 million (59.6 percent of charges for services revenue) attributable to liquor control operations and \$118.6 million (23.2 percent) attributable to solid waste activities. The remaining charges for services are generated from operations relating to parking lot districts, permitting services, and community use of public facilities.
- Investment income of \$4.1 million reflects a decrease of \$0.3 million or 6.0% from FY19, primarily because of the increase in pooled cash and investments during the year.

Business-type activities are shown below comparing costs to revenues generated by related services:



Business-type revenues by source are comprised of the following:



Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is valuable in assessing the County's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of FY20, the County's governmental funds reported combined ending fund balances of \$870.9 million, a decrease of \$248.2 million from the end of FY19. The remainder of the fund balances of \$901.0 million is unavailable for new spending because it has been set aside for prior period commitments and legal restrictions.

General Fund

The General Fund is the primary operating fund of the County. At the end of FY20, the General Fund had \$97.7 million of unassigned fund balance and total fund balance was \$582.0 million. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 18.22 percent of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$23.2 million during FY20, primarily due to decreases in expenditures for general government and other financing uses that were partially offset by increased expenditures for public safety and education. There were also decreases in tax, intergovernmental, charges from services, and miscellaneous revenues.

A more detailed discussion of General Fund revenues can be found in the General Fund Budgetary Highlights section of MD&A.

Housing Initiative Fund

The Housing Initiative Fund (HI) is used to account for the fiscal activity of financing, supplementing, and constructing affordable residential facilities for eligible participants. At the end of FY20, HI had a fund balance of \$310.8 million, which is entirely restricted for legal reasons. The fund balance represents an increase of \$17.3 million over FY19. Mortgage receivables for this fund, which is a measure of its financing activities, decreased \$1.0 million or 0.5 percent under FY19.

Grants Fund

The Grants Fund is used to account for Federal and State grant-funded activities of the tax-supported General and special revenue funds. The Grants Fund normally does not have fund balance at the end of each fiscal year as revenues equal expenditures - that is, expenditures of this fund are either billable to one or more federal or state agencies or paid via a transfer from another fund. However, the Grants Fund has a fund balance of \$216,034 which represents restricted assets held by the County pursuant to a grant agreement. The Grants Fund received \$141.2 million in revenues for FY20. This is a \$32.6 million increase from FY19.

Debt Service Fund

The Debt Service Fund accumulates resources for the payment of general long-term debt principal, interest, and related costs. This fund does not maintain an unassigned fund balance; the restricted fund balance of \$12.5 million represents an accounting debt service reserve account.

Capital Projects Fund

The Capital Projects Fund (CIP) has a total fund balance deficit of \$100.6 million, a decrease of \$105.7 million from the end of FY19. The fund balance of this fund can increase or decrease significantly depending on the timing of source of funds for larger capital projects. In FY19, the fund received \$46.4 million in intergovernmental revenues and \$45.7 million in intergovernmental revenues in FY20, a decrease of \$35.2 million. The expenditures in FY20 increased from \$722.9 million in FY19 to \$751.6 million in FY20.

Other factors concerning the finances of the governmental funds are addressed in the discussion of the County's governmental activities.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide statements but include more detail.

The unrestricted net position of the Liquor Fund at the end of FY20 amounted to \$20.1 million, and operating income was \$37.2 million. After a subsidy transfer to the General Fund of \$26.5 million, the fund ended FY20 with an increase in net position of \$0.9 million.

The Solid Waste Activities Fund total net position amounted to \$50.2 million. Of this amount, \$42.1 million (83.9 percent) represents the net investment of capital assets and \$8.1 million is restricted for environmental programs.

The Parking Lot Districts Fund increase in net position amounted to \$1.0 million in FY20, resulting in a total ending net position of \$166.9 million. Of this amount, \$140.1 million (83.9 percent) represents the net investment in capital assets; \$6.7 million (4.0 percent) is restricted for debt service on revenue bonds; and \$20.2 million (12.1 percent) is restricted for public works and transportation.

A discussion of enterprise fund long-term debt can be found in the Long-Term Debt section presented later in this MD&A. Other factors concerning the finances of the enterprise funds are addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Revisions to the General Fund expenditure original budget (excluding transfers) to arrive at the final budget amounted to \$69.2 million, which included County Council approved supplemental and special appropriations and the year-end County Council transfer and County Executive supplemental appropriations. Major components of the appropriation increases include the following:

- \$154.6 million COVID-19 relief funding was budgeted in FY20, which included \$82.6 million of Federal Grants and \$72.0 million of County funds.
- \$4 million increase for Home Investment Partnership Program.
- \$2 million supplemental increase for conditional grants to Economic Development Fund.

The remaining variance is due to encumbrance carry forwards from prior years, which are included in the final budget amounts.

Actual revenues were less than budget amounts by \$23.3 million, while actual expenditures and net transfers out were less than final budget by \$54.4 million and \$104.5 million, respectively. Highlights of the comparison of final budget to actual figures for expenditures and net transfers for the fiscal year-ended June 30, 2020, include the following:

- Actual expenditures of \$1,280.2 million were \$54.4 million less than the final budget, which represents 4.1 percent of the final budget, and is attributable to savings achieved across numerous departments via the FY20 savings plan.
- Actual transfers to the Capital Projects Fund and component units for capital purposes were less than budgeted by \$19.9 million and \$38.7 million, respectively. This is due both to the multi-year nature of capital projects, and to time delays that can be encountered for certain projects.

A more detailed comparison of final budget to actual figures for revenues is presented below:

Overview

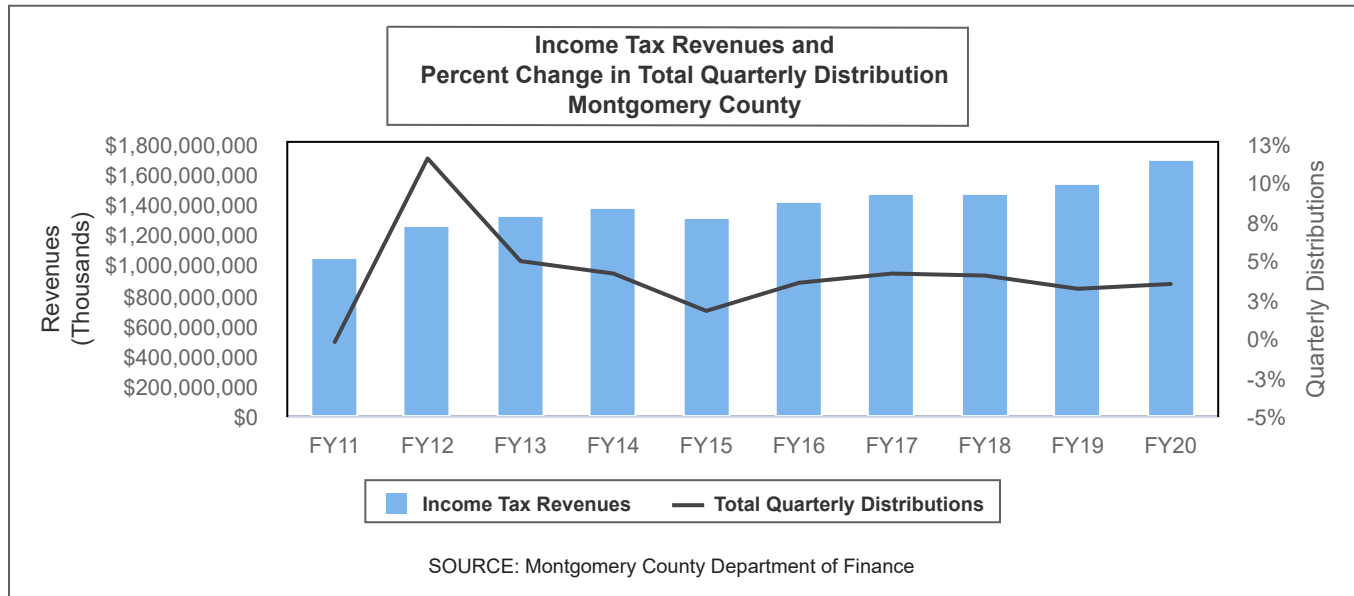
Actual revenues for the General Fund totaled \$3,533.5 million in FY20 and were \$23.3 million or 0.7 percent below the budget estimate for the fiscal year and \$129.1 million or 3.8 percent above actual revenues for FY19. The two largest contributors to the increase between the budget estimate and actual revenues were the income tax, \$60.3 million or 3.7 percent, above the budget estimate and the federal intergovernmental revenues, \$7.4 million or 22.8 percent, below the budget estimate. Revenues from the transfer and recordation taxes (General Fund portion) amounted to \$173.4 million, which is \$9.4 million, or 5.1 percent below the budget estimate but 3.1 percent above actual revenues for FY19. Revenues from consumption/excise taxes which include fuel/energy, telephone, hotel/motel, and other taxes, were \$259.7 million in FY20. That amount was \$23.5, or 8.3 percent, below the budget estimate and that decrease was driven primarily by the hotel-motel and fuel and energy taxes for a combined \$19.7 million, or 8.9 percent, below the budget estimate. The remaining excise taxes, telephone tax and other taxes were \$3.8 million, or 6.2 percent, below the budget estimate. Investment income was \$6.9 million below the budget estimate. Licenses and Permits came in below the budget estimate (17.0%), while Charges for Services came in below the budget estimate (23.6%). Intergovernmental revenues, including federal intergovernmental revenues were \$10.4 million, or 12.2 percent, below the budget estimate. This increase, as noted earlier, was solely attributed to federal intergovernmental revenues, which came in 397.1 percent above the budget estimate. The dramatic increase in federal government revenues is due to the Coronavirus Relief Fund as part of the CARES Act, and the County received \$183.3 million in April 2020. The dramatic increase in federal government revenues is due to the Coronavirus Relief Fund (CRF), which is part of the CARES Act. The County received \$183.3 million of CRF money in April 2020, of which \$27.2 million was recognized as revenue during FY20. See the Other Significant Matters section of the MD&A for further details on the impact of COVID-19.

Income Taxes

One of the largest revenue sources for the General Fund is the County income tax. Revenues from the income tax were \$1,700.6 million and represented 50.0 percent of actual tax revenues in FY20 and 48.1 percent of total actual revenues. The increased reliance on the income tax as a major source of revenue in recent years can be attributed to three factors: changes in the employment base as reflected in resident employment, changes in wage and salary income in the County, and changes in capital gains. This contrasts with the County's second largest revenue source – property taxes – which is held at the Charter Limit and thus generally represents revenue growth limited to the rate of inflation. However, while capital gains, on average, increases over time, the Standard & Poor's 500 index, representing a proxy for capital gains, experienced significant volatility over the past ten

calendar years (2010 - 2019) - ranging from a decrease of 6.3 percent in 2018 to an increase of 29.6 percent in 2013. In addition, resident employment experienced volatility during this period - an average annual rate of increase of over 1.0 percent in the County's resident employment during the 2010-2019 period. The average annual growth during the 2010-2014 period increased 0.8 percent while the average annual growth rate accelerated to 1.1 percent between 2014 and 2019.

As the chart below illustrates, total quarterly distributions for withholding and estimated payments increased 3.4 percent in FY20, which followed the increase of 3.1 in FY19, an increase of 4.0 percent in FY18, an increase of 4.1 percent in FY17, an increase of 3.5 percent in FY16, an increase of 1.7 percent in FY15, and an increase of 4.1 percent in FY14.

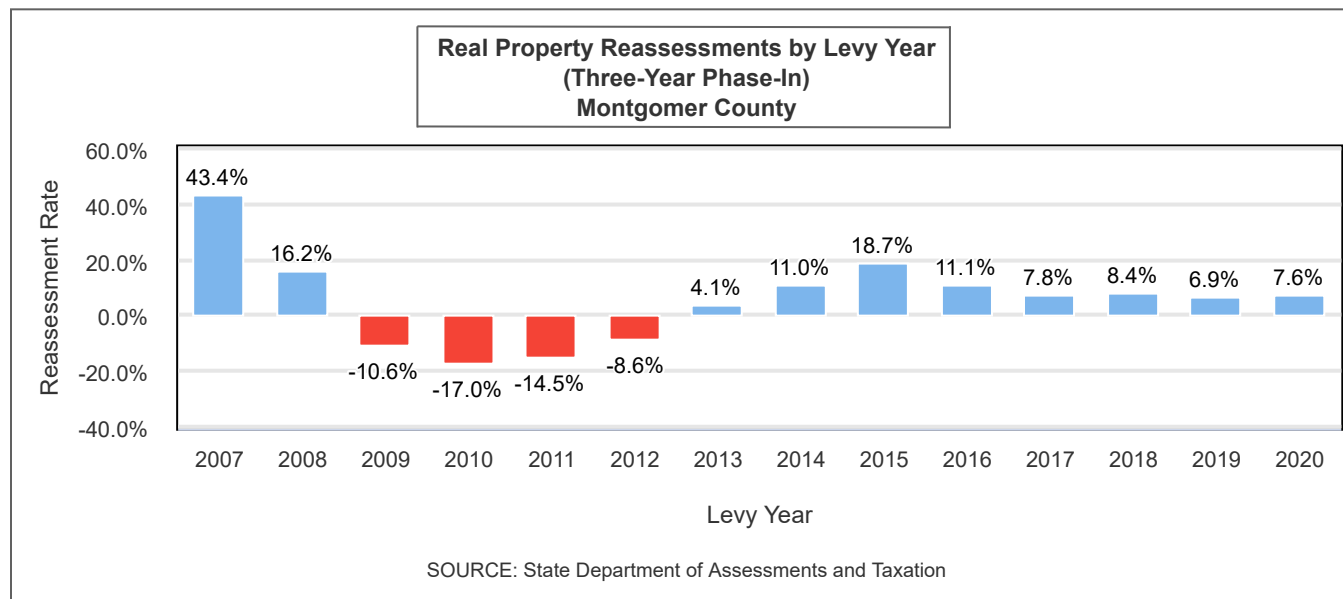


On May 18, 2015, the U.S. Supreme Court made a final ruling in the long-standing court case of *Comptroller of the Treasury of Maryland v. Wynne et ux*. The case involved a dispute over the credit a state taxpayer should get for taxes paid to other states for income earned in those states. The U.S. Supreme Court ruled in favor of the litigants. As a result, the State of Maryland owes refunds to all taxpayers who filed amended returns requesting the additional credit. Based on data provided by the Revenue Administration Division, Comptroller of Maryland (Comptroller), as of September 2020, the total amount of income tax refunds for tax years 2007 through 2014, including interest, attributable to the Wynne case is \$145.6 million. As the Comptroller issues refunds to eligible taxpayers, the refunds are paid from the Local Reserve Account (Account) which is maintained by the State, and the State will replenish the fund through financial transactions with counties and municipalities. In 2020, the Maryland General Assembly amended the previous legislation (HB621) that will allow counties and municipalities to replenish the fund by reducing quarterly income tax distributions to the counties and municipalities starting with the third distribution (May) in FY21 with a total of eighty installments ending in FY41. Most if not all refund claims have been processed and issued as of September 2020 according to the Comptroller of Maryland staff.

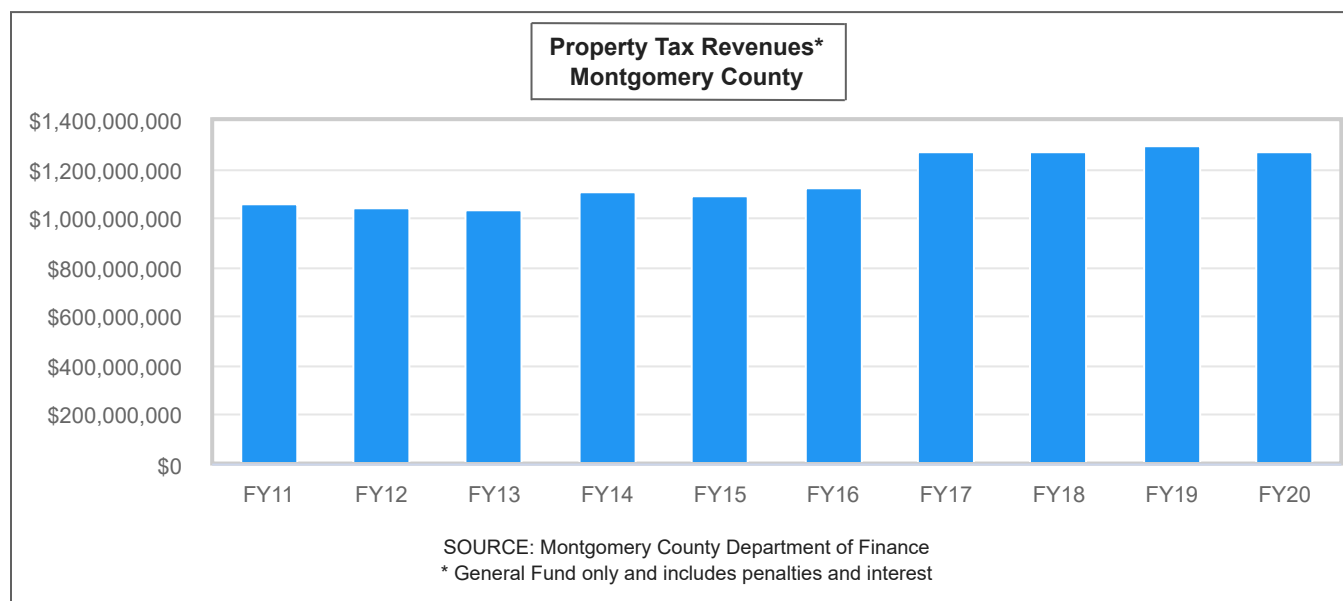
Property Taxes

Property tax collections, which represent another major contributor of actual tax revenues to the General Fund and the second largest in FY20, amounted to \$1,267.0 million in FY20, which were \$26.4 million, or 2.0 percent, below the budget estimate and 1.8 percent below actual revenues in FY19. Actual property taxes, excluding penalties and interest and other items, were \$1,265.0 million in FY20 – a decrease of 1.8 percent from the previous fiscal year. Collections from penalties and interest and other items were \$2.0 million – a 10.9 percent decrease from FY19.

The taxable assessments for real property increased 2.3 percent from FY19 to FY20. This was the seventh consecutive increase starting in FY14. New construction added an estimated \$1.5 billion to the base in FY20, and was 13.3 percent higher than in FY19. Following the real estate market boom and bust cycle in the previous decade, the triennial reassessment rates experienced the same trend albeit with a lag. The recent residential and commercial real estate market recovery resulted also in a recovery of property assessments. After an unprecedented four-year decline in triennial reassessment rates (levy year 2009-2012), reassessments increased 4.1 percent (levy year 2013 or FY2014), 11.0 percent in levy year 2014, 18.7 percent in levy year 2015, 11.1 percent in levy year 2016, 7.8 percent in levy year 2017, and 8.4 percent in levy year 2018, and 6.9 percent in levy year 2019, and 7.6 percent in levy year 2020.



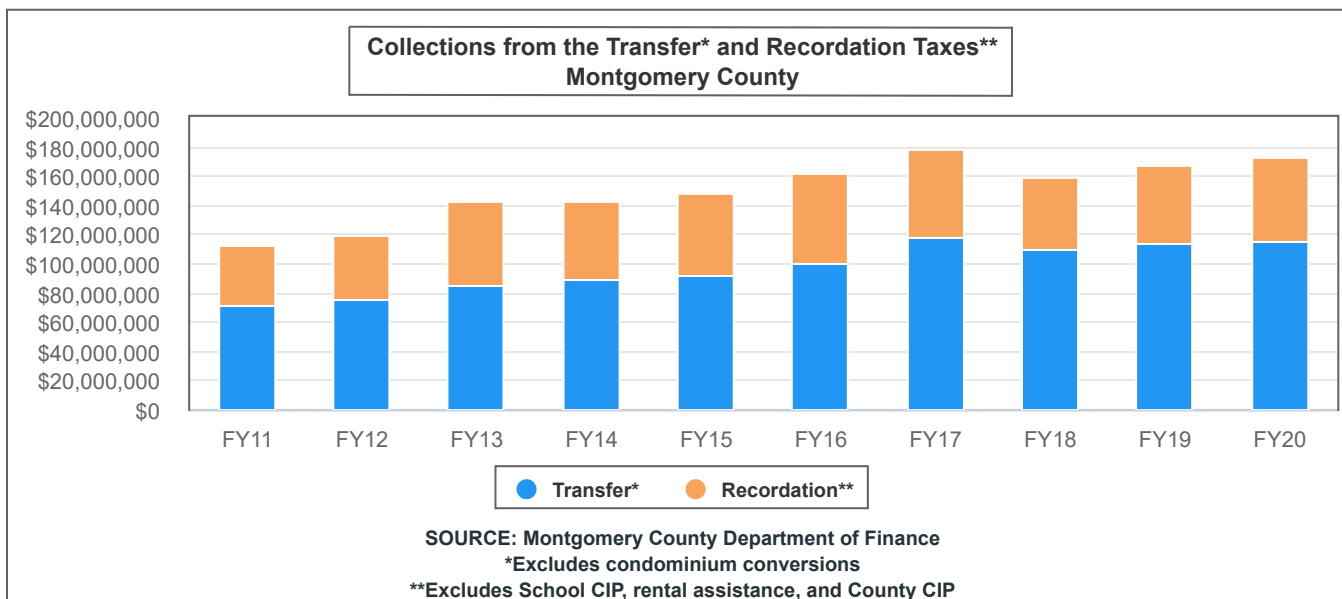
The homestead tax credit limits annual increases in homeowners' taxable assessments to 10 percent per year although other taxable assessments such as for commercial and investment residential properties are not limited by this credit. The homestead credit is the amount of annual assessment growth above the 10 percent limit. Following several years of declining reassessments, most properties that had built up a significant amount of homestead credit during the housing boom cycle, used up their homestead credit during the housing bust cycle. However, the amount decreased from \$76.2 million in FY19 to \$68.0 million in FY20.



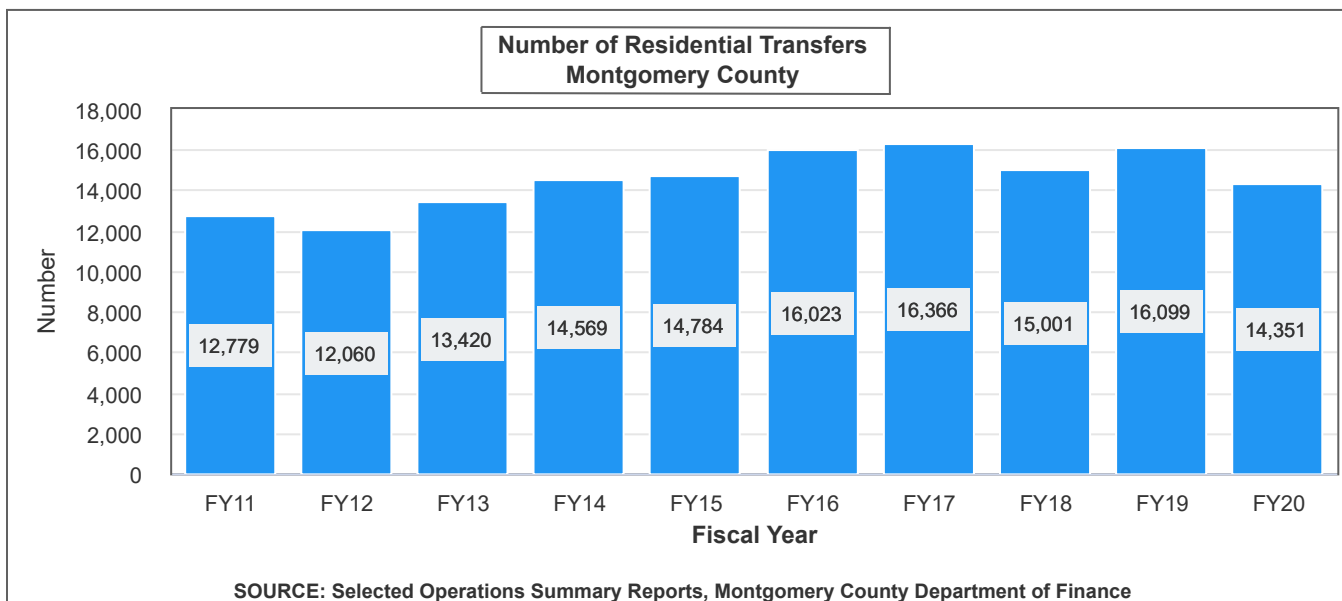
Total personal property assessments declined 6.5 percent in FY11 to \$3.9 billion, declined again in FY12 to \$3.7 billion, and declined further in FY13 to \$3.6 billion attributed to declines in corporate and utility personal property, but increased 2.9 percent in FY14 to \$3.7 billion, decreased 1.5 percent in FY15 to \$3.6 billion, increased 6.3 percent in FY16, increased 4.3 percent in FY17, increased 3.4 percent in FY18, decreased 3.2 percent in FY19, but increased 1.1 percent in FY20 to \$4.1 billion. For the previous five fiscal years (FY15 – FY19), taxable assessments for personal property averaged \$4.0 billion ranging from a low of \$3.7 billion in FY15 to a high of \$4.2 billion in FY18.

Transfer and Recordation Taxes

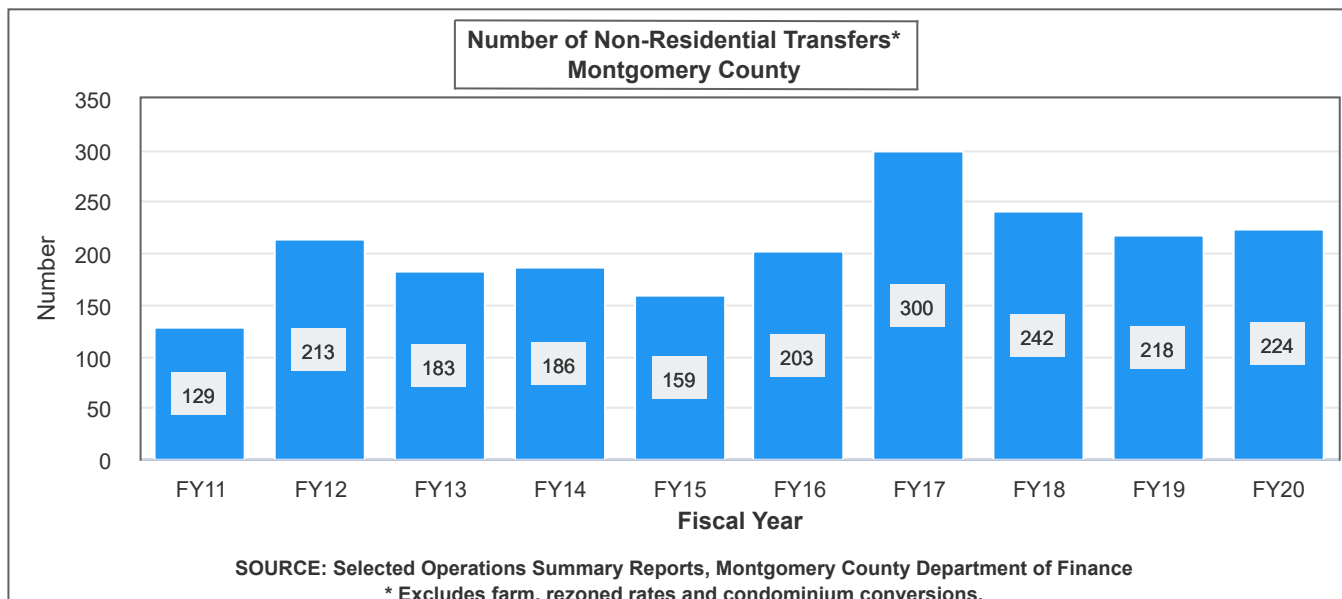
Another major tax revenue category in the County is the combination of real property transfer and recordation taxes. The combined tax revenues from these sources in FY20 were \$173.4 million (excluding recordation tax revenues earmarked for CIP funding of school construction, rental assistance, and CIP funding for the County; and transfer tax revenues from condominium conversions). Actual revenues increased 3.1 percent in FY20 and were 5.1 percent below the budget estimate. As the accompanying chart illustrates, the total amount collected from these taxes reached a recent peak of \$178.4 million in FY17 before declining to \$158.6 million in FY18 then steadily increasing to \$173.3 million in FY20.



General Fund revenues from the transfer tax experienced an increase of 1.9 percent in FY20 and 5.5 percent increase in the recordation tax from FY19. Revenues from the residential sector for the transfer tax were \$77.8 million, a decrease of 8.6 percent from FY19. The number of residential transfers decreased to 14,351 from 16,099 in FY19 or 10.9 percent. Collections from the residential recordation tax decreased 8.0 percent in FY20.



Based on the amount of collections from the non-residential transfer tax, the commercial market increased 35.5 percent in FY20 from FY19 with revenues at \$37.0 million. The increase in revenues from the commercial market was attributed to an increase of 31.9 percent in the average tax from approximately \$125,185 in FY19 to \$165,070 that complemented the increase in the volume of non-residential transactions.

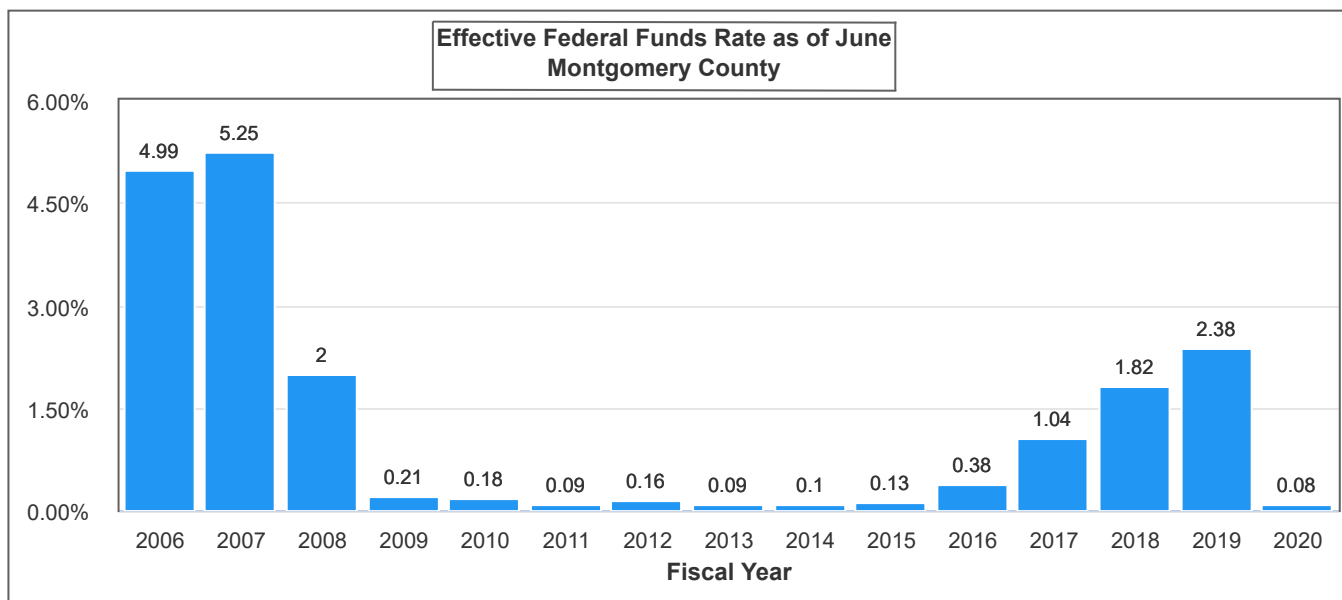


Other Revenues

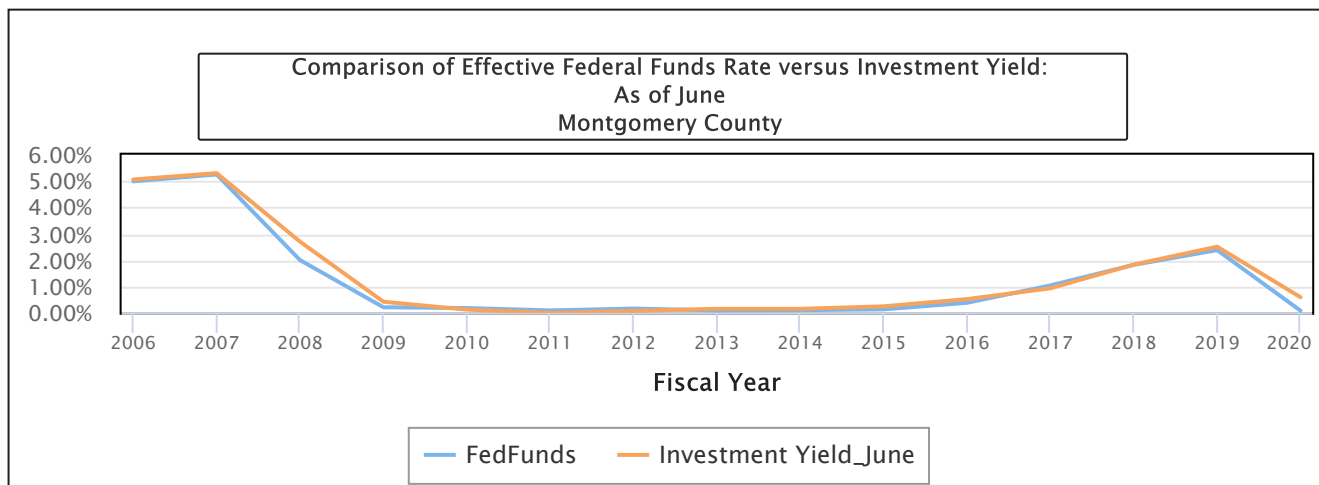
The remaining tax sources – consisting of fuel/energy, telephone, hotel/motel, and other taxes – totaled \$259.7 million and were \$23.5, or 8.3 percent, below the budget estimate and 5.0 percent below actual revenues in FY19. Revenues from the fuel/energy tax were \$187.0 million in FY20 and \$11.9 million, or 6.0 percent, below the budget estimate but a decrease of 3.9 percent from actual revenues in FY19. The decrease in actual revenues from FY19 was attributed to a decrease of 14.7 percent in residential natural gas collections and a decrease of 1.3 percent and non-residential natural gas collections.

Revenues from the telephone tax at \$53.7 million were 4.7 percent below the budget estimate but 2.4 percent above actual revenues in FY19. Revenues from the hotel/motel industry of \$14.9 million in FY20 were 34.3 percent below the budget estimate and 30.1 percent below actual revenues in FY19. Other tax revenues in FY20 were 21.9 percent below the budget estimate and 16.9 percent below actual revenues in FY19.

In the General Fund, actual investment income decreased from \$1.2 million in FY19 to a \$5.4 million loss in FY20 and was \$6.9 million below the budget estimate. The investment yield declined from 2.33 percent in FY19 to 1.76 percent in FY20 and was attributed to the dramatic decline in the effective interest rate for federal funds from June 2019 to June 2020. That decline was the policy of the Federal Open Market Committee in response to the financial and economic impacts of COVID-19. As of June 2020, the effective interest rate for federal funds was 0.08 percent, a decline of 230 basis points from the rate of 2.38 percent in June 2019.



The investment yield on the County's investment income is highly correlated with the effective interest rate for federal funds. As the chart below shows that correlation since June 2006. However, while the yield declined in FY20, the average daily portfolio balance increased from \$1,044.9 million in FY19 to \$1,095.3 million in FY20.



Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets at June 30, 2020, amounted to \$5,677.6 million (net of accumulated depreciation and amortization), as summarized below:

Changes in the County's capital assets for FY20 are summarized as follows:

Capital Assets, Net of Depreciation June 30, 2020				
	Governmental Activities	Business-type Activities	Total FY20	Total FY19
Land	\$ 1,065,648,088	\$ 58,444,081	\$ 1,124,092,169	\$ 1,112,354,010
Buildings	622,293,720	123,881,024	746,174,744	771,435,486
Improvements other than buildings	55,691,872	55,927,206	111,619,078	110,618,012
Furniture, fixtures, equipment and machinery	23,676,934	11,666,765	35,343,699	41,572,369
Leasehold improvements	4,887,005	-	4,887,005	5,927,999
Automobiles and trucks	124,465,359	5,245,397	129,710,756	147,895,029
Infrastructure	1,187,752,900	6,458	1,187,759,358	1,203,868,107
Other assets	96,661,066	-	96,661,066	88,133,271
Construction in progress	2,241,361,920	9,488	2,241,371,408	1,967,756,092
Total	\$ 5,422,438,864	\$ 255,180,419	\$ 5,677,619,283	\$ 5,449,560,375

Change in Capital Assets For the Fiscal Year Ended June 30, 2020				
	Governmental Activities	Business-type Activities	Total FY20	Total FY19
Beginning Balance	\$ 5,193,454,214	\$ 256,106,161	\$ 5,449,560,375	\$ 5,114,985,823
Additions*	335,475,901	13,270,237	348,746,138	451,176,935
Retirements, net*	383,985	89,779	473,764	1,099,580
Depreciation expense	106,107,266	14,106,200	120,213,466	115,502,803
Ending Balance	\$ 5,422,438,864	\$ 255,180,419	\$ 5,677,619,283	\$ 5,449,560,375

* Presented net of transfers from construction in progress; retirements are also net of related accumulated depreciation.

Major capital asset events during the current fiscal year included the following:

- Roads, including the underlying land, valued at \$16.1 million were transferred to the county by various developers.
- The Wheaton Redevelopment Program project accumulated \$63.2 million in costs this fiscal year. This project provides for the planning, studies, design, and construction of an office building, public parking garage, and a town square on the site of Parking Lot 13 and the Mid-County Region Services Center (RSC) in Wheaton.
- The MD-355 Crossing (BRAC) project accumulated \$16.0 million in costs this fiscal year. This project provides for right-of-way negotiations, utility relocations, and the design and construction of a multi-modal grade separated connection between the Walter Reed National Military Medical Center and the Medical Center Metro Rail station.
- The Rockville Core project accumulated \$14.0 million in cost this fiscal year. This project provides for work which includes renovation of approximately 91,000 gross square feet (56,000 net square feet) of office space for occupancy by various County departments currently in leased space at The Grey Courthouse.
- The Bus Rapid Transit: US 29 project accumulated \$11.2 million in cost this fiscal year. This project will construct a new Bus Rapid Transit (BRT) line on US 29 from Burtonsville Park-and-Ride lot to the Silver Spring Transit Center. The project will build 18 new BRT station platforms with level boarding and off-board fare payment, purchase 14 new 60-foot articulated vehicles, implement Transit Signal Priority at 15 intersections, and construct improved bicycle and pedestrian infrastructure, including 10 new Capital Bikeshare stations. The new BRT service will use the existing bus-on-shoulder lanes on US 29 in the northern section of the corridor and operate in mixed traffic in the southern section of US 29 and along Lockwood Drive, Stewart Lane, Briggs Chaney Road, and Castle Boulevard.
- Montgomery County funded Montgomery County Public Schools \$304.7 million, and Montgomery College for \$45.5 million for construction, renovations of school facilities, and other capital expenditures.

Additional information pertaining to the County's capital assets can be found in Notes to Financial Statements, Notes I-D5 and III-C.

Long-Term Debt

The following is a summary of the County's gross outstanding long-term debt as of June 30, 2020

Long-Term Debt June 30, 2020				
	Governmental Activities	Business-type Activities	Total FY20	Total FY19
General obligation bonds	\$ 2,939,810,000	\$ -	\$ 2,939,810,000	\$ 3,019,425,000
Variable rate demand obligation	170,000,000	-	170,000,000	170,000,000
Bond anticipation notes	500,000,000	-	500,000,000	500,000,000
Revenue bonds	120,034,096	57,066,306	177,100,402	184,459,000
Lease revenue bonds	15,210,000	-	15,210,000	17,870,000
Other lease and notes payable	43,216,758	-	43,216,758	42,563,400
Equipment notes	56,577,224	3,504,685	60,081,909	69,070,444
Certificates of participation	23,430,000	-	23,430,000	24,145,000
Capital leases	2,820,000	-	2,820,000	3,720,000
Taxable Ltd. Obligation Certificates	98,475,000	-	98,475,000	104,095,000
Compensated absences	83,757,638	8,893,818	92,651,456	92,641,237
Net OPEB Liability	825,636,740	-	825,636,740	1,291,984,263
Claims payable self-insurance	181,830,673	-	181,830,673	184,020,640
Claims and judgments	7,440,115	-	7,440,115	1,353,404
Net Pension Liability - County	39,557,637	2,656,673	42,214,310	180,738,135
Net Pension Liability - County(LOSAP)	38,562,856	-	38,562,856	36,439,585
Net Pension Liability - State	25,741,768	-	25,741,768	27,025,721
Landfill closure costs	-	15,424,100	15,424,100	16,199,297
Gude landfill remediation	-	59,957,030	59,957,030	27,339,815
Total	\$ 5,172,100,505	\$ 147,502,612	\$ 5,319,603,117	\$ 5,993,089,941

At June 30, 2020, the County had general obligation (GO) bonds of \$3,109.8 million outstanding, including variable rate demand obligations (VRDOs) of \$170.0 million. Bond anticipation notes (BANs) of \$500.0 million were also outstanding. Over the years, the County issued its GO bonds once a year, except for FY08, when no GO "new money" bonds were issued. The County currently finances capital construction projects with BANs. BANs are subsequently paid off by the issuance of the County's GO bonds. Montgomery County also issues bonds to finance the capital construction of MCPS, MC, and M-NCPPC not otherwise financed by the State of Maryland.

The County continues to maintain its status as a top-rated issuer of municipal securities, with the highest credit ratings possible for a local government. For its GO bonds, the County is a 'Triple AAA' rated County, and received ratings of Aaa from Moody's Investors Service, Inc., AAA from Standard and Poor's, and AAA from Fitch Ratings. County GO bonds have been consistently awarded the highest credit rating from Moody's and Standard and Poor's since 1973 and 1976, respectively, and from Fitch since 1991. Montgomery County is one of only 13 'Triple AAA' rated counties in the nation with a population greater than 900,000.

In October 2019, the County received its annual credit ratings. Fitch cited "key rating drivers" of the County's expected solid revenue growth given sound assessed value growth and steadily growing income tax revenue trends. Fitch assessed the County's combined debt and unfunded pension liability as low, and additional debt plans affordable. Fitch also reported that the County has proven ability to reduce spending during an economic downturn and continues to maintain a high level of financial flexibility. Fitch concluded that given the County's conservative management practices and emphasis on increasing reserves, operations are expected to remain strong.

Moody's cited the County's credit strengths of a robust tax base which is experiencing ongoing development, strong socioeconomic profile with above average personal wealth and income levels, and manageable debt and pension burdens. Moody's also stated that their ratings outlook incorporates the likelihood that the County's financial position will remain stable relative to budget growth. Going forward Moody's states that they will continue to monitor the County's ability to maintain financial flexibility and reserves levels that are compliant with the 10% fund balance target.

Standard and Poor's stated their rating reflects the County's very strong economy and management, strong budgetary performance and flexibility, and very strong liquidity. Standard and Poor's also cited the strength of the County's debt and contingent liability profile, and very strong institutional framework.

The rating category, by definition, represents extremely strong capacity to pay principal and interest. Typically, 'AAA' rated counties demonstrate an ability to weather all economic cycles by maintaining tight budgetary controls, articulating and executing well-designed capital plans, maintaining sufficient reserves, and planning for future contingencies.

Significant Debt-related debt activities during FY20 were:

- **General Obligation Bonds** – On November 7, 2019, the County issued new money, General Obligation (Tax-Exempt Series A) in the amount of \$320 million. The proceeds paid off an equivalent amount of the County's BANs which funded capital expenditures for education, transportation and other County facilities.
- **Master Equipment/Lease Purchase Agreement** – On December 19, 2019, the County issued a draw under the Banc of America Public Capital Corp, Master Lease Agreement in the amounts of \$3.8 million. The proceeds funded the second phase of a LED streetlighting conversion project, for which the repayment of debt is guaranteed through energy savings.
- **Master Lease Purchase Agreement** – In November 2019 and April 2020, the County funded three leases in the amounts of \$3.2, \$4.8 and \$0.7 million under the PNC Master Lease Agreement. The proceeds funded Transit Buses and Digital Evidence Data Storage systems.
- **Revenue Bonds** – On December 20, 2019, the County entered into two drawdown loan agreements with the Maryland Water Quality Financing Administration in the amount of \$50.7 million. Drawdowns during FY20 approximated \$3.2 million. The proceeds will fund the capital project for stormwater management program.
- **Bond Anticipation Notes (BANs)** – Over the course of FY20, the County retired \$370.0 million in BANs with general obligation bond proceeds and issued \$370.0 million in new BANs.
- **Additional information** pertaining to the County's long-term debt can be found in Notes to Financial Statements, Notes I-D8, III-E3, and III-F.

Economic Factors and Next Year's Budgets and Rates

The following economic factors are reflected in the County's fiscal year 2021 (FY21) budget with updates based on revised economic data after the approval of the County's budget:

- Montgomery County's economy experienced mixed economic performance during fiscal year 2020 - the period July 2019 to June 2020. The reasons for the mixed performance include a decrease in resident employment, an increase in the unemployment rate, an increase in existing home sales, and an increase in median prices for an existing home. Residential construction experienced a decrease in single-family homes but an increase in multi-family units. Construction in the number of non-residential projects decreased but the value of added non-residential projects increased.
- The County's economic projections in the FY21 budget assume a modest economic performance in calendar year CY20. On a calendar year basis, the County projects a modest increase in total resident employment (↑1.6%) and, based on data from the Current Employment Statistics (CES) and Quarterly Census of Employment and Wages (QCEW), a very modest growth in payroll employment (↑0.6%). However, those projections were prepared prior to COVID-19. Since the preparation of the economic assumptions for the FY21 operating budget and including the impact of COVID-19, resident employment is assumed

to decline 3.4 percent in CY20 and payroll employment is assumed to decline 6.7 percent.

- During the past ten years (CY10 – CY19), total payroll employment in Montgomery County experienced two distinct cycles: an increase from CY10 to CY15 at an average annual rate of 0.8 percent, an increase at an average annual rate of 0.7 percent from CY15 to CY19. The Department of Finance estimates that total payroll employment is expected to decrease 6.7 percent in CY20 attributed to the impact of COVID-19 during the last four months of the calendar year.
- Resident employment in the County, which is based on a survey of County households, provides a slightly different picture of employment growth. Resident employment grew at an average annual rate of 0.9 percent between CY10 and CY15, and 1.1 percent between CY15 and CY19. Resident employment is expected to decrease 3.4 percent in CY20 also attributed to the impact of COVID-19 during the last four months of the calendar year.
- The personal income in the County, based on data from the Bureau of Economic Analysis U.S. Department of Commerce and the estimate from the Department of Finance, provides a similar picture as the trends in resident employment. Total personal income grew at an average annual rate of 3.6 percent from CY10 to CY15 and is estimated to increase at an annual rate of 3.9 percent from FY15 to CY19. While employment projections for CY20 are expected to decrease, total personal income is also expected to decrease 2.1 percent in CY20 and per capita income decreasing 2.8 percent. Income data for CY20 are based on estimates derived by the Department of Finance.
- The estimated decreases in employment and personal income in CY20 reflect the impact of COVID-19 on the County's economy since March.
- Because of actions by the Federal Open Market Committee (FOMC) of the Board of Governors of the Federal Reserve System, the County's budget projections include a decrease in the yield on its investments from 2.33 percent in FY19 to 1.85 percent in FY20. However, since the preparation of the FY21 budget, the FOMC cut the targeted federal funds rate three times since September 2019 by a total of 175 basis points from a target range of 1.75 percent-2.00 percent to a target range of 0.00 percent to 0.25 percent. Such rate cuts will have a negative impact on FY21 investment income compared to the estimate prepared for the FY21 budget.
- Inflation, as measured by the Consumer Price Index, is expected to increase to a modest 0.72 percent in FY20 and 1.66 percent in FY21.

Other Significant Matters

On March 5, 2020, the State of Maryland reported its first 3 confirmed positive cases of COVID-19 and the Governor declared a state of emergency.

In response to the COVID-19 Emergency, the County received federal aid known as the Coronavirus Relief Funds (CRF) from the Coronavirus Aid, Relief and Economic Security Act (CARES Act). In May 2020, the County received approximately \$183.3 million in CRF funding, which has federal restrictions on its use. In addition to providing ongoing economic support to business, funds have been and will continue to be used to support medical, public health, rental assistance and other emergency response costs. The County spent \$27.7 million of the \$183.3 million on CRF eligible expenditures during FY20. The remaining balance of \$155.7 million is reported as unearned revenue in the General Fund as of June 30, 2020. The County continues to lead several COVID-19 response activities through special appropriations implemented by the County Council. Some of those initiatives include:

- \$25 million in Public Health Emergency Grants to local businesses;
- \$10 million in Early Care and Education Initiatives to provide assistance to childcare providers;
- \$20 million in Rental Assistance and Eviction/Homelessness Prevention;
- \$10 million in Hospital COVID-19 Response Aid; and
- Many other initiatives to help with food security, personal protective equipment, telework assistance, etc.

The County has issued orders and guidance, beyond requirements of the state and based on known and available scientific evidence and best practices from the Office of Emergency Management and Public Health Officer, to control and prevent the spread of COVID-19. Further, the County is leading communication and outreach to residents and businesses, through the following: monitoring and updating the COVID-19 webpage; creating websites tailored to specific needs such as food assistance and business resources; providing transparent and timely County-specific and regional statistics through a data dashboard; redeploying resources including multilingual expertise to MC311 to better support answering of questions via online service requests and phone calls; and designing and issuing communications in multiple languages to the diverse population of the County. The County will continue to be a leader in the efforts to stop the spread and provide relief to businesses and residents until the pandemic can be brought under control.

To address the evolving and uncertain fiscal impact of the COVID-19 public health crisis on the County's economy, on March 18, 2020, the County instituted a hiring freeze and a procurement freeze, which is planned to continue until the end of the health

crisis. Also, on July 28, 2020, the County Council approved a savings plan of \$43.7 million in the FY21 operating budget; additional savings plans were approved relating to the Capital Improvements Program (CIP). The County is currently developing further savings plan options for January's return of the Council.

Requests for Information

The financial report is designed to provide a general overview of Montgomery County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Montgomery County Government, Department of Finance, 101 Monroe Street, Rockville, Maryland, 20850. This report can also be found on the County's website, <http://www.montgomerycountymd.gov/mcg/financialreports>.







BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		Total
ASSETS				
Equity in pooled cash and investments	\$ 1,086,904,985	\$ 170,047,706	\$ 1,256,952,691	\$ 122,527,885
Cash with fiscal agents	30,941,708	2,009,290	32,950,998	113,365,715
Cash	353,630	141,097	494,727	16,767,039
Investments - cash equivalents	-	-	-	131,211,739
Investments	-	-	-	29,835,511
Receivables (net of allowance for uncollectibles):	744,036,408	13,329,206	757,365,614	552,814,960
Income taxes	404,177,690	-	404,177,690	-
Property taxes	31,430,737	303,746	31,734,483	-
Capital leases	15,210,000	-	15,210,000	2,970,224
Accounts	24,570,787	11,721,018	36,291,805	83,025,665
Notes	31,444,490	-	31,444,490	53,144,502
Parking violations	1,329,820	1,304,442	2,634,262	-
Mortgage	235,872,884	-	235,872,884	389,611,158
Interest	-	-	-	10,671,846
Other	-	-	-	13,391,565
Internal balances	664,351	(664,351)	-	-
Due from primary government	-	-	-	61,634,628
Due from component units	112,097,100	231,955	112,329,055	-
Due from other governments	82,557,093	168,832	82,725,925	45,353,726
Inventory of supplies	10,906,335	33,915,223	44,821,558	10,908,727
Prepaid expenses	4,999,391	2,111,000	7,110,391	847,926
Other assets	-	-	-	28,082,081
Restricted Assets:				
Equity in pooled cash and investments	-	9,294,100	9,294,100	3,639,521
Cash with fiscal agents	-	-	-	47,282,497
Cash	-	-	-	662,005
Investments - cash equivalents	-	-	-	140,864,172
Investments	-	3,148,583	3,148,583	212,079,234
Capital Assets:				
Nondepreciable assets	3,307,010,008	58,453,569	3,365,463,577	617,328,134
Depreciable assets, net	2,115,428,856	196,726,850	2,312,155,706	4,361,656,359
Total Assets	<u>7,495,899,865</u>	<u>488,913,060</u>	<u>7,984,812,925</u>	<u>6,496,861,859</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of debt	12,516,422	26,045	12,542,467	446,657
Pension deferrals	101,238,587	6,407,820	107,646,407	287,468,724
OPEB deferrals	87,128,442	-	87,128,442	502,743,503
Accumulated decrease in fair value of hedging derivatives	-	-	-	37,731,039
Total Deferred Outflows of Resources	<u>\$ 200,883,451</u>	<u>\$ 6,433,865</u>	<u>\$ 207,317,316</u>	<u>\$ 828,389,923</u>

Exhibit A-1 (Concluded)

STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		Total
LIABILITIES				
Accounts payable	\$ 82,109,938	\$ 13,445,146	\$ 95,555,084	\$ 149,098,115
Interest payable	24,822,637	602,035	25,424,672	31,565,643
Retainage payable	23,501,738	568,444	24,070,182	17,938,015
Accrued liabilities	155,884,695	24,128,370	180,013,065	120,637,141
Deposits	960,330	8,785,138	9,745,468	20,585,288
Due to primary government	-	-	-	112,673,803
Due to component units	61,611,640	22,988	61,634,628	-
Due to other governments	184,186,241	1,681,116	185,867,357	7,066,109
Unearned revenue	213,474,488	7,935,706	221,410,194	37,675,204
Other liabilities	4,535,046	276,775	4,811,821	17,642,941
Noncurrent Liabilities:				
Due within one year	890,925,073	13,653,563	904,578,636	113,671,588
Due in more than one year	4,564,978,290	137,548,675	4,702,526,965	5,009,891,805
Total Liabilities	<u>6,206,990,116</u>	<u>208,647,956</u>	<u>6,415,638,072</u>	<u>5,638,445,652</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	38,640,000	-	38,640,000	-
Deferred gain on refunding of debt	-	482,842	482,842	2,380,000
Pension deferrals	186,624,557	12,313,948	198,938,505	77,723,988
OPEB deferrals	824,059,102	-	824,059,102	452,696,189
Total Deferred Inflows of Resources	<u>1,049,323,659</u>	<u>12,796,790</u>	<u>1,062,120,449</u>	<u>532,800,177</u>
NET POSITION				
Net investment in capital assets	2,999,713,433	191,115,410	3,190,828,843	3,818,214,112
Restricted for:				
Capital projects	-	-	-	359,515
General government	30,222,462	-	30,222,462	-
Public safety	1,484,576	-	1,484,576	-
Public works and transportation	20,099,787	20,153,587	40,253,374	-
Recreation	5,746,413	-	5,746,413	-
Community development and housing	315,746,630	-	315,746,630	-
Environment	20,002,156	8,070,525	28,072,681	-
Debt service	12,491,898	8,680,904	21,172,802	119,132,001
Other purposes	-	-	-	64,010,278
Unrestricted (deficit)	<u>(2,965,037,814)</u>	<u>45,881,753</u>	<u>(2,919,156,061)</u>	<u>(2,847,709,953)</u>
Total Net Position	<u>\$ 440,469,541</u>	<u>\$ 273,902,179</u>	<u>\$ 714,371,720</u>	<u>\$ 1,154,005,953</u>

Notes to Financial Statements are an integral part of this statement.

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities				
General government	\$ 590,174,881	\$ 67,470,501	\$ 32,209,814	\$ 22,858,311
Public safety	623,407,978	51,228,432	48,466,234	224,165
Public works and transportation	270,530,860	60,186,065	52,689,586	46,347,023
Health and human services	321,292,120	3,624,326	112,096,883	-
Culture and recreation	114,017,908	36,572,567	5,881,077	977,892
Community development and housing	41,018,670	8,478,712	7,713,768	-
Environment	33,264,778	78,812	-	475,065
Education	2,237,040,332	-	-	139,567
Interest on long term debt	111,886,439	-	-	-
Total Governmental Activities	<u>4,342,633,966</u>	<u>227,639,415</u>	<u>259,057,362</u>	<u>71,022,023</u>
Business-type Activities				
Liquor control	268,696,377	304,989,083	-	-
Solid waste disposal and collection	152,084,064	118,556,863	-	-
Parking lot districts	30,430,789	36,068,613	-	-
Permitting services	38,036,292	43,533,563	-	-
Community use of public facilities	9,448,918	8,294,697	-	-
Total Business-type Activities	<u>498,696,440</u>	<u>511,442,819</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>4,841,330,406</u>	<u>739,082,234</u>	<u>259,057,362</u>	<u>71,022,023</u>
Component Units:				
General government (BUP)	4,809,473	4,700,003	235,500	-
Culture and recreation (MCRA)	19,633,326	16,366,114	-	907,335
Community development and housing (HOC)	315,967,487	159,756,757	141,054,795	6,313,814
Education:				
Elementary and secondary education (MCPS)	3,094,576,622	28,123,187	153,639,911	67,993,188
Higher education (MC)	348,290,926	66,136,569	20,053,589	45,625,638
Total Component Units	<u>\$ 3,783,277,834</u>	<u>\$ 275,082,630</u>	<u>\$ 314,983,795</u>	<u>\$ 120,839,975</u>

General Revenues:

Property taxes
County income taxes
Real property transfer taxes
Recordation taxes
Fuel energy taxes
Hotel-motel taxes
Telephone taxes
Other taxes
Grants and contributions not restricted to specific programs
Investment income
Gain on sale of capital assets
Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning as restated

Net Position - Ending

Notes to Financial Statements are an integral part of this statement.

Exhibit A-2

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Units	
\$ (467,636,255)	\$ -	\$ (467,636,255)	\$ -	-
(523,489,147)	-	(523,489,147)	-	-
(111,308,186)	-	(111,308,186)	-	-
(205,570,911)	-	(205,570,911)	-	-
(70,586,372)	-	(70,586,372)	-	-
(24,826,190)	-	(24,826,190)	-	-
(32,710,901)	-	(32,710,901)	-	-
(2,236,900,765)	-	(2,236,900,765)	-	-
(111,886,439)	-	(111,886,439)	-	-
(3,784,915,166)	-	(3,784,915,166)	-	-
-	36,292,706	36,292,706	-	-
-	(33,527,201)	(33,527,201)	-	-
-	5,637,824	5,637,824	-	-
-	5,497,271	5,497,271	-	-
-	(1,154,221)	(1,154,221)	-	-
-	12,746,379	12,746,379	-	-
(3,784,915,166)	12,746,379	(3,772,168,787)	-	-
-	-	-	126,030	-
-	-	-	(2,359,877)	-
-	-	-	(8,842,121)	-
-	-	-	(2,844,820,336)	-
-	-	-	(216,475,130)	-
-	-	-	(3,072,371,434)	-
1,824,207,619	-	1,824,207,619	-	-
1,706,303,331	-	1,706,303,331	-	-
115,719,567	-	115,719,567	-	-
57,692,541	-	57,692,541	-	-
186,975,365	-	186,975,365	-	-
14,875,525	-	14,875,525	-	-
53,664,543	-	53,664,543	-	-
4,238,979	-	4,238,979	-	-
-	-	-	3,183,432,473	-
21,117,925	4,118,652	25,236,577	5,159,649	-
24,631,318	426	24,631,744	8,230,038	-
-	-	-	36,816	-
52,374,125	(52,374,125)	-	-	-
4,061,800,838	(48,255,047)	4,013,545,791	3,196,858,976	-
276,885,672	(35,508,668)	241,377,004	124,487,542	-
163,583,869	309,410,847	472,994,716	1,029,518,411	-
\$ 440,469,541	\$ 273,902,179	\$ 714,371,720	\$ 1,154,005,953	-

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General	Housing Initiative	Grants	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Equity in pooled cash and investments	\$ 548,915,605	\$ 37,733,461	\$ 4,073,464	\$ 813,016	\$ 158,604,649	\$ 97,124,333	\$ 847,264,528
Cash with fiscal agents	1,785,165	-	-	12,403,760	16,752,783	-	30,941,708
Cash	104,630	212,450	-	-	-	36,250	353,330
Receivables (net of allowances for uncollectibles)	443,640,352	189,069,610	46,908,830	38,640,000	300,000	20,031,748	738,590,540
Due from other funds	165,239,600	-	-	-	-	-	165,239,600
Due from component units	220,551	89,516,826	10,867,763	-	10,815,626	-	111,420,766
Due from other governments	36,594,660	-	29,020,123	-	13,728,956	1,880,473	81,224,212
Inventory of supplies	6,136,246	-	-	-	-	-	6,136,246
Prepays	4,062,501	-	-	-	-	-	4,062,501
Total Assets	<u>\$ 1,206,699,310</u>	<u>\$ 316,532,347</u>	<u>\$ 90,870,180</u>	<u>\$ 51,856,776</u>	<u>\$ 200,202,014</u>	<u>\$ 119,072,804</u>	<u>\$ 1,985,233,431</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 27,774,428	\$ 267,777	\$ 3,078,353	\$ 639,985	\$ 35,872,426	\$ 3,836,159	\$ 71,469,128
Retainage payable	2,578	11,939	84,094	-	23,397,161	5,966	23,501,738
Accrued liabilities	89,487,634	1,268,218	1,288,457	-	6,975,986	21,238,854	120,259,149
Deposits	115,978	167,358	-	-	-	676,994	960,330
Due to other funds	13,171,570	36,398	16,678,866	-	134,735,342	17,405,201	182,027,377
Due to component units	1,179,684	36,452	-	84,893	60,255,487	41,866	61,598,382
Due to other governments	2,513,215	6,250	11,748,216	-	24,792,536	1,562,400	40,622,617
Unearned revenue	155,651,727	-	57,776,160	-	-	46,600	213,474,487
Total Liabilities	<u>289,896,814</u>	<u>1,794,392</u>	<u>90,654,146</u>	<u>724,878</u>	<u>286,028,938</u>	<u>44,814,040</u>	<u>713,913,208</u>
Deferred Inflows of Resources:							
Unavailable income taxes	306,310,238	-	-	-	-	-	306,310,238
Unavailable property taxes	24,227,252	-	-	-	-	6,135,490	30,362,742
Unavailable revenues	4,248,397	3,963,925	-	38,640,000	14,741,167	2,196,530	63,790,019
Total Deferred Inflows of Resources	<u>334,785,887</u>	<u>3,963,925</u>	<u>-</u>	<u>38,640,000</u>	<u>14,741,167</u>	<u>8,332,020</u>	<u>400,462,999</u>
Fund Balances:							
Nonspendable	10,198,747	-	-	-	-	-	10,198,747
Restricted	383,143,221	310,774,030	216,034	12,491,898	-	93,134,843	799,760,026
Committed	42,854,105	-	-	-	-	-	42,854,105
Assigned	48,141,465	-	-	-	-	-	48,141,465
Unassigned	97,679,071	-	-	-	(100,568,091)	(27,208,099)	(30,097,119)
Total Fund Balances	<u>582,016,609</u>	<u>310,774,030</u>	<u>216,034</u>	<u>12,491,898</u>	<u>(100,568,091)</u>	<u>65,926,744</u>	<u>870,857,224</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,206,699,310</u>	<u>\$ 316,532,347</u>	<u>\$ 90,870,180</u>	<u>\$ 51,856,776</u>	<u>\$ 200,202,014</u>	<u>\$ 119,072,804</u>	<u>\$ 1,985,233,431</u>

Notes to Financial Statements are an integral part of this statement.

Exhibit A-4

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2020

Total fund balance - governmental funds (see Exhibit A-3)	\$	870,857,224
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Amounts reported for governmental activities in the statement of net position are difference because:

Capital assets uses in governmental fund activities are not financial resources and therefore not reported in the funds:

Nondepreciable capital assets:

Land	1,065,625,582	
Construction in progress	2,241,361,920	

Depreciable capital assets:

Buildings	1,119,188,249	
Improvements other than buildings	101,027,796	
Furniture, fixtures, equipment and machinery	218,290,415	
Automobiles and trucks	253,783,214	
Infrastructure	2,067,668,546	
Other capital assets	134,293,459	

Total capital assets	7,201,239,181	
Less accumulated depreciation	(1,815,844,937)	5,385,394,244

Long-term liabilities related to governmental fund activities are not due and payable in the current period and therefore not reported in the funds:

General obligation bonds payable	(2,939,810,000)	
Variable rate demand obligations	(170,000,000)	
Bond anticipation notes payable	(500,000,000)	
Lease revenue bonds payable	(15,210,000)	
Accrued interest payable	(24,822,637)	
Capital leases payable	(2,820,000)	
Taxable limited obligation	(98,475,000)	
Certificates of participation	(23,430,000)	
Notes payable	(99,793,982)	
Revenue bonds	(120,034,096)	
Net pension liability	(103,250,787)	
Net OPEB liability	(825,636,740)	
Claims and judgements	(7,440,115)	
Compensated absences	(80,288,496)	(5,011,011,853)

Due to other governments - long term debt due to state government not expected to be repaid with current financial reserves	(143,300,000)	(143,300,000)
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Certain costs related to long-term liabilities are recognized as expenditures in the fund statements, but are deferred in the government-wide statements:

Unamortized premiums	(283,802,858)	
Unrecognized loss on refunding	12,516,422	
Pension and OPEB related deferrals, net	(820,951,127)	(1,092,237,563)

Internal service funds are used by management to provide certain goods and services to governmental funds. The assets and liabilities of internal service funds are included in the government-wide statement of net position:

Assets:

Current and non current assets	259,490,627	
Capital assets	107,648,263	
Less accumulated depreciation	(70,603,643)	

Deferred outflows of resources	1,468,737	
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Liabilities	(223,574,545)	
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Deferred inflows of resources	(2,834,244)	
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Cumulative gain/loss for certain activities of internal service funds that are reported with business-type activities	(2,650,705)	68,944,490
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Income taxes	306,310,238	
Property taxes	30,362,742	
Intergovernmental revenue	16,460,052	
Other revenue	8,689,967	361,822,999

Net position of governmental activities (See Exhibit A-1)	\$	440,469,541
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Notes to Financial Statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	General	Housing Initiative	Grants	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$3,402,587,319	\$ 18,406,468	\$ -	\$ -	\$ 86,028,446	\$ 435,811,893	\$3,942,834,126
Licenses and permits	10,880,889	-	-	-	-	210,205	11,091,094
Intergovernmental	75,407,920	-	139,668,227	3,894,791	45,747,315	43,345,371	308,063,624
Charges for services	24,159,285	82,802	360,560	-	36,422,161	75,142,755	136,167,563
Fines and forfeitures	29,516,285	-	-	-	-	1,421,709	30,937,994
Investment income (loss)	2,622,856	4,451,950	229,719	1,456,500	5,966,947	1,160,310	15,888,282
Miscellaneous	10,570,798	851,166	954,793	5,417,173	661,341	1,352,304	19,807,575
Total Revenues	3,555,745,352	23,792,386	141,213,299	10,768,464	174,826,210	558,444,547	4,464,790,258
EXPENDITURES							
Current:							
General government	482,163,029	-	27,890,184	-	-	16,010,206	526,063,419
Public safety	423,392,675	-	17,492,797	-	-	247,014,376	687,899,848
Public works and transportation	48,151,831	-	4,184,071	-	-	136,688,382	189,024,284
Health and human services	262,278,944	-	83,275,924	-	-	413,790	345,968,658
Culture and recreation	50,308,512	-	591,304	-	-	37,924,702	88,824,518
Community development and housing	14,449,684	29,841,169	7,779,019	-	-	1,079,058	53,148,930
Environment	3,033,009	-	-	-	-	28,821,998	31,855,007
Education	1,910,678,276	-	-	-	-	-	1,910,678,276
Debt Service:							
Principal retirement	-	-	-	405,757,279	-	-	405,757,279
Leases and other obligations	-	-	-	29,337,781	-	-	29,337,781
Interest	-	-	-	155,472,923	-	-	155,472,923
Issuing costs	-	-	-	3,780,027	-	-	3,780,027
Capital projects	-	-	-	-	751,646,415	-	751,646,415
Total Expenditures	3,194,455,960	29,841,169	141,213,299	594,348,010	751,646,415	467,952,512	5,179,457,365
Excess (Deficiency) of Revenues over (under) Expenditures	361,289,392	(6,048,783)	-	(583,579,546)	(576,820,205)	90,492,035	(714,667,107)
OTHER FINANCING SOURCES (USES)							
Transfers in	81,613,180	39,413,974	-	446,167,746	105,163,585	4,291,010	676,649,495
Transfers (out)	(419,725,294)	(17,626,417)	-	(30,000,000)	(53,040,174)	(108,656,804)	(629,048,689)
Sale of property	359	1,556,849	-	-	33,322,190	-	34,879,398
Financing under notes and leases payable	-	-	-	-	12,494,537	-	12,494,537
Debt Issued (Retired):							
General obligation bonds	-	-	-	320,000,000	-	-	320,000,000
Premium on original issue debt	-	-	-	48,047,520	-	-	48,047,520
Bond anticipation notes	-	-	-	(370,000,000)	370,000,000	-	-
Revenue bonds	-	-	-	-	3,187,402	-	3,187,402
Total Other Financing Sources (Uses)	(338,111,755)	23,344,406	-	414,215,266	471,127,540	(104,365,794)	466,209,663
Net Change in Fund Balances	23,177,637	17,295,623	-	(169,364,280)	(105,692,665)	(13,873,759)	(248,457,444)
Fund Balances - Beginning of Year, as restated	558,838,972	293,478,407	216,034	181,856,178	5,124,574	79,800,503	1,119,314,668
Fund Balances - End of Year	\$ 582,016,609	\$ 310,774,030	\$ 216,034	\$ 12,491,898	\$ (100,568,091)	\$ 65,926,744	\$ 870,857,224

Notes to Financial Statements are an integral part of this statement.

Exhibit A-6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Net change in fund balance - total governmental funds (see Exhibit A-5) \$ (248,457,444)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated lives and reported as depreciation expense:

Capital outlay	322,449,460	
Depreciation expense	<u>(96,822,560)</u>	225,626,900

In the statement of activities, only the gain or loss on capital assets is reported. However, in the governmental funds, all proceeds or losses are reported as financial resources. Thus, the change in net position differs from the change in fund balance by the capital assets value.

	(10,248,080)	(10,248,080)
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Donations of capital assets increase net position in the statement of activities but do not appear in the governmental funds because they are not financial resources.

	16,100,008	16,100,008
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Some revenues will not be collected for several months after the fiscal year ends. As such, these revenues are not considered "available" revenues and are deferred in the governmental funds. Unearned revenues increased (decreased) this year, as follows:

Income taxes	5,719,256	
Property taxes	15,124,088	
Intergovernmental revenues	(523,323)	
Other revenues	<u>(3,364,588)</u>	16,955,433

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Debt issued or incurred:		
General obligation bonds	(368,047,520)	
Bond anticipation notes	(370,000,000)	
Notes payable	(12,494,537)	
Revenue bonds	(3,187,402)	
Less issuance costs		
Principal repayments:		
General obligation bonds	399,615,000	
Bond anticipation notes	370,000,000	
Taxable limited obligation certificates	5,620,000	
Leases payable	2,660,000	
Capital leases	900,000	
Certificates of participation	715,000	
Notes payable	19,442,781	
Revenue bonds	<u>6,142,279</u>	51,365,601

Cost incurred for past refunds owed as a result of the supreme court decision related to duplicate taxation	2,338,897	2,338,897
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Some expenses, representing the change in long-term liabilities or assets, reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued interest payable	4,208,489	
Compensated absences	2,839,408	
Pension expense	152,037,703	
Claims and judgements	(6,086,711)	
Amortization	<u>43,158,022</u>	196,156,911

The current year gain for certain activities of internal service funds is reported with governmental activities.		<u>27,047,446</u>
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Change in net position of governmental activities (see Exhibit A-2)		<u>\$ 276,885,672</u>
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Notes to Financial Statements are an integral part of this statement.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Business-Type Activities - Enterprise Funds					Governmental
		Solid Waste	Parking	Nonmajor		Activities-
	Liquor	Activities	Lot	Enterprise	Totals	Internal
			Districts	Funds		Service Funds
ASSETS						
Current Assets:						
Equity in pooled cash and investments	\$ 8,498,133	\$ 92,013,512	\$ 24,235,928	\$ 45,300,133	\$ 170,047,706	\$ 239,640,457
Cash with fiscal agents	2,009,290	-	-	-	2,009,290	-
Cash	52,440	-	88,657	-	141,097	300
Receivables (net of allowance for uncollectibles)	2,398,620	4,335,274	1,608,433	4,986,879	13,329,206	649,837
Due from other funds	-	4,000,000	-	-	4,000,000	11,483,839
Due from component units	-	6,598	225,357	-	231,955	676,334
Due from other governments	-	9,254	159,578	-	168,832	1,332,881
Inventory of supplies	33,915,223	-	-	-	33,915,223	4,770,089
Prepaid expenses	1,131,410	199,750	129,120	650,720	2,111,000	936,890
Total Current Assets	48,005,116	100,564,388	26,447,073	50,937,732	225,954,309	259,490,627
Noncurrent Assets:						
Restricted Assets:						
Equity in pooled cash and equivalents	-	5,771,069	3,523,031	-	9,294,100	-
Investments	-	-	3,148,583	-	3,148,583	-
Restricted Assets	-	5,771,069	6,671,614	-	12,442,683	-
Capital Assets:						
Land, improved and unimproved	7,033,656	17,834,755	33,575,670	-	58,444,081	22,506
Improvements other than buildings	15,054,010	81,784,074	102,654,827	-	199,492,911	362,724
Infrastructure	-	14,351	-	-	14,351	-
Buildings	26,404,147	34,512,353	240,552,866	-	301,469,366	-
Furniture, fixtures, equipment, and machinery	15,822,754	18,717,712	1,152,050	1,833,482	37,525,998	4,094,297
Automobiles and trucks	4,926,266	3,013,156	172,588	355,027	8,467,037	103,168,736
Construction in progress	8,354	-	1,134	-	9,488	-
Subtotal	69,249,187	155,876,401	378,109,135	2,188,509	605,423,232	107,648,263
Less: Accumulated depreciation	22,664,395	113,771,060	211,795,809	2,011,549	350,242,813	70,603,643
Total Capital Assets (net of accumulated depreciation)	46,584,792	42,105,341	166,313,326	176,960	255,180,419	37,044,620
Total Noncurrent Assets	46,584,792	47,876,410	172,984,940	176,960	267,623,102	37,044,620
Total Assets	94,589,908	148,440,798	199,432,013	51,114,692	493,577,411	296,535,247
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding of debt	-	-	26,045	-	26,045	-
Pension deferrals	1,766,508	1,066,220	459,878	3,115,214	6,407,820	1,468,737
Total Deferred Outflows of Resources	\$ 1,766,508	\$ 1,066,220	\$ 485,923	\$ 3,115,214	\$ 6,433,865	\$ 1,468,737

Exhibit A-7 (Concluded)

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Business-Type Activities - Enterprise Funds					Governmental
		Solid Waste	Parking	Nonmajor		Activities-
	Liquor	Activities	Lot	Enterprise	Totals	Internal
LIABILITIES			Districts	Funds		Service Funds
Current Liabilities:						
Accounts payable	\$ 3,316,027	\$ 8,674,871	\$ 1,203,027	\$ 251,221	\$ 13,445,146	\$ 10,640,808
Interest payable	449,802	-	152,233	-	602,035	-
Retainage payable	960	-	567,484	-	568,444	-
Deposits	-	267,281	-	8,517,857	8,785,138	-
Claims payable	-	-	-	-	-	46,118,822
Accrued liabilities	15,369,226	7,642,265	2,066,611	4,069,135	29,147,237	5,846,256
Due to other funds	1,819,635	4,538,236	240,741	1,478,558	8,077,170	23,154,253
Due to component units	-	-	7,824	15,164	22,988	13,258
Due to other governments	1,265,895	149	415,072	-	1,681,116	263,624
Equipment notes payable	1,152,857	-	-	-	1,152,857	-
Unearned revenue	44,940	-	195,386	7,695,380	7,935,706	-
Revenue bonds payable	1,313,544	-	3,755,000	-	5,068,544	-
Landfill closure costs	-	1,651,181	-	-	1,651,181	-
Other liabilities	25,926	-	-	250,849	276,775	-
Total Current Liabilities	24,758,812	22,773,983	8,603,378	22,278,164	78,414,337	86,037,021
Noncurrent Liabilities:						
Claims payable	-	-	-	-	-	135,711,850
Equipment note payable	2,351,828	-	-	-	2,351,828	-
Revenue bonds payable	32,561,982	-	23,135,406	-	55,697,388	-
Landfill closure costs	-	13,772,919	-	-	13,772,919	-
Gude landfill remediation costs	-	59,957,030	-	-	59,957,030	-
Compensated absences	1,224,307	441,740	177,822	1,268,968	3,112,837	1,214,200
Net pension liability	738,328	423,325	188,951	1,306,069	2,656,673	611,474
Total Noncurrent Liabilities	36,876,445	74,595,014	23,502,179	2,575,037	137,548,675	137,537,524
Total Liabilities	61,635,257	97,368,997	32,105,557	24,853,201	215,963,012	223,574,545
DEFERRED INFLOWS OF RESOURCES						
Deferred gain on refunding of debt	482,842	-	-	-	482,842	-
Pension deferrals	3,422,226	1,962,155	875,808	6,053,759	12,313,948	2,834,244
Total Deferred Inflows of Resources	3,905,068	1,962,155	875,808	6,053,759	12,796,790	2,834,244
NET POSITION						
Net investment in capital assets	8,721,739	42,105,341	140,111,370	176,960	191,115,410	37,044,620
Restricted for:						
Public works and transportation	-	-	20,153,587	-	20,153,587	-
Environment	-	8,070,525	-	-	8,070,525	-
Debt service	2,009,290	-	6,671,614	-	8,680,904	-
Unrestricted	20,085,062	-	-	23,145,986	43,231,048	34,550,575
Total Net Position	\$ 30,816,091	\$ 50,175,866	\$ 166,936,571	\$ 23,322,946	271,251,474	\$ 71,595,195
ADJUSTMENTS						
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					2,650,705	
Net position of business-type activities					\$ 273,902,179	

Notes to Financial Statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds	Totals	Activities- Internal Service Funds
OPERATING REVENUES						
Sales - net	\$ 304,492,379	\$ -	\$ -	\$ -	\$ 304,492,379	\$ -
Charges for services	12,121	116,747,763	22,772,081	9,398,512	148,930,477	326,643,893
Licenses and permits	217,412	9,295	-	42,355,608	42,582,315	-
Fines and penalties	150,188	35,050	5,456,423	57,798	5,699,459	2,787,788
Total Operating Revenues	304,872,100	116,792,108	28,228,504	51,811,918	501,704,630	329,431,681
OPERATING EXPENSES						
Cost of goods sold	209,435,845	-	-	-	209,435,845	-
Personnel costs	37,648,990	15,616,768	4,763,416	33,606,931	91,636,105	32,558,015
Other post employment contributions	673,850	125,590	81,160	416,570	1,297,170	387,470
Postage	3,727	24,622	4,164	22,617	55,130	1,164,204
Self-insurance incurred and estimated claims	-	-	-	-	-	173,305,246
Insurance	832,187	1,469,375	25,490	658,974	2,986,026	43,634,173
Supplies and materials	721,870	1,375,925	648,983	371,584	3,118,362	21,073,779
Contractual services	4,145,999	94,454,296	7,244,631	4,853,097	110,698,023	10,361,704
Communications	263,946	166,888	137,726	201,455	770,015	327,473
Transportation	1,053,127	2,384,149	306,265	846,723	4,590,264	311,034
Public utility services	474,848	150,693	1,666,666	2,128,358	4,420,565	902,966
Rentals	8,385,890	21,772	1,198,566	3,225,212	12,831,440	2,778,720
Maintenance	1,010,520	734,819	4,542,793	1,019,973	7,308,105	17,212,604
Depreciation	2,693,068	2,303,273	9,035,027	74,832	14,106,200	9,284,706
Landfill closure expense	-	33,046,000	-	-	33,046,000	-
Other	372,642	525,813	2,327	300,319	1,201,101	36,365
Total Operating Expenses	267,716,509	152,399,983	29,657,214	47,726,645	497,500,351	313,338,459
Operating Income (Loss)	37,155,591	(35,607,875)	(1,428,710)	4,085,273	4,204,279	16,093,222
NONOPERATING REVENUES (EXPENSES)						
Property taxes	-	-	(4,616)	-	(4,616)	-
Gain (loss) on disposal of capital assets	-	426	-	-	426	48,442
Investment income	133,707	2,033,532	788,642	1,162,771	4,118,652	5,459,363
Interest expense	(1,326,088)	-	(841,917)	-	(2,168,005)	-
Other revenue	113,583	1,258,067	7,840,109	16,342	9,228,101	463,629
Insurance recoveries	3,400	506,688	-	-	510,088	1,186,005
Total Nonoperating Revenues (Expenses)	(1,075,398)	3,798,713	7,782,218	1,179,113	11,684,646	7,157,439
Income (Loss) Before Capital Contributions and Transfers	36,080,193	(31,809,162)	6,353,508	5,264,386	15,888,925	23,250,661
Transfers In (Out):						
Transfers in	-	-	-	25,000	25,000	4,773,319
Transfers (Out)	(35,183,025)	(4,125,205)	(5,311,292)	(7,779,603)	(52,399,125)	-
Total Transfers In (Out)	(35,183,025)	(4,125,205)	(5,311,292)	(7,754,603)	(52,374,125)	4,773,319
Change in Net Position	897,168	(35,934,367)	1,042,216	(2,490,217)	(36,485,200)	28,023,980
Total Net Position - Beginning of Year	29,918,923	86,110,233	165,894,355	25,813,163		43,571,215
Total Net Position - End of Year	\$ 30,816,091	\$ 50,175,866	\$ 166,936,571	\$ 23,322,946		\$ 71,595,195
ADJUSTMENTS						
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					976,532	
Change in net position of business-type activities					\$ (35,508,668)	

Notes to Financial Statements are an integral part of this statement.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 304,607,729	\$ 115,710,639	\$ 28,263,745	\$ 47,182,003	\$ 495,764,116	\$ 326,459,552
Payments to suppliers	(221,083,727)	(103,237,196)	(15,129,454)	(10,977,505)	(350,427,882)	(59,281,400)
Payments to employees	(37,865,829)	(17,417,720)	(4,652,832)	(34,395,287)	(94,331,668)	(32,384,020)
Other operating receipts	-	-	-	4,624,755	4,624,755	-
Other operating payments	(372,641)	-	(1,204)	(5,408,378)	(5,782,223)	-
Claims paid	3,400	506,688	-	-	510,088	(204,410,302)
Other revenue	113,583	1,258,067	7,840,109	16,342	9,228,101	1,366,069
Internal activity - receipts from other funds	-	-	-	-	-	273,319
Net Cash Provided (Used) by Operating Activities	45,402,515	(3,179,522)	16,320,364	1,041,930	59,585,287	32,023,218
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Property tax collections	-	-	(4,616)	-	(4,616)	-
Insurance reimbursement claims	-	-	-	-	-	1,186,005
Operating subsidies and transfers from other funds	-	-	-	25,000	25,000	4,500,000
Operating subsidies and transfers to other funds	(35,183,025)	(4,125,205)	(5,311,292)	(7,779,603)	(52,399,125)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(35,183,025)	(4,125,205)	(5,315,908)	(7,754,603)	(52,378,741)	5,686,005
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Retirement of capital assets	-	21,910	-	-	21,910	-
Acquisition and construction of capital assets	(215,070)	(2,681,234)	(10,306,062)	-	(13,202,366)	(6,926,434)
Proceeds from the sale of capital assets	-	426	-	-	426	184,348
Principal paid on equipment note payable	(1,386,933)	-	-	-	(1,386,933)	-
Principal paid on capital debt	(1,053,286)	-	(3,591,000)	-	(4,644,286)	-
Interest paid on capital debt	(1,567,911)	-	(1,051,224)	-	(2,619,135)	-
Amortization of Premium	240,564	-	-	-	240,564	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,982,636)	(2,658,898)	(14,948,286)	-	(21,589,820)	(6,742,086)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income from pooled investments	79,990	2,033,532	747,684	1,162,771	4,023,977	5,459,363
Investment income from non-pooled investments	53,717	-	-	-	53,717	-
Net Cash Provided (Used) by Investing Activities	133,707	2,033,532	747,684	1,162,771	4,077,694	5,459,363
Net Increase (Decrease) in Cash and Cash Equivalents	6,370,561	(7,930,093)	(3,196,146)	(5,549,902)	(10,305,580)	36,426,500
Balances - Beginning of Year	4,189,302	105,714,674	31,043,762	50,850,035	191,797,773	203,214,257
Balances - End of Year	\$ 10,559,863	\$ 97,784,581	\$ 27,847,616	\$ 45,300,133	\$ 181,492,193	\$ 239,640,757
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 37,155,591	\$ (35,607,875)	\$ (1,428,710)	\$ 4,085,273	\$ 4,204,279	\$ 16,093,222
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	2,693,068	2,303,273	9,035,027	74,832	14,106,200	9,284,706
Other revenue	113,583	1,258,067	7,840,109	16,342	9,228,101	463,629
Unearned revenue	(42,597)	-	(215,067)	-	(257,664)	-
Insurance recoveries	3,400	506,688	-	-	510,088	-
Pension expense	(737,095)	(711,876)	(311,715)	(1,564,550)	(3,325,236)	(1,023,841)
Effect of changes in operating assets and liabilities:						
Receivables, net	(221,774)	(1,091,969)	250,306	(4,733,037)	(5,796,474)	(1,796,369)
Inventories, prepaids and other assets	-	(199,750)	180,000	(650,720)	(670,470)	(1,244,423)
Compensated absences	227,002	-	-	-	227,002	-
Accounts payable and other liabilities	5,244,233	(1,223,396)	845,380	3,681,057	8,547,274	10,715,471
Claims payable	-	-	-	-	-	(2,587,949)
Accrued expenses	967,104	(1,029,900)	125,034	132,733	194,971	2,118,772
Gude Landfill pollution remediation	-	32,617,216	-	-	32,617,216	-
Net Cash Provided (Used) by Operating Activities	\$ 45,402,515	\$ (3,179,522)	\$ 16,320,364	\$ 1,041,930	\$ 59,585,287	\$ 32,023,218
Noncash investing, capital and financing activities:						
Change in fair value of investments that are not cash and cash equivalents	\$ -	\$ -	\$ 40,958	\$ -	\$ 40,958	\$ -

Notes to Financial Statements are an integral part of this statement.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2020

	Pension and Other Employee Benefit Trusts	Custodial Funds External Investment Pool	Other
ASSETS			
Current Assets:			
Equity in pooled cash and investments	\$ 4,234,297	\$ 12,655,890	\$ 5,024,264
Cash	-	-	118,115
Investments:			
Government and agency obligations	673,070,089	-	-
Municipal/Provincial bonds	28,484,591	-	-
Asset-backed securities	1,202,063	-	-
Corporate bonds	872,294,726	-	-
Commercial mortgage-backed securities	1,458,954	-	-
Common and preferred stock	2,000,248,585	-	-
Mutual and commingled funds	1,687,546,688	-	-
Short-term investments	222,718,050	-	-
Cash collateral received under securities lending agreements	162,040,222	-	-
Private real assets	291,810,789	-	-
Private equity/debt	764,190,997	-	-
Total Investments	6,705,065,754	-	-
Receivables (net of allowances for uncollectibles):			
Receivables and accrued interest	17,263,394	-	-
Property taxes	-	-	4,104
Accounts	94,937	-	2,467,909
Due from other funds	32,813,225	-	-
Due from component units	344,748	-	-
Due from other governments	12,122	-	-
Total Current Assets	6,759,828,477	12,655,890	7,614,392
Noncurrent Assets:			
Capital assets:			
Miscellaneous	900,043	-	-
Less: Accumulated depreciation	900,043	-	-
Total Capital Assets (net of accumulated depreciation)	-	-	-
Total Assets	<u>\$ 6,759,828,477</u>	<u>\$ 12,655,890</u>	<u>\$ 7,614,392</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	176,452,507	-	44,508
Accrued liabilities	4,958,399	-	539
Deposits	-	-	3,369,478
Claims payable	4,368,295	-	-
Due to other funds	242,864	-	35,000
Due to other governments	-	-	1,093,024
Unearned revenue	3,513,530	-	1,760,225
Other liabilities	-	-	675,280
Total Current Liabilities	189,535,595	-	6,978,054
Noncurrent Liabilities:			
Compensated absences	129,173	-	-
Total Liabilities	189,664,768	-	6,978,054
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	-	-	61,703
Total Deferred Inflows of Resources	-	-	61,703
NET POSITION			
Restricted for:			
Pensions	5,338,717,115	-	-
Other postemployment benefits	1,231,446,594	-	-
External investment pool participants	-	12,655,890	-
Individuals, organizations, and other governments	-	-	574,635
Net Position	<u>\$ 6,570,163,709</u>	<u>\$ 12,655,890</u>	<u>\$ 574,635</u>

Notes to Financial Statements are an integral part of this statement.

Exhibit A-11

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Pension and Other Employee Benefit Trusts	Custodial Funds	
		External Investment Pool	Other
ADDITIONS			
Contributions:			
Employers	\$ 281,293,912	\$ -	\$ -
Members	64,785,789	-	-
Federal government - Medicare Part D	13,625,461	-	-
Share purchases	-	1,638,886	-
Total Contributions	359,705,162	1,638,886	-
Investment income (loss)	331,384,132	225,846	20,408
Less: Investment expenses	25,531,285	-	-
Net Investment Income (Loss)	305,852,847	225,846	20,408
Other income	155,105	-	347,507
Total Additions, net	665,713,114	1,864,732	367,915
DEDUCTIONS			
Benefits:			
Annuities:			
Retirees	197,346,814	-	-
Survivors	10,625,975	-	-
Disability	54,100,956	-	-
Claims	92,984,439	-	-
Total Benefits	355,058,184	-	-
Share redemptions	-	2,050,000	-
Member refunds	62,034,167	-	-
Administrative expenses	7,578,625	-	-
Total Deductions	424,670,976	2,050,000	-
Net Increase (Decrease)	241,042,138	(185,268)	367,915
Net Position - Beginning of Year	6,329,121,571	12,841,158	206,720
Net Position - End of Year	\$ 6,570,163,709	\$ 12,655,890	\$ 574,635

Notes to Financial Statements are an integral part of this statement.

**STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2020**

	MCPS	HOC	Nonmajor Component Units	Total
ASSETS				
Equity in pooled cash and investments	\$ 94,463,041	\$ -	\$ 28,064,844	\$ 122,527,885
Cash with fiscal agents	-	71,049,586	42,316,129	113,365,715
Cash	11,189,064	14,762	5,563,213	16,767,039
Investments - cash equivalents	105,300,144	23,538,352	2,373,243	131,211,739
Investments	-	-	29,835,511	29,835,511
Receivables (net of allowance for uncollectibles):				
Capital leases	-	-	2,970,224	2,970,224
Accounts	66,712,095	2,134,706	14,178,864	83,025,665
Notes	-	-	53,144,502	53,144,502
Mortgage	-	389,611,158	-	389,611,158
Interest	-	10,671,846	-	10,671,846
Other	70,144	11,045,119	2,276,302	13,391,565
Due from primary government	57,847,942	2,111,246	1,675,440	61,634,628
Due from other governments	34,072,223	10,050,284	1,231,219	45,353,726
Inventory of supplies	10,246,498	303,753	358,476	10,908,727
Prepays	355,190	-	492,736	847,926
Other assets	-	24,668,145	3,413,936	28,082,081
Restricted Assets:				
Equity in pooled cash and investments	-	-	3,639,521	3,639,521
Cash with fiscal agents	-	47,282,497	-	47,282,497
Cash	-	-	662,005	662,005
Investments - cash equivalents	-	116,134,673	24,729,499	140,864,172
Investments	-	210,576,788	1,502,446	212,079,234
Capital Assets:				
Nondepreciable assets	226,762,954	174,570,235	215,994,945	617,328,134
Depreciable assets, net	3,072,528,564	796,050,983	493,076,812	4,361,656,359
Total Assets	3,679,547,859	1,889,814,133	927,499,867	6,496,861,859
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of debt	-	-	446,657	446,657
Pension deferrals	257,231,897	22,499,379	7,737,448	287,468,724
OPEB deferrals	451,132,372	9,746,187	41,864,944	502,743,503
Accumulated decrease in fair value of hedging derivatives	-	37,634,356	96,683	37,731,039
Total Deferred Outflow of Resources	708,364,269	69,879,922	50,145,732	828,389,923
LIABILITIES				
Accounts payable	129,371,937	18,892,503	833,675	149,098,115
Interest payable	-	30,717,398	848,245	31,565,643
Retainage payable	16,307,466	-	1,630,549	17,938,015
Accrued liabilities	84,223,151	11,310,861	25,103,129	120,637,141
Deposits	-	20,382,315	202,973	20,585,288
Due to primary government	150,101	112,342,096	181,606	112,673,803
Due to other governments	-	6,278,282	787,827	7,066,109
Unearned revenue	9,466,406	21,948,108	6,260,690	37,675,204
Other liabilities	-	16,133,378	1,509,563	17,642,941
Noncurrent Liabilities:				
Due within one year	59,821,055	43,759,741	10,090,792	113,671,588
Due in more than one year	3,363,968,044	1,358,490,351	287,433,410	5,009,891,805
Total Liabilities	3,663,308,160	1,640,255,033	334,882,459	5,638,445,652
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding of debt	-	-	2,380,000	2,380,000
Pension deferrals	37,720,165	33,218,096	6,785,727	77,723,988
OPEB deferrals	417,295,098	19,459,021	15,942,070	452,696,189
Total Deferred Inflow of Resources	455,015,263	52,677,117	25,107,797	532,800,177
NET POSITION				
Net investment in capital assets	3,258,763,808	(58,689,356)	618,139,660	3,818,214,112
Restricted for:				
Capital projects	-	-	359,515	359,515
Debt service	-	119,132,001	-	119,132,001
Other purposes	2,272,527	24,783,837	36,953,914	64,010,278
Unrestricted (deficit)	(2,991,447,630)	181,535,423	(37,797,746)	(2,847,709,953)
Total Net Position	\$ 269,588,705	\$ 266,761,905	\$ 617,655,343	\$ 1,154,005,953

Notes to Financial Statements are an integral part of this statement.

**STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	MCPS	HOC	Nonmajor Component Units	Total
Component Units:								
General government	\$ 4,809,473	\$ 4,700,003	\$ 235,500	\$ -	\$ -	\$ -	\$ 126,030	\$ 126,030
Culture and recreation	19,633,326	16,366,114	-	907,335	-	-	(2,359,877)	(2,359,877)
Community development and housing	315,967,487	159,756,757	141,054,795	6,313,814	-	(8,842,121)	-	(8,842,121)
Education:								
Secondary education	3,094,576,622	28,123,187	153,639,911	67,993,188	(2,844,820,336)	-	-	(2,844,820,336)
Higher education	348,290,926	66,136,569	20,053,589	45,625,638	-	-	(216,475,130)	(216,475,130)
Total component units	<u>\$ 3,783,277,834</u>	<u>\$ 275,082,630</u>	<u>\$ 314,983,795</u>	<u>\$ 120,839,975</u>	<u>(2,844,820,336)</u>	<u>(8,842,121)</u>	<u>(218,708,977)</u>	<u>(3,072,371,434)</u>
General revenues:								
Grants and contributions not restricted to specific programs					2,946,559,047	-	236,873,426	3,183,432,473
Investment income					582,718	1,653,403	2,923,528	5,159,649
Gain (loss) on sale of capital assets					-	8,230,038	-	8,230,038
Miscellaneous					-	-	36,816	36,816
Total general revenues					<u>2,947,141,765</u>	<u>9,883,441</u>	<u>239,833,770</u>	<u>3,196,858,976</u>
Change in net position					<u>102,321,429</u>	<u>1,041,320</u>	<u>21,124,793</u>	<u>124,487,542</u>
Net position - beginning, as restated					<u>167,267,276</u>	<u>265,720,585</u>	<u>596,530,550</u>	<u>1,029,518,411</u>
Net position - ending					\$ 269,588,705	\$ 266,761,905	\$ 617,655,343	\$ 1,154,005,953

Notes to Financial Statements are an integral part of this statement.





NOTES TO FINANCIAL STATEMENTS



Notes To Financial Statements

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NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County conform to accounting principles generally accepted in the United States of America (GAAP) applicable to local government entities. The following is a summary of significant policies:

A) Reporting Entity

Background

Montgomery County, Maryland (County) is a charter government under the constitution and general laws of the State of Maryland (State). The charter provides for separate legislative and executive branches with legislative responsibility vested in an elected nine-member county council and executive responsibility vested in an elected county executive. The County provides its citizens with services in areas of general government, public safety, public works and transportation, health and human services, education, culture and recreation, community development and housing, and environment.

As required by GAAP, these financial statements present the primary government and its component units, which are entities for which the primary government is considered financially accountable. The County reporting entity is determined by criteria established by the Governmental Accounting Standards Board (GASB). The judgment to include or exclude activities is dependent on evaluation of the GASB criteria. Various departments and agencies governed directly by the County Executive and the County Council of Montgomery County are included in the reporting entity as the primary government and are referred to hereafter as the Primary Government. The component units (as discussed below) are included in the reporting entity because the Primary Government approves the budget requests, provides a significant amount of funding for each of these units, and/or appoints the governing boards.

Discretely Presented Component Units

The financial data of the County's component units are discretely presented in a column separate from the financial data of the primary government, to emphasize that the component units are legally separate from the Primary Government. Financial information regarding the component units is included in the component units' combining statements. The following are the County's component units, each of which has a June 30 fiscal year-end:

Major Component Units

- Montgomery County Public Schools (MCPS)

MCPS provides public education in kindergarten through twelfth grade to children residing within Montgomery County. Members of the Board of Education, including one student member, are elected by the voters. However, MCPS is fiscally dependent upon the Primary Government because the Primary Government approves the budget, levies taxes to provide the majority of the fiscal support, and issues debt for construction of school facilities.

- Housing Opportunities Commission of Montgomery County (HOC)

HOC is governed by seven commissioners who are appointed by the County Executive with the approval of the County Council. In addition, the County Council provides for a subsidy to the operating budget of HOC and guarantees a relatively small portion of its debt (up to \$50,000,000). The HOC operating budget approval occurs on a project basis, with the County Council having authority to approve project budgets that include County funding. HOC presents its proposed budget to the Council for review and comment only, as required by the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law. Even though there is a large dependence on the U.S. Department of Housing and Urban Development (HUD), HOC has sufficient financial accountability to the Primary Government to be included as a component unit.

NonMajor Component Units

- Bethesda Urban Partnership, Inc (BUP)

BUP has its entire eleven-member Board of Directors appointed by the County Executive with the approval of the County Council. The primary purpose of BUP is to execute service contracts for the benefit of one of the Primary Government's special taxing districts (Bethesda Urban District). Substantially all of BUP's funding is granted through the Primary Government's operating budget. The County Council annually approves the BUP operating budget and is able to modify it in a manner similar to the way Primary Government agency budgets are modified.

- Montgomery County Revenue Authority (MCRA)

MCRA is governed by a five-member Board of Directors. All members are appointed by the County Executive subject to the confirmation of the County Council. The County Council approves the capital budget of MCRA. MCRA approves its own operating budget. MCRA is an instrumentality of the Primary Government for the purpose of constructing, improving, and maintaining self-sustaining projects devoted to public use, good or welfare.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Montgomery College (MC)**

MC provides educational services to County citizens by offering two-year associate degrees and a continuing education program. MC is responsible for post secondary education within the government's jurisdiction. The Montgomery County Board of Community College trustees is the governing authority. The State Governor appoints the trustees from a list of candidates supplied by a nominating committee. The nominating committee is controlled by the County Executive and the County Council. Therefore, essentially the Primary Government and the State Governor must agree upon the trustees to serve on the College's Governing Board. In addition, the County Council reviews and approves both the operating and capital budgets and budgetary amendments of MC. The Primary Government contributes substantial funding for both the operating and capital budgets, as well as issues debt for the construction of college facilities.

Complete financial statements can be obtained at the component units' administrative offices listed below:

Montgomery County Public Schools 850 Hungerford Drive Rockville, MD 20850	Montgomery College 9221 Corporate Boulevard Rockville, MD 20850	Bethesda Urban Partnership, Inc. 7700 Old Georgetown Road Bethesda, MD 20814
Housing Opportunities Commission of Montgomery County, Maryland 10400 Detrick Avenue Kensington, MD 20895-2484	Montgomery County Revenue Authority 101 Monroe Street, 4th Floor Rockville, MD 20850	

Joint Ventures and Jointly Governed Organizations

The following organizations are considered joint ventures of the County: Maryland-National Capital Park and Planning Commission (M-NCPPC), Washington Suburban Sanitary Commission (WSSC), Washington Suburban Transit Commission (WSTC), Washington Metropolitan Area Transit Authority (WMATA), and Northeast Maryland Waste Disposal Authority (NEMWDA). Metropolitan Washington Council of Governments (COG) is a jointly governed organization. Disclosure of the County's participation in these joint entities is presented in Note IV-D. Complete financial statements can be obtained at the joint entities' offices as follows:

Maryland-National Capital Park and Planning Commission 6611 Kenilworth Avenue Riverdale, MD 20737	Washington Suburban Sanitary Commission 14501 Sweitzer Lane Laurel, MD 20707	Washington Suburban Transit Commission 4351 Garden City Drive, Suite 305 Hyattsville, MD 20785
Washington Metropolitan Area Transit Authority 600 Fifth Street, NW Washington, DC 20001	Northeast Maryland Waste Disposal Authority 100 South Charles St, Tower II-Suite 402 Baltimore, MD 21201	Metropolitan Washington Council of Governments 777 N. Capitol Street, NE, #300 Washington, DC 20002

B) Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the Primary Government and its component units. Since by definition, assets of fiduciary funds are held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities of the Primary Government, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position

This statement is designed to display the financial position of the reporting entity as of year-end. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and report depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. Net position is divided into three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of Activities

This statement demonstrates the degree to which the direct expenses of a given function or segment for the fiscal year are offset by program revenues. Therefore, this statement reflects both the gross and net costs per functional category (general government, public safety, public works and transportation, health and human services, culture and recreation, community development and housing, environment, and education) that are otherwise being supported by general revenues. Direct expenses (including depreciation) are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The County does not allocate indirect expenses. The operating grants column includes operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise of assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund balance/net position, revenues, expenditures/expenses and other financing sources (uses).

Budget-to-Actual Comparison Schedules

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the financial progress of their governments over the course of the year. Budget-to-actual comparison schedules for the General Fund and the County's major special revenue funds, (Housing Initiative and Grants) are presented as Required Supplementary Information.

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement Focus and Basis of Accounting

Full Accrual Basis Financial Statements

The government-wide, proprietary fund, and certain fiduciary fund (pension and other employee benefit trusts, investment trust, and private-purpose trusts) financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Capital assets and related depreciation are also recorded in these statements. The agency funds, which do not have a measurement focus, use the accrual basis of accounting to recognize only assets and liabilities.

Modified Accrual Basis Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. In the governmental funds, revenues are recorded as soon as they are susceptible to accrual (both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment has matured and is due. Similarly, expenditures related to claims and judgments and compensated absences are recorded only to the extent that they are expected to be liquidated with expendable available financial resources. Also, capital assets and related depreciation and long-term liabilities are not recorded in these statements.

In applying the susceptible to accrual concept to income taxes (distributed by the State), property taxes, and intergovernmental revenues other than grants, the County defines "available" to mean received within 30 days after year-end.

The State has assumed the responsibility for the collection of all income taxes and for distributing those collections to the respective counties. The counties set their individual tax rates within limits provided by State law. However, collections and pursuit of delinquent taxes are the responsibility of the State.

The County records estimated receivables relating to income taxes when the underlying income is earned. Amounts not received within 30 days are reported as deferred inflows. At year-end, unearned revenue relating to income taxes primarily includes amounts related to late filers, delinquent returns and audits, and unallocated withholding, not received within the County's availability period. Amounts relating to late filers are expected to be received from the State within the next fiscal year; however, collections related to delinquent returns and audits and unallocated withholding may not occur and be remitted to the County for several years.

In applying the susceptible to accrual concept to operating and capital grants, classified with intergovernmental revenues in the fund financial statements, the County records receivables when the applicable eligibility requirements including time requirements are met. Related revenues are recognized to the extent that cash is expected to be received within one year of year-end. Resources received before the eligibility requirements are met are reported as unearned revenue within the governmental funds and unearned revenue in the government-wide financial statements.

Charges for services, licenses and permits, fines and penalties, and miscellaneous revenues (except earnings on investments) are generally recorded as revenues when received in cash during the year. At year-end, receivables are recorded for significant amounts due. If such amounts are received in cash after year-end within the County's 30 day availability period, they are recognized as revenue; if not, such amounts are reported as unavailable revenue.

Financial Statement Presentation

Major Governmental Funds

- General Fund

This fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. For financial reporting purposes, the General Fund also includes amounts maintained in a legally separate Revenue Stabilization Fund. (See Note II-A.) The Revenue Stabilization Fund was created to establish a "rainy day" or reserve account to accommodate future funding shortfalls. It was designed to accrue a balance during periods of economic growth and prosperity, when revenue collections exceed estimates. The Fund may be drawn upon during periods of economic slowdown, when collections fall short of revenue estimates. The Economic Development Fund and the Urban District Funds are reported in the General Fund.

- Housing Initiative Fund

This fund is used to account for the fiscal activity for financing, supplementing, and constructing affordable residential facilities for eligible participants. The Fund's revenue sources consist of a portion of each County-owned property sold, repayments on loans, and recordation taxes. All of these revenue sources are restricted, as all funds received must be used to finance, supplement, and construct affordable residential housing for eligible participants.

- Grants Fund

This fund accounts for the Federal and State grant-funded activities of the tax supported General Fund and special revenue funds. These grant funds must be spent according to the restrictions prescribed by the respective funding agencies.

- Debt Service Fund

This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

- Capital Projects Fund

This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Major Enterprise Funds

- Liquor Enterprise Fund

This fund accounts for the operations of twenty-six liquor stores and one Montgomery County alcohol beverage warehouse. Under State law, Montgomery County Alcohol Beverage Services has sole control of the distribution of alcoholic beverages, and the sale of spirits, within the County.

- Solid Waste Activities Enterprise Fund

This fund accounts for the fiscal activity of all solid waste disposal operations, including recycling and leaf vacuuming. The fund utilizes the Dickerson, Maryland Resource Recovery Facility for refuse incineration, in combination with the out-of-County landfill haul and local recycling operations, to meet its disposal and recycling requirements. The fund also accounts for the fiscal activity related to County contracted refuse collection within the Solid Waste Collection District. This district is essentially comprised of the higher density, non-municipal, residential areas of the County. The Vacuum Leaf Collection program provides leaf collection services to down county residents during the late fall and winter months.

- Parking Lot Districts Enterprise Fund

This fund accounts for the fiscal activity related to serving the parking needs of the people who work and shop in the three central business districts zoned for commercial or industrial use identified as Silver Spring, Bethesda, and Wheaton.

Other Fund Types

- Other Governmental Funds

The other governmental funds used by the County are special revenue and permanent. Special revenue funds are used to account for specific revenues that are legally restricted for particular purposes. The County periodically uses permanent funds to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the County's programs.

- Nonmajor Enterprise Funds

The nonmajor enterprise funds used by the County are Permitting Services, which accounts for most of the fiscal activity of permitting programs within the County, and Community Use of Public Facilities, which accounts for the fiscal activity related to renting public facilities to community organizations.

- Internal Service Funds

These funds are used to account for the financing of goods or services provided by one department or agency to other departments or to other governmental units, on a cost-reimbursement basis. There are four internal service funds reported by the County: Motor Pool, Liability and Property Coverage Self-Insurance, Employee Health Benefits Self-Insurance, and Central Duplicating.

Fiduciary Fund Types

- Pension and Other Employee Benefit Trust Fund

This fund is used to account for all activities of the Employees' Retirement System of Montgomery County (defined benefit plan), Employees' Retirement Savings Plan (defined contribution plan), Deferred Compensation Plan, and Retiree Health Benefits Trust, including accumulation of resources for, and payment of, retirement annuities or other benefits and administrative costs.

- Custodial Funds

These funds are used to account for activities carried out exclusively for the benefit of those outside of the government but not administered through GASB PEB trusts or GASB other fiduciary trusts. The custodial funds used by the County are External Investment Pool Fund, which accounts for assets sponsored by the County that belong to participating governments that are not part of the County reporting entity and Other Custodial Funds, including West Germantown Development District, Kingsview Village Center Development District, Escrow Deposits, Inter Agency Facility Scheduling, and Miscellaneous Custodial Fund.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds are eliminated or reclassified. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position. The effect of interfund services provided and used between functions has not been eliminated in the Statement of Activities, since to do so would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The County may defer the use of restricted assets based on a review of the specific transaction.

D) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

1) Cash and Investments

Pooled Cash and Investment

The County sponsors an external investment pool. Participants in the pool include the County, certain component unit agencies, and other legally separate entities. The portion of pooled cash and investments applicable to other legally separate entities (not included in the County reporting entity) is accounted for in a separate Investment Trust Fund. During the year, investments are stated at cost plus accrued interest and are adjusted for amortization of premiums and accretion of discounts. At year-end, investments in the pool are adjusted to fair value plus accrued interest with the exception of MLGIP which is reported at amortized cost. See Note III-A for additional information.

Non-pooled Investments

Proprietary Fund Types

The Parking Lot District enterprise fund investments in U.S. Government securities are stated at fair value plus accrued interest.

Pension and Other Employee Benefit Trust Fiduciary Fund Type

Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2020. Fair value for private investment funds, including private equity and private real assets, is determined using unit values supplied by the fund managers, which are based upon the fund managers' appraisals of the funds' underlying holdings. Such values involve subjective judgment and may differ from amounts which would be realized if such holdings were actually sold. The fair value of limited partnership investments is based on valuations of the underlying assets of the limited partnerships as reported by the general partner. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets along with a related liability for collateral received.

Cash and Cash Equivalents

For Statement of Cash Flows reporting purposes, "cash equivalents" are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less, at the time of purchase, meet this definition. The balance sheet classification for "cash and cash equivalents" in the Statement of Cash Flows includes the following: "Equity in pooled cash and investments," "Cash," "Cash with fiscal agents," and "Restricted Equity in pooled cash and investments."

2) Receivables and Payables

Due From/To Other Funds and Internal Balances

Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the year and where repayment is expected within a reasonable time are referred to as "due from/to other funds." Such outstanding balances not expected to be repaid within a reasonable time are included in interfund "transfers in/out." Any residual balances of "due from/to other funds" outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Trade Accounts Receivable

Trade and other receivables are shown net of an allowance for uncollectibles. The allowance for uncollectibles is calculated based on historical collection data and, in some cases, specific account analysis.

3) Inventories and Prepaids

Inventories

Inventories are valued at the lower of cost (principally first-in, first-out) or market in the Liquor Enterprise Fund and consist of goods held for sale. Inventories valued at cost (principally moving-average) are carried in the Motor Pool Internal Service Fund and the governmental fund types. All inventories are maintained by perpetual records and adjusted by annual physical counts. Inventories in the governmental funds and Motor Pool Internal Service Fund consist of items held for consumption. The cost is recorded as an expenditure at the time individual items are withdrawn for use. In governmental funds, fund balance equivalent to the year-end inventory value is classified as nonspendable to indicate that portion of fund balance which is not available in a spendable form.

Prepaids

The County uses the consumption method to account for prepaids. Prepaids include payments made to vendors for services that will benefit periods beyond the end of the fiscal year.

4) Restricted Assets

Certain proceeds of the County's bonds, as well as certain resources set aside for revenue bond repayment, are classified as restricted assets because their use is limited by applicable bond covenants.

5) Capital Assets

Capital assets, which include property, plant, equipment, computer software, and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of \$10,000 or more, and an estimated useful life in excess of one year. Such assets are valued at actual market transactions for identical or similar items, the current cost to replace the service capacity of an asset, or discounting the current value of future cash flows. Donated capital assets are recorded at acquisition value at the date of donation.

An asset's cost basis may be adjusted after acquisition due to improvements or impairments to the asset. However, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and structures	20 - 40
Improvements other than buildings	3 - 40
Infrastructure	20 - 60
Furniture, fixtures, equipment and machinery	3 - 20
Automobiles and trucks	2 - 15
Intangibles	3 - 20

For Statement of Cash Flows reporting purposes, proceeds from insurance on capital assets that are stolen or destroyed are classified as proceeds from sale of capital assets.

6) Deferred Outflows of Resources

Deferred outflows are the consumption of net position by the County that is applicable to a future reporting period. The County's deferred outflows of resources consist of deferred charges on refunding of debt and changes relating to pension and OPEB activity. Deferred charges on refunding are being amortized over the term of the respective bonds using the bonds outstanding method which approximates the effective interest method. Deferred outflows of resources relating to pensions are described in Note IV-F1. Deferred outflows of resources relating to other post-employment benefits (OPEB) are described in Note IV-G. For the County's Component Units deferred outflows consist of accumulated decreases in fair value of hedging derivatives.

7) Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources has been determined by the County to be immaterial and is therefore not reported as an expenditure and a liability of the governmental fund that will pay the leave. Vested or accumulated vacation leave is reported as a liability and expense in the government-wide financial statements and proprietary fund types in the fund financial statements, along with the corresponding employer's share of social security and medicare taxes. Based on a historical analysis of leave usage, accrued leave is classified as current and long-term. In the proprietary fund financial statements, the current portion of compensated absences is classified as accrued liabilities. Such amounts have been reclassified to non-current liabilities (due within one year and due in more than one year) in the government-wide financial statements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8) Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable in the proprietary fund financial statements and noncurrent liabilities in the government-wide financial statements are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

9) Deferred Inflows of Resources

Deferred inflows are the acquisition of net position by the County that is applicable to a future reporting period. The County's deferred inflows of resources consist of unavailable income taxes, unavailable property taxes, unavailable revenues, changes relating to pension expenses (see Note IV-F1), and changes relating to OPEB (see Note IV-G).

10) Fund Equity/Net Position

In the government-wide financial statements, the County has reported negative unrestricted net position. This is due to the fact that the County issues general obligation bonded debt for purposes of capital construction on behalf of MCPS, MC, and M-NCPPC. The related capital assets are reported on the financial statements of these governments. For MCPS and MC, component units of the County, this amount is also classified as net investment in capital assets in the Component Units column of the government-wide Statement of Net Position (Exhibit A-1). For Primary Government purposes, since the issuance of such debt has not resulted in a capital asset, the effect of this debt is reflected in unrestricted net position (deficit) in the Governmental Activities column of the government-wide Statement of Net Position. At June 30, 2020, the County has reported outstanding general obligation bond, variable rate demand obligation, and bond anticipation note debt related to MCPS, MC, and M-NCPPC amounting to \$1,802.0 million. Absent the effect of this relationship, the County would have reported a deficit in unrestricted net position of governmental activities in the amount of \$1,117.1 million.

Classification of Fund Balance

The County classifies fund balance based on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The constraints are a hierarchy of five classifications. First identified are *nonspendable* fund balances including amounts that are not in spendable form or the government is legally or contractually required to maintain the resources intact. The next four classifications are based on the relative strength of the constraints that control how specific amounts can be spent:

The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. In the County's case this would be the County Council. The highest act of this body is for it to pass a bill, which becomes a public law.

Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The County Council may make assignments of fund balance or can delegate this authority to the Chief Administrative Officer (CAO). The CAO may then make additional assignments of fund balance, but only at the direction of the County Council.

Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification can only be used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The County has established a spending prioritization policy for those instances where an expenditure is incurred for a purpose for which amounts in any of the restricted or unrestricted fund balance classifications (committed, assigned, or unassigned) can be used. The County will apply expenditures against restricted amounts first, followed by committed, assigned and unassigned amounts.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11) Property Taxes

Real and personal property taxes are levied at rates enacted by the County Council in the tax levy resolution on the assessed value as determined by the Maryland State Department of Assessments and Taxation. State law stipulates that the constant yield tax rate furnished by the Maryland State Department of Assessments and Taxation cannot be exceeded without public notice of the intent to exceed, and only after public hearings. The general property tax rate was levied above the constant yield rate for FY20. Following the Fairness in Taxation (FIT) legislation, the County Charter requires an affirmative vote of nine members of the Council to increase the real property tax rate to a level that will produce total revenues exceeding the total revenue produced by the tax on real property in the preceding year, plus 100 percent of any increase in the Consumer Price Index with exemptions for revenue from newly constructed, rezoned property and development district tax to fund capital improvement projects. The tax rate adopted for Levy Year 2019 (i.e., FY20), in conjunction with a one-time income tax offset credit, generated revenues at the Charter limit for that year.

Generally, property taxes are levied as of July 1 and become delinquent on October 1. Interest and penalty amounts are assessed annually at 20 percent on delinquent tax bills. Owner-occupied residential and "small business" property owners pay their tax on a semi-annual schedule, with the first and second installments due on September 30 and December 31, respectively. Taxpayers may opt to make both semi-annual payments on or before September 30. Property tax revenue is reported net of refunds paid.

The County usually collects delinquent real property taxes through a public tax lien sale. Tax liens, representing delinquent taxes on real property are sold in random groups, utilizing a sealed bid process, on the second Monday in June, when taxes have remained overdue since the preceding October 1 or in the case of a semi-annual schedule, January 1. The public tax lien sale that was originally scheduled for June 8, 2020 has been postponed to June 14, 2021 because of the state of emergency related to COVID-19.

12) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plans (Plans) and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the Plans. For these purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13) Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, information about fiduciary net position of the OPEB Plan and addition to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the Plan. For these purposes, benefit payments (including refunds of employer contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

E) New Accounting Standards

The County has adopted GASB Statement No. 84, *Fiduciary Activities*. This GASB Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement was implemented for FY20 reporting purposes. The required changes are reflected in the County's financial statements and notes to those statements. GASB Statement No. 84 required restatement of beginning net position as follows:

	Primary Government Governmental Activities
Net Position, June 30, 2019	\$ 163,350,403
Addition	233,466
Net Position, as restated	<u>\$ 163,583,869</u>

NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A) Additional Fund Information

Revenue Stabilization Fund

This fund is used to account for the accumulation of resources at a targeted reserve level sufficient to address unexpected increases or decreases in revenues and expenditures. In addition to public hearing, Council resolution, and recommendation of the County Executive, County Code requires the following criteria to be met before the fund may be drawn upon:

- Estimated General Fund revenues will fall more than 2 percent below the original projected revenues.
- Resident employment in the County has declined for 6 consecutive months compared to the same month in the previous year.

The criteria ensure that fund draws would not be used to cover revenue shortfalls that occur during the normal course of government operations. As a result, the Revenue Stabilization Fund (RSF) balance is classified as Restricted in accordance with GASB Statement No. 54. For financial reporting purposes this fund is included within the General Fund. Below is the change in the RSF balance for the fiscal year ended June 30, 2020.

Revenue Stabilization Fund (RSF)

Balance – Beginning of Year	\$	341,545,046
Investment Income		7,916,593
FY20 Statutory Contribution		<u>26,820,183</u>
Balance – End of Year	\$	<u><u>376,281,822</u></u>

White Flint Special Taxing District

The White Flint Special Taxing District (WFSTD) is used to account for property tax collections and investment income earnings related to the White Flint Sector. These revenues are used to fund transportation infrastructure improvements and other development costs in the WFSTD. This fund is included within the Capital Projects Fund. Below is the change in the WFSTD balance for the fiscal year ended June 30, 2020.

White Flint Special Taxing District (WFSTD)

Balance – Beginning of Year	\$	10,928,514
Property Taxes		1,986,856
Investment Income		<u>288,058</u>
Balance – End of Year	\$	<u><u>13,203,428</u></u>

Deficit Fund Equity

The deficit of \$27.0 million in the Fire Tax District Special Revenue Fund was caused by unplanned overtime in FY20. To address this shortfall, management will recommend a property tax adjustment and other expenditure and revenues adjustments in FY21.

Due to the requirements of Governmental Accounting Standards Board (GASB) Statement 84 "Fiduciary Activities," the Recreation Non-Tax Supported Special Revenue Fund was created in fiscal year 2020. It was designated to account for contracted programs and services that are entirely revenue supported. The net proceeds of these activities were accounted for in the Tax Supported Recreation Fund prior to fiscal year 2020. The \$0.2 million total net deficit in the fund was caused primarily by a shortfall in recreation activity fees revenue that was caused by the closing of facilities during the COVID-19 pandemic. As a result, the overhead costs were not fully recovered by revenue collections.

The Capital Projects Fund (CIP) has a total fund balance of \$(100.6) million and decrease of \$105.7 million from the end of FY19. The fund balance of this fund can increase or decrease significantly depending on the timing of source of funds for larger capital projects. In FY20 revenues decreased by \$18.0 million which was primarily attributed to a decrease of impact fee collections of \$21.9 million. Capital project expenditures also increased by \$28.7 million in FY20.

NOTE III. DETAILED NOTES ON ALL FUNDS

A) Cash and Investments

1) Overview

The following is a schedule of total cash and investments:

	Primary Government	Component Units *	Total Reporting Entity
<u>Statement of Net Position Amounts:</u>			
Equity in pooled cash and investments	\$ 1,256,952,691	\$ 122,527,885	\$ 1,379,480,576
Cash with fiscal agents	32,950,998	113,365,715	146,316,713
Cash	494,727	16,767,039	17,261,766
Investments - cash equivalents	-	131,211,739	131,211,739
Investments	6,705,065,754	29,835,511	6,734,901,265
Restricted equity in pooled cash and investments	31,208,551	3,639,521	34,848,072
Restricted cash with fiscal agents	-	47,282,497	47,282,497
Restricted cash	118,115	662,005	780,120
Restricted investments - cash equivalents	-	140,864,172	140,864,172
Restricted investments	3,148,583	212,079,234	215,227,817
Total	<u>\$ 8,029,939,419</u>	<u>\$ 818,235,318</u>	<u>\$ 8,848,174,737</u>
<u>Deposit and Investment Summary:</u>			
Deposits	\$ 533,170,220	\$ 286,735,754	\$ 819,905,974
Investments	7,463,205,359	354,024,862	7,817,230,221
Cash on hand, fiscal agents, safe deposit escrow	33,563,840	177,474,702	211,038,542
Total	<u>\$ 8,029,939,419</u>	<u>\$ 818,235,318</u>	<u>\$ 8,848,174,737</u>

* Includes \$80,212 in County Investment Pool

Primary Government cash and investments reconciles to the basic financial statements as follows:

Government-wide	\$ 1,302,841,099
Fiduciary funds	6,727,098,320
Total	<u>\$ 8,029,939,419</u>

Primary Government

2) External Investment Pool

Overview

The County maintains an external investment pool that is subject to oversight by the County's Internal Investment Committee but is not subject to regulatory oversight by the Securities and Exchange Commission (SEC). Participants in the pool include the County, certain component unit agencies, and other legally separate entities. The equity position of each fund and component unit is reported as an asset by the funds and component units. The external portion of the pool (i.e., participation by legally separate entities) is reported as the Investment Trust Fund in the accompanying financial statements. Participants' shares redeemed during the year are based on actual cost; participants' shares are then adjusted to fair value at year-end. The County has not provided or obtained any legally binding guarantees during the year to support the value of shares.

During the year, investments are stated at cost plus accrued interest and are adjusted for amortization of premiums and accretion of discounts. The fair value of U. S. Government securities, repurchase agreements, commercial paper and bankers' acceptances are provided by the County's custodian, which are based on various industry standard pricing sources. For interest-bearing investments, market value quotations do not include accrued interest. However, for reporting purposes, immaterial amounts of accrued interest are typically classified with the fair value of investments in the accompanying financial statements.

Investment income during the year, and any adjustment to fair value at year-end, is allocated to pool participants based upon their average equity in the pool. The adjustment to fair value related to all County funds (exclusive of legally separate entities' accounts reflected in the Investment Trust Fund) is typically recorded in the General Fund, since this amount is not material. At year-end, based on the nature of investments held, there was no adjustment to fair value, since fair value was the same as cost.

External investment pools, included in the schedule above, are as follows:

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

	Primary Government	Component Units	Total Reporting Entity
<u>Statement of Net Position Amounts:</u>			
Equity in pooled cash and investments	\$ 1,256,952,691	\$ 80,212	\$ 1,257,032,903
Restricted equity in pooled cash and investments	31,208,551	-	31,208,551
Total	<u>\$ 1,288,161,242</u>	<u>\$ 80,212</u>	<u>\$ 1,288,241,454</u>
<u>Deposit and Investment Summary:</u>			
Deposits	\$ 533,170,220	\$ -	\$ 533,170,220
Investments, including accrued interest	754,991,022	80,212	755,071,234
Total	<u>\$ 1,288,161,242</u>	<u>\$ 80,212</u>	<u>\$ 1,288,241,454</u>

DepositsCustodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require that securities underlying certificates of deposit have a market value that equals or exceeds the cost of the deposit while County investment policy requires a market value of at least 102 percent of the cost of the deposit. Appropriate sections of these cited statutes also require that funds on deposit in financial institutions be fully secured. The form of such security shall be in compliance with State statute and the County Code. Collateral pledged for protection of these banking deposits is held in the County's name at a third-party depository, in the trust department of pledging banks, or insured by a surety bond by a State approved insurance company.

Deposits typically include bank accounts and non-negotiable certificates of deposit; at year-end, the County held no non-negotiable certificates of deposit. Deposits at financial institutions were fully insured or collateralized at year-end. Therefore, the County has no significant exposure to custodial credit risk.

Investments

The County, through its external investment pool, maintains a cash and investment management program. The primary objectives of the program are the preservation of capital, providing liquidity to meet financial obligations, and maximization of the investment yield on short-term working capital. Working capital is managed pursuant to the Annotated Code of Maryland, the County Code, and the County's investment policies as approved by the County Council. At year-end, the investment portfolio was comprised of commercial paper, the Maryland Local Government Investment Pool (MLGIP), and U.S. Government securities (U.S. Treasury and U.S. Agency Securities). The County was in compliance with all applicable investment statutes throughout the fiscal year.

The MLGIP provides all local government units of the State a safe investment vehicle for the short-term investment of funds. The State Legislature created the Maryland Local Government Investment Pool within the Annotated Code of Maryland and more recently defined by Title 17, subtitle 3 of the Local Government Article of the Maryland Annotated Code. The Pool's purpose is to assist the public finance officer by providing an investment medium in which the participants may invest their idle balances. A pooled fund strategy is utilized creating a money market fund for municipalities that is a very safe, highly efficient, programmed approach to investing. Participants are provided professional money management, a well-diversified portfolio and reduced cost. The MLGIP is rated "AAAm" by Standard and Poor's (their highest rating). The MLGIP, under the administrative control of the State Treasurer, is managed by PNC Capital Advisors, LLC and custodied by PNC Bank, N.A. A MLGIP Advisory Committee of current participants was formed to review, on a semi-annual basis, the activities of the Fund and to provide suggestions to enhance the Pool. Investments held by the MLGIP are measured at amortized cost, which approximates fair value. Unit value is computed using the amortized cost method and maintains a \$1 per share value.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the County as of June 30, 2020

	June 30, 2020	Fair Value Measurements Using	
		Quoted Prices in	Significant Other
		Active Markets for Identical Assets	Observable Inputs
Investments by fair value level		Level 1	Level 2
U.S. Agency Securities	\$ 64,724,720	\$ -	\$ 64,724,720
U.S. Treasury Securities	29,974,500	29,974,500	-
Commercial paper	84,274,438	-	84,274,438
Total investments by fair value level	178,973,658	\$ 29,974,500	\$ 148,999,158
Investments measured at amortized cost:			
Maryland Local Government Investment Pool	475,371,897		
Money Market Mutual Funds	100,003,291		
Total investments measured at amortized cost	575,375,188		
Total investments	\$ 754,348,846		

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits investments to maturities of one year or less. However, a portion of the portfolio may be invested in investments with longer maturities (up to two years); any investment with a maturity of over 12 months must be approved by the Director of Finance prior to execution. At June 30, 2020, the County had no investments with a maturity over 12 months.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County is authorized to invest in: a) obligations for which the United States has pledged its full faith and credit for the payment of principal and interest, b) obligations that a federal agency or instrumentality issues in accordance with an act of Congress, or c) repurchase agreements that any of the foregoing listed obligations secures. Cited statutes also authorize investments in bankers' acceptances, secured certificates of deposit issued by Maryland banks, commercial paper of the highest investment grade, the MLGIP, and money market mutual funds that are registered and operate in accordance with Maryland State Code. State statutes and County policies require that these money market mutual funds invest only in obligations of U.S. Treasuries, U.S. Agencies and repurchase agreements collateralized by an obligation of the United States, its agencies or instrumentalities.

The County's fixed income investments held at year-end or during the year were rated as follows:

Investment Type:	Ratings		
	Standard & Poor's	Fitch	Moody's
Repurchase Agreements ¹	N/R	N/R	N/R
U.S. Agency Securities ²			
Short Term Debt / Discount Notes	A-1+	F1+	P-1
Farmer Mac (FAMCA) Long Term Debt	N/R	N/R	N/R
Federal Farm Credit (FFCB) Long Term Debt	AA+	AAA	Aaa
Federal Home Loan Bank (FHLB) Long Term Debt	AA+	N/R	Aaa
Federal Home Loan Mortgage Corporation "Freddie Mac" (FHLMC) Long Term Debt	AA+	AAA	Aaa
Fannie Mae (FNMA) Long Term Debt	AA+	AAA	Aaa
Commercial Paper ³	A-1	F1	P-1
Certificates of Deposit	N/R	N/R	N/R
Local Government Investment Pool (MLGIP)	AAA	N/R	N/R

N/R - Not Rated

1 - Collateralized in an amount not less than 102% of the principal amount by an obligation of the United States, its agencies or instrumentalities.

2 - Implicitly guaranteed by the U.S. Government.

3 - Not all commercial paper issues are rated by all agencies (NRSROs). However, each commercial paper holding is rated by at least two rating agencies (NRSROs). Each such rating is of the highest investment grade.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, the County will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, or not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent, but not in the government's name.

County and State statutes require that securities underlying repurchase agreements have a market value of at least 102 percent of the cost of the investment. County policies require that a third-party custodian hold investment securities and the collateral underlying all repurchase agreements. At June 30, 2020, the County's investments were not exposed to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk for investments is the risk that, in the event of failure of an issuer, the County will not be able to recover the value of the investment or suffer a loss as a result of the magnitude of the County's investment in that single issuer. It is the County's practice to manage the investment portfolio according to the County's investment policy and the guidelines, as outlined in the Annotated Code of Maryland, to insure diversification by investment type and institution in order to avoid unreasonable and foreseeable risks but in conjunction with the need to ensure safety, liquidity and return in an ever-changing economic environment.

The County's policy provides the maximum limits as follows:

<u>Diversification by Investment Type:</u>	<u>Maximum percent of Portfolio*</u>
U. S. Treasury obligations	100%
U. S. Government agencies	75
Repurchase agreements	50
Bankers' acceptances	25
Money market mutual fund	50
Maryland Local Government Investment Pool (MLGIP)	50
Collateralized Certificates of Deposit and Time Deposits** (Including Brokered	
Certificates of Deposit)	25
Commercial paper	10
 <u>Diversification by Institution:</u>	 <u>Maximum percent of Portfolio*</u>
Commercial Banks (Repurchase Agreements)	30%
Money market mutual funds by fund	25
Banker's Acceptances by Institution and Country	15
Commercial Banks (Certificates of Deposit - does not include Brokered Certificates of	
Deposit)**	10
U.S. Government agencies by agency	20
Commercial Paper by Issuer	5

* At time of purchase

** Certificates of deposit are classified as deposits for financial reporting purposes.

The County's investments are all under 5% for any issue. The allocation percentages are, respectively, 7.85% of US Agency Debt (3.27% Federal Home Loan Banks (FHLB), 3.03% Farmer Mac (FAMCA), 1.55% Federal Farm Credit Bank (FFCB)), 12.14% of Money Market Mutual Funds, an aggregated 10.23% of Commercial Paper (1.20% Banco Santander, 2.99% Bank of Nova Scotia, 1.21% JP Morgan Securities, 1.21% Nordea Bank, 1.80% Royal Bank of Canada, 1.82% Toronto Dominion Bank), and 57.69% MLGIP. Per GASB 40, US Obligations (US Treasury and Agency Debt), Mutual Funds, and external investment pools (MLGIP) are exempt from the 5% of any one issuer maximum.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

External Investment Pool Condensed Financial Statements:

The condensed financial statements of the County's external investment pool at June 30, 2020, are as follows:

Statement of Net Position June 30, 2020	
Assets:	
Investment in securities, at fair value	\$ 754,348,846
Cash	533,170,220
Accrued interest receivable	722,388
Total assets and net position	<u>\$ 1,288,241,454</u>
Net position consists of:	
Internal participants' units outstanding (\$1.00 par), unrestricted	\$ 1,275,585,564
External participants' units outstanding (\$1.00 par)	12,655,890
Net position	<u>\$ 1,288,241,454</u>
Participants net position value, offering price and redemption price per share (\$1,284,681,625/1,285,173,281 units)	<u>\$ 1.00</u>
Statement of Changes in Net Position For the Fiscal Year Ended June 30, 2020	
Investment Income *	\$ 19,754,661
Distributions to participants:	
Distributions paid and payable	(19,754,661)
Share transactions at net position value of \$1.00 per share:	
Purchase of units	\$ 18,938,928,327 *
Redemption of units	<u>(18,800,434,277)</u>
Net increase (decrease) in net position and shares resulting from share transactions	<u>138,494,049 *</u>
Total increase (decrease) in net position	<u>138,494,049 *</u>
Net position, July 1, 2019	<u>1,149,747,405</u>
Net position, June 30, 2020	<u>\$ 1,288,241,454</u>

* The pool has no expenses.

3) Major and Nonmajor Fund Deposit and Investment Risks

Primary government (non-fiduciary) cash and investments are primarily invested in the County's external investment pool. Funds with significant cash balances other than what is invested in the external investment pool include the following:

General Fund

Cash with fiscal agents of \$1,777,025 relates to amounts held by Marriott Hotels, pursuant to a management agreement, for the operation of the Conference Center. The remaining balance of \$8,140 relates to equipment purchased under the master lease program.

Debt Service Fund

Cash with fiscal agents of \$12,403,760 represents lease revenue bond and revenue bond debt service reserve funds, General Obligation bond 2017 Series D escrow account and the Montgomery College Certificates of Participation trustee account which are held in money market mutual funds and U.S. Government securities.

Capital Projects Fund

Cash with fiscal agents of \$16,752,783 is held in money market mutual funds for the purpose of reimbursing construction expenditures incurred for various capital projects in the County.

Liquor Fund

Cash with fiscal agents of \$2,009,290 is held in money market funds for the purpose of debt service.

Parking Lot Districts

Restricted investments of \$3,148,583 is held in escrow for the Bethesda parking lot district to meet debt reserves.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

4) Fiduciary Funds

Investment Overview

The Montgomery County's codes authorize the Board of Investment Trustees (Board) to manage the Employee's Retirement System, Retirement Savings Plan and Deferred Compensation Plan, including the investments. The Board consists of thirteen trustees and functions as part of the County. Another board, the Board of Trustees, is authorized to make investments as stated in the County code for the Consolidated Retiree Health Benefits Trust. The Board of Trustees consists of nineteen trustees and functions as the part of the County. The following is the summary information for the investments of the three plans and the Consolidated Retiree Health Benefits Trust.

Employees' Retirement System (ERS):

Section 33-61C of the County Code (Code) authorizes the Board of Investment Trustees (Board) (see Note IV-F) to act with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a similar capacity and familiar with the same matters would use to conduct a similar enterprise with similar purposes. The Code also requires that such investments be diversified so as to minimize the risk of large losses unless it is clearly not prudent to diversify under the circumstances. The Board has adopted an investment policy that works to control the extent of downside risk to which the ERS is exposed while maximizing the potential for long term increases in the value of assets. The overall investment policies do not address specific levels of credit risk, interest rate risk or foreign currency risk. The Board believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolios and by monitoring the financial markets, the ERS's asset allocation and the investment managers hired by the ERS. Each investment manager has a specific benchmark and investment guidelines appropriate for the type of investments they are managing.

Employees' Retirement Savings Plan (RSP):

Section 33-125 of the Code authorizes the Board to establish a diversified slate of mutual and commingled investment funds from which participants may select an option. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2020, the fair value of the mutual and commingled investment funds was \$535,327,236. The fair value of the investments in international mutual funds was \$132,118,334.

Employees' Deferred Compensation Plan (DCP):

The Board is required to establish a diversified slate of mutual and commingled funds from which participants may select investment options. The Board exercises the Standard of Care as delineated in Section 33-61 of the Code. As of June 30, 2020, the fair value of the mutual and commingled investment funds was \$466,557,151. The fair value of the investments in international mutual funds included in the County DCP was \$68,958,304.

Consolidated Retiree Health Benefits Trust (CRHBT):

Section 33-163 of the Code authorizes the Board of Trustees of the Consolidated Retiree Health Benefits Trust to act with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a similar capacity and familiar with the same matters would use to conduct a similar enterprise with similar purposes. The Code also requires that such investments be diversified so as to minimize the risk of large losses unless it is clearly not prudent to diversify under the circumstances. The Board of Trustees has adopted an investment policy that works to control the extent of downside risk to which the CRHBT Fund is exposed while maximizing the potential for long term increases in the value of assets. The overall investment policies do not address specific levels of credit risk, interest rate risk or foreign currency risk. The Board of Trustees believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolios and by monitoring the financial markets, the CRHBT Fund's asset allocation and the investment managers hired by the Board of Trustees. Each investment manager has a specific benchmark and investment guidelines appropriate for the type of investments they are managing.

Fair Value Measurement

Each employee retirement plan (ERS, RSP, and DCP) and CRHBT categorizes its fair value measurements within the fair value hierarchy established by the generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurement in their entirety are categorized based on the lowest level input that is significant to the valuation. The employee retirement plans' and trust's (ERS, RSP, DCP, and CRHBT) assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The table below shows the fair value leveling of summary of investments of ERS, RSP, DCP and CRHBT.

Investments by fair value level	June 30, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Government and agency obligations	\$ 195,933,245	\$ -	\$ 195,933,245	\$ -
Municipal/Provincial obligations	28,484,591	-	28,484,591	-
Asset-backed securities	1,202,063	-	1,202,063	-
Corporate bonds	869,476,386	-	869,217,098	259,288
Commercial mortgage-backed securities	1,458,954	-	1,458,954	-
Total debt securities	1,096,555,239	-	1,096,295,951	259,288
Equity Securities				
Self directed - various securities	20,437,264	20,437,264	-	-
Consumer goods	191,612,352	191,593,280	-	19,072
Energy	47,151,015	47,138,802	2,633	9,580
Financial services	118,364,357	118,305,074	-	59,283
Health care	162,439,666	162,439,666	-	-
Industrials	198,917,313	198,758,795	85,318	73,200
Information technology	203,618,955	203,599,922	-	19,033
Materials	37,511,049	37,511,049	-	-
Telecommunication services	83,633,299	83,623,017	10,282	-
Utilities	82,783,925	82,783,925	-	-
Real Estate	240,518,570	240,517,258	1,312	-
Total equity securities	1,386,987,765	1,386,708,052	99,545	180,168
Securities lending collateral fund	162,040,222	-	162,040,222	-
Total investments by fair value level	2,645,583,226	\$ 1,386,708,052	\$ 1,258,435,718	\$ 439,456
Investments measured at the net asset value (NAV)				
Commingled equity funds	978,280,541			
Commingled bond funds	540,490,194			
Commingled real asset funds	184,747,135			
Commingled funds (other)	520,052,979			
Hedge fund	229,174,709			
Fund-of-hedge funds	255,404,314			
Private real assets	291,810,789			
Private equity/debt	764,190,997			
Total investments measured at the NAV	3,764,151,658			
Investments measured at amortized cost				
Short-term investments	222,718,050			
Total investment measured at amortized cost	222,718,050			
Synthetic guaranteed investments contracts measured at contract value	69,794,480			
Total investments	\$ 6,702,247,414			

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

	June 30, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments derivative instruments:				
Future contracts	\$ -	\$ -	\$ -	\$ -
Foreign exchange contracts	2,410,510	-	2,410,510	-
 Total investments derivative instruments	 \$ 2,410,510	 \$ -	 \$ 2,410,510	 \$ -

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 and Level 3 are valued using either a bid evaluation, or matrix pricing techniques. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market. Level 3 debt securities use proprietary information or single source pricing. Equity securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume. Short-term investments are cash or cash equivalents and generally include investments in money market-type securities reported at cost plus accrued interest, which approximates market or fair value.

Additional information regarding the holdings of the individual retirement plans (ERP, RSP, DCP, and CRHBT) is available in a separately issued CAFR and CRHBT audited financial statements by Montgomery County Employee Retirement Plans (MCERP). Information on how these may be viewed can be found online: <https://www.montgomerycountymd.gov/mcerp>

The valuation method for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below.

Employees' Retirement System:**Investments Measured at the NAV**

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	\$ 414,236,591	\$ -	Daily, Monthly	0-15 days
Commingled bond funds	383,722,410	-	Daily	1-2 days
Commingled real asset funds	160,805,179	-	Daily, Bi-Weekly,	
Commingled funds (other)	5,878,949	-	Monthly	0-5 days
Hedge funds	186,097,909	-	Daily	None
Fund-of-hedge funds	199,958,615	-	Monthly, Quarterly	5-90 days
Private real assets	248,857,751	116,201,604	Quarterly	95 days
Private equity/debt	614,388,944	185,326,910	Not eligible	N/A
Total investments measured at the NAV	\$ 2,213,946,348	\$ 301,528,514		

Employees' Retirement Savings Plan:**Investments Measured at the NAV**

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	\$ 87,304,284	\$ -	Daily	None
Commingled bond funds	14,146,774	-	Daily	None
Commingled funds (other)	410,994,449	-	Daily	None
Total investments measured at the NAV	\$ 512,445,507	\$ -		

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Employees' Deferred Compensation Plan:

Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	\$ 254,240,929	\$ -	Daily	None
Commingled bond funds	43,045,249	-	Daily	None
Commingled funds (other)	103,179,581	-	Daily	None
Total investments measured at the NAV	<u>\$ 400,465,759</u>	<u>\$ -</u>		

Consolidated Retiree Health Benefits Trust:

Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	\$ 222,498,737	\$ -	Daily, Monthly	0-15 days
Commingled bond funds	99,575,761	-	Daily	1 days
Commingled real asset funds	23,941,956	-	Daily, Bi-Weekly	0-5 days
Hedge fund	43,076,800	-	Monthly	5 days
Fund-of-hedge funds	55,445,699	-	Quarterly	95 days
Private real assets	42,953,038	13,070,308	Not eligible	N/A
Private equity/debt	149,802,053	36,151,251	Not eligible	N/A
Total investments measured at the NAV	<u>\$ 637,294,044</u>	<u>\$ 49,221,559</u>		

Commingled Bond Funds, Equity Funds and Real Asset Funds

Five bonds funds, seven equity funds and three real asset funds are considered to be commingled in nature for the ERS and six bond funds and eleven equity funds are considered for RSP and DCP while one bond fund, ten equity funds, and two real asset funds are considered to be commingled in nature for CRHBT. Other commingled funds include eleven life cycle funds and one other fund for RSP and DCP. The fair value of the investments in these types of funds has been determined using the NAV per share of the investments.

Hedge Funds

The fair values of the investments have been determined using the NAV per share of the investments. Five funds and one fund are categorized in this category for the ERS and CRHBT, respectively. For ERS, all funds in this category could be subject to varying degrees of redemption restrictions based on market conditions that may impact their underlying portfolios.

Securities Lending Collateral

The ERS's custodian is the agent in lending the ERS's securities for collateral and investments are in a commingled fund.

Private Real Assets

The portfolios consist of thirty-six and twenty-nine private real asset limited partnerships for the ERS and CRHBT, respectively. Private real asset funds include U.S. real estate, oil and gas, timber, agriculture and other real asset investments. The fair value of these funds has been determined using the net asset values as of June 30, 2020. Net asset values one quarter in arrears plus current quarter cash flows are used when the most recent information is not available. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over a span of 5 to 10 years.

Private Equity/Debt

The portfolios consist of seventy-four and fifty private equity/debt limited partnerships for the ERS and CRHBT, respectively. Private equity funds include buyout, turnaround, fund-of-funds, and growth of equity investments. Private debt funds include distressed and structured equity investments. The fair value of these funds has been determined using the net asset values as of June 30, 2020. Net asset values one quarter in arrears plus current quarter cash flows are used when the most recent information is not available. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over a span of 3 to 10 years.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Credit Risk/Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board's investment policies and guidelines limit the percentage of the total fund and individual manager's account which can be invested in fixed income securities rated below investment grade. In addition, the Board's investment policies and guidelines, for the majority of public fund managers, limit the percentage of each investment manager's account that may be allocated to any one security, position, issuer or affiliated issuer, to less than 5 percent of the fair value of the investment manager's account. The ERS does not have investments (other than those issued or explicitly guaranteed by the U.S. Government or pooled investments) in any one company that represents 5 percent or more of net position held in trust for pension benefits while the CRHBT does not have investments (other than those issued or explicitly guaranteed by the U.S. Government or pooled investments) in any one company that represents 5 percent or more of net position.

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2020, are as follows:

Employees' Retirement System:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AAA	\$ 149,945,468	10.93%
Foreign Government Obligations	BBB	583,165	0.04
Commercial Mortgage Backed Securities	B	925,118	0.07
	Unrated	533,836	0.04
Municipal/Provincial Bonds	AAA	2,180,852	0.16
	AA	13,138,428	0.96
	A	1,558,262	0.11
	BBB	324,624	0.02
	CC	311,364	0.02
	Unrated	3,903,701	0.28
Corporate Bonds	AAA	5,225,281	0.38
	AA	41,466,411	3.02
	A	141,938,363	10.34
	BBB	130,793,264	9.53
	BB	175,813,273	12.81
	B	113,949,597	8.30
	CCC	53,994,377	3.93
	CC	752,892	0.05
	C	1,371,450	0.10
	D	648,942	0.05
	Unrated	19,764,890	1.44
Asset-Backed Securities	AAA	899,042	0.07
Fixed Income Pooled Funds	Unrated	383,722,410	27.96
Short-term Investments and Other	Unrated	128,855,407	9.39
Total Fixed Income Securities		\$ 1,372,600,417	100.00%

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Consolidated Retiree Health Benefits Trust:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AAA	\$ 29,370,536	6.79%
	BBB	143,714	0.03
	Unrated	15,890,362	3.67
Municipal/Provincial Bonds	AAA	665,326	0.15
	AA	4,336,321	1.01
	A	528,049	0.12
	BBB	142,023	0.03
	CC	79,194	0.02
	Unrated	1,316,447	0.30
Corporate Bonds	AAA	1,391,417	0.32
	AA	12,975,553	3.00
	A	42,152,878	9.74
	BBB	40,921,766	9.46
	BB	44,313,206	10.25
	B	27,497,928	6.35
	CCC	12,651,490	2.92
	CC	193,694	0.04
	C	342,274	0.08
	D	144,753	0.03
	Unrated	3,991,027	0.92
Asset-Backed Securities	AAA	303,021	0.07
Fixed Income Pooled Funds	Unrated	99,575,761	23.01
Short-term Investments and Others	Unrated	93,862,643	21.69
Total Fixed Income Securities		\$ 432,789,383	100.00%

* Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Board's investment policies and guidelines manage interest rate risk by establishing duration constraints on each fixed income manager's portfolio based on the duration of each manager's respective benchmark. Duration is a measure of interest rate risk based on a bond price's sensitivity to a 100-basis point change in interest rates. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration of eight would mean that, given a 100-basis point change up/down in rates, a bond's price would move down/up by 8 percent.

As of June 30, 2020, the ERS and CRHBT's fixed income portfolios had the following sensitivity to changes in interest rates:

Employees' Retirement System:

Type of Investment	Effective Duration in Years	Fair Value	Percentage of Portfolio
U.S. Government Obligations	18.11	\$ 149,945,468	10.92%
Foreign Government Obligations	7.96	583,165	0.04
Commercial Mortgage-Backed Securities	3.07	1,458,954	0.11
Municipal/Provincial Obligations	15.34	21,417,231	1.56
Corporate Bonds	9.48	685,718,740	49.96
Asset-Backed Securities	3.85	899,042	0.07
Fixed Income Pooled Funds	N/A	383,722,410	27.95
Short-term Investments and Other *	N/A	128,855,407	9.39
Total Fixed Income Securities		\$ 1,372,600,417	100.00%

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**Consolidated Retiree Health Benefits Trust:**

Type of Investment	Effective Duration in Years	Fair Value	Percentage of Portfolio
U.S. Government Obligations	18.28	\$ 45,404,612	10.49%
Municipal/Provincial Obligations	15.62	7,067,360	1.63
Corporate Bonds	10.07	186,575,986	43.11
Asset-Backed Securities	8.92	303,021	0.07
Fixed Income Pooled Funds	N/A	99,575,761	23.01
Short-term Investments and Other *	N/A	93,862,643	21.69
Total Fixed Income Securities		<u>\$ 432,789,383</u>	<u>100.00%</u>

* Short-term investments consist of U.S. Treasury and government sponsored securities, money market funds, commercial paper, certificates of deposit, repurchase agreements, asset backed securities, notes and bonds issued by U.S. corporations, and other allowable instruments that meet short-term maturity or average life, diversification, and credit quality restrictions.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Board's International Investing Policy's objective is to achieve long-term capital appreciation and current income by investing in diversified portfolios of non-U.S. equities and bonds. Both the ERS and CRHBT have indirect exposure to foreign currency risk as follows:

Employees' Retirement System:

International Securities	Equity	Fixed Income	Short-term and Other	Total Non-U.S. Dollar
Euro	\$ 139,308,596	\$ -	\$ 73,735,990	\$ 213,044,586
Japanese yen	91,729,678	-	20,236,998	111,966,676
Swedish krona	21,040,372	-	78,256,052	99,296,424
Hong Kong dollar	46,238,363	-	31,436	46,269,799
British pound sterling	70,546,221	-	(29,469,619)	41,076,602
Australian dollar	28,364,494	-	(107,483)	28,257,011
Swiss franc	23,266,233	-	6,445	23,272,678
Danish krone	13,212,311	-	-	13,212,311
New Taiwan dollar	8,539,346	-	62,756	8,602,102
Mexican peso	5,122,950	-	-	5,122,950
Other Currencies	40,293,949	375,098	(115,307,944)	(74,638,897)
Total International Securities	<u>\$ 487,662,513</u>	<u>\$ 375,098</u>	<u>\$ 27,444,631</u>	<u>\$ 515,482,242</u>

Consolidated Retiree Health Benefits Trust:

International Securities	Equity	Fixed Income	Short-term and Other	Total Non-U.S. Dollar
Euro	\$ 37,570,270	\$ -	\$ 18,092	\$ 37,588,362
Japanese yen	20,618,317	-	18,568	20,636,885
Hong Kong dollar	13,033,599	-	8,580	13,042,179
British pound sterling	12,055,110	-	67,046	12,122,156
Swiss franc	6,369,433	-	1,710	6,371,143
Swedish krona	6,261,512	-	-	6,261,512
Australian dollar	5,359,338	-	-	5,359,338
Canadian dollar	4,661,817	-	469,808	5,131,625
Danish krone	2,044,634	-	-	2,044,634
Singapore dollar	1,975,908	-	-	1,975,908
Other Currencies	1,989,828	108,864	54,341	2,153,033
Total International Securities	<u>\$ 111,939,766</u>	<u>\$ 108,864</u>	<u>\$ 638,145</u>	<u>\$ 112,686,775</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Derivatives

In accordance with the two Boards' Statement of Investment Policy and Objectives, the ERS and CRHBT Fund regularly invest in derivative financial instruments in the normal course of its investing activities to manage exposure to certain risks within the fund. During FY20, the ERS and CRHBT invested directly in various derivatives including, exchange-traded future contracts, forward currency contracts, and swaps. Investment managers are prohibited from purchasing securities on margin or using leverage unless specifically permitted within the investment manager's guidelines. These investments generally contain market risk resulting from fluctuations in interest and currency rates. The credit risk of these investments is associated with the creditworthiness of the related parties to the contracts. The ERS and CRHBT Fund could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The two Boards' Statement of Investment Policy and Objectives seeks to control this risk through counterparty credit evaluations and approvals, counterparty credit limits and exposure monitoring procedures. In addition, the ERS and CRHBT Fund have indirect exposure to market and credit risk through its ownership interests in certain mutual and commingled funds which may hold derivative financial instruments. The ERS and CRHBT Fund are not dealers, but end-users of these instruments.

The notional or contractual amounts of derivatives indicate the extent of the ERS and CRHBT Fund's involvement in the various types of derivative financial instruments and do not measure the ERS or CRHBT Fund's exposure to credit or market risk and do not necessarily represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amounts and the other terms of the derivatives.

As permitted by the Board's policies, the ERS and CRHBT Fund holds off-financial statements derivatives in the form of exchange-traded financial futures, and ERS also holds foreign currency exchange contracts.

Futures contracts are contracts in which the buyer agrees to purchase and the seller agrees to make delivery of a specified financial instrument at a predetermined date and price. Gains and losses on future contracts are settled daily. Futures contracts are standardized and are traded on exchanges. The exchange assumes the risk that a counterparty will not pay. As of June 30, 2020, the ERS held 198 long US Treasury futures contracts with a fair value of \$31,900,172 and 168 short US Treasury futures contracts with a fair value of (\$28,143,625) and the CRHBT Fund held 66 long US Treasury futures contracts with a fair value of \$10,291,125 and 53 short US Treasury futures contracts with a fair value of (\$8,810,391). The ERS also held 5 currency futures contract with a fair value of \$368,100 and 481 equity futures contracts with fair value of \$51,186,841 and the Trust held 1 currency futures contract with a fair value of \$73,620 and 111 equity futures contracts with fair value of \$12,185,634.

Foreign exchange contracts involve an agreement to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date. Foreign exchange contracts contain market risk resulting from fluctuations in currency rates. The credit risk is associated with the creditworthiness of the related parties to the contracts. As of June 30, 2020, the ERS held \$756,986,707 buy foreign exchange contracts and (\$754,576,225) sell foreign exchange contracts with unrealized gain of \$2,410,482 while the CRHBT held \$471,758 buy foreign exchange contracts and (\$471,730) sell foreign exchange contracts with unrealized gain of \$28.

Securities Lending

Board policy permits the ERS and CRHBT to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The ERS or CRHBT's custodian is the agent in lending the ERS or CRHBT's securities for collateral of 102 percent for domestic and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the ERS/CRHBT or the borrower. Cash collateral received from the borrower is invested by the lending agent, as an agent for the ERS or CRHBT, in a short-term investment pool in the name of the ERS or CRHBT, with guidelines approved by the two boards. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the ERS or CRHBT's loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pool, which the ERS or CRHBT cannot determine. The ERS and CRHBT record a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of fiduciary net position. The agent indemnifies the ERS or CRHBT by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from a default of the borrower or lending agent.

As of June 30, 2020, the fair value of securities on loan was \$406,139,626 and \$90,722,139 for the ERS and CRHBT, respectively. Cash received as collateral and the related liability of \$156,070,467 and \$5,969,755 as of June 30, 2020 for the ERS and CRHBT, respectively, are shown on the Statement of Fiduciary Net Position. Securities received as collateral are not reported as assets since the ERS or CRHBT does not have the ability to pledge or sell the collateral securities absent borrower default. For ERS, securities lending revenues and expenses amounting to \$2,768,203 and \$1,446,670, respectively, have been classified with

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

investment income and investment expenses, respectively, in the accompanying financial statements. For CRHBT, securities lending revenues and expenses amounting to \$283,509 and \$22,463, respectively, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

The following two tables represents the balances relating to the securities lending transactions for ERS and CRHBT at June 30, 2020:

Employees' Retirement System:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
Government Obligations	\$ 62,694,996	\$ -	\$ 64,072,708
Corporate Bonds	46,881,896	-	47,829,239
Equities	43,319,193	-	44,168,520
Lent for Non-Cash Collateral:			
Government Obligations	52,565,421	56,578,131	-
Corporate Bonds	5,542,099	5,856,516	-
Equities	195,136,021	205,993,629	-
Total	<u>\$ 406,139,626</u>	<u>\$ 268,428,276</u>	<u>\$ 156,070,467</u>

Consolidated Retiree Health Benefits Trust:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
Corporate Bonds	\$ 2,029,804	\$ -	\$ 2,075,676
Equities	3,793,841	-	3,894,079
Lent for Non-Cash Collateral:			
Government Obligations	28,502,453	29,852,340	-
Corporate Bonds	308,011	309,439	-
Equities	56,088,030	59,261,165	-
Total	<u>\$ 90,722,139</u>	<u>\$ 89,422,944</u>	<u>\$ 5,969,755</u>

At year-end, the ERS and CRHBT have no credit risk exposure to borrowers because the amounts the ERS and CRHBT owe the borrowers exceeded the amounts the borrowers owe the ERS and CRHBT. The ERS and CRHBT are fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the ERS or CRHBT will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2020, there were no funds held by a counterparty that was acting as the ERS or CRHBT's agent in securities lending transactions.

Component Units**HOC**

At year-end, HOC's cash and investments are significant in relation to the total component unit cash and investments. HOC's cash balances as of June 30, 2020, were entirely insured or collateralized with securities held by HOC's agent in HOC's name. HOC's investments are subject to interest rate, credit, and custodial risk as described below:

Interest Rate Risk

HOC's investment policy which applies to the General Fund, Public Fund and the Opportunity Housing Fund, requires that the majority of HOC's investments must be on a short-term basis (less than one year); however a portion of the portfolio may be invested in investments with longer maturities (up to two years). The investment requirements for the Multi-Family Fund and Single-Family Fund are specified within each of the bond trust indentures. The bond trustee is required to invest money in obligations with the objective that sufficient money will be available to pay the interest due on the bonds and will mature or

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

be subject to redemption with the objective that sufficient money will be available for the purposes intended in accordance with the Indenture.

Credit Risk

HOC's investment policy for the General Fund, Public Fund and the Opportunity Housing Fund permits the following investment types: U.S. government and federal agencies; repurchase agreements; banker's acceptances; money market mutual funds; Maryland local government investment pool; Montgomery County investment pool; certificates of deposit and time deposits; and commercial paper. Bankers acceptances of domestic banks and commercial paper must maintain the highest rating from one of the Nationally Recognized Statistical Rating Organizations (NRSRO) as designated by the SEC or State Treasurer. Repurchase agreements require collateralization at 102% of the principal amount by an obligation of the United States, its agencies or instrumentalities provided the collateral is held by a custodian, other than the seller. Certificates of deposit or time deposits must be collateralized at 102% of the fair value and held by a custodian other than the seller. HOC invests in the Maryland State Local Government Investment Pool (MLGIP). The MLGIP is not subject to regulatory oversight by the SEC, however the MGLIP is operated pursuant to the annotated code of Maryland.

The Single Family and Multi-Family Bond Funds require that the trustee invest moneys on deposit under the indenture in investment obligations as defined by the respective bond indenture agreements. Investment obligations are defined as the following: (i) Government obligations; (ii) bond debentures or other obligations issued by government agencies or corporations; (iii) time deposits or certificate of deposits insured by the Federal Deposit Insurance Corporation; (iv) repurchase agreements backed by obligations described in (i) and (ii) above; (v) investment agreements; (vi) tax exempt obligations; and (vii) money market funds.

Custodial Risk

Amounts held in trust accounts and other demand accounts are covered by federal depository insurance, or collateralized at a level of at least 100% of fair value of principal and accrued interest. Repurchase agreement collateral for the MLGIP is segregated and held in the name of PNC Bank Safe Deposit and Trust's account at the Federal Reserve Bank. The cash and cash equivalents held by PNC Bank for the General Fund, Housing Opportunity Fund and Public Fund are in bank money market accounts and interest bearing accounts. These amounts are unrated by an independent rating agency. The Moody's rating for PNC Bank short-term deposits as of June 30, 2020 was P-1.

At June 30, 2020, HOC had the following cash, cash equivalents, investments and maturities:

	Fair Value	Rating
<u>Cash and Cash Equivalents:</u>		
General Sub-Fund:		
Money Market Accounts	\$ 11,124,624	N/A
Opportunity Housing Sub-Fund:		
Investment in MLGIP	2,821,612	AAA
Money Market Accounts	25,087,354	N/A
Public Sub-Fund:		
Investment in MLGIP	3,019,115	AAA
Multi-Family Sub-Fund:		
Money Market Accounts	34,167,312	N/A
Single Family Fund:		
Money Market Accounts	58,249,675	N/A
Real Estate Limited Partnership:		
Investment in MLGIP	22,189,179	N/A
Money Market Accounts	5,203,330	N/A
Total cash, cash equivalents and investments	161,862,201	
<u>Short-term Investments:</u>		
Single Family Sub-Fund:		
GNMA Pass through Certificates	4,748,706	Aaa
FNMA Pass through Certificates	3,394,590	Aaa
U.S. Treasuries	1,686,845	N/A
Federal Home Loan Mortgage Corp.	62,504	Aaa
Total short-term investments	\$ 9,892,645	

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

	Fair Value	1-5 years	6-10 years	Greater than 10 years	Rating
<u>Long-term Investments:</u>					
<u>Multi-Family Sub Fund:</u>					
Bank One Investment Agreement	\$ 591,525	\$ -	\$ 591,525	\$ -	AA/Aa2
Fannie Mae	3,387,822	-	3,097,958	289,864	Aaa
Federal Farm Credit Banks	2,935,184	668,489	-	2,266,695	Aaa
Federal Home Loan Banks	1,066,211	-	1,066,211	-	Aaa
Federal Home Loan Mtg Corp	1,028,114	-	-	1,028,114	Aaa
Mass Mutual Life Ins. GIC	55,000,000	55,000,000	-	-	
U.S. Treasuries	1,346,851	1,018,336	328,515	-	N/A
<u>Single Family Sub-Fund:</u>					
Fannie Mae	1,135,334	-	1,135,334	-	Aaa
Federal Farm Credit Banks	7,506,087	-	-	7,506,087	Aaa
Federal Home Loan Banks	11,106,536	-	-	11,106,536	Aaa
Federal Home Loan Mtg Corp	2,774,820	-	-	2,774,820	Aaa
FNMA Pass-through Certificates	53,301,590	-	-	53,301,590	Aaa
GNMA Pass-through Certificates	51,022,364	-	-	51,022,364	Aaa
Tennessee Valley Authority	4,903,264	-	-	4,903,264	AA+
U.S. Treasuries	3,578,441	2,114,711	-	1,463,730	N/A
Total long-term investments	<u>\$ 200,684,143</u>	<u>\$ 58,801,536</u>	<u>\$ 6,219,543</u>	<u>\$ 135,663,064</u>	
Cash balances	<u>118,346,847</u>				
Total cash, cash equivalents and investments	<u>\$ 468,596,657</u>				

Fair Value Measurement

The HOC Commission categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurement in their entirety are categorized based on the lowest level input that is significant to the valuation. HOC's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The table below shows the fair value leveling of the HOC's investments.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Investments by fair value level	June 30, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Fannie Mae	\$ 4,523,156	\$ -	\$ 4,523,156	\$ -
Federal Farm Credit Banks	10,441,271	-	10,441,271	-
Federal Home Loan Banks	12,172,747	-	12,172,747	-
U.S. Treasuries	6,612,137	6,612,137	-	-
FNMA Pass-Through Certificates	56,696,180	-	56,696,180	-
GNMA Pass-Through Certificates	55,771,070	-	55,771,070	-
Federal Home Loan Mortgage Corp	3,865,438	-	3,865,438	-
Mass Mutual Life Insurance GIC	55,000,000	-	55,000,000	-
Investment Agreements	591,525	-	591,525	-
Tennessee Valley Authority	4,903,264	-	4,903,264	-
Total investments by fair value level	\$ 210,576,788	\$ 6,612,137	\$ 203,964,651	\$ -
Investment Derivative Instruments				
Hedging Derivative Instrument	\$ (15,099,583)	\$ -	\$ (15,099,583)	\$ -
Total investments by fair value level	\$ 195,477,205	\$ 6,612,137	\$ 188,865,068	\$ -

B) Receivables

1) Accounts Receivable

Receivables at June 30, 2020, for the County's major funds and internal service funds in the aggregate, including the allowances for uncollectible accounts, were as follows:

	General Fund	Housing Initiative	Grants	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Receivables							
Income taxes	\$ 404,177,690	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 404,177,690
Property taxes	26,183,484	-	-	-	2,530	5,244,723	31,430,737
Capital leases	-	-	-	15,210,000	-	-	15,210,000
Accounts	11,704,946	-	431	-	-	12,277,136	23,982,513
Notes	558,413	-	2,921,031	23,430,000	-	-	26,909,444
Parking violations	901,779	-	-	-	-	428,041	1,329,820
Mortgages	434,059	214,748,936	47,291,977	-	300,000	2,081,848	264,856,820
Total receivables	443,960,371	214,748,936	50,213,439	38,640,000	302,530	20,031,748	767,897,024
Allowance for uncollectible accounts	(320,019)	(25,679,326)	(3,304,609)	-	(2,530)	-	(29,306,484)
Total receivable (net)	\$ 443,640,352	\$ 189,069,610	\$ 46,908,830	\$ 38,640,000	\$ 300,000	\$ 20,031,748	\$ 738,590,540
Amounts not scheduled for collection during the subsequent year	\$ 434,059	\$ 214,748,936	\$ 50,213,008	\$ 15,210,000	\$ 300,000	\$ 2,081,848	\$ 282,987,851

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

	Liquor	Solid Waste Activities	Parking Lot Districts	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Property taxes	\$ -	\$ -	\$ 303,746	\$ -	\$ 303,746	\$ -
Accounts	4,133,664	4,404,704	-	4,990,600	13,528,968	649,837
Parking violations	-	-	3,081,662	-	3,081,662	-
Total receivables	4,133,664	4,404,704	3,385,408	4,990,600	16,914,376	649,837
Allowance for uncollectible accounts	(1,735,044)	(69,430)	(1,776,975)	(3,721)	(3,585,170)	-
Total receivable (net)	<u>\$ 2,398,620</u>	<u>\$ 4,335,274</u>	<u>\$ 1,608,433</u>	<u>\$ 4,986,879</u>	<u>\$ 13,329,206</u>	<u>\$ 649,837</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2) Due from/to Component Units

The balances at June 30, 2020, were:

Due from Component Units / Due to Primary Government:

	MCPS	MC	MCRA	HOC	BUP	Total
Due from Component Units:						
Due to Primary Government:						
General	\$ 136,407	\$ 3,159	\$ 45,630	\$ 35,355	\$ -	\$ 220,551
Housing Initiative	-	-	-	89,516,826	-	89,516,826
Grants	-	-	-	10,867,763	-	10,867,763
Capital Projects	-	-	-	10,815,626	-	10,815,626
Solid Waste Activities Enterprise	-	5,971	-	627	-	6,598
Parking Lot Districts Enterprise	-	-	-	225,357	-	225,357
Internal Service	13,694	5,349	102,855	553,056	1,380	676,334
Fiduciary	-	-	17,262	327,486	-	344,748
Total Due to Primary Government	<u>\$ 150,101</u>	<u>\$ 14,479</u>	<u>\$ 165,747</u>	<u>\$ 112,342,096</u>	<u>\$ 1,380</u>	<u>\$ 112,673,803</u>

Due to Component Units / Due from Primary Government:

	MCPS	MC	MCRA	HOC	BUP	Total
Due to Component Units:						
Due from Primary Government:						
General	\$ 19,352	\$ 491,625	\$ 75,005	\$ 576,457	\$ 17,245	\$ 1,179,684
Housing Initiative	-	-	-	36,452	-	36,452
Debt Service	-	84,893	-	-	-	84,893
Capital Projects	57,792,488	964,662	-	1,498,337	-	60,255,487
Nonmajor Governmental	688	-	-	-	41,178	41,866
Parking Lot Districts Enterprise	6,992	-	-	-	832	7,824
Nonmajor Enterprise	15,164	-	-	-	-	15,164
Internal Service	13,258	-	-	-	-	13,258
Total Due from Primary Government	<u>\$ 57,847,942</u>	<u>\$ 1,541,180</u>	<u>\$ 75,005</u>	<u>\$ 2,111,246</u>	<u>\$ 59,255</u>	<u>\$ 61,634,628</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Primary due from/to component unit balances are due to the following:

- \$10.9 million due from HOC to the Grants Special Revenue Fund and \$10.8 million due from HOC to the Capital Projects Fund represent loan receivables in the Opportunity Housing Development Fund and Moderately Priced Dwelling Unit (MPDU)/Property Acquisition Fund, respectively, which are revolving loan funds that are set up between the County and HOC. The County issues loans to HOC to purchase MPDUs or other similar properties which HOC repays to the County based on future cash flows.
- \$89.5 million due from HOC to the Housing Initiative Special Revenue Fund represents mortgage loans, which are generally repayable based on project cash flows, specified future dates, or sales of the respective properties.
- \$57.8 million due to MCPS and \$1.0 million due to MC from the Capital Projects Fund represent the amount of capital cash requests that have not yet been paid by the County.

Remaining balances resulted from normal business activities between the County and its component units.

3) Due from Other Governments

The total amount due from other governments at June 30, 2020, was comprised of the following:

	General	Grants	Capital Projects	Solid Waste Activities	Parking Lot Districts	Nonmajor Governmental	Internal Service	Fiduciary	Total
Federal government	\$ 266,795	\$ 20,502,149	\$ -	\$ 8,016	\$ -	\$ 1,851,975	\$ -	\$ -	\$ 22,628,935
State of Maryland	36,252,868	8,145,274	-	1,238	-	28,498	447,001	10,934	44,885,813
Other	74,997	372,700	13,728,956	-	159,578	-	885,880	1,188	15,223,299
Total	<u>\$ 36,594,660</u>	<u>\$ 29,020,123</u>	<u>\$ 13,728,956</u>	<u>\$ 9,254</u>	<u>\$ 159,578</u>	<u>\$ 1,880,473</u>	<u>\$ 1,332,881</u>	<u>\$ 12,122</u>	<u>\$ 82,738,047</u>

4) Due to Other Governments

The total amount due to other governments at June 30, 2020 is \$185,867,357. This amount is comprised mainly of \$145.6 million due to the State of Maryland for claims processed as a result of the final ruling by the United States Supreme Court in the case of *Comptroller of the Treasury of Maryland v Wynne et ux*. This government-wide amount will be replenished to the State's local reserve account through reduced quarterly income tax distributions starting with the third distribution (May) in FY2021 with a total of eighty equal installments ending in FY2041.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**C) Capital Assets****Primary Government**

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Governmental Activities				
Nondepreciable Capital Assets:				
Land	\$ 1,053,909,929	\$ 21,738,159	\$ 10,000,000	\$ 1,065,648,088
Construction in progress	1,967,473,720	301,879,239	27,991,039	2,241,361,920
Total Nondepreciable Capital Assets	3,021,383,649	323,617,398	37,991,039	3,307,010,008
Depreciable Capital Assets:				
Buildings	1,116,815,925	3,144,304	771,980	1,119,188,249
Improvements other than buildings	83,678,466	-	72,033	83,606,433
Furniture, fixtures, equipment and machinery	221,467,683	2,281,639	1,364,610	222,384,712
Leasehold improvements	17,784,087	-	-	17,784,087
Automobiles and trucks	357,330,335	6,942,139	7,320,524	356,951,950
Infrastructure	2,044,341,096	23,327,450	-	2,067,668,546
Other assets	120,139,449	14,154,010	-	134,293,459
Total Capital Assets being Depreciated	3,961,557,041	49,849,542	9,529,147	4,001,877,436
Less Accumulated Depreciation for:				
Buildings	472,099,313	25,383,692	588,476	496,894,529
Improvements other than buildings	26,194,003	1,786,588	66,030	27,914,561
Furniture, fixtures, equipment and machinery	194,351,598	5,667,583	1,311,403	198,707,778
Leasehold improvements	11,856,088	1,040,994	-	12,897,082
Automobiles and trucks	212,499,275	27,166,569	7,179,253	232,486,591
Infrastructure	840,480,021	39,435,625	-	879,915,646
Other assets	32,006,178	5,626,215	-	37,632,393
Total Accumulated Depreciation	1,789,486,476	106,107,266	9,145,162	1,886,448,580
Total Depreciable Assets, net	2,172,070,565	(56,257,724)	383,985	2,115,428,856
Governmental Activities Capital Assets, net	\$ 5,193,454,214	\$ 267,359,674	\$ 38,375,024	\$ 5,422,438,864
Business-Type Activities				
Nondepreciable Capital Assets:				
Land	\$ 58,444,081	\$ -	\$ -	\$ 58,444,081
Construction in progress	282,372	9,488	282,372	9,488
Total Nondepreciable Capital Assets	58,726,453	9,488	282,372	58,453,569
Depreciable Capital Assets:				
Buildings	296,846,436	4,622,930	-	301,469,366
Improvements other than buildings	193,357,220	6,135,691	-	199,492,911
Furniture, fixtures, equipment and machinery	37,930,068	66,205	470,275	37,525,998
Infrastructure	14,351	-	-	14,351
Automobiles and trucks	5,816,610	2,718,295	67,868	8,467,037
Total Capital Assets being Depreciated	533,964,685	13,543,121	538,143	546,969,663
Less Accumulated Depreciation for:				
Buildings	170,127,562	7,460,780	-	177,588,342
Improvements other than buildings	140,223,671	3,342,034	-	143,565,705
Furniture, fixtures, equipment and machinery	23,473,784	2,833,813	448,364	25,859,233
Infrastructure	7,319	574	-	7,893
Automobiles and trucks	2,752,641	468,999	-	3,221,640
Total Accumulated Depreciation	336,584,977	14,106,200	448,364	350,242,813
Total Depreciable Assets, net	197,379,708	(563,079)	89,779	196,726,850
Business-Type Activities Capital Assets, net	\$ 256,106,161	\$ (553,591)	\$ 372,151	\$ 255,180,419

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation expense was charged to the functions of the primary government as follows:

Governmental activities:

General government	\$ 16,539,335
Public safety	9,599,464
Public works and transportation	69,090,221
Health and human services	1,842,915
Culture and recreation	8,049,657
Community development and housing	660,727
Environment	324,947

Total depreciation expense-governmental activities	<u>106,107,266</u>
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Business-type activities:

Liquor	\$ 2,693,068
Solid waste activities	2,303,273
Parking lot districts	9,035,027
Permitting services	74,832

Total depreciation expense-business-type activities	<u>\$ 14,106,200</u>
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Construction commitments as of June 30, 2020, are as follows:

	<u>Construction Commitments</u>
General Government	\$ 122,769,354
Public Safety	2,988,235
Public Works and Transportation	162,850,378
Culture & Recreation	65,845
Community Development and Housing	5,349,760
Environment	<u>22,402,922</u>
Total	<u>\$ 316,426,494</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**Component Units**

Capital assets of MCPS, amounting to \$3,299,291,518 at June 30, 2020, are significant in relation to the total component unit capital assets.

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Governmental Activities				
Nondepreciable capital assets:				
Land	\$ 104,974,960	\$ 8,142,200	\$ -	\$ 113,117,160
Construction in progress	246,783,516	277,494,122	410,631,844	113,645,794
Total nondepreciable capital assets	<u>351,758,476</u>	<u>285,636,322</u>	<u>410,631,844</u>	<u>226,762,954</u>
Depreciable capital assets:				
Buildings and improvements	3,645,727,953	373,023,641	4,924,858	4,013,826,736
Site improvements	432,602,135	61,617,080	-	494,219,215
Vehicles and equipment	193,265,264	18,400,946	4,537,528	207,128,682
Total depreciable capital assets	<u>4,271,595,352</u>	<u>453,041,667</u>	<u>9,462,386</u>	<u>4,715,174,633</u>
Less accumulated depreciation for:				
Buildings and improvements	1,333,863,916	98,780,336	4,292,820	1,428,351,432
Site improvements	94,415,593	7,908,427	-	102,324,020
Vehicles and equipment	108,808,419	13,441,082	4,528,005	117,721,496
Total accumulated depreciation	<u>1,537,087,928</u>	<u>120,129,845</u>	<u>8,820,825</u>	<u>1,648,396,948</u>
Total depreciable capital assets, net	<u>2,734,507,424</u>	<u>332,911,822</u>	<u>641,561</u>	<u>3,066,777,685</u>
Government activities capital assets, net	<u>\$ 3,086,265,900</u>	<u>\$ 618,548,144</u>	<u>\$ 411,273,405</u>	<u>\$ 3,293,540,639</u>
Business-Type Activities				
Depreciable capital assets:				
Vehicles and equipment	\$ 21,427,510	\$ 283,538	\$ 175,493	\$ 21,535,555
Total depreciable capital assets	<u>21,427,510</u>	<u>283,538</u>	<u>175,493</u>	<u>21,535,555</u>
Less accumulated depreciation for:				
Vehicles and equipment	14,870,275	1,065,822	151,421	15,784,676
Total accumulated depreciation	<u>14,870,275</u>	<u>1,065,822</u>	<u>151,421</u>	<u>15,784,676</u>
Business-type activities capital assets, net	<u>\$ 6,557,235</u>	<u>\$ (782,284)</u>	<u>\$ 24,072</u>	<u>\$ 5,750,879</u>
Total MCPS government-wide capital assets				<u>\$ 3,299,291,518</u>

Depreciation expense of MCPS was charged to functions/programs as follows:

Governmental activities:	
Regular instruction	\$ 94,399,809
Special education	144,722
Student transportation	11,748,686
Operation of plant	230,368
Maintenance of plant	13,422,830
Administration	175,548
Community services	7,882
Total depreciation expense-governmental activities	<u>\$ 120,129,845</u>
Business-type activities:	
Food services	\$ 1,034,654
Entrepreneurial	31,168
Total depreciation expense-business type activities	<u>\$ 1,065,822</u>

Commitments for ongoing construction in progress at June 30, 2020, were \$114,233,494.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

D) Interfund Receivables, Payables, and Transfers

The composition of interfund receivables and payables as of June 30, 2020, is as follows:

Due To Fund	Due From Fund				
	General	Solid Waste Activities	Internal Service	Fiduciary	Total
General	\$ -	\$ -	\$ 6,996,686	\$ 6,174,884	\$ 13,171,570
Housing Initiative	-	-	13,936	22,462	36,398
Grants	16,229,286	-	234,170	215,410	16,678,866
Capital Projects	134,273,052	-	211,826	250,464	134,735,342
Liquor	1,102,958	-	466,561	250,116	1,819,635
Solid Waste Activities	286,342	4,000,000	125,954	125,940	4,538,236
Parking Lot Districts	137,880	-	48,465	54,396	240,741
Nonmajor Governmental	11,429,151	-	2,766,708	3,209,342	17,405,201
Nonmajor Enterprise	851,956	-	294,940	331,662	1,478,558
Internal Service	684,725	-	307,858	22,161,670	23,154,253
Fiduciary	244,250	-	16,735	16,879	277,864
Total	<u>\$ 165,239,600</u>	<u>\$ 4,000,000</u>	<u>\$ 11,483,839</u>	<u>\$ 32,813,225</u>	<u>\$ 213,536,664</u>

Included in the amounts presented above are the following short-term loans from the General Fund that were, or will be, repaid during FY21:

- \$16.2 million to the Grants Special Revenue Fund to cover vendor payments prior to revenues being received from other government agencies.
- \$134.3 million to the Capital Projects Fund to cover construction payments, due primarily to the timing of reimbursements from Federal, State and other agencies, and the lag time between programming and collection of certain impact taxes.

Remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, (3) payments between funds are made, and (4) payroll accrual charges to fiduciary funds.

Interfund transfers for the year ended June 30, 2020, consisted of the following:

Transfers Out Fund	Transfers In Fund				
	General	Housing Initiative	Debt Service	Capital Projects	Subtotal Major Governmental
General	\$ -	\$ 25,342,876	\$ 341,615,899	\$ 46,177,190	\$ 413,135,965
Housing Initiative	476,191	-	9,736,209	7,414,017	17,626,417
Capital Projects	5,500,000	14,071,098	33,469,076	-	53,040,174
Debt Service	-	-	-	30,000,000	30,000,000
Liquor	30,100,899	-	5,082,126	-	35,183,025
Solid Waste Activities	3,535,853	-	-	589,352	4,125,205
Parking Lot Districts	5,311,292	-	-	-	5,311,292
Nonmajor Governmental	29,281,059	-	56,264,436	20,611,309	106,156,804
Nonmajor Enterprise	7,407,886	-	-	371,717	7,779,603
Total	<u>\$ 81,613,180</u>	<u>\$ 39,413,974</u>	<u>\$ 446,167,746</u>	<u>\$ 105,163,585</u>	<u>\$ 672,358,485</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Transfers Out Fund	Transfers In Fund			
	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total
General	\$ 1,791,010	\$ 25,000	\$ 4,773,319	\$ 419,725,294
Housing Initiative	-	-	-	17,626,417
Capital Projects	-	-	-	53,040,174
Debt service	-	-	-	30,000,000
Liquor	-	-	-	35,183,025
Solid Waste Activities	-	-	-	4,125,205
Parking Lot Districts	-	-	-	5,311,292
Nonmajor Governmental	-	-	-	106,156,804
Nonmajor Enterprise	-	-	-	7,779,603
Total	<u>\$ 1,791,010</u>	<u>\$ 25,000</u>	<u>\$ 4,773,319</u>	<u>\$ 678,947,814</u>

Primary activities include:

- Transfers from major and nonmajor governmental funds to the Debt Service Fund to provide funding for debt service principal and interest payments;
- Transfers of current receipts and pay-go from the General Fund to the Capital Projects Fund;
- Transfer of Liquor Enterprise Fund profits to the General Fund; and
- Transfers from Capital Projects to Housing Initiative to build multi-family housing.

The interfund transfers for nonmajor governmental funds are shown in total. As a result, transfers from one nonmajor governmental fund to another are eliminated in the table above. The amounts, however, are shown in the individual Combining Statements of Revenues, Expenditures, and Changes in Fund Balance for Nonmajor Governmental Funds – Special Taxing Districts and Nonmajor Governmental Funds – Other (Exhibits B-4 and Exhibits B-6, respectively).

E) Leases**1) Operating Leases**

The County leases buildings and office facilities and other equipment under non-cancelable operating leases. Lease agreements typically provide for automatic termination on July 1 of any year in which funds to meet subsequent rental payments are not appropriated. Total costs for operating leases were approximately \$26,448,228 for FY20. Future minimum lease payments under significant non-cancelable operating leases are as follows.

Fiscal Year Ending June 30	
2021	\$ 24,775,558
2022	21,990,345
2023	14,297,980
2024	12,826,761
2025	12,891,758
2026-2030	30,388,334
2031-2035	<u>7,301,200</u>
Total	<u>\$ 124,471,936</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

2) Capital Lease Receivable

Pursuant to the issue of the 2002 Lease Revenue Bonds and 2004 Lease Revenue Bonds (See Note III-F8), the County is obligated to lease the Shady Grove and Grosvenor Metrorail Garage Projects to WMATA at amounts calculated to be sufficient in both time and amount to pay, when due, the principal of and interest on the bonds. Separate lease agreements were executed in conjunction with each bond issue. The leases associated with the 2002 and 2004 bond issues have original terms of 22 years and 20 years, respectively, both ending on June 1, 2024.

On October 13, 2011, the County issued Series 2011 Bonds to finance a portion of the costs, and construction of the parking structure and related facilities at the Glenmont Metrorail Station within the County; and refunded the County's outstanding Lease Revenue Bonds Series 2002 and Lease Revenue Bonds Series 2004.

The composition of the capital lease receivable is as follows:

	Minimum Lease Receivable	Unearned Income	Net Investment
Shady Grove	\$ 7,105,775	\$ (1,021,775)	\$ 6,084,000
Grosvenor	6,928,131	(996,231)	5,931,900
Glenmont	3,730,532	(536,432)	3,194,100
Total	<u>\$ 17,764,438</u>	<u>\$ (2,554,438)</u>	<u>\$ 15,210,000</u>

At June 30, 2020, the minimum future lease payments due under the direct financing capital lease agreements are as follows:

Fiscal Year Ending June 30	
2021	\$ 3,507,863
2022	3,513,363
2023	3,516,613
2024	3,262,363
2025	568,113
2026-2030	2,829,323
2031-2035	566,800
Total minimum lease payments	<u>\$ 17,764,438</u>

3) Capital Lease Obligations

The County has entered into various lease agreements as lessee with the Montgomery County Revenue Authority (MCRA) for financing the construction or acquisition of certain County facilities. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception dates of the leases.

The assets acquired and placed in service through MCRA capital leases are as follows:

Land	\$ 2,018,344
Land improvements	5,000,513
Buildings	<u>72,443,570</u>
Subtotal	79,462,427
Less accumulated depreciation	<u>(41,637,756)</u>
Total asset value under capital leases	<u>\$ 37,824,671</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

The leases have maturity dates ranging from April 15, 2017 to April 15, 2023. The County makes annual principal payments and semi-annual interest payments. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, are as follows:

Fiscal Year Ending June 30	
2021	\$ 987,709
2022	990,978
2023	991,537
Total minimum lease payments	2,970,224
Less: amount representing interest	(150,224)
	<u>\$ 2,820,000</u>

Included in the preceding schedules are amounts relating to the Montgomery County Conference Center, which was opened during FY05. The Maryland Stadium Authority (MSA) also participated in financing the construction through the issuance of long-term debt. The County recognized the MSA contribution of \$19,719,328 as revenue when the Conference Center opened. The ownership of the Conference Center will transfer to the County at the end of the MCRA lease term.

F) Long-Term Debt**Primary Government****1) Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due within one year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 3,019,425,000	\$ 320,000,000	\$ (399,615,000)	\$ 2,939,810,000	\$ 253,445,000
Variable rate demand obligations	170,000,000	-	-	170,000,000	-
Bond anticipation notes	500,000,000	370,000,000	(370,000,000)	500,000,000	500,000,000
Revenue bonds					
Liquor control	53,403,973	-	(2,647,279)	50,756,694	2,986,456
Water quality protection	69,585,000	3,187,402	(3,495,000)	69,277,402	5,466,463
Lease revenue bonds payable	17,870,000	-	(2,660,000)	15,210,000	2,790,000
Add remaining original issue premium	281,260,286	48,047,520	(46,585,565)	282,722,241	-
Total bonds payable	<u>4,111,544,259</u>	<u>741,234,922</u>	<u>(825,002,844)</u>	<u>4,027,776,337</u>	<u>764,687,919</u>
Leases and notes payable:					
Capital leases	3,720,000	-	(900,000)	2,820,000	915,000
Certificates of participation	24,145,000	-	(715,000)	23,430,000	745,000
Taxable limited obligation certificates	104,095,000	-	(5,620,000)	98,475,000	5,810,000
Other leases and notes payable	42,563,400	3,788,090	(3,134,732)	43,216,758	3,042,700
Equipment notes	64,178,826	8,706,447	(16,308,049)	56,577,224	15,163,168
Add remaining original issue premium	1,213,373	-	(132,756)	1,080,617	-
Total leases and notes payable	<u>239,915,599</u>	<u>12,494,537</u>	<u>(26,810,537)</u>	<u>225,599,599</u>	<u>25,675,868</u>
Other non-debt related liabilities:					
Compensated absences	85,559,017	51,880,309	(53,681,688)	83,757,638	54,442,465
Net OPEB Liability	1,291,984,263	-	(466,347,523)	825,636,740	-
Claims payable - self-insurance	184,020,641	173,276,035	(175,466,003)	181,830,673	46,118,821
Net pension liability - county	169,384,888	-	(129,827,251)	39,557,637	-
Net pension liability - county (LOSAP)	36,439,585	2,123,271	-	38,562,856	-
Net pension liability - state	27,025,721	-	(1,283,953)	25,741,768	-
Claims and judgments	1,353,404	6,086,711	-	7,440,115	-
Total other non-debt related	<u>1,795,767,519</u>	<u>233,366,326</u>	<u>(826,606,418)</u>	<u>1,202,527,427</u>	<u>100,561,286</u>
Total Governmental Activities Liabilities	<u>\$ 6,147,227,377</u>	<u>\$ 987,095,785</u>	<u>\$ (1,678,419,799)</u>	<u>\$ 5,455,903,363</u>	<u>\$ 890,925,073</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Business-Type Activities

Revenue bonds:

Liquor control	\$ 31,651,027	\$ -	\$ (812,721)	\$ 30,838,306	\$ 1,313,544
Parking revenue bonds	29,819,000	-	(3,591,000)	26,228,000	3,755,000
Add remaining original issue premium	4,627,112	-	(927,486)	3,699,626	-
Total revenue bonds	66,097,139	-	(5,331,207)	60,765,932	5,068,544

Leases and notes payable:

Equipment notes	4,891,618	-	(1,386,933)	3,504,685	1,152,857
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Other non-debt related liabilities:

Compensated absences	7,082,220	1,811,598	-	8,893,818	5,780,981
Net pension liability - county	11,353,247	-	(8,696,574)	2,656,673	-
Landfill closure costs	16,199,297	1,537,795	(2,312,992)	15,424,100	1,651,181
Gude landfill remediation	27,339,815	33,046,000	(428,785)	59,957,030	-
Total other non-debt related	61,974,579	36,395,393	(11,438,351)	86,931,621	7,432,162

Total Business-Type Activities Liabilities

\$ 132,963,336	\$ 36,395,393	\$ (18,156,491)	\$ 151,202,238	\$ 13,653,563
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Funding Source for Other Non-debt Related Liabilities

Long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year-end, \$3,469,142 (\$2,254,942 due within one year and \$1,214,200 due in more than one year) of internal service fund compensated absences were included in the above amounts. Compensated absences liabilities of governmental activities are generally liquidated by the governmental funds that incurred the associated personnel cost. The primary liability for compensated absences is from the General Fund and the Fire Tax District Fund.

Net other post-employment benefit (OPEB) liabilities are liquidated with General Fund resources.

Claims and judgments are liquidated with resources from the General Fund or the fund to which the claim relates.

Net pension liabilities are liquidated with General Fund resources.

Landfill related obligations are liquidated from the Solid Waste activities funds.

2) General Obligation Bonds Payable

General obligation bonds are authorized, issued, and outstanding for the following purposes: (1) General County Facilities, (2) Roads and Storm Drainage, (3) Parks, (4) Public Schools, (5) College, (6) Consolidated Fire Tax District, (7) Mass Transit Facilities, (8) Public Housing Facilities, and (9) Parking Facilities. All bonds are valid and legally binding general obligations of the County and constitute an irrevocable pledge of its full faith and credit and unlimited taxing power. Such bonds are payable from ad valorem taxes, unlimited as to rate or amount, on all real, tangible personal, and certain intangible property that is subject to taxation at full rates for local purposes in the County.

Proceeds from general obligation bonds for public schools and the community college are appropriated by the County Council to MCPS and MC (component units), respectively, and remitted to such component units by the County. For GAAP purposes, proceeds from debt issuance for these purposes and any related expenditures incurred and reimbursed to the component units are reflected as other financing sources and expenditures, respectively, in the accompanying fund financial statements. These amounts are not budgeted by the County since this activity is appropriated for budget purposes to the component units. Any general obligation bond proceeds, not yet expended by the component units at year end, are reflected as Restricted Fund Balance of the Capital Projects Fund.

The County issued series A \$320,000,000 in new money general obligation bonds dated November 7, 2019; the County received a premium of \$48,047,520, with a true interest cost of 2.21%.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

General obligation bond issues outstanding as of June 30, 2020, are as follows:

Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2020	Unamortized Premium	Carrying Value June 30, 2020
11/03/09*	2011-20	2.00 - 5.00	\$ 161,755,000	\$ 23,160,000	\$ 145,566	\$ 23,305,566
07/26/10	2011-22	2.00 - 5.00	195,000,000	16,250,000	94,825	16,344,825
07/26/10	2023-30	4.75 - 5.40	106,320,000	106,320,000	84,112	106,404,112
07/26/10	2023-30	4.75 - 5.40	23,680,000	23,680,000	18,735	23,698,735
08/11/11*	2012-22	2.00 - 5.00	237,655,000	80,080,000	2,646,445	82,726,445
10/24/12	2013-32	2.50 - 5.25	295,000,000	88,500,000	7,213,469	95,713,469
11/26/13	2014-33	3.00 - 5.00	295,000,000	177,000,000	13,445,223	190,445,223
11/26/13*	2023-24	5.00	24,915,000	24,915,000	1,866,100	26,781,100
11/19/14	2015-34	4.00 - 5.00	500,000,000	325,000,000	41,177,202	366,177,202
11/19/14*	2016-28	5.00	297,990,000	270,395,000	26,855,545	297,250,545
03/26/15*	2018-21	5.00	58,520,000	22,585,000	565,546	23,150,546
12/01/15	2016-35	3.00 - 5.00	300,000,000	240,000,000	16,107,995	256,107,995
12/13/16	2017-36	3.00 - 5.00	340,000,000	289,000,000	20,800,486	309,800,486
11/15/17	2018-27	5.00	170,000,000	136,000,000	16,344,567	152,344,567
11/15/17*	2018-26	5.00	78,270,000	53,900,000	6,091,296	59,991,296
11/15/17*	2019-31	3.00 - 5.00	294,625,000	285,695,000	39,469,475	325,164,475
11/15/17*	2020-29	3.00 - 4.00	143,830,000	143,830,000	10,029,163	153,859,163
11/08/18	2019-38	3.50 - 5.00	330,000,000	313,500,000	27,741,440	341,241,440
11/07/19	2020-39	3.00 - 5.00	320,000,000	320,000,000	44,998,103	364,998,103
Total			<u>\$ 4,172,560,000</u>	<u>\$ 2,939,810,000</u>	<u>\$ 275,695,293</u>	<u>\$ 3,215,505,293</u>

* Issue represents refunding bonds.

General obligation bond debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	General Obligation Bond Requirements		
	Principal	Interest	Total
2021	\$ 253,445,000	\$ 126,249,975	\$ 379,694,975
2022	246,575,000	114,160,175	360,735,175
2023	239,505,000	102,302,000	341,807,000
2024	230,565,000	90,863,263	321,428,263
2025	223,150,000	79,777,500	302,927,500
2026-2030	955,605,000	253,106,250	1,208,711,250
2031-2035	595,965,000	86,224,675	682,189,675
2036-2040	195,000,000	12,636,250	207,636,250
Total	<u>\$ 2,939,810,000</u>	<u>\$ 865,320,088</u>	<u>\$ 3,805,130,088</u>

Article 25A, Section 5(P), of the Annotated Code of Maryland, authorizes borrowing of funds and issuance of bonds to a maximum of six percent of the assessable base of real property and 15 percent of the assessable base of personal property and operating real property. The legal debt margin as of June 30, 2020 is \$8,338,868,073.

Prior-Year Defeasance of Debt

In prior years, the County defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At June 30, 2020, \$346,675,000 of bonds outstanding are considered defeased.

General obligation bonds authorized and unissued as of June 30, 2020 are \$1,496,300,000 and \$900,403,000, respectively. These amounts include amounts related to variable rate demand obligations (see Note III-F3). In addition to this bond authority, the County has authority under the provisions of Section 56-13 of the 1994 Montgomery County Code, as amended, to issue County bonds within statutory debt limits to finance approved urban renewal projects.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

3) Variable Rate Demand Obligations

On December 19, 2017, the County issued new VRDOs in the amount of \$170 million. The bonds are subject to optional redemption at par in whole on any date or in part on any interest payment date upon 15 days' notice. Additionally, the bonds are subject to mandatory sinking fund redemption on November 1 in each of the years 2028 through 2037.

The interest rate on the obligations, which re-sets daily, is established by the remarketing agents and is payable on the first business day of each month. Other potential modes for the obligations include a Weekly Mode, a Commercial Paper Mode, a Term Rate Mode or a Fixed Rate Mode. Subject to certain terms and conditions in the Note Order, the County may affect a change in mode with respect to the obligations. The obligations are subject to optional tender and purchase on the demand of the owners thereof, upon certain terms. All such obligations are general obligations of the County to the payment of which the full faith and credit and unlimited taxing power of the County is irrevocably pledged.

In connection with VRDOs, on Dec 1, 2017, the County entered into a Standby Bond Purchase Agreement with U.S. Bank National Association. The Agreement which has been renewed for an additional term ending on June 1, 2023 requires U.S. Bank National Association to provide funds for the purchase of VRDOs that have been tendered and not remarketed pursuant to such agreement. Because the County entered into a financing agreement that ensures the VRDOs can be refinanced on a long-term basis, these obligations are classified as noncurrent liabilities at year-end.

VRDOs outstanding as of June 30, 2020, are as follows:

Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2019	Bond Addition	Bonds Retired	Balance June 30, 2020
12/19/17	2028-37	Variable	\$ 170,000,000	\$ 170,000,000	\$ -	\$ -	\$ 170,000,000

For budget and bond authority purposes, VRDO activity is reported with general obligation bonds.

VRDO requirements to maturity are as follows:

Fiscal Year Ending June 30	Variable Rate Demand Obligation Requirements		
	Principal	Interest*	Total
2021	\$ -	\$ 153,000	\$ 153,000
2022	-	153,000	153,000
2023	-	153,000	153,000
2024	-	153,000	153,000
2025	-	153,000	153,000
2026-2030	17,000,000	749,700	17,749,700
2031-2035	85,000,000	814,541	85,814,541
2036-2039	68,000,000	172,605	68,172,605
	<u>\$ 170,000,000</u>	<u>\$ 2,501,846</u>	<u>\$ 172,501,846</u>

* Interest is calculated based on the interest rate as of the financial statement date. The interest rate for the VRDOs as of June 30, 2020 was 0.090% for Series E.

4) Revenue Bonds Payable

Revenue bonds are authorized, issued, and outstanding to finance specific projects such as parking garages for the Bethesda Parking Lot District, Department of Liquor Control facilities, and Water Quality stormwater management facilities. Net revenues of Bethesda Parking Lot District including parking fees, fines, dedicated property taxes, and Department of Liquor Control revenues are pledged against the timely repayment of principal and interest of the outstanding revenue bonds of the respective funds. Net revenues of the Water Quality Protection fund are pledged against the timely repayment of principal and interest of the outstanding revenue bonds of the respective funds. Revenue bonds authorized and unissued as of June 30, 2020 are \$514,898,000 and \$54,161,680, respectively.

In April 2016, the County issued \$46.5 million Water Quality Protection Charge Revenue Bonds Series 2016. The proceeds of the Series 2016 Bonds are being used to finance and refinance the planning, design, acquisition and construction of stormwater management facilities and other related projects as such facilities are included in and approved in the County's Capital Improvements Program.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

In October 2015, the County issued \$9.2 million Parking System Refunding Revenue Bonds (Bethesda Parking Lot District) Series 2015A. These bonds were issued with a true interest cost of 2.55%. The proceeds of the 2015A Bonds together with funds held in reserve were used to refund \$10,230,000 Bethesda Parking Lot District Series 2005A bonds maturing on and after August 1, 2016.

	Dated Date	Original Maturity	Rate of Interest	Originally Issued	Years Refunded	Amount Refunded
Revenue Bonds	08/31/05	2007-2025	3.62-5.00%	<u>\$16,495,000</u>	2016-2025	<u>\$10,230,000</u>

Debt service savings from this refunding was \$2.1 million. At the time of refunding, the present value of the debt service savings (or economic gain) on the refunding was \$2.0 million.

In March 2017, the County converted the Bethesda Parking Lot District Series 2015 Bond from a tax-exempt to a taxable obligation in the amount of \$8.5 million, which will allow the County more flexibility in the future operation of Garage 11 which was funded with the proceeds of the Bond. The amortization schedule for the Series 2015 Bond which matures in 2026, remains the same, except for conversion of the existing tax-exempt interest rate of 2.55% to a taxable rate of 3.57%. The increased debt service is approximately \$390,000 on a net present value basis at the time of refunding and over the remaining life of the loan.

In March 2019, the County issued \$24.7 million in Department of Liquor Control Series A 2019 Refunding Revenue Bonds. These bonds were issued with a true interest cost of 2.07%. The proceeds held in an escrow account were used to refund \$28.4 million in Department of Liquor Control 2009 Series A bonds maturing on and after April 1, 2020.

	Dated Date	Original Maturity	Rate of Interest	Originally Issued	Years Refunded	Amount Refunded
Liquor Control Revenue Bond*	5/12/2009	2009-2029	3.00-5.00%	<u>\$ 46,765,000</u>	2020-2027	<u>\$ 28,400,000</u>

* In July 2020, Montgomery County Department of Liquor Control changed its name to Alcohol Beverage Services, the name of the debt series will still be disclosed as the legal name upon issuance and will not reflect the new department name.

Debt service savings from this refunding was \$4.3 million. At the time of refunding, the present value of the debt service savings (or economic gain) on the refunding was \$4.2 million.

On December 20, 2019, the County entered into two drawdown loans with the Maryland Water Quality Financing Administration, approximating \$50.7 million. The loans will be secured by Water Quality Protection Charge revenues and proceeds will fund stormwater management projects. The amount drawn down as of June 30, 2020 was \$3.19 million.

The term of the commitments and approximate amounts of the pledged revenues are as follows:

	Terms of Commitment (Years)	Approximate Amount of Pledge
Bethesda Parking Lot District	12	\$ 30,848,840
Water Quality Protection	16	142,274,761
Alcohol Beverage Service	13	<u>105,968,127</u>
Total		<u>\$ 279,091,728</u>

The pledged net revenues recognized during FY20, for the payment of the outstanding principal and interest of the revenue bonds are as follows:

	Net Available Revenue for Debt Service	Debt Service		
		Principal	Interest	Total
Bethesda Parking Lot District	\$ 7,529,232	\$ 3,591,000	\$ 1,049,400	\$ 4,640,400
Alcohol Beverage Service	40,095,949	3,460,000	3,888,267	7,348,267
Water Quality Protection	13,150,910	3,495,000	2,654,188	6,149,188

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Revenue bond issues outstanding as of June 30, 2020, are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2020	Unamortized Premium/ (Discount)	Carrying Value June 30, 2020
Parking Revenue Bonds:							
			3.000 -				
Bethesda Parking Lot District 2012	05/16/12	2015-32	5.000%	\$ 24,190,000	\$ 17,860,000	\$ 609,198	\$ 18,469,198
Bethesda Parking Lot District 2012 Ref.	05/16/12	2013-21	2.000 - 5.000	13,750,000	1,820,000	53,208	1,873,208
Bethesda Parking Lot District 2015 Ref.	10/19/15	2017-25	3.57	8,541,000	6,548,000	-	6,548,000
Water Quality Protection 2012A	07/18/12	2013-32	0.250 - 5.000	37,835,000	26,785,000	2,300,734	29,085,734
Water Quality Protection 2016A	04/06/16	2017-36	2.25 - 5.00	46,500,000	39,305,000	1,263,527	40,568,527
Water Quality Protection Loan							
Kemp Mill	12/20/19	2020-40	1.10	-	528,458	-	528,458
MS4	12/20/19	2020-40	1.10	-	2,658,944	-	2,658,944
Liquor Control Revenue Bonds*:							
Liquor Control & Transportation 2011	04/28/11	2012-31	2.000 - 5.000	34,360,000	22,580,000	580,281	23,160,281
Liquor Control & Transportation 2013	07/30/13	2014-33	3.125 - 5.000	46,645,000	34,315,000	1,039,522	35,354,522
Liquor Control & Transportation 2019 Ref.	03/29/19	2021-29	4.000 - 5.000	24,700,000	24,700,000	3,814,738	28,514,738
Total				\$ 236,521,000	\$ 177,100,402	\$ 9,661,208	\$ 186,761,610

* Liquor Control Revenue bonds are allocated to Governmental and Business-Type Activities on the Statement of Activities. See Note III-F1 for allocation. In July 2020, Montgomery County Department of Liquor Control changed its name to Alcohol Beverage Services, the name of the debt series will still be disclosed as the legal name upon issuance and will not reflect the new department name.

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Bethesda Parking Lot District		Liquor Control*	
	Principal	Interest	Principal	Interest
2021	\$ 3,755,000	\$ 879,250	\$ 4,300,000	\$ 3,708,789
2022	2,410,000	694,191	6,335,000	3,493,789
2023	2,476,000	615,011	6,650,000	3,177,039
2024	2,545,000	533,710	6,970,000	2,862,239
2025	2,618,000	450,191	7,275,000	2,557,708
2026-2030	8,984,000	1,282,093	37,915,000	7,586,463
2031-2033	3,440,000	166,394	12,150,000	987,100
Total	\$ 26,228,000	\$ 4,620,840	\$ 81,595,000	\$ 24,373,127

Fiscal Year Ending June 30	Water Quality Protection**		Total Revenue Bond Requirements		
	Principal	Interest	Principal	Interest	Total
2021	\$ 5,466,463	\$ 2,607,249	\$ 13,521,463	\$ 7,195,288	\$ 20,716,751
2022	5,905,797	2,608,419	14,650,797	6,796,399	21,447,196
2023	6,271,023	2,680,947	15,397,023	6,472,997	21,870,020
2024	6,446,995	2,574,332	15,961,995	5,970,281	21,932,276
2025	6,683,252	2,345,075	16,576,252	5,352,974	21,929,226
2026-2030	36,340,333	8,777,187	83,239,333	17,645,743	100,885,076
2031-2035	32,701,457	3,360,588	48,291,457	4,514,082	52,805,539
2036	16,952,000	553,644	16,952,000	553,644	17,505,644
Total	\$ 116,767,320	\$ 25,507,441	\$ 224,590,320	\$ 54,501,408	\$ 279,091,728

* In July 2020, Montgomery County Department of Liquor Control changed its name to Alcohol Beverage Services, the name of the debt series will still be disclosed as the legal name upon issuance and will not reflect the new department name.

** The principal includes two drawdown loans with the Maryland Water Quality Financing Administration in the amount of \$50.7 million. As of June 30, 2020, the County has drawn down \$3.19 million.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Restricted assets classified as "Investments" or "Equity in Pooled Cash and Investments" for statement of net asset purposes, include the following:

Purpose	Bethesda Parking Lot District	Solid Waste Disposal*
Operation and Maintenance Account - Available to pay current expenses	\$ 1,708,261	\$ -
Debt Service Account - Used to pay debt service on bonds	309,415	-
Debt Service Reserve Account - (including accrued interest) - Available to pay debt service on bonds if there is insufficient money available	3,148,583	-
Renewal and Renovation Account - Available for payment of renewals, replacements, renovations, and unusual and extraordinary repairs	1,500,000	4,400,433
Rate Stabilization Account - In case of short-term extraordinary expenses	-	1,370,636
Revenue Account - Available	5,355	-
Total	\$ 6,671,614	\$ 5,771,069

*Solid Waste Disposal also has a management reserve of \$25,156,921 set aside to meet both current and future contingencies.

This reserve is equal to at least 75 days (2.5 months) of the subsequent year's operating budget net of scheduled debt payments, but not less than \$20 million.

5) Bond Anticipation Notes Payable

Commercial paper bond anticipation notes (BANs) are authorized, issued, and outstanding as financing sources for capital construction and improvements. Changes in BANs during FY20 are as follows:

	Balance June 30, 2019	BANs Issued	BANs Retired	Balance June 30, 2020
BAN Series 2009-A	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000
BAN Series 2009-B	100,000,000	100,000,000	100,000,000	100,000,000
BAN Series 2010-A	150,000,000	85,000,000	85,000,000	150,000,000
BAN Series 2010-B	150,000,000	85,000,000	85,000,000	150,000,000
Total	\$ 500,000,000	\$ 370,000,000	\$ 370,000,000	\$ 500,000,000

BANs totaling \$370 million were issued during FY20, \$170 million Series 2010 and \$200 million Series 2009 respectively. BANs are issued at varying maturities to a maximum of 270 days, under a program whose authority was adopted on September 15, 2009, as amended, to consolidate additional authority to borrow money and incur indebtedness. The County reissued the notes upon maturity and continues to do so, until they are replaced with long-term bonds.

In connection with the BANs, the County entered into two-year credit agreements with State Street Bank and PNC Bank to provide liquidity with respect to the 2010 Series BANs for \$150,000,000 each. The agreements will expire on July 30, 2021 and July 31, 2021, respectively. With respect to the 2009 Series BANs, the County has a credit agreement with JP Morgan Chase which expires on September 24, 2021. All credit agreements provide liquidity for the principal amount of the notes and approximately one month of interest. Any principal advances under the line of credit must be repaid in semi-annual installments over five years after the advance occurs. No amounts were advanced against this line of credit. Because the County entered into a financing agreement that ensures the BANs can be refinanced on a long-term basis, these BANs are classified as noncurrent liabilities at year-end.

During FY20, the County Council passed Resolution No. 19-263 dated October 1, 2019 to increase the County's authority to issue BANs by \$909.4 million. Cumulative BANs authorized and unissued as of June 30, 2020, including amounts authorized and unissued from prior years, is \$850,403,000.

6) Certificates of Participation

In July 2016, the County was authorized and entered into a loan agreement with Montgomery College Foundation to issue its Certificates of Participation (Montgomery College Improvements), \$23,050,000 Series 2016A and \$1,810,000 Series 2016B to finance part of the costs of the acquisition, design, construction and equipping of certain facilities of Montgomery College, which such facilities are owned by Montgomery College Foundation and leased to the College, to be used by the College pursuant to a lease agreement between the Foundation and College. The proceeds of Certificates of Participation were also used to pay off costs incurred by the College in connection with the College's termination of certain lease agreements and the costs of issuing COPS (Montgomery College Improvements). The debt service is to be paid from pledged lease payments and fees pursuant to a lease agreement between the Foundation and College dated as of July 1, 2016.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

In FY20, the pledged lease payments from the Montgomery College Foundation equals the scheduled debt service on the Certificates of Participation schedule. The Certificates for Participation were issued at interest rates ranging from 2.4 to 5.0 percent and have maturity schedules as follows:

Fiscal Year Ending June 30	Certificates of Participation		
	Principal	Interest	Total
2021	\$ 745,000	\$ 672,631	\$ 1,417,631
2022	760,000	647,499	1,407,499
2023	1,255,000	603,229	1,858,229
2024	1,320,000	538,854	1,858,854
2025	1,390,000	471,104	1,861,104
2026-2030	7,605,000	1,690,450	9,295,450
2031-2035	8,520,000	773,703	9,293,703
2036	1,835,000	24,084	1,859,084
Total	<u>\$ 23,430,000</u>	<u>\$ 5,421,554</u>	<u>\$ 28,851,554</u>

Certificates of Participation (College) outstanding as of June 30, 2020 is as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2020	Unamortized Premium (Discount)	Carrying Value June 30, 2020
COPS College	07/26/16	2017-36	2.00-5.00%	<u>\$ 24,860,000</u>	<u>\$ 23,430,000</u>	<u>\$ 899,460</u>	<u>\$ 24,329,460</u>

7) Master Lease/Equipment Notes

The County has entered into purchase agreements to provide financing for the acquisition of capital asset equipment. The agreements have terms of two to seven years with interest rates identified in the agreements. Some arrangements provide that proceeds are to be held by a trustee and disbursed to vendors. If assets are acquired prior to the note agreement, the trustee reimburses the County.

The following is a schedule by fiscal year for the debt service requirement at June 30, 2020:

Fiscal Year Ending June 30	Equipment Notes Requirements		
	Principal	Interest	Total
2021	\$ 17,553,661	\$ 1,197,155	\$ 18,750,816
2022	14,128,146	841,525	14,969,671
2023	12,922,966	547,792	13,470,758
2024	7,859,741	281,585	8,141,326
2025	5,413,719	131,322	5,545,041
2026-2027	2,203,676	36,278	2,239,954
Total	<u>\$ 60,081,909</u>	<u>\$ 3,035,657</u>	<u>\$ 63,117,566</u>

8) Lease Revenue Bonds

In June 2002, the County issued Lease Revenue Bonds dated June 1, 2002, in the amount of \$37.9 million for its Metrorail garage projects. These bonds were issued to finance the costs of the planning, design, construction, and placing into commercial operation, of garages at the Shady Grove and Grosvenor Metrorail Stations. The County has leased these metrorail garage projects to the Washington Metropolitan Area Transit Authority (WMATA).

The County issued \$4,745,000 in lease revenue bonds (Metrorail Garage Projects) on September 1, 2004. The bonds were issued due to certain cost increases incurred since the issuance of the Series 2002 Bonds. The County needed an additional \$2,100,000 to complete construction of the Shady Grove Metro Garage and an additional \$2,110,000 to complete construction of the Grosvenor Metro Garage. The Series 2004 bonds were delivered on September 28, 2004. The lease has a term of 20 years ending on June 1, 2024.

On October 13, 2011, the County issued Series 2011 Bonds to finance a portion of the costs, and construction of the parking structure and related facilities at the Glenmont Metrorail Station within the County; and refunded the County's outstanding Lease Revenue Bonds Series 2002 and Series 2004 Lease Revenue Bonds.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

The bonds are payable from and secured by a pledge of revenues from WMATA's lease payments and certain reserve funds. The approximate amount of the pledge is \$35,233,000. WMATA's obligation to make payments under the leases is payable solely from amounts held in a Surcharge Reserve Account which is funded by revenues from a surcharge on the parking facilities.

In the event that the County's Reserve Subfund of \$1,152,435, included in Debt Service Fund cash with fiscal agents in the accompanying financial statements, is less than the required amount, the County Executive is obligated to include, in the next subsequent appropriation request to the County Council, a request for sufficient resources to reimburse the Reserve Subfund. The Lease Revenue Bonds are not a debt of the County within the meaning of any constitutional, compact, charter or statutory debt limit or restriction. Neither the faith and credit nor the taxing power of the County is pledged to the payment of the bonds.

In FY20, pledged revenue of \$3,510,863 equals the principal and interest on the lease revenue bonds.

Lease revenue bonds outstanding as of June 30, 2020, are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2020	Unamortized Premium (Discount)	Carrying Value June 30, 2020
Lease Revenue Bonds	10/13/11	2011-31	2.6687%	<u>\$ 35,465,000</u>	<u>\$ 15,210,000</u>	<u>\$ 1,065,369</u>	<u>\$ 16,275,369</u>

Lease revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Lease Revenue Bond Requirements		
	Principal	Interest	Total
2021	\$ 2,790,000	\$ 717,863	\$ 3,507,863
2022	2,935,000	578,363	3,513,363
2023	3,085,000	431,613	3,516,613
2024	2,985,000	277,363	3,262,363
2025	440,000	128,113	568,113
2026-2030	2,430,000	399,323	2,829,323
2031	<u>545,000</u>	<u>21,800</u>	<u>566,800</u>
Total	<u>\$ 15,210,000</u>	<u>\$ 2,554,438</u>	<u>\$ 17,764,438</u>

9) Taxable Limited Obligation Certificates

In April 2010, the County issued Taxable Limited Obligation Certificates, dated April 6, 2010, in the amount of \$30.4 million to finance the Montgomery Housing Initiative Program to promote a broad range of housing opportunities in the County. The certificates represent proportionate interests in a Funding Agreement between the County and U.S. Bank National Association; the Certificates, and the interest on them, are limited obligations of the County. The principal or redemption price of and interest on the Certificates shall be payable solely from the Contract Payments and other funds pledged for the payment thereof under the Trust Agreement. The Funding Agreement is not a general obligation of the County and shall never constitute an indebtedness of the County within the meaning of any constitutional or statutory limitation or charge against the general credit or taxing power of the County. The Certificates were issued at interest rates ranging from 4.0 to 5.9 percent and will mature on May 1, 2030.

In August 2011, the County issued Taxable Limited Obligation Certificates in the amount of \$28.8 million; the County issued the certificates to finance and promote a broad range of housing opportunities and a community and recreational facility. The Certificates were issued at interest rates ranging from 3.0 to 4.8 percent and will mature on May 1, 2031.

In November 2013, the County issued Taxable Limited Obligation Certificates in the amount of \$38.0 million; the County issued the certificates to finance the Montgomery Housing Initiative program established by the County to promote a broad range of housing opportunities in the County. The Certificates were issued at interest rates ranging from 0.3 to 4.8 percent and will mature on November 1, 2033.

On November 19, 2018, the County issued Taxable Limited Obligation Certificates Series in the amount of \$33.7 million; the County issued the certificates to finance the Montgomery Housing Initiative program established by the County to promote a broad range of housing opportunities in the County. The Certificates were issued at interest rates ranging from 2.6 to 4.4 percent and will mature on May 1, 2038. On November 19, 2018, the County refunded 2010 Series A in the amount of \$22.4 million with certificate interest rates ranging from 3.1 to 4.2 percent and will mature on May 1, 2030.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Taxable Limited Obligation Certificates outstanding as of June 30, 2020 are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2020	Unamortized Premium (Discount)	Carrying Value June 30, 2020
MHI Affordable Housing Series 2011	08/10/11	05/01/31	3.00-5.00	\$ 28,840,000	\$ 18,480,000	\$ 112,322	\$ 18,592,322
MHI Affordable Housing Series 2013	11/19/13	11/01/33	0.26-4.75	38,015,000	29,045,000	(3,334)	29,041,666
MHI Affordable Housing 2018 Series A	11/19/18	05/01/38	2.60-4.40	33,715,000	31,595,000	72,171	31,667,171
MHI Affordable Housing 2018 Series B Ref.	11/19/18	05/01/30	3.05-4.15	22,420,000	19,355,000	-	19,355,000
				<u>\$ 122,990,000</u>	<u>\$ 98,475,000</u>	<u>\$ 181,159</u>	<u>\$ 98,656,159</u>

The following is a schedule by fiscal year for the debt service requirement at June 30, 2020:

Fiscal Year Ending June 30	Taxable Limited Obligation Requirements		
	Principal	Interest	Total
2021	\$ 5,810,000	\$ 4,105,507	\$ 9,915,507
2022	6,010,000	3,900,014	9,910,014
2023	6,235,000	3,677,282	9,912,282
2024	6,475,000	3,438,466	9,913,466
2025	6,725,000	3,183,574	9,908,574
2026-2030	38,080,000	11,482,177	49,562,177
2031-2035	22,135,000	3,958,189	26,093,189
2036-2038	7,005,000	625,240	7,630,240
Total	<u>\$ 98,475,000</u>	<u>\$ 34,370,449</u>	<u>\$ 132,845,449</u>

10) Other Leases and Notes Payable

In April 2007, the County entered into a Purchase and Sale Contract with Washington Suburban Sanitary Commission (WSSC) to acquire property for \$10,000,000. On January 15, 2009, the County signed a promissory note evidencing its obligation to fulfill the terms of the Contract. The note has a term of 15 years; interest accrues at a rate of 4.43%, commencing six months after the execution of the promissory note. Under the provisions of the promissory note, the minimum annual payment by the County was \$400,000 and was due on July 15 each year.

During 2017, the County entered into an agreement to transfer the property to a developer that would have required the original Promissory Note to be paid in full pursuant to the original Purchase and Sale Contract. However, the County amended and restated the Promissory Note with WSSC, which revised the repayment terms commencing in FY2019, and ending in FY2028 at an interest rate of 4.43%.

The following is a schedule by fiscal year for the debt service requirement at June 30, 2020:

Fiscal Year Ending June 30	Promissory Note Requirements		
	Principal	Interest	Total
2021	\$ 875,827	\$ 363,028	\$ 1,238,855
2022	914,626	324,229	1,238,855
2023	955,144	283,711	1,238,855
2024	997,457	241,398	1,238,855
2025	1,041,644	197,211	1,238,855
2026-2028	3,410,067	306,496	3,716,563
Total	<u>\$ 8,194,765</u>	<u>\$ 1,716,073</u>	<u>\$ 9,910,838</u>

During 2002, the County Council authorized the Department of Housing and Community Affairs (DHCA) to participate in the HUD Section 108 program for the purpose of acquiring twenty-one units at the Chelsea Tower which provides affordable housing for income qualified persons. On July 16, 2003, the County signed a loan agreement with HUD in the amount of \$870,000. The County subsequently received approval from the County Council to disburse and re-loan these funds to HOC. HOC will repay the County, through the Housing Initiative Special Revenue Fund, the principal of \$870,000 with interest thereon on a semi-annual basis at 4.59 percent over a twenty-year period, which is consistent with the HUD repayment terms. The principal amount payable at June 30, 2020, for this loan is \$182,000 and will mature on August 1, 2023.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

The following is a schedule by fiscal year for the debt service requirement at June 30, 2020:

Fiscal Year Ending June 30	HUD Loan Requirements		
	Principal	Interest	Total
2021	\$ 43,000	\$ 9,034	\$ 52,034
2022	43,000	6,643	49,643
2023	43,000	4,228	47,228
2024	53,000	1,508	54,508
Total	<u>\$ 182,000</u>	<u>\$ 21,413</u>	<u>\$ 203,413</u>

From October 2013 through December 2019, the County has entered into a series of lease agreements to finance energy efficiency projects. These leases were part of a six year capital program that improves energy efficiency of County facilities. Leases range from \$1.9 to \$5.3 million and interest rates range from 0.29% to 5.17%. Lease maturities range from 13 to 20 years.

In December 2019, the County entered into an appendix lease agreement to the energy program. The lease was issued in the amount of \$3.8 million, to finance County building renovation. The lease term is 13 years with interest rates at 2.25%.

The following is a schedule by fiscal year for the debt service requirement at June 30, 2020

Fiscal Year Ending June 30	Energy Performance Lease		
	Principal	Interest	Total
2021	\$ 1,383,102	\$ 885,217	\$ 2,268,319
2022	1,477,268	844,162	2,321,430
2023	1,625,707	836,558	2,462,265
2024	1,676,334	752,048	2,428,382
2025	1,771,136	701,930	2,473,066
2026-2030	10,027,364	2,649,460	12,676,824
2031-2035	10,421,176	991,413	11,412,589
2036-2040	846,548	18,023	864,571
Total	<u>\$ 29,228,635</u>	<u>\$ 7,678,811</u>	<u>\$ 36,907,446</u>

On August 22, 2018, the County entered into a loan agreement with PNC Bank in the amount of \$6.9 million. The loan financed the County's Rockville Innovation Center and National Cybersecurity Center of Excellence incubator projects. This loan is semi-annually payable at an interest rate of 3.514% over 5 years with a balloon payment in 2023. The principal amount payable at June 30, 2020, for this loan is \$5,611,358 and the debt will mature on June 30, 2023.

The following is a schedule by fiscal year for the debt service requirement at June 30, 2020

Fiscal Year Ending June 30	Incubator Loan		
	Principal	Interest	Total
2021	\$ 740,771	\$ 190,675	\$ 931,446
2022	772,347	164,367	936,714
2023	4,098,240	146,258	4,244,498
Total	<u>\$ 5,611,358</u>	<u>\$ 501,300</u>	<u>\$ 6,112,658</u>

11) Unused Lines of Credit and Collateral Pledges

The Master Equipment Lease/Purchase agreement (Energy Efficiency Program) was entered into between the County and Banc of America Public Capital Corp in September 2016. The unused line of credit at June 30, 2020 is \$15,539,867.

The County entered into a sixth amendment to Master Lease agreement with PNC Equipment Finance, LLC in July 2018. This amendment increased line of credit from \$70 million to \$100 million. At June 30, 2020, the unused line of credit is \$52,264,331.

In connection with Long-Term Debt activity, the County's notes and leases are direct borrowing debt with lenders, no asset is pledged as collateral.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

12) Conduit Debt Obligations

Conduit debt obligations refer to certain limited-obligation revenue bonds or similar debt instruments issued by the County for the purpose of providing capital financing for a third party that is not part of the County's reporting entity (see Note I-A). From time to time, the County issued Industrial Revenue Bonds and Economic Development Revenue Bonds for the purposes of financing or refinancing costs of acquiring and/or renovating facilities for third party facility users. Facility users may be individuals, public or private corporations, or other entities. The bonds are sometimes secured by the facilities financed or by a financial institution and are payable from the revenues or monies to be received by the County under loan agreements with the facility users and from other monies made available to the County for such purpose. The bonds do not constitute a debt or charge against the general credit or taxing powers of the County, the State, or any political subdivision thereof. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2020, there were twenty-five issues of Industrial Revenue Bonds and Economic Development Revenue Bonds outstanding. Of these, six were issued prior to July 1, 1996. Four issues prior to July 1, 1996 were retired in FY20. The aggregate principal amount payable at June 30, 2020, for bonds issued prior to July 1, 1996, could not be determined; however, their original issue amounts totaled \$17,450,000. The principal amount payable at June 30, 2020, for bonds issued after July 1, 1996, totaled \$717,256,946.

13) Special Taxing and Development Districts

The County has three special taxing districts: Kingsview Village Center, West Germantown, and White Flint. Kingsview Village Center and West Germantown were created in accordance with Chapter 14 of the Montgomery County Code, the Montgomery County Development District Act enacted in 1994. The White Flint Taxing District was created in accordance with Chapter 68C of the Montgomery County Code, which was enacted in 2010. The creation of these districts allows the County to provide financing, refinancing, or reimbursement for the cost of infrastructure improvements necessary for the development of land in areas of the County with high priority for new development or redevelopment.

Pursuant to Chapter 14 and 68C, special taxes or special assessments may be levied to fund the costs of bonds or other obligations issued on behalf of the respective districts. Any bond issued under Chapter 14 and 68C is not an indebtedness of the County within the meaning of Section 312 of the Charter. Additionally, any bond issued must not pledge the full faith and credit of the County, and must state that the full faith and credit is not pledged to pay its principal, interest, or premium, if any. Any bonds issued are not considered liabilities of the County and are not reported in the County's financial statements. However, unlike the Kingsview Village Center and West Germantown development districts, the County may issue financing or provide funding for certain infrastructure projects within the White Flint Taxing District that are not derived under the authority of Chapter 68C.

In December 1999, the County issued \$2.4 million in special obligation bonds for Kingsview Village Center Development District. Special taxes and assessments were levied beginning in FY01 to repay the debt. In April 2002, the County issued two series of special obligation bonds for the West Germantown Development District. The County issued \$11.6 million of Senior Series 2002A bonds and \$4.3 million of Junior Series 2002B bonds to finance the construction of infrastructure in the development district. Special taxes and assessments were levied beginning in FY03 to repay this debt.

On August 13, 2014, the County issued \$12,025,000 of Special Obligation Refunding Bonds (Senior Series 2014) to refund West Germantown Development District Series 2002A, 2004A and 2004B bonds. The outstanding principal balance as of June 30, 2020 is \$8.52 million.

On August 26, 2014, the County issued \$1,393,310 of Special Obligation Refunding Bonds (Series 2014A) via direct bank placement to refund the 1999 Series Kingsview Village Center Development District bonds. The outstanding principal balance as of June 30, 2020 is \$0.32 million.

Component Units

At June 30, 2020 HOC's noncurrent liabilities are comprised of the following:

	Due within one year	Long-Term	Total
Revenue bonds payable	\$ 25,335,088	\$ 515,028,476	\$ 540,363,564
Derivative instrument - hedging	-	15,099,583	15,099,583
Notes and other payable	18,424,653	802,245,887	820,670,540
Net pension liability	-	6,318,486	6,318,486
Net OPEB liability	-	19,797,919	19,797,919
Total	<u>\$ 43,759,741</u>	<u>\$ 1,358,490,351</u>	<u>\$ 1,402,250,092</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

HOC revenue bonds, which are significant in relation to the total component unit long-term debt, are outstanding as follows:

Purpose	
Multi-Family Mortgage Purchase Program Fund	\$ 318,710,778
Single Family Mortgage Purchase Program Fund	221,652,786
Total	<u>\$ 540,363,564</u>

Interest rates on the HOC Multi-Family and Single Family Mortgage Purchase Program Fund bonds ranged from 1.15 to 11.25 percent and 1.125 to 5.00 percent, respectively, as of June 30, 2020.

Pursuant to Section 16-202 of Title 16 of the Annotated Code of Maryland, the County may, by local law, provide its full faith and credit as guarantee of bonds issued by HOC in principal amount not exceeding \$50,000,000. Section 20-32 of the Montgomery County Code provides the method by which the County has implemented the guarantee.

The debt service requirements by fiscal year for the HOC debt guaranteed by the Primary Government are as follows:

Fiscal Year Ending June 30	Guaranteed Revenue Bond Requirements		
	Principal	Interest	Total
2021	\$ 540,000	\$ 287,715	\$ 827,715
2022	570,000	259,823	829,823
2023	595,000	230,406	825,406
2024	625,000	199,601	824,601
2025	660,000	167,155	827,155
2026-2030	2,980,000	310,323	3,290,323
Total	<u>\$ 5,970,000</u>	<u>\$ 1,455,023</u>	<u>\$ 7,425,023</u>

The total debt service requirements for HOC revenue bonds, which include the portion guaranteed by the Primary Government (presented above), are as follows:

Fiscal Year Ending June 30	Total Revenue Bond Requirements		
	Principal	Interest	Total
2021	\$ 25,335,088	\$ 16,105,435	\$ 41,440,523
2022	21,005,000	15,530,096	36,535,096
2023	20,760,000	14,933,443	35,693,443
2024	20,700,000	14,328,285	35,028,285
2025	22,300,000	13,741,571	36,041,571
2025-2030	101,933,269	58,806,467	160,739,736
2031-2035	98,625,000	41,375,218	140,000,218
2036-2040	100,335,000	25,627,074	125,962,074
2041-2045	56,610,000	15,862,591	72,472,591
2046-2050	38,315,000	7,858,326	46,173,326
2051-2055	12,390,000	4,278,038	16,668,038
2056-2060	8,990,000	2,492,239	11,482,239
2061-2065	9,500,000	838,178	10,338,178
Unamortized Bond Discount	3,565,207	-	3,565,207
Total	<u>\$ 540,363,564</u>	<u>\$ 231,776,961</u>	<u>\$ 772,140,525</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Changes in the HOC revenue bonds during FY20 are as follows:

Purpose	Balance July 1, 2019	Bonds Issued*	Bonds Retired	Balance July 1, 2020
Multi-Family Mortgage Purchase Program Fund	\$ 273,376,103	\$ 72,436,448	\$ 27,101,773	\$ 318,710,778
Single Family Mortgage Purchase Program Fund	204,305,849	45,829,640	28,482,703	221,652,786
Total	<u>\$ 477,681,952</u>	<u>\$ 118,266,088</u>	<u>\$ 55,584,476</u>	<u>\$ 540,363,564</u>

* Includes accretions and bond discounts.

HOC has issued a number of individual bonds for financing multi-family developments for which HOC has no legal liability for repayment or administration (conduit debt). Accordingly, the bonds are not included in the accompanying financial statements. HOC participates in such issuances in order to increase the availability of affordable housing in the County. The bonds outstanding are summarized below:

Bonds outstanding, July 1, 2019	\$ 190,103,210
Issuances during the year	-
Redemptions during the year	<u>(1,144,317)</u>
Bonds outstanding, July 1, 2020	<u>\$ 188,958,893</u>

The County is not liable in any manner for the remaining debt of HOC or any debt of MCPS, MC, or MCRA. BUP has no long-term debt.

G) Segment Information

The County has issued revenue bonds to finance activities relating to the Bethesda Parking Lot districts (PLDs). The Bethesda PLD is accounted for within the Parking Lot Districts Fund. However, investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for the activity as of and for the year ended June 30, 2020, is presented below:

Condensed Statement of Net Position

	Bethesda PLD
ASSETS	
Current assets	\$ 12,249,653
Other assets	6,671,614
Capital assets	96,656,857
Total Assets	<u>115,578,124</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	235,970
Total Deferred Outflows	<u>235,970</u>
LIABILITIES	
Current liabilities	5,846,204
Due to other funds	117,591
Long-term liabilities	23,300,944
Total Liabilities	<u>29,264,739</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources	392,118
Total Deferred Inflows	<u>392,118</u>
NET POSITION	
Net investment in capital assets	70,454,902
Restricted for debt service	6,671,614
Restricted for public works and transportation	9,030,721
Total Net Position	<u>\$ 86,157,237</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position**

	Bethesda PLD
OPERATING REVENUES (EXPENSES):	
Operating Revenues:	
Charges for services	\$ 12,966,152
Fines and penalties	3,415,568
Total Operating Revenues (pledged against bonds)	16,381,720
Depreciation	(4,630,219)
Other operating expenses	(9,874,435)
Operating Income (Loss)	1,877,066
NONOPERATING REVENUES (EXPENSES):	
Property taxes	(105)
Investment income	407,536
Interest expense	(841,917)
Other revenue	614,410
Transfers out	(2,331,137)
Non Operating Income (Loss)	(2,151,213)
NET POSITION	
Change in Net Position	(274,147)
Beginning Net Position	86,431,384
Ending Net Position	\$ 86,157,237

Condensed Statement of Cash Flows

	Bethesda PLD
Net Cash Provided (Used) By:	
Operating activities	\$ 7,849,093
Noncapital financing activities	(2,331,242)
Capital and related financing activities	(8,510,707)
Investing activities	366,578
Net Increase (Decrease)	(2,626,278)
Beginning Cash and Cash Equivalents	17,439,297
Ending Cash and Cash Equivalents	\$ 14,813,019

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

H) Fund Equity

1) Governmental Fund Balances

The governmental fund balances at June 30, 2020 are composed of the following:

Fund Balances:	General	Housing Initiative	Grants	Debt Service	Capital Projects	Other Nonmajor Governmental Funds
Inventory	\$ 6,136,246	\$ -	\$ -	\$ -	\$ -	-
Prepays	4,062,501	-	-	-	-	-
Total nonspendable	<u>10,198,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
General government	-	-	-	-	-	6,615,566
Police	-	-	-	-	-	2,619,537
Health and human services	-	-	-	-	-	1,689,999
Mass transit	-	-	-	-	-	20,099,787
Cable TV	-	-	-	-	-	10,822,883
Community development and housing:						
Rehabilitation loan	-	-	-	-	-	4,972,600
Urban districts	449,200	-	-	-	-	-
Economic development	1,666,499	-	-	-	-	-
Housing initiative	-	310,774,030	-	-	-	-
Restricted donations	-	-	-	-	-	772,516
Culture and recreation	-	-	-	-	-	6,351,539
Environment:						
Agricultural transfer tax	-	-	-	-	-	2,026,395
Water quality protection	-	-	-	-	-	20,002,156
Restricted donations	-	-	-	-	-	16,635,487
Other	4,745,700	-	216,034	-	-	-
Detention Center Canteen						
Profits	-	-	-	-	-	526,378
Revenue stabilization	376,281,822	-	-	-	-	-
Debt service	-	-	-	12,491,898	-	-
Total restricted	<u>383,143,221</u>	<u>310,774,030</u>	<u>216,034</u>	<u>12,491,898</u>	<u>-</u>	<u>93,134,843</u>
Culture and recreation	3,612,000	-	-	-	-	-
Community development and housing	1,350,000	-	-	-	-	-
Capital projects	37,892,105	-	-	-	-	-
Total committed	<u>42,854,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Fund Balances:	General	Housing Initiative	Grants	Debt Service	Capital Projects	Other Nonmajor Governmental Funds
General government	22,566,360	-	-	-	-	-
Public safety	9,776,081	-	-	-	-	-
Public works and transportation	1,238,978	-	-	-	-	-
Health and human services	13,295,789	-	-	-	-	-
Culture and recreation	695,282	-	-	-	-	-
Community development and housing	350,081	-	-	-	-	-
Environment	218,894	-	-	-	-	-
Total assigned	48,141,465	-	-	-	-	-
Public safety						
Fire and rescue	-	-	-	-	-	(26,991,649)
Recreation Non-Tax Supported	-	-	-	-	-	(216,450)
Capital Project	-	-	-	-	(100,568,091)	-
General government	97,679,071	-	-	-	-	-
Total unassigned	97,679,071	-	-	-	(100,568,091)	(27,208,099)
Total fund balances	\$ 582,016,609	\$ 310,774,030	\$ 216,034	\$ 12,491,898	\$ (100,568,091)	\$ 65,926,744

2) Encumbrances

Encumbrance accounting is employed as part of the budgetary integration for all governmental funds. As of June 30, 2020, certain amounts which were available for specific purposes have been encumbered in the governmental funds. Encumbrances are included in the County's governmental fund balances as follows:

Governmental Fund	Amount
General Fund	\$ 48,141,465
Housing Initiative	474,058
Debt Service	331,721
Nonmajor Governmental Funds	13,967,758
Total Governmental Funds	\$ 62,915,002

3) Net Position Restricted by Enabling Legislation

Net position restricted by enabling legislation represent legislative restrictions that a party external to the government can compel the government to honor. For the County, such amounts represent primarily accumulated net position attributed to revenue streams, such as taxes or fees, which are restricted for specified purposes in the County Code. This generally includes Capital Project Fund recordation and impact tax collections on hand for a component unit and municipal governments, ending fund balances of substantially all special revenue funds, and ending unrestricted net position of the Solid Waste Activities and Parking Lot Districts enterprise funds. Such amounts, which are included with restricted net position in the government-wide Statement of Net Position, are as follows at year-end:

Governmental activities	\$ 389,015,045
Business-type activities	34,895,726
Total	\$ 423,910,771

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

I) Significant Transactions with Discretely Presented Component Units

1) Operating and Capital Funding

Expenditures incurred for operating and capital funding of discretely presented component units amounted to the following for the year ended June 30, 2020:

	General Fund			Capital	
	Operating	Capital *	Total	Projects	Total
MCPS	\$ 1,734,278,550	\$ 12,974,000	\$ 1,747,252,550	\$ 296,712,887	\$ 2,043,965,437
MC	147,564,017	15,861,708	163,425,725	29,649,169	193,074,894
HOC	6,687,845	-	6,687,845	2,880,648	9,568,493
Total	<u>\$ 1,888,530,412</u>	<u>\$ 28,835,708</u>	<u>\$ 1,917,366,120</u>	<u>\$ 329,242,704</u>	<u>\$ 2,246,608,824</u>

* Represents current receipt and pay-go funding transferred from the General Fund for component units' use towards their capital projects.

For GAAP financial statement reporting purposes, General Fund expenditures incurred for funding of MCPS and MC are classified as education expenditures; HOC funding is classified under community development and housing.

2) Other Transactions

BUP charges for services revenue include \$4,502,482 earned under contracts with the County. For capital leases with MCRA, see Note III-E3. For mortgages receivable due from HOC, see Note III-B2.

NOTE IV. OTHER INFORMATION

A) Risk Management

The County, for itself and certain component units and other governments, maintains two self-insurance internal service funds. County management believes it is more economical to manage its risks internally and set aside assets for claim settlements in these internal service funds.

One fund is maintained for Liability and Property Coverage under which participants share the costs of workers' compensation, comprehensive general, automobile and professional liability (errors and omissions), property coverage including fire and theft, and other selected areas which require coverage. Commercial insurance is purchased for claims in excess of coverage provided by the self-insurance fund and for other risks not covered by the fund. In addition to all funds of the County, participants in this program include MCPS, HOC, MC, MCRA, BUP, M-NCPPC, the independent fire/rescue corporations, the Bethesda-Chevy Chase Rescue Squad, the Rockville Housing Enterprises, the Town of Somerset, the City of Gaithersburg, the Village of Drummond, Chevy Chase Village, and the Village of Friendship Heights. The liability for claims with respect to all participants transfers to the self-insurance fund, except for M-NCPPC which retains ultimate liability for its own claims.

The second fund is maintained for Employee Health Benefits under which participants share medical, prescription, dental, vision, and life insurance. While the majority of coverage is self-insured, certain fully insured plan options, including health maintenance organizations (HMOs), are offered to participants. WSTC, BUP, Montgomery Community Television, the Strathmore Hall Foundation, Inc., Arts and Humanities Council of Montgomery County, Montgomery County Volunteer Fire & Rescue Association, Town of Garrett Park, Chevy Chase Village and certain employees of the State of Maryland in addition to some of the participants in the Liability and Property Coverage Program, participate in this program.

Both internal service funds use the accrual basis of accounting. Payments to the Liability and Property Coverage Self-Insurance Fund by participants and recognition of the fund's liability for unpaid claims including those incurred but not reported are based on actuarial estimates. For the Employee Health Benefits Fund, charges to participants are based on actuarial estimates. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported which incorporate incremental claims adjustment expenses incurred only because of the claim, but do not include non-incremental claims adjustment expenses such as internal salary costs. Because actual claims liabilities depend on complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. During the year, there were no significant reductions in commercial insurance coverage in the Liability and Property Coverage Self-Insurance Fund from the prior year. For the past three years, no insurance settlements exceeded commercial insurance coverage in either fund.

Changes in the balances of Claims Payable for the self-insurance funds for FY19 and FY20 are as follows:

	Liability and Property Coverage	Employee Health Benefits	Total
Balance June 30, 2018	\$ 164,083,405	\$ 14,086,776	\$ 178,170,181
Claims and changes in estimates	54,377,631	129,995,789	184,373,420
Claim payments ¹	(49,832,733)	(128,690,227)	(178,522,960)
Balance June 30, 2019 ²	168,628,303	15,392,338	184,020,641
Claims and changes in estimates	46,870,382	126,434,864	173,305,246
Claim payments ¹	(49,458,331)	(126,036,884)	(175,495,215)
Balance June 30, 2020 ²	\$ 166,040,354	\$ 15,790,318	\$ 181,830,672

¹ Includes non-monetary settlements.

² Includes incurred but not reported (IBNR) claims of \$79,504,227 and \$15,790,318 for the Liability and Property Coverage and the Employee Health Benefits Self-Insurance Funds, respectively.

NOTE IV. OTHER INFORMATION (Continued)

B) Significant Commitments and Contingencies

1) Landfill

The County, in its effort to provide for estimated landfill capping and post closure maintenance costs, accrues such costs and recognizes those costs as expenses as the landfill is utilized. The October 9, 1991 U.S. Environmental Protection Agency (EPA) rule, "Solid Waste Disposal Criteria," established closure requirements for all municipal solid waste landfills (MSWLFs) that receive waste after October 9, 1991. The County has been accruing closure expenses since FY1991 in an attempt to match the costs of closure against the revenues associated with the use of the landfill. The Oaks Landfill closed on October 22, 1997, and the County began using out-of-County waste hauling during FY1998. At the time the landfill was closed, total cumulative capacity used was 6,990,437 tons. The total closure and post closure costs are estimated at \$71,775,465, which have been fully accrued through June 30, 2020. Of the total amount accrued, \$54,038,375 in actual costs have been paid out in prior years, and \$2,312,992 was paid in FY20, resulting in a net liability of \$15,424,100 at June 30, 2020. The current and non-current portions of the adjusted liability at year-end are estimated at \$1,651,181 and \$13,772,919 respectively. These costs are subject to change based on cost differences, changes in technology, or applications of laws and regulations. The County plans to use primarily operating cash to pay for these closure and post closure costs as they are incurred in the future.

2) Pollution Remediation

In FY09, the County identified the closed Gude Landfill as requiring pollution remediation or post-closure due to ground water and surface contamination. The landfill was used for the disposal of County municipal solid waste and received approximately 4.8 million tons of municipal waste from 1965 until the site was closed in 1982. A Consent Order was issued in May 2013 by the Maryland Department of the Environment (MDE) to address groundwater contamination, landfill gas migration, and non-stormwater discharges from the closed Gude Landfill. The total remediation cost estimated as of FY20 was \$61,746,000 an increase of \$33,046,000 from FY19, the County is now recognizing 100% of the estimated remediation cost. In FY20 actual costs of \$428,785 were paid, resulting in a net liability of \$59,957,030 as of June 30, 2020. The Department of Environmental Protection (DEP) completed an Assessment of Corrective Measures (ACM) report, which evaluates the effectiveness of a range of remediation alternatives and includes a recommended approach for remediation of environmental contamination at the Gude Landfill. MDE approved a resubmittal of the ACM report in July 2016 which specifically outlines the approved remediation method to include: toupee capping (regrading and capping the top of the landfill and selected slope areas with a synthetic liner and two feet of soil); and additional gas collection through the installation of additional gas extraction wells. These measures will reduce infiltration of rainwater into the landfill resulting in the generation of less leachate and fewer leachate seeps. They will also result in better control of landfill migration.

3) Litigation

In addition to those suits in which claims for liability are adequately covered by insurance, the County may be a defendant in various suits involving tort claims, violations of civil rights, breach of contract, inverse condemnation, and other suits arising in the normal course of business. In the opinion of the County Attorney, the estimated liability of the County in the resolution of these cases will not exceed \$11,015,400. In accordance with generally accepted accounting principles, \$7,440,115 of this amount has been reflected as a liability in the accompanying financial statements as the County's liability on these claims is determined to be not probable. The remaining \$3,575,285 has not been reflected as a liability in the accompanying financial statements, as the County's liability on these claims is determined to be not probable.

4) Grants, Entitlements, and Shared Revenues

The County participates in a number of Federal and State assisted grant, entitlement, and/or reimbursement programs, principal of which are the Community Development Block Grant, the Head Start Grant, Community Mental Health Grant, and the Medical Assistance Grant. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of most of these programs for, or including, the year-ended June 30, 2020, have not yet been completed. In accordance with the provisions of the Uniform Grant Guidance, issued by the U.S. Office of Management and Budget, the County participates in single audits of federally assisted programs. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although management does not believe amounts ultimately disallowed, if any, would be material.

NOTE IV. OTHER INFORMATION (Continued)**5) Other Commitments**

County proprietary funds have entered into contract commitments that remain uncompleted as of year-end. The amounts of outstanding commitments at June 30, 2020 are as follows:

<u>Enterprise Funds:</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
<u>Major Funds:</u>			
Liquor	\$ 745,568	\$ -	\$ 745,568
Solid Waste Activities:			
Disposal operations	9,593,099	4,797,247	14,390,346
Parking Lot Districts:			
Silver Spring	359,868	1,107,339	1,467,207
Bethesda	453,974	7,495,496	7,949,470
Wheaton	95,492	82,528	178,020
Subtotal	<u>11,248,001</u>	<u>13,482,610</u>	<u>24,730,611</u>
<u>Nonmajor Funds:</u>			
Permitting Services	1,020,062	-	1,020,062
Community Use of Public Facilities	2,090	-	2,090
Subtotal	<u>1,022,152</u>	<u>-</u>	<u>1,022,152</u>
Total Enterprise Funds	<u>12,270,153</u>	<u>13,482,610</u>	<u>25,752,763</u>
<u>Internal Service Funds:</u>			
Motor Pool	3,437,011	-	3,437,011
Central Duplicating	41,058	-	41,058
Liability & Property Coverage Self-Insurance	332,149	-	332,149
Employee Health Benefits Self-Insurance	638,315	-	638,315
Total Internal Service Funds	<u>4,448,533</u>	<u>-</u>	<u>4,448,533</u>
Total Proprietary Funds	<u>\$ 16,718,686</u>	<u>\$ 13,482,610</u>	<u>\$ 30,201,296</u>

As of June 30, 2020, the County has \$39,765,000 in outstanding offers of loans and/or grants that have been extended to various companies under its Economic Development programs. To help fund such offers, the fund balance of the Economic Development programs at the end of the year is typically re-appropriated in the following year.

C) Subsequent Events

On July 17, 2020, the County renewed the Commercial Paper credit agreement with State Street Bank and Trust Company for a one-year term to July 30, 2021.

On August 5, 2020, the County issued new money General Obligation Bonds (Tax-Exempt Series A) in the amount of \$320.0 million, two series of General Obligation Refunding Bonds comprised of Tax-Exempt Series B and Taxable Series C in the amount of \$163,950,000 and \$370,845,000, respectively. The proceeds of Series A will fund capital expenditures for education, transportation and other County facilities. The proceeds of Series B and C refunded prior issuances for debt service savings.

The County entered into two revolving line of credit (LOCs) agreements with PNC Bank, National Association (\$150 million) and J P Morgan Chase Bank, N.A. (\$100 million) on August 28, 2020 and October 16, 2020, respectively. The LOCs can support the potential impact on cash flows caused by the COVID-19 pandemic. The LOCs bear fixed rate, quarterly, unused commitment fees and variable rates on advances. As of the reporting date, the County had not drawn any advances against the lines of credit.

Pursuant to letters dated September 2, 2020, the County was asked to provide its consent to the assignment by PNC Equipment Finance, LLC (the "Assignor") of all appendices under the County's PNC Master Lease program to the Huntington National Bank. The County consented to the assignment of certain appendices; however, under the assignment arrangements the County will continue to make any payments due to PNC. The remainder of the County's PNC lease portfolio with balances of \$32.274 million as of October 15th, were refunded from Series 2020B and Series 2020C Certificates of Participation proceeds.

On October 15, 2020, the County issued three series of Certificates of Participation (Public Facilities Projects). The Tax-Exempt Series 2020A in the amount of \$95,360,000 will fund County improvements including the Wheaton Redevelopment Project, the Rockville Core Project and certain equipment and vehicles. The Tax-Exempt Series 2020B for \$27,555,000 financed the refunding of certain Tax-Exempt PNC Master Lease Appendices. Certain other equipment, vehicles and PNC Taxable Master Lease Appendices in the amount of \$2,975,000 were funded under the Taxable Series 2020C.

NOTE IV. OTHER INFORMATION (Continued)

On November 30, 2020 the County renewed the Standby Purchase Agreement with U.S. Bank National Association to June 1, 2023. The Agreement provides liquidity for the \$170,000,000 General Obligation Bonds Consolidated Public Improvement Variable Rate Bonds of 2017, Series E.

On December 10, 2020, the County issued its \$75,000,000 Montgomery County, Maryland Economic Development Revenue Bonds (Georgetown Preparatory School Project), Series 2020. The proceeds will refund the County's Variable Rate Economic Development Revenue Bonds (Georgetown Preparatory School Facility) Series 2005 and Series 2008, and finance capital expenditures including a new dormitory and renovations costs related to other facilities. This conduit debt obligation is not reported as a liability in the County's financial statements.

D) Joint Ventures and Jointly Governed Organizations

Joint Ventures

The Primary Government participates in five joint ventures and one jointly governed organization which are not included as part of the reporting entity. The Primary Government does not have a separable financial interest in any of the joint ventures. Therefore, no "Investment in Joint Ventures" is included in the accompanying financial statements. Audited financial statements are available from each of the six organizations. A general description of each entity follows:

Maryland-National Capital Park and Planning Commission (M-NCPPC)

M-NCPPC is a body corporate of the State of Maryland established by the Maryland General Assembly in 1927. M-NCPPC is a bi-county agency. The Board of Commissioners consists of ten members, five each from Montgomery and Prince George's Counties. The Montgomery County members are appointed by the County Council with the approval of the County Executive. The counties' oversight of M-NCPPC also includes budget approval over their respective shares of the operating and capital budgets. Each county is also required by law to guarantee the general obligation bonds of M-NCPPC issued for its jurisdiction.

At June 30, 2020, M-NCPPC had outstanding notes payable and bonds payable in the amount of \$181,315,162, of which zero dollars were self-supporting. Of the total amount payable, \$12,705,000 represented debt due within one year. Generally, debt of M-NCPPC is payable from its resources; however, the participating counties must guarantee payment of interest and principal on the debt that is not self-supporting. Montgomery County's contingent liability for non self-supporting M-NCPPC debt at June 30, 2020 is \$70,368,862, which represents general obligation bonds outstanding for the Montgomery County jurisdiction at year-end.

Washington Suburban Sanitary Commission (WSSC)

WSSC is a bi-county instrumentality of the State of Maryland created to provide water supply and sewage disposal services for Montgomery and Prince George's Counties. The two participating counties share equal control over WSSC in the selection of the six-member governing body, budgeting authority, and financing responsibility.

At June 30, 2020, WSSC had outstanding notes payable and bonds payable in the amount of \$3,670,500,000 which were fully self-supporting. Of the total amount payable, \$337,500,000 represented debt due within one year. Pursuant to Section 4-101 of Article 29 of the Annotated Code of Maryland, the County must guarantee payment of principal and interest on WSSC bonds, unless WSSC waives such guarantee requirement in accordance with Section 4-103 of Article 29. WSSC has waived such guarantee requirement with respect to all outstanding WSSC bonds. At June 30, 2020, all WSSC debt relating to the County is self-supporting.

Washington Suburban Transit Commission (WSTC)

The Washington Suburban Transit District (WSTD) encompasses Prince George's and Montgomery Counties, Maryland, and was chartered by the State of Maryland in 1965 to coordinate and participate in the formulation of the transit plan of the Washington Metropolitan Area Transit Authority. The WSTD is governed by the WSTC, which is composed of three representatives each from Prince George's and Montgomery Counties and one representative from the Maryland Department of Transportation. One commissioner from each county is appointed by the Governor of the State of Maryland, and the other two commissioners are appointed by the chief executive officer of the organizations they represent. The two participating counties have equal budgetary authority and financial responsibility for WSTC; however, both are required to act in consultation with the Maryland Department of Transportation. WSTC's liabilities are limited to funds payable from the participating counties and the State under outstanding grant agreements and State legislation. Montgomery County made an operating contribution totaling \$118,247 to WSTC during FY20.

Washington Metropolitan Area Transit Authority (WMATA)

WMATA was created in 1967 by interstate compact among the State of Maryland, the Commonwealth of Virginia, and the District of Columbia. WMATA's primary function is to plan, construct, finance, and operate transit facilities serving the Washington metropolitan area. The governing authority of WMATA is a sixteen-member Board of Directors. Maryland, Virginia, the District of Columbia, and the federal government each appoint four directors. Of Maryland's four directors, two are appointed by the Governor

of the State of Maryland, and one each is appointed by the respective county from among its appointees to WSTC. Since WSTC is a joint venture of Montgomery and Prince George's Counties, Montgomery County participates in WMATA through WSTC.

Montgomery County is committed to participation in WMATA and its regional Metrorail, Metrobus, and Metro Access programs. Pursuant to Section 87-13 of the County Code, the County guarantees its obligations imposed on WSTD by contracts or agreements with WMATA. As a result of State legislation, the State of Maryland is required to fund 100 percent of the County's share of rail, bus, and paratransit expenses. In addition, the State is required to fund 100 percent of the annual debt service on revenue bonds issued by WMATA in connection with the construction of the Metro Rail System. The County's share of the cost of construction of the Metro Rail System has been totally assumed by the State. In addition, State legislation mandates that the State provide 100 percent of the County's share of WMATA capital equipment replacement costs.

Under State statutes, the State of Maryland is required to cover its related 100 percent of the combined operating deficit of WMATA and County Ride On operations (that began on or after June 30, 1989), assuming that 35 percent (effective in FY09) of gross operating costs are recovered by revenues.

A summary reflecting WMATA's expenditures incurred for the County's share of WMATA's activities for FY20 which are fully funded by the State and not reflected in the accompanying financial statements, is as follows:

Bus Operating Subsidy	\$ 73,883,155
Rail Operating Subsidy	82,139,963
Americans with Disabilities Act Service	33,101,200
Debt Service	15,403,973
Capital Improvement Program	46,107,651
Project Development Program	505,630
Local Bus Program	<u>35,034,000</u>
Total	<u>\$ 286,175,572</u>

At June 30, 2020, WMATA had outstanding bonds payable of \$1,467,820,000 of which \$26,000,000 represented bonds payable due within one year. This debt is payable from the resources of WMATA.

Northeast Maryland Waste Disposal Authority (NEMWDA)

NEMWDA is a body politic and corporate, and a public instrumentality of the State of Maryland. NEMWDA was established to assist the political subdivisions in the Northeast Maryland Region, the private sector in waste management, and the development of waste disposal facilities adequate to accommodate the region's requirements for disposal of solid waste. NEMWDA has the following eight member jurisdictions from the State of Maryland: Montgomery County, Anne Arundel County, Baltimore City, Baltimore County, Carroll County, Frederick County, Harford County, and Howard County. The Maryland Environmental Service is an ex-officio member.

NEMWDA operates the County's Resource Recovery Project. NEMWDA has entered into a service contract with the County under which the County pays a waste disposal fee calculated in accordance with the agreement. Waste disposal fee expense incurred by the Solid Waste Activities Enterprise Fund during FY20 amounted to \$27,121,252.

Jointly Governed Organization

Metropolitan Washington Council of Governments (COG)

COG is a multi-governmental regional planning organization, in partnership with State and Federal government agencies, to create and implement solutions to regional issues. The County is a COG member along with other Washington metropolitan area governments. The governing body of COG is a Board of Directors. Each participating governmental unit is allotted a member or members on the Board in accordance with a specified population formula. Budgetary authority rests with the Board. Member dues finance approximately eleven percent of the total funding for COG, with State and Federal grants and private contributions providing the remainder. COG does not utilize debt financing. As a participating government in COG, the County paid FY20 membership dues and fees for services amounting to \$738,323.

E) Employee Benefits

1) Deferred Compensation

During FY05, the Montgomery County Council passed legislation enabling the County to establish and maintain one or more additional deferred compensation plans for employees covered by a collective bargaining agreement. All county non-represented employees, those County represented employees who elected to participate, and employees who were retired at the time of transfer continue to participate in the Montgomery County Deferred Compensation Plan administered by the County (the County Plan). County represented employees who elected and all represented employees hired after March 1,

2005 participate in the newly created Montgomery County Union Employees Deferred Compensation Plan (the Union Plan) administered by the bargaining units. The purpose of these Plans is to extend to employees deferred compensation plans pursuant to Section 457 of the Internal Revenue Code of 1986, as amended.

During FY99, in accordance with Federal legislation, the assets of the County Plan were placed in trust for the sole benefit of participants and their beneficiaries. Trust responsibilities were assigned to the Board of Investment Trustees (Board). The County Plan therefore is accounted for and included in the accompanying financial statements as a pension and other employee benefit trust fund. The assets of the Union Plan are not included in the accompanying financial statements since the County has no fiduciary or other responsibility for the Union Plan except as required by federal law, including any regulation, ruling, or other guidance issued under law.

Under Section 33-11 of the Code, all eligible employees hired after July 1, 2008 are automatically enrolled in the appropriate Plan with a 1% contribution unless they elect out within 60 days from the date of hire.

Under both Plans, contributions are sent to contracted third party administrator investment vendors for different types of investments as selected by participants. A separate account, which reflects the monies deferred, investment of the monies, and related investment earnings, is maintained for each participant. Withdrawals are made upon retirement, termination of employment, death, and/or in unforeseeable emergencies. Administrative expenses relating to the County Plan, which are not significant to the County Plan, have been paid by the General Fund.

2) Annual, Sick Leave, and Other Compensated Absences

Employees of the County earn annual, compensatory, and sick leave in varying amounts. Employees who are part of the County Management Leadership Service and participate in the Retirement Savings Plan earn only Paid Time Off (PTO) leave. In the event of termination, employees are reimbursed for accumulated annual, PTO (where applicable), and compensatory leave (up to a limit if applicable). Under the Employees' Retirement System of Montgomery County, covered employees are given credited service toward retirement benefits for accumulated sick leave at retirement. Earned but unused annual, PTO, and compensatory leave is accounted for in the proprietary funds as a liability. The liability for unused annual, PTO, and compensatory leave payable from governmental fund types is reflected only at the government-wide level because it will be paid from future periods' resources. Liabilities for compensated absences have not been recorded in governmental funds since the portion expected to be liquidated with expendable available financial resources has been determined to be immaterial. Earned but unused sick leave is not recorded as a liability because upon termination, sick leave is not paid. Sick leave is paid only in the event of employee illness, at which time the payments will be made from current resources.

3) Group Insurance Benefits

The County provides comprehensive group insurance programs to its employees. These benefits include, but are not limited to, medical, dental, and vision benefits, long-term disability, term life, and accidental death and dismemberment insurance. The cost of each insurance program is shared between the employer and the employees. During FY20, the County and its employees contributed \$105,710,954 and \$44,886,011, respectively. Employees of MCRA, HOC, and BUP participate in the comprehensive insurance program of the County. Employer contributions totaled \$748,827, \$4,014,679, and \$183,443 for these component units, respectively, for FY20.

F) Pension Plan Obligations

At June 30, 2020, the County reported a total pension liability of \$38,562,856, a net pension liability of \$67,956,078, total deferred outflow of \$107,646,407, total deferred inflow of \$198,938,505 and a total expense of \$38,116,062

The County's aggregate of all defined benefit plans is as follows:

As of Fiscal Year Ended June 30, 2020

	Total Pension Liability	Net Pension Liability	Deferred Outflow of Resources	Deferred Inflow of Resources	Pension Expense
Defined Benefit Pension Plan	N/A	\$ 42,214,310	\$ 100,736,670	\$ 195,667,579	\$ 33,052,189
State Retirement Plan	N/A	25,741,768	4,250,420	2,483,075	4,101,920
Length of Service Award Program (LOSAP)	38,562,856	N/A	2,659,317	787,851	961,953
Total Pension Plans	<u>\$ 38,562,856</u>	<u>\$ 67,956,078</u>	<u>\$ 107,646,407</u>	<u>\$ 198,938,505</u>	<u>\$ 38,116,062</u>

1) Defined Benefit Pension Plan

Plan Description

The Employees' Retirement System of Montgomery County (System) is a cost-sharing multiple-employer defined benefit pension plan sponsored by the County. Other agencies and political subdivisions have the right to elect participation. Montgomery County Employee Retirement Plans has the exclusive authority to manage the assets of the System. The Board of Investment Trustees consists of thirteen trustees and functions as part of the County. A publicly available annual report that includes financial statements and required supplementary information for the System, the Defined Contribution Plan (see Note IV-F2), and the Deferred Compensation Plan (see Note IV-E1), can be accessed on the County's website at <http://www.montgomerycountymd.gov/mcerp>, or can be obtained by writing the Montgomery County Employee Retirement Plans, 101 Monroe Street, Rockville, Maryland 20850.

This Plan is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and Guaranteed Retirement Income Plan (GRIP) participants. Substantially all employees hired prior to October 1, 1994, of the County, MCRA, HOC, the Town of Chevy Chase, the Strathmore Hall Foundation, Inc., WSTC, SkyPoint Federal Credit Union, certain employees of the State Department of Assessments and Taxation, and the District Court of Maryland are provided retirement benefits under the System. The System, established under Section 33 of Montgomery County Code, 2001, as amended, is a contributory plan with employees contributing a percentage of their base annual salary, depending on their group classification which determines retirement eligibility.

Benefit provisions are established under the Montgomery County Code beginning with Section 33-35. All benefits vest at five years of service. There are different retirement groups and retirement membership classes within the System. Members enrolled before July 1, 1978, belong to either the optional non-integrated group or the optional integrated group. Members enrolled on or after July 1, 1978, belong to the mandatory integrated group. Within the groups are different retirement membership classes. The retirement class assigned depends upon the job classification of the member (i.e., non-public safety, police, fire, sheriffs and correctional staff). Normal and early retirement eligibility, the formula for determining the amount of benefit, and the cost of living adjustment varies depending upon the retirement group and retirement membership class. Normal retirement is a percentage of earnings multiplied by years of credited service. Earnings for optional non-integrated group members and optional integrated group members is defined as the high 12 months and for mandatory integrated group members, the high 36 months. The percentage of earnings, the maximum years of credited service and the cost of living adjustment varies depending upon the retirement membership class and group.

Members who retire early receive normal retirement benefits reduced by a minimum of 2 percent to a maximum of 60 percent depending on the number of years early retirement precedes normal retirement. Disability benefits are contingent upon service-connected or non-service connected occurrences and total or partial permanent disablement. Death benefits are contingent upon service-connected or non-service connected occurrences. Effective July 1, 1989, when members terminate employment before their retirement date and after completion of five years of credited service, they may elect to leave their member contributions in the System and receive a pension upon reaching their normal retirement date, based on the amount of their normal retirement pension that has accrued to the date of termination. Vested benefits and eligibility requirements are described under Section 33-45 of the Montgomery County Code of 2001, as amended. A member who terminates employment prior to five years of credited service is refunded their accumulated contributions with interest.

Deferred Retirement Option Plans (DROP), established in 2000, allow any employee who is a member of a specified membership class or bargaining unit, and who meets certain eligibility requirements, to elect to "retire" but continue to work for a specified time period, during which pension payments are deferred. When the member's participation in the DROP Plan ends, the member must stop working for the County, draw a pension benefit based on the member's credited service and earnings as of the date that the member began to participate in the DROP Plan, and receive the value of the DROP Plan payoff.

For members of the GRIP, employee contributions vest immediately, and employer contributions are vested after three years of service or upon death, disability, or reaching retirement age. Members are fully vested upon reaching normal retirement (age 62) regardless of years of service. At separation, a participant's benefit is determined based upon the account balance which includes contributions and earnings.

Funding Policy

Required employee contribution rates varying from 6 to 11.25 percent of regular earnings are fixed and specified under Section 33-39 (a) of the Montgomery County Code of 2001, as amended. Employee contributions for the Elected Officials' Plan are 4 percent of regular earnings. The County and each participating agency are required to contribute the remaining amounts necessary to fund the System, using the actuarial basis as specified in Section 33-40 of the Montgomery County Code of 2001, as amended. Under the current procedures, an actuarial valuation is performed to determine the employer contribution rate for the System. The contribution rate developed is a percentage of active member payroll. The dollar amount of each year's employer contribution is determined by applying the contribution rate to the actual payroll for each year. Funding of the System during the period is the sum of the normal costs and amortization of the unfunded accrued liability over a twenty-year period.

NOTE IV. OTHER INFORMATION (Continued)

The GRIP, as defined in Section 33-35 of the Code, requires non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-40 of the Code requires the County and each participating agency to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the County reported a liability of \$42,214,310 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's proportion of Unfunded Accrued Actuarial Liability (UAAL) relative to the UAAL of all agencies, actuarially determined. At June 30, 2019, the County's proportion was 80.34% as compared to June 30, 2018 of 93.64%, a decrease of 13.30%.

For the fiscal year ended June 30, 2020 the County recognized pension expense of \$33,052,189. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 54,478,082
Assumption changes	-	62,002,879
Net difference between projected and actual earnings on pension plan investments	-	43,899,209
Changes in proportion and differences between		
County contributions and proportionate share of contributions	15,486,566	35,287,409
County contributions subsequent to the measurement date	85,250,104	-
Total	<u>\$ 100,736,670</u>	<u>\$ 195,667,579</u>

NOTE IV. OTHER INFORMATION (Continued)

The \$85,250,104 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2021	\$ (46,277,200)
2022	(72,723,553)
2023	(39,202,683)
2024	(21,977,577)

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2018
Measurement date	June 30, 2019
Actuarial cost method	Individual Entry Age Normal
Amortization method for funding	Level percentage of payroll, separate closed period bases for Public Safety and GRIP, single closed period amortization base for non-Public Safety.
Amortization period for funding	For Public Safety and GRIP: Initial amortization period of 20 years for the base established July 1, 2015. Initial amortization period of 20 years for subsequent bases. For non-Public Safety: Single closed amortization period of 9 years established July 1, 2015. Average amortization period of 4.5 years for total ERS.
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.50% per year
Projected salary increases depending on service	3.00% - 10.75% per year
Cost-of-living (inflation rate) adjustments	2.50% on the benefit attributable to credited service earned prior to June 30, 2011. 2.20% on the benefit attribution to credited service earned on or after July 1, 2011, reflecting the 2.50% cap.
Post-retirement increases	Consumer Price Index – by Group
Mortality rates after retirement	Pub-2010 Healthy Retiree Mortality Table (for General Employees), sex-distinct for healthy mortality. To provide a margin for future mortality improvements, generational mortality improvements from 2010 using projection scale MP- 2018 was used.

An experience study was conducted in September 2019 for the period July 1, 2014 to July 1, 2018. An actuarial experience study is conducted every five years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected rate of inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 (see Note III.A4 for discussion of the System's investment policy) are summarized in the following table:

NOTE IV. OTHER INFORMATION (Continued)

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	5.30%
International Equity	5.80
Emerging Market Equity	5.80
Global Equity	5.75
Private Equity	7.63
Credit Opportunities	6.05
High Yield Bonds	4.20
Directional Hedge Funds	5.02
Long Duration Fixed Income	2.55
Cash	0.95
Diversifying Hedge Funds	3.90
Global IIs	2.85
Private Real Assets	7.06
Public Real Assets	5.02

Discount Rate

The discount rate used to measure the total liability was 7.50%. The projection of cash flows to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and contributions from the County and other participating agencies will be made at a contractually required rate, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
County's proportionate share of the net pension liability	\$423,433,996	\$42,214,310	\$(278,563,351)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report by the Montgomery County Employee Retirement Plans.

Allocated Insurance Contract

On August 1, 1986, the County entered into an agreement with Aetna Life Insurance Company (Aetna) wherein Aetna accepted future responsibility for monthly payments to all members retired prior to January 1, 1986, in exchange for a lump sum payment. The County is liable for cost of living increases effective January 1, 1986, and later. The transactions related to this agreement have not been recognized in the System's financial statements.

2) Defined Contribution Plan

Plan Description

The Employees' Retirement Savings Plan (Plan) is a cost-sharing multiple-employer defined contribution plan established by the County under Section 33-114 of the County Code. Other agencies or political subdivisions have the right to elect participation. All non-public safety and certain public safety employees not represented by a collective bargaining agreement and hired on or after October 1, 1994, are covered under this Plan, unless they elect to participate in the GRIP. In addition to the County, other participant agencies include MCRA, HOC, the independent fire/rescue corporations, the Town of Chevy Chase, the Strathmore Hall Foundation, Inc., WSTC, and Montgomery County Employees Federal Credit Union. Employees covered under the defined benefit plan may make an irrevocable decision to move into this Plan, provided they are unrepresented employees, or represented by a collective bargaining agreement that allows for participation in this Plan.

NOTE IV. OTHER INFORMATION (Continued)

Under Section 33-116 of the Code, the Plan requires non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-117 of the Code requires the County and each participating agency to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively. Employee contributions and earnings thereon are always vested under this Plan and employer contributions and earnings thereon are vested after 3 years of service or upon death, disability, or retirement age of the employee. Members are fully vested upon reaching normal retirement age (62) regardless of years of service. At separation, a participant's benefit is determined based upon the account balance which includes contributions and investment gains or losses. The Board of Investment Trustees monitors the Plan and offers investment options to the participating employees. Required employer and employee contributions to this Plan for FY20 were \$21,231,795 and \$11,481,018, respectively. In accordance with IRS regulations and the County Code, \$200,000 in accumulated revenue was used to reduce employer contributions in FY20.

The Montgomery County Council passed legislation in FY09 enabling the County to establish and maintain a Guaranteed Retirement Income Plan (GRIP), a cash balance plan that is part of the Employees' Retirement System, for employees. During FY10, eligible County employees who were members of the Plan were granted the option to elect to participate in the GRIP and to transfer their Plan member account balance to the GRIP and cease being a member of the Plan.

3) State Retirement Plan

Plan Description

Certain employees of the County participate in the cost sharing multi-employer defined benefit retirement plans sponsored by the Maryland State Retirement Agency and administered by the Maryland State Retirement and Pension System (MSRP System). The MSRP System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to the employees of the State and participating governmental units. The MSRP System is administered by a 15-member Board of Trustees. The MSRP System issues a publicly available financial report that can be obtained at <http://www.sra.state.md.us>.

Benefits Provided

The MSRP System provides retirement allowances and other benefits to the covered employees. For employees who became members of the Employees Retirement and Pension System on or before June 30, 2011, retirement/pension allowances are computed using both the highest three years Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For employees, who become members on or after July 1, 2011, pension allowances are computed using both the highest five years AFC and the actual number of years of accumulated creditable service.

A member is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals $1/55$ (1.81%) of the member's AFC multiplied by the number of years of accumulated creditable service. An individual who is a member on or before June 30, 2011 is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member on or after July 1, 2011 is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least 65 and has accrued at least 10 years of eligibility service.

Contributions

The County and its covered employees are required by the State statute to contribute to the MSRP System. The required FY20 employee contributions vary from 5-7% of salary. The required employer contribution rate for FY20 is 18.58% of annual payroll, actuarially determined. The contribution requirements of the County and its covered employees are established and may be amended by the Board of Trustees of the MSRP System.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the County reported a liability of \$25,741,768 for its proportionate share of the net pension liability of the MSRP System. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

NOTE IV. OTHER INFORMATION (Continued)

The County's total proportionate share and change from prior year is as follows:

	FY20	FY19	Change
Montgomery County	0.0738626%	0.0724416%	0.0014210%
Montgomery County Public Libraries	0.0001828	0.0001883	(0.0000055)
Montgomery County (Supplemental)	0.0504355	0.0558433	(0.0054078)
Bethesda Fire Department	0.0001063	0.0001095	(0.0000032)
Chevy Chase Fire Department	0.0002177	0.0002242	(0.0000065)
Total	<u>0.1248049%</u>	<u>0.1288069%</u>	<u>(0.0040020%)</u>

Montgomery County has four withdrawn Participating Governmental Units (PGU) - Montgomery County, Montgomery County Public Library, Bethesda Fire Department and Chevy Chase Fire Department. The County is paying amortized amounts each fiscal year for these four withdrawn units over a forty-year period ending June 30, 2020.

For the year ended June 30, 2020, the County recognized pension expense of \$4,101,920. At June 30, 2020, the County reported the total amount of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 435,351	\$ 700,572
Investment return difference	522,370	-
Difference between actual and expected experience	-	1,782,503
Changes in proportion and differences between County contributions and proportionate share of contributions	656,069	-
County contributions subsequent to the measurement date	<u>2,636,630</u>	<u>-</u>
Total	<u>\$ 4,250,420</u>	<u>\$ 2,483,075</u>

The \$2,636,630 reported as deferred outflows of resources related to pensions resulting from the County subsequent to the measurement date will be recognized as a reduction in net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Amount
2021	\$ 809,671
2022	(623,019)
2023	(546,707)
2024	(267,097)
2025	(242,133)

NOTE IV. OTHER INFORMATION (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2019
Actuarial cost method	Individual Entry Age Normal
Actuarial assumptions:	
Inflation	2.65% general, 3.15% wage
Salary increases	3.10% to 11.6% per year including inflation
Investment rate of return	7.40% per year
Post-retirement benefit increases	2.19% to 3.10% per year for service prior to July 1, 2011 1.42% to 3.10% per year after June 30, 2011
Mortality rates after retirement	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projection using MP-2018 mortality improvement scale.

Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation as of June 30, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	37%	6.3%
Private Equity	13	7.5
Rate Sensitive	19	1.3
Credit Opportunity	9	3.9
Real Assets	14	4.5
Absolute Return	8	3.0
Total	100%	

The above was the Board of Trustees' adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2019. For the years ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expenses was 6.44%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A single discount rate of 7.40% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.40%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rate and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Total Proportionate Share of the Net Pension Liability to Changes in Discount Rate

The following presents the County's total proportionate share of the net pension liability calculated using 7.40%, as well as what the County's total proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point (6.40%) lower or 1-percentage-point higher (8.40%) than the current rate:

NOTE IV. OTHER INFORMATION (Continued)

	1% Decrease 6.40%	Discount Rate 7.40%	1% Increase 8.40%
County's proportionate share of the net pension liability	\$ 37,236,173	\$ 25,741,768	\$ 16,149,673

4) Length of Service Award Program (LOSAP)

Plan Description

Under Section 21-21 of the Montgomery County Code, the County has established a Length of Service Award Program (LOSAP) for the County's Department of Fire and Rescue Service volunteers who meet certain age and service criteria. This program is a single-employer defined benefit pension plan because the benefits are based on the age and years of service. According to the general accounting standards, volunteers who provide services to state and local governments are included as the employees of those governments. Any local fire and rescue volunteer is eligible for this program if the volunteer is at least 16 years old and satisfies the following conditions: (a) was an active volunteer on or after August 15, 1965 or (b) on August 15, 1965, had completed 25 years as an active volunteer and (c) if less than 18 years old, meets any additional requirements established by Executive regulation.

Benefit provisions for this program are established under Section 21-21(c - g) of the County Code. The types of benefits included in this program are monthly award payments, disability benefits, survivor's benefits, death benefits, and other benefits. Effective January 1, 1985, normal benefits are payable earlier of (a) at any age with 25 years of credited service, or (b) at least age 55 with 25 years of credited service as an active volunteer before 1996, or (c) age 60 with 15 years of credited service, or (d) age 65 with 10 years of credited service. The lifetime benefit is equal to (a) \$9.20 per month for each year of service up to 25 years plus (b) \$11.50 per month for each year of service as an active volunteer over 25 years. The maximum total benefit is \$345 per month. Benefits continue to accrue for service earned after payments commence. There is no provision with respect to benefit change for automatic cost of living adjustment. The benefit terms are established by and may be amended by the County Council.

The credited service is based on the point system as described under Section 21-21 (k) of the County Code. An active volunteer is one who accumulates at least 50 points in a calendar year under the point system. The points are not transferable to another year. An individual must not receive points for any activity performed as a County employee.

The number of members covered under this program as of December 31, 2018 are as follows:

Inactive members currently receiving benefit payment	597
Inactive members entitled to but not yet receiving benefits	334
Active members	1,047
Total	1,978

There is neither accumulated assets to pay benefits under this program nor there is any trust established for this program.

The County must pay benefits under this program from the fire tax funds as required under Section 21-21 (h) of the County Code. Benefit expenditures amounting to \$1,456,869 in FY20 are reported in the Fire Tax District Special Revenue Fund on a "pay-as-you-go" basis.

Total Pension Liability

The County's total pension liability of \$38,562,856 was measured as of June 30, 2019 and was determined by an actuarial valuation date of December 31, 2018 and rolled forward to the measurement date of June 30, 2019.

NOTE IV. OTHER INFORMATION (Continued)**Actuarial Assumptions**

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation date	December 31, 2018
Actuarial method	Entry Age Normal
Retirement Age	100 percent of members are assumed to commence benefits at earliest eligibility of: 1. Age 65 with 10 years of LOSAP service 2. Age 60 with 15 years of LOSAP service 3. Any age with 25 years of LOSAP service
Mortality	The Pub-2010 Healthy Retiree Mortality Table (for Safety Employees), sex distinct, with projected generational mortality improvements based on the MP-2018 table for post-retirement non-disabled mortality. The Pub-2010 Disabled Retiree Mortality Table (for Safety Employees), sex distinct, with projected generational mortality improvements based on the MP-2018 table for post-retirement disabled mortality. The Pub-2010 Employee Mortality Table (for Safety Employees), sex distinct, with projected generational mortality improvements based on the MP-2018 table for non-service connected pre-retirement mortality. 15% of the rates from the Pub-2010 Employee Mortality Table (for Safety Employees), sex distinct, with projected generational mortality improvements based on the MP-2018 table for non-service connected pre-retirement mortality. The mortality assumptions contain a provision for future mortality improvements.

Discount Rate

The discount rate used is a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. For this valuation, a discount rate of 3.31% was used to measure the total pension liability as of December 31, 2018. A discount rate of 3.13% was used to measure the total pension liability as of June 30, 2019.

The discount rate as of December 31, 2018 and June 30, 2019, respectively, are the fixed-income municipal bonds rate with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 29, 2018 and June 29, 2019, respectively. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following presents the total pension liability calculated using the discount rate of 3.13%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.13%) or 1-percentage-point higher (4.13%) than the current discount rate:

	1% Decrease 2.13%	Discount Rate 3.13%	1% Increase 4.13%
Total Pension liability	\$ 45,964,197	\$ 38,562,856	\$ 32,945,588

NOTE IV. OTHER INFORMATION (Continued)

Changes in the Total Pension Liability

	Total Pension Liability (a)
Balance at June 30, 2019	<u>\$ 36,439,585</u>
Changes for the year:	
Service cost	665,258
Interest on the Total Pension Liability	1,305,864
Difference between Expected and Actual	
Experience	(691,351)
Assumptions changes	2,247,328
Benefit Payments	<u>(1,403,828)</u>
Net Changes	<u>2,123,271</u>
Balance at June 30, 2020	<u>\$ 38,562,856</u>

The change in the Total Pension Liability, due to the change in the Single Discount Rate from 3.62% as of the beginning of the year to 3.13% as of the end of the year, is included as an assumption change.

There are no assets accumulated under this program to pay related benefits.

LOSAP Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to LOSAP

For the year ended June 30, 2020, the County recognized LOSAP Pension expense of \$961,953. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to LOSAP as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 369,912
Changes in assumptions	1,202,448	417,939
County benefit payment subsequent to the measurement date	<u>1,456,869</u>	<u>-</u>
Total	<u>\$ 2,659,317</u>	<u>\$ 787,851</u>

The \$1,456,869 reported as deferred outflows of resources related to pensions resulting from the County subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources will be recognized in future pension expense as follows:

Fiscal Year	Amount
2021	\$ 305,502
2022	109,095

G) Other Postemployment Benefits (OPEB)

Plan Description

Plan administration. During FY08, the Montgomery County Council enacted legislation (Bill No. 28-07) to establish a new trust effective July 1, 2007 to fund certain County retiree benefit plans. Effective July 1, 2011, the Montgomery County Council enacted legislation (Bill No. 17-11) to change the name to Consolidated Retiree Health Benefits Trust (CRHBT) due to the addition of County-funded agency retiree benefits plans. The County-funded agencies are MCPS and MC, both component units of the reporting entity. During FY20, the County contributed \$78,533,000 and \$5,391,000 to the CRHBT on behalf of MCPS and MC for the health benefits of its retirees. The Claims paid reflected on the accompanying financial statements include claims amounting to \$27,200,000 reimbursed to MCPS during FY20, as required per the County Council Resolution No. 19-128. The allocated portions of investments relating to MCPS and MC as of June 30, 2020 were \$544,025,303 and \$66,868,925, respectively, and these investments are included in the investments of the CRHBT as reflected on the accompanying financial statements.

The CRHBT is a cost-sharing multiple-employer defined benefit healthcare plan sponsored by the County. Other agencies and political subdivisions have the right to elect participation. The Board of Trustees (Board) has the exclusive authority to manage the assets of the CRHBT. The Board consists of nineteen trustees and functions as part of the County. A publicly available

NOTE IV. OTHER INFORMATION (Continued)

annual report that includes financial statements and required supplementary information for the CRHBT can be accessed on the County's website at <http://www.montgomerycountymd.gov/mcerp>, or can be obtained by writing the Montgomery County Employee Retirement Plans, 101 Monroe Street, Rockville, Maryland 20850.

Benefits provided. Substantially all retirees of the County, MCRA, HOC, WSTC, the Strathmore Hall Foundation, Inc., the Village of Friendship Heights, SkyPoint Federal Credit Union and certain retirees of the State Department of Assessments and Taxation, are provided postemployment benefits such as medical, life, dental, vision, and prescription coverage under the Montgomery County Group Insurance Plan (Plan). Retirees may also elect coverage for their eligible dependents. A member of the Employees' Retirement System of Montgomery County, who retires under a normal, early, disability or discontinued service retirement, is eligible for group insurance benefits under the Plan. However, the member is not eligible for group insurance benefits if the member leaves County service prior to retirement eligibility with a deferred vested benefit payable upon member's retirement date. A member of the Employees' Retirement Savings Plan or the GRIP is eligible for group insurance upon separation from service based upon the member's age and credited service at the time of separation. Postemployment benefit provisions and eligibility requirements for retirees are described under the Montgomery County Group Insurance Summary Plan Description.

Contributions

The County Council has the authority to establish and amend contribution requirements of the plan members and the County. The Plan is a contributory plan in which the County and the retired members and beneficiaries contribute, based on an actuarial valuation, certain amounts toward the current cost of healthcare benefits. During FY20, the County contributed \$78,533,000 and \$5,391,000 to the CRHBT on behalf of MCPS and MC for the health benefits of their retirees. The County and other contributing entities contributed \$88,939,381 including \$73,299,381 for current premiums, claims and administrative expenses, and \$15,640,000 toward prefunding future benefits. Contributions also include Medicare Part D contributions in the amount of \$13,625,461.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the County reported a liability of \$825,636,740 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on a projection of the County's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating agencies actuarially determined. At June 30, 2019 and 2018, the County's proportion was 96.743% and 97.064%, respectively, a decrease of 0.321%.

For the fiscal year ended June 30, 2020, the County recognized negative OPEB expense of \$19,289,346. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 302,652,593
Assumption changes	-	497,339,502
Net difference between projected and actual earnings on OPEB plan investments	-	11,511,479
Changes in proportion and differences between		
County contributions and proportionate share of contributions	-	12,555,528
County contributions subsequent to the measurement date	87,128,442	-
Total	<u>\$ 87,128,442</u>	<u>\$ 824,059,102</u>

The \$87,128,442 reported as deferred outflows of resources related to OPEB resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2021	\$ (147,202,492)
2022	(147,202,492)
2023	(147,202,492)
2024	(147,202,492)
2025	(144,324,622)
Thereafter	(90,924,512)

NOTE IV. OTHER INFORMATION (Continued)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2019
Measurement Date	June 30, 2019
Actuarial cost method	Entry Age Normal
Discount Rate	6.10%
20 Yr. Municipal Bond Rate	3.13%
Municipal Bond Rate Basis	Fidelity General Obligation 20 year Municipal Bond Index
Expected Return on Assets	7.50%
Salary Increases	4.25%-8.25%, depending on service
General Inflation	3.00%
Mortality:	
Healthy Retirees and Beneficiaries	Group A, H, J, GRIP - Pub-2010 Healthy Mortality, Headcount weighted, General Employees, Sex Distinct, Fully Generational projected from 2010 using scale MP-2018 Group E, F, G - Pub-2010 Healthy Mortality, Headcount weighted, Public Safety Employees, Sex Distinct, Fully Generational projected from 2010 using scale MP-2018
Disabled Retirees	Group A, H, J, GRIP - Pub-2010 Disabled Mortality, Headcount weighted, General Employees, Sex Distinct, Fully Generational projected from 2010 using scale MP-2018 Group E, F, G - Pub-2010 Disabled Mortality, Headcount weighted, Public Safety Employees, Sex Distinct, Fully Generational projected from 2010 using scale MP-2018
Health care cost trend rates:	The medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model, version 2019 b. The model was adjusted to include the effects of the Cadillac tax set to take effect in 2022. The initial rate is 5.4% and the ultimate rate is 3.68%.

The actuarial assumptions used in the June 30, 2019 valuation, with the exception of the mortality assumptions, were based on the results of an actuarial experience study conducted by the County in September 2019 for the period July 1, 2014 to July 1, 2018.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2019 (see Note III.A4 discussion of the OPEB plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	5.30%
International Equity	5.80
Emerging Market Equity	5.80
Global Equity	5.75
Private Equity	7.63
Credit Opportunities	6.05
High Yield Bonds	4.20
Directional Hedge Funds	5.02
Long Duration Fixed Income	2.55
Cash	0.95
Diversifying Hedge Funds	3.90
Global IIs	2.85
Private Real Assets	7.06
Public Real Assets	5.02

NOTE IV. OTHER INFORMATION (Continued)

A single discount rate of 6.10% was used to measure the total OPEB liability as of June 30, 2019. This single discount rate was blended based on the expected long term rate of return on OPEB plan investments of 7.5% and the municipal long term high quality bond index yield (at the measurement date) of 3.13% as described under the terms of the GASB standard. The projection of cash flows used to determine the single discount rate assumes that employer contributions will be made based on the current funding policy (contributions equal to the employer normal cost plus a 30-year open level percent of pay amortization of the unfunded employer liability). Based on these assumptions, the OPEB plan's fiduciary net position was projected to not be sufficient to make all projected future benefit payments on behalf of current plan members. Therefore, the long-term expected rate of return on plan investments was applied only to those payments prior to the depletion of the fiduciary net position and the bond yield index rate was applied to those benefit payments subsequent to the projected depletion of the fiduciary net position. For this valuation, the bond rate used as of June 30, 2019 was 3.13%. Therefore, the blended discount rate used as of June 30, 2019 was 6.10%

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability calculated using the discount rate of 6.10%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.10%) or 1-percentage-point higher (7.10%) than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	5.10%	6.10%	7.10%
Net OPEB Liability	\$1,018,733,249	\$ 825,636,740	\$ 667,650,092

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percent-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 659,633,551	\$ 825,636,740	\$1,033,034,577

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report by the Montgomery County Employee Retirement Plans.





REQUIRED SUPPLEMENTARY INFORMATION



RSI-1

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget			Variance Positive
	Original Budget	Final Budget	Actual	(Negative)
Revenues:				
Taxes:				
Property	\$ 1,293,461,734	\$ 1,293,461,734	\$ 1,265,004,222	\$ (28,457,512)
Property - penalty and interest	-	-	2,037,241	2,037,241
Total Property Tax	1,293,461,734	1,293,461,734	1,267,041,463	(26,420,271)
County Income Tax	1,640,319,299	1,640,319,298	1,700,584,077	60,264,779
Other Local Taxes:				
Real property transfer	126,310,000	126,310,000	115,719,567	(10,590,433)
Recordation	56,452,241	56,452,241	57,692,541	1,240,300
Fuel energy	198,918,812	198,918,812	186,975,365	(11,943,447)
Hotel-motel	22,632,286	22,632,286	14,875,525	(7,756,761)
Telephone	56,316,832	56,316,832	53,664,543	(2,652,289)
Other	5,341,098	5,341,098	4,171,537	(1,169,561)
Total Other Local Taxes	465,971,269	465,971,269	433,099,078	(32,872,191)
Total Taxes	3,399,752,302	3,399,752,301	3,400,724,618	972,317
Licenses and Permits:				
Business	5,518,710	5,518,710	3,603,728	(1,914,982)
Non business	7,590,600	7,590,600	7,277,161	(313,439)
Total Licenses and Permits	13,109,310	13,109,310	10,880,889	(2,228,421)
Intergovernmental Revenue:				
State Aid and Reimbursements:				
DHR State reimbursement	39,000	39,000	35,602	(3,398)
Highway user revenue	8,218,086	8,218,086	7,185,109	(1,032,977)
Police protection	14,324,844	14,324,844	18,264,294	3,939,450
Health and human services programs	5,690,147	5,690,147	4,429,226	(1,260,921)
Public libraries	6,683,000	6,683,000	5,294,733	(1,388,267)
911 Emergency	12,000,000	12,000,000	10,621,575	(1,378,425)
Other	2,329,285	2,329,285	590,507	(1,738,778)
Total State Aid and Reimbursements	49,284,362	49,284,362	46,421,046	(2,863,316)
Federal Reimbursements:				
Federal financial participation	15,698,300	25,998,300	18,688,008	(7,310,292)
Other	6,376,498	6,376,498	6,321,020	(55,478)
Total Federal Reimbursements	22,074,798	32,374,798	25,009,028	(7,365,770)
Other Intergovernmental	4,134,970	4,134,970	3,932,216	(202,754)
Total Intergovernmental Revenue	75,494,130	85,794,130	75,362,290	(10,431,840)
Charges for Services:				
General government	2,553,583	2,553,583	2,325,797	(227,786)
Public safety	5,854,700	5,854,700	3,931,979	(1,922,721)
Health and human services	1,163,850	1,163,850	968,686	(195,164)
Culture and recreation	20,000	20,000	41,188	21,188
Environment	-	-	27,000	27,000
Public works and transportation	735,000	735,000	599,656	(135,344)
Total Charges for Services	10,327,133	10,327,133	7,894,306	(2,432,827)
Fines and forfeitures	35,452,650	35,452,650	29,516,285	(5,936,365)
Investment Income:				
Pooled investment income	1,562,720	1,562,720	(5,368,376)	(6,931,096)
Other interest income	-	-	902	902
Total Investment Income	1,562,720	1,562,720	(5,367,474)	(6,930,194)
Miscellaneous Revenue:				
Property rentals	4,603,593	4,603,593	4,723,343	119,750
Sundry	5,938,628	6,204,745	9,786,963	3,582,218
Total Miscellaneous Revenue	10,542,221	10,808,338	14,510,306	3,701,968
Total Revenues	3,546,240,466	3,556,806,582	3,533,521,220	(23,285,362)

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Expenditures:				
Departments or Offices:				
County Council:				
Personnel	11,657,663	10,759,779	10,759,776	3
Operating	755,752	1,990,077	1,140,335	849,742
Totals	12,413,415	12,749,856	11,900,111	849,745
Board of Appeals:				
Personnel	524,174	526,865	525,167	1,698
Operating	36,239	36,239	22,547	13,692
Totals	560,413	563,104	547,714	15,390
Legislative Oversight:				
Personnel	1,832,877	1,987,726	1,987,718	8
Operating	44,634	42,281	30,673	11,608
Totals	1,877,511	2,030,007	2,018,391	11,616
Merit System Protection Board:				
Personnel	243,634	250,372	250,368	4
Operating	14,504	13,054	8,347	4,707
Totals	258,138	263,426	258,715	4,711
Zoning and Administrative Hearings:				
Personnel	623,608	614,147	610,456	3,691
Operating	59,975	69,436	63,070	6,366
Totals	683,583	683,583	673,526	10,057
Inspector General:				
Personnel	1,155,123	1,329,233	908,901	420,332
Operating	76,674	175,445	106,798	68,647
Totals	1,231,797	1,504,678	1,015,699	488,979
Circuit Court:				
Personnel	10,190,019	10,133,464	10,133,462	2
Operating	2,348,016	2,936,065	2,936,060	5
Totals	12,538,035	13,069,529	13,069,522	7
State's Attorney:				
Personnel	17,796,617	18,138,847	18,138,844	3
Operating	773,325	965,423	958,133	7,290
Totals	18,569,942	19,104,270	19,096,977	7,293
County Executive:				
Personnel	5,159,841	4,935,290	4,935,288	2
Operating	751,703	1,319,899	1,319,893	6
Totals	5,911,544	6,255,189	6,255,181	8
Community Engagement Cluster:				
Personnel	3,977,679	3,879,049	3,450,272	428,777
Operating	765,124	902,893	902,886	7
Totals	4,742,803	4,781,942	4,353,158	428,784
Ethics Commission:				
Personnel	428,443	432,446	321,071	111,375
Operating	38,883	38,883	37,911	972
Totals	467,326	471,329	358,982	112,347
Intergovernmental Relations:				
Personnel	937,422	957,408	957,405	3
Operating	193,314	85,155	85,153	2
Totals	1,130,736	1,042,563	1,042,558	5
Public Information:				
Personnel	5,178,958	5,457,968	5,457,958	10
Operating	190,354	377,104	377,103	1
Totals	5,369,312	5,835,072	5,835,061	11
Board of Elections:				
Personnel	4,337,036	4,506,800	4,506,796	4
Operating	3,897,230	4,299,910	4,299,906	4
Totals	8,234,266	8,806,710	8,806,702	8

RSI-1 (Continued)

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
County Attorney:				
Personnel	5,629,687	5,627,527	5,627,525	2
Operating	712,282	802,570	802,569	1
Totals	6,341,969	6,430,097	6,430,094	3
Management and Budget:				
Personnel	4,996,287	4,852,899	4,776,273	76,626
Operating	210,000	402,639	256,007	146,632
Totals	5,206,287	5,255,538	5,032,280	223,258
Finance:				
Personnel	12,790,438	11,893,725	10,812,025	1,081,700
Operating	2,735,514	5,119,986	4,974,495	145,491
Totals	15,525,952	17,013,711	15,786,520	1,227,191
Office of Procurement:				
Personnel	4,125,315	4,030,869	3,482,317	548,552
Operating	340,302	523,138	456,462	66,676
Totals	4,465,617	4,554,007	3,938,779	615,228
Human Resources:				
Personnel	6,015,381	5,624,704	5,387,653	237,051
Operating	2,896,040	3,826,068	3,781,984	44,084
Totals	8,911,421	9,450,772	9,169,637	281,135
Technology Services:				
Personnel	24,033,874	21,700,734	20,507,277	1,193,457
Operating	19,839,290	26,359,120	26,359,114	6
Totals	43,873,164	48,059,854	46,866,391	1,193,463
General Services:				
Personnel	14,628,719	15,537,441	15,537,438	3
Operating	17,443,194	29,313,698	29,267,695	46,003
Totals	32,071,913	44,851,139	44,805,133	46,006
Consumer Protection:				
Personnel	2,256,436	2,259,154	2,193,073	66,081
Operating	122,281	178,183	133,350	44,833
Totals	2,378,717	2,437,337	2,326,423	110,914
Corrections and Rehabilitation:				
Personnel	63,296,922	66,412,377	66,412,368	9
Operating	7,318,148	7,761,286	7,761,281	5
Totals	70,615,070	74,173,663	74,173,649	14
Human Rights:				
Personnel	1,139,554	1,159,882	1,159,878	4
Operating	143,076	150,751	150,751	-
Totals	1,282,630	1,310,633	1,310,629	4
Police:				
Personnel	245,595,476	246,277,181	246,277,181	-
Operating	49,566,853	48,686,325	48,170,277	516,048
Totals	295,162,329	294,963,506	294,447,458	516,048
Sheriff:				
Personnel	21,227,560	22,893,899	22,893,898	1
Operating	3,162,450	3,082,982	3,082,982	-
Totals	24,390,010	25,976,881	25,976,880	1
Homeland Security:				
Personnel	1,153,834	1,231,087	1,231,085	2
Operating	250,328	969,006	968,999	7
Totals	1,404,162	2,200,093	2,200,084	9
Transportation:				
Personnel	23,738,503	23,470,713	23,470,705	8
Operating	22,442,285	25,320,488	25,271,483	49,005
Totals	46,180,788	48,791,201	48,742,188	49,013

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Health and Human Services:				
Personnel	136,587,318	130,697,677	130,697,670	7
Operating	112,399,931	123,852,117	123,580,117	272,000
Totals	248,987,249	254,549,794	254,277,787	272,007
Libraries:				
Personnel	34,196,298	32,945,201	32,945,195	6
Operating	8,562,688	8,849,144	8,849,142	2
Totals	42,758,986	41,794,345	41,794,337	8
Housing and Community Affairs:				
Personnel	7,003,589	7,012,470	6,661,338	351,132
Operating	1,399,519	1,474,373	1,450,582	23,791
Totals	8,403,108	8,486,843	8,111,920	374,923
Office of Agriculture:				
Personnel	685,089	691,382	644,945	46,437
Operating	321,283	333,586	330,241	3,345
Totals	1,006,372	1,024,968	975,186	49,782
Environmental Protection:				
Personnel	2,089,141	1,921,110	1,811,877	109,233
Operating	1,035,004	1,467,305	1,440,026	27,279
Totals	3,124,145	3,388,415	3,251,903	136,512
Total Departments	936,078,710	971,874,055	964,849,575	7,024,480
Nondepartmental:				
Arts Council - operating	5,623,159	5,623,159	5,623,159	-
Boards, Committees and Commissions	22,950	22,950	16,635	6,315
Charter Review Commission	1,150	1,150	-	1,150
Children's Opportunity Fund	375,000	375,000	375,000	-
Climate Change Initiative	400,000	400,000	400,001	(1)
Community grants	12,876,982	13,169,663	12,963,646	206,017
Compensation adjustment - personnel	1,536,197	1,024,798	153,588	871,210
Compensation adjustment - operating	596,300	604,195	604,194	1
Conference Center - personnel	155,616	156,106	156,098	8
Conference Center - operating	505,915	505,425	6,603	498,822
Conferences & Visitors Bureau	1,584,260	1,919,890	1,919,889	1
Consolidated Retiree Health Benefits Trust (MC)	5,391,000	5,391,000	5,391,000	-
Consolidated Retiree Health Benefits Trust (MCPS)	78,533,000	78,533,000	78,533,000	-
Contrib. To Self Ins Fund - Risk Mg	19,791,523	19,791,523	18,909,090	882,433
County Associations	74,728	74,728	74,728	-
County Leases - personnel	100,000	90,000	53,695	36,305
County Leases - operating	21,046,823	19,963,732	19,963,734	(2)
COVID-19 Response - Community Assistance	-	24,050,020	5,760,717	18,289,303
COVID-19 Response - Hospital Response	-	10,000,000	10,000,000	-
Device Client Management	8,006,200	8,661,871	8,661,862	9
Early Care and Education	5,992,589	5,992,589	2,797,458	3,195,131
Grants To Muni Lieu Of Shared Tax	28,020	28,020	28,012	8
Group Insurance Retirees	46,113,000	46,113,000	46,113,000	-
Historical Activities	150,000	150,000	150,000	-
Homeowners' Association Roads	62,089	62,089	62,089	-
Independent Audit	425,464	441,744	306,280	135,464
Innovation Fund	750,000	750,000	-	750,000
Interagency tech, policy and coord comm - operating	3,000	3,000	-	3,000
Legislative Branch Communications Outreach	888,007	1,840,819	1,764,010	76,809
MEDCO Grant Incubator Network	3,025,173	3,266,592	2,555,819	710,773
Metro Washington Council Of Govts	1,684,519	1,717,059	1,717,057	2
Mont Coalition Adult English Literacy	1,857,058	1,857,058	1,857,058	-
Mont. County Economic Development Corp.	5,007,750	5,541,866	5,541,865	1
Motor Pool Fund	283,861	283,861	-	283,861

RSI-1 (Continued)

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Municipal Tax Duplication	8,314,330	8,314,330	8,297,777	16,553
Prisoner Medical Services	20,000	20,000	-	20,000
Public Technologies Inc	20,000	20,000	20,000	-
Rebate Takoma Park For Police	1,126,765	1,172,725	1,172,721	4
Retiree Health Benefits Trust	34,680,830	34,680,830	13,544,360	21,136,470
Rockville Parking District	420,000	420,000	412,409	7,591
Skills for the Future	250,000	250,000	175,000	75,000
Snow Removal	2,884,990	-	-	-
State Positions Supplement	60,756	60,756	-	60,756
State Property Tax Services	3,565,615	3,565,615	3,470,461	95,154
State Retirement Contribution	1,596,360	1,596,360	1,596,360	-
Takoma Park - Lib Transition	188,329	188,329	182,499	5,830
Telecommunications	5,356,382	6,217,053	6,217,049	4
Utilities	25,977,301	24,035,295	24,035,289	6
Vision Zero	175,000	208,370	174,123	34,247
Working Families Income Supplement	20,105,090	20,921,950	20,921,947	3
WorkSource Montgomery	1,690,594	2,635,391	2,635,391	-
Total - Nondepartmental	329,323,675	362,712,911	315,314,673	47,398,238
Total Expenditures	1,265,402,385	1,334,586,966	1,280,164,248	54,422,718
Excess of Revenues over (under) Expenditures	2,280,838,081	2,222,219,616	2,253,356,972	28,647,232
Other Financing Sources (Uses):				
Transfers In:				
Special Revenue Funds:				
Fire Tax District	120,750	120,750	120,750	-
Recreation	7,222,541	7,222,541	7,222,541	-
Mass Transit	16,693,872	16,693,872	16,693,872	-
Water Quality Protection	2,037,980	2,037,980	2,037,980	-
Urban Districts	866,158	866,158	866,158	-
Housing Activities	476,191	476,191	476,191	-
Cable TV	4,544,126	4,544,126	4,544,126	-
Total Special Revenue Funds	31,961,618	31,961,618	31,961,618	-
Enterprise Funds:				
Liquor	28,400,899	30,100,899	30,100,899	-
Parking Lot Districts	1,125,048	1,125,048	1,125,048	-
Solid Waste Activities	3,535,853	3,535,853	3,535,853	-
Community Use of Public Facilities	928,770	928,770	928,770	-
Permitting Services	6,588,136	6,479,116	6,479,116	-
Total Enterprise Funds	40,578,706	42,169,686	42,169,686	-
Internal Service Funds:				
Motor Pool	-	250,000	-	(250,000)
Total Internal Service Funds	-	250,000	-	(250,000)
Total Transfers In	72,540,324	74,381,304	74,131,304	(250,000)
Total Transfers In - MCG	72,540,324	74,381,304	74,131,304	(250,000)

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Transfers (Out):				
Special Revenue Funds:				
Recreation	(1,009,700)	(1,009,700)	(1,009,700)	-
Fire Tax District	(250,000)	(250,000)	(250,000)	-
Urban Districts	(3,199,719)	(3,259,719)	(3,259,719)	-
Mass Transit	(531,310)	(531,310)	(531,310)	-
Revenue Stabilization	(16,644,503)	(34,568,978)	(26,820,183)	7,748,795
Housing Activities	(25,342,876)	(25,342,876)	(25,342,876)	-
Economic Development	(5,145,913)	(32,645,913)	(4,718,987)	27,926,926
Total Special Revenue Funds	<u>(52,124,021)</u>	<u>(97,608,496)</u>	<u>(61,932,775)</u>	<u>35,675,721</u>
Internal Service Funds:				
Self insurance liability and property	-	(4,500,000)	(4,500,000)	-
Motor Pool	(283,861)	(283,861)	(273,319)	10,542
Total Internal Service Funds	<u>(283,861)</u>	<u>(4,783,861)</u>	<u>(4,773,319)</u>	<u>10,542</u>
Enterprise Funds:				
Community Use of Public Facilities	(160,000)	(160,000)	(160,000)	-
Solid Waste Activities	(1,536,170)	(1,536,170)	(1,536,170)	-
Total Enterprise Funds	<u>(1,696,170)</u>	<u>(1,696,170)</u>	<u>(1,696,170)</u>	-
Debt Service Fund	(346,834,960)	(346,834,960)	(341,615,901)	5,219,059
Capital Projects Fund	(1,911,000)	(66,055,404)	(46,177,189)	19,878,215
Total Transfers (Out)	<u>(402,850,012)</u>	<u>(516,978,891)</u>	<u>(456,195,354)</u>	<u>60,783,537</u>
Transfers (Out) - Component Units:				
Montgomery County Public Schools - operating	(1,736,607,016)	(1,738,807,016)	(1,734,278,550)	4,528,466
Montgomery County Public Schools - capital	(1,369,000)	(24,399,840)	(12,974,000)	11,425,840
Total Montgomery County Public Schools	<u>(1,737,976,016)</u>	<u>(1,763,206,856)</u>	<u>(1,747,252,550)</u>	<u>15,954,306</u>
Montgomery College - operating	(147,564,017)	(147,564,017)	(147,564,017)	-
Montgomery College - capital	(13,584,000)	(30,307,561)	(15,861,708)	14,445,853
Total Montgomery College	<u>(161,148,017)</u>	<u>(177,871,578)</u>	<u>(163,425,725)</u>	<u>14,445,853</u>
Housing Opportunity Commission - operating	(6,788,049)	(6,788,049)	(6,687,845)	100,204
Housing Opportunity Commission - capital	(1,350,000)	(12,792,659)	-	12,792,659
Total Housing Opportunity Commission	<u>(8,138,049)</u>	<u>(19,580,708)</u>	<u>(6,687,845)</u>	<u>12,892,863</u>
M-NCPPC - operating	(1,491,700)	(1,791,700)	(1,391,700)	400,000
Total Transfers (Out) - Component Units and JV	<u>(1,908,753,782)</u>	<u>(1,962,450,842)</u>	<u>(1,918,757,820)</u>	<u>43,693,022</u>
Total Transfers (Out) - MCG	<u>(2,311,603,794)</u>	<u>(2,479,429,733)</u>	<u>(2,374,953,174)</u>	<u>104,476,559</u>
Total Other Financing Sources (Uses)	<u>(2,239,063,470)</u>	<u>(2,405,048,429)</u>	<u>(2,300,821,870)</u>	<u>104,226,559</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 41,774,611</u>	<u>\$ (182,828,813)</u>	<u>(47,464,898)</u>	<u>\$ 135,363,915</u>
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			48,141,465	
Conference center activity			(3,656,849)	
Other non budgeted items			(4,861,030)	
Consolidation:				
Revenue Stabilization			34,736,776	
Economic Development			(3,443,328)	
Urban Districts			(274,499)	
GAAP - Net Change in Fund Balance			<u>23,177,637</u>	
Fund Balance - Beginning of Year			<u>558,838,972</u>	
Fund Balance - End of Year			<u>\$ 582,016,609</u>	

RSI-2

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
HOUSING INITIATIVE SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes - recordation premium	\$ 16,467,562	\$ 16,467,562	\$ 18,406,468	\$ 1,938,906
Charges for services	70,200	70,200	82,802	12,602
Investment Income:				
Pooled investment income	1,265,250	1,265,250	722,580	(542,670)
Other interest income	1,500,000	1,500,000	3,729,370	2,229,370
Total Investment Income	2,765,250	2,765,250	4,451,950	1,686,700
Miscellaneous:				
Property rentals, MPDU and other contributions	941,756	941,756	851,166	(90,590)
Total Miscellaneous	941,756	941,756	851,166	(90,590)
Total Revenues	20,244,768	20,244,768	23,792,386	3,547,618
Expenditures: Community development and housing				
Personnel	2,317,280	2,085,560	1,988,498	97,062
Operating	38,763,431	49,918,727	28,399,708	21,519,019
Total Expenditures	41,080,711	52,004,287	30,388,206	21,616,081
Excess of Revenues over (under) Expenditures	(20,835,943)	(31,759,519)	(6,595,820)	(25,163,699)
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	25,342,876	25,342,876	25,342,876	-
From Capital Projects Fund	-	-	14,071,098	14,071,098
To General Fund	(476,191)	(476,191)	(476,191)	-
To Debt Service Fund	(9,623,700)	(9,623,700)	(9,736,208)	(112,508)
To Capital Projects Fund	-	-	(7,414,018)	(7,414,018)
Mortgage repayment	2,700,000	2,700,000	12,433,112	9,733,112
Sale of property	1,000,000	1,000,000	1,556,849	556,849
Total Other Financing Sources (Uses)	18,942,985	18,942,985	35,777,518	16,834,533
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (1,892,958)	\$ (12,816,534)	29,181,698	\$ 41,998,232
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			474,058	
Repayment of loan principal not considered revenue under GAAP			(12,433,112)	
Non budgeted Item - Bad debt expense			72,979	
GAAP - Net Change in Fund Balance			17,295,623	
Fund Balance - Beginning of Year			293,478,407	
Fund Balance - End of Year			\$ 310,774,030	

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
GRANTS SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Intergovernmental:				
Federal grants	\$ 32,249,914	\$ 67,635,794	\$ 83,830,358	\$ 16,194,564
State grants	84,484,346	62,015,324	62,075,511	60,187
Other non-state and non-federal reimbursements	489,191	663,112	1,158,600	495,488
Total Intergovernmental	117,223,451	130,314,230	147,064,469	16,750,239
Investment income:				
Other principal and interest income	2,000,000	2,000,000	729,978	(1,270,022)
Total Investment Income	2,000,000	2,000,000	729,978	(1,270,022)
Miscellaneous	-	223,113	-	(223,113)
Total Revenues	119,223,451	132,537,343	147,794,447	15,257,104
Expenditures:				
General Government:				
Circuit Court:				
Personnel costs	2,404,299	2,583,034	2,564,393	18,641
Operating	318,079	256,351	226,663	29,688
Totals	2,722,378	2,839,385	2,791,056	48,329
Office of State's Attorney:				
Personnel costs	271,726	271,896	275,932	(4,036)
Operating	-	25,000	40,735	(15,735)
Totals	271,726	296,896	316,667	(19,771)
Intergovernmental Relations:				
Operating	15,335	16,613	16,611	2
Totals	15,335	16,613	16,611	2
Community Engagement Cluster:				
Personnel costs	64,465	121,465	64,240	57,225
Operating	-	581,700	41,800	539,900
Totals	64,465	703,165	106,040	597,125
Board of Elections:				
Operating	-	-	31,484	(31,484)
Totals	-	-	31,484	(31,484)
County Attorney:				
Operating	-	-	17,592	(17,592)
Totals	-	-	17,592	(17,592)
Finance:				
Operating	-	25,000,000	18,484,035	6,515,965
Totals	-	25,000,000	18,484,035	6,515,965
Office of Procurement:				
Operating	-	-	6,385	(6,385)
Totals	-	-	6,385	(6,385)
General Services:				
Operating	-	-	7,867,893	(7,867,893)
Totals	-	-	7,867,893	(7,867,893)
Technology Services:				
Operating	-	-	69,089	(69,089)
Totals	-	-	69,089	(69,089)
Total General Government	3,073,904	28,856,059	29,706,852	(850,793)
Public Safety:				
Department of Corrections and Rehabilitation:				
Operating	-	18,750	68,750	(50,000)
Totals	-	18,750	68,750	(50,000)

RSI-3 (Continued)

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Department of Fire and Rescue Services:				
Personnel costs	418,840	2,555,734	2,126,218	429,516
Operating	-	940,041	1,229,495	(289,454)
Totals	418,840	3,495,775	3,355,713	140,062
Department of Police:				
Personnel costs	148,000	776,918	566,768	210,150
Operating	17,000	899,044	688,467	210,577
Totals	165,000	1,675,962	1,255,235	420,727
Office of the County Sheriff:				
Personnel costs	717,568	2,037,502	593,136	1,444,366
Operating	273,262	821,912	194,618	627,294
Totals	990,830	2,859,414	787,754	2,071,660
Office of Emergency Management & Homeland Security:				
Personnel costs	962,551	2,131,027	1,176,127	954,900
Operating	-	9,859,144	10,467,723	(608,579)
Totals	962,551	11,990,171	11,643,850	346,321
Total Public Safety	2,537,221	20,040,072	17,111,302	2,928,770
Transportation:				
Department of Transportation:				
Personnel costs	1,726,129	1,726,129	1,220,460	505,669
Operating	3,467,069	4,148,483	3,250,847	897,636
Total Transportation	5,193,198	5,874,612	4,471,307	1,403,305
Health and Human Services:				
Department of Health and Human Services:				
Personnel costs	46,895,408	51,813,550	48,733,505	3,080,045
Operating	32,064,846	36,469,004	36,618,212	(149,208)
Total Health and Human Services	78,960,254	88,282,554	85,351,717	2,930,837
Culture and Recreation:				
Department of Libraries:				
Personnel costs	217,108	217,108	199,446	17,662
Operating	88,469	213,887	194,746	19,141
Totals	305,577	430,995	394,192	36,803
Department of Recreation:				
Personnel costs	79,073	79,073	97,548	(18,475)
Operating	-	7,200	112,348	(105,148)
Totals	79,073	86,273	209,896	(123,623)
Total Culture and Recreation	384,650	517,268	604,088	(86,820)
Housing:				
Department of Permitting Service:				
Operating	-	-	2,070	(2,070)
Totals	-	-	2,070	(2,070)
Department of Housing and Community Affairs:				
Personnel costs	2,382,462	3,382,462	1,893,973	1,488,489
Operating	6,691,762	15,427,594	7,362,083	8,065,511
Totals	9,074,224	18,810,056	9,256,056	9,554,000
Total Housing	9,074,224	18,810,056	9,258,126	9,551,930
Alcohol Beverage Services:				
Personnel costs	-	-	(88)	88
Total Alcohol Beverage Services	-	-	(88)	88
Nondepartmental:				
Compensation and Employee Benefit	619,888	-	-	-
Device Client Management	-	-	78,598	(78,598)
Early Care and Education	-	10,000,000	-	10,000,000
Future Grants - Operating	20,000,000	(10,292,684)	-	(10,292,684)
Innovation Fund	-	-	71,545	(71,545)
Mont. County Economic Development Corp.	-	1,600,000	1,141,000	459,000
Total Nondepartmental	20,619,888	1,307,316	1,291,143	16,173
Total Expenditures	119,843,339	163,687,937	147,794,447	15,893,490
Excess of Revenues over (under) Expenditures	(619,888)	(31,150,594)	-	(31,150,594)

RSI-3 (Continued)

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Other Financing Sources (Uses):				
Transfers In:				
Mass Transit Special Revenue Fund	-	340,000	-	(340,000)
Total Transfers In	-	340,000	-	(340,000)
Total Other Financing Sources (Uses)	-	340,000	-	(340,000)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(619,888)	(30,810,594)	-	30,810,594

Adjustments required under generally accepted accounting principles:

GAAP - Net Change in Fund Balance	-
Fund Balance - Beginning of Year	216,034
Fund Balance - End of Year	<u>\$ 216,034</u>

Reconciliation of Budgetary Schedule to GAAP Basis

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:

	Revenues	Expenditures & Encumbrances	Other Financing Sources (Uses)	Effect on Fund Balance
As reported - budgetary basis	\$ 147,794,447	\$ 147,794,447	\$ -	\$ -
Reconciling items:				
Encumbrances	(6,581,148)	(6,581,148)	-	-
As reported - GAAP basis	<u>\$ 141,213,299</u>	<u>\$ 141,213,299</u>	<u>\$ -</u>	<u>\$ -</u>

**REQUIRED SUPPLEMENTARY INFORMATION
CONSOLIDATED RETIREE HEALTH BENEFITS TRUST
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST 10 FISCAL YEARS**

Fiscal Year Ended June 30	County's Proportion		Share of the Net OPEB Liability as a % of its Covered Payroll	County's Covered Payroll	Plan Fiduciary Net Position as a % of Total OPEB Liability
	% of Net OPEB Liability	Share of the Net OPEB Liability			
2018	97.62%	\$ 1,486,051,494	202.70%	\$ 733,142,945	22.38%
2019	97.06	1,291,983,847	173.74	743,618,488	26.99
2020	96.74	825,636,742	108.66	759,800,866	39.35

**SCHEDULE OF COUNTY CONTRIBUTIONS
LAST 10 FISCAL YEARS**

Fiscal Year Ended June 30	Contributions in Relation to Contractually Required Contributions		Contribution Deficiency (excess)	County's Covered Payroll	Actual Contributions as a % of Covered Payroll
	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions			
2018	\$ 110,024,000	\$ 119,823,414	\$ (9,799,414)	\$ 743,618,488	16.11%
2019	114,025,000	61,184,301	52,840,699	759,800,866	8.05
2020	112,936,000	74,434,514	38,501,486	779,489,090*	9.55

These two schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

*Estimated. Actual will be available with the fiscal year 2021 GASB 75 valuation.

**REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS**

Fiscal Year Ending June 30	County's Proportion		Share of the Net Pension Liability as a % of its Covered Payroll	County's Covered Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
	% of Net Pension Liability	Share of the Net Pension Liability			
2015	97.79%	\$ 298,751,284	75.83%	\$ 393,995,026	92.28%
2016	96.94	407,854,987	100.48	405,915,489	89.69
2017	96.36	521,396,382	126.54	412,057,017	87.06
2018	94.78	324,129,748	76.97	421,097,825	92.00
2019	93.64	180,738,135	41.25	438,197,425	95.55

**SCHEDULE OF COUNTY CONTRIBUTIONS
LAST 10 FISCAL YEARS**

Fiscal Year Ending June 30	Contributions in Relation to		Contribution Deficiency (excess)	County's Covered Payroll	Contribution as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution			
2015	\$ 141,511,591	\$ 141,511,591	\$ -	\$ 405,915,489	34.86%
2016	146,672,030	146,672,030	-	412,057,017	35.60
2017	129,899,308	129,899,308	-	421,097,825	30.85
2018	90,422,232	90,422,232	-	438,197,425	20.64
2019	87,235,355	87,235,355	-	382,929,175	22.78
2020	69,564,401	69,564,401	-	469,961,889*	14.80

These two schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

* Estimated. Actual will be available with the fiscal year 2021 GASB 68 valuation.

REQUIRED SUPPLEMENTARY INFORMATION
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS

Fiscal Year Ending June 30	County's Proportion		Share of the Net Pension Liability as a % of its Covered Payroll	County's Covered Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
	% of Net Pension Liability	Share of the Net Pension Liability			
2015	0.1007417%	\$ 17,878,357	276.62%	\$ 6,463,239	71.87%
2016	0.1175148	24,421,562	305.33	7,998,461	68.78%
2017	0.1276071	30,107,615	408.16	7,376,386	65.79%
2018	0.1274055	27,549,791	401.31	6,865,033	69.38%
2019	0.1288069	27,025,721	442.75	6,104,094	71.18%
2020	0.1248049	25,741,768	470.58	5,470,272	72.34%

SCHEDULE OF COUNTY CONTRIBUTIONS
LAST 10 FISCAL YEARS

Fiscal Year Ending June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution		Contribution Deficiency (excess)	County's Covered Payroll	Contribution as a % of Covered Payroll
2015	\$ 2,347,645	\$	2,347,645	\$ -	\$ 7,998,461	29.35%
2016	2,476,892		2,476,892	-	7,376,386	33.58%
2017	2,485,889		2,485,889	-	6,865,033	36.21%
2018	2,593,137		2,593,137	-	6,104,094	42.48%
2019	2,568,505		2,568,505	-	5,470,272	46.95%
2020	2,562,867		2,562,867	-	4,719,436	54.30%

These two schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

REQUIRED SUPPLEMENTARY INFORMATION
LENGTH OF SERVICE AWARD PROGRAM (LOSAP)
SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY

Actuarial Valuation Date	December 31, 2018	December 31, 2017	December 31, 2017	January 1, 2015
Measurement Date	June 30, 2019	June 30, 2018	December 31, 2017	June 30, 2016
County's Fiscal Year Ending Date for GASB 73	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total Pension Liability				
Service cost	\$ 665,258	\$ 474,699	\$ 1,578,468	\$ 886,540
Interest on the Total Pension Liability	1,305,864	621,258	1,750,442	1,273,361
Benefit Changes	-	-	478,969	-
Difference between Expected and Actual Experience	(691,351)	-	(1,343,359)	-
Assumptions changes ¹	2,247,328	(1,927,565)	(3,166,298)	6,088,358
Benefit Payments	(1,403,828)	(674,853)	(2,009,855)	(1,309,686)
Net Change in Total Pension Liability	<u>2,123,271</u>	<u>(1,506,461)</u>	<u>(2,711,633)</u>	<u>6,938,573</u>
Total Pension Liability – Beginning	<u>36,439,585</u>	<u>37,946,046</u>	<u>40,657,679</u>	<u>33,719,106</u>
Total Pension Liability – Ending	<u>\$ 38,562,856</u>	<u>\$ 36,439,585</u>	<u>\$ 37,946,046</u>	<u>\$ 40,657,679</u>
Total Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

⁽¹⁾ For fiscal year ending June 30, 2020, the change in the Total Pension Liability due to the change in the Single Discount Rate from 3.62% as of the beginning of the year to 3.13% as of the end of the year is included as an assumption change.

There are no assets accumulated in a trust that meets the criteria in Paragraph 4 of Statement 73 to pay related benefits.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Information

Overview

Annual appropriated operating budgets are adopted for the General Fund, Debt Service Fund, substantially all Special Revenue Funds (except for the Agricultural Transfer Tax Fund), Enterprise Funds, the Liability and Property Coverage Self-Insurance Internal Service Fund, and the Employee Health Benefits Self-Insurance Internal Service Fund. The Capital Projects Fund budget is appropriated at the project level on a biennial basis. All unencumbered appropriations lapse at year-end except for those related to Federal and State grants and the Capital Projects Fund.

Encumbrance accounting is employed for budgetary purposes in the governmental and proprietary funds. Encumbrances (purchase orders and contracts awarded for which goods and services have not been received at year-end), and other commitments for the expenditure of funds are recorded in order to preserve that portion of the appropriation. In the governmental funds for GAAP purposes, outstanding encumbrances are reported as restricted, committed, or assigned category of fund balance because they do not constitute expenditures or liabilities. In the proprietary funds, encumbrances are eliminated for GAAP financial statement presentation since neither goods nor services have been provided. For GAAP purposes, all encumbrances are charged to expenditures/expenses in the period in which goods or services are received.

Approval

Pursuant to the Montgomery County Charter, the Capital Improvements Program (CIP) is presented to the County Council by January 15 in even numbered years. An Amended CIP is presented to the County Council by January 15 in odd numbered years. The annual capital budget, with the CIP or Amended CIP, is presented to the County Council by January 15 of every year, and the operating budget is presented to the County Council by March 15 of every year. The County Council holds public hearings and, pursuant to the County Charter, an annual appropriation resolution must be passed by the County Council by June 1. This resolution becomes effective for the one-year period beginning the following July 1. For the operating budget, the annual resolution provides the spending authority at the department level in two major categories (personnel costs and operating expenses) with the unencumbered appropriation authority expiring the following June 30. Encumbered appropriations are reappropriated and carried forward to the subsequent fiscal year. Encumbrances are reported as a restricted or committed component of the current fiscal year's fund balance. The annual budget must be consistent with the six-year program for public services and fiscal policy. Multi-year planning provides a framework to make informed decisions about the levels of public services and project the impact of what may happen as a result of current decisions and policies. For the capital projects budget, the annual resolution provides spending authority at the project level. The unencumbered appropriation of the CIP budget is appropriated in the following year's budget unless specifically closed out by County Council action.

The County Executive has authority to transfer appropriations within departments up to 10 percent of the original appropriation. Transfers between departments are also limited to 10 percent of original appropriation and require County Council action. During the operating year the County Council may adopt a supplemental appropriation if recommended by the County Executive and after holding a public hearing. Supplemental appropriations enacted during the first half of the fiscal year require five Councilmember votes if they are to avail the County of, or put into effect the provision of Federal, State, or local legislation or regulation or six Councilmember votes for any other purpose. Supplemental appropriations approved during the second half of the fiscal year require five Councilmember votes. During the operating year the County Council may also adopt, with six Councilmember votes, special appropriations to meet an unforeseen disaster or other emergency or to act without delay in the public interest. Special appropriations require only public notice by news release. During FY20, the County Council increased the operating budget for all funds through supplemental and special appropriations by \$165.9 million with an additional supplemental of \$300,000 to outside agency M-NCPPC for 270 Corridor Transit Plan. In addition, supplemental appropriations increased the CIP budget by \$39.7 million.

Presentation

The basis used to prepare the legally adopted budget is different from GAAP in a number of ways, including the following:

- Encumbrances outstanding are charged to budgetary appropriations and considered expenditures of the current period; any cancellations of such encumbrances in a subsequent year are classified with miscellaneous revenue for budgetary purposes.
- Certain interfund revenues/expenditures are classified as transfers for budget purposes.
- Fund budgets do not include depreciation and bad debts, however they do include debt service payments and capital outlay.
- Mortgages and loans made and related repayments are generally accounted for as expenditures/other financial uses and revenues/other financing sources, respectively.
- Proceeds under certain capital lease financing are not budgeted.
- Certain activity is not budgeted by the County, since it is included in the budget of a component unit that is legally adopted by

the County Council, such as certain pass-through expenditures, and bond proceeds and related transfers to MCPS and MC.

Pension Trend Information

The Schedule of County Contributions provides historical context for the amount of contributions in the current period. The actuarially determined contribution rates are calculated as of June 30, one year prior to the beginning of the fiscal year in which contributions are reported. Significant methods and assumptions used to determine the contributions for the Employees' Retirement System (ERS) include:

Valuation date	July 1, 2018
Measurement date	June 30, 2019
Actuarial cost method	Individual Entry Age Normal
Amortization method for funding	Level percentage of payroll, separate closed period bases for Public Safety and GRIP, single closed period amortization base for non-Public Safety.
Amortization period for funding	For Public Safety and GRIP: Initial amortization period of 20 years for the base established July 1, 2015. Initial amortization period of 20 years for subsequent bases. For non-Public Safety: Single closed amortization period of 9 years established July 1, 2015. Average amortization period of 4.5 years for total ERS.
Asset valuation method	Fair Market value
Actuarial assumptions:	
Investment rate of return	7.50% per year
Projected salary increases depending on service	3.00% - 10.75% per year
Cost-of-living (inflation rate) adjustments	2.50% on the benefit attributable to credited service earned prior to June 30, 2011. 2.20% on the benefit attribution to credited service earned on or after July 1, 2011, reflecting the 2.50% cap.
Post-retirement increases	Consumer Price Index – by Group
Mortality rates after retirement	Pub-2010 Healthy Retiree Mortality Table (for General Employees), sex-distinct for healthy mortality. To provide a margin for future mortality improvements, generational mortality improvements from 2010 using projection scale MP- 2018 was used.

OPEB Trend Information

The Schedule of County Contributions provides historical context for the amount of contributions in the current period. The actuarially determined contribution rates are calculated as of June 30, one year prior to the beginning of the fiscal year in which contributions are reported. Significant methods and assumptions used to determine the contributions for OPEB plan include:

Valuation date	July 1, 2019
Methods and assumptions used to determine contributions rates:	
Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of payroll
Amortization period	30 Year open
Asset valuation method	Market value of assets
Investment rate of return	7.50%
Payroll growth rate	Vary based on participant group and service. Increases start between 7.25% and 11.25% at hire and decrease to 3.25% after 20 years of service
Inflation	3.00%
Mortality	For healthy retirees and beneficiaries - PUB-2010 Healthy Mortality, Headcount weighted Sex Distinct, Fully Generational projected from 2010 using scale MP-2018. Public safety employees are assumed to use the public safety version of the mortality table and the rest of the employees are assumed to use the general employees version of the mortality table. For disabled retirees - PUB-2010 Disabled Mortality, Headcount weighted Sex Distinct, Fully Generational projected from 2010 using scale MP-2018. Public safety employees are assumed to use the public safety version of the mortality table and the rest of the employees are assumed to use the general employees version of the mortality table.
Healthcare cost trend rates	The medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model, version 2019_b. The SOA model is flexible and allows for adjustments that ultimately control how quickly the current trend converges to the percentage increase in the GDP.

Montgomery County has selected the following assumptions were used as input variables into the SOA model:

Rate of Inflation	2.40%
Rate of Growth in Real Income / GDP per Capita	1.25%
Excess Medical Growth	1.20%
Expected Health Share of DCP in 2028	20.50%
Health Share of GDP Resistance Point	15.00%
Year for Limiting Cost Growth to GDP Growth	2040

The initial trend rate is 5.40% in 2020 and decreases until reaching the ultimate rate of 3.68% in 2040.

The dental trend is set to 4.50% per year.





SUPPLEMENTARY DATA



NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted for particular purposes.

Special Taxing Districts:

Recreation

Accounts for the fiscal activity related to providing recreational services throughout the County, except for certain cities and towns that provide their own recreational services.

Fire Tax District

Accounts for the fiscal activities related to providing fire and rescue services throughout the County. To a great extent, tax revenues are distributed to independent fire and rescue corporations that provide these services.

Mass Transit Facilities

Accounts for the fiscal activities of planning, developing, and financing transit facilities within the County-wide Mass Transit District.

Rehabilitation Loan

Accounts for loans to homeowners of eligible income to finance rehabilitation required to make their homes conform to applicable Montgomery County Code requirements.

Cable TV

Accounts for the franchise fee and gross receipts revenues and the administration of cable television activities in the County.

Other:

Agricultural Transfer Tax

Accounts for agricultural transfer tax revenues to be used for an approved agricultural land preservation program.

Drug Enforcement Forfeitures

Accounts for the fiscal activity of cash and other property forfeited to the County during drug enforcement operations. These resources are used for law enforcement and public education programs.

Water Quality Protection

Accounts for the fiscal activity related to the maintenance of certain storm water management facilities.

Restricted Donations

Accounts for donations and contributions received by the County that are restricted for use in specific County programs.

Detention Center Canteen Profit

Accounts for recreational activities, certain programs and hygiene kits for the inmates housed in Montgomery County Detention facilities.

Recreation Non-Tax Supported

Accounts for the generated proceeds from specific recreation programs and projects.

MAJOR GOVERNMENTAL FUNDS

This section also includes budget-to-actual schedules for the following major governmental funds:

DEBT SERVICE

CAPITAL PROJECTS



**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020**

	Special Taxing Districts	Rehabilitation Loan	Cable TV	Other	Total Nonmajor Governmental Fund
ASSETS					
Equity in pooled cash and investments	\$ 32,632,513	\$ 2,890,752	\$ 6,784,443	\$ 54,816,625	\$ 97,124,333
Cash	11,250	-	-	25,000	36,250
Receivables (net of allowances for uncollectibles):					
Property taxes	5,244,723	-	-	-	5,244,723
Accounts	4,366,639	-	6,127,000	1,783,497	12,277,136
Mortgages	-	2,081,848	-	-	2,081,848
Parking violations	428,041	-	-	-	428,041
Due from other governments	1,880,473	-	-	-	1,880,473
Total Assets	<u>\$ 44,563,639</u>	<u>\$ 4,972,600</u>	<u>\$ 12,911,443</u>	<u>\$ 56,625,122</u>	<u>\$ 119,072,804</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,453,360	\$ -	\$ 723,818	\$ 1,658,981	\$ 3,836,159
Retainage payable	-	-	-	5,966	5,966
Accrued liabilities	18,336,168	-	367,151	2,535,535	21,238,854
Deposits	501,772	-	175,222	-	676,994
Due to other funds	17,216,096	-	80,409	108,696	17,405,201
Due to component units	41,866	-	-	-	41,866
Due to other governments	816,440	-	741,960	4,000	1,562,400
Unearned revenue	143	-	-	46,457	46,600
Total Liabilities	<u>38,365,845</u>	<u>-</u>	<u>2,088,560</u>	<u>4,359,635</u>	<u>44,814,040</u>
Deferred Inflows of Resources:					
Unavailable property taxes	5,146,713	-	-	988,777	6,135,490
Unavailable revenue	2,196,530	-	-	-	2,196,530
Total Deferred Inflows of Resources	<u>7,343,243</u>	<u>-</u>	<u>-</u>	<u>988,777</u>	<u>8,332,020</u>
Fund Balances:					
Restricted	25,846,200	4,972,600	10,822,883	51,493,160	93,134,843
Unassigned	(26,991,649)	-	-	(216,450)	(27,208,099)
Total Fund Balances	<u>(1,145,449)</u>	<u>4,972,600</u>	<u>10,822,883</u>	<u>51,276,710</u>	<u>65,926,744</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 44,563,639</u>	<u>\$ 4,972,600</u>	<u>\$ 12,911,443</u>	<u>\$ 56,625,122</u>	<u>\$ 119,072,804</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Special Taxing Districts	Rehabilitation Loan	Cable TV	Other	Total Nonmajor Governmental Fund
REVENUES					
Taxes	\$ 395,103,539	\$ -	\$ -	\$ 40,708,354	\$ 435,811,893
Licenses and permits	210,205	-	-	-	210,205
Intergovernmental	43,314,518	-	-	30,853	43,345,371
Charges for services	44,902,997	-	25,411,302	4,828,456	75,142,755
Fines and forfeitures	836,159	-	-	585,550	1,421,709
Investment income	-	103,739	221,566	835,005	1,160,310
Miscellaneous	634,204	-	-	718,100	1,352,304
Total Revenues	485,001,622	103,739	25,632,868	47,706,318	558,444,547
EXPENDITURES					
General government	-	-	15,678,772	331,434	16,010,206
Public safety	245,591,455	-	-	1,422,921	247,014,376
Public works and transportation	136,688,382	-	-	-	136,688,382
Health and human services	-	-	-	413,790	413,790
Culture and recreation	35,364,340	-	-	2,560,362	37,924,702
Community development and housing	-	-	-	1,079,058	1,079,058
Environment	-	-	-	28,821,998	28,821,998
Total Expenditures	417,644,177	-	15,678,772	34,629,563	467,952,512
Excess (Deficiency) of Revenues over (under) Expenditures	67,357,445	103,739	9,954,096	13,076,755	90,492,035
OTHER FINANCING SOURCES (USES)					
Transfers in	4,291,010	-	-	-	4,291,010
Transfers (out)	(82,784,209)	-	(9,079,958)	(16,792,637)	(108,656,804)
Total Other Financing Sources (Uses)	(78,493,199)	-	(9,079,958)	(16,792,637)	(104,365,794)
Net Change in Fund Balances	(11,135,754)	103,739	874,138	(3,715,882)	(13,873,759)
Fund Balances - Beginning of Year, as restated	9,990,305	4,868,861	9,948,745	54,992,592	79,800,503
Fund Balances - End of Year	\$ (1,145,449)	\$ 4,972,600	\$ 10,822,883	\$ 51,276,710	\$ 65,926,744

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL TAXING DISTRICTS
June 30, 2020

	Recreation	Fire Tax District	Mass Transit Facilities	Total
ASSETS				
Equity in pooled cash and investments	\$ 7,391,237	\$ 100,000	\$ 25,141,276	\$ 32,632,513
Cash	6,250	5,000	-	11,250
Receivables (net of allowances for uncollectibles):				
Property taxes	551,348	2,908,815	1,784,560	5,244,723
Accounts	63,993	3,306,246	996,400	4,366,639
Parking violations	-	-	428,041	428,041
Due from other governments	-	-	1,880,473	1,880,473
Total Assets	<u>\$ 8,012,828</u>	<u>\$ 6,320,061</u>	<u>\$ 30,230,750</u>	<u>\$ 44,563,639</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 173,771	\$ 636,868	\$ 642,721	\$ 1,453,360
Accrued liabilities	923,193	12,334,887	5,078,088	18,336,168
Deposits	-	-	501,772	501,772
Due to other funds	308,679	15,443,457	1,463,960	17,216,096
Due to component units	688	-	41,178	41,866
Due to other governments	77,960	2,531	735,949	816,440
Unearned revenue	-	-	143	143
Total Liabilities	<u>1,484,291</u>	<u>28,417,743</u>	<u>8,463,811</u>	<u>38,365,845</u>
Deferred Inflows of Resources:				
Unavailable property taxes	782,124	2,697,437	1,667,152	5,146,713
Unavailable service revenues	-	2,196,530	-	2,196,530
Total Deferred Inflows of Resources	<u>782,124</u>	<u>4,893,967</u>	<u>1,667,152</u>	<u>7,343,243</u>
Fund Balances:				
Restricted	5,746,413	-	20,099,787	25,846,200
Unassigned	-	(26,991,649)	-	(26,991,649)
Total Fund Balances	<u>5,746,413</u>	<u>(26,991,649)</u>	<u>20,099,787</u>	<u>(1,145,449)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,012,828</u>	<u>\$ 6,320,061</u>	<u>\$ 30,230,750</u>	<u>\$ 44,563,639</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL TAXING DISTRICTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Recreation	Fire Tax District	Mass Transit Facilities	Total
REVENUES				
Taxes	\$ 45,248,038	\$ 214,784,104	\$ 135,071,397	\$ 395,103,539
Licenses and permits	-	-	210,205	210,205
Intergovernmental	-	1,959,016	41,355,502	43,314,518
Charges for services	5,829,049	18,030,629	21,043,319	44,902,997
Fines and forfeitures	-	-	836,159	836,159
Miscellaneous	64,128	505,610	64,466	634,204
Total Revenues	<u>51,141,215</u>	<u>235,279,359</u>	<u>198,581,048</u>	<u>485,001,622</u>
EXPENDITURES				
Public safety	-	245,591,455	-	245,591,455
Public works and transportation	-	-	136,688,382	136,688,382
Culture and recreation	35,364,340	-	-	35,364,340
Total Expenditures	<u>35,364,340</u>	<u>245,591,455</u>	<u>136,688,382</u>	<u>417,644,177</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>15,776,875</u>	<u>(10,312,096)</u>	<u>61,892,666</u>	<u>67,357,445</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,509,700	250,000	531,310	4,291,010
Transfers (out)	(15,884,558)	(12,673,747)	(54,225,904)	(82,784,209)
Total Other Financing Sources (Uses)	<u>(12,374,858)</u>	<u>(12,423,747)</u>	<u>(53,694,594)</u>	<u>(78,493,199)</u>
Net Change in Fund Balances	<u>3,402,017</u>	<u>(22,735,843)</u>	<u>8,198,072</u>	<u>(11,135,754)</u>
Fund Balances - Beginning of Year, as restated	<u>2,344,396</u>	<u>(4,255,806)</u>	<u>11,901,715</u>	<u>9,990,305</u>
Fund Balances - End of Year	<u>\$ 5,746,413</u>	<u>\$ (26,991,649)</u>	<u>\$ 20,099,787</u>	<u>\$ (1,145,449)</u>

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - OTHER
June 30, 2020

	Agricultural Transfer Tax	Drug Enforcement Forfeitures	Water Quality Protection	Restricted Donations	Detention Center Canteen Profit	Recreation Non-Tax Supported	Total
ASSETS							
Equity in pooled cash and investments	\$ 2,030,395	\$ 1,469,321	\$ 22,737,795	\$ 27,957,475	\$ 532,558	\$ 89,081	\$ 54,816,625
Cash	-	25,000	-	-	-	-	25,000
Receivables (net of allowances for uncollectibles):							
Accounts	-	-	988,777	10,000	-	784,720	1,783,497
Total Assets	<u>\$ 2,030,395</u>	<u>\$ 1,494,321</u>	<u>\$ 23,726,572</u>	<u>\$ 27,967,475</u>	<u>\$ 532,558</u>	<u>\$ 873,801</u>	<u>\$ 56,625,122</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	-	1,336	1,311,562	292,846	3,296	49,941	1,658,981
Retainage payable	-	-	5,966	-	-	-	5,966
Accrued liabilities	-	8,409	1,309,415	220,974	2,884	993,853	2,535,535
Due to other funds	-	-	108,696	-	-	-	108,696
Due to other governments	4,000	-	-	-	-	-	4,000
Unearned revenue	-	-	-	-	-	46,457	46,457
Total Liabilities	<u>4,000</u>	<u>9,745</u>	<u>2,735,639</u>	<u>513,820</u>	<u>6,180</u>	<u>1,090,251</u>	<u>4,359,635</u>
Deferred Inflows of Resources:							
Unavailable property taxes	-	-	988,777	-	-	-	988,777
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>988,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>988,777</u>
Fund Balances:							
Restricted	2,026,395	1,484,576	20,002,156	27,453,655	526,378	-	51,493,160
Unassigned	-	-	-	-	-	(216,450)	(216,450)
Total Fund Balances	<u>2,026,395</u>	<u>1,484,576</u>	<u>20,002,156</u>	<u>27,453,655</u>	<u>526,378</u>	<u>(216,450)</u>	<u>51,276,710</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,030,395</u>	<u>\$ 1,494,321</u>	<u>\$ 23,726,572</u>	<u>\$ 27,967,475</u>	<u>\$ 532,558</u>	<u>\$ 873,801</u>	<u>\$ 56,625,122</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS - OTHER
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Agricultural Transfer Tax	Drug Enforcement Forfeitures	Water Quality Protection	Restricted Donations	Detention Center Canteen Profit	Recreation Non-Tax Supported	Total
REVENUES							
Taxes	\$ 67,442	\$ -	\$ 40,640,912	\$ -	\$ -	\$ -	\$ 40,708,354
Intergovernmental	-	-	-	30,853	-	-	30,853
Charges for services	-	-	78,812	-	-	4,749,644	4,828,456
Fines and forfeitures	-	585,550	-	-	-	-	585,550
Investment income	45,531	33,829	755,645	-	-	-	835,005
Miscellaneous	-	65,292	-	407,743	245,065	-	718,100
Total Revenues	112,973	684,671	41,475,369	438,596	245,065	4,749,644	47,706,318
EXPENDITURES							
General government	-	-	-	331,434	-	-	331,434
Public safety	-	809,072	-	446,340	167,509	-	1,422,921
Health and human services	-	-	-	413,790	-	-	413,790
Community development and housing	-	-	-	1,079,058	-	-	1,079,058
Culture and recreation	-	-	-	94,268	-	2,466,094	2,560,362
Environment	27,505	-	28,324,457	470,036	-	-	28,821,998
Total Expenditures	27,505	809,072	28,324,457	2,834,926	167,509	2,466,094	34,629,563
Excess (Deficiency) of Revenues over (under) Expenditures	85,468	(124,401)	13,150,912	(2,396,330)	77,556	2,283,550	13,076,755
OTHER FINANCING SOURCES (USES)							
Transfers (out)	-	-	(13,867,637)	(425,000)	-	(2,500,000)	(16,792,637)
Total Other Financing Sources (Uses)	-	-	(13,867,637)	(425,000)	-	(2,500,000)	(16,792,637)
Net Change in Fund Balances	85,468	(124,401)	(716,725)	(2,821,330)	77,556	(216,450)	(3,715,882)
Fund Balances - Beginning of Year, as restated	1,940,927	1,608,977	20,718,881	30,274,985	448,822	-	54,992,592
Fund Balances - End of Year	\$ 2,026,395	\$ 1,484,576	\$ 20,002,156	\$ 27,453,655	\$ 526,378	\$ (216,450)	\$ 51,276,710

Exhibit B-7

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final		
Revenues:				
Intergovernmental	\$ 18,146,430	\$ 18,146,430	\$ 3,894,791	\$ (14,251,639)
Investment income	-	-	1,456,500	1,456,500
Miscellaneous	3,446,260	3,446,260	495,406	(2,950,854)
Total Revenues	21,592,690	21,592,690	5,846,697	(15,745,993)
Expenditures:				
Operating:				
Principal and interest for general obligation bonds:				
General county	71,907,760	71,907,760	79,829,916	(7,922,156)
Roads and storm drainage	79,373,220	79,373,220	90,302,982	(10,929,762)
Parks and recreation	9,754,070	9,754,070	12,967,639	(3,213,569)
Public schools	154,898,510	154,898,510	240,447,915	(85,549,405)
Montgomery College	27,855,450	27,855,450	40,547,468	(12,692,018)
Public housing	58,330	58,330	60,110	(1,780)
Recreation	11,530,970	11,530,970	18,528,295	(6,997,325)
Fire and rescue	8,005,050	8,005,050	10,533,398	(2,528,348)
Mass transit	22,400,120	22,400,120	43,378,312	(20,978,192)
Issuing costs	3,671,200	4,002,921	3,528,201	474,720
Bond anticipation note interest	8,062,500	8,062,500	4,593,302	3,469,198
Principal and interest on long-term equipment notes	-	1,321,780	1,321,780	-
Principal and interest on revenue bonds	6,361,900	11,444,027	11,231,315	212,712
Long-term leases:				
General Fund	12,846,610	12,846,610	12,420,180	426,430
Montgomery Housing Initiative	9,678,100	9,678,100	9,677,882	218
Mass Transit	8,364,300	8,364,300	6,885,469	1,478,831
Fire and Rescue	4,510,550	4,510,550	2,920,253	1,590,297
Total Expenditures	439,278,640	446,014,268	589,174,417	(143,160,149)
Excess of Revenues over (under) Expenditures	(417,685,950)	(424,421,578)	(583,327,720)	(158,906,142)
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	346,834,960	346,834,960	341,615,900	(5,219,060)
From Capital Projects Fund	-	-	33,469,076	33,469,076
Transfer to Capital Projects Fund	-	-	(30,000,000)	(30,000,000)
From Internal Service Funds	190,000	190,000	-	(190,000)
From Special Revenue Funds:				
Recreation	11,530,970	11,530,970	10,425,227	(1,105,743)
Mass Transit	30,764,420	30,764,420	28,116,650	(2,647,770)
Fire Tax District	12,325,600	12,325,600	10,579,830	(1,745,770)
Montgomery Housing Initiative	9,623,700	9,623,700	9,736,209	112,509
Water Quality Protection	6,361,900	6,361,900	7,142,728	780,828
From Liquor Control Fund	-	-	5,082,126	5,082,126
Total Other Financing Sources (Uses)	417,631,550	417,631,550	416,167,746	(1,463,804)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (54,400)	\$ (6,790,028)	\$ (167,159,974)	\$ (160,369,946)
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			331,721	
Bond anticipation note activity			(370,000,000)	
Premium on general obligation bond			48,047,520	
Issuing costs for general obligation bonds/certificate of participation			(583,547)	
Proceeds of:				
General obligation bonds			320,000,000	
GAAP - Net Change in Fund Balance			(169,364,280)	
Fund Balance - Beginning of Year			181,856,178	
Fund Balance - End of Year			\$ 12,491,898	

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes	\$ 11,874,000	\$ 15,092,603	\$ 86,028,446	\$ 70,935,843
Intergovernmental	8,398,000	8,815,424	45,747,315	36,931,891
Charges for services	14,826,000	33,640,783	36,422,161	2,781,378
Investment income	190,000	190,000	5,966,947	5,776,947
Miscellaneous	8,323,000	2,842,592	661,341	(2,181,251)
Total Revenues	43,611,000	60,581,402	174,826,210	114,244,808
Expenditures - Capital Projects	561,547,222	583,173,920	1,054,599,831	(471,425,911)
Excess of Revenues over (under) Expenditures	(517,936,222)	(522,592,518)	(879,773,621)	(357,181,103)
Other Financing Sources (Uses):				
Transfers in	21,577,000	22,441,731	105,163,585	82,721,854
Transfers out	-	-	(53,040,174)	(53,040,174)
Sale of property	-	(4,250,000)	33,322,190	37,572,190
Financing under notes and leases payable	4,250,000	4,055,608	12,494,537	8,438,929
Proceeds from taxable limited obligation certificates	16,760,000	20,118,000	-	(20,118,000)
Proceeds from certificates of participation	15,359,000	19,788,573	-	(19,788,573)
Proceeds from general obligation bonds	128,062,000	130,466,384	-	(130,466,384)
Proceeds from bond anticipation notes	-	-	370,000,000	370,000,000
Proceeds from issuance of revenue bonds	(5,948,000)	(7,904,000)	3,187,402	11,091,402
Total Other Financing Sources (Uses)	180,060,000	184,716,296	471,127,540	286,411,244
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (337,876,222)	\$ (337,876,222)	(408,646,081)	\$ (70,769,859)
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			302,953,416	
GAAP - Net Change in Fund Balance			(105,692,665)	
Fund Balance - Beginning of Year			5,124,574	
Fund Balance - End of Year			\$ (100,568,091)	

Exhibit B-9

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
RECREATION SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes - property	\$ 47,136,146	\$ 47,136,146	\$ 45,248,038	\$ (1,888,108)
Charges for services - activity fees	5,878,792	5,878,792	5,829,049	(49,743)
Miscellaneous	129,597	129,597	64,128	(65,469)
Total Revenues	53,144,535	53,144,535	51,141,215	(2,003,320)
Expenditures:				
Personnel costs	26,979,406	24,376,859	23,151,012	1,225,847
Operating	14,227,142	13,194,409	10,645,742	2,548,667
Total Expenditures	41,206,548	37,571,268	33,796,754	3,774,514
Excess of Revenues over (under) Expenditures	11,937,987	15,573,267	17,344,461	1,771,194
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	1,009,700	1,009,700	1,009,700	-
From Recreation Non Tax Supported Fund	4,500,000	4,500,000	2,500,000	(2,000,000)
To General Fund	(7,222,541)	(7,222,541)	(5,459,331)	1,763,210
To Debt Service Fund	(11,530,970)	(11,530,970)	(10,425,227)	1,105,743
Total Other Financing Sources (Uses)	(13,243,811)	(13,243,811)	(12,374,858)	868,953
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (1,305,824)	\$ 2,329,456	4,969,603	\$ 2,640,147
Adjustments required under generally accepted accounting principles:				
Interfund activity- Maintenance cost reimbursement budgeted as a transfer to General Fund			(1,763,210)	
Elimination of encumbrances outstanding			195,624	
GAAP - Net Change in Fund Balance			3,402,017	
Fund Balance - Beginning of Year			2,344,396	
Fund Balance - End of Year			\$ 5,746,413	

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FIRE TAX DISTRICT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes - property	\$ 221,638,239	\$ 221,638,239	\$ 214,784,104	\$ (6,854,135)
Intergovernmental	198,622	2,161,164	1,959,016	(202,148)
Charges for services	19,500,000	19,500,000	18,030,629	(1,469,371)
Investment income	24,490	24,490	-	(24,490)
Miscellaneous	244,882	244,882	505,610	260,728
Total Revenues	<u>241,606,233</u>	<u>243,568,775</u>	<u>235,279,359</u>	<u>(8,289,416)</u>
Expenditures:				
Personnel costs	186,265,259	201,595,750	201,591,362	4,388
Operating	36,566,360	44,010,442	44,010,421	21
Total Expenditures	<u>222,831,619</u>	<u>245,606,192</u>	<u>245,601,783</u>	<u>4,409</u>
Excess of Revenues over (under) Expenditures	<u>18,774,614</u>	<u>(2,037,417)</u>	<u>(10,322,424)</u>	<u>8,285,007</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	250,000	250,000	250,000	-
To General Fund	(120,750)	(120,750)	(120,750)	-
To Debt Service Fund	(12,325,600)	(12,325,600)	(10,579,831)	1,745,769
To Capital Projects Fund	(1,011,000)	(1,011,000)	(1,973,166)	(962,166)
Total Other Financing Sources (Uses)	<u>(13,207,350)</u>	<u>(13,207,350)</u>	<u>(12,423,747)</u>	<u>783,603</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 5,567,264</u>	<u>\$ (15,244,767)</u>	<u>(22,746,171)</u>	<u>\$ (7,501,404)</u>
Adjustments required under generally accepted accounting principles:				
Non-budgeted item - Bad debt expense			(2,811,162)	
Elimination of encumbrances outstanding			2,821,490	
GAAP - Net Change in Fund Balance			<u>(22,735,843)</u>	
Fund Balance - Beginning of Year			<u>(4,255,806)</u>	
Fund Balance - End of Year			<u>\$ (26,991,649)</u>	

Exhibit B-11

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
MASS TRANSIT FACILITIES SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes - property	\$ 139,457,768	\$ 139,457,768	\$ 135,071,397	\$ (4,386,371)
Licenses and permits	400,000	400,000	210,205	(189,795)
Intergovernmental	41,317,057	41,317,057	41,355,502	38,445
Charges for services:				
Fare receipts	23,449,959	23,449,959	20,054,141	(3,395,818)
Parking fees	720,000	720,000	989,178	269,178
Total Charges for Services	24,169,959	24,169,959	21,043,319	(3,126,640)
Fines and forfeitures	525,000	525,000	836,159	311,159
Miscellaneous	-	-	64,466	64,466
Total Revenues	205,869,784	205,869,784	198,581,048	(7,288,736)
Expenditures:				
Division of Transit Services				
Personnel costs	81,654,473	80,687,405	80,687,401	4
Operating	58,267,251	58,367,918	58,367,911	7
Total Division of Transit Services	139,921,724	139,055,323	139,055,312	11
Washington Suburban Transit Commission				
Operating	118,247	118,247	118,247	-
Total Expenditures	140,039,971	139,173,570	139,173,559	11
Excess of Revenues over (under) Expenditures	65,829,813	66,696,214	59,407,489	7,288,725
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	531,310	531,310	531,310	-
To General Fund	(16,693,872)	(16,693,872)	(16,693,872)	-
To Debt Service Fund	(30,764,420)	(30,764,420)	(28,116,650)	2,647,770
To Grants Fund	-	(340,000)	-	340,000
To Capital Projects Fund	(13,889,000)	(13,889,000)	(9,415,382)	4,473,618
Total Other Financing Sources (Uses)	(60,815,982)	(61,155,982)	(53,694,594)	7,461,388
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 5,013,831	\$ 5,540,232	5,712,895	\$ 172,663
Adjustments required under generally accepted accounting principles:				
Non-budget item - Bad debt expense			(3,354)	
Elimination of encumbrances outstanding			2,488,531	
GAAP - Net Change in Fund Balance			8,198,072	
Fund Balance - Beginning of Year			11,901,715	
Fund Balance - End of Year			\$ 20,099,787	

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
REHABILITATION LOAN SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Investment income				
Pooled investment income	\$ -	\$ -	\$ 63,954	\$ 63,954
Other investment income	-	-	39,785	39,785
Total Revenues	-	-	103,739	103,739
Total Expenditures	-	-	-	-
Excess of Revenues over (under) Expenditures	-	-	103,739	103,739
Other Financing Sources (Uses):				
Mortgage loans	(4,868,861)	(4,868,861)	-	4,868,861
Total Other Financing Sources (Uses)	(4,868,861)	(4,868,861)	-	4,868,861
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ (4,868,861)</u>	<u>\$ (4,868,861)</u>	103,739	<u>\$ 4,972,600</u>
Fund Balance - Beginning of Year			4,868,861	
Fund Balance - End of Year			<u>\$ 4,972,600</u>	

Exhibit B-13

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
CABLE TV SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Fines and forfeitures	\$ 26,309,000	\$ 26,309,000	\$ 25,411,302	\$ (897,698)
Investment income	263,000	263,000	221,566	(41,434)
Total Revenues	<u>26,572,000</u>	<u>26,572,000</u>	<u>25,632,868</u>	<u>(939,132)</u>
Expenditures:				
Personnel costs	4,281,138	4,293,020	4,104,375	188,645
Operating	12,090,867	13,733,960	13,625,997	107,963
Total Expenditures	<u>16,372,005</u>	<u>18,026,980</u>	<u>17,730,372</u>	<u>296,608</u>
Excess of Revenues over (under) Expenditures	<u>10,199,995</u>	<u>8,545,020</u>	<u>7,902,496</u>	<u>(642,524)</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
To General Fund	(4,544,126)	(4,544,126)	(4,544,126)	-
To Capital Projects Fund	<u>(4,430,000)</u>	<u>(4,430,000)</u>	<u>(4,535,832)</u>	<u>(105,832)</u>
Total Other Financing Sources (Uses)	<u>(8,974,126)</u>	<u>(8,974,126)</u>	<u>(9,079,958)</u>	<u>(105,832)</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 1,225,869</u>	<u>\$ (429,106)</u>	<u>(1,177,462)</u>	<u>\$ (748,356)</u>
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			<u>2,051,600</u>	
GAAP - Net Change in Fund Balance			<u>874,138</u>	
Fund Balance - Beginning of Year			<u>9,948,745</u>	
Fund Balance - End of Year			<u>\$ 10,822,883</u>	

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
DRUG ENFORCEMENT FORFEITURES SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 585,550	\$ 585,550
Investment income	-	-	33,829	33,829
Miscellaneous	-	-	65,292	65,292
Total Revenues	-	-	684,671	684,671
Expenditures:				
Operating	-	1,608,977	954,547	654,430
Total Expenditures	-	1,608,977	954,547	654,430
Excess of Revenues over (under) Expenditures	\$ -	\$ (1,608,977)	(269,876)	\$ 1,339,101
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			145,475	
GAAP - Net Change in Fund Balance			(124,401)	
Fund Balance - Beginning of Year			1,608,977	
Fund Balance - End of Year			\$ 1,484,576	

Exhibit B-15

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
WATER QUALITY PROTECTION SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes	\$ 39,987,111	\$ 39,987,111	\$ 40,640,912	\$ 653,801
Charges for services	50,000	50,000	78,812	28,812
Investment income	934,070	934,070	755,645	(178,425)
Total Revenues	<u>40,971,181</u>	<u>40,971,181</u>	<u>41,475,369</u>	<u>504,188</u>
Expenditures:				
Personnel costs	9,933,163	9,035,422	9,035,416	6
Operating	18,893,224	22,783,599	22,783,595	4
Total Expenditures	<u>28,826,387</u>	<u>31,819,021</u>	<u>31,819,011</u>	<u>10</u>
Excess of Revenues over (under) Expenditures	<u>12,144,794</u>	<u>9,152,160</u>	<u>9,656,358</u>	<u>504,198</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
To General Fund	(2,037,980)	(2,037,980)	(2,037,980)	-
To Capital Projects Fund	(3,228,000)	(3,228,000)	(4,686,929)	(1,458,929)
To Debt Service Fund	(6,361,900)	(6,361,900)	(7,142,728)	(780,828)
Total Other Financing Sources (Uses)	<u>(11,627,880)</u>	<u>(11,627,880)</u>	<u>(13,867,637)</u>	<u>(2,239,757)</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 516,914</u>	<u>\$ (2,475,720)</u>	<u>(4,211,279)</u>	<u>\$ (1,735,559)</u>
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			3,494,554	
GAAP - Net Change in Fund Balance			<u>(716,725)</u>	
Fund Balance - Beginning of Year			<u>20,718,881</u>	
Fund Balance - End of Year			<u>\$ 20,002,156</u>	

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
RESTRICTED DONATIONS SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 30,853	\$ 30,853
Miscellaneous - contributions	-	-	407,743	407,743
Total Revenues	-	-	438,596	438,596
Expenditures:				
Operating	-	28,049,581	5,605,410	22,444,171
Total Expenditures	-	28,049,581	5,605,410	22,444,171
Excess of Revenues over (under) Expenditures	-	(28,049,581)	(5,166,814)	22,882,767
Other Financing Sources (Uses):				
Transfers In (Out):				
To General Fund	-	-	(425,000)	(425,000)
Total Other Financing Sources (Uses)	-	-	(425,000)	(425,000)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ (28,049,581)	(5,591,814)	\$ 22,457,767
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			2,770,484	
GAAP - Net Change in Fund Balance			(2,821,330)	
Fund Balance - Beginning of Year			30,274,985	
Fund Balance - End of Year			\$ 27,453,655	

Exhibit B-17

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
DETENTION CENTER CANTEEN PROFIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 245,065	\$ 245,065
Total Revenues	-	-	245,065	245,065
Expenditures:				
Operating	-	167,510	167,509	1
Total Expenditures	-	167,510	167,509	1
Excess of Revenues over (under) Expenditures	\$ -	\$ (167,510)	77,556	\$ 245,066
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			-	
GAAP - Net Change in Fund Balance			77,556	
Fund Balance - Beginning of Year			448,822	
Fund Balance - End of Year			\$ 526,378	

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
RECREATION NON TAX SUPPORTED FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Charges for services - activity fees	\$ 8,100,000	\$ 8,100,000	\$ 4,749,644	\$ (3,350,356)
Total Revenues	8,100,000	8,100,000	4,749,644	(3,350,356)
Expenditures:				
Operating	3,600,000	3,600,000	2,466,094	1,133,906
Total Expenditures	3,600,000	3,600,000	2,466,094	1,133,906
Excess of Revenues over (under) Expenditures	4,500,000	4,500,000	2,283,550	(2,216,450)
Other Financing Sources (Uses):				
Transfers In (Out):				
To Special Revenue Fund - Recreation	(4,500,000)	(4,500,000)	(2,500,000)	2,000,000
Total Other Financing Sources (Uses)	(4,500,000)	(4,500,000)	(2,500,000)	2,000,000
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ -	(216,450)	\$ (216,450)
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			-	
GAAP - Net Change in Fund Balance			(216,450)	
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ (216,450)	

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for operations where:

- The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity;
- Laws or regulations require that the activity's costs of providing services, including capital costs, be recovered with fees and charges, rather than with taxes or similar revenues; or
- The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

Permitting Services

Accounts for most of the fiscal activity of permitting programs within the County, such as building permits, construction code enforcement, flood plain management, land use compliance, plan review, sediment control, storm water management, well and septic regulatory services, fire code review, and public access construction.

Community Use of Public Facilities

Accounts for the fiscal activity related to renting public facilities to community organizations.

MAJOR ENTERPRISE FUNDS

This section also includes budget-to-actual schedules for the following major enterprise funds:

Liquor

Solid Waste Activities

Parking Lot Districts



COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2020

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Equity in pooled cash and investments	\$ 37,202,886	\$ 8,097,247	\$ 45,300,133
Receivables (net of allowance for uncollectibles):			
Accounts	263,752	4,723,127	4,986,879
Prepays	575,200	75,520	650,720
Total Current Assets	38,041,838	12,895,894	50,937,732
Noncurrent Assets:			
Capital Assets:			
Furniture, fixtures, equipment, and machinery	1,809,260	24,222	1,833,482
Automobiles and trucks	355,027	-	355,027
Subtotal	2,164,287	24,222	2,188,509
Less: Accumulated depreciation	1,987,327	24,222	2,011,549
Total Capital Assets (net of accumulated depreciation)	176,960	-	176,960
Total Noncurrent Assets	176,960	-	176,960
Total Assets	38,218,798	12,895,894	51,114,692
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	2,948,175	167,039	3,115,214
Total Deferred Outflows of Resources	2,948,175	167,039	3,115,214
LIABILITIES			
Current Liabilities:			
Accounts payable	156,437	94,784	251,221
Deposits	8,517,857	-	8,517,857
Accrued liabilities	3,670,332	398,803	4,069,135
Due to other funds	1,324,892	153,666	1,478,558
Due to component units	-	15,164	15,164
Unearned revenue	461,193	7,234,187	7,695,380
Other Liabilities	-	250,849	250,849
Total Current Liabilities	14,130,711	8,147,453	22,278,164
Noncurrent Liabilities:			
Compensated absences	1,151,888	117,080	1,268,968
Net pension liability	1,228,310	77,759	1,306,069
Total Noncurrent Liabilities	2,380,198	194,839	2,575,037
Total Liabilities	16,510,909	8,342,292	24,853,201
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	5,693,340	360,419	6,053,759
Total Deferred Inflows of Resources	5,693,340	360,419	6,053,759
NET POSITION			
Net investment in capital assets	176,960	-	176,960
Unrestricted	18,785,764	4,360,222	23,145,986
Total Net Position	\$ 18,962,724	\$ 4,360,222	\$ 23,322,946

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for services	\$ 1,110,248	\$ 8,288,264	\$ 9,398,512
Licenses and permits	42,355,608	-	42,355,608
Fines and penalties	57,798	-	57,798
Total Operating Revenues	<u>43,523,654</u>	<u>8,288,264</u>	<u>51,811,918</u>
OPERATING EXPENSES			
Personnel costs	30,363,670	3,243,261	33,606,931
Other post employment contributions	369,090	47,480	416,570
Postage	22,571	46	22,617
Insurance	658,974	-	658,974
Supplies and materials	308,643	62,941	371,584
Contractual services	1,515,500	3,337,597	4,853,097
Communications	157,493	43,962	201,455
Transportation	842,322	4,401	846,723
Public utility services	-	2,128,358	2,128,358
Rentals	2,877,696	347,516	3,225,212
Maintenance	1,016,295	3,678	1,019,973
Depreciation	74,832	-	74,832
Other	57,010	243,309	300,319
Total Operating Expenses	<u>38,264,096</u>	<u>9,462,549</u>	<u>47,726,645</u>
Operating Income (Loss)	<u>5,259,558</u>	<u>(1,174,285)</u>	<u>4,085,273</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	867,229	295,542	1,162,771
Other revenue	9,909	6,433	16,342
Total Nonoperating Revenues (Expenses)	<u>877,138</u>	<u>301,975</u>	<u>1,179,113</u>
Income (Loss) Before Transfers	<u>6,136,696</u>	<u>(872,310)</u>	<u>5,264,386</u>
Transfers In (Out):			
Transfers in	-	25,000	25,000
Transfers out	(6,479,116)	(1,300,487)	(7,779,603)
Total Transfers In (Out)	<u>(6,479,116)</u>	<u>(1,275,487)</u>	<u>(7,754,603)</u>
Change in Net Position	<u>(342,420)</u>	<u>(2,147,797)</u>	<u>(2,490,217)</u>
Total Net Position - Beginning of Year	<u>19,305,144</u>	<u>6,508,019</u>	<u>25,813,163</u>
Total Net Position - End of Year	<u>\$ 18,962,724</u>	<u>\$ 4,360,222</u>	<u>\$ 23,322,946</u>

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 43,616,866	\$ 3,565,137	\$ 47,182,003
Payments to suppliers	(8,693,115)	(2,284,390)	(10,977,505)
Payments to employees	(30,901,212)	(3,494,075)	(34,395,287)
Other operating receipts	4,624,755	-	4,624,755
Other operating payments	(5,408,378)	-	(5,408,378)
Other revenue	9,909	6,433	16,342
Net cash provided (Used) by Operating Activities	<u>3,248,825</u>	<u>(2,206,895)</u>	<u>1,041,930</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers from other funds	-	25,000	25,000
Operating subsidies and transfers to other funds	(6,479,116)	(1,300,487)	(7,779,603)
Net cash provided (Used) by Noncapital Financing Activities	<u>(6,479,116)</u>	<u>(1,275,487)</u>	<u>(7,754,603)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income from pooled investments	867,229	295,542	1,162,771
Net cash provided (Used) by Investing Activities	<u>867,229</u>	<u>295,542</u>	<u>1,162,771</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,363,062)	(3,186,840)	(5,549,902)
Balances - Beginning of Year	39,565,948	11,284,087	50,850,035
Balances - End of Year	<u>\$ 37,202,886</u>	<u>\$ 8,097,247</u>	<u>\$ 45,300,133</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 5,259,558	\$ (1,174,285)	\$ 4,085,273
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	74,832	-	74,832
Other revenues	9,909	6,433	16,342
Pension expense	(1,422,376)	(142,174)	(1,564,550)
Effect of changes in operating assets and liabilities:			
Receivables, net	(9,910)	(4,723,127)	(4,733,037)
Accounts payable and other liabilities	(189,199)	3,870,256	3,681,057
Accrued expenses	101,211	31,522	132,733
Prepaid expenditures	(575,200)	(75,520)	(650,720)
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,248,825</u>	<u>\$ (2,206,895)</u>	<u>\$ 1,041,930</u>

**SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
LIQUOR				
Personnel costs	\$ 36,106,091	\$ 36,106,091	\$ 38,386,085	\$ (2,279,994)
Operating	27,936,690	28,912,254	22,858,559	6,053,695
Total	<u>\$ 64,042,781</u>	<u>\$ 65,018,345</u>	<u>61,244,644</u>	<u>\$ 3,773,701</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			2,693,068	
Cost of goods sold			209,435,845	
Interest expense			1,566,652	
Deductions:				
Equipment note principal reduction			(1,386,933)	
Bad debt expense			(191,750)	
Capital outlay			(215,070)	
Cash interest payments			(1,567,911)	
Amortization of premium			(240,564)	
Principal paid on bonds			(812,721)	
Pension expense			(737,095)	
Encumbrances outstanding at year-end			(745,568)	
GAAP Expenses			<u>\$ 269,042,597</u>	
PERMITTING SERVICES				
Personnel costs	\$ 31,552,591	\$ 31,786,046	\$ 31,786,046	\$ -
Operating	10,443,716	10,254,030	8,845,656	1,408,374
Total	<u>\$ 41,996,307</u>	<u>\$ 42,040,076</u>	<u>40,631,702</u>	<u>\$ 1,408,374</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			74,832	
Deductions:				
Encumbrances outstanding at year-end			(1,020,062)	
Pension expense			(1,422,376)	
GAAP Expenses			<u>\$ 38,264,096</u>	
COMMUNITY USE OF PUBLIC FACILITIES				
Personnel costs	\$ 3,511,078	\$ 3,385,436	\$ 3,385,435	\$ 1
Operating	8,431,445	7,604,747	6,221,378	1,383,369
Total	<u>\$ 11,942,523</u>	<u>\$ 10,990,183</u>	<u>9,606,813</u>	<u>\$ 1,383,370</u>
Reconciliation to GAAP expenses:				
Deductions:				
Pension expense			(142,174)	
Encumbrances outstanding at year-end			(2,090)	
GAAP Expenses			<u>\$ 9,462,549</u>	
SOLID WASTE DISPOSAL				
Personnel costs	\$ 10,796,606	\$ 11,310,211	\$ 11,060,464	\$ 249,747
Operating	103,753,499	109,002,108	106,074,965	2,927,143
Total	<u>\$ 114,550,105</u>	<u>\$ 120,312,319</u>	<u>117,135,429</u>	<u>\$ 3,176,890</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			2,303,273	
Accrued gude landfill remediation costs			33,046,000	
Bad debt expense			34,199	
Other landfill adjustments			84,972	
Deductions:				
Capital outlay expenditures			(2,749,102)	
Encumbrances outstanding at year-end			(14,390,346)	
Pension expense			(581,242)	
GAAP Expenses			<u>\$ 134,883,183</u>	

Exhibit C-4 (Continued)

SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budget			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
SOLID WASTE COLLECTION				
Personnel costs	\$ 1,592,284	\$ 1,627,832	\$ 1,627,825	\$ 7
Operating	7,991,436	8,116,696	8,116,695	1
Total	<u>\$ 9,583,720</u>	<u>\$ 9,744,528</u>	9,744,520	<u>\$ 8</u>
Reconciliation to GAAP expenses:				
Deductions:				
Pension expense			(49,739)	
GAAP Expenses			<u>\$ 9,694,781</u>	
SOLID WASTE LEAFING				
Personnel costs	\$ 3,537,097	\$ 3,640,357	\$ 3,640,355	\$ 2
Operating	2,989,356	3,332,561	4,262,559	(929,998)
Total	<u>\$ 6,526,453</u>	<u>\$ 6,972,918</u>	7,902,914	<u>\$ (929,996)</u>
Reconciliation to GAAP expenses:				
Deductions:				
Pension expense			(80,895)	
GAAP Expenses			<u>\$ 7,822,019</u>	
Reconciliation of GAAP expenses to Statement of Revenues, Expenses, and Changes in Fund Net Assets:				
GAAP Expenses:				
Solid Waste Disposal			134,883,183	
Solid Waste Collection			9,694,781	
Solid Waste Leafing			7,822,019	
Total Solid Waste Activities			<u>152,399,983 *</u>	
SILVER SPRING PARKING				
Personnel costs	\$ 2,667,636	\$ 2,405,681	\$ 2,397,839	\$ 7,842
Operating	8,992,222	8,028,346	7,479,359	548,987
Total	<u>\$ 11,659,858</u>	<u>\$ 10,434,027</u>	9,877,198	<u>\$ 556,829</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			4,221,981	
CIP - other operating costs			6,948,626	
Deductions:				
Capital outlay			(6,692,738)	
Pension expense			(106,599)	
Encumbrances outstanding at year-end			(359,868)	
GAAP Expenses			<u>\$ 13,888,600</u>	
BETHESDA PARKING				
Personnel costs	\$ 2,390,051	\$ 2,293,733	\$ 2,293,726	\$ 7
Operating	12,612,950	12,376,008	12,376,006	2
Total	<u>\$ 15,003,001</u>	<u>\$ 14,669,741</u>	14,669,732	<u>\$ 9</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			4,630,219	
Interest expense			841,917	
CIP - other operating costs			4,341,653	
Pension expense			(172,270)	
Deductions:				
Capital outlay			(3,868,482)	
Encumbrances outstanding at year-end			(453,974)	
Principal paid on bonds			(3,591,000)	
Cash interest payments			(1,051,224)	
GAAP Expenses			<u>\$ 15,346,570</u>	

SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
WHEATON PARKING				
Personnel costs	\$ 402,044	\$ 383,570	\$ 383,566	\$ 4
Operating	1,197,258	1,063,556	825,905	237,651
Total	<u>\$ 1,599,302</u>	<u>\$ 1,447,126</u>	<u>1,209,471</u>	<u>\$ 237,655</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			182,828	
Deductions:				
Pension expense			(32,846)	
Encumbrances outstanding at year-end			(95,492)	
GAAP Expenses			<u>\$ 1,263,961</u>	
Reconciliation of GAAP expenses to Statement of Revenues, Expenses, and Changes in Fund Net Assets:				
GAAP Expenses:				
Silver Spring Parking			\$ 13,888,600	
Bethesda Parking			15,346,570	
Wheaton Parking			1,263,961	
Total Parking Lot Districts			<u>\$ 30,499,131</u>	

* Includes operating and nonoperating expenses

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

Motor Pool

Accounts for the fiscal activity related to the automotive and other motorized equipment needs of the using departments of the County.

Liability and Property Coverage Self-Insurance

Accounts for the fiscal activity related to liability, property, and workers' compensation insurance needs of the participating governmental agencies.

Employee Health Benefits Self-Insurance

Accounts for the fiscal activity related to health, life, vision, dental, and long-term disability insurance needs of active employees of the participating governmental agencies.

Central Duplicating

Accounts for the fiscal activity related to printing and postage services provided to the using agencies.



COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2020

	Motor Pool	Liability and Property Coverage Self Insurance	Employee Health Benefits Self Insurance	Central Duplicating	Total Internal Service Funds
ASSETS					
Current Assets:					
Equity in pooled cash and investments	\$ 22,174,464	\$ 182,416,003	\$ 34,256,949	\$ 793,041	\$ 239,640,457
Cash	300	-	-	-	300
Receivables (net of allowances for uncollectibles):					
Accounts	2,711	153,113	494,013	-	649,837
Due from other funds	-	-	11,483,839	-	11,483,839
Due from component units	42,795	-	628,634	4,905	676,334
Due from other governments	20,312	733,241	547,541	31,787	1,332,881
Inventory of supplies	4,770,089	-	-	-	4,770,089
Prepays	493,853	60,089	-	382,948	936,890
Total Current Assets	<u>27,504,524</u>	<u>183,362,446</u>	<u>47,410,976</u>	<u>1,212,681</u>	<u>259,490,627</u>
Noncurrent Assets:					
Capital Assets:					
Land, improved and unimproved	22,506	-	-	-	22,506
Improvements other than buildings	268,565	-	-	94,159	362,724
Furniture, fixtures, equipment, and machinery	3,476,515	-	-	617,782	4,094,297
Automobiles and trucks	103,168,736	-	-	-	103,168,736
Subtotal	<u>106,936,322</u>	<u>-</u>	<u>-</u>	<u>711,941</u>	<u>107,648,263</u>
Less: Accumulated depreciation	<u>69,970,347</u>	<u>-</u>	<u>-</u>	<u>633,296</u>	<u>70,603,643</u>
Total Capital Assets (net of accumulated depreciation)	<u>36,965,975</u>	<u>-</u>	<u>-</u>	<u>78,645</u>	<u>37,044,620</u>
Total Assets	<u>64,470,499</u>	<u>183,362,446</u>	<u>47,410,976</u>	<u>1,291,326</u>	<u>296,535,247</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferrals	862,833	300,216	106,453	199,235	1,468,737
Total Deferred Outflows of Resources	<u>862,833</u>	<u>300,216</u>	<u>106,453</u>	<u>199,235</u>	<u>1,468,737</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	2,145,704	1,155,489	7,307,469	32,146	10,640,808
Claims payable	-	36,142,504	9,976,318	-	46,118,822
Accrued liabilities	3,348,418	763,542	1,386,471	347,825	5,846,256
Due to other funds	993,262	106,614	21,925,142	129,235	23,154,253
Due to component units	-	13,258	-	-	13,258
Due to other governments	166	263,458	-	-	263,624
Total Current Liabilities	<u>6,487,550</u>	<u>38,444,865</u>	<u>40,595,400</u>	<u>509,206</u>	<u>86,037,021</u>
Noncurrent Liabilities:					
Claims payable	-	129,897,850	5,814,000	-	135,711,850
Compensated absences	836,702	165,140	114,537	97,821	1,214,200
Net pension liability	362,157	129,471	31,365	88,481	611,474
Total Noncurrent Liabilities	<u>1,198,859</u>	<u>130,192,461</u>	<u>5,959,902</u>	<u>186,302</u>	<u>137,537,524</u>
Total Liabilities	<u>7,686,409</u>	<u>168,637,326</u>	<u>46,555,302</u>	<u>695,508</u>	<u>223,574,545</u>
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals	1,678,632	600,112	145,381	410,119	2,834,244
Total Deferred Inflows of Resources	<u>1,678,632</u>	<u>600,112</u>	<u>145,381</u>	<u>410,119</u>	<u>2,834,244</u>
NET POSITION					
Net investment in capital assets	36,965,975	-	-	78,645	37,044,620
Unrestricted	<u>19,002,316</u>	<u>14,425,224</u>	<u>816,746</u>	<u>306,289</u>	<u>34,550,575</u>
Total Net Position (Deficit)	<u>\$ 55,968,291</u>	<u>\$ 14,425,224</u>	<u>\$ 816,746</u>	<u>\$ 384,934</u>	<u>71,595,195</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Motor Pool	Liability and Property Coverage Self Insurance	Employee Health Benefits Self Insurance	Central Duplicating	Total Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 74,439,790	\$ 73,356,975	\$ 171,214,814	\$ 7,632,314	\$ 326,643,893
Claim recoveries	1,885,348	902,440	-	-	2,787,788
Total Operating Revenues	76,325,138	74,259,415	171,214,814	7,632,314	329,431,681
OPERATING EXPENSES					
Personnel costs	23,460,377	4,044,720	2,163,836	2,889,082	32,558,015
Other post employment contributions	318,550	16,850	-	52,070	387,470
Postage	10,813	40	23,611	1,129,740	1,164,204
Self-insurance incurred and estimated claims	-	46,870,382	126,434,864	-	173,305,246
Insurance	1,762,987	6,197,190	35,673,996	-	43,634,173
Supplies and materials	20,317,314	3,436	24,014	729,015	21,073,779
Contractual services	607,567	7,987,004	1,625,155	141,978	10,361,704
Communications	118,177	6,994	26,582	175,720	327,473
Transportation	250,910	19,805	500	39,819	311,034
Public utility services	902,966	-	-	-	902,966
Rentals	1,697	120,521	444	2,656,058	2,778,720
Maintenance	17,201,137	9,618	129	1,720	17,212,604
Depreciation	9,269,056	-	-	15,650	9,284,706
Other	22,401	7,478	5,376	1,110	36,365
Total Operating Expenses	74,243,952	65,284,038	165,978,507	7,831,962	313,338,459
Operating Income (Loss)	2,081,186	8,975,377	5,236,307	(199,648)	16,093,222
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposal of capital assets	48,442	-	-	-	48,442
Investment income	402,010	4,758,470	258,105	40,778	5,459,363
Other revenue	454,794	8,835	-	-	463,629
Insurance recoveries	-	1,186,005	-	-	1,186,005
Total Nonoperating Revenues (Expenses)	905,246	5,953,310	258,105	40,778	7,157,439
Income (Loss) Before Transfers	2,986,432	14,928,687	5,494,412	(158,870)	23,250,661
Transfers In (Out):					
Transfers in	273,319	-	4,500,000	-	4,773,319
Transfers out	-	-	-	-	-
Total Transfers In (Out)	273,319	-	4,500,000	-	4,773,319
Change in Net Position	3,259,751	14,928,687	9,994,412	(158,870)	28,023,980
Total Net Position - Beginning of Year	52,708,540	(503,463)	(9,177,666)	543,804	43,571,215
Total Net Position - End of Year	\$ 55,968,291	\$ 14,425,224	\$ 816,746	\$ 384,934	\$ 71,595,195

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Motor Pool	Liability and Property Coverage Self Insurance	Employee Health Benefits Self Insurance	Central Duplicating	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 76,387,891	\$ 72,676,485	\$ 169,772,729	\$ 7,622,447	\$ 326,459,552
Payments to suppliers	(43,494,862)	(17,129,276)	6,530,512	(5,187,774)	(59,281,400)
Payments to employees	(22,865,165)	(4,180,080)	(2,446,436)	(2,892,339)	(32,384,020)
Claims paid	-	(46,841,171)	(157,569,131)	-	(204,410,302)
Other revenue	454,794	911,275	-	-	1,366,069
Internal activity-receipts from other funds	273,319	-	-	-	273,319
Net Cash Provided (Used) by Operating Activities	10,755,977	5,437,233	16,287,674	(457,666)	32,023,218
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Insurance reimbursement claims	-	1,186,005	-	-	1,186,005
Operating subsidies, transfers and payments to other/from funds	-	-	4,500,000	-	4,500,000
Internal activity-payment to other funds	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	1,186,005	4,500,000	-	5,686,005
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	184,348	-	-	-	184,348
Purchases of capital assets	(6,926,434)	-	-	-	(6,926,434)
Net Cash Provided (Used) by Capital and Related Financing Activities	(6,742,086)	-	-	-	(6,742,086)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income from pooled investments	402,010	4,758,470	258,105	40,778	5,459,363
Net Cash Provided (Used) by Investing Activities	402,010	4,758,470	258,105	40,778	5,459,363
Net Increase (Decrease) in Cash and Cash Equivalents	4,415,901	11,381,708	21,045,779	(416,888)	36,426,500
Balances - Beginning of Year	17,758,863	171,034,295	13,211,170	1,209,929	203,214,257
Balances - End of Year	\$ 22,174,764	\$ 182,416,003	\$ 34,256,949	\$ 793,041	\$ 239,640,757
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 2,081,186	\$ 8,975,377	\$ 5,236,307	\$ (199,648)	\$ 16,093,222
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	9,269,056	-	-	15,650	9,284,706
Pension expense	(392,736)	(377,281)	(195,875)	(57,949)	(1,023,841)
Other revenue	454,794	8,835	-	-	463,629
Effect of changes in operating assets and liabilities:					
Receivables, net	336,072	(680,490)	(1,442,084)	(9,867)	(1,796,369)
Inventories, prepaids and other assets	(978,687)	(39,446)	-	(226,290)	(1,244,423)
Accounts payable and other liabilities	(1,148,822)	(349,818)	12,259,674	(45,563)	10,715,471
Claims payable	-	(2,587,949)	-	-	(2,587,949)
Accrued expenses	1,135,114	488,005	429,652	66,001	2,118,772
Net Cash Provided (Used) by Operating Activities	\$ 10,755,977	\$ 5,437,233	\$ 16,287,674	\$ (457,666)	\$ 32,023,218

SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
LIABILITY AND PROPERTY COVERAGE SELF-INSURANCE				
Personnel costs	\$ 4,746,553	\$ 4,422,053	\$ 4,422,001	\$ 52
Operating	69,272,776	64,159,507	64,159,416	91
Total	<u>\$ 74,019,329</u>	<u>\$ 68,581,560</u>	<u>68,581,417</u>	<u>\$ 143</u>
Reconciliation to GAAP expenses:				
Deductions:				
Portion of incurred but not reported claims not required to be budgeted			(2,587,949)	
Pension expense			(377,281)	
Encumbrances outstanding at year-end			(332,149)	
GAAP Expenses			<u>\$ 65,284,038</u>	
EMPLOYEE HEALTH BENEFITS SELF-INSURANCE				
Personnel costs	\$ 2,958,467	\$ 3,095,287	\$ 2,359,711	\$ 735,576
Operating	269,897,851	262,840,061	164,055,006	98,785,055
Total	<u>\$ 272,856,318</u>	<u>\$ 265,935,348</u>	<u>166,414,717</u>	<u>\$ 99,520,631</u>
Reconciliation to GAAP expenses:				
Additions:				
Portion of incurred but not reported claims not required to be budgeted			397,980	
Deductions:				
Pension expense			(195,875)	
Encumbrances outstanding at year-end			(638,315)	
GAAP Expenses			<u>\$ 165,978,507</u>	

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held in a trustee or custodial capacity for others and therefore cannot be used to support the government's own programs.

Pension and Other Employee Benefit Trust

Account for the accumulation of resources for, and payment of, retirement annuities and/or other benefits and administrative costs.

- Employees' Retirement System
- Employees' Retirement Savings Plan
- Deferred Compensation Plan
- Retiree Health Benefits

Other Custodial Funds

Account for resources held by the County in a purely custodial capacity.

- West Germantown Development District
- Kingsview Village Center Development District
- Escrow Deposits
- Inter Agency Facility Scheduling
- Miscellaneous Custodial Fund



**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
June 30, 2020**

	Employees' Retirement System	Employees' Retirement Savings Plan	Deferred Compensation Plan	Retiree Health Benefits	Total
ASSETS					
Current Assets:					
Equity in pooled cash and investments	\$ 2,492,345	\$ 189,386	\$ -	\$ 1,552,566	\$ 4,234,297
Investments:					
Government and agency obligations	528,089,716	-	-	144,980,373	673,070,089
Municipal/Provincial bonds	21,417,231	-	-	7,067,360	28,484,591
Asset-backed securities	899,042	-	-	303,021	1,202,063
Corporate bonds	685,718,740	-	-	186,575,986	872,294,726
Commercial mortgage-backed securities	1,458,954	-	-	-	1,458,954
Common and preferred stock	1,531,092,203	-	-	469,156,382	2,000,248,585
Mutual and commingled funds	563,197,846	535,327,236	466,557,151	122,464,455	1,687,546,688
Short-term investments	128,855,407	-	-	93,862,643	222,718,050
Cash collateral received under securities lending agreements	156,070,467	-	-	5,969,755	162,040,222
Private real assets	248,857,751	-	-	42,953,038	291,810,789
Private equity/debt	614,388,944	-	-	149,802,053	764,190,997
Total Investments	4,480,046,301	535,327,236	466,557,151	1,223,135,066	6,705,065,754
Receivables (net of allowances for uncollectibles):					
Receivables and accrued interest	13,745,051	-	-	3,518,343	17,263,394
Accounts	87,190	7,747	-	-	94,937
Due from other funds	7,827,891	1,960,703	1,130,017	21,894,614	32,813,225
Due from component units	52,607	90,891	-	201,250	344,748
Due from other governments	3,049	1,073	-	8,000	12,122
Total Current Assets	4,504,254,434	537,577,036	467,687,168	1,250,309,839	6,759,828,477
Noncurrent Assets:					
Capital assets:					
Other assets	900,043	-	-	-	900,043
Less: Accumulated depreciation	900,043	-	-	-	900,043
Total Capital Assets (net of accumulated depreciation)	-	-	-	-	-
Total Assets	4,504,254,434	537,577,036	467,687,168	1,250,309,839	6,759,828,477
LIABILITIES					
Current Liabilities:					
Accounts payable	166,714,574	6,142	-	9,731,791	176,452,507
Accrued liabilities	3,917,799	28,678	-	1,011,922	4,958,399
Claims payable	-	-	-	4,368,295	4,368,295
Due to other funds	25,030	2,767	-	215,067	242,864
Unearned revenue	-	-	-	3,513,530	3,513,530
Total Current Liabilities	170,657,403	37,587	-	18,840,605	189,535,595
Noncurrent Liabilities:					
Compensated absences	95,510	11,023	-	22,640	129,173
Total Liabilities	170,752,913	48,610	-	18,863,245	189,664,768
NET POSITION					
Restricted for:					
Pensions	4,333,501,521	537,528,426	467,687,168	-	5,338,717,115
Other postemployment benefits	-	-	-	1,231,446,594	1,231,446,594
	\$ 4,333,501,521	\$ 537,528,426	\$ 467,687,168	\$ 1,231,446,594	\$ 6,570,163,709

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Employees' Retirement System	Employees' Retirement Savings Plan	Deferred Compensation Plan	Retiree Health Benefits	Total
ADDITIONS					
Contributions:					
Employers	\$ 87,198,736	\$ 21,231,795	\$ -	\$ 172,863,381	\$ 281,293,912
Members	30,781,032	11,481,018	22,523,739	-	64,785,789
Federal government - Medicare Part D	-	-	-	13,625,461	13,625,461
Total Contributions	117,979,768	32,712,813	22,523,739	186,488,842	359,705,162
Investment income (loss)	194,045,324	34,090,597	35,686,762	67,561,449	331,384,132
Less: Investment expenses	20,677,234	8,279	-	4,845,772	25,531,285
Net Investment Income (Loss)	173,368,090	34,082,318	35,686,762	62,715,677	305,852,847
Other income - forfeitures	-	155,105	-	-	155,105
Total Additions, net	291,347,858	66,950,236	58,210,501	249,204,519	665,713,114
DEDUCTIONS					
Benefits:					
Annuities:					
Retirees	197,346,814	-	-	-	197,346,814
Survivors	10,625,975	-	-	-	10,625,975
Disability	54,100,956	-	-	-	54,100,956
Claims	-	-	-	92,984,439	92,984,439
Total Benefits	262,073,745	-	-	92,984,439	355,058,184
Member refunds	9,349,667	18,583,198	34,101,302	-	62,034,167
Administrative expenses	3,059,212	257,244	-	4,262,169	7,578,625
Total Deductions	274,482,624	18,840,442	34,101,302	97,246,608	424,670,976
Net Increase (Decrease)	16,865,234	48,109,794	24,109,199	151,957,911	241,042,138
Net Position - Beginning of Year	4,316,636,287	489,418,632	443,577,969	1,079,488,683	6,329,121,571
Net Position - End of Year	\$ 4,333,501,521	\$ 537,528,426	\$ 467,687,168	\$ 1,231,446,594	\$ 6,570,163,709

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - OTHER CUSTODIAL FUNDS
June 30, 2020

	West Germantown Development District	Kingsview Village Center Development District	Escrow Deposit	Inter Agency Facility Scheduling	Miscellaneous Custodial Funds	Total
ASSETS						
Current Assets:						
Equity in pooled cash and investments	\$ 1,037,023	\$ 128,221	\$ 3,603,260	\$ 2,572	\$ 253,188	\$ 5,024,264
Cash	-	-	-	-	118,115	118,115
Receivables (net of allowances for uncollectibles):						
Property taxes	4,104	-	-	-	-	4,104
Accounts	4,261	134	1,818	2,461,696	-	2,467,909
Total Current Assets	<u>1,045,388</u>	<u>128,355</u>	<u>3,605,078</u>	<u>2,464,268</u>	<u>371,303</u>	<u>7,614,392</u>
Total Assets	<u>\$ 1,045,388</u>	<u>\$ 128,355</u>	<u>\$ 3,605,078</u>	<u>\$ 2,464,268</u>	<u>\$ 371,303</u>	<u>\$ 7,614,392</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	-	-	-	44,508	-	44,508
Accrued liabilities	-	-	-	539	-	539
Deposits	-	-	3,369,478	-	-	3,369,478
Due to other funds	-	-	-	35,000	-	35,000
Due to other governments	804,001	80,911	-	208,112	-	1,093,024
Unearned revenue	-	-	-	1,760,225	-	1,760,225
Other liabilities	-	-	-	415,884	259,396	675,280
Total Current Liabilities	<u>804,001</u>	<u>80,911</u>	<u>3,369,478</u>	<u>2,464,268</u>	<u>259,396</u>	<u>6,978,054</u>
Total Liabilities	<u>804,001</u>	<u>80,911</u>	<u>3,369,478</u>	<u>2,464,268</u>	<u>259,396</u>	<u>6,978,054</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable property taxes	61,703	-	-	-	-	61,703
Total Deferred Inflows of Resources	<u>61,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,703</u>
NET POSITION						
Restricted for individuals, organizations, and other governments	179,684	47,444	235,600	-	111,907	574,635
Total Net Position	<u>\$ 179,684</u>	<u>\$ 47,444</u>	<u>\$ 235,600</u>	<u>\$ -</u>	<u>\$ 111,907</u>	<u>\$ 574,635</u>

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - OTHER CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	West Germantown Development District	Kingsview Village Center Development District	Escrow Deposit	Inter Agency Facility Scheduling	Miscellaneous Custodial Funds	Total
ADDITIONS						
Investment income (loss)	17,182	3,226	-	-	-	20,408
Other income	-	-	235,600	-	111,907	347,507
Total Additions, net	17,182	3,226	235,600	-	111,907	367,915
DEDUCTIONS						
Administrative expenses	-	-	-	-	-	-
Total Deductions	-	-	-	-	-	-
Net Increase (Decrease)	17,182	3,226	235,600	-	111,907	367,915
Net Position - Beginning of Year	162,502	44,218	-	-	-	206,720
Net Position - End of Year	<u>\$ 179,684</u>	<u>\$ 47,444</u>	<u>\$ 235,600</u>	<u>\$ -</u>	<u>\$ 111,907</u>	<u>\$ 574,635</u>

NONMAJOR COMPONENT UNITS



COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS
June 30, 2020

	BUP	MCRA	MC	Total
ASSETS				
Equity in pooled cash and investments	\$ -	\$ -	\$ 28,064,844	\$ 28,064,844
Cash with fiscal agents	-	-	42,316,129	42,316,129
Cash	1,482,840	4,073,873	6,500	5,563,213
Investments - cash equivalents	-	-	2,373,243	2,373,243
Investments	-	-	29,835,511	29,835,511
Receivables (net of allowance for uncollectibles):				
Capital leases	-	2,970,224	-	2,970,224
Accounts	-	-	14,178,864	14,178,864
Notes	-	53,144,502	-	53,144,502
Other	28,645	999,186	1,248,471	2,276,302
Due from primary government	59,255	75,005	1,541,180	1,675,440
Due from other governments	12,739	646,123	572,357	1,231,219
Inventory of supplies	-	347,603	10,873	358,476
Prepays	5,647	4,831	482,258	492,736
Other assets	5,075	-	3,408,861	3,413,936
Restricted Assets:				
Equity in pooled cash and investments	-	-	3,639,521	3,639,521
Cash	-	662,005	-	662,005
Investments - cash equivalents	-	-	24,729,499	24,729,499
Investment	-	1,502,446	-	1,502,446
Capital Assets:				
Nondepreciable assets	-	33,689,942	182,305,003	215,994,945
Depreciable assets, net	97,744	19,540,508	473,438,560	493,076,812
Total Assets	1,691,945	117,656,248	808,151,674	927,499,867
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of debt	-	409,815	36,842	446,657
Pension deferrals	-	2,877,031	4,860,417	7,737,448
OPEB deferrals	-	2,044,108	39,820,836	41,864,944
Accumulated decrease in fair value of hedging derivatives	-	96,683	-	96,683
Total Deferred Outflow of Resources	-	5,427,637	44,718,095	50,145,732
LIABILITIES				
Accounts payable	164,976	668,699	-	833,675
Interest payable	-	371,145	477,100	848,245
Retainage payable	-	-	1,630,549	1,630,549
Accrued liabilities	252,953	1,010,666	23,839,510	25,103,129
Deposits	-	202,973	-	202,973
Due to primary government	1,380	165,747	14,479	181,606
Due to other governments	-	-	787,827	787,827
Unearned revenue	57,476	1,293,187	4,910,027	6,260,690
Other liabilities	44,176	-	1,465,387	1,509,563
Noncurrent Liabilities:				
Due within one year	-	4,810,896	5,279,896	10,090,792
Due in more than one year	-	68,846,882	218,586,528	287,433,410
Total Liabilities	520,961	77,370,195	256,991,303	334,882,459
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding of debt	-	-	2,380,000	2,380,000
Pension deferrals	-	4,350,506	2,435,221	6,785,727
OPEB deferrals	-	3,025,635	12,916,435	15,942,070
Total Deferred Intflow of Resources	-	7,376,141	17,731,656	25,107,797
NET POSITION				
Net investment in capital assets	97,744	40,107,652	577,934,264	618,139,660
Restricted for:				
Capital projects	-	359,515	-	359,515
Other purposes	-	302,490	36,651,424	36,953,914
Unrestricted (deficit)	1,073,240	(2,432,108)	(36,438,878)	(37,797,746)
Total Net Position	\$ 1,170,984	\$ 38,337,549	\$ 578,146,810	\$ 617,655,343

**COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Program Revenues					Net (Expense) Revenue and Changes in Net Position			
Functions	Expenses	Charges for Services	Operating	Capital	BUP	MCRA	MC	Total
			Grants and Contributions	Grants and Contributions				
Component Units:								
General government	\$ 4,809,473	\$ 4,700,003	\$ 235,500	\$ -	\$ 126,030	\$ -	\$ -	\$ 126,030
Culture and recreation	19,633,326	16,366,114	-	907,335	-	(2,359,877)	-	(2,359,877)
Education	348,290,926	66,136,569	20,053,589	45,625,638	-	-	(216,475,130)	(216,475,130)
Total component units	<u>\$ 372,733,725</u>	<u>\$ 87,202,686</u>	<u>\$ 20,289,089</u>	<u>\$ 46,532,973</u>	126,030	(2,359,877)	(216,475,130)	(218,708,977)
General revenues:								
Grants and contributions not restricted to specific programs					-	-	236,873,426	236,873,426
Investment Income					-	2,041,184	882,344	2,923,528
Gain (loss) on sale of capital assets					-	-	-	-
Miscellaneous					36,816	-	-	36,816
Total general revenues					<u>36,816</u>	<u>2,041,184</u>	<u>237,755,770</u>	<u>239,833,770</u>
Change in net position					162,846	(318,693)	21,280,640	21,124,793
Total Net Position - beginning					<u>1,008,138</u>	<u>38,656,242</u>	<u>556,866,170</u>	<u>596,530,550</u>
Total Net Position - ending					<u>\$ 1,170,984</u>	<u>\$ 38,337,549</u>	<u>\$ 578,146,810</u>	<u>\$ 617,655,343</u>



STATISTICAL SECTION

Fire Station #31 –
Gaithersburg, MD

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Statistical Section

The Statistical Section presents detailed information for the primary government in the following areas, as a context for understanding what the information in the Financial Section says about the County's overall financial health:

Financial Trends	213
Information to help the reader understand how the County's financial performance and well-being have changed over time.	
Revenue Capacity	224
Information to help the reader assess the County's most significant local revenue sources - the property tax and income tax.	
Debt Capacity	237
Information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
Demographic and Economic Information	242
Indicators to help the reader understand the environment within which the County's financial activities take place.	

Many of these tables cover more than two fiscal years and present data from outside the accounting records. Therefore, the Statistical Section is unaudited.



Table 1

FINANCIAL TRENDS
NET POSITION BY COMPONENT - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)
LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
Net investment in capital assets	\$ 1,923,668,729	\$ 1,880,813,780	\$ 1,932,495,036	\$ 2,112,879,507	\$ 2,099,290,326	\$ 2,280,466,863	\$ 2,336,853,956	\$ 2,169,845,557	\$ 2,734,892,546	\$ 2,999,713,433
Restricted	426,265,013	502,059,858	296,564,191	315,878,315	493,320,702	415,275,255	441,648,621	650,720,854	564,498,034	405,793,922
Unrestricted (deficit) ⁽¹⁾	(1,388,128,738)	(1,365,476,872)	(1,147,060,057)	(1,247,964,983)	(1,882,775,991)	(2,007,096,943)	(3,091,267,121)	(2,964,345,467)	(3,136,040,177)	(2,965,037,814)
Total Governmental Activities Net Position	961,805,004	1,017,396,766	1,081,999,170	1,180,792,839	709,835,037	688,645,175	(312,764,544)	(143,779,056)	163,350,403	440,469,541
Business-type Activities:										
Net investment in capital assets	173,232,831	185,300,678	191,266,741	181,965,592	186,001,533	139,122,346	186,321,262	185,894,133	186,027,386	191,115,410
Restricted	52,817,393	93,254,622	94,329,133	64,810,807	48,386,118	88,115,316	68,287,578	80,545,655	76,894,899	36,905,016
Unrestricted (deficit)	18,434,295	26,894,257	41,045,651	69,285,828	57,451,970	71,413,125	67,161,146	43,687,119	46,488,562	45,881,753
Total Business-type Activities Net Position	244,484,519	305,449,557	326,641,525	316,062,227	291,839,621	298,650,787	321,769,986	310,126,907	309,410,847	273,902,179
Primary Government:										
Net investment in capital assets	2,065,797,289	2,066,114,458	2,123,761,777	2,294,845,099	2,285,291,859	2,419,589,209	2,523,175,218	2,355,739,690	2,920,919,932	3,190,828,843
Restricted	479,082,406	595,314,480	390,893,324	380,689,122	541,706,820	503,390,571	509,936,199	731,266,509	641,392,933	442,698,938
Unrestricted (deficit) ⁽¹⁾	(1,338,590,172)	(1,338,582,615)	(1,106,014,406)	(1,178,679,155)	(1,825,324,021)	(1,935,683,818)	(3,024,105,975)	(2,920,658,348)	(3,089,551,615)	(2,919,156,061)
Total Primary Government Net Position	\$ 1,206,289,523	\$ 1,322,846,323	\$ 1,408,640,695	\$ 1,496,855,066	\$ 1,001,674,658	\$ 987,295,962	\$ 9,005,442	\$ 166,347,851	\$ 472,761,250	\$ 714,371,720

NOTES:

* This table is a summary of net position information presented in the basic financial statement Exhibit A-1.

* Government-wide net position information is reported on the accrual basis of accounting.

* Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted when ⁽¹⁾ an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the County.

* Beginning in FY13, the County implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which requires amounts formerly reported as net assets be reported as net position. The effect of this implementation is reflected in the above table.

* Certain amounts have been restated or reclassified to conform with the following year's presentation.

⁽¹⁾ The County's governmental activities has an unrestricted deficit because the County issues debt to fund construction costs for MCPS and MC, two of its component units, and for M-NCPPC, a joint venture. Absent the effect of this relationship, the County would have reported a smaller government-wide deficit for its governmental activities and for government-wide purposes. Government-wide unrestricted net position would have been:

Unrestricted (deficit) net position reported above	\$ (1,338,590,172)	\$ (1,338,582,615)	\$ (1,106,014,406)	\$ (1,178,679,155)	\$ (1,825,324,021)	\$ (1,935,683,818)	\$ (3,024,105,975)	\$ (2,920,658,348)	\$ (3,089,551,615)	\$ (2,919,156,061)
Debt issued for capital on behalf of others	1,359,354,018	1,399,452,195	1,471,314,322	1,498,460,648	1,634,742,350	1,664,939,419	1,706,292,298	1,823,365,298	1,853,826,444	1,802,020,817
County net position absent effect of this relationship	\$ 20,763,846	\$ 60,869,580	\$ 365,299,916	\$ 319,781,493	\$ (190,581,671)	\$ (270,744,399)	\$ (1,317,813,677)	\$ (1,097,293,050)	\$ (1,235,725,171)	\$ (1,117,135,244)

Table 2-a

FINANCIAL TRENDS **CHANGES IN NET POSITION - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)** **LAST TEN FISCAL YEARS**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities:										
General government	\$ 287,987,929	\$ 351,138,451	\$ 400,023,515	\$ 474,084,799	\$ 470,405,790	\$ 624,551,802	\$ 540,011,504	\$ 424,387,485	\$ 438,014,357	\$ 590,174,881
Public safety	614,081,563	600,877,545	609,565,746	607,555,402	591,702,869	620,407,666	641,585,272	673,208,779	622,873,906	623,407,978
Public works and transportation	255,731,300	263,586,549	278,716,716	273,021,015	288,226,716	279,744,940	258,627,800	270,104,981	238,384,714	270,530,860
Health and human services	283,727,427	256,703,043	272,032,818	291,657,233	296,567,081	292,252,497	319,917,837	340,401,563	329,736,686	321,292,120
Culture and recreation	88,433,456	93,560,027	93,965,468	95,084,426	95,703,122	116,004,130	134,848,367	124,775,369	111,901,877	114,017,908
Community development and housing	73,432,068	46,198,670	37,821,686	38,160,065	32,001,034	42,140,359	50,618,370	73,658,830	62,494,208	41,018,670
Environment	19,189,065	28,584,840	28,913,062	31,590,141	30,905,863	29,886,401	29,095,268	32,168,215	35,059,399	33,264,778
Education	1,728,747,256	1,751,721,080	1,797,097,286	1,770,301,285	1,826,117,289	1,899,997,038	2,037,048,982	2,094,083,289	2,191,087,238	2,237,040,332
Interest on long-term debt	99,272,929	116,354,151	113,688,959	101,268,081	112,420,639	99,889,037	100,887,704	118,778,942	115,507,787	111,886,439
Total Governmental Activities Expenses	3,450,602,993	3,508,724,356	3,631,825,256	3,682,722,447	3,744,050,403	4,004,873,870	4,112,641,104	4,151,567,453	4,145,060,172	4,342,633,966
Business-type Activities:										
Liquor control	215,359,402	220,242,176	225,650,484	239,218,758	248,982,109	264,763,943	273,828,277	268,344,647	263,120,732	268,696,377
Solid waste activities	100,890,192	99,723,180	106,039,038	129,531,260	109,351,706	105,838,154	92,126,174	100,674,500	110,018,670	152,084,064
Parking lot districts	30,755,951	29,724,042	30,321,385	30,140,788	37,103,525	33,453,769	34,418,684	33,941,506	34,104,944	30,430,789
Permitting services	25,490,571	25,039,256	27,534,056	29,486,839	29,002,673	31,042,939	36,065,066	39,017,094	36,608,286	38,036,292
Community use of public facilities	8,727,217	8,890,716	9,533,241	8,997,721	9,444,551	10,301,634	10,386,038	11,857,115	11,033,992	9,448,918
Total Business-type Activities Expenses	381,223,333	383,619,370	399,078,204	437,375,366	433,884,564	445,400,439	446,824,239	453,834,862	454,886,624	498,696,440
Total Primary Government Expenses	3,831,826,326	3,892,343,726	4,030,903,460	4,120,097,813	4,177,934,967	4,450,274,309	4,559,465,343	4,605,402,315	4,599,946,796	4,841,330,406
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	72,444,386	69,255,366	67,955,551	35,879,186	75,223,054	67,180,168	86,023,992	99,081,775	94,380,333	67,470,501
Public safety	38,595,219	35,960,217	44,887,666	52,773,389	52,554,641	56,419,015	57,893,409	55,776,247	53,263,699	51,228,432
Public works and transportation	26,974,805	28,375,493	31,024,303	28,606,534	32,070,795	31,222,409	34,480,822	32,977,409	32,606,994	60,186,065
Health and human services	4,721,205	5,785,003	4,976,188	5,448,684	4,968,870	4,210,725	5,806,436	4,765,964	4,037,505	3,624,326
Culture and recreation	32,590,653	36,029,762	37,693,903	38,555,482	39,462,050	39,033,846	43,338,703	38,827,721	38,026,692	36,572,567
Community development and housing	5,019,056	5,328,444	7,882,996	5,097,251	5,245,558	5,943,869	6,484,254	8,665,072	8,788,805	8,478,712
Environment	11,860,231	17,686,313	23,115,938	23,130,913	28,232,295	107,496	1,146,600	97,921	391,310	78,812
Education	-	-	-	-	-	-	-	-	58,834	-
Operating Grants and Contributions:										
General government	5,849,908	4,727,151	4,746,333	7,177,643	5,900,190	5,783,686	2,506,534	1,367,478	2,059,546	32,209,814
Public safety	37,520,540	34,066,226	37,548,290	32,105,352	34,566,646	38,001,429	32,049,554	34,036,104	31,784,548	48,466,234
Public works and transportation	29,181,943	17,616,341	34,642,383	48,675,916	40,840,283	48,018,142	55,439,795	41,117,169	49,677,983	52,689,586
Health and human services	104,007,562	87,045,926	105,230,050	111,498,816	112,388,538	103,139,187	119,822,880	108,745,542	117,434,598	112,096,883
Culture and recreation	5,366,409	5,391,330	12,344,981	5,089,403	5,362,215	5,564,089	6,375,674	7,150,941	4,890,633	5,881,077
Community development and housing	10,261,792	13,596,969	738,299	4,765,528	2,843,614	3,382,444	8,593,974	8,273,826	8,597,444	7,713,768
Environment	567,585	2,984,828	623,999	1,740,066	23,547	126,632	-	-	-	-
Capital Grants and Contributions:										
General government	5,102,185	6,279,853	6,998,575	6,728,959	8,780,438	8,057,312	5,759,703	34,405,150	13,857,000	22,858,311
Public safety	212,915	805,520	1,866,778	2,144,407	986,711	1,085,087	918,607	2,738,267	(2,065,934)	224,165
Public works and transportation ⁽³⁾	38,384,823	49,814,738	11,801,526	26,115,518	18,100,100	46,691,306	52,741,941	78,162,405	34,513,441	46,347,023
Culture and recreation	3,123,739	3,794,333	1,739,360	1,715,816	4,950,414	384,826	764,642	1,866,137	20,660	977,892
Community development and housing	79,902	556,768	1,008,236	3,306,075	1,509,342	536,830	(11,539)	-	-	-

Table 2-a (Continued)

FINANCIAL TRENDS
CHANGES IN NET POSITION - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)
LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Environment	493,943	12,063	-	-	43,848	5,582,790	1,787,625	6,677,036	3,295,642	475,065
Education	-	-	-	-	-	-	-	-	-	139,567
Total Governmental Activities										
Program Revenues	432,358,801	425,112,644	436,825,355	440,554,938	474,053,149	470,471,288	521,923,606	564,732,164	495,619,733	557,718,800
Program Revenues (Continued)										
Business-type Activities:										
Charges for Services:										
Liquor control	242,802,606	252,285,232	259,327,227	268,677,859	278,768,662	294,593,991	298,493,309	296,898,858	295,840,562	304,989,083
Solid waste activities	106,304,522	108,410,918	108,780,916	109,251,865	111,621,329	109,338,285	115,150,999	115,663,792	118,735,876	118,556,863
Parking lot districts	30,647,758	29,208,719	31,980,146	31,093,981	34,717,204	32,731,451	36,001,841	36,166,913	35,227,522	36,068,613
Permitting services	30,537,026	41,196,475	45,231,452	44,393,317	38,595,012	43,882,689	39,652,271	44,429,923	43,795,393	43,533,563
Community use of public facilities	9,854,373	10,378,258	10,555,506	10,986,875	11,133,118	11,437,099	11,335,072	11,917,129	11,964,989	8,294,697
Operating Grants and Contributions:										
Solid waste activities	-	-	-	-	-	-	-	-	-	-
Total Business-type Activities										
Program Revenues	420,146,285	441,479,602	455,875,247	464,403,897	474,835,325	491,983,515	500,633,492	505,076,615	505,564,342	511,442,819
Total Primary Government										
Program Revenues	852,505,086	866,592,246	892,700,602	904,958,835	948,888,474	962,454,803	1,022,557,098	1,069,808,779	1,001,184,075	1,069,161,619
Net (Expense) Revenue⁽¹⁾										
Governmental activities	(3,018,244,192)	(3,083,611,712)	(3,194,999,901)	(3,242,167,509)	(3,269,997,254)	(3,534,402,582)	(3,590,717,498)	(3,586,835,289)	(3,649,440,439)	(3,784,915,166)
Business-type activities	38,922,952	57,860,232	56,797,043	27,028,531	40,950,761	46,583,076	53,809,253	51,241,753	50,677,718	12,746,379
Total Primary Government Net Expense	(2,979,321,240)	(3,025,751,480)	(3,138,202,858)	(3,215,138,978)	(3,229,046,493)	(3,487,819,506)	(3,536,908,245)	(3,535,593,536)	(3,598,762,721)	(3,772,168,787)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes ⁽²⁾	2,945,614,528	3,083,078,491	3,208,768,624	3,290,585,776	3,228,243,148	3,488,157,212	3,722,174,244	3,670,382,662	3,876,139,130	3,963,677,470
Grants, contributions, and other revenue not restricted to specific programs	-	-	-	588,567	-	-	-	-	(7,262,152)	-
Investment income ⁽³⁾	5,543,975	7,035,479	8,036,630	6,457,962	6,787,434	7,907,133	13,770,994	18,175,824	31,894,139	21,117,925
Gain/(loss) on sale of capital assets	2,669,858	1,103,216	4,965,531	(3,529,635)	3,882,648	172,639	-	2,106,453	-	24,631,318
Transfers	53,459,555	47,986,288	44,703,099	46,858,508	55,489,227	49,385,156	31,875,197	65,155,838	55,798,781	52,374,125
Total Governmental Activities	3,007,287,916	3,139,203,474	3,266,473,884	3,340,961,178	3,294,402,457	3,545,622,140	3,767,820,435	3,755,820,777	3,956,569,898	4,061,800,838
Business-type Activities:										
Property taxes	9,273,198	8,503,222	10,063,874	10,391,101	10,903,699	(657,506)	(45,762)	-	-	-
Investment income	154,471	43,202	51,852	100,857	215,823	415,329	1,068,863	2,073,306	4,379,460	4,118,652
Gain/(loss) on sale of capital assets	-	42,544,670	-	(1,241,279)	175,100	9,855,423	162,042	197,700	25,543	426
Transfers	(53,459,555)	(47,986,288)	(44,703,099)	(46,858,508)	(55,489,227)	(49,385,156)	(31,875,197)	(65,155,838)	(55,798,781)	(52,374,125)
Total Business-type Activities	(44,031,886)	3,104,806	(34,587,373)	(37,607,829)	(44,194,605)	(39,771,910)	(30,690,054)	(62,884,832)	(51,393,778)	(48,255,047)
Total Primary Government	2,963,256,030	3,142,308,280	3,231,886,511	3,303,353,349	3,250,207,852	3,505,850,230	3,737,130,381	3,692,935,945	3,905,176,120	4,013,545,791
Change in Net Position										
Governmental activities	(10,956,276)	55,591,762	71,473,983	98,793,669	24,405,203	11,219,558	177,102,937	168,985,488	307,129,459	276,885,672
Business-type activities	(5,108,934)	60,965,038	22,209,670	(10,579,298)	(3,243,844)	6,811,166	23,119,199	(11,643,079)	(716,060)	(35,508,668)
Total Primary Government	\$ (16,065,210)	\$ 116,556,800	\$ 93,683,653	\$ 88,214,371	\$ 21,161,359	\$ 18,030,724	\$ 200,222,136	\$ 157,342,409	\$ 306,413,399	\$ 241,377,004

FINANCIAL TRENDS
CHANGES IN NET POSITION - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)
LAST TEN FISCAL YEARS

NOTES:

* This table presents information from the basic financial statement Exhibit A-2.

* Government-wide net position information is reported on the accrual basis of accounting.

⁽¹⁾ Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and general revenues. Numbers in parentheses indicate that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses mean that program revenues were more than sufficient to cover expenses.

⁽²⁾ See Table 2-b for detail of General Tax Revenues.

⁽³⁾ Certain amounts have been restated or reclassified to conform with the following year's presentation.

Table 2-b

FINANCIAL TRENDS
GENERAL TAX REVENUES - GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015
Property taxes	\$ 1,358,968,819	\$ 1,395,693,492	\$ 1,463,855,656	\$ 1,528,302,790	\$ 1,528,093,085
County income taxes	1,151,260,721	1,265,289,159	1,311,161,472	1,329,827,192	1,276,415,595
Real property transfer taxes	71,809,475	76,089,437	84,391,394	90,496,157	92,068,495
Recordation taxes	57,725,334	51,207,341	57,635,661	53,962,477	55,530,762
Fuel energy taxes	233,408,845	226,148,664	223,948,716	210,678,660	207,195,218
Hotel-motel taxes	19,295,158	18,167,827	18,910,872	17,675,982	19,007,650
Telephone taxes	49,087,889	46,470,315	45,696,525	53,160,865	48,839,958
Other taxes	4,058,287	4,012,256	3,168,328	6,481,653	1,092,385
Total Taxes - Governmental Activities	<u>\$ 2,945,614,528</u>	<u>\$ 3,083,078,491</u>	<u>\$ 3,208,768,624</u>	<u>\$ 3,290,585,776</u>	<u>\$ 3,228,243,148</u>
	2016	2017	2018	2019	2020
Property taxes	\$ 1,593,880,896	\$ 1,792,921,614	\$ 1,789,105,013	\$ 1,839,468,334	\$ 1,824,207,619
County income taxes	1,464,946,447	1,481,806,881	1,448,372,065	1,593,550,972	1,706,303,331
Real property transfer taxes	100,566,864	118,000,203	109,452,764	113,520,206	115,719,567
Recordation taxes	61,141,531	60,375,616	49,135,141	54,671,817	57,692,541
Fuel energy taxes	193,281,367	192,459,066	197,200,021	194,628,814	186,975,365
Hotel-motel taxes	19,444,152	21,462,751	21,033,479	21,288,964	14,875,525
Telephone taxes	49,694,945	50,812,917	51,600,631	52,415,089	53,664,543
Other taxes	5,201,010	4,335,196	4,483,548	6,594,934	4,238,979
Total Taxes - Governmental Activities	<u>\$ 3,488,157,212</u>	<u>\$ 3,722,174,244</u>	<u>\$ 3,670,382,662</u>	<u>\$ 3,876,139,130</u>	<u>\$ 3,963,677,470</u>

NOTES:

* Government-wide general tax revenue information is reported on the accrual basis of accounting.

Table 3

FINANCIAL TRENDS
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Nonspendable	\$ 4,181,482	\$ 5,635,580	\$ 5,649,319	\$ 6,159,553	\$ 6,799,926	\$ 7,275,055	\$ 8,797,529	\$ 6,755,806	\$ 12,137,808	\$ 10,198,747
Restricted	-	-	184,879,381	208,001,441	231,233,570	261,313,852	292,445,250	322,335,413	351,764,372	383,143,221
Committed	23,275,746	41,243,696	49,695,245	68,078,344	70,586,279	71,684,134	60,445,573	62,163,634	59,837,927	42,854,105
Assigned	11,022,956	20,382,922	29,344,177	33,293,736	26,575,194	27,035,009	26,916,962	27,071,892	31,782,165	48,141,465
Unassigned	69,031,737	192,937,060	238,947,394	284,211,537	156,538,119	113,028,313	118,366,481	102,697,761	103,316,700	97,679,071
Total General Fund	107,511,921	260,199,258	508,515,516	599,744,611	491,733,088	480,336,363	506,971,795	521,024,506	558,838,972	582,016,609
All Other Governmental Funds:										
Nonspendable	212,311,293	212,663,632	102,478	-	1,842,076	1,489,280	-	-	-	-
Restricted	116,843,705	172,168,580	273,243,953	314,830,001	491,602,469	413,785,975	441,648,621	650,720,854	564,498,036	416,616,805
Committed	97,110,019	117,227,649	23,217,760	-	-	-	-	-	-	-
Assigned	(16,187,982)	(6,573,775)	-	1,777,868	-	-	-	-	-	-
Unassigned	-	-	(4,023,811)	(45,043,906)	(123,843)	-	(60,793)	(5,430,786)	(4,255,806)	(127,776,190)
Total All Other Governmental Funds	410,077,035	495,486,086	292,540,380	271,563,963	493,320,702	415,275,255	441,587,828	645,290,068	560,242,230	288,840,615
Total All Governmental Funds	\$ 517,588,956	\$ 755,685,344	\$ 801,055,896	\$ 871,308,574	\$ 985,053,790	\$ 895,611,618	\$ 948,559,623	\$ 1,166,314,574	\$ 1,119,081,202	\$ 870,857,224

NOTE:

* This table presents summary fund balance information from the basic financial statement Exhibit A-3.

* Fund balance information for governmental funds is reported on the modified accrual basis of accounting.

⁽¹⁾ Beginning in fiscal year 2011, the County implemented GASB Statement No. 54 which revised the fund balance categories for Governmental Funds.

Table 4

FINANCIAL TRENDS
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 2,842,907,152	\$ 3,071,355,492	\$ 3,213,926,861	\$ 3,340,415,154	\$ 3,262,424,596	\$ 3,447,864,362	\$ 3,711,400,753	\$ 3,690,299,252	\$ 3,812,772,122	\$ 3,942,834,126
Licenses and permits	12,846,648	12,195,140	10,738,233	11,614,419	11,326,007	12,265,385	11,758,684	11,750,533	12,124,699	11,091,094
Intergovernmental	233,177,719	238,828,101	203,295,273	238,025,684	239,344,101	243,783,791	242,093,911	302,227,316	267,953,154	308,063,624
Charges for services	95,328,028	104,474,174	118,897,641	137,867,556	138,342,978	118,467,372	127,764,110	99,502,255	118,177,085	136,167,563
Fines and forfeitures	22,095,048	19,823,291	23,990,181	24,718,907	29,527,268	29,007,222	28,633,840	31,145,495	32,875,612	30,937,994
Investment income	2,501,375	1,678,682	3,559,251	3,246,853	3,140,302	3,981,063	9,208,776	11,396,740	22,439,536	15,888,282
Miscellaneous	35,697,895	32,262,972	28,609,606	19,238,372	22,099,346	18,754,780	60,558,640	56,778,286	39,951,820	19,807,575
Total Revenues	3,244,553,865	3,480,617,852	3,603,017,046	3,775,126,945	3,706,204,598	3,874,123,975	4,191,418,714	4,203,099,877	4,306,294,028	4,464,790,258
Expenditures										
General government	250,208,030	304,292,249	377,437,886	427,961,485	436,469,967	423,988,597	448,738,319	388,935,560	415,630,621	526,063,419
Public safety	540,676,570	545,731,975	584,117,898	609,901,721	638,867,007	654,542,863	623,552,752	639,589,841	651,257,362	687,899,848
Public works and transportation	172,602,449	163,495,587	182,373,840	202,423,119	201,412,836	210,800,081	195,129,517	202,497,073	199,285,975	189,024,284
Health and human services	259,840,844	241,758,579	262,670,134	290,822,526	307,899,487	298,572,142	320,432,552	332,908,876	338,136,666	345,968,658
Culture and recreation	69,468,004	69,919,113	75,063,030	83,710,619	86,389,803	92,157,698	94,553,277	97,871,980	88,868,479	88,824,518
Community development and housing	56,344,179	44,426,304	42,401,492	34,324,023	42,434,875	37,372,312	52,467,220	65,680,764	55,075,436	53,148,930
Environment	13,758,025	20,857,521	20,173,173	19,621,158	21,828,607	23,414,990	27,746,495	30,608,757	35,332,648	31,855,007
Education	1,525,074,457	1,484,470,943	1,541,101,257	1,569,587,294	1,615,305,046	1,674,058,571	1,818,904,243	1,850,884,306	1,885,648,526	1,910,678,276
Debt service:										
Principal ⁽¹⁾	142,318,320	160,126,917	164,255,364	176,485,346	197,898,016	192,160,354	224,618,357	233,284,376	242,382,336	405,757,279
Interest ⁽¹⁾	90,118,001	96,102,824	26,472,773	22,100,609	27,134,321	29,873,326	29,326,306	24,716,905	29,336,350	29,337,781
Leases and other obligations	28,650,471	24,704,102	112,329,448	115,657,356	124,957,396	133,478,302	141,126,787	147,666,274	158,572,277	155,472,923
Issuing costs	4,407,985	6,108,436	3,943,616	4,509,475	5,669,380	3,715,273	5,639,495	5,046,571	3,890,199	3,780,027
Capital projects	496,309,888	559,056,287	603,801,660	617,298,883	556,683,579	624,096,406	627,826,903	629,707,191	722,922,869	751,646,415
Total Expenditures	3,649,777,223	3,721,050,837	3,996,141,571	4,174,403,614	4,262,950,320	4,398,230,915	4,610,062,223	4,649,398,474	4,826,339,744	5,179,457,365
Excess (Deficiency) of Revenues over (under) Expenditures	(405,223,358)	(240,432,985)	(393,124,525)	(399,276,669)	(556,745,722)	(524,106,940)	(418,643,509)	(446,298,597)	(520,045,716)	(714,667,107)
Other Financing Sources (Uses)										
Transfers in	407,905,174	494,213,344	500,639,293	468,468,576	518,356,272	498,634,256	553,454,133	655,987,851	674,545,391	676,649,495
Transfers (out)	(351,883,159)	(447,138,462)	(438,499,850)	(414,155,565)	(452,713,522)	(448,738,284)	(521,670,247)	(564,081,852)	(608,067,354)	(629,048,689)
Sale of property	3,124,492	1,578,365	5,652,439	1,552,618	3,596,267	1,192,070	1,886,335	2,330,091	1,169,410	34,879,398
Financing under notes and leases payable	97,525	35,151,498	8,395,000	15,857,552	18,128,411	8,360,742	41,921,607	39,446,477	16,349,042	12,494,537
Payment to refunded bond escrow agent	-	(314,114,061)	(33,636,846)	(29,837,255)	(429,855,226)	-	-	(441,368,126)	(38,031,143)	-

Table 4 (Continued)

MONTGOMERY COUNTY, MARYLAND
FINANCIAL TRENDS
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Financing Sources (Uses) (Continued)										
Debt Issued:										
General obligation bonds	325,000,000	320,000,000	295,000,000	295,000,000	500,000,000	300,000,000	340,000,000	340,000,000	330,000,000	320,000,000
Premium on general obligation bonds	28,107,877	37,661,920	32,201,168	30,795,345	81,853,250	26,706,450	29,810,010	28,688,520	31,774,710	48,047,520
Bond anticipation notes	75,000,000	-	-	-	-	-	-	-	-	-
Certificates of participation	-	-	-	-	-	-	24,860,000	-	-	-
Premium on Certificates of participation	-	-	-	-	-	-	1,329,676	-	-	-
Lease revenue bonds	29,360,000	28,840,000	-	-	-	-	-	-	-	-
Taxable LTD obligation certificate	-	-	-	38,015,000	-	-	-	-	56,135,000	-
Discount on Taxable LTD obligation certificate	-	-	-	(4,763)	-	-	-	-	-	-
Premium on Taxable LTD obligation certificate	-	-	-	-	-	-	-	-	82,505	-
Variable rate demand obligations	-	-	-	-	-	-	-	-	-	-
Premium on general obligation refunding bonds	-	43,863,734	2,013,430	5,023,826	74,595,486	-	-	86,325,587	-	-
General obligation refunding bonds	-	237,655,000	23,360,000	25,059,716	356,510,000	-	-	516,725,000	-	-
Lease revenue refunding bonds	-	35,465,000	-	-	-	-	-	-	-	-
Premium on lease revenue refunding bonds	-	5,353,035	57,288	-	-	-	-	-	-	-
Revenue bonds	-	-	37,835,000	32,383,753	-	46,500,000	-	-	7,638,963	3,187,402
Premium on revenue bonds	-	-	5,478,155	1,370,544	-	2,009,534	-	-	1,215,820	-
Total Other Financing Sources (Uses)	516,711,909	478,529,373	438,495,077	469,529,347	670,470,938	434,664,768	471,591,514	664,053,548	472,812,344	466,209,663
Net Change in Fund Balances	\$ 111,490,562	\$ 238,098,400	\$ 45,372,565	\$ 70,254,692	\$ 113,727,231	\$ (89,442,172)	\$ 52,948,005	\$ 217,754,951	\$ (47,233,372)	\$ (248,457,444)
Debt service as a percentage of noncapital expenditures ^(1,2)	6.80%	7.35%	5.16%	5.22%	5.66%	5.44%	5.91%	6.03%	6.18%	8.96%

NOTES:

* This table is a summary of the basic financial statement Exhibit A-5.

* Governmental fund information is reported on the modified accrual basis of accounting.

⁽¹⁾ Debt service represents debt service principal and interest expenditures presented above.

⁽²⁾ Noncapital expenditures represents Total Expenditures above and capital outlay expenditures that resulted in capital assets.

Table 5

FINANCIAL TRENDS
COMBINED SCHEDULE OF CASH AND INVESTMENTS AND INVESTMENT AND INTEREST INCOME - ALL FUNDS
AS OF JUNE 30, 2020 AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Cash and Investments			Investment and Interest Income (Loss)		
	Pooled	Non-pooled	Total	Pooled	Non-pooled	Total
Primary Government:						
General Fund	\$ 548,915,605	\$ 1,889,795	\$ 550,805,400	\$ 2,599,743	\$ 23,113	\$ 2,622,856
Debt Service Fund	813,016	12,403,760	13,216,776	-	1,456,500	1,456,500
Capital Projects Fund	158,604,649	16,752,783	175,357,432	5,483,798	483,149	5,966,947
Special Revenue Funds:						
Recreation	7,391,237	6,250	7,397,487	-	-	-
Fire Tax District	100,000	5,000	105,000	-	-	-
Mass Transit Facilities	25,141,276	-	25,141,276	-	-	-
Housing Initiative	37,733,461	212,450	37,945,911	722,580	3,729,370	4,451,950
Rehabilitation Loan	2,890,752	-	2,890,752	63,954	39,785	103,739
Cable TV ⁽²⁾	6,784,443	-	6,784,443	225,518	-	225,518
Grants ⁽¹⁾	4,073,464	-	4,073,464	-	229,719	229,719
Agricultural Transfer Tax	2,030,395	-	2,030,395	45,531	-	45,531
Drug Enforcement Forfeitures	1,469,321	25,000	1,494,321	33,829	-	33,829
Water Quality Protection	22,737,795	-	22,737,795	755,645	-	755,645
Restricted Donations	27,957,475	-	27,957,475	-	-	-
Detention Center Canteen Profit	532,558	-	532,558	-	-	-
Recreation - Non-tax supported	89,081	-	89,081	-	-	-
Total Special Revenue Funds	138,931,258	248,700	139,179,958	1,847,057	3,998,874	5,845,931
Enterprise Funds:						
Liquor	8,498,133	2,061,730	10,559,863	79,990	53,717	133,707
Solid Waste Activities	97,784,581	-	97,784,581	2,033,532	-	2,033,532
Parking Lot Districts	27,758,959	3,237,240	30,996,199	747,684	40,958	788,642
Permitting Services	37,202,886	-	37,202,886	867,229	-	867,229
Community Use of Public Facilities	8,097,247	-	8,097,247	295,542	-	295,542
Total Enterprise Funds	179,341,806	5,298,970	184,640,776	4,023,977	94,675	4,118,652
Internal Service Funds:						
Motor Pool	22,174,464	300	22,174,764	402,010	-	402,010
Liability & Property Coverage Self-Insurance	182,416,003	-	182,416,003	4,758,470	-	4,758,470
Employee Health Benefits Self-Insurance	34,256,949	-	34,256,949	258,105	-	258,105
Central Duplicating	793,041	-	793,041	40,778	-	40,778
Total Internal Service Funds	239,640,457	300	239,640,757	5,459,363	-	5,459,363
Pension and Other Employee Benefit Trust Funds ⁽¹⁾	4,234,297	6,705,065,754	6,709,300,051	91,844	331,292,288	331,384,132
Custodial Funds:						
External Investment Pool	12,655,890	-	12,655,890	225,846	-	225,846
Other	5,024,264	118,115	5,142,379	20,408	-	20,408
Total Primary Government	1,288,161,242	6,741,778,177	8,029,939,419	19,752,036	337,348,599	357,100,635
Component Units (Participation in County Pool)	80,212	-	80,212	2,625	-	2,625
Total	\$ 1,288,241,454	\$ 6,741,778,177	\$ 8,030,019,631	\$ 19,754,661	\$ 337,348,599	\$ 357,103,260

NOTES:

* This table presents cash and investment related information, by fund, that is reported throughout the basic financial statements and supplementary data.

⁽¹⁾ Non-pooled investment income of these funds includes adjustments to fair value of nonpooled investments.

⁽²⁾ Pooled investment income of the Cable TV Special Revenue Fund includes \$3,952 related to interest earned on deposits, which has been classified as a liability.

Table 6

FINANCIAL TRENDS
COMBINED SCHEDULE OF CASH AND INVESTMENTS - BY FINANCIAL
INSTITUTION
June, 30 2020

Description	Total
PNC Bank	\$ 457,351,036
Capital One Bank	5,534,936
Congressional Bank	4,160,798
Eagle Bank	33,390,094
Capital Bank	2,939,642
United Bank	22,109,367
Revere Bank	7,684,347
Total Financial Institutions	533,170,220
Petty Cash, Change Funds, Fiscal Agents, and Safe Deposit Escrow:	
General Fund	1,889,795
Debt Service Fund	12,403,760
Capital Projects Fund	16,752,783
Special Revenue Funds	248,700
Enterprise Funds	2,150,387
Internal Service Funds	300
Fiduciary Funds	118,115
Total Petty Cash, Change Funds, Fiscal Agents, and Safe Deposit Escrow	33,563,840
Total Cash Deposits in Financial Institutions and on Hand	566,734,060
Investments, at carrying value	7,462,563,183
Accrued interest receivable	722,388
Total Cash and Investments ⁽¹⁾	\$ 8,030,019,631

NOTES:

This table presents detailed cash and investment information that supports amounts reported in Table 5 and in Note III-A Cash and Investments.

⁽¹⁾ Includes component units' participation in County external investment pool (see Table 5).

Table 7

FINANCIAL TRENDS
COMBINED SCHEDULE OF INVESTMENTS
June, 30 2020

		Non-Pooled		Total
	Pooled	Enterprise	Fiduciary	Carrying Value ⁽²⁾
Investments, including accrued interest:				
U.S. Agency Securities	\$ 64,724,720	\$ -	\$ -	\$ 64,724,720
U.S. Treasury Securities	29,974,500	-	-	29,974,500
Commercial paper	84,274,438	-	-	84,274,438
Repurchase Agreements	-	-	-	-
Money Market Funds	100,003,291	3,148,583	-	103,151,874
Maryland Local Government Investment Pool	475,371,897	-	-	475,371,897
Pension and Other Employee Benefit Trusts	-	-	6,705,065,754	6,705,065,754
Total ⁽¹⁾	<u>\$ 754,348,846</u>	<u>\$ 3,148,583</u>	<u>\$ 6,705,065,754</u>	<u>\$ 7,462,563,183</u>

NOTES:

* This table presents detailed cash and investment information that supports amounts reported in Table 5 and in Note III-A Cash and Investments.

⁽¹⁾ Includes component units' participation in County external investment pool (see Table 5).

⁽²⁾ Carrying value is the same as fair value.

Table 8

REVENUE CAPACITY

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

	Real Property								
	Residential ⁽¹⁾		Commercial/Other		Total			Total Direct Tax Rate ⁽³⁾	Ratio of Total Assessed Value to Total Estimated Market Value *
Fiscal Year	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value			
2011	\$ 131,778,908,275	\$ 141,850,278,014	\$ 36,011,884,254	\$ 38,764,138,056	\$ 167,790,792,529	\$ 180,614,416,070		0.904	92.90%
2012	129,513,818,139	139,412,075,499	32,683,331,619	35,181,196,575	162,197,149,758	174,593,272,074		0.947	92.90
2013	124,783,384,563	136,226,402,361	33,489,446,285	36,560,530,879	158,272,830,848	172,786,933,240		0.990	91.60
2014	125,035,897,087	135,320,234,942	34,855,968,247	37,722,909,358	159,891,865,334	173,043,144,300		1.008	92.40
2015	127,929,975,330	132,432,686,677	35,726,782,876	36,984,247,284	163,656,758,206	169,416,933,961		0.995	96.60
2016	130,228,674,548	139,133,199,303	39,947,771,504	42,679,243,060	170,176,446,052	181,812,442,363		0.986	93.60
2017	136,227,683,441	146,324,042,364	41,267,669,577	44,326,175,700	177,495,353,018	190,650,218,064		1.025	93.10
2018	141,123,298,797	150,291,053,032	42,870,571,864	45,655,561,091	183,993,870,661	195,946,614,123		1.000	93.90
2019	144,227,022,428	149,924,139,738	44,823,996,615	46,594,591,076	189,051,019,043	196,518,730,814		0.980	96.20
2020	147,243,712,565	155,517,229,156	46,243,426,154	48,841,810,471	193,487,138,719	204,359,039,627		0.977	94.68
	Personal Property ⁽²⁾						Real and Personal Property Total		
	Business		Public Utility		Total			Assessed Value	Estimated Actual Value
Fiscal Year	Individuals	Corporations	Operating Property	Domestic Shares	Total	Direct Tax Rate ⁽³⁾			
2011	\$ 44,693,880	\$ 2,295,053,040	\$ 1,075,595,252	\$ 440,849,780	\$ 3,856,191,952	2.247	\$ 171,646,984,481	\$ 184,470,608,022	
2012	44,967,690	2,206,151,910	1,063,567,900	404,258,210	3,718,945,710	2.357	165,916,095,468	178,312,217,784	
2013	46,638,380	2,092,070,220	1,081,466,940	384,303,210	3,604,478,750	2.463	161,877,309,598	176,391,411,990	
2014	42,416,630	2,172,248,760	1,120,973,968	373,688,150	3,709,327,508	2.509	163,601,192,842	176,752,471,808	
2015	42,008,150	2,075,584,320	1,181,901,740	355,639,000	3,655,133,210	2.473	167,311,891,416	173,072,067,171	
2016	47,898,060	2,234,518,270	1,258,731,007	343,201,680	3,884,349,017	2.450	174,060,795,069	185,696,791,380	
2017	58,246,910	2,294,129,160	1,353,826,658	345,169,740	4,051,372,468	2.547	181,546,725,486	194,701,590,532	
2018	59,939,710	2,365,219,600	1,415,902,926	347,503,030	4,188,565,266	2.487	188,182,435,927	200,135,179,389	
2019	54,351,120	2,165,482,980	1,487,936,178	347,682,480	4,055,452,758	2.439	193,106,471,801	200,574,183,572	
2020	50,107,770	2,102,502,400	1,588,156,716	360,200,070	4,100,966,956	2.432	197,588,105,675	208,460,006,583	

NOTES:

* Exempt and nontaxable property are not included in this table.

* The following classes of property are not taxed: 1) personal property not used in a trade, business, or profession, and 2) business inventories.

* Intangible personal property is exempt from taxation except in two instances: shares of stock in certain domestic utilities and oil pipeline corporations (shown above) and intangible personal property of corporations under a contract with the State, granted charter exemptions from property taxation.

* Property owned by the Federal/State government, or a subdivision or agency of either, is exempt. Also exempt are real and personal property used for religious, educational, or charitable purposes. Specific exemptions involve historical property, societies and museums, conservation property, cemeteries, certain fraternal and service organizations, continuing care facilities for the aged, nonprofit housing, property, and dwelling houses of disabled veterans and blind persons.

* Ratio of total assessed to total estimated actual value revised by the State Department of Assessments and Taxation for FY2019.

* Ratio of total assessed value to total estimated actual value for FY2020 is the five year average of FY2015-FY2019.

⁽¹⁾ Residential real property includes single-family homes, townhouses, and condominiums but excludes apartment dwellings which are included under the Commercial/Other category.

⁽²⁾ For personal property, the assessed value and estimated actual value are the same.

⁽³⁾ See Table 9-a for real and personal property direct tax rates.

Source: State of Maryland, Department of Assessments and Taxation.

Table 9-a

REVENUE CAPACITY REAL AND PERSONAL PROPERTY TAX RATES - COUNTY DIRECT RATE LAST TEN FISCAL YEARS

	County-wide					Substantially County-wide ⁽¹⁾						Total County Direct Rate ⁽³⁾
	County		M-NCPPC ⁽²⁾		Subtotal	County		M-NCPPC ⁽²⁾		Prorata Tax Rate		
	County	Fire Tax District	Transit District	Advance Land Acquisition		Recreation	Storm Drainage	Regional District	Metropolitan District			
Real Property:												
2011	.6990	.0970	.0370	.0010	0.8340	.0180	.0030	.0150	.0450	.0700	0.9040	
2012	.7130	.1210	.0380	.0010	0.8730	.0180	.0030	.0170	.0480	.0740	0.9470	
2013	.7240	.1340	.0480	.0010	0.9070	.0210	.0030	.0180	.0540	.0830	0.9900	
2014	.7590	.1250	.0420	.0010	0.9270	.0200	.0030	.0180	.0530	.0810	1.0080	
2015	.7320	.1360	.0400	.0010	0.9090	.0230	.0030	.0170	.0560	.0857	0.9947	
2016	.7230	.1160	.0600	.0010	0.9000	.0230	.0030	.0180	.0552	.0858	0.9858	
2017	.7734	.1140	.0520	.0010	0.9404	.0230	.0030	.0170	.0548	.0845	1.0249	
2018	.7484	.1089	.0580	.0010	0.9163	.0240	.0000	.0172	.0554	.0833	0.9996	
2019	.7414	.1065	.0498	.0010	0.8987	.0254	.0000	.0156	.0530	.0811	0.9798	
2020	.7166	.1068	.0672	.0010	0.8916	.0261	.0000	.0170	.0560	.0854	0.9770	
Personal Property:												
2011	1.7470	.2420	.0920	.0030	2.0840	.0450	.0070	.0380	.1120	.1630	2.2470	
2012	1.7830	.3030	.0950	.0030	2.1840	.0450	.0080	.0430	.1200	.1730	2.3570	
2013	1.8100	.3350	.1200	.0030	2.2680	.0530	.0080	.0450	.1350	.1950	2.4630	
2014	1.8980	.3130	.1050	.0030	2.3190	.0500	.0080	.0450	.1330	.1900	2.5090	
2015	1.8300	.3400	.1000	.0030	2.2730	.0580	.0080	.0430	.1400	.2003	2.4733	
2016	1.8075	.2900	.1500	.0025	2.2500	.0575	.0075	.0450	.1380	.1998	2.4498	
2017	1.9335	.2850	.1300	.0025	2.3510	.0575	.0075	.0425	.1370	.1959	2.5469	
2018	1.8710	.2723	.1450	.0025	2.2908	.0600	.0000	.0430	.1385	.1963	2.4871	
2019	1.8535	.2663	.1245	.0025	2.2468	.0635	.0000	.0390	.1325	.1923	2.4391	
2020	1.7915	.2670	.1680	.0025	2.2290	.0653	.0000	.0425	.1400	.2034	2.4324	

NOTES:

- * The Tax rates are per \$100 of assessed value.
- * The charter requires that revenues from real property taxes cannot exceed last year's revenues adjusted by the rate of inflation excluding revenues from new construction. The Council can adopt tax rates that exceed this limit by a supermajority of seven out of nine councilmembers.
- * No discounts are allowed.
- * Taxes are levied as of July 1, and are due by September 30, and become delinquent the following October 1 for non-owner occupied property.
- * Unless homeowners elect to pay their real property taxes annually, taxes are paid on a semi-annual basis with payment due by September 30 and December 31 for owner occupied property.
- * Interest and penalty at 20 percent are assessed on delinquent tax bills.
- * Revised tax bills based upon certifications from the State received after September 1 may be paid within thirty days without interest.
- * Delinquent taxes on real property are collected by sale. Taxes on personal property are enforced by legal action. Corporations may lose charter for failure to pay taxes.
- * Costs of tax sale, which vary, are added to tax bills. The last sale cost \$50 per parcel.
- * Due to COVID-19, the County's Tax Sale, originally scheduled for June 8, 2020, has been postponed to a later date to be determined.
- * Personal property tax rates are applied to 100 percent of the property assessment.

(1) Rates classified as substantially county-wide represent those tax rates that are levied against all of the County's assessable base, except those incorporated cities and municipalities that provide their own such services.

(2) M-NCPPC County property tax rates are included in the County's direct rate since the County Council has the power to set, modify, or approve these tax rates for this joint venture organization.

(3) County direct rate includes: County tax rates that are levied County-wide, and County tax rates levied by M-NCPPC. For County special taxing district tax rates that are levied substantially County-wide, the direct rate includes a prorata portion of the tax rate that corresponds to the portion of the County's assessable base against which the rate is levied. Therefore, the total County direct rate presented above is not a mathematical sum of all the individual rates presented.

Table 9-b

REVENUE CAPACITY
REAL AND PERSONAL PROPERTY TAX RATES - COUNTY SPECIAL TAXING DISTRICTS
LAST TEN FISCAL YEARS

Fiscal Year	Parking Lot Districts ⁽¹⁾				Urban Districts			Noise Abatement Districts		Development Districts		
	Silver Spring	Bethesda	Wheaton	Montgomery Hills ⁽³⁾	Silver Spring	Bethesda	Wheaton	Bradley	Cabin John	Kingsview Village	West Germantown	White Flint ⁽²⁾
Real Property:												
2011	.3170	.1040	.2400	.2400	.0240	.0120	.0300	.0800	.0800	.0790	.1630	.0000
2012	.3170	.1040	.2400	.2400	.0240	.0120	.0300	.0770	.0800	.0990	.1650	.1070
2013	.3170	.1240	.2400	.2400	.0240	.0120	.0300	.0000	.0100	.0990	.1730	.1120
2014	.3170	.1240	.2400	.2400	.0240	.0120	.0300	.0000	.0000	.1050	.1830	.1130
2015	.3170	.1240	.2400	.2400	.0240	.0120	.0300	.0000	.0000	.0810	.1820	.1120
2016	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0660	.1510	.1111
2017	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0410	.1530	.1150
2018	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0740	.1610	.1125
2019	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0750	.1560	.1105
2020	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0740	.1530	.1103
Personal Property:												
2011	.7920	.2600	.6000	.6000	.0600	.0300	.0750	.2000	.2000	.0000	.0000	.0000
2012	.7930	.2600	.6000	.6000	.0600	.0300	.0750	.1930	.2000	.0000	.0000	.0000
2013	.7930	.3100	.6000	.6000	.0600	.0300	.0750	.0000	.0250	.0000	.0000	.0000
2014	.7930	.3100	.6000	.6000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000
2015	.7930	.3100	.6000	.6000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000
2016	.0000	.0000	.0000	.0000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000
2017	.0000	.0000	.0000	.0000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000
2018	.0000	.0000	.0000	.0000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000
2019	.0000	.0000	.0000	.0000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000
2020	.0000	.0000	.0000	.0000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000

NOTES:

* Tax rates are per \$100 of assessed value.

* Personal property tax rates are applied to 100 percent of the property assessment.

* The County special taxing district rates above represent taxes that are levied against mutually exclusive specific geographic portions of the County's assessable base. Such rates are not included in the County direct rate on Table 9-a, as they are not reflective of what all County taxpayers would pay.

⁽¹⁾ Parking Lot Districts also carry a tax rate of one-half the amount shown which applies to property zoned commercial but not used as such.

⁽²⁾ White Flint Special Taxing District was established in November 2010 and levy year 2011 was the first year that the property tax on commercial properties went into effect.

⁽³⁾ Montgomery Hills Parking Lot District was merged with the Silver Spring Parking Lot District effective July 1, 2017.

Table 9-c

**REVENUE CAPACITY
REAL AND PERSONAL PROPERTY TAX RATES - OVERLAPPING GOVERNMENTS - CITIES AND TOWNS
LAST TEN FISCAL YEARS**

Fiscal Year	Cities			Towns									
	Gaithersburg	Rockville	Takoma Park	Barnesville	Brookeville	Chevy Chase	Garrett Park	Glen Echo	Kensington	Laytonsville	Poolesville	Somerset	Washington Grove
Real Property:													
2011	.2620	.2920	.5800	.0514	.1500	.0100	.1920	.1300	.1360	.1000	.1594	.0800	.2210
2012	.2620	.2920	.5800	.0514	.1500	.0105	.2100	.1300	.1360	.1100	.1594	.0800	.2210
2013	.2620	.2920	.5800	.0514	.1500	.0104	.2100	.1340	.1360	.1100	.1590	.0800	.3170
2014	.2620	.2920	.5700	.0514	.1500	.0000	.2100	.1400	.1360	.1000	.1672	.0800	.3000
2015	.2620	.2920	.5700	.0514	.1500	.0000	.2100	.1400	.1360	.0900	.1672	.0800	.3000
2016	.2620	.2920	.5850	.0514	.2000	.0000	.2100	.1400	.1360	.0900	.1700	.0800	.2860
2017	.2620	.2920	.5675	.0514	.2000	.0100	.2100	.1400	.1360	.0900	.1756	.1000	.2700
2018	.2620	.2920	.5348	.0514	.1500	.0100	.2100	.1400	.1360	.0900	.1756	.1000	.2550
2019	.2620	.2920	.5291	.0514	.1500	.0100	.2000	.1500	.1360	.0900	.1756	.1000	.2620
2020	.2620	.2920	.5397	.0514	.1500	.0099	.2045	.1500	.1312	.0900	.1800	.1000	.2603
Personal Property:													
2011	.5300	.8050	1.4500	.2000	.4500	.1000	1.0000	.8000	.5500	.3000	.6000	1.0000	.6000
2012	.5300	.8050	1.4500	.2000	.4500	.1000	1.0000	.8000	.5500	.3000	.6000	1.0000	.6000
2013	.5300	.8050	1.5500	.2000	.4500	.1000	1.0000	.8000	.5500	.3000	.6000	1.0000	.6000
2014	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000	.5700	.3000	.6000	1.0000	.7000
2015	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000	.6200	.3000	.6000	1.0000	.7000
2016	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000	.6500	.3000	.6000	1.0000	.7000
2017	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000	.7000	.3000	.6000	1.0000	.7000
2018	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000	.7000	.3000	.6000	1.0000	.7000
2019	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000	.7500	.3000	.6000	1.0000	.7000
2020	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000	.8000	.3000	.6000	1.0000	.7000

NOTES:

* Tax rates are per \$100 of assessed value.

* Personal property tax rates are applied to 100 percent of the property assessment.

* Taxes collected by the County for other fiscal units, including overlapping governments, are remitted based on actual collections.

Table 9-d

REVENUE CAPACITY
REAL AND PERSONAL PROPERTY TAX RATES - OVERLAPPING GOVERNMENTS - VILLAGES
LAST TEN FISCAL YEARS

Fiscal Year	Villages									
	Battery Park	Chevy Chase Section 3	Chevy Chase Section 5	Chevy Chase View	Chevy Chase Village	Drummond	Friendship Heights	Martin's Additions to Chevy Chase	North Chevy Chase	Oakmont
Real Property:										
2011	.0500	.0200	.0000	.0220	.0898	.0480	.0400	.0400	.0520	.0400
2012	.0500	.0200	.0000	.0220	.1005	.0480	.0400	.0460	.0520	.0400
2013	.0500	.0200	.0000	.0220	.1005	.0480	.0400	.0466	.0520	.0400
2014	.0500	.0200	.0000	.0220	.1002	.0480	.0400	.0472	.0520	.0400
2015	.0500	.0200	.0000	.0220	.0850	.0480	.0400	.0472	.0520	.0400
2016	.0500	.0200	.0000	.0220	.0828	.0480	.0400	.0472	.0520	.0400
2017	.0400	.0200	.0000	.0220	.0807	.0480	.0400	.0472	.0520	.0400
2018	.0400	.0200	.0000	.0200	.0819	.0480	.0400	.0472	.0450	.0400
2019	.0400	.0200	.0000	.0200	.0813	.0480	.0400	.0050	.0450	.0400
2020	.0400	.0200	.0000	.0200	.0804	.0480	.0400	.0050	.0450	.0400
Personal Property:										
2011	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2012	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2013	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2014	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2015	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2016	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2017	.1000	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2018	.1000	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2019	.1000	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2020	.1000	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000

NOTES:

* Tax rates are per \$100 of assessed value.

* Personal property tax rates are applied to 100 percent of the property assessment.

* Taxes collected by the County for other fiscal units, including overlapping governments, are remitted based on actual collections.

Table 10

**TEN HIGHEST COMMERCIAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO**

For the Fiscal Year Ended June 30, 2020

	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Potomac Electric Power Co.	\$ 1,104,099,069	\$ 38,161,999	\$ 1,065,937,070	0.56%
JBG Smith	702,852,432	698,668,732	4,183,700	0.36
Federal Realty Investments Trust	591,915,453	587,893,033	4,022,420	0.30
GI Partners	493,304,200	493,304,200	-	0.25
Montgomery Mall LLC	486,823,410	484,141,400	2,682,010	0.25
Verizon Inc.	452,680,140	36,280,900	416,399,240	0.23
Wash Metro Area Transit Auth	412,846,067	412,846,067	-	0.21
Fishers Lane LLC	372,704,723	372,652,833	51,890	0.19
Wheaton Plaza Reg Shopping Center	353,012,407	352,240,667	771,740	0.18
Medimmune, LLC	337,209,451	321,762,001	15,447,450	0.17
Total	\$ 5,307,447,352	\$ 3,797,951,832	\$ 1,509,495,520	2.70%
Total Assessable Base	\$ 197,588,105,675			100.00%

For the Fiscal Year Ended June 30, 2011

	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Potomac Electric Power Co.	\$ 686,620,820	\$ 8,067,700	\$ 678,553,120	0.40%
Verizon Maryland Inc	610,124,340	35,200,000	574,924,340	0.36
Montgomery Mall LLC	340,730,300	340,048,200	682,100	0.20
Washington Gas Light Co.	260,082,650	-	260,082,650	0.15
7501 Wisconsin Avenue LLC	216,903,628	216,903,628	-	0.13
Camalier, Anne D et al, Trustee	214,070,700	214,070,700	-	0.12
Federal Realty Investment Trust	212,000,000	212,000,000	-	0.12
Chevy Chase Land Co	201,681,952	199,101,232	2,580,720	0.12
Democracy Associates	171,000,000	171,000,000	-	0.10
Mirant Mid-Atlantic, LLC	160,293,790	159,999,700	294,090	0.09
Total	\$ 3,073,508,180	\$ 1,556,391,160	\$ 1,517,117,020	1.79%
Total Assessable Base	\$ 171,646,984,481			100.00%

Source: State of Maryland Department of Assessments and Taxation

Table 11

**REVENUE CAPACITY
PROPERTY TAX LEVIES AND COLLECTIONS *
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Levy			Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ⁽¹⁾	Total Collections to Date	
	Total Original Levy for Fiscal Year	Adjustments in Subsequent Years	Total Adjusted Levy	Amount ⁽¹⁾	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2011	\$ 1,350,416,973	\$ (2,561,448)	\$ 1,347,855,525	\$ 1,349,698,631	99.95%	\$ (4,131,942)	\$ 1,345,566,689	99.83%
2012	1,365,605,932	(236,694)	1,365,369,238	1,363,217,734	99.83	649,565	1,363,867,299	99.89
2013	1,390,542,228	(1,454,816)	1,389,087,412	1,384,563,178	99.57	789,843	1,385,353,021	99.73
2014	1,437,898,506	(862,565)	1,437,035,941	1,434,787,650	99.78	(1,793,290)	1,432,994,360	99.72
2015	1,447,816,313	1,627,398	1,449,443,711	1,442,602,468	99.64	1,450,995	1,444,053,463	99.63
2016	1,521,343,303	(3,794,269)	1,517,549,034	1,518,519,304	99.81	(9,053,308)	1,509,465,996	99.47
2017	1,663,208,936	(1,467,401)	1,661,741,535	1,661,121,521	99.87	(2,099,975)	1,659,021,546	99.84
2018	1,679,004,512	(2,004,031)	1,677,000,481	1,678,245,742	99.95	(2,005,540)	1,676,240,202	99.95
2019	1,691,044,390	(416,208)	1,690,628,182	1,691,091,714	100.00	178,310	1,691,270,024	100.04
2020	1,720,090,151	-	1,720,090,151	1,711,893,942	99.52	-	1,711,893,942	99.52

NOTES:

* This table includes data for all property taxes billed applicable to all funds for Montgomery County, Maryland to include General, Special Revenue, Debt Service, and Enterprise Funds. Property taxes billed for the State of Maryland, various municipalities and development districts, the Washington Suburban Sanitary Commission, and the Maryland-National Capital Park and Planning Commission, are excluded.

⁽¹⁾ Amounts represent collections received, including overpayments, net of refunds. Penalties and interest are excluded. See Table 12 Note (2) for treatment of such overpayments.

Table 12

REVENUE CAPACITY
SCHEDULE OF FISCAL YEAR PROPERTY TAX LEVY, PROPERTY TAX REVENUES,
AND ADDITIONAL ITEMS RELATED TO THE PROPERTY TAX BILLING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Fiscal Year Property Tax Levy	Collections of Current Levy Year Assessment ⁽¹⁾	Collection of Prior Levy Year Assessment ⁽¹⁾	Adjustments and Accruals	Total Revenues ⁽²⁾
General Fund ***					
Bethesda Urban District	\$ 712,596	\$ 704,266	\$ 2,155	\$ 5,616	\$ 712,037
Silver Spring Urban District	907,554	894,727	4,232	10,170	909,129
Wheaton Urban District	232,133	231,088	5,566	319	236,973
All Other General Fund	1,317,181,336	1,312,727,098	(527,459)	(47,195,417)	1,265,004,222
Total General Fund	1,319,033,619	1,314,557,179	(515,506)	(47,179,312)	1,266,862,361
Special Revenue Funds: ***					
Recreation	41,702,489	41,468,180	41,434	3,658,256	45,167,870
Mass Transit	123,471,926	122,663,687	54,314	12,121,716	134,839,717
Fire Tax District	196,228,763	195,206,385	64,020	19,135,757	214,406,162
Water Quality Protection Charges	39,653,354	37,998,511	154,261	(130,269)	38,022,503
Total Special Revenue Funds	401,056,532	397,336,763	314,029	34,785,460	432,436,252
Enterprise Funds:					
Silver Spring Parking Lot District **	-	-	(245)	(5,065)	(5,310)
Bethesda Parking Lot District **	-	-	570	(1,199)	(629)
Wheaton Parking Lot District **	-	-	349	1,024	1,373
Total Enterprise Funds	-	-	674	(5,240)	(4,566)
Total Property Tax - Montgomery County	1,720,090,151	1,711,893,942	(200,803)	(12,399,092)	1,699,294,047
Tax Bill Items Other than Montgomery County					
Property Taxes:					
M-NCPPC Joint Venture Property Taxes:					
M-NCPPC Administration	26,999,494	26,846,588	27,329	2,645,810	29,519,727 *
M-NCPPC Park	88,938,707	88,456,074	84,460	8,721,408	97,261,942 *
M-NCPPC Land Acquisition	1,839,046	1,829,523	741	178,522	2,008,786 *
Agency Relationship Property Taxes:					
State of Maryland	216,881,763	216,273,954	(358,426)	(4,255,681)	211,659,847 *
Municipalities	111,205,341	110,091,215	(121,213)	406,406	110,376,408 *
Development Districts	3,179,997	3,174,813	(31,067)	30,428	3,174,174 *
Charges for Services:					
Refuse Disposal - Solid Waste Activities Fund	68,548,622	67,567,582	(118,036)	324,391	67,773,937 *
Refuse Collection - Solid Waste Activities Fund	8,744,893	8,715,748	901	27,371	8,744,020 *
Leaf Vacuuming	7,976,838	7,949,599	1,046	26,049	7,976,694 *
Municipality Refuse Charges	1,567,069	1,562,491	116	(6)	1,562,601 *
Development District Special Assessments	189,520	189,520	-	-	189,520 *
WSSC FFBC	6,942,088	6,910,043	2,331	436	6,912,810 *
Bay Restoration Fund	772,980	766,091	(3,578)	18,060	780,573 *
Total Other Items	543,786,358	540,333,241	(515,396)	8,123,194	547,941,039
Grand Total	\$ 2,263,876,509	\$ 2,252,227,183	\$ (716,199)	\$ (4,275,898)	\$ 2,247,235,086

NOTES:

* Amounts represent collections, rather than revenues.

** County Council set the real and personal property tax rate for parking lot districts for the levy year 2019 (FY20) to zero.

*** Beginning in FY16, the Urban Districts are included in the General Fund and the Water Quality Protection is included with Special Revenue Funds.

⁽¹⁾ Amounts represent collections received net of refunds.⁽²⁾ Total Revenues represent the sum of Collections, during the current year, of Current and Prior Year Levy Assessments, (i.e., cash basis) and related Adjustments and Accruals to convert such data to revenues on the modified or full accrual basis of accounting. Penalties and interest are excluded.

Table 13

REVENUE CAPACITY
SCHEDULE OF PROPERTY TAXES RECEIVABLE BY FUND TYPE
June 30, 2020

Year	General*	Special Revenue*	Enterprise	Other Fiduciary**	Total
2011 & Prior	\$ 3,917,095	\$ 729,999	\$ 114,493	\$ -	\$ 4,761,587
2012	478,801	200,695	36,897	-	716,393
2013	811,699	317,351	68,911	-	1,197,961
2014	617,814	529,575	40,798	-	1,188,187
2015	836,670	968,988	42,647	-	1,848,305
2016	964,040	1,354,997	-	-	2,319,037
2017	1,477,102	1,475,094	-	-	2,952,196
2018	2,387,497	1,813,636	-	-	4,201,133
2019	2,594,564	1,930,632	-	-	4,525,196
2020	12,098,202	4,393,161	-	4,104	16,495,467
Total Property Taxes Receivable	<u>\$ 26,183,484</u>	<u>\$ 13,714,128</u>	<u>\$ 303,746</u>	<u>\$ 4,104</u>	<u>\$ 40,205,462</u>

NOTES:

* Beginning in FY16, the Urban Districts are included in the General Fund and the Water Quality Protection Fund is included in the Special Revenue Funds. Beginning in FY20, Property Tax Fund is included in the General Fund.

** Beginning in FY19, the West Germantown and Kingsview Village Development Districts are included in the Other Fiduciary Fund.

Table 14

**REVENUE CAPACITY
INCOME TAX RATES
LAST TEN TAX YEARS**

Tax Year	State Income Tax Rate				Montgomery County Income Tax Direct Rate
	1st \$1,000 of Net Taxable Income	2nd \$1,000 of Net Taxable Income	3rd \$1,000 of Net Taxable Income	In excess of \$3,000 Net Taxable Income	
2009	2.00	3.00	4.00	4.75-6.25	3.20%
2010	2.00	3.00	4.00	4.75-6.25	3.20
2011	2.00	3.00	4.00	4.75-5.50	3.20
2012	2.00	3.00	4.00	4.75-5.75	3.20
2013	2.00	3.00	4.00	4.75-5.75	3.20
2014	2.00	3.00	4.00	4.75-5.75	3.20
2015	2.00	3.00	4.00	4.75-5.75	3.20
2016	2.00	3.00	4.00	4.75-5.75	3.20
2017	2.00	3.00	4.00	4.75-5.75	3.20
2018	2.00	3.00	4.00	4.75-5.75	3.20

NOTES:

* Rates are based on tax year which coincides with calendar year.

* From tax years 2009-2010, the State's income tax rates for net taxable income in excess of \$3,000 were 4.75%, 5.00%, 5.25%, 5.50%, and 6.25% depending on the filing status and net taxable income.

* Beginning with tax year 2011, the State's income tax rates for net taxable income in excess of \$3,000 were 4.75%, 5.00%, 5.25%, and 5.50% depending on the filing status and net taxable income.

* Beginning with tax year 2012, the State added a 5.75% rate for the top bracket.

* Tax Year 2018 is the latest tax year for which data are available.

Source: Revenue Administration Division, State Comptroller's Office.

Table 15

**REVENUE CAPACITY
INCOME TAX FILERS SUMMARY INFORMATION
LAST TEN TAX YEARS**

Tax Year	Number of Taxable Returns	Maryland Adjusted Gross Income	Net Taxable Income	Net State Income Tax	Local Income Tax	Total Tax Liability	Montgomery County Income Tax Direct Rate
2009	376,323	\$ 39,060,773,506	\$ 31,075,877,228	\$ 1,410,063,716	\$ 987,098,452	\$ 2,397,162,168	3.20%
2010	386,891	42,234,426,562	34,040,992,827	1,556,444,328	1,081,538,245	2,637,982,573	3.20
2011	393,640	43,986,140,274	35,879,078,661	1,622,232,304	1,139,960,820	2,762,193,124	3.20
2012	401,848	47,554,137,682	39,644,979,160	1,845,214,377	1,259,631,971	3,104,846,348	3.20
2013	407,363	45,607,413,448	38,036,993,408	1,789,843,794	1,207,855,836	2,997,699,630	3.20
2014	413,501	48,591,853,475	40,868,459,662	1,920,372,577	1,283,681,651	3,204,054,228	3.20
2015	414,395	50,116,129,872	42,311,573,366	1,982,448,715	1,319,006,867	3,301,455,582	3.20
2016	421,928	51,599,222,961	43,483,145,210	2,021,966,998	1,346,884,021	3,368,851,019	3.20
2017	428,241	54,374,471,608	46,008,182,086	2,152,096,945	1,422,137,607	3,574,234,552	3.20
2018	425,535	56,342,729,408	49,375,804,377	2,328,980,455	1,531,412,724	3,860,393,179	3.20

NOTES:

* See Table 16 for detailed breakout of adjusted gross income level.

* Rates are based on tax year which coincides with calendar year.

* From tax years 2009-2010, the State's income tax rates for net taxable income in excess of \$3,000 were 4.75%, 5.00%, 5.25%, 5.50%, and 6.25% depending on the filing status and net taxable income.

* Beginning with tax year 2011, the State's income tax rates for net taxable income in excess of \$3,000 were 4.75%, 5.00%, 5.25%, and 5.50% depending on the filing status and net taxable income.

* Beginning with tax year 2012, the State added a 5.75% for the top bracket.

* Tax year 2018 is the latest tax year for which data are available.

Source: Revenue Administration Division, State Comptroller's Office.

Table 16

REVENUE CAPACITY
INCOME TAX FILERS, NET TAXABLE INCOME, AND LIABILITY BY ADJUSTED GROSS INCOME LEVEL
LAST TEN TAX YEARS

	2018						2017					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level												
\$200,000 and higher	62,838	14.8%	\$ 28,973,024,250	58.7%	\$ 889,698,034	58.1%	58,773	13.7%	\$ 26,775,415,754	58.2%	\$ 818,109,133	57.5%
\$100,000 - 199,999	89,071	20.9	10,854,411,857	22.0	346,501,323	22.6	87,776	20.5	10,252,150,132	22.2	327,073,837	23.0
\$80,000 - 99,999	33,975	8.0	2,481,626,723	5.0	79,238,013	5.2	33,819	7.9	2,346,670,298	5.1	74,911,672	5.3
\$50,000 - 79,999	74,897	17.6	3,774,567,406	7.6	120,519,593	7.9	74,731	17.5	3,538,012,662	7.7	112,984,460	7.9
\$25,000 - 49,999	98,108	23.1	2,591,985,106	5.2	75,996,346	5.0	97,243	22.7	2,385,044,257	5.2	70,364,232	4.9
\$10,000 - 24,999	57,595	13.5	670,271,959	1.4	18,799,027	1.2	66,577	15.5	680,400,713	1.5	18,037,864	1.3
Under \$10,000	9,051	2.1	29,917,076	0.1	660,388	0.0	9,322	2.2	30,488,270	0.1	656,409	0.1
Total	\$ 425,535	100.0%	\$ 49,375,804,377	100.0%	\$ 1,531,412,724	100.0%	\$ 428,241	100.0%	\$ 46,008,182,086	100.0%	\$ 1,422,137,607	100.0%

	2016						2015					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level												
\$200,000 and higher	54,882	13.0%	\$ 24,635,308,007	56.6%	\$ 754,368,045	56.0%	53,225	12.8%	\$ 23,657,207,816	55.9%	\$ 731,634,760	55.5%
\$100,000 - 199,999	85,676	20.3	9,982,729,826	23.0	318,833,543	23.6	85,023	20.6	9,939,715,472	23.5	317,564,616	24.0
\$80,000 - 99,999	33,862	8.0	2,342,944,004	5.4	74,890,207	5.6	33,226	8.0	2,303,354,205	5.4	73,657,082	5.6
\$50,000 - 79,999	73,167	17.3	3,448,749,138	7.9	110,265,158	8.2	71,770	17.3	3,381,485,984	8.0	108,143,358	8.2
\$25,000 - 49,999	96,890	23.0	2,358,850,970	5.4	69,750,765	5.2	94,821	22.9	2,323,387,127	5.5	69,119,921	5.2
\$10,000 - 24,999	67,852	16.1	683,148,906	1.6	18,089,305	1.3	66,759	16.1	675,163,724	1.6	18,195,512	1.4
Under \$10,000	9,599	2.3	31,414,359	0.1	686,998	0.1	9,571	2.3	31,259,038	0.1	691,618	0.1
Total	\$ 421,928	100.0%	\$ 43,483,145,210	100.0%	\$ 1,346,884,021	100.0%	\$ 414,395	100.0%	\$ 42,311,573,366	100.0%	\$ 1,319,006,867	100.0%

	2014						2013					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level												
\$200,000 and higher	50,930	12.3%	\$ 22,545,414,493	55.1%	\$ 707,232,455	55.0%	47,399	11.6%	\$ 20,082,401,088	52.7%	\$ 642,615,654	53.2%
\$100,000 - 199,999	83,150	20.1	9,686,668,621	23.7	309,843,847	24.1	81,264	20.0	9,380,510,171	24.7	300,161,908	24.9
\$80,000 - 99,999	32,884	8.0	2,269,659,433	5.6	72,609,217	5.7	32,704	8.0	2,243,475,972	5.9	71,790,335	5.9
\$50,000 - 79,999	70,572	17.1	3,320,713,280	8.1	106,237,189	8.3	70,247	17.2	3,292,911,673	8.7	105,364,132	8.7
\$25,000 - 49,999	95,479	23.1	2,321,932,637	5.7	68,806,063	5.4	95,475	23.4	2,317,332,376	6.1	68,911,128	5.7
\$10,000 - 24,999	69,968	16.9	690,098,980	1.7	18,213,654	1.4	69,904	17.2	686,312,740	1.8	18,250,977	1.5
Under \$10,000	10,518	2.5	33,972,218	0.1	739,226	0.1	10,370	2.6	34,049,388	0.1	761,702	0.1
Total	\$ 413,501	100.0%	\$ 40,868,459,662	100.0%	\$ 1,283,681,651	100.0%	\$ 407,363	100.0%	\$ 38,036,993,408	100.0%	\$ 1,207,855,836	100.0%

Table 16 (Concluded)

REVENUE CAPACITY
INCOME TAX FILERS, NET TAXABLE INCOME, AND LIABILITY BY ADJUSTED GROSS INCOME LEVEL
LAST TEN TAX YEARS

2012							2011					
Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total		Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level												
\$200,000 and higher	46,219	11.5%	\$ 22,039,899,095	55.6%	\$ 705,083,255	56.0%	43,367	11.0%	\$ 18,940,921,100	52.8%	\$ 606,109,387	53.1%
\$100,000 - 199,999	80,423	19.8	9,191,004,899	23.2	294,106,087	23.3	78,493	19.9	8,754,369,086	24.4	280,131,565	24.6
\$80,000 - 99,999	32,356	8.1	2,200,179,738	5.5	70,404,468	5.6	31,549	8.0	2,109,818,960	5.9	67,512,836	5.9
\$50,000 - 79,999	69,779	17.4	3,234,709,580	8.2	103,501,417	8.2	69,024	17.5	3,158,538,933	8.8	101,065,265	8.9
\$25,000 - 49,999	94,285	23.5	2,275,703,684	5.7	67,996,861	5.4	93,603	23.9	2,230,397,502	6.2	67,065,011	5.9
\$10,000 - 24,999	68,129	17.0	666,921,915	1.7	17,760,659	1.4	67,074	17.0	647,673,860	1.8	17,271,011	1.5
Under \$10,000	10,657	2.7	36,560,249	0.1	779,224	0.1	10,530	2.7	37,359,220	0.1	805,745	0.1
Total	\$ 401,848	100.0%	\$ 39,644,979,160	100.0%	\$ 1,259,631,971	100.0%	\$ 393,640	100.0%	\$ 35,879,078,661	100.0%	\$ 1,139,960,820	100.0%

2010							2009					
Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total		Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level												
\$200,000 and higher	41,013	10.6%	\$ 17,579,946,541	51.7%	\$ 562,543,777	51.9%	37,938	10.1%	\$ 15,099,696,016	48.6%	\$ 483,182,753	48.9%
\$100,000 - 199,999	77,120	20.0	8,500,689,337	25.0	272,017,224	25.2	75,337	20.0	8,205,421,074	26.4	262,570,303	26.6
\$75,000 - 99,999	31,087	8.0	2,052,626,152	6.0	65,684,030	6.1	30,539	8.1	1,991,569,519	6.4	63,727,815	6.5
\$50,000 - 74,999	68,176	17.6	3,069,598,268	9.0	98,220,784	9.1	67,318	17.9	2,997,962,262	9.6	95,930,462	9.7
\$25,000 - 49,999	91,738	23.7	2,157,173,705	6.3	65,083,691	6.0	91,012	24.2	2,133,139,837	6.9	64,605,378	6.6
\$10,000 - 24,999	66,278	17.1	639,553,522	1.9	17,109,443	1.6	63,453	16.8	609,402,845	2.0	16,258,806	1.6
Under \$10,000	11,479	3.0	41,405,302	0.1	879,296	0.1	10,726	2.9	38,685,675	0.1	822,935	0.1
Total	\$ 386,891	100.0%	\$ 34,040,992,827	100.0%	\$ 1,081,538,245	100.0%	\$ 376,323	100.0%	\$ 31,075,877,228	100.0%	\$ 987,098,452	100.0%

NOTES:

- * Information in this table presents data by adjusted gross income level to support summary level information in Table 15.
- * Information relating to the ten highest tax payers is not available from the State of Maryland; therefore, as an alternative, data is presented above by adjusted gross income level.
- * Rates are based on tax year which coincides with calendar year.
- * See Tables 14 and 15 for direct tax rate information.
- * Tax Year 2018 is the latest tax year for which data are available.

Source: Revenue Administration Division, State Comptroller's Office and Montgomery County Department of Finance.

Table 17

**DEBT CAPACITY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS ⁽²⁾**

	Governmental Activities										
Fiscal Year	General Obligation Bonds	Variable Rate Demand Obligations	Taxable BABs General Obligations	Bond Anticipation Notes	Notes Payable	Lease Revenue Bonds	Certificates of Participation	Capital Leases	Revenue Bonds	Taxable Limited Obligation Certificates	Total Governmental Activities
2011	\$ 1,517,280,000	\$ 100,000,000	\$ 338,320,000	\$ 500,000,000	\$ 15,023,170	\$ 31,550,000	\$ 43,935,000	\$ 71,156,741	\$ 42,803,956	\$ 29,470,000	\$ 2,689,538,867
2012	1,658,970,000	100,000,000	338,320,000	500,000,000	59,537,476	33,100,000	37,420,000	46,530,000	41,265,110	56,265,000	2,871,407,586
2013	1,930,155,391	100,000,000	339,827,520	500,000,000	49,745,063	33,802,447	30,675,000	20,130,000	83,556,016	54,661,870	3,142,553,307
2014	2,085,028,317	100,000,000	339,671,879	500,000,000	55,419,997	32,812,650	24,305,000	16,432,750	112,031,698	90,509,121	3,356,211,412
2015	2,465,315,677	100,000,000	339,516,238	500,000,000	60,499,112	30,251,464	17,685,000	13,817,910	106,941,278	86,711,269	3,720,737,948
2016	2,582,259,186	100,000,000	323,901,913	500,000,000	53,985,826	27,624,182	10,800,000	11,158,430	151,269,640	82,881,644	3,843,880,821
2017	2,722,235,195	90,000,000	308,297,064	500,000,000	82,172,181	24,912,503	29,731,560	8,454,830	144,304,420	78,964,284	3,989,072,037
2018	2,919,530,233	170,000,000	292,692,211	500,000,000	109,283,027	22,123,326	25,620,410	6,106,510	137,180,120	74,929,237	4,257,465,074
2019	3,015,532,116	170,000,000	277,106,496	500,000,000	106,742,226	19,248,603	25,150,845	3,720,000	129,657,044	104,302,530	4,351,459,860
2020	3,109,101,181	170,000,000	106,404,112	500,000,000	99,793,986	16,275,369	24,329,460	2,820,000	125,995,678	98,656,150	4,253,375,936
Business-type Activities					Ratios						
Fiscal Year	Revenue Bonds	Notes Payable	Total Business-Type Activities	Total Primary Government	Debt to Personal Income ⁽¹⁾	Outstanding Debt per Capita ⁽¹⁾					
2011	\$ 71,566,044	\$ 81,782	\$ 71,647,826	\$ 2,761,186,693	3.71%	\$ 2,784					
2012	87,674,890	-	87,674,890	2,959,082,476	3.83	2,942					
2013	86,295,600	1,976,348	88,271,948	3,230,825,255	4.32	3,180					
2014	97,163,694	1,701,104	98,864,798	3,455,076,210	4.50	3,369					
2015	91,756,076	4,655,348	96,411,424	3,817,149,372	4.62	3,692					
2016	83,929,819	5,756,247	89,686,066	3,933,566,887	4.50	3,781					
2017	78,105,420	5,367,645	83,473,065	4,072,545,102	4.55	3,885					
2018	72,111,188	6,433,707	78,544,895	4,336,009,969	4.59	4,119					
2019	66,097,142	4,891,651	70,988,793	4,422,448,653	4.60	4,172					
2020	60,765,932	3,504,685	64,270,617	4,317,646,553	4.59	4,044					

NOTES:

⁽¹⁾ See Table 23 for personal income and population data, used in calculating these ratios.

⁽²⁾ Beginning in fiscal year 2013, the County changed its presentation of outstanding debt in the statistical section to include unamortized premiums, discounts, and deferred differences on refundings.

Amounts presented prior to fiscal year 2013 are shown at gross amounts.

⁽³⁾ Beginning in fiscal year 2020, the County included accumulated resourced restricted to repay the principle of general bonded debt.

Table 18

**DEBT CAPACITY
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	General Bonded Debt Outstanding ⁽¹⁾				Percentage of Estimated Actual Taxable Value of Property ⁽²⁾	Per Capita ⁽³⁾
	General Obligation Bonds	Variable Rate Demand Obligations	Taxable BABs General Obligations	Total		
2011	\$ 1,517,280,000	\$ 100,000,000	\$ 338,320,000	\$ 1,955,600,000	1.06%	\$ 1,972
2012	1,658,970,000	100,000,000	338,320,000	2,097,290,000	1.18	2,085
2013	1,930,155,391	100,000,000	339,827,520	2,369,982,911	1.34	2,333
2014	2,085,028,317	100,000,000	339,671,879	2,524,700,196	1.43	2,462
2015	2,465,315,677	100,000,000	339,516,238	2,904,831,915	1.68	2,809
2016	2,582,259,186	100,000,000	323,901,913	3,006,161,099	1.62	2,890
2017	2,722,235,195	90,000,000	308,297,064	3,120,532,259	1.60	2,977
2018	2,919,530,233	170,000,000	292,692,211	3,382,222,444	1.69	3,213
2019	3,015,532,116	170,000,000	277,106,496	3,462,638,612	1.73	3,266
2020	3,109,101,181	170,000,000	106,404,112	3,385,505,293	1.62	3,171

NOTES:

⁽¹⁾ General Bonded Debt includes all general obligation debt, variable rate demand obligation, regardless of purpose or repayment source, and other bonded debt financed with general government resources. Governmental lease revenue bonds and business-type revenue bonds are excluded because they are repayable from specific resources other than general governmental resources. Other debt is excluded because it is not in the form of bonds.

⁽²⁾ See Table 8 for estimated actual value of taxable property data.

⁽³⁾ See Table 23 for population data used in calculating the Per Capita.

Table 19

DEBT CAPACITY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT ⁽¹⁾
June 30, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Debt:			
Towns, Cities, and Villages ^(2,3) :			
Garrett Park - bonds	\$ 117,100	100.00%	\$ 117,100
Poolesville - bonds	232,471	100.00	232,471
Rockville - bonds	30,805,272	100.00	30,805,272
Somerset - bonds	1,155,000	100.00	1,155,000
Takoma Park:			
Bonds	9,188,500	100.00	9,188,500
Certificates or notes	150,000	100.00	150,000
Component Units ⁽²⁾ :			
MCPS - Capital leases	74,576,053	100.00	74,576,053
MC - Capital leases	76,580,591	100.00	76,580,591
Joint Venture - M-NCPPC ⁽⁴⁾ :			
Park acquisition and development bonds	170,155,000	39.29	66,855,000
Advance land acquisition bonds	620,000	100.00	620,000
Development Districts ⁽²⁾ :			
Kingsview Village Center - bonds	319,855	100.00	319,855
West Germantown - bonds	8,515,000	100.00	8,515,000
Total Overlapping Debt			269,114,842
Montgomery County direct debt ⁽⁵⁾			4,253,375,936
Total Direct and Overlapping Debt			\$ 4,522,490,778

NOTES:

⁽¹⁾ Direct debt relating to the governmental activities of the County includes general obligation bonds, variable rate demand obligations, bond anticipation notes, notes payable, lease revenue bonds, and capital leases. Overlapping debt is the debt of other governmental entities in the County that is payable in whole or in part by taxpayers of the County. It includes general obligation bonds, revenue bonds, mortgages payable, notes payable, commercial paper, bond anticipation notes, certificates of participation, capital leases, and bank loans.

⁽²⁾ Entities are wholly within Montgomery County.

⁽³⁾ Unaudited information provided by entities.

⁽⁴⁾ Overlapping debt percentage is based on the debt relating to the County.

⁽⁵⁾ Source: total of governmental activities debt on Table 17.

Table 20

**DEBT CAPACITY
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

	2011	2012	2013	2014	2015
Assessed Value					
Real property ^(1,3)	\$ 167,790,792,529	\$ 162,197,149,758	\$ 158,272,830,848	\$ 159,891,865,334	\$ 163,656,758,206
Personal property ⁽²⁾	3,856,191,952	3,718,945,710	3,604,478,750	3,709,327,508	3,655,133,210
Total Assessed Value	<u>\$ 171,646,984,481</u>	<u>\$ 165,916,095,468</u>	<u>\$ 161,877,309,598</u>	<u>\$ 163,601,192,842</u>	<u>\$ 167,311,891,416</u>
Legal Debt Margin					
Debt limit - percentage of assessable base:					
For real property at 6%	\$ 10,067,447,552	\$ 9,731,828,985	\$ 9,496,369,851	\$ 9,593,511,920	\$ 9,819,405,492
For personal property at 15%	578,428,793	557,841,857	540,671,813	556,399,126	548,269,982
Legal limitation for the borrowing of funds and the issuance of bonds	<u>10,645,876,345</u>	<u>10,289,670,842</u>	<u>10,037,041,664</u>	<u>10,149,911,046</u>	<u>10,367,675,474</u>
Debt Applicable to Limit:					
General obligation bonds	1,517,280,000	1,658,970,000	1,930,155,391	2,085,028,317	2,465,315,677
Variable rate demand obligation	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Taxable BABs general obligation	338,320,000	338,320,000	339,827,520	339,671,879	339,516,238
Bond anticipation notes	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Total Debt Applicable to Limit	<u>2,455,600,000</u>	<u>2,597,290,000</u>	<u>2,869,982,911</u>	<u>3,024,700,196</u>	<u>3,404,831,915</u>
Legal Debt Margin	<u>\$ 8,190,276,345</u>	<u>\$ 7,692,380,842</u>	<u>\$ 7,167,058,753</u>	<u>\$ 7,125,210,850</u>	<u>\$ 6,962,843,559</u>
Legal Debt Margin as a Percentage of Debt Limit	77%	75%	71%	70%	67%
	2016	2017	2018	2019	2020
Assessed Value					
Real property ^(1,3)	\$ 170,176,446,052	\$ 177,495,353,018	\$ 183,993,870,661	\$ 189,051,019,043	\$ 193,487,138,719
Personal property ⁽²⁾	3,884,349,017	4,051,372,468	4,188,565,266	4,055,452,758	4,100,966,956
Total Assessed Value	<u>\$ 174,060,795,069</u>	<u>\$ 181,546,725,486</u>	<u>\$ 188,182,435,927</u>	<u>\$ 193,106,471,801</u>	<u>\$ 197,588,105,675</u>
Legal Debt Margin					
Debt limit - percentage of assessable base:					
For real property at 6%	\$ 10,210,586,763	\$ 10,649,721,181	\$ 11,039,632,240	\$ 11,343,061,143	\$ 11,609,228,323
For personal property at 15%	582,652,353	607,705,870	628,284,790	608,317,914	615,145,043
Legal limitation for the borrowing of funds and the issuance of bonds	<u>10,793,239,116</u>	<u>11,257,427,051</u>	<u>11,667,917,030</u>	<u>11,951,379,057</u>	<u>12,224,373,366</u>
Debt Applicable to Limit:					
General obligation bonds	2,582,259,186	2,722,235,195	2,919,530,233	3,015,532,116	3,109,101,181
Variable rate demand obligation	100,000,000	90,000,000	170,000,000	170,000,000	170,000,000
Taxable BABs general obligation	323,901,913	308,297,064	292,692,211	277,106,496	106,404,112
Bond anticipation notes	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Total Debt Applicable to Limit	<u>3,506,161,099</u>	<u>3,620,532,259</u>	<u>3,882,222,444</u>	<u>3,962,638,612</u>	<u>3,885,505,293</u>
Legal Debt Margin	<u>\$ 7,287,078,017</u>	<u>\$ 7,636,894,792</u>	<u>\$ 7,785,694,586</u>	<u>\$ 7,988,740,445</u>	<u>\$ 8,338,868,073</u>
Legal Debt Margin as a Percentage of Debt Limit	68%	68%	67%	67%	68%

NOTES:

⁽¹⁾ See (1) on Table 8.

⁽²⁾ See (2) on Table 8.

⁽³⁾ As a Charter County, the legal debt limit is provided by Article 25A, Section 5(P(i)), of the Annotated Code of Maryland. The legal debt margin is a total of 6 percent of the assessable base (presented at 100 percent) of real property of the County and 15 percent of the County's assessable base of personal property and operating real property.

Table 21

**DEBT CAPACITY
PLEDGED-REVENUE COVERAGE⁽¹⁾
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenues ⁽²⁾	Less: Operating Expenses ⁽³⁾	Net Available Revenue for Debt Service	Debt Service ⁽⁴⁾			Coverage %
				Principal	Interest	Total	
Bethesda Parking Lot District:							
2011	\$ 19,217,766 ^(a)	\$ 7,829,314	\$ 11,388,452	\$ 1,915,000	\$ 1,355,235	\$ 3,270,235	348.25%
2012	18,137,767 ^(a)	8,038,372	10,099,395	1,995,000	1,278,135	3,273,135	308.55
2013	20,201,622 ^(a)	8,006,351	12,195,271	2,020,000	2,030,369	4,050,369	301.09
2014	19,001,427 ^(a)	8,129,681	10,871,746	2,100,000	1,910,939	4,010,939	271.05
2015	21,153,076 ^(a)	9,015,362	12,137,714	3,120,000	1,839,789	4,959,789	244.72
2016	17,963,769 ^(a)	9,024,033	8,939,736	3,245,000	1,575,467	4,820,467	185.45
2017	20,320,118 ^(a)	9,924,556	10,395,562	3,158,000	1,416,347	4,574,347	227.26
2018	20,803,921 ^(a)	9,894,949	10,908,972	3,291,000	1,336,525	4,627,525	235.74
2019	20,841,755 ^(a)	8,792,818	12,048,937	3,441,000	1,212,195	4,653,195	258.94
2020	17,403,667 ^(a)	9,874,435	7,529,232	3,591,000	1,049,400	4,640,400	162.25
Liquor Control:							
2011	\$ 242,614,756	\$ 212,550,427	\$ 30,064,329	\$ 1,550,000	\$ 2,108,248	\$ 3,658,248	821.82%
2012	252,364,670	217,254,363	35,110,307	2,825,000	3,530,455	6,355,455	552.44
2013	258,903,266	222,759,553	36,143,713	2,790,000	3,561,750	6,351,750	569.04
2014	268,683,615	235,187,621	33,495,994	4,725,000	5,038,843	9,763,843	343.06
2015	278,792,397	245,176,046	33,616,351	4,640,000	5,188,539	9,828,539	342.03
2016	294,621,921	261,015,960	33,605,961	4,865,000	4,972,389	9,837,389	341.61
2017	298,572,068	269,930,631	28,641,437	5,060,000	4,774,889	9,834,889	291.22
2018	296,949,396	263,850,822	33,098,574	5,295,000	4,539,639	9,834,639	336.55
2019	295,973,689	258,484,085	37,489,604	5,520,000	3,634,464	9,154,464	409.52
2020	305,119,389	265,023,440	40,095,949	3,460,000	3,888,267	7,348,267	545.65
Metrorail Garage Project:							
2011	\$ 3,292,009	\$ -	\$ 3,292,009	\$ 1,770,000	\$ 1,522,009	\$ 3,292,009	100.00%
2012	3,416,120	-	3,416,120	2,365,000	1,051,120	3,416,120	100.00
2013	3,472,363	-	3,472,363	1,860,000	1,612,363	3,472,363	100.00
2014	3,474,363	-	3,474,363	1,955,000	1,519,363	3,474,363	100.00
2015	3,481,613	-	3,481,613	2,060,000	1,421,613	3,481,613	100.00
2016	3,478,613	-	3,478,613	2,160,000	1,318,613	3,478,613	100.00
2017	3,490,613	-	3,490,613	2,280,000	1,210,613	3,490,613	100.00
2018	3,491,613	-	3,491,613	2,395,000	1,096,613	3,491,613	100.00
2019	3,496,863	-	3,496,863	2,520,000	976,863	3,496,863	100.00
2020	3,510,863	-	3,510,863	2,660,000	850,863	3,510,863	100.00
Water Quality Protection:							
2013	\$ 25,302,118	\$ 16,937,522	\$ 8,364,596	\$ 915,000	\$ 1,207,601	\$ 2,122,601	394.07%
2014	26,047,644	17,248,871	8,798,773	1,310,000	1,706,150	3,016,150	291.72
2015	30,745,793	20,016,830	10,728,963	1,340,000	1,678,850	3,018,850	355.40
2016	33,454,313	20,751,317	12,702,996	1,395,000	1,625,250	3,020,250	420.59
2017	38,471,238	22,324,542	16,146,696	3,185,000	2,963,160	6,148,160	262.63
2018	40,928,526	24,983,355	15,945,171	3,245,000	2,900,838	6,145,838	259.45
2019	42,074,583	25,764,744	16,309,839	3,360,000	2,788,588	6,148,588	265.26
2020	41,475,369	28,324,459	13,150,910	3,495,000	2,654,188	6,149,188	213.86

NOTES:

⁽¹⁾ Table includes debt that is secured by a pledge of a specific revenue stream, and is designed to reflect whether the County had to use general (unpledged) revenues to repay debt that was intended to be self-supporting.

⁽²⁾ Gross revenues include non-operating investment income. Gross revenues for the parking lot district bonds include all revenues of the district and consist primarily of parking fee charges for services, parking fines, and dedicated property taxes. Gross revenues for the metrorail garage project lease revenue bonds include lease payments from WMATA. Gross revenues for the liquor control bonds come primarily from the sale of beverage alcohol products. Gross revenues for the water quality protection bonds include the water quality protection excise tax that is part of property tax bills and based on the potential for a property to contribute to stormwater runoff.

⁽³⁾ Operating expenses do not include interest, depreciation, or amortization expenses.

⁽⁴⁾ Debt service consists of amounts relating to revenue or lease revenue bonds; amounts relating to general obligation bonds are excluded.

^(a) Parking Lot District gross revenue excludes non-cash gains on disposal of capital assets; not available to pay for debt service.

Table 22

**DEMOGRAPHIC STATISTICS
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO**

Employer	Fiscal Year 2020			Fiscal Year 2011		
	Rank	Employees ⁽¹⁾	Percentage of Total County Employment ^(2,3)	Rank	Employees ⁽¹⁾	Percentage of Total County Employment ^(2,3)
U.S. Department of Health and Human Services	1	25,000 - 30,000	5.82%	1	>30,000	5.88%
Montgomery County Public Schools	2	25,000 - 30,000	4.77	2	20,000 - 25,000	4.81
Montgomery County Government	3	10,000-15,000	2.65	4	5,000 - 10,000	1.60
U.S. Department of Defense	4	5,000-10,000	1.59	3	10,000 - 15,000	2.67
Adventist Healthcare	5	5,000-10,000	1.59	7	5,000 - 10,000	1.60
Holy Cross Hospital of Silver Spring	6	2,500-5,000	0.79		*	-
Marriott International Admin Svcs, Inc.	7	2,500-5,000	0.79	6	5,000 - 10,000	1.60
Montgomery Community College	8	2,500-5,000	0.79		*	-
Government Employees Insurance Co.	9	2,500-5,000	0.79		*	-
U.S. Department of Commerce	10	2,500-5,000	0.79	5	5,000 - 10,000	1.60
Lockheed Martin Corporation		*	-	8	2,500 - 5,000	0.80
Giant Food Corporation		*	-	9	2,500 - 5,000	0.80
Verizon		*	-	10	2,500 - 5,000	0.80
Total			20.37%			22.16%

NOTES:

* Employer is not one of the ten largest employers during the year noted.

Source: Department of Labor, Licensing and Regulation

Analysis and Information - Major Employer List - 4th quarter CY2019 and CY2011

⁽¹⁾ Information such as the actual number of employees is not available for disclosure.

⁽²⁾ Percentages are based on the midpoint of the employment range and average total Montgomery County employment of FY20 and FY11 according to Bureau of Labor Statistics, U.S. Department of Labor. Employee counts for federal and military facilities exclude contractors to the extent possible.

⁽³⁾ Total average payroll employment in FY20 was 472,125, and in FY11, 467,700.

Table 23

DEMOGRAPHIC STATISTICS LAST TEN YEARS

Calendar Year	Population ⁽¹⁾	Personal Income (\$ thousands) ⁽²⁾	Per Capita Income ⁽³⁾	Civilian Labor Force ⁽⁴⁾	Resident Employment ⁽⁵⁾	Unemployment Rate ⁽⁶⁾	Average Registered Number of Pupils as of September ⁽⁷⁾
2011	991,833	\$ 74,484,881	\$ 75,098	536,858	508,575	5.3%	144,064
2012	1,005,852	77,350,599	76,901	540,440	512,451	5.2	146,497
2013	1,016,064	74,736,158	73,555	543,131	516,271	4.9	148,779
2014	1,025,617	76,750,007	74,833	543,806	519,929	4.4	151,298
2015	1,033,994	82,629,149	79,913	547,383	526,091	3.9	153,852
2016	1,040,245	87,334,533	83,956	546,204	527,278	3.5	156,447
2017	1,048,244	89,462,226	85,345	554,246	535,516	3.4	159,010
2018	1,052,567	94,404,295	89,690	557,200	539,485	3.2	161,545
2019	1,061,880	96,100,000	90,650	565,866	549,310	2.9	162,680
2020	1,070,928	94,100,000	88,140	561,120	530,500	5.5	165,267

NOTES:

⁽¹⁾ Sources: Data for 2011-2018 is from the Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Data for 2019 and 2020 are estimated by the Montgomery County Department of Finance. Data for 2011-2018 was revised by BEA.

⁽²⁾ Source: Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Personal income includes money income from wages and salaries; transfer payments such as social security and public assistance; income from rent, interest, and dividends. Data for 2011-2018 was published by BEA. Data for 2019 through 2020 are estimates derived by the Montgomery County Department of Finance.

⁽³⁾ Per capita income is derived by dividing personal income by population.

⁽⁴⁾ Source: Bureau of Labor Statistics (BLS), U.S. Department of Labor. Civilian labor force data includes all persons in the civilian noninstitutional population classified as either employed or unemployed and counted by place of residence and is published by BLS for 2011-2019. Data for 2020 is estimated by the Montgomery County Department of Finance based on the percent change from the average of the first six months of CY2019 to the average of the first six months of CY2020.

⁽⁵⁾ Source: Bureau of Labor Statistics (BLS), U.S. Department of Labor. Resident employment includes all persons who during the survey week (a) did any work as paid employees, worked in their own business or profession or on their own farm, or worked 15 hours or more as unpaid workers in an enterprise operated by a member of their family, or (b) were not working but who had jobs from which they were temporarily absent because of vacation, illness, bad weather, etc. Each employed person is counted only once, even if he or she holds more than one job and is counted by place of residence and not by place of employment. Data for 2011-2019 was published by BLS. Data for 2020 is estimated by the Montgomery County Department of Finance based on the percent change from the average of the first six months of CY2019 to the first six months of CY2020.

⁽⁶⁾ The unemployment rates for 2011 through 2019 were published by the Bureau of Labor Statistics, U.S. Department of Labor. The unemployment rate for 2020 is estimated by the Montgomery County Department of Finance based on the estimate of the civilian labor force and the estimate of resident employment.

⁽⁷⁾ Source: Indicators provided by the Montgomery County Public Schools, a component unit organization.

Table 24

OPERATING INFORMATION
EMPLOYEE FTEs BY FUNCTION⁽¹⁾
LAST TEN FISCAL YEARS

	2011 ⁽⁴⁾	2012 ⁽⁴⁾	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
General Government:										
Legislative Branch:										
Board of Appeals	4	4	4	4	4	4	4	4	4	4
County Council	70	73	75	77	79	82	82	83	83	85
Inspector General	3	4	5	5	5	7	7	7	7	7
Legislative Oversight	9	9	10	11	11	11	11	11	12	12
Merit System Protection Board	1	1	1	1	1	2	2	2	2	2
People's Counsel	2	-	-	-	-	-	-	-	-	-
Zoning and Administrative Hearings	4	4	4	4	4	4	4	4	4	4
Judicial Branch:										
Circuit Court	107	106	117	118	114	114	114	116	117	119
State's Attorney	119	122	129	132	136	140	143	147	153	154
Executive Branch:										
Agriculture	-	-	-	-	-	-	4	4	4	4
Board of Elections	44	40	31	31	51	55	55	56	56	56
Commission for Women	6	-	-	-	-	-	-	-	-	-
Community Engagement ⁽²⁾	-	24	22	22	22	22	23	24	23	32
County Attorney	37	34	42	43	43	44	43	45	43	43
County Executive	32	26	28	31	32	33	34	37	35	34
Ethics Commission	-	2	3	3	3	3	3	3	3	3
Finance	103	107	114	125	126	126	122	125	127	131
General Services	179	178	184	183	191	162	164	171	170	169
Human Resources	44	49	60	67	66	67	68	70	71	68
Human Rights	15	8	8	8	9	9	9	9	9	9
Intergovernmental Relations	5	5	5	5	5	5	5	5	5	5
Management and Budget	25	25	28	28	29	30	29	32	33	33
Procurement ⁽⁵⁾	-	-	-	-	-	33	35	35	35	35
Public Information	42	42	43	42	43	43	42	45	51	53
Regional Services Centers	17	-	-	-	-	-	-	-	-	-
Technology Services	107	102	104	110	110	147	159	168	166	167
Urban Districts	50	52	55	55	58	58	59	59	59	59
Non-Departmental Accounts	3	2	2	4	4	4	4	4	5	6
Public Safety:										
Consumer Protection	15	15	16	17	17	17	16	17	17	17
Correction and Rehabilitation	555	557	512	518	526	527	538	538	538	536
Emergency Management and Homeland Security	10	11	11	12	14	15	15	15	15	16
Fire and Rescue	1,267	1,240	1,254	1,282	1,287	1,299	1,303	1,287	1,298	1,318
Police	1,720	1,724	1,744	1,767	1,843	1,868	1,888	1,950	1,958	1,972
Sheriff	169	166	178	185	183	183	190	190	190	193
Transportation:										
Fleet Management	194	206	205	205	204	204	204	204	206	211
Transit Services	789	831	814	816	836	836	842	874	876	909
Other ⁽³⁾	305	258	258	273	275	279	283	283	283	287
Health and Human Services	1,462	1,484	1,559	1,569	1,589	1,594	1,619	1,649	1,670	1,683
Culture and Recreation:										
Cable TV	26	27	30	31	31	31	31	33	32	31
Public Libraries	299	273	314	350	385	389	386	395	396	404
Recreation	365	343	375	398	414	417	441	465	467	490
Community Development and Housing:										
Economic Development	32	26	29	31	34	33	1	1	1	1
Housing and Community Affairs	59	58	66	73	77	80	84	97	97	101
Environmental Protection	51	84	91	93	97	102	105	108	108	110
Business-Type Activities:										
Alcohol Beverage Services	313	323	324	339	337	427	432	438	442	428
Community Use of Public Facilities	22	26	27	27	27	28	29	30	31	31
Parking Lot Districts	46	48	49	49	50	49	49	49	49	49
Permitting Services	173	178	198	201	207	213	244	244	244	246
Solid Waste Activities	99	103	103	102	103	103	106	105	106	106
Total FTEs	8,999	9,000	9,231	9,447	9,682	9,899	10,031	10,238	10,301	10,433

NOTES:

Amounts represent budgeted workyears or FTEs rounded to nearest whole workyear.

⁽¹⁾ Represents County government FTEs only, and excludes component units. Therefore, no FTEs are listed for Education function, which relates to component units MCPS and MC.

⁽²⁾ Community Engagement Cluster created in FY12 by consolidating the staffing of the Regional Services Centers, the Gilchrist Center and the Commission for Women.

⁽³⁾ Excludes programs presented under business-type activities.

⁽⁴⁾ Effective FY13, FTE is used as a measure rather than workyear. Years FY11 and FY12 still reflect original workyear measurements.

⁽⁵⁾ Effective FY16, The Office of Procurement was established per Expedited Bill No. 7-15.

Source: County Executive's Annual Recommended Operating and Public Services Program, Schedule D-2, various years.

Table 25

**OPERATING INFORMATION
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 ⁽¹⁾
Governmental Activities:										
General Government:										
Number of procurement office actions ⁽²⁾	6,610	6,750	7,711	8,396	7,556	8,429	7,564	7,824	8,887 ⁽⁶⁾	9,425
Number of property tax bills processed ⁽³⁾	362,971	364,050	365,495	366,847	367,708	371,446	371,866	376,330	376,259	370,489
Number of payments issued	117,831	111,211	112,507	129,973	121,311	121,366	125,764	128,866	118,086	107,773
Investment portfolio return ⁽⁵⁾	0.10%	0.02%	0.16%	0.15%	0.18%	0.39%	0.71%	1.34%	2.33%	1.76%
Public Safety:										
Fire and Rescue:										
Number of responses to incidents	109,153	109,597	108,996	109,496	115,366	116,915	120,990	123,544	121,606	119,340
Number of fire Fatalities	2	4	2	4	4	3	9	1	4 ⁽⁶⁾	2
Permitting:										
Number of inspections completed	13,139	7,353 ⁽⁷⁾	6,036	11,644	13,929	16,439	17,405	14,579	10,340 ⁽⁸⁾	10,960
Police:										
Number of arrests	13,567	13,216	12,511	13,153	16,518	20,045	16,707	18,853	18,061	12,641 ⁽¹²⁾
Number of traffic citations ⁽⁹⁾	65,439	55,710	53,540	107,040	106,944	105,607	100,867	81,252 ⁽⁶⁾	75,989 ⁽⁶⁾	50,051 ⁽¹²⁾
Number of warrants served	7,542	9,598	12,623	8,297	9,763	8,109	7,779	7,318	7,011	6,006 ⁽¹²⁾
Transportation ⁽³⁾ :										
Lane-miles of streets resurfaced	258	332	442	311	436	405	303	181	231	266
Number of passengers transported	26,719,517	27,240,110	26,603,242	26,391,551	25,972,313	24,512,705	22,984,194	21,594,040	20,596,520	16,305,400 ⁽¹²⁾
Health and Human Services:										
Number of applicants approved for the Home Energy Program	9,438	8,778	7,308	7,951	7,440	7,822	7,468	7,129	7,056	6,683
Number of individuals served through the Crisis Center	50,083	47,075	48,312	45,749	45,906	47,191	46,202	44,684	43,584	43,868
Number of licensed and registered child care slots in the County	36,426	38,722	39,806	38,506	39,501	40,292	41,768	41,101	42,697	43,206
Number of in-home aide service hours for seniors and people with disabilities	122,991	101,905	90,000	94,012	110,848	105,000	110,185	92,860	105,370	108,869
Culture and Recreation:										
Library:										
Number of items circulated	10,137,952	9,403,471	9,303,918	9,770,776	10,035,027	10,478,360	10,172,487	10,666,538	11,383,048	7,063,462 ⁽¹²⁾
Recreation:										
Number of community center visits/contacts	1,299,619	1,320,664	1,178,398	1,127,742	985,527	955,160	1,634,333	1,108,071	971,882 ⁽¹⁰⁾	959,137 ⁽¹²⁾
Number of visits to County pools	2,234,904	2,246,874	2,255,874	2,553,202	2,696,608	1,570,434	2,482,362	1,467,626	1,327,182 ⁽¹¹⁾	801,670 ⁽¹²⁾
Number of persons registered for camps and classes	51,648	53,746	55,044	55,829	65,762	76,285	85,835	105,011	105,615	106,526
Community Development and Housing:										
Housing and Community Affairs:										
Number of housing rental licenses issued	89,286	91,555	92,527	96,185	98,525	100,379	101,810	103,841	107,283	114,365
Number of housing code enforcement cases	7,186	6,988	6,597	6,998	7,633	8,250	7,917	8,352	9,229	7,190
Environment:										
Number of sediment control inspections performed for development sites	13,472	12,206	12,839	16,287	18,741	19,109	18,259	17,689	16,778	14,858
Education:										
Average number of pupils registered pre-K through 12 ⁽⁴⁾	144,064	146,497	148,779	151,298	153,852	156,447	159,010	161,545 ⁽⁶⁾	162,680 ⁽⁶⁾	165,267
College students - credit and non-credit ⁽⁴⁾	60,970	63,837	62,417	59,389	56,228	56,001	55,243	54,335	52,732	49,168
Business-Type Activities:										
Land development plans approved	4,066	4,967	4,517	5,112	5,161	6,048	6,013	6,055	5,543	5,801
Refuse collected (tons)	85,628	86,512	69,568	71,407	73,996	71,767	69,988	80,318	81,075 ⁽⁶⁾	83,507
Waste processed at the Resource Recovery Facility (tons)	575,000	540,644	546,644	577,787	591,687	620,505	518,687	592,228	629,575 ⁽⁶⁾	623,279
Number of cases sold from the Department of Liquor Control retail stores	1,096,702	1,093,554	1,094,530	1,155,544	1,131,073	1,163,437	1,139,836	1,104,006	1,094,026	1,126,377
Number of wholesale liquor cases sold to private liquor stores	4,142,590	4,104,574	4,068,430	4,174,541	4,079,000	4,138,371	4,068,797	3,951,139	3,950,485	4,041,261

NOTES:

N/A - Data not readily available, or not available in a manner consistent with this display.

⁽¹⁾ Indicators represent actuals or latest estimates of actuals.

⁽²⁾ Indicators provided by Office of Procurement.

⁽³⁾ Excludes programs presented under "Business-Type Activities."

⁽⁴⁾ Indicators provided by the Montgomery County Public Schools and Montgomery College, two component unit organizations.

⁽⁵⁾ Indicators provided by Department of Finance.

⁽⁶⁾ Revised.

⁽⁷⁾ The decrease in number of inspections reflects a loss of 12 inspector positions from mid-2010 thru mid-2011.

⁽⁸⁾ The decrease is due to transitioning from a legacy records management system (FireHouse Software) to the DPS system.

⁽⁹⁾ Excludes the citations issued by Speed, Redlight, and School Bus Automatic Enforcement.

⁽¹⁰⁾ Two community centers were closed in FY19 due to reconstruction.

⁽¹¹⁾ Recreation's MLK Pool was closed for approximately 6 weeks for repairs in FY19.

⁽¹²⁾ Variance is due to the COVID-19 pandemic and the decrease in traffic, building closure, etc.

Source: County departments.

Table 26

OPERATING INFORMATION
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
General Government:										
Number of Conference centers	1	1	1	1	1	1	1	1	1	1
Landfills	3	3	3	3	3	3	3	3	3	3
Public Safety:										
Police stations	6	6	6	6	6	6	6	6	6	6
Police satellites	8	4	4	3	3	3	3	3	3	3
Police vehicles	1,327	1,363	1,341	1,345	1,467	1,486	1,509	1,526	1,522	1,551
Fire stations	36	36	37	37	37	37	37	37	37	37
Fire apparatus	452	464	451	461	447	493	497	502	501	548
Transportation:										
Streets (miles)	2,621	2,623	2,627	2,631	2,634	2,640	2,661	2,663	2,664	2,679
Ride On buses	390	410	412	422	379	403	389	414	424	445
Administrative vehicles	757	734	738	761	764	869	885	876	876	867
Fire vehicles	121	120	115	116	113	94	96	91	98	101
Heavy equipment	454	460	463	482	420	423	481	491	448	460
Streetlights	66,962	67,211	67,781	67,931	67,969	68,350	68,675	68,770	68,995	69,025
Traffic signals	800	814	823	829	836	848	854	867	875	878
Culture and Recreation:										
Libraries	22	22	22	22	22	22	22	22	22	22
Volumes in library collection	2,660,221	2,564,280	2,500,705	2,834,652	2,060,370	1,993,001	2,235,689	2,447,236	2,388,365	2,405,062
Swimming pools	13	13	13	13	13	13	13	13	13	13
Community Development and Housing:										
Number of low income housing units	101	101	101	101	101	101	101	101	101	101
Environment:										
Storm drains (miles)	874	875	877	881	883	888	893	895	896	902
Education:										
Elementary, Middle and High School buildings	200	200	202	202	203	204	204 ⁽¹⁾	205 ⁽¹⁾	207 ⁽¹⁾	207
College buildings	48	48	49	49	49	49	51	51	51	50
Business-Type Activities:										
Parking spaces in parking lot districts	21,173	20,470	19,989	19,984	20,970	20,754	20,482	20,425	20,452	20,468
Parking garages/lots	41	40	40	42	42	41	40	40	41	40

NOTES:

* Data relates to primary government only, except for education data which relates to MCPS and MC.

* Sources: Various County departments, MCPS, and MC.

⁽¹⁾ Revised.



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* POEB = Pension and Other Employee Benefits

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