

ANNUAL INFORMATION STATEMENT IN CONNECTION WITH BONDS AND OTHER OBLIGATIONS

This Annual Information Statement (“AIS”), dated January 16, 2026, is prepared by Montgomery County, Maryland (“the County”), to provide, as of this date, certain general information concerning the County and its operations. Included is information on: 1) County Officials, 2) Statistical Highlights, 3) County Organization and Services, 4) Demographic and Economic Information and 5) Selected Budget and Financial Information.

The information presented in this AIS document is based on the most recent available information unless otherwise specified. This information was obtained from the County and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and the publication of this Statement shall not, under any circumstances create any implication that there is no change in the affairs of the County or in any other information contained herein, since the date hereof. The distribution of this AIS document by the County does not in any way imply that the County has obligated itself to update the information herein or any information referenced herein.

The presentation of information is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or operations of the County. No representation is made that past experiences, as might be shown by such financial and other information, will necessarily continue or be repeated in the future. Any statements in this document involving matters of opinion, expectation, or estimates, whether or not expressly so stated, are set forth as such and are not representations of fact, and no representation is made that any of the estimates will be realized.

This AIS document should be read together with the County’s FY25 Annual Comprehensive Financial Report (ACFR), the FY25 Popular Annual Financial Report (PAFR) and the FY25 Debt Service Book which are located at the following links:

- FY25 Annual Comprehensive Financial Report (ACFR)
https://www.montgomerycountymd.gov/Finance/Resources/Files/data/financial/acfr/FY2025_ACFR.pdf
- FY25 Popular Annual Financial Report (PAFR)
https://www.montgomerycountymd.gov/Finance/Resources/Files/data/financial/pafr/FY2025_PAFR.pdf
- FY25 Debt Service Book
<https://www.montgomerycountymd.gov/Finance/Resources/Files/FY2025%20Debt%20Service%20Book.pdf>

Questions regarding information in the AIS should be directed to Michael Coveyou, Director of Finance, Montgomery County, Maryland, 101 Monroe Street, Isiah “Ike” Leggett Executive Office Building (LEOB), 15th Floor, Rockville, Maryland 20850, Telephone: (240) 777-8860.

MONTGOMERY COUNTY, MARYLAND OFFICIAL ROSTER OF COUNTY OFFICIALS

COUNTY EXECUTIVE

Marc Elrich

COUNTY COUNCIL

Natali Fani-González	President
Marilyn Balcombe	Vice-President
Shebra Evans*	
Andrew Friedson	
Evan Glass	
Will Jawando	
Sidney Katz	
Dawn Luedtke	
Kristin Mink	
Laurie-Anne Sayles	
Kate Stewart	

The terms of the County Executive and all County Council members expire in December 2026.

*Council member Gabe Albornoz resigned from his position effective December 1, 2025. Mr. Albornoz's seat on the County Council was filled by the appointment of Shebra Evans.

APPOINTED OFFICIALS

Richard S. Madaleno	Chief Administrative Officer
Michael Coveyou	Director, Department of Finance
Jennifer Bryant	Director, Office of Management and Budget
John P. Markovs	County Attorney
Sara Tenenbaum	Clerk of the Council

BOND COUNSEL

McKennon Shelton & Henn LLP
Baltimore, Maryland

INDEPENDENT PUBLIC ACCOUNTANTS

SB & Company, LLC
Owings Mills, Maryland

DEBT MANAGEMENT AND DISCLOSURE INFORMATION

Department of Finance
101 Monroe Street, 15th Floor
Rockville, MD 20850
(240) 777-8860

<https://www.montgomerycountymd.gov/bonds/debtmanagement.html>

STATISTICAL HIGHLIGHTS

Debt as of June 30, 2025 (including the 2025, Series A, GO Bonds issued in November 2025)

General Obligation Bonds and BANs Outstanding (Net Direct Debt)	\$3.48 billion
Total Assessed Value	\$233.47 billion
Ratio of Net Direct Debt to Assessed Value	1.49%
Direct Debt (incl. Revenue Bonds)	\$3.66 billion
Direct Debt to Assessed Value	1.57%
Net Direct & Overlapping Debt	\$3.58 billion
Ratio of Net Direct & Overlapping Debt to Assessed Value	1.54%

Budgets

Approved FY26 Operating Budget	\$7.6 billion
Approved, Amended FY25-30 Capital Improvements Program (Excludes WSSC Water)	\$6.0 billion

FY25 Major Revenues and June 30, 2025 Fund Balances

Total General Fund Revenues	\$4.5 billion
Income Tax	\$2.2 billion
Property Tax (General Fund)	\$1.6 billion
Transfer and Recordation Tax (General Fund)	\$156.2 million
Other Taxes	\$269.8 million
Revenue Stabilization Fund Balance (RSF)	\$686.0 million
General Fund Balance (includes RSF)	\$1.3 billion

Demographics⁽¹⁾

Population 2024	1,082,273
Households 2024	389,161
Median Age 2025	41 years old
Montgomery County Public School Pre-K-12 FY25 Enrollment	159,182

Employment⁽¹⁾

Private Sector 2024	367,114
Public Sector 2024	95,184
Unemployment Rate 2024	2.7%
Personal Income 2024	\$110.6 billion
Per Capita Income 2024	\$102,230
Average Household Income 2024	\$284,300

General Obligation Bond Ratings 2025

Moody's Investors Service, Inc.	Aaa
S&P Global Ratings	AAA
Fitch Ratings	AAA

⁽¹⁾ Provided in calendar years.

COUNTY ORGANIZATION AND SERVICES

Montgomery County, Maryland (County) is a charter government under the constitution and general laws of the State of Maryland (State). The Charter provided 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 Montgomery County Charter requires the County to be divided into seven Council districts for the purpose of electing seven district members and four at-large members of the Council. This requirement was effective for the 2022 election, and the County Council now consists of eleven members, including seven district members and four at-large members.

The Executive Branch implements and enforces Montgomery County's laws and provides executive direction to the government. There are over 30 executive branch departments and agencies that help to deliver services to county residents. The County provides its residents with services in areas of general government, public safety, public works and transportation, health and human services, education, culture and recreation, community development and housing and the environment.

For the sole purpose of providing more detailed information on Executive Branch departments, County Agencies, and Legislative Branches, including an Organizational Chart, the reader may view the County's website at the following link:

<https://montgomerycountymd.gov/government/aboutCountyGovernment.html>

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DEMOGRAPHIC AND ECONOMIC INFORMATION

The population of the County, according to the Bureau of the Census, was 1,082,273 for calendar year 2024. The County's total personal income reached \$110.6 billion in 2024, with per capita income of \$102,230, estimated based on County projections⁽²⁾. Estimated average household income was \$284,300 in 2024. The estimated median age for County residents for 2025 was 41 years old.

The County's economic structure reveals a diversified economy with a strong service sector. According to U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, the private sector employed 367,114 for 2024, nearly 80% of the workforce. Montgomery County is home to 32 federal facilities including the National Institutes of Health, the National Institute of Standards and Technology, and the Food and Drug Administration. Total employment of 95,184 was reported in the public sector in 2024. The unemployment rate was reported at 2.7% for 2024, according to the Bureau of Labor Statistics.

The County promotes new investments throughout the County, including its Central Business Districts in Silver Spring, Wheaton, Bethesda, and Friendship Heights, which are centers for major business activities and medium density to high-density residential development in close proximity to existing Metrorail stations. The County has two active special taxing districts: West Germantown and White Flint. In these special districts, the County has provided 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. The County is considering the establishment of its first Tax Increment Finance (TIF) Development District to support the development of the 280-acre VIVA White Oak project, a planned mixed-use development that will include residential, retail/restaurants, commercial uses, as well as biomedical/biotech labs, offices, and research and development facilities, with a focus on the life sciences and BioHealth industries.

The County also fosters partnerships with academia, the federal research community, and various levels of government to pursue innovative projects. In 2023, the University of Maryland Institute for Health Computing (IHC) opened its preliminary campus location in North Bethesda, a transformative partnership with the University of Maryland Medical System (UMMS), Montgomery County, and collaborators from the Universities at Shady Grove and the University of Maryland, Baltimore County to leverage recent advances in artificial intelligence and machine learning to create a premier learning health care system. The IHC will be an anchor tenant at the redevelopment of the North Bethesda Metro site. Furthermore, the County engages in public-private partnership projects to revitalize the County's town centers and provide strategic redevelopment opportunities throughout the County.

The County provides additional support to existing and prospective businesses, including assistance with permit expediting and targeted programs and services to assist small businesses in navigating the County's processes. To encourage business attraction and growth, Montgomery County Government offers eleven separate Economic Development Fund (EDF) incentive programs. These programs support a variety of economic development goals for the County including providing financial assistance to private employers who will either retain jobs in the County or create new jobs through the expansion or relocation of commercial offices to the County. Businesses in specific industries seeking financial support may qualify for assistance through one of the eleven EDF programs.

For the sole purpose of obtaining more information about the EDF, please visit the website:
https://www.montgomerycountymd.gov/bonds/economic_development.html

As the economic development organization for the County, Montgomery County Economic Development Corporation (MCEDC) is responsible for business attraction, retention and growth efforts in key targeted industry sectors within the County, marketing the County nationally and internationally as a business location, and providing support for innovative entrepreneurs. It also facilitates international business opportunities for County companies and proactively pursues foreign direct investments to the County.

Existing and prospective new businesses also receive an array of professional assistance from MCEDC, including site selection (information on a variety of available offices, research & development, and industrial space in the County),

⁽²⁾ Due to delays caused by a government shutdown, the Bureau of Economic Analysis (BEA) did not release County-level 2024 income estimates in December 2025 as originally scheduled. Accordingly, this information is based on the BEA's 2023 data, adjusted using estimated personal income growth from 2023 to 2024.

provision of socioeconomic statistics and other data, make business support connections, training, recruitment and employment assistance through WorkSource Montgomery, and other targeted services to meet the needs of small and minority-owned businesses.

For the sole purpose of obtaining more information about the MCEDC, please visit the website:
<https://thinkmoco.com/>

Recent Federal Policy Actions

Federal policies involving taxation, appropriations, borrowing, trade, immigration, education, environmental matters and other topics can shift, sometimes dramatically, from one presidential administration or Congress to another. From time to time, such shifts may be followed by material increases or decreases in the levels of federal funding directly affecting federal agencies and authorities and indirectly affecting state and local recipients of such funding. Recently, the current presidential administration has proposed policy shifts that involve, among other things, proposed delays or cuts in grants and appropriations, reductions in the federal workforce, and elimination of certain federal agencies and departments. Federal government employee reductions may impact residents of the County. In this regard, the County is actively putting in place programming and resources to assist residents and businesses located within the County in light of federal workforce reductions. The County may have some exposure to potential federal funding freezes or cuts, which could reduce operating revenues and/or increase County expenditures in connection with the County's response to such potential federal funding freezes or cuts. However, the County has the tools and resources to allow it to address the effects of any such cuts.

In 2025, the County collaborated with MCEDC and other partners to provide support services to displaced Federal workers and launched the Mobilize Montgomery website to consolidate the services available.

Additional demographic and economic information can also be found on the County's website.

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SELECTED BUDGET AND FINANCIAL INFORMATION

Legal Framework for Budgeting

As required by the County Charter, the County Executive submits to the County Council, not later than January 15, a comprehensive six-year Capital Improvements Program (CIP) in each even numbered year, and a Capital Budget each year. In addition, the County Executive, not later than March 15 of each year, submits an annual Operating Budget and six-year Public Services Program (PSP) including fiscal policy.

The CIP includes a statement of the objectives of capital programs and the relationship of capital programs to the County's long-range development plans; recommends capital projects and a construction schedule; and provides an estimate of costs, a statement of anticipated revenue sources, and an estimate of the impact of the program on County revenues and the operating budget. The CIP, to the extent authorized by law, includes all capital projects and programs of all agencies for which the County sets tax rates or approves budgets or programs.

The six-year PSP shows projections of revenues and expenditures for all functions, recommends revenue and expenditure policies for the program, and analyzes the impact of tax and expenditure patterns on public programs and the economy of the County.

As part of the six-year CIP and PSP programs, the County Executive includes the proposed capital and operating budgets containing recommended levels of expenditures and sources of revenue for the ensuing fiscal year. In addition, a summary is submitted containing an analysis of the fiscal implications for the County of all available budgets of all agencies for which the County Council sets tax rates, makes levies, and approves programs or budgets. These other agencies include the Montgomery County Public Schools (MCPS), Montgomery College, the Maryland-National Capital Park and Planning Commission (M-NCPPC, a bi-county agency), the Housing Opportunities Commission of Montgomery County (HOC), the Montgomery County Revenue Authority, the Washington Suburban Sanitary Commission (WSSC, a bi-county agency), the Washington Suburban Transit Commission (a bi-county agency), and the 19 independent Fire and Rescue Corporations.

The County Council must hold public hearings on the proposed budgets and six-year programs commencing not earlier than 21 days following their receipt. The County Council may add to, delete from, increase or decrease any appropriation item in the operating or capital budget. The Council also approves the budget, as amended, and appropriates the funds not later than June 1 of the year in which it is submitted. By June 30 of each year the County Council approves the tax levies deemed necessary to finance the budgets for the ensuing fiscal year beginning July 1. Section 305 of the County Charter was amended by the November 2020 General Election to prohibit the County Council from adopting a tax rate on real property that exceeds the ad valorem weighted tax rate on real property approved the previous year unless all current Councilmembers vote affirmatively for the increase.

On May 22, 2025, the County Council approved the FY26 operating budget comprising the County Government, MCPS, Montgomery College, and M-NCPPC aggregating \$7.6 billion. This budgetary level represents an increase of 7.0 percent over the adopted budget for FY25.

The County Council approved the FY26 Capital Budget and the Amended FY25-30 CIP for the County government and the required agencies, except for WSSC, aggregating \$6.0 billion for the Amended FY25-30 program. The Council approved a CIP for WSSC totaling \$1.8 billion for FY25-30. WSSC is governed by State Law and is the only agency for which the County Council adopts an annual CIP.

More information on the County's Operating and CIP programs can be found in the Office of Management and Budget section of the County's website:

<https://www.montgomerycountymd.gov/omb/>

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Reporting Entity

Montgomery County seeks to continually maintain best practices in its financial reporting operation. As required by accounting principles generally accepted in the United States of America (GAAP), the County's financial statements present the primary government and component units for which the primary government is considered financially accountable. The reporting entity includes the fiscal activities of Montgomery County Government, as the primary government, and Montgomery County Public Schools, Montgomery College, Montgomery County Revenue Authority (MCRA), Housing Opportunities Commission of Montgomery County (HOC), and the Bethesda Urban Partnership, Inc. (BUP), as component units. Not included within the reporting entity are the Montgomery County portion of Maryland-National Capital Park and Planning Commission, Washington Suburban Sanitary Commission, Washington Suburban Transit Commission, Washington Metropolitan Area Transit Authority, Metropolitan Washington Council of Governments (COG), and the Northeast Maryland Waste Disposal Authority (NEMWDA). M-NCPPC, WSSC, WSTC, WMATA and NEMWDA are considered joint ventures. COG is a jointly governed organization. Disclosure of the County's participation in these joint entities is presented as a footnote to the County's financial statements included in its Basic Financial Statements.

General Fund Revenues, Expenditures and Balances

Total revenues for the General Fund were \$4.5 billion for FY25. The largest revenue sources were income taxes (\$2.2 billion), property taxes (\$1.6 billion) and transfer and recordation taxes (\$156.2 million - General Fund portion). Other tax revenue sources – consisting of fuel/energy, telephone, hotel/motel and other taxes totaled \$269.8 million in FY25. General Fund expenditures in FY25 approximated \$4.0 billion and the year-end General Fund Balance was \$1.3 billion (including the Revenue Stabilization Fund).

Revenue Stabilization Fund

The Revenue Stabilization Fund (RSF) is used to account for the accumulation of resources at a targeted reserve level sufficient to address unexpected increases to expenditures or decreases in revenues and expenditures. By an affirmative vote of 7 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 RSF to the General Fund to support appropriations which have become unfunded. For financial reporting purposes this fund is included within the General Fund. For a statement of changes in the RSF balance, which amounted to \$686.0 million at June 30, 2025, see the FY25 ACFR – Note II (A).

For the General Fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance, see Exhibits A-3 and A-5 of the FY25 ACFR. Information on fund balance classifications is presented in Note 1- Summary of Significant Accounting Policies.

Property Tax Assessable Base

The County levies real and personal property taxes on all taxable property within its boundaries. The real property is valued at market value and assessed on a triennial basis by the State of Maryland Department of Assessments and Taxation (SDAT) with an assessment at the end of the three-year cycle at a percentage of market value. The estimated total combined taxable assessment base for real property and personal property for 2025 was reported at \$233.5 billion based on data from July 2025.

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Debt Summary

The Montgomery County Government, Montgomery County Revenue Authority (MCRA), HOC, municipalities, and its bi-county shared state agencies (M-NCPPC and WSSC), are authorized by State law and/or County Charter to issue debt to finance capital projects. Consistent with County fiscal policy, the County issues debt to finance a major portion of the construction of long-lived additions or improvements to the County's publicly owned infrastructure. The County's budget and fiscal plan for these improvements is known as the CIP. Bonds are repaid to bondholders with a series of principal and interest payments over a period of years, known as debt service. In this manner, the initial high cost of capital improvements is absorbed over time and assigned to current and future citizens benefiting from the facilities. Due to various Federal, State, and local tax policies, interest rates on the County's bonds are generally lower than in the private sector.

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 general obligation bonds, the County is a 'Triple AAA' rated County and received ratings in 2025 of Aaa from Moody's Investors Services, Inc., AAA from S&P Global Ratings, and AAA from Fitch Ratings. The County's general obligation bonds have been consistently awarded the highest credit rating from Moody's Investors Services, Inc. and S&P Global Ratings since 1973 and 1976, respectively, and from Fitch Ratings since 1991. Montgomery County is one of only 15 'Triple A' rated counties in the nation with a population greater than one million.

In addition to the issuance of general obligation or revenue bonds, the County initially finances the cost of long-term capital assets with short-term paper known as Bond Anticipation Notes (BANs)/Commercial Paper, which the County intends to retire with the proceeds of long-term bonds.

The various components of the County's debt described above are categorized as either direct or overlapping. Direct debt is the total bonded debt of the County and constitutes the direct obligations of the County that impact its taxpayers. Components of Montgomery County direct debt include general obligation bonds, BANs/commercial paper, and revenue bonds issued by the County.

Overlapping debt includes all borrowings of other County agencies, incorporated municipalities, and special taxing or development districts, which may impact those County tax- or ratepayers who are residents of those municipalities or special districts. More broadly, overlapping debt illustrates the degree to which the total economy is being asked to support long-term fixed commitments for governmental facilities.

Certain direct and overlapping debt is additionally classified as Self-Supporting Debt. Such debt is issued for projects that produce sufficient revenues to retire debt. The debt is not supported by the taxing power of the governmental entity issuing them. The County's Net Direct and Overlapping Debt is derived by subtracting Direct Self-Supporting Debt from the Total Direct and Overlapping Debt. As of June 30, 2025 (including the 2025, Series A GO Bonds issued in November 2025), Direct Debt, Net Direct and Overlapping Debt, and General Obligation Bonds and BANs outstanding approximated \$3.66 billion, \$3.58 billion, and \$3.48 billion respectively.

A detailed statement is displayed in the Official Statement for the General Obligation Consolidated Public Improvement Bonds of 2025, Series A at the following link:

https://www.montgomerycountymd.gov/BONDS/Resources/Files/Montgomery_County_2025_Series_A_OS.pdf

Additionally, the County from time to time enters into other long-term obligations including variable rate demand obligations, lease revenue bonds, certificates of participation, taxable limited obligation certificates, special obligation bonds, notes payable, equipment notes and other obligations.

Debt Affordability

Once committed, debt service represents a major continuing claim on County resources that must be kept to affordable levels within the annual operating requirements of the County in order to avoid excessive pressure on operating budgets. To assure such affordable levels, the County's general obligation debt is subject to the following tests: 1) the self-imposed, but Charter-required, spending affordability guidelines, and 2) the State Law-mandated Legal Debt Limit.

Spending Affordability Guidelines

The County Council annually adopts Spending Affordability Guidelines (SAG) for the capital budget. The guidelines provide for the total amount of general obligation debt issued by the County and M-NCPPC that may be planned for expenditure in the subsequent two fiscal years and for the six-year CIP. Consideration of the guidelines is based on several economic and financial factors, or criteria for debt affordability. These criteria are described in the County's Fiscal Policy and provide a foundation for judgments about the County's capacity to issue debt and its ability to retire the debt over time.

More information on the County's Fiscal Policy and Spending Affordability Guidelines can be found in the Fiscal Policy section of the Approved, Amended FY26 Capital Budget and FY25-30 Capital Improvement Plan publication, at:

https://www.montgomerycountymd.gov/OMB/Resources/Files/omb/pdfs/fy26/cip_pdf/FY26_Approved_CIP.pdf

Legal Debt Limit

The Annotated Code of Maryland, Local Government, Section 10-203, authorizes borrowing of funds and issuance of bonds up to a maximum of the sum of six percent of the assessed valuation of all real property and 15 percent of the assessed valuation of all personal property within the County. Local Government Article, Section 10-203 provides that obligations having a maturity not in excess of 12 months shall not be subject to, or be included in, computing the County's legal debt limitation. However, the County includes its commercial paper bond anticipation notes (BANs) in such calculations because it intends to repay such notes with the proceeds of long-term debt to be issued in the near future. The 2025 legal debt limit is \$14.4 billion, and the legal debt margin is \$10.8 billion or 75% of the legal debt limit. The County's legal debt limit computation is displayed in Table 20 within the Statistical Section of the FY25 ACFR.

For details on the County's debt including amortization schedules, see the following documents:

- The FY25 Debt Service Book
- The FY25 ACFR including Notes to Financial Statements - Note III-G and Note IV-C

Subsequent Events to Fiscal Year 2025

On November 20, 2025 the County issued Consolidated Public Improvement Bonds of 2025, Series A in the amount of \$280,000,000. The General Obligation Bonds will be used to (i) refinance all commercial paper bond anticipation notes, the proceeds of which financed certain capital projects in the County and (ii) finance and refinance the acquisition, construction and equipping of certain capital public projects.

On December 1, 2025, the County redeemed the outstanding balance of \$2,975,000 of the Montgomery County, Maryland Lease Revenue Project and Refunding Bonds (Metrorail Garage Projects – Series 2011) plus accrued interest up to December 1, 2025.

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Risk Management and Self Insurance Funds

The County self-insures coverages such as Workers' Compensation, Commercial General Liability, Automobile Liability, Professional/Public Official Liability, certain property, and other selected risks which require mitigation.

An Inter-Agency Insurance Panel comprised of the County and participating member Agencies, and chaired by the County's Finance Director, provides overall direction, formulates insurance policy, reviews claims, and evaluates the effectiveness of the loss control program. Claims against the agencies are handled under a contract with a third-party claim administrator. Legal services are provided by the Office of the County Attorney.

The County Finance Department, Division of Risk Management, ('Risk Management') operates the Self-Insurance Program for the County and other participating agencies: MCPS, Montgomery College, M-NCPPC, MCRA, HOC, Rockville Housing Enterprises, Villages of Drummond and Friendship Heights, the Bethesda Urban Partnership, and the County's Fire and Rescue Services and the various independent fire corporations. The City of Gaithersburg, Town of Somerset, Chevy Chase Village, and the Town of Garrett Park participate for workers' compensation coverage only.

In addition to the self-insured coverage, Risk Management coordinates the purchase of commercial insurance for coverages such as All Risk Property Insurance, Excess Liability Insurance, Boiler and Machinery, Public Official and Employee Bonds, Fiduciary Liability, and others. The net position as of June 30, 2025 for the operations of the program was reported at \$46.8 million.

The County is also self-insured for unemployment claims resulting from separations of service and maintains a minimum premium funding arrangement for employee health insurance. The FY25 operations for these two benefit programs are not reflected above.

For more information on the County's Risk Management Program, claims and self-insurance fund balances, see Section A of Note IV, and Exhibits D-1 through D-4 of the FY25 ACFR.

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Climate Change

Montgomery County is focused on mitigating the impacts of climate change on the County to make the County more resilient. Some of the climate related issues that impact the County include increased flooding, hotter weather, drought and more extreme storms. In 2017, the County Council passed the Emergency Climate Mobilization Resolution (the “Resolution”), which set the County’s Greenhouse Gas (“GHG”) reduction goals at 80% of the 2005 GHG levels by 2027 and 100% elimination by 2035. The Resolution required the County Executive to advise on specific methods for accelerating GHG reduction.

In June 2021, the County released its Climate Action Plan (“CAP”) which includes 86 actions across seven sectors (clean energy, transportation, buildings, climate adaptation, carbon sequestration, climate governance and public engagement. The CAP is implemented through the annual operating and capital budgets, with progress reported in the Climate Action Plan Annual Report. In Fiscal Year 2025, the County continued implementation of the CAP. Actions included transitioning the County fleet and buses to electric vehicles; installing EV charging stations in County parking facilities; planting trees; and supporting the weatherization and electrification of low-income homes. Additional efforts addressed climate resilience and adaptation for County residents and assets through development of a Comprehensive Flood Management Plan and increased participation in the Alert Montgomery system. The Fiscal Year 2026 budgets support continued CAP implementation.

For the sole purpose of obtaining more information about the Climate Action Plan, please visit the website:
<https://www.montgomerycountymd.gov/climate/>

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County Employee Retirement Plans

The Montgomery County Employee Retirement Plans (Plans) are offered to Montgomery County employees as well as participating agencies who meet the eligibility requirements to participate based on employment status and other factors. The County maintains a defined benefit plan, a defined contribution plan, a cash balance plan and a deferred compensation plan. The Board of Investment Trustees (the “Board”) is responsible for the investment management of the Plans’ assets. The Board consists of thirteen members appointed by the County Executive and confirmed by the County Council.

Employee’s Retirement System – Defined Benefit Plan

The Employees’ Retirement System (the “System”) is a cost-sharing, multiple employer defined benefit pension plan established in 1965. Eight other agencies and political subdivisions have elected to participate. The System is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and Guaranteed Retirement Income Plan (GRIP) participants. The System is a contributory plan with covered employees contributing a percentage of their base annual salary, depending on their group classification. The County and each other Participating Employer contribute the remaining amounts necessary to fund the System on an actuarial basis. As of June 30, 2025, the funded ratio was 95.6% and the net assets totaled \$5,109.7 million.

In FY09 the County established the GRIP, a cash balance plan that is part of the System. During FY10, eligible County employees who were members of the Retirement Savings Plan (the “RSP” described below) were granted the option to elect to participate in the GRIP and to transfer their RSP member account balance to the GRIP and cease being a member of the RSP.

As of June 30, 2025, 7,125 active members, 7,013 retirees and beneficiaries receiving benefits, and 796 terminated plan members entitled to but not yet receiving benefits were participating in the System.

Deferred Retirement Option Plans (the “DROP”), established in FY00, allow any employee who is a member of a specified membership group or bargaining unit, and who meets certain eligibility requirements, to elect to retire but continue to work for the County for a specified time period, during which pension payments are deferred. When the member’s participation in the DROP ends, the member must stop working for the County, draw a pension based on the member’s credited service and earnings as of the date that the member began to participate in the DROP and receive the value of the DROP payoff. As of June 30, 2025, the balance of amounts held by the System pursuant to DROP was \$36.7 million.

Retirement Savings Plan – Defined Contribution Plan

The Retirement Savings Plan (RSP) is a cost-sharing, multiple employer- defined contribution plan established in 1994. The RSP covers all non-public safety and certain public safety employees not represented by a collective bargaining agreement and hired on or after October 1, 1994 unless they elect to participate in the GRIP. Eligible employees covered by the Employees’ Retirement System may make an irrevocable decision to transfer to the RSP. As of June 30, 2025, 3,338 active members and 1,234 inactive plan members were participating in the RSP with total assets of \$883.8 million. The Board establishes for the RSP members a diversified slate of mutual and commingled investment funds from which participants may select their investment options.

Deferred Compensation Plan

The Deferred Compensation Plan (DCP) was established pursuant to Section 457 of the Internal Revenue Code of 1986, as amended. 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 DCP. As of June 30, 2025, the DCP had \$707.8 million in assets. The Board establishes for the DCP a diversified slate of mutual and commingled investment funds from which participants may select their investment options.

More information on the County’s Employee Retirement Plans, see the County Employee Retirement Plans Annual Comprehensive Financial Report which can be found at:

<https://www.montgomerycountymd.gov/mcerp/trustees.html/reports/reports.html>

Other Post-Employment Benefits (OPEB)

The County administers a cost-sharing multiple-employer defined benefit healthcare plan which provides post-employment benefits such as medical, life, dental, vision, and prescription coverage to retirees and eligible dependents. Effective July 1, 2011, the County Council enacted legislation to change the name of the plan to the Consolidated Retiree Health Benefits Trust due to the addition of the assets of County-funded agency retiree benefits plans for Montgomery County Public Schools and Montgomery College. The County established a Board of Trustees (the 'Board') for the Trust to be responsible for the investment management of the Trust's assets for the exclusive benefit of the members. The Board consists of nineteen members appointed by the County Executive and confirmed by the County Council.

The County plan is a contributory plan in which the County and the plan members contribute, based on an actuarial valuation, certain amounts toward the current cost of healthcare benefits. As of June 30, 2025, the most recent actuarial valuation, plan membership consisted of 7,817 retirees and beneficiaries receiving benefits and 10,749 active plan members. During FY25, the County and other contributing entities contributed \$76.9 million for current premiums, claims, and administrative expenses. As of June 30, 2025, the plan had an actuarial accrued liability of \$1,264.3 million and net position of \$942.2 million resulting in a funded ratio of 74.52%.

More information on the County's OPEB Plans and Consolidated Retiree Health Benefits Trust, see the Actuarial Valuation Report and Financial Statements which can be found at:

<https://www.montgomerycountymd.gov/mcerp/trustees.html/reports/reports.html>

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