



MONTGOMERY COUNTY MARYLAND

Annual Comprehensive Financial Report

Fiscal Year 2021

July 1, 2020 - June 30, 2021
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, 2020

Christopher P. Morill

Executive Director/CEO

MONTGOMERY COUNTY MARYLAND

Annual Comprehensive Financial Report



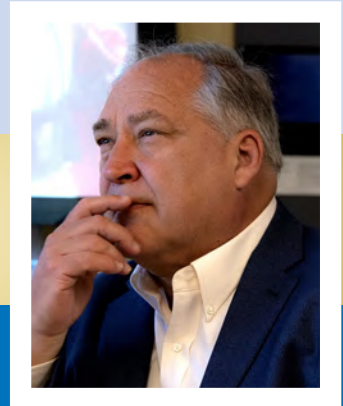
Prepared by the
DEPARTMENT OF FINANCE

Michael J. Coveyou, Director
101 Monroe Street
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Fiscal Year 2021
July 1, 2020 - June 30, 2021

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.

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INTRODUCTORY SECTION



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DEPARTMENT OF FINANCE

Marc Elrich
County Executive

Michael Coveyou
Director

December 17, 2021

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 Annual Comprehensive Financial Report (ACFR) of Montgomery County, Maryland (the County) for the fiscal year ended June 30, 2021.

FORMAL TRANSMITTAL OF THE ACFR

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 Annual Comprehensive Financial Report has been prepared pursuant to the provisions of Article 2, Section 214 of the Charter of the County, and includes the independent public accountants' 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, 2021. The independent public accountants' 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 public accountants' 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 public accountants.

Office of the Director

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www.montgomerycountymd.gov

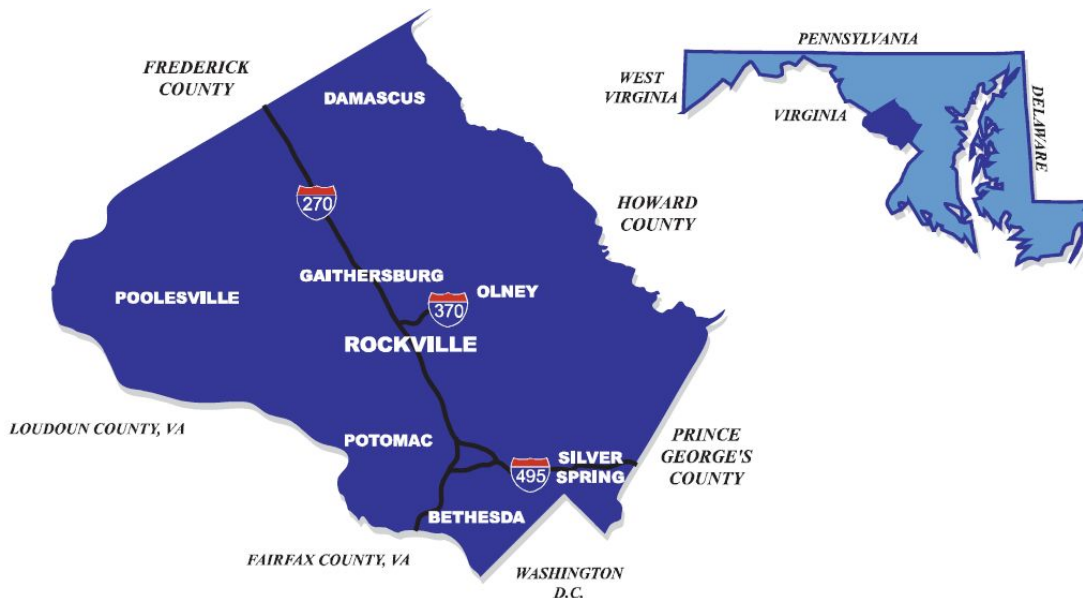
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PROFILE OF THE GOVERNMENT

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, 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

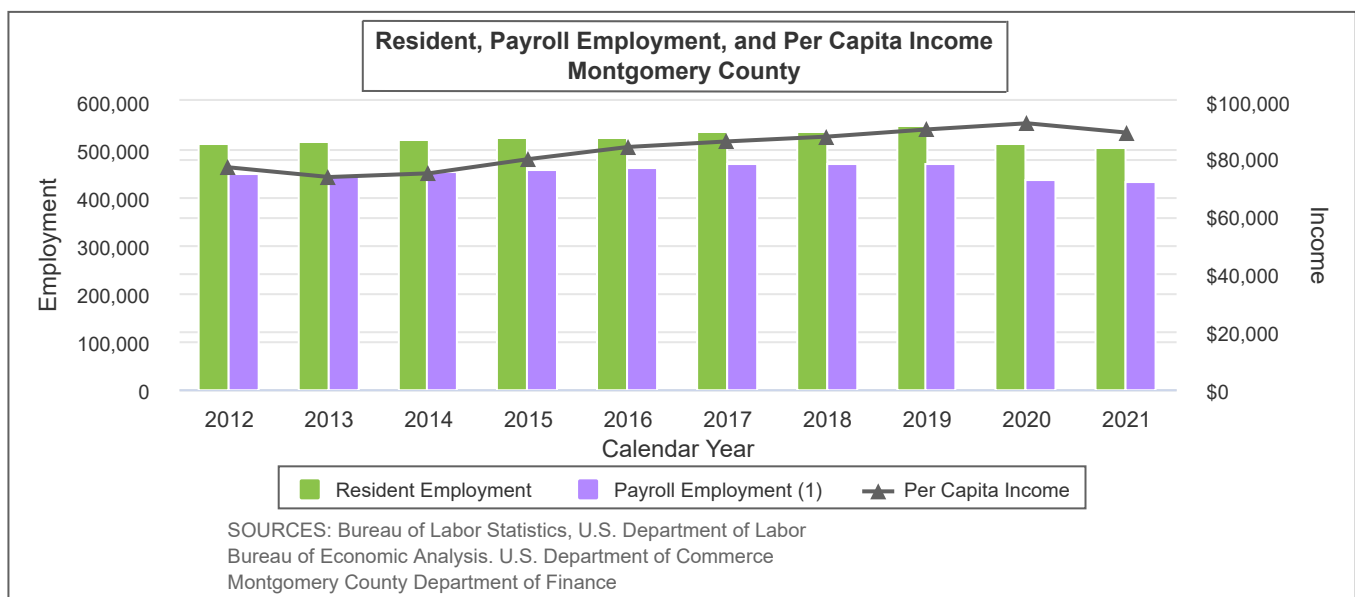
Montgomery County's economy experienced mixed economic performance during the fiscal year (FY) 2021. Employment measured by the survey of households decreased nearly 6.9 percent, and the unemployment rate at 6.5 percent was an increase from FY20 (4.1%). The reasons for the decline in employment and the increase in the unemployment rate are attributed to the impact of the coronavirus disease 2019 (COVID-19). Because of COVID-19, monthly average employment declined on a year-over-year basis between 9.3 percent and 10.0 percent during the first three-quarters of FY21 but increased by a modest 2.1 percent during the fourth quarter. The monthly average unemployment rate was increased from 2.9 percent during the third quarter of FY20 to 8.3 percent during the fourth quarter of FY20 but declined to 5.9 percent during the fourth quarter of FY21 and remained three percentage points above the average rate during the third quarter of FY20.

Sales of existing homes increased by 28.0 percent and average prices were up 10.6 percent during the fiscal year compared to last fiscal year. COVID-19 had a significant impact on the real estate market during the fourth quarter of FY21. Sales of existing homes increased a significant 53.4 percent from the fourth quarter of FY20 to the fourth quarter of FY21, and the average sales prices increased 15.3 percent over the same comparative period.

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

Personal Income and Employment

Income tax revenues for the County represented 51.6 percent of total tax revenues for the General Fund in FY21. 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 \$92,273 in 2020 to \$89,029 in 2021 (-3.5 percent) and is estimated to have increased at an average annual rate of 1.7 percent from 2011 to 2021.



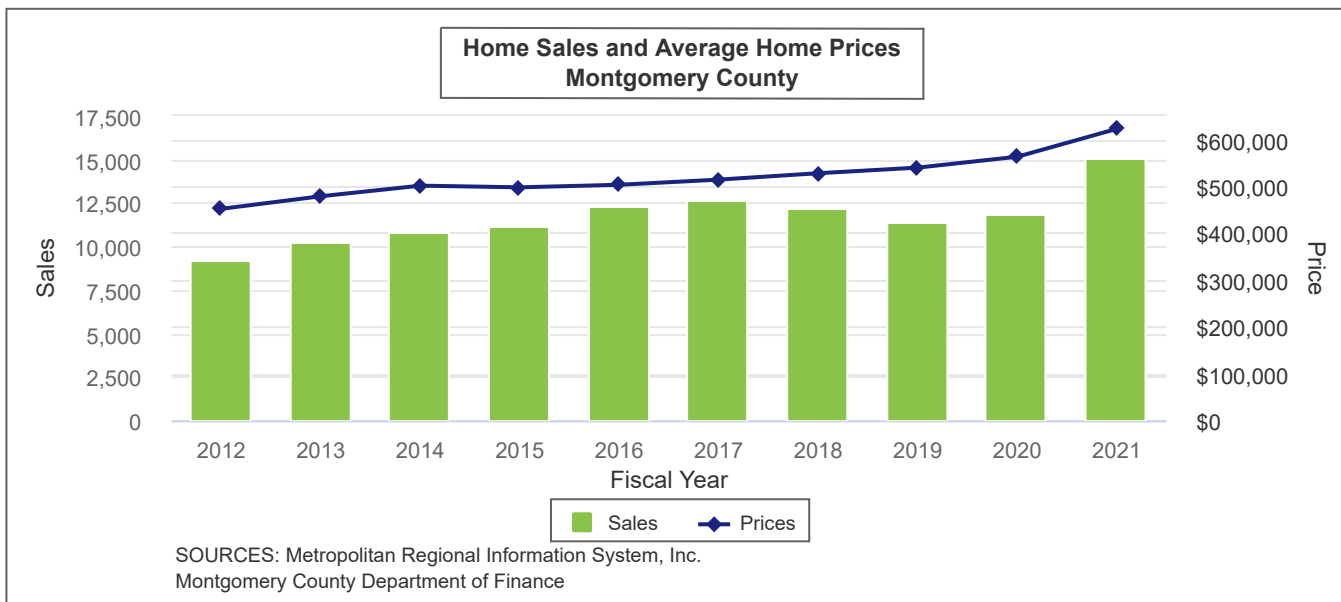
On a calendar year basis, resident employment is estimated to decrease by 1.5 percent from 513,663 in 2020 to 506,133 in 2021. In 2012, resident employment in Montgomery County stood at 513,193. By the calendar year 2021, employment is expected to reach approximately 506,133 – an average annual decrease of over 0.05 percent attributed to the declines of 6.5 percent and 1.5 percent in 2020 and 2021, respectively, due to the impact of COVID-19.

On a calendar basis, payroll employment in the County based on the Quarterly Census of Employment and Wages database is estimated to decrease 1.2 percent from 439,259 in 2020 to 434,203 in 2021. In 2012, payroll employment was 450,496 and is expected to decrease in 2021 to approximately 434,203 – an average annual decrease of nearly 0.3 percent also attributed to the declines of 7.1 percent and 1.2 percent in 2020 and 2021, respectively, due to the impact of COVID-19.

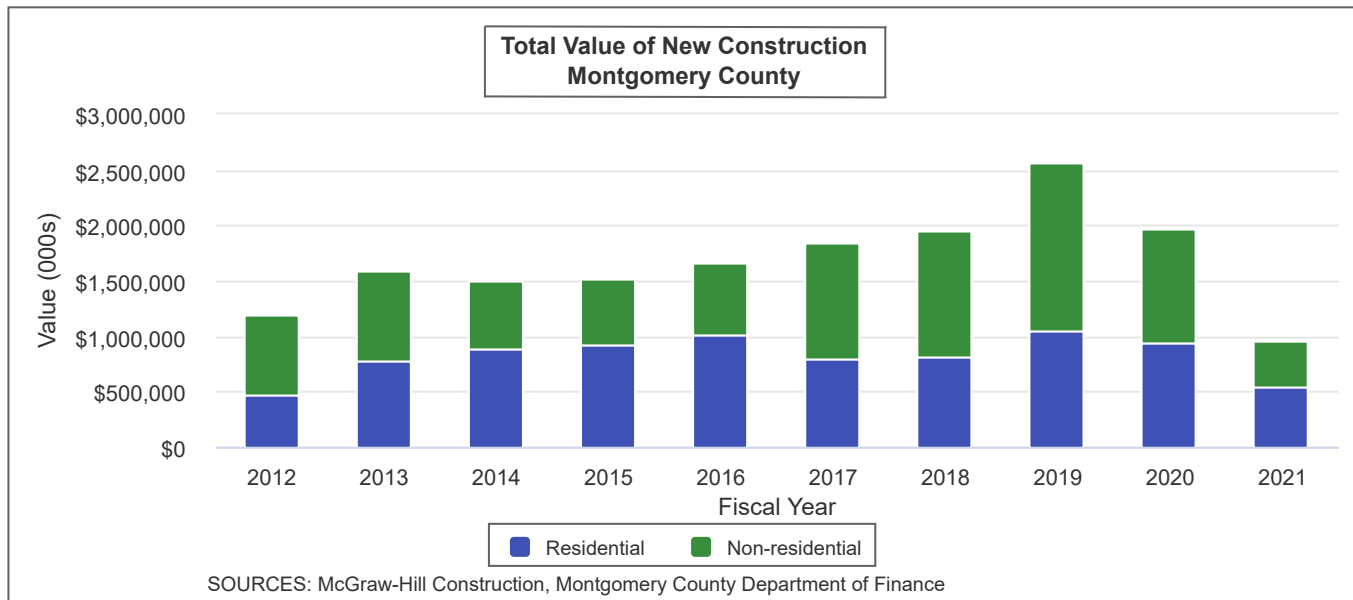
Construction and Real Estate

The property tax (General Fund) and the transfer and recordation taxes consisted of 35.9 percent share and 5.5 percent share, respectively, of total tax revenues for the General Fund in FY21. 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 the 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. However, changes in home prices may affect property tax revenues with a lag because of the homestead tax credit. The average sales prices for existing homes were up 10.6 percent in FY21, and sales of existing homes also increased 28.0 percent following an increase of 4.0 percent in FY20 and 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. Collections from residential transfer taxes increased 30.9 percent attributed to an increase of 20.2 percent in the volume of transactions. However, collections from non-residential transfer taxes (including farm and rezoned rates) decreased 32.4 percent in FY21. Overall, total transfer taxes collected for the General Fund increased 14.3 percent from FY20 to FY21, and recordation taxes collected for the General Fund increased 5.0 percent from FY20 to FY21.



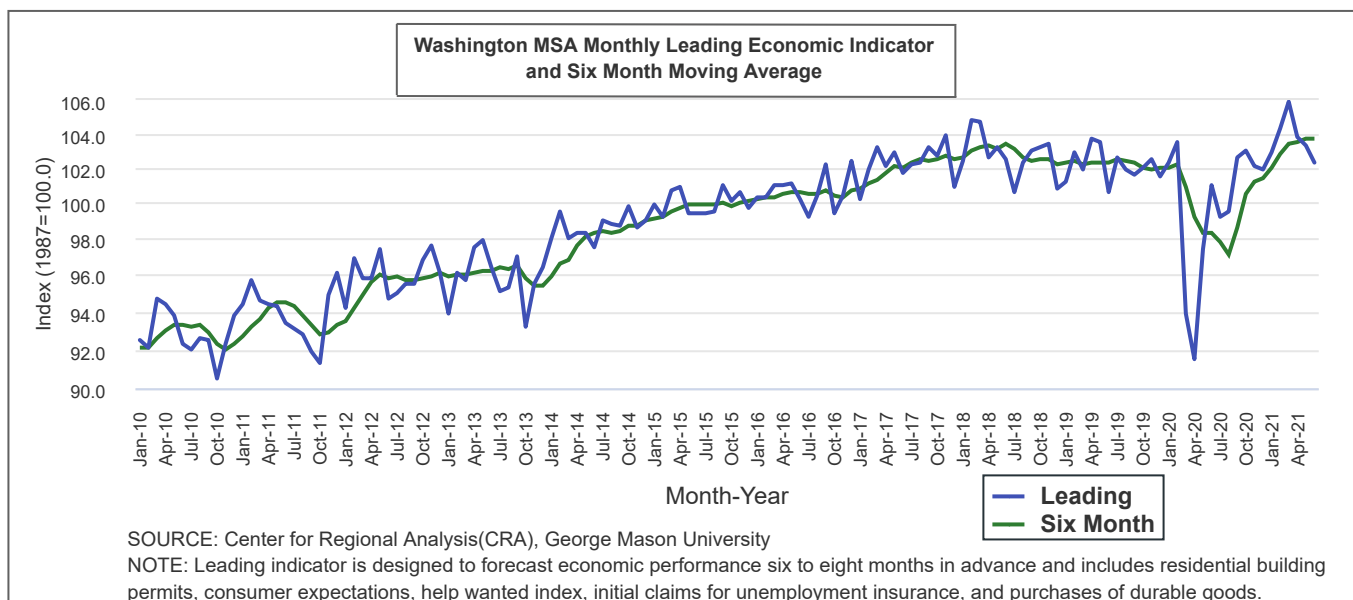
The total value of new residential construction decreased 40.9 percent in FY21, and the total value of new residential construction at \$553.4 million in FY21 was down \$297.9 million compared to the nine-year average between FY12 and FY20. The number of new detached single-family units decreased 18.4 percent from 935 units in FY20 to 856 units in FY21. Construction of multi-family units decreased by 33.2 percent in FY21 from 3,152 to 2,110. The total value of non-residential construction at \$420.4 million was down 59.2 percent in FY21 compared to FY20.



Future Economic Outlook

Following FY21 in which the County's economy experienced a decrease in resident employment (-6.9% in the fiscal year 2021), an increase in the average monthly unemployment rate from 4.1 to 6.5 percent, and a decrease in estimated per capita income (-3.5% in the *calendar* year 2021), an increase in home sales, and an increase in the average sales prices of existing homes, the outlook for FY22 is expected to see a modest economic recovery as long as the "health metrics" continue to improve, that is, a decline in daily COVID-19 cases, and strong vaccination rates.

According to the Stephen S. Fuller Institute (Institute), between June 2020 and June 2021, the Washington Area Coincident Index increased by 21.0 percent while the overall pattern of economic activity suggests that local consumers continued to incrementally return to their pre-pandemic levels, the region did not benefit from increased tourism or seasonal leisure activities. The Washington Area indicates a strengthening economic recovery during the first and second quarters of FY22 and a slower recovery beginning the third quarter of FY22.



Collective Bargaining

International Association of Fire Fighters (IAFF)

Full funding was appropriated for the following contract provisions in FY22 for the Local 1664, Montgomery County Career Fire Fighters Association of the International Association of Fire Fighters, AFL-CIO:

- 1.5% general wage adjustment for all bargaining unit members on the first full pay period after June 19, 2022.
- 3.5% longevity increments for eligible bargaining unit members with either 20 or 24 years of service.
- 3.5% service increments for all eligible bargaining unit members on their anniversary date.

Fraternal Order of Police (FOP)

Full funding was appropriated for the following contract provisions in FY22 for the Fraternal Order of the Police, Lodge 35:

- 2.5% general wage adjustment for all bargaining unit members on the first full pay period after January 2, 2022.
- 3.5% service increments for all eligible members on their anniversary date.
- 3.5% longevity increments for eligible members with either 16 or 20 years of service.

Municipal and County Government Employees Organization (MCGEO)

Full funding was appropriated for the following contract provisions in FY22 for Local 1994, Municipal and County Government Employees Organization of the United Food and Commercial Workers, AFL-CIO (MCGEO):

- \$1,684 general wage adjustment payable on the first pay period after June 19, 2022.
- 3.5% service increments for all eligible bargaining unit members on their anniversary date.
- 3.5% longevity increments for Correctional Officers and Sheriffs with 20 years of service, 2.5% longevity increments for Correctional Officers and Sheriffs with 24 years of service, and 3.0% longevity increments for all other eligible members with either 18 years or 24 years of service. All eligible members are at the maximum of their salary grade.

Long-term Financial Planning

Montgomery County is required by its adopted fiscal policies (Council Resolutions 16-1415, June 29, 2010; 17-312, November 29, 2011; and 19-753, March 2, 2021) 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 percent 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 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 percent 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 FY22 – FY27 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 that are expected to affect future financial position include the following:

Housing

The County provided the highest level of affordable housing funding in the County's history by investing \$89.1 million. This includes \$61.1 million in the Montgomery Housing Initiative (MHI) Fund, \$22 million in the Affordable Housing Acquisition and Preservation CIP project, and \$6 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 5,550 households are projected to be assisted in FY22.

Transportation

The County reimaged Ride On Transit Services by implementing a route restructuring study that will examine the entire Ride On transit system's route network looking at changes to the County's population, demographics, employment centers and residential network to determine enhanced optimization of current and proposed transit services. The study will provide recommended changes for a more equitable, efficient, effective and sustainable service delivery of transit services to meet the evolving needs of the community. Route structure, connectivity, route span, frequency of service, and logistics associated with deploying zero emission buses will be considered.

The County developed a technical specification for the County's electric bus program and a Request for Proposals to procure electric buses as part of a Federal Transit Administration Bus and Facilities Grant. The County's first four electric buses went into service in September 2020, with additional electric buses scheduled to be purchased and delivered in FY22; additional electric buses are planned for purchase in FY23 and 24.

Public Safety

The County reimaged public safety by providing additional support to the Crisis Center through three additional Mobile Crisis Outreach Teams. The Crisis Center is a 24 hours a day/365 days a year facility run by the Department of Health and Human Services to provide assistance for psychiatric and situational crises. This will boost the County's behavioral health crisis response to residents with a mental or substance use disorder. To further support residents, grant funding will be pursued to increase access to and improve the quality of community mental and substance use disorder treatment services.

The County replaced 27 aging heart monitor/defibrillators assigned to advanced life support transport units, paramedic chase cars, and engines to ensure the operability of critical life saving equipment.

Culture and Recreation

The County provided \$5 million in funding to the Early Care and Education Non-Department Account to provide funds for sustaining and expanding quality child care in the County and to provide greater access to affordable child care for low-income families.

The County provided \$3.6 million in funding for service hubs and supported KID Museum expansion through \$1.2 million in funding.

Education

The County increased the contribution to MCPS by \$25.0 million or 0.9%. The County's total contribution is \$40.2 million over the State required Maintenance of Effort (MOE) level of funding.

The County's funding for Montgomery College is \$312.6 million, including \$500,000 for an expanded Montgomery Can Code Program and Innovation Hub.

General Government

The County provided a \$1 million conditional grant to Novavax, Inc. to support \$80 million in capital investment and create 400 new jobs for COVID-19 vaccine development through the Economic Development Grant & Loan Program.

The County supported the operational needs of Visit Montgomery by offsetting the projected hotel/motel tax shortfall to help facilitate the resiliency of the hospitality industry through a recovery.

The County created the Business Advancement Team to provide a central access point related to business growth and development within the County. Staff are working in a cohesive manner to provide support, assistance, information and guidance to the local business community.

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, 2020. Montgomery County has received the Certificate of Achievement more than any other county in the nation; 51 times since 1951, and consecutively for 49 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 has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the County for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2020. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. Montgomery County has received a Popular Award for the last four consecutive years (fiscal years ended 2017-2020).

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, 2021. 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; Michael Lee, General Accounting Manager; 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 Government, Departments, Finance, Reports). Copies of this report are also placed in the County Library System for use by the general public.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael J. Coveyou". The signature is fluid and cursive, with a long horizontal stroke at the end.

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 Annual Comprehensive Financial Report:

Department of Finance, The Division of the Controller

Tigist Ayele	Jason Hsu	Jay Narang	Michael Toney
Lauren Bierly	Tim Hughes	Lal Sangliani	Cheyenne Williams
Douglas Campbell	Chong Lee	Lisa Sesny	Kim Williams
Mei Chen	Michael Lee	Laleh Shabani	Lan Xu
Alla Cole	Jing Luo	Chihyu Shen	Jeanie Yu
David Crow	Tejal Mendpara	Diki Shrestha	
Mauricio Delgado	Marcia Mikulski	Karen Smith	
Neli Georgieva	Charles Mordecai	Iraj Soroori	
Jiaojiao Gu	Befekadu Mulaw	Sarita Swar	

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

James Babb	Nancy Feldman	Lih Jiang	Erin Von Nessen
Jacqueline Carter	Kimberly Gay-Armour	Lydia Lan	
Sean D'Costa	Karen Hawkins	Andrew Marschhauser	
Victoria Dizelos	Molly Hayward-Koert	David Platt	

Other County Departments

Department of General Services

Quinton McHenry	Michelle West
Rick Taylor	The Print Shop

Alcohol Beverage Services

Bill Davis
Courtney Orsini

Department of Environmental Protection

Richard Hands	Dan Rogers
Jeff Camera	Anthony Skinner
Scott McClure	

Office of Management and Budget

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

Office of Public Information

Sean Clark

Department of Transportation

Fran Akpe	Jonson Lum
Giuliana Custode	Flor Reichers
Alex Kinyenje	Michelle Williams

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	Sherrie Yu

Component Units

Bethesda Urban Partnership, Inc.

Jeff Oyer

Montgomery County Public Schools

Robert Reilly	Dan Kelley
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Housing Opportunities Commission

Cornelia Kent	Niketa Patel
Eugenia Pascual	

Montgomery College

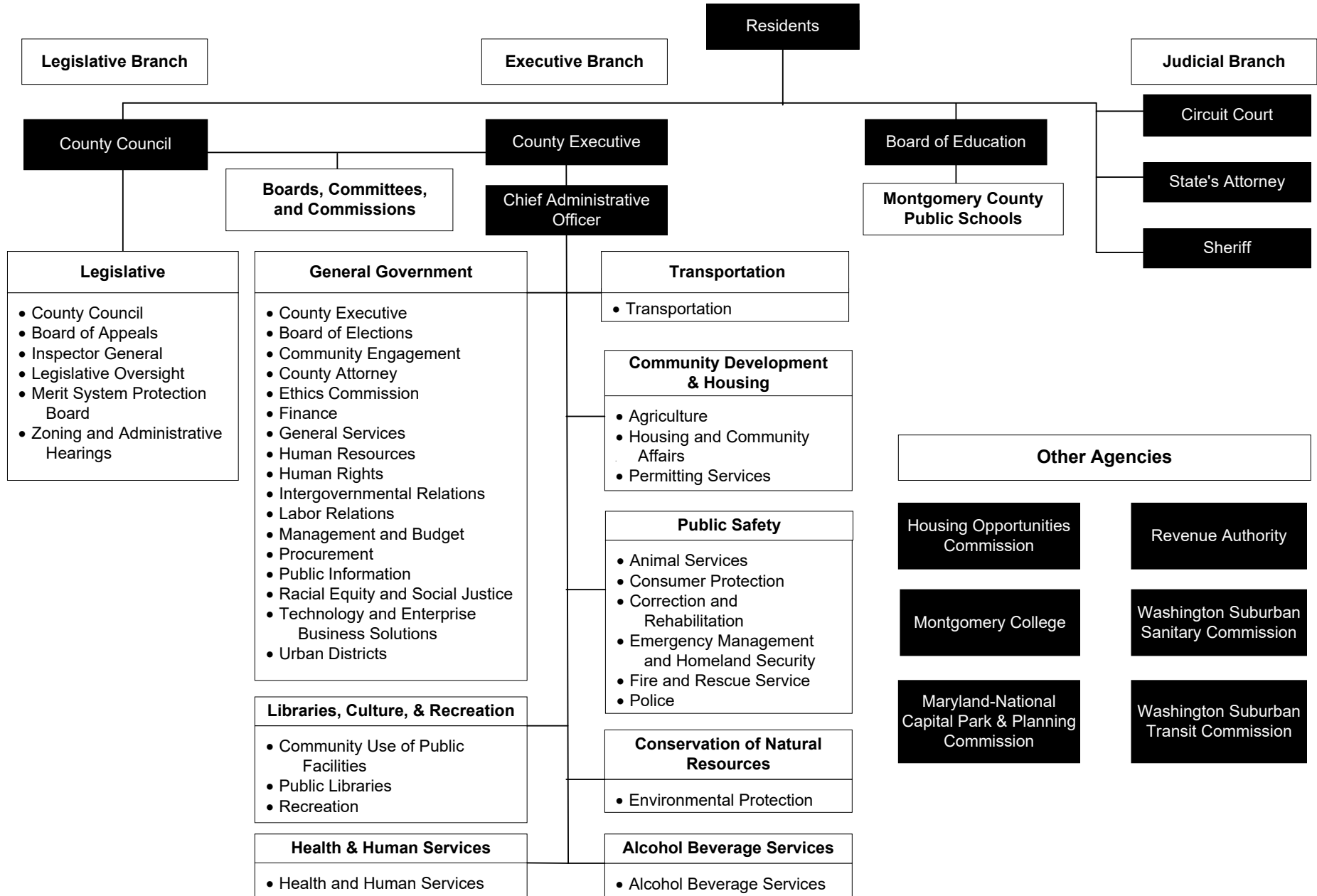
Elizabeth Greaney
Monica Wong
Darniel Dorsey

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, 2021

COUNTY EXECUTIVE
Marc Elrich

COUNTY COUNCIL

Tom Hucker *President*
Gabe Albornoz *Vice President*

Andrew Friedson Nancy Navarro
Evan Glass Craig Rice
Will Jawando Hans Riemer
Sidney Katz

Other Elected Officials

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

APPOINTED OFFICIALS

Chief Administrative Officer	Richard Madaleno
Agriculture Services	Jeremy V. Criss
Alcohol Beverage Services	Kathie Durbin
Board of Appeals	Barbara Jay
Consumer Protection	Eric Friedman
Correction and Rehabilitation	Angela Talley
County Attorney	Marc Hansen
County Council	Marlene Michaelson
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	Jennifer Bryant
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 and Enterprise Business Services	Gail Roper
Transportation	Christopher Conklin
Zoning and Administrative Hearings	Lynn Robeson Hannan

COMPONENT UNIT OFFICIALS**Montgomery County Public Schools****Board of Education:**

Brenda Wolff, President
 Karla Silvestre, Vice President

Dr. Judith R. Docca
 Shebra Evans
 Lynne Harris
 Rebecca K. Smondrowski
 Hana O'Looney, Student Member

Dr. Monifa McKnight, interim Superintendent of Schools

Montgomery County Revenue Authority**Board of Directors:**

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

David D. Freishtat
 Jonathan Powell
 Jake Weissmann, Ex-Officio member

Keith Miller, Chief Executive Officer

Bethesda Urban Partnership, Inc.**Board of Directors:**

Jane Fairweather, Chair
 Marian Block, Vice Chair
 Brian Wynne, Treasurer
 Katya Marin, Secretary

Robert Donohoe, Jr.	Greg Rooney
Heather Dhlopolsky	Deborah Michaels
Andrew Jones	Cherian Thomas

Peter Fosselman, Ex-Officio: County Executive Rep
 Jeff Burton, Executive Director

Montgomery College**Board of Trustees:**

Michael J. Knapp, Chair
 Michael A. Brinthal, First Vice-Chair
 Frieda K. Lacey, Second Vice-Chair

Gloria Aparicio Blackwell	Marice Morales
Kenneth J. Hoffman	Marsha Suggs Smith
Robert F. Levey	Richelle E. Adu, Student
Leslie S. Levine	

DeRionne Pollard, PhD., Secretary-Treasurer and President of Montgomery College

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
 Jeffrey Merkowitz
 Jackie Simon

Stacy L. Spann, Executive Director

INDEPENDENT PUBLIC ACCOUNTANTS

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

Elected Officials

Montgomery County, Maryland



Marc Elrich
County Executive



Tom Hucker
Council President



Gabe Albornoz
Council Vice President



Andrew Friedson
Council Member



Evan Glass
Council Member



Will Jawando
Council Member



Sidney Katz
Council Member



Nancy Navarro
Council Member



Craig Rice
Council Member



Hans Riemer
Council Member



FINANCIAL SECTION

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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, 2021, 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 component units' financial statements which consist of the Montgomery County Public Schools, Housing Opportunities Commission of Montgomery County, Montgomery College, Montgomery County Revenue Authority, and Bethesda Urban Partnership, Inc. 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 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, 2021, 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 schedule of County's proportionate share of the net OPEB liability, schedule of county contributions (OPEB), schedule of County's proportionate share of the net pension liability (Employees' Retirement System and Maryland State Retirement and Pension System), schedule of County contributions (Employees' Retirement System and Maryland State Retirement and Pension System), and schedule of changes in the total pension liability (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 section, combining and individual fund financial statements and special revenue funds schedules of revenues, expenditures, and changes in fund balance – budget and actual and schedules of expenses – budget and actual (nonmajor enterprise funds and internal service funds) (supplementary data) 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.

Other

As discussed in Note 1 to the financial statements, the County adopted the new accounting guidance from GASB Statement No. 87, *Leases*, No. 89, *Accounting for Interest Costs Incurred Before the End of the Construction Period*, No. 90, *Majority Equity Interests*, No. 97, *Certain Component Unit Criteria*, and No. 98, *The Annual Comprehensive Financial Report*. Our opinion is not modified with respect to this matter.

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.

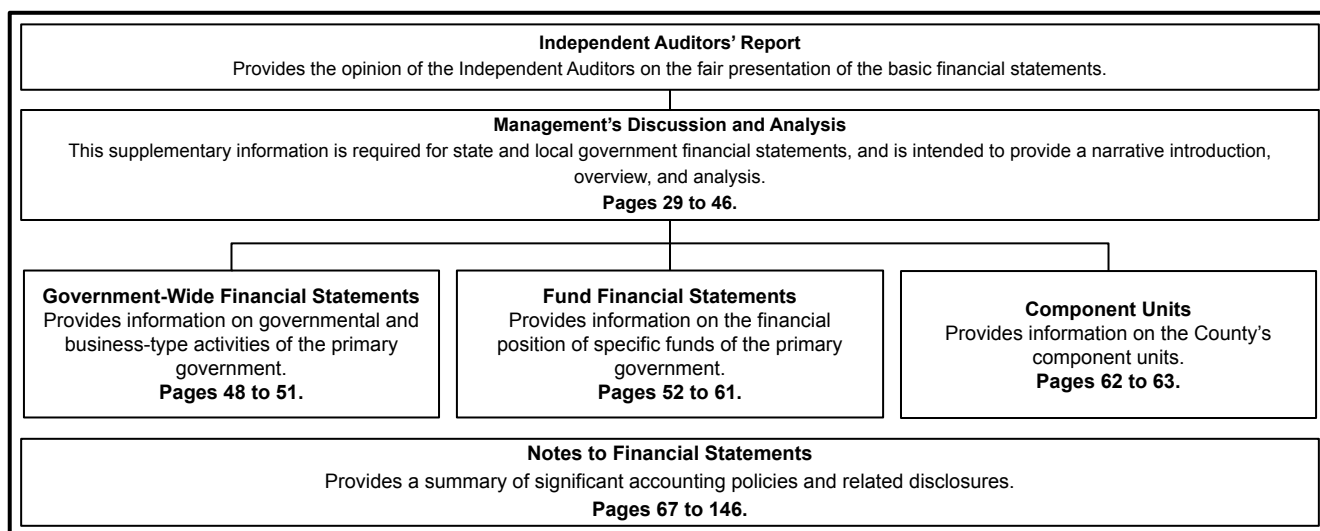
Financial Highlights

- The government-wide assets and deferred outflows of the County exceeded its liabilities and deferred inflows of resources at the close of FY21 by \$1,368.2 million. That amount is net of a \$2,460.7 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 \$1,847.4 million at June 30, 2021. Absent the effect of this relationship, the County would have reported a deficit government-wide unrestricted net position of \$613.3 million.
- The County's total government-wide net position increased by \$653.8 million.
- As of the close of FY21, the County's governmental funds reported combined ending fund balances of \$1,312.9 million; an increase of \$442.1 million over the prior year's ending fund balances.
- At the end of FY21, unassigned fund balance for the General Fund was \$169.4 million, or 5.1 percent of total General Fund expenditures.
- The County's government-wide long-term debt and obligations increased by \$536.9 million during FY21. See page 31 for the details. The key factors in this increase are an increase in the net Other Postemployment Benefits (OPEB) liability of \$157.9 million from the FY20 liability and an increase in leases payable of \$184.7 million due to the implementation of GASB 87.

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, 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 eleven 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, 2021 and 2020:

Summary of Net Position *						
June 30, 2021 and 2020						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 2,519,504,968	\$ 2,073,461,001	\$ 226,861,503	\$ 233,732,641	\$ 2,746,366,471	\$ 2,307,193,642
Capital assets, net	5,664,863,963	5,422,438,864	305,431,158	255,180,419	5,970,295,121	5,677,619,283
Total Assets	8,184,368,931	7,495,899,865	532,292,661	488,913,060	8,716,661,592	7,984,812,925
Deferred outflows of resources	374,812,499	200,883,451	8,036,820	6,433,865	382,849,319	207,317,316
Liabilities						
Long-term liabilities outstanding	5,932,831,281	5,455,903,363	211,154,611	151,202,238	6,143,985,892	5,607,105,601
Other liabilities	594,369,760	751,086,753	57,494,452	57,445,718	651,864,212	808,532,471
Total Liabilities	6,527,201,041	6,206,990,116	268,649,063	208,647,956	6,795,850,104	6,415,638,072
Deferred inflows of resources	923,140,744	1,049,323,659	12,339,883	12,796,790	935,480,627	1,062,120,449
Net position:						
Net investment in capital assets	3,054,708,595	2,999,713,433	189,025,018	191,115,410	3,243,733,613	3,190,828,843
Restricted	562,446,998	405,793,922	22,697,175	36,905,016	585,144,173	442,698,938
Unrestricted (deficit)	(2,508,315,948)	(2,965,037,814)	47,618,342	45,881,753	(2,460,697,606)	(2,919,156,061)
Total Net Position	\$ 1,108,839,645	\$ 440,469,541	\$ 259,340,535	\$ 273,902,179	\$ 1,368,180,180	\$ 714,371,720
* Primary Government						

The County's current and other assets increased by \$439.2 million or 19.0 percent from FY20. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of FY21 by \$1,368.2 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 \$1,847.4 million at June 30, 2021. Absent the effect of this relationship, the County would have reported a deficit government-wide unrestricted net position of \$613.3 million. An additional portion of the County's net position of \$585.1 million represents resources that are subject to restrictions on how they may be used.

The County's total net position increased by \$653.8 million for FY21.

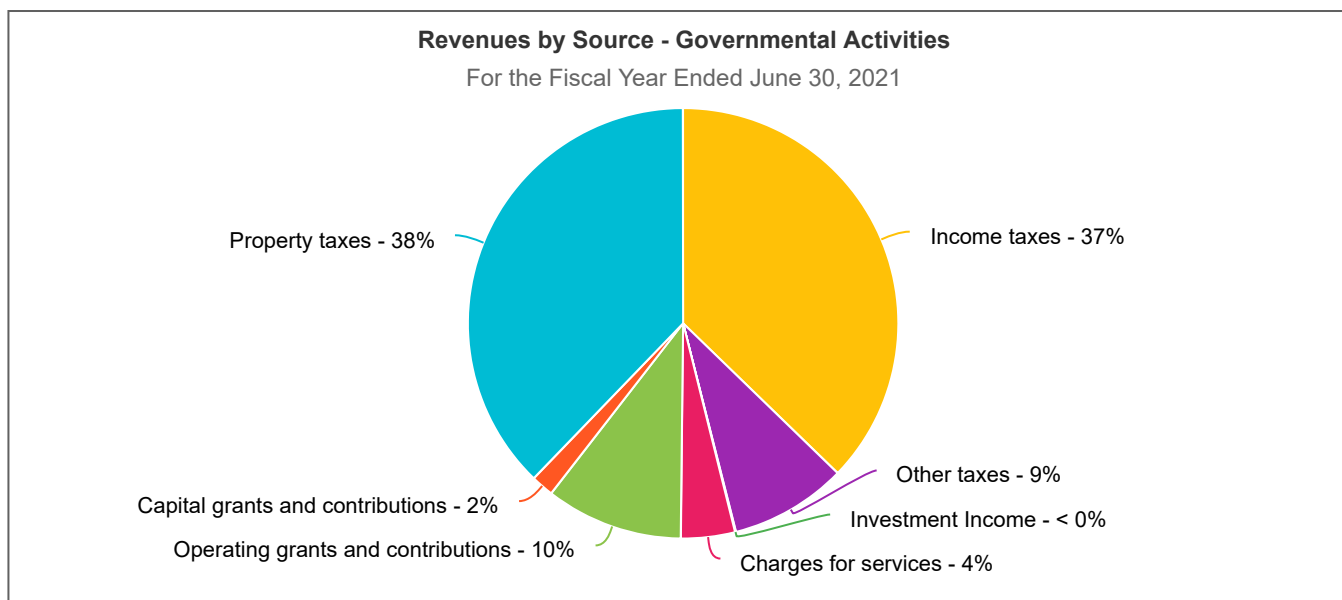
Statement of Activities

The following table summarizes the County's change in net position for the years ended June 30, 2021 and 2020:

Summary of Changes in Net Position *						
For the Fiscal Years Ended June 30, 2021 and 2020						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program Revenues:						
Charges for services	\$ 203,130,434	\$ 227,639,415	\$ 494,663,353	\$ 511,442,819	\$ 697,793,787	\$ 739,082,234
Operating grants and contributions	515,622,241	259,057,362	-	-	515,622,241	259,057,362
Capital grants and contributions	85,255,647	71,022,023	-	-	85,255,647	71,022,023
General revenues:						
Property taxes	1,886,666,393	1,824,207,619	-	-	1,886,666,393	1,824,207,619
Income taxes	1,860,392,747	1,706,303,331	-	-	1,860,392,747	1,706,303,331
Other taxes	439,229,063	433,166,520	-	-	439,229,063	433,166,520
Investment income	2,987,285	21,117,925	227,669	4,118,652	3,214,954	25,236,577
Gain on sale of capital assets	-	24,631,318	4,547	426	4,547	24,631,744
Total Revenues	4,993,283,810	4,567,145,513	494,895,569	515,561,897	5,488,179,379	5,082,707,410
EXPENSES						
Governmental Activities:						
General government	688,476,247	590,174,881	-	-	688,476,247	590,174,881
Public safety	628,087,787	623,407,978	-	-	628,087,787	623,407,978
Transportation	307,065,388	270,530,860	-	-	307,065,388	270,530,860
Health and human services	424,716,547	321,292,120	-	-	424,716,547	321,292,120
Culture and recreation	97,481,581	114,017,908	-	-	97,481,581	114,017,908
Community development and housing	7,197,303	41,018,670	-	-	7,197,303	41,018,670
Environment	36,836,160	33,264,778	-	-	36,836,160	33,264,778
Education	2,085,698,554	2,237,040,332	-	-	2,085,698,554	2,237,040,332
Interest on long-term debt	96,243,729	111,886,439	-	-	96,243,729	111,886,439
Business-type Activities:						
Liquor control	-	-	266,345,926	268,696,377	266,345,926	268,696,377
Solid waste activities	-	-	127,849,821	152,084,064	127,849,821	152,084,064
Parking lot districts	-	-	28,144,633	30,430,789	28,144,633	30,430,789
Permitting services	-	-	35,877,882	38,036,292	35,877,882	38,036,292
Community use of public facilities	-	-	4,349,361	9,448,918	4,349,361	9,448,918
Total Expenses	4,371,803,296	4,342,633,966	462,567,623	498,696,440	4,834,370,919	4,841,330,406
Net Position Before Transfers	621,480,514	224,511,547	32,327,946	16,865,457	653,808,460	241,377,004
Transfers	46,889,590	52,374,125	(46,889,590)	(52,374,125)	-	-
Change in Net Position	668,370,104	276,885,672	(14,561,644)	(35,508,668)	653,808,460	241,377,004
Net Position, beginning of year	440,469,541	163,583,869	273,902,179	309,410,847	714,371,720	472,994,716
Net Position, end of year	\$ 1,108,839,645	\$ 440,469,541	\$ 259,340,535	\$ 273,902,179	\$ 1,368,180,180	\$ 714,371,720
* Primary Government						

Governmental Activities

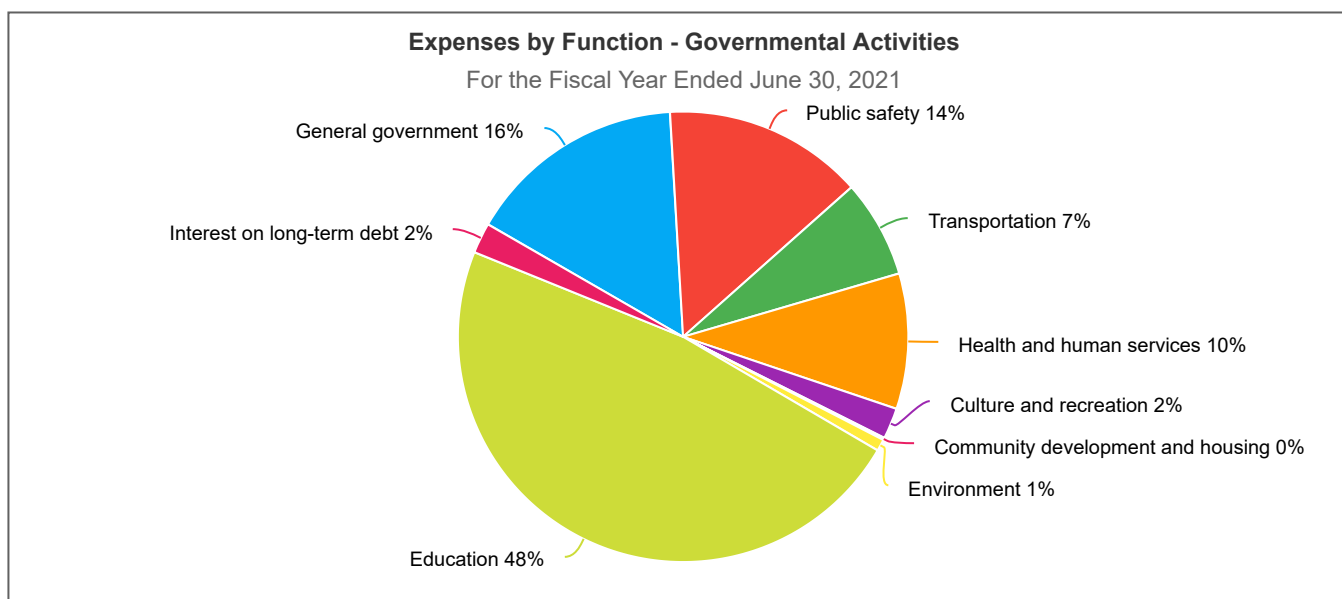
Revenues for the County's governmental activities were \$4,993.3 million for FY21. Sources of revenue are comprised of the following items:



- Taxes constitute the largest source of County revenues, amounting to \$4,186.3 million for FY21.
- Property and local income taxes combined comprise 89.5 percent of all County tax 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 2021 and 2020. 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 (\$234.4 million or 45.5 percent), public safety (\$98.3 million or 19.1 percent) and general government (\$92.4 million or 17.9 percent).

A more detailed discussion of the County's revenue results for FY21 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 FY21 was \$4,371.8 million. As the chart on the next page indicates, education constitutes the County's largest program and highest priority; education expenses totaled \$2,085.7 million. General government services totaled \$688.5 million, public safety expenses totaled \$628.1 million, and health and human services, the fourth largest expense for the County, totaled \$424.7 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, 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, 2021 and 2020						
	Expenses		Revenues		Net Cost of Services	
	2021	2020	2021	2020	2021	2020
Education	\$ 2,085,698,554	\$ 2,237,040,332	\$ 461,653	\$ 139,567	\$ 2,085,236,901	\$ 2,236,900,765
General government	688,476,247	590,174,881	218,420,009	122,538,626	470,056,238	467,636,255
Public Safety	628,087,787	623,407,978	140,691,377	99,918,831	487,396,410	523,489,147
Transportation	307,065,388	270,530,860	146,146,059	159,222,674	160,919,329	111,308,186
Health and human services	424,716,547	321,292,120	242,885,553	115,721,209	181,830,994	205,570,911
Culture and recreation	97,481,581	114,017,908	35,420,573	43,431,536	62,061,008	70,586,372
Other	140,277,192	186,169,887	19,983,098	16,746,357	120,294,094	169,423,530
Total	\$ 4,371,803,296	\$ 4,342,633,966	\$ 804,008,322	\$ 557,718,800	\$ 3,567,794,974	\$ 3,784,915,166

Of the total cost of governmental activities of \$4,371.8 million, \$804.0 million was paid by those who directly benefited from the programs (\$203.1 million) and other governments and organizations that subsidized certain programs with operating and capital grants and contributions (\$600.9 million). Of the \$3,567.8 million net cost of services, our taxpayers paid for these activities through County taxes which totaled \$4,186.3 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:**
\$151.3 million decrease in resources spent on education due to less school capital projects related expenses.
- **General Government:**
\$98.3 million increase in expenses largely driven by the County's response to the COVID-19 pandemic, which resulted in an increased need for professional services, medical supplies and equipment, and public assistance.
- **Public Safety:**
\$4.7 million increase in expenses primarily due to the higher spending in Operations and Patrol services.
- **Transportation:**
\$36.5 million increase in expenses primarily driven by the negotiated emergency pay differential and by increased snow removal services and materials.
- **Culture and Recreation**
\$16.5 million decrease in expenses for materials, part-time salaries, utilities, and professional services. The decrease is directly related to the closure of facilities during the COVID-19 pandemic.

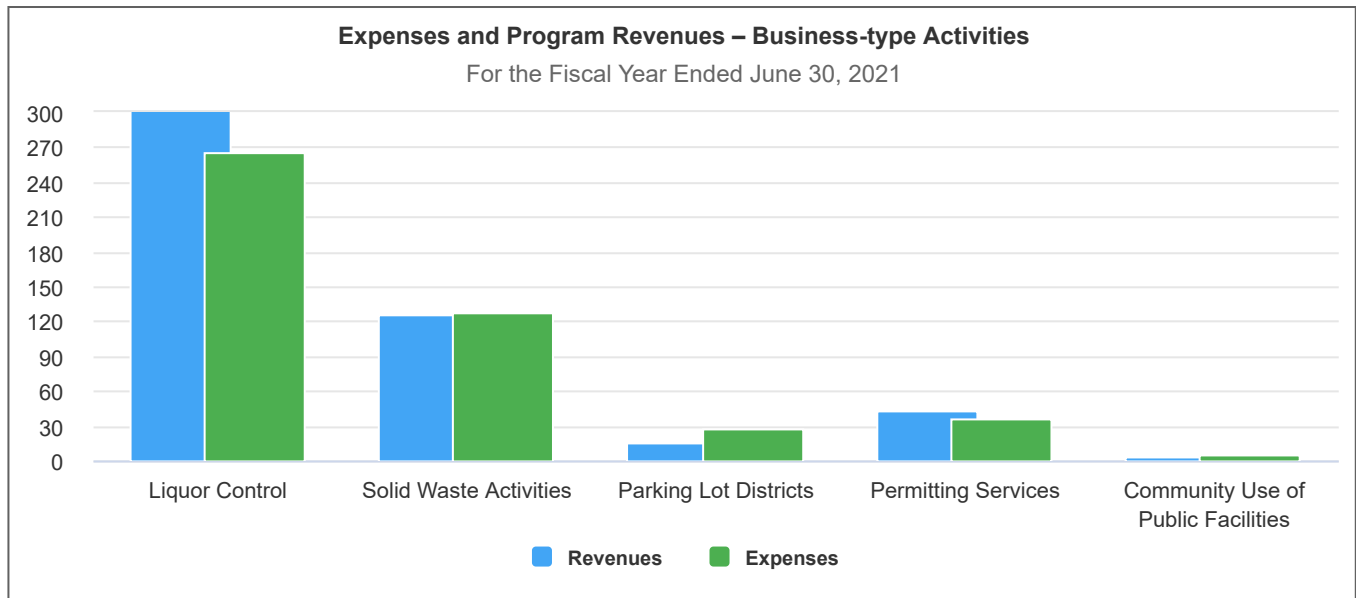
Business-type Activities

Highlights of the County's business-type activities for FY21 are as follows:

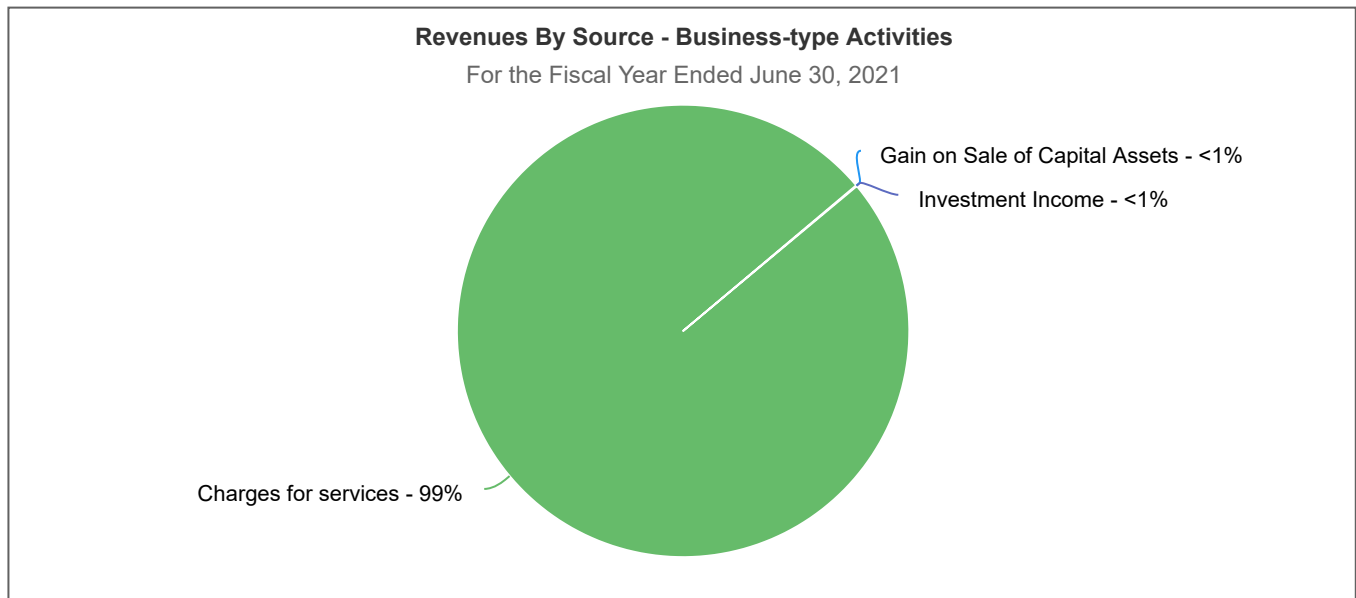
- Business-type activities experienced a decrease in net position of \$14.6 million for FY21. This amount is reported after total net transfers out of \$46.9 million. The most significant components of the change include:
 - \$2.4 million increase in net position related to liquor control;
 - \$5.8 million decrease in net position related to solid waste activity;
 - \$11.4 million decrease in net position related to parking lot districts; and
 - \$2.3 million increase in net position related to permitting services (net of \$8.3 million of income and \$6.0 million of transfers out).
- Charges for services to users comprise 99.9 percent of revenues, with \$305.2 million (61.7 percent of charges for services revenue) attributable to liquor control operations and \$125.1 million (25.3 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 \$0.2 million reflects a decrease of \$3.9 million or 94.5% from FY20, primarily because of decreasing interest rate and lower investment yield.

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 FY21, the County's governmental funds reported combined ending fund balances of \$1,312.9 million, an increase of \$442.1 million from the end of FY20. Of the total fund balances of \$1,312.9 million, \$1,148.5 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 FY21, the General Fund had \$169.4 million of unassigned fund balance and total fund balance was \$749.4 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 22.53 percent of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$167.3 million during FY21, primarily due to increases in taxes, intergovernmental revenues and decreases in other financing uses.

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 FY21, HI had a fund balance of \$355.8 million, which is entirely restricted for legal reasons. The fund balance represents an increase of \$45.0 million over FY20. Mortgage receivables for this fund, which is a measure of its financing activities, increased \$12.5 million or 6.6 percent over FY20.

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 \$283.7 million in revenues for FY21. This is a \$142.4 million increase from FY20 due to higher COVID-19 relief funding in FY21.

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 \$20.8 million represents an accounting debt service reserve account.

Capital Projects Fund

The Capital Projects Fund (CIP) has a total fund balance of \$76.0 million, an increase of \$176.6 million from the end of FY20. The fund balance of this fund can increase or decrease significantly depending on the timing of source of funds for larger capital projects. The expenditures in FY21 decreased from \$751.6 million in FY20 to \$448.8 million in FY21. The decrease was attributable to larger decreases in expenditures on both County and School projects.

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 FY21 amounted to \$22.0 million, and operating income was \$40.3 million. After a subsidy transfer to the General Fund of \$31.7 million, the fund ended FY21 with an increase in net position of \$2.4 million.

The Solid Waste Activities Fund total net position amounted to \$44.4 million. Of this amount, \$41.5 million (93.5 percent) represents the net investment of capital assets and \$2.9 million is restricted for environmental programs.

The Parking Lot Districts Fund decrease in net position amounted to \$11.4 million in FY21, resulting in a total ending net position of \$155.6 million. Of this amount, \$137.9 million (88.6 percent) represents the net investment in capital assets; \$2.9 million (1.8 percent) is restricted for debt service on revenue bonds; and \$14.8 million (9.5 percent) is restricted for 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 \$283.5 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:

- \$92.0 million of Federal American Rescue Plan Act Fund (see Notes to Required Supplementary Information for further detail) and \$156.3 million of COVID-19 response were budgeted in FY21.
- \$17.7 million increase for snow/storm response.
- \$3.8 million general wage adjustment and service increment.
- \$4.0 million increase for the Conference Center to assist losses due to event cancellation from COVID-19 pandemic.

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

Actual revenues were higher than budget amounts by \$210.6 million, while actual expenditures and net transfers out were less than final budget by \$107.9 million and \$37.9 million, respectively. Highlights of the comparison of final budget to actual figures for expenditures and net transfers for the fiscal year-ended June 30, 2021, include the following:

- Actual expenditures of \$1,408.5 million were \$107.9 million less than the final budget, which represents 7.1 percent of the final budget, and is attributable to savings achieved across numerous departments via the FY21 savings plan.
- Actual transfers to the Capital Projects Fund and component units for capital purposes were less than budgeted by \$24.5 million and \$47.4 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:

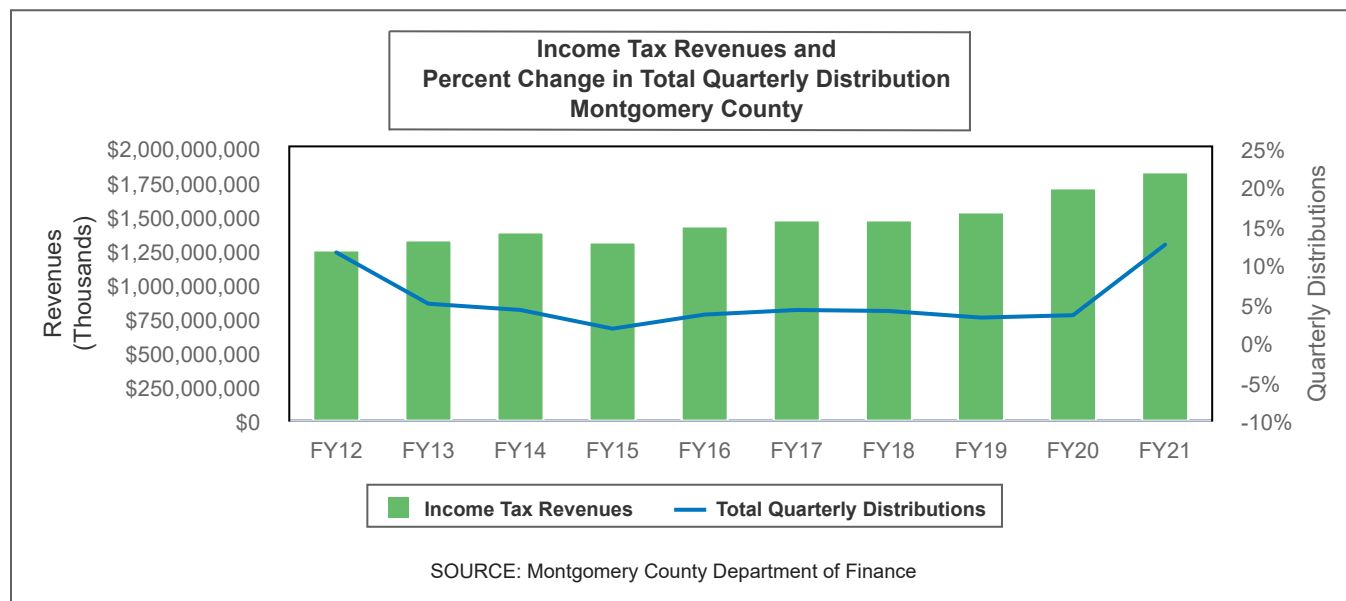
Overview

Actual revenues for the General Fund totaled \$3,769.3 million in FY21 and were \$210.6 million or 5.9 percent above the budget estimate for the fiscal year and \$235.8 million or 6.7 percent above actual revenues for FY20. The two largest contributors to the increase between the budget estimate and actual revenues were the income tax, \$124.8 million or 7.4 percent, above the budget estimate and the federal intergovernmental revenues, \$124.1 million or 544.1 percent, above the budget estimate. Revenues from the transfer and recordation taxes (General Fund portion) amounted to \$192.9 million, which is \$11.3 million, or 6.2 percent above the budget estimate but 11.2 percent above actual revenues for FY20. Revenues from consumption/excise taxes which include fuel/energy, telephone, hotel/motel, and other taxes, were \$246.1 million in FY21. That amount was \$27.5 million or 10.1 percent, below the budget estimate and that decrease was driven primarily by the hotel-motel and fuel and energy taxes for a combined \$23.8 million, or 11.1 percent, below the budget estimate. The remaining excise taxes, telephone tax and other taxes were \$3.7 million, or 6.3 percent, below the budget estimate. Investment income was \$0.4 million below the budget estimate. Licenses and Permits came in below the budget estimate (22.3%), while Charges for Services came in below the budget estimate (28.5%). Total intergovernmental revenues, including federal intergovernmental revenues were \$118.4 million, or 151.5 percent, above the budget estimate. The dramatic increase in federal government revenues from FY20 to FY21 of 160.9 percent, as noted earlier, was attributed to federal intergovernmental revenue, was due to the Coronavirus State and Local Fiscal Recovery Funds as part of the American Rescue Plan Act the County received in FY21.

Income Taxes

One of the largest revenue sources for the General Fund is the County income tax. Revenues from the income tax were \$1,820.2 million and represented 51.6 percent of actual tax revenues in FY21 and 48.3 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 (2011 - 2020) - 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 0.1 percent in the County's

resident employment during the 2011-2020 period. The average annual growth during the 2011-2019 period increased 1.0 percent while employment decreased 1.1 percent in 2020. As the chart below illustrates, total quarterly distributions for withholding and estimated payments increased 12.5 percent in FY21 which followed an increase of 3.4 percent in FY20, an increase of 3.1 percent in FY19, an increase of 4.0 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.

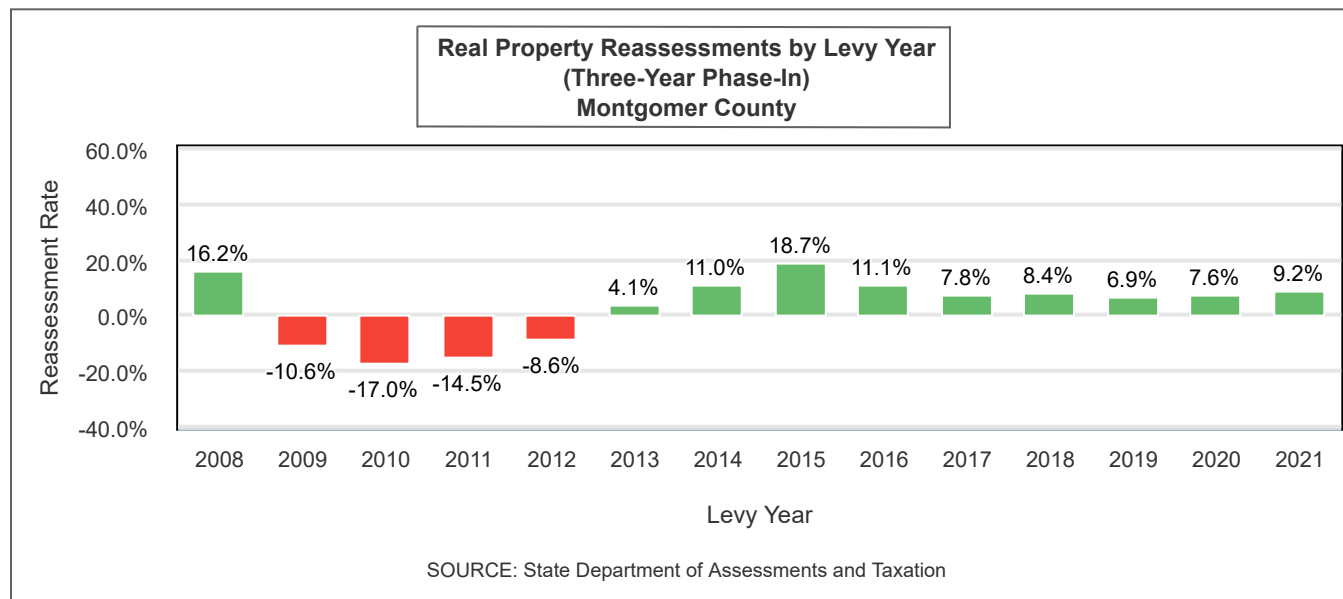


On May 18, 2015, the U.S. Supreme Court made a final ruling in the long-standing court case of *Comptroller of the Treasury of Maryland v. Wynne et ux*. The case involved a dispute over the credit a state taxpayer should get for taxes paid to other states for income earned in those states. The U.S. Supreme 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), 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 2021, 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.

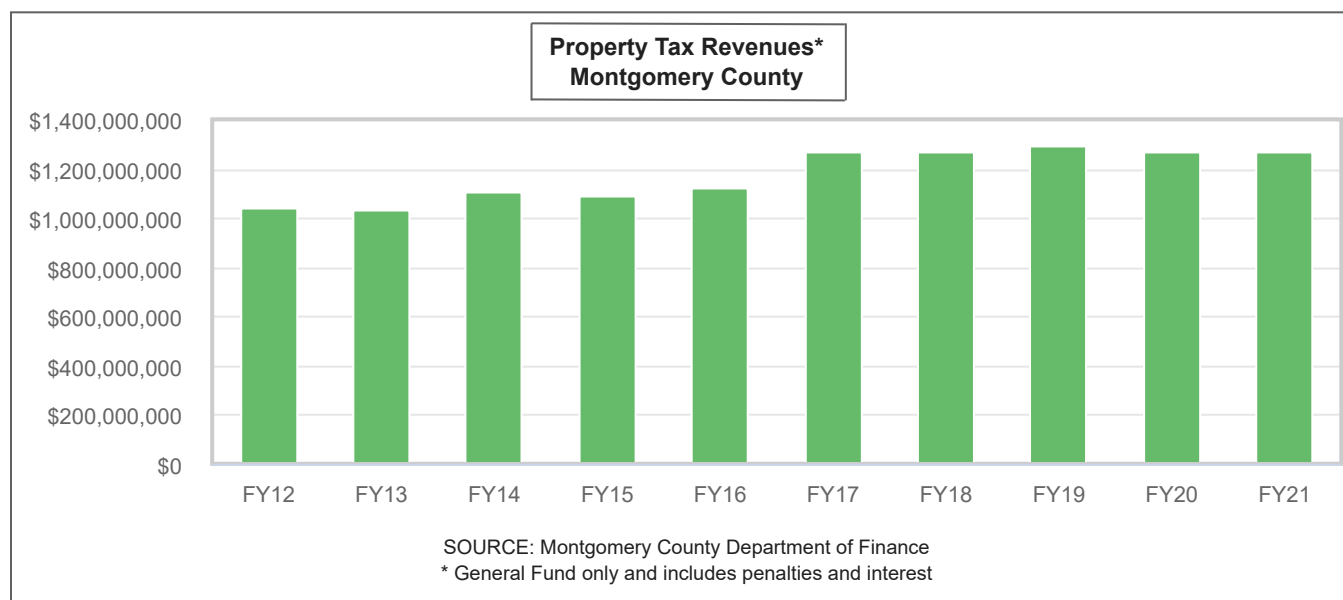
Property Taxes

Property tax collections, which represent another major contributor of actual tax revenues to the General Fund and the second largest in FY21, amounted to \$1,267.3 million in FY21, which were \$23.1 million, or 1.9 percent, above the budget estimate but less than 0.02 percent above actual revenues in FY20. Actual property taxes, excluding penalties and interest and other items, were \$1,263.8 million in FY21 – a decrease of 0.1 percent from the previous fiscal year. Collections from penalties and interest and other items were \$3.5 million – a 73.0 percent increase from FY20.

The taxable assessments for real property increased 2.5 percent from FY20 to FY21. This was the eighth consecutive increase starting in FY14. New construction added an estimated \$1.5 billion to the base in FY21, and was 0.9 percent higher than in FY20. 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, 6.9 percent in levy year 2019, 7.6 percent in levy year 2020, and 9.2 percent in levy year 2021.



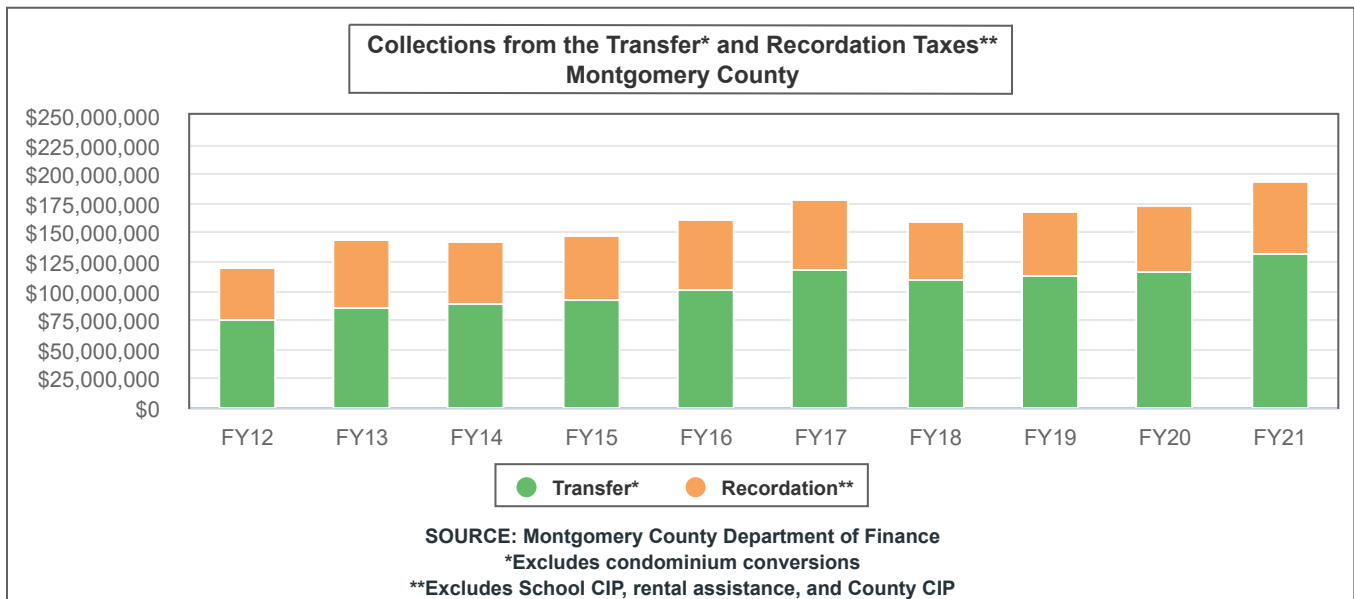
The homestead tax credit limits annual increases in homeowners' taxable assessments to 10 percent per year although other taxable assessments such as for commercial and investment residential properties are not limited by this credit. The homestead credit is the amount of annual assessment growth above 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 \$68.0 million in FY20 to \$66.1 million in FY21.



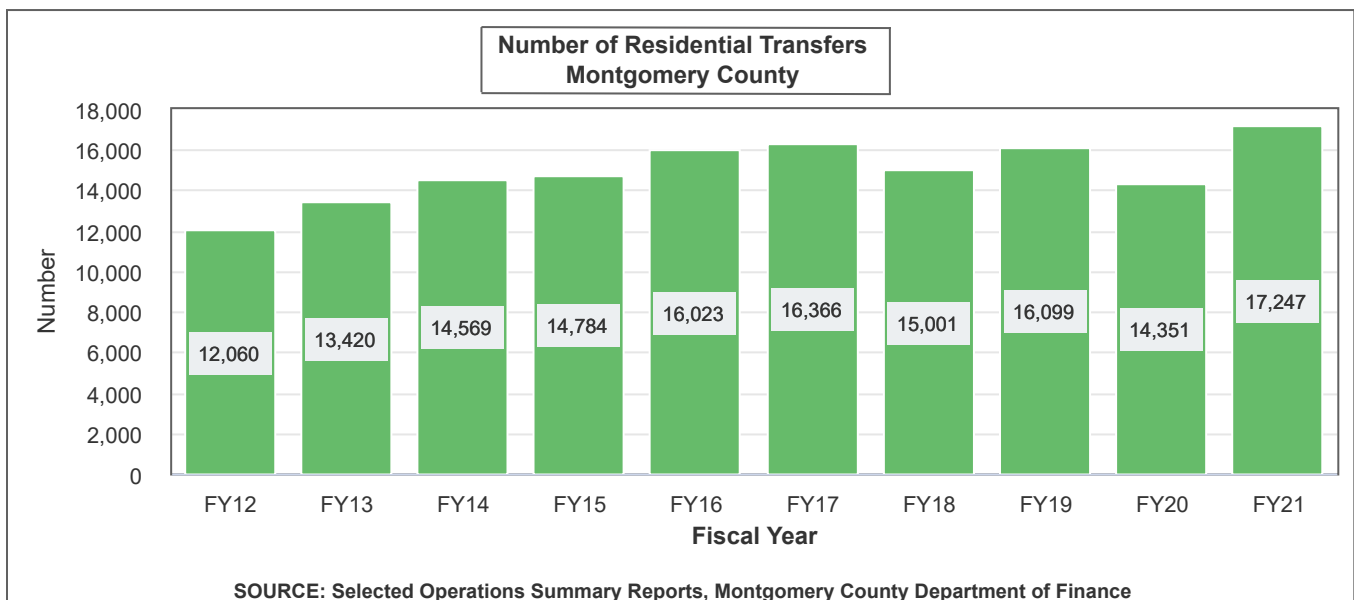
Total personal property assessments declined 3.6 percent in FY12 to \$3.7 billion, declined again in FY13 to \$3.6 billion attributed to declines in corporate and utility personal property, but increased 2.9 percent in FY14 to \$3.7 billion, decreased 1.5 percent in FY15 to \$3.6 billion, increased 6.3 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 and a dramatic 14.2 percent in FY21 to \$4.7 billion. For the previous five fiscal years (FY16- FY20), taxable assessments for personal property averaged \$4.1 billion ranging from a low \$3.9 billion in FY16 to a high of \$4.2 billion in FY18.

Transfer and Recordation Taxes

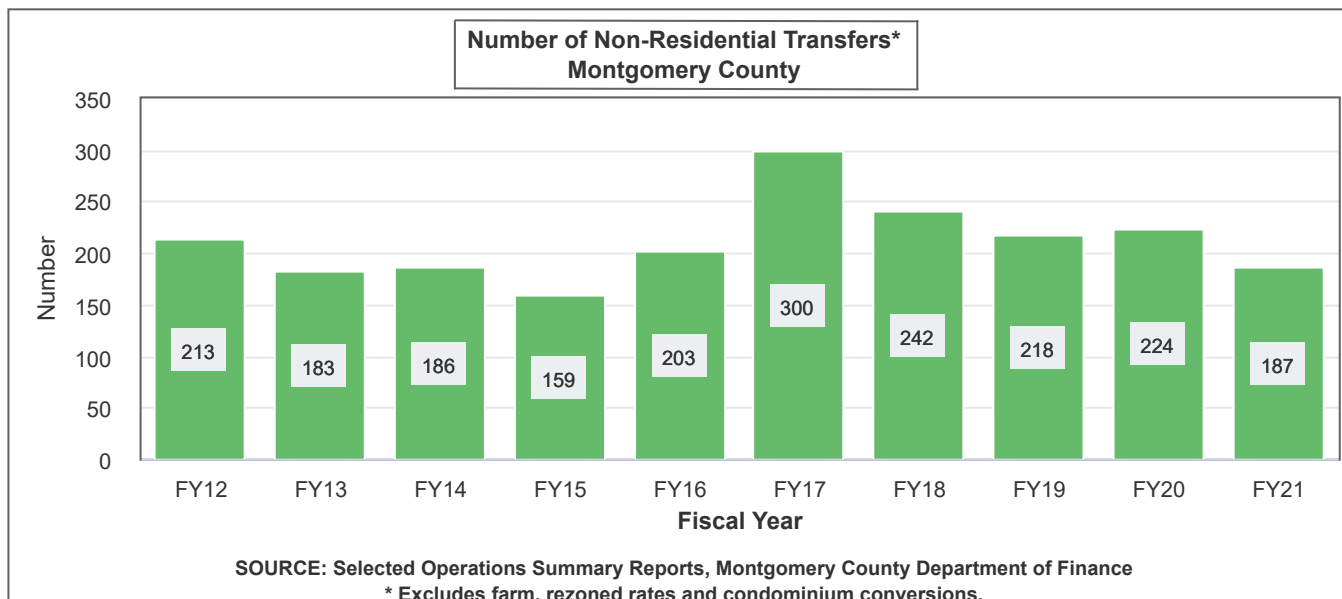
Another major tax revenue category in the County is the combination of real property transfer and recordation taxes. The combined tax revenues from these sources in FY20 were \$192.9 million (excluding recordation tax revenues earmarked for CIP funding of school construction, rental assistance, and CIP funding for the County; and transfer tax revenues from condominium conversions). Actual revenues increased 11.2 percent in FY21 and were 6.2 percent above the budget estimate. As the accompanying chart illustrates, the total amount collected from these taxes reached a recent peak of \$192.9 million in FY21.



General Fund revenues from the transfer tax experienced an increase of 14.3 percent in FY21 and 5.0 percent increase in the recordation tax from FY20. Revenues from the residential sector for the transfer tax were \$107.3 million, an increase of 37.9 percent from FY20. The number of residential transfers increased to 17,247 from 14,351 in FY20 or 20.2 percent. Collections from the residential recordation tax decreased 8.0 percent in FY21.



Based on the amount of collections from the non-residential transfer tax, the commercial market decreased 34.0 percent in FY21 from FY20 with revenues at \$24.4 million. The decrease in revenues from the commercial market was attributed to a decrease of 20.5 percent in the average tax from approximately \$165,071 in FY20 to \$131,207 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 \$246.1 million and were \$27.5 million, or 10.1 percent, below the budget estimate and 5.2 percent below actual revenues in FY20. Revenues from the fuel/energy tax were \$184.4 million in FY21 and \$6.9 million, or 3.6 percent, below the budget estimate but a decrease of 1.4 percent from actual revenues in FY20. The decrease in actual revenues from FY20 was attributed to a decrease of 31.0 percent in non-residential electricity collections.

Revenues from the telephone tax at \$52.5 million were 2.3 percent below the budget estimate but 2.1 percent below actual revenues in FY20. Revenues from the hotel/motel industry of \$6.4 million in FY21 were 72.5 percent below the budget estimate and 56.8 percent below actual revenues in FY20. The significant decrease in the hotel/motel industry is largely attributed to COVID-19 that had an impact on revenues between the February to June period. Other tax revenues in FY21 were 48.0 percent below the budget estimate and 35.5 percent below actual revenues in FY20. The decline is attributed to the decline in the admissions and amusement tax of 47.8 percent in FY21.

In the General Fund, actual investment income increased from a \$5.4 million loss in FY20 to \$0.1 million in FY21 and was \$0.4 million below the budget estimate. The investment yield declined from 1.76 percent in FY20 to 0.15 percent in FY21 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. In FY20, the average effective federal funds rate was 1.29 percent, that rate declined to an average of 0.08 percent in FY21. While the yield declined in FY21, the average daily portfolio balance decreased from \$1,095.3 million in FY20 to \$885.1 million in FY21.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets at June 30, 2021, amounted to \$5,970.3 million (net of accumulated depreciation and amortization), as summarized below:

Changes in the County's capital assets for FY21 are summarized as follows:

Capital Assets, Net of Depreciation and Amortization June 30, 2021				
	Governmental Activities	Business-type Activities	Total FY21	Total FY20
Land	\$ 1,129,543,310	\$ 58,444,081	\$ 1,187,987,391	\$ 1,124,092,169
Buildings	758,030,224	116,836,971	874,867,195	746,174,744
Improvements other than buildings	132,495,422	55,887,890	188,383,312	111,619,078
Furniture, fixtures, equipment and machinery	41,236,905	9,923,076	51,159,981	35,343,699
Leasehold improvements	3,981,444	-	3,981,444	4,887,005
Automobiles and trucks	106,903,429	5,027,454	111,930,883	129,710,756
Infrastructure	1,626,468,215	5,884	1,626,474,099	1,187,759,358
Other assets	92,129,077	-	92,129,077	96,661,066
Construction in progress	1,651,059,038	1,449,502	1,652,508,540	2,241,371,408
Right-to-use leased buildings	114,440,008	57,838,215	172,278,223	-
Right-to-use leased land	4,242,794	-	4,242,794	-
Right-to-use leased equipment	4,334,097	18,085	4,352,182	-
Total	<u>\$ 5,664,863,963</u>	<u>\$ 305,431,158</u>	<u>\$ 5,970,295,121</u>	<u>\$ 5,677,619,283</u>

Change in Capital Assets For the Fiscal Year Ended June 30, 2021				
	Governmental Activities	Business-type Activities	Total FY21	Total FY20
Beginning Balance	\$ 5,558,405,463	\$ 312,992,609	\$ 5,871,398,072**	\$ 5,449,560,375
Additions*	485,495,539	13,120,020	498,615,559	348,746,138
Retirements, net*	197,614,849	343,564	197,958,413	473,764
Depreciation and amortization	181,422,190	20,337,907	201,760,097	120,213,466
Ending Balance	<u>\$ 5,664,863,963</u>	<u>\$ 305,431,158</u>	<u>\$ 5,970,295,121</u>	<u>\$ 5,677,619,283</u>
* Presented net of transfers from construction in progress; retirements are also net of related accumulated depreciation.				
** The County implemented GASB Statement No. 87 effective July 1, 2020. As a result, the beginning balances include the right-to-use leased assets for those qualifying leases that were in place at that date.				

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

- Roads, including the underlying land, valued at \$2.6 million were transferred to the county by various developers.
- The White Flint West Workaround project accumulated \$19.6 million in cost this fiscal year. This project provides for land acquisition, site improvements and utility relocations, construction management and construction for one new road, one new bikeway, one relocated road, and an intersection realignment improvement in the White Flint District area. Various improvements to the roads include new traffic lanes, shared-use paths, undergrounding of overhead utility lines, other utility relocations and streetscaping.
- The South County Regional Recreation and Aquatic Center project accumulated \$17.9 million in cost this fiscal year. This project provides for a new regional recreation and aquatic center in the Central Business District of Silver Spring. This project will include approximately 120,000 gross square feet of public recreation space within Housing Opportunities Commission's (HOC's) larger housing project. The facility will include typical recreation and leisure activities, such as pools for swimming and low-level diving, exercise, aquatic play, high school competitions, training, and teaching. A gymnasium, exercise and weight room spaces, movement and dance studios, multipurpose activity rooms, public use space, and social space with culinary arts kitchen will also be included.
- The Resurfacing: Residential/Rural Roads project accumulated \$12.9 million in cost this fiscal year. This project provides for the permanent patching and resurfacing of rural and residential roadways using durable hot mix asphalt to restore long-term

structural integrity to the aging rural and residential roadway infrastructure. The County maintains a combined total of 4,324 lane-miles of rural and residential roads.

- The MD-355 Crossing (BRAC) project accumulated \$8.1 million in cost 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 (WRNMMC) and the Medical Center Metro Rail station.
- Montgomery County funded Montgomery County Public Schools \$155.4 million, and Montgomery College for \$34.9 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, 2021

Long-Term Debt June 30, 2021				
	Governmental Activities	Business-type Activities	Total FY21	Total FY20
General obligation bonds	\$ 3,019,410,000	\$ -	\$ 3,019,410,000	\$ 2,939,810,000
Variable rate demand obligation	170,000,000	-	170,000,000	170,000,000
Bond anticipation notes	470,000,000	-	470,000,000	500,000,000
Revenue bonds	113,474,516	52,292,147	165,766,663	177,100,402
Lease revenue bonds	12,420,000	-	12,420,000	15,210,000
Notes payable	32,855,117	-	32,855,117	43,216,758
Other obligations	1,905,000	-	1,905,000	2,820,000
Equipment notes	15,510,568	675,827	16,186,395	60,081,909
Certificates of participation	142,245,000	1,620,000	143,865,000	23,430,000
Taxable Ltd. Obligation Certificates	92,665,000	-	92,665,000	98,475,000
Leases Payable	125,887,360	58,773,644	184,661,004	-
Compensated absences	114,797,147	9,589,001	124,386,148	92,651,456
Net OPEB Liability	983,532,109	-	983,532,109	825,636,740
Claims payable self-insurance	200,206,223	-	200,206,223	181,830,673
Claims and judgments	-	-	-	7,440,115
Net Pension Liability - County	70,248,772	4,781,932	75,030,704	42,214,310
Net Pension Liability - County(LOSAP)	44,374,891	-	44,374,891	38,562,856
Net Pension Liability - State	27,793,691	-	27,793,691	25,741,768
Landfill closure costs	-	21,405,470	21,405,470	15,424,100
Gude landfill remediation	-	58,959,033	58,959,033	59,957,030
Total	<u>\$ 5,637,325,394</u>	<u>\$ 208,097,054</u>	<u>\$ 5,845,422,448</u>	<u>\$ 5,319,603,117</u>

At June 30, 2021, the County had general obligation (GO) bonds of \$3,189.4 million outstanding, including variable rate demand obligations (VRDOs) of \$170.0 million. Bond anticipation notes (BANs) of \$470.0 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 17 'Triple AAA' rated counties in the nation with a population greater than 900,000.

In July 2020, the County received its annual credit ratings. Fitch cited "key rating drivers" including property and income taxes that are expected to continue to yield solid revenue growth given sound assessed value growth, and steadily growing population and employment levels. Fitch also stated that the GO bond rating reflected the County's stable economic underpinnings, superior gap-closing capacity and low long-term liability burden.

Moody's stated that their rating reflected the county's large, diverse tax base, affluent wealth and income levels, and manageable debt and pension liabilities. The rating also incorporated the county's improved and healthy reserve position, supported by various fiscal policies and multi-year planning. Moody's cited that their outlook included the likelihood that the County's financial position

will remain stable relative to budget growth. Moody's states that going forward they will continue to monitor the county's ability to maintain financial flexibility and reserve levels that are compliant with the 10% fund balance target..

Standard and Poor's(S&P) stated that their rating reflected the County's very strong economy, management, budgetary flexibility, and liquidity. S&P cited the County's strong debt and contingent liability profile and very strong institutional framework. In their Credit Overview, S&P concluded that strong property wealth and income levels, a robust local job market in addition to well-established financial policies and practices, anchored the County's credit quality.

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 activities during FY21 were:

- **General Obligation Bonds** – On August 5, 2020, the County issued new money, General Obligation (Tax-Exempt Series A) in the amount of \$320 million, as well as Tax-Exempt and Taxable Refunding Bonds in the amounts of \$163.9 million and \$370.8 million, respectively. The proceeds of the Series A paid off an equivalent amount of the County's BANs which funded capital expenditures for education, transportation and other County facilities. The proceeds of the Refunding Bonds were used to refund all or a portion of the certain outstanding series for debt service savings.
- **Certificate of Participation** – On October 15, 2020, the County issued Certificates of Participation, Series 2020A in the amount of \$95.4 million. The County also issued Certificates of Participation 2020B (Master Lease Refunding) and 2020C (Taxable) in the amounts of \$27.6 million and \$3.0 million, respectively. The proceeds of Series 2020A were used to finance and refinance the acquisition, construction and equipping of certain real and personal property. Specifically, the Rockville Core and Wheaton Redevelopment capital projects as well as capital equipment were funded. The proceeds of Series B and C provided for the prepayment of certain outstanding taxable and tax-exempt lease obligations under a Master Lease Agreement between the County and PNC Bank. Series C also funded the acquisition of certain capital equipment.
- **Master Lease Purchase Agreement** – In April 2021, the County entered into a Master Equipment Lease/Purchase Agreement with Banc of America Capital Corp. The agreement provides capital equipment financing up to a maximum of \$50.0 million with initial annual funding expected to be \$15.0 million. Two leases in the amounts of \$0.47 and \$0.36 million for a Digital Evidence Management system and Fire Apparatus respectively were funded.
- **Revenue Bonds** –
 - Drawdowns under loan agreements with the Maryland Water Quality Financing Administration approximated \$4.6 million. The loan proceeds, for which repayment is secured by Water Quality Protection Charge Revenues, will fund capital projects for the stormwater management program.
 - On May 6, 2021, the County issued Parking System Refunding Revenue Bond 2021 Series A and Series B in the amounts of \$16.9 million and \$5.9 million, respectively. The proceeds refunded outstanding maturities of the 2012 and 2015 Series for debt service savings.
 - On June 9, 2021, the County issued Refunding Revenue Bonds (Alcohol Beverage Services) 2021 Series and Series B in the amounts of \$15.9 million and \$30.2 million, respectively. The proceeds refunded outstanding maturities of the 2011 Series A and 2013 Series A bonds for debt service savings.
- **Bond Anticipation Notes (BANs)** – Over the course of FY21, the County retired \$345.0 million in BANs with general obligation bond proceeds and issued \$315.0 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, and III-F.

Economic Factors and Next Year's Budgets and Rates

The following economic factors are reflected in the County's fiscal year 2022 (FY22) 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 2021 - the period July 2020 to June 2021 reflecting the impact of COVID-19 on the County's economy. The mixed performance included 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 and a decrease in multi-family units. Construction in the number of non-residential projects also decreased and the value of added non-residential projects decreased.
- The County's economic projections in the FY22 budget assume a modest economic performance in calendar year CY21. On a calendar year basis, the County projects an increase in total resident employment of a modest 0.2 percent and, based on

data from the Local Area Unemployment Statistics (LAUS) from the Bureau of Labor Statistics and a decline of 0.1 percent in payroll employment based on the Quarterly Census of Employment and Wages (QCEW). However, those projections were prepared in February 2021 measuring the impact of the COVID-19 pandemic.

- During the past ten years (CY11 – CY20), total payroll employment in Montgomery County experienced two distinct cycles: an increase from CY11 to CY19 at an average annual rate of 0.7 percent, and a decrease of 7.0 percent in CY20 attributed to the impact of COVID-19. The Department of Finance estimates that total payroll employment is expected to decrease 1.2 percent in CY21 also attributed to the impact of COVID-19 during the early months of the calendar year.
- Resident employment in the County, which is based on a survey of County households by the Bureau of Labor Statistics, provides a slightly different picture of employment growth. Resident employment grew at an average annual rate of 1.0 percent between CY11 and CY19. Resident employment decreased 6.5 percent in CY20 also attributed to the impact of COVID-19 and is estimated to decrease 1.5 percent in CY21.
- 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 different picture compared to the trends in resident employment. Total personal income grew at an average annual rate of 3.1 percent from CY11 to CY19. While employment projections for CY20 and CY21 are expected to decrease, total personal income is expected to increase 3.5 percent in CY20 but decrease 3.0 percent in CY21. Income data for CY20 and CY21 are based on estimates derived by the Department of Finance.
- The estimated decreases in employment and personal income in CY21 reflect the impact of COVID-19 on the County's economy.
- 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 1.76 percent in FY21 to 0.15 percent in FY22. Since the preparation of the FY22 budget, the FOMC has maintained the targeted federal funds rate to a target range of 0.00 percent to 0.25 percent and no rate increases through the remainder of CY21.
- Inflation, as measured by the Consumer Price Index for the Washington Metropolitan Statistical Area, increased to 2.05 percent in FY21 and is expected to increase 4.04 percent in FY22.

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. In addition to providing ongoing economic support to business, funds will be used to support medical, public health, rental assistance, and other emergency response costs. The County spent \$27.7 million and \$141.6 million of the \$183.3 million on CRF eligible expenditures during FY20 and FY21, respectively. The remaining balance of \$14.0 million is reported as unearned revenue in the General Fund as of June 30, 2021. The County continued to allocate CRF funding through special appropriations implemented by the County Council in FY21. Some of those included but were not limited to:

- \$7.7 million for School-age Child Care During Distance Learning;
- \$4.6 million for Latino Health Initiative – Por Nuestra Salud y Bienestar;
- \$5.1 million for Tourism Stabilization and Grant Program; and
- \$3.4 million for African American Health Program COVID response.

In March 2021, the American Rescue Plan Act of 2021 (ARPA) was passed by the United States Congress and signed into law. Under ARPA, the County will receive a total of \$204.1 million in aid from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF). The County received \$102.0 million of the total \$204.1 million in June 2021. The remaining balance will be received in FY22. Of the \$102.0 million received, the County will recognize \$92.0 million in pandemic-related revenue losses in FY21 in the General Fund. The remaining balance of \$10.0 million is reported as unearned revenue in the grants special revenue fund as of June 30, 2021. Another \$41.3 million of the total SLFRF funding has been allocated by the County to COVID-19 response activities, including but not limited to:

- \$25.0 million for an expansion to the Working Families Income Supplement Program;
- \$5.8 million for the County's health programs targeting racial and ethnic minority populations;
- \$6.7 million for the County's Department of Health and Human Services to provide assistance to residents most impacted by COVID-19 by establishing a mobile health clinic, community service hubs, mental health services, and rapid rehousing and rental assistance; and

- Many other activities to support broadband infrastructure and the County's Conference and Visitor's Bureau .

More detailed information about the allocation of SLFRF funds and the overall recovery vision is presented in the County's first Recovery Plan and Performance Report for the U.S. Department of Treasury, which is available at:

<https://montgomerycountymd.gov/covid19/Resources/Files/slfrf/recovery-plan-performance-report-July312021.pdf>

In addition to CRF and SLFRF funds, the County also applied for and was awarded \$73.3 million of Federal and state funding for Emergency Rental Assistance programs. This funding must be utilized to reduce the negative impact of COVID-19 by providing rental and utility assistance to households facing economic hardships as a result of the pandemic. The County received \$45.2 million and spent \$3.8 million on eligible expenditures in FY21. The remaining balance of \$41.4 million is reported as unearned revenue in the grants special revenue fund as of June 30, 2021.

Also, on July 28, 2020, the County Council approved a savings plan of \$43.7 million in the FY21 operating budget and on March 2, 2021, County Council approved a second savings plan of an additional \$12.5 million in the FY21 operating budget.

The County has continued to issue orders and guidance, beyond the requirements of the state based on known and available scientific evidence and best practices from the Office of Emergency Management and Public Health Office, to control and mitigate the spread of COVID-19. 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 get under control.

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, 2021

	Primary Government			Component
	Governmental	Business-type		Units
	Activities	Activities	Total	Total
ASSETS				
Equity in pooled cash and investments	\$ 1,404,586,247	\$ 172,591,832	\$ 1,577,178,079	\$ 177,546,638
Cash with fiscal agents	27,094,001	2,229,375	29,323,376	152,510,852
Cash	353,130	105,345	458,475	15,634,683
Investments - cash equivalents	-	-	-	159,551,205
Investments	-	-	-	21,866,110
Receivables (net of allowance for uncollectibles):				
Income taxes	450,149,806	-	450,149,806	-
Property taxes	55,414,058	288,652	55,702,710	-
Accounts	28,601,762	7,843,772	36,445,534	46,621,300
Notes	29,624,524	-	29,624,524	50,102,975
Parking violations	1,115,521	1,118,525	2,234,046	-
Mortgage	244,763,597	-	244,763,597	519,653,627
Interest	116,678	5,089	121,767	10,229,505
Other	-	-	-	19,110,164
Lease receivable	57,850,244	1,577,290	59,427,534	-
Internal balances	957,435	(957,435)	-	-
Due from primary government	-	-	-	27,310,885
Due from component units	125,500,901	251,546	125,752,447	-
Due from other governments	81,149,121	285,683	81,434,804	68,624,653
Inventory of supplies	10,668,245	31,646,754	42,314,999	11,806,911
Prepaid expenses	1,559,698	937,260	2,496,958	11,442,724
Other assets	-	-	-	67,743,467
Restricted Assets:				
Equity in pooled cash and investments	-	8,936,473	8,936,473	3,681,447
Cash with fiscal agents	-	-	-	40,090,418
Cash	-	-	-	859,438
Investments - cash equivalents	-	1,342	1,342	280,560,336
Investments	-	-	-	175,370,395
Capital Assets:				
Nondepreciable assets	2,780,602,348	59,893,583	2,840,495,931	837,955,988
Depreciable assets, net	2,884,261,615	245,537,575	3,129,799,190	4,365,097,875
Total Assets	8,184,368,931	532,292,661	8,716,661,592	7,063,371,596
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of debt	21,190,393	50,830	21,241,223	340,905
Pension deferrals	139,567,961	7,985,990	147,553,951	325,670,109
OPEB deferrals	214,054,145	-	214,054,145	485,559,512
Accumulated decrease in fair value of hedging derivatives	-	-	-	31,543,787
Total Deferred Outflows of Resources	\$ 374,812,499	\$ 8,036,820	\$ 382,849,319	\$ 843,114,313

Exhibit A-1 (Concluded)

STATEMENT OF NET POSITION

JUNE 30, 2021

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		Total
LIABILITIES				
Accounts payable	\$ 99,672,185	\$ 11,771,903	\$ 111,444,088	\$ 154,551,342
Interest payable	25,592,384	837,953	26,430,337	32,938,145
Retainage payable	17,101,097	352,050	17,453,147	10,361,578
Accrued liabilities	178,718,372	26,673,844	205,392,216	155,093,846
Deposits	1,565,554	8,461,377	10,026,931	22,258,189
Due to primary government	-	-	-	126,112,105
Due to component units	27,310,441	444	27,310,885	-
Due to other governments	175,222,200	7,883,849	183,106,049	864,972
Unearned revenue	65,513,057	980,934	66,493,991	44,284,711
Other liabilities	3,674,470	532,098	4,206,568	130,422,006
Noncurrent Liabilities:				
Due within one year	916,152,022	19,075,789	935,227,811	133,024,878
Due in more than one year	5,016,679,259	192,078,822	5,208,758,081	5,006,136,297
Total Liabilities	<u>6,527,201,041</u>	<u>268,649,063</u>	<u>6,795,850,104</u>	<u>5,816,048,069</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	77,323,216	1,825,261	79,148,477	-
Leases	57,199,082	1,566,317	58,765,399	-
Deferred gain on refunding of debt	-	-	-	2,142,000
Pension deferrals	133,220,142	8,948,305	142,168,447	232,343,050
OPEB deferrals	655,398,304	-	655,398,304	654,013,848
Total Deferred Inflows of Resources	<u>923,140,744</u>	<u>12,339,883</u>	<u>935,480,627</u>	<u>888,498,898</u>
NET POSITION				
Net investment in capital assets	3,054,708,595	189,025,018	3,243,733,613	3,909,832,029
Restricted for:				
Capital projects	76,005,368	-	76,005,368	312,640
General government	29,206,946	-	29,206,946	-
Public safety	1,316,119	-	1,316,119	-
Transportation	39,392,696	14,805,576	54,198,272	-
Recreation	12,783,368	-	12,783,368	-
Community development and housing	360,801,065	-	360,801,065	-
Environment	22,112,608	2,888,087	25,000,695	-
Debt service	20,828,828	5,003,512	25,832,340	110,183,032
Other purposes	-	-	-	72,701,057
Unrestricted (deficit)	<u>(2,508,315,948)</u>	<u>47,618,342</u>	<u>(2,460,697,606)</u>	<u>(2,891,089,816)</u>
Total Net Position	<u>\$ 1,108,839,645</u>	<u>\$ 259,340,535</u>	<u>\$ 1,368,180,180</u>	<u>\$ 1,201,938,942</u>

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

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities				
General government	\$ 688,476,247	\$ 62,785,190	\$ 92,424,121	\$ 63,210,698
Public safety	628,087,787	41,758,238	98,250,139	683,000
Transportation	307,065,388	52,645,744	76,423,596	17,076,719
Health and human services	424,716,547	4,768,098	234,398,953	3,718,502
Culture and recreation	97,481,581	29,551,152	5,869,421	-
Community development and housing	7,197,303	11,260,623	8,218,120	-
Environment	36,836,160	361,389	37,891	105,075
Education	2,085,698,554	-	-	461,653
Interest on long term debt	96,243,729	-	-	-
Total Governmental Activities	4,371,803,296	203,130,434	515,622,241	85,255,647
Business-type Activities				
Liquor control	266,345,926	305,168,475	-	-
Solid waste disposal and collection	127,849,821	125,124,432	-	-
Parking lot districts	28,144,633	16,247,357	-	-
Permitting services	35,877,882	43,838,541	-	-
Community use of public facilities	4,349,361	4,284,548	-	-
Total Business-type Activities	462,567,623	494,663,353	-	-
Total Primary Government	4,834,370,919	697,793,787	515,622,241	85,255,647
Component Units:				
General government (BUP)	4,611,184	4,599,571	140,500	-
Culture and recreation (MCRA)	23,168,444	23,709,497	-	542,696
Community development and housing (HOC)	313,270,465	150,058,315	142,386,786	65,335,422
Education:				
Elementary and secondary education (MCPS)	3,168,950,157	9,638,352	141,501,131	68,107,399
Higher education (MC)	350,182,169	64,554,750	20,351,137	36,329,093
Total Component Units	\$ 3,860,182,419	\$ 252,560,485	\$ 304,379,554	\$ 170,314,610

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
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	
\$ (469,143,447)	\$ -	\$ (469,143,447)	\$ -	-
(487,396,410)	-	(487,396,410)	-	-
(160,919,329)	-	(160,919,329)	-	-
(181,830,994)	-	(181,830,994)	-	-
(62,973,799)	-	(62,973,799)	-	-
12,281,440	-	12,281,440	-	-
(36,331,805)	-	(36,331,805)	-	-
(2,085,236,901)	-	(2,085,236,901)	-	-
(96,243,729)	-	(96,243,729)	-	-
(3,567,794,974)	-	(3,567,794,974)	-	-
-	38,822,549	38,822,549	-	-
-	(2,725,389)	(2,725,389)	-	-
-	(11,897,276)	(11,897,276)	-	-
-	7,960,659	7,960,659	-	-
-	(64,813)	(64,813)	-	-
-	32,095,730	32,095,730	-	-
(3,567,794,974)	32,095,730	(3,535,699,244)	-	-
-	-	-	128,887	-
-	-	-	1,083,749	-
-	-	-	44,510,058	-
-	-	-	(2,949,703,275)	-
-	-	-	(228,947,189)	-
-	-	-	(3,132,927,770)	-
1,886,666,393	-	1,886,666,393	-	-
1,860,392,747	-	1,860,392,747	-	-
132,288,901	-	132,288,901	-	-
60,573,086	-	60,573,086	-	-
184,419,771	-	184,419,771	-	-
6,424,558	-	6,424,558	-	-
52,538,156	-	52,538,156	-	-
2,984,591	-	2,984,591	-	-
-	-	-	3,127,689,820	-
2,987,285	227,669	3,214,954	12,487,890	-
-	4,547	4,547	15,150,844	-
-	-	-	8,880,971	-
46,889,590	(46,889,590)	-	-	-
4,236,165,078	(46,657,374)	4,189,507,704	3,164,209,525	-
668,370,104	(14,561,644)	653,808,460	31,281,755	-
440,469,541	273,902,179	714,371,720	1,170,657,187	-
\$ 1,108,839,645	\$ 259,340,535	\$ 1,368,180,180	\$ 1,201,938,942	-

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General	Housing Initiative	Grants	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Equity in pooled cash and investments	\$ 606,001,442	\$ 57,047,099	\$ 58,840,636	\$ 9,355,083	\$ 315,246,804	\$ 131,269,877	\$ 1,177,760,941
Cash with fiscal agents	2,261,561	-	-	12,297,575	12,534,865	-	27,094,001
Cash	104,130	212,450	-	-	-	36,250	352,830
Receivables (net of allowances for uncollectibles)	510,129,143	201,614,849	43,877,122	22,685,000	1,619,680	25,267,413	805,193,207
Lease receivable	44,546,072	884,172	-	12,420,000	-	-	57,850,244
Due from other funds	212,957,448	-	-	-	-	-	212,957,448
Due from component units	691,497	102,703,221	10,761,094	-	10,625,267	-	124,781,079
Due from other governments	32,361,920	-	34,049,152	-	11,332,633	1,796,621	79,540,326
Inventory of supplies	6,189,114	-	-	-	-	-	6,189,114
Prepays	1,005,064	-	-	-	-	-	1,005,064
Total Assets	<u>\$ 1,416,247,391</u>	<u>\$ 362,461,791</u>	<u>\$ 147,528,004</u>	<u>\$ 56,757,658</u>	<u>\$ 351,359,249</u>	<u>\$ 158,370,161</u>	<u>\$ 2,492,724,254</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 69,642,485	\$ 539,862	\$ 1,578,205	\$ 823,801	\$ 11,448,182	\$ 4,837,583	\$ 88,870,118
Retainage payable	2,578	11,939	183,442	-	16,897,172	5,966	17,101,097
Accrued liabilities	129,479,224	848,938	4,450,267	-	2,224,501	21,020,624	158,023,554
Deposits	664,219	399,333	-	-	230	501,772	1,565,554
Due to other funds	12,875,442	52,718	17,892,506	-	193,691,991	6,197,934	230,710,591
Due to component units	2,664,681	-	-	29	24,485,415	160,316	27,310,441
Due to other governments	550,020	12,650	17,118,874	-	14,091,157	950,260	32,722,961
Unearned revenue	14,057,917	-	51,450,460	-	-	4,680	65,513,057
Total Liabilities	<u>229,936,566</u>	<u>1,865,440</u>	<u>92,673,754</u>	<u>823,830</u>	<u>262,838,648</u>	<u>33,679,135</u>	<u>621,817,373</u>
Deferred Inflows of Resources:							
Unavailable income taxes	346,524,165	-	-	-	-	-	346,524,165
Unavailable property taxes	43,295,699	-	-	-	-	11,450,556	54,746,255
Unavailable revenues	3,234,255	3,904,223	54,638,216	22,685,000	12,515,233	2,534,681	99,511,608
Leases	43,898,790	880,292	-	12,420,000	-	-	57,199,082
Total Deferred Inflows of Resources	<u>436,952,909</u>	<u>4,784,515</u>	<u>54,638,216</u>	<u>35,105,000</u>	<u>12,515,233</u>	<u>13,985,237</u>	<u>557,981,110</u>
Fund Balances:							
Nonspendable	7,194,178	-	-	-	-	-	7,194,178
Restricted	458,445,267	355,811,836	216,034	20,828,828	76,005,368	115,671,177	1,026,978,510
Committed	56,229,332	-	-	-	-	-	56,229,332
Assigned	58,071,505	-	-	-	-	-	58,071,505
Unassigned	169,417,634	-	-	-	-	(4,965,388)	164,452,246
Total Fund Balances	<u>749,357,916</u>	<u>355,811,836</u>	<u>216,034</u>	<u>20,828,828</u>	<u>76,005,368</u>	<u>110,705,789</u>	<u>1,312,925,771</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,416,247,391</u>	<u>\$ 362,461,791</u>	<u>\$ 147,528,004</u>	<u>\$ 56,757,658</u>	<u>\$ 351,359,249</u>	<u>\$ 158,370,161</u>	<u>\$ 2,492,724,254</u>

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

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2021

Total fund balance - governmental funds (see Exhibit A-3) \$ 1,312,925,771

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	1,129,520,804	
Construction in progress	1,651,059,038	
Depreciable capital assets:		
Buildings	1,283,538,228	
Improvements other than buildings	187,267,858	
Furniture, fixtures, equipment and machinery	250,282,487	
Automobiles and trucks	246,405,525	
Infrastructure	2,582,922,094	
Other capital assets	137,300,867	
Leased assets	132,407,983	
Total capital assets	7,600,704,884	
Less accumulated depreciation and amortization	(1,977,018,490)	5,623,686,394

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	(3,019,410,000)	
Variable rate demand obligations	(170,000,000)	
Bond anticipation notes payable	(470,000,000)	
Lease revenue bonds payable	(12,420,000)	
Accrued interest payable	(25,583,888)	
Other obligations payable	(1,905,000)	
Taxable limited obligation	(92,665,000)	
Certificates of participation	(142,245,000)	
Notes payable	(48,365,685)	
Revenue bonds	(113,474,516)	
Leases payable	(119,580,802)	
Net pension liability	(141,322,131)	
Net OPEB liability	(983,532,109)	
Compensated absences	(111,024,393)	(5,451,528,524)

Due to other governments - long term debt due to state government not expected to be repaid with current financial reserves (141,997,925) (141,997,925)

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	(295,505,887)	
Unrecognized loss on refunding	21,190,393	
Pension and OPEB related deferrals, net	(434,888,001)	(709,203,495)

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	246,805,794	
Capital assets	118,992,334	
Less accumulated depreciation and amortization	(77,814,765)	
Deferred outflows of resources	1,941,125	
Liabilities	(234,845,576)	
Deferred inflows of resources	(2,049,464)	
Cumulative gain/loss for certain activities of internal service funds that are reported with business-type activities	(1,599,662)	51,429,786

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Income taxes	346,524,165	
Property taxes	54,746,255	
Intergovernmental revenue	15,333,923	
Other revenue	6,854,469	
Interest	68,826	423,527,638

Net position of governmental activities (See Exhibit A-1) \$ 1,108,839,645

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, 2021

	General	Housing Initiative	Grants	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$3,528,372,097	\$ 16,313,395	\$ -	\$ -	\$ 87,722,365	\$ 489,282,905	\$4,121,690,762
Licenses and permits	10,460,187	-	-	-	-	39,225	10,499,412
Intergovernmental	196,592,797	-	278,471,946	1,192,229	36,988,211	67,339,649	580,584,832
Charges for services	13,567,357	77,540	318,234	-	46,350,664	54,603,169	114,916,964
Fines and forfeitures	16,897,097	-	-	-	-	693,113	17,590,210
Investment income (loss)	671,046	1,461,522	139,808	6,324	352,381	109,057	2,740,138
Miscellaneous	12,147,132	4,599,550	4,731,487	12,946,741	4,650,620	1,553,129	40,628,659
Total Revenues	3,778,707,713	22,452,007	283,661,475	14,145,294	176,064,241	613,620,247	4,888,650,977
EXPENDITURES							
Current:							
General government	528,652,840	-	88,639,717	-	-	16,014,461	633,307,018
Public safety	394,894,570	-	70,234,564	-	-	237,390,958	702,520,092
Transportation	59,716,290	-	12,815,811	-	-	132,435,910	204,968,011
Health and human services	350,365,194	-	98,026,715	-	-	403,020	448,794,929
Culture and recreation	48,619,754	-	5,528,089	-	-	28,573,724	82,721,567
Community development and housing	15,702,513	29,713,115	8,377,951	-	-	207,532	54,001,111
Environment	3,019,583	-	38,628	-	-	26,693,625	29,751,836
Education	1,924,426,162	-	-	-	-	-	1,924,426,162
Debt Service:							
Principal retirement	-	-	-	261,897,918	-	-	261,897,918
Notes and other obligations	-	-	-	36,720,517	-	-	36,720,517
Interest	-	-	-	136,757,274	-	-	136,757,274
Issuing costs	-	-	-	6,909,485	-	-	6,909,485
Capital projects	-	-	-	-	448,804,767	-	448,804,767
Total Expenditures	3,325,396,906	29,713,115	283,661,475	442,285,194	448,804,767	441,719,230	4,971,580,687
Excess (Deficiency) of Revenues over (under) Expenditures	453,310,807	(7,261,108)	-	(428,139,900)	(272,740,526)	171,901,017	(82,929,710)
OTHER FINANCING SOURCES (USES)							
Transfers in	106,007,996	74,466,744	-	422,887,931	56,761,370	3,697,010	663,821,051
Transfers (out)	(396,669,226)	(24,120,066)	-	(3,992,136)	(57,658,341)	(130,818,982)	(613,258,751)
Sale of property	145,405	1,952,236	-	-	17,115,067	-	19,212,708
Financing under notes payable	-	-	-	-	784,059	-	784,059
Leases (as lessee)	4,546,325	-	-	-	-	-	4,546,325
Payment to refunded bond escrow agent	-	-	-	(614,680,938)	(32,273,957)	-	(646,954,895)
Debt Issued (Retired):							
General obligation bonds	-	-	-	320,000,000	-	-	320,000,000
Premium on original issue debt	-	-	-	39,862,400	-	-	39,862,400
General obligation refunding bonds	-	-	-	534,795,000	-	-	534,795,000
Premium on general obligation refunding bonds	-	-	-	43,321,958	-	-	43,321,958
Bond anticipation notes	-	-	-	(345,000,000)	315,000,000	-	(30,000,000)
Revenue bonds	-	-	-	34,552,111	4,647,723	-	39,199,834
Premium on revenue bonds	-	-	-	4,730,504	-	-	4,730,504
Certificates of participation	-	-	-	-	125,890,000	-	125,890,000
Premium on certificates of participation	-	-	-	-	19,048,064	-	19,048,064
Total Other Financing Sources (Uses)	(285,969,500)	52,298,914	-	436,476,830	449,313,985	(127,121,972)	524,998,257
Net Change in Fund Balances	167,341,307	45,037,806	-	8,336,930	176,573,459	44,779,045	442,068,547
Fund Balances - Beginning of Year	582,016,609	310,774,030	216,034	12,491,898	(100,568,091)	65,926,744	870,857,224
Fund Balances - End of Year	\$ 749,357,916	\$ 355,811,836	\$ 216,034	\$ 20,828,828	\$ 76,005,368	\$ 110,705,789	\$1,312,925,771

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, 2021

Net change in fund balance - total governmental funds (see Exhibit A-5) \$ 442,068,547

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

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

Capital outlay	278,627,096	
Depreciation and amortization expense	<u>(170,500,958)</u>	108,126,138

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.

	<u>(318,460)</u>	(318,460)
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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.

	<u>2,622,813</u>	2,622,813
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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	40,213,927	
Property taxes	24,383,512	
Intergovernmental revenues	(1,126,128)	
Other revenues	<u>(1,835,498)</u>	61,635,813

Interest on lease receivable will not be collected for several months after the fiscal year ends

	<u>68,826</u>	68,826
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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	(937,979,358)	
Bond anticipation notes	(315,000,000)	
Notes payable	(784,059)	
Revenue bonds	(43,930,338)	
Certificates of participation	(144,938,064)	
Leases	<u>(4,546,325)</u>	

Principal repayments:

General obligation bonds	816,814,615	
Bond anticipation notes	345,000,000	
Taxable limited obligation certificates	5,810,000	
Lease revenue bonds	2,790,000	
Other obligations	915,000	
Certificates of participation	7,154,563	
Notes payable	52,212,356	
Revenue bonds	46,650,955	
Leases payable	<u>12,827,183</u>	(157,003,472)

Cost incurred for past refunds owed as a result of the supreme court decision related to duplicate taxation

	<u>1,302,075</u>	1,302,075
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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	(761,251)	
Compensated absences	(30,735,896)	
Pension expense	190,096,413	
Claims and judgements	7,440,115	
Amortization	<u>61,343,149</u>	227,382,530

The current year gain for certain activities of internal service funds is reported with governmental activities.

	<u>(17,514,706)</u>	
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Change in net position of governmental activities (see Exhibit A-2)

	<u>\$ 668,370,104</u>	
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Notes to Financial Statements are an integral part of this statement.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-Type Activities - Enterprise Funds					Governmental
			Parking	Nonmajor		Activities-
	Liquor	Solid Waste	Lot	Enterprise	Totals	Internal
		Activities	Districts	Funds		Service Funds
ASSETS						
Current Assets:						
Equity in pooled cash and investments	\$ 18,561,956	\$ 94,365,650	\$ 17,986,904	\$ 41,677,322	\$ 172,591,832	\$ 226,825,306
Cash with fiscal agents	2,128,543	-	100,832	-	2,229,375	-
Cash	52,440	-	52,905	-	105,345	300
Receivables (net of allowance for uncollectibles)	2,110,106	3,306,084	1,409,540	2,430,308	9,256,038	628,920
Lease Receivable	-	-	73,007	-	73,007	-
Due from other funds	-	-	-	-	-	11,988,886
Due from component units	-	437	251,109	-	251,546	719,822
Due from other governments	-	87,303	198,380	-	285,683	1,608,795
Inventory of supplies	31,646,754	-	-	-	31,646,754	4,479,131
Prepaid expenses	521,680	86,120	55,670	273,790	937,260	554,634
Total Current Assets	55,021,479	97,845,594	20,128,347	44,381,420	217,376,840	246,805,794
Noncurrent Assets:						
Restricted Assets:						
Equity in pooled cash and equivalents	-	6,062,846	2,873,627	-	8,936,473	-
Investments	-	-	1,342	-	1,342	-
Restricted Assets	-	6,062,846	2,874,969	-	8,937,815	-
Lease Receivable	-	263,245	1,241,038	-	1,504,283	-
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	106,052,554	-	202,890,638	362,724
Infrastructure	-	14,351	-	-	14,351	-
Buildings	26,404,147	34,512,353	240,760,991	-	301,677,491	-
Furniture, fixtures, equipment, and machinery	15,949,044	18,733,575	1,152,050	1,780,940	37,615,609	4,094,296
Automobiles and trucks	5,135,138	3,077,630	172,588	258,785	8,644,141	106,214,734
Construction in progress	380,402	1,069,100	-	-	1,449,502	-
Right-to-use leased building	50,018,413	-	13,981,854	-	64,000,267	2,228,700
Right-to-use leased equipment	-	-	34,755	-	34,755	6,069,374
Subtotal	119,974,810	157,025,838	395,730,462	2,039,725	674,770,835	118,992,334
Less: Accumulated depreciation and amortization	30,602,435	115,467,108	221,714,256	1,555,878	369,339,677	77,814,765
Total Capital Assets (net of accumulated depreciation and amortization)	89,372,375	41,558,730	174,016,206	483,847	305,431,158	41,177,569
Total Noncurrent Assets	89,372,375	47,884,821	178,132,213	483,847	315,873,256	41,177,569
Total Assets	144,393,854	145,730,415	198,260,560	44,865,267	533,250,096	287,983,363
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding of debt	50,830	-	-	-	50,830	-
Pension deferrals	2,338,833	1,303,314	543,786	3,800,057	7,985,990	1,941,125
Total Deferred Outflows of Resources	\$ 2,389,663	\$ 1,303,314	\$ 543,786	\$ 3,800,057	\$ 8,036,820	\$ 1,941,125

Exhibit A-7 (Concluded)

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds	Totals	
LIABILITIES						
Current Liabilities:						
Accounts payable	\$ 1,738,027	\$ 8,098,436	\$ 1,744,144	\$ 191,296	\$ 11,771,903	\$ 10,802,066
Interest payable	777,653	-	60,300	-	837,953	8,496
Retainage payable	960	-	351,090	-	352,050	-
Deposits	-	269,781	-	8,191,596	8,461,377	-
Claims payable	-	-	-	-	-	53,384,485
Accrued liabilities	19,121,262	7,474,013	1,463,602	4,210,950	32,269,827	6,078,999
Due to other funds	1,461,361	424,514	180,762	1,127,327	3,193,964	8,526,232
Due to component units	-	-	444	-	444	-
Due to other governments	4,994,538	2,415,522	468,252	5,537	7,883,849	501,314
Equipment notes payable	955,403	-	-	-	955,403	-
Unearned revenue	46,157	-	353,429	581,348	980,934	-
Revenue bonds payable	2,777,100	-	1,895,000	-	4,672,100	-
Leases payable	4,675,118	-	701,798	-	5,376,916	2,061,661
Landfill closure costs	-	1,838,520	-	-	1,838,520	-
Other liabilities	29,613	499,018	3,467	-	532,098	-
Total Current Liabilities	36,577,192	21,019,804	7,222,288	14,308,054	79,127,338	81,363,253
Noncurrent Liabilities:						
Claims payable	-	-	-	-	-	146,821,738
Equipment note payable	1,340,424	-	-	-	1,340,424	-
Revenue bonds payable	29,764,604	-	20,913,000	-	50,677,604	-
Leases payable	40,794,327	-	12,602,401	-	53,396,728	4,244,897
Landfill closure costs	-	19,566,950	-	-	19,566,950	-
Gude landfill remediation costs	-	58,959,033	-	-	58,959,033	-
Compensated absences	1,286,125	515,966	189,718	1,364,342	3,356,151	1,320,465
Net pension liability	1,316,339	801,778	343,715	2,320,100	4,781,932	1,095,223
Total Noncurrent Liabilities	74,501,819	79,843,727	34,048,834	3,684,442	192,078,822	153,482,323
Total Liabilities	111,079,011	100,863,531	41,271,122	17,992,496	271,206,160	234,845,576
DEFERRED INFLOWS OF RESOURCES						
Leases	-	261,362	1,304,955	-	1,566,317	-
Pension deferrals	2,463,230	1,500,347	643,186	4,341,542	8,948,305	2,049,464
Deferred revenue	-	-	-	1,825,261	1,825,261	-
Total Deferred Inflows of Resources	2,463,230	1,761,709	1,948,141	6,166,803	12,339,883	2,049,464
NET POSITION						
Net investment in capital assets	9,116,231	41,520,402	137,904,538	483,847	189,025,018	34,976,111
Restricted for:						
Transportation	-	-	14,805,576	-	14,805,576	-
Environment	-	2,888,087	-	-	2,888,087	-
Debt service	2,128,543	-	2,874,969	-	5,003,512	-
Unrestricted	21,996,502	-	-	24,022,178	46,018,680	18,053,337
Total Net Position	\$ 33,241,276	\$ 44,408,489	\$ 155,585,083	\$ 24,506,025	257,740,873	\$ 53,029,448
ADJUSTMENTS						
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					1,599,662	
Net position of business-type activities					\$ 259,340,535	

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, 2021**

	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds	Totals	Activities- Internal Service Funds
OPERATING REVENUES						
Sales - net	\$ 303,901,776	\$ -	\$ -	\$ -	\$ 303,901,776	\$ -
Charges for services	716	123,621,852	12,803,132	5,575,130	142,000,830	318,443,320
Licenses and permits	199,621	10,597	-	42,127,219	42,337,437	-
Fines and penalties	52,834	21,550	2,920,026	55,487	3,049,897	2,053,257
Total Operating Revenues	304,154,947	123,653,999	15,723,158	47,757,836	491,289,940	320,496,577
OPERATING EXPENSES						
Cost of goods sold	207,923,704	-	-	-	207,923,704	-
Personnel costs	37,732,812	15,430,434	4,625,772	31,311,723	89,100,741	33,407,572
Other post employment contributions	609,730	113,630	73,450	376,930	1,173,740	350,600
Postage	3,578	138,242	2,591	6,813	151,224	1,184,641
Self-insurance incurred and estimated claims	-	-	-	-	-	195,124,664
Insurance	924,717	1,571,132	37,289	743,622	3,276,760	44,507,774
Supplies and materials	593,168	1,393,254	187,072	500,222	2,673,716	21,357,153
Contractual services	3,846,300	97,659,188	6,075,422	2,204,499	109,785,409	10,258,961
Communications	240,836	469,966	159,386	218,333	1,088,521	329,419
Transportation	905,674	2,214,897	296,133	779,914	4,196,618	204,065
Public utility services	514,972	194,018	1,319,048	-	2,028,038	827,697
Rentals	1,211,827	91,939	185,241	3,513,019	5,002,026	638,929
Maintenance	982,306	572,658	4,700,305	4,251	6,259,520	18,014,613
Depreciation and amortization	8,010,352	2,220,942	9,918,448	188,165	20,337,907	10,919,006
Other	361,480	5,543,676	2,481	88,126	5,995,763	38,591
Total Operating Expenses	263,861,456	127,613,976	27,582,638	39,935,617	458,993,687	337,163,685
Operating Income (Loss)	40,293,491	(3,959,977)	(11,859,480)	7,822,219	32,296,253	(16,667,108)
NONOPERATING REVENUES (EXPENSES)						
Property taxes	-	-	(14,124)	-	(14,124)	-
Gain (loss) on disposal of capital assets	-	4,547	-	-	4,547	310,764
Issuance costs	(56,901)	-	-	-	(56,901)	-
Investment income	14,379	120,740	29,264	63,286	227,669	386,955
Interest expense	(1,972,162)	-	(479,706)	-	(2,451,868)	(157,690)
Other revenue	844,856	274,292	500,922	365,253	1,985,323	835,149
Insurance recoveries	168,672	1,196,141	23,277	-	1,388,090	398,893
Total Nonoperating Revenues (Expenses)	(1,001,156)	1,595,720	59,633	428,539	1,082,736	1,774,071
Income (Loss) Before Capital Contributions and Transfers	39,292,335	(2,364,257)	(11,799,847)	8,250,758	33,378,989	(14,893,037)
Transfers In (Out):						
Transfers in	-	-	5,955,254	25,000	5,980,254	97,780
Transfers (Out)	(36,867,150)	(3,403,120)	(5,506,895)	(7,092,679)	(52,869,844)	(3,770,490)
Total Transfers In (Out)	(36,867,150)	(3,403,120)	448,359	(7,067,679)	(46,889,590)	(3,672,710)
Change in Net Position	2,425,185	(5,767,377)	(11,351,488)	1,183,079	(13,510,601)	(18,565,747)
Total Net Position - Beginning of Year	30,816,091	50,175,866	166,936,571	23,322,946		71,595,195
Total Net Position - End of Year	\$ 33,241,276	\$ 44,408,489	\$ 155,585,083	\$ 24,506,025		\$ 53,029,448
ADJUSTMENTS						
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(1,051,043)	
Change in net position of business-type activities					\$ (14,561,644)	

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	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	\$ 305,054,409	\$ 124,611,918	\$ 16,006,450	\$ 52,082,306	\$ 497,755,083	\$ 319,073,342
Payments to suppliers	(209,200,563)	(102,527,639)	(13,256,059)	(15,787,102)	(340,771,363)	(64,589,488)
Payments to employees	(39,363,990)	(15,958,633)	(4,772,157)	(32,457,564)	(92,552,344)	(34,157,680)
Other operating receipts	-	-	-	4,575,548	4,575,548	-
Other operating payments	(361,480)	-	(1,393)	(4,901,808)	(5,264,681)	-
Claims received (paid)	168,672	1,196,141	23,277	-	1,388,090	(223,125,495)
Other revenue	844,856	274,292	500,922	365,253	1,985,323	1,454,857
Internal activity - receipts from other funds	-	-	-	-	-	97,780
Net Cash Provided (Used) by Operating Activities	57,141,904	7,596,079	(1,498,960)	3,876,633	67,115,656	(1,246,684)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Property tax collections	-	-	(14,124)	-	(14,124)	-
Insurance reimbursement claims	-	-	-	-	-	398,893
Operating subsidies and transfers from other funds	-	-	5,955,254	25,000	5,980,254	-
Operating subsidies and transfers to other funds	(36,867,150)	(3,403,120)	(5,506,895)	(7,092,679)	(52,869,844)	(3,770,490)
Net Cash Provided (Used) by Noncapital Financing Activities	(36,867,150)	(3,403,120)	434,235	(7,067,679)	(46,903,714)	(3,371,597)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from capital debt	1,890,000	-	22,908,832	-	24,798,832	-
Purchase of capital assets	-	-	-	(498,334)	(498,334)	(6,905,928)
Acquisition and construction of capital assets	(779,522)	(1,994,261)	(3,604,719)	-	(6,378,502)	-
Proceeds from the sale of capital assets	-	324,477	-	3,283	327,760	462,810
Principal paid on equipment note payable	(3,098,858)	-	-	-	(3,098,858)	-
Principal paid on capital debt	(1,867,498)	-	(23,090,119)	-	(24,957,617)	-
Interest paid on capital debt	(780,003)	-	(1,024,473)	-	(1,804,476)	-
Lease payment	(5,413,275)	-	(986,067)	-	(6,399,342)	(2,140,707)
Issuance costs	(56,901)	-	-	-	(56,901)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(10,106,057)	(1,669,784)	(5,796,546)	(495,051)	(18,067,438)	(8,583,825)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income from pooled investments	13,306	120,740	26,683	63,286	224,015	386,955
Investment income from non-pooled investments	1,073	-	1,239	-	2,312	-
Net Cash Provided (Used) by Investing Activities	14,379	120,740	27,922	63,286	226,327	386,955
Net Increase (Decrease) in Cash and Cash Equivalents	10,183,076	2,643,915	(6,833,349)	(3,622,811)	2,370,831	(12,815,151)
Balances - Beginning of Year	10,559,863	97,784,581	27,847,616	45,300,133	181,492,193	239,640,757
Balances - End of Year	\$ 20,742,939	\$ 100,428,496	\$ 21,014,268	\$ 41,677,322	\$ 183,863,025	\$ 226,825,606
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 40,293,491	\$ (3,959,977)	\$ (11,859,480)	\$ 7,822,219	\$ 32,296,253	\$ (16,667,108)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	8,010,352	2,220,942	9,918,448	188,165	20,337,907	10,919,006
Other revenue	844,856	274,292	500,922	365,253	1,985,323	835,149
Unearned revenue	1,216	-	158,043	-	159,259	-
Insurance recoveries	168,672	1,196,141	23,277	-	1,388,090	-
Pension expense	(953,310)	(320,449)	(161,766)	(1,383,029)	(2,818,554)	(773,419)
Changes in deferred inflow of resources - deferred revenue	-	-	-	1,825,261	1,825,261	-
Changes in deferred inflow of resources - leases	-	261,362	1,304,955	-	1,566,317	-
Effect of changes in operating assets and liabilities:						
Receivables, net	898,244	694,057	(1,179,706)	2,556,571	2,969,166	(705,746)
Inventories, prepaids and other assets	-	152,734	77,825	376,930	607,489	673,215
Compensated absences	61,818	-	-	-	61,818	-
Accounts payable and other liabilities	7,946,521	8,201,768	(298,581)	(7,748,519)	8,101,189	(14,462,761)
Claims payable	-	-	-	-	-	18,375,551
Accrued expenses	(129,956)	(126,794)	17,103	(126,218)	(365,865)	559,429
Gude Landfill pollution remediation	-	(997,997)	-	-	(997,997)	-
Net Cash Provided (Used) by Operating Activities	\$ 57,141,904	\$ 7,596,079	\$ (1,498,960)	\$ 3,876,633	\$ 67,115,656	\$ (1,246,684)
Noncash investing, capital and financing activities:						
Change in fair value of investments that are not cash and cash equivalents	\$ -	\$ -	\$ 2,581	\$ -	\$ 2,581	\$ -

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

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2021

	Pension and Other Employee Benefit Trusts	Custodial Funds External Investment Pool	Other
ASSETS			
Current Assets:			
Equity in pooled cash and investments	\$ 4,420,885	\$ 16,482,430	\$ 4,711,233
Cash	-	-	144,475
Investments:			
Government and agency obligations	117,801,912	-	-
Municipal/Provincial bonds	2,381,774	-	-
Corporate bonds	661,218,537	-	-
Commercial mortgage-backed securities	1,519,351	-	-
Common and preferred stock	2,156,667,494	-	-
Mutual and commingled funds	3,602,554,414	-	-
Short-term investments	229,632,097	-	-
Cash collateral received under securities lending agreements	165,793,157	-	-
Private real assets	399,926,342	-	-
Private equity/debt	1,068,262,951	-	-
Total Investments	8,405,758,029	-	-
Receivables (net of allowances for uncollectibles):			
Receivables and accrued interest	15,947,677	-	-
Property taxes	-	-	50
Accounts	79,625	-	3,072,131
Due from other funds	17,726,951	-	-
Due from component units	359,658	-	-
Due from other governments	8,096	-	-
Total Current Assets	8,444,300,921	16,482,430	7,927,889
Noncurrent Assets:			
Capital assets:			
Miscellaneous	900,043	-	-
Less: Accumulated depreciation	900,043	-	-
Total Capital Assets (net of accumulated depreciation)	-	-	-
Total Assets	8,444,300,921	16,482,430	7,927,889
LIABILITIES			
Current Liabilities:			
Accounts payable	178,021,334	-	159,082
Accrued liabilities	6,279,135	-	-
Deposits	-	-	2,240,908
Claims payable	4,375,636	-	-
Due to other funds	242,498	-	-
Due to other governments	-	-	1,234,298
Unearned revenue	1,621,190	-	3,104,104
Other liabilities	-	-	536,221
Total Current Liabilities	190,539,793	-	7,274,613
Noncurrent Liabilities:			
Compensated absences	140,599	-	-
Total Liabilities	190,680,392	-	7,274,613
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	-	-	57,649
Total Deferred Inflows of Resources	-	-	57,649
NET POSITION			
Restricted for:			
Pensions	6,615,086,550	-	-
Other postemployment benefits	1,638,533,979	-	-
External investment pool participants	-	16,482,430	-
Individuals, organizations, and other governments	-	-	595,627
Net Position	\$ 8,253,620,529	\$ 16,482,430	\$ 595,627

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, 2021**

	Pension and Other Employee Benefit Trusts	Custodial Funds	
		External Investment Pool	Other
ADDITIONS			
Contributions:			
Employers	\$ 260,915,910	\$ -	\$ -
Members	68,274,302	-	-
Federal government - Medicare Part D	16,973,453	-	-
Share purchases	-	4,495,850	-
Total Contributions	346,163,665	4,495,850	-
Investment income (loss)	1,804,766,524	30,690	1,152
Less: Investment expenses	33,378,970	-	-
Net Investment Income (Loss)	1,771,387,554	30,690	1,152
Other income	358,770	-	26,360
Total Additions, net	2,117,909,989	4,526,540	27,512
DEDUCTIONS			
Benefits:			
Annuities:			
Retirees	203,252,726	-	-
Survivors	10,243,634	-	-
Disability	53,924,544	-	-
Claims	98,745,558	-	-
Total Benefits	366,166,462	-	-
Share redemptions	-	700,000	-
Member refunds	61,347,107	-	-
Administrative expenses	6,939,600	-	6,520
Total Deductions	434,453,169	700,000	6,520
Net Increase (Decrease)	1,683,456,820	3,826,540	20,992
 Net Position - Beginning of Year	 6,570,163,709	 12,655,890	 574,635
 Net Position - End of Year	 \$ 8,253,620,529	 \$ 16,482,430	 \$ 595,627

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

STATEMENT OF NET POSITION COMPONENT UNITS June 30, 2021

	MCPS	HOC	Nonmajor Component Units	Total
ASSETS				
Equity in pooled cash and investments	\$ 161,535,702	\$ -	\$ 16,010,936	\$ 177,546,638
Cash with fiscal agents	-	88,552,206	63,958,646	152,510,852
Cash	6,608,430	19,629	9,006,624	15,634,683
Investments - cash equivalents	97,204,491	36,007,343	26,339,371	159,551,205
Investments	-	-	21,866,110	21,866,110
Receivables (net of allowance for uncollectibles):				
Accounts	28,161,198	3,053,901	15,406,201	46,621,300
Notes	-	-	50,102,975	50,102,975
Mortgage	-	519,653,627	-	519,653,627
Interest	-	10,229,505	-	10,229,505
Other	60,854	16,043,540	3,005,770	19,110,164
Due from primary government	18,509,143	3,113,518	5,688,224	27,310,885
Due from other governments	53,745,350	2,894,704	11,984,599	68,624,653
Inventory of supplies	11,146,705	300,529	359,677	11,806,911
Prepays	350,374	9,870,484	1,221,866	11,442,724
Other assets	-	63,115,572	4,627,895	67,743,467
Restricted Assets:				
Equity in pooled cash and investments	-	-	3,681,447	3,681,447
Cash with fiscal agents	-	40,090,418	-	40,090,418
Cash	-	-	859,438	859,438
Investments - cash equivalents	-	269,520,969	11,039,367	280,560,336
Investments	-	173,867,792	1,502,603	175,370,395
Capital Assets:				
Nondepreciable assets	312,449,550	291,750,676	233,755,762	837,955,988
Depreciable assets, net	3,057,635,830	821,223,010	486,239,035	4,365,097,875
Total Assets	3,747,407,627	2,349,307,423	966,656,546	7,063,371,596
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of debt	-	-	340,905	340,905
Pension deferrals	272,066,175	43,170,695	10,433,239	325,670,109
OPEB deferrals	441,820,411	6,329,917	37,409,184	485,559,512
Accumulated decrease in fair value of hedging derivatives	-	31,509,126	34,661	31,543,787
Total Deferred Outflow of Resources	713,886,586	81,009,738	48,217,989	843,114,313
LIABILITIES				
Accounts payable	135,451,592	17,229,886	1,869,864	154,551,342
Interest payable	-	32,142,333	795,812	32,938,145
Retainage payable	9,063,307	-	1,298,271	10,361,578
Accrued liabilities	104,664,579	11,958,329	38,470,938	155,093,846
Deposits	-	21,760,453	497,736	22,258,189
Due to primary government	627,120	125,294,396	190,589	126,112,105
Due to other governments	-	-	864,972	864,972
Unearned revenue	7,890,069	28,380,751	8,013,891	44,284,711
Other liabilities	-	130,073,154	348,852	130,422,006
Noncurrent Liabilities:				
Due within one year	36,685,866	85,625,363	10,713,649	133,024,878
Due in more than one year	3,167,864,433	1,591,232,956	247,038,908	5,006,136,297
Total Liabilities	3,462,246,966	2,043,697,621	310,103,482	5,816,048,069
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding of debt	-	-	2,142,000	2,142,000
Pension deferrals	179,048,993	44,832,002	8,462,055	232,343,050
OPEB deferrals	588,674,612	14,459,638	50,879,598	654,013,848
Total Deferred Inflow of Resources	767,723,605	59,291,640	61,483,653	888,498,898
NET POSITION				
Net investment in capital assets	3,328,595,692	(49,224,685)	630,461,022	3,909,832,029
Restricted for:				
Capital projects	-	-	312,640	312,640
Debt service	-	110,183,032	-	110,183,032
Other purposes	4,940,900	21,416,586	46,343,571	72,701,057
Unrestricted (deficit)	(3,102,212,950)	244,952,967	(33,829,833)	(2,891,089,816)
Total Net Position	\$ 231,323,642	\$ 327,327,900	\$ 643,287,400	\$ 1,201,938,942

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

**STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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	\$ 4,611,184	\$ 4,599,571	\$ 140,500	\$ -	\$ -	\$ -	128,887	\$ 128,887
Culture and recreation	23,168,444	23,709,497	-	542,696	-	-	1,083,749	1,083,749
Community development and housing	313,270,465	150,058,315	142,386,786	65,335,422	-	44,510,058	-	44,510,058
Education:								
Secondary education	3,168,950,157	9,638,352	141,501,131	68,107,399	(2,949,703,275)	-	-	(2,949,703,275)
Higher education	350,182,169	64,554,750	20,351,137	36,329,093	-	-	(228,947,189)	(228,947,189)
Total component units	<u>\$ 3,860,182,419</u>	<u>\$ 252,560,485</u>	<u>\$ 304,379,554</u>	<u>\$ 170,314,610</u>	<u>(2,949,703,275)</u>	<u>44,510,058</u>	<u>(227,734,553)</u>	<u>(3,132,927,770)</u>
General revenues:								
Grants and contributions not restricted to specific programs					2,886,123,779	-	241,566,041	3,127,689,820
Investment income					-	905,093	11,582,797	12,487,890
Gain (loss) on sale of capital assets					-	15,150,844	-	15,150,844
Miscellaneous					8,663,199	-	217,772	8,880,971
Total general revenues					<u>2,894,786,978</u>	<u>16,055,937</u>	<u>253,366,610</u>	<u>3,164,209,525</u>
Change in net position					(54,916,297)	60,565,995	25,632,057	31,281,755
Net position - beginning, as restated					<u>286,239,939</u>	<u>266,761,905</u>	<u>617,655,343</u>	<u>1,170,657,187</u>
Net position - ending					\$ 231,323,642	\$ 327,327,900	\$ 643,287,400	\$ 1,201,938,942

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





NOTES TO FINANCIAL STATEMENTS



Notes To Financial Statements

Annual Comprehensive Financial Report
Fiscal Year 2021 | July 1, 2020 - June 30, 2021

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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 (the County) is a charter government under the constitution and general laws of the State of Maryland (the 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, 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	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 non-fiduciary 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, 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 custodial funds use the economic resource measurement focus and the full accrual basis of accounting to recognize revenues and expenses.

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 principal and interest expenditures on general long-term debt, including lease liabilities 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. General capital asset acquisitions, including entering into agreements giving the County the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, unavailable 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.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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 postemployment benefits trusts or GASB other fiduciary trusts. The custodial funds used by the County are the 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.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the Maryland Local Government Investment Pool (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, 2021. 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.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. In governmental funds, fund balance equivalent to the year-end prepaid value is classified as nonspendable to indicate that portion of fund balance which is not available in a spendable form.

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, infrastructure assets (e.g. roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar items), and the intangible right-to-use of leased assets, 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.

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. Intangible right-to-use leased assets are amortized over the shorter of the lease term or the estimated useful life of the underlying asset.

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.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, amounts relating to leases (see Note III-E), 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, 2021, 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 \$1,847.4 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 \$613.3 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

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 FY21. 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 2020 (i.e., FY21), 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 FY20 public tax lien sale that was originally scheduled for June 8, 2020 was 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.

14) Leases

County as Lessee

The County is a lessee for noncancellable leases of equipment, office space and land. The County recognizes lease liabilities and intangible right-to-use leased assets (leased assets) in the government-wide financial statements and proprietary fund financial statements.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The County monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the leased asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Leased assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Payments due under the lease contracts include fixed payments plus, for many of the County's leases, variable payments. For office space leases that include variable payments, those include payments for the County's proportionate share of the building's property taxes, insurance, and common area maintenance. For office equipment leases for which the County has elected not to separate lease and non-lease components, maintenance services are provided by the lessor at a fixed cost and are included in the fixed lease payments for the single, combined lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the County under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the County exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the County, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate), are initially measured using the index or rate as of the commencement of the lease term.

County as Lessor

The County is lessor for a number of non-cancellable leases. The County recognizes a lease receivable and deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease at the commencement date. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

E) New Accounting Standards

The County has adopted GASB Statement No. 87, *Leases*. This GASB Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. This Statement was implemented for FY21 reporting purposes. The required changes are reflected in the County's financial statements and notes to those statements. Adoption of the new standard resulted in the following additions to the opening balances in the statement of net position, which had no impact on net position.

	Primary Government	
	Governmental Activities	Business-type Activities
Lease receivable	\$ 61,541,772	\$ 1,185,386
Intangible right-to-use leased assets	135,966,599	57,812,190
Deferred inflow of resources	61,541,772	1,185,386
Leases payable	135,966,599	57,812,190

The County has adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This GASB Statement requires interest cost incurred before the end of a construction period to be expensed rather than capitalized as part of the cost of the asset. This Statement was implemented for FY21 reporting purposes. The required changes are reflected in the County's financial statements and notes to those statements.

The County has adopted GASB Statement No. 90, *Majority Equity Interests, an amendment of GASB Statement No. 14 and No. 61*. This GASB statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This GASB Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore the government should report that organization as a component unit or an investment. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities and deferred inflows of resources at acquisition value at the date the government acquired 100 percent equity interest. This Statement was implemented for FY21 reporting purposes and has no impact on the County's financial statement. None of the County's component units issue shares of stock, therefore, the County does not have the ownership of shares of the component units' stock or otherwise does not have an explicit, measurable right to the net resources of the component units.

The County has adopted GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, paragraphs 4 and 5. Paragraph 4 states that in certain circumstances, a legally separate organization does not have a governing board. For purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board. Paragraph 5 clarifies the financial burden criterion in paragraph 7 of Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. Paragraphs 4 and 5 of this Statement were implemented for FY21 reporting purposes and have no impact on the County's financial statement.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County has adopted GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This GASB Statement establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replaces instances of the term comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was implemented for FY21 reporting purposes. The required changes are reflected in the County's FY21 annual comprehensive financial report.

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. By an affirmative vote of 6 Councilmembers, the Council, after holding a public hearing, reviewing relevant economic indicators, and seeking the recommendation of the Executive, may transfer any amount from the Fund to the General Fund to support appropriations which have become unfunded.

These requirements 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, 2021.

Revenue Stabilization Fund (RSF)

Balance – Beginning of Year	\$	376,281,822
Investment Income		560,120
FY21 Statutory Contribution		67,771,645
Balance – End of Year	\$	<u>444,613,587</u>

White Flint Special Taxing District

The White Flint Special Taxing District (WFSTD) was established in 2011 and is used to account for property tax revenues related to the White Flint Sector. These revenues are used to fund transportation infrastructure improvements and other development costs in the WFSTD. Expenditure for the WFSTD are accounted for in the Capital Projects Fund and resulting advances are offset by the property tax collections each year. Currently, expenditures exceed the property tax revenue collected in the WFSTD, resulting in a \$26.7 million advance from the General Fund. Below is the inception-to-date revenue collection activity for the WFSTD balance as of June 30, 2021.

White Flint Special Taxing District (WFSTD)

Balance – Beginning of Year	\$	13,203,428
Property Taxes		2,426,287
Balance – End of Year	\$	<u>15,629,715</u>

Deficit Fund Equity

The deficit of \$5.0 million in the Fire Tax District Special Revenue Fund was caused by the negative fund balance at the beginning of FY21 due to unplanned Overtime and Negotiated Emergency Differential Pay in FY20. To address this shortfall, management approved a property tax adjustment and other expenditure and revenues adjustments in FY22.

At June 30, 2021, the Self Insurance – Employee Health Benefits fund had a deficit of \$13.6 million due to COVID-19 and the fact that the health insurance rates stayed flat in the current year. The County has adopted increased health insurance rates to replenish the fund deficit in FY22.

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	\$ 1,577,178,079	\$ 177,546,638	\$ 1,754,724,717
Cash with fiscal agents	29,323,376	152,510,852	181,834,228
Cash	458,475	15,634,683	16,093,158
Investments - cash equivalents	-	159,551,205	159,551,205
Investments	8,405,758,029	21,866,110	8,427,624,139
Restricted equity in pooled cash and investments	34,551,021	3,681,447	38,232,468
Restricted cash with fiscal agents	-	40,090,418	40,090,418
Restricted cash	144,475	859,438	1,003,913
Restricted investments - cash equivalents	1,342	280,560,336	280,561,678
Restricted investments	-	175,370,395	175,370,395
Total	<u>\$ 10,047,414,797</u>	<u>\$ 1,027,671,522</u>	<u>\$ 11,075,086,319</u>
<u>Deposit and Investment Summary:</u>			
Deposits	\$ 940,809,128	\$ 326,325,564	\$ 1,267,134,692
Investments	9,076,679,343	336,571,290	9,413,250,633
Cash on hand, fiscal agents, safe deposit escrow	29,926,326	364,774,668	394,700,994
Total	<u>\$ 10,047,414,797</u>	<u>\$ 1,027,671,522</u>	<u>\$ 11,075,086,319</u>

* Includes \$280,583 in County Investment Pool

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

Government-wide	\$ 1,615,897,745
Fiduciary funds	8,431,517,052
Total	<u>\$ 10,047,414,797</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.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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

	Primary Government	Component Units	Total Reporting Entity
<u>Statement of Net Position Amounts:</u>			
Equity in pooled cash and investments	\$ 1,577,178,079	\$ 280,583	\$ 1,577,458,662
Restricted equity in pooled cash and investments	34,551,021	-	34,551,021
Total	<u>\$ 1,611,729,100</u>	<u>\$ 280,583</u>	<u>\$ 1,612,009,683</u>
<u>Deposit and Investment Summary:</u>			
Deposits	\$ 940,809,128	\$ -	\$ 940,809,128
Investments, including accrued interest	670,919,972	280,583	671,200,555
Total	<u>\$ 1,611,729,100</u>	<u>\$ 280,583</u>	<u>\$ 1,612,009,683</u>

Deposits

Custodial 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.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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

The following is a summary of the fair value hierarchy of the fair value of investments of the County as of June 30, 2021

		Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2
<u>Investments by fair value level</u>	<u>June 30, 2021</u>		
U.S. Agency Securities	\$ 170,631,503	\$ -	\$ 170,631,503
U.S. Treasury Securities	20,126,500	20,126,500	-
Commercial paper	79,890,356	-	79,890,356
Total investments by fair value level	270,648,359	\$ 20,126,500	\$ 250,521,859
<u>Investments measured at amortized cost:</u>			
Maryland Local Government Investment Pool	300,280,444		
Money Market Mutual Funds	100,000,000		
Total investments measured at amortized cost	400,280,444		
<u>Total investments</u>	<u>\$ 670,928,803</u>		

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 three years); any investment with a maturity of over 12 months must be approved by the Director of Finance prior to execution. At June 30, 2021, the County had one investment with a maturity over 12 months (0-3 years) with a fair value of \$117,411,133.

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:

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

<u>Investment Type:</u>	Ratings		
	Standard & Poor's	Fitch	Moody's
Repurchase Agreements ¹	N/R	N/R	N/R
U.S. Treasury Securities	AA+	AAA	Aaa
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"	AA+	AAA	Aaa
Fannie Mae (FNMA) Long Term Debt	AA+	AAA	Aaa
Commercial Paper ³	A-1	F1	P-1
Bankers' Acceptances ⁴	N/R	N/R	N/R
Certificates of Deposit	N/R	N/R	N/R
Local Government Investment Pool (MLGIP)	AAAm	N/R	N/R
Money Market Mutual Funds	AAA	AAA	Aaa

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.⁴ - While Bankers' Acceptances are not rated, County policy requires that the underlying issuer is of the highest short-term investment grade.**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, 2021, 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

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Diversification by Institution:	Maximum percent of Portfolio*
Approved Broker/Dealers and 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 one issuer other than US agency debt (2.75% Federal Home Loan Banks (FHLB), 12.54% Federal Farm Credit Bank (FFCB), Freddie Mac (FHLMC) 7.61%), 13.41% of Money Market Mutual Funds, an aggregated 10.71% of Commercial Paper (2.01% Australia and New Zealand Banking Group, 3.35% National Bank of Canada, 2.01% SEB Group, 3.35% Toronto Dominion Bank), and 40.27% 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.

External Investment Pool Condensed Financial Statements:

The condensed financial statements of the County's external investment pool at June 30, 2021, are as follows:

Statement of Net Position June 30, 2021

Assets:	
Investment in securities, at fair value	\$ 670,928,803
Cash	940,809,128
Accrued interest receivable	271,752
Total assets and net position	\$ 1,612,009,683
Net position consists of:	
Internal participants' units outstanding (\$1.00 par), unrestricted	\$ 1,595,527,253
External participants' units outstanding (\$1.00 par)	16,482,430
Net position	\$ 1,612,009,683
Participants net position value, offering price and redemption price per share (\$1,612,014,338/1,612,359,549 units)	\$ 1.00

Statement of Changes in Net Position For the Fiscal Year Ended June 30, 2021

Investment Income *	\$ 1,778,566
Distributions to participants:	
Distributions paid and payable	(1,778,566)
Share transactions at net position value of \$1.00 per share:	
Purchase of units	\$ 18,885,000,082 *
Redemption of units	(18,561,231,411)
Net increase (decrease) in net position and shares resulting from share transactions	323,768,671 *
Total increase (decrease) in net position	323,768,671 *
Net position, July 1, 2020	1,288,241,012
Net position, June 30, 2021	\$ 1,612,009,683

* The pool has no expenses.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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 \$2,261,561 relates to amounts held by Marriott Hotels, pursuant to a management agreement, for the operation of the Conference Center.

Debt Service Fund

Cash with fiscal agents of \$12,297,575 represents lease revenue bond and revenue bond debt service reserve funds which are held in money market mutual funds and U.S. Government securities.

Capital Projects Fund

Cash with fiscal agents of \$12,534,865 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 \$2,128,543 is held in money market funds for the purpose of debt service.

Parking Lot Districts

Cash with fiscal agents of \$100,832 is to be used for the cost of debt issuance.

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, 2021, the fair value of the mutual and commingled investment funds was \$704,522,521. The fair value of the investments in international mutual funds was \$167,901,922.

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, 2021, the fair value of the mutual and commingled investment funds was \$610,944,506. The fair value of the investments in international mutual funds included in the County DCP was \$85,659,451.

Consolidated Retiree Health Benefits Trust (CRHBT):

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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.

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 measurements 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 summary of investments of ERS, RSP, DCP and CRHBT.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Investments by fair value level	June 30, 2021	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	\$ 117,801,912	\$ -	\$ 116,387,912	\$ 1,414,000
Municipal/Provincial obligations	2,381,774	-	2,381,774	-
Asset-backed securities	-	-	-	-
Corporate bonds	661,218,537	-	659,080,413	2,138,124
Commercial mortgage-backed securities	1,519,351	-	1,519,351	-
Total debt securities	782,921,574	-	779,369,450	3,552,124
Equity Securities				
Self directed - various securities	30,258,814	30,258,814	-	-
Consumer goods	298,786,891	298,765,855	-	21,036
Energy	95,000,043	94,626,918	159,665	213,460
Financial services	188,914,133	188,856,340	-	57,793
Health care	210,014,597	210,014,597	-	-
Industrials	294,587,147	293,125,011	1,388,936	73,200
Information technology	333,513,380	333,492,022	-	21,358
Materials	63,261,844	62,516,068	722,376	23,400
Telecommunication services	127,265,774	124,698,227	2,567,547	-
Utilities	115,000,684	114,575,468	172,113	253,103
Real Estate	430,323,000	430,323,000	-	-
Total equity securities	2,186,926,307	2,181,252,320	5,010,637	663,350
Securities lending collateral fund	165,793,157	-	165,793,157	-
Total investments by fair value level	3,135,641,038	\$ 2,181,252,320	\$ 950,173,244	\$ 4,215,474

Investments measured at the net asset value (NAV)

Commingled equity funds	1,160,272,873
Commingled bond funds	1,081,272,262
Commingled funds (other)	679,750,075
Hedge fund	279,241,056
Fund-of-hedge funds	300,888,108
Private real assets	399,926,342
Private equity/debt	1,068,262,951
Total investments measured at the NAV	4,969,613,667

Investments measured at amortized cost

Short-term investments	229,632,097
Total investment measured at amortized cost	229,632,097
Synthetic guaranteed investments contracts measured at contract value	70,871,227
Total investments	\$8,405,758,029

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

	June 30, 2021	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:				
Foreign exchange contracts	\$ 1,257,766	\$ -	\$ 1,257,766	\$ -
Credit default swaps	3,180,721	-	3,180,721	-
Total investments derivative instruments	\$ 4,438,487	\$ -	\$ 4,438,487	\$ -

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 annual comprehensive financial report 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	\$ 415,593,417	\$ -	Daily, Weekly, Monthly	0-15 days
Commingled bond funds	741,653,456	-	Daily, Monthly	1-2 days
Commingled funds (other)	10,782,245	-	Daily	None
Hedge funds	220,335,901	-	Monthly, Quarterly	5-90 days
Fund-of-hedge funds	235,925,225	-	Quarterly	95 days
Private real assets	343,846,799	103,549,400	Not eligible	N/A
Private equity/debt	864,349,703	280,909,137	Not eligible	N/A
Total investments measured at the NAV	\$ 2,832,486,746	\$ 384,458,537		

Employees' Retirement Savings Plan:

Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	\$ 128,278,277	\$ -	Daily	None
Commingled bond funds	15,973,201	-	Daily	None
Commingled funds (other)	532,697,841	-	Daily	None
Total investments measured at the NAV	\$ 676,949,319	\$ -		

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	\$ 360,800,874	\$ -	Daily	None
Commingled bond funds	42,174,820	-	Daily	None
Commingled funds (other)	136,269,989	-	Daily	None
Total investments measured at the NAV	<u>\$ 539,245,683</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	\$ 255,600,305	\$ -	Daily, Weekly, Monthly	0-15 days
Commingled bond funds	281,470,785	-	Daily, Monthly	0-5 days
Hedge fund	58,905,155	-	Monthly	5 days
Fund-of-hedge funds	64,962,883	-	Quarterly	95 days
Private real assets	56,079,543	11,782,951	Not eligible	N/A
Private equity/debt	203,913,248	33,927,422	Not eligible	N/A
Total investments measured at the NAV	<u>\$ 920,931,919</u>	<u>\$ 45,710,373</u>		

Commingled Bond Funds, Equity Funds and Other

Seven bond funds, eight equity funds and one other funds are considered to be commingled in nature for the ERS and five bond funds and eleven equity funds are considered for RSP and DCP while six bond funds, nine equity 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. Three 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 forty 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, 2021. 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 ninety-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, 2021. 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, pooled investments or short term investments) in any one company that represents 5 percent or more of net assets.

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2021, are as follows:

Employees' Retirement System:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AA+	\$ 78,402,207	5.30%
Foreign Government Obligations	AA	1,414,000	0.10
	BBB	461,463	0.03
	BB	101,000	0.01
Commercial Mortgage Backed Securities	B	1,519,351	0.10
Municipal/Provincial Bonds	AA	1,771,786	0.12
Corporate Bonds	AA	10,172,655	0.69
	A	35,020,796	2.37
	BBB	70,447,508	4.76
	BB	157,185,235	10.63
	B	142,003,230	9.60
	CCC	59,049,559	3.99
	CC	275,000	0.02
	C	128,160	0.01
	D	886,014	0.06
	Unrated	16,626,199	1.12
Fixed Income Pooled Funds	Unrated	740,843,303	50.09
Short-term Investments and Other	Unrated	162,518,924	11.00
Total Fixed Income Securities		<u>\$ 1,478,826,390</u>	<u>100.00%</u>

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*	AA	\$ 36,591,325	6.58%
Foreign Government Obligations	AA	637,000	0.11
	BBB	169,667	0.03
	BB	25,250	0.00
Municipal/Provincial Bonds	AA	609,988	0.11
Corporate Bonds	AA	3,935,123	0.71
	A	14,192,338	2.55
	BBB	32,430,328	5.83
	BB	50,004,735	8.99
	B	45,630,969	8.21
	CCC	17,736,585	3.19
	CC	75,000	0.01
	C	32,040	0.01
	D	147,740	0.03
	Unrated	5,239,323	0.94
Fixed Income Pooled Funds	Unrated	281,470,785	50.62
Short-term Investments and Others	Unrated	67,113,173	12.08
Total Fixed Income Securities		<u>\$ 556,041,369</u>	<u>100.00%</u>

* 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, 2021, 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	\$ 78,402,207	5.30%
Foreign Government Obligations	7.96	1,976,463	0.14
Commercial Mortgage-Backed Securities	3.07	1,519,351	0.10
Municipal/Provincial Obligations	15.34	1,771,786	0.12
Corporate Bonds	9.48	491,794,356	33.25
Fixed Income Pooled Funds	N/A	740,843,303	50.09
Short-term Investments and Other *	N/A	162,518,924	11.00
Total Fixed Income Securities		<u>\$ 1,478,826,390</u>	<u>100.00%</u>

Consolidated Retiree Health Benefits Trust:

Type of Investment	Effective Duration in Years	Fair Value	Percentage of Portfolio
U.S. Government Obligations	18.71	\$ 36,591,325	6.58%
Foreign Government Obligations	1.75	831,917	0.14
Municipal/Provincial Obligations	15.62	609,988	0.11
Corporate Bonds	6.65	169,424,181	30.47
Fixed Income Pooled Funds	N/A	281,470,785	50.62
Short-term Investments and Other *	N/A	67,113,173	12.08
Total Fixed Income Securities		<u>\$ 556,041,369</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	\$ 171,410,478	\$ -	\$ (71,039,558)	\$ 100,370,920
British pound sterling	104,495,360	-	(27,271,006)	77,224,354
Swedish krona	24,933,390	-	34,920,071	59,853,461
Canadian dollar	43,636,279	-	13,523,622	57,159,901
Hong Kong dollar	60,891,797	-	(8,914,088)	51,977,709
Japanese yen	108,988,525	-	(64,984,136)	44,004,389
Norwegian krone	2,506,176	-	26,003,648	28,509,824
Russian ruble	-	-	19,290,741	19,290,741
Indonesian rupiah	-	-	17,641,452	17,641,452
Danish krone	14,680,059	-	412	14,680,471
Other Currencies	88,133,898	-	(145,427,928)	(57,294,030)
Total International Securities	<u>\$ 619,675,962</u>	<u>\$ -</u>	<u>\$ (206,256,770)</u>	<u>\$ 413,419,192</u>

Consolidated Retiree Health Benefits Trust:

International Securities	Equity	Fixed Income	Short-term and Other	Total Non-U.S. Dollar
Euro	\$ 39,964,388	\$ -	\$ (11,346,442)	\$ 28,617,946
Swedish krona	7,449,497	-	15,560,231	23,009,728
Canadian dollar	7,452,702	-	5,869,145	13,321,847
Hong Kong dollar	14,794,419	-	(2,223,956)	12,570,463
Norwegian krone	255,924	-	8,976,267	9,232,191
British pound sterling	18,517,796	-	(11,430,613)	7,087,183
Russian ruble	-	-	4,822,685	4,822,685
Indonesian rupiah	-	-	4,410,363	4,410,363
Singapore dollar	2,694,037	-	865,923	3,559,960
Indian rupee	-	-	3,291,971	3,291,971
Other Currencies	38,818,320	-	(75,472,744)	(36,654,424)
Total International Securities	<u>\$ 129,947,083</u>	<u>\$ -</u>	<u>\$ (56,677,170)</u>	<u>\$ 73,269,913</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 FY21, 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, 2021, the ERS held 100 long US Treasury futures contracts with a fair value of \$17,846,094 and the CRHBT Fund held 62 long US Treasury futures contracts with a fair value of \$11,030,125. The ERS also held 20 currency futures contracts with a fair value of \$1,612,400 and 695 equity futures contracts with a fair value of \$67,880,352 and the Trust held 10 currency futures contracts with a fair value of \$806,200 and 314 equity futures contracts with fair value of \$40,044,621.

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, 2021, the ERS held \$858,736,506 buy foreign exchange contracts and (\$857,727,160) sell foreign exchange contracts with unrealized gain of \$1,009,346 while the CRHBT held \$278,655,284 buy foreign exchange contracts and (\$278,406,864) sell foreign exchange contracts with unrealized gain of \$248,420.

Credit default swaps are credit derivative contracts that enable investors to transfer credit risk of fixed income securities with another counterparty. As of June 30, 2021, the Trust held one credit default swap sell contract with a fair value of \$2,458,296 and notional amount of \$23,860,700.

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, 2021, the fair value of securities on loan was \$438,023,274 and \$87,712,535 for the ERS and CRHBT, respectively. Cash received as collateral and the related liability of \$155,728,739 and \$10,064,418 as of June 30, 2021 for

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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 \$927,664 and \$98,580, respectively, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements. For CRHBT, securities lending revenues and expenses amounting to \$170,472 and \$265, 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, 2021:

Employees' Retirement System:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
Government Obligations	\$ 35,664,108	\$ -	\$ 36,393,105
Corporate Bonds	75,310,993	-	77,346,316
Equities	40,712,159	-	41,989,318
Lent for Non-Cash Collateral:			
Government Obligations	42,786,819	44,968,057	-
Corporate Bonds	12,464,014	13,102,876	-
Equities	231,085,181	245,565,278	-
Total	<u>\$ 438,023,274</u>	<u>\$ 303,636,211</u>	<u>\$ 155,728,739</u>

Consolidated Retiree Health Benefits Trust:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
Corporate Bonds	\$ 6,649,871	\$ -	\$ 6,843,056
Equities	3,123,972	-	3,221,362
Lent for Non-Cash Collateral:			
Government Obligations	32,163,683	33,681,728	-
Corporate Bonds	805,513	831,903	-
Equities	44,969,496	45,998,560	-
Total	<u>\$ 87,712,535</u>	<u>\$ 80,512,191</u>	<u>\$ 10,064,418</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, 2021, there were no funds held by a counterparty that was acting as the ERS or CRHBT's agent in securities lending transactions.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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, 2021, 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 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, 2021 was P-1.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

At June 30, 2021, 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	\$ 25,333,176	N/A
Opportunity Housing Sub-Fund:		
Investment in MLGIP	2,740,548	AAAm
Money Market Accounts	25,491,015	N/A
Public Sub-Fund:		
Investment in MLGIP	2,011,008	AAAm
Multi-Family Sub-Fund:		
Money Market Accounts	136,814,333	N/A
Single Family Fund:		
Money Market Accounts	106,738,304	N/A
Real Estate Limited Partnership:		
Investment in MLGIP	-	N/A
Certificate of Deposit	-	N/A
Money Market Accounts	6,399,928	N/A
Total cash, cash equivalents and investments	<u>305,528,312</u>	
<u>Short-term Investments:</u>		
Single Family Sub-Fund:		
GNMA Pass through Certificates	3,059,255	Aaa
FNMA Pass through Certificates	3,039,607	Aaa
U.S. Treasuries	-	N/A
Federal Home Loan Mortgage Corp.	491,533	Aaa
Total short-term investments	<u>\$ 6,590,395</u>	

	Fair Value	1-5 years	6-10 years	Greater than 10 years	Rating
<u>Long-term Investments:</u>					
Multi-Family Sub Fund:					
Bank One Investment Agreement	\$ 591,525	\$ -	\$ 591,525	\$ -	AA/Aa2
Fannie Mae	3,211,073	-	3,211,073	-	Aaa
Federal Farm Credit Banks	2,794,300	638,549	746,642	1,409,109	Aaa
Federal Home Loan Banks	1,008,215	-	1,008,215	-	Aaa
Federal Home Loan Mtg Corp	960,726	-	-	960,726	Aaa
Mass Mutual Life Ins. GIC	55,000,000	55,000,000	-	-	
U.S. Treasuries	1,272,798	1,272,798	-	-	N/A
Single Family Sub-Fund:					
Fannie Mae	496,168	-	496,168	-	Aaa
Federal Farm Credit Banks	7,106,397	-	7,106,397	-	Aaa
Federal Home Loan Banks	10,516,466	-	-	10,516,466	Aaa
Federal Home Loan Mtg Corp	1,754,584	-	1,254,067	500,517	Aaa
FNMA Pass-through Certificates	44,879,735	-	-	44,879,735	Aaa
GNMA Pass-through Certificates	29,704,270	-	-	29,704,270	Aaa
Tennessee Valley Authority	4,656,449	-	-	4,656,449	AA+
U.S. Treasuries	3,324,691	1,984,323	1,340,368	-	N/A
Total long-term investments	<u>\$ 167,277,397</u>	<u>\$ 58,895,670</u>	<u>\$ 15,754,455</u>	<u>\$ 92,627,272</u>	
Cash balances	<u>128,662,253</u>				
Total cash, cash equivalents and investments	<u>\$ 608,058,357</u>				

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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.

Investments by fair value level	June 30, 2021	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	\$ 3,707,241	\$ -	\$ 3,707,241	\$ -
Federal Farm Credit Banks	9,900,697	-	9,900,697	-
Federal Home Loan Banks	11,524,681	-	11,524,681	-
Federal Home Loan Mortgage Corp	3,206,843	-	3,206,843	-
FNMA Pass-Through Certificates	47,919,342	-	47,919,342	-
GNMA Pass-Through Certificates	32,763,525	-	32,763,525	-
Investment Agreements	591,525	-	591,525	-
Mass Mutual Life Insurance GIC	55,000,000	-	55,000,000	-
Tennessee Valley Authority	4,656,449	-	4,656,449	-
U.S. Treasuries	4,597,489	4,597,489	-	-
Total investments by fair value level	\$ 173,867,792	\$ 4,597,489	\$ 169,270,303	\$ -
Investment Derivative Instruments				
Hedging Derivative Instrument	\$ (9,606,640)	\$ -	\$ (9,606,640)	\$ -
Total investments by fair value level	\$ 164,261,152	\$ 4,597,489	\$ 159,663,663	\$ -

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

B) Receivables

1) Accounts Receivable

Amounts other than lease receivable are aggregated in to a single accounts receivable (net of allowance for uncollectible accounts) line for certain funds and aggregated columns. The detail of receivables at June 30, 2021, 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	\$ 450,149,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450,149,806
Property taxes	44,875,966	-	-	-	15	10,538,092	55,414,073
Accounts	13,838,459	-	-	-	1,619,680	12,446,992	27,905,131
Notes	491,054	-	2,827,531	22,685,000	-	-	26,003,585
Parking violations	776,956	-	-	-	-	338,565	1,115,521
Mortgages	406,203	227,888,909	44,260,700	-	-	1,943,764	274,499,576
Interest	47,852	-	-	-	-	-	47,852
Total receivables	510,586,296	227,888,909	47,088,231	22,685,000	1,619,695	25,267,413	835,135,544
Allowance for uncollectible accounts	(457,153)	(26,274,060)	(3,211,109)	-	(15)	-	(29,942,337)
Total receivable (net)	<u>\$ 510,129,143</u>	<u>\$ 201,614,849</u>	<u>\$ 43,877,122</u>	<u>\$ 22,685,000</u>	<u>\$ 1,619,680</u>	<u>\$ 25,267,413</u>	<u>\$ 805,193,207</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 406,203</u>	<u>\$ 227,888,909</u>	<u>\$ 47,088,231</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,943,764</u>	<u>\$ 277,327,107</u>
	Liquor	Solid Waste Activities	Parking Lot Districts	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds	
Property taxes	\$ -	\$ -	\$ 288,652	\$ -	\$ 288,652	\$ -	-
Accounts	3,991,252	3,370,612	-	2,442,332	9,804,196	628,920	-
Parking violations	-	-	2,927,761	-	2,927,761	-	-
Interest	-	2,726	2,363	-	5,089	-	-
Total receivables	3,991,252	3,373,338	3,218,776	2,442,332	13,025,698	628,920	-
Allowance for uncollectible accounts	(1,881,146)	(67,254)	(1,809,236)	(12,024)	(3,769,660)	-	-
Total receivable (net)	<u>\$ 2,110,106</u>	<u>\$ 3,306,084</u>	<u>\$ 1,409,540</u>	<u>\$ 2,430,308</u>	<u>\$ 9,256,038</u>	<u>\$ 628,920</u>	-
Amounts not scheduled for collection during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**2) Due from/to Component Units**

The balances at June 30, 2021, were:

Due from Component Units / Due to Primary Government:

Due from Component Units:	MCPS	MC	MCRA	HOC	BUP	Total
Due to Primary Government:						
General	\$ 598,061	\$ 3,159	\$ 45,630	\$ 44,647	\$ -	\$ 691,497
Housing Initiative	-	-	-	102,703,221	-	102,703,221
Grants	-	-	-	10,761,094	-	10,761,094
Capital Projects	-	-	-	10,625,267	-	10,625,267
Solid Waste Activities Enterprise	-	176	-	261	-	437
Parking Lot Districts Enterprise	-	-	-	251,109	-	251,109
Internal Service	29,059	2,593	96,004	567,938	24,228	719,822
Fiduciary	-	-	18,799	340,859	-	359,658
Total Due to Primary Government	<u>\$ 627,120</u>	<u>\$ 5,928</u>	<u>\$ 160,433</u>	<u>\$125,294,396</u>	<u>\$ 24,228</u>	<u>\$ 126,112,105</u>

Due to Component Units / Due from Primary Government:

Due to Component Units:	MCPS	MC	MCRA	HOC	BUP	Total
Due from Primary Government:						
General	\$ 820,936	\$ 61,920	\$ 75,005	\$ 1,160,627	\$ 546,193	\$ 2,664,681
Debt Service	-	29	-	-	-	29
Capital Projects	17,688,207	4,844,317	-	1,952,891	-	24,485,415
Nonmajor Governmental	-	-	-	-	160,316	160,316
Parking Lot Districts Enterprise	-	-	-	-	444	444
Total Due from Primary Government	<u>\$ 18,509,143</u>	<u>\$ 4,906,266</u>	<u>\$ 75,005</u>	<u>\$ 3,113,518</u>	<u>\$ 706,953</u>	<u>\$ 27,310,885</u>

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

- \$10.8 million due from HOC to the Grants Special Revenue Fund and \$10.6 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.
- \$102.7 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.
- \$17.7 million due to MCPS and \$4.8 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.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

3) Due from Other Governments

The total amount due from other governments at June 30, 2021, was comprised of the following:

	General	Grants	Capital Projects	Solid Waste Activities	Parking Lot Districts	Nonmajor Governmental	Internal Service	Fiduciary	Total
Federal government	\$ 395,299	\$ 26,506,873	\$ 2,368,892	\$ 7,951	\$ -	\$ 30,750	\$ -	\$ -	\$ 29,309,765
State of Maryland	31,954,134	7,409,070	6,976,065	2,989	-	1,765,871	226,046	6,726	48,340,901
Other	12,487	133,209	1,987,676	76,363	198,380	-	1,382,749	1,370	3,792,234
Total	<u>\$ 32,361,920</u>	<u>\$ 34,049,152</u>	<u>\$ 11,332,633</u>	<u>\$ 87,303</u>	<u>\$ 198,380</u>	<u>\$ 1,796,621</u>	<u>\$ 1,608,795</u>	<u>\$ 8,096</u>	<u>\$ 81,442,900</u>

4) Due to Other Governments

The total amount due to other governments at June 30, 2021 is \$183.1 million. This amount is comprised mainly of \$142.0 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, 2021, was as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Governmental Activities				
Nondepreciable Capital Assets:				
Land	\$ 1,065,648,088	\$ 64,115,583	\$ 220,361	\$ 1,129,543,310
Construction in progress	2,241,361,920	209,902,826	800,205,708	1,651,059,038
Total Nondepreciable Capital Assets	3,307,010,008	274,018,409	800,426,069	2,780,602,348
Depreciable and amortizable Capital Assets:				
Buildings	1,119,188,249	164,349,979	-	1,283,538,228
Improvements other than buildings	83,606,433	86,099,959	-	169,706,392
Furniture, fixtures, equipment and machinery	222,384,712	50,628,494	18,636,423	254,376,783
Leasehold improvements	17,784,087	151,358	11,255	17,924,190
Automobiles and trucks	356,951,950	7,438,197	11,769,888	352,620,259
Infrastructure	2,067,668,546	695,327,247	180,073,699	2,582,922,094
Other assets	134,293,459	3,007,408	-	137,300,867
Right-to-use leased buildings *	125,445,955	4,900,557	161,099	130,185,413
Right-to-use leased land *	4,446,531	-	-	4,446,531
Right-to-use leased equipment *	6,074,113	-	-	6,074,113
Total Depreciable and amortizable Capital Assets	4,137,844,035	1,011,903,199	210,652,364	4,939,094,870
Less Accumulated Depreciation and Amortization for:				
Buildings	496,894,529	28,613,475	-	525,508,004
Improvements other than buildings	27,914,561	9,296,409	-	37,210,970
Furniture, fixtures, equipment and machinery	198,707,778	15,881,515	1,449,415	213,139,878
Leasehold improvements	12,897,082	1,045,664	-	13,942,746
Automobiles and trucks	232,486,591	24,796,357	11,566,118	245,716,830
Infrastructure	879,915,646	76,560,215	21,982	956,453,879
Other assets	37,632,393	7,539,397	-	45,171,790
Right-to-use leased buildings	-	15,745,405	-	15,745,405
Right-to-use leased land	-	203,737	-	203,737
Right-to-use leased equipment	-	1,740,016	-	1,740,016
Total Accumulated Depreciation and Amortization	1,886,448,580	181,422,190	13,037,515	2,054,833,255
Total Depreciable and amortizable Assets, net	2,251,395,455	830,481,009	197,614,849	2,884,261,615
Governmental Activities Capital Assets, net	\$ 5,558,405,463	\$ 1,104,499,418	\$ 998,040,918	\$ 5,664,863,963
Business-Type Activities				
Nondepreciable Capital Assets:				
Land	\$ 58,444,081	\$ -	\$ -	\$ 58,444,081
Construction in progress	9,488	1,441,148	1,134	1,449,502
Total Nondepreciable Capital Assets	58,453,569	1,441,148	1,134	59,893,583
Depreciable and amortizable Capital Assets:				
Buildings	301,469,366	208,125	-	301,677,491
Improvements other than buildings	199,492,911	3,397,727	-	202,890,638
Furniture, fixtures, equipment and machinery	37,525,998	1,460,662	1,371,051	37,615,609
Infrastructure	14,351	-	-	14,351
Automobiles and trucks	8,467,037	390,660	213,556	8,644,141
Right-to-use leased buildings *	57,777,435	6,222,832	-	64,000,267
Right-to-use leased equipment *	34,755	-	-	34,755
Total Depreciable and amortizable Capital Assets	604,781,853	11,680,006	1,584,607	614,877,252

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Less Accumulated Depreciation and Amortization for:				
Buildings	177,588,342	7,252,178	-	184,840,520
Improvements other than buildings	143,565,705	3,437,043	-	147,002,748
Furniture, fixtures, equipment and machinery	25,859,233	2,864,069	1,030,769	27,692,533
Infrastructure	7,893	574	-	8,467
Automobiles and trucks	3,221,640	605,321	210,274	3,616,687
Right-to-use leased buildings	-	6,162,052	-	6,162,052
Right-to-use leased equipment	-	16,670	-	16,670
Total Accumulated Depreciation and Amortization	350,242,813	20,337,907	1,241,043	369,339,677
Total Depreciable and amortizable Assets, net	254,539,040	(8,657,901)	343,564	245,537,575
Business-Type Activities Capital Assets, net	\$ 312,992,609	\$ (7,216,753)	\$ 344,698	\$ 305,431,158

* The County implemented GASB Statement No. 87 effective July 1, 2020. As a result, the beginning balances include the right-to-use leased assets for those qualifying leases that were in place at that date.

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

Governmental activities:	
General government	\$ 48,877,472
Public safety	8,039,301
Transportation	110,784,930
Health and human services	1,829,844
Culture and recreation	7,972,823
Community development and housing	645,449
Environment	3,272,371
Total depreciation/amortization expense-governmental activities	\$ 181,422,190
Business-type activities:	
Liquor	\$ 8,010,352
Solid waste activities	2,220,942
Parking lot districts	9,918,448
Permitting services	188,165
Total depreciation/amortization expense-business-type activities	\$ 20,337,907

Construction commitments as of June 30, 2021, are as follows:

	Construction Commitments
General Government	\$ 76,451,688
Public Safety	11,781,250
Transportation	97,243,532
Culture & Recreation	817,229
Community Development and Housing	9,236,339
Environment	19,521,799
Total	\$ 215,051,837

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

Capital assets of MCPS, amounting to \$3,370,085,380 at June 30, 2021, are significant in relation to the total component unit capital assets.

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Governmental Activities				
Nondepreciable capital assets:				
Land	\$ 113,117,160	\$ -	\$ -	\$ 113,117,160
Construction in progress	113,645,794	126,412,224	40,725,628	199,332,390
Total nondepreciable capital assets	226,762,954	126,412,224	40,725,628	312,449,550
Depreciable capital assets:				
Buildings and improvements	4,013,826,736	91,665,562	6,735,826	4,098,756,472
Site improvements	494,219,215	2,245,321	-	496,464,536
Vehicles and equipment	207,128,682	19,433,083	8,855,803	217,705,962
Total depreciable capital assets	4,715,174,633	113,343,966	15,591,629	4,812,926,970
Less accumulated depreciation for:				
Buildings and improvements	1,428,351,432	105,189,459	5,215,505	1,528,325,386
Site improvements	102,324,020	8,261,301	-	110,585,321
Vehicles and equipment	117,721,496	14,320,445	8,790,486	123,251,455
Total accumulated depreciation	1,648,396,948	127,771,205	14,005,991	1,762,162,162
Total depreciable capital assets, net	3,066,777,685	(14,427,239)	1,585,638	3,050,764,808
Government activities capital assets, net	\$ 3,293,540,639	\$ 111,984,985	\$ 42,311,266	\$ 3,363,214,358
Business-Type Activities				
Depreciable capital assets:				
Vehicles and equipment	\$ 21,535,555	\$ 2,288,558	\$ 356,285	\$ 23,467,828
Total depreciable capital assets	21,535,555	2,288,558	356,285	23,467,828
Less accumulated depreciation for:				
Vehicles and equipment	15,784,676	1,139,423	327,293	16,596,806
Total accumulated depreciation	15,784,676	1,139,423	327,293	16,596,806
Business-type activities capital assets, net	\$ 5,750,879	\$ 1,149,135	\$ 28,992	\$ 6,871,022
Total MCPS government-wide capital assets				\$ 3,370,085,380

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

Governmental activities:	
Regular instruction	\$ 99,464,328
Special education	143,940
Student transportation	12,530,985
Operation of plant	308,678
Maintenance of plant	15,130,544
Administration	182,403
Community services	10,327
Total depreciation expense-governmental activities	\$ 127,771,205
Business-type activities:	
Food services	\$ 1,113,808
Entrepreneurial	25,615
Total depreciation expense-business type activities	\$ 1,139,423

Commitments for ongoing construction in progress at June 30, 2021, were \$151,161,167.

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, 2021 , is as follows:

Due To Fund	Due From Fund			
	General	Internal Service	Fiduciary	Total
General	\$ -	\$ 7,299,585	\$ 5,575,857	\$ 12,875,442
Housing Initiative	14,618	12,829	25,271	52,718
Grants	17,465,969	248,500	178,037	17,892,506
Capital Projects	193,233,038	221,566	237,387	193,691,991
Liquor	735,305	504,336	221,720	1,461,361
Solid Waste Activities	190,895	124,700	108,919	424,514
Parking Lot Districts	91,920	46,551	42,291	180,762
Nonmajor Governmental	-	2,900,044	3,297,890	6,197,934
Nonmajor Enterprise	567,970	295,420	263,937	1,127,327
Internal Service	456,483	316,082	7,753,667	8,526,232
Fiduciary	201,250	19,273	21,975	242,498
Total	<u>\$ 212,957,448</u>	<u>\$ 11,988,886</u>	<u>\$ 17,726,951</u>	<u>\$ 242,673,285</u>

Included in the amounts presented above are the following short-term loans from the General Fund that were, or will be, repaid during FY22:

- \$17.5 million to the Grants Special Revenue Fund to cover vendor payments prior to revenues being received from other government agencies.
- \$193.2 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. \$26.7 million of this total is related to projects in the White Flint Special Taxing District.

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 accruals are charged to fiduciary funds.

Interfund transfers for the year ended June 30, 2021 , consisted of the following:

Transfers Out Fund	Transfers In Fund				Subtotal Major Governmental
	General	Housing Initiative	Debt Service	Capital Projects	
General	\$ -	\$ 23,212,045	\$ 351,488,687	\$ 13,193,450	\$ 387,894,182
Housing Initiative	462,465	-	8,941,912	14,715,689	24,120,066
Capital Projects	5,500,000	51,254,699	903,642	-	57,658,341
Debt Service	-	-	-	3,992,136	3,992,136
Liquor	31,674,153	-	5,192,997	-	36,867,150
Solid Waste Activities	3,403,120	-	-	-	3,403,120
Parking Lot Districts	5,506,895	-	-	-	5,506,895
Nonmajor Governmental	49,263,980	-	56,007,955	24,547,047	129,818,982
Nonmajor Enterprise	6,484,071	-	295,560	313,048	7,092,679
Internal Service Funds	3,713,312	-	57,178	-	3,770,490
Total	<u>\$ 106,007,996</u>	<u>\$ 74,466,744</u>	<u>\$ 422,887,931</u>	<u>\$ 56,761,370</u>	<u>\$ 660,124,041</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Transfers Out Fund	Transfers In Fund				Total
	Parking Lot Districts	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	
General	\$ 5,955,254	\$ 2,697,010	\$ 25,000	\$ 97,780	\$ 396,669,226
Housing Initiative	-	-	-	-	24,120,066
Capital Projects	-	-	-	-	57,658,341
Debt Service	-	-	-	-	3,992,136
Liquor	-	-	-	-	36,867,150
Solid Waste Activities	-	-	-	-	3,403,120
Parking Lot Districts	-	-	-	-	5,506,895
Nonmajor Governmental	-	1,000,000	-	-	130,818,982
Nonmajor Enterprise	-	-	-	-	7,092,679
Internal Service Funds	-	-	-	-	3,770,490
Total	\$ 5,955,254	\$ 3,697,010	\$ 25,000	\$ 97,780	\$ 669,899,085

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.

E) Leases**1) County as Lessee**

The County has entered into various lease agreements as lessee primarily for office space, land and office equipment. Most leases have initial terms of up to 20 years, and contain one or more renewals at the County's option, generally for three- or five-year periods. The County has generally included these renewal periods in the lease term when it is reasonably certain that the County will exercise the renewal option. The County's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Certain real estate leases require additional payments for common area maintenance, real estate taxes, and insurance, which are expensed as incurred as variable lease payments. For the County's transportation equipment leases, variable payments include those for property taxes and mileage. For office space leases that include variable payments, those include payments for the County's proportionate share of the building's property taxes, insurance, and common area maintenance. The County's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the County's leases is not readily determinable, the County utilizes its incremental borrowing rate to discount the lease payments.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

At June 30, 2021, the statement of net position includes the following amounts relating to leases:

	Governmental Activities	Business-type Activities	Total
Right-of-use leased assets:			
Buildings	\$ 130,185,413	\$ 64,000,267	\$ 194,185,680
Land	4,446,531	-	4,446,531
Equipment	6,074,113	34,755	6,108,868
Total Right-of-use leased assets	140,706,057	64,035,022	204,741,079
Less Accumulated Amortization for:			
Right-of-use leased assets			
Buildings	15,745,405	6,162,052	21,907,457
Land	203,737	-	203,737
Equipment	1,740,016	16,670	1,756,686
Total Accumulated Amortization	17,689,158	6,178,722	23,867,880
Total Right-of-use leased assets, net:			
Buildings	114,440,008	57,838,215	172,278,223
Land	4,242,794	-	4,242,794
Equipment	4,334,097	18,085	4,352,182
Total	<u>\$ 123,016,899</u>	<u>\$ 57,856,300</u>	<u>\$ 180,873,199</u>
Lease payable:			
Current	\$ 15,385,755	\$ 5,376,916	\$ 20,762,671
Non-current	110,501,605	53,396,727	163,898,332
Total	<u>\$ 125,887,360</u>	<u>\$ 58,773,644</u>	<u>\$ 184,661,003</u>

The future principal and interest lease payments as of June 30, 2021, were as follows:

Fiscal Year	Governmental activities			Business type activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 15,385,755	\$ 2,603,655	\$ 17,989,410	\$ 5,376,916	\$ 1,223,511	\$ 6,600,427
2023	15,620,179	2,264,786	17,884,965	5,269,837	1,110,645	6,380,482
2024	15,310,815	1,926,306	17,237,121	5,207,836	999,538	6,207,374
2025	14,650,424	1,598,813	16,249,237	5,113,764	886,585	6,000,349
2026	14,306,728	1,279,517	15,586,245	4,779,907	777,185	5,557,092
2027-2031	29,455,732	3,279,323	32,735,055	19,113,366	2,351,000	21,464,366
2032-2036	10,914,442	1,881,307	12,795,749	10,702,128	996,407	11,698,535
2037-2041	8,241,657	701,228	8,942,885	3,204,596	180,071	3,384,667
2042-2046	1,997,170	111,378	2,108,547	5,294	7,770	13,064
2047-2051	4,458	-	4,458	-	-	-
Total	<u>\$125,887,360</u>	<u>\$ 15,646,313</u>	<u>\$141,533,673</u>	<u>\$ 58,773,644</u>	<u>\$ 8,532,712</u>	<u>\$ 67,306,356</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**2) County as Lessor**

The County leases out some of its buildings and land. Most leases have initial terms of up to 20 years, and contain one or more renewals at the County's option, generally for three- or five-year periods. The County has included these renewal periods in the lease term when they are both noncancellable and reasonably certain to be exercised. The County's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the County's leases is not readily determinable, the County utilizes its incremental borrowing rate to discount the lease payments. Although the County is exposed to changes in the residual value at the end of the current leases, the County typically enters into new operating leases and therefore will not immediately realize any reduction in residual value at the end of these leases.

The total amount of inflows of resources relating to leases recognized in the current fiscal year are as follows:

	Governmental Activities	Business-type Activities	Total
Lease revenue	\$ 5,268,497	\$ 92,469	\$5,360,966
Interest revenue	\$ 1,731,148	\$ 31,154	\$1,762,302

At June 30, 2021, the principle and interest requirements to maturity for the lease receivable are as follows:

Fiscal Year	Governmental activities			Business type activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 4,634,910	\$ 1,556,964	\$ 6,191,874	\$ 71,068	\$ 33,823	\$ 104,891
2023	4,315,883	1,378,670	5,694,553	69,159	32,306	101,465
2024	3,991,792	1,202,162	5,193,954	69,516	30,837	100,353
2025	1,321,089	1,029,796	2,350,885	67,258	29,308	96,566
2026	1,343,488	996,095	2,339,583	70,225	27,791	98,016
2027-2031	7,783,305	4,006,470	11,789,775	146,303	110,215	256,518
2032-2036	3,827,047	3,656,422	7,483,469	144,906	113,932	258,838
2037-2041	3,515,343	3,238,125	6,753,468	164,252	97,146	261,398
2042-2046	1,673,605	2,939,923	4,613,528	186,086	78,141	264,227
2047-2051	1,523,616	2,770,294	4,293,910	210,717	56,632	267,349
2052-2056	1,967,407	2,582,772	4,550,179	99,816	36,235	136,051
2057-2061	2,507,428	2,339,837	4,847,265	8,239	32,134	40,373
2062-2066	3,157,817	2,033,851	5,191,668	13,541	31,034	44,575
2067-2071	2,327,500	1,722,406	4,049,906	19,759	29,455	49,214
2072-2076	2,685,890	1,450,621	4,136,511	27,180	27,157	54,337
2077-2081	3,239,281	1,128,429	4,367,710	35,979	24,012	59,991
2082-2086	3,894,268	741,466	4,635,734	46,416	19,820	66,236
2087-2091	3,178,833	309,664	3,488,497	58,694	14,435	73,129
2092-2096	960,838	40,697	1,001,535	66,675	9,131	75,806
2097-2101	904	-	904	1,501	-	1,501
Total	<u>\$ 57,850,244</u>	<u>\$ 35,124,664</u>	<u>\$ 92,974,908</u>	<u>\$ 1,577,290</u>	<u>\$ 833,544</u>	<u>\$ 2,410,834</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

F) Long-Term Debt

Primary Government

1) Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due within one year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 2,939,810,000	\$ 854,795,000	\$ (775,195,000)	\$ 3,019,410,000	\$ 262,575,000
Variable rate demand obligations	170,000,000	-	-	170,000,000	-
Bond anticipation notes	500,000,000	315,000,000	(345,000,000)	470,000,000	470,000,000
Revenue bonds					
Liquor control	50,756,694	34,552,111	(40,292,952)	45,015,853	3,132,900
Water quality protection	69,277,402	4,647,723	(5,466,462)	68,458,663	5,905,797
Lease revenue bonds payable	15,210,000	-	(2,790,000)	12,420,000	2,935,000
Add remaining original issue premium	282,722,241	87,914,863	(93,228,758)	277,408,346	-
Total bonds payable	<u>4,027,776,337</u>	<u>1,296,909,697</u>	<u>(1,261,973,172)</u>	<u>4,062,712,862</u>	<u>744,548,697</u>
Other long-term obligations:					
Other obligations	2,820,000	-	(915,000)	1,905,000	940,000
Certificates of participation	23,430,000	124,000,000	(5,185,000)	142,245,000	13,410,000
Taxable limited obligation certificates	98,475,000	-	(5,810,000)	92,665,000	6,010,000
Notes payable	43,216,758	-	(10,361,641)	32,855,117	2,292,614
Equipment notes	56,577,224	784,059	(41,850,715)	15,510,568	5,562,326
Leases Payable	135,966,599	4,900,557	(14,979,796)	125,887,360	15,385,755
Add remaining original issue premium	1,080,617	18,968,501	(1,951,577)	18,097,541	-
Total other long-term obligations	<u>361,566,198</u>	<u>148,653,117</u>	<u>(81,053,729)</u>	<u>429,165,586</u>	<u>43,600,695</u>
Other non-debt related liabilities:					
Compensated absences	83,757,638	83,123,839	(52,084,330)	114,797,147	74,618,145
Net OPEB Liability	825,636,740	157,895,369	-	983,532,109	-
Claims payable - self-insurance	181,830,673	194,986,433	(176,610,883)	200,206,223	53,384,485
Net pension liability - county	39,557,637	110,640,008	(79,948,873)	70,248,772	-
Net pension liability - county (LOSAP)	38,562,856	5,812,035	-	44,374,891	-
Net pension liability - state	25,741,768	2,051,923	-	27,793,691	-
Claims and judgments	7,440,115	-	(7,440,115)	-	-
Total other non-debt related	<u>1,202,527,427</u>	<u>554,509,607</u>	<u>(316,084,201)</u>	<u>1,440,952,833</u>	<u>128,002,630</u>
Total Governmental Activities Liabilities	<u>\$ 5,591,869,962</u>	<u>\$ 2,000,072,421</u>	<u>\$ (1,659,111,102)</u>	<u>\$ 5,932,831,281</u>	<u>\$ 916,152,022</u>
Business-Type Activities					
Revenue bonds:					
Alcohol Beverage Service	\$ 30,838,306	\$ 11,547,889	\$ (12,902,048)	\$ 29,484,147	\$ 2,777,100
Parking revenue bonds	26,228,000	22,808,000	(26,228,000)	22,808,000	1,895,000
Add remaining original issue premium	3,699,626	911,693	(1,553,762)	3,057,557	-
Total revenue bonds	<u>60,765,932</u>	<u>35,267,582</u>	<u>(40,683,810)</u>	<u>55,349,704</u>	<u>4,672,100</u>
Other long-term obligations:					
Certificates of participation	-	1,890,000	(270,000)	1,620,000	435,000
Equipment notes	3,504,685	-	(2,828,858)	675,827	520,403
Leases Payable	57,812,190	6,222,832	(5,261,378)	58,773,644	5,376,916
Total other long-term obligations	<u>61,316,875</u>	<u>8,112,832</u>	<u>(8,360,236)</u>	<u>61,069,471</u>	<u>6,332,319</u>
Other non-debt related liabilities:					
Compensated absences	8,893,818	700,171	(4,988)	9,589,001	6,232,850
Net pension liability - county	2,656,673	7,446,718	(5,321,459)	4,781,932	-
Landfill closure costs	15,424,100	6,497,039	(515,669)	21,405,470	1,838,520
Gude landfill remediation	59,957,030	-	(997,997)	58,959,033	-
Total other non-debt related	<u>86,931,621</u>	<u>14,643,928</u>	<u>(6,840,113)</u>	<u>94,735,436</u>	<u>8,071,370</u>
Total Business-Type Activities Liabilities	<u>\$ 209,014,428</u>	<u>\$ 58,024,342</u>	<u>\$ (55,884,159)</u>	<u>\$ 211,154,611</u>	<u>\$ 19,075,789</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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, \$3,772,755 (\$2,452,290 due within one year and \$1,320,465 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.

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 August 5, 2020 with a true interest cost of 1.42%; the County received a premium of \$39,862,400. The County also issued Series B \$163,950,000 and Series C \$370,845,000 refunding bonds dated August 5, 2020. The County received premiums on the refunding bonds of \$43,321,958 in total. These bonds were issued with a true interest cost of 0.74% and 1.48% respectively.

Debt service savings from Series B and Series C was \$39.15 million and \$32.95 million, respectively. At the time of refunding, the present value of the debt service savings (or economic gain) on the refunding was \$37.04 million and \$31.88 million, respectively.

A detailed listing of refunded bonds is as follows:

	Dated Date	Original Maturity	Rate of Interest	Originally Issued	Years	Amount Refunded	
Series B							
GO Bonds	07/26/10	2023-30	4.75 - 5.40 %	\$ 106,320,000	2023-30	\$106,320,000	
GO Bonds	07/26/10	2023-30	4.75 - 5.40	23,680,000	2023-30	23,680,000	
GO Bonds	10/24/12	2013-32	2.50 - 5.25	295,000,000	2028-32	73,750,000	
	Dated Date	Original Maturity	Rate of Interest	Originally Issued	Years	Amount Refunded	Amount Unrefunded
Series C							
GO Bonds	11/26/13	2014-33	3.00 - 5.00 %	\$ 295,000,000	2025-33	\$118,000,000	\$ 44,250,000
GO Bonds	11/19/14	2015-34	4.00 - 5.00	500,000,000	2027-34	200,000,000	100,000,000

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

General obligation bond issues outstanding as of June 30, 2021, are as follows:

Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2021	Unamortized Premium	Carrying Value June 30, 2021
08/11/11*	2012-22	2.00 - 5.00%	\$ 237,655,000	\$ 64,620,000	\$ 856,805	\$ 65,476,805
11/26/13	2014-33	3.00 - 5.00	295,000,000	44,250,000	2,987,827	47,237,827
11/26/13*	2023-24	5.00	24,915,000	24,915,000	1,380,296	26,295,296
11/19/14	2015-34	4.00 - 5.00	500,000,000	100,000,000	11,614,082	111,614,082
11/19/14*	2016-28	5.00	297,990,000	258,475,000	20,604,274	279,079,274
03/26/15*	2018-21	5.00	58,520,000	7,700,000	-	7,700,000
12/01/15	2016-35	3.00 - 5.00	300,000,000	225,000,000	14,147,742	239,147,742
12/13/16	2017-36	3.00 - 5.00	340,000,000	272,000,000	18,542,875	290,542,875
11/15/17	2018-27	5.00	170,000,000	119,000,000	12,474,964	131,474,964
11/15/17*	2018-26	5.00	78,270,000	45,585,000	4,270,034	49,855,034
11/15/17*	2019-31	3.00 - 5.00	294,625,000	272,650,000	32,636,006	305,286,006
11/15/17*	2020-29	3.00 - 4.00	143,830,000	129,420,000	7,658,243	137,078,243
11/08/18	2019-38	3.50 - 5.00	330,000,000	297,000,000	24,058,751	321,058,751
11/07/19	2020-39	3.00 - 5.00	320,000,000	304,000,000	41,948,686	345,948,686
08/05/20	2021-40	1.75-4.00	320,000,000	320,000,000	36,383,742	356,383,742
08/05/20*	2023-32	4.00	163,950,000	163,950,000	36,493,089	200,443,089
08/05/20*	2023-34	0.50-1.85	370,845,000	370,845,000	1,731,793	372,576,793
Total			\$ 4,245,600,000	\$ 3,019,410,000	\$ 267,789,209	\$ 3,287,199,209

* 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
2022	\$ 262,575,000	\$ 113,612,180	\$ 376,187,180
2023	255,505,000	101,114,005	356,619,005
2024	245,580,000	89,150,380	334,730,380
2025	243,340,000	77,642,055	320,982,055
2026	236,350,000	66,814,175	303,164,175
2027-2031	975,515,000	204,078,260	1,179,593,260
2032-2036	590,045,000	71,058,907	661,103,907
2037-2041	210,500,000	10,885,000	221,385,000
Total	\$ 3,019,410,000	\$ 734,354,962	\$ 3,753,764,962

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, 2021 is \$8,676,001,454.

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, 2021, \$339,500,000 of bonds outstanding are considered defeased.

General obligation bonds authorized and unissued as of June 30, 2021 are \$1,496,300,000 and \$580,403,000, 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.

3) Variable Rate Demand Obligations

On December 19, 2017, the County issued 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 County is subject to mandatory sinking fund redemption on November 1 in each of the years 2028 through 2037.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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 December 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, 2021, are as follows:

Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2020	Bond Addition	Bonds Retired	Balance June 30, 2021
12/19/17	2028-37	Variable	<u>\$170,000,000</u>	<u>\$ 170,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,000,000</u>

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
2022	\$ -	\$ 51,000	\$ 51,000
2023	-	51,000	51,000
2024	-	51,000	51,000
2025	-	51,000	51,000
2026	-	51,000	51,000
2027-2031	51,000,000	239,700	51,239,700
2032-2036	85,000,000	262,174	85,262,174
2037-2040	34,000,000	26,074	34,026,074
Total	<u>\$ 170,000,000</u>	<u>\$ 782,948</u>	<u>\$ 170,782,948</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, 2021 was 0.030%.

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, Alcohol Beverage Service facilities, and Water Quality stormwater management facilities. Net revenues of respective funds are pledged against the timely repayment of principal and interest of the outstanding revenue bonds. Revenue bonds authorized and unissued as of June 30, 2021 are \$599,398,000 and \$69,753,680, 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 were 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.

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, 2021 was \$7.8 million.

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.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

	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, to 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 matured in 2026, remained 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 was approximately \$390,000 on a net present value basis over the remaining life of the loan.

In May 2021, the County issued \$16.93 million and \$5.87 million in Parking Revenue Refunding Bonds Series 2021 Series A and Series B, respectively. These bonds were issued with a true interest cost of 1.81% and 1.25%, respectively. The proceeds held in escrow account were used to refund \$17.86 million in Parking System Projects Revenue Bonds Series 2012A, \$1.82 million in Refunding Revenue Bonds Series 2012B and \$5.85 million in Parking Revenue Refunding Bonds Series 2015.

	Dated Date	Original Maturity	Rate of Interest	Originally Issued	Years Refunded	Amount Refunded
Parking Revenue Bonds Refunded:						
Bethesda Parking Lot District 2012	05/16/12	2015-32	3.000 - 5.000 %	\$ 24,190,000	2021-2032	\$ 17,860,000
Bethesda Parking Lot District 2012 Ref.	05/16/12	2013-21	2.000 - 5.000	13,750,000	2021	1,820,000
Bethesda Parking Lot District 2015 Ref.	10/19/15	2017-25	3.570	8,541,000	2021-25	5,848,000

Debt service savings from this refunding was \$1.08 million. At the time of refunding, the present value of the debt service savings (or economic gain) on the refunding was \$1.39 million.

In June 2021, the County issued \$15.90 million and \$30.21 million in Alcohol Beverage Services Refunding Revenue Bonds 2021 Series A and Series B, respectively. The County received a premium of \$5.42 million and \$0.14 million, respectively. These bonds were issued with true interest costs of 1.05% and 1.52%, respectively. The proceeds were held in an escrow account to be used to refund \$20.97 million in Department of Liquor Control 2011 Series A bonds and \$27.92 million in Department of Liquor Control 2013 Series A bonds, maturing on and after April 1, 2022.

	Dated Date	Original Maturity	Rate of Interest	Originally Issued	Years Refunded	Amount Refunded	Amount Unrefunded
Liquor Control Revenue Bond*							
Liquor Control & Transportation Series 2011	04/28/11	2012-31	2.000- 5.000%	\$ 34,360,000	2022-31	\$ 20,975,000	\$ -
Liquor Control & Transportation Series 2013	07/30/13	2014-33	3.125-5.000	46,645,000	2024-33	27,920,000	4,365,000

* 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 were \$4.02 million for Series A and \$3.98 million for Series B. At the time of refunding, the present value of the debt service savings (or economic gain) on the refunding was \$4.31 million and \$3.48 million, respectively.

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	11	\$ 25,312,016
Water Quality Protection	19	134,201,050
Alcohol Beverage Service	12	89,967,462
Total		<u>\$ 249,480,528</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

The pledged net revenues recognized during FY21 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	\$ 6,187,556*	\$ 700,000	\$ 934,343	\$ 1,634,343
Alcohol Beverage Service	49,163,081	4,300,000	3,708,788	8,008,788
Water Quality Protection	17,182,399	5,466,462	2,556,382	8,022,844

*Due to the COVID-19 pandemic, the County closed several streets within the PLD to accommodate the need for social distancing and utilized others to create outdoor dining areas, reducing the available on-street parking and related fees. As a result, the County transferred \$6.0 million to the PLD. The amount transferred is available for debt service and is included as net available revenue for debt service.

Revenue bond issues outstanding as of June 30, 2021, are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2021	Unamortized Premium/ (Discount)	Carrying Value June 30, 2021
Parking Revenue Bonds:							
Bethesda Parking Lot District 2021 Ref. Series A	05/06/21	2021-32	3.000 - 5.000%	\$ -	\$ 16,934,000	\$ -	\$ 16,934,000
Bethesda Parking Lot District 2021 Ref. Series B	05/06/21	2021-25	3.570	-	5,874,000	-	5,874,000
Water Quality Protection 2012A	07/18/12	2013-32	0.250 - 5.000	37,835,000	25,090,000	1,978,071	27,068,071
Water Quality Protection 2016A	04/06/16	2017-36	2.25 - 5.00	46,500,000	37,365,000	1,119,963	38,484,963
Water Quality Protection Loan							
Kemp Mill	12/20/19	2020-40	1.10	677,320	497,996	-	497,996
MS4	12/20/19	2020-40	1.10	50,000,000	5,505,667	-	5,505,667
Liquor Control Revenue Bonds*:							
Liquor Control & Transportation 2013	07/30/13	2014-33	3.125 - 5.000	46,645,000	4,365,000	106,622	4,471,622
Liquor Control & Transportation 2019 Ref.	03/29/19	2021-29	4.000 - 5.000	24,700,000	24,035,000	3,118,744	27,153,744
Alcohol Beverage Services 2021 Ref. Series A	06/09/21	2029-31	5.000	-	15,895,000	5,371,345	21,266,345
Alcohol Beverage Services 2021 Ref. Series B	06/09/21	2022-33	1.000-2.050	-	30,205,000	139,631	30,344,631
Total				\$ 206,357,320	\$ 165,766,663	\$ 11,834,376	\$ 177,601,039

* 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
2022	\$ 1,895,000	\$ 406,314	\$ 5,910,000	\$ 2,325,358
2023	1,945,000	355,683	5,925,000	2,307,140
2024	1,970,000	330,810	6,190,000	2,052,690
2025	1,996,000	305,625	6,360,000	1,879,590
2026	2,030,000	271,536	6,540,000	1,699,190
2027-2031	10,712,000	793,142	36,825,000	4,998,660
2032-2033	2,260,000	40,906	6,750,000	204,834
Total	\$ 22,808,000	\$ 2,504,016	\$ 74,500,000	\$ 15,467,462

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Fiscal Year Ending June 30	Water Quality Protection**		Total Revenue Bond Requirements		
	Principal	Interest	Principal	Interest	Total
2022	\$ 5,905,797	\$ 2,608,419	\$ 13,710,797	\$ 5,340,091	\$ 19,050,888
2023	6,271,023	2,680,947	14,141,023	5,343,770	19,484,793
2024	6,446,995	2,574,332	14,606,995	4,957,832	19,564,827
2025	6,683,252	2,345,075	15,039,252	4,530,290	19,569,542
2026	6,859,797	2,166,217	15,429,797	4,136,943	19,566,740
2027-2031	37,417,506	7,698,289	84,954,506	13,490,091	98,444,597
2032-2036	30,526,343	2,517,502	39,536,343	2,763,242	42,299,585
2037-2040	11,190,144	309,412	11,190,144	309,412	11,499,556
Total	\$ 111,300,857	\$ 22,900,193	\$ 208,608,857	\$ 40,871,671	\$ 249,480,528

* 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, 2021, the outstanding principal balance is \$48,845,857.

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	\$ 1,674,233	\$ -
Debt Service Account - Used to pay debt service on bonds	193,975	-
Debt Service Reserve Account - (including accrued interest) - Available to pay debt service on bonds if there is insufficient money available	1,342	-
Renewal and Renovation Account - Available for payment of renewals, replacements, renovations, and unusual and extraordinary repairs	1,000,000	4,449,794
Rate Stabilization Account - In case of short-term extraordinary expenses	-	1,613,052
Revenue Account - Available	5,419	-
Total	\$ 2,874,969	\$ 6,062,846

*Solid Waste Disposal also has a management reserve of \$25,733,147 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 FY21 are as follows:

	Balance June 30, 2020	BANs Issued	BANs Retired	Balance June 30, 2021
BAN Series 2009-A	\$ 100,000,000	\$ 7,500,000	\$ 22,500,000	\$ 85,000,000
BAN Series 2009-B	100,000,000	7,500,000	22,500,000	85,000,000
BAN Series 2010-A	150,000,000	150,000,000	150,000,000	150,000,000
BAN Series 2010-B	150,000,000	150,000,000	150,000,000	150,000,000
Total	\$ 500,000,000	\$ 315,000,000	\$ 345,000,000	\$ 470,000,000

BANs totaling \$315 million were issued during FY21, \$300 million Series 2010 and \$15 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 renewed credit agreements with State Street Bank and PNC Bank to provide liquidity with respect to the 2010 Series BANs for \$150 million each. The agreements will expire on July 28, 2023 and July 31, 2023, respectively. With respect to the 2009 Series BANs, the County has a credit agreement with JP Morgan Chase which expires on August 31, 2023. 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

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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, 2021, including amounts authorized and unissued from prior years, is \$535,403,000.

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 the 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.

In FY21, 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 (College)		
	Principal	Interest	Total
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	1,445,000	414,679	1,859,679
2027-2031	7,785,000	1,510,406	9,295,406
2032-2036	8,730,000	563,152	9,293,152
Total	<u>\$ 22,685,000</u>	<u>\$ 4,748,923</u>	<u>\$ 27,433,923</u>

In October 2020, the County issued \$95,360,000 in Certificate of Participation, Series 2020 A to finance and refinance the acquisition, construction and equipping of certain real and personal property. The County received a premium of \$16,255,213. The County also issued Series B and Series C for \$27,555,000 and \$2,975,000 respectively, to provide for the prepayment of certain outstanding taxable and tax-exempt lease obligations under a Master Lease Agreement between the County and an affiliate of a financial institution. Series C also funded the acquisition of certain personal property. The premiums received for Series B and Series C were \$2,683,828 and \$109,023, respectively.

The Certificates of Participation, Series 2020 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Certificates of Participation, Series 2020		
	Principal	Interest	Total
2022	\$ 13,085,000	\$ 4,845,831	\$ 17,930,831
2023	13,635,000	4,272,881	17,907,881
2024	10,975,000	3,674,806	14,649,806
2025	10,740,000	3,175,356	13,915,356
2026	7,365,000	2,643,006	10,008,006
2027-2031	30,770,000	8,126,681	38,896,681
2032-2036	16,265,000	3,056,181	19,321,181
2037-2041	18,345,000	970,022	19,315,022
Total	<u>\$ 121,180,000</u>	<u>\$ 30,764,764</u>	<u>\$ 151,944,764</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Certificates of Participation outstanding as of June 30, 2021 is as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2021	Unamortized Premium (Discount)	Carrying Value June 30, 2021
COPS College	07/26/16	2017-36	2.00-5.00%	\$ 24,860,000	\$ 22,685,000	\$ 796,399	\$ 23,481,399
COPS, Series 2020 A	10/15/20	2021-40	2.00-5.00	-	95,360,000	14,670,527	110,030,527
COPS, Series 2020 B	10/15/20	2021-27	4.00-5.00	-	23,120,000	2,422,187	25,542,187
COPS, Series 2020 C	10/15/20	2021-31	2.00	-	2,700,000	98,394	2,798,394
				<u>\$ 24,860,000</u>	<u>\$ 143,865,000</u>	<u>\$ 17,987,507</u>	<u>\$ 161,852,507</u>

7) Equipment Notes

The County has entered into purchase agreements to provide financing for the acquisition of capital asset equipment. The agreements have terms of three to ten 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, 2021:

Fiscal Year Ending June 30	Equipment Notes Requirements		
	Principal	Interest	Total
2022	\$ 6,082,729	\$ 215,919	\$ 6,298,648
2023	4,671,648	128,088	4,799,736
2024	2,763,892	55,598	2,819,490
2025	966,645	29,371	996,016
2026	823,557	18,572	842,129
2027-2031	877,924	14,450	892,374
Total	<u>\$ 16,186,395</u>	<u>\$ 461,998</u>	<u>\$ 16,648,393</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.

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 \$2,019,118 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 FY21, pledged revenue of \$3,507,863 equals the principal and interest on the lease revenue bonds.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Lease revenue bonds outstanding as of June 30, 2021, are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2021	Unamortized Premium (Discount)	Carrying Value June 30, 2021
Lease Revenue Bonds	10/13/11	2011-31	2.6687%	\$ 35,465,000	\$ 12,420,000	\$ 795,888	\$ 13,215,888

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

Fiscal Year Ending June 30	Lease Revenue Bond Requirements		
	Principal	Interest	Total
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	450,000	113,812	563,812
2027-2031	2,525,000	307,311	2,832,311
Total	\$ 12,420,000	\$ 1,836,575	\$ 14,256,575

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 3.05 to 4.15 percent and will mature on May 1, 2030.

Taxable Limited Obligation Certificates outstanding as of June 30, 2021 are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2021	Unamortized Premium (Discount)	Carrying Value June 30, 2021
MHI Affordable Housing Series 2011	08/10/11	05/01/31	3.00-4.80	% \$ 28,840,000	\$ 17,140,000	\$ 94,381	\$ 17,234,381
MHI Affordable Housing Series 2013	11/19/13	11/01/33	0.26-4.75	38,015,000	27,450,000	(3,096)	27,446,904
MHI Affordable Housing 2018 Series A	11/19/18	05/01/38	2.60-4.40	33,715,000	30,365,000	65,179	30,430,179
MHI Affordable Housing 2018 Series B Ref.	11/19/18	05/01/30	3.05-4.15	22,420,000	17,710,000	-	17,710,000
Total				\$ 122,990,000	\$ 92,665,000	\$ 156,464	\$ 92,821,464

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

The following is a schedule by fiscal year for the debt service requirements at June 30, 2021:

Fiscal Year Ending June 30	Taxable Limited Obligation Requirements		
	Principal	Interest	Total
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	7,005,000	2,911,404	9,916,404
2027-2031	37,350,000	9,833,674	47,183,674
2032-2036	18,095,000	3,003,508	21,098,508
2037-2038	4,770,000	317,020	5,087,020
Total	<u>\$ 92,665,000</u>	<u>\$ 30,264,942</u>	<u>\$ 122,929,942</u>

10) 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 had a term of 15 years; interest accrued 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. The County would have to make additional payments equal to the net of proceeds of parcels sold in a given year; payments would be allocated first to interest then to principal. If, in a given year, net proceeds for the sale of parcels equaled or exceeded the debt service payment, the County would not have been required to make a separate debt service payment. If the minimum annual loan payment was less than the interest accrued during the fiscal period, the difference between the interest and the debt service paid was added to the total principal amount owed.

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 FY19, and ending in FY28. The interest rate of 4.43% and other terms remain unchanged.

In January 2021, the County paid off the Promissory Note in the amount of \$7.48 million for outstanding principal and accrued interest.

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, 2021, for this loan is \$139,000 and will mature on August 1, 2023.

The following is a schedule by fiscal year for the debt service requirements at June 30, 2021:

Fiscal Year Ending June 30	HUD Loan Requirements		
	Principal	Interest	Total
2022	\$ 43,000	\$ 6,643	\$ 49,643
2023	43,000	4,228	47,228
2024	53,000	1,508	54,508
Total	<u>\$ 139,000</u>	<u>\$ 12,379</u>	<u>\$ 151,379</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 \$40 million 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.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

The following is a schedule by fiscal year for the debt service requirements at June 30, 2021

Fiscal Year Ending June 30	Energy Performance Lease		
	Principal	Interest	Total
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	1,852,589	649,265	2,501,854
2027-2031	10,461,842	2,346,868	12,808,710
2032-2036	8,980,654	662,763	9,643,417
Total	<u>\$ 27,845,530</u>	<u>\$ 6,793,594</u>	<u>\$ 34,639,124</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 payable semi-annually at an interest rate of 3.514% over 5 years. The principal amount payable at June 30, 2021, for this loan is \$4,870,587 and the debt will mature on June 30, 2023.

The following is a schedule by fiscal year for the debt service requirements at June 30, 2021

Fiscal Year Ending June 30	Incubator Loan		
	Principal	Interest	Total
2022	\$ 772,347	\$ 164,367	\$ 936,714
2023	4,098,240	146,258	4,244,498
Total	<u>\$ 4,870,587</u>	<u>\$ 310,625</u>	<u>\$ 5,181,212</u>

11) Unused Lines of Credit and Collateral Pledges

The Master Equipment Lease/Purchase agreement for Energy Efficiency Program was entered into between the County and Banc of America Public Capital Corp in September 2016. The unused drawdown at June 30, 2021 is \$15,539,867 and the Agreement expired on that date.

The County entered into a Master Equipment Lease/Purchase agreement with Banc of America Public Capital Corp in April 2021. The agreement provides capital equipment financing up to a maximum of \$50 million with initial annual funding expected to be \$15 million. At June 30, 2021, the unused commitment is \$14,215,941.

The County entered into two revolving line of credit (LOCs) agreements with PNC Bank, N. A. (\$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. At June 30, 2021, the County had not drawn any advances against the lines of credit. 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.

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, 2021, there were twenty-four issues of Industrial Revenue Bonds and Economic Development Revenue Bonds outstanding. Of these, two were issued prior to July 1, 1996. The aggregate principal amount payable at June 30, 2021, 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, 2021, for bonds issued after July 1, 1996, totaled \$716,829,901.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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, 2021 is \$7.72 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, 2021 is \$0.11 million.

Component Units

At June 30, 2021 HOC's noncurrent liabilities are comprised of the following:

	Due within		
	one year	Long-Term	Total
Revenue bonds payable	\$ 55,095,158	\$ 612,121,337	\$ 667,216,495
Derivative instrument - hedging	-	9,606,640	9,606,640
Notes and other payable	30,530,205	928,255,736	958,785,941
Net pension liability	-	21,355,806	21,355,806
Net OPEB liability	-	19,893,437	19,893,437
Total	<u>\$ 85,625,363</u>	<u>\$1,591,232,956</u>	<u>\$1,676,858,319</u>

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	\$ 442,639,092
Single Family Mortgage Purchase Program Fund	<u>224,577,403</u>
Total	<u>\$ 667,216,495</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Interest rates on the HOC Multi-Family and Single Family Mortgage Purchase Program Fund bonds ranged from .04 to 11.25 percent and 0.25 to 5.00 percent, respectively, as of June 30, 2021.

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
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	690,000	133,068	823,068
2027-2031	2,290,000	177,255	2,467,255
Total	<u>\$ 5,430,000</u>	<u>\$ 1,167,308</u>	<u>\$ 6,597,308</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
2022	\$ 55,095,158	\$ 13,731,693	\$ 68,826,851
2023	19,582,009	17,288,141	36,870,150
2024	20,042,820	12,983,732	33,026,552
2025	21,768,725	12,542,718	34,311,443
2026	19,044,734	12,078,797	31,123,531
2027-2031	98,045,000	52,423,827	150,468,827
2032-2036	89,035,000	38,761,927	127,796,927
2037-2041	93,640,000	27,322,934	120,962,934
2042-2046	60,475,000	18,369,654	78,844,654
2047-2051	41,420,000	9,925,144	51,345,144
2052-2056	117,125,000	5,967,330	123,092,330
2057-2061	16,720,000	3,328,691	20,048,691
2062-2065	11,260,000	679,436	11,939,436
Unamortized Bond Discount	3,963,049	-	3,963,049
Total	<u>\$ 667,216,495</u>	<u>\$ 225,404,024</u>	<u>\$ 892,620,519</u>

Changes in the HOC revenue bonds during FY21 are as follows:

Purpose	Balance July 1, 2020	Bonds Issued*	Bonds Retired	Balance July 1, 2021
Multi-Family Mortgage Purchase Program Fund	\$ 318,710,778	\$ 182,775,089	\$ 58,846,775	\$ 442,639,092
Single Family Mortgage Purchase Program Fund	221,652,786	39,762,995	36,838,378	224,577,403
Total	<u>\$ 540,363,564</u>	<u>\$ 222,538,084</u>	<u>\$ 95,685,153</u>	<u>\$ 667,216,495</u>

* Includes accretions and bond discounts.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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, 2020	\$ 188,958,893
Issuances during the year	-
Redemptions during the year	<u>(45,342,229)</u>
Bonds outstanding, July 1, 2021	<u>\$ 143,616,664</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, 2021, is presented below:

Condensed Statement of Net Position

	Bethesda PLD
ASSETS	
Current assets	\$ 13,468,322
Other assets	4,103,378
Capital assets	<u>94,923,065</u>
Total Assets	<u>112,494,765</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	<u>251,148</u>
Total Deferred Outflows	<u>251,148</u>
LIABILITIES	
Current liabilities	4,068,982
Due to other funds	87,632
Long-term liabilities	<u>21,159,649</u>
Total Liabilities	<u>25,316,263</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources	<u>1,575,405</u>
Total Deferred Inflows	<u>1,575,405</u>
NET POSITION	
Net investment in capital assets	72,105,302
Restricted for debt service	2,874,969
Restricted for transportation	<u>10,873,974</u>
Total Net Position	<u>\$ 85,854,245</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	\$ 7,122,217
Fines and penalties	1,744,822
Total Operating Revenues (pledged against bonds)	8,867,039
Depreciation and amortization	(4,746,671)
Other operating expenses	(8,649,097)
Operating Income (Loss)	(4,528,729)
NONOPERATING REVENUES (EXPENSES):	
Property taxes	(8,208)
Investment income	14,360
Interest expense	(182,030)
Other revenue	489,736
Transfers in	5,955,254
Transfers out	(2,043,375)
Non Operating Income (Loss)	4,225,737
NET POSITION	
Change in Net Position	(302,992)
Beginning Net Position	86,157,237
Ending Net Position	\$ 85,854,245

Condensed Statement of Cash Flows

	Bethesda PLD
Net Cash Provided (Used) By:	
Operating activities	\$ 937,411
Noncapital financing activities	3,903,671
Capital and related financing activities	(4,209,378)
Investing activities	13,018
Net Increase (Decrease)	644,722
Beginning Cash and Cash Equivalents	14,813,019
Ending Cash and Cash Equivalents	\$ 15,457,741

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

H) Fund Equity

1) Governmental Fund Balances

The governmental fund balances at June 30, 2021 are composed of the following:

Fund Balances:	General	Housing Initiative	Grants	Debt Service	Capital Projects	Other Nonmajor
Inventory	\$ 6,189,114	\$ -	\$ -	\$ -	\$ -	\$ -
Prepays	1,005,064	-	-	-	-	-
Total nonspendable	<u>7,194,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
General government	-	-	-	-	-	7,338,929
Police	-	-	-	-	-	2,882,076
Health and human services	-	-	-	-	-	574,020
Mass transit	-	-	-	-	-	39,392,696
Cable TV	-	-	-	-	-	6,086,245
Community development and housing:						
Rehabilitation loan	-	-	-	-	-	4,989,229
Urban districts	649,651	-	-	-	-	-
Economic development	8,320,962	-	-	-	-	-
Housing initiative	-	355,811,836	-	-	-	-
Restricted donations	-	-	-	-	-	584,812
Culture and recreation	-	-	-	-	-	12,559,826
Environment:						
Agricultural transfer tax	-	-	-	-	-	1,929,668
Water quality protection	-	-	-	-	-	22,112,608
Restricted donations	-	-	-	-	-	15,833,907
Other	4,861,067	-	216,034	-	-	844,107
Detention Center Canteen						
Profits	-	-	-	-	-	543,054
Revenue stabilization	444,613,587	-	-	-	-	-
Debt service	-	-	-	20,828,828	-	-
Capital projects:						
Other capital projects	-	-	-	-	76,005,368	-
Total restricted	<u>458,445,267</u>	<u>355,811,836</u>	<u>216,034</u>	<u>20,828,828</u>	<u>76,005,368</u>	<u>115,671,177</u>
Culture and recreation	3,913,000	-	-	-	-	-
Community development and housing	1,750,000	-	-	-	-	-
Education:						
Montgomery County						
Public Schools	6,506,000	-	-	-	-	-
Montgomery College	469,315	-	-	-	-	-
Capital projects	43,591,017	-	-	-	-	-
Total committed	<u>56,229,332</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
General government	26,541,814	-	-	-	-	-
Public safety	9,266,154	-	-	-	-	-
Transportation	1,840,540	-	-	-	-	-
Health and human services	19,359,422	-	-	-	-	-
Culture and recreation	379,600	-	-	-	-	-
Community development and housing	319,483	-	-	-	-	-
Environment	364,492	-	-	-	-	-
Total assigned	58,071,505	-	-	-	-	-
Public safety						
Fire and rescue	-	-	-	-	-	(4,965,388)
General government	169,417,634	-	-	-	-	-
Total unassigned	169,417,634	-	-	-	-	(4,965,388)
Total fund balances	\$ 749,357,916	\$ 355,811,836	\$ 216,034	\$ 20,828,828	\$ 76,005,368	\$ 110,705,789

2) Encumbrances

Encumbrance accounting is employed as part of the budgetary integration for all governmental funds. As of June 30, 2021, 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	\$ 58,071,505
Housing Initiative	3,896,214
Debt Service	305,504
Nonmajor Governmental Funds	20,743,876
Total Governmental Funds	\$ 83,017,099

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	\$ 541,901,454
Business-type activities	22,697,175
Total	\$ 564,598,629

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, 2021:

	General Fund			Capital	
	Operating	Capital *	Total	Projects	Total
MCPS	\$ 1,755,500,981	\$ 8,264,000	\$ 1,763,764,981	\$139,410,556	\$ 1,903,175,537
MC	147,596,496	13,064,685	160,661,181	21,861,836	182,523,017
HOC	6,619,693	-	6,619,693	1,103,629	7,723,322
Total	<u>\$ 1,909,717,170</u>	<u>\$ 21,328,685</u>	<u>\$ 1,931,045,855</u>	<u>\$162,376,021</u>	<u>\$ 2,093,421,876</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 \$4,506,886 earned under contracts with the County. 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 FY20 and FY21 are as follows:

	Liability and Property Coverage	Employee Health Benefits	Total
Balance June 30, 2019	\$ 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	<u>(49,458,331)</u>	<u>(126,036,884)</u>	<u>(175,495,215)</u>
Balance June 30, 2020 ²	<u>166,040,354</u>	<u>15,790,318</u>	<u>181,830,672</u>
Claims and changes in estimates	58,146,665	136,977,999	195,124,664
Claim payments ¹	<u>(42,428,144)</u>	<u>(134,320,969)</u>	<u>(176,749,113)</u>
Balance June 30, 2021 ²	<u>\$ 181,758,875</u>	<u>\$ 18,447,348</u>	<u>\$ 200,206,223</u>

¹ Includes non-monetary settlements.

² Includes incurred but not reported (IBNR) claims of \$83,594,304 and \$18,447,348 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 \$78,272,504, which have been fully accrued through June 30, 2021. Of the total amount accrued, \$55,447,489 in actual costs have been paid out in prior years, and \$1,419,547 was paid in FY21, resulting in a net liability of \$21,405,470 at June 30, 2021. The current and non-current portions of the adjusted liability at year-end are estimated at \$1,838,520 and \$19,566,950 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 FY21 was \$61,746,000, the County is now recognizing 100% of the estimated remediation cost. In FY21 actual costs of \$997,997 were paid, resulting in a net liability of \$58,959,033 as of June 30, 2021. 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: turface 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 \$9,316,247. This amount 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, 2021, 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, 2021 are as follows:

<u>Enterprise Funds:</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Major Funds:			
Liquor	\$ 1,308,822	\$ -	\$ 1,308,822
Solid Waste Activities:			
Disposal operations	18,491,598	9,160,497	27,652,095
Parking Lot Districts:			
Silver Spring	368,609	736,382	1,104,991
Bethesda	389,065	4,681,023	5,070,088
Wheaton	82,294	50,813	133,107
Subtotal	<u>20,645,113</u>	<u>14,628,715</u>	<u>35,273,828</u>
Nonmajor Funds:			
Permitting Services	2,828,798	-	2,828,798
Community Use of Public Facilities	9,000	-	9,000
Subtotal	<u>2,837,798</u>	<u>-</u>	<u>2,837,798</u>
Total Enterprise Funds	<u>23,482,911</u>	<u>14,628,715</u>	<u>38,111,626</u>
Internal Service Funds:			
Motor Pool	8,182,474	-	8,182,474
Central Duplicating	235,638	-	235,638
Liability & Property Coverage Self-Insurance	162,156	-	162,156
Employee Health Benefits Self-Insurance	176,717	-	176,717
Total Internal Service Funds	<u>8,756,985</u>	<u>-</u>	<u>8,756,985</u>
Total Proprietary Funds	<u>\$ 32,239,896</u>	<u>\$ 14,628,715</u>	<u>\$ 46,868,611</u>

As of June 30, 2021, the County has \$19,900,000 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 29, 2021, the County renewed the Commercial Paper credit agreement with JP Morgan Chase Bank to extend the expiration date to August 31, 2023.

On August 17, 2021, the Housing Opportunities Commission of Montgomery County issued Limited Obligation Bonds Series 2021 in the amount of \$50.0 million. The proceeds will be used for a Housing Production Fund that will make loans for the construction, rehabilitation and equipping of affordable residential rental housing. The County has entered into a Funding Agreement with the Commission in which the County is required to make Contract Payments in amounts sufficient to pay the principal and interest on these bonds. Contract Payments are subject in each year to appropriation by the County Council.

On September 8, 2021, the County issued Consolidated Public Improvement Project and Refunding Bonds of 2021, Series A in the amount of \$335,115,000. The new money portion of these General Obligation Bonds in the amount of \$310.0 million, refinanced certain commercial paper bond anticipation notes, the proceeds of which financed certain capital projects in the County. Refunding Bonds in the amount of \$25,115,000 refunded a prior issuance for debt service savings.

On November 15, 2021, the County issued Taxable Limited Obligation Certificates Series 2021A in the amount of \$57,410,000 to finance certain projects of the Montgomery Housing Initiative program established by the County to promote a broad range of housing opportunities in the County. The County also issued Taxable Limited Obligation Refunding Certificates Series 2021B in the amount of \$41,345,000 to refund prior issuances for debt service savings.

On November 17, 2021, the County closed the revolving line of credit with PNC Bank, N. A. in the amount of \$150 million. The County had not drawn any advances against the line of credit.

On December 16, 2021, the Montgomery County Revenue Authority (Authority) issued \$15,940,000 in Series 2021, Lease Revenue Bonds for the Crossvines Project. The proceeds will finance a portion of the cost of developing, constructing, and equipping a custom winery, education/events center and related facilities located in Poolesville, Maryland. The County has entered into a Lease Agreement with the Authority to make lease payments sufficient to pay principal and interest payments on the Bonds. Lease payments are subject in each year to appropriation by the County Council.

NOTE IV. OTHER INFORMATION (Continued)

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, 2021, M-NCPPC had outstanding notes payable and bonds payable in the amount of \$169,921,651, of which zero dollars were self-supporting. Of the total amount payable, \$11,793,629 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, 2021 is \$66,454,837, 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, 2021, WSSC had outstanding notes payable and bonds payable in the amount of \$3,889,142,000 which were fully self-supporting. Of the total amount payable, \$338,236,000 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, 2021, 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 \$69,783 to WSTC during FY21.

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

NOTE IV. OTHER INFORMATION (Continued)

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 FY21 which are fully funded by the State and not reflected in the accompanying financial statements, is as follows:

Bus Operating Subsidy	\$ 77,119,712
Rail Operating Subsidy	94,030,028
Americans with Disabilities Act Service	34,580,556
Debt Service	15,406,872
Capital Improvement Program	45,005,174
Project Development Program	499,022
Local Bus Program	<u>35,044,953</u>
Total	<u>\$ 301,686,317</u>

At June 30, 2021, WMATA had outstanding bonds payable of \$896,820,000 of which \$27,315,000 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 FY21 amounted to \$28,245,308.

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 FY21 membership dues and fees for services amounting to \$782,622 Member Dues, \$139,219 Environmental Fund Dues, and \$105,931 Public Safety Dues.

NOTE IV. OTHER INFORMATION (Continued)

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 FY21, 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 \$763,260, \$3,974,591, and \$185,587 for these component units, respectively, for FY21.

NOTE IV. OTHER INFORMATION (Continued)**F) Pension Plan Obligations**

At June 30, 2021, the County reported a total pension liability of \$44,374,891, a net pension liability of \$102,824,395, total deferred outflow of \$147,553,951, total deferred inflow of \$142,168,447 and a total expense of \$15,117,892.

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

As of Fiscal Year Ended June 30, 2021

	Total Pension Liability	Net Pension Liability	Deferred Outflow of Resources	Deferred Inflow of Resources	Pension Expense
Defined Benefit Pension Plan	N/A	\$ 75,030,704	\$ 140,245,010	\$ 140,403,017	\$ 6,703,114
State Retirement Plan	N/A	27,793,691	2,663,642	1,716,957	3,788,132
Length of Service Award Program (LOSAP)	44,374,891	N/A	4,645,299	48,473	4,626,646
Total Pension Plans	<u>\$ 44,374,891</u>	<u>\$ 102,824,395</u>	<u>\$ 147,553,951</u>	<u>\$ 142,168,447</u>	<u>\$ 15,117,892</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

NOTE IV. OTHER INFORMATION (Continued)

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.

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, 2021, the County reported a liability of \$75,030,704 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the County's proportion was 68.42% as compared to June 30, 2019 of 80.34%, a decrease of 11.92%.

For the fiscal year ended June 30, 2021 the County recognized pension expense of \$6,703,114. At June 30, 2021, 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	\$ -	\$ 52,516,955
Assumption changes	-	39,236,077
Net difference between projected and actual earnings on pension plan investments	40,747,596	-
Changes in proportion and differences between		
County contributions and proportionate share of contributions	30,795,108	48,649,985
County contributions subsequent to the measurement date	68,702,306	-
Total	<u>\$ 140,245,010</u>	<u>\$ 140,403,017</u>

NOTE IV. OTHER INFORMATION (Continued)

The \$68,702,306 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
2022	\$ (49,819,465)
2023	(21,271,980)
2024	(7,070,889)
2025	9,302,021

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2019
Measurement date	June 30, 2020
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 3.9 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	3.25% - 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.

NOTE IV. OTHER INFORMATION (Continued)

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, 2020 (see Note III.A4 for discussion of the System's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	2.70 %
International Equity	3.70
Emerging Market Equity	6.70
Global Equity	3.91
Private Equity	6.23
Credit Opportunities	4.42
High Yield Bonds	1.85
Directional Hedge Funds	2.58
Long Duration Fixed Income	3.35
Cash	(0.49)
Diversifying Hedge Funds	2.78
Global IIs	4.14
Private Real Assets	5.47
Public Real Assets	3.09

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	\$401,155,614	\$75,030,704	\$(199,502,379)

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.

NOTE IV. OTHER INFORMATION (Continued)

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 Town of Chevy Chase, the Strathmore Hall Foundation, Inc., WSTC, SkyPoint Federal Credit Union, the District Court and the State Department of Taxation and Assessments. 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.

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 FY21 were \$21,607,249 and \$11,742,147, respectively. In accordance with IRS regulations and the County Code, no accumulated revenue was used to reduce employer contributions in FY21.

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.

NOTE IV. OTHER INFORMATION (Continued)

Contributions

The County and its covered employees are required by the State statute to contribute to the MSRP System. The required FY21 employee contributions vary from 5-7% of salary. The required employer contribution rate for FY21 is 20.71% 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, 2021, the County reported a liability of \$27,793,691 for its proportionate share of the net pension liability of the MSRP System. The net pension liability was measured as of June 30, 2020, 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 total proportionate share and change from prior year is as follows:

	FY21	FY20	Change
Montgomery County	0.0742798%	0.0738626%	0.0004172%
Montgomery County Public Libraries	0.0001751	0.0001828	(0.0000077)
Montgomery County (Supplemental)	0.0482083	0.0504355	(0.0022272)
Bethesda Fire Department	0.0001018	0.0001063	(0.0000045)
Chevy Chase Fire Department	0.0002085	0.0002177	(0.0000092)
Total	<u>0.1229735%</u>	<u>0.1248049%</u>	<u>(0.0018314%)</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, 2021.

For the year ended June 30, 2021, the County recognized pension expense of \$3,788,132. At June 30, 2021, 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	\$ 139,558	\$ 542,857
Investment return difference	2,042,412	-
Difference between actual and expected experience	-	1,174,100
Changes in proportion and differences between County contributions and proportionate share of contributions	(433,877)	-
County contributions subsequent to the measurement date	<u>915,549</u>	<u>-</u>
Total	<u>\$ 2,663,642</u>	<u>\$ 1,716,957</u>

The \$915,549 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
2022	\$ (194,662)
2023	(123,944)
2024	151,432
2025	176,187
2026	22,123

NOTE IV. OTHER INFORMATION (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2020
Actuarial cost method	Individual Entry Age Normal
Actuarial assumptions:	
Inflation	2.60% general, 3.10% 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, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	37%	5.2%
Private Equity	13	6.5
Rate Sensitive	19	(0.3)
Credit Opportunity	9	2.8
Real Assets	14	4.3
Absolute Return	8	1.8
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, 2020. For the years ended June 30, 2020 and 2019, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expenses, was 3.50% and 6.44%, respectively. 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.

NOTE IV. OTHER INFORMATION (Continued)

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:

	1% Decrease 6.40%	Discount Rate 7.40%	1% Increase 8.40%
County's proportionate share of the net pension liability	\$ 39,568,808	\$ 27,793,691	\$ 17,986,109

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, 2019 are as follows:

Inactive members currently receiving benefit payment	601
Inactive members entitled to but not yet receiving benefits	335
Active members	1,232
Total	2,168

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 \$1,530,654 in FY21 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 \$44,374,891 was measured as of June 30, 2020 and was determined by an actuarial valuation date of December 31, 2019 and rolled forward to the measurement date of June 30, 2020.

NOTE IV. OTHER INFORMATION (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation date	December 31, 2019
Actuarial method	Entry Age Normal
Retirement Age	100 percent of members are assumed to commence benefits at earliest eligibility of: <ol style="list-style-type: none"> 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	<p>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.</p> <p>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.</p> <p>The Pub-2010 Employee Morality Table (for Safety Employees), sex distinct, with projected generational mortality improvements based on the MP-2018 table for non-service connected pre-retirement mortality.</p> <p>15% of the rates from the Pub-2010 Employee Morality Table (for Safety Employees), sex distinct, with projected generational mortality improvements based on the MP-2018 table for non-service connected pre-retirement mortality.</p> <p>The mortality assumptions contain a provision for future mortality improvements.</p>

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 3.13% was used to measure the total pension liability as of June 30, 2019. A discount rate of 2.45% was used to measure the total pension liability as of June 30, 2020.

The discount rate as of June 30, 2019 and June 30, 2020, 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 June 28, 2019 and June 30, 2020, 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 2.45%, 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 (1.45%) or 1-percentage-point higher (3.45%) than the current discount rate:

	1% Decrease 1.45%	Discount Rate 2.45%	1% Increase 3.45%
Total Pension liability	\$ 53,657,603	\$ 44,374,891	\$ 37,447,826

NOTE IV. OTHER INFORMATION (Continued)

Changes in the Total Pension Liability

	Total Pension Liability (a)
Balance at June 30, 2020	<u>\$ 38,562,856</u>
Changes for the year:	
Service cost	763,719
Interest on the Total Pension Liability	1,196,108
Difference between Expected and Actual Experience	403,319
Assumptions changes	4,915,075
Benefit Payments	(1,466,186)
Net Changes	<u>5,812,035</u>
Balance at June 30, 2021	<u>\$ 44,374,891</u>

The change in the Total Pension Liability, due to the change in the Single Discount Rate from 3.13% as of the beginning of the year to 2.45% 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, 2021, the County recognized LOSAP Pension expense of \$4,626,646. At June 30, 2021, 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	\$ 224,249	\$ 48,473
Changes in assumptions	2,890,396	-
County benefit payment subsequent to the measurement date	1,530,654	-
Total	<u>\$ 4,645,299</u>	<u>\$ 48,473</u>

The \$1,530,654 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, 2022. Other amounts reported as deferred outflows of resources will be recognized in future pension expense as follows:

Fiscal Year	Amount
2022	\$ 2,470,412
2023	595,760

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 FY21, the County contributed \$69,358,879 and \$5,523,000 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 FY21, as required per the County Council Resolution No. 19-472. The allocated portions of investments relating to MCPS and MC as of June 30, 2021 were \$729,670,417 and \$90,041,525, respectively, and these investments are included in the investments of the CRHBT as reflected on the accompanying financial statements.

NOTE IV. OTHER INFORMATION (Continued)

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 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 FY21, the County contributed \$69,358,879 and \$5,523,000 to the CRHBT on behalf of MCPS and MC for the health benefits of their retirees. The County and other contributing entities contributed \$93,686,185 including \$79,515,185 for current premiums, claims and administrative expenses, and \$14,171,000 toward prefunding future benefits. Contributions also include Medicare Part D contributions in the amount of \$16,973,453.

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

At June 30, 2021, the County reported a liability of \$983,532,109 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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, 2020 and 2019, the County's proportion was 97.234% and 96.743%, respectively, an increase of 0.491%.

For the fiscal year ended June 30, 2021, the County recognized negative OPEB expense of \$45,878,535. At June 30, 2021, 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	\$ 63,080,555	\$ 249,630,937
Assumption changes	57,412,318	401,414,875
Net difference between projected and actual earnings on OPEB plan investments	-	22,871
Changes in proportion and differences between		
County contributions and proportionate share of contributions	1,770,981	4,329,621
County contributions subsequent to the measurement date	91,790,291	-
Total	<u>\$ 214,054,145</u>	<u>\$ 655,398,304</u>

The \$91,790,291 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NOTE IV. OTHER INFORMATION (Continued)

Fiscal Year Ending June 30	Amount
2022	\$ (94,696,940)
2023	(94,696,940)
2024	(94,696,940)
2025	(94,696,940)
2026	(94,691,222)
Thereafter	(59,655,468)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2020
Measurement Date	June 30, 2020
Actuarial cost method	Entry Age Normal
Discount Rate	5.68%
20 Yr. Municipal Bond Rate	2.45%
Municipal Bond Rate Basis	20-year tax exempt general obligation municipal bond with average rating of AA/Aa
Expected Return on Assets	7.50%
Salary Increases	4.25%-8.25%
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, 2020 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.

NOTE IV. OTHER INFORMATION (Continued)

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, 2020 (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	2.70%
International Equity	3.70
Emerging Market Equity	6.70
Global Equity	3.91
Private Equity	6.23
Credit Opportunities	4.42
High Yield Bonds	1.85
Directional Hedge Funds	2.58
Long Duration Fixed Income	3.35
Cash	(0.49)
Diversifying Hedge Funds	2.78
Global IIs	4.14
Private Real Assets	5.47
Public Real Assets	3.09

A single discount rate of 5.68% was used to measure the total OPEB liability as of June 30, 2020. 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 2.45% 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, 2020 was 2.45%. Therefore, the blended discount rate used as of June 30, 2020 was 5.68%

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 5.68%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.68%) or 1-percentage-point higher (6.68%) than the current rate:

	1% Decrease 4.68%	Discount Rate 5.68%	1% Increase 6.68%
Net OPEB Liability	\$1,212,750,940	\$ 983,532,109	\$ 796,758,439

NOTE IV. OTHER INFORMATION (Continued)

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	\$ 776,174,793	\$ 983,532,109	\$1,847,795,654

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



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, 2021

	Budget			Variance Positive
	Original Budget	Final Budget	Actual	(Negative)
Revenues:				
Taxes:				
Property	\$ 1,244,190,740	\$ 1,244,190,740	\$ 1,263,792,638	\$ 19,601,898
Property - penalty and interest	-	-	3,525,323	3,525,323
Total Property Tax	1,244,190,740	1,244,190,740	1,267,317,961	23,127,221
County Income Tax	1,695,360,735	1,695,360,734	1,820,178,821	124,818,087
Other Local Taxes:				
Real property transfer	122,390,000	122,390,000	132,288,901	9,898,901
Recordation	59,185,261	59,185,261	60,573,086	1,387,825
Fuel energy	191,322,733	191,322,733	184,419,771	(6,902,962)
Hotel-motel	23,326,200	23,326,200	6,424,558	(16,901,642)
Telephone	53,751,904	53,751,904	52,538,156	(1,213,748)
Other	5,167,546	5,167,546	2,689,456	(2,478,090)
Total Other Local Taxes	455,143,644	455,143,644	438,933,928	(16,209,716)
Total Taxes	3,394,695,119	3,394,695,118	3,526,430,710	131,735,592
Licenses and Permits:				
Business	5,616,625	5,616,625	4,119,459	(1,497,166)
Non business	7,848,840	7,848,840	6,340,728	(1,508,112)
Total Licenses and Permits	13,465,465	13,465,465	10,460,187	(3,005,278)
Intergovernmental Revenue:				
State Aid and Reimbursements:				
DHR State reimbursement	38,500	38,500	44,542	6,042
Highway user revenue	8,447,837	8,447,837	8,109,383	(338,454)
Police protection	14,324,844	14,324,844	14,415,449	90,605
Health and human services programs	5,420,970	5,420,970	5,733,501	312,531
Public libraries	5,579,000	5,579,000	5,289,397	(289,603)
911 Emergency	15,000,000	15,000,000	11,863,570	(3,136,430)
Other	2,379,285	2,379,285	268,909	(2,110,376)
Total State Aid and Reimbursements	51,190,436	51,190,436	45,724,751	(5,465,685)
Federal Reimbursements:				
Federal financial participation	15,108,007	15,108,007	16,830,550	1,722,543
Other	7,697,457	7,697,457	130,057,502	122,360,045
Total Federal Reimbursements	22,805,464	22,805,464	146,888,052	124,082,588
Other Intergovernmental	4,175,730	4,175,730	3,979,994	(195,736)
Total Intergovernmental Revenue	78,171,630	78,171,630	196,592,797	118,421,167
Charges for Services:				
General government	2,959,049	2,959,049	2,882,607	(76,442)
Public safety	6,038,155	6,038,155	2,620,473	(3,417,682)
Health and human services	1,228,950	1,228,950	1,327,510	98,560
Culture and recreation	20,000	20,000	668	(19,332)
Environment	-	-	14,000	14,000
Transportation	725,000	725,000	1,002,634	277,634
Total Charges for Services	10,971,154	10,971,154	7,847,892	(3,123,262)
Fines and forfeitures	45,155,800	45,155,800	16,897,097	(28,258,703)
Investment Income:				
Pooled investment income	488,230	488,230	71,824	(416,406)
Other interest income	-	-	594	594
Total Investment Income	488,230	488,230	72,418	(415,812)
Miscellaneous Revenue:				
Property rentals	5,153,593	5,153,593	6,386,488	1,232,895
Sundry	10,377,728	10,637,701	4,638,937	(5,998,764)
Total Miscellaneous Revenue	15,531,321	15,791,294	11,025,425	(4,765,869)
Total Revenues	3,558,478,719	3,558,738,691	3,769,326,526	210,587,835

**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, 2021**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Expenditures:				
Departments or Offices:				
County Council:				
Personnel	11,663,531	11,643,531	10,839,298	804,233
Operating	948,559	1,186,476	817,634	368,842
Totals	12,612,090	12,830,007	11,656,932	1,173,075
Board of Appeals:				
Personnel	522,606	528,226	528,220	6
Operating	36,239	32,619	22,325	10,294
Totals	558,845	560,845	550,545	10,300
Legislative Oversight:				
Personnel	1,986,868	1,986,868	1,864,066	122,802
Operating	45,388	46,088	28,202	17,886
Totals	2,032,256	2,032,956	1,892,268	140,688
Merit System Protection Board:				
Personnel	244,874	244,874	242,890	1,984
Operating	14,504	14,504	12,109	2,395
Totals	259,378	259,378	254,999	4,379
Zoning and Administrative Hearings:				
Personnel	597,547	596,527	576,157	20,370
Operating	60,757	61,777	60,748	1,029
Totals	658,304	658,304	636,905	21,399
Inspector General:				
Personnel	1,742,084	1,742,084	1,501,015	241,069
Operating	93,528	93,582	58,250	35,332
Totals	1,835,612	1,835,666	1,559,265	276,401
Circuit Court:				
Personnel	10,210,049	10,297,199	10,131,342	165,857
Operating	2,338,331	2,395,132	2,076,984	318,148
Totals	12,548,380	12,692,331	12,208,326	484,005
State's Attorney:				
Personnel	17,742,895	17,754,095	17,754,086	9
Operating	778,138	782,370	625,009	157,361
Totals	18,521,033	18,536,465	18,379,095	157,370
County Executive:				
Personnel	4,864,018	4,749,018	4,363,870	385,148
Operating	819,689	2,810,954	2,444,394	366,560
Totals	5,683,707	7,559,972	6,808,264	751,708
Community Engagement Cluster:				
Personnel	3,722,588	3,722,588	3,330,976	391,612
Operating	514,521	2,187,301	2,142,125	45,176
Totals	4,237,109	5,909,889	5,473,101	436,788
Ethics Commission:				
Personnel	326,359	326,359	323,772	2,587
Operating	38,907	74,897	36,526	38,371
Totals	365,266	401,256	360,298	40,958
Intergovernmental Relations:				
Personnel	935,035	946,015	946,013	2
Operating	201,393	246,086	165,938	80,148
Totals	1,136,428	1,192,101	1,111,951	80,150
Public Information:				
Personnel	5,271,217	5,296,207	5,296,201	6
Operating	193,551	903,757	903,750	7
Totals	5,464,768	6,199,964	6,199,951	13

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, 2021**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Board of Elections:				
Personnel	4,392,773	4,532,303	4,532,296	7
Operating	3,891,333	4,755,979	4,755,976	3
Totals	8,284,106	9,288,282	9,288,272	10
Racial Equity and Social Justice:				
Personnel	304,304	465,265	328,334	136,931
Operating	277,000	377,000	147,479	229,521
Totals	581,304	842,265	475,813	366,452
Office of Labor Relations:				
Personnel	1,127,640	1,127,640	1,048,296	79,344
Operating	378,030	378,030	367,874	10,156
Totals	1,505,670	1,505,670	1,416,170	89,500
County Attorney:				
Personnel	5,528,478	5,694,128	5,694,118	10
Operating	832,885	831,942	802,228	29,714
Totals	6,361,363	6,526,070	6,496,346	29,724
Management and Budget:				
Personnel	6,089,601	5,999,601	5,080,496	919,105
Operating	291,161	398,499	342,697	55,802
Totals	6,380,762	6,398,100	5,423,193	974,907
Finance:				
Personnel	12,672,910	12,672,910	11,079,931	1,592,979
Operating	2,632,670	4,396,904	4,310,180	86,724
Totals	15,305,580	17,069,814	15,390,111	1,679,703
Office of Procurement:				
Personnel	4,458,994	4,327,518	3,412,694	914,824
Operating	342,080	536,578	522,141	14,437
Totals	4,801,074	4,864,096	3,934,835	929,261
Human Resources:				
Personnel	5,388,718	5,388,718	5,034,844	353,874
Operating	2,454,076	3,021,815	2,932,944	88,871
Totals	7,842,794	8,410,533	7,967,788	442,745
Technology Services and Enterprise Business Solutions:				
Personnel	23,197,318	20,877,587	19,697,594	1,179,993
Operating	20,131,460	26,619,635	26,277,826	341,809
Totals	43,328,778	47,497,222	45,975,420	1,521,802
General Services:				
Personnel	14,556,955	15,469,957	15,469,955	2
Operating	17,305,881	71,598,952	71,474,263	124,689
Totals	31,862,836	87,068,909	86,944,218	124,691
Office of Animal Services:				
Personnel	6,099,981	6,330,591	6,330,585	6
Operating	1,653,548	1,488,198	1,170,964	317,234
Totals	7,753,529	7,818,789	7,501,549	317,240
Consumer Protection:				
Personnel	2,065,758	2,065,758	1,867,370	198,388
Operating	130,969	130,969	82,947	48,022
Totals	2,196,727	2,196,727	1,950,317	246,410
Corrections and Rehabilitation:				
Personnel	63,082,138	63,082,138	60,042,952	3,039,186
Operating	7,913,936	8,158,587	7,641,520	517,067
Totals	70,996,074	71,240,725	67,684,472	3,556,253
Human Rights:				
Personnel	1,247,567	1,246,787	1,081,774	165,013
Operating	137,125	137,905	137,904	1
Totals	1,384,692	1,384,692	1,219,678	165,014

**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, 2021**

	Budget			Variance Positive
	Original Budget	Final Budget	Actual	(Negative)
Police:				
Personnel	233,576,106	230,676,106	221,408,674	9,267,432
Operating	47,705,534	53,014,765	45,341,270	7,673,495
Totals	281,281,640	283,690,871	266,749,944	16,940,927
Sheriff:				
Personnel	20,778,420	20,856,440	20,856,435	5
Operating	3,879,255	3,824,655	3,757,106	67,549
Totals	24,657,675	24,681,095	24,613,541	67,554
Homeland Security:				
Personnel	1,181,077	1,548,957	1,548,953	4
Operating	959,240	1,856,195	1,696,872	159,323
Totals	2,140,317	3,405,152	3,245,825	159,327
Transportation:				
Personnel	23,088,712	25,944,752	23,940,314	2,004,438
Operating	23,429,515	37,952,723	36,934,839	1,017,884
Totals	46,518,227	63,897,475	60,875,153	3,022,322
Health and Human Services:				
Personnel	135,280,688	133,882,600	133,882,598	2
Operating	116,174,044	211,020,526	211,020,517	9
Totals	251,454,732	344,903,126	344,903,115	11
Libraries:				
Personnel	33,366,596	32,066,596	29,887,122	2,179,474
Operating	8,738,096	8,677,824	8,653,918	23,906
Totals	42,104,692	40,744,420	38,541,040	2,203,380
Housing and Community Affairs:				
Personnel	7,075,657	7,383,217	7,383,217	-
Operating	1,564,564	1,814,095	1,814,086	9
Totals	8,640,221	9,197,312	9,197,303	9
Office of Agriculture:				
Personnel	673,458	673,458	607,903	65,555
Operating	318,395	347,537	305,193	42,344
Totals	991,853	1,020,995	913,096	107,899
Environmental Protection:				
Personnel	2,067,141	1,970,726	1,828,194	142,532
Operating	1,291,390	1,574,982	1,555,881	19,101
Totals	3,358,531	3,545,708	3,384,075	161,633
Total Departments	935,646,353	1,117,867,182	1,081,183,174	36,684,008
Nondepartmental:				
Arts Council	5,623,159	10,025,987	6,369,797	3,656,190
Boards, Committees and Commissions	22,950	22,950	4,107	18,843
Charter Review Commission	1,150	1,150	-	1,150
Children's Opportunity Fund	375,000	3,975,000	2,775,000	1,200,000
Climate Change Initiative	400,000	755,538	755,428	110
Community Grants	10,417,374	11,853,563	11,482,558	371,005
Compensation adjustment - personnel	187,846	187,846	143,787	44,059
Compensation adjustment - operating	994,200	1,010,119	881,876	128,243
Conference Center - personnel	119,668	122,768	122,759	9
Conference Center - operating	415,737	4,412,637	4,006,900	405,737
Conferences & Visitors Bureau	1,632,834	1,757,978	1,358,278	399,700
Consolidated Retiree Health Benefits Trust (MC)	5,523,000	5,523,000	5,523,000	-
Consolidated Retiree Health Benefits Trust (MCPS)	69,358,879	69,358,879	69,358,879	-
Contributions To Self Insurance Fund - Risk Management	22,231,024	22,231,024	21,534,313	696,711
County Associations	74,728	74,728	74,728	-
County Leases - personnel	100,000	100,000	48,724	51,276
County Leases - operating	22,606,895	22,624,741	9,092,088	13,532,653
COVID-19 Response - Community Assistance	-	71,261,580	36,283,234	34,978,346
Device Client Management	9,284,350	9,683,978	9,644,283	39,695
Early Care and Education	5,992,589	17,319,589	5,562,339	11,757,250
Grants To Municipalities in Lieu Of Shared Tax	28,020	28,020	28,012	8
Group Insurance Retirees	47,106,273	47,106,273	47,106,273	-
Historical Activities	150,000	150,000	149,984	16

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, 2021**

	Budget			Variance Positive
	Original Budget	Final Budget	Actual	(Negative)
Homeowners' Association Roads	62,089	62,089	26,664	35,425
Independent Audit	425,491	441,771	349,019	92,752
Interagency Technology, Policy and Coordination Commission	3,000	3,000	-	3,000
Labor Management Relations Committee	100,000	100,000	8,250	91,750
Legislative Branch Communications Outreach	1,060,250	2,104,973	1,921,148	183,825
MEDCO Grant Incubator Network	2,955,913	2,841,448	1,802,902	1,038,546
Metro Washington Council Of Governments	1,684,519	1,684,519	1,564,736	119,783
Montgomery Coalition Adult English Literacy	1,857,058	1,857,058	1,856,788	270
Montgomery County Economic Development Corp.	5,007,750	9,111,623	8,652,622	459,001
Motor Pool Fund	107,082	107,082	-	107,082
Municipal Tax Duplication	8,297,779	8,297,779	8,265,550	32,229
Prisoner Medical Services	20,000	20,000	-	20,000
Public Technologies Inc	20,000	20,000	5,000	15,000
Rebate Takoma Park For Police	1,227,572	1,227,572	1,187,769	39,803
Retiree Health Benefits Trust	12,255,660	12,255,660	12,255,660	-
Rockville Parking District	418,700	418,700	414,061	4,639
Skills for the Future	250,000	250,000	200,000	50,000
Snow Removal	2,884,990	-	-	-
State Positions Supplement	60,756	60,756	-	60,756
State Property Tax Services	3,565,615	3,565,615	2,942,948	622,667
State Retirement Contribution	3,754	3,754	-	3,754
Takoma Park - Library Transition	185,973	185,973	166,626	19,347
Telecommunications	5,356,382	6,007,799	5,720,674	287,125
Utilities	25,245,719	23,261,461	22,615,829	645,632
Vision Zero	174,826	243,369	239,252	4,117
Working Families Income Supplement	20,105,090	21,770,090	21,770,080	10
WorkSource Montgomery	1,265,594	3,015,688	3,015,688	-
Total - Nondepartmental	297,247,238	398,505,127	327,287,613	71,217,514
Total Expenditures	1,232,893,591	1,516,372,309	1,408,470,787	107,901,522
Excess of Revenues over (under) Expenditures	2,325,585,128	2,042,366,382	2,360,855,739	318,489,357
Other Financing Sources (Uses):				
Transfers In:				
Special Revenue Funds:				
Fire Tax District	120,750	120,750	120,750	-
Recreation	7,089,602	10,989,602	10,989,602	-
Mass Transit	15,819,323	33,669,323	33,669,323	-
Water Quality Protection	1,837,940	1,837,940	1,837,940	-
Urban Districts	858,151	858,151	858,151	-
Housing Activities	462,465	462,465	462,465	-
Cable TV	4,409,575	4,409,575	4,409,575	-
Total Special Revenue Funds	30,597,806	52,347,806	52,347,806	-
Enterprise Funds:				
Liquor	31,674,153	31,674,153	31,674,153	-
Parking Lot Districts	994,379	994,379	994,379	-
Solid Waste Activities	3,403,120	3,403,120	3,403,120	-
Community Use of Public Facilities	874,846	699,846	699,846	-
Permitting Services	5,784,225	5,784,225	5,784,225	-
Total Enterprise Funds	42,730,723	42,555,723	42,555,723	-
Internal Service Funds:				
Motor Pool	3,713,312	3,713,312	3,713,312	-
Total Internal Service Funds	3,713,312	3,713,312	3,713,312	-
Total Transfers In	77,041,841	98,616,841	98,616,841	-
Total Transfers In - MCG	77,041,841	98,616,841	98,616,841	-

**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, 2021**

	Budget			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Transfers (Out):				
Special Revenue Funds:				
Recreation	(1,009,700)	(1,915,700)	(1,915,700)	-
Fire Tax District	(250,000)	(250,000)	(250,000)	-
Urban Districts	(3,584,645)	(3,584,645)	(3,584,645)	-
Mass Transit	(531,310)	(531,310)	(531,310)	-
Revenue Stabilization	(4,000,000)	(27,056,902)	(67,771,645)	(40,714,743)
Housing Activities	(19,812,045)	(23,212,045)	(23,212,045)	-
Economic Development	(10,428,680)	(9,482,310)	(9,482,310)	-
Total Special Revenue Funds	<u>(39,616,380)</u>	<u>(66,032,912)</u>	<u>(106,747,655)</u>	<u>(40,714,743)</u>
Internal Service Funds:				
Motor Pool	(107,082)	(107,082)	(97,780)	9,302
Total Internal Service Funds	<u>(107,082)</u>	<u>(107,082)</u>	<u>(97,780)</u>	<u>9,302</u>
Enterprise Funds:				
Community Use of Public Facilities	(160,000)	(160,000)	(160,000)	-
Parking Lot Districts	-	(5,955,254)	(5,955,254)	-
Solid Waste Activities	(1,218,270)	(1,218,270)	(1,218,270)	-
Total Enterprise Funds	<u>(1,378,270)</u>	<u>(7,333,524)</u>	<u>(7,333,524)</u>	<u>-</u>
Debt Service Fund	<u>(357,573,250)</u>	<u>(357,573,250)</u>	<u>(351,488,687)</u>	<u>6,084,563</u>
Capital Projects Fund	<u>(18,590,000)</u>	<u>(37,721,577)</u>	<u>(13,193,450)</u>	<u>24,528,127</u>
Total Transfers (Out)	<u>(417,264,982)</u>	<u>(468,768,345)</u>	<u>(478,861,096)</u>	<u>(10,092,751)</u>
Transfers (Out) - Component Units and Joint Venture:				
Montgomery County Public Schools - operating	(1,763,831,895)	(1,756,361,895)	(1,755,500,981)	860,914
Montgomery County Public Schools - capital	(9,770,000)	(26,195,840)	(8,264,000)	17,931,840
Total Montgomery County Public Schools	<u>(1,773,601,895)</u>	<u>(1,782,557,735)</u>	<u>(1,763,764,981)</u>	<u>18,792,754</u>
Montgomery College - operating	(147,596,496)	(147,596,496)	(147,596,496)	-
Montgomery College - capital	(13,534,000)	(27,979,853)	(13,064,685)	14,915,168
Total Montgomery College	<u>(161,130,496)</u>	<u>(175,576,349)</u>	<u>(160,661,181)</u>	<u>14,915,168</u>
Housing Opportunity Commission - operating	(6,824,693)	(6,824,693)	(6,824,693)	-
Housing Opportunity Commission - capital	(1,750,000)	(14,542,659)	-	14,542,659
Total Housing Opportunity Commission	<u>(8,574,693)</u>	<u>(21,367,352)</u>	<u>(6,824,693)</u>	<u>14,542,659</u>
M-NCPPC - operating	(1,615,120)	(1,615,120)	(1,915,120)	(300,000)
Total Transfers (Out) - Component Units and JV	<u>(1,944,922,204)</u>	<u>(1,981,116,556)</u>	<u>(1,933,165,975)</u>	<u>47,950,581</u>
Total Transfers (Out) - MCG	<u>(2,362,187,186)</u>	<u>(2,449,884,901)</u>	<u>(2,412,027,071)</u>	<u>37,857,830</u>
Total Other Financing Sources (Uses)	<u>(2,285,145,345)</u>	<u>(2,351,268,060)</u>	<u>(2,313,410,230)</u>	<u>37,857,830</u>
Excess of Revenues and Other Financing Sources over (under)				
Expenditures and Other Financing Uses	<u>\$ 40,439,783</u>	<u>\$ (308,901,678)</u>	<u>\$ 47,445,509</u>	<u>\$ 356,347,187</u>
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			58,071,505	
Conference center activity			764,935	
Other financing source - Leases			4,546,325	
Non-budgeted Item-Leases			(18,672,951)	
Other non budgeted items			(695)	
Consolidation:				
Revenue Stabilization			68,331,765	
Economic Development			6,654,463	
Urban Districts			200,451	
GAAP - Net Change in Fund Balance			<u>167,341,307</u>	
Fund Balance - Beginning of Year			582,016,609	
Fund Balance - End of Year			<u>\$ 749,357,916</u>	

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, 2021

	Budget			Variance Positive
	Original Budget	Final Budget	Actual	(Negative)
Revenues:				
Taxes - recordation premium	\$ 17,817,608	\$ 17,817,608	\$ 16,313,395	\$ (1,504,213)
Charges for services	70,200	70,200	77,540	7,340
Investment Income:				
Pooled investment income	439,470	439,470	68,531	(370,939)
Other interest income	1,500,000	1,500,000	1,392,991	(107,009)
Total Investment Income	1,939,470	1,939,470	1,461,522	(477,948)
Miscellaneous:				
Property rentals, MPDU and other contributions	1,297,056	1,297,056	4,599,550	3,302,494
Total Miscellaneous	1,297,056	1,297,056	4,599,550	3,302,494
Total Revenues	21,124,334	21,124,334	22,452,007	1,327,673
Expenditures: Community development and housing				
Personnel	2,344,036	2,344,036	1,722,257	621,779
Operating	32,335,841	61,739,493	31,195,638	30,543,855
Total Expenditures	34,679,877	64,083,529	32,917,895	31,165,634
Excess of Revenues over (under) Expenditures	(13,555,543)	(42,959,195)	(10,465,888)	(32,493,307)
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	19,812,045	23,212,045	23,212,045	-
From Capital Projects Fund	-	-	51,254,699	51,254,699
To General Fund	(462,465)	(462,465)	(462,465)	-
To Debt Service Fund	(10,921,700)	(10,921,700)	(8,941,912)	1,979,788
To Capital Projects Fund	-	-	(14,715,689)	(14,715,689)
Mortgage repayment	2,900,000	2,900,000	27,087,446	24,187,446
Sale of property	1,000,000	1,000,000	1,952,236	952,236
Total Other Financing Sources (Uses)	12,327,880	15,727,880	79,386,360	63,658,480
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (1,227,663)	\$ (27,231,315)	68,920,472	\$ 96,151,787
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			3,896,214	
Repayment of loan principal not considered revenue under GAAP			(27,087,446)	
Non budgeted Item - Bad debt expense			(691,434)	
GAAP - Net Change in Fund Balance			45,037,806	
Fund Balance - Beginning of Year			310,774,030	
Fund Balance - End of Year			\$ 355,811,836	

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, 2021

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Intergovernmental:				
Federal grants	\$ 40,034,790	\$ 112,333,560	\$ 202,670,734	\$ 90,337,174
State grants	84,855,206	120,703,401	86,700,852	(34,002,549)
Other non-state and non-federal reimbursements	1,108,154	2,215,649	1,498,553	(717,096)
Total Intergovernmental	125,998,150	235,252,610	290,870,139	55,617,529
Investment income:				
Other principal and interest income	2,000,000	(839,961)	3,690,976	4,530,937
Total Investment Income	2,000,000	(839,961)	3,690,976	4,530,937
Miscellaneous	-	-	-	-
Total Revenues	127,998,150	234,412,649	294,561,115	60,148,466
Expenditures:				
General Government:				
Board of Appeals:				
Personnel	-	-	1,893	(1,893)
Totals	-	-	1,893	(1,893)
Board of Elections:				
Personnel	-	-	1,123,106	(1,123,106)
Operating	-	801,913	1,348,543	(546,630)
Totals	-	801,913	2,471,649	(1,669,736)
County Council:				
Personnel	-	-	5,364	(5,364)
Totals	-	-	5,364	(5,364)
County Executive				
Personnel	-	-	10,961	(10,961)
Operating	-	9,070,343	7,068,448	2,001,895
Totals	-	9,070,343	7,079,409	1,990,934
Finance:				
Personnel	-	-	122,667	(122,667)
Operating	-	14,000,000	16,600,743	(2,600,743)
Totals	-	14,000,000	16,723,410	(2,723,410)
Intergovernmental Relations:				
Personnel	-	-	250	(250)
Operating	15,335	15,335	15,333	2
Totals	15,335	15,335	15,583	(248)
Community Engagement Cluster:				
Personnel	71,465	121,465	464,287	(342,822)
Operating	-	80,000	885,946	(805,946)
Totals	71,465	201,465	1,350,233	(1,148,768)
County Attorney:				
Personnel	-	-	21,730	(21,730)
Operating	-	-	40,670	(40,670)
Totals	-	-	62,400	(62,400)
Human Resources:				
Personnel	-	-	8,090	(8,090)
Operating	-	-	35,964	(35,964)
Totals	-	-	44,054	(44,054)
Inspector General:				
Personnel	-	-	584	(584)
Totals	-	-	584	(584)
Office of Agriculture:				
Personnel	-	-	2,636	(2,636)
Totals	-	-	2,636	(2,636)

	Budget		Actual	RSI-3 (Continued) Variance Positive (Negative)
	Original Budget	Final Budget		
Office of Labor Relations:				
Personnel	-	-	1,122	(1,122)
Totals	-	-	1,122	(1,122)
Office of Procurement:				
Personnel	-	-	3,295	(3,295)
Operating	-	-	5,835	(5,835)
Totals	-	-	9,130	(9,130)
General Services:				
Personnel	-	-	576,821	(576,821)
Operating	-	-	(7,782,893)	7,782,893
Totals	-	-	(7,206,072)	7,206,072
Merit System Protection Board:				
Personnel	-	-	352	(352)
Totals	-	-	352	(352)
Public Information:				
Personnel	-	-	1,869	(1,869)
Operating	-	-	4,535	(4,535)
Totals	-	-	6,404	(6,404)
Racial Equity and Social Justice:				
Personnel	-	-	64	(64)
Totals	-	-	64	(64)
Technology Services and Enterprise Business Solutions:				
Personnel	-	-	61,984	(61,984)
Operating	-	-	694,588	(694,588)
Totals	-	-	756,572	(756,572)
Zoning and Administrative Hearings:				
Personnel	-	-	995	(995)
Totals	-	-	995	(995)
Total General Government	86,800	24,089,056	21,325,782	2,763,274
Public Safety:				
Circuit Court:				
Personnel	2,455,531	2,460,135	2,605,158	(145,023)
Operating	297,059	291,880	219,049	72,831
Totals	2,752,590	2,752,015	2,824,207	(72,192)
Consumer Protection:				
Personnel	-	-	4,558	(4,558)
Operating	-	-	1,730	(1,730)
Totals	-	-	6,288	(6,288)
Department of Corrections and Rehabilitation:				
Personnel	-	-	8,403,978	(8,403,978)
Operating	-	129,898	116,380	13,518
Totals	-	129,898	8,520,358	(8,390,460)
Department of Fire and Rescue Services:				
Personnel	125,981	2,587,530	24,064,162	(21,476,632)
Operating	-	1,868,207	1,484,021	384,186
Totals	125,981	4,455,737	25,548,183	(21,092,446)
Department of Police:				
Personnel	148,000	570,234	21,499,142	(20,928,908)
Operating	17,000	1,228,719	1,375,706	(146,987)
Totals	165,000	1,798,953	22,874,848	(21,075,895)
Office of Animal Services:				
Personnel	-	-	275,730	(275,730)
Operating	-	-	1,282	(1,282)
Totals	-	-	277,012	(277,012)

	Budget		Actual	RSI-3 (Continued) Variance Positive (Negative)
	Original Budget	Final Budget		
Office of State's Attorney:				
Personnel	271,726	271,726	270,910	816
Operating	-	87,453	68,093	19,360
Totals	271,726	359,179	339,003	20,176
Office of the County Sheriff:				
Personnel	586,521	1,365,559	2,794,246	(1,428,687)
Operating	317,125	751,751	250,292	501,459
Totals	903,646	2,117,310	3,044,538	(927,228)
Office of Emergency Management & Homeland Security:				
Personnel	975,664	1,552,540	718,327	834,213
Operating	-	5,558,660	7,968,457	(2,409,797)
Totals	975,664	7,111,200	8,686,784	(1,575,584)
Total Public Safety	5,194,607	18,724,292	72,121,221	(53,396,929)
Transportation:				
Department of Transportation:				
Personnel	1,726,893	1,726,893	10,419,186	(8,692,293)
Operating	3,475,476	4,205,533	2,989,184	1,216,349
Total Transportation	5,202,369	5,932,426	13,408,370	(7,475,944)
Health and Human Services:				
Department of Health and Human Services:				
Personnel	49,547,462	53,628,699	52,964,839	663,860
Operating	37,849,859	113,586,678	48,344,369	65,242,309
Total Health and Human Services	87,397,321	167,215,377	101,309,208	65,906,169
Culture and Recreation:				
Community Use of Public Facilities:				
Operating	-	-	1,621	(1,621)
Totals	-	-	1,621	(1,621)
Department of Libraries:				
Personnel	221,436	221,436	708,356	(486,920)
Operating	86,469	103,153	407,180	(304,027)
Totals	307,905	324,589	1,115,536	(790,947)
Department of Recreation:				
Personnel	79,073	42,792	748,166	(705,374)
Operating	-	-	14,847	(14,847)
Totals	79,073	42,792	763,013	(720,221)
Restricted Donations:				
Operating	-	-	4,398	(4,398)
Totals	-	-	4,398	(4,398)
Total Culture and Recreation	386,978	367,381	1,884,568	(1,517,187)
Housing:				
Department of Permitting Service:				
Operating	-	-	550	(550)
Totals	-	-	550	(550)
Department of Housing and Community Affairs:				
Personnel	2,320,488	2,320,488	1,838,602	481,886
Operating	7,409,587	10,928,628	11,119,945	(191,317)
Totals	9,730,075	13,249,116	12,958,547	290,569
Total Housing	9,730,075	13,249,116	12,959,097	290,019
Alcohol Beverage Services:				
Personnel	-	-	3,764	(3,764)
Operating	-	-	156,410	(156,410)
Total Alcohol Beverage Services	-	-	160,174	(160,174)
Environmental Protection:				
Personnel	-	-	11,613	(11,613)
Operating	-	200,748	368,119	(167,371)
Total Environmental Protection	-	200,748	379,732	(178,984)

RSI-3 (Continued)

**Variance
Positive
(Negative)**

	Budget		Actual	
	Original Budget	Final Budget		
Debt Service:				
Operating	-	-	1,151,054	(1,151,054)
Total Debt Service	-	-	1,151,054	(1,151,054)
Nondepartmental:				
Arts Councils	-	-	3,656,190	(3,656,190)
Children's Opportunity Fund	-	-	1,200,000	(1,200,000)
Climate Change Initiative	-	372,079	-	372,079
Compensation and Employee Benefit	-	-	110	(110)
Compensation and Employee Benefit- Operating	-	-	47	(47)
Conferences & Visitors Bureau	-	-	457,800	(457,800)
COVID-19 Response - Community Assistance	-	2,000,000	29,276,797	(27,276,797)
Device Client Management	-	-	2,610,249	(2,610,249)
Early Care and Education	-	10,000,000	15,155,220	(5,155,220)
Future Grants - Operating	20,000,000	(4,193,471)	-	(4,193,471)
Legislative Branch Communications Outreach	-	-	490	(490)
Montgomery County Economic Development Corp.	-	17,036,793	17,495,793	(459,000)
Montgomery County Employee Retirement Plans	-	-	9,213	(9,213)
Total Nondepartmental	20,000,000	25,215,401	69,861,909	(44,646,508)
Total Expenditures	127,998,150	254,993,797	294,561,115	(39,567,318)
Excess of Revenues over (under) Expenditures	-	(20,581,148)	-	(20,581,148)

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	\$ 216,034

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	\$ 294,561,115	\$ 294,561,115	\$ -	\$ -
Reconciling items:				
Encumbrances	(10,899,640)	(10,899,640)	-	-
As reported - GAAP basis	\$ 283,661,475	\$ 283,661,475	\$ -	\$ -

**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			County's Covered Payroll	Plan Fiduciary Net Position as a % of Total OPEB Liability
	% of Net OPEB Liability	Share of the Net OPEB Liability	Share of the Net OPEB Liability as a % of its Covered Payroll		
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	825,636,740	108.66	759,800,866	39.35
2021	97.23	983,532,109	125.87	781,367,096	38.02

**SCHEDULE OF COUNTY CONTRIBUTIONS
LAST 10 FISCAL YEARS**

Fiscal Year Ended June 30	Contractually Required Contributions		Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (excess)	County's Covered Payroll	Actual Contributions as a % of Covered Payroll
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	781,367,096	9.53
2021		70,154,000	87,150,749	(16,996,749)	792,872,180*	10.99

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 2022 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
2020	80.34	42,214,310	11.02	382,929,175	98.80
2021	68.42	75,030,704	21.77	344,614,523	97.53

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	-	344,614,523	20.19
2021	59,663,581	59,663,581	-	439,080,155*	13.59

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
2021	0.1229735	27,793,691	588.92	4,719,436	70.72

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
2021	2,636,630		2,636,630	-	4,470,143	58.98

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, 2019	December 31, 2018	December 31, 2017	December 31, 2017	January 1, 2015
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	December 31, 2017	June 30, 2016
County's Fiscal Year Ending Date for GASB 73	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total Pension Liability					
Service cost	\$ 763,719	\$ 665,258	\$ 474,699	\$ 1,578,468	\$ 886,540
Interest on the Total Pension Liability	1,196,108	1,305,864	621,258	1,750,442	1,273,361
Benefit Changes	-	-	-	478,969	-
Difference between Expected and Actual Experience	403,319	(691,351)	-	(1,343,359)	-
Assumptions changes ⁽¹⁾	4,915,075	2,247,328	(1,927,565)	(3,166,298)	6,088,358
Benefit Payments	(1,466,186)	(1,403,828)	(674,853)	(2,009,855)	(1,309,686)
Net Change in Total Pension Liability	5,812,035	2,123,271	(1,506,461)	(2,711,633)	6,938,573
Total Pension Liability – Beginning	38,562,856	36,439,585	37,946,046	40,657,679	33,719,106
Total Pension Liability – Ending	\$ 44,374,891	\$ 38,562,856	\$ 36,439,585	\$ 37,946,046	\$ 40,657,679
Total Pension Liability as a Percentage of Covered Employee Payroll	N/A	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, 2021, the change in the Total Pension Liability due to the change in the Single Discount Rate from 3.13% as of the beginning of the year to 2.45% 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 GASB 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 FY21, the County Council increased the operating budget for all funds through supplemental and special appropriations by \$551.8 million with an additional supplemental of \$750,000 to outside agency MCPS for Restorative Justice Training for School Staff. In addition, supplemental appropriations increased the CIP budget by \$39.8 million. County operating budget special appropriations reported above, and in addition to General Fund amounts presented in RSI-1, include \$92 million in American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds attributable to the County's computed revenue loss due to the COVID-19 public health emergency to be used to pay for the provision of government services from departmental accounts in accordance with federal guidelines.

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, twenty-four months 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
Actuarial cost method	Individual Entry Age Normal
Amortization method for funding	Level percentage of pay, separate closed period bases
Amortization period for funding	Amortization Period (beginning with the valuation as of July 1, 2015): 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 remaining amortization period for all plans is 7.0 years as of July 1, 2018.
Asset valuation method	5-year smoothed market
Inflations	2.75% per year
Salary Increases	Wage inflation of 3.25% per year plus additional service-based increases of up to 6.25%. Total increases of 3.25%-9.5%
Investment rate of return	7.50% net of investment expense, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition and years of service. Last updated for the 2015 valuation pursuant to an experience study of the period 2009-2014.
Mortality	RP-2014 Healthy Annuitant Mortality Table, sex-distinct for healthy mortality. Rates are set forward six years for the male disabled mortality and eight years for the female disabled mortality assumption. To provide a margin for future mortality improvements, generational mortality improvements from 2014 using projection scale MP-2014 was used.
Cost-of-living (inflation rate) adjustments	2.75% compound for service before July 1, 2011 (1.65% compound for service before July 1, 2011 for defined groups) and 2.30% compound for service on or after July 1, 2011

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, 2021
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, 2021**

	Special Taxing Districts	Rehabilitation Loan	Cable TV	Other	Total Nonmajor Governmental Fund
ASSETS					
Equity in pooled cash and investments	\$ 70,058,653	\$ 3,045,465	\$ 2,385,362	\$ 55,780,397	\$ 131,269,877
Cash	11,250	-	-	25,000	36,250
Receivables (net of allowances for uncollectibles):					
Property taxes	10,538,092	-	-	-	10,538,092
Accounts	5,135,871	-	5,546,000	1,765,121	12,446,992
Mortgages	-	1,943,764	-	-	1,943,764
Parking violations	338,565	-	-	-	338,565
Due from other governments	1,796,621	-	-	-	1,796,621
Total Assets	<u>\$ 87,879,052</u>	<u>\$ 4,989,229</u>	<u>\$ 7,931,362</u>	<u>\$ 57,570,518</u>	<u>\$ 158,370,161</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,184,299	\$ -	\$ 681,263	\$ 1,972,021	\$ 4,837,583
Retainage payable	-	-	-	5,966	5,966
Accrued liabilities	19,383,663	-	371,976	1,264,985	21,020,624
Deposits	501,772	-	-	-	501,772
Due to other funds	6,015,025	-	70,176	112,733	6,197,934
Due to component units	160,316	-	-	-	160,316
Due to other governments	226,308	-	721,702	2,250	950,260
Unearned revenue	123	-	-	4,557	4,680
Total Liabilities	<u>28,471,506</u>	<u>-</u>	<u>1,845,117</u>	<u>3,362,512</u>	<u>33,679,135</u>
Deferred Inflows of Resources:					
Unavailable property taxes	10,506,296	-	-	944,260	11,450,556
Unavailable revenue	2,534,681	-	-	-	2,534,681
Total Deferred Inflows of Resources	<u>13,040,977</u>	<u>-</u>	<u>-</u>	<u>944,260</u>	<u>13,985,237</u>
Fund Balances:					
Restricted	51,331,957	4,989,229	6,086,245	53,263,746	115,671,177
Unassigned	(4,965,388)	-	-	-	(4,965,388)
Total Fund Balances	<u>46,366,569</u>	<u>4,989,229</u>	<u>6,086,245</u>	<u>53,263,746</u>	<u>110,705,789</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 87,879,052</u>	<u>\$ 4,989,229</u>	<u>\$ 7,931,362</u>	<u>\$ 57,570,518</u>	<u>\$ 158,370,161</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Special Taxing Districts	Rehabilitation Loan	Cable TV	Other	Total Nonmajor Governmental Fund
REVENUES					
Taxes	\$ 446,259,164	\$ -	\$ -	\$ 43,023,741	\$ 489,282,905
Licenses and permits	39,225	-	-	-	39,225
Intergovernmental	66,948,271	-	-	391,378	67,339,649
Charges for services	26,946,019	-	23,580,036	4,077,114	54,603,169
Fines and forfeitures	291,630	-	-	401,483	693,113
Investment income	-	36,457	14,517	58,083	109,057
Miscellaneous	866,149	-	75,223	611,757	1,553,129
Total Revenues	541,350,458	36,457	23,669,776	48,563,556	613,620,247
EXPENDITURES					
General government	-	-	15,804,127	210,334	16,014,461
Public safety	236,378,150	-	-	1,012,808	237,390,958
Transportation	132,435,910	-	-	-	132,435,910
Health and human services	-	-	-	403,020	403,020
Culture and recreation	26,853,649	-	-	1,720,075	28,573,724
Community development and housing	-	19,828	-	187,704	207,532
Environment	-	-	-	26,693,625	26,693,625
Total Expenditures	395,667,709	19,828	15,804,127	30,227,566	441,719,230
Excess (Deficiency) of Revenues over (under) Expenditures	145,682,749	16,629	7,865,649	18,335,990	171,901,017
OTHER FINANCING SOURCES (USES)					
Transfers in	3,697,010	-	-	-	3,697,010
Transfers (out)	(101,867,741)	-	(12,602,287)	(16,348,954)	(130,818,982)
Total Other Financing Sources (Uses)	(98,170,731)	-	(12,602,287)	(16,348,954)	(127,121,972)
Net Change in Fund Balances	47,512,018	16,629	(4,736,638)	1,987,036	44,779,045
Fund Balances - Beginning of Year	(1,145,449)	4,972,600	10,822,883	51,276,710	65,926,744
Fund Balances - End of Year	\$ 46,366,569	\$ 4,989,229	\$ 6,086,245	\$ 53,263,746	\$ 110,705,789

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL TAXING DISTRICTS
June 30, 2021

	Recreation	Fire Tax District	Mass Transit Facilities	Total
ASSETS				
Equity in pooled cash and investments	\$ 14,806,881	\$ 10,963,608	\$ 44,288,164	\$ 70,058,653
Cash	6,250	5,000	-	11,250
Receivables (net of allowances for uncollectibles):				
Property taxes	1,204,464	5,721,573	3,612,055	10,538,092
Accounts	59,752	3,993,936	1,082,183	5,135,871
Parking violations	-	-	338,565	338,565
Due from other governments	-	-	1,796,621	1,796,621
Total Assets	<u>\$ 16,077,347</u>	<u>\$ 20,684,117</u>	<u>\$ 51,117,588</u>	<u>\$ 87,879,052</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 235,444	\$ 1,345,561	\$ 603,294	\$ 2,184,299
Accrued liabilities	2,109,619	11,983,603	5,290,441	19,383,663
Deposits	-	-	501,772	501,772
Due to other funds	298,381	4,226,329	1,490,315	6,015,025
Due to component units	-	-	160,316	160,316
Due to other governments	47,993	4,493	173,822	226,308
Unearned revenue	-	-	123	123
Total Liabilities	<u>2,691,437</u>	<u>17,559,986</u>	<u>8,220,083</u>	<u>28,471,506</u>
Deferred Inflows of Resources:				
Unavailable property taxes	1,446,649	5,554,838	3,504,809	10,506,296
Unavailable service revenues	-	2,534,681	-	2,534,681
Total Deferred Inflows of Resources	<u>1,446,649</u>	<u>8,089,519</u>	<u>3,504,809</u>	<u>13,040,977</u>
Fund Balances:				
Restricted	11,939,261	-	39,392,696	51,331,957
Unassigned	-	(4,965,388)	-	(4,965,388)
Total Fund Balances	<u>11,939,261</u>	<u>(4,965,388)</u>	<u>39,392,696</u>	<u>46,366,569</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,077,347</u>	<u>\$ 20,684,117</u>	<u>\$ 51,117,588</u>	<u>\$ 87,879,052</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL TAXING DISTRICTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Recreation	Fire Tax District	Mass Transit Facilities	Total
REVENUES				
Taxes	\$ 47,070,414	\$ 246,033,973	\$ 153,154,777	\$ 446,259,164
Licenses and permits	-	-	39,225	39,225
Intergovernmental	-	2,738,307	64,209,964	66,948,271
Charges for services	2,077,583	20,478,999	4,389,437	26,946,019
Fines and forfeitures	-	-	291,630	291,630
Miscellaneous	63,158	616,699	186,292	866,149
Total Revenues	<u>49,211,155</u>	<u>269,867,978</u>	<u>222,271,325</u>	<u>541,350,458</u>
EXPENDITURES				
Public safety	-	236,378,150	-	236,378,150
Transportation	-	-	132,435,910	132,435,910
Culture and recreation	26,853,649	-	-	26,853,649
Total Expenditures	<u>26,853,649</u>	<u>236,378,150</u>	<u>132,435,910</u>	<u>395,667,709</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>22,357,506</u>	<u>33,489,828</u>	<u>89,835,415</u>	<u>145,682,749</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,915,700	250,000	531,310	3,697,010
Transfers (out)	(19,080,358)	(11,713,567)	(71,073,816)	(101,867,741)
Total Other Financing Sources (Uses)	<u>(16,164,658)</u>	<u>(11,463,567)</u>	<u>(70,542,506)</u>	<u>(98,170,731)</u>
Net Change in Fund Balances	6,192,848	22,026,261	19,292,909	47,512,018
Fund Balances - Beginning of Year	<u>5,746,413</u>	<u>(26,991,649)</u>	<u>20,099,787</u>	<u>(1,145,449)</u>
Fund Balances - End of Year	<u>\$ 11,939,261</u>	<u>\$ (4,965,388)</u>	<u>\$ 39,392,696</u>	<u>\$ 46,366,569</u>

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - OTHER
June 30, 2021

	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	\$ 1,931,918	\$ 1,301,611	\$ 24,550,470	\$ 26,831,659	\$ 596,370	\$ 568,369	\$ 55,780,397
Cash	-	25,000	-	-	-	-	25,000
Receivables (net of allowances for uncollectibles):							
Accounts	-	-	944,260	-	-	820,861	1,765,121
Total Assets	<u>\$ 1,931,918</u>	<u>\$ 1,326,611</u>	<u>\$ 25,494,730</u>	<u>\$ 26,831,659</u>	<u>\$ 596,370</u>	<u>\$ 1,389,230</u>	<u>\$ 57,570,518</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 2,579	\$ 1,595,629	\$ 220,413	\$ 10,432	\$ 142,968	\$ 1,972,021
Retainage payable	-	-	5,966	-	-	-	5,966
Accrued liabilities	-	7,913	723,534	93,056	42,884	397,598	1,264,985
Due to other funds	-	-	112,733	-	-	-	112,733
Due to other governments	2,250	-	-	-	-	-	2,250
Unearned revenue	-	-	-	-	-	4,557	4,557
Total Liabilities	<u>2,250</u>	<u>10,492</u>	<u>2,437,862</u>	<u>313,469</u>	<u>53,316</u>	<u>545,123</u>	<u>3,362,512</u>
Deferred Inflows of Resources:							
Unavailable property taxes	-	-	944,260	-	-	-	944,260
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>944,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>944,260</u>
Fund Balances:							
Restricted	1,929,668	1,316,119	22,112,608	26,518,190	543,054	844,107	53,263,746
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	<u>1,929,668</u>	<u>1,316,119</u>	<u>22,112,608</u>	<u>26,518,190</u>	<u>543,054</u>	<u>844,107</u>	<u>53,263,746</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,931,918</u>	<u>\$ 1,326,611</u>	<u>\$ 25,494,730</u>	<u>\$ 26,831,659</u>	<u>\$ 596,370</u>	<u>\$ 1,389,230</u>	<u>\$ 57,570,518</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS - OTHER
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Agricultural Transfer Tax	Drug Enforcement Forfeitures	Water Quality Protection	Restricted Donations	Detention Center Canteen Profit	Recreation Non-Tax Supported	Total
REVENUES							
Taxes	\$ 295,133	\$ -	\$ 42,728,608	\$ -	\$ -	\$ -	\$ 43,023,741
Intergovernmental	-	-	-	391,378	-	-	391,378
Charges for services	-	-	360,652	-	-	3,716,462	4,077,114
Fines and forfeitures	-	401,483	-	-	-	-	401,483
Investment income	3,200	2,064	51,440	-	790	589	58,083
Miscellaneous	-	147,536	-	189,476	274,745	-	611,757
Total Revenues	<u>298,333</u>	<u>551,083</u>	<u>43,140,700</u>	<u>580,854</u>	<u>275,535</u>	<u>3,717,051</u>	<u>48,563,556</u>
EXPENDITURES							
General government	-	-	-	210,334	-	-	210,334
Public safety	-	719,540	-	34,409	258,859	-	1,012,808
Health and human services	-	-	-	403,020	-	-	403,020
Community development and housing	-	-	-	187,704	-	-	187,704
Culture and recreation	-	-	-	63,581	-	1,656,494	1,720,075
Environment	118,053	-	25,958,301	617,271	-	-	26,693,625
Total Expenditures	<u>118,053</u>	<u>719,540</u>	<u>25,958,301</u>	<u>1,516,319</u>	<u>258,859</u>	<u>1,656,494</u>	<u>30,227,566</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>180,280</u>	<u>(168,457)</u>	<u>17,182,399</u>	<u>(935,465)</u>	<u>16,676</u>	<u>2,060,557</u>	<u>18,335,990</u>
OTHER FINANCING SOURCES (USES)							
Transfers (out)	(277,007)	-	(15,071,947)	-	-	(1,000,000)	(16,348,954)
Total Other Financing Sources (Uses)	<u>(277,007)</u>	<u>-</u>	<u>(15,071,947)</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>(16,348,954)</u>
Net Change in Fund Balances	<u>(96,727)</u>	<u>(168,457)</u>	<u>2,110,452</u>	<u>(935,465)</u>	<u>16,676</u>	<u>1,060,557</u>	<u>1,987,036</u>
Fund Balances - Beginning of Year	<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>
Fund Balances - End of Year	<u>\$ 1,929,668</u>	<u>\$ 1,316,119</u>	<u>\$ 22,112,608</u>	<u>\$ 26,518,190</u>	<u>\$ 543,054</u>	<u>\$ 844,107</u>	<u>\$ 53,263,746</u>

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, 2021

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final		
Revenues:				
Intergovernmental	\$ 341,060	\$ 341,060	\$ 1,192,229	\$ 851,169
Investment income	-	-	6,324	6,324
Miscellaneous	707,157	707,157	540,638	(166,519)
Total Revenues	1,048,217	1,048,217	1,739,191	690,974
Expenditures:				
Operating:				
Principal and interest for general obligation bonds:				
General county	71,740,290	71,740,290	72,406,533	(666,243)
Roads and storm drainage	76,960,090	76,960,090	77,448,929	(488,839)
Parks and recreation	9,248,120	9,248,120	9,304,075	(55,955)
Public schools	149,682,120	149,682,120	150,934,211	(1,252,091)
Montgomery College	27,510,250	27,510,250	27,610,768	(100,518)
Public housing	54,840	54,840	49,823	5,017
Recreation	10,547,570	10,547,570	9,917,452	630,118
Fire and rescue	8,355,790	8,355,790	7,732,894	622,896
Mass transit	20,686,890	20,686,890	19,187,126	1,499,764
Issuing costs	3,475,000	3,780,504	4,162,295	(381,791)
Bond anticipation note interest	5,100,000	5,100,000	551,913	4,548,087
Principal and interest on long-term equipment notes	-	1,327,213	1,327,213	-
Principal and interest on revenue bonds	8,172,350	13,459,285	13,309,779	149,506
Long-term leases:				
General Fund	14,593,600	14,593,600	11,775,943	2,817,657
Montgomery Housing Initiative	10,973,750	10,973,750	9,673,486	1,300,264
Mass Transit	11,773,900	11,773,900	8,149,162	3,624,738
Fire and Rescue	5,474,750	5,474,750	3,005,413	2,469,337
Special Revenue Funds	2,613,500	2,613,500	584,882	2,028,618
Total Expenditures	436,962,810	443,882,462	427,131,897	16,750,565
Excess of Revenues over (under) Expenditures	(435,914,593)	(442,834,245)	(425,392,706)	17,441,539
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	357,573,250	357,573,250	351,488,687	(6,084,563)
From Capital Projects Fund	-	-	903,642	903,642
Transfer to Capital Projects Fund	-	-	(3,992,136)	(3,992,136)
From Internal Service Funds	370,000	370,000	57,178	(312,822)
From Enterprise Funds:				
Alcohol Beverage Service	-	5,286,935	5,192,997	(93,938)
Common Use of Public Facilities	359,263	359,263	80,400	(278,863)
Permitting Services	961,423	961,423	215,160	(746,263)
From Special Revenue Funds:				
Recreation	10,547,570	10,547,570	9,853,966	(693,604)
Mass Transit	32,460,790	32,460,790	27,347,928	(5,112,862)
Fire Tax District	13,460,540	13,460,540	10,551,038	(2,909,502)
Montgomery Housing Initiative	10,921,700	10,921,700	8,941,912	(1,979,788)
Water Quality Protection	9,208,007	9,208,007	8,255,023	(952,984)
Total Other Financing Sources (Uses)	435,862,543	441,149,478	418,895,795	(22,253,683)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (52,050)	\$ (1,684,767)	\$ (6,496,911)	\$ (4,812,144)

Adjustments required under generally accepted accounting principles:

Elimination of encumbrances outstanding	305,504
Bond anticipation note activity	(345,000,000)
Payment to refunded bond escrow agent	(614,680,938)
Premium on general obligation bond	39,862,400
Premium on revenue bonds	4,730,504
Premium on general obligation refunding bonds	43,321,958
Issuing costs for general obligation bonds/certificate of participation	(3,052,698)
Proceeds of:	
General obligation bonds	320,000,000
General obligation refunding bonds	534,795,000
Revenue bonds	34,552,111
GAAP - Net Change in Fund Balance	8,336,930
Fund Balance - Beginning of Year	12,491,898
Fund Balance - End of Year	<u>\$ 20,828,828</u>

Exhibit B-8

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, 2021

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes	\$ 3,971,000	\$ 5,138,667	\$ 87,722,365	\$ 82,583,698
Intergovernmental	2,846,000	4,387,812	36,988,211	32,600,399
Charges for services	8,052,000	8,821,934	46,350,664	37,528,730
Investment income	192,000	192,000	352,381	160,381
Miscellaneous	16,380,000	17,209,724	4,650,620	(12,559,104)
Total Revenues	31,441,000	35,750,137	176,064,241	140,314,104
Expenditures - Capital Projects	286,525,000	618,929,960	652,054,231	(33,124,271)
Excess of Revenues over (under) Expenditures	(255,084,000)	(583,179,823)	(475,989,990)	107,189,833
Other Financing Sources (Uses):				
Transfers in	51,125,000	49,335,362	56,761,370	7,426,008
Transfers out	-	-	(57,658,341)	(57,658,341)
Sale of property	1,900,000	1,900,000	17,115,067	15,215,067
Financing under notes payable	8,213,000	9,230,000	784,059	(8,445,941)
Payment to refunded bond escrow agent	-	-	(32,273,957)	(32,273,957)
Proceeds from certificates of participation	13,293,000	13,293,000	125,890,000	112,597,000
Proceeds from general obligation bonds	141,377,000	136,869,933	-	(136,869,933)
Proceeds from bond anticipation notes	-	-	315,000,000	315,000,000
Proceeds from issuance of revenue bonds	39,176,000	39,176,000	4,647,723	(34,528,277)
Premium on general obligation refunding bond	-	30,000,000	-	(30,000,000)
Premium on taxable limited obligation certificates	-	-	19,048,064	19,048,064
Total Other Financing Sources (Uses)	255,084,000	279,804,295	449,313,985	169,509,690
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ (303,375,528)	(26,676,005)	\$ 276,699,523
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			203,249,464	
GAAP - Net Change in Fund Balance			176,573,459	
Fund Balance - Beginning of Year			(100,568,091)	
Fund Balance - End of Year			\$ 76,005,368	

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, 2021

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes - property	\$ 46,839,468	\$ 46,839,468	\$ 47,070,414	\$ 230,946
Charges for services - activity fees	5,533,850	5,533,850	2,077,583	(3,456,267)
Miscellaneous	129,597	129,597	63,158	(66,439)
Total Revenues	52,502,915	52,502,915	49,211,155	(3,291,760)
Expenditures:				
Personnel costs	27,685,195	27,835,195	17,989,632	9,845,563
Operating	15,430,902	16,358,029	7,862,547	8,495,482
Total Expenditures	43,116,097	44,193,224	25,852,179	18,341,045
Excess of Revenues over (under) Expenditures	9,386,818	8,309,691	23,358,976	15,049,285
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	1,009,700	1,915,700	1,915,700	-
From Recreation Non Tax Supported Fund	4,500,000	1,000,000	1,000,000	-
To General Fund	(7,089,602)	(10,989,602)	(9,226,392)	1,763,210
To Debt Service Fund	(10,547,570)	(10,547,570)	(9,853,966)	693,604
Total Other Financing Sources (Uses)	(12,127,472)	(18,621,472)	(16,164,658)	2,456,814
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (2,740,654)	\$ (10,311,781)	7,194,318	\$ 17,506,099
Adjustments required under generally accepted accounting principles:				
Interfund activity- Maintenance cost reimbursement budgeted as a transfer to General Fund			(1,763,210)	
Non-budgeted item - Bad debt expense			(4,021)	
Elimination of encumbrances outstanding			765,761	
GAAP - Net Change in Fund Balance			6,192,848	
Fund Balance - Beginning of Year			5,746,413	
Fund Balance - End of Year			\$ 11,939,261	

Exhibit B-10

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, 2021

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes - property	\$ 244,458,885	\$ 244,458,885	\$ 246,033,973	\$ 1,575,088
Intergovernmental	198,622	2,240,468	2,738,307	497,839
Charges for services	20,000,000	20,000,000	20,478,999	478,999
Miscellaneous	244,882	244,882	616,699	371,817
Total Revenues	<u>264,902,389</u>	<u>266,944,235</u>	<u>269,867,978</u>	<u>2,923,743</u>
Expenditures:				
Personnel costs	188,218,429	197,825,465	192,266,584	5,558,881
Operating	36,650,998	44,985,690	44,967,972	17,718
Total Expenditures	<u>224,869,427</u>	<u>242,811,155</u>	<u>237,234,556</u>	<u>5,576,599</u>
Excess of Revenues over (under) Expenditures	<u>40,032,962</u>	<u>24,133,080</u>	<u>32,633,422</u>	<u>8,500,342</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	(13,460,540)	(13,460,540)	(10,551,038)	2,909,502
To Capital Projects Fund	(3,933,000)	(3,933,000)	(1,041,779)	2,891,221
Total Other Financing Sources (Uses)	<u>(17,264,290)</u>	<u>(17,264,290)</u>	<u>(11,463,567)</u>	<u>5,800,723</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 22,768,672</u>	<u>\$ 6,868,790</u>	<u>21,169,855</u>	<u>\$ 14,301,065</u>
Adjustments required under generally accepted accounting principles:				
Lease principal payments			(16,496)	
Lease interest payments			(817)	
Non-budgeted item - Bad debt expense			(2,659,172)	
Elimination of encumbrances outstanding			3,532,891	
GAAP - Net Change in Fund Balance			<u>22,026,261</u>	
Fund Balance - Beginning of Year			<u>(26,991,649)</u>	
Fund Balance - End of Year			<u>\$ (4,965,388)</u>	

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, 2021

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes - property	\$ 152,218,055	\$ 152,218,055	\$ 153,154,777	\$ 936,722
Licenses and permits	400,000	400,000	39,225	(360,775)
Intergovernmental	41,317,057	41,317,057	64,209,964	22,892,907
Charges for services:				
Fare receipts	24,749,721	24,749,721	3,634,740	(21,114,981)
Parking fees	720,000	720,000	754,697	34,697
Total Charges for Services	25,469,721	25,469,721	4,389,437	(21,080,284)
Fines and forfeitures	525,000	525,000	291,630	(233,370)
Miscellaneous	-	-	186,292	186,292
Total Revenues	219,929,833	219,929,833	222,271,325	2,341,492
Expenditures:				
Division of Transit Services				
Personnel costs	82,762,989	82,762,989	78,569,814	4,193,175
Operating	66,532,104	68,029,950	59,762,278	8,267,672
Total Division of Transit Services	149,295,093	150,792,939	138,332,092	12,460,847
Washington Suburban Transit Commission				
Operating	69,783	69,783	69,783	-
Total Expenditures	149,364,876	150,862,722	138,401,875	12,460,847
Excess of Revenues over (under) Expenditures	70,564,957	69,067,111	83,869,450	14,802,339
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	531,310	531,310	531,310	-
To General Fund	(15,819,323)	(33,669,323)	(33,669,323)	-
To Debt Service Fund	(32,460,790)	(32,460,790)	(27,347,928)	5,112,862
To Capital Projects Fund	(18,001,000)	(18,001,000)	(10,056,565)	7,944,435
Total Other Financing Sources (Uses)	(65,749,803)	(83,599,803)	(70,542,506)	13,057,297
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 4,815,154	\$ (14,532,692)	13,326,944	\$ 27,859,636
Adjustments required under generally accepted accounting principles:				
Non-budget item - Bad debt expense			(480)	
Elimination of encumbrances outstanding			5,966,445	
GAAP - Net Change in Fund Balance			19,292,909	
Fund Balance - Beginning of Year			20,099,787	
Fund Balance - End of Year			\$ 39,392,696	

Exhibit B-12

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, 2021**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Investment income				
Pooled investment income	\$ -	\$ -	\$ 4,377	\$ 4,377
Other investment income	-	-	32,080	32,080
Total Revenues	-	-	36,457	36,457
 Total Expenditures	-	-	-	-
Excess of Revenues over (under) Expenditures	\$ -	\$ -	36,457	\$ 36,457
 Adjustments required under generally accepted accounting principles:				
Non-budget item - Bad debt expense			(19,828)	
GAAP - Net Change in Fund Balance			16,629	
 Fund Balance - Beginning of Year			4,972,600	
Fund Balance - End of Year			\$ 4,989,229	

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, 2021

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Fines and forfeitures	\$ 24,547,000	\$ 24,547,000	\$ 23,580,036	\$ (966,964)
Investment income	159,000	159,000	14,517	(144,483)
Miscellaneous	-	-	75,223	75,223
Total Revenues	24,706,000	24,706,000	23,669,776	(1,036,224)
Expenditures:				
Personnel costs	4,318,138	4,318,138	4,025,037	293,101
Operating	12,200,442	14,112,164	14,079,444	32,720
Total Expenditures	16,518,580	18,430,302	18,104,481	325,821
Excess of Revenues over (under) Expenditures	8,187,420	6,275,698	5,565,295	(710,403)
Other Financing Sources (Uses):				
Transfers In (Out):				
To General Fund	(4,409,575)	(4,409,575)	(4,409,575)	-
To Capital Projects Fund	(3,761,000)	(3,761,000)	(8,192,712)	(4,431,712)
Total Other Financing Sources (Uses)	(8,170,575)	(8,170,575)	(12,602,287)	(4,431,712)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 16,845	\$ (1,894,877)	(7,036,992)	\$ (5,142,115)
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			2,300,354	
GAAP - Net Change in Fund Balance			(4,736,638)	
Fund Balance - Beginning of Year			10,822,883	
Fund Balance - End of Year			\$ 6,086,245	

Exhibit B-14

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, 2021**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 401,483	\$ 401,483
Investment income	-	-	2,064	2,064
Miscellaneous	-	-	147,536	147,536
Total Revenues	-	-	551,083	551,083
Expenditures:				
Operating	-	1,484,576	1,135,824	348,752
Total Expenditures	-	1,484,576	1,135,824	348,752
Excess of Revenues over (under) Expenditures	\$ -	\$ (1,484,576)	(584,741)	\$ 899,835
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			416,284	
GAAP - Net Change in Fund Balance			(168,457)	
Fund Balance - Beginning of Year			1,484,576	
Fund Balance - End of Year			\$ 1,316,119	

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, 2021

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes	\$ 41,493,180	\$ 41,493,180	\$ 42,728,608	\$ 1,235,428
Charges for services	47,500	47,500	360,652	313,152
Investment income	750,000	750,000	51,440	(698,560)
Total Revenues	<u>42,290,680</u>	<u>42,290,680</u>	<u>43,140,700</u>	<u>850,020</u>
Expenditures:				
Personnel costs	9,721,803	9,132,803	9,009,602	123,201
Operating	19,676,426	23,584,960	22,297,580	1,287,380
Total Expenditures	<u>29,398,229</u>	<u>32,717,763</u>	<u>31,307,182</u>	<u>1,410,581</u>
Excess of Revenues over (under) Expenditures	<u>12,892,451</u>	<u>9,572,917</u>	<u>11,833,518</u>	<u>2,260,601</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
To General Fund	(1,837,940)	(1,837,940)	(1,837,940)	-
To Capital Projects Fund	(8,140,000)	(8,140,000)	(4,978,984)	3,161,016
To Debt Service Fund	(9,208,007)	(9,208,007)	(8,255,023)	952,984
Total Other Financing Sources (Uses)	<u>(19,185,947)</u>	<u>(19,185,947)</u>	<u>(15,071,947)</u>	<u>4,114,000</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ (6,293,496)</u>	<u>\$ (9,613,030)</u>	<u>(3,238,429)</u>	<u>\$ 6,374,601</u>
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			5,348,881	
GAAP - Net Change in Fund Balance			<u>2,110,452</u>	
Fund Balance - Beginning of Year			<u>20,002,156</u>	
Fund Balance - End of Year			<u>\$ 22,112,608</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, 2021**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 391,378	\$ 391,378
Miscellaneous - contributions	-	-	189,476	189,476
Total Revenues	-	-	580,854	580,854
Expenditures:				
Operating	-	30,212,507	3,919,580	26,292,927
Total Expenditures	-	30,212,507	3,919,580	26,292,927
Excess of Revenues over (under) Expenditures	\$ -	\$ (30,212,507)	(3,338,726)	\$ 26,873,781
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			2,403,261	
GAAP - Net Change in Fund Balance			(935,465)	
Fund Balance - Beginning of Year			27,453,655	
Fund Balance - End of Year			\$ 26,518,190	

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, 2021

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Investment income	\$ -	\$ -	\$ 790	\$ 790
Miscellaneous	-	-	274,745	274,745
Total Revenues	-	-	275,535	275,535
Expenditures:				
Operating	-	543,000	258,859	284,141
Total Expenditures	-	543,000	258,859	284,141
Excess of Revenues over (under) Expenditures	\$ -	\$ (543,000)	16,676	\$ 559,676
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			-	
GAAP - Net Change in Fund Balance			16,676	
Fund Balance - Beginning of Year			526,378	
Fund Balance - End of Year			\$ 543,054	

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, 2021

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Charges for services - activity fees	\$ 8,100,000	\$ 8,100,000	\$ 3,716,462	\$ (4,383,538)
Investment income	-	-	589	589
Total Revenues	8,100,000	8,100,000	3,717,051	(4,382,949)
Expenditures:				
Operating	3,600,000	3,600,000	1,666,493	1,933,507
Total Expenditures	3,600,000	3,600,000	1,666,493	1,933,507
Excess of Revenues over (under) Expenditures	4,500,000	4,500,000	2,050,558	(2,449,442)
Other Financing Sources (Uses):				
Transfers In (Out):				
To Special Revenue Fund - Recreation	(4,500,000)	(1,000,000)	(1,000,000)	-
Total Other Financing Sources (Uses)	(4,500,000)	(1,000,000)	(1,000,000)	-
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ 3,500,000	1,050,558	\$ (2,449,442)
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			9,999	
GAAP - Net Change in Fund Balance			1,060,557	
Fund Balance - Beginning of Year			(216,450)	
Fund Balance - End of Year			\$ 844,107	



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, 2021

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Equity in pooled cash and investments	\$ 37,716,966	\$ 3,960,356	\$ 41,677,322
Receivables (net of allowance for uncollectibles):			
Accounts	257,161	2,173,147	2,430,308
Prepays	241,230	32,560	273,790
Total Current Assets	<u>38,215,357</u>	<u>6,166,063</u>	<u>44,381,420</u>
Noncurrent Assets:			
Capital Assets:			
Furniture, fixtures, equipment, and machinery	1,780,940	-	1,780,940
Automobiles and trucks	258,785	-	258,785
Subtotal	2,039,725	-	2,039,725
Less: Accumulated depreciation	1,555,878	-	1,555,878
Total Capital Assets (net of accumulated depreciation)	<u>483,847</u>	<u>-</u>	<u>483,847</u>
Total Noncurrent Assets	<u>483,847</u>	<u>-</u>	<u>483,847</u>
Total Assets	<u>38,699,204</u>	<u>6,166,063</u>	<u>44,865,267</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	3,573,575	226,482	3,800,057
Total Deferred Outflows of Resources	<u>3,573,575</u>	<u>226,482</u>	<u>3,800,057</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	108,519	82,777	191,296
Deposits	8,191,596	-	8,191,596
Accrued liabilities	3,774,999	435,951	4,210,950
Due to other funds	1,007,281	120,046	1,127,327
Due to other governments	5,537	-	5,537
Unearned revenue	403,830	177,518	581,348
Total Current Liabilities	<u>13,491,762</u>	<u>816,292</u>	<u>14,308,054</u>
Noncurrent Liabilities:			
Compensated absences	1,226,689	137,653	1,364,342
Net pension liability	2,198,175	121,925	2,320,100
Total Noncurrent Liabilities	<u>3,424,864</u>	<u>259,578</u>	<u>3,684,442</u>
Total Liabilities	<u>16,916,626</u>	<u>1,075,870</u>	<u>17,992,496</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	4,113,387	228,155	4,341,542
Deferred revenue	-	1,825,261	1,825,261
Total Deferred Inflows of Resources	<u>4,113,387</u>	<u>2,053,416</u>	<u>6,166,803</u>
NET POSITION			
Net investment in capital assets	483,847	-	483,847
Unrestricted	20,758,919	3,263,259	24,022,178
Total Net Position	<u>\$ 21,242,766</u>	<u>\$ 3,263,259</u>	<u>\$ 24,506,025</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for services	\$ 1,290,582	\$ 4,284,548	\$ 5,575,130
Licenses and permits	42,127,219	-	42,127,219
Fines and penalties	55,487	-	55,487
Total Operating Revenues	43,473,288	4,284,548	47,757,836
OPERATING EXPENSES			
Personnel costs	28,122,411	3,189,312	31,311,723
Other post employment contributions	333,970	42,960	376,930
Postage	6,812	1	6,813
Insurance	743,622	-	743,622
Supplies and materials	474,562	25,660	500,222
Contractual services	1,585,030	619,469	2,204,499
Communications	184,139	34,194	218,333
Transportation	771,465	8,449	779,914
Rentals	3,157,709	355,310	3,513,019
Maintenance	4,135	116	4,251
Depreciation	188,165	-	188,165
Other	41,632	46,494	88,126
Total Operating Expenses	35,613,652	4,321,965	39,935,617
Operating Income (Loss)	7,859,636	(37,417)	7,822,219
NONOPERATING REVENUES (EXPENSES)			
Investment income	54,538	8,748	63,286
Other revenue	365,253	-	365,253
Total Nonoperating Revenues (Expenses)	419,791	8,748	428,539
Income (Loss) Before Transfers	8,279,427	(28,669)	8,250,758
Transfers In (Out):			
Transfers in	-	25,000	25,000
Transfers out	(5,999,385)	(1,093,294)	(7,092,679)
Total Transfers In (Out)	(5,999,385)	(1,068,294)	(7,067,679)
Change in Net Position	2,280,042	(1,096,963)	1,183,079
Total Net Position - Beginning of Year	18,962,724	4,360,222	23,322,946
Total Net Position - End of Year	\$ 21,242,766	\$ 3,263,259	\$ 24,506,025

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 43,422,516	\$ 8,659,790	\$ 52,082,306
Payments to suppliers	(7,329,100)	(8,458,002)	(15,787,102)
Payments to employees	(29,178,431)	(3,279,133)	(32,457,564)
Other operating receipts	4,575,548	-	4,575,548
Other operating payments	(4,901,808)	-	(4,901,808)
Other revenue	365,253	-	365,253
Net cash provided (Used) by Operating Activities	<u>6,953,978</u>	<u>(3,077,345)</u>	<u>3,876,633</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	(5,999,385)	(1,093,294)	(7,092,679)
Net cash provided (Used) by Noncapital Financing Activities	<u>(5,999,385)</u>	<u>(1,068,294)</u>	<u>(7,067,679)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from the sale of capital assets	3,283	-	3,283
Purchases of capital assets	(498,334)	-	(498,334)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(495,051)</u>	<u>-</u>	<u>(495,051)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income from pooled investments	54,538	8,748	63,286
Net cash provided (Used) by Investing Activities	<u>54,538</u>	<u>8,748</u>	<u>63,286</u>
Net Increase (Decrease) in Cash and Cash Equivalents	514,080	(4,136,891)	(3,622,811)
Balances - Beginning of Year	37,202,886	8,097,247	45,300,133
Balances - End of Year	<u>\$ 37,716,966</u>	<u>\$ 3,960,356</u>	<u>\$ 41,677,322</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 7,859,636	\$ (37,417)	\$ 7,822,219
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	188,165	-	188,165
Other revenues	365,253	-	365,253
Changes in deferred inflow of resources - deferred revenue	-	1,825,261	1,825,261
Pension expense	(1,235,488)	(147,541)	(1,383,029)
Effect of changes in operating assets and liabilities:			
Receivables, net	6,591	2,549,980	2,556,571
Accounts payable and other liabilities	(417,357)	(7,331,162)	(7,748,519)
Accrued expenses	(146,792)	20,574	(126,218)
Inventories, prepaids and other assets	333,970	42,960	376,930
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,953,978</u>	<u>\$ (3,077,345)</u>	<u>\$ 3,876,633</u>

SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
LIQUOR				
Personnel costs	\$ 36,628,614	\$ 36,628,614	\$ 38,686,122	\$ (2,057,508)
Operating	26,927,740	27,472,056	26,627,710	844,346
Total	<u>\$ 63,556,354</u>	<u>\$ 64,100,670</u>	65,313,832	<u>\$ (1,213,162)</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			8,010,352	
Cost of goods sold			207,923,704	
Interest expense			1,972,162	
Bad debt expense			146,500	
CIP - other operating costs			210,349	
Deductions:				
Capital outlay			(779,522)	
Principal paid on bonds			(4,300,000)	
Interest paid on bonds			(3,708,788)	
Equipment note principal payments			(1,150,349)	
Equipment note interest payments			(72,314)	
Pension expense			(953,310)	
Encumbrances outstanding at year-end			(1,308,822)	
Lease principal payments			(4,548,967)	
Lease interest payments			(864,308)	
GAAP Expenses			<u>\$ 265,890,519 *</u>	
* Includes operating and nonoperating expenses				
PERMITTING SERVICES				
Personnel costs	\$ 30,327,493	\$ 30,327,493	\$ 29,357,899	\$ 969,594
Operating	10,371,757	11,328,921	10,627,967	700,954
Total	<u>\$ 40,699,250</u>	<u>\$ 41,656,414</u>	39,985,866	<u>\$ 1,670,548</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			188,165	
Bad debt expense			2,241	
Deductions:				
Capital outlay			(498,334)	
Encumbrances outstanding at year-end			(2,828,798)	
Pension expense			(1,235,488)	
GAAP Expenses			<u>\$ 35,613,652</u>	
COMMUNITY USE OF PUBLIC FACILITIES				
Personnel costs	\$ 3,501,873	\$ 3,501,873	\$ 3,336,853	\$ 165,020
Operating	8,352,878	8,852,015	1,135,590	7,716,425
Total	<u>\$ 11,854,751</u>	<u>\$ 12,353,888</u>	4,472,443	<u>\$ 7,881,445</u>
Reconciliation to GAAP expenses:				
Additions:				
Bad debt expense			6,063	
Deductions:				
Pension expense			(147,541)	
Encumbrances outstanding at year-end			(9,000)	
GAAP Expenses			<u>\$ 4,321,965</u>	
SOLID WASTE DISPOSAL				
Personnel costs	\$ 11,138,625	\$ 11,515,435	\$ 11,515,427	\$ 8
Operating	109,834,948	116,158,976	116,478,897	(319,921)
Total	<u>\$ 120,973,573</u>	<u>\$ 127,674,411</u>	127,994,324	<u>\$ (319,913)</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			2,218,925	
CIP - other operating costs			1,158,433	
Deductions:				
Capital outlay expenditures			(1,953,916)	
Encumbrances outstanding at year-end			(18,491,598)	
Pension expense			(220,267)	
GAAP Expenses			<u>\$ 110,705,901</u>	

Exhibit C-4 (Continued)

SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
SOLID WASTE COLLECTION				
Personnel costs	\$ 1,631,299	\$ 1,631,299	\$ 1,552,655	\$ 78,644
Operating	8,819,403	8,819,403	8,378,754	440,649
Total	<u>\$ 10,450,702</u>	<u>\$ 10,450,702</u>	<u>9,931,409</u>	<u>\$ 519,293</u>
Reconciliation to GAAP expenses:				
Deductions:				
Pension expense			(55,736)	
Encumbrances outstanding at year-end			(4,725)	
GAAP Expenses			<u>\$ 9,870,948</u>	
SOLID WASTE LEAFING				
Personnel costs	\$ 3,493,804	\$ 3,234,804	\$ 2,682,801	\$ 552,003
Operating	2,874,082	3,133,082	3,117,599	15,483
Total	<u>\$ 6,367,886</u>	<u>\$ 6,367,886</u>	<u>5,800,400</u>	<u>\$ 567,486</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			2,017	
Interfund activities budgeted as transfers - charges for services from disposal			1,319,501	
Deductions:				
Capital outlay			(40,345)	
Pension expense			(44,446)	
GAAP Expenses			<u>\$ 7,037,127</u>	
Reconciliation of GAAP expenses to Statement of Revenues, Expenses, and Changes in Fund Net Assets:				
GAAP Expenses:				
Solid Waste Disposal			110,705,901	
Solid Waste Collection			9,870,948	
Solid Waste Leafing			7,037,127	
Total Solid Waste Activities			<u>\$ 127,613,976</u>	
SILVER SPRING PARKING				
Personnel costs	\$ 2,540,571	\$ 2,540,571	\$ 2,251,047	\$ 289,524
Operating	9,028,271	8,988,588	6,901,116	2,087,472
Total	<u>\$ 11,568,842</u>	<u>\$ 11,529,159</u>	<u>9,152,163</u>	<u>\$ 2,376,996</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			5,092,689	
Interest expense			297,645	
CIP - other operating costs			633,002	
Deductions:				
Capital outlay			(574,533)	
Pension expense			(87,601)	
Encumbrances outstanding at year-end			(368,609)	
Lease principal payments			(701,650)	
Lease interest payments			(273,617)	
GAAP Expenses			<u>\$ 13,169,489</u>	
BETHESDA PARKING				
Personnel costs	\$ 2,269,191	\$ 2,269,191	\$ 2,165,493	\$ 103,698
Operating	12,614,625	12,646,372	7,169,200	5,477,172
Total	<u>\$ 14,883,816</u>	<u>\$ 14,915,563</u>	<u>9,334,693</u>	<u>\$ 5,580,870</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			4,746,671	
Interest expense			182,030	
CIP - other operating costs			3,707,388	
Deductions:				
Capital outlay			(2,994,118)	
Pension expense			(65,958)	
Encumbrances outstanding at year-end			(389,065)	
Interest paid on bonds			(934,343)	
Lease principal payments			(9,465)	
Lease interest payments			(35)	
GAAP Expenses			<u>\$ 13,577,798</u>	

SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
WHEATON PARKING				
Personnel costs	\$ 373,311	\$ 373,311	\$ 370,956	\$ 2,355
Operating	1,204,150	1,207,307	956,783	250,524
Total	<u>\$ 1,577,461</u>	<u>\$ 1,580,618</u>	<u>1,327,739</u>	<u>\$ 252,879</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			79,088	
Interest Expense			31	
Deductions:				
Pension expense			(8,207)	
Encumbrances outstanding at year-end			(82,294)	
Lease principal payments			(1,295)	
Lease interest payments			(5)	
GAAP Expenses			<u>\$ 1,315,057</u>	
Reconciliation of GAAP expenses to Statement of Revenues, Expenses, and Changes in Fund Net Assets:				
GAAP Expenses:				
Silver Spring Parking			\$ 13,169,489	
Bethesda Parking			13,577,798	
Wheaton Parking			1,315,057	
Total Parking Lot Districts			<u>\$ 28,062,344 *</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, 2021

	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	\$ 22,091,122	\$ 196,829,213	\$ 7,009,631	\$ 895,340	\$ 226,825,306
Cash	300	-	-	-	300
Receivables (net of allowances for uncollectibles):					
Accounts	-	149,147	479,773	-	628,920
Due from other funds	-	-	11,988,886	-	11,988,886
Due from component units	84,920	-	631,932	2,970	719,822
Due from other governments	32,818	1,292,408	259,082	24,487	1,608,795
Inventory of supplies	4,479,131	-	-	-	4,479,131
Prepays	194,670	87,915	-	272,049	554,634
Total Current Assets	<u>26,882,961</u>	<u>198,358,683</u>	<u>20,369,304</u>	<u>1,194,846</u>	<u>246,805,794</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	-	-	617,781	4,094,296
Automobiles and trucks	106,214,734	-	-	-	106,214,734
Right-to-use leased buildings	-	1,006,473	-	1,222,227	2,228,700
Right-to-use leased equipment	-	-	-	6,069,374	6,069,374
Subtotal	<u>109,982,320</u>	<u>1,006,473</u>	<u>-</u>	<u>8,003,541</u>	<u>118,992,334</u>
Less: Accumulated depreciation and amortization	<u>75,069,203</u>	<u>125,723</u>	<u>-</u>	<u>2,619,839</u>	<u>77,814,765</u>
Total Capital Assets (net of accumulated depreciation and amortization)	<u>34,913,117</u>	<u>880,750</u>	<u>-</u>	<u>5,383,702</u>	<u>41,177,569</u>
Total Assets	<u>61,796,078</u>	<u>199,239,433</u>	<u>20,369,304</u>	<u>6,578,548</u>	<u>287,983,363</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferrals	<u>1,140,600</u>	<u>394,247</u>	<u>151,207</u>	<u>255,071</u>	<u>1,941,125</u>
Total Deferred Outflows of Resources	<u>1,140,600</u>	<u>394,247</u>	<u>151,207</u>	<u>255,071</u>	<u>1,941,125</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	3,219,757	1,012,987	6,341,159	228,163	10,802,066
Interest payable	-	1,622	-	6,874	8,496
Claims payable	-	43,089,137	10,295,348	-	53,384,485
Accrued liabilities	3,385,683	874,015	1,436,907	382,394	6,078,999
Due to other funds	797,512	89,323	7,533,941	105,456	8,526,232
Due to other governments	143	501,171	-	-	501,314
Lease Payable	-	108,746	-	1,952,915	2,061,661
Total Current Liabilities	<u>7,403,095</u>	<u>45,677,001</u>	<u>25,607,355</u>	<u>2,675,802</u>	<u>81,363,253</u>
Noncurrent Liabilities:					
Claims payable	-	138,669,738	8,152,000	-	146,821,738
Lease Payable	-	793,192	-	3,451,705	4,244,897
Compensated absences	925,962	164,626	123,420	106,457	1,320,465
Net pension liability	642,488	222,391	83,584	146,760	1,095,223
Total Noncurrent Liabilities	<u>1,568,450</u>	<u>139,849,947</u>	<u>8,359,004</u>	<u>3,704,922</u>	<u>153,482,323</u>
Total Liabilities	<u>8,971,545</u>	<u>185,526,948</u>	<u>33,966,359</u>	<u>6,380,724</u>	<u>234,845,576</u>
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals	<u>1,202,272</u>	<u>416,155</u>	<u>156,409</u>	<u>274,628</u>	<u>2,049,464</u>
Total Deferred Inflows of Resources	<u>1,202,272</u>	<u>416,155</u>	<u>156,409</u>	<u>274,628</u>	<u>2,049,464</u>
NET POSITION					
Net investment in capital assets	34,913,116	-	-	62,995	34,976,111
Unrestricted	<u>17,849,745</u>	<u>13,690,577</u>	<u>(13,602,257)</u>	<u>115,272</u>	<u>18,053,337</u>
Total Net Position (Deficit)	<u>\$ 52,762,861</u>	<u>\$ 13,690,577</u>	<u>\$ (13,602,257)</u>	<u>\$ 178,267</u>	<u>53,029,448</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Motor Pool	Liability and Property Coverage Self Insurance	Employee Health Benefits Self Insurance	Central Duplicating	Total Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 73,180,750	\$ 77,514,145	\$ 160,290,550	\$ 7,457,875	\$ 318,443,320
Claim recoveries	1,433,549	619,708	-	-	2,053,257
Total Operating Revenues	74,614,299	78,133,853	160,290,550	7,457,875	320,496,577
OPERATING EXPENSES					
Personnel costs	24,267,427	3,895,500	2,390,008	2,854,637	33,407,572
Other post employment contributions	288,240	15,240	-	47,120	350,600
Postage	201	124	29,332	1,154,984	1,184,641
Self-insurance incurred and estimated claims	-	58,146,665	136,977,999	-	195,124,664
Insurance	1,788,108	9,255,551	33,464,115	-	44,507,774
Supplies and materials	20,784,449	13,698	63,837	495,169	21,357,153
Contractual services	240,601	8,099,335	1,766,484	152,541	10,258,961
Communications	140,671	8,843	27,840	152,065	329,419
Transportation	141,183	16,390	-	46,492	204,065
Public utility services	827,697	-	-	-	827,697
Rentals	7,416	440	195	630,878	638,929
Maintenance	18,005,821	-	-	8,792	18,014,613
Depreciation and amortization	8,806,740	125,723	-	1,986,543	10,919,006
Other	21,779	3,350	13,229	233	38,591
Total Operating Expenses	75,320,333	79,580,859	174,733,039	7,529,454	337,163,685
Operating Income (Loss)	(706,034)	(1,447,006)	(14,442,489)	(71,579)	(16,667,108)
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposal of capital assets	310,764	-	-	-	310,764
Investment income	27,401	334,239	23,486	1,829	386,955
Interest expense	-	(20,773)	-	(136,917)	(157,690)
Other revenue	835,149	-	-	-	835,149
Insurance recoveries	-	398,893	-	-	398,893
Total Nonoperating Revenues (Expenses)	1,173,314	712,359	23,486	(135,088)	1,774,071
Income (Loss) Before Transfers	467,280	(734,647)	(14,419,003)	(206,667)	(14,893,037)
Transfers In (Out):					
Transfers in	97,780	-	-	-	97,780
Transfers out	(3,770,490)	-	-	-	(3,770,490)
Total Transfers In (Out)	(3,672,710)	-	-	-	(3,672,710)
Change in Net Position	(3,205,430)	(734,647)	(14,419,003)	(206,667)	(18,565,747)
Total Net Position - Beginning of Year	55,968,291	14,425,224	816,746	384,934	71,595,195
Total Net Position - End of Year	\$ 52,762,861	\$ 13,690,577	\$ (13,602,257)	\$ 178,267	\$ 53,029,448

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	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	\$ 74,562,379	\$ 76,958,950	\$ 160,084,904	\$ 7,467,109	\$ 319,073,342
Payments to suppliers	(40,581,993)	(1,772,696)	(19,853,440)	(2,381,359)	(64,589,488)
Payments to employees	(24,810,450)	(3,987,900)	(2,391,072)	(2,968,258)	(34,157,680)
Claims paid	-	(58,014,299)	(165,111,196)	-	(223,125,495)
Other revenue	835,149	619,708	-	-	1,454,857
Internal activity-receipts from other funds	97,780	-	-	-	97,780
Net Cash Provided (Used) by Operating Activities	10,102,865	13,803,763	(27,270,804)	2,117,492	(1,246,684)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Insurance reimbursement claims	-	398,893	-	-	398,893
Internal activity-payment to other funds	(3,770,490)	-	-	-	(3,770,490)
Net Cash Provided (Used) by Noncapital Financing Activities	(3,770,490)	398,893	-	-	(3,371,597)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	462,810	-	-	-	462,810
Purchases of capital assets	(6,905,928)	-	-	-	(6,905,928)
Lease Payments	-	(123,685)	-	(2,017,022)	(2,140,707)
Net Cash Provided (Used) by Capital and Related Financing Activities	(6,443,118)	(123,685)	-	(2,017,022)	(8,583,825)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income from pooled investments	27,401	334,239	23,486	1,829	386,955
Net Cash Provided (Used) by Investing Activities	27,401	334,239	23,486	1,829	386,955
Net Increase (Decrease) in Cash and Cash Equivalents	(83,342)	14,413,210	(27,247,318)	102,299	(12,815,151)
Balances - Beginning of Year	22,174,764	182,416,003	34,256,949	793,041	239,640,757
Balances - End of Year	\$ 22,091,422	\$ 196,829,213	\$ 7,009,631	\$ 895,340	\$ 226,825,606
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ (706,034)	\$ (1,447,006)	\$ (14,442,489)	\$ (71,579)	\$ (16,667,108)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	8,806,740	125,723	-	1,986,543	10,919,006
Pension expense	(473,796)	(185,068)	18,493	(133,048)	(773,419)
Other revenue	835,149	-	-	-	835,149
Effect of changes in operating assets and liabilities:					
Receivables, net	45,860	(555,195)	(205,646)	9,235	(705,746)
Inventories, prepaids and other assets	590,142	(27,826)	-	110,899	673,215
Accounts payable and other liabilities	878,280	(155,767)	(15,357,512)	172,238	(14,462,761)
Claims payable	-	15,718,521	2,657,030	-	18,375,551
Accrued expenses	126,524	330,381	59,320	43,204	559,429
Net Cash Provided (Used) by Operating Activities	\$ 10,102,865	\$ 13,803,763	\$ (27,270,804)	\$ 2,117,492	\$ (1,246,684)

**SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
LIABILITY AND PROPERTY COVERAGE SELF-INSURANCE				
Personnel costs	\$ 4,752,323	\$ 4,277,323	\$ 4,080,568	\$ 196,755
Operating	73,591,398	74,194,102	60,126,956	14,067,146
Total	<u>\$ 78,343,721</u>	<u>\$ 78,471,425</u>	<u>64,207,524</u>	<u>\$ 14,263,901</u>

Reconciliation to GAAP expenses:

Additions:

Depreciation and amortization	125,723
Portion of incurred but not reported claims not required to be budgeted	15,718,521
Interest expense	20,773

Deductions:

Pension expense	(185,068)
Encumbrances outstanding at year-end	(162,156)
Lease principal payments	(104,534)
Lease interest payments	(19,151)

GAAP Expenses \$ 79,601,632 *

* Includes operating and nonoperating expenses

EMPLOYEE HEALTH BENEFITS SELF-INSURANCE

Personnel costs	\$ 2,999,359	\$ 2,999,359	\$ 2,371,515	\$ 627,844
Operating	291,971,701	292,556,040	169,862,718	122,693,322
Total	<u>\$ 294,971,060</u>	<u>\$ 295,555,399</u>	<u>172,234,233</u>	<u>\$ 123,321,166</u>

Reconciliation to GAAP expenses:

Additions:

Pension expense	18,493
Portion of incurred but not reported claims not required to be budgeted	2,657,030

Deductions:

Encumbrances outstanding at year-end	(176,717)
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GAAP Expenses \$ 174,733,039

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



Exhibit E-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
June 30, 2021**

	Employees' Retirement System	Employees' Retirement Savings Plan	Deferred Compensation Plan	Retiree Health Benefits	Total
ASSETS					
Current Assets:					
Equity in pooled cash and investments	\$ 1,245,201	\$ 245,485	\$ -	\$ 2,930,199	\$ 4,420,885
Investments:					
Government and agency obligations	80,378,670	-	-	37,423,242	117,801,912
Municipal/Provincial bonds	1,771,786	-	-	609,988	2,381,774
Corporate bonds	491,794,356	-	-	169,424,181	661,218,537
Commercial mortgage-backed securities	1,519,351	-	-	-	1,519,351
Common and preferred stock	1,716,310,988	-	-	440,356,506	2,156,667,494
Mutual and commingled funds	1,626,148,260	704,522,521	610,944,506	660,939,127	3,602,554,414
Short-term investments	162,518,924	-	-	67,113,173	229,632,097
Cash collateral received under securities lending agreements	155,728,739	-	-	10,064,418	165,793,157
Private real assets	343,846,799	-	-	56,079,543	399,926,342
Private equity/debt	864,349,703	-	-	203,913,248	1,068,262,951
Total Investments	5,444,367,576	704,522,521	610,944,506	1,645,923,426	8,405,758,029
Receivables (net of allowances for uncollectibles):					
Receivables and accrued interest	12,279,607	-	-	3,668,070	15,947,677
Accounts	73,853	5,772	-	-	79,625
Due from other funds	6,868,817	2,094,712	1,259,107	7,504,315	17,726,951
Due from component units	56,483	101,925	-	201,250	359,658
Due from other governments	6,872	1,224	-	-	8,096
Total Current Assets	5,464,898,409	706,971,639	612,203,613	1,660,227,260	8,444,300,921
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	5,464,898,409	706,971,639	612,203,613	1,660,227,260	8,444,300,921
LIABILITIES					
Current Liabilities:					
Accounts payable	163,739,317	18,238	-	14,263,779	178,021,334
Accrued liabilities	5,046,897	29,833	-	1,202,405	6,279,135
Claims payable	-	-	-	4,375,636	4,375,636
Due to other funds	30,065	3,411	-	209,022	242,498
Unearned revenue	-	-	-	1,621,190	1,621,190
Total Current Liabilities	168,816,279	51,482	-	21,672,032	190,539,793
Noncurrent Liabilities:					
Compensated absences	109,608	9,742	-	21,249	140,599
Total Liabilities	168,925,887	61,224	-	21,693,281	190,680,392
NET POSITION					
Restricted for:					
Pensions	5,295,972,522	706,910,415	612,203,613	-	6,615,086,550
Other postemployment benefits	-	-	-	1,638,533,979	1,638,533,979
	<u>\$ 5,295,972,522</u>	<u>\$ 706,910,415</u>	<u>\$ 612,203,613</u>	<u>\$ 1,638,533,979</u>	<u>\$ 8,253,620,529</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Employees' Retirement System	Employees' Retirement Savings Plan	Deferred Compensation Plan	Retiree Health Benefits	Total
ADDITIONS					
Contributions:					
Employers	\$ 70,740,597	\$ 21,607,249	\$ -	\$ 168,568,064	\$ 260,915,910
Members	30,848,249	11,742,147	25,683,906	-	68,274,302
Federal government - Medicare Part D	-	-	-	16,973,453	16,973,453
Total Contributions	101,588,846	33,349,396	25,683,906	185,541,517	346,163,665
Investment income (loss)	1,167,356,604	155,669,548	150,693,839	331,046,533	1,804,766,524
Less: Investment expenses	26,305,725	5,870	-	7,067,375	33,378,970
Net Investment Income (Loss)	1,141,050,879	155,663,678	150,693,839	323,979,158	1,771,387,554
Other income - forfeitures	-	358,770	-	-	358,770
Total Additions, net	1,242,639,725	189,371,844	176,377,745	509,520,675	2,117,909,989
DEDUCTIONS					
Benefits:					
Annuities:					
Retirees	203,252,726	-	-	-	203,252,726
Survivors	10,243,634	-	-	-	10,243,634
Disability	53,924,544	-	-	-	53,924,544
Claims	-	-	-	98,745,558	98,745,558
Total Benefits	267,420,904	-	-	98,745,558	366,166,462
Member refunds	9,748,805	19,737,002	31,861,300	-	61,347,107
Administrative expenses	2,999,015	252,853	-	3,687,732	6,939,600
Total Deductions	280,168,724	19,989,855	31,861,300	102,433,290	434,453,169
Net Increase (Decrease)	962,471,001	169,381,989	144,516,445	407,087,385	1,683,456,820
Net Position - Beginning of Year	4,333,501,521	537,528,426	467,687,168	1,231,446,594	6,570,163,709
Net Position - End of Year	\$ 5,295,972,522	\$ 706,910,415	\$ 612,203,613	\$ 1,638,533,979	\$ 8,253,620,529

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - OTHER CUSTODIAL FUNDS
June 30, 2021

	West Germantown Development District	Kingsview Village Center Development District	Escrow Deposit	Inter Agency Facility Scheduling	Miscellaneous Custodial Fund	Total
ASSETS						
Current Assets:						
Equity in pooled cash and investments	\$ 1,060,878	\$ 112,547	\$ 2,442,401	\$ 822,329	\$ 273,078	\$ 4,711,233
Cash	-	-	-	-	144,475	144,475
Receivables (net of allowances for uncollectibles):						
Property taxes	50	-	-	-	-	50
Accounts	-	33,438	32,107	3,006,586	-	3,072,131
Total Current Assets	<u>1,060,928</u>	<u>145,985</u>	<u>2,474,508</u>	<u>3,828,915</u>	<u>417,553</u>	<u>7,927,889</u>
Total Assets	<u>1,060,928</u>	<u>145,985</u>	<u>2,474,508</u>	<u>3,828,915</u>	<u>417,553</u>	<u>7,927,889</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	-	98,364	-	60,718	-	159,082
Deposits	-	-	2,240,908	-	-	2,240,908
Due to other governments	826,297	-	-	408,001	-	1,234,298
Unearned revenue	-	-	-	3,104,104	-	3,104,104
Other liabilities	553	290	-	256,092	279,286	536,221
Total Current Liabilities	<u>826,850</u>	<u>98,654</u>	<u>2,240,908</u>	<u>3,828,915</u>	<u>279,286</u>	<u>7,274,613</u>
Total Liabilities	<u>826,850</u>	<u>98,654</u>	<u>2,240,908</u>	<u>3,828,915</u>	<u>279,286</u>	<u>7,274,613</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable property taxes	57,649	-	-	-	-	57,649
Total Deferred Inflows of Resources	<u>57,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,649</u>
NET POSITION						
Restricted for individuals, organizations, and other governments	176,429	47,331	233,600	-	138,267	595,627
Total Net Position	<u>176,429</u>	<u>\$ 47,331</u>	<u>\$ 233,600</u>	<u>\$ -</u>	<u>\$ 138,267</u>	<u>\$ 595,627</u>

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - OTHER CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	West Germantown Development District	Kingsview Village Center Development District	Escrow Deposit	Inter Agency Facility Scheduling	Miscellaneous Custodial Fund	Total
ADDITIONS						
Investment income (loss)	\$ 1,131	\$ 21	\$ -	\$ -	\$ -	\$ 1,152
Other income	-	-	-	-	26,360	26,360
Total Additions, net	<u>1,131</u>	<u>21</u>	<u>-</u>	<u>-</u>	<u>26,360</u>	<u>27,512</u>
DEDUCTIONS						
Administrative expenses	<u>4,386</u>	<u>134</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>6,520</u>
Total Deductions	<u>4,386</u>	<u>134</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>6,520</u>
Net Increase (Decrease)	<u>(3,255)</u>	<u>(113)</u>	<u>(2,000)</u>	<u>-</u>	<u>26,360</u>	<u>20,992</u>
Net Position - Beginning of Year	<u>179,684</u>	<u>47,444</u>	<u>235,600</u>	<u>-</u>	<u>111,907</u>	<u>574,635</u>
Net Position - End of Year	<u>\$ 176,429</u>	<u>\$ 47,331</u>	<u>\$ 233,600</u>	<u>\$ -</u>	<u>\$ 138,267</u>	<u>\$ 595,627</u>

NONMAJOR COMPONENT UNITS



COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS
June 30, 2021

	BUP	MCRA	MC	Total
ASSETS				
Equity in pooled cash and investments	\$ -	\$ -	\$ 16,010,936	\$ 16,010,936
Cash with fiscal agents	-	-	63,958,646	63,958,646
Cash	1,219,212	7,780,912	6,500	9,006,624
Investments - cash equivalents	-	-	26,339,371	26,339,371
Investments	-	-	21,866,110	21,866,110
Receivables (net of allowance for uncollectibles):				
Accounts	-	-	15,406,201	15,406,201
Notes	-	50,102,975	-	50,102,975
Other	9,275	2,581,164	415,331	3,005,770
Due from primary government	706,953	75,005	4,906,266	5,688,224
Due from other governments	12,739	350,046	11,621,814	11,984,599
Inventory of supplies	-	348,804	10,873	359,677
Prepays	4,023	11,405	1,206,438	1,221,866
Other assets	5,075	-	4,622,820	4,627,895
Restricted Assets:				
Equity in pooled cash and investments	-	-	3,681,447	3,681,447
Cash	-	859,438	-	859,438
Investments - cash equivalents	-	-	11,039,367	11,039,367
Investment	-	1,502,603	-	1,502,603
Capital Assets:				
Nondepreciable assets	-	34,142,734	199,613,028	233,755,762
Depreciable assets, net	57,932	19,350,061	466,831,042	486,239,035
Total Assets:	2,015,209	117,105,147	847,536,190	966,656,546
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of debt	-	306,695	34,210	340,905
Pension deferrals	-	5,376,013	5,057,226	10,433,239
OPEB deferrals	-	1,669,415	35,739,769	37,409,184
Accumulated decrease in fair value of hedging derivatives	-	34,661	-	34,661
Total Deferred Outflow of Resources	-	7,386,784	40,831,205	48,217,989
LIABILITIES				
Accounts payable	148,447	832,881	888,536	1,869,864
Interest payable	-	348,183	447,629	795,812
Retainage payable	-	-	1,298,271	1,298,271
Accrued liabilities	263,867	1,325,230	36,881,841	38,470,938
Deposits	-	497,736	-	497,736
Due to primary government	24,228	160,433	5,928	190,589
Due to other governments	-	-	864,972	864,972
Unearned revenue	20,877	1,226,000	6,767,014	8,013,891
Other liabilities	40,147	-	308,705	348,852
Noncurrent Liabilities:				
Due within one year	-	5,214,375	5,499,274	10,713,649
Due in more than one year	-	65,483,982	181,554,926	247,038,908
Total Liabilities	497,566	75,088,820	234,517,096	310,103,482
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding of debt	-	-	2,142,000	2,142,000
Pension deferrals	-	5,770,335	2,691,720	8,462,055
OPEB deferrals	-	2,301,386	48,578,212	50,879,598
Total Deferred Inflow of Resources	-	8,071,721	53,411,932	61,483,653
NET POSITION				
Net investment in capital assets	57,932	41,483,068	588,920,022	630,461,022
Restricted for:				
Capital projects	-	312,640	-	312,640
Other purposes	-	546,798	45,796,773	46,343,571
Unrestricted (deficit)	1,459,711	(1,011,116)	(34,278,428)	(33,829,833)
Total Net Position	\$ 1,517,643	\$ 41,331,390	\$ 600,438,367	\$ 643,287,400

**COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for	Operating	Capital	BUP	MCRA	MC	Total
		Services	Grants and	Grants and				
			Contributions	Contributions				
Component Units:								
General government	\$ 4,611,184	\$ 4,599,571	\$ 140,500	\$ -	\$ 128,887	\$ -	\$ -	\$ 128,887
Culture and recreation	23,168,444	23,709,497	-	542,696	-	1,083,749	-	1,083,749
Education	350,182,169	64,554,750	20,351,137	36,329,093	-	-	(228,947,189)	(228,947,189)
Total component units	<u>\$ 377,961,797</u>	<u>\$ 92,863,818</u>	<u>\$ 20,491,637</u>	<u>\$ 36,871,789</u>	<u>128,887</u>	<u>1,083,749</u>	<u>(228,947,189)</u>	<u>(227,734,553)</u>
General revenues:								
Grants and contributions not restricted to specific programs					-	-	241,566,041	241,566,041
Investment Income					-	1,910,092	9,672,705	11,582,797
Miscellaneous					217,772	-	-	217,772
Total general revenues					<u>217,772</u>	<u>1,910,092</u>	<u>251,238,746</u>	<u>253,366,610</u>
Change in net position					346,659	2,993,841	22,291,557	25,632,057
Total Net Position - beginning					<u>1,170,984</u>	<u>38,337,549</u>	<u>578,146,810</u>	<u>617,655,343</u>
Total Net Position - ending					<u>\$ 1,517,643</u>	<u>\$ 41,331,390</u>	<u>\$ 600,438,367</u>	<u>\$ 643,287,400</u>



STATISTICAL SECTION

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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	219
Information to help the reader understand how the County's financial performance and well-being have changed over time.	
Revenue Capacity	230
Information to help the reader assess the County's most significant local revenue sources - the property tax and income tax.	
Debt Capacity	243
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	248
Indicators to help the reader understand the environment within which the County's financial activities take place.	
Operating Information	250
Service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities:										
Net investment in capital assets	\$ 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	\$ 3,054,708,595
Restricted	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	562,446,998
Unrestricted (deficit) ⁽¹⁾	(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)	(2,508,315,948)
Total Governmental Activities Net Position	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	1,108,839,645
Business-type Activities:										
Net investment in capital assets	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	189,025,018
Restricted	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	22,697,175
Unrestricted (deficit)	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	47,618,342
Total Business-type Activities Net Position	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	259,340,535
Primary Government:										
Net investment in capital assets	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	3,243,733,613
Restricted	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	585,144,173
Unrestricted (deficit) ⁽¹⁾	(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)	(2,460,697,606)
Total Primary Government Net Position	\$ 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	\$ 1,368,180,180

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	\$ (1,338,582,615)	\$ (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)	\$ (2,460,697,606)
Debt issued for capital on behalf of others	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	1,847,420,945
County net position absent effect of this relationship	\$ 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)	\$ (613,276,661)

Table 2-a

FINANCIAL TRENDS
CHANGES IN NET POSITION - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities:										
General government	\$ 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	\$ 688,476,247
Public safety	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	628,087,787
Transportation	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	307,065,388
Health and human services	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	424,716,547
Culture and recreation	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	97,481,581
Community development and housing	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	7,197,303
Environment	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	36,836,160
Education	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	2,085,698,554
Interest on long-term debt	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	96,243,729
Total Governmental Activities										
Expenses	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	4,371,803,296
Business-type Activities:										
Liquor control	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	266,345,926
Solid waste activities	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	127,849,821
Parking lot districts	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	28,144,633
Permitting services	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	35,877,882
Community use of public facilities	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	4,349,361
Total Business-type Activities										
Expenses	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	462,567,623
Total Primary Government Expenses	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	4,834,370,919
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	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	62,785,190
Public safety	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	41,758,238
Transportation	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	52,645,744
Health and human services	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	4,768,098
Culture and recreation	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	29,551,152
Community development and housing	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	11,260,623
Environment	17,686,313	23,115,938	23,130,913	28,232,295	107,496	1,146,600	97,921	391,310	78,812	361,389
Education	-	-	-	-	-	-	-	58,834	-	-
Operating Grants and Contributions:										
General government	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	92,424,121
Public safety	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	98,250,139
Transportation	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	76,423,596
Health and human services	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	234,398,953
Culture and recreation	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	5,869,421
Community development and housing	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	8,218,120
Environment	2,984,828	623,999	1,740,066	23,547	126,632	-	-	-	-	37,891
Capital Grants and Contributions:										
General government	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	63,210,698
Public safety	805,520	1,866,778	2,144,407	986,711	1,085,087	918,607	2,738,267	(2,065,934)	224,165	683,000
Transportation ⁽⁹⁾	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	17,076,719
Health and human services										3,718,502
Culture and recreation	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	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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Environment	12,063	-	-	43,848	5,582,790	1,787,625	6,677,036	3,295,642	475,065	105,075
Education	-	-	-	-	-	-	-	-	139,567	461,653
Total Governmental Activities										
Program Revenues	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	804,008,322
Program Revenues (Continued)										
Business-type Activities:										
Charges for Services:										
Liquor control	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	305,168,475
Solid waste activities	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	125,124,432
Parking lot districts	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	16,247,357
Permitting services	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	43,838,541
Community use of public facilities	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	4,284,548
Operating Grants and Contributions:										
Solid waste activities	-	-	-	-	-	-	-	-	-	-
Total Business-type Activities										
Program Revenues	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	494,663,353
Total Primary Government										
Program Revenues	866,592,246	892,700,602	904,958,835	948,888,474	962,454,803	1,059,363,211	1,005,923,219	1,001,184,075	1,069,161,619	1,298,671,675
Net (Expense) Revenue ⁽¹⁾										
Governmental activities	(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)	(3,567,794,974)
Business-type activities	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	32,095,730
Total Primary Government Net Expense	(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)	(3,535,699,244)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes ⁽²⁾	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	4,186,288,203
Grants, contributions, and other revenue not restricted to specific programs	-	-	588,567	-	-	-	-	(7,262,152)	-	-
Investment income ⁽³⁾	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	2,987,285
Gain/(loss) on sale of capital assets	1,103,216	4,965,531	(3,529,635)	3,882,648	172,639	-	2,106,453	-	24,631,318	-
Transfers	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	46,889,590
Total Governmental Activities	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	4,236,165,078
Business-type Activities:										
Property taxes	8,503,222	10,063,874	10,391,101	10,903,699	(657,506)	(45,762)	-	-	-	-
Investment income	43,202	51,852	100,857	215,823	415,329	1,068,863	2,073,306	4,379,460	4,118,652	227,669
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	4,547
Transfers	(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)	(46,889,590)
Total Business-type Activities	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)	(46,657,374)
Total Primary Government	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	4,189,507,704
Change in Net Position										
Governmental activities	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	668,370,104
Business-type activities	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)	(14,561,644)
Total Primary Government	\$ 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	\$ 653,808,460

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

	2012	2013	2014	2015	2016
Property taxes	\$ 1,395,693,492	\$ 1,463,855,656	\$ 1,528,302,790	\$ 1,528,093,085	\$ 1,593,880,896
County income taxes	1,265,289,159	1,311,161,472	1,329,827,192	1,276,415,595	1,464,946,447
Real property transfer taxes	76,089,437	84,391,394	90,496,157	92,068,495	100,566,864
Recordation taxes	51,207,341	57,635,661	53,962,477	55,530,762	61,141,531
Fuel energy taxes	226,148,664	223,948,716	210,678,660	207,195,218	193,281,367
Hotel-motel taxes	18,167,827	18,910,872	17,675,982	19,007,650	19,444,152
Telephone taxes	46,470,315	45,696,525	53,160,865	48,839,958	49,694,945
Other taxes	4,012,256	3,168,328	6,481,653	1,092,385	5,201,010
Total Taxes - Governmental Activities	<u>\$ 3,083,078,491</u>	<u>\$ 3,208,768,624</u>	<u>\$ 3,290,585,776</u>	<u>\$ 3,228,243,148</u>	<u>\$ 3,488,157,212</u>
	2017	2018	2019	2020	2021
Property taxes	\$ 1,792,921,614	\$ 1,789,105,013	\$ 1,839,468,334	\$ 1,824,207,619	\$ 1,886,666,393
County income taxes	1,481,806,881	1,448,372,065	1,593,550,972	1,706,303,331	1,860,392,747
Real property transfer taxes	118,000,203	109,452,764	113,520,206	115,719,567	132,288,901
Recordation taxes	60,375,616	49,135,141	54,671,817	57,692,541	60,573,086
Fuel energy taxes	192,459,066	197,200,021	194,628,814	186,975,365	184,419,771
Hotel-motel taxes	21,462,751	21,033,479	21,288,964	14,875,525	6,424,558
Telephone taxes	50,812,917	51,600,631	52,415,089	53,664,543	52,538,156
Other taxes	4,335,196	4,483,548	6,594,934	4,238,979	2,984,591
Total Taxes - Governmental Activities	<u>\$ 3,722,174,244</u>	<u>\$ 3,670,382,662</u>	<u>\$ 3,876,139,130</u>	<u>\$ 3,963,677,470</u>	<u>\$ 4,186,288,203</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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Nonspendable	\$ 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	\$ 7,194,178
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	458,445,267
Committed	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	56,229,332
Assigned	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	58,071,505
Unassigned	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	169,417,634
Total General Fund	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	749,357,916
All Other Governmental Funds:										
Nonspendable	212,663,632	102,478	-	1,842,076	1,489,280	-	-	-	-	-
Restricted	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	568,533,243
Committed	117,227,649	23,217,760	-	-	-	-	-	-	-	-
Assigned	(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)	(4,965,388)
Total All Other Governmental Funds	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	563,567,855
Total All Governmental Funds	\$ 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	\$ 1,312,925,771

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.

Table 4

FINANCIAL TRENDS
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 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	\$ 4,121,690,762
Licenses and permits	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	10,499,412
Intergovernmental	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	580,584,832
Charges for services	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	114,916,964
Fines and forfeitures	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	17,590,210
Investment income	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	2,740,138
Miscellaneous	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	40,628,659
Total Revenues	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	4,888,650,977
Expenditures										
General government	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	633,307,018
Public safety	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	702,520,092
Transportation	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	204,968,011
Health and human services	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	448,794,929
Culture and recreation	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	82,721,567
Community development and housing	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	54,001,111
Environment	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	29,751,836
Education	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	1,924,426,162
Debt service:										
Principal ⁽¹⁾	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	261,897,918
Interest ⁽¹⁾	96,102,824	112,329,448	115,657,356	124,957,396	133,478,302	141,126,787	147,666,274	158,572,277	155,472,923	36,720,517
Leases and other obligations	24,704,102	26,472,773	22,100,609	27,134,321	29,873,326	29,326,306	24,716,905	29,336,350	29,337,781	136,757,274
Issuing costs	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	6,909,485
Capital projects	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	448,804,767
Total Expenditures	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	4,971,580,687
Excess (Deficiency) of Revenues over (under) Expenditures	(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)	(82,929,710)
Other Financing Sources (Uses)										
Transfers in	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	663,821,051
Transfers (out)	(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)	(613,258,751)
Sale of property	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	19,212,708
Financing under notes payable	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	784,059
Leases (as lessee)										4,546,325
Payment to refunded bond escrow agent	(314,114,061)	(33,636,846)	(29,837,255)	(429,855,226)	-	-	(441,368,126)	(38,031,143)	-	(646,954,895)

Table 4 (Continued)

MONTGOMERY COUNTY, MARYLAND
FINANCIAL TRENDS
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other Financing Sources (Uses) (Continued)										
Debt Issued:										
General obligation bonds	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	320,000,000
Premium on general obligation bonds	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	39,862,400
Bond anticipation notes	-	-	-	-	-	-	-	-	-	(30,000,000)
Certificates of participation	-	-	-	-	-	24,860,000	-	-	-	125,890,000
Premium on Certificates of participation	-	-	-	-	-	1,329,676	-	-	-	19,048,064
Lease revenue bonds	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	-	-
Premium on general obligation refunding bonds	43,863,734	2,013,430	5,023,826	74,595,486	-	-	86,325,587	-	-	43,321,958
General obligation refunding bonds	237,655,000	23,360,000	25,059,716	356,510,000	-	-	516,725,000	-	-	534,795,000
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	39,199,834
Premium on revenue bonds	-	5,478,155	1,370,544	-	2,009,534	-	-	1,215,820	-	4,730,504
Total Other Financing Sources (Uses)	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	524,998,257
Net Change in Fund Balances	\$ 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)	\$ 442,068,547
Debt service as a percentage of noncapital expenditures ^(1,2)	7.35%	5.16%	5.22%	5.66%	5.44%	5.91%	6.03%	6.18%	8.96%	6.36%

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, 2021 AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Cash and Investments			Investment and Interest Income (Loss)		
	Pooled	Non-pooled	Total	Pooled	Non-pooled	Total
Primary Government:						
General Fund	\$ 606,001,442	\$ 2,365,691	\$ 608,367,133	\$ 636,216	\$ 34,830	\$ 671,046
Debt Service Fund	9,355,083	12,297,575	21,652,658	-	6,324	6,324
Capital Projects Fund	315,246,804	12,534,865	327,781,669	341,062	11,319	352,381
Special Revenue Funds:						
Recreation	14,806,881	6,250	14,813,131	-	-	-
Fire Tax District	10,963,608	5,000	10,968,608	-	-	-
Mass Transit Facilities	44,288,164	-	44,288,164	-	-	-
Housing Initiative	57,047,099	212,450	57,259,549	68,531	1,392,991	1,461,522
Rehabilitation Loan	3,045,465	-	3,045,465	4,377	32,080	36,457
Cable TV ⁽²⁾	2,385,362	-	2,385,362	14,517	-	14,517
Grants ⁽¹⁾	58,840,636	-	58,840,636	-	139,808	139,808
Agricultural Transfer Tax	1,931,918	-	1,931,918	3,200	-	3,200
Drug Enforcement Forfeitures	1,301,611	25,000	1,326,611	2,064	-	2,064
Water Quality Protection	24,550,470	-	24,550,470	51,440	-	51,440
Restricted Donations	26,831,659	-	26,831,659	-	-	-
Detention Center Canteen Profit	596,370	-	596,370	790	-	790
Recreation - Non-tax supported	568,369	-	568,369	589	-	589
Total Special Revenue Funds	247,157,612	248,700	247,406,312	145,508	1,564,879	1,710,387
Enterprise Funds:						
Liquor	18,561,956	2,180,983	20,742,939	13,306	1,073	14,379
Solid Waste Activities	100,428,496	-	100,428,496	120,740	-	120,740
Parking Lot Districts	20,860,531	155,079	21,015,610	26,683	2,581	29,264
Permitting Services	37,716,966	-	37,716,966	54,538	-	54,538
Community Use of Public Facilities	3,960,356	-	3,960,356	8,748	-	8,748
Total Enterprise Funds	181,528,305	2,336,062	183,864,367	224,015	3,654	227,669
Internal Service Funds:						
Motor Pool	22,091,122	300	22,091,422	27,401	-	27,401
Liability & Property Coverage Self-Insurance	196,829,213	-	196,829,213	334,239	-	334,239
Employee Health Benefits Self-Insurance	7,009,631	-	7,009,631	23,486	-	23,486
Central Duplicating	895,340	-	895,340	1,829	-	1,829
Total Internal Service Funds	226,825,306	300	226,825,606	386,955	-	386,955
Pension and Other Employee Benefit Trust Funds ⁽¹⁾	4,420,885	8,405,758,029	8,410,178,914	12,597	1,804,753,927	1,804,766,524
Custodial Funds:						
External Investment Pool	16,482,430	-	16,482,430	30,690	-	30,690
Other	4,711,233	144,475	4,855,708	1,152	-	1,152
Total Primary Government	1,611,729,100	8,435,685,697	10,047,414,797	1,778,195	1,806,374,933	1,808,153,128
Component Units (Participation in County Pool)	280,583	-	280,583	371	-	371
			\$			
Total	\$ 1,612,009,683	\$ 8,435,685,697	10,047,695,380	\$ 1,778,566	\$ 1,806,374,933	\$ 1,808,153,499

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.

Table 6

FINANCIAL TRENDS
COMBINED SCHEDULE OF CASH AND INVESTMENTS - BY FINANCIAL
INSTITUTION
June, 30 2021

Description	Total
PNC Bank	\$ 751,973,130
Capital One Bank	114,310,312
Congressional Bank	5,397,206
Eagle Bank	39,804,024
Capital Bank	4,360,780
Colombo Bank	24,963,676
Total Financial Institutions	<u>940,809,128</u>
Petty Cash, Change Funds, Fiscal Agents, and Safe Deposit Escrow:	
General Fund	2,365,691
Debt Service Fund	12,297,575
Capital Projects Fund	12,534,865
Special Revenue Funds	248,700
Enterprise Funds	2,334,720
Internal Service Funds	300
Fiduciary Funds	144,475
Total Petty Cash, Change Funds, Fiscal Agents, and Safe Deposit Escrow	<u>29,926,326</u>
Total Cash Deposits in Financial Institutions and on Hand	970,735,454
Investments, at carrying value	9,076,688,174
Accrued interest receivable	271,752
Total Cash and Investments ⁽¹⁾	<u>\$ 10,047,695,380</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).

Table 7

FINANCIAL TRENDS
COMBINED SCHEDULE OF INVESTMENTS
June 30, 2021

		Non-Pooled		Total
	Pooled	Enterprise	Fiduciary	Carrying Value ⁽²⁾
Investments, including accrued interest:				
U.S. Agency Securities	\$ 170,631,503	\$ -	\$ -	\$ 170,631,503
U.S. Treasury Securities	20,126,500	-	-	20,126,500
Commercial paper	79,890,356	-	-	79,890,356
Money Market Funds	100,000,000	1,342	-	100,001,342
Maryland Local Government Investment Pool	300,280,444	-	-	300,280,444
Pension and Other Employee Benefit Trusts	-	-	8,405,758,029	8,405,758,029
Total ⁽¹⁾	<u>\$ 670,928,803</u>	<u>\$ 1,342</u>	<u>\$ 8,405,758,029</u>	<u>\$ 9,076,688,174</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**

Fiscal Year	Real Property								Total Direct Tax Rate ⁽³⁾	Ratio of Total Assessed Value to Total Estimated Market Value *
	Residential ⁽¹⁾		Commercial/Other		Total					
	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value				
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	92.80		
2021	150,027,567,286	158,815,349,985	48,320,294,646	51,150,629,477	198,347,861,932	209,965,979,462	0.969	94.47		
Fiscal Year	Personal Property ⁽²⁾						Real and Personal Property Total			
	Business		Public Utility		Total	Total Direct Tax Rate ⁽³⁾	Assessed Value	Estimated Actual Value		
	Individuals	Corporations	Operating Property	Domestic Shares						
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	212,600,038,851		
2021	45,265,400	2,691,715,890	1,605,523,467	339,688,220	4,682,192,977	2.436	203,030,054,909	214,648,172,439		

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 value to total estimated market value for FY2021 is the three-year average of FY2011, FY2014 and FY2017. Ratio for FY2020 is a revised estimate and is the three-year average of FY2012, FY2015 and FY2018.

⁽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⁾					
	County		M-NCPPC ⁽²⁾			County		M-NCPPC ⁽²⁾		Prorata Tax Rate	Total County Direct Rate ⁽³⁾
	County	Fire Tax District	Transit District	Advance Land Acquisition	Subtotal	Recreation	Storm Drainage	Regional District	Metropolitan District		
Real Property:											
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
2021	.6948	.1182	.0736	.0010	0.8876	.0260	.0000	.0176	.0600	.0893	0.9769
Personal Property:											
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
2021	1.7370	.2955	.1840	.0025	2.2190	.0650	.0000	.0440	.1500	.2168	2.4358

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.
- * Tax sale date: second Monday in June.
- * 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. Additionally, it does not include the Urban, Parking Lot, or Noise Abatement Districts, which are included in the average weighted rate used for budgetary purposes.

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:												
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
2021	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0400	.1540	.1103
Personal Property:												
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
2021	.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:													
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
2021	.2620	.2920	.5397	.0514	.1500	.0098	.2045	.1500	.1312	.0900	.1781	.1000	.2587
Personal Property:													
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
2021	.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:										
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
2021	.0400	.0200	.0000	.0200	.0787	.0480	.0400	.0050	.0450	.0400
Personal Property:										
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
2021	.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, 2021

	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Potomac Electric Power Co.	\$ 1,139,436,824	\$ 40,385,234	\$ 1,099,051,590	0.56%
JBG Smith	679,754,685	672,037,435	7,717,250	0.33
Federal Realty Investments Trust	642,598,160	638,646,200	3,951,960	0.32
Montgomery Mall LLC	593,090,243	590,938,633	2,151,610	0.29
CP 7272 Wisconsin Ave LLC	541,911,067	541,911,067	-	0.27
GI Partners	539,170,000	539,170,000	-	0.27
ARE- Maryland	531,408,090	531,388,600	19,490	0.26
Verizon Inc.	455,749,520	36,280,900	419,468,620	0.22
Wash Metro Area Transit Auth	420,897,000	420,897,000	-	0.21
Medimmune, LLC	378,735,570	365,574,600	13,160,970	0.19
Total	<u>\$ 5,922,751,159</u>	<u>\$ 4,377,229,669</u>	<u>\$ 1,545,521,490</u>	<u>2.92%</u>
Total Assessable Base	<u>\$ 203,030,054,909</u>			<u>100.00%</u>

For the Fiscal Year Ended June 30, 2012

	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Potomac Electric Power Co.	\$ 751,658,563	\$ 24,481,033	\$ 727,177,530	0.45%
Verizon Maryland Inc	572,981,617	38,155,367	534,826,250	0.35
Montgomery Mall LLC	293,001,260	292,319,100	682,160	0.18
Washington Gas Light Co.	263,742,870	-	263,742,870	0.16
Medimmune Inc	223,005,690	202,991,600	20,014,090	0.13
Chevy Chase Land Co	207,018,567	207,018,567	-	0.12
Camalier, Anne D et al, Trustee	205,657,500	205,657,500	-	0.12
7501 Wisconsin Avenue LLC	200,032,490	200,000,000	32,490	0.12
Federal Realty Investment Trust	196,688,020	194,431,300	2,256,720	0.12
Wheaton Plaza Reg Shopping Center	175,771,910	175,141,900	630,010	0.11
Total	<u>\$ 3,089,558,487</u>	<u>\$ 1,540,196,367</u>	<u>\$ 1,549,362,120</u>	<u>1.86%</u>
Total Assessable Base	<u>\$ 165,916,095,469</u>			<u>100.00%</u>

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
2012	\$ 1,365,605,932	\$ (232,034)	\$ 1,365,373,898	\$ 1,363,217,734	99.83%	\$ 668,865	\$ 1,363,886,599	99.89%
2013	1,390,542,228	(1,449,007)	1,389,093,221	1,384,563,178	99.57	814,016	1,385,377,194	99.73
2014	1,437,898,506	(855,564)	1,437,042,942	1,434,787,650	99.78	(1,737,963)	1,433,049,687	99.72
2015	1,447,816,313	1,633,279	1,449,449,592	1,442,602,468	99.64	1,529,973	1,444,132,441	99.63
2016	1,521,343,303	(3,786,076)	1,517,557,227	1,518,519,304	99.81	(8,980,688)	1,509,538,616	99.47
2017	1,663,208,936	(1,459,621)	1,661,749,315	1,661,121,521	99.87	(2,957,669)	1,658,163,852	99.78
2018	1,679,004,512	(2,355,622)	1,676,648,890	1,678,245,742	99.95	(2,259,890)	1,675,985,852	99.96
2019	1,691,044,390	660,722	1,691,705,112	1,691,091,714	100.00	587,298	1,691,679,012	100.00
2020	1,720,090,151	17,594,962	1,737,685,113	1,711,893,942	99.52	11,506,539	1,723,400,481	99.18
2021	1,767,873,961	-	1,767,873,961	1,756,064,789	99.33	-	1,756,064,789	99.33

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, 2021

	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	\$ 738,092	\$ 736,372	\$ 6,443	\$ (4,555)	\$ 738,260
Silver Spring Urban District	939,151	931,018	14,572	4,906	950,496
Wheaton Urban District	246,992	243,959	1,417	769	246,145
All Other General Fund	1,317,834,527	1,310,894,902	7,903,388	(55,005,652)	1,263,792,638
Total General Fund	1,319,758,762	1,312,806,251	7,925,820	(55,004,532)	1,265,727,539
Special Revenue Funds: ***					
Recreation	42,900,922	42,524,607	325,136	4,097,351	46,947,094
Mass Transit	139,677,948	138,448,202	1,064,273	13,243,543	152,756,018
Fire Tax District	224,266,595	222,529,812	1,551,669	21,324,895	245,406,376
Water Quality Protection Charges	41,269,734	39,755,917	234,628	(16,340)	39,974,205
Total Special Revenue Funds	448,115,199	443,258,538	3,175,706	38,649,449	485,083,693
Enterprise Funds:					
Silver Spring Parking Lot District **	-	-	(24)	(5,976)	(6,000)
Bethesda Parking Lot District **	-	-	37	(8,245)	(8,208)
Wheaton Parking Lot District **	-	-	60	(49)	11
Total Enterprise Funds	-	-	73	(14,270)	(14,197)
Total Property Tax - Montgomery County	1,767,873,961	1,756,064,789	11,101,599	(16,369,353)	1,750,797,035
Tax Bill Items Other than Montgomery County					
Property Taxes:					
M-NCPPC Joint Venture Property Taxes:					
M-NCPPC Administration	28,864,922	28,607,811	211,070	2,761,605	31,580,486 *
M-NCPPC Park	98,397,405	97,556,934	682,771	9,414,959	107,654,664 *
M-NCPPC Land Acquisition	1,896,825	1,882,189	14,126	182,243	2,078,558 *
Agency Relationship Property Taxes:					
State of Maryland	221,175,786	221,616,560	568,114	(5,392,804)	216,791,870 *
Municipalities	114,124,225	113,190,493	861,887	230,698	114,283,078 *
Development Districts	3,394,859	3,406,356	206,917	(14,193)	3,599,080 *
Charges for Services:					
Refuse Disposal - Solid Waste Activities Fund	72,015,775	71,282,100	415,442	(306,026)	71,391,516 *
Refuse Collection - Solid Waste Activities Fund	9,887,683	9,881,264	28,402	(22,304)	9,887,362 *
Leaf Vacuuming	8,601,059	8,594,717	25,834	(19,506)	8,601,045 *
Municipality Refuse Charges	1,867,034	1,866,186	5,233	1	1,871,420 *
Development District Special Assessments	104,102	104,102	-	-	104,102 *
WSSC FFBC	6,078,064	6,075,391	33,280	(394)	6,108,277 *
Bay Restoration Fund	772,800	771,258	4,892	(2,507)	773,643 *
Total Other Items	567,180,539	564,835,361	3,057,968	6,831,772	574,725,101
Grand Total	\$ 2,335,054,500	\$ 2,320,900,150	\$ 14,159,567	\$ (9,537,581)	\$ 2,325,522,136

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 2020 (FY21) to zero.

*** Beginning in FY16, the Urban Districts are included in the General Fund and the Water Quality Protection Fund 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, 2021

Year	General*	Special Revenue*	Enterprise	Other Fiduciary**	Total
2012 & Prior	\$ 4,268,079	\$ 902,901	\$ 142,417	\$ -	\$ 5,313,397
2013	779,690	306,139	67,871	-	1,153,700
2014	585,233	526,640	37,692	-	1,149,565
2015	671,704	928,749	40,672	-	1,641,125
2016	821,726	1,318,495	-	-	2,140,221
2017	1,282,806	1,431,384	-	-	2,714,190
2018	2,124,110	1,746,366	-	-	3,870,476
2019	2,037,886	1,781,160	-	-	3,819,046
2020	15,771,323	5,371,973	-	-	21,143,296
2021	16,533,409	5,998,487	-	50	22,531,946
Total Property Taxes Receivable	<u>\$ 44,875,966</u>	<u>\$ 20,312,294</u>	<u>\$ 288,652</u>	<u>\$ 50</u>	<u>\$ 65,476,962</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	
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
2019	2.00	3.00	4.00	4.75-5.75	3.20

NOTES:

* Rates are based on tax year which coincides with calendar year.

* In tax year 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.

* In 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 2019 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
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
2019	426,627	57,475,439,632	50,539,944,641	2,368,884,886	1,565,945,241	3,934,830,127	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.

* In tax year 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.

* In 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 2019 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

2019							2018					
	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	64,564	15.1%	\$ 29,890,073,814	59.1%	\$ 916,620,952	58.4%	62,838	14.8%	\$ 28,973,024,250	58.7%	\$ 889,698,034	58.1%
\$100,000 - 199,999	90,011	21.1	10,977,017,934	21.7	350,339,066	22.4	89,071	20.9	10,854,411,857	22.0	346,501,323	22.6
\$80,000 - 99,999	34,457	8.1	2,532,482,566	5.0	80,875,112	5.2	33,975	8.0	2,481,626,723	5.0	79,238,013	5.2
\$50,000 - 79,999	76,358	17.9	3,859,819,835	7.6	123,210,041	7.9	74,897	17.6	3,774,567,406	7.6	120,519,593	7.9
\$25,000 - 49,999	97,869	22.9	2,605,907,425	5.2	76,123,473	4.9	98,108	23.1	2,591,985,106	5.2	75,996,346	5.0
\$10,000 - 24,999	55,038	12.9	646,553,053	1.3	18,144,039	1.2	57,595	13.5	670,271,959	1.4	18,799,027	1.2
Under \$10,000	8,330	2.0	28,090,014	0.1	632,558	0.0	9,051	2.1	29,917,076	0.1	660,388	0.0
Total	426,627	100.0%	\$ 50,539,944,641	100.0%	\$ 1,565,945,241	100.0%	425,535	100.0%	\$ 49,375,804,377	100.0%	\$ 1,531,412,724	100.0%

2017							2016					
	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	58,773	13.7%	\$ 26,775,415,754	58.2%	\$ 818,109,133	57.5%	54,882	13.0%	\$ 24,635,308,007	56.6%	\$ 754,368,045	56.0%
\$100,000 - 199,999	87,776	20.5	10,252,150,132	22.2	327,073,837	23.0	85,676	20.3	9,982,729,826	23.0	318,833,543	23.6
\$80,000 - 99,999	33,819	7.9	2,346,670,298	5.1	74,911,672	5.3	33,862	8.0	2,342,944,004	5.4	74,890,207	5.6
\$50,000 - 79,999	74,731	17.5	3,538,012,662	7.7	112,984,460	7.9	73,167	17.3	3,448,749,138	7.9	110,265,158	8.2
\$25,000 - 49,999	97,243	22.7	2,385,044,257	5.2	70,364,232	4.9	96,890	23.0	2,358,850,970	5.4	69,750,765	5.2
\$10,000 - 24,999	66,577	15.5	680,400,713	1.5	18,037,864	1.3	67,852	16.1	683,148,906	1.6	18,089,305	1.3
Under \$10,000	9,322	2.2	30,488,270	0.1	656,409	0.1	9,599	2.3	31,414,359	0.1	686,998	0.1
Total	428,241	100.0%	\$ 46,008,182,086	100.0%	\$ 1,422,137,607	100.0%	421,928	100.0%	\$ 43,483,145,210	100.0%	\$ 1,346,884,021	100.0%

2015							2014					
	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	53,225	12.8%	\$ 23,657,207,816	55.9%	\$ 731,634,760	55.5%	50,930	12.3%	\$ 22,545,414,493	55.1%	\$ 707,232,455	55.0%
\$100,000 - 199,999	85,023	20.6	9,939,715,472	23.5	317,564,616	24.0	83,150	20.1	9,686,668,621	23.7	309,843,847	24.1
\$80,000 - 99,999	33,226	8.0	2,303,354,205	5.4	73,657,082	5.6	32,884	8.0	2,269,659,433	5.6	72,609,217	5.7
\$50,000 - 79,999	71,770	17.3	3,381,485,984	8.0	108,143,358	8.2	70,572	17.1	3,320,713,280	8.1	106,237,189	8.3
\$25,000 - 49,999	94,821	22.9	2,323,387,127	5.5	69,119,921	5.2	95,479	23.1	2,321,932,637	5.7	68,806,063	5.4
\$10,000 - 24,999	66,759	16.1	675,163,724	1.6	18,195,512	1.4	69,968	16.9	690,098,980	1.7	18,213,654	1.4
Under \$10,000	9,571	2.3	31,259,038	0.1	691,618	0.1	10,518	2.5	33,972,218	0.1	739,226	0.1
Total	414,395	100.0%	\$ 42,311,573,366	100.0%	\$ 1,319,006,867	100.0%	413,501	100.0%	\$ 40,868,459,662	100.0%	\$ 1,283,681,651	100.0%

Table 16 (Concluded)

REVENUE CAPACITY **INCOME TAX FILERS, NET TAXABLE INCOME, AND LIABILITY BY ADJUSTED GROSS INCOME LEVEL** **LAST TEN TAX YEARS**

	2013						2012					
	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	47,399	11.6%	\$ 20,082,401,088	52.7%	\$ 642,615,654	53.2%	46,219	11.5%	\$ 22,039,899,095	55.6%	\$ 705,083,255	56.0%
\$100,000 - 199,999	81,264	20.0	9,380,510,171	24.7	300,161,908	24.9	80,423	19.8	9,191,004,899	23.2	294,106,087	23.3
\$80,000 - 99,999	32,704	8.0	2,243,475,972	5.9	71,790,335	5.9	32,356	8.1	2,200,179,738	5.5	70,404,468	5.6
\$50,000 - 79,999	70,247	17.2	3,292,911,673	8.7	105,364,132	8.7	69,779	17.4	3,234,709,580	8.2	103,501,417	8.2
\$25,000 - 49,999	95,475	23.4	2,317,332,376	6.1	68,911,128	5.7	94,285	23.5	2,275,703,684	5.7	67,996,861	5.4
\$10,000 - 24,999	69,904	17.2	686,312,740	1.8	18,250,977	1.5	68,129	17.0	666,921,915	1.7	17,760,659	1.4
Under \$10,000	10,370	2.6	34,049,388	0.1	761,702	0.1	10,657	2.7	36,560,249	0.1	779,224	0.1
Total	407,363	100.0%	\$ 38,036,993,408	100.0%	\$ 1,207,855,836	100.0%	401,848	100.0%	\$ 39,644,979,160	100.0%	\$ 1,259,631,971	100.0%

	2011						2010					
	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	43,367	11.0%	\$ 18,940,921,100	52.8%	\$ 606,109,387	53.1%	41,013	10.6%	\$ 17,579,946,541	51.7%	\$ 562,543,777	51.9%
\$100,000 - 199,999	78,493	19.9	8,754,369,086	24.4	280,131,565	24.6	77,120	20.0	8,500,689,337	25.0	272,017,224	25.2
\$75,000 - 99,999	31,549	8.0	2,109,818,960	5.9	67,512,836	5.9	31,087	8.0	2,052,626,152	6.0	65,684,030	6.1
\$50,000 - 74,999	69,024	17.5	3,158,538,933	8.8	101,065,265	8.9	68,176	17.6	3,069,598,268	9.0	98,220,784	9.1
\$25,000 - 49,999	93,603	23.9	2,230,397,502	6.2	67,065,011	5.9	91,738	23.7	2,157,173,705	6.3	65,083,691	6.0
\$10,000 - 24,999	67,074	17.0	647,673,860	1.8	17,271,011	1.5	66,278	17.1	639,553,522	1.9	17,109,443	1.6
Under \$10,000	10,530	2.7	37,359,220	0.1	805,745	0.1	11,479	3.0	41,405,302	0.1	879,296	0.1
Total	393,640	100.0%	\$ 35,879,078,661	100.0%	\$ 1,139,960,820	100.0%	386,891	100.0%	\$ 34,040,992,827	100.0%	\$ 1,081,538,245	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 2019 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⁾**

Fiscal Year	Governmental Activities											Total Governmental Activities
	General Obligation Bonds	Variable Rate Demand Obligations	Taxable BABs General Obligations	Bond Anticipation Notes	Notes Payable	Lease Revenue Bonds	Certificates of Participation	Other Obligations	Revenue Bonds	Taxable Limited Obligation Certificates	Leases Payable	
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
2021	3,287,199,209	170,000,000	-	470,000,000	48,365,692	13,215,888	160,186,079	1,905,000	122,297,764	92,821,464	125,887,360	4,491,878,456

Business-type Activities						Ratios		
Fiscal Year	Revenue Bonds	Notes Payable	Certificates of Participation	Leases Payable	Total Business-Type Activities	Total Primary Government	Debt to Personal Income ⁽¹⁾	Outstanding Debt per Capita ⁽¹⁾
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	3,183
2014	97,163,694	1,701,104	-	-	98,864,798	3,455,076,210	4.50	3,372
2015	91,756,076	4,655,348	-	-	96,411,424	3,817,149,372	4.63	3,696
2016	83,929,819	5,756,247	-	-	89,686,066	3,933,566,887	4.50	3,786
2017	78,105,420	5,367,645	-	-	83,473,065	4,072,545,102	4.52	3,890
2018	72,111,188	6,433,707	-	-	78,544,895	4,336,009,969	4.72	4,136
2019	66,097,142	4,891,651	-	-	70,988,793	4,422,448,653	4.67	4,209
2020	60,765,932	3,504,685	-	-	64,270,617	4,317,646,553	4.41	4,065
2021	55,349,704	675,827	1,620,000	58,773,644	116,419,175	4,608,297,631	4.84	4,310

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 resources 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		
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	2,335
2014	2,085,028,317	100,000,000	339,671,879	2,524,700,196	1.43	2,464
2015	2,465,315,677	100,000,000	339,516,238	2,904,831,915	1.68	2,813
2016	2,582,259,186	100,000,000	323,901,913	3,006,161,099	1.62	2,894
2017	2,722,235,195	90,000,000	308,297,064	3,120,532,259	1.60	2,981
2018	2,919,530,233	170,000,000	292,692,211	3,382,222,444	1.69	3,226
2019	3,015,532,116	170,000,000	277,106,496	3,462,638,612	1.73	3,296
2020	3,109,101,181	170,000,000	106,404,112	3,385,505,293	1.59	3,188
2021	3,287,199,209	170,000,000	-	3,457,199,209	1.61	3,233

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, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Debt:			
Towns, Cities, and Villages ^(2,3) :			
Garrett Park - bonds	\$ 59,900	100.00%	\$ 59,900
Poolesville - bonds	1,743,546	100.00	1,743,546
Rockville - bonds	26,599,225	100.00	26,599,225
Somerset - bonds	980,000	100.00	980,000
Takoma Park:			
Bonds	8,610,500	100.00	8,610,500
Certificates or notes	150,000	100.00	150,000
Component Units ⁽²⁾ :			
MCPS - Capital leases	61,462,834	100.00	61,462,834
MC - Capital leases	76,894,739	100.00	76,894,739
Joint Venture - M-NCPPC ⁽⁴⁾ :			
Park acquisition and development bonds	159,725,127	39.66	63,347,170
Advance land acquisition bonds	490,000	100.00	490,000
Development Districts ⁽²⁾ :			
Kingsview Village Center - bonds	106,363	100.00	106,363
West Germantown - bonds	7,720,000	100.00	7,720,000
Total Overlapping Debt			248,164,277
Montgomery County direct debt ⁽⁵⁾			4,491,878,456
Total Direct and Overlapping Debt			\$ 4,740,042,733

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**

	2012	2013	2014	2015	2016
Assessed Value					
Real property ^(1,3)	\$ 162,197,149,758	\$ 158,272,830,848	\$ 159,891,865,334	\$ 163,656,758,206	\$ 170,176,446,052
Personal property ⁽²⁾	3,718,945,710	3,604,478,750	3,709,327,508	3,655,133,210	3,884,349,017
Total Assessed Value	<u>\$ 165,916,095,468</u>	<u>\$ 161,877,309,598</u>	<u>\$ 163,601,192,842</u>	<u>\$ 167,311,891,416</u>	<u>\$ 174,060,795,069</u>
Legal Debt Margin					
Debt limit - percentage of assessable base:					
For real property at 6%	\$ 9,731,828,985	\$ 9,496,369,851	\$ 9,593,511,920	\$ 9,819,405,492	\$ 10,210,586,763
For personal property at 15%	557,841,857	540,671,813	556,399,126	548,269,982	582,652,353
Legal limitation for the borrowing of funds and the issuance of bonds	<u>10,289,670,842</u>	<u>10,037,041,664</u>	<u>10,149,911,046</u>	<u>10,367,675,474</u>	<u>10,793,239,116</u>
Debt Applicable to Limit:					
General obligation bonds	1,658,970,000	1,930,155,391	2,085,028,317	2,465,315,677	2,582,259,186
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	339,827,520	339,671,879	339,516,238	323,901,913
Bond anticipation notes	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Total Debt Applicable to Limit	<u>2,597,290,000</u>	<u>2,869,982,911</u>	<u>3,024,700,196</u>	<u>3,404,831,915</u>	<u>3,506,161,099</u>
Legal Debt Margin	<u>\$ 7,692,380,842</u>	<u>\$ 7,167,058,753</u>	<u>\$ 7,125,210,850</u>	<u>\$ 6,962,843,559</u>	<u>\$ 7,287,078,017</u>
Legal Debt Margin as a Percentage of Debt Limit	75%	71%	70%	67%	68%
	2017	2018	2019	2020	2021
Assessed Value					
Real property ^(1,3)	\$ 177,495,353,018	\$ 183,993,870,661	\$ 189,051,019,043	\$ 193,487,138,719	\$ 198,347,861,932
Personal property ⁽²⁾	4,051,372,468	4,188,565,266	4,055,452,758	4,100,966,956	4,682,192,977
Total Assessed Value	<u>\$ 181,546,725,486</u>	<u>\$ 188,182,435,927</u>	<u>\$ 193,106,471,801</u>	<u>\$ 197,588,105,675</u>	<u>\$ 203,030,054,909</u>
Legal Debt Margin					
Debt limit - percentage of assessable base:					
For real property at 6%	\$ 10,649,721,181	\$ 11,039,632,240	\$ 11,343,061,143	\$ 11,609,228,323	\$ 11,900,871,716
For personal property at 15%	607,705,870	628,284,790	608,317,914	615,145,043	702,328,947
Legal limitation for the borrowing of funds and the issuance of bonds	<u>11,257,427,051</u>	<u>11,667,917,030</u>	<u>11,951,379,057</u>	<u>12,224,373,366</u>	<u>12,603,200,663</u>
Debt Applicable to Limit:					
General obligation bonds	2,722,235,195	2,919,530,233	3,015,532,116	3,109,101,181	3,287,199,209
Variable rate demand obligation	90,000,000	170,000,000	170,000,000	170,000,000	170,000,000
Taxable BABs general obligation	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	470,000,000
Total Debt Applicable to Limit	<u>3,620,532,259</u>	<u>3,882,222,444</u>	<u>3,962,638,612</u>	<u>3,885,505,293</u>	<u>3,927,199,209</u>
Legal Debt Margin	<u>\$ 7,636,894,792</u>	<u>\$ 7,785,694,586</u>	<u>\$ 7,988,740,445</u>	<u>\$ 8,338,868,073</u>	<u>\$ 8,676,001,454</u>
Legal Debt Margin as a Percentage of Debt Limit	68%	67%	67%	68%	69%

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:							
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
2021	⁽⁵⁾ 14,836,653 ^(a)	8,649,097	6,187,556	700,000	934,343	1,634,343	378.60
Liquor Control:							
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
2021	305,014,182	255,851,101	49,163,081	4,300,000	3,708,788	8,008,788	613.86
Metrorail Garage Project:							
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
2021	3,507,863	-	3,507,863	2,790,000	717,863	3,507,863	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
2021	43,140,700	25,958,301	17,182,399	5,466,462	2,556,382	8,022,844	214.17

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.

⁽⁵⁾ Due to the COVID-19 pandemic, the County closed several streets within the PLD to accommodate the need for social distancing and utilized others to create outdoor dining areas, reducing the available on-street parking and related fees. As a result, the County transferred \$6.0 million to the PLD. The amount transferred is available for debt service and is included as net available revenue for debt service.

^(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 2021			Fiscal Year 2012		
	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	6.24%	1	25,000 - 30,000	5.85%
Montgomery County Public Schools	2	25,000 - 30,000	5.11	2	20,000 - 25,000	4.79
Montgomery County Government	3	10,000-15,000	2.84	4	5,000 - 10,000	1.60
U.S. Department of Defense	4	5,000-10,000	1.70	3	10,000 - 15,000	2.66
Adventist Healthcare	5	5,000-10,000	1.70	6	5,000 - 10,000	1.60
Holy Cross Hospital of Silver Spring	6	2,500-5,000	0.85		*	-
Marriott International Admin Svcs, Inc.	7	2,500-5,000	0.85	7	5,000 - 10,000	1.60
Montgomery Community College	8	2,500-5,000	0.85	10	2,500 - 5,000	0.80
Government Employees Insurance Co.	9	2,500-5,000	0.85		*	-
U.S. Department of Commerce	10	2,500-5,000	0.85	5	5,000 - 10,000	1.60
Lockheed Martin Corporation		*	-	8	5,000 - 10,000	1.60
Giant Food Corporation		*			*	
Verizon		*	-	9	2,500 - 5,000	0.80
Total			21.84%			22.90%

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 CY2012.

⁽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 FY21 and FY12 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 FY21 was 440,368, and in FY12, 469,700.

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⁾
2012	1,005,079	\$ 77,350,599	\$ 76,960	540,810	513,193	5.1%	146,497
2013	1,015,172	74,736,876	73,620	543,134	516,469	4.9	148,779
2014	1,024,617	76,751,191	74,907	544,271	520,698	4.3	151,298
2015	1,032,814	82,460,250	79,840	547,229	526,310	3.8	153,852
2016	1,038,846	87,319,432	84,054	544,649	526,510	3.3	156,447
2017	1,046,822	90,014,129	85,988	554,112	536,053	3.3	159,010
2018	1,048,478	91,903,198	87,654	556,234	539,139	3.1	161,545
2019	1,050,688	94,708,400	90,139	565,463	549,296	2.9	162,680
2020	1,062,061	98,000,000	92,273	548,398	513,663	6.3	165,267
2021	1,069,320	95,200,000	89,029	537,620	506,133	5.9	160,564

NOTES:

⁽¹⁾ Sources: Data for 2012-2019 is from the Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Data for 2020 from the Census Bureau and 2021 is estimated by the Montgomery County Department of Finance. Data for 2012-2019 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 2013-2019 was revised by BEA. Data for 2020 through 2021 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 2012-2020. Data for 2021 is estimated by the Montgomery County Department of Finance based on the monthly average of the first six months of CY2021.

⁽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 2012-2020 was revised by BLS. Data for 2021 is estimated by the Montgomery County Department of Finance based on the monthly average of the first six months of CY2021.

⁽⁶⁾ The unemployment rates for 2012 through 2020 were published by the Bureau of Labor Statistics, U.S. Department of Labor. The unemployment rate for 2021 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**

	2012 ⁽⁴⁾	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities:										
Legislative Branch:										
Board of Appeals	4	4	4	4	4	4	4	4	4	4
County Council	73	75	77	79	82	82	83	83	85	87
Inspector General	4	5	5	5	7	7	7	7	7	12
Legislative Oversight	9	10	11	11	11	11	11	12	12	13
Merit System Protection Board	1	1	1	1	2	2	2	2	2	2
Zoning and Administrative Hearings	4	4	4	4	4	4	4	4	4	4
Judicial Branch:										
Circuit Court	106	117	118	114	114	114	116	117	119	121
State's Attorney	122	129	132	136	140	143	147	153	154	154
Executive Branch:										
General Government:										
Board of Elections	40	31	31	51	55	55	56	56	56	56
Community Engagement ⁽²⁾	24	22	22	22	22	23	24	23	32	30
County Attorney	34	42	43	43	44	43	45	43	43	41
County Executive	26	28	31	32	33	34	37	35	34	34
Ethics Commission	2	3	3	3	3	3	3	3	3	2
Finance	107	114	125	126	126	122	125	127	131	130
General Services	178	184	183	191	162	164	171	170	169	169
Human Resources	49	60	67	66	67	68	70	71	68	63
Human Rights	8	8	8	9	9	9	9	9	9	10
Intergovernmental Relations	5	5	5	5	5	5	5	5	5	5
Labor Relations ⁽⁶⁾	-	-	-	-	-	-	-	-	-	8
Management and Budget	25	28	28	29	30	29	32	33	33	41
Procurement ⁽⁵⁾	-	-	-	-	33	35	35	35	35	38
Public Information	42	43	42	43	43	42	45	51	53	53
Racial Equity and Social Justice ⁽⁹⁾	-	-	-	-	-	-	-	-	-	2
Technology & Enterprise Business	-	-	-	-	-	-	-	-	-	-
Solutions ⁽⁷⁾	102	104	110	110	147	159	168	166	167	165
Urban Districts	52	55	55	58	58	59	59	59	59	59
Non-Departmental Accounts	2	2	4	4	4	4	4	5	6	12
Public Safety:										
Animal Services ⁽⁸⁾	-	-	-	-	-	-	-	-	-	75
Consumer Protection	15	16	17	17	17	16	17	17	17	17
Correction and Rehabilitation	557	512	518	526	527	538	538	538	536	542
Emergency Management and	-	-	-	-	-	-	-	-	-	-
Homeland Security	11	11	12	14	15	15	15	15	16	16
Fire and Rescue	1,240	1,254	1,282	1,287	1,299	1,303	1,287	1,298	1,318	1,319
Police	1,724	1,744	1,767	1,843	1,868	1,888	1,950	1,958	1,972	1,899
Sheriff	166	178	185	183	183	190	190	190	193	193
Transportation:										
Fleet Management	206	205	205	204	204	204	204	206	211	211
Transit Services	831	814	816	836	836	842	874	876	909	909
Other ⁽³⁾	258	258	273	275	279	283	283	283	287	286
Health and Human Services	1,484	1,559	1,569	1,589	1,594	1,619	1,649	1,670	1,683	1,714
Culture and Recreation:										
Cable TV	27	30	31	31	31	31	33	32	31	31
Public Libraries	273	314	350	385	389	386	395	396	404	405
Recreation	343	375	398	414	417	441	465	467	490	493
Community Development and Housing:										
Agriculture	-	-	-	-	-	4	4	4	4	4
Economic Development	26	29	31	34	33	1	1	1	1	1
Housing and Community Affairs	58	66	73	77	80	84	97	97	101	101
Environment:										
Environmental Protection	84	91	93	97	102	105	108	108	110	108
Business-Type Activities:										
Alcohol Beverage Services	323	324	339	337	427	432	438	442	428	442
Community Use of Public Facilities	26	27	27	27	28	29	30	31	31	31
Parking Lot Districts	48	49	49	50	49	49	49	49	49	49
Permitting Services	178	198	201	207	213	244	244	244	246	246
Solid Waste Activities	103	103	102	103	103	106	105	106	106	112
Total FTEs	<u>9,000</u>	<u>9,231</u>	<u>9,447</u>	<u>9,682</u>	<u>9,899</u>	<u>10,031</u>	<u>10,238</u>	<u>10,301</u>	<u>10,433</u>	<u>10,519</u>

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. FY12 still reflects original workyear measurements.

⁽⁵⁾ Effective FY16, The Office of Procurement was established per Expedited Bill No. 7-15.

⁽⁶⁾ Effective FY21, The Office of Labor Relations was established per Expedited Bill No. 19-20.

⁽⁷⁾ Effective FY21, The Department of Technology Services was renamed to the Department of Technology and Enterprise Business Solutions.

⁽⁸⁾ Effective FY21, duties performed by the Police Department's Division of Animal Services were transferred to a new non-principle office per Bill No. 21-20, the Office of Animal Services.

⁽⁹⁾ Effective FY21, The Office of Racial Equity and Social Justice was established per Bill No. 27-19.

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**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 ⁽¹⁾
Governmental Activities:										
General Government:										
Number of procurement office actions ⁽²⁾	6,750	7,711	8,396	7,556	8,429	7,564	7,824	8,887	9,425	7,594 ⁽¹²⁾
Number of property tax bills processed ⁽⁵⁾	364,050	365,495	366,847	367,708	371,446	371,866	376,330	376,259	370,489	376,557
Number of payments issued	111,211	112,507	129,973	121,311	121,366	125,764	128,866	118,086	107,773	118,598
Investment portfolio return ⁽⁵⁾	0.02%	0.16%	0.15%	0.18%	0.39%	0.71%	1.34%	2.33%	1.76%	0.18% ⁽¹³⁾
Public Safety:										
Fire and Rescue:										
Number of responses to incidents	109,597	108,996	109,496	115,366	116,915	120,990	123,544	121,606	119,340	113,940
Number of fire Fatalities	4	2	4	4	3	9	1	4	2	5
Permitting:										
Number of inspections completed	7,353	6,036	11,644	13,929	16,439	17,405	14,579	10,340 ⁽⁷⁾	10,960	19,114 ⁽⁸⁾
Police:										
Number of arrests	13,216	12,511	13,153	16,518	20,045	16,707	18,853	18,061	12,641 ⁽¹²⁾	5,871 ⁽¹²⁾
Number of traffic citations ⁽⁹⁾	55,710	53,540	107,040	106,944	105,607	100,867	81,252	75,989	50,051 ⁽¹²⁾	72,330 ⁽¹⁴⁾
Number of warrants served	9,598	12,623	8,297	9,763	8,109	7,779	7,318	7,011	6,006 ⁽¹²⁾	3,244 ⁽¹²⁾
Transportation ⁽³⁾ :										
Lane-miles of streets resurfaced	332	442	311	436	405	303	181	231	266	183 ⁽¹²⁾
Number of passengers transported	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⁾	10,078,042 ⁽¹²⁾
Health and Human Services:										
Number of applicants approved for the Home Energy Program	8,778	7,308	7,951	7,440	7,822	7,468	7,129	7,056	6,683	6,833
Number of individuals served through the Crisis Center	47,075	48,312	45,749	45,906	47,191	46,202	44,684	43,584	43,868	43,643
Number of licensed and registered child care slots in the County	38,722	39,806	38,506	39,501	40,292	41,768	41,101	42,697	43,206	40,167 ⁽¹²⁾
Number of in-home aide service hours for seniors and people with disabilities	101,905	90,000	94,012	110,848	105,000	110,185	92,860	105,370	108,869	95,806 ⁽¹²⁾
Culture and Recreation:										
Library:										
Number of items circulated	9,403,471	9,303,918	9,770,776	10,035,027	10,478,360	10,172,487	10,666,538	11,383,048	10,157,415 ⁽⁶⁾ ⁽¹²⁾	9,114,919 ⁽¹²⁾
Recreation:										
Number of community center visits/contacts	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⁾	19,423 ⁽¹²⁾
Number of visits to County pools	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⁾	435,225 ⁽¹²⁾
Number of persons registered for camps and classes	53,746	55,044	55,829	65,762	76,285	85,835	105,011	105,615	106,526	19,566 ⁽¹²⁾
Community Development and Housing:										
Housing and Community Affairs:										
Number of housing rental licenses issued	91,555	92,527	96,185	98,525	100,379	101,810	103,841	107,283	114,365	102,656 ⁽¹²⁾
Number of housing code enforcement cases	6,988	6,597	6,998	7,633	8,250	7,917	8,352	9,229	7,190	4,650 ⁽¹²⁾
Environment:										
Number of sediment control inspections performed for development sites	12,206	12,839	16,287	18,741	19,109	18,259	17,689	16,778	14,858	15,239
Education:										
Average number of pupils registered pre-K through 12 ⁽⁴⁾	146,497	148,779	151,298	153,852	156,447	159,010	161,545	162,680	165,267	160,564
College students - credit and non-credit ⁽⁴⁾	63,837	62,417	59,389	56,228	56,001	55,243	54,335	52,732	49,168	42,915 ⁽¹²⁾
Business-Type Activities:										
Land development plans approved	4,967	4,517	5,112	5,161	6,048	6,013	6,055	5,543	5,801	5,312
Refuse collected (tons)	86,512	69,568	71,407	73,996	71,767	69,988	80,318	81,075	83,344 ⁽⁶⁾	84,094
Waste processed at the Resource Recovery Facility (tons)	540,644	546,644	577,787	591,687	620,505	518,687	592,228	629,575	623,279	625,491
Number of cases sold from the Department of Liquor Control retail stores	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	963,710 ⁽¹²⁾
Number of wholesale liquor cases sold to private liquor stores	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	4,148,433

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 is due to transitioning from a legacy records management system (FireHouse Software) to the DPS system.

⁽⁸⁾ Fire Code Compliance section started a new method of assigning inspections in April of 2020 following the integration into DPS' permitting database, causing the significant increase in volume.

⁽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, police activities, school enrollments, etc.

⁽¹³⁾ The yield on the County's investment portfolio is closely tied to moves in the short term bond market, specifically those driven by Fed action. In March 2020, the Fed lowered the Fed Funds target rates twice to protect the economy following the national and global shutdown due to COVID. With the Treasury market immediately rallying and yields plummeting, the rate environment has been down at this level (near zero) since these rate cuts. The low yield is completely market driven.

⁽¹⁴⁾ Variance is due to resumption of traffic stops during latter COVID-19 pandemic.

Table 26

**OPERATING INFORMATION
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	4	4	3	3	3	3	3	3	3	3
Police vehicles	1,363	1,341	1,345	1,467	1,486	1,509	1,526	1,522	1,551	1,519
Fire stations	36	37	37	37	37	37	37	37	37	37
Fire apparatus	464	451	461	447	493	497	502	501	548	541
Transportation:										
Streets (miles)	2,623	2,627	2,631	2,634	2,640	2,661	2,663	2,664	2,679	2,681
Ride On buses	410	412	422	379	403	389	414	424	445	435
Administrative vehicles	734	738	761	764	869	885	876	876	867	891
Fire vehicles	120	115	116	113	94	96	91	98	101	99
Heavy equipment	460	463	482	420	423	481	491	448	460	461
Streetlights	67,211	67,781	67,931	67,969	68,350	68,675	68,770	68,995	69,025	69,075
Traffic signals	814	823	829	836	848	854	867	875	878	880
Culture and Recreation:										
Libraries	22	22	22	22	22	22	22	22	22	22
Volumes in library collection	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	2,179,084
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)	875	877	881	883	888	893	895	896	902	903
Education:										
Elementary, Middle and High School buildings	200	202	202	203	204	204	205	207	207	207
College buildings	48	49	49	49	49	51	51	51	50	49
Business-Type Activities:										
Parking spaces in parking lot districts	20,470	19,989	19,984	20,970	20,754	20,482	20,425	20,452	20,468	20,708
Parking garages/lots	40	40	42	42	41	40	40	41	40	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.





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Liability and Property Coverage Self-Insurance Internal Service	201	202	203	204
Liquor Enterprise	56	58	59	196
Mass Transit Facilities Special Revenue	173	174	-	182
Miscellaneous Custodial Fund	209	210	-	-
Motor Pool Internal Service	201	202	203	-
Parking Lot Districts Enterprise	56	58	59	198
Permitting Services Enterprise	193	194	195	196
Recreation Non-Tax Supported	175	176	-	189
Recreation Special Revenue	173	174	-	180
Rehabilitation Loan Special Revenue	171	172	-	183
Restricted Donations Special Revenue	175	176	-	187
Retiree Health Benefits POEB* Trust	207	208	-	-
Solid Waste Activities Enterprise	56	58	59	197
Water Quality Protection Special Revenue	175	176	-	186
West Germantown Development District	209	210	-	-
COMPONENT UNITS:				
Bethesda Urban Partnership, Inc. (BUP)	213	214	-	-
Housing Opportunities Commission of Montgomery County (HOC)	62	63	-	-
Montgomery College (MC)	213	214	-	-
Montgomery County Public Schools (MCPS)	62	63	-	-
Montgomery County Revenue Authority (MCRA)	213	214	-	-

* POEB = Pension and Other Employee Benefits

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