



**MONTGOMERY
COUNTY MARYLAND**

**Annual
Comprehensive
Financial
Report**

Fiscal Year 2022

July 1, 2021 - June 30, 2022
Rockville, Maryland



Government Finance Officers Association

Certificate of
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Presented to

**Montgomery County
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

MONTGOMERY COUNTY MARYLAND

Annual Comprehensive Financial Report



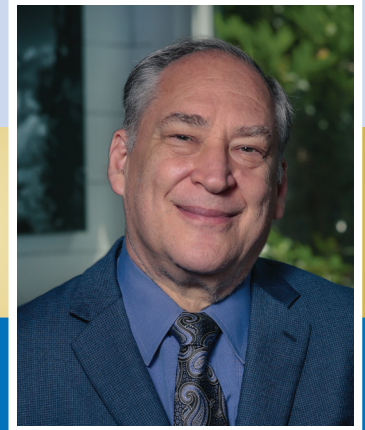
Prepared by the
DEPARTMENT OF FINANCE

Michael J. Coveyou, Director
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Fiscal Year 2022
July 1, 2021 - June 30, 2022

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.

A More Affordable and Welcoming County

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 14, 2022

Honorable County Executive,
Members of the Montgomery County Council,
Chief Administrative Officer,
and Residents 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, 2022.

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, 2022. 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 Uniform Guidance (Single Audit) are available in a separately issued *Report on Expenditures of Federal Awards*.

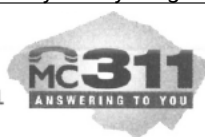
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement and be reviewed in conjunction with the MD&A. The MD&A can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

Office of the Director

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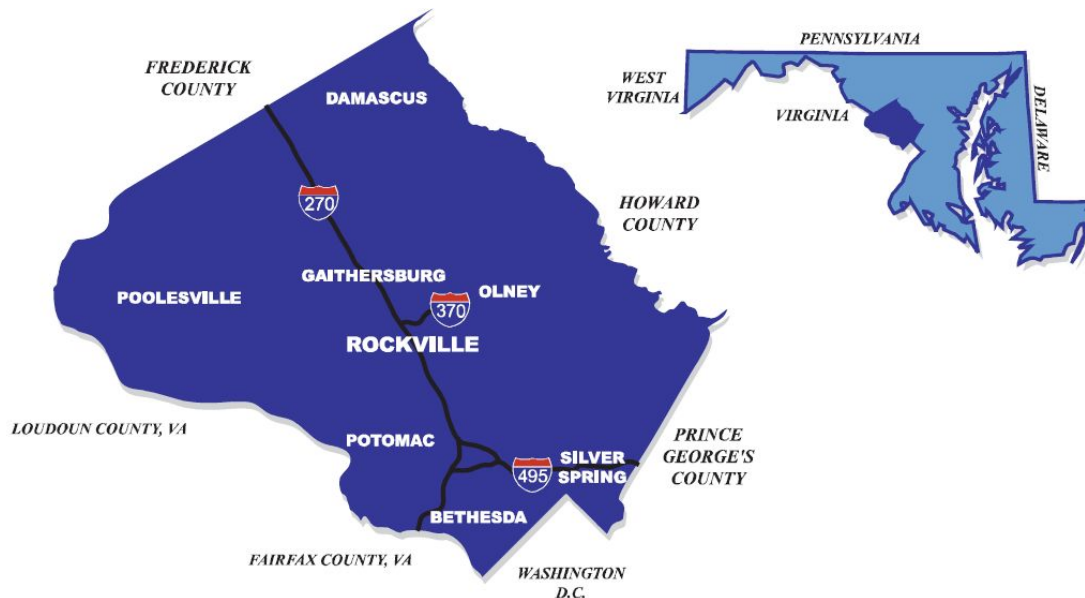
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PROFILE OF THE GOVERNMENT

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 organization.

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 a positive economic performance overall during the fiscal year 2022 (FY22) – the period from July 1, 2021, to June 30, 2022. FY22 reflected a decrease in the impact of the COVID-19 pandemic on the County's economy. The County's economic performance included an increase in resident employment, a decrease in the unemployment rate, a decrease in the number of existing home sales, and an increase in average prices for existing homes. Residential construction experienced increases in single-family homes and multi-family units, and non-residential construction also increased.

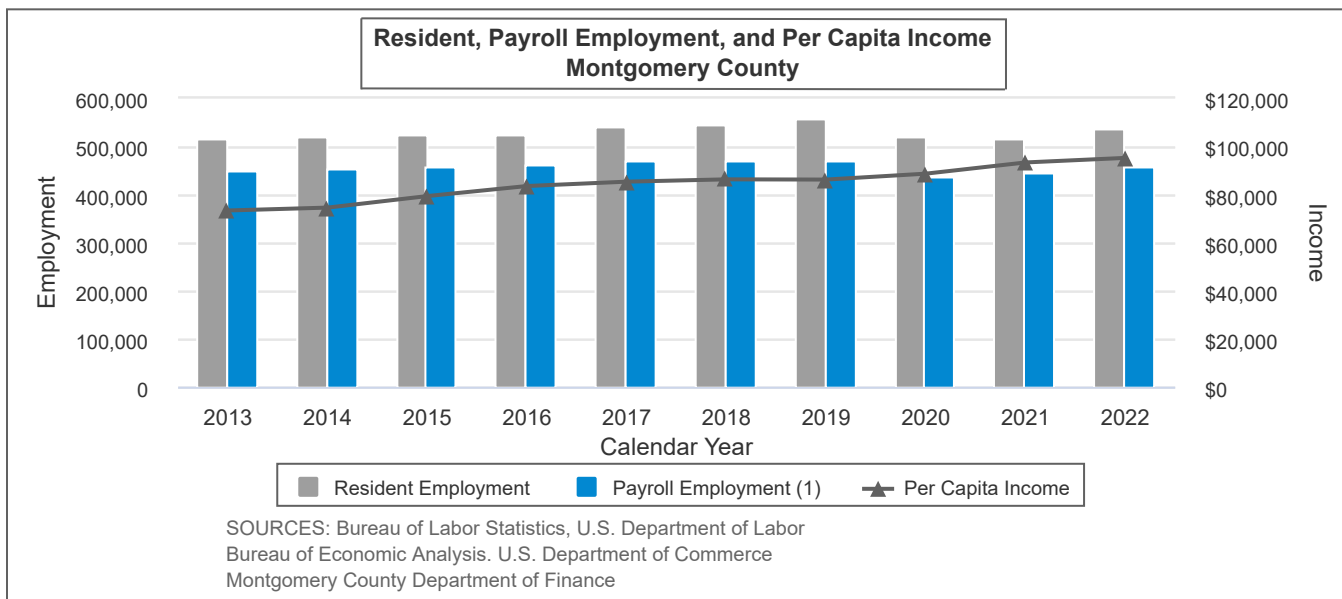
In FY22 employment improved and unemployment decreased, following weak employment and unemployment results in FY20 and FY21 due to the COVID-19 pandemic. In FY20 and FY21, monthly average employment as measured by the Bureau of Labor Statistics' Survey of Households, decreased by 1.0% and 6.4%, respectively. In FY22, monthly average employment increased by over 2.8%, recovering a portion of employment lost in the prior two fiscal years. The unemployment rate in FY22 of 4.4% was an improvement over the 6.1% rate, which the County experienced in FY21 and close to the 4.5% in FY20.

Sales of existing homes decreased by nearly 5.0 percent, but average prices were up nearly 6.0 percent during FY22 compared to FY21. However, contrary to employment, COVID-19 had a significant positive impact on the residential real estate market during both FY20 and FY21 as people sought more space, and in some cases, less dense communities. Sales of existing homes increased by 3.8 percent in FY20 and a significant 28.2 percent in FY21. Average sales prices increased 4.3 percent in FY20 and 10.6 percent in FY21.

Residential construction experienced an increase in the number of starts and value-added for single-family homes and multi-family units in FY22. Construction in the number of non-residential projects and the value of added non-residential projects also increased.

Personal Income and Employment

Income tax revenues for the County represented 50.5 percent of total General Fund tax revenues in FY22. 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 increase from \$93,350 in 2021 to \$95,245 in 2022 (+2.0 percent) and is estimated to have increased at an average annual rate of 2.9 percent from 2013 to 2022.

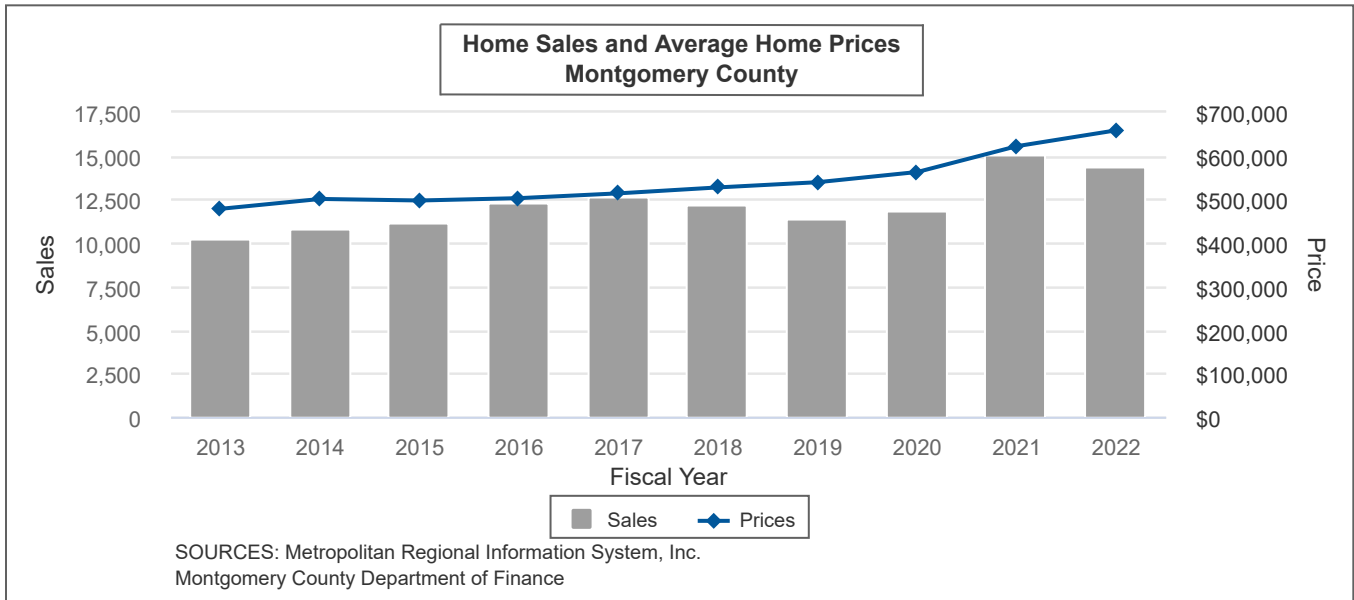


On a calendar year basis, in the three most recent fiscal years, resident employment is estimated to increase by 3.3 percent from 517,358 in 2021 to 534,430 in 2022. In 2013, resident employment in Montgomery County stood at 516,469. By the calendar year 2022, employment is expected to reach approximately 534,430 an average annual increase of 0.4 percent overcoming declines of 6.7 percent and 1.0 percent in 2020 and 2021, respectively, due to the impact of COVID-19.

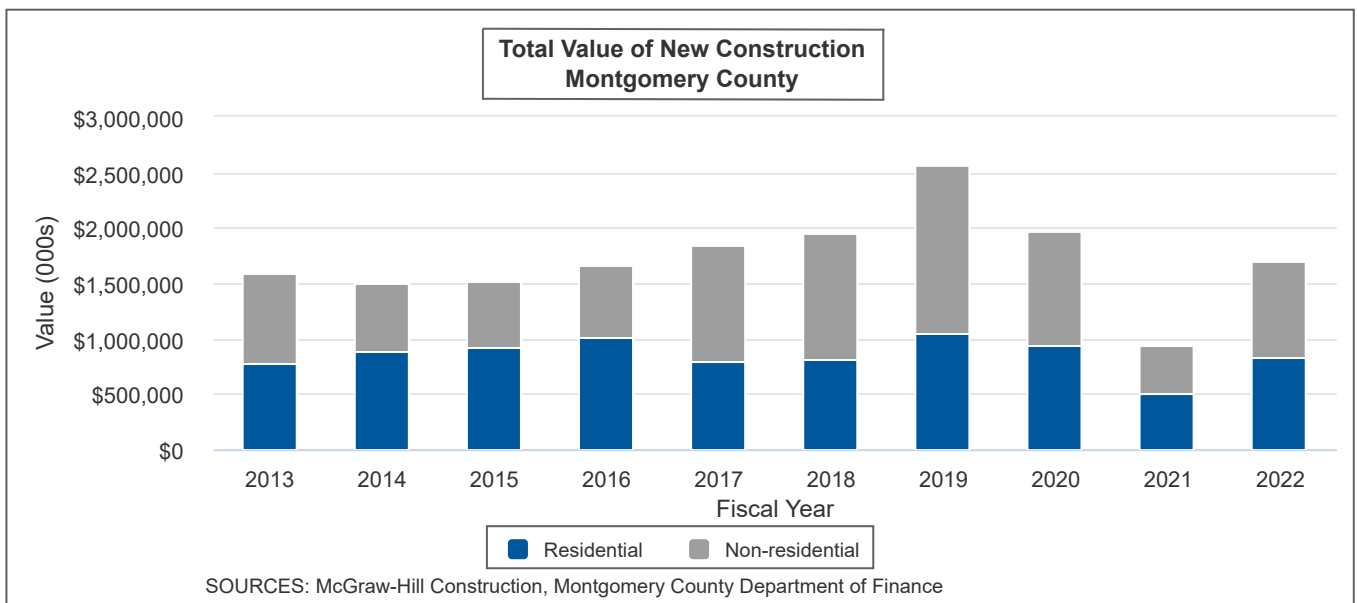
On a calendar basis, payroll employment in the County based on the Quarterly Census of Employment and Wages database is estimated to increase by 2.9 percent from 446,524 in 2021 to a preliminary estimate of 459,345 in 2022 based on the percentage change from the first quarter of the calendar year 2021 to the first quarter of the calendar year 2022 (+2.9%). In 2013, payroll employment was 451,869 and decreased in 2020 to 439,259 – an average annual decrease of 0.40 percent attributed to the decline of 7.0 percent in 2020 due to the impact of COVID-19.

Construction and Real Estate

The property tax (General Fund) and the transfer and recordation taxes consisted of a 35.5 percent share and 7.1 percent share, respectively, of total General Fund tax revenues in FY22. Construction and real estate activity play a significant role in Montgomery County's economy and their effects on the amount of property taxes and transfer and recordation taxes collected. Non-residential and residential construction help maintain the value of existing assessable property tax base by replacing technologically obsolescent property (equipment and real estate) and grow the base by providing additional capacity to meet increases in population 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. Average sales prices for existing homes were up 5.9 percent in FY22, but sales of existing homes decreased 4.8 percent following an increase of 28.2 percent in FY21. In FY22, collections from residential transfer taxes increased by 25.4 percent attributed to an increase of 15.3 percent in the volume of transactions. Collections from non-residential transfer taxes (including farm and rezoned rates) increased 78.9 percent in FY22. Overall, total transfer taxes collected for the General Fund were up 36.2 percent and recordation taxes were up 41.7 percent in FY22.



The total value of new residential construction increased 63.0 percent between FY21 and FY22 and the total value of new residential construction at \$836.4 million in FY22. The number of new detached single-family units increased 10.9 percent from 762 units in FY21 to 845 units in FY22. Construction of multi-family units increased 68.8 percent in FY22 from 2,034 to 3,433. The total value of non-residential construction at \$865.8 million was up 105.8 percent in FY22 compared to FY21.



Future Economic Outlook

For the FY23 County Budget, the Department of Finance (Finance) forecasted that the County will have strong income growth through calendar year 2021 (CY2021) and calendar year 2022 (CY2022) despite declines in the size of the labor force and the number of employed residents between CY2019 and CY2020.

Employment

Finance assumes that payroll employment will increase from CY2021 to CY2025 at an average annual rate of 1.6 percent. This is above the average annual growth rate of 0.7 percent experienced between CY2016 and CY2019 before the COVID-induced drop in employment. Finance assumes payroll employment will exceed the pre-pandemic level by CY2024.

Finance assumes that resident employment will increase at an average annual rate of 2.0 percent from CY2021 to CY2025. That rate is greater than the average annual growth rate of 1.4 percent between CY2016 and CY2019 before the COVID-induced drop in employment. Finance estimates that resident employment will not reach its pre-pandemic level until CY2024.

Personal Income

Finance assumes that total personal income in Montgomery County will increase at an average annual rate of 4.3 percent from CY2021 to CY2025 compared to an average annual growth rate of 2.7 percent from CY2016 to CY2021. Despite declines in employment, total personal income was not significantly affected by the COVID pandemic due to the limited employment loss among office workers, and due to federal and state fiscal stimulus payments to individuals and corporations.

Wage and Salary Income

Finance assumes wage and salary income will increase at an average annual rate of 5.2 percent from CY2021 to CY2025 compared to the average annual growth rate of 4.6 percent from CY2016 to CY2021. Total wage and salary income were not substantially affected by the COVID pandemic despite increased unemployment.

Non-Wage Income

Non-wage income is the sum of proprietors' income, supplements to wages and salaries, transfer receipts, dividends/interest/rents, adjustment for residence, and contributions for government social insurance. Finance assumes that non-wage income in Montgomery County will increase at an average annual rate of 3.4 percent from CY2021 to CY2025 compared to the average annual growth rate of 1.4 percent from CY2016 to CY2021. Non-wage income appears to have experienced little impact from the COVID pandemic.

Collective Bargaining

International Association of Fire Fighters (IAFF)

Full funding was appropriated for the following contract provisions in FY23 for the Local 1664, Montgomery County Career Fire Fighters Association of the International Association of Fire Fighters, AFL-CIO:

- 4.0% general wage adjustment effective October 9, 2022 and an additional 1.0% general wage adjustment for all bargaining unit members effective January 1, 2023.
- 3.5% longevity increment step added for eligible bargaining unit members after 17 years of service. 3.5% longevity increments for eligible members with either 20 or 24 years of service remain.
- 3.5% service increments for all eligible bargaining unit members on their increment date.

Fraternal Order of Police (FOP)

Full funding was appropriated for the following contract provisions in FY23 for the Fraternal Order of the Police, Lodge 35:

- 3.5% general wage adjustment effective July 3, 2022 and additional 3.0% general wage adjustment for all bargaining unit members effective January 1, 2023.
- 3.5% service increments for all eligible members on their anniversary date.
- 3.5% longevity increment step added for eligible members after 15 years of service. 3.5% longevity increments for eligible members with either 17 or 20 years of service remain.

Municipal and County Government Employees Organization (MCGEO)

Full funding was appropriated for the following contract provisions in FY23 for Local 1994, Municipal and County Government Employees Organization of the United Food and Commercial Workers, AFL-CIO (MCGEO):

- \$4,333 general wage adjustment payable on the first pay period after June 18, 2023.
- 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 an annual amount equal to the lesser of 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 FY23 – FY28 period. The County is closely monitoring proposed changes in 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 residents, 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 increased funding for renovation of distressed housing, acquisition and preservation of affordable housing units, creation of housing for special needs residents, creation of mixed-income housing, and increased services to the "Building Neighborhoods to Call Home" and "Housing First" programs by the Department of Housing and Community Affairs. This is possible through nearly \$100 million in investments in the Montgomery Housing Initiative Fund, the Affordable Housing Acquisition and Preservation project, and the Affordable Housing Opportunity Fund.

The County dedicated one-time funding of \$40 million for creation of the Preservation of Naturally Occurring Affordable Housing Fund, to support acquisition and preservation of at-risk currently naturally occurring affordable housing (NOAH), including units along the Purple Line and other County transit corridors.

Transportation

The County improved the affordability of transit service in the County by reducing fares on all Ride On routes by one half, bringing the cost of most Ride On trips to \$1.00. Following the suspension of fare collection during the COVID-19 pandemic, a fare equity study showed that a \$1.00 fare would provide the best balance of benefits and costs.

The County increased the number of traffic signals evaluated per year in the Department of Transportation Traffic Signal Optimization program to reduce vehicle delays and traffic congestion caused by inadequate signal timing. This will allow the County to move away from a 12 to 14 year review cycle to a four-to-six-year review cycle, nearing the industry standard of three to five years.

Public Safety

The County identified roadway improvements that can enhance pedestrian safety, operational safety, and safety in and around school buses that stop on roadways to board and debark students. The County provided ten School Bus Citations and Infrastructure Analysis studies per year to reduce the number of traffic citations issued at Montgomery County Public Schools' bus stops, particularly where there is no physical separation of opposing traffic lanes, where more than 1,000 citations per year are issued.

The County launched alternative care options for low acuity patients including safe treatment in place via telehealth consult and transport to an urgent care center in lieu of an emergency department. These alternatives provide improved care efficiency for the patient, decrease Fire and Rescue Service transport unit cycle times, making more units available for emergencies, and reduce volume in local emergency departments.

Culture and Recreation

The County expanded no-cost or low-cost opportunities for youth to lifetime leisure sports, such as swimming lessons, and created opportunities for youth in underserved communities to try out new sports that may otherwise be unattainable such as lacrosse, volleyball, skateboarding, biking and kayaking in the PLAYMontgomery program with a focus on equity and access to youth sports.

The County funded a program to introduce fire fighting and rescue as a career pathway to teenage girls. "Fire Fit-Fire Smart," a partnership of the Department of Recreation, Montgomery County Fire and Rescue, and the University of Maryland Nutrition Extension program, provides fitness and wellness activities, fire safety, and nutrition education.

Education

The County increased the contribution to MCPS by \$84.8 million or 4.8%. The County's total contribution is \$117.4 million over the State required Maintenance of Effort (MOE) level of funding.

The County's funding for Montgomery College is \$321.3 million, including \$3.3 million for an East County Education Center.

General Government

The County provided funding to the Partnership Fund of the Office of Human Rights to provide partial compensation for property damage to victims of racial, ethnic, religion, sexual orientation and disability based hate/violence. The Partnership Fund's goals are to demonstrate community support for the victims and ease the financial consequences of such violence.

The County expanded cybersecurity capabilities to combat increased threats to information security. Areas of expansion include improved information security risk management assessments and procedures, deployment of next generation endpoint (e.g., desktops, servers, laptops and mobile devices), advanced threat prevention/response, and simulated cyber-attacks to help protect County data and systems.

The County provided a six percent inflationary adjustment to non-profit provider contracts across County government to enable the non-profit partners to continue to provide vital services to County residents in the midst of rising costs.

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 annual comprehensive financial report for the fiscal year ended June 30, 2021. Montgomery County has received the Certificate of Achievement more than any other county in the nation; 52 times since 1951, and consecutively for 50 years since 1972. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive 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, 2021. 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 five consecutive years (fiscal years ended 2017-2021).

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, 2022. 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; David Crow, Acting Controller; Michael Lee, General Accounting Manager; and the staff of the General Accounting, Accounts Receivable, Accounts Payable, and Administration Sections 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,



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	Jiaojiao Gu	Befekadu Mulaw	Sarita Swar
Lauren Bierly	Jason Hsu	Jay Narang	Michael Toney
Douglas Campbell	Tim Hughes	Lal Sangliani	Carrie Webster
Jessica Chang	Chong Lee	Paige Santos	Cheyenne Williams
Mei Chen	Michael Lee	Laleh Shabani	Lan Xu
David Crow	Jing Luo	Chihyu Shen	Jeanie Yu
Biniam Debebe	Tejal Mendpara	Diki Shrestha	
Mauricio Delgado	Marcia Mikulski	Karen Smith	
Neli Georgieva	Katherine Morgan	Iraj Soroori	

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

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

Other County Departments

Department of General Services

Lisa Sesny	Michelle West
Rick Taylor	The Print Shop

Alcohol Beverage Services

Bill Davis	Sean D'Costa
Courtney Orsini	

Department of Environmental Protection

Richard Hands	Hellen Ojwang
Jeff Camera	Dan Rogers
Scott McClure	Anthony Skinner

Office of Management and Budget

Anita Aryeetey	Veronica Jaua
Mary Beck	Chris Mullin
Estela Boronat de Gomes	Joshua Watters

Office of Public Information

Sean Clark

Department of Transportation

Fran Akpe	Alex Kinyenje
Giuliana Custode	Jonson Lum
Pooja Kapoor	Flor Reichers

Office of Human Resources

Karen Bass	Darleen Elliott
Kay Russell Deerin	Jennifer Shovlin

Montgomery County Employee Retirement Plans

Kevin Killeavy	Min Tang
Ge Lee	Yan Yan
Priti Mehta	Sherrie Yu

Component Units

Bethesda Urban Partnership, Inc.

Jeff Oyer

Montgomery County Public Schools

Robert Reilly	Daniel Kelley
---------------	---------------

Housing Opportunities Commission

Timothy Goetzinger	Francisco Vega
Eugenia Pascual	

Montgomery College

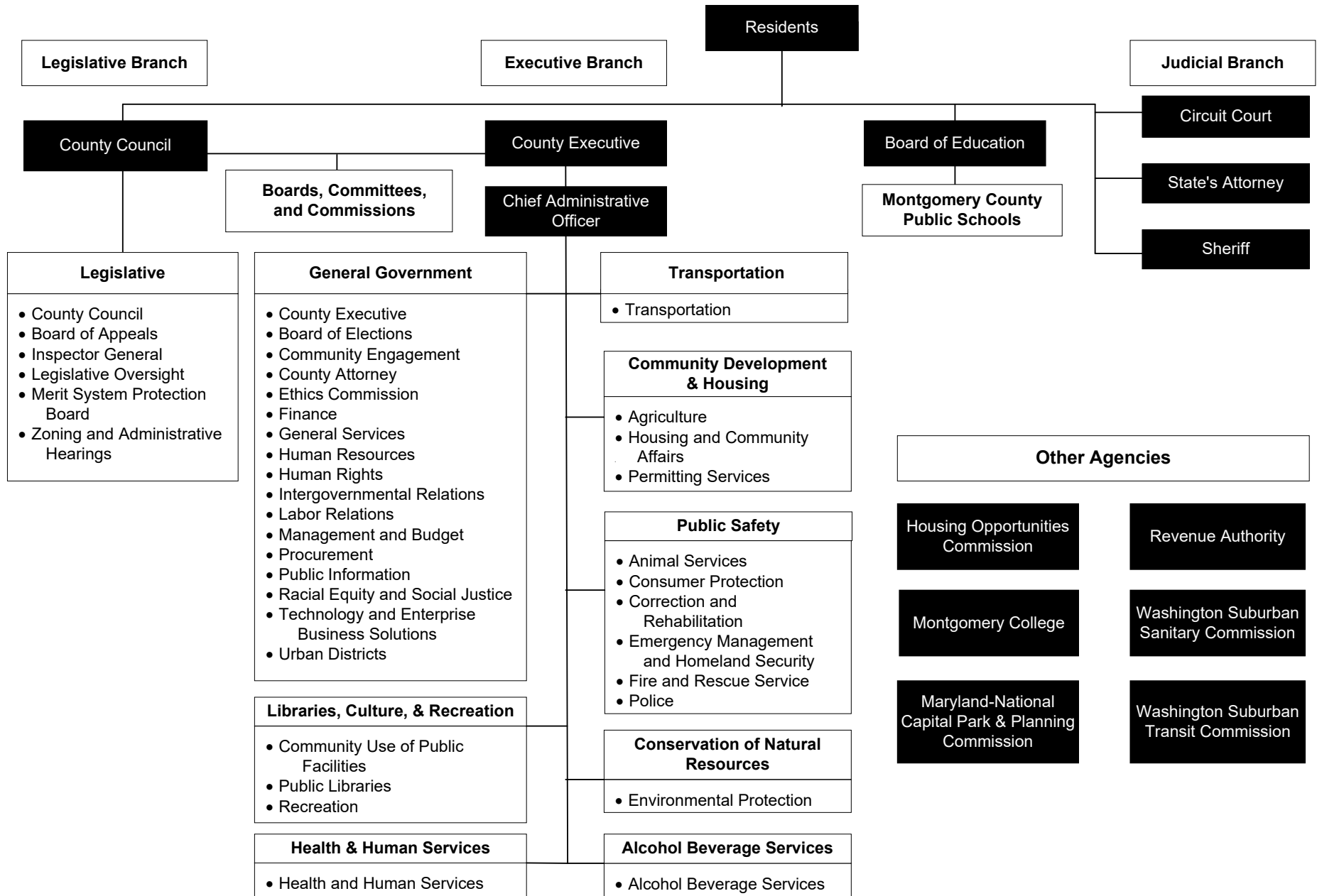
Elizabeth Greaney
Darniel Dorsey
Matthew Aninzo

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, 2022

COUNTY EXECUTIVE
Marc Elrich

COUNTY COUNCIL

Gabe Albornoz *President*
Evan Glass *Vice President*

Andrew Friedson Nancy Navarro
Tom Hucker Craig Rice
Will Jawando Hans Riemer
Sidney Katz

Other Elected Officials

James Bonifant *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	John Markovs, Acting
County Council	Gabe Albornoz
Environmental Protection	Adriana Hochberg, Acting
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	Darryl Gorman, Acting
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. Scott Joftus	Lynne Harris
Dr. Judith R. Docca	Rebecca K. Smondrowski
Shebra Evans	Arvin Kim, Student Member

Dr. Monifa McKnight, Superintendent of Schools

Montgomery County Revenue Authority

Board of Directors:

Stephen H. Edwards, Chairman
 Jonathan W. Powell, Secretary-Treasurer

Lionel Bernard
 David D. Freishtat
 Andrew Bridge
 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.	Christopher Smith
Susan Lennon	Dan Schlaff
Andrew Jones	Cherian Thomas

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

Montgomery College

Board of Trustees:

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

Kenneth J. Hoffman	Gloria Aparicio Blackwell
Marsha Suggs Smith	Omar A. Lazo
Maricé Morales	Evan J. Wellek, Student
Robert F. Levey	

Jermaine F. Williams, Ed D., President and Secretary-Treasurer

Housing Opportunities Commission of Montgomery County

Commissioners:

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

Pamela Byrd
 Linda Croom
 Jeffrey Merkowitz
 Jackie Simon

Kayrine Brown, Acting 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



Gabe Albornoz
Council President



Evan Glass
Council Vice President



Andrew Friedson
Council Member



Tom Hucker
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 ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements 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, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Montgomery County Public Schools, Housing Opportunities Commission of Montgomery County, Montgomery College, Montgomery County Revenue Authority, and Bethesda Urban Partnership, Inc. 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 Montgomery County Public Schools, Housing Opportunities Commission of Montgomery County, Montgomery College, Montgomery County Revenue Authority, and Bethesda Urban Partnership, Inc. are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The County's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for one year after the financial statements are available for issue, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit 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 County's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal controls-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balance - budget and actual (Non-GAAP budgetary basis) for the general, housing initiative and grants funds, schedule of County's proportionate share of the net OPEB liability, schedule of County contributions (Consolidated Retiree Health Benefits Trust), schedule of County's proportionate share of the net pension liability and schedule of County contributions (Employee's Retirement System and Maryland State Retirement and Pension System) and schedule of changes in the total pension liability (Length of Service Award Program),



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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.

Supplementary 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 combining and individual fund financial statements (nonmajor governmental funds, nonmajor enterprise funds, internal service funds, fiduciary fund, and nonmajor component units) and schedules of revenues, expenditures, and changes in fund balance – budget and actual and schedules of expenses – budget and actual for special revenue funds 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.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Owings Mills, Maryland
December 9, 2022

SB & Company, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

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

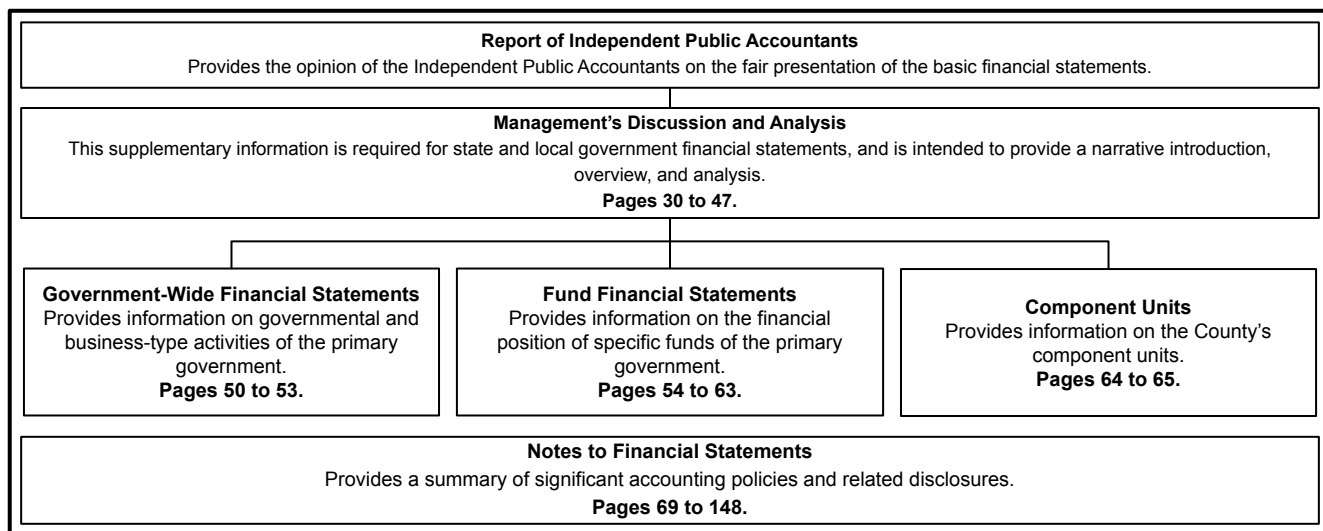
Financial Highlights

- The government-wide assets and deferred outflows of the County exceeded its liabilities and deferred inflows of resources at the close of FY22 by \$2,232.4 million. That amount is net of a \$1,631.0 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 \$1,695.5 million at June 30, 2022. Absent the effect of this relationship, the County would have reported a government-wide unrestricted net position of \$64.5 million.
- The County's total government-wide net position increased by \$864.2 million.
- As of the close of FY22, the County's governmental funds reported combined ending fund balances of \$1,668.9 million; an increase of \$355.9 million over the prior year's ending fund balances.
- At the end of FY22, unassigned fund balance for the General Fund was \$188.5 million, or 5.7 percent of total General Fund expenditures.
- The County's government-wide long-term debt and obligations decreased by \$270.3 million during FY22. See page 33 for the details. The key factors in this decrease are a decrease in the net Other Postemployment Benefits (OPEB) liability of \$164.1 million from the FY21 liability and a decrease in net pension liability.

Overview of the Financial Statements

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

Organization and Flow of Financial Section Information



Government-Wide Financial Statements

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

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

The second statement – the statement of activities – presents information showing how the County's net position changed during the fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid. The information on governmental activities included in the statement reflects the County's basic services, including general government, public safety, 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, 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, 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, 2022 and 2021:

Summary of Net Position *						
June 30, 2022 and 2021						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 3,665,154,046	\$ 2,519,504,968	\$ 296,172,608	\$ 226,861,503	\$ 3,961,326,654	\$ 2,746,366,471
Capital assets, net	5,721,754,770	5,664,863,963	296,426,857	305,431,158	6,018,181,627	5,970,295,121
Total Assets	9,386,908,816	8,184,368,931	592,599,465	532,292,661	9,979,508,281	8,716,661,592
Deferred outflows of resources	360,027,458	374,812,499	4,730,706	8,036,820	364,758,164	382,849,319
Liabilities						
Long-term liabilities outstanding	5,680,194,527	5,932,831,281	193,470,127	211,154,611	5,873,664,654	6,143,985,892
Other liabilities	613,226,929	594,369,760	59,793,584	57,494,452	673,020,513	651,864,212
Total Liabilities	6,293,421,456	6,527,201,041	253,263,711	268,649,063	6,546,685,167	6,795,850,104
Deferred inflows of resources	1,527,194,007	923,140,744	37,987,187	12,339,883	1,565,181,194	935,480,627
Net position:						
Net investment in capital assets	2,957,599,671	3,054,708,595	190,644,192	189,025,018	3,148,243,863	3,243,733,613
Restricted	674,260,119	562,446,998	40,861,792	22,697,175	715,121,911	585,144,173
Unrestricted (deficit)	(1,705,538,979)	(2,508,315,948)	74,573,289	47,618,342	(1,630,965,690)	(2,460,697,606)
Total Net Position	\$ 1,926,320,811	\$ 1,108,839,645	\$ 306,079,273	\$ 259,340,535	\$ 2,232,400,084	\$ 1,368,180,180

* Primary Government

The County's current and other assets increased by \$1,215.0 million or 44.2 percent from FY21. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of FY22 by \$2,232.4 million. By far the largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, improvements, furniture and equipment, infrastructure), less any related outstanding debt used to construct or acquire those assets. The County uses these capital assets to provide services to residents; 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 \$1,695.5 million at June 30, 2022. Absent the effect of this relationship, the County would have reported a government-wide unrestricted net position of \$64.5 million. An additional portion of the County's net position of \$715.1 million represents resources that are subject to restrictions on how they may be used.

The County's total net position increased by \$864.2 million for FY22.

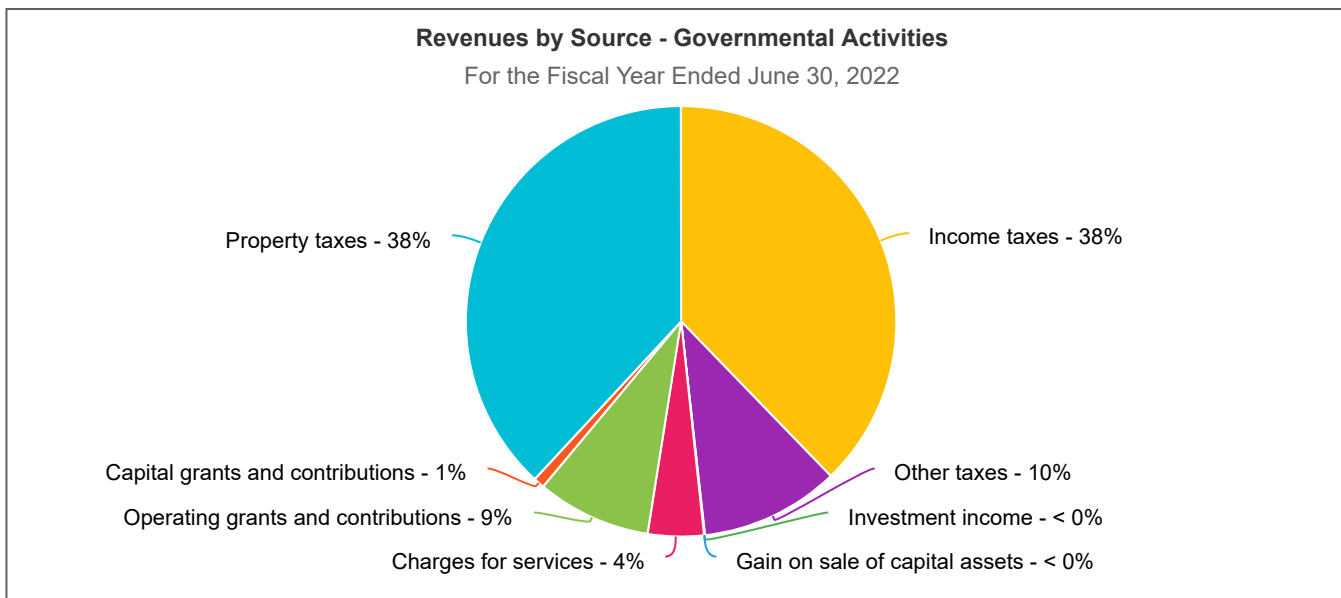
Statement of Activities

The following table summarizes the County's change in net position for the years ended June 30, 2022 and 2021:

Summary of Changes in Net Position *						
For the Fiscal Years Ended June 30, 2022 and 2021						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program Revenues:						
Charges for services	\$ 212,013,588	\$ 203,130,434	\$ 553,037,429	\$ 494,663,353	\$ 765,051,017	\$ 697,793,787
Operating grants and contributions	432,151,485	515,622,241	-	-	432,151,485	515,622,241
Capital grants and contributions	42,217,275	85,255,647	-	-	42,217,275	85,255,647
General revenues:						
Property taxes	1,919,667,295	1,886,666,393	-	-	1,919,667,295	1,886,666,393
Income taxes	1,903,729,758	1,860,392,747	-	-	1,903,729,758	1,860,392,747
Other taxes	527,455,535	439,229,063	-	-	527,455,535	439,229,063
Investment income	2,854,857	2,987,285	264,654	227,669	3,119,511	3,214,954
Gain on sale of capital assets	-	-	76,187	4,547	76,187	4,547
Total Revenues	<u>5,040,089,793</u>	<u>4,993,283,810</u>	<u>553,378,270</u>	<u>494,895,569</u>	<u>5,593,468,063</u>	<u>5,488,179,379</u>
EXPENSES						
Governmental Activities:						
General government	626,075,347	688,476,247	-	-	626,075,347	688,476,247
Public safety	499,167,545	628,087,787	-	-	499,167,545	628,087,787
Transportation	213,159,574	307,065,388	-	-	213,159,574	307,065,388
Health and human services	445,522,771	424,716,547	-	-	445,522,771	424,716,547
Culture and recreation	94,435,027	97,481,581	-	-	94,435,027	97,481,581
Community development and housing	101,658,451	7,197,303	-	-	101,658,451	7,197,303
Environment	29,760,999	36,836,160	-	-	29,760,999	36,836,160
Education	2,175,596,472	2,085,698,554	-	-	2,175,596,472	2,085,698,554
Interest on long-term debt	90,170,259	96,243,729	-	-	90,170,259	96,243,729
Business-type Activities:						
Liquor	-	-	273,785,719	266,345,926	273,785,719	266,345,926
Solid waste activities	-	-	114,917,885	127,849,821	114,917,885	127,849,821
Parking lot districts	-	-	29,033,881	28,144,633	29,033,881	28,144,633
Permitting services	-	-	28,354,137	35,877,882	28,354,137	35,877,882
Community use of public facilities	-	-	7,610,092	4,349,361	7,610,092	4,349,361
Total Expenses	<u>4,275,546,445</u>	<u>4,371,803,296</u>	<u>453,701,714</u>	<u>462,567,623</u>	<u>4,729,248,159</u>	<u>4,834,370,919</u>
Net Position Before Transfers	764,543,348	621,480,514	99,676,556	32,327,946	864,219,904	653,808,460
Transfers	52,937,818	46,889,590	(52,937,818)	(46,889,590)	-	-
Change in Net Position	817,481,166	668,370,104	46,738,738	(14,561,644)	864,219,904	653,808,460
Net Position, beginning of year	<u>1,108,839,645</u>	<u>440,469,541</u>	<u>259,340,535</u>	<u>273,902,179</u>	<u>1,368,180,180</u>	<u>714,371,720</u>
Net Position, end of year	<u>\$ 1,926,320,811</u>	<u>\$ 1,108,839,645</u>	<u>\$ 306,079,273</u>	<u>\$ 259,340,535</u>	<u>\$ 2,232,400,084</u>	<u>\$ 1,368,180,180</u>
* Primary Government						

Governmental Activities

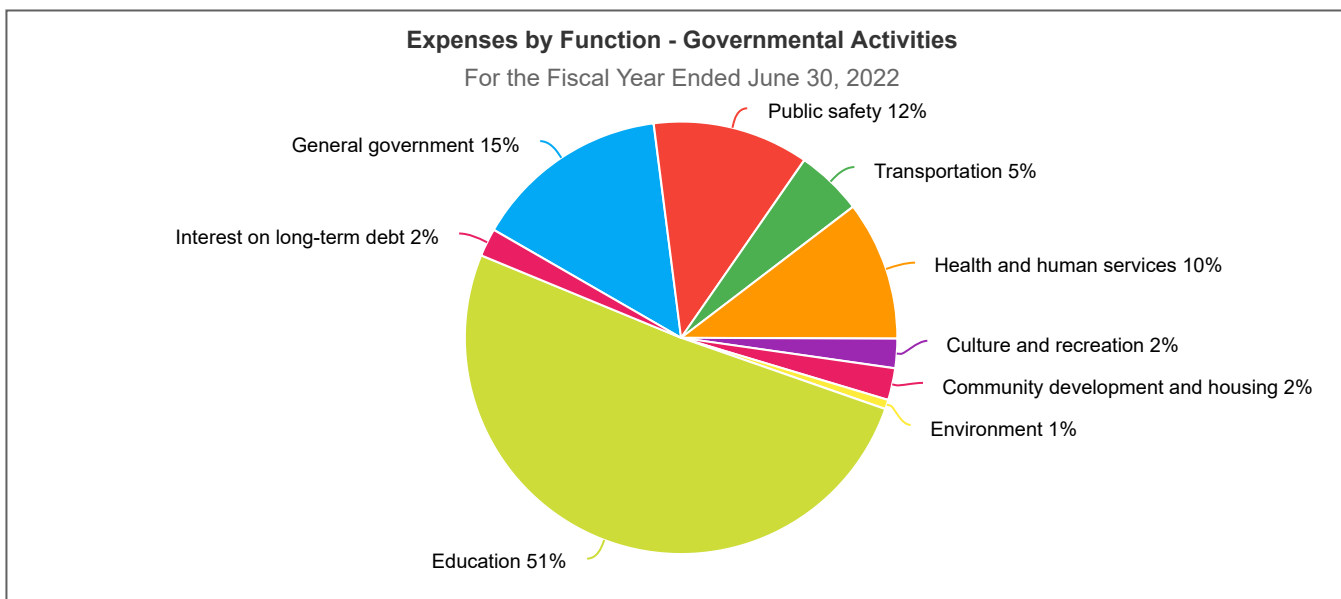
Revenues for the County's governmental activities were \$5,040.1 million for FY22. Sources of revenue are comprised of the following items:



- Taxes constitute the largest source of County revenues, amounting to \$4,350.9 million for FY22.
- Property and local income taxes combined comprise 87.9 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 2022 and 2021. 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 (\$218.9 million or 50.6 percent), transportation (\$108.7 million or 25.2 percent) and public safety (\$46.0 million or 10.6 percent).

A more detailed discussion of the County's revenue results for FY22 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 FY22 was \$4,275.5 million. As the chart on the next page indicates, education constitutes the County's largest program and highest priority; education expenses totaled \$2,175.6 million. General government services totaled \$626.1 million, public safety expenses totaled \$499.2 million, and health and human services, the fourth largest expense for the County, totaled \$445.5 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, 2022 and 2021						
	Expenses		Revenues		Net Cost of Services	
	2022	2021	2022	2021	2022	2021
Education	\$ 2,175,596,472	\$ 2,085,698,554	\$ -	\$ 461,653	\$ 2,175,596,472	\$ 2,085,236,901
General government	626,075,347	688,476,247	103,536,910	218,420,009	522,538,437	470,056,238
Public safety	499,167,545	628,087,787	99,828,646	140,691,377	399,338,899	487,396,410
Health and human services	445,522,771	424,716,547	223,290,606	242,885,553	222,232,165	181,830,994
Transportation	213,159,574	307,065,388	186,207,778	146,146,059	26,951,796	160,919,329
Culture and recreation	94,435,027	97,481,581	40,770,345	35,420,573	53,664,682	62,061,008
Other	221,589,709	140,277,192	32,748,063	19,983,098	188,841,646	120,294,094
Total	\$ 4,275,546,445	\$ 4,371,803,296	\$ 686,382,348	\$ 804,008,322	\$ 3,589,164,097	\$ 3,567,794,974

Of the total cost of governmental activities of \$4,275.5 million, \$686.4 million was paid by those who directly benefited from the programs (\$212.0 million) and other governments and organizations that subsidized certain programs with operating and capital grants and contributions (\$474.4 million). Of the \$3,589.2 million net cost of services, our taxpayers paid for these activities through County taxes which totaled \$4,350.9 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:

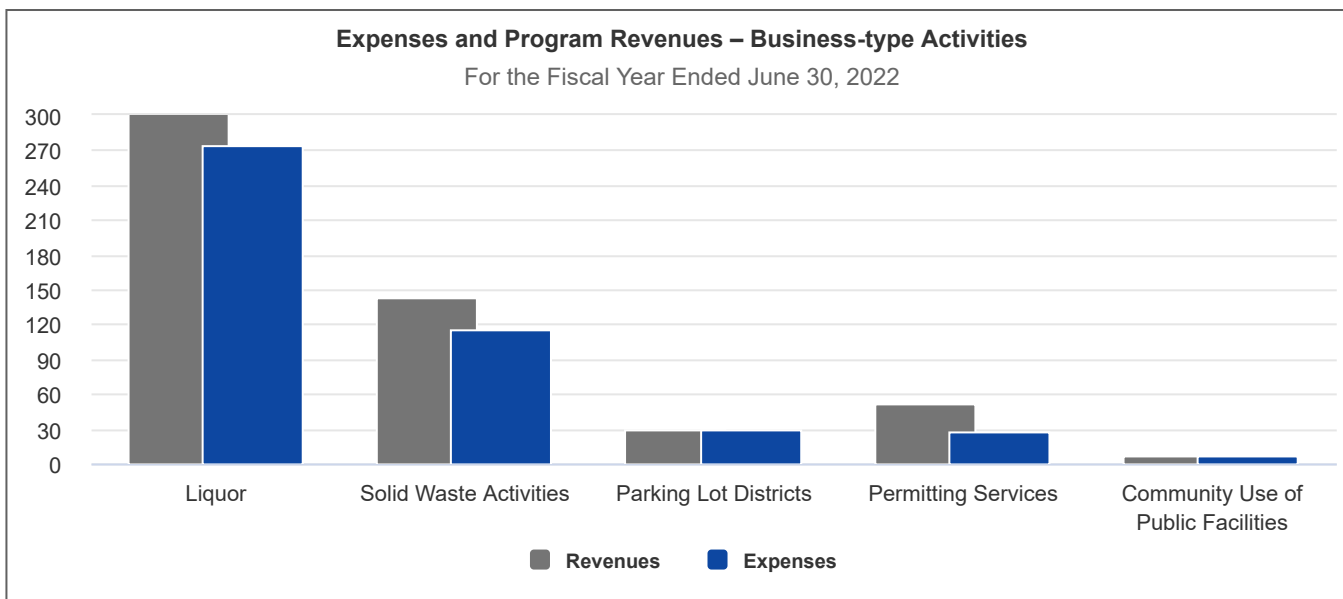
- **Education:**
\$89.9 million increase in resources spent on education due to more school capital projects related expenses.
- **General Government:**
\$62.4 million decrease in expenses largely driven by ease of the COVID-19 pandemic, which decreased need for medical supplies and equipment, and public assistance.
- **Public Safety:**
\$128.9 million decrease in expenses primarily driven by decreased pension expense due to actuarial calculations.
- **Transportation:**
\$93.9 million decrease in expenses primarily driven by decreased pension expense due to actuarial calculations.
- **Culture and Recreation**
\$3.0 million decrease in expenses for materials, part-time salaries, utilities, and professional services.

Business-type Activities

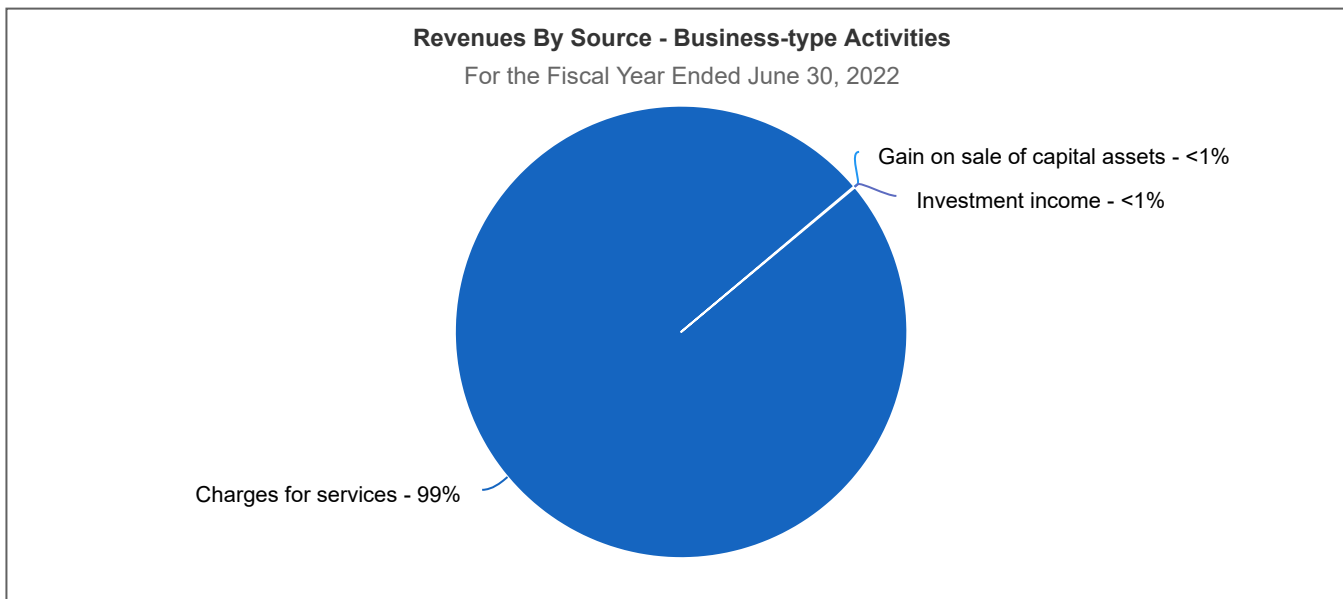
Highlights of the County's business-type activities for FY22 are as follows:

- Business-type activities experienced an increase in net position of \$46.7 million for FY22. This amount is reported after total net transfers out of \$52.9 million. The most significant components of the change include:
 - \$11.9 million increase in net position related to liquor;
 - \$24.7 million increase in net position related to solid waste activity;
 - \$6.5 million decrease in net position related to parking lot districts; and
 - \$16.3 million increase in net position related to permitting services.
- Charges for services to users comprise 99.9 percent of revenues, with \$321.9 million (58.2 percent of charges for services revenue) attributable to liquor operations and \$143.1 million (25.9 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.

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 FY22, the County's governmental funds reported combined ending fund balances of \$1,668.9 million, an increase of \$355.9 million from the end of FY21. Of the total fund balances of \$1,668.9 million, \$1,480.3 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 FY22, the General Fund had \$188.5 million of unassigned fund balance and total fund balance was \$989.7 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 29.87 percent of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$240.4 million during FY22, primarily due to increases in tax receipts, intergovernmental revenues and other financing sources.

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 FY22, HI had a fund balance of \$370.8 million, which is entirely restricted for legal reasons. The fund balance represents an increase of \$15.0 million over FY21. Mortgage receivables for this fund, which is a measure of its financing activities, increased \$12.6 million or 6.3 percent over FY21.

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 \$253.9 million in revenues for FY22. This is a \$29.8 million decrease from FY21 due to the timing of revenue recognition on COVID-19 relief programs.

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 \$17.2 million represents a debt service reserve account.

Capital Projects Fund

The Capital Projects Fund (CIP) has a total fund balance of \$142.4 million, an increase of \$66.4 million from the end of FY21. 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 FY22 increased from \$448.8 million in FY21 to \$496.6 million in FY22.

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 FY22 amounted to \$32.2 million, and operating income was \$48.5 million. After a subsidy transfer to the General Fund of \$31.8 million, the fund ended FY22 with an increase in net position of \$11.9 million.

The Solid Waste Activities Fund total net position amounted to \$69.2 million. Of this amount, \$45.5 million (65.8 percent) represents the net investment of capital assets and \$23.6 million is restricted for environmental programs.

The Parking Lot Districts Fund decrease in net position amounted to \$6.5 million in FY22, resulting in a total ending net position of \$149.1 million. Of this amount, \$133.9 million (89.8 percent) represents the net investment in capital assets; \$3.1 million (2.1 percent) is restricted for debt service on revenue bonds; and \$12.0 million (8.1 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) totaled \$157.6 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:

- \$78.1 million is budgeted to fund COVID-19 Emergency Response, and \$2.0 million for COVID-19 Business Rental and Hotel Relief Programs.
- \$15.3 million increase for snow/storm response.
- \$6.5 million is budgeted for Montgomery County Food Security Fund.
- \$8.6 million for Transit Bus Drivers pay scale to resolve longstanding market comparability deficiencies in the Department of Transportation, Transit Services.
- \$5.0 million additional payments to municipalities for tax duplications, and \$3.0 million to backfill the shortfall in HOC's budgeted rental income to allow the Commission to continue to provide services and support for County residents.
- \$3.8 million for Newcomers Enhancements and Assistance.
- \$2.0 million is budgeted for Guaranteed Income Pilot Program to alleviate for targeted groups of people the impacts of living with low incomes and provide financial stability.

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 \$249.1 million, while actual expenditures and net transfers out were less than final budget by \$49.5 million and \$65.6 million, respectively. Highlights of the comparison of final budget to actual figures for expenditures and net transfers for the fiscal year-ended June 30, 2022, include the following:

- Actual expenditures of \$1,393.7 million were \$49.5 million less than the final budget, which represents 3.4 percent of the final budget, and is attributable to savings achieved across numerous departments.
- Actual transfers to the Capital Projects Fund and component units for capital purposes were less than budgeted by \$74.2 million and \$53.6 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 \$3,873.8 million in FY22 and were \$249.1 million or 6.9 percent above the final budget for the fiscal year and \$104.4 million or 2.8 percent above total revenues for FY21. The two largest contributors to the increase between the approved budget and actual revenues were the income tax, \$187.0 million or 10.9 percent, above the final budget and the transfer and recordation taxes (General Fund portion) \$96.2 million or 56.7 percent above the approved budget. Actual intergovernmental revenues from the federal government of \$29.5 million were down 79.9 percent from FY21 and were 37.0 percent below the final budget due to reduced COVID-19 federal stimulus funding. Revenues from consumption/excise taxes which include fuel/energy, telephone, hotel-motel, and other taxes, were \$258.9 million in FY22. That amount was \$14.5 million or 5.9 percent, above the final budget. The hotel-motel and fuel and energy taxes were the primary drivers of the increase for a combined \$11.6 million, or 6.2 percent, above the final budget. Licenses and Permits revenue was below the final budget (6.5%), while Charges for Services came in slightly above the final budget (0.3%). Total state and federal intergovernmental revenues of \$63.8 million, were 32.6 percent, below the final budget. The large decrease in federal government revenues from FY21 to FY22 of 79.9 percent, as noted earlier, was due to elimination of COVID-19 federal stimulus funding from the Coronavirus Relief Fund as part of the CARES Act that had been received in FY21.

Income Taxes

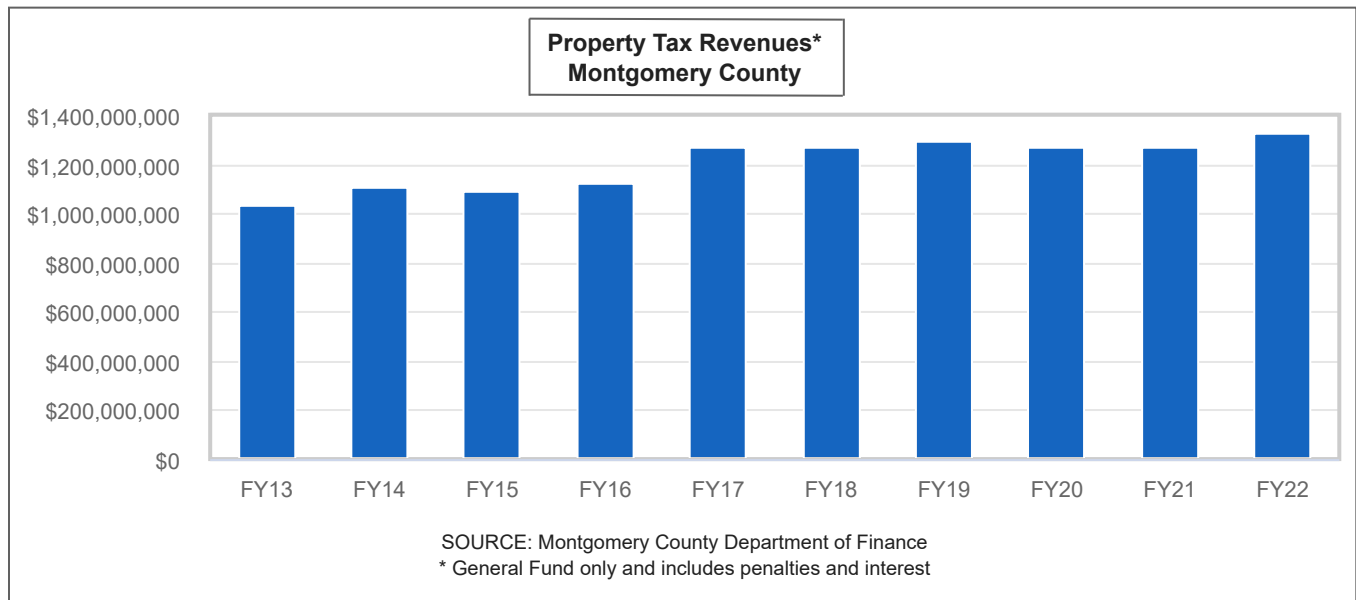
One of the largest revenue sources for the General Fund is the County income tax. Revenues from the income tax were \$1,895.8 million and represented 50.5 percent of actual tax revenues in FY22 and 48.9 percent of total actual revenues. During the period 2013-2022 income tax revenues have increased from 45.5% of general fund revenues to 48.9%. This 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. 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 - 2021) - 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 2012-2021 period. During the same time period, wage and salary income increased at an average annual rate of 3.4%. Most recently employment decreased 0.86 percent in 2021 following a 6.7 percent decrease in 2020.

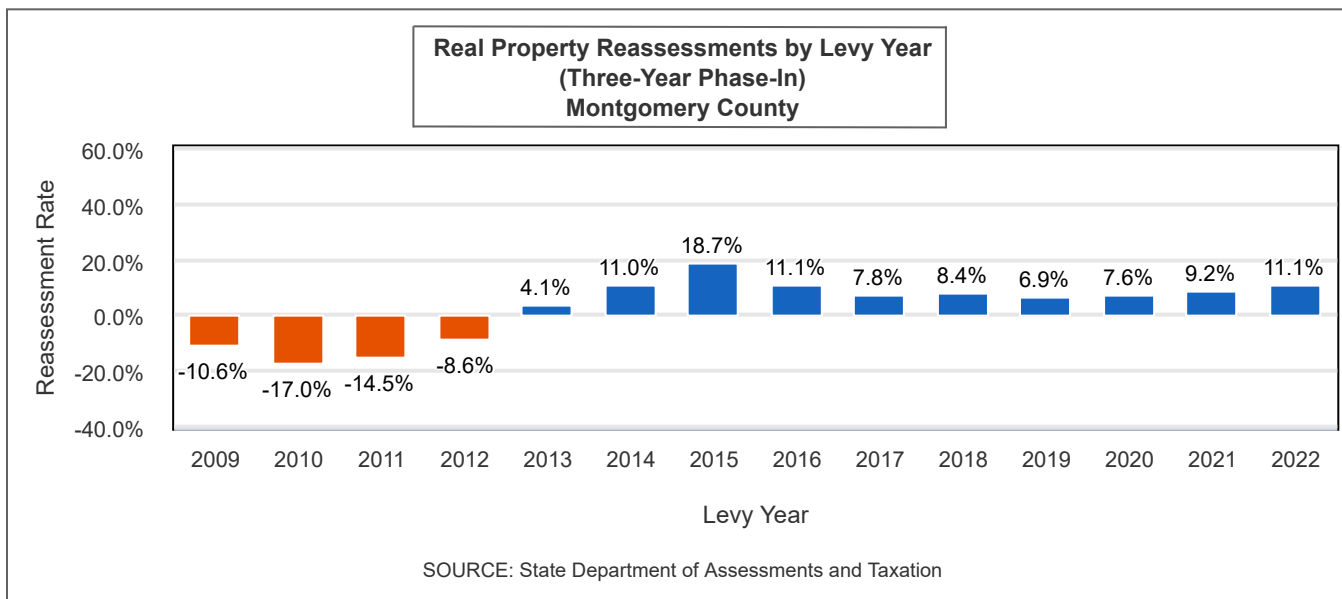
On May 18, 2015, the U.S. Supreme Court made a final ruling in the long-standing court case of *Comptroller of the Treasury of Maryland v. Wynne et ux*. The case involved a dispute over the credit a state taxpayer should get for taxes paid to other states for income earned in those states. The U.S. Supreme 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 for Montgomery County is \$145.6 million. Pursuant to State law, beginning in the 3rd quarter of FY21, through FY41, the County's quarterly income tax distribution will be reduced by 1/80th of the amount that the State refunded to taxpayers that were attributable to Montgomery.

Property Taxes

Property tax collections, including penalties and interest, were the second largest contributor of actual tax revenues to the General Fund in FY22, amounting to \$1,330.3 million. This was \$0.8 million, or 0.1 percent, below the final budget and 4.97 percent above actual revenues in FY21. Property tax revenues account for 35.5 percent of FY22 general fund tax revenue and 34.3 percent of general fund revenues.

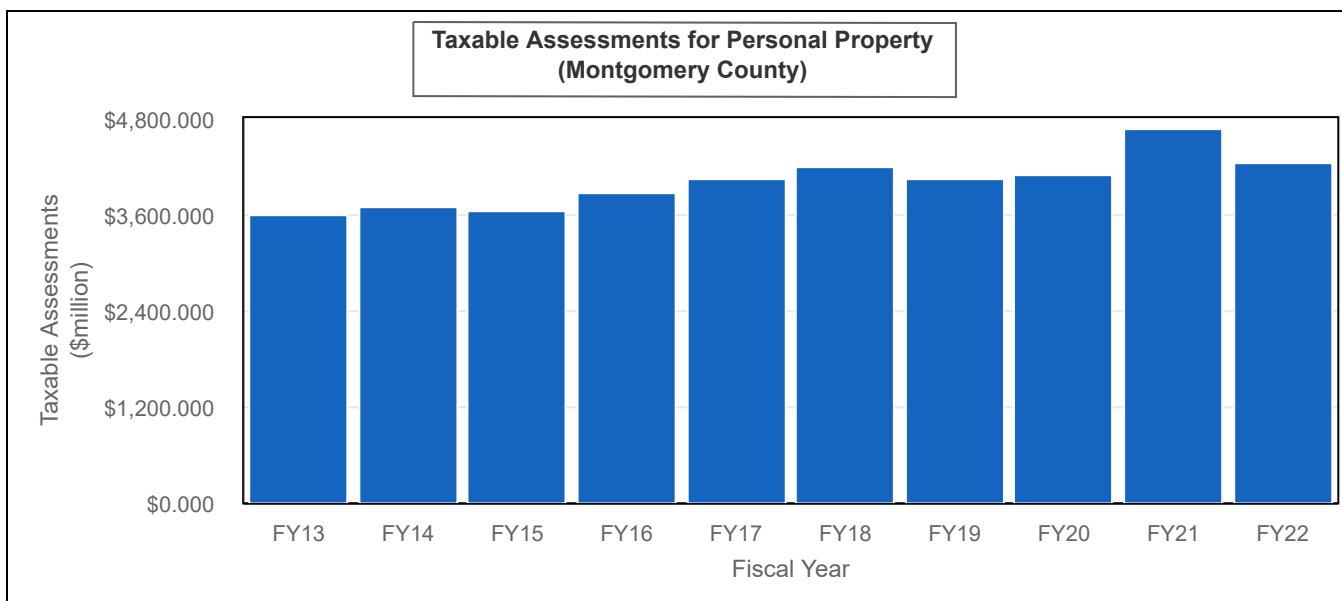


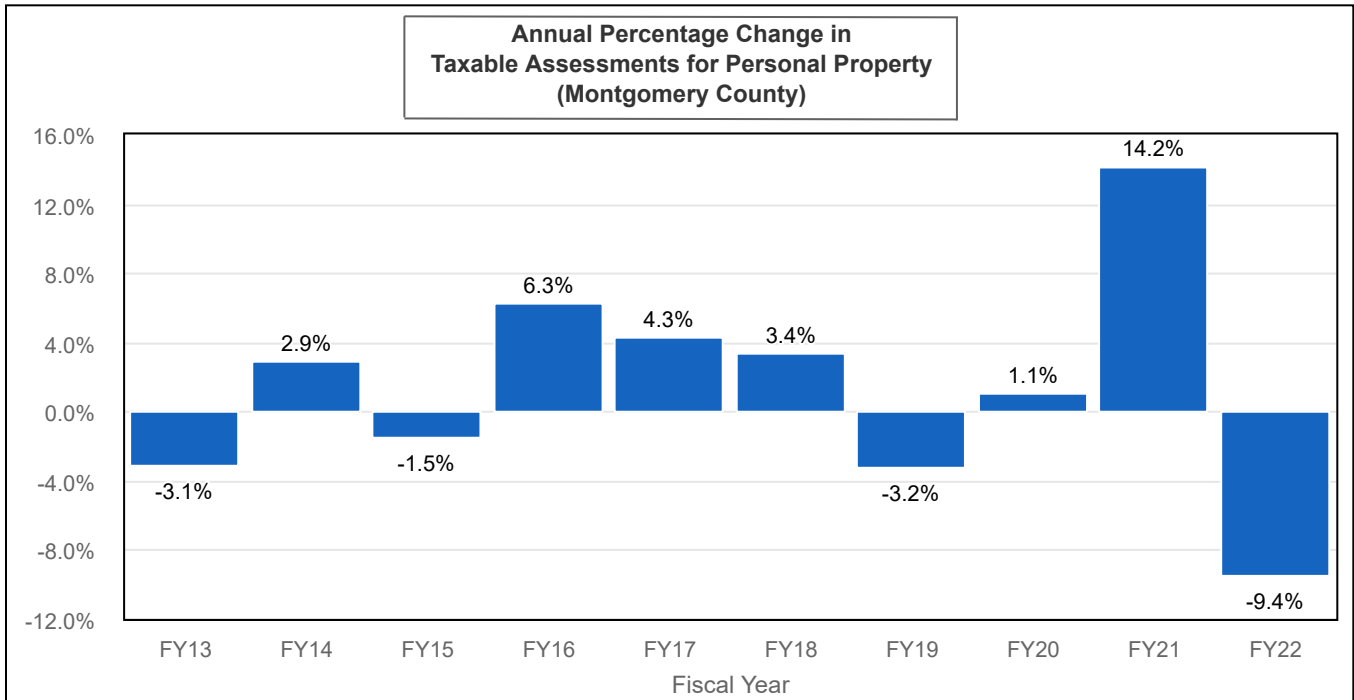
The taxable assessments for real property increased 2.1 percent from FY21 to FY22. New construction added an estimated \$1.700 billion to the base in FY22 and was 12.8 percent higher than in FY21. Triennial reassessment rates experience the same trends as the real estate market, albeit with a lag due to the 3 year cycle of assessments. Since 2013 residential and commercial real estate market recovery also resulted in a recovery of property assessments. After an unprecedented four-year decline in triennial reassessment rates in levy years 2009 to 2012, reassessments increased every year from 2013 through 2022.



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 the years of declining assessments in 2009-2012, most properties that had built up a significant amount of homestead credit during the housing boom cycle in the early 2000's, used up their homestead credit during the housing bust cycle. However, in FY22, rapid increases in home values and assessments in the immediately preceding years created an increase in the homestead credit, increasing it from \$66.1 million in FY21 to \$95.7 million in FY22.

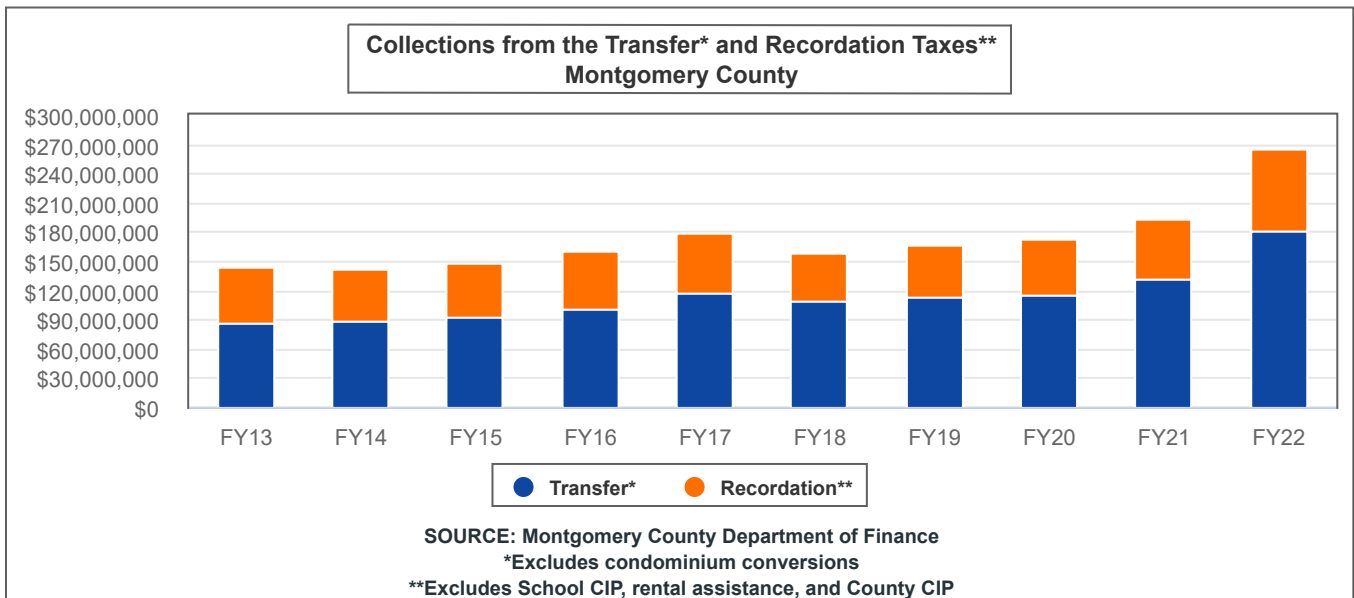
Personal property assessments are in addition to real property tax assessments and represent 2.1% of the County's total assessment base. During the period FY13-FY22, personal property assessments averaged \$3,990.3 million, with a high of \$4,682.1 million and a low of \$3,604.5 million, and an average growth rate of 1.8%. In FY21, personal property tax assessments increased a dramatic 14.2% but subsequently decreased by 9.4% in FY22.



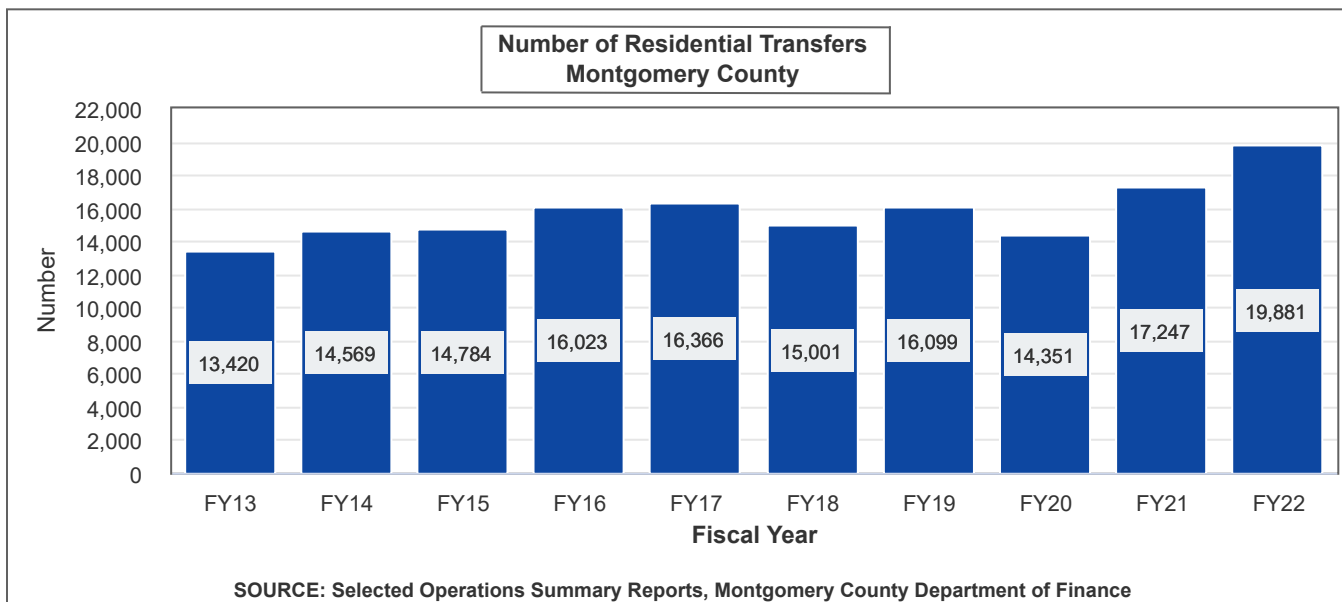


Transfer and Recordation Taxes

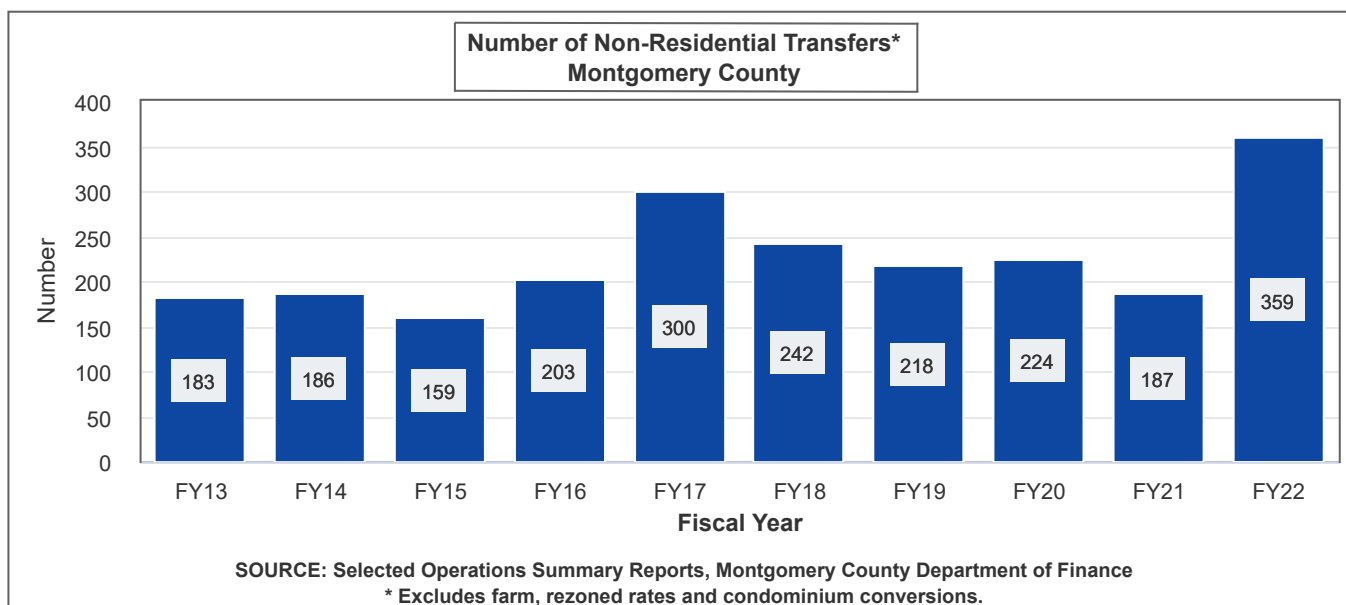
Another major tax revenue category in the County is the combination of real property transfer and recordation taxes. The combined tax revenues from these sources in FY22 were \$266.0 million (excluding recordation tax revenues earmarked for CIP funding of school construction, rental assistance, and CIP funding for the County; and transfer tax revenues from condominium conversions). Actual revenues increased 37.9 percent in FY22 and were 56.7 percent above the final budget. As the accompanying chart illustrates, the total amount collected from these taxes reached a recent peak of \$266.0 million in FY22.



FY22 General Fund revenues from the transfer tax experienced an increase of 36.2 percent over FY21 and recordation tax increased 41.7 percent from FY21. Revenues from the residential sector for the transfer tax were \$135.5 million, an increase of 26.3 percent from FY21. The volume of residential transfers increased to 19,881 from 17,247 in FY21 or 15.3 percent. Collections from the residential recordation tax increased 46.5 percent in FY22.



Based on the amount of collections from the non-residential transfer tax, the non-residential sector increased 78.7 percent in FY22 from FY21 with revenues at \$43.6 million. The increase in revenues from the non-residential sector was attributed to an increase in the volume of transactions by 92.0 percent, while the average tax decreased by 6.8 percent, from approximately \$131,207 in FY21 to \$122,238 in FY22.



Other Revenues

The remaining tax sources – consisting of fuel/energy, telephone, hotel-motel, and other taxes – totaled \$258.9 million and were \$14.5 million, or 5.9 percent, above the final budget and 5.2 percent above actual revenues in FY21. Revenues from the fuel/energy tax were \$184.7 million in FY22 and \$9.0 million, or 5.1 percent, above the final budget and an increase of 0.1 percent from actual revenues in FY21. The modest increase in actual revenues from FY21 was attributed to an increase of 58.3 percent in non-residential electricity collections offset by a decrease in residential electricity collections of 38.6 percent in FY22. During the COVID-19 pandemic, many non-residential facilities were not in operation, while employees worked from their homes. As a result, the residential/non-residential balance had shifted to more residential electricity use in FY21. As businesses re-opened and workers returned to offices, the residential/non-residential balance has returned to its pre-pandemic balance. Overall electricity collections increased 2.5 percent and were 75.4 percent of total fuel/energy tax collections.

Revenues from the telephone tax at \$55.4 million were 0.7 percent above the final budget and 5.5 percent above actual revenues in FY21. Revenues from the hotel-motel industry of \$14.4 million in FY22 were 21.7 percent above the final budget and 124.2 percent above actual revenues in FY21 which had been negatively impacted by COVID-19. The significant increase in the hotel-

motel industry is largely attributed to the recovery from the impact of COVID-19. Other tax revenues in FY22 were 140.7 percent above the final budget and 61.8 percent above actual revenues in FY21. The increase is attributed to actual revenues in the admissions and amusement tax increasing 128.0 percent in FY22 from FY21.

In the General Fund, actual investment income decreased by \$3.4 million in FY22 and was \$3.3 million below the final budget. Investment yield on the County's operating funds declined from 1.76 percent in FY20 to 0.18 percent in FY21 but increased slightly to 0.33 percent in FY22. That two-year decline from FY20 was due to the policy of the Federal Open Market Committee reducing the Federal funds rate dramatically in FY20 in response to the financial and economic impacts of COVID-19. In fiscal year 2020, the average effective Federal funds rate was 1.29 percent, that rate declined to an average of 0.08 percent in FY21 but increased slightly to 0.27 percent in FY22. While the yield increased slightly in FY22, the average daily portfolio balance decreased from \$885.1 million in FY21 to \$775.1 million in FY22.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets at June 30, 2022, amounted to \$6,018.2 million (net of accumulated depreciation and amortization), as summarized below:

Capital Assets, Net of Depreciation and Amortization June 30, 2022				
	Governmental Activities	Business-type Activities	Total FY22	Total FY21
Land	\$ 1,168,453,364	\$ 58,444,081	\$ 1,226,897,445	\$ 1,187,987,391
Buildings	778,794,726	110,818,590	889,613,316	874,867,195
Improvements other than buildings	132,236,237	55,751,965	187,988,202	188,383,312
Furniture, fixtures, equipment and machinery	41,136,900	7,978,162	49,115,062	51,159,981
Leasehold improvements	2,926,440	-	2,926,440	3,981,444
Automobiles and trucks	88,324,022	4,640,876	92,964,898	111,930,883
Infrastructure	1,630,064,965	5,310	1,630,070,275	1,626,474,099
Other assets	88,479,453	-	88,479,453	92,129,077
Construction in progress	1,661,061,099	6,186,512	1,667,247,611	1,652,508,540
Right-to-use leased buildings	123,644,426	52,599,946	176,244,372	172,278,223
Right-to-use leased land	4,039,057	-	4,039,057	4,242,794
Right-to-use leased equipment	2,594,081	1,415	2,595,496	4,352,182
Total	\$ 5,721,754,770	\$ 296,426,857	\$ 6,018,181,627	\$ 5,970,295,121

Changes in the County's capital assets for FY22 are summarized as follows:

Change in Capital Assets For the Fiscal Year Ended June 30, 2022				
	Governmental Activities	Business-type Activities	Total FY22	Total FY21
Beginning Balance	\$ 5,664,863,963	\$ 305,431,158	\$ 5,970,295,121*	\$ 5,871,398,072
Additions*	193,841,186	11,080,522	204,921,708	498,615,559
Less :				
Retirements, net*	261,921	-	261,921	197,958,413
Depreciation and amortization	136,688,458	20,084,823	156,773,281	201,760,097
Ending Balance	<u>\$ 5,721,754,770</u>	<u>\$ 296,426,857</u>	<u>\$ 6,018,181,627</u>	<u>\$ 5,970,295,121</u>

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

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

- Roads, including the underlying land, valued at \$25.6 million were transferred to the County by various developers.
- The Purple Line accumulated \$25.32 million in costs this fiscal year. This project provides funding for County coordination and oversight of the Purple Line project, including the three County-funded projects (Capital Crescent Trail, Bethesda Metro South Entrance, and Silver Spring Green Trail) that are being included with the construction of the Purple Line. The Purple Line is a 16-mile light rail line being constructed by the Maryland Transit Administration (MTA) between the Bethesda Metrorail

station in Montgomery County and the New Carrollton Metrorail station in Prince George's County.

- The South County Regional Recreation and Aquatic Center accumulated \$21.23 million in costs this fiscal year. This project provides for the County's estimated costs for a new regional recreation and aquatic center in the Central Business District of Silver Spring.
- The White Flint West Workaround project accumulated \$14.83 million in costs 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 Emergency Homeless Shelter accumulated \$9.3 million in costs this fiscal year. This project includes acquisition and construction of a building to provide congregation, meals, and medical and case management services.
- The Residential/Rural Roads project accumulated \$8.85 million in costs 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.

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, 2022:

Long-Term Debt				
June 30, 2022				
	Governmental	Business-type	Total	Total
	Activities	Activities	FY22	FY21
General obligation bonds	\$ 3,065,985,000	\$ -	\$ 3,065,985,000	\$ 3,019,410,000
Variable rate demand obligations	170,000,000	-	170,000,000	170,000,000
Bond anticipation notes	311,000,000	-	311,000,000	470,000,000
Revenue bonds	115,795,299	47,620,047	163,415,346	165,766,663
Lease revenue bonds	9,485,000	-	9,485,000	12,420,000
Notes payable	30,562,503	-	30,562,503	32,855,117
Other obligations	48,570,000	-	48,570,000	1,905,000
Equipment notes	16,056,508	155,423	16,211,931	16,186,395
Certificates of participation	128,835,000	1,185,000	130,020,000	143,865,000
Taxable Ltd. Obligation Certificates	147,310,000	-	147,310,000	92,665,000
Leases payable	135,972,666	54,425,984	190,398,650	184,661,004
Compensated absences	120,071,433	10,615,815	130,687,248	124,386,148
Net OPEB Liability	819,410,047	-	819,410,047	983,532,109
Claims payable self-insurance	212,329,827	-	212,329,827	200,206,223
Net Pension Liability - County	-	-	-	75,030,704
Net Pension Liability - County (LOSAP)	50,951,916	-	50,951,916	44,374,891
Net Pension Liability - State	6,162,500	-	6,162,500	27,793,691
Landfill closure costs	-	18,256,561	18,256,561	21,405,470
Gude landfill remediation	-	58,749,302	58,749,302	58,959,033
Total	\$ 5,388,497,699	\$ 191,008,132	\$ 5,579,505,831	\$ 5,845,422,448

At June 30, 2022, the County had general obligation (GO) bonds of \$3,236.0 million outstanding, including variable rate demand obligations (VRDOs) of \$170.0 million. Bond anticipation notes (BANs) of \$311.0 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 14 'Triple AAA' rated counties in the nation with a population greater than one million.

In August 2021, the County received its annual credit ratings from each of three ratings agencies. Fitch cited "key rating drivers" including the expectation that the County will continue to maintain a high level of financial flexibility throughout economic cycles, given ample control over revenues, solid expenditure flexibility and strong reserve levels. Additional ratings drivers quoted included 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 stated that the GO bond rating reflected the County's stable economic underpinnings, superior gap-closing capacity and low long-term liability burden. Fitch also stated that the 'AAA' rating is supported by the County's demonstrated capacity to absorb the constraints of recessionary revenue environments, and the fiscal decision-making to restore and enhance the County's financial cushion and operations during recovery periods.

Moody's cited a stable outlook that reflects growth in the county's large and diverse tax base, which will likely remain strong due to ongoing commercial and residential development and the county's close proximity to the District of Columbia. The outlook also incorporates the likelihood that the county's financial position will remain stable relative to budget growth. Moody's stated that their ratings rationale reflects affluent wealth and income levels, manageable debt and pension liabilities, a strong reserve position as well as solid fiscal policies and multi-year planning.

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 mentioned that the County's long-range financial plan helps to maintain its strong financial position and compliance with formalized policies. S&P also 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 FY22 were:

- **Other Obligations** – On August 17, 2021, the Housing Opportunity Commission issued Limited Obligation Bonds in the amount of \$50,000,000. The proceeds were used for a Housing Production Fund that makes loans for the construction, rehabilitation and equipping of affordable residential rental housing. The County and HOC entered into a funding agreement pursuant to which the County is required to make contract payments in amounts sufficient to pay the scheduled debt service on the bonds.
- **General Obligation Bonds** – On September 8, 2021, the County issued Consolidated Public Improvement Project and Refunding Bonds in the amount of \$335,115,000. The new money portion of these General Obligation bonds in the amount of \$310,000,000, 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.
- **Taxable Limited Obligation Certificates** – On November 15, 2021, the County issued Taxable Limited Obligation Certificates, Series 2021A, in the amount of \$57,410,000. The County also issued Taxable Limited Obligation Refunding Certificates, Series 2021B, in the amount of \$41,345,000. The proceeds of Series 2021A were used to finance certain projects of the Montgomery Housing Initiative Fund established to promote a broad range of housing opportunities in the County. The proceeds of Series 2021B were used to refund the County's prior issuances for debt service savings.
- **Master Lease Purchase Agreement** – In April 2022, a lease in the amount of \$5.99 million for Fire Apparatus replacement was funded under a Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp. The agreement provides capital equipment financing up to a maximum of \$50 million.
- **Revenue Bonds** – Drawdowns during FY22 under loan agreements with the Maryland Water Quality Financing Administration amounted to \$11.36 million. The loan proceeds, for which repayment is secured by Water Quality Protection Charge revenues, will fund capital projects for stormwater management program.
- **Bond Anticipation Notes (BANs)** – Over the course of FY22, the County retired \$359.0 million in BANs with general obligation bond proceeds and issued \$200.0 million in new BANs.
- **Revolving Lines of Credit** – On November 17, 2021, and March 25, 2022, the County terminated revolving lines of credit with PNC Bank, N. A. and J. P. Morgan Chase Bank N.A, in the amounts of \$150 million and \$100 million, respectively. The County had not drawn any advances against these lines of credit.

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 2023 (FY23) budget with updates based on revised economic data after the approval of the County's budget:

- Montgomery County's economy experienced a positive economic performance overall during fiscal year 2022 (FY22) - the

period July 2021 to June 2022. FY22 reflected a decrease in impact of the COVID-19 pandemic on the County's economy. The County's economic performance included an increase in resident employment, a decrease in the unemployment rate, a decrease in existing home sales, but an increase in median prices for an existing home. Residential construction experienced increases in single-family homes and in multi-family units. Construction in the number of non-residential projects also increased and the value of non-residential projects increased.

- The County's economic projections prepared for the FY23 operating budget assume a continuation of the positive economic performance in calendar years 2022 (CY22) and 2023 (CY23). For calendar year CY22, the County projects an increase in total resident employment of 3.3 percent and 2.2 percent in CY23. The County also projects an increase of 3.7 percent in payroll employment in CY22 and a modest 1.1 percent increase in CY23 based on the Quarterly Census of Employment and Wages (QCEW). Both employment series are from the Bureau of Labor Statistics (BLS), U.S. Department of Labor.
- During the ten year period CY12 – CY21, total payroll employment in Montgomery County experienced two distinct cycles: an increase at an average annual rate of 0.7 percent from CY12 to CY19, and a decrease of 2.8 percent from CY19 to CY21 attributed to the impact of COVID-19. However, the Department of Finance estimates that total payroll employment is expected to increase 3.7 percent in CY22 attributed to the lessening of the impact of COVID-19 during the calendar year and a modest 1.1 percent in CY23.
- Resident employment in the County, which is based on a survey of the households in the County by the Bureau of Labor Statistics, provides a slightly different picture of employment growth. Resident employment grew at an average annual rate of 1.2 percent from CY12 to CY19. However, resident employment decreased at an average annual rate of 3.9 percent from CY19 to CY21 attributed to the impact of COVID-19 but is estimated to increase at 3.3 percent in CY22 and 2.2 percent in CY23.
- Total personal income in the County, based on data from the Bureau of Economic Analysis, U.S. Department of Commerce, and the estimate by the Department of Finance, provides a different picture than the trends in resident employment. While resident employment increased at an average annual rate of 1.2 percent from CY12 to CY19, total personal income grew at an average annual rate of 2.3 percent over the same period. From CY19 to CY21, total personal income increased at an average annual rate of 4.9 percent compared to a decrease in the average annual rate of change in resident employment of 3.9 percent over the same period. The difference between the increase in total personal income and the decrease in resident employment is attributed to the growth in nonwage income particularly transfer payments during the COVID-19 pandemic. Total personal income is expected to increase 2.7 percent in CY22 and 4.9 percent in CY23. Income data for CY21, CY22, and CY23 are based on estimates derived by the Department of Finance.
- Inflation, as measured by the Consumer Price Index for the Washington Metropolitan Statistical Area, is expected to increase to 5.4 percent in FY22 and is expected to moderate to 3.0 percent in FY23. These rates of inflation are significantly above those experienced in FY20 and FY21 of 0.9% and 2.1%, respectively. Actions taken by the Federal Open Market Committee ('FOMC') to increase the federal fund rate in the second quarter of CY22 are intended to reduce the increase in the inflation rate that occurred during the first half of CY22. Further FOMC actions are expected through the second half of the calendar year.

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 were 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 was 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 and spent the remaining \$14.0 million in FY22. Significant eligible expenditures incurred during the CRF period of performance included but were not limited to:

- \$72.2 million for emergency hazard pay for County frontline workers;
- \$21.5 million for emergency eviction prevention and rental assistance programs; and
- \$20.9 million for direct business assistance through the Public Health Emergency Grant Program.

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 received 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 and the remaining balance in June 2022. Of the \$204.1 million received, the County recognized \$92.0 million in pandemic-related revenue losses in FY21 in the General Fund. The County continued to allocate SLFRF funding and spent \$40.9 million on eligible expenditures in FY22. Some of these included but were not limited to:

- \$21.8 million for an expansion to the Working Families Income Supplement Program;
- \$11.6 million for health programs targeting racial and ethnic minority populations; and
- \$3.1 million to establish Health and Human Services Hubs to Promote Equity.

The unspent balance of \$71.2 million is reported as unearned revenue in the Grants Special Revenue Fund at June 30, 2022. In total, \$193.1 million, or 94.6% of the \$204.1 million SLFRF funding has been allocated as of the end of FY22 by the County to address COVID-19's impact by encouraging economic recovery, being inclusive of all communities, and executing decisions that are sustainable. 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://www.montgomerycountymd.gov/covid19/Resources/Files/slfrf/Recovery-Plan-Performance-Report_7-2022.pdf.

In addition to CRF and SLFRF funds, the County also applied for and was awarded \$115.2 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. Some of these awards must be spent within the timeframe allotted for those specific programs and the final amounts awarded may be adjusted accordingly. The County received \$45.2 million in Federal awards in FY21 and spent \$3.8 million and \$32.1 million on eligible expenditures in FY21 and FY22, respectively. The remaining balance of \$9.3 million is reported as unearned revenue in the Grants Special Revenue Fund as of June 30, 2022. An additional \$28.2 million in state funded awards was spent in FY22.

In March 2022, the County reached settlements with three pharmaceutical distributors and one pharmaceutical manufacturer in connection with the national opioid litigation. Under these settlements, U.S. states and subdivisions will receive approximately \$26 billion. Maryland is expected to receive approximately \$400 million over 18 years. The County's share of those funds is anticipated to be approximately \$34 million, spread out over the same 18-year period. Amounts received will be deposited into the County's Local Abatement Fund, a special revenue fund created to account for these resources, and must be used to fund opioid remediation and abatement efforts. No settlement disbursements were received as of June 30, 2022, and the Local Abatement Fund had no activity or balances to report for FY22.

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, 2022

	Primary Government			Component Units Total
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Equity in pooled cash and investments	\$ 1,719,038,391	\$ 188,381,922	\$ 1,907,420,313	\$ 122,599,673
Cash with fiscal agents	24,441,442	2,058,535	26,499,977	161,673,688
Cash	357,380	91,277	448,657	20,924,092
Investments - cash equivalents	-	-	-	119,992,461
Investments	-	-	-	8,386,506
Receivables (net of allowance for uncollectibles):				
Income taxes	494,280,981	-	494,280,981	-
Property taxes	30,632,694	280,741	30,913,435	-
Accounts	37,223,959	13,162,065	50,386,024	41,934,249
Notes	24,046,284	-	24,046,284	46,975,780
Parking violations	1,640,298	2,283,288	3,923,586	-
Mortgage	264,871,679	-	264,871,679	664,689,482
Interest	116,242	2,441	118,683	14,093,802
Other	-	-	-	44,090,666
Lease receivable	53,442,227	1,415,520	54,857,747	38,490,248
Internal balances	(1,350,035)	1,350,035	-	-
Due from primary government	-	-	-	64,439,605
Due from component units	104,969,411	316,402	105,285,813	-
Due from other governments	144,747,998	256,340	145,004,338	138,841,284
Inventory of supplies	13,907,381	36,527,913	50,435,294	12,180,220
Prepaid expenses	1,756,302	-	1,756,302	5,510,155
Other assets	751,031,412	39,421,465	790,452,877	75,417,139
Restricted Assets:				
Equity in pooled cash and investments	-	10,624,664	10,624,664	3,691,927
Cash with fiscal agents	-	-	-	46,969,456
Investments - cash equivalents	-	-	-	287,119,823
Investments	-	-	-	172,978,799
Capital Assets:				
Nondepreciable assets	2,829,514,463	64,630,593	2,894,145,056	902,989,244
Depreciable assets, net	2,892,240,307	231,796,264	3,124,036,571	4,837,542,298
Total Assets	<u>9,386,908,816</u>	<u>592,599,465</u>	<u>9,979,508,281</u>	<u>7,831,530,597</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of debt	18,572,484	65,784	18,638,268	220,171
Pension deferrals	108,455,348	4,664,922	113,120,270	186,053,995
OPEB deferrals	232,999,626	-	232,999,626	698,772,929
Accumulated decrease in fair value of hedging derivatives	-	-	-	22,997,881
Total Deferred Outflows of Resources	<u>\$ 360,027,458</u>	<u>\$ 4,730,706</u>	<u>\$ 364,758,164</u>	<u>\$ 908,044,976</u>

Exhibit A-1 (Concluded)

STATEMENT OF NET POSITION

JUNE 30, 2022

	Primary Government			Component Units Total
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Accounts payable	\$ 101,606,664	\$ 7,598,142	\$ 109,204,806	\$ 162,144,256
Interest payable	27,752,649	812,664	28,565,313	32,564,782
Retainage payable	14,046,716	630,822	14,677,538	10,131,031
Accrued liabilities	165,235,522	20,621,357	185,856,879	176,457,931
Deposits	1,447,051	10,191,794	11,638,845	24,623,701
Due to primary government	-	-	-	105,442,481
Due to component units	60,444,547	3,995,058	64,439,605	-
Due to other governments	159,670,499	11,096,721	170,767,220	178,032
Unearned revenue	81,056,280	4,213,652	85,269,932	51,923,547
Other liabilities	1,967,001	633,374	2,600,375	105,036,104
Noncurrent Liabilities:				
Due within one year	781,825,292	19,418,454	801,243,746	115,209,383
Due in more than one year	4,898,369,235	174,051,673	5,072,420,908	5,494,231,692
Total Liabilities	<u>6,293,421,456</u>	<u>253,263,711</u>	<u>6,546,685,167</u>	<u>6,277,942,940</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	80,916,965	310,022	81,226,987	-
Leases	52,103,630	1,388,628	53,492,258	38,852,506
Pension deferrals	710,519,023	36,288,537	746,807,560	385,699,520
OPEB deferrals	683,654,389	-	683,654,389	646,463,369
Accumulated increase in fair value of hedging derivatives	-	-	-	2,584,325
Total Deferred Inflows of Resources	<u>1,527,194,007</u>	<u>37,987,187</u>	<u>1,565,181,194</u>	<u>1,073,599,720</u>
NET POSITION				
Net investment in capital assets	2,957,599,671	190,644,192	3,148,243,863	4,019,428,925
Restricted for:				
Capital projects	142,372,963	-	142,372,963	383,649
General government	16,398,045	-	16,398,045	-
Public safety	20,711,281	-	20,711,281	-
Transportation	64,539,893	12,046,489	76,586,382	-
Recreation	14,472,560	-	14,472,560	-
Community development and housing	375,800,212	-	375,800,212	-
Environment	22,715,673	23,625,452	46,341,125	-
Debt service	17,249,492	5,189,851	22,439,343	99,157,634
Other purposes	-	-	-	75,560,496
Unrestricted (deficit)	<u>(1,705,538,979)</u>	<u>74,573,289</u>	<u>(1,630,965,690)</u>	<u>(2,806,497,791)</u>
Total Net Position	<u>\$ 1,926,320,811</u>	<u>\$ 306,079,273</u>	<u>\$ 2,232,400,084</u>	<u>\$ 1,388,032,913</u>

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

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities				
General government	\$ 626,075,347	\$ 63,439,289	\$ 32,498,488	\$ 7,599,133
Public safety	499,167,545	52,628,136	45,996,510	1,204,000
Transportation	213,159,574	44,044,434	108,749,202	33,414,142
Health and human services	445,522,771	4,412,826	218,877,780	-
Culture and recreation	94,435,027	35,180,069	5,590,276	-
Community development and housing	101,658,451	11,950,320	20,241,759	-
Environment	29,760,999	358,514	197,470	-
Education	2,175,596,472	-	-	-
Interest on long term debt	90,170,259	-	-	-
Total Governmental Activities	<u>4,275,546,445</u>	<u>212,013,588</u>	<u>432,151,485</u>	<u>42,217,275</u>
Business-type Activities				
Liquor	273,785,719	321,876,182	-	-
Solid waste disposal and collection	114,917,885	143,141,146	-	-
Parking lot districts	29,033,881	28,796,265	-	-
Permitting services	28,354,137	51,703,176	-	-
Community use of public facilities	7,610,092	7,520,660	-	-
Total Business-type Activities	<u>453,701,714</u>	<u>553,037,429</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>4,729,248,159</u>	<u>765,051,017</u>	<u>432,151,485</u>	<u>42,217,275</u>
Component Units:				
General government (BUP)	4,834,219	4,786,379	145,500	-
Culture and recreation (MCRA)	23,885,554	25,073,789	-	1,608,836
Community development and housing (HOC)	329,063,157	152,506,391	153,865,761	36,911,287
Education:				
Elementary and secondary education (MCPS)	3,317,627,555	13,936,835	379,127,641	53,020,458
Higher education (MC)	368,070,466	54,676,929	18,627,793	50,544,132
Total Component Units	<u>\$ 4,043,480,951</u>	<u>\$ 250,980,323</u>	<u>\$ 551,766,695</u>	<u>\$ 142,084,713</u>

General Revenues:
Property taxes
County income taxes
Real property transfer taxes
Recordation taxes
Fuel energy taxes
Hotel-motel taxes
Telephone taxes
Other taxes
Grants and contributions not restricted to specific programs
Investment income
Gain on sale of capital assets
Miscellaneous
Transfers
Total General Revenues and Transfers
Change in Net Position
Net Position - Beginning, as restated
Net Position - Ending

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

Exhibit A-2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (522,538,437)	\$ -	\$ (522,538,437)	\$ -
(399,338,899)	-	(399,338,899)	-
(26,951,796)	-	(26,951,796)	-
(222,232,165)	-	(222,232,165)	-
(53,664,682)	-	(53,664,682)	-
(69,466,372)	-	(69,466,372)	-
(29,205,015)	-	(29,205,015)	-
(2,175,596,472)	-	(2,175,596,472)	-
(90,170,259)	-	(90,170,259)	-
<u>(3,589,164,097)</u>	<u>-</u>	<u>(3,589,164,097)</u>	<u>-</u>
-	48,090,463	48,090,463	-
-	28,223,261	28,223,261	-
-	(237,616)	(237,616)	-
-	23,349,039	23,349,039	-
-	(89,432)	(89,432)	-
-	99,335,715	99,335,715	-
<u>(3,589,164,097)</u>	<u>99,335,715</u>	<u>(3,489,828,382)</u>	<u>-</u>
-	-	-	97,660
-	-	-	2,797,071
-	-	-	14,220,282
-	-	-	(2,871,542,621)
-	-	-	(244,221,612)
-	-	-	<u>(3,098,649,220)</u>
1,919,667,295	-	1,919,667,295	-
1,903,729,758	-	1,903,729,758	-
180,217,441	-	180,217,441	-
85,819,161	-	85,819,161	-
184,651,863	-	184,651,863	-
14,405,669	-	14,405,669	-
55,449,830	-	55,449,830	-
6,911,571	-	6,911,571	-
-	-	-	3,191,378,229
2,854,857	264,654	3,119,511	(990,559)
-	76,187	76,187	69,386,118
-	-	-	18,726,527
<u>52,937,818</u>	<u>(52,937,818)</u>	<u>-</u>	<u>-</u>
<u>4,406,645,263</u>	<u>(52,596,977)</u>	<u>4,354,048,286</u>	<u>3,278,500,315</u>
817,481,166	46,738,738	864,219,904	179,851,095
<u>1,108,839,645</u>	<u>259,340,535</u>	<u>1,368,180,180</u>	<u>1,208,181,818</u>
<u>\$ 1,926,320,811</u>	<u>\$ 306,079,273</u>	<u>\$ 2,232,400,084</u>	<u>\$ 1,388,032,913</u>

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General	Housing Initiative	Grants	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Equity in pooled cash and investments	\$ 826,013,714	\$ 84,381,012	\$ 92,474,606	\$ 4,847,716	\$ 323,366,429	\$ 136,005,878	\$ 1,467,089,355
Cash with fiscal agents	2,337,257	-	-	12,398,344	9,705,841	-	24,441,442
Cash	108,430	212,450	-	-	-	36,200	357,080
Receivables (net of allowances for uncollectibles)	535,130,319	214,224,119	49,195,199	21,925,000	1,622,024	20,571,031	842,667,692
Lease receivable	43,078,515	878,712	-	9,485,000	-	-	53,442,227
Due from other funds	152,087,771	-	-	-	-	-	152,087,771
Due from component units	682,926	79,873,338	10,405,278	139,960	13,565,942	-	104,667,444
Due from other governments	30,907,567	-	61,358,829	-	10,894,751	40,508,048	143,669,195
Inventory of supplies	8,720,620	-	-	-	1,664	-	8,722,284
Prepays	1,094,426	-	-	-	-	-	1,094,426
Total Assets	<u>\$ 1,600,161,545</u>	<u>\$ 379,569,631</u>	<u>\$ 213,433,912</u>	<u>\$ 48,796,020</u>	<u>\$ 359,156,651</u>	<u>\$ 197,121,157</u>	<u>\$ 2,798,238,916</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 66,997,373	\$ 499,359	\$ 2,278,941	\$ 136,503	\$ 14,420,841	\$ 6,047,463	\$ 90,380,480
Retainage payable	2,578	-	96,055	-	13,942,117	5,966	14,046,716
Accrued liabilities	105,139,643	2,700,377	9,051,257	-	5,067,149	25,085,865	147,044,291
Deposits	502,840	442,209	-	-	230	501,772	1,447,051
Due to other funds	13,160,284	32,114	42,978,348	-	108,752,197	6,600,147	171,523,090
Due to component units	2,592,462	586,060	22,431	25	57,169,760	61,198	60,431,936
Due to other governments	56,404	-	18,742,601	-	4,222,120	1,368,045	24,389,170
Unearned revenue	-	-	80,839,882	-	-	216,398	81,056,280
Total Liabilities	<u>188,451,584</u>	<u>4,260,119</u>	<u>154,009,515</u>	<u>136,528</u>	<u>203,574,414</u>	<u>39,886,854</u>	<u>590,319,014</u>
Deferred Inflows of Resources:							
Unavailable income taxes	354,443,233	-	-	-	-	-	354,443,233
Unavailable property taxes	23,658,657	-	-	-	-	6,163,244	29,821,901
Unavailable revenues	2,145,574	3,655,009	59,208,363	21,925,000	13,209,274	2,554,966	102,698,186
Leases	41,750,816	867,814	-	9,485,000	-	-	52,103,630
Total Deferred Inflows of Resources	<u>421,998,280</u>	<u>4,522,823</u>	<u>59,208,363</u>	<u>31,410,000</u>	<u>13,209,274</u>	<u>8,718,210</u>	<u>539,066,950</u>
Fund Balances:							
Nonspendable	9,815,046	-	-	-	-	-	9,815,046
Restricted	6,758,234	370,786,689	216,034	17,249,492	142,372,963	148,516,093	685,899,505
Committed	699,495,564	-	-	-	-	-	699,495,564
Assigned	85,111,637	-	-	-	-	-	85,111,637
Unassigned	188,531,200	-	-	-	-	-	188,531,200
Total Fund Balances	<u>989,711,681</u>	<u>370,786,689</u>	<u>216,034</u>	<u>17,249,492</u>	<u>142,372,963</u>	<u>148,516,093</u>	<u>1,668,852,952</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,600,161,545</u>	<u>\$ 379,569,631</u>	<u>\$ 213,433,912</u>	<u>\$ 48,796,020</u>	<u>\$ 359,156,651</u>	<u>\$ 197,121,157</u>	<u>\$ 2,798,238,916</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, 2022**

Total fund balance - governmental funds (see Exhibit A-3)	\$	1,668,852,952	
Amounts reported for governmental activities in the statement of net position are difference because:			
Capital assets used in governmental fund activities are not financial resources and therefore not reported in the funds:			
Nondepreciable capital assets:			
Land	1,168,430,858		
Construction in progress	1,661,061,099		
Depreciable capital assets:			
Buildings	1,332,498,707		
Improvements other than buildings	190,712,518		
Furniture, fixtures, equipment and machinery	256,988,056		
Automobiles and trucks	245,522,484		
Infrastructure	2,637,338,072		
Other capital assets	137,300,867		
Leased assets	157,030,878		
Total capital assets	<u>7,786,883,539</u>		
Less accumulated depreciation and amortization	<u>(2,101,360,911)</u>	5,685,522,628	
Net Pension Asset	<u>740,712,841</u>	740,712,841	
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	(3,065,985,000)		
Variable rate demand obligations	(170,000,000)		
Bond anticipation notes payable	(311,000,000)		
Lease revenue bonds payable	(9,485,000)		
Accrued interest payable	(27,746,663)		
Other obligations payable	(48,570,000)		
Taxable limited obligation	(147,310,000)		
Certificates of participation	(128,835,000)		
Notes payable	(46,619,011)		
Revenue bonds	(115,795,299)		
Leases payable	(131,727,768)		
Net pension liability	(57,114,416)		
Net OPEB liability	(819,410,047)		
Compensated absences	<u>(115,649,902)</u>	(5,195,248,106)	
Due to other governments - long term debt due to state government not expected to be repaid with current financial reserves	<u>(134,715,980)</u>	(134,715,980)	
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	(291,696,828)		
Unrecognized loss on refunding	18,572,484		
Pension and OPEB related deferrals, net	<u>(1,044,545,792)</u>	(1,317,670,136)	
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	289,950,265		
Capital assets	121,447,088		
Less accumulated depreciation and amortization	(85,214,946)		
Deferred outflows of resources	1,325,881		
Liabilities	(242,075,260)		
Deferred inflows of resources	(9,498,527)		
Cumulative gain/loss for certain activities of internal service funds that are reported with business-type activities	<u>(3,182,615)</u>	72,751,886	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:			
Income taxes	354,443,233		
Property taxes	29,821,901		
Intergovernmental revenue	16,039,677		
Other revenue	5,741,544		
Interest	68,371	406,114,726	
Net position of governmental activities (See Exhibit A-1)	<u>\$</u>	<u>1,926,320,811</u>	

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, 2022**

	General	Housing Initiative	Grants	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 3,752,921,245	\$ 27,898,441	\$ -	\$ -	\$ 127,532,344	\$ 459,505,844	\$ 4,367,857,874
Licenses and permits	12,414,383	-	-	-	-	59,915	12,474,298
Intergovernmental	67,971,539	-	252,393,456	234,843	7,710,312	111,159,061	439,469,211
Charges for services	20,544,626	95,100	434,952	-	35,750,720	62,579,662	119,405,060
Fines and forfeitures	25,804,992	-	-	-	-	1,131,188	26,936,180
Investment income (loss)	(2,695,211)	5,009,877	19,634	14,625	5,000	98,039	2,451,964
Miscellaneous	11,011,322	4,046,727	1,020,611	4,920,963	3,084,296	1,097,378	25,181,297
Total Revenues	3,887,972,896	37,050,145	253,868,653	5,170,431	174,082,672	635,631,087	4,993,775,884
EXPENDITURES							
Current:							
General government	499,481,953	-	27,253,261	-	-	15,948,031	542,683,245
Public safety	414,534,088	-	14,372,733	-	-	251,854,291	680,761,112
Transportation	61,469,020	-	3,772,821	-	-	148,974,722	214,216,563
Health and human services	327,384,934	-	187,211,647	-	-	360,911	514,957,492
Culture and recreation	48,179,034	-	309,936	-	-	43,504,253	91,993,223
Community development and housing	18,823,447	33,531,804	20,325,042	-	-	110,048	72,790,341
Environment	3,563,142	-	198,282	-	-	31,198,572	34,959,996
Education	1,940,322,723	-	-	-	-	-	1,940,322,723
Debt Service:							
Principal retirement	-	-	-	271,613,697	-	-	271,613,697
Notes and other obligations	-	-	-	32,149,942	-	-	32,149,942
Interest	-	-	-	134,436,471	-	-	134,436,471
Issuing costs	-	-	424,931	3,655,014	-	-	4,079,945
Capital projects	-	-	-	-	496,577,456	-	496,577,456
Total Expenditures	3,313,758,341	33,531,804	253,868,653	441,855,124	496,577,456	491,950,828	5,031,542,206
Excess (Deficiency) of Revenues over (under) Expenditures	574,214,555	3,518,341	-	(436,684,693)	(322,494,784)	143,680,259	(37,766,322)
OTHER FINANCING SOURCES (USES)							
Transfers in	76,525,821	56,457,112	-	432,720,911	102,221,401	13,003,510	680,928,755
Transfers (out)	(435,148,490)	(45,000,600)	-	-	(28,450,332)	(118,873,465)	(627,472,887)
Sale of property	10,514	-	-	-	39,358,687	-	39,369,201
Financing under notes payable	-	-	-	-	6,108,268	-	6,108,268
Leases (as lessee)	24,751,365	-	-	-	-	-	24,751,365
Payment to refunded bond escrow agent	-	-	-	(26,206,619)	(41,309,067)	-	(67,515,686)
Debt Issued (Retired):							
General obligation bonds	-	-	-	310,000,000	-	-	310,000,000
Premium on original issue debt	-	-	-	49,363,470	-	-	49,363,470
General obligation refunding bonds	-	-	-	25,115,000	-	-	25,115,000
Premium on general obligation refunding bonds	-	-	-	1,112,595	-	-	1,112,595
Bond anticipation notes	-	-	-	(359,000,000)	200,000,000	-	(159,000,000)
Revenue bonds	-	-	-	-	11,359,480	-	11,359,480
Taxable limited obligation certificate	-	-	-	-	98,755,000	-	98,755,000
Premium on taxable limited obligation certificates	-	-	-	-	818,942	-	818,942
Total Other Financing Sources (Uses)	(333,860,790)	11,456,512	-	433,105,357	388,862,379	(105,869,955)	393,693,503
Net Change in Fund Balances	240,353,765	14,974,853	-	(3,579,336)	66,367,595	37,810,304	355,927,181
Fund Balances - Beginning of Year	749,357,916	355,811,836	216,034	20,828,828	76,005,368	110,705,789	1,312,925,771
Fund Balances - End of Year	\$ 989,711,681	\$ 370,786,689	\$ 216,034	\$ 17,249,492	\$ 142,372,963	\$ 148,516,093	\$ 1,668,852,952

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, 2022**

Net change in fund balance - total governmental funds (see Exhibit A-5)	\$	355,927,181
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	162,271,324	
Depreciation and amortization expense	<u>(125,795,813)</u>	36,475,511
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>(220,670)</u>	(220,670)
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>25,581,393</u>	25,581,393
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	7,919,068	
Property taxes	(24,924,353)	
Intergovernmental revenues	705,753	
Other revenues	<u>(1,112,925)</u>	(17,412,457)
Interest on lease receivable will not be collected for several months after the fiscal year ends		
	<u>(455)</u>	(455)
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	(385,591,065)	
Bond anticipation notes	(200,000,000)	
Taxable Limited Obligation Certificates	(99,573,942)	
Other obligations	(50,000,000)	
Notes payable	(6,108,268)	
Revenue bonds	(11,359,480)	
Leases	(24,751,365)	
Principal repayments:		
General obligation bonds	288,599,216	
Bond anticipation notes	359,000,000	
Taxable limited obligation certificates	44,187,885	
Lease revenue bonds	2,935,000	
Other obligations	3,335,000	
Certificates of participation	13,410,000	
Notes payable	7,854,942	
Revenue bonds	9,038,697	
Leases payable	<u>12,604,399</u>	(36,418,981)
Cost incurred for past refunds owed as a result of the supreme court decision related to duplicate taxation		
	<u>7,281,945</u>	7,281,945
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	(2,162,775)	
Compensated absences	(4,625,509)	
Pension expense	379,384,827	
Amortization	<u>52,349,056</u>	424,945,599
The current year gain for certain activities of internal service funds is reported with governmental activities.		
		<u>21,322,100</u>
Change in net position of governmental activities (see Exhibit A-2)		
	\$	<u><u>817,481,166</u></u>

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds	Totals	
ASSETS						
Current Assets:						
Equity in pooled cash and investments	\$ 11,218,409	\$ 106,998,683	\$ 13,854,732	\$ 56,310,098	\$ 188,381,922	\$ 251,949,036
Cash with fiscal agents	2,058,535	-	-	-	2,058,535	-
Cash	52,340	-	38,937	-	91,277	300
Receivables (net of allowance for uncollectibles)	5,295,258	3,172,802	2,715,325	4,545,150	15,728,535	332,983
Lease receivable	-	-	111,772	-	111,772	-
Due from other funds	-	-	-	-	-	20,121,632
Due from component units	-	699	315,703	-	316,402	301,967
Due from other governments	-	16,056	240,284	-	256,340	1,078,803
Inventory of supplies	36,527,913	-	-	-	36,527,913	5,185,097
Prepaid expenses	-	-	-	-	-	661,876
Total Current Assets	55,152,455	110,188,240	17,276,753	60,855,248	243,472,696	279,631,694
Noncurrent Assets:						
Restricted Assets:						
Equity in pooled cash and equivalents	-	7,493,348	3,131,316	-	10,624,664	-
Restricted Assets	-	7,493,348	3,131,316	-	10,624,664	-
Lease receivable	-	-	1,303,748	-	1,303,748	-
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	109,161,260	-	205,999,344	362,724
Infrastructure	-	14,351	-	-	14,351	-
Buildings	27,583,270	34,512,353	240,760,990	-	302,856,613	-
Furniture, fixtures, equipment, and machinery	15,949,044	18,811,030	1,152,050	1,780,940	37,693,064	4,962,160
Automobiles and trucks	5,135,138	3,298,110	172,588	258,785	8,864,621	107,801,624
Construction in progress	-	6,186,512	-	-	6,186,512	-
Right-to-use leased building	50,559,105	-	13,981,854	-	64,540,959	2,228,700
Right-to-use leased equipment	-	-	34,755	-	34,755	6,069,374
Subtotal	121,314,223	162,441,185	398,839,167	2,039,725	684,634,300	121,447,088
Less: Accumulated depreciation and amortization	38,148,154	116,915,635	231,444,161	1,699,493	388,207,443	85,214,946
Total Capital Assets (net of accumulated depreciation and amortization)	83,166,069	45,525,550	167,395,006	340,232	296,426,857	36,232,142
Net Pension Asset	12,468,604	6,198,731	2,485,974	18,268,156	39,421,465	10,318,571
Total Noncurrent Assets	95,634,673	59,217,629	174,316,044	18,608,388	347,776,734	46,550,713
Total Assets	150,787,128	169,405,869	191,592,797	79,463,636	591,249,430	326,182,407
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding of debt	65,784	-	-	-	65,784	-
Pension deferrals	1,569,400	739,627	294,647	2,061,248	4,664,922	1,325,881
Total Deferred Outflows of Resources	\$ 1,635,184	\$ 739,627	\$ 294,647	\$ 2,061,248	\$ 4,730,706	\$ 1,325,881

Exhibit A-7 (Concluded)

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022**

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds		
LIABILITIES						
Current Liabilities:						
Accounts payable	\$ 778,636	\$ 4,890,262	\$ 1,742,755	\$ 186,489	\$ 7,598,142	\$ 11,226,184
Interest payable	760,361	-	52,303	-	812,664	5,986
Retainage payable	960	-	629,862	-	630,822	-
Deposits	-	256,281	-	9,935,513	10,191,794	-
Claims payable	-	-	-	-	-	57,844,345
Accrued liabilities	18,005,289	2,387,721	1,979,425	4,544,109	26,916,544	6,677,958
Due to other funds	1,115,533	325,680	143,785	852,675	2,437,673	5,464,911
Due to component units	-	-	-	3,995,058	3,995,058	12,611
Due to other governments	1,247,296	9,307,050	542,375	-	11,096,721	565,349
Equipment notes payable	600,423	-	-	-	600,423	-
Unearned revenue	46,954	-	331,045	3,835,653	4,213,652	-
Revenue bonds payable	2,829,809	-	1,945,000	-	4,774,809	-
Leases payable	4,771,030	-	699,708	-	5,470,738	2,111,086
Landfill closure costs	-	1,672,204	-	-	1,672,204	-
Other liabilities	30,810	557,705	3,111	41,748	633,374	-
Total Current Liabilities	<u>30,187,101</u>	<u>19,396,903</u>	<u>8,069,369</u>	<u>23,391,245</u>	<u>81,044,618</u>	<u>83,908,430</u>
Noncurrent Liabilities:						
Claims payable	-	-	-	-	-	154,485,482
Equipment note payable	762,192	-	-	-	762,192	-
Revenue bonds payable	26,317,041	-	18,968,000	-	45,285,041	-
Leases payable	37,052,553	-	11,902,693	-	48,955,246	2,133,812
Landfill closure costs	-	16,584,357	-	-	16,584,357	-
Gude landfill remediation costs	-	58,749,302	-	-	58,749,302	-
Compensated absences	1,509,717	557,831	212,936	1,435,051	3,715,535	1,547,536
Total Noncurrent Liabilities	<u>65,641,503</u>	<u>75,891,490</u>	<u>31,083,629</u>	<u>1,435,051</u>	<u>174,051,673</u>	<u>158,166,830</u>
Total Liabilities	<u>95,828,604</u>	<u>95,288,393</u>	<u>39,152,998</u>	<u>24,826,296</u>	<u>255,096,291</u>	<u>242,075,260</u>
DEFERRED INFLOWS OF RESOURCES						
Leases	-	-	1,388,628	-	1,388,628	-
Pension deferrals	11,477,691	5,706,101	2,288,408	16,816,337	36,288,537	9,498,527
Deferred revenue	-	-	-	310,022	310,022	-
Total Deferred Inflows of Resources	<u>11,477,691</u>	<u>5,706,101</u>	<u>3,677,036</u>	<u>17,126,359</u>	<u>37,987,187</u>	<u>9,498,527</u>
NET POSITION						
Net investment in capital assets	10,898,805	45,525,550	133,879,605	340,232	190,644,192	32,076,969
Restricted for:						
Transportation	-	-	12,046,489	-	12,046,489	-
Environment	-	23,625,452	-	-	23,625,452	-
Debt service	2,058,535	-	3,131,316	-	5,189,851	-
Unrestricted	32,158,677	-	-	39,231,997	71,390,674	43,857,532
Total Net Position	<u>\$ 45,116,017</u>	<u>\$ 69,151,002</u>	<u>\$ 149,057,410</u>	<u>\$ 39,572,229</u>	<u>302,896,658</u>	<u>\$ 75,934,501</u>
ADJUSTMENTS						
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					3,182,615	
Net position of business-type activities					<u>\$ 306,079,273</u>	

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, 2022**

	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds	Totals	Activities- Internal Service Funds
OPERATING REVENUES						
Sales - net	\$ 317,986,604	\$ -	\$ -	\$ -	\$ 317,986,604	\$ -
Charges for services	17,161	137,142,157	20,359,873	9,363,376	166,882,567	370,330,228
Licenses and permits	3,388,864	14,129	-	49,763,943	53,166,936	-
Fines and penalties	140,100	43,195	7,471,197	71,075	7,725,567	-
Claim recoveries	-	-	-	-	-	2,309,818
Total Operating Revenues	<u>321,532,729</u>	<u>137,199,481</u>	<u>27,831,070</u>	<u>59,198,394</u>	<u>545,761,674</u>	<u>372,640,046</u>
OPERATING EXPENSES						
Cost of goods sold	218,013,765	-	-	-	218,013,765	-
Personnel costs	32,810,348	13,483,282	3,623,318	25,694,683	75,611,631	30,902,530
Other post employment contributions	538,810	100,420	64,900	333,080	1,037,210	309,810
Postage	5,951	238,540	3,940	10,998	259,429	1,547,522
Self-insurance incurred and estimated claims	-	-	-	-	-	199,440,033
Insurance	924,537	1,570,826	37,286	743,478	3,276,127	47,355,919
Supplies and materials	805,457	1,800,043	177,328	350,787	3,133,615	28,521,621
Contractual services	4,906,589	91,880,051	6,802,423	5,226,069	108,815,132	10,574,109
Communications	259,709	190,850	179,514	353,702	983,775	531,648
Transportation	1,162,057	2,575,256	335,005	913,164	4,985,482	400,280
Public utility services	610,450	241,316	1,692,968	1,893,432	4,438,166	1,057,082
Rentals	1,621,274	89,948	137,581	291,060	2,139,863	570,776
Maintenance	1,516,947	842,653	4,231,731	205,333	6,796,664	18,709,755
Depreciation and amortization	8,050,757	2,160,545	9,729,906	143,615	20,084,823	10,892,645
Other	1,772,270	67,349	1,329,580	243,492	3,412,691	101,587
Total Operating Expenses	<u>272,998,921</u>	<u>115,241,079</u>	<u>28,345,480</u>	<u>36,402,893</u>	<u>452,988,373</u>	<u>350,915,317</u>
Operating Income (Loss)	<u>48,533,808</u>	<u>21,958,402</u>	<u>(514,410)</u>	<u>22,795,501</u>	<u>92,773,301</u>	<u>21,724,729</u>
NONOPERATING REVENUES (EXPENSES)						
Property taxes	-	-	(7,141)	-	(7,141)	-
Gain (loss) on disposal of capital assets	-	76,187	-	-	76,187	447,229
Issuance costs	(113,959)	-	(88,488)	-	(202,447)	-
Investment income	16,596	137,889	29,168	81,001	264,654	422,527
Interest expense	(1,404,120)	-	(682,586)	-	(2,086,706)	(115,064)
Other revenue	301,730	4,149,233	735,034	25,442	5,211,439	172,190
Insurance recoveries	41,723	1,792,432	230,161	-	2,064,316	771,492
Total Nonoperating Revenues (Expenses)	<u>(1,158,030)</u>	<u>6,155,741</u>	<u>216,148</u>	<u>106,443</u>	<u>5,320,302</u>	<u>1,698,374</u>
Income (Loss) Before Capital Contributions and Transfers	<u>47,375,778</u>	<u>28,114,143</u>	<u>(298,262)</u>	<u>22,901,944</u>	<u>98,093,603</u>	<u>23,423,103</u>
Transfers In (Out):						
Transfers in	-	-	115,325	25,000	140,325	-
Transfers (Out)	(35,501,037)	(3,371,630)	(6,344,736)	(7,860,740)	(53,078,143)	(518,050)
Total Transfers In (Out)	<u>(35,501,037)</u>	<u>(3,371,630)</u>	<u>(6,229,411)</u>	<u>(7,835,740)</u>	<u>(52,937,818)</u>	<u>(518,050)</u>
Change in Net Position	<u>11,874,741</u>	<u>24,742,513</u>	<u>(6,527,673)</u>	<u>15,066,204</u>	<u>45,155,785</u>	<u>22,905,053</u>
Total Net Position - Beginning of Year	<u>33,241,276</u>	<u>44,408,489</u>	<u>155,585,083</u>	<u>24,506,025</u>		<u>53,029,448</u>
Total Net Position - End of Year	<u>\$ 45,116,017</u>	<u>\$ 69,151,002</u>	<u>\$ 149,057,410</u>	<u>\$ 39,572,229</u>		<u>\$ 75,934,501</u>
ADJUSTMENTS						
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					1,582,953	
Change in net position of business-type activities					\$ 46,738,738	

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Business Type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Funds
	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 318,348,372	\$ 137,405,631	\$ 26,370,691	\$ 58,822,615	\$ 540,947,309	\$ 373,883,830
Payments to suppliers	(242,860,254)	(98,875,773)	(14,134,737)	(6,210,196)	(362,080,960)	(110,361,278)
Payments to employees	(36,392,082)	(21,109,568)	(4,507,727)	(31,994,263)	(94,003,640)	(36,118,586)
Receipt of customer deposits	-	-	-	5,605,416	5,605,416	-
Return of customer deposits	-	(13,500)	-	(3,861,499)	(3,874,999)	-
Claims paid	-	-	-	-	-	(187,316,429)
Other receipts	301,730	4,149,233	735,034	25,442	5,211,439	172,190
Internal activity - payments to other funds	-	-	-	-	-	(8,132,745)
Net Cash Provided (Used) by Operating Activities	<u>39,397,766</u>	<u>21,556,023</u>	<u>8,463,261</u>	<u>22,387,515</u>	<u>91,804,565</u>	<u>32,126,982</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Property tax collections	-	-	771	-	771	-
Insurance reimbursement claims	41,723	1,792,432	230,161	-	2,064,316	771,492
Operating subsidies and transfers from other funds	-	-	115,325	25,000	140,325	-
Operating subsidies and transfers to other funds	(35,501,037)	(3,371,630)	(6,344,736)	(7,860,740)	(53,078,143)	(518,050)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(35,459,314)</u>	<u>(1,579,198)</u>	<u>(5,998,479)</u>	<u>(7,835,740)</u>	<u>(50,872,731)</u>	<u>253,442</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(798,721)	(6,127,366)	(3,108,706)	-	(10,034,793)	(5,983,768)
Proceeds from the sale of capital assets	-	76,187	-	-	76,187	483,781
Principal paid on capital debt	(3,732,503)	-	(1,893,659)	-	(5,626,162)	-
Interest paid on capital debt	(1,090,395)	-	(406,314)	-	(1,496,709)	-
Lease payment	(5,633,125)	-	(986,066)	-	(6,619,191)	(2,179,234)
Issuance costs	(113,959)	-	(88,488)	-	(202,447)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(11,368,703)</u>	<u>(6,051,179)</u>	<u>(6,483,233)</u>	<u>-</u>	<u>(23,903,115)</u>	<u>(7,679,221)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income from pooled investments	15,487	137,889	29,162	81,001	263,539	422,527
Investment income from non-pooled investments	1,109	-	6	-	1,115	-
Net Cash Provided (Used) by Investing Activities	<u>16,596</u>	<u>137,889</u>	<u>29,168</u>	<u>81,001</u>	<u>264,654</u>	<u>422,527</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(7,413,655)</u>	<u>14,063,535</u>	<u>(3,989,283)</u>	<u>14,632,776</u>	<u>17,293,373</u>	<u>25,123,730</u>
Balances - Beginning of Year	20,742,939	100,428,496	21,014,268	41,677,322	183,863,025	226,825,606
Balances - End of Year	<u>\$ 13,329,284</u>	<u>\$ 114,492,031</u>	<u>\$ 17,024,985</u>	<u>\$ 56,310,098</u>	<u>\$ 201,156,398</u>	<u>\$ 251,949,336</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 48,533,808	\$ 21,958,402	\$ (514,410)	\$ 22,795,501	\$ 92,773,301	\$ 21,724,729
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	8,050,757	2,160,545	9,729,906	143,615	20,084,823	10,892,645
Pension expense	(4,001,049)	(2,231,068)	(935,328)	(6,374,652)	(13,542,097)	(3,349,487)
Other revenue	301,730	4,149,233	735,034	25,442	5,211,439	172,190
(Increase) Decrease in Accounts receivable	(3,185,153)	133,282	(1,313,697)	(2,114,841)	(6,480,409)	295,936
(Increase) Decrease in Lease receivable	-	263,245	(101,475)	-	161,770	-
(Increase) Decrease in Due from other funds	-	-	-	-	-	(8,132,745)
(Increase) Decrease in Due from component units	-	(262)	(64,594)	-	(64,856)	417,854
(Increase) Decrease in Due from other governments	-	71,247	(41,904)	-	29,343	529,992
(Increase) Decrease in Inventory of supplies	(4,881,158)	-	-	-	(4,881,158)	(705,966)
(Increase) Decrease in Prepaid expenses	521,680	86,120	55,670	273,790	937,260	(107,243)
Increase (Decrease) in Accounts payable and other liabilities	(958,194)	(3,149,733)	(1,745)	36,944	(4,072,728)	424,116
Increase (Decrease) in Retainage payable	-	-	278,772	-	278,772	-
Increase (Decrease) in Deposits	-	(13,500)	-	1,743,917	1,730,417	-
Increase (Decrease) in Claims payable	-	-	-	-	-	12,123,603
Increase (Decrease) in Accrued liabilities	(1,115,973)	(5,086,047)	515,823	333,156	(5,353,041)	598,961
Increase (Decrease) in Due to other fund	(345,828)	(98,834)	(36,977)	(274,652)	(756,291)	(3,061,321)
Increase (Decrease) in Due to component units	-	-	(444)	3,995,059	3,994,615	12,611
Increase (Decrease) in Due to other governments	(3,747,243)	6,891,527	74,123	(5,537)	3,212,870	64,035
Increase (Decrease) in Unearned revenue	797	-	(22,384)	3,254,303	3,232,716	-
Increase (Decrease) in Compensated absences	223,592	41,866	23,218	70,709	359,385	227,072
Increase (Decrease) in Landfill closure costs and Gude landfill remediation costs	-	(3,358,639)	-	-	(3,358,639)	-
Increase (Decrease) in Deferred inflow of resources - deferred revenue	-	-	-	(1,515,239)	(1,515,239)	-
Increase (Decrease) in Deferred inflow of resources - leases	-	(261,361)	83,673	-	(177,688)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 39,397,766</u>	<u>\$ 21,556,023</u>	<u>\$ 8,463,261</u>	<u>\$ 22,387,515</u>	<u>\$ 91,804,565</u>	<u>\$ 32,126,982</u>
Noncash investing, capital and financing activities:						
Change in fair value of investments that are not cash and cash equivalents	\$ -	\$ -	\$ 6	\$ -	\$ 6	\$ -

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2022

	Pension and Other Employee Benefit Trusts	Custodial Funds	
		External Investment Pool	Other
ASSETS			
Current Assets:			
Equity in pooled cash and investments	\$ 3,491,021	\$ 20,763,900	\$ 4,060,367
Cash	-	-	120,232
Investments:			
Government and agency obligations	128,709,832	-	-
Municipal/Provincial bonds	9,943,540	-	-
Corporate bonds	556,532,029	-	-
Commercial mortgage-backed securities	3,473,729	-	-
Common and preferred stock	1,446,274,286	-	-
Mutual and commingled funds	3,414,812,110	-	-
Short-term investments	252,317,977	-	-
Cash collateral received under securities lending agreements	211,055,568	-	-
Private real assets	502,537,465	-	-
Private equity/debt	1,190,816,455	-	-
Total Investments	7,716,472,991	-	-
Receivables (net of allowances for uncollectibles):			
Receivables and accrued interest	15,471,568	-	-
Accounts	61,137	-	4,473,426
Due from other funds	15,009,803	-	-
Due from component units	156,668	-	-
Due from other governments	4,963	-	-
Total Current Assets	7,750,668,151	20,763,900	8,654,025
Noncurrent Assets:			
Capital assets:			
Miscellaneous	900,043	-	-
Less: Accumulated depreciation	900,043	-	-
Total Capital Assets (net of accumulated depreciation)	-	-	-
Total Assets	7,750,668,151	20,763,900	8,654,025
LIABILITIES			
Current Liabilities:			
Accounts payable	213,104,475	-	158,912
Accrued liabilities	23,584,715	-	-
Deposits	-	-	2,347,772
Claims payable	4,652,159	-	-
Due to other funds	7,593,532	-	200,000
Due to other governments	-	-	1,115,394
Unearned revenue	158,000	-	3,772,023
Other liabilities	-	-	429,598
Total Current Liabilities	249,092,881	-	8,023,699
Noncurrent Liabilities:			
Compensated absences	146,074	-	-
Total Liabilities	249,238,955	-	8,023,699
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	-	-	57,599
Total Deferred Inflows of Resources	-	-	57,599
NET POSITION			
Restricted for:			
Pensions	5,968,067,083	-	-
Other postemployment benefits	1,533,362,113	-	-
External investment pool participants	-	20,763,900	-
Individuals, organizations, and other governments	-	-	572,727
Net Position	\$ 7,501,429,196	\$ 20,763,900	\$ 572,727

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, 2022**

	Pension and Other Employee Benefit Trusts	Custodial Funds	
		External Investment Pool	Other
ADDITIONS			
Contributions:			
Employers	\$ 238,541,213	\$ -	\$ -
Members	67,315,813	-	-
Federal government - Medicare Part D	17,898,804	-	-
Share purchases	-	5,893,334	-
Total Contributions	<u>323,755,830</u>	<u>5,893,334</u>	
Investment income (loss)	(558,605,283)	(11,864)	1,343
Less: Investment expenses	52,811,307	-	-
Net Investment Income (Loss)	<u>(611,416,590)</u>	<u>(11,864)</u>	<u>1,343</u>
Other income	547,006	-	-
Total Additions, net	<u>(287,113,754)</u>	<u>5,881,470</u>	<u>1,343</u>
DEDUCTIONS			
Benefits:			
Annuities:			
Retirees	220,330,653	-	-
Survivors	10,770,287	-	-
Disability	55,902,141	-	-
Claims	106,079,090	-	-
Total Benefits	<u>393,082,171</u>	<u>-</u>	<u>-</u>
Share redemptions	-	1,600,000	-
Member refunds	64,392,373	-	-
Administrative expenses	7,603,035	-	24,243
Total Deductions	<u>465,077,579</u>	<u>1,600,000</u>	<u>24,243</u>
Net Increase (Decrease)	<u>(752,191,333)</u>	<u>4,281,470</u>	<u>(22,900)</u>
Net Position - Beginning of Year	<u>8,253,620,529</u>	<u>16,482,430</u>	<u>595,627</u>
Net Position - End of Year	<u>\$ 7,501,429,196</u>	<u>\$ 20,763,900</u>	<u>\$ 572,727</u>

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

**STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2022**

	MCPS	HOC	Nonmajor Component Units	Total
ASSETS				
Equity in pooled cash and investments	\$ 93,887,076	\$ 647,753	\$ 28,064,844	\$ 122,599,673
Cash with fiscal agents	-	112,811,337	48,862,351	161,673,688
Cash	9,560,655	18,329	11,345,108	20,924,092
Investments - cash equivalents	77,133,589	38,355,971	4,502,901	119,992,461
Investments	-	-	8,386,506	8,386,506
Receivables (net of allowance for uncollectibles):				
Accounts	29,856,949	4,019,882	8,057,418	41,934,249
Notes	-	-	46,975,780	46,975,780
Mortgage	-	664,689,482	-	664,689,482
Interest	-	14,093,802	-	14,093,802
Other	48,343	19,308,806	24,733,517	44,090,666
Lease receivable	20,298,386	9,601,050	8,590,812	38,490,248
Due from primary government	51,008,117	2,191,750	11,239,738	64,439,605
Due from other governments	126,112,223	8,060,214	4,668,847	138,841,284
Inventory of supplies	11,552,003	307,623	320,594	12,180,220
Prepays	498,630	4,114,633	896,892	5,510,155
Other assets	-	68,972,503	6,444,636	75,417,139
Restricted Assets:				
Equity in pooled cash and investments	-	-	3,691,927	3,691,927
Cash with fiscal agents	-	46,969,456	-	46,969,456
Investments - cash equivalents	-	247,672,159	39,447,664	287,119,823
Investments	-	172,978,799	-	172,978,799
Capital Assets:				
Nondepreciable assets	335,228,328	415,683,542	152,077,374	902,989,244
Depreciable assets, net	3,315,208,799	935,249,944	587,083,555	4,837,542,298
Total Assets	4,070,393,098	2,765,747,035	995,390,464	7,831,530,597
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of debt	-	-	220,171	220,171
Pension deferrals	145,352,557	30,990,437	9,711,001	186,053,995
OPEB deferrals	659,325,289	6,401,277	33,046,363	698,772,929
Accumulated decrease in fair value of hedging derivatives	-	22,997,881	-	22,997,881
Total Deferred Outflow of Resources	804,677,846	60,389,595	42,977,535	908,044,976
LIABILITIES				
Accounts payable	125,735,171	34,045,449	2,363,636	162,144,256
Interest payable	-	31,704,612	860,170	32,564,782
Retainage payable	8,720,756	-	1,410,275	10,131,031
Accrued liabilities	117,092,275	25,838,525	33,527,131	176,457,931
Deposits	-	24,253,400	370,301	24,623,701
Due to primary government	650,134	104,386,273	406,074	105,442,481
Due to other governments	-	-	178,032	178,032
Unearned revenue	10,226,790	34,702,518	6,994,239	51,923,547
Other liabilities	-	104,473,134	562,970	105,036,104
Noncurrent Liabilities:				
Due within one year	41,936,435	60,848,278	12,424,670	115,209,383
Due in more than one year	3,338,168,709	1,940,007,763	216,055,220	5,494,231,692
Total Liabilities	3,642,530,270	2,360,259,952	275,152,718	6,277,942,940
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	350,638,273	23,992,290	11,068,957	385,699,520
OPEB deferrals	570,515,842	15,320,515	60,627,012	646,463,369
Leases	20,740,206	9,582,722	8,529,578	38,852,506
Accumulated increase in fair value of hedging derivatives	-	2,193,576	390,749	2,584,325
Total Deferred Inflow of Resources	941,894,321	51,089,103	80,616,296	1,073,599,720
NET POSITION				
Net investment in capital assets	3,395,580,007	(19,935,722)	643,784,640	4,019,428,925
Restricted for:				
Capital projects	-	-	383,649	383,649
Debt service	-	99,157,634	-	99,157,634
Other purposes	4,054,382	30,382,360	41,123,754	75,560,496
Unrestricted (deficit)	(3,108,988,036)	305,183,303	(2,693,058)	(2,806,497,791)
Total Net Position	\$ 290,646,353	\$ 414,787,575	\$ 682,598,985	\$ 1,388,032,913

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

**STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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	\$ 4,834,219	\$ 4,786,379	\$ 145,500	\$ -	\$ -	\$ -	\$ 97,660	\$ 97,660
Culture and recreation	23,885,554	25,073,789	-	1,608,836	-	-	2,797,071	2,797,071
Community development and housing	329,063,157	152,506,391	153,865,761	36,911,287	-	14,220,282	-	14,220,282
Education:								
Secondary education	3,317,627,555	13,936,835	379,127,641	53,020,458	(2,871,542,621)	-	-	(2,871,542,621)
Higher education	368,070,466	54,676,929	18,627,793	50,544,132	-	-	(244,221,612)	(244,221,612)
Total component units	<u>\$ 4,043,480,951</u>	<u>\$ 250,980,323</u>	<u>\$ 551,766,695</u>	<u>\$ 142,084,713</u>	<u>(2,871,542,621)</u>	<u>14,220,282</u>	<u>(241,326,881)</u>	<u>(3,098,649,220)</u>
General revenues:								
Grants and contributions not restricted to specific programs					2,912,161,507	-	279,216,722	3,191,378,229
Investment income					-	3,853,275	(4,843,834)	(990,559)
Gain (loss) on sale of capital assets					-	69,386,118	-	69,386,118
Miscellaneous					18,703,825	-	22,702	18,726,527
Total general revenues					<u>2,930,865,332</u>	<u>73,239,393</u>	<u>274,395,590</u>	<u>3,278,500,315</u>
Change in net position					59,322,711	87,459,675	33,068,709	179,851,095
Net position - beginning, as restated					<u>231,323,642</u>	<u>327,327,900</u>	<u>649,530,276</u>	<u>1,208,181,818</u>
Net position - ending					<u>\$ 290,646,353</u>	<u>\$ 414,787,575</u>	<u>\$ 682,598,985</u>	<u>\$ 1,388,032,913</u>

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 2022 | July 1, 2021 - June 30, 2022

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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 residents 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 residents 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 Organization

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 residents 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 plans that meet the GASB definition of postemployment benefit or 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 Investments

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

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, 2022. 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 Prepays

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.

Prepays

The County uses the consumption method to account for prepaids. Prepays 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 assets 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 assets 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, and changes (see Note IV-F1) 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, 2022, 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 \$1,695.5 million. Absent the effect of this relationship, the County would have reported an unrestricted net position of governmental activities in the amount of \$64.5 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 FY22.

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.

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 employee 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.

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

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
- 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.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) New Accounting Standards

The County has adopted GASB Statement No. 92, *Omnibus 2020*. This GASB Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including intra-entity transfers of assets, applicability of GASB Statements No. 73, No. 74 and No. 84, acquisition value in a government acquisition, reinsurance recoveries, nonrecurring fair value measurements and terminology used to refer to derivative instruments. The Statement was implemented for FY22 reporting purposes and has no impact on the County's financial statements and notes to the statements.

The County has adopted GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this statement is to address any accounting and financial reporting implications that result from the replacement of an Interbank offered rate (IBOR)- such as the LIBOR for hedging derivative instruments. It also amended certain provisions of Statement No. 87, *Leases*, as it relates to LIBOR. This Statement achieves the above objectives by: providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; clarifying the definition of reference rate, as it is used in Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended; and providing an exception to the lease modifications guidance in Statement No. 87, *Leases*, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. This Statement was implemented for FY22 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. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This GASB Statement requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan. It also clarifies that Statement No. 84 *Fiduciary Activities*, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements that are related to the accounting and financial reporting for Section 457 plans were implemented for FY22 reporting purposes and have no impact on the County's financial statements.

The County has adopted GASB Statement No. 99, *Omnibus 2022*. The requirements that are related to extension of the use of LIBOR, accounting for SNAP distributions, disclosure of nonmonetary transactions, pledge of future revenues by pledging governments, clarification of focus of the government-wide financial statements, and terminology updates were implemented for FY22 reporting purposes and have no impact on the County's financial statements and notes to those statements.

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.

Prior to FY22, the Revenue Stabilization Fund (RSF) balance was classified as restricted. The County has since re-evaluated and determined that the underlying establishment of constraints placed on the fund do not rise to the level requiring classification as restricted. As a result, the RSF balance is classified as committed in accordance with GASB Statement No. 54. Opening balances have been adjusted for the change, which had no impact on total net position. 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, 2022.

Revenue Stabilization Fund (RSF)

Balance – Beginning of Year	\$	444,613,587
Investment Income		705,319
FY22 Statutory Contribution		<u>142,061,171</u>
Balance – End of Year	\$	<u>587,380,077</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 \$35.7 million advance from the General Fund. Below is the inception-to-date revenue collection activity for the WFSTD balance as of June 30, 2022.

White Flint Special Taxing District (WFSTD)

Balance – Beginning of Year	\$	15,629,715
Property Taxes		<u>1,850,391</u>
Balance – End of Year	\$	<u>17,480,106</u>

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	\$ 1,907,420,313	\$ 122,599,673	\$ 2,030,019,986
Cash with fiscal agents	26,499,977	161,673,688	188,173,665
Cash	448,657	20,924,092	21,372,749
Investments - cash equivalents	-	119,992,461	119,992,461
Investments	7,716,472,991	8,386,506	7,724,859,497
Restricted equity in pooled cash and investments	38,939,952	3,691,927	42,631,879
Restricted cash with fiscal agents	-	46,969,456	46,969,456
Restricted cash	120,232	-	120,232
Restricted investments - cash equivalents	-	287,119,823	287,119,823
Restricted investments	-	172,978,799	172,978,799
Total	\$ 9,689,902,122	\$ 944,336,425	\$ 10,634,238,547
<u>Deposit and Investment Summary:</u>			
Deposits	\$ 465,490,510	\$ 277,115,709	\$ 742,606,219
Investments	9,197,342,746	307,592,170	9,504,934,916
Cash on hand, fiscal agents, safe deposit escrow	27,068,866	359,628,546	386,697,412
Total	\$ 9,689,902,122	\$ 944,336,425	\$ 10,634,238,547

* Includes \$140,933 in County Investment Pool

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

Government-wide	\$ 1,944,993,611
Fiduciary funds	7,744,908,511
Total	\$ 9,689,902,122

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 External Investment Pool 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 is 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 on 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 External Investment Pool) 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:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total Reporting Entity</u>
<u>Statement of Net Position Amounts:</u>			
Equity in pooled cash and investments	\$ 1,907,420,313	\$ 140,933	\$ 1,907,561,246
Restricted equity in pooled cash and investments	<u>38,939,952</u>	<u>-</u>	<u>38,939,952</u>
Total	<u>\$ 1,946,360,265</u>	<u>\$ 140,933</u>	<u>\$ 1,946,501,198</u>
<u>Deposit and Investment Summary:</u>			
Deposits	\$ 465,490,510	\$ -	\$ 465,490,510
Investments, including accrued interest	<u>1,480,869,755</u>	<u>140,933</u>	<u>1,481,010,688</u>
Total	<u>\$ 1,946,360,265</u>	<u>\$ 140,933</u>	<u>\$ 1,946,501,198</u>

DepositsCustodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require that securities underlying certificates of deposit have a market value that equals or exceeds the cost of the deposit while County investment policy requires a market value of at least 102 percent of the cost of the deposit. Appropriate sections of these cited statutes also require that funds on deposit in financial institutions be fully secured. The form of such security shall be in compliance with State statutes and the County Code. Collateral pledged for the 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 to create 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. An 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 that 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, 2022

Investments by fair value level	June 30, 2022	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2
Repurchase Agreements	\$ 550,000,000	\$ -	\$ 550,000,000
U.S. Agency Securities	392,932,999	-	392,932,999
U.S. Treasury Securities	227,519,350	227,519,350	-
Commercial paper	109,243,779	-	109,243,779
Total investments by fair value level	<u>1,279,696,128</u>	<u>\$ 227,519,350</u>	<u>\$ 1,052,176,778</u>
Investments measured at amortized cost:			
Maryland Local Government Investment Pool	200,268,126		
Total investments measured at amortized cost	<u>200,268,126</u>		
Total investments	<u>\$ 1,479,964,254</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, 2022, the County had one investment with a maturity over 12 months (1-3 years) with a fair value of \$156,256,836.

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 secure. 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)

Investment Type:	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, 2022, 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:	<u>Maximum percent of Portfolio*</u>
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 (15.09% Federal Home Loan Banks (FHLB), 7.18% Federal Farm Credit Bank (FFCB), 2.54% Freddie Mac (FHLMC), 0.94% Fannie Mae (FNMA)), an aggregated 7.12% of Commercial Paper (0.97% Bank of Montreal, 0.96% JP Morgan Securities, 0.98% Nordea Bank, 1.61% Royal Bank of Canada, 0.97% Rabobank, 1.62% Toronto Dominion Bank), and 13.05% 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, 2022, are as follows:

Statement of Net Position June 30, 2022

Assets:	
Investment in securities, at fair value	\$ 1,479,964,254
Cash	465,490,510
Accrued interest receivable	1,046,434
	<u>1,046,434</u>
Total assets and net position	<u>\$ 1,946,501,198</u>
Net position consists of:	
Internal participants' units outstanding (\$1.00 par), unrestricted	\$ 1,925,737,298
External participants' units outstanding (\$1.00 par)	20,763,900
	<u>20,763,900</u>
Net position	<u>\$ 1,946,501,198</u>
Participants net position value, offering price and redemption price per share (\$1,946,501,198/1,951,204,352 units)	<u>\$ 1.00</u>

Statement of Changes in Net Position For the Fiscal Year Ended June 30, 2022

Investment Income *	\$ 1,820,745
Distributions to participants:	
Distributions paid and payable	(1,820,745)
Share transactions at net position value of \$1.00 per share:	
Purchase of units	\$ 11,950,529,016 *
Redemption of units	<u>(11,616,037,501)</u>
Net increase (decrease) in net position and shares resulting from share transactions	<u>334,491,515 *</u>
Total increase (decrease) in net position	<u>334,491,515 *</u>
Net position, July 1, 2021	<u>1,612,009,683</u>
Net position, June 30, 2022	<u>\$ 1,946,501,198</u>

* 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 \$2,337,257 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 \$12,398,344 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 \$9,705,841 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 \$2,058,535 is held in money market funds for the purpose of debt service.

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, 2022, the fair value of the mutual and commingled investment funds was \$612,163,832. The fair value of the investments in international mutual funds was \$142,888,491.

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, 2022, the fair value of the mutual and commingled investment funds was \$515,583,856. The fair value of the investments in international mutual funds included in the County DCP was \$70,709,381.

Consolidated Retiree Health Benefits Trust (CRHBT):

Section 33-163 of the Code authorizes the Board of Trustees of the Consolidated Retiree Health Benefits Trust to act with the care, skill, prudence and diligence under the circumstances that a prudent person acting in a similar capacity and

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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, 2022	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	\$ 128,709,832	\$ -	\$ 128,709,832	\$ -
Municipal/Provincial obligations	9,943,540	-	9,943,540	-
Asset-backed securities	-	-	-	-
Corporate bonds	556,532,029	-	553,230,135	3,301,894
Commercial mortgage-backed securities	3,473,729	-	3,473,729	-
Total debt securities	<u>698,659,130</u>	<u>-</u>	<u>695,357,236</u>	<u>3,301,894</u>
Equity Securities				
Self directed - various securities	24,267,546	24,267,546	-	-
Consumer goods	169,446,940	169,426,212	-	20,728
Energy	82,400,410	81,857,403	56,764	486,243
Financial services	112,814,504	112,814,504	-	-
Health care	149,281,965	149,281,965	-	-
Industrials	179,946,411	179,946,411	-	-
Information technology	224,128,806	224,045,723	-	83,083
Materials	36,362,259	36,277,881	-	84,378
Telecommunication services	78,416,342	75,361,826	2,878,075	176,441
Utilities	121,245,760	121,245,760	-	-
Real Estate	292,230,889	292,230,889	-	-
Total equity securities	<u>1,470,541,832</u>	<u>1,466,756,120</u>	<u>2,934,839</u>	<u>850,873</u>
Securities lending collateral fund	211,055,568	-	211,055,568	-
Total investments by fair value level	<u>2,380,256,530</u>	<u>\$ 1,466,756,120</u>	<u>\$ 909,347,643</u>	<u>\$ 4,152,767</u>

Investments measured at the net asset value (NAV)

Commingled equity funds	1,110,871,350
Commingled bond funds	894,081,940
Commingled funds (other)	605,892,183
Hedge fund	383,449,965
Fund-of-hedge funds	313,010,384
Private real assets	502,537,465
Private equity/debt	<u>1,190,816,455</u>
Total investments measured at the NAV	<u>5,000,659,742</u>

Investments measured at amortized cost

Short-term investments	<u>252,317,978</u>
Total investment measured at amortized cost	252,317,978
Synthetic guaranteed investments contracts measured at contract value	<u>83,238,741</u>
Total investments	<u>\$ 7,716,472,991</u>

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	\$ (1,004,714)	\$ -	\$ (1,004,714)	\$ -
Credit default swaps	(652,534)	-	(652,534)	-
Total investments derivative instruments	\$ (1,657,248)	\$ -	\$ (1,657,248)	\$ -

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	\$ 498,564,898	\$ -	Daily, Weekly, Monthly	0-30 days
Commingled bond funds	605,785,453	-	Daily, Monthly	0-5 days
Commingled funds (other)	10,408,479	-	Daily	None
Hedge funds	292,426,530	-	Monthly, Quarterly	5-90 days
Fund-of-hedge funds	245,051,754	-	Quarterly	95 days
Private real assets	433,852,253	91,581,608	Not eligible	N/A
Private equity/debt	971,247,096	268,377,892	Not eligible	N/A
Total investments measured at the NAV	\$ 3,057,336,463	\$ 359,959,500		

Employees' Retirement Savings Plan:

Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	\$ 97,470,512	\$ -	Daily	None
Commingled bond funds	11,526,581	-	Daily	None
Commingled funds (other)	468,933,801	-	Daily	None
Total investments measured at the NAV	\$ 577,930,894	\$ -		

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	\$ 279,772,152	\$ -	Daily	None
Commingled bond funds	37,491,317	-	Daily	None
Commingled funds (other)	126,549,903	-	Daily	None
Total investments measured at the NAV	<u>\$ 443,813,372</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	\$ 235,063,788	\$ -	Daily, Weekly, Monthly	0-30 days
Commingled bond funds	239,278,589	-	Daily, Monthly	0-5 days
Hedge fund	91,023,435	-	Monthly	5 days
Fund-of-hedge funds	67,958,630	-	Quarterly	95 days
Private real assets	68,685,212	10,061,952	Not eligible	N/A
Private equity/debt	219,569,359	35,591,855	Not eligible	N/A
Total investments measured at the NAV	<u>\$ 921,579,013</u>	<u>\$ 45,653,807</u>		

Commingled Bond Funds, Equity Funds and Other

Six bond funds, eight equity funds and one other funds are considered to be commingled in nature for the ERS and five bond funds and ten equity funds are considered for RSP and DCP while five bond funds, eight 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.

Fund-of-Hedge Funds

The fair value of these funds are based upon information provided by underlying hedge fund investments using the NAV per share of the funds. Fund-of-hedge funds provide additional opportunities in terms of manager access, investment structuring, and fees. These funds also could be subject to varying degrees of redemption restrictions based on market conditions that may impact their underlying portfolios.

Private Real Assets

The portfolios consist of forty and thirty-five 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, 2022. 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-eight and sixty-six 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, 2022. Net asset values one quarter in arrears plus current quarter cash flows are used

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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.

Credit Risk/Concentration of Credit Risk

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

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2022, are as follows:

Employees' Retirement System:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AA+	\$ 90,178,064	7.03%
Foreign Government Obligations	BBB	347,406	0.03
	BB	225,248	0.02
	Unrated	147,780	0.01
Commercial Mortgage Backed Securities	B	963,780	0.08
	Unrated	1,717,499	0.13
Municipal/Provincial Bonds	AAA	4,205,112	0.33
	AA	2,136,366	0.17
	A	560,492	0.04
Corporate Bonds	AAA	1,442,390	0.11
	AA	8,450,392	0.66
	A	27,504,444	2.14
	BBB	72,568,840	5.65
	BB	132,465,237	10.32
	B	115,653,305	9.01
	CCC	29,278,981	2.28
	CC	721,899	0.06
	C	587,796	0.05
	D	285,397	0.02
Fixed Income Pooled Funds	Unrated	14,516,206	1.13
	Unrated	605,785,453	47.18
Short-term Investments and Other	Unrated	173,905,699	13.55
		<u>\$ 1,283,647,786</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+	\$ 37,609,967	7.34%
Foreign Government Obligations	BBB	125,023	0.02
	BB	76,345	0.01
Commercial Mortgage-Backed Securities	BB	125,470	0.02
	B	89,057	0.02
	Unrated	577,922	0.11
Municipal/Provincial Bonds	AAA	1,893,669	0.37
	AA	899,168	0.18
	A	248,733	0.05
Corporate Bonds	AAA	639,684	0.12
	AA	3,636,498	0.71
	A	11,523,164	2.25
	BBB	30,774,135	6.01
	BB	49,630,485	9.69
	B	41,770,823	8.15
	CCC	10,077,332	1.97
	CC	186,647	0.04
	C	195,147	0.04
	D	92,728	0.02
	Unrated	4,530,499	0.88
Fixed Income Pooled Funds	Unrated	239,278,589	46.70
Short-term Investments and Others	Unrated	78,412,278	15.30
Total Fixed Income Securities		<u>\$ 512,393,363</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, 2022, 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	16.10	\$ 90,178,064	7.03%
Foreign Government Obligations	5.64	720,434	0.06
Commercial Mortgage-Backed Securities	1.75	2,681,279	0.21
Municipal/Provincial Obligations	14.32	6,901,970	0.54
Corporate Bonds	5.94	403,474,887	31.43
Fixed Income Pooled Funds	N/A	605,785,453	47.18
Short-term Investments and Other *	N/A	173,905,699	13.55
Total Fixed Income Securities		<u>\$ 1,283,647,786</u>	<u>100.00%</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Consolidated Retiree Health Benefits Trust:

Type of Investment	Effective Duration in Years	Fair Value	Percentage of Portfolio
U.S. Government Obligations	16.33	\$ 37,609,967	7.34%
Foreign Government Obligations	6.56	201,368	0.04
Commercial Mortgage-Backed Securities	1.13	792,449	0.15
Municipal/Provincial Obligations	14.13	3,041,570	0.59
Corporate Bonds	6.23	153,057,142	29.88
Fixed Income Pooled Funds	N/A	239,278,589	46.70
Short-term Investments and Other *	N/A	78,412,278	15.30
Total Fixed Income Securities		\$ 512,393,363	100.00%

* 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
British pound sterling	\$ 42,240,711	\$ -	\$ 7,028,427	\$ 49,269,138
Canadian dollar	33,438,089	-	12,126,230	45,564,319
Hong Kong dollar	31,662,569	-	(6,439,067)	25,223,502
Japanese yen	37,418,925	-	(13,014,440)	24,404,485
Indian rupee	-	-	16,463,031	16,463,031
Swedish krona	8,472,279	-	7,876,577	16,348,856
Malaysian ringgit	23,970	-	8,901,675	8,925,645
Chilean peso	-	-	8,317,646	8,317,646
Danish krone	7,515,281	-	292	7,515,573
Indonesian rupiah	94,460	-	6,597,053	6,691,513
Other Currencies	112,109,904	-	(239,928,877)	(127,818,973)
Total International Securities	\$ 272,976,188	\$ -	\$ (192,071,453)	\$ 80,904,735

Consolidated Retiree Health Benefits Trust:

International Securities	Equity	Fixed Income	Short-term and Other	Total Non-U.S. Dollar
Canadian dollar	\$ 8,278,965	\$ -	\$ 4,574,318	\$ 12,853,283
British pound sterling	9,262,128	-	1,833,458	11,095,586
Hong Kong dollar	7,072,102	-	(1,664,844)	5,407,258
Swedish krona	2,575,555	-	2,090,979	4,666,534
Indian rupee	-	-	4,115,758	4,115,758
Japanese yen	7,801,630	-	(3,910,846)	3,890,784
Malaysian ringgit	-	-	2,225,419	2,225,419
Chilean peso	-	-	2,079,411	2,079,411
Danish krone	2,023,169	-	539	2,023,708
Indonesian rupiah	-	-	1,649,263	1,649,263
Other Currencies	28,121,721	-	(60,202,434)	(32,080,713)
Total International Securities	\$ 65,135,270	\$ -	\$ (47,208,979)	\$ 17,926,291

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 FY22, 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, 2022, the ERS held 119 long US Treasury futures contracts with a fair value of \$17,565,250 and the CRHBT Fund held 91 long US Treasury futures contracts with a fair value of \$13,432,250. The ERS also held 25 currency futures contracts with a fair value of \$1,942,500 and 693 equity futures contracts with a fair value of \$70,038,943 and the CRHBT held 15 currency futures contracts with a fair value of \$1,165,500 and 386 equity futures contracts with fair value of \$40,747,917. In addition, the ERS held 1,301 commodity futures contracts with fair value of \$235,145,492 and the CRHBT held 406 commodity futures contracts with fair value of \$73,378,618.

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, 2022, the ERS held \$834,635,121 buy foreign exchange contracts and (\$835,427,492) sell foreign exchange contracts with unrealized gain of \$792,371 while the CRHBT held \$212,839,700 buy foreign exchange contracts and (\$213,052,043) sell foreign exchange contracts with unrealized gain of \$212,343.

Credit default swaps are financial instruments used to replicate the effect of investing in debt obligations or corporate bond issuers as a means to manage bond exposure, effectively buying or selling insurance protection in case of default. Credit default may be specific to an individual security or to a specific market sector (index swaps). As of June 30, 2022, the ERS held one credit default swap index sell contract with a fair value of (\$481,711) and notional amount of \$17,453,106 and the CRHBT held one credit default swap sell contract with a fair value of (\$170,823) and notional amount of \$6,189,183.

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

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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, 2022, the fair value of securities on loan was \$375,152,258 and \$86,894,929 for the ERS and CRHBT, respectively. Cash received as collateral and the related liability of \$191,146,313 and \$19,909,255 as of June 30, 2022 for the ERS and CRHBT, respectively, are shown on the Statement of Fiduciary Net Position. Securities received as collateral are not reported as assets since the ERS or CRHBT does not have the ability to pledge or sell the collateral securities absent borrower default. For ERS, securities lending revenues and expenses amounting to \$1,181,873 and \$375,532, 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 \$173,902 and \$11,070, 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, 2022:

Employees' Retirement System:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
Government Obligations	\$ 19,041,781	\$ -	\$ 19,387,946
Corporate Bonds	128,906,487	-	132,879,417
Equities	37,469,419	-	38,878,950
Lent for Non-Cash Collateral:			
Government Obligations	48,432,516	51,145,251	-
Corporate Bonds	11,700,610	12,388,887	-
Equities	129,601,445	138,944,354	-
Total	<u>\$ 375,152,258</u>	<u>\$ 202,478,492</u>	<u>\$ 191,146,313</u>

Consolidated Retiree Health Benefits Trust:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
Government Obligations	\$ 950,237	\$ -	\$ 965,170
Corporate Bonds	17,084,010	-	17,660,239
Equities	1,237,581	-	1,283,846
Lent for Non-Cash Collateral:			
Government Obligations	21,282,640	22,450,137	-
Corporate Bonds	1,682,176	1,733,601	-
Equities	44,658,285	48,263,534	-
Total	<u>\$ 86,894,929</u>	<u>\$ 72,447,272</u>	<u>\$ 19,909,255</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, 2022, 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, 2022, 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 MLGIP 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, 2022 was P-1.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

At June 30, 2022, 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	\$ 28,994,758	N/A			
Opportunity Housing Sub-Fund:					
Investment in MLGIP	3,193,246	AAAm			
Money Market Accounts	26,714,401	N/A			
Public Sub-Fund:					
Investment in MLGIP	1,949,464	AAAm			
Multi-Family Sub-Fund:					
Money Market Accounts	137,520,918	N/A			
Single Family Fund:					
Money Market Accounts	80,274,797	N/A			
Real Estate Limited Partnership:					
Investment in MLGIP	-	N/A			
Certificate of Deposit	-	N/A			
Money Market Accounts	5,477,475	N/A			
Total cash, cash equivalents and investments	<u>284,125,059</u>				
<u>Short-term Investments:</u>					
Single Family Sub-Fund:					
GNMA Pass through Certificates	829,222	Aaa			
FNMA Pass through Certificates	773,778	Aaa			
FHLMC MBS	104,539	Aaa			
U.S. Treasuries	1,851,160	Aaa			
Federal Home Loan Mortgage Corp.	38,294	Aaa			
Total short-term investments	<u>\$ 3,596,993</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	\$ 592,506	\$ 592,506	\$ -	\$ -	AA/Aa2
Fannie Mae	2,808,460	-	2,808,460	-	Aaa
Federal Farm Credit Banks	5,555,733	582,093	1,247,325	3,726,315	Aaa
Federal Home Loan Banks	873,556	-	873,556	-	Aaa
Federal Home Loan Mtg Corp	812,111	-	-	812,111	Aaa
Mass Mutual Life Ins. GIC	55,000,000	55,000,000	-	-	Unrated
U.S. Treasuries	1,161,756	1,161,756	-	-	N/A
Single Family Sub-Fund:					
Fannie Mae	955,213	-	955,213	-	Aaa
Federal Farm Credit Banks	6,063,305	-	6,063,305	-	Aaa
Federal Home Loan Banks	8,599,608	-	-	8,599,608	Aaa
Federal Home Loan Mtg Corp	3,885,602	-	1,472,794	2,412,808	Aaa
FHLMC MBS	4,730,523	-	-	4,730,523	Aaa
FNMA Pass-through Certificates	36,570,799	-	-	36,570,799	Aaa
GNMA Pass-through Certificates	36,844,419	-	-	36,844,419	Aaa
Tennessee Valley Authority	3,765,374	-	-	3,765,374	AA+
U.S. Treasuries	1,162,841	-	1,162,841	-	N/A
Total long-term investments	<u>\$ 169,381,806</u>	<u>\$ 57,336,355</u>	<u>\$ 14,583,494</u>	<u>\$ 97,461,957</u>	
Cash balances	<u>162,349,946</u>				
Total cash, cash equivalents and investments	<u>\$ 619,453,804</u>				

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Fair Value Measurement

The HOC 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, 2022	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	\$ 2,808,460	\$ -	\$ 2,808,460	\$ -
Federal Farm Credit Banks	11,619,038	-	11,619,038	-
Federal Home Loan Banks	9,473,164	-	9,473,164	-
Federal Home Loan Mortgage Corp	4,736,007	-	4,736,007	-
FNMA Pass-Through Certificates	37,344,577	-	37,344,577	-
GNMA Pass-Through Certificates	37,673,641	-	37,673,641	-
FHLMC Pass-Through Certificates	4,835,062	-	4,835,062	-
Investment Agreements	592,506	-	592,506	-
Mass Mutual Life Insurance GIC	55,000,000	-	55,000,000	-
Tennessee Valley Authority	3,765,374	-	3,765,374	-
Freddie Mac	955,213	-	955,213	-
U.S. Treasuries	4,175,757	4,175,757	-	-
Total investments by fair value level	\$ 172,978,799	\$ 4,175,757	\$ 168,803,042	\$ -
Investment Derivative Instruments				
Hedging Derivative Instrument	465,894	(393,712)	859,606	-
Total investments by fair value level	\$ 173,444,693	\$ 3,782,045	\$ 169,662,648	\$ -

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, 2022, 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	\$ 494,280,981	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 494,280,981
Property taxes	24,475,100	-	-	-	-	16,279,232	40,754,332
Accounts	15,096,335	-	380,461	-	1,622,024	12,074,335	29,173,155
Notes	395,568	-	3,983,517	21,925,000	-	-	26,304,085
Parking violations	1,090,826	-	-	-	-	549,472	1,640,298
Mortgages	338,859	241,584,911	48,814,738	-	-	1,789,630	292,528,138
Interest	47,871	-	-	-	-	-	47,871
Total receivables	535,725,540	241,584,911	53,178,716	21,925,000	1,622,024	30,692,669	884,728,860
Allowance for uncollectible accounts	(595,221)	(27,360,792)	(3,983,517)	-	-	(10,121,638)	(42,061,168)
Total receivable (net)	\$ 535,130,319	\$ 214,224,119	\$ 49,195,199	\$ 21,925,000	\$ 1,622,024	\$ 20,571,031	\$ 842,667,692
Amounts not scheduled for collection during the subsequent year	\$ 338,859	\$ 241,584,911	\$ 52,798,255	\$ -	\$ -	\$ 1,789,630	\$ 296,511,655

	Liquor	Solid Waste Activities	Parking Lot Districts	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Property taxes	\$ -	\$ -	\$ 280,741	\$ -	\$ 280,741	\$ -
Accounts	8,506,275	3,217,332	148,610	4,631,631	16,503,848	332,983
Parking violations	-	-	5,369,207	-	5,369,207	-
Interest	-	-	2,441	-	2,441	-
Total receivables	8,506,275	3,217,332	5,800,999	4,631,631	22,156,237	332,983
Allowance for uncollectible accounts	(3,211,017)	(44,530)	(3,085,674)	(86,481)	(6,427,702)	-
Total receivable (net)	\$ 5,295,258	\$ 3,172,802	\$ 2,715,325	\$ 4,545,150	\$ 15,728,535	\$ 332,983
Amounts not scheduled for collection during the subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

The balances at June 30, 2022, were:

Due from Component Units / Due to Primary Government:

Due from Component Units: Due to Primary Government:	MCPS	MC	MCRA	HOC	BUP	Total
General	\$ 589,490	\$ 3,159	\$ 45,630	\$ 44,647	\$ -	\$ 682,926
Housing Initiative	-	-	-	79,873,338	-	79,873,338
Grants	-	-	-	10,405,278	-	10,405,278
Debt Service	-	-	139,960	-	-	139,960
Capital Projects	-	-	-	13,565,942	-	13,565,942
Solid Waste Activities						
Enterprise	-	699	-	-	-	699
Parking Lot Districts						
Enterprise	-	-	-	315,703	-	315,703
Internal Service	60,644	-	214,001	27,322	-	301,967
Fiduciary	-	-	2,625	154,043	-	156,668
Total Due to Primary Government	\$ 650,134	\$ 3,858	\$ 402,216	\$ 104,386,273	\$ -	\$ 105,442,481

Due to Component Units / Due from Primary Government:

Due to Component Units: Due from Primary Government:	MCPS	MC	MCRA	HOC	BUP	Total
General	\$ 2,191,467	\$ 1,495	\$ 75,005	\$ 16,830	\$ 307,665	\$ 2,592,462
Housing Initiative	-	-	-	586,060	-	586,060
Debt Service	-	25	-	-	-	25
Grants	8,524	10,595	-	3,312	-	22,431
Capital Projects	44,800,457	10,783,755	-	1,585,548	-	57,169,760
Nonmajor Governmental	-	-	-	-	61,198	61,198
Nonmajor Enterprise	3,995,058	-	-	-	-	3,995,058
Internal Service	12,611	-	-	-	-	12,611
Total Due from Primary Government	\$ 51,008,117	\$ 10,795,870	\$ 75,005	\$ 2,191,750	\$ 368,863	\$ 64,439,605

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

- \$10.4 million due from HOC to the Grants Special Revenue Fund and \$13.6 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.
- \$79.9 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.
- \$44.8 million due to MCPS and \$10.8 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, 2022, was comprised of the following:

	General	Grants	Capital Projects	Solid Waste Activities	Parking Lot Districts	Nonmajor Governmental	Internal Service	Fiduciary	Total
Federal government	\$ 266,112	\$ 38,348,749	\$ 6,245,854	\$ 8,017	\$ -	\$ 12,300	\$ -	\$ -	\$ 44,881,032
State of Maryland	29,738,311	18,927,909	734,911	-	-	-	332,283	4,034	49,737,448
Other	903,144	4,082,171	3,913,986	8,039	240,284	40,495,748	746,520	929	50,390,821
Total	\$ 30,907,567	\$ 61,358,829	\$ 10,894,751	\$ 16,056	\$ 240,284	\$ 40,508,048	\$ 1,078,803	\$ 4,963	\$ 145,009,301

4) Due to Other Governments

The total amount due to other governments at June 30, 2022 is \$170.8 million. This amount is comprised mainly of \$134.7 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 which started 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, 2022, was as follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Governmental Activities				
Nondepreciable Capital Assets:				
Land	\$ 1,129,543,310	\$ 38,910,054	\$ -	\$ 1,168,453,364
Construction in progress	1,651,059,038	193,251,600	183,249,539	1,661,061,099
Total Nondepreciable Capital Assets	<u>2,780,602,348</u>	<u>232,161,654</u>	<u>183,249,539</u>	<u>2,829,514,463</u>
Depreciable and Amortizable Capital Assets:				
Buildings	1,283,538,228	48,960,479	-	1,332,498,707
Improvements other than buildings	169,706,392	3,674,452	229,792	173,151,052
Furniture, fixtures, equipment and machinery	254,376,783	7,909,421	335,988	261,950,216
Leasehold improvements	17,924,190	-	-	17,924,190
Automobiles and trucks	352,620,259	5,217,915	4,514,066	353,324,108
Infrastructure	2,582,922,094	54,415,978	-	2,637,338,072
Other assets	137,300,867	-	-	137,300,867
Right-to-use leased buildings	130,185,413	24,750,826	127,931	154,808,308
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	<u>4,939,094,870</u>	<u>144,929,071</u>	<u>5,207,777</u>	<u>5,078,816,164</u>
Less Accumulated Depreciation and Amortization for:				
Buildings	525,508,004	28,195,977	-	553,703,981
Improvements other than buildings	37,210,970	3,808,783	104,938	40,914,815
Furniture, fixtures, equipment and machinery	213,139,878	7,918,716	245,278	220,813,316
Leasehold improvements	13,942,746	1,055,004	-	14,997,750
Automobiles and trucks	245,716,830	23,750,965	4,467,709	265,000,086
Infrastructure	956,453,879	50,819,228	-	1,007,273,107
Other assets	45,171,790	3,649,624	-	48,821,414
Right-to-use leased buildings	15,745,405	15,546,408	127,931	31,163,882
Right-to-use leased land	203,737	203,737	-	407,474
Right-to-use leased equipment	1,740,016	1,740,016	-	3,480,032
Total Accumulated Depreciation and Amortization	<u>2,054,833,255</u>	<u>136,688,458</u>	<u>4,945,856</u>	<u>2,186,575,857</u>
Total Depreciable and Amortizable Assets, net	<u>2,884,261,615</u>	<u>8,240,613</u>	<u>261,921</u>	<u>2,892,240,307</u>
Governmental Activities Capital Assets, net	<u>\$ 5,664,863,963</u>	<u>\$ 240,402,267</u>	<u>\$ 183,511,460</u>	<u>\$ 5,721,754,770</u>
Business-Type Activities				
Nondepreciable Capital Assets:				
Land	\$ 58,444,081	\$ -	\$ -	\$ 58,444,081
Construction in progress	1,449,502	6,186,512	1,449,502	6,186,512
Total Nondepreciable Capital Assets	<u>59,893,583</u>	<u>6,186,512</u>	<u>1,449,502</u>	<u>64,630,593</u>
Depreciable and Amortizable Capital Assets:				
Buildings	301,677,491	1,179,122	-	302,856,613
Improvements other than buildings	202,890,638	3,108,706	-	205,999,344
Furniture, fixtures, equipment and machinery	37,615,609	789,474	712,019	37,693,064
Infrastructure	14,351	-	-	14,351
Automobiles and trucks	8,644,141	220,480	-	8,864,621
Right-to-use leased buildings	64,000,267	1,045,730	505,038	64,540,959
Right-to-use leased equipment	34,755	-	-	34,755
Total Depreciable and Amortizable Capital Assets	<u>614,877,252</u>	<u>6,343,512</u>	<u>1,217,057</u>	<u>620,003,707</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Less Accumulated Depreciation and Amortization for:				
Buildings	184,840,520	7,197,503	-	192,038,023
Improvements other than buildings	147,002,748	3,244,631	-	150,247,379
Furniture, fixtures, equipment and machinery	27,692,533	2,734,388	712,019	29,714,902
Infrastructure	8,467	574	-	9,041
Automobiles and trucks	3,616,687	607,058	-	4,223,745
Right-to-use leased buildings	6,162,052	6,283,999	505,038	11,941,013
Right-to-use leased equipment	16,670	16,670	-	33,340
Total Accumulated Depreciation and Amortization	<u>369,339,677</u>	<u>20,084,823</u>	<u>1,217,057</u>	<u>388,207,443</u>
Total Depreciable and Amortizable Assets, net	<u>245,537,575</u>	<u>(13,741,311)</u>	<u>-</u>	<u>231,796,264</u>
Business-Type Activities Capital Assets, net	<u>\$ 305,431,158</u>	<u>\$ (7,554,799)</u>	<u>\$ 1,449,502</u>	<u>\$ 296,426,857</u>

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

Governmental activities:	
General government	\$ 38,040,978
Public safety	7,703,985
Transportation	78,762,200
Health and human services	1,868,440
Culture and recreation	7,772,312
Community development and housing	590,263
Environment	<u>1,950,280</u>
Total depreciation/amortization expense-governmental activities	<u>\$ 136,688,458</u>
Business-type activities:	
Liquor	\$ 8,050,757
Solid waste activities	2,160,545
Parking lot districts	9,729,906
Permitting services	<u>143,615</u>
Total depreciation/amortization expense-business-type activities	<u>\$ 20,084,823</u>

Construction commitments as of June 30, 2022, are as follows:

	Construction Commitments
General Government	\$ 59,035,172
Public Safety	8,113,569
Transportation	91,611,960
Culture & Recreation	320,076
Community Development and Housing	3,158,553
Environment	<u>10,967,080</u>
Total	<u>\$ 173,206,410</u>

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

Capital assets of MCPS, amounting to \$3,650,437,127 at June 30, 2022, are significant in relation to the total component unit capital assets.

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Governmental Activities				
Nondepreciable capital assets:				
Land	\$ 113,117,160	\$ -	\$ -	\$ 113,117,160
Construction in progress	199,332,390	180,440,724	157,661,946	222,111,168
Total nondepreciable capital assets	<u>312,449,550</u>	<u>180,440,724</u>	<u>157,661,946</u>	<u>335,228,328</u>
Depreciable capital assets:				
Buildings and improvements	4,098,756,472	150,576,832	-	4,249,333,304
Site improvements	496,464,536	21,277,470	-	517,742,006
Vehicles and equipment	217,705,962	16,314,310	14,601,562	219,418,710
Right of use lease asset, building	-	33,132,014	-	33,132,014
Right of use lease asset, vehicle	-	12,964,546	-	12,964,546
Total depreciable capital assets	<u>4,812,926,970</u>	<u>234,265,172</u>	<u>14,601,562</u>	<u>5,032,590,580</u>
Less accumulated depreciation for:				
Buildings and improvements	1,528,325,386	108,862,503	-	1,637,187,889
Site improvements	110,585,321	8,345,779	-	118,931,100
Vehicles and equipment	123,251,455	15,248,480	14,494,247	124,005,688
Right of use lease asset, building	-	1,211,074	-	1,211,074
Right of use lease asset, vehicle	-	914,167	-	914,167
Total accumulated depreciation	<u>1,762,162,162</u>	<u>134,582,003</u>	<u>14,494,247</u>	<u>1,882,249,918</u>
Total depreciable capital assets, net	<u>3,050,764,808</u>	<u>99,683,169</u>	<u>107,315</u>	<u>3,150,340,662</u>
Government activities capital assets, net	<u>\$ 3,363,214,358</u>	<u>\$ 280,123,893</u>	<u>\$ 157,769,261</u>	<u>\$ 3,485,568,990</u>
Business-Type Activities				
Depreciable capital assets:				
Vehicles and equipment	\$ 23,467,828	\$ -	\$ 116,633	\$ 23,351,195
Right of use lease asset, building	-	161,281,632	-	161,281,632
Total depreciable capital assets	<u>23,467,828</u>	<u>161,281,632</u>	<u>116,633</u>	<u>184,632,827</u>
Less accumulated depreciation for:				
Vehicles and equipment	16,596,806	1,238,490	113,137	17,722,159
Right of use lease asset, building	-	2,042,531	-	2,042,531
Total accumulated depreciation	<u>16,596,806</u>	<u>3,281,021</u>	<u>113,137</u>	<u>19,764,690</u>
Business-type activities capital assets, net	<u>\$ 6,871,022</u>	<u>\$ 158,000,611</u>	<u>\$ 3,496</u>	<u>\$ 164,868,137</u>
Total MCPS government-wide capital assets				<u>\$ 3,650,437,127</u>

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

Governmental activities:	
Regular instruction	\$ 101,828,624
Special education	141,467
Student transportation	14,355,297
Operation of plant	1,602,520
Maintenance of plant	16,484,329
Administration	158,915
Community services	10,851
Total depreciation expense-governmental activities	<u>\$ 134,582,003</u>
Business-type activities:	
Food services	\$ 1,215,969
Real estate management	2,042,531
Entrepreneurial	22,521
Total depreciation expense-business type activities	<u>\$ 3,281,021</u>

Commitments for ongoing construction in progress at June 30, 2022, were \$379,018,535.

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, 2022 , is as follows:

Due To Fund	Due From Fund			Total
	General	Internal Service	Fiduciary	
General	\$ -	\$ 7,617,338	\$ 5,542,946	\$ 13,160,284
Housing Initiative	-	14,812	17,302	32,114
Grants	42,570,511	249,221	158,616	42,978,348
Capital Projects	108,295,974	239,087	217,136	108,752,197
Liquor	367,651	536,358	211,524	1,115,533
Solid Waste Activities	95,447	131,350	98,883	325,680
Parking Lot Districts	45,960	51,836	45,989	143,785
Nonmajor Governmental	-	3,048,948	3,551,199	6,600,147
Nonmajor Enterprise	283,985	319,993	248,697	852,675
Internal Service	228,243	336,599	4,900,069	5,464,911
Fiduciary	200,000	7,576,090	17,442	7,793,532
Total	<u>\$ 152,087,771</u>	<u>\$ 20,121,632</u>	<u>\$ 15,009,803</u>	<u>\$ 187,219,206</u>

Included in the amounts presented above are the following short-term loans from the General Fund that were, or will be, repaid during FY23:

- \$42.6 million to the Grants Special Revenue Fund to cover vendor payments prior to revenues being received from other government agencies.
- \$108.3 million to the Capital Projects Fund to cover construction payments, due primarily to the timing of reimbursements from Federal, State and other agencies, and the lag time between programming and collection of certain impact taxes. \$35.7 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, 2022 , consisted of the following:

Transfers Out Fund	Transfers In Fund				Subtotal Major Governmental
	General	Housing Initiative	Debt Service	Capital Projects	
General	\$ -	\$ 28,740,829	\$ 355,597,315	\$ 41,066,511	\$ 425,404,655
Housing Initiative	453,967	-	11,669,577	32,877,056	45,000,600
Capital Projects	-	27,716,283	734,049	-	28,450,332
Liquor	31,779,243	-	3,721,794	-	35,501,037
Solid Waste Activities	3,371,630	-	-	-	3,371,630
Parking Lot Districts	6,344,736	-	-	-	6,344,736
Nonmajor Governmental	27,939,826	-	59,278,799	28,254,840	115,473,465
Nonmajor Enterprise	6,636,419	-	1,201,327	22,994	7,860,740
Internal Service Funds	-	-	518,050	-	518,050
Total	<u>\$ 76,525,821</u>	<u>\$ 56,457,112</u>	<u>\$ 432,720,911</u>	<u>\$ 102,221,401</u>	<u>\$ 667,925,245</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	\$ 115,325	\$ 9,603,510	\$ 25,000	\$ -	\$ 435,148,490
Housing Initiative	-	-	-	-	45,000,600
Capital Projects	-	-	-	-	28,450,332
Liquor	-	-	-	-	35,501,037
Solid Waste Activities	-	-	-	-	3,371,630
Parking Lot Districts	-	-	-	-	6,344,736
Nonmajor Governmental	-	3,400,000	-	-	118,873,465
Nonmajor Enterprise	-	-	-	-	7,860,740
Internal Service Funds	-	-	-	-	518,050
Total	\$ 115,325	\$ 13,003,510	\$ 25,000	\$ -	\$ 681,069,080

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, 2022, the statement of net position includes the following amounts relating to leases:

	Governmental Activities	Business-type Activities	Total
Right-of-use leased assets:			
Buildings	\$ 154,808,308	\$ 64,540,959	\$ 219,349,267
Land	4,446,531	-	4,446,531
Equipment	6,074,113	34,755	6,108,868
Total Right-of-use leased assets	165,328,952	64,575,714	229,904,666
Less Accumulated Amortization for:			
Right-of-use leased assets			
Buildings	31,163,882	11,941,013	43,104,895
Land	407,474	-	407,474
Equipment	3,480,032	33,340	3,513,372
Total Accumulated Amortization	35,051,388	11,974,353	47,025,741
Total Right-of-use leased assets, net:			
Buildings	123,644,426	52,599,946	176,244,372
Land	4,039,057	-	4,039,057
Equipment	2,594,081	1,415	2,595,496
Total	<u>\$ 130,277,564</u>	<u>\$ 52,601,361</u>	<u>\$ 182,878,925</u>
Lease payable:			
Current	\$ 15,503,913	\$ 5,470,738	\$ 20,974,651
Non-current	120,468,753	48,955,246	169,423,999
Total	<u>\$ 135,972,666</u>	<u>\$ 54,425,984</u>	<u>\$ 190,398,650</u>

The future principal and interest lease payments as of June 30, 2022, are as follows:

Fiscal Year	Governmental activities			Business-type activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 15,503,913	\$ 2,775,906	\$ 18,279,819	\$ 5,470,738	\$ 1,131,166	\$ 6,601,904
2024	15,438,719	2,254,846	17,693,565	5,413,134	1,015,670	6,428,804
2025	14,762,498	1,936,954	16,699,452	5,323,292	898,148	6,221,440
2026	14,407,801	1,630,052	16,037,853	4,993,978	784,119	5,778,097
2027	11,762,336	1,355,068	13,117,404	4,647,613	679,927	5,327,540
2028-2032	30,815,987	4,388,611	35,204,598	17,226,527	2,116,595	19,343,122
2033-2037	13,698,233	2,447,588	16,145,821	9,424,873	668,117	10,092,990
2038-2042	10,062,555	1,174,887	11,237,442	1,925,829	72,812	1,998,641
2043-2047	4,918,146	511,795	5,429,941	-	-	-
2048-2052	3,756,325	205,967	3,962,292	-	-	-
2053-2057	846,153	6,717	852,870	-	-	-
Total	<u>\$135,972,666</u>	<u>\$ 18,688,391</u>	<u>\$154,661,057</u>	<u>\$ 54,425,984</u>	<u>\$ 7,366,554</u>	<u>\$ 61,792,538</u>

In December 2021, the County entered into a 25-year ground lease with the Montgomery County Revenue Authority (MCRA) to lease approximately 3.6 acres of land that will be developed into a customer winery, education and events center, and vineyard (the facilities). Under the lease agreement, the County will make payments sufficient to cover the debt service on the \$15,940,000 Crossvines Lease Revenue Bonds, Series 2021, that were issued by MCRA to finance the construction of the facilities. The County simultaneously entered into an operating agreement with MCRA whereby MCRA will construct, operate, and maintain the facilities. Net operating profits collected by MCRA will be used to reimburse the County for payments made under the lease agreement. The lease and operating agreements represent a lease-leaseback transaction under GASB 87, and the net transaction has been determined by the County to be immaterial. As such, the transaction is not reflected in the right-of-use asset or lease payable balances noted above. During FY22, the County made \$139,960 of payments under the lease agreement. The future principal and interest lease payments as of June 30, 2022, are as follows:

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Fiscal Year	Lease Payment Requirements		
	Principal	Interest	Total
2023	\$ 390,000	\$ 470,113	\$ 860,113
2024	410,000	450,113	860,113
2025	430,000	429,113	859,113
2026	455,000	406,988	861,988
2027	475,000	383,738	858,738
2028-2032	2,770,000	1,526,813	4,296,813
2033-2037	3,300,000	1,004,413	4,304,413
2038-2042	3,650,000	655,441	4,305,441
2043-2047	4,060,000	240,466	4,300,466
Total	<u>\$ 15,940,000</u>	<u>\$ 5,567,198</u>	<u>\$ 21,507,198</u>

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	\$ 5,322,344	\$ 130,780	\$ 5,453,124
Interest revenue	1,556,964	30,606	1,587,570

At June 30, 2022, 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
2023	\$ 4,315,883	\$ 1,378,671	\$ 5,694,554	\$ 111,772	\$ 28,722	\$ 140,494
2024	4,003,857	1,211,401	5,215,258	113,985	26,609	140,594
2025	1,343,099	1,032,787	2,375,886	113,671	24,382	138,053
2026	1,365,822	998,760	2,364,582	118,613	22,177	140,790
2027	1,427,445	963,244	2,390,689	26,157	20,688	46,845
2028-2032	6,950,977	4,211,039	11,162,016	139,609	94,620	234,229
2033-2037	3,787,629	3,533,155	7,320,784	155,800	78,429	234,229
2038-2042	3,288,557	3,129,323	6,417,880	173,801	60,428	234,229
2043-2047	1,488,209	2,878,933	4,367,142	193,883	40,347	234,230
2048-2052	1,623,265	2,718,914	4,342,179	216,281	17,949	234,230
2053-2057	2,090,771	2,515,365	4,606,136	51,948	690	52,638
2058-2062	2,654,949	2,257,185	4,912,134	-	-	-
2063-2067	3,135,822	1,932,367	5,068,189	-	-	-
2068-2072	2,334,808	1,639,833	3,974,641	-	-	-
2073-2077	2,822,201	1,357,858	4,180,059	-	-	-
2078-2082	3,399,368	1,018,826	4,418,194	-	-	-
2083-2087	4,083,217	611,041	4,694,258	-	-	-
2088-2092	2,823,707	195,649	3,019,356	-	-	-
2093-2097	502,641	5,986	508,627	-	-	-
Total	<u>\$ 53,442,227</u>	<u>\$ 33,590,337</u>	<u>\$ 87,032,564</u>	<u>\$ 1,415,520</u>	<u>\$ 415,041</u>	<u>\$ 1,830,561</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, 2022, was as follows:

Governmental Activities	Balance			Balance	Due within
	July 1, 2021	Additions	Reductions		
Bonds payable:					
General obligation bonds	\$ 3,019,410,000	\$ 335,115,000	\$ (288,540,000)	\$ 3,065,985,000	\$ 270,155,000
Variable rate demand obligations	170,000,000	-	-	170,000,000	-
Bond anticipation notes	470,000,000	200,000,000	(359,000,000)	311,000,000	311,000,000
Revenue bonds					
Liquor	45,015,853	-	(3,132,900)	41,882,953	3,095,191
Water quality protection	68,458,663	11,359,480	(5,905,797)	73,912,346	6,271,023
Lease revenue bonds payable	12,420,000	-	(2,935,000)	9,485,000	3,085,000
Add remaining original issue premium	277,408,346	50,476,065	(52,590,424)	275,293,987	-
Total bonds payable	<u>4,062,712,862</u>	<u>596,950,545</u>	<u>(712,104,121)</u>	<u>3,947,559,286</u>	<u>593,606,214</u>
Other long-term obligations:					
Certificates of participation	142,245,000	-	(13,410,000)	128,835,000	14,445,000
Taxable limited obligation certificates	92,665,000	98,755,000	(44,110,000)	147,310,000	8,435,000
Notes payable	32,855,117	-	(2,292,614)	30,562,503	5,703,419
Equipment notes	15,510,568	6,108,268	(5,562,328)	16,056,508	5,055,972
Leases payable	125,887,360	24,751,365	(14,666,059)	135,972,666	15,503,913
Other obligations	1,905,000	50,000,000	(3,335,000)	48,570,000	3,185,000
Add remaining original issue premium	18,097,541	818,942	(2,513,642)	16,402,841	-
Total other long-term obligations	<u>429,165,586</u>	<u>180,433,575</u>	<u>(85,889,643)</u>	<u>523,709,518</u>	<u>52,328,304</u>
Other non-debt related liabilities:					
Compensated absences	114,797,147	71,586,755	(66,312,469)	120,071,433	78,046,429
Net OPEB Liability	983,532,109	-	(164,122,062)	819,410,047	-
Claims payable - self-insurance	200,206,223	199,440,031	(187,316,427)	212,329,827	57,844,345
Net pension liability - county	70,248,772	-	(70,248,772)	-	-
Net pension liability - county (LOSAP)	44,374,891	8,107,679	(1,530,654)	50,951,916	-
Net pension liability - state	27,793,691	-	(21,631,191)	6,162,500	-
Total other non-debt related	<u>1,440,952,833</u>	<u>279,134,465</u>	<u>(511,161,575)</u>	<u>1,208,925,723</u>	<u>135,890,774</u>
Total Governmental Activities Liabilities	\$ 5,932,831,281	\$ 1,056,518,585	\$ (1,309,155,339)	\$ 5,680,194,527	\$ 781,825,292
Business-Type Activities					
Revenue bonds:					
Liquor	\$ 29,484,147	\$ -	\$ (2,777,100)	\$ 26,707,047	\$ 2,829,809
Parking revenue bonds	22,808,000	-	(1,895,000)	20,913,000	1,945,000
Add remaining original issue premium	3,011,128	-	(571,325)	2,439,803	-
Total revenue bonds	<u>55,303,275</u>	<u>-</u>	<u>(5,243,425)</u>	<u>50,059,850</u>	<u>4,774,809</u>
Other long-term obligations:					
Certificates of participation	1,620,000	-	(435,000)	1,185,000	445,000
Equipment notes	675,827	-	(520,404)	155,423	155,423
Leases payable	58,773,644	1,045,763	(5,393,423)	54,425,984	5,470,738
Add remaining original issue premium	46,429	-	(24,237)	22,192	-
Total other long-term obligations	<u>61,115,900</u>	<u>1,045,763</u>	<u>(6,373,064)</u>	<u>55,788,599</u>	<u>6,071,161</u>
Other non-debt related liabilities:					
Compensated absences	9,589,001	1,049,370	(22,556)	10,615,815	6,900,280
Net pension liability - county	4,781,932	-	(4,781,932)	-	-
Landfill closure costs	21,405,470	-	(3,148,909)	18,256,561	1,672,204
Gude landfill remediation	58,959,033	-	(209,731)	58,749,302	-
Total other non-debt related	<u>94,735,436</u>	<u>1,049,370</u>	<u>(8,163,128)</u>	<u>87,621,678</u>	<u>8,572,484</u>
Total Business-Type Activities Liabilities	\$ 211,154,611	\$ 2,095,133	\$ (19,779,617)	\$ 193,470,127	\$ 19,418,454

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, \$4,421,531 (\$2,873,995 due within one year and \$1,547,536 due in more than one year) and \$4,244,879 (\$2,111,085 due within one year and \$2,133,812 due in more than one year) of internal service fund compensated absences and leases payable were included, respectively, in the above amounts. For compensated absences, the general fund normally liquidates 61% and mass transit funds normally liquidate 19% and 8%, respectively. The remaining 12% is liquidated by other governmental funds.

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 \$310,000,000 in new money general obligation bonds dated September 8, 2021 with a true interest cost of 1.48%; the County received a premium of \$49,363,470. The County also issued refunding of 2011A refunding bonds \$25,115,000. The County received premiums on the refunding bonds of \$1,112,595 in total. These bonds were issued with a true interest cost of 0.15%

Debt service savings from refunding of 2011A refunding bonds was \$1.02 million. At the time of refunding, the present value of the debt service savings (or economic gain) on the refunding was \$1.04 million.

A detailed listing of refunded bonds is as follows:

	Dated Date	Original Maturity	Rate of Interest	Originally Issued	Years	Amount Refunded
GO Bonds	08/11/11	2012-22	2.00 - 5.00 %	\$ 237,655,000	2022	\$ 25,965,000

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

General obligation bond issues outstanding as of June 30, 2022, are as follows:

Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2022	Unamortized Premium	Carrying Value June 30, 2022
11/26/13	2014-33	3.00 - 5.00	\$ 295,000,000	\$ 29,500,000	\$ 1,245,027	\$ 30,745,027
11/26/13*	2023-24	5.00	24,915,000	24,915,000	894,492	25,809,492
11/19/14	2015-34	4.00 - 5.00	500,000,000	75,000,000	6,334,954	81,334,954
11/19/14*	2016-28	5.00	297,990,000	230,455,000	14,894,708	245,349,708
12/01/15	2016-35	3.00 - 5.00	300,000,000	210,000,000	12,314,122	222,314,122
12/13/16	2017-36	3.00 - 5.00	340,000,000	255,000,000	16,414,689	271,414,689
11/15/17	2018-27	5.00	170,000,000	102,000,000	9,127,492	111,127,492
11/15/17*	2018-26	5.00	78,270,000	36,990,000	2,758,065	39,748,065
11/15/17*	2019-31	3.00 - 5.00	294,625,000	244,675,000	26,337,490	271,012,490
11/15/17*	2020-29	3.00 - 4.00	143,830,000	115,040,000	7,910,218	122,950,218
11/08/18	2019-38	3.50 - 5.00	330,000,000	280,500,000	21,435,219	301,935,219
11/07/19	2020-39	3.00 - 5.00	320,000,000	288,000,000	36,379,980	324,379,980
08/05/20	2021-40	1.75-4.00	320,000,000	304,000,000	32,760,582	336,760,582
08/05/20*	2023-32	4.00	163,950,000	163,950,000	31,134,466	195,084,466
08/05/20*	2023-34	0.50-1.85	370,845,000	370,845,000	1,533,414	372,378,414
09/08/21	2022-41	2.00 - 5.00	310,000,000	310,000,000	45,447,303	355,447,303
09/08/21*	2022	5.00	25,115,000	25,115,000	185,433	25,300,433
Total			<u>\$ 4,284,540,000</u>	<u>\$ 3,065,985,000</u>	<u>\$ 267,107,654</u>	<u>\$ 3,333,092,654</u>

* Issue represents refunding bonds.

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

Fiscal Year Ending June 30	General Obligation Bond Requirements		
	Principal	Interest	Total
2023	\$ 270,155,000	\$ 112,485,255	\$ 382,640,255
2024	261,080,000	99,767,880	360,847,880
2025	258,840,000	87,484,555	346,324,555
2026	251,850,000	75,881,675	327,731,675
2027	242,395,000	64,683,880	307,078,880
2028-2032	975,060,000	199,762,371	1,174,822,371
2033-2037	584,105,000	66,963,416	651,068,416
2038-2042	222,500,000	9,792,500	232,292,500
Total	<u>\$ 3,065,985,000</u>	<u>\$ 716,821,532</u>	<u>\$ 3,782,806,532</u>

Article 25A, Section 5(P), of the Annotated Code of Maryland, authorizes borrowing of funds and issuance of bonds to a maximum of six percent of the assessable base of real property and 15 percent of the assessable base of personal property and operating real property. The legal debt margin as of June 30, 2022 is \$8,975,755,537.

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, 2022, \$25,965,000 of bonds outstanding are considered defeased.

General obligation bonds authorized and unissued as of June 30, 2022 are \$918,210,715 and \$722,903,000, 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, 2022, are as follows:

Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2021	Bond Addition	Bonds Retired	Balance June 30, 2022
12/19/17	2028-37	Variable	\$170,000,000	\$ 170,000,000	\$ -	\$ -	\$ 170,000,000

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

VRDO requirements to maturity are as follows:

Fiscal Year Ending June 30	Variable Rate Demand Obligation Requirements		
	Principal	Interest*	Total
2023	\$ -	\$ 1,071,000	\$ 1,071,000
2024	-	1,071,000	1,071,000
2025	-	1,071,000	1,071,000
2026	-	1,071,000	1,071,000
2027	-	1,071,000	1,071,000
2028-2032	68,000,000	4,712,400	72,712,400
2033-2037	85,000,000	2,142,000	87,142,000
2038	17,000,000	107,100	17,107,100
Total	<u>\$ 170,000,000</u>	<u>\$ 12,316,500</u>	<u>\$ 182,316,500</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, 2022 was 0.63%.

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, 2022 are \$633,398,000 and \$103,753,680, 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, 2022 was \$19.2 million.

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.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

	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	\$ 23,010,702
Water Quality Protection	19	125,649,928
Alcohol Beverage Service	12	81,732,104
Total		\$ 230,392,734

The pledged net revenues recognized during FY22 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	\$ 5,548,854	\$ 1,895,000	\$ 406,314	\$ 2,301,314
Alcohol Beverage Service	56,902,891	5,910,000	2,325,358	8,235,358
Water Quality Protection	15,688,776	5,905,797	2,455,574	8,361,371

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Revenue bond issues outstanding as of June 30, 2022, are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2022	Unamortized Premium	Carrying Value June 30, 2022
Parking Revenue Bonds:							
Bethesda Parking Lot District 2021 Ref. Series A	05/06/21	2021-32	3.000 - 5.000%	\$ 16,934,000	\$ 16,834,000	\$ -	\$ 16,834,000
Bethesda Parking Lot District 2021 Ref. Series B	05/06/21	2021-25	3.570	5,874,000	4,079,000	-	4,079,000
Water Quality Protection 2012A	07/18/12	2013-32	0.250 - 5.000	37,835,000	23,310,000	1,675,631	24,985,631
Water Quality Protection 2016A	04/06/16	2017-36	2.250 - 5.000	46,500,000	35,370,000	983,834	36,353,834
Maryland Water Quality Financing Administration							
Kemp Mill	12/20/19	2020-40	1.10	677,320	584,688	-	584,688
MS4	12/20/19	2020-40	1.10	50,000,000	14,647,658	-	14,647,658
Liquor Control Revenue Bonds:*							
Liquor Control & Transportation 2013	07/30/13	2014-33	3.125 - 5.000	46,645,000	2,235,000	52,813	2,287,813
Liquor Control & Transportation 2019 Ref.	03/29/19	2021-29	4.000 - 5.000	24,700,000	21,515,000	2,450,324	23,965,324
Alcohol Beverage Services 2021 Ref. Series A	06/09/21	2029-31	5.000	15,895,000	15,895,000	4,773,507	20,668,507
Alcohol Beverage Services 2021 Ref. Series B	06/09/21	2022-33	1.000-2.050	30,205,000	28,945,000	117,638	29,062,638
Total				<u>\$ 275,265,320</u>	<u>\$ 163,415,346</u>	<u>\$ 10,053,747</u>	<u>\$ 173,469,093</u>

* 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			
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	2,066,000	234,793	8,315,000	1,511,190			
2028-2032	10,906,000	599,255	31,855,000	3,622,500			
2033-2037	-	-	3,405,000	69,804			
Total	<u>\$ 20,913,000</u>	<u>\$ 2,097,702</u>	<u>\$ 68,590,000</u>	<u>\$ 13,142,104</u>			

Fiscal Year Ending June 30	Water Quality Protection**		Total Revenue Bond Requirements		
	Principal	Interest	Principal	Interest	Total
2023	\$ 6,271,023	\$ 2,681,279	\$ 14,141,023	\$ 5,344,102	\$ 19,485,125
2024	6,446,995	2,573,987	14,606,995	4,957,487	19,564,482
2025	6,683,252	2,344,730	15,039,252	4,529,945	19,569,197
2026	6,859,797	2,165,872	15,429,797	4,136,598	19,566,395
2027	7,046,635	1,974,909	17,427,635	3,720,892	21,148,527
2028-2032	38,551,189	6,564,681	81,312,189	10,786,436	92,098,625
2033-2037	25,097,823	1,795,497	28,502,823	1,865,301	30,368,124
2038-2040	8,406,974	185,285	8,406,974	185,285	8,592,259
Total	<u>\$ 105,363,688</u>	<u>\$ 20,286,240</u>	<u>\$ 194,866,688</u>	<u>\$ 35,526,046</u>	<u>\$ 230,392,734</u>

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

** The principal includes two drawdown loans with the Maryland Water Quality Financing Administration in the amount of \$50.7 million. During June 30, 2022, the County had drawn down \$19.2 million.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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

Purpose	Bethesda Parking Lot District	Solid Waste Disposal*
Operation and Maintenance Account - Available to pay current expenses	\$ 1,934,116	\$ -
Debt Service Account - Used to pay debt service on bonds	191,724	-
Renewal and Renovation Account - Available for payment of renewals, replacements, renovations, and unusual and extraordinary repairs	1,000,000	4,901,680
Rate Stabilization Account - In case of short-term extraordinary expenses	-	2,591,668
Revenue Account - To maintain the revenues of the District	5,476	-
Total	\$ 3,131,316	\$ 7,493,348

*Solid Waste Disposal also has a management reserve of \$27,368,711 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 any 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 FY22 are as follows:

	Balance June 30, 2021	BANs Issued	BANs Retired	Balance June 30, 2022
BAN Series 2009-A	\$ 85,000,000	\$ 50,000,000	\$ 85,000,000	\$ 50,000,000
BAN Series 2009-B	85,000,000	50,000,000	85,000,000	50,000,000
BAN Series 2010-A	150,000,000	50,000,000	94,000,000	106,000,000
BAN Series 2010-B	150,000,000	50,000,000	95,000,000	105,000,000
Total	\$ 470,000,000	\$ 200,000,000	\$ 359,000,000	\$ 311,000,000

BANs totaling \$200 million were issued during FY22, \$100 million Series 2010 and \$100 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 installments over five years after the advance occurs. No amounts were advanced against the credit agreements. 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 FY22, the County Council passed Resolution No. 19-263 dated July 12, 2021 to increase the County's authority to issue BANs by \$452.5 million. Cumulative BANs authorized and unissued as of June 30, 2022, including amounts authorized and unissued from prior years, is \$787,903,000.

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.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

In FY22, 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
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	1,490,000	370,654	1,860,654
2028-2032	7,955,000	1,336,601	9,291,601
2033-2037	7,070,000	366,303	7,436,303
Total	\$ 21,925,000	\$ 4,101,424	\$ 26,026,424

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
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	7,415,000	2,268,831	9,683,831
2028-2032	26,375,000	6,704,106	33,079,106
2033-2037	16,770,000	2,551,031	19,321,031
2038-2042	14,820,000	628,916	15,448,916
Total	\$ 108,095,000	\$ 25,918,933	\$ 134,013,933

Certificates of Participation outstanding as of June 30, 2022 is as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2022	Unamortized Premium	Carrying Value June 30, 2022
COPS College	07/26/16	2017-36	2.00-5.00%	\$ 24,860,000	\$ 21,925,000	\$ 696,784	\$ 22,621,784
COPS, Series 2020 A	10/15/20	2021-40	2.00-5.00	95,360,000	89,825,000	12,739,740	102,564,740
COPS, Series 2020 B	10/15/20	2021-27	4.00-5.00	27,555,000	16,210,000	2,103,403	18,313,403
COPS, Series 2020 C	10/15/20	2021-31	2.00	2,975,000	2,060,000	85,446	2,145,446
				<u>\$ 150,750,000</u>	<u>\$ 130,020,000</u>	<u>\$ 15,625,373</u>	<u>\$ 145,645,373</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.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

The following is a schedule by fiscal year for the debt service requirement at June 30, 2022:

Fiscal Year Ending June 30	Equipment Notes Requirements		
	Principal	Interest	Total
2023	\$ 5,211,395	\$ 319,313	\$ 5,530,708
2024	3,321,027	229,436	3,550,463
2025	1,541,728	185,261	1,726,989
2026	1,417,166	155,935	1,573,101
2027	1,352,094	127,268	1,479,362
2028-2032	3,368,521	296,870	3,665,391
Total	<u>\$ 16,211,931</u>	<u>\$ 1,314,083</u>	<u>\$ 17,526,014</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 \$10,743,213. 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 \$2,020,400 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 FY22, pledged revenue of \$3,513,363 equals the principal and interest on the lease revenue bonds.

Lease revenue bonds outstanding as of June 30, 2022, are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2022	Unamortized Premium	Carrying Value June 30, 2022
Lease Revenue Bonds	10/13/11	2011-31	2.6687%	\$ 35,465,000	\$ 9,485,000	\$ 572,388	\$ 10,057,388

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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

Fiscal Year Ending June 30	Lease Revenue Bond Requirements		
	Principal	Interest	Total
2023	\$ 3,085,000	\$ 431,613	\$ 3,516,613
2024	2,985,000	277,363	3,262,363
2025	440,000	128,112	568,112
2026	450,000	113,812	563,812
2027	465,000	98,625	563,625
2028-2031	2,060,000	208,688	2,268,688
Total	<u>\$ 9,485,000</u>	<u>\$ 1,258,213</u>	<u>\$ 10,743,213</u>

9) Taxable Limited Obligation Certificates

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 2018A 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 also issued Series 2018B which 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.

On November 15, 2021, the County issued Series 2021A Taxable Limited Obligation Certificates in the amount of \$57.4 million; the County issued the certificates to finance certain projects of the Montgomery Housing Initiative program established to promote a broad range of housing opportunities in the County. The Certificates were issued at interest rates ranging from 2.0 to 2.8 percent and will mature on November 1, 2041. On November 15, 2021, the County also issued Series 2021B Certificates which refunded the 2011 and a portion of 2013 Series in the amount of \$41.35 million with certificate interest rates ranging from 1.4 to 2.2 percent. The Series 2021B Refunding Certificates will mature on November 1, 2033.

Debt service savings from refunding certificates was \$5.42 million. At the time of refunding, the present value of the debt service savings (or economic gain) on the refunding was \$5.12 million.

Taxable Limited Obligation Certificates outstanding as of June 30, 2022 are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2022	Unamortized Premium (Discount)	Carrying Value June 30, 2022
MHI Affordable Housing Series 2013	11/19/13	11/01/33	0.26-4.75	\$ 38,015,000	\$ 3,455,000	\$ (2,858)	\$ 3,452,142
MHI Affordable Housing 2018 Series A	11/19/18	05/01/38	2.60-4.40	33,715,000	29,085,000	58,468	29,143,468
MHI Affordable Housing 2018 Series B Ref.	11/19/18	05/01/30	3.05-4.15	22,420,000	16,015,000	-	16,015,000
MHI Affordable Housing 2021 Series A	11/15/21	11/01/41	2.00-2.80	57,410,000	57,410,000	485,037	57,895,037
MHI Affordable Housing 2021 Series B Ref.	11/15/21	11/01/33	1.40-2.20	41,345,000	41,345,000	259,014	41,604,014
Total				<u>\$ 192,905,000</u>	<u>\$ 147,310,000</u>	<u>\$ 799,661</u>	<u>\$ 148,109,661</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

The following is a schedule by fiscal year for the debt service requirements at June 30, 2022:

Fiscal Year Ending June 30	Taxable Limited Obligation Requirements		
	Principal	Interest	Total
2023	\$ 8,435,000	\$ 3,969,346	\$ 12,404,346
2024	8,680,000	3,719,345	12,399,345
2025	8,895,000	3,473,153	12,368,153
2026	10,310,000	3,220,853	13,530,853
2027	10,565,000	2,963,706	13,528,706
2028-2032	49,960,000	10,735,905	60,695,905
2033-2037	31,110,000	5,300,515	36,410,515
2038-2042	19,355,000	1,292,021	20,647,021
Total	<u>\$ 147,310,000</u>	<u>\$ 34,674,844</u>	<u>\$ 181,984,844</u>

10) Notes Payable

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, 2022, for this loan is \$96,000 and will mature on August 1, 2023.

The following is a schedule by fiscal year for the debt service requirements at June 30, 2022:

Fiscal Year Ending June 30	HUD Loan Requirements		
	Principal	Interest	Total
2023	\$ 43,000	\$ 4,228	\$ 47,228
2024	53,000	1,508	54,508
Total	<u>\$ 96,000</u>	<u>\$ 5,736</u>	<u>\$ 101,736</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.

The following is a schedule by fiscal year for the debt service requirements at June 30, 2022

Fiscal Year Ending June 30	Energy Performance Lease		
	Principal	Interest	Total
2023	\$ 1,562,179	\$ 800,507	\$ 2,362,686
2024	1,680,421	753,885	2,434,306
2025	1,759,657	703,878	2,463,535
2026	1,847,318	651,463	2,498,781
2027	1,931,606	596,530	2,528,136
2028-2032	10,993,502	2,053,001	13,046,503
2033-2037	6,593,580	390,168	6,983,748
Total	<u>\$ 26,368,263</u>	<u>\$ 5,949,432</u>	<u>\$ 32,317,695</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, 2022, for this loan is \$4,098,240 and the debt will mature on June 30, 2023.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

The following is a schedule by fiscal year for the debt service requirements at June 30, 2022

Fiscal Year Ending June 30	Incubator Loan		
	Principal	Interest	Total
2023	\$ 4,098,240	\$ 146,258	\$ 4,244,498

11) Other Obligations

In August 2021, the Housing Opportunity Commission (HOC) issued \$50.0 million Limited Obligation Bonds, Series 2021. The bond proceeds funded the establishment of a revolving housing production fund, which is to be used for construction bridge financing for residential rental projects. The County and HOC entered into a funding agreement whereby the County will make periodic contract payments in amounts sufficient to pay the scheduled debt service on the bonds.

The County's future contract payments under the funding agreement are as follows:

Fiscal Year Ending June 30	Contract Payments		
	Principal	Interest	Total
2023	\$ 2,220,000	\$ 853,122	\$ 3,073,122
2024	2,225,000	845,974	3,070,974
2025	2,235,000	834,493	3,069,493
2026	2,255,000	817,082	3,072,082
2027	2,275,000	795,231	3,070,231
2028-2032	11,860,000	3,495,191	15,355,191
2033-2037	13,010,000	2,342,428	15,352,428
2038-2042	11,525,000	750,612	12,275,612
Total	<u>\$ 47,605,000</u>	<u>\$ 10,734,133</u>	<u>\$ 58,339,133</u>

12) 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 was \$15,539,867 and the Agreement expired on that date. The outstanding balance of leases to be repaid as of June 30, 2022 is \$26,368,263.

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. At June 30, 2022, the unused commitment is \$43,107,673.

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 could support the potential impact on cash flows caused by the COVID-19 pandemic. In November 2021 and March 2022, the County terminated the LOCs with PNC Bank, N. A. and J P Morgan Chase Bank, N.A., respectively. The County did not draw 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.

13) 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.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

As of June 30, 2022, there were nineteen issues of Industrial Revenue Bonds and Economic Development Revenue Bonds outstanding. The principal amount payable at June 30, 2022, is \$581,799,013.

14) 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, 2022 is \$6.89 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 bonds matured and were repaid in full in July 2021.

Component Units

At June 30, 2022 HOC's noncurrent liabilities are comprised of the following:

	Due within		
	one year	Long-Term	Total
Revenue bonds payable	\$ 31,988,733	\$ 741,557,113	\$ 773,545,846
Lease payable	318,242	221,748	539,990
Derivative instrument - hedging	-	1,727,682	1,727,682
Notes and other payable	28,541,303	1,147,710,758	1,176,252,061
Net pension liability	-	32,216,643	32,216,643
Net OPEB liability	-	16,573,819	16,573,819
Total	<u>\$ 60,848,278</u>	<u>\$1,940,007,763</u>	<u>\$2,000,856,041</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	\$ 574,476,146
Single Family Mortgage Purchase Program Fund	<u>199,069,700</u>
Total	<u>\$ 773,545,846</u>

Interest rates on the HOC Multi-Family and Single Family Mortgage Purchase Program Fund bonds ranged from 0.16 to 11.25 percent and 0.30 to 5.00 percent, respectively, as of June 30, 2022.

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.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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
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	725,000	97,339	822,339
2028-2032	1,565,000	79,916	1,644,916
Total	<u>\$ 4,860,000</u>	<u>\$ 907,485</u>	<u>\$ 5,767,485</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
2023	\$ 31,988,733	\$ 18,725,605	\$ 50,714,338
2024	21,104,165	18,293,077	39,397,242
2025	23,805,502	17,055,017	40,860,519
2026	34,186,199	17,293,002	51,479,201
2027	24,071,837	16,710,929	40,782,766
2028-2032	119,292,825	74,496,867	193,789,692
2033-2037	113,317,633	59,039,996	172,357,629
2038-2042	120,039,746	44,698,831	164,738,577
2043-2047	83,257,790	33,245,631	116,503,421
2048-2052	156,662,845	21,290,443	177,953,288
2053-2057	17,590,000	5,461,551	23,051,551
2058-2062	17,255,000	2,796,254	20,051,254
2063-2066	7,590,000	341,161	7,931,161
Unamortized Bond Discount	3,383,571	-	3,383,571
Total	<u>\$773,545,846</u>	<u>\$329,448,364</u>	<u>\$ 1,102,994,210</u>

Changes in the HOC revenue bonds during FY22 are as follows:

Purpose	Balance July 1, 2021	Bonds Issued*	Bonds Retired	Balance July 1, 2022
Multi-Family Mortgage Purchase Program Fund	\$ 442,639,092	\$ 161,363,817	\$ 29,526,763	\$ 574,476,146
Single Family Mortgage Purchase Program Fund	224,577,403	32,133,467	57,641,170	199,069,700
Total	<u>\$ 667,216,495</u>	<u>\$ 193,497,284</u>	<u>\$ 87,167,933</u>	<u>\$ 773,545,846</u>

* Includes accretions and bond discounts.

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

Bonds outstanding, July 1, 2021	\$ 143,616,664
Issuances during the year	-
Redemptions during the year	(1,299,111)
Bonds outstanding, July 1, 2022	<u>\$ 142,317,553</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.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

G) Segment Information

The County has issued revenue bonds to finance activities relating to the Bethesda Parking Lot district (PLD). 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, 2022, is presented below:

Condensed Statement of Net Position

	Bethesda PLD
ASSETS	
Current assets	\$ 14,204,852
Other assets	5,458,893
Capital assets	93,107,314
Total Assets	<u>112,771,059</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	<u>137,690</u>
Total Deferred Outflows	<u>137,690</u>
LIABILITIES	
Current liabilities	4,514,049
Due to other funds	3,067,715
Long-term liabilities	19,065,999
Total Liabilities	<u>26,647,763</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources	<u>2,276,023</u>
Total Deferred Inflows	<u>2,276,023</u>
NET POSITION	
Net investment in capital assets	72,194,314
Restricted for debt service	3,131,316
Restricted for transportation	<u>8,659,333</u>
Total Net Position	<u>\$ 83,984,963</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	\$ 10,750,639
Fines and penalties	3,266,128
Total Operating Revenues (pledged against bonds)	<u>14,016,767</u>
Depreciation and amortization	(4,751,012)
Other operating expenses	<u>(8,487,605)</u>
Operating Income (Loss)	<u>778,150</u>
NONOPERATING REVENUES (EXPENSES):	
Property taxes	(456)
Insurance costs	(88,488)
Investment income	19,692
Interest expense	(399,914)
Other revenue	679,232
Insurance recoveries	236
Transfers in	-
Transfers out	<u>(2,857,734)</u>
Non Operating Income (Loss)	<u>(2,647,432)</u>
NET POSITION	
Change in Net Position	(1,869,282)
Beginning Net Position	<u>85,854,245</u>
Ending Net Position	<u>\$ 83,984,963</u>

Condensed Statement of Cash Flows

	Bethesda PLD
Net Cash Provided (Used) By:	
Operating activities	\$ 8,656,770
Noncapital financing activities	(2,857,310)
Capital and related financing activities	(5,333,222)
Investing activities	<u>19,692</u>
Net Increase (Decrease)	<u>485,930</u>
Beginning Cash and Cash Equivalents	<u>15,457,741</u>
Ending Cash and Cash Equivalents	<u>\$ 15,943,671</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

H) Fund Equity

1) Governmental Fund Balances

The governmental fund balances at June 30, 2022 are composed of the following:

Fund Balances:	General	Housing Initiative	Grants	Debt Service	Capital Projects	Other Nonmajor
Inventory	\$ 8,720,620	\$ -	\$ -	\$ -	\$ -	\$ -
Prepays	1,094,426	-	-	-	-	-
Total nonspendable	9,815,046	-	-	-	-	-
General government						
Restricted donations	-	-	-	-	-	564,760
Cable TV	-	-	-	-	-	4,881,152
Public safety						
Police	-	-	-	-	-	2,496,510
Fire and rescue	-	-	-	-	-	19,802,789
Detention center canteen profits	-	-	-	-	-	627,488
Health and human services	-	-	-	-	-	570,254
Mass transit	-	-	-	-	-	64,539,893
Community development and housing:						
Rehabilitation loan	-	-	-	-	-	5,013,523
Urban districts	960,716	-	-	-	-	-
Economic development	1,008,035	-	-	-	-	-
Housing initiative	-	370,786,689	-	-	-	-
Restricted donations	-	-	-	-	-	474,763
Culture and recreation	-	-	-	-	-	-
Recreation	-	-	-	-	-	14,472,560
Restricted donations	-	-	-	-	-	633,945
Environment:						
Agricultural transfer tax	-	-	-	-	-	3,114,224
Water quality protection	-	-	-	-	-	22,715,673
Restricted donations	-	-	-	-	-	8,608,559
Other	4,789,483	-	216,034	-	-	-
Debt service	-	-	-	17,249,492	-	-
Capital projects:						
Other capital projects	-	-	-	-	142,372,963	-
Total restricted	6,758,234	370,786,689	216,034	17,249,492	142,372,963	148,516,093
Culture and recreation	3,913,000	-	-	-	-	-
Community development and housing	1,125,000	-	-	-	-	-
Revenue stabilization	587,380,077	-	-	-	-	-
Capital projects	107,077,487	-	-	-	-	-
Total committed	699,495,564	-	-	-	-	-

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Fund Balances:	General	Housing Initiative	Grants	Debt Service	Capital Projects	Other Nonmajor
General government	30,734,321	-	-	-	-	-
Public safety	14,982,942	-	-	-	-	-
Transportation	2,596,936	-	-	-	-	-
Health and human services	35,329,052	-	-	-	-	-
Culture and recreation	729,540	-	-	-	-	-
Community development and housing	469,705	-	-	-	-	-
Environment	269,141	-	-	-	-	-
Total assigned	<u>85,111,637</u>	-	-	-	-	-
General government	188,531,200	-	-	-	-	-
Total unassigned	<u>188,531,200</u>	-	-	-	-	-
Total fund balances	<u>\$ 989,711,681</u>	<u>\$ 370,786,689</u>	<u>\$ 216,034</u>	<u>\$ 17,249,492</u>	<u>\$ 142,372,963</u>	<u>\$ 148,516,093</u>

2) Encumbrances

Encumbrance accounting is employed as part of the budgetary integration for all governmental funds. As of June 30, 2022, 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	\$ 85,265,096
Housing Initiative	3,006,141
Debt Service	128,146
Nonmajor Governmental Funds	21,869,326
Total Governmental Funds	<u>\$ 110,268,709</u>

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	\$ 673,386,221
Business-type activities	38,803,257
Total	<u>\$ 712,189,478</u>

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, 2022:

	General Fund			Capital Projects	Total
	Operating	Capital *	Total		
MCPS	\$ 1,763,299,162	\$ 14,905,000	\$ 1,778,204,162	\$ 199,796,332	\$ 1,978,000,494
MC	148,096,496	14,022,065	162,118,561	35,926,510	198,045,071
HOC	9,895,693	-	9,895,693	(449,092)	9,446,601
Total	\$ 1,921,291,351	\$ 28,927,065	\$ 1,950,218,416	\$ 235,273,750	\$ 2,185,492,166

* 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 service revenue include \$4,617,356 earned under contracts with the County. For mortgages receivable due from HOC, see Note III-B2. For MCRA Crossvines Lease, see Note III-E1. For HOC Limited Obligation Bonds, see Note III-F11.

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 FY21 and FY22 are as follows:

	Liability and Property Coverage	Employee Health Benefits	Total
Balance June 30, 2020	\$ 166,040,354	\$ 15,790,318	\$ 181,830,672
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>
Claims and changes in estimates	59,468,118	139,971,915	199,440,033
Claim payments ¹	<u>(46,839,523)</u>	<u>(140,476,906)</u>	<u>(187,316,429)</u>
Balance June 30, 2022 ²	<u>\$ 194,387,470</u>	<u>\$ 17,942,357</u>	<u>\$ 212,329,827</u>

¹ Includes non-monetary settlements.

² Includes incurred but not reported (IBNR) claims of \$83,501,023 and \$17,942,357 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 FY91 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 FY98. 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 \$76,573,844, which have been fully accrued through June 30, 2022. Of the total amount accrued, \$56,867,036 in actual costs have been paid out in prior years, and \$1,450,247 was paid in FY22, resulting in a net liability of \$18,256,561 at June 30, 2022. The current and non-current portions of the adjusted liability at year-end are estimated at \$1,672,204 and \$16,584,357 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 FY22 was \$61,746,000, the County is now recognizing 100% of the estimated remediation cost. In FY22 actual costs of \$209,731 were paid, resulting in a net liability of \$58,749,302 as of June 30, 2022. The Department of Environmental Protection (DEP) completed an Assessment of Corrective Measures (ACM) report, which evaluates the effectiveness of a range of remediation alternatives and includes a recommended approach for remediation of environmental contamination at the Gude Landfill. MDE approved a resubmittal of the ACM report in July 2016 which specifically outlines the approved remediation method to include: toupee capping (regrading and capping the top of the landfill and selected slope areas with a synthetic liner and two feet of soil); and additional gas collection through the installation of additional gas extraction wells. These measures will reduce infiltration of rainwater into the landfill resulting in the generation of less leachate and fewer leachate seeps. They will also result in better control of landfill migration.

3) Litigation

In addition to those suits in which claims for liability are adequately covered by insurance, the County may be a defendant in various suits involving tort claims, violations of civil rights, breach of contract, inverse condemnation, and other suits arising in the normal course of business. In the opinion of the County Attorney, the estimated liability of the County in the resolution of these cases will not exceed \$2,518,239. 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, 2022, 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, 2022 are as follows:

<u>Enterprise Funds:</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Major Funds:			
Liquor	\$ 2,554,127	\$ -	\$ 2,554,127
Solid Waste Activities:			
Disposal operations	35,008,772	5,613,120	40,621,892
Collection operations	17,175	-	17,175
Parking Lot Districts:			
Silver Spring	564,601	804,714	1,369,315
Bethesda	673,049	1,663,676	2,336,725
Wheaton	131,690	83,961	215,651
Subtotal	<u>38,949,414</u>	<u>8,165,471</u>	<u>47,114,885</u>
Nonmajor Funds:			
Permitting Services	1,392,117	-	1,392,117
Community Use of Public Facilities	20,972	-	20,972
Subtotal	<u>1,413,089</u>	<u>-</u>	<u>1,413,089</u>
Total Enterprise Funds	<u>40,362,503</u>	<u>8,165,471</u>	<u>48,527,974</u>
<u>Internal Service Funds:</u>			
Motor Pool	7,576,632	-	7,576,632
Central Duplicating	165,027	-	165,027
Liability & Property Coverage Self-Insurance	8,774,764	-	8,774,764
Employee Health Benefits Self-Insurance	291,643	-	291,643
Total Internal Service Funds	<u>16,808,066</u>	<u>-</u>	<u>16,808,066</u>
Total Proprietary Funds	<u>\$ 57,170,569</u>	<u>\$ 8,165,471</u>	<u>\$ 65,336,040</u>

As of June 30, 2022, the County has \$13,500,000 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 September 1, 2022, the County issued Consolidated Public Improvement Bonds of 2022, Series A in the amount of \$280,000,000. The proceeds of the Bonds will be used to (i) refinance all or a portion of certain commercial paper bond anticipation notes, the proceeds of which financed capital projects in the County and (ii) finance and refinance the acquisition, construction and equipping of certain other capital public projects.

On December 1, 2022, the County issued Water Quality Protection Charge (WQPC) Project and Refunding Revenue Bonds Series 2022A in the amount of \$28,550,000. The proceeds will finance and refinance the capital costs of stormwater management facilities pursuant to the County's regulatory obligation under the Municipal Separate Storm Sewer permit (MS4 Permit) and certain other storm drain infrastructure projects located within the County. Proceeds will also refund the WQPC Series 2012A bonds for debt service savings, fund a debt service reserve, and pay costs of issuance.

D) Joint Ventures and Jointly Governed Organization

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.

NOTE IV. OTHER INFORMATION (Continued)

At June 30, 2022, M-NCPPC had outstanding notes payable and bonds payable in the amount of \$186,186,422, of which zero dollars were self-supporting. Of the total amount payable, \$13,206,364 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, 2022 is \$61,093,639, 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, 2022, WSSC had outstanding notes payable and bonds payable in the amount of \$4,102,568,000 which were fully self-supporting. Of the total amount payable, \$318,427,000 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, 2022, 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 \$101,541 to WSTC during FY22.

Washington Metropolitan Area Transit Authority (WMATA)

WMATA was created in 1967 by interstate compact among the State of Maryland, the Commonwealth of Virginia, and the District of Columbia. WMATA's primary function is to plan, construct, finance, and operate transit facilities serving the Washington metropolitan area. The governing authority of WMATA is a sixteen-member Board of Directors. Maryland, Virginia, the District of Columbia, and the federal government each appoint four directors. Of Maryland's four directors, two are appointed by the Governor of the State of Maryland, and one each is appointed by the respective county from among its appointees to WSTC. Since WSTC is a joint venture of Montgomery and Prince George's Counties, Montgomery County participates in WMATA through WSTC.

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

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

NOTE IV. OTHER INFORMATION (Continued)

A summary reflecting WMATA's expenditures incurred for the County's share of WMATA's activities for FY22 which are fully funded by the State and not reflected in the accompanying financial statements, is as follows:

MetroBus Operating Subsidy	\$ 74,512,594
MetroRail Operating Subsidy	70,227,504
MetroAccess Operating Subsidy	34,396,984
Subsidy Credit	(23,064,934)
ARPA Credit	(39,057,677)
Total Operating	<u>117,014,471</u>
Debt Service	15,409,645
Capital Improvement	46,334,910
State and Local PRIIA	49,500,000
Dedicated Funding	167,000,000
Project Development	493,911
Total Capital	<u>263,328,821</u>
Local Bus Operating Program	<u>28,027,200</u>
Total	<u>\$ 423,780,137</u>

At June 30, 2022, WMATA had outstanding bonds payable of \$896,505,000 of which \$28,695,000 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 FY22 amounted to \$15,383,339.

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 twelve 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 \$820,897, \$146,911 and \$108,413 in Member Dues, Environmental Fund Dues, and Public Safety Dues in FY22, respectively.

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 (RSP) earn only Paid Time Off (PTO) leave. In the event of termination, employees are reimbursed for accumulated annual, reimbursable sick leave, 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, reimbursable sick leave, PTO, and compensatory leave is accounted for in the proprietary funds as a liability. The liability for unused annual, reimbursable sick leave, 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 regular sick leave is not recorded as a liability because upon termination, regular sick leave is not paid. Regular sick leave is paid only in the event of employee illness, at which time the payments will be made from current resources. Certain employees who participate in the RSP and GRIP retirement plans who have met requirements for both years of service and accumulated unused sick leave balances are entitled to a lump sum reimbursement upon termination. The County has determined these lumpsum reimbursements to be reimbursable sick leave, which are accrued when requirements are met.

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 FY22, the County and its employees contributed \$134,788,764 and \$47,212,654, respectively. Employees of MCRA, HOC, and BUP participate in the comprehensive insurance program of the County. Employer contributions totaled \$762,461, \$5,238,578, and \$185,407 for these component units, respectively, for FY22.

NOTE IV. OTHER INFORMATION (Continued)

F) Pension Plan Obligations

At June 30, 2022, the County reported a total pension liability of \$50,951,916, a net pension liability (asset) of \$(784,290,377), total deferred outflow of \$113,120,270, total deferred inflow of \$746,807,560 and a total expense of \$(172,919,399).

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

As of Fiscal Year Ended June 30, 2022

	Total Pension Liability	Net Pension Liability (Asset)	Deferred Outflow of Resources	Deferred Inflow of Resources	Pension Expense
Defined Benefit Pension Plan	N/A	\$ (790,452,877)	\$ 105,779,247	\$ 727,633,475	\$ (177,526,622)
State Retirement Plan	N/A	6,162,500	2,472,540	19,174,085	(3,303,127)
Length of Service Award Program (LOSAP)	50,951,916	N/A	4,868,483	-	7,910,350
Total Pension Plans	<u>\$ 50,951,916</u>	<u>\$ (784,290,377)</u>	<u>\$ 113,120,270</u>	<u>\$ 746,807,560</u>	<u>\$ (172,919,399)</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, 2022, the County reported a liability (asset) of \$(790,452,877) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability (asset) used to calculate the net pension liability (asset) 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, 2021, the County’s proportion was 107.07% as compared to June 30, 2020 of 68.42, an increase of 38.65%.

For the fiscal year ended June 30, 2022 the County recognized negative pension expense of \$177,526,622. At June 30, 2022, 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	\$ -	\$ 59,856,705
Assumption changes	-	40,168,434
Net difference between projected and actual earnings on pension plan investments		627,608,336
Changes in proportion and differences between		
County contributions and proportionate share of contributions	39,568,531	
County contributions subsequent to the measurement date	66,210,716	-
Total	<u>\$ 105,779,247</u>	<u>\$ 727,633,475</u>

NOTE IV. OTHER INFORMATION (Continued)

The \$66,210,716 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
2023	\$ (195,816,648)
2024	(173,593,491)
2025	(148,906,840)
2026	(169,747,965)

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2020
Measurement date	June 30, 2021
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 7.6 years for total ERS.
Asset valuation method	Fair Market value
Actuarial assumptions:	
Investment rate of return	7.50% per year
Projected salary increases depending on service	3.00% - 10.75% per year
Cost-of-living (inflation rate) adjustments	2.50% on the benefit attributable to credited service earned prior to June 30, 2011. 2.20% on the benefit attribution to credited service earned on or after July 1, 2011, reflecting the 2.50% cap.
Post-retirement increases	Consumer Price Index – by Group
Mortality rates after retirement	Pub-2010 Healthy Retiree Mortality Table (for General Employees), sex-distinct for healthy mortality. To provide a margin for future mortality improvements, generational mortality improvements from 2010 using projection scale MP- 2018 was used.

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, 2021 (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	3.40 %
International Equity	3.90
Emerging Market Equity	5.50
Global Equity	4.20
Private Equity	6.60
Credit Opportunities	4.10
High Yield Bonds	0.90
Emerging Market Debt	1.00
Directional Hedge Funds	2.00
Long Duration Fixed Income	(0.80)
Cash	(1.20)
Diversifying Hedge Funds	2.00
Global IIs	1.90
Private Real Assets	4.90
Public Real Assets	3.90

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 (asset)	\$(271,447,358)	\$ (790,452,877)	\$(1,227,572,205)

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 FY22 were \$22,341,229 and \$12,205,025, respectively. In accordance with IRS regulations and the County Code, no accumulated revenue was used to reduce employer contributions in FY22.

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 FY22 employee contributions vary from 5-7% of salary. The required employer contribution rate for FY22 is 20.50% 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, 2022, the County reported a liability of \$6,162,500 for its proportionate share of the net pension liability of the MSRP System. The net pension liability was measured as of June 30, 2021, 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:

	FY22	FY21	Change
Montgomery County	-	0.0742798%	(0.0742798%)
Montgomery County Public Libraries	-	0.0001751	(0.0001751)
Montgomery County (Supplemental)	0.0041077	0.0482083	(0.0441006)
Bethesda Fire Department	-	0.0001018	(0.0001018)
Chevy Chase Fire Department	-	0.0002085	(0.0002085)
Total	<u>0.0041077%</u>	<u>0.1229735%</u>	<u>(0.1188658%)</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 was 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, 2022, the County recognized negative pension expense of \$3,303,127. At June 30, 2022, 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	\$ 1,192,804	\$ 132,083
Investment return difference	599,902	3,414,200
Difference between actual and expected experience	-	472,321
Changes in proportion and differences between County contributions and proportionate share of contributions	-	15,155,481
County contributions subsequent to the measurement date	<u>679,834</u>	<u>-</u>
Total	<u>\$ 2,472,540</u>	<u>\$ 19,174,085</u>

The \$679,834 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
2023	\$ (3,979,499)
2024	(3,884,528)
2025	(3,879,841)
2026	(4,003,138)
2027	(1,634,373)

NOTE IV. OTHER INFORMATION (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2021	
Actuarial cost method	Individual Entry Age Normal	
Actuarial assumptions:		
Inflation	2.25% general, 2.75% wage	
Salary increases	2.75% to 9.25%	
Investment rate of return	6.80% per year	
Post-retirement benefit increases	1.30% to 2.75% per year for service prior to July 1, 2011	1.42%
	to 2.75% per year after June 30, 2011	
Mortality rates after retirement	Various versions of the Pub-2010 Mortality Tables for males and females with projected generational mortality improvements based on the MP-2018 fully generational mortality Improvements scale for males and females.	

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, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	37%	4.7%
Private Equity	13	6.5
Rate Sensitive	19	(0.4)
Credit Opportunity	9	2.6
Real Assets	14	4.2
Absolute Return	8	2.0
Total	<u>100%</u>	

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, 2021. For the years ended June 30, 2021 and 2020, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expenses, was 26.69% and 3.50%, 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 6.80% 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 6.80%. 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 6.80%, 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 (5.80%) lower or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease 5.80%	Discount Rate 6.80%	1% Increase 7.80%
County's proportionate share of the net pension liability	\$ 10,459,601	\$ 6,162,500	\$ 2,568,221

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, 2020 are as follows:

Inactive members currently receiving benefit payment	666
Inactive members entitled to but not yet receiving benefits	316
Active members	<u>1,214</u>
Total	<u>2,196</u>

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 \$1,604,982 in FY22 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 \$50,951,916 was measured as of June 30, 2021 and was determined by an actuarial valuation date of December 31, 2020 and rolled forward to the measurement date of June 30, 2021.

NOTE IV. OTHER INFORMATION (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation date	December 31, 2020
Actuarial method	Entry Age Normal
Retirement Age	100 percent of members are assumed to commence benefits at earliest eligibility of: 1. Age 65 with 10 years of LOSAP service 2. Age 60 with 15 years of LOSAP service 3. Any age with 25 years of LOSAP service
Mortality	The Pub-2010 Healthy Retiree Mortality Table (for Safety Employees), sex distinct, with projected generational mortality improvements based on the MP-2018 table for post-retirement non-disabled mortality. The Pub-2010 Disabled Retiree Mortality Table (for Safety Employees), sex distinct, with projected generational mortality improvements based on the MP-2018 table for post-retirement disabled mortality. The Pub-2010 Employee 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. 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. The mortality assumptions contain a provision for future mortality improvements.

Discount Rate

The discount rate used is a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. For this valuation, a discount rate of 2.45% was used to measure the total pension liability as of June 30, 2020. A discount rate of 1.92% was used to measure the total pension liability as of June 30, 2021.

The discount rate as of June 30, 2020 and June 30, 2021, 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, 2020 and June 30, 2021, 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 1.92%, 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 (0.92%) or 1-percentage-point higher (2.92%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	0.92%	1.92%	2.92%
Total Pension liability	\$ 62,375,082	\$ 50,951,916	\$ 42,543,803

NOTE IV. OTHER INFORMATION (Continued)

Changes in the Total Pension Liability

	Total Pension Liability (a)
Balance at June 30, 2021	<u>\$ 44,374,891</u>
Changes for the year:	
Service cost	950,903
Interest on the Total Pension Liability	1,080,126
Benefit Changes	1,310,473
Difference between Expected and Actual Experience	3,561
Assumptions changes	4,762,616
Benefit Payments	<u>(1,530,654)</u>
Net Changes	<u>6,577,025</u>
Balance at June 30, 2022	<u>\$ 50,951,916</u>

The change in the Total Pension Liability, due to the change in the Single Discount Rate from 2.45% as of the beginning of the year to 1.92% 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, 2022, the County recognized LOSAP Pension expense of \$7,910,350. At June 30, 2022, 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	\$ 47,172	\$ -
Changes in assumptions	3,216,329	-
County benefit payment subsequent to the measurement date	<u>1,604,982</u>	-
Total	<u>\$ 4,868,483</u>	<u>\$ -</u>

The \$1,604,982 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, 2023. Other amounts reported as deferred outflows of resources will be recognized in future pension expense as follows:

Fiscal Year	Amount
2023	\$ 2,694,196
2024	569,305

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 FY22, the County contributed \$73,048,270 and \$5,608,000 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 FY22, as required per the County Council Resolution No. 19-872. The allocated portions of investments relating to MCPS and MC as of June 30, 2022 were \$702,881,321 and \$86,688,091, 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 FY22, the County contributed \$73,048,270 and \$5,608,000 to the CRHBT on behalf of MCPS and MC for the health benefits of their retirees. The County and other contributing entities contributed \$69,423,628 including \$56,900,628 for current premiums, claims and administrative expenses, and \$12,523,000 toward prefunding future benefits. Contributions also include Medicare Part D contributions in the amount of \$17,898,804.

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

At June 30, 2022, the County reported a liability of \$819,410,047 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2021, the County's proportion was 97.234%.

For the fiscal year ended June 30, 2022, the County recognized negative OPEB expense of \$87,200,656. At June 30, 2022, 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	\$ 51,876,195	\$ 291,383,759
Assumption changes	111,355,228	302,968,157
Net difference between projected and actual earnings on OPEB plan investments	-	86,193,008
Changes in proportion and differences between		
County contributions and proportionate share of contributions	2,180,522	3,109,465
County contributions subsequent to the measurement date	67,587,681	-
Total	<u>\$ 232,999,626</u>	<u>\$ 683,654,389</u>

The \$67,587,681 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, 2023. 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
2023	\$ (101,409,516)
2024	(101,409,516)
2025	(101,409,516)
2026	(101,409,516)
2027	(79,861,264)
Thereafter	(32,743,116)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2021
Measurement Date	June 30, 2021
Actuarial cost method	Entry Age Normal
Discount Rate	5.28%
20 Yr. Municipal Bond Rate	1.92%
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 initial rate is 5.4% and the ultimate rate is 3.68%.

The actuarial assumptions used in the June 30, 2021 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, 2021 (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	3.40%
International Equity	3.90
Emerging Market Equity	5.50
Global Equity	4.20
Private Equity	6.60
Credit Opportunities	4.10
High Yield Bonds	0.90
Emerging Market Debt	1.00
Directional Hedge Funds	2.00
Long Duration Fixed Income	(0.80)
Cash	(1.20)
Diversifying Hedge Funds	2.00
Global IIs	1.90
Private Real Assets	4.90
Public Real Assets	3.90

A single discount rate of 5.28% was used to measure the total OPEB liability as of June 30, 2021. 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 1.92% 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, 2021 was 1.92%. Therefore, the blended discount rate used as of June 30, 2021 was 5.28%.

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 5.28%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.28%) or 1-percentage-point higher (6.28%) than the current rate:

	1% Decrease 4.28%	Discount Rate 5.28%	1% Increase 6.28%
Net OPEB Liability	\$1,038,206,712	\$ 819,410,047	\$ 639,799,638

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-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 627,940,089	\$ 819,410,047	\$1,058,183,531

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, 2022

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes:				
Property	\$ 1,331,103,394	\$ 1,331,103,394	\$ 1,328,659,758	\$ (2,443,636)
Property - penalty and interest	-	-	1,637,804	1,637,804
Total Property Tax	1,331,103,394	1,331,103,394	1,330,297,562	(805,832)
County Income Tax	1,708,841,800	1,708,841,800	1,895,810,690	186,968,889
Other Local Taxes:				
Real property transfer	117,155,198	117,155,198	180,217,441	63,062,243
Recordation	52,665,092	52,665,092	85,819,161	33,154,069
Fuel energy	175,651,251	175,651,251	184,651,864	9,000,613
Hotel-motel	11,837,621	11,837,621	14,405,669	2,568,048
Telephone	55,072,985	55,072,985	55,449,830	376,845
Other	1,808,353	1,808,353	4,352,393	2,544,040
Total Other Local Taxes	414,190,500	414,190,500	524,896,358	110,705,858
Total Taxes	3,454,135,694	3,454,135,695	3,751,004,610	296,868,915
Licenses and Permits:				
Business	5,443,395	5,443,395	4,296,377	(1,147,018)
Non business	7,828,550	7,828,550	8,118,005	289,455
Total Licenses and Permits	13,271,945	13,271,945	12,414,382	(857,563)
Intergovernmental Revenue:				
State Aid and Reimbursements:				
DHR State reimbursement	38,500	38,500	38,528	28
Highway user revenue	7,946,699	7,946,699	8,816,137	869,438
Police protection	14,074,844	14,074,844	10,516,688	(3,558,156)
Health and human services programs	5,550,409	5,550,409	2,905,749	(2,644,660)
Public libraries	5,629,000	5,629,000	5,281,610	(347,390)
911 Emergency	12,000,000	12,000,000	6,186,518	(5,813,482)
Other	2,345,349	2,576,349	551,089	(2,025,260)
Total State Aid and Reimbursements	47,584,801	47,815,801	34,296,319	(13,519,482)
Federal Reimbursements:				
Federal financial participation	16,286,044	16,286,044	17,866,274	1,580,230
Other	30,518,827	30,518,827	11,622,697	(18,896,130)
Total Federal Reimbursements	46,804,871	46,804,871	29,488,971	(17,315,900)
Other Intergovernmental	3,722,200	3,722,200	4,186,251	464,051
Total Intergovernmental Revenue	98,111,872	98,342,872	67,971,541	(30,371,331)
Charges for Services:				
General government	3,717,275	3,717,275	3,967,391	250,116
Public safety	4,545,190	4,545,190	3,491,553	(1,053,637)
Health and human services	1,265,497	1,265,497	1,521,232	255,735
Culture and recreation	19,000	19,000	966	(18,034)
Environment	-	-	27,500	27,500
Transportation	545,000	545,000	1,113,011	568,011
Total Charges for Services	10,091,962	10,091,962	10,121,653	29,691
Fines and forfeitures	37,826,950	37,826,950	25,804,992	(12,021,958)
Investment Income:				
Pooled investment income	(91,200)	(91,200)	(3,436,467)	(3,345,267)
Other interest income	-	-	10,997	10,997
Total Investment Income	(91,200)	(91,200)	(3,425,470)	(3,334,270)
Miscellaneous Revenue:				
Property rentals	4,653,593	4,653,593	3,114,640	(1,538,953)
Sundry	6,279,908	6,440,052	6,768,781	328,729
Total Miscellaneous Revenue	10,933,501	11,093,645	9,883,421	(1,210,224)
Total Revenues	3,624,280,724	3,624,671,869	3,873,775,129	249,103,260

**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, 2022**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Expenditures:				
Departments or Offices:				
County Council:				
Personnel	11,796,812	11,842,809	10,930,430	912,379
Operating	1,449,714	1,655,055	1,214,023	441,032
Totals	13,246,526	13,497,864	12,144,453	1,353,411
Board of Appeals:				
Personnel	546,283	548,443	548,437	6
Operating	36,237	34,077	24,735	9,342
Totals	582,520	582,520	573,172	9,348
Legislative Oversight:				
Personnel	2,152,626	2,177,950	1,995,912	182,038
Operating	46,026	46,026	28,277	17,749
Totals	2,198,652	2,223,976	2,024,189	199,787
Merit System Protection Board:				
Personnel	253,417	259,177	259,168	9
Operating	14,504	13,054	5,360	7,694
Totals	267,921	272,231	264,528	7,703
Zoning and Administrative Hearings:				
Personnel	620,628	620,628	594,980	25,648
Operating	60,754	60,754	41,971	18,783
Totals	681,382	681,382	636,951	44,431
Inspector General:				
Personnel	2,043,080	2,055,018	1,806,164	248,854
Operating	109,737	94,519	60,926	33,593
Totals	2,152,817	2,149,537	1,867,090	282,447
Circuit Court:				
Personnel	10,378,035	10,128,035	10,099,295	28,740
Operating	2,343,817	2,804,253	2,782,609	21,644
Totals	12,721,852	12,932,288	12,881,904	50,384
State's Attorney:				
Personnel	18,222,655	18,526,475	18,526,469	6
Operating	786,326	806,686	782,622	24,064
Totals	19,008,981	19,333,161	19,309,091	24,070
County Executive:				
Personnel	4,772,722	5,169,088	5,169,083	5
Operating	943,640	3,648,149	1,559,055	2,089,094
Totals	5,716,362	8,817,237	6,728,138	2,089,099
Community Engagement:				
Personnel	5,074,355	5,175,363	4,409,463	765,900
Operating	973,848	1,664,302	1,031,069	633,233
Totals	6,048,203	6,839,665	5,440,532	1,399,133
Ethics Commission:				
Personnel	333,370	340,776	338,174	2,602
Operating	38,259	48,529	29,815	18,714
Totals	371,629	389,305	367,989	21,316
Intergovernmental Relations:				
Personnel	959,139	966,299	874,733	91,566
Operating	116,813	151,210	79,108	72,102
Totals	1,075,952	1,117,509	953,841	163,668
Public Information:				
Personnel	5,493,042	5,664,727	5,664,718	9
Operating	463,152	720,176	720,174	2
Totals	5,956,194	6,384,903	6,384,892	11

**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, 2022**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Board of Elections:				
Personnel	4,505,105	4,258,924	4,258,916	8
Operating	3,795,251	4,250,324	4,250,316	8
Totals	8,300,356	8,509,248	8,509,232	16
Racial Equity and Social Justice:				
Personnel	731,420	731,420	521,346	210,074
Operating	270,292	354,542	199,080	155,462
Totals	1,001,712	1,085,962	720,426	365,536
Labor Relations:				
Personnel	1,222,692	1,222,770	1,059,587	163,183
Operating	383,198	361,927	334,264	27,663
Totals	1,605,890	1,584,697	1,393,851	190,846
County Attorney:				
Personnel	5,596,655	5,853,641	5,853,634	7
Operating	832,833	1,586,587	1,472,198	114,389
Totals	6,429,488	7,440,228	7,325,832	114,396
Management and Budget:				
Personnel	6,137,131	6,180,193	5,519,914	660,279
Operating	281,306	328,838	162,330	166,508
Totals	6,418,437	6,509,031	5,682,244	826,787
Finance:				
Personnel	12,971,426	13,082,554	12,029,822	1,052,732
Operating	2,629,359	4,294,119	4,060,215	233,904
Totals	15,600,785	17,376,673	16,090,037	1,286,636
Procurement:				
Personnel	4,570,814	4,421,937	3,477,408	944,529
Operating	362,469	610,775	525,920	84,855
Totals	4,933,283	5,032,712	4,003,328	1,029,384
Human Resources:				
Personnel	5,913,900	5,728,382	5,417,790	310,592
Operating	2,289,507	2,675,547	2,644,320	31,227
Totals	8,203,407	8,403,929	8,062,110	341,819
Technology and Enterprise Business Solutions:				
Personnel	23,240,424	21,547,185	20,752,708	794,477
Operating	20,901,750	27,767,660	27,619,134	148,526
Totals	44,142,174	49,314,845	48,371,842	943,003
General Services:				
Personnel	14,778,205	15,858,656	15,858,648	8
Operating	18,141,336	29,602,749	29,602,740	9
Totals	32,919,541	45,461,405	45,461,388	17
Animal Services:				
Personnel	6,437,004	6,449,975	6,306,635	143,340
Operating	1,677,352	1,792,527	1,563,772	228,755
Totals	8,114,356	8,242,502	7,870,407	372,095
Consumer Protection:				
Personnel	2,324,830	2,331,064	2,032,886	298,178
Operating	128,507	128,969	68,757	60,212
Totals	2,453,337	2,460,033	2,101,643	358,390
Correction and Rehabilitation:				
Personnel	64,535,242	64,346,696	63,501,771	844,925
Operating	7,801,459	8,468,817	8,337,905	130,912
Totals	72,336,701	72,815,513	71,839,676	975,837
Human Rights:				
Personnel	1,467,294	1,475,401	990,300	485,101
Operating	305,013	308,473	308,470	3
Totals	1,772,307	1,783,874	1,298,770	485,104

**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, 2022**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Police:				
Personnel	238,908,357	229,935,983	229,935,920	63
Operating	44,043,127	54,599,776	54,599,687	89
Totals	282,951,484	284,535,759	284,535,607	152
Sheriff:				
Personnel	21,761,506	22,004,314	22,004,304	10
Operating	3,771,565	4,298,845	4,166,128	132,717
Totals	25,533,071	26,303,159	26,170,432	132,727
Emergency Management and Homeland Security:				
Personnel	1,465,728	1,346,410	1,095,520	250,890
Operating	977,954	1,754,535	1,754,533	2
Totals	2,443,682	3,100,945	2,850,053	250,892
Transportation:				
Personnel	24,152,008	24,198,390	23,787,269	411,121
Operating	21,747,381	39,592,356	39,592,349	7
Totals	45,899,389	63,790,746	63,379,618	411,128
Health and Human Services:				
Personnel	141,941,119	134,540,427	133,143,426	1,397,001
Operating	126,491,032	211,693,618	211,693,582	36
Totals	268,432,151	346,234,045	344,837,008	1,397,037
Public Libraries:				
Personnel	33,921,720	30,631,735	30,464,136	167,599
Operating	8,530,887	8,907,684	8,813,839	93,845
Totals	42,452,607	39,539,419	39,277,975	261,444
Housing and Community Affairs:				
Personnel	7,241,136	7,362,143	7,362,132	11
Operating	1,637,893	2,035,333	2,035,327	6
Totals	8,879,029	9,397,476	9,397,459	17
Agriculture:				
Personnel	674,711	622,942	611,993	10,949
Operating	344,154	425,111	424,354	757
Totals	1,018,865	1,048,053	1,036,347	11,706
Environmental Protection:				
Personnel	2,203,678	2,147,785	2,147,768	17
Operating	1,287,605	1,706,137	1,684,515	21,622
Totals	3,491,283	3,853,922	3,832,283	21,639
Total Departments	965,362,326	1,089,045,754	1,073,624,338	15,421,416
Nondepartmental:				
Arts and Humanites Council	5,707,506	5,661,111	5,661,111	-
Boards, Committees and Commissions	47,750	47,750	29,294	18,456
Charter Review Commission	1,150	1,150	979	171
Children's Opportunity Fund	375,000	375,000	375,000	-
Climate Change Initiative	650,200	902,400	755,689	146,711
Community Grants	9,705,874	10,408,190	8,898,634	1,509,556
Compensation and Employee Benefit Adjustments - personnel	2,187,000	899,765	159,157	740,608
Compensation and Employee Benefit Adjustments - operating	980,600	823,210	363,108	460,102
Conference Center - personnel	124,683	124,683	91,211	33,472
Conference Center - operating	465,737	2,385,737	(580,000)	2,965,737
Conference and Visitors Bureau	828,634	713,912	713,905	7
Consolidated Retiree Health Benefit and Trust (MC)	5,608,000	5,608,000	5,608,000	-
Consolidated Retiree Health Benefit and Trust (MCPS)	73,048,269	73,048,270	73,048,270	-
Contributions To Self Insurance Fund - Risk Management	23,260,695	23,260,695	21,956,845	1,303,850
County Associations	74,728	74,728	74,728	-
County Leases - personnel	100,000	100,000	48,137	51,863
County Leases - operating	18,755,474	18,833,790	18,341,866	491,924
COVID-19 Response - Community Assistance	-	16,862,130	14,705,670	2,156,460
Device Client Management	12,225,751	12,466,720	12,464,517	2,203
Early Care and Education	10,992,589	14,260,667	3,309,044	10,951,623
Grants To Municipalities in Lieu Of Shared Tax	28,020	28,020	28,012	8
Group Insurance Retirees	50,618,652	50,618,652	50,618,652	-
Guaranteed Income	-	1,993,832	510,993	1,482,839

**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, 2022**

	Budget		Actual	Variance Positive
	Original Budget	Final Budget		(Negative)
Historical Activities	150,000	150,000	-	150,000
Homeowners' Association Road Maintenance Reimbursement	62,089	97,519	97,514	5
Housing Opportunities Commission	6,895,693	6,895,693	-	6,895,693
Independent Audit	426,782	370,189	370,172	17
Interagency Technology, Policy and Coordination Commission	3,000	3,000	-	3,000
KID Museum	1,200,000	1,200,000	1,200,000	-
Labor Management Relations Committee	100,000	100,000	1,885	98,115
Legislative Branch Communications Outreach	1,435,295	1,675,569	1,562,758	112,811
MEDCO Grant Incubator Network	3,037,891	5,032,419	4,259,410	773,009
Metro Washington Council Of Governments	1,684,519	1,654,519	1,633,204	21,315
Montgomery Coalition for Adult English Literacy	1,957,058	1,957,058	1,957,058	-
Montgomery County Economic Development Corp.	5,007,750	7,770,826	7,770,826	-
Motor Pool Fund Contribution	87,032	87,032	-	87,032
Municipal Tax Duplication	9,122,411	14,122,411	14,088,944	33,467
Prisoner Medical Services	20,000	20,000	-	20,000
Public Election Fund	3,000,000	3,000,000	3,000,000	-
Public Technologies Inc	5,000	5,000	5,000	-
Rebate Takoma Park For Police	1,263,255	1,263,255	1,223,562	39,693
Retiree Health Benefits Trust	10,829,980	10,829,980	10,829,980	-
Rockville Parking District	418,000	418,000	416,224	1,776
Skills for the Future	256,000	306,000	218,375	87,625
Snow Removal	2,884,990	-	-	-
State Positions Supplement	60,756	60,756	-	60,756
State Property Tax Services	3,565,615	3,565,615	3,400,997	164,618
State Retirement Contribution	3,754	3,754	-	3,754
Takoma Park - Library Transition	176,742	176,742	175,907	835
Telecommunications	5,356,382	6,274,607	5,488,739	785,868
Utilities	23,716,495	26,242,316	26,242,315	1
Vision Zero	180,171	190,121	173,175	16,946
Working Families Income Supplement	20,105,090	20,105,090	17,724,362	2,380,728
WorkSource Montgomery, Inc.	1,445,594	1,062,803	1,062,797	6
Total - Nondepartmental	<u>320,243,656</u>	<u>354,138,686</u>	<u>320,086,026</u>	<u>34,052,660</u>
Total Expenditures	<u>1,285,605,982</u>	<u>1,443,184,440</u>	<u>1,393,710,364</u>	<u>49,474,076</u>
Excess of Revenues over (under) Expenditures	<u>2,338,674,742</u>	<u>2,181,487,429</u>	<u>2,480,064,765</u>	<u>298,577,336</u>
Other Financing Sources (Uses):				
Transfers In:				
Special Revenue Funds:				
Fire Tax District	120,750	120,750	120,750	-
Recreation	7,207,303	7,207,303	7,207,303	-
Mass Transit	16,000,694	16,000,694	16,000,694	-
Water Quality Protection	1,876,810	1,876,810	1,876,810	-
Urban Districts	854,605	854,605	854,605	-
Housing Initiative	453,967	453,967	453,967	-
Cable TV	4,497,479	4,497,479	4,497,479	-
Total Special Revenue Funds	<u>31,011,608</u>	<u>31,011,608</u>	<u>31,011,608</u>	<u>-</u>
Enterprise Funds:				
Liquor	31,779,243	31,779,243	31,779,243	-
Parking Lot Districts	1,031,202	1,031,202	1,031,202	-
Solid Waste Activities	3,371,630	3,371,630	3,371,630	-
Community Use of Public Facilities	767,570	767,570	767,570	-
Permitting Services	5,868,849	5,868,849	5,868,849	-
Total Enterprise Funds	<u>42,818,494</u>	<u>42,818,494</u>	<u>42,818,494</u>	<u>-</u>
Total Transfers In	<u>73,830,102</u>	<u>73,830,102</u>	<u>73,830,102</u>	<u>-</u>
Total Transfers In - MCG	<u>73,830,102</u>	<u>73,830,102</u>	<u>73,830,102</u>	<u>-</u>

**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, 2022**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Transfers (Out):				
Special Revenue Funds:				
Recreation	(1,009,700)	(1,522,200)	(1,522,200)	-
Fire Tax District	(250,000)	(250,000)	(250,000)	-
Urban Districts	(2,911,573)	(2,911,573)	(2,911,573)	-
Mass Transit	(531,310)	(9,483,658)	(7,831,310)	1,652,348
Revenue Stabilization	(27,378,169)	(73,425,211)	(142,061,171)	(68,635,960)
Housing Initiative	(28,740,829)	(28,740,829)	(28,740,829)	-
Economic Development	(9,560,677)	(2,696,115)	(2,696,115)	-
Total Special Revenue Funds	<u>(70,382,258)</u>	<u>(119,029,586)</u>	<u>(186,013,198)</u>	<u>(66,983,612)</u>
Internal Service Funds:				
Motor Pool	(87,032)	(87,032)	-	87,032
Total Internal Service Funds	<u>(87,032)</u>	<u>(87,032)</u>	<u>-</u>	<u>87,032</u>
Enterprise Funds:				
Community Use of Public Facilities	(160,000)	(160,000)	(160,000)	-
Parking Lot Districts	(115,325)	(115,325)	(115,325)	-
Solid Waste Activities	(1,038,420)	(1,038,420)	(1,038,420)	-
Total Enterprise Funds	<u>(1,313,745)</u>	<u>(1,313,745)</u>	<u>(1,313,745)</u>	<u>-</u>
Debt Service Fund	(361,103,374)	(361,103,374)	(355,737,276)	5,366,098
Capital Projects Fund	(19,787,000)	(109,574,127)	(35,374,780)	74,199,347
Total Transfers (Out)	<u>(452,673,409)</u>	<u>(591,107,864)</u>	<u>(578,438,999)</u>	<u>12,668,865</u>
Transfers (Out) - Component Units and Joint Venture:				
Montgomery County Public Schools - operating	(1,764,632,010)	(1,762,617,643)	(1,763,299,162)	(681,519)
Montgomery County Public Schools - capital	(8,062,000)	(39,047,840)	(14,905,000)	24,142,840
Total Montgomery County Public Schools	<u>(1,772,694,010)</u>	<u>(1,801,665,483)</u>	<u>(1,778,204,162)</u>	<u>23,461,321</u>
Montgomery College - operating	(148,096,496)	(148,096,496)	(148,096,496)	-
Montgomery College - capital	(12,901,000)	(27,816,168)	(14,022,065)	13,794,103
Total Montgomery College	<u>(160,997,496)</u>	<u>(175,912,664)</u>	<u>(162,118,561)</u>	<u>13,794,103</u>
Housing Opportunities Commission - operating	(6,895,693)	(9,895,693)	(9,895,693)	-
Housing Opportunities Commission - capital	(1,125,000)	(15,667,659)	-	15,667,659
Total Housing Opportunity Commission	<u>(8,020,693)</u>	<u>(25,563,352)</u>	<u>(9,895,693)</u>	<u>15,667,659</u>
M-NCPPC - operating	(1,836,523)	(1,836,523)	(1,836,523)	-
Total Transfers (Out) - Component Units and JV	<u>(1,943,548,722)</u>	<u>(2,004,978,022)</u>	<u>(1,952,054,939)</u>	<u>52,923,083</u>
Total Transfers (Out) - MCG	(2,396,222,131)	(2,596,085,886)	(2,530,493,938)	65,591,948
Total Other Financing Sources (Uses)	<u>(2,322,392,029)</u>	<u>(2,522,255,784)</u>	<u>(2,456,663,836)</u>	<u>65,591,948</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 16,282,713</u>	<u>\$ (340,768,355)</u>	<u>23,400,929</u>	<u>\$ 364,169,284</u>
Adjustments required under generally accepted accounting principles:				
Non budgeted Item - Bad debt expense			94,542	
Elimination of encumbrances outstanding			85,265,096	
Public Election Fund			(3,193,462)	
Conference Center activity			276,656	
Non-budgeted Item-Leases			680,417	
Prepaid adjustment			(2,075,000)	
Debt Service transfer adjustment for Crossvines			139,960	
Consolidation:				
Revenue Stabilization			142,766,490	
Economic Development			(7,312,927)	
Urban Districts			311,064	
GAAP - Net Change in Fund Balance			<u>240,353,765</u>	
Fund Balance - Beginning of Year			<u>749,357,916</u>	
Fund Balance - End of Year			<u>\$ 989,711,681</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, 2022

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes - recordation premium	\$ 14,853,187	\$ 14,853,187	\$ 27,898,441	\$ 13,045,254
Charges for services	1,841,033	1,841,033	95,100	(1,745,933)
Investment Income:				
Pooled investment income	250,000	250,000	128,083	(121,917)
Other interest income	750,000	750,000	4,881,794	4,131,794
Total Investment Income	1,000,000	1,000,000	5,009,877	4,009,877
Miscellaneous:				
Property rentals, MPDU and other contributions	9,452,406	9,452,406	3,790,496	(5,661,910)
Total Miscellaneous	9,452,406	9,452,406	3,790,496	(5,661,910)
Total Revenues	27,146,626	27,146,626	36,793,914	9,647,288
Expenditures: Community development and housing				
Personnel	2,366,876	2,366,876	1,687,944	678,932
Operating	40,755,641	88,779,166	42,896,829	45,882,337
Total Expenditures	43,122,517	91,146,042	44,584,773	46,561,269
Excess of Revenues over (under) Expenditures	(15,975,891)	(63,999,416)	(7,790,859)	56,208,557
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	28,740,829	28,740,829	28,740,829	-
From Capital Projects Fund	-	-	9,839,672	9,839,672
To General Fund	(453,967)	(453,967)	(453,967)	-
To Debt Service Fund	(16,718,400)	(16,718,400)	(11,669,577)	5,048,823
To Capital Projects Fund	-	-	(2,275,000)	(2,275,000)
Mortgage repayment	3,100,000	3,100,000	36,101,048	33,001,048
Total Other Financing Sources (Uses)	14,668,462	14,668,462	60,283,005	45,614,543
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (1,307,429)	\$ (49,330,954)	52,492,146	\$ 101,823,100
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			3,006,141	
Repayment of loan not considered revenue under GAAP ⁽¹⁾			(66,453,889)	
Loan disbursement not considered expenditure under GAAP ⁽²⁾			27,106,869	
Non budgeted Item - Leases			7,018	
Non budgeted Item - Bad debt expense			(1,183,432)	
GAAP - Net Change in Fund Balance			14,974,853	
Fund Balance - Beginning of Year			355,811,836	
Fund Balance - End of Year			<u>\$ 370,786,689</u>	

⁽¹⁾ Repayment of loan includes repayment transfer to Capital Projects Fund in the amount of \$30,602,056.

⁽²⁾ This amount includes \$17,876,611 of loan disbursement transfer-in from Capital Projects Fund.

**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, 2022**

	Budget		Actual	Variance
	Original Budget	Final Budget		Positive (Negative)
Revenues:				
Intergovernmental:				
Federal grants	\$ 107,330,291	\$ 239,683,892	\$ 227,966,649	\$ (11,717,243)
State grants	53,302,997	22,856,605	44,743,601	21,886,996
Other non-state and non-federal reimbursements	280,677	16,834,022	4,625,685	(12,208,337)
Total Intergovernmental	160,913,965	279,374,519	277,335,935	(2,038,584)
Investment income:				
Other principal and interest income	2,000,000	1,470,804	192,588	(1,278,216)
Total Investment Income	2,000,000	1,470,804	192,588	(1,278,216)
Miscellaneous	345,228	(93,772)	1,282,610	1,376,382
Total Revenues	163,259,193	280,751,551	278,811,133	(1,940,418)
Expenditures:				
Departments or Offices:				
General Government:				
County Executive				
Operating	-	2,468,577	9,730,405	(7,261,828)
Totals	-	2,468,577	9,730,405	(7,261,828)
Finance:				
Operating	-	-	1,245,594	(1,245,594)
Totals	-	-	1,245,594	(1,245,594)
Intergovernmental Relations:				
Operating	15,335	15,335	3,833	11,502
Totals	15,335	15,335	3,833	11,502
Community Engagement:				
Personnel	76,465	116,411	81,764	34,647
Operating	-	11,093	996,505	(985,412)
Totals	76,465	127,504	1,078,269	(950,765)
General Services:				
Personnel	-	-	473	(473)
Operating	-	-	882	(882)
Totals	-	-	1,355	(1,355)
Technology and Enterprise Business Solutions:				
Operating	1,300,000	17,275,170	5,209,911	12,065,259
Totals	1,300,000	17,275,170	5,209,911	12,065,259
Total General Government	1,391,800	19,886,586	17,269,367	2,617,219
Public Safety:				
Circuit Court:				
Personnel	2,837,008	3,073,383	2,898,957	174,426
Operating	297,059	289,029	209,426	79,603
Totals	3,134,067	3,362,412	3,108,383	254,029
Correction and Rehabilitation:				
Operating	-	11,250	18,877	(7,627)
Totals	-	11,250	18,877	(7,627)
Fire and Rescue Service:				
Personnel	-	1,899,429	3,841,708	(1,942,279)
Operating	-	1,269,211	1,267,745	1,466
Totals	-	3,168,640	5,109,453	(1,940,813)
Police:				
Personnel	-	573,612	346,410	227,202
Operating	-	1,231,086	1,586,397	(355,311)
Totals	-	1,804,698	1,932,807	(128,109)

**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, 2022**

	Budget		Actual	Variance
	Original Budget	Final Budget		Positive (Negative)
State's Attorney:				
Personnel	271,726	261,006	247,043	13,963
Totals	271,726	261,006	247,043	13,963
Sheriff:				
Personnel	586,521	1,320,773	524,870	795,903
Operating	317,125	741,980	371,391	370,589
Totals	903,646	2,062,753	896,261	1,166,492
Emergency Management & Homeland Security:				
Personnel	978,284	2,125,859	1,110,741	1,015,118
Operating	-	5,820,477	4,393,966	1,426,511
Totals	978,284	7,946,336	5,504,707	2,441,629
Total Public Safety	5,287,723	18,617,095	16,817,531	1,799,564
Transportation:				
Personnel	1,702,272	1,703,532	768,640	934,892
Operating	3,475,476	4,534,191	3,349,956	1,184,235
Total Transportation	5,177,748	6,237,723	4,118,596	2,119,127
Health and Human Services:				
Personnel	48,949,792	55,791,065	52,557,399	3,233,666
Operating	46,572,934	145,289,567	120,809,085	24,480,482
Total Health and Human Services	95,522,726	201,080,632	173,366,484	27,714,148
Culture and Recreation:				
Public Libraries:				
Personnel	192,076	192,076	119,309	72,767
Operating	60,924	186,193	82,746	103,447
Totals	253,000	378,269	202,055	176,214
Recreation:				
Personnel	79,073	114,707	121,358	(6,651)
Operating	-	250,000	250,000	-
Totals	79,073	364,707	371,358	(6,651)
Total Culture and Recreation	332,073	742,976	573,413	169,563
Housing:				
Permitting Service:				
Operating	-	-	2,960	(2,960)
Totals	-	-	2,960	(2,960)
Housing and Community Affairs:				
Personnel	2,482,041	2,482,041	1,450,886	1,031,155
Operating	7,260,882	20,185,388	20,672,053	(486,665)
Totals	9,742,923	22,667,429	22,122,939	544,490
Total Housing	9,742,923	22,667,429	22,125,899	541,530
Alcohol Beverage Services:				
Personnel	-	-	77	(77)
Total Alcohol Beverage Services	-	-	77	(77)
Environmental Protection:				
Operating	-	341,104	350,998	(9,894)
Total Environmental Protection	-	341,104	350,998	(9,894)
Debt Service:				
Operating	-	-	424,931	(424,931)
Total Debt Service	-	-	424,931	(424,931)

**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, 2022**

	Budget		Actual	Variance
	Original Budget	Final Budget		Positive (Negative)
Nondepartmental:				
Arts and Humanities Council	-	2,750,000	2,750,000	-
Compensation and Employee Benefit Adjustments	1,000,000	-	-	-
Conference and Visitors Bureau	804,200	884,200	3,223,351	(2,339,151)
COVID-19 Response - Community Assistance	-	7,605,021	11,968,021	(4,363,000)
Early Care and Education	-	-	3,996,368	(3,996,368)
Future Federal/State/Other Grants - Operating	20,000,000	(17,645,595)	-	(17,645,595)
Working Families Income Supplement	25,000,000	25,000,000	21,826,097	3,173,903
WorkSource Montgomery, Inc.	-	3,000,000	-	3,000,000
Total Nondepartmental	<u>46,804,200</u>	<u>21,593,626</u>	<u>43,763,837</u>	<u>(22,170,211)</u>
Total Expenditures	<u>164,259,193</u>	<u>291,167,171</u>	<u>278,811,133</u>	<u>12,356,038</u>
Excess of Revenues over (under) Expenditures	<u>(1,000,000)</u>	<u>(10,415,620)</u>	<u>-</u>	<u>(10,415,620)</u>

Adjustments required under generally accepted accounting principles:

GAAP - Net Change in Fund Balance	-
Fund Balance - Beginning of Year	<u>216,034</u>
Fund Balance - End of Year	<u>\$ 216,034</u>

Reconciliation of Budgetary Schedule to GAAP Basis

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:

	Revenues	Expenditures & Encumbrances	Other Financing Sources (Uses)	Effect on Fund Balance
As reported - budgetary basis	\$ 278,811,133	\$ 278,811,133	\$ -	\$ -
Reconciling items:				
Encumbrances outstanding at year-end	<u>(24,942,480)</u>	<u>(24,942,480)</u>	<u>-</u>	<u>-</u>
As reported - GAAP basis	<u>\$ 253,868,653</u>	<u>\$ 253,868,653</u>	<u>\$ -</u>	<u>\$ -</u>

**REQUIRED SUPPLEMENTARY INFORMATION
CONSOLIDATED RETIREE HEALTH BENEFITS TRUST
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST 10 FISCAL YEARS**

Fiscal Year Ended June 30	County's Proportion			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
2022	97.23	819,410,047	103.10	794,782,430	49.28

**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)	794,782,430	10.97
2022	73,877,000	91,813,414	(17,936,414)	815,471,240*	11.26

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 2023 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			County's Covered Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
	% of Net Pension Liability	Share of the Net Pension Liability (Asset)	Share of the Net Pension Liability as a % of its Covered Payroll		
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
2022	107.07	(790,452,877)	(145.79)	542,198,922	116.20

**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	\$ 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	-	542,198,922	11.00
2022	75,744,787	75,744,787	-	454,465,660*	16.67

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 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
2022	0.0041077	6,162,500	137.86	4,470,143	81.84

**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
2022	905,142	905,142	-	3,347,264	27.04

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, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2017	January 1, 2015
Measurement Date	June 30, 2021	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, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total Pension Liability						
Service cost	\$ 950,903	\$ 763,719	\$ 665,258	\$ 474,699	\$ 1,578,468	\$ 886,540
Interest on the Total Pension Liability	1,080,126	1,196,108	1,305,864	621,258	1,750,442	1,273,361
Benefit Changes	1,310,473	-	-	-	478,969	-
Difference between Expected and Actual Experience	3,561	403,319	(691,351)	-	(1,343,359)	-
Assumptions Changes ⁽¹⁾	4,762,616	4,915,075	2,247,328	(1,927,565)	(3,166,298)	6,088,358
Benefit Payments	(1,530,654)	(1,466,186)	(1,403,828)	(674,853)	(2,009,855)	(1,309,686)
Net Change in Total Pension Liability	<u>6,577,025</u>	<u>5,812,035</u>	<u>2,123,271</u>	<u>(1,506,461)</u>	<u>(2,711,633)</u>	<u>6,938,573</u>
Total Pension Liability – Beginning	<u>44,374,891</u>	<u>38,562,856</u>	<u>36,439,585</u>	<u>37,946,046</u>	<u>40,657,679</u>	<u>33,719,106</u>
Total Pension Liability – Ending	<u>\$ 50,951,916</u>	<u>\$ 44,374,891</u>	<u>\$ 38,562,856</u>	<u>\$ 36,439,585</u>	<u>\$ 37,946,046</u>	<u>\$ 40,657,679</u>
Total Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	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, 2022, the change in the Total Pension Liability due to the change in the Single Discount Rate from 2.45% as of the beginning of the year to 1.92% 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 FY22, the County Council increased the operating budget for all funds through supplemental and special appropriations by \$283.7 million with an additional supplemental of \$1,585,633 to outside agency MCPS for Newcomers Enhancements and Assistance. In addition, supplemental appropriations increased the CIP budget by \$87.3 million.

Presentation

The basis used to prepare the legally adopted budget is different from GAAP in a number of ways, including the following:

- Encumbrances outstanding are charged to budgetary appropriations and considered expenditures of the current period; any cancellations of such encumbrances in a subsequent year are classified with miscellaneous revenue for budgetary purposes.
- Certain interfund revenues/expenditures are classified as transfers for budget purposes.
- Fund budgets do not include depreciation and bad debts, however they do include debt service payments and capital outlay.
- Mortgages and loans made and related repayments are generally accounted for as expenditures/other financial uses and revenues/other financing sources, respectively.
- Proceeds under certain capital lease financing are not budgeted.
- Certain activity is not budgeted by the County, since it is included in the budget of a component unit that is legally adopted by the County Council, such as certain pass-through expenditures, and bond proceeds and related transfers to MCPS and MC.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

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, 2019
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 4.5 years as of July 1, 2019.
Asset valuation method	5-year smoothed market
Inflations	2.50% per year
Salary Increases	Wage inflation of 3.00% per year plus additional service-based increases of up to 7.75%. Total increases of 3.00%-10.75%
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 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Pub2010 Public Sector Mortality Table (for General and Safety employees), sex distinct, with rates projected from 2010 using projection scale MP-2018 (generational mortality).
Cost-of-living adjustments (inflation rate)	2.50% compound for service before July 1, 2011 (1.50% compound for service before July 1, 2011 for defined groups) and 2.20% 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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

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, 2022**

	Special Taxing Districts	Rehabilitation Loan	Cable TV	Other	Total Nonmajor Governmental Fund
ASSETS					
Equity in pooled cash and investments	\$ 89,189,454	\$ 3,223,893	\$ 830,815	\$ 42,761,716	\$ 136,005,878
Cash	11,200	-	-	25,000	36,200
Receivables (net of allowances for uncollectibles):					
Property taxes	4,996,990	-	-	1,160,604	6,157,594
Accounts	5,252,577	-	5,813,000	1,008,758	12,074,335
Mortgages	-	1,789,630	-	-	1,789,630
Parking violations	549,472	-	-	-	549,472
Due from other governments	40,508,048	-	-	-	40,508,048
Total Assets	<u>\$ 140,507,741</u>	<u>\$ 5,013,523</u>	<u>\$ 6,643,815</u>	<u>\$ 44,956,078</u>	<u>\$ 197,121,157</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,450,348	\$ -	\$ 530,957	\$ 2,066,158	\$ 6,047,463
Retainage payable	-	-	-	5,966	5,966
Accrued liabilities	23,246,203	-	466,743	1,372,919	25,085,865
Deposits	501,772	-	-	-	501,772
Due to other funds	6,422,851	-	63,969	113,327	6,600,147
Due to component units	61,198	-	-	-	61,198
Due to other governments	660,651	-	700,994	6,400	1,368,045
Unearned revenue	1,127	-	-	215,271	216,398
Total Liabilities	<u>34,344,150</u>	<u>-</u>	<u>1,762,663</u>	<u>3,780,041</u>	<u>39,886,854</u>
Deferred Inflows of Resources:					
Unavailable property taxes	5,182,274	-	-	980,970	6,163,244
Unavailable revenue	2,554,966	-	-	-	2,554,966
Total Deferred Inflows of Resources	<u>7,737,240</u>	<u>-</u>	<u>-</u>	<u>980,970</u>	<u>8,718,210</u>
Fund Balances:					
Restricted	98,426,351	5,013,523	4,881,152	40,195,067	148,516,093
Total Fund Balances	<u>98,426,351</u>	<u>5,013,523</u>	<u>4,881,152</u>	<u>40,195,067</u>	<u>148,516,093</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 140,507,741</u>	<u>\$ 5,013,523</u>	<u>\$ 6,643,815</u>	<u>\$ 44,956,078</u>	<u>\$ 197,121,157</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Special Taxing Districts	Rehabilitation Loan	Cable TV	Other	Total Nonmajor Governmental Fund
REVENUES					
Taxes	\$ 411,499,076	\$ -	\$ -	\$ 48,006,768	\$ 459,505,844
Licenses and permits	59,915	-	-	-	59,915
Intergovernmental	111,134,882	-	-	24,179	111,159,061
Charges for services	32,248,936	-	23,539,502	6,791,224	62,579,662
Fines and forfeitures	859,723	-	-	271,465	1,131,188
Investment income	-	24,294	7,125	66,620	98,039
Miscellaneous	347,292	-	136,786	613,300	1,097,378
Total Revenues	<u>556,149,824</u>	<u>24,294</u>	<u>23,683,413</u>	<u>55,773,556</u>	<u>635,631,087</u>
EXPENDITURES					
General government	-	-	15,699,778	248,253	15,948,031
Public safety	250,781,906	-	-	1,072,385	251,854,291
Transportation	148,974,722	-	-	-	148,974,722
Health and human services	-	-	-	360,911	360,911
Culture and recreation	39,939,925	-	-	3,564,328	43,504,253
Community development and housing	-	-	-	110,048	110,048
Environment	-	-	-	31,198,572	31,198,572
Total Expenditures	<u>439,696,553</u>	<u>-</u>	<u>15,699,778</u>	<u>36,554,497</u>	<u>491,950,828</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>116,453,271</u>	<u>24,294</u>	<u>7,983,635</u>	<u>19,219,059</u>	<u>143,680,259</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	13,003,510	-	-	-	13,003,510
Transfers (out)	<u>(77,396,999)</u>	<u>-</u>	<u>(9,188,728)</u>	<u>(32,287,738)</u>	<u>(118,873,465)</u>
Total Other Financing Sources (Uses)	<u>(64,393,489)</u>	<u>-</u>	<u>(9,188,728)</u>	<u>(32,287,738)</u>	<u>(105,869,955)</u>
Net Change in Fund Balances	52,059,782	24,294	(1,205,093)	(13,068,679)	37,810,304
Fund Balances - Beginning of Year	<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>
Fund Balances - End of Year	<u>\$ 98,426,351</u>	<u>\$ 5,013,523</u>	<u>\$ 4,881,152</u>	<u>\$ 40,195,067</u>	<u>\$ 148,516,093</u>

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL TAXING DISTRICTS
June 30, 2022

	Recreation	Fire Tax District	Mass Transit Facilities	Total
ASSETS				
Equity in pooled cash and investments	\$ 17,973,212	\$ 38,390,028	\$ 32,826,214	\$ 89,189,454
Cash	6,200	5,000	-	11,200
Receivables (net of allowances for uncollectibles):				
Property taxes	527,730	2,879,953	1,589,307	4,996,990
Accounts	60,664	3,912,034	1,279,879	5,252,577
Parking violations	-	-	549,472	549,472
Due from other governments	-	-	40,508,048	40,508,048
Total Assets	<u>\$ 18,567,806</u>	<u>\$ 45,187,015</u>	<u>\$ 76,752,920</u>	<u>\$ 140,507,741</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,161,035	\$ 1,143,690	\$ 1,145,623	\$ 3,450,348
Accrued liabilities	2,214,462	14,217,257	6,814,484	23,246,203
Deposits	-	-	501,772	501,772
Due to other funds	315,707	4,597,656	1,509,488	6,422,851
Due to component units	-	-	61,198	61,198
Due to other governments	4,785	36,510	619,356	660,651
Unearned revenue	-	-	1,127	1,127
Total Liabilities	<u>3,695,989</u>	<u>19,995,113</u>	<u>10,653,048</u>	<u>34,344,150</u>
Deferred Inflows of Resources:				
Unavailable property taxes	788,148	2,834,147	1,559,979	5,182,274
Unavailable service revenues	-	2,554,966	-	2,554,966
Total Deferred Inflows of Resources	<u>788,148</u>	<u>5,389,113</u>	<u>1,559,979</u>	<u>7,737,240</u>
Fund Balances:				
Restricted	14,083,669	19,802,789	64,539,893	98,426,351
Total Fund Balances	<u>14,083,669</u>	<u>19,802,789</u>	<u>64,539,893</u>	<u>98,426,351</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 18,567,806</u>	<u>\$ 45,187,015</u>	<u>\$ 76,752,920</u>	<u>\$ 140,507,741</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL TAXING DISTRICTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Recreation</u>	<u>Fire Tax District</u>	<u>Mass Transit Facilities</u>	<u>Total</u>
REVENUES				
Taxes	\$ 47,774,140	\$ 253,000,761	\$ 110,724,175	\$ 411,499,076
Licenses and permits	-	-	59,915	59,915
Intergovernmental	-	14,959,179	96,175,703	111,134,882
Charges for services	4,807,378	22,521,805	4,919,753	32,248,936
Fines and forfeitures	-	-	859,723	859,723
Miscellaneous	38,616	285,369	23,307	347,292
Total Revenues	<u>52,620,134</u>	<u>290,767,114</u>	<u>212,762,576</u>	<u>556,149,824</u>
EXPENDITURES				
Public safety	-	250,781,906	-	250,781,906
Transportation	-	-	148,974,722	148,974,722
Culture and recreation	39,939,925	-	-	39,939,925
Total Expenditures	<u>39,939,925</u>	<u>250,781,906</u>	<u>148,974,722</u>	<u>439,696,553</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>12,680,209</u>	<u>39,985,208</u>	<u>63,787,854</u>	<u>116,453,271</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,922,200	250,000	7,831,310	13,003,510
Transfers (out)	(15,458,001)	(15,467,031)	(46,471,967)	(77,396,999)
Total Other Financing Sources (Uses)	<u>(10,535,801)</u>	<u>(15,217,031)</u>	<u>(38,640,657)</u>	<u>(64,393,489)</u>
Net Change in Fund Balances	2,144,408	24,768,177	25,147,197	52,059,782
Fund Balances - Beginning of Year	<u>11,939,261</u>	<u>(4,965,388)</u>	<u>39,392,696</u>	<u>46,366,569</u>
Fund Balances - End of Year	<u>\$ 14,083,669</u>	<u>\$ 19,802,789</u>	<u>\$ 64,539,893</u>	<u>\$ 98,426,351</u>

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - OTHER
June 30, 2022

	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	\$ 3,118,214	\$ 887,198	\$ 25,472,308	\$ 12,501,102	\$ 684,922	\$ 97,972	\$ 42,761,716
Cash	-	25,000	-	-	-	-	25,000
Receivables (net of allowances for uncollectibles):							
Accounts	-	-	42,801	-	-	965,957	1,008,758
Property taxes	-	-	1,160,604	-	-	-	1,160,604
Total Assets	<u>\$ 3,118,214</u>	<u>\$ 912,198</u>	<u>\$ 26,675,713</u>	<u>\$ 12,501,102</u>	<u>\$ 684,922</u>	<u>\$ 1,063,929</u>	<u>\$ 44,956,078</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 3,706	\$ 1,733,907	\$ 60,149	\$ 6,686	\$ 261,710	\$ 2,066,158
Retainage payable	-	-	5,966	-	-	-	5,966
Accrued liabilities	-	-	1,123,460	654	50,748	198,057	1,372,919
Due to other funds	-	-	113,327	-	-	-	113,327
Due to other governments	3,990	-	2,410	-	-	-	6,400
Unearned revenue	-	-	-	-	-	215,271	215,271
Total Liabilities	<u>3,990</u>	<u>3,706</u>	<u>2,979,070</u>	<u>60,803</u>	<u>57,434</u>	<u>675,038</u>	<u>3,780,041</u>
Deferred Inflows of Resources:							
Unavailable property taxes	-	-	980,970	-	-	-	980,970
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>980,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>980,970</u>
Fund Balances:							
Restricted	3,114,224	908,492	22,715,673	12,440,299	627,488	388,891	40,195,067
Total Fund Balances	<u>3,114,224</u>	<u>908,492</u>	<u>22,715,673</u>	<u>12,440,299</u>	<u>627,488</u>	<u>388,891</u>	<u>40,195,067</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,118,214</u>	<u>\$ 912,198</u>	<u>\$ 26,675,713</u>	<u>\$ 12,501,102</u>	<u>\$ 684,922</u>	<u>\$ 1,063,929</u>	<u>\$ 44,956,078</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS - OTHER
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Agricultural Transfer Tax	Drug Enforcement Forfeitures	Water Quality Protection	Restricted Donations	Detention Center Canteen Profit	Recreation Non-Tax Supported	Total
REVENUES							
Taxes	\$ 2,559,176	\$ -	\$ 45,447,592	\$ -	\$ -	\$ -	\$ 48,006,768
Intergovernmental	-	-	-	24,179	-	-	24,179
Charges for services	-	-	357,702	-	-	6,433,522	6,791,224
Fines and forfeitures	-	271,465	-	-	-	-	271,465
Investment income	4,329	1,525	58,383	-	981	1,402	66,620
Miscellaneous	-	13,624	-	305,171	294,505	-	613,300
Total Revenues	2,563,505	286,614	45,863,677	329,350	295,486	6,434,924	55,773,556
EXPENDITURES							
General government	-	-	-	248,253	-	-	248,253
Public safety	-	694,241	-	167,092	211,052	-	1,072,385
Health and human services	-	-	-	360,911	-	-	360,911
Community development and housing	-	-	-	110,048	-	-	110,048
Culture and recreation	-	-	-	74,188	-	3,490,140	3,564,328
Environment	1,023,671	-	30,174,901	-	-	-	31,198,572
Total Expenditures	1,023,671	694,241	30,174,901	960,492	211,052	3,490,140	36,554,497
Excess (Deficiency) of Revenues over (under) Expenditures	1,539,834	(407,627)	15,688,776	(631,142)	84,434	2,944,784	19,219,059
OTHER FINANCING SOURCES (USES)							
Transfers (out)	(355,278)	-	(15,085,711)	(13,446,749)	-	(3,400,000)	(32,287,738)
Total Other Financing Sources (Uses)	(355,278)	-	(15,085,711)	(13,446,749)	-	(3,400,000)	(32,287,738)
Net Change in Fund Balances	1,184,556	(407,627)	603,065	(14,077,891)	84,434	(455,216)	(13,068,679)
Fund Balances - Beginning of Year	1,929,668	1,316,119	22,112,608	26,518,190	543,054	844,107	53,263,746
Fund Balances - End of Year	\$ 3,114,224	\$ 908,492	\$ 22,715,673	\$ 12,440,299	\$ 627,488	\$ 388,891	\$ 40,195,067

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, 2022

	Budget		Actual	Variance
	Original Budget	Final		Positive (Negative)
Revenues:				
Intergovernmental	\$ 5,176,606	\$ 5,176,606	\$ 234,843	\$ (4,941,763)
Investment income	-	-	14,625	14,625
Miscellaneous	-	-	103	103
Total Revenues	5,176,606	5,176,606	249,571	(4,927,035)
Expenditures:				
Operating:				
Principal and interest for general obligation bonds:				
General county	72,736,570	72,736,570	73,142,299	(405,729)
Roads and storm drainage	81,511,740	81,511,740	80,264,802	1,246,938
Parks and recreation	9,611,110	9,611,110	9,427,541	183,569
Public schools	153,878,840	153,878,840	152,822,199	1,056,641
Montgomery College	27,721,800	27,721,800	27,606,896	114,904
Public housing	52,060	52,060	52,050	10
Recreation	10,475,490	10,475,490	10,013,908	461,582
Fire and rescue	7,513,040	7,513,040	7,461,899	51,141
Mass transit	20,997,580	20,997,580	20,182,065	815,515
Issuing costs	4,430,000	4,430,000	3,365,330	1,064,670
Bond anticipation note interest	1,300,000	1,300,000	363,149	936,851
Line of credit	1,400,000	1,400,000	148,055	1,251,945
Principal and interest on long-term equipment notes	-	-	35,130	(35,130)
Principal and interest on revenue bonds	8,887,800	8,887,800	8,361,371	526,429
Long-term obligations:				
General Fund	13,637,860	13,637,860	12,658,461	979,399
Montgomery Housing Initiative	16,768,050	16,768,050	11,617,527	5,150,523
Mass Transit	9,117,025	9,117,025	7,771,332	1,345,693
Fire and Rescue	6,036,575	6,036,575	4,422,571	1,614,004
Water Quality Protection	942,223	942,223	942,218	5
Permitting Services	871,551	871,551	871,551	-
Community Use of Public Facilities	329,776	329,776	329,776	-
Motor Pool Fund	518,050	518,050	518,050	-
Total Expenditures	448,737,140	448,737,140	432,378,180	16,358,960
Excess of Revenues over (under) Expenditures	(443,560,534)	(443,560,534)	(432,128,609)	11,431,925
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	361,103,374	361,103,374	355,597,315	(5,506,059)
From Capital Projects Fund	-	-	41,393	41,393
From Internal Service Funds	518,050	518,050	518,050	-
From Enterprise Funds:				
Community Use of Public Facilities	329,777	329,777	329,776	(1)
Permitting Services	871,553	871,553	871,551	(2)
From Special Revenue Funds:				
Recreation	10,475,490	10,475,490	10,013,908	(461,582)
Mass Transit	30,114,605	30,114,605	27,967,563	(2,147,042)
Fire Tax District	13,549,615	13,549,615	11,899,254	(1,650,361)
Montgomery Housing Initiative	16,718,400	16,718,400	11,669,577	(5,048,823)
Water Quality Protection	9,830,020	9,830,020	9,398,074	(431,946)
Total Other Financing Sources (Uses)	443,510,884	443,510,884	428,306,461	(15,204,423)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (49,650)	\$ (49,650)	(3,822,148)	\$ (3,772,498)

Adjustments required under generally accepted accounting principles:

Elimination of encumbrances outstanding	128,146
Bond anticipation note activity	(359,000,000)
Payment to refunded bond escrow agent	(26,206,619)
Premium on general obligation bond	49,363,470
Premium on general obligation refunding bonds	1,112,595
Issuing costs for general obligation bonds/certificate of participation	(269,780)
Proceeds of:	
General obligation bonds	310,000,000
General obligation refunding bonds	25,115,000
GAAP - Net Change in Fund Balance	<u>(3,579,336)</u>
Fund Balance - Beginning of Year	<u>20,828,828</u>
Fund Balance - End of Year	<u>\$ 17,249,492</u>

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, 2022**

	Budget		Actual	Variance
	Original Budget	Final Budget		Positive (Negative)
Revenues:				
Taxes	\$ 15,366,000	\$ 18,525,425	\$ 127,532,344	\$ 109,006,919
Intergovernmental	12,756,000	15,724,078	7,710,312	(8,013,766)
Charges for services	8,717,000	10,457,093	35,750,720	25,293,627
Investment income	147,000	147,000	5,000	(142,000)
Miscellaneous	16,767,000	29,763,539	3,084,296	(26,679,243)
Total Revenues	53,753,000	74,617,135	174,082,672	99,465,537
Expenditures - Capital Projects	271,963,000	560,927,273	678,863,535	(117,936,262)
Excess of Revenues over (under) Expenditures	(218,210,000)	(486,310,138)	(504,780,863)	(18,470,725)
Other Financing Sources (Uses):				
Transfers in	64,796,000	115,712,000	71,619,345	(44,092,655)
Transfers out	-	-	(10,573,721)	(10,573,721)
Sale of property	-	-	39,358,687	39,358,687
Financing under notes payable	4,327,000	4,299,643	6,108,268	1,808,625
Payment to refunded bond escrow agent	-	-	(41,309,067)	(41,309,067)
Proceeds from taxable limited obligation certificates	-	-	98,755,000	98,755,000
Proceeds from certificates of participation	8,751,000	8,751,000	-	(8,751,000)
Proceeds from general obligation bonds	126,801,000	140,763,030	-	(140,763,030)
Proceeds from bond anticipation notes	-	-	200,000,000	200,000,000
Proceeds from issuance of revenue bonds	11,847,000	11,847,000	11,359,480	(487,520)
Premium on general obligation bond	1,688,000	1,688,000	-	(1,688,000)
Premium on taxable limited obligation certificates	-	-	818,942	818,942
Total Other Financing Sources (Uses)	218,210,000	283,060,673	376,136,934	93,076,261
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ (203,249,465)	(128,643,929)	\$ 74,605,536
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			164,409,468	
Transfer from Housing Initiative special revenue fund			30,602,056	
GAAP - Net Change in Fund Balance			66,367,595	
Fund Balance - Beginning of Year			76,005,368	
Fund Balance - End of Year			\$ 142,372,963	

**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, 2022**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes - property	\$ 48,298,521	\$ 48,298,521	\$ 47,774,140	\$ (524,381)
Charges for services - activity fees	770,000	770,000	4,807,378	4,037,378
Miscellaneous	174,829	183,399	37,103	(146,296)
Total Revenues	49,243,350	49,251,920	52,618,621	3,366,701
Expenditures:				
Personnel costs	28,877,918	28,506,571	24,272,042	4,234,529
Operating	16,156,836	17,384,266	17,384,229	37
Total Expenditures	45,034,754	45,890,837	41,656,271	4,234,566
Excess of Revenues over (under) Expenditures	4,208,596	3,361,083	10,962,350	7,601,267
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	1,009,700	1,522,200	1,522,200	-
From Recreation Non Tax Supported Fund	4,500,000	4,500,000	3,400,000	(1,100,000)
To General Fund	(7,207,303)	(7,207,303)	(5,444,093)	1,763,210
To Debt Service Fund	(10,475,490)	(10,475,490)	(10,013,908)	461,582
Total Other Financing Sources (Uses)	(12,173,093)	(11,660,593)	(10,535,801)	1,124,792
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (7,964,497)	\$ (8,299,510)	426,549	\$ 8,726,059
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			-	
Non-budgeted item - Recovered bad debt			1,513	
Elimination of encumbrances outstanding			3,479,556	
GAAP - Net Change in Fund Balance			2,144,408	
Fund Balance - Beginning of Year			11,939,261	
Fund Balance - End of Year			<u>\$ 14,083,669</u>	

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, 2022**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes - property	\$ 255,444,935	\$ 255,444,935	\$ 253,000,761	\$ (2,444,174)
Intergovernmental	198,622	2,135,936	14,959,179	12,823,243
Charges for services	20,000,000	20,000,000	19,916,930	(83,070)
Miscellaneous	244,882	244,882	285,369	40,487
Total Revenues	<u>275,888,439</u>	<u>277,825,753</u>	<u>288,162,239</u>	<u>10,336,486</u>
Expenditures:				
Personnel costs	194,785,832	204,139,155	204,139,149	6
Operating	38,451,866	49,258,509	48,145,242	1,113,267
Total Expenditures	<u>233,237,698</u>	<u>253,397,664</u>	<u>252,284,391</u>	<u>1,113,273</u>
Excess of Revenues over (under) Expenditures	<u>42,650,741</u>	<u>24,428,089</u>	<u>35,877,848</u>	<u>11,449,759</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	(13,549,615)	(13,549,615)	(11,899,255)	1,650,360
To Capital Projects Fund	(4,807,000)	(5,841,000)	(3,447,026)	2,393,974
Total Other Financing Sources (Uses)	<u>(18,227,365)</u>	<u>(19,261,365)</u>	<u>(15,217,031)</u>	<u>4,044,334</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 24,423,376</u>	<u>\$ 5,166,724</u>	<u>20,660,817</u>	<u>\$ 15,494,093</u>
Adjustments required under generally accepted accounting principles:				
Non-budgeted item - Bad debt expense			(2,605,937)	
Gross receivable for EMST Program			6,512,188	
Adjustment for collectible receivable for EMST Program			(3,907,313)	
Elimination of encumbrances outstanding			<u>4,108,422</u>	
GAAP - Net Change in Fund Balance			24,768,177	
Fund Balance - Beginning of Year			<u>(4,965,388)</u>	
Fund Balance - End of Year			<u>\$ 19,802,789</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, 2022**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes - property	\$ 111,358,690	\$ 111,358,690	\$ 110,724,175	\$ (634,515)
Licenses and permits	200,000	200,000	59,915	(140,085)
Intergovernmental	97,850,774	97,850,774	96,175,703	(1,675,071)
Charges for services:				
Fare receipts	15,640,238	15,640,238	4,032,904	(11,607,334)
Parking fees	576,000	576,000	886,849	310,849
Total Charges for Services	16,216,238	16,216,238	4,919,753	(11,296,485)
Fines and forfeitures	418,800	418,800	859,723	440,923
Miscellaneous	-	-	23,307	23,307
Total Revenues	226,044,502	226,044,502	212,762,576	(13,281,926)
Expenditures:				
Division of Transit Services:				
Personnel costs	85,015,636	91,424,796	81,675,615	9,749,181
Operating	64,318,061	72,592,545	72,160,168	432,377
Total Division of Transit Services	149,333,697	164,017,341	153,835,783	10,181,558
Washington Suburban Transit Commission				
Operating	101,541	101,541	101,541	-
Total Expenditures	149,435,238	164,118,882	153,937,324	10,181,558
Excess of Revenues over (under) Expenditures	76,609,264	61,925,620	58,825,252	(3,100,368)
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	531,310	9,483,658	7,831,310	(1,652,348)
To General Fund	(16,000,694)	(16,000,694)	(16,000,694)	-
To Debt Service Fund	(30,114,605)	(30,114,605)	(27,967,563)	2,147,042
To Capital Projects Fund	(31,309,000)	(31,309,000)	(2,503,710)	28,805,290
Total Other Financing Sources (Uses)	(76,892,989)	(67,940,641)	(38,640,657)	29,299,984
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (283,725)	\$ (6,015,021)	20,184,595	\$ 26,199,616
Adjustments required under generally accepted accounting principles:				
Non-budget item - Bad debt expense			(35,380)	
Elimination of encumbrances outstanding			4,997,982	
GAAP - Net Change in Fund Balance			25,147,197	
Fund Balance - Beginning of Year			39,392,696	
Fund Balance - End of Year			\$ 64,539,893	

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, 2022**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Investment income				
Pooled investment income	\$ -	\$ -	\$ 5,003	\$ 5,003
Other investment income	-	-	19,291	19,291
Total Revenues	-	-	24,294	24,294
Total Expenditures	-	3,045,465	-	3,045,465
Excess of Revenues over (under) Expenditures	-	(3,045,465)	24,294	(3,021,171)
Other Financing Sources (Uses):				
Mortgage loans	-	-	154,134	154,134
Total Other Financing Sources (Uses)	-	-	154,134	-
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ (3,045,465)	178,428	\$ (3,021,171)
Adjustments required under generally accepted accounting principles:				
Repayment of loan principal not considered revenue under GAAP			(154,134)	
GAAP - Net Change in Fund Balance			24,294	
Fund Balance - Beginning of Year			4,989,229	
Fund Balance - End of Year			\$ 5,013,523	

**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, 2022**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Fines and forfeitures	\$ 22,715,712	\$ 22,715,712	\$ 23,539,502	\$ 823,790
Investment income	153,000	153,000	7,125	(145,875)
Miscellaneous	-	-	136,786	136,786
Total Revenues	<u>22,868,712</u>	<u>22,868,712</u>	<u>23,683,413</u>	<u>814,701</u>
Expenditures:				
Personnel costs	4,465,948	4,048,188	4,022,661	25,527
Operating	12,203,663	14,778,677	14,778,667	10
Total Expenditures	<u>16,669,611</u>	<u>18,826,865</u>	<u>18,801,328</u>	<u>25,537</u>
Excess of Revenues over (under) Expenditures	<u>6,199,101</u>	<u>4,041,847</u>	<u>4,882,085</u>	<u>840,238</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
To General Fund	(4,497,479)	(4,497,479)	(4,497,479)	-
To Capital Projects Fund	(4,272,000)	(4,272,000)	(4,691,249)	(419,249)
Total Other Financing Sources (Uses)	<u>(8,769,479)</u>	<u>(8,769,479)</u>	<u>(9,188,728)</u>	<u>(419,249)</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ (2,570,378)</u>	<u>\$ (4,727,632)</u>	<u>(4,306,643)</u>	<u>\$ 420,989</u>
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			<u>3,101,550</u>	
GAAP - Net Change in Fund Balance			<u>(1,205,093)</u>	
Fund Balance - Beginning of Year			<u>6,086,245</u>	
Fund Balance - End of Year			<u>\$ 4,881,152</u>	

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

**(NON-GAAP BUDGETARY BASIS)
DRUG ENFORCEMENT FORFEITURES SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 271,465	\$ 271,465
Investment income	-	-	1,525	1,525
Miscellaneous	-	-	13,624	13,624
Total Revenues	-	-	286,614	286,614
Expenditures:				
Operating	-	1,315,991	813,548	502,443
Total Expenditures	-	1,315,991	813,548	502,443
Excess of Revenues over (under) Expenditures	\$ -	\$ (1,315,991)	(526,934)	\$ 789,057
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			119,307	
GAAP - Net Change in Fund Balance			(407,627)	
Fund Balance - Beginning of Year			1,316,119	
Fund Balance - End of Year			\$ 908,492	

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, 2022**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes	\$ 43,637,400	\$ 43,637,400	\$ 45,447,592	\$ 1,810,192
Charges for services	47,500	47,500	357,702	310,202
Investment income	300,000	300,000	58,383	(241,617)
Total Revenues	<u>43,984,900</u>	<u>43,984,900</u>	<u>45,863,677</u>	<u>1,878,777</u>
Expenditures:				
Personnel costs	9,955,912	9,988,807	9,603,323	385,484
Operating	19,524,779	24,696,059	24,470,285	225,774
Total Expenditures	<u>29,480,691</u>	<u>34,684,866</u>	<u>34,073,608</u>	<u>611,258</u>
Excess of Revenues over (under) Expenditures	<u>14,504,209</u>	<u>9,300,034</u>	<u>11,790,069</u>	<u>2,490,035</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
To General Fund	(1,876,810)	(1,876,810)	(1,876,810)	-
To Capital Projects Fund	(4,917,000)	(4,917,000)	(3,810,827)	1,106,173
To Debt Service Fund	(9,830,020)	(9,830,020)	(9,398,074)	431,946
Total Other Financing Sources (Uses)	<u>(16,623,830)</u>	<u>(16,623,830)</u>	<u>(15,085,711)</u>	<u>1,538,119</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ (2,119,621)</u>	<u>\$ (7,323,796)</u>	<u>(3,295,642)</u>	<u>\$ 4,028,154</u>
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			3,898,707	
GAAP - Net Change in Fund Balance			<u>603,065</u>	
Fund Balance - Beginning of Year			<u>22,112,608</u>	
Fund Balance - End of Year			<u>\$ 22,715,673</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, 2022**

	Budget		Actual	Variance
	Original Budget	Final Budget		Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 24,179	\$ 24,179
Miscellaneous - contributions	-	8,869	305,171	296,302
Total Revenues	-	8,869	329,350	320,481
Expenditures:				
Operating	-	12,838,764	3,115,695	9,723,069
Total Expenditures	-	12,838,764	3,115,695	9,723,069
Excess of Revenues over (under) Expenditures	\$ -	\$ (12,829,895)	(2,786,345)	\$ 10,043,550
Other Financing Sources (Uses):				
Transfers In (Out):				
To Capital Projects Fund	-	-	(13,446,749)	(13,446,749)
Total Other Financing Sources (Uses)	-	-	(13,446,749)	(13,446,749)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ (12,829,895)	(16,233,094)	\$ (3,403,199)
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			2,155,203	
GAAP - Net Change in Fund Balance			(14,077,891)	
Fund Balance - Beginning of Year			26,518,190	
Fund Balance - End of Year			\$ 12,440,299	

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 DETENTION CENTER CANTEEN PROFIT SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Investment income	\$ -	\$ -	\$ 981	\$ 981
Miscellaneous	245,065	245,065	294,505	49,440
Total Revenues	<u>245,065</u>	<u>245,065</u>	<u>295,486</u>	<u>50,421</u>
Expenditures:				
Operating	543,000	543,000	219,651	323,349
Total Expenditures	<u>543,000</u>	<u>543,000</u>	<u>219,651</u>	<u>323,349</u>
Excess of Revenues over (under) Expenditures	<u>\$ (297,935)</u>	<u>\$ (297,935)</u>	<u>75,835</u>	<u>\$ 373,770</u>
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			<u>8,599</u>	
GAAP - Net Change in Fund Balance			84,434	
Fund Balance - Beginning of Year			<u>543,054</u>	
Fund Balance - End of Year			<u>\$ 627,488</u>	

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

**(NON-GAAP BUDGETARY BASIS)
RECREATION NON TAX SUPPORTED SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Charges for services - activity fees	\$ 8,100,000	\$ 8,100,000	\$ 6,433,522	\$ (1,666,478)
Investment income	-	-	1,402	1,402
Total Revenues	8,100,000	8,100,000	6,434,924	(1,665,076)
Expenditures:				
Operating	3,600,000	3,609,999	3,490,140	119,859
Total Expenditures	3,600,000	3,609,999	3,490,140	119,859
Excess of Revenues over (under) Expenditures	4,500,000	4,490,001	2,944,784	(1,545,217)
Other Financing Sources (Uses):				
Transfers In (Out):				
To Special Revenue Fund - Recreation	(4,500,000)	(4,500,000)	(3,400,000)	1,100,000
Total Other Financing Sources (Uses)	(4,500,000)	(4,500,000)	(3,400,000)	1,100,000
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ (9,999)	(455,216)	\$ (445,217)
Adjustments required under generally accepted accounting principles:				
GAAP - Net Change in Fund Balance			(455,216)	
Fund Balance - Beginning of Year			844,107	
Fund Balance - End of Year			\$ 388,891	



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, 2022**

	<u>Permitting Services</u>	<u>Community Use of Public Facilities</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS			
Current Assets:			
Equity in pooled cash and investments	\$ 50,045,262	\$ 6,264,836	\$ 56,310,098
Receivables (net of allowance for uncollectibles):			
Accounts	258,444	4,286,706	4,545,150
Total Current Assets	<u>50,303,706</u>	<u>10,551,542</u>	<u>60,855,248</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	1,699,493	-	1,699,493
Total Capital Assets (net of accumulated depreciation)	<u>340,232</u>	<u>-</u>	<u>340,232</u>
Net Pension Asset	17,000,270	1,267,886	18,268,156
Total Noncurrent Assets	<u>17,340,502</u>	<u>1,267,886</u>	<u>18,608,388</u>
Total Assets	<u>67,644,208</u>	<u>11,819,428</u>	<u>79,463,636</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	1,906,074	155,174	2,061,248
Total Deferred Outflows of Resources	<u>1,906,074</u>	<u>155,174</u>	<u>2,061,248</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	67,319	119,170	186,489
Deposits	9,935,513	-	9,935,513
Accrued liabilities	4,121,006	423,103	4,544,109
Due to other funds	771,701	80,974	852,675
Due to component units	-	3,995,058	3,995,058
Unearned revenue	177,756	3,657,897	3,835,653
Other liabilities	-	41,748	41,748
Total Current Liabilities	<u>15,073,295</u>	<u>8,317,950</u>	<u>23,391,245</u>
Noncurrent Liabilities:			
Compensated absences	1,303,239	131,812	1,435,051
Total Noncurrent Liabilities	<u>1,303,239</u>	<u>131,812</u>	<u>1,435,051</u>
Total Liabilities	<u>16,376,534</u>	<u>8,449,762</u>	<u>24,826,296</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	15,649,213	1,167,124	16,816,337
Deferred revenue	-	310,022	310,022
Total Deferred Inflows of Resources	<u>15,649,213</u>	<u>1,477,146</u>	<u>17,126,359</u>
NET POSITION			
Net investment in capital assets	340,232	-	340,232
Unrestricted	37,184,303	2,047,694	39,231,997
Total Net Position	<u>\$ 37,524,535</u>	<u>\$ 2,047,694</u>	<u>\$ 39,572,229</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Permitting Services</u>	<u>Community Use of Public Facilities</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES			
Charges for services	\$ 1,847,923	\$ 7,515,453	\$ 9,363,376
Licenses and permits	49,763,943	-	49,763,943
Fines and penalties	71,075	-	71,075
Total Operating Revenues	<u>51,682,941</u>	<u>7,515,453</u>	<u>59,198,394</u>
OPERATING EXPENSES			
Personnel costs	22,986,150	2,708,533	25,694,683
Other post employment contributions	295,120	37,960	333,080
Postage	10,998	-	10,998
Insurance	743,478	-	743,478
Supplies and materials	270,452	80,335	350,787
Contractual services	2,528,932	2,697,137	5,226,069
Communications	315,889	37,813	353,702
Transportation	905,435	7,729	913,164
Public utility services	-	1,893,432	1,893,432
Rentals	291,060	-	291,060
Maintenance	199,494	5,839	205,333
Depreciation	143,615	-	143,615
Other	60,263	183,229	243,492
Total Operating Expenses	<u>28,750,886</u>	<u>7,652,007</u>	<u>36,402,893</u>
Operating Income (Loss)	<u>22,932,055</u>	<u>(136,554)</u>	<u>22,795,501</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	69,879	11,122	81,001
Other revenue	20,235	5,207	25,442
Total Nonoperating Revenues (Expenses)	<u>90,114</u>	<u>16,329</u>	<u>106,443</u>
Income (Loss) Before Transfers	<u>23,022,169</u>	<u>(120,225)</u>	<u>22,901,944</u>
Transfers In (Out):			
Transfers in	-	25,000	25,000
Transfers out	(6,740,400)	(1,120,340)	(7,860,740)
Total Transfers In (Out)	<u>(6,740,400)</u>	<u>(1,095,340)</u>	<u>(7,835,740)</u>
Change in Net Position	<u>16,281,769</u>	<u>(1,215,565)</u>	<u>15,066,204</u>
Total Net Position - Beginning of Year	<u>21,242,766</u>	<u>3,263,259</u>	<u>24,506,025</u>
Total Net Position - End of Year	<u>\$ 37,524,535</u>	<u>\$ 2,047,694</u>	<u>\$ 39,572,229</u>

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 51,455,582	\$ 7,367,033	\$ 58,822,615
Payments to suppliers	(5,372,192)	(838,004)	(6,210,196)
Payments to employees	(28,848,725)	(3,145,538)	(31,994,263)
Other operating receipts	5,605,416	-	5,605,416
Other operating payments	(3,861,499)	-	(3,861,499)
Other receipts	20,235	5,207	25,442
Net cash provided (Used) by Operating Activities	<u>18,998,817</u>	<u>3,388,698</u>	<u>22,387,515</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers from other funds	-	25,000	25,000
Operating subsidies and transfers to other funds	(6,740,400)	(1,120,340)	(7,860,740)
Net cash provided (Used) by Noncapital Financing Activities	<u>(6,740,400)</u>	<u>(1,095,340)</u>	<u>(7,835,740)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income from pooled investments	69,879	11,122	81,001
Net cash provided (Used) by Investing Activities	<u>69,879</u>	<u>11,122</u>	<u>81,001</u>
Net Increase (Decrease) in Cash and Cash Equivalents	12,328,296	2,304,480	14,632,776
Balances - Beginning of Year	37,716,966	3,960,356	41,677,322
Balances - End of Year	<u>\$ 50,045,262</u>	<u>\$ 6,264,836</u>	<u>\$ 56,310,098</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 22,932,055	\$ (136,554)	\$ 22,795,501
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	143,615	-	143,615
Pension expense	(5,995,118)	(379,534)	(6,374,652)
Other revenues	20,235	5,207	25,442
(Increase) Decrease in Accounts receivable	(1,283)	(2,113,558)	(2,114,841)
(Increase) Decrease in Prepaid expenses	241,230	32,560	273,790
Increase (Decrease) in Accounts payable and other liabilities	(41,196)	78,140	36,944
Increase (Decrease) in Deposits	1,743,917	-	1,743,917
Increase (Decrease) in Accrued liabilities	346,004	(12,848)	333,156
Increase (Decrease) in Due to other fund	(235,580)	(39,072)	(274,652)
Increase (Decrease) in Due to component units	-	3,995,059	3,995,059
Increase (Decrease) in Due to other governments	(5,537)	-	(5,537)
Increase (Decrease) in Unearned revenue	(226,075)	3,480,378	3,254,303
Increase (Decrease) in Compensated absences	76,550	(5,841)	70,709
Increase (Decrease) in Deferred inflow of resources- deferred revenue	-	(1,515,239)	(1,515,239)
Net Cash Provided (Used) by Operating Activities	<u>\$ 18,998,817</u>	<u>\$ 3,388,698</u>	<u>\$ 22,387,515</u>

**SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
LIQUOR				
Personnel costs	\$ 38,470,464	\$ 37,470,464	\$ 36,811,397	\$ 659,067
Operating	27,877,611	29,546,403	30,319,160	(772,757)
Total	<u>\$ 66,348,075</u>	<u>\$ 67,016,867</u>	<u>67,130,557</u>	<u>\$ (113,690)</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			8,050,757	
Cost of goods sold			218,013,765	
Interest expense			1,404,120	
Bad debt expense			1,343,450	
CIP - other operating costs			1,179,123	
Deductions:				
Capital outlay			(1,179,123)	
Principal paid on bonds			(5,910,000)	
Interest paid on bonds			(2,325,358)	
Equipment note principal payments			(955,403)	
Equipment note interest payments			(46,587)	
Pension expense			(4,001,049)	
Encumbrances outstanding at year-end			(2,554,127)	
Lease principal payments			(4,691,625)	
Lease interest payments			(941,500)	
GAAP Expenses			<u>\$ 274,517,000 *</u>	
* Includes operating and nonoperating expenses				
PERMITTING SERVICES				
Personnel costs	\$ 30,598,797	\$ 30,705,921	\$ 28,981,268	\$ 1,724,653
Operating	8,303,180	10,801,400	7,013,238	3,788,162
Total	<u>\$ 38,901,977</u>	<u>\$ 41,507,321</u>	<u>35,994,506</u>	<u>\$ 5,512,815</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			143,615	
Bad debt expense			-	
Deductions:				
Capital outlay			-	
Encumbrances outstanding at year-end			(1,392,117)	
Pension expense			(5,995,118)	
GAAP Expenses			<u>\$ 28,750,886</u>	
COMMUNITY USE OF PUBLIC FACILITIES				
Personnel costs	\$ 3,181,645	\$ 3,205,502	\$ 3,088,067	\$ 117,435
Operating	5,320,988	5,328,912	4,875,151	453,761
Total	<u>\$ 8,502,633</u>	<u>\$ 8,534,414</u>	<u>7,963,218</u>	<u>\$ 571,196</u>
Reconciliation to GAAP expenses:				
Additions:				
Bad debt expense			89,295	
Deductions:				
Pension expense			(379,534)	
Encumbrances outstanding at year-end			(20,972)	
GAAP Expenses			<u>\$ 7,652,007</u>	
SOLID WASTE DISPOSAL				
Personnel costs	\$ 11,394,758	\$ 11,430,502	\$ 11,162,692	\$ 267,810
Operating	113,248,059	126,093,116	122,610,717	3,482,399
Total	<u>\$ 124,642,817</u>	<u>\$ 137,523,618</u>	<u>133,773,409</u>	<u>\$ 3,750,209</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			2,156,510	
CIP - other operating costs			5,198,625	
Deductions:				
Capital outlay expenditures			(7,033,137)	
Encumbrances outstanding at year-end			(35,008,772)	
Pension expense			(1,660,487)	
GAAP Expenses			<u>\$ 97,426,148</u>	

Exhibit C-4 (Continued)

SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
SOLID WASTE COLLECTION				
Personnel costs	\$ 1,608,362	\$ 1,611,103	\$ 1,577,970	\$ 33,133
Operating	9,018,344	9,023,069	8,724,147	298,922
Total	<u>\$ 10,626,706</u>	<u>\$ 10,634,172</u>	<u>10,302,117</u>	<u>\$ 332,055</u>
Reconciliation to GAAP expenses:				
Deductions:				
Pension expense			(237,217)	
Encumbrances outstanding at year-end			(17,175)	
GAAP Expenses			<u>\$ 10,047,725</u>	
SOLID WASTE LEAFING				
Personnel costs	\$ 3,317,330	\$ 3,117,330	\$ 2,973,689	\$ 143,641
Operating	3,373,621	3,573,621	3,523,788	49,833
Total	<u>\$ 6,690,951</u>	<u>\$ 6,690,951</u>	<u>6,497,477</u>	<u>\$ 193,474</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			4,035	
Interfund activities budgeted as transfers - charges for services from disposal			1,599,058	
Deductions:				
Capital outlay			-	
Pension expense			(333,364)	
GAAP Expenses			<u>\$ 7,767,206</u>	
Reconciliation of GAAP expenses to Statement of Revenues, Expenses, and Changes in Fund Net Assets:				
GAAP Expenses:				
Solid Waste Disposal			97,426,148	
Solid Waste Collection			10,047,725	
Solid Waste Leafing			7,767,206	
Total Solid Waste Activities			<u>\$ 115,241,079</u>	
SILVER SPRING PARKING				
Personnel costs	\$ 2,618,761	\$ 2,233,532	\$ 2,147,943	\$ 85,589
Operating	7,324,060	7,736,497	7,688,533	47,964
Total	<u>\$ 9,942,821</u>	<u>\$ 9,970,029</u>	<u>9,836,476</u>	<u>\$ 133,553</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			4,902,469	
Interest expense			282,670	
Bad debt expense			859,571	
CIP - other operating costs			178,924	
Deductions:				
Capital outlay			(166,754)	
Pension expense			(432,330)	
Encumbrances outstanding at year-end			(564,601)	
Lease principal payments			(968,467)	
Lease interest payments			(6,800)	
GAAP Expenses			<u>\$ 13,921,158</u>	
BETHESDA PARKING				
Personnel costs	\$ 2,341,618	\$ 2,356,795	\$ 2,060,969	\$ 295,826
Operating	10,807,980	10,835,043	9,599,053	1,235,990
Total	<u>\$ 13,149,598</u>	<u>\$ 13,191,838</u>	<u>11,660,022</u>	<u>\$ 1,531,816</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			4,751,012	
Interest expense			399,914	
Bad debt expense			276,164	
CIP - other operating costs			2,989,962	
Deductions:				
Capital outlay			(2,935,263)	
Pension expense			(430,929)	
Encumbrances outstanding at year-end			(673,049)	
Principal paid on bonds			(1,895,000)	
Interest paid on bonds			(406,314)	
Lease principal payments			(9,295)	
Lease interest payments			(205)	
GAAP Expenses			<u>\$ 13,727,019</u>	

**SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
WHEATON PARKING				
Personnel costs	\$ 390,001	\$ 393,332	\$ 349,734	\$ 43,598
Operating	1,096,915	1,097,236	1,055,934	41,302
Total	<u>\$ 1,486,916</u>	<u>\$ 1,490,568</u>	1,405,668	<u>\$ 84,900</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			76,425	
Interest Expense			2	
Bad debt expense			191,341	
Deductions:				
Pension expense			(72,069)	
Encumbrances outstanding at year-end			(131,690)	
Lease principal payments			(1,272)	
Lease interest payments			(28)	
GAAP Expenses			<u>\$ 1,468,377</u>	
Reconciliation of GAAP expenses to Statement of Revenues, Expenses, and Changes in Fund Net Assets:				
GAAP Expenses:				
Silver Spring Parking			\$ 13,921,158	
Bethesda Parking			13,727,019	
Wheaton Parking			1,468,377	
Total Parking Lot Districts			<u>\$ 29,116,554 *</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, 2022**

	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	\$ 30,930,860	\$ 206,000,939	\$ 14,626,346	\$ 390,891	\$ 251,949,036
Cash	300	-	-	-	300
Receivables (net of allowances for uncollectibles):					
Accounts	18,713	137,319	176,951	-	332,983
Due from other funds	-	-	20,121,632	-	20,121,632
Due from component units	87,681	-	210,655	3,631	301,967
Due from other governments	73,110	661,677	315,485	28,531	1,078,803
Inventory of supplies	5,185,097	-	-	-	5,185,097
Prepays	-	146,725	-	515,151	661,876
Total Current Assets	<u>36,295,761</u>	<u>206,946,660</u>	<u>35,451,069</u>	<u>938,204</u>	<u>279,631,694</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	4,402,212	-	-	559,948	4,962,160
Automobiles and trucks	107,801,624	-	-	-	107,801,624
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>112,494,907</u>	<u>1,006,473</u>	<u>-</u>	<u>7,945,708</u>	<u>121,447,088</u>
Less: Accumulated depreciation and amortization	<u>80,417,938</u>	<u>251,446</u>	<u>-</u>	<u>4,545,562</u>	<u>85,214,946</u>
Total Capital Assets (net of accumulated depreciation and amortization)	<u>32,076,969</u>	<u>755,027</u>	<u>-</u>	<u>3,400,146</u>	<u>36,232,142</u>
Net pension asset	<u>6,074,630</u>	<u>2,096,281</u>	<u>822,861</u>	<u>1,324,799</u>	<u>10,318,571</u>
Total Noncurrent Assets	<u>38,151,599</u>	<u>2,851,308</u>	<u>822,861</u>	<u>4,724,945</u>	<u>46,550,713</u>
Total Assets	<u>74,447,360</u>	<u>209,797,968</u>	<u>36,273,930</u>	<u>5,663,149</u>	<u>326,182,407</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferrals	<u>749,553</u>	<u>292,641</u>	<u>113,215</u>	<u>170,472</u>	<u>1,325,881</u>
Total Deferred Outflows of Resources	<u>749,553</u>	<u>292,641</u>	<u>113,215</u>	<u>170,472</u>	<u>1,325,881</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	4,355,653	701,119	6,142,987	26,425	11,226,184
Interest payable	-	1,426	-	4,560	5,986
Claims payable	-	46,738,988	11,105,357	-	57,844,345
Accrued liabilities	3,578,539	1,116,175	1,495,098	488,146	6,677,958
Due to other funds	603,631	88,459	4,684,713	88,108	5,464,911
Due to component units	-	-	-	12,611	12,611
Due to other governments	764	501,171	63,414	-	565,349
Lease Payable	-	115,010	-	1,996,076	2,111,086
Total Current Liabilities	<u>8,538,587</u>	<u>49,262,348</u>	<u>23,491,569</u>	<u>2,615,926</u>	<u>83,908,430</u>
Noncurrent Liabilities:					
Claims payable	-	147,648,482	6,837,000	-	154,485,482
Lease Payable	-	678,183	-	1,455,629	2,133,812
Compensated absences	1,056,224	220,906	144,434	125,972	1,547,536
Total Noncurrent Liabilities	<u>1,056,224</u>	<u>148,547,571</u>	<u>6,981,434</u>	<u>1,581,601</u>	<u>158,166,830</u>
Total Liabilities	<u>9,594,811</u>	<u>197,809,919</u>	<u>30,473,003</u>	<u>4,197,527</u>	<u>242,075,260</u>
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals	<u>5,591,863</u>	<u>1,929,684</u>	<u>757,466</u>	<u>1,219,514</u>	<u>9,498,527</u>
Total Deferred Inflows of Resources	<u>5,591,863</u>	<u>1,929,684</u>	<u>757,466</u>	<u>1,219,514</u>	<u>9,498,527</u>
NET POSITION					
Net investment in capital assets	32,076,969	-	-	-	32,076,969
Unrestricted	27,933,270	10,351,006	5,156,676	416,580	43,857,532
Total Net Position (Deficit)	<u>\$ 60,010,239</u>	<u>\$ 10,351,006</u>	<u>\$ 5,156,676</u>	<u>\$ 416,580</u>	<u>\$ 75,934,501</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Motor Pool	Liability and Property Coverage Self Insurance	Employee Health Benefits Self Insurance	Central Duplicating	Total Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 86,785,180	\$ 77,506,565	\$ 197,784,675	\$ 8,253,808	\$ 370,330,228
Claim recoveries	1,654,105	655,713	-	-	2,309,818
Total Operating Revenues	<u>88,439,285</u>	<u>78,162,278</u>	<u>197,784,675</u>	<u>8,253,808</u>	<u>372,640,046</u>
OPERATING EXPENSES					
Personnel costs	22,115,871	3,914,397	2,189,256	2,683,006	30,902,530
Other post employment contributions	254,710	13,470	-	41,630	309,810
Postage	368	82	30,495	1,516,577	1,547,522
Self-insurance incurred and estimated claims	-	59,468,118	139,971,915	-	199,440,033
Insurance	1,790,048	10,588,224	34,977,647	-	47,355,919
Supplies and materials	27,833,780	7,185	54,059	626,597	28,521,621
Contractual services	216,103	8,485,217	1,735,190	137,599	10,574,109
Communications	207,210	9,681	24,551	290,206	531,648
Transportation	331,029	17,895	57	51,299	400,280
Public utility services	1,056,813	-	269	-	1,057,082
Rentals	3,750	983	238	565,805	570,776
Maintenance	18,705,049	-	-	4,706	18,709,755
Depreciation and amortization	8,763,666	125,723	-	2,003,256	10,892,645
Other	50,817	3,206	46,979	585	101,587
Total Operating Expenses	<u>81,329,214</u>	<u>82,634,181</u>	<u>179,030,656</u>	<u>7,921,266</u>	<u>350,915,317</u>
Operating Income (Loss)	<u>7,110,071</u>	<u>(4,471,903)</u>	<u>18,754,019</u>	<u>332,542</u>	<u>21,724,729</u>
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposal of capital assets	447,229	-	-	-	447,229
Investment income	35,938	379,294	4,914	2,381	422,527
Interest expense	-	(18,454)	-	(96,610)	(115,064)
Other revenue	172,190	-	-	-	172,190
Insurance recoveries	-	771,492	-	-	771,492
Total Nonoperating Revenues (Expenses)	<u>655,357</u>	<u>1,132,332</u>	<u>4,914</u>	<u>(94,229)</u>	<u>1,698,374</u>
Income (Loss) Before Transfers	<u>7,765,428</u>	<u>(3,339,571)</u>	<u>18,758,933</u>	<u>238,313</u>	<u>23,423,103</u>
Transfers In (Out):					
Transfers out	(518,050)	-	-	-	(518,050)
Total Transfers In (Out)	<u>(518,050)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(518,050)</u>
Change in Net Position	<u>7,247,378</u>	<u>(3,339,571)</u>	<u>18,758,933</u>	<u>238,313</u>	<u>22,905,053</u>
Total Net Position - Beginning of Year	52,762,861	13,690,577	(13,602,257)	178,267	53,029,448
Total Net Position - End of Year	<u>\$ 60,010,239</u>	<u>\$ 10,351,006</u>	<u>\$ 5,156,676</u>	<u>\$ 416,580</u>	<u>\$ 75,934,501</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	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	\$ 88,377,519	\$ 78,804,838	\$ 198,452,371	\$ 8,249,102	\$ 373,883,830
Payments to suppliers	(50,079,872)	(19,523,443)	(37,058,721)	(3,699,242)	(110,361,278)
Payments to employees	(23,667,699)	(4,293,537)	(5,172,198)	(2,985,152)	(36,118,586)
Claims paid	-	(46,839,523)	(140,476,906)	-	(187,316,429)
Other receipts	172,190	-	-	-	172,190
Internal activity-payments to other funds	-	-	(8,132,745)	-	(8,132,745)
Net Cash Provided (Used) by Operating Activities	<u>14,802,138</u>	<u>8,148,335</u>	<u>7,611,801</u>	<u>1,564,708</u>	<u>32,126,982</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Insurance reimbursement claims	-	771,492	-	-	771,492
Internal activity-payment to other funds	(518,050)	-	-	-	(518,050)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(518,050)</u>	<u>771,492</u>	<u>-</u>	<u>-</u>	<u>253,442</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	483,781	-	-	-	483,781
Acquisition and construction of capital assets	(5,964,069)	-	-	(19,699)	(5,983,768)
Principal paid on leases	-	(108,745)	-	(1,952,916)	(2,061,661)
Interest paid on leases	-	(18,650)	-	(98,923)	(117,573)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(5,480,288)</u>	<u>(127,395)</u>	<u>-</u>	<u>(2,071,538)</u>	<u>(7,679,221)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income from pooled investments	35,938	379,294	4,914	2,381	422,527
Net Cash Provided (Used) by Investing Activities	<u>35,938</u>	<u>379,294</u>	<u>4,914</u>	<u>2,381</u>	<u>422,527</u>
Net Increase (Decrease) in Cash and Cash Equivalents	8,839,738	9,171,726	7,616,715	(504,449)	25,123,730
Balances - Beginning of Year	22,091,422	196,829,213	7,009,631	895,340	226,825,606
Balances - End of Year	<u>\$ 30,931,160</u>	<u>\$ 206,000,939</u>	<u>\$ 14,626,346</u>	<u>\$ 390,891</u>	<u>\$ 251,949,336</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 7,110,071	\$ (4,471,903)	\$ 18,754,019	\$ 332,542	\$ 21,724,729
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	8,763,666	125,723	-	2,003,256	10,892,645
Pension expense	(1,936,480)	(703,537)	(267,396)	(442,074)	(3,349,487)
Other revenue	172,190	-	-	-	172,190
(Increase) Decrease in Accounts receivable	(18,713)	11,828	302,821	-	295,936
(Increase) Decrease in Due from other funds	-	-	(8,132,745)	-	(8,132,745)
(Increase) Decrease in Due from component units	(2,761)	-	421,277	(662)	417,854
(Increase) Decrease in Due from other governments	(40,292)	630,731	(56,403)	(4,044)	529,992
(Increase) Decrease in Inventory of supplies	(705,966)	-	-	-	(705,966)
(Increase) Decrease in Prepaid expenses	194,670	(58,810)	-	(243,103)	(107,243)
Increase (Decrease) in Accounts payable and other liabilities	1,135,895	(311,868)	(198,173)	(201,738)	424,116
Increase (Decrease) in Claims payable	-	12,628,594	(504,991)	-	12,123,603
Increase (Decrease) in Accrued liabilities	192,856	242,161	58,191	105,753	598,961
Increase (Decrease) in Due to other fund	(193,881)	(864)	(2,849,228)	(17,348)	(3,061,321)
Increase (Decrease) in Due to component units	-	-	-	12,611	12,611
Increase (Decrease) in Due to other governments	621	-	63,414	-	64,035
Increase (Decrease) in Compensated absences	130,262	56,280	21,015	19,515	227,072
Net Cash Provided (Used) by Operating Activities	<u>\$ 14,802,138</u>	<u>\$ 8,148,335</u>	<u>\$ 7,611,801</u>	<u>\$ 1,564,708</u>	<u>\$ 32,126,982</u>

**SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
LIABILITY AND PROPERTY COVERAGE SELF-INSURANCE				
Personnel costs	\$ 4,646,149	\$ 4,646,149	\$ 4,617,934	\$ 28,215
Operating	80,697,477	80,844,128	74,867,626	5,976,502
Total	<u>\$ 85,343,626</u>	<u>\$ 85,490,277</u>	79,485,560	<u>\$ 6,004,717</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			125,723	
Portion of incurred but not reported claims not required to be budgeted			12,628,595	
Interest expense			18,454	
Deductions:				
Pension expense			(703,537)	
Encumbrances outstanding at year-end			(8,774,764)	
Lease principal payments			(108,746)	
Lease interest payments			(18,650)	
GAAP Expenses			<u>\$ 82,652,635</u>	*

* Includes operating and nonoperating expenses

EMPLOYEE HEALTH BENEFITS SELF-INSURANCE

Personnel costs	\$ 3,100,360	\$ 3,100,360	\$ 2,456,652	\$ 643,708
Operating	305,796,072	305,903,684	177,638,034	128,265,650
Total	<u>\$ 308,896,432</u>	<u>\$ 309,004,044</u>	180,094,686	<u>\$ 128,909,358</u>
Reconciliation to GAAP expenses:				
Deductions:				
Portion of incurred but not reported claims not required to be budgeted			(504,991)	
Pension expense			(267,396)	
Encumbrances outstanding at year-end			(291,643)	
GAAP Expenses			<u>\$ 179,030,656</u>	

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held in a trustee or custodial capacity for others and therefore cannot be used to support the government's own programs.

Pension and Other Employee Benefit Trust

Account for the accumulation of resources for, and payment of, retirement annuities and/or other benefits and administrative costs.

- Employees' Retirement System
- Employees' Retirement Savings Plan
- Deferred Compensation Plan
- Retiree Health Benefits

Other Custodial Funds

Account for resources held by the County in a purely custodial capacity.

- West Germantown Development District
- Kingsview Village Center Development District
- Escrow Deposits
- Inter Agency Facility Scheduling
- Miscellaneous Custodial Fund



**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
June 30, 2022**

	Employees' Retirement System	Employees' Retirement Savings Plan	Deferred Compensation Plan	Retiree Health Benefits	Total
ASSETS					
Current Assets:					
Equity in pooled cash and investments	\$ 2,027,017	\$ 400,154	\$ -	\$ 1,063,850	\$ 3,491,021
Investments:					
Government and agency obligations	90,898,497	-	-	37,811,335	128,709,832
Municipal/Provincial bonds	6,901,970	-	-	3,041,570	9,943,540
Corporate bonds	403,474,888	-	-	153,057,141	556,532,029
Commercial mortgage-backed securities	2,681,279	-	-	792,450	3,473,729
Common and preferred stock	1,099,036,741	-	-	347,237,545	1,446,274,286
Mutual and commingled funds	1,653,739,980	612,163,832	515,583,856	633,324,442	3,414,812,110
Short-term investments	173,905,699	-	-	78,412,278	252,317,977
Cash collateral received under securities lending agreements	191,146,313	-	-	19,909,255	211,055,568
Private real assets	433,852,253	-	-	68,685,212	502,537,465
Private equity/debt	971,247,096	-	-	219,569,359	1,190,816,455
Total Investments	<u>5,026,884,716</u>	<u>612,163,832</u>	<u>515,583,856</u>	<u>1,561,840,587</u>	<u>7,716,472,991</u>
Receivables (net of allowances for uncollectibles):					
Receivables and accrued interest	11,508,575	-	-	3,962,993	15,471,568
Accounts	61,137	-	-	-	61,137
Due from other funds	6,797,903	2,237,250	1,322,491	4,652,159	15,009,803
Due from component units	54,859	101,809	-	-	156,668
Due from other governments	4,221	742	-	-	4,963
Total Current Assets	<u>5,047,338,428</u>	<u>614,903,787</u>	<u>516,906,347</u>	<u>1,571,519,589</u>	<u>7,750,668,151</u>
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	<u>5,047,338,428</u>	<u>614,903,787</u>	<u>516,906,347</u>	<u>1,571,519,589</u>	<u>7,750,668,151</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	192,516,549	17,568	-	20,570,358	213,104,475
Accrued liabilities	18,367,781	28,193	-	5,188,741	23,584,715
Claims payable	-	-	-	4,652,159	4,652,159
Due to other funds	24,837	3,488	-	7,565,207	7,593,532
Unearned revenue	-	-	-	158,000	158,000
Total Current Liabilities	<u>210,909,167</u>	<u>49,249</u>	<u>-</u>	<u>38,134,465</u>	<u>249,092,881</u>
Noncurrent Liabilities:					
Compensated absences	113,325	9,738	-	23,011	146,074
Total Liabilities	<u>211,022,492</u>	<u>58,987</u>	<u>-</u>	<u>38,157,476</u>	<u>249,238,955</u>
NET POSITION					
Restricted for:					
Pensions	4,836,315,936	614,844,800	516,906,347	-	5,968,067,083
Other postemployment benefits	-	-	-	1,533,362,113	1,533,362,113
	<u>\$ 4,836,315,936</u>	<u>\$ 614,844,800</u>	<u>\$ 516,906,347</u>	<u>\$ 1,533,362,113</u>	<u>\$ 7,501,429,196</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Employees' Retirement System	Employees' Retirement Savings Plan	Deferred Compensation Plan	Retiree Health Benefits	Total
ADDITIONS					
Contributions:					
Employers	\$ 68,120,087	\$ 22,341,229	\$ -	\$ 148,079,897	\$ 238,541,213
Members	31,202,587	12,205,025	23,908,201	-	67,315,813
Federal government - Medicare Part D	-	-	-	17,898,804	17,898,804
Total Contributions	<u>99,322,674</u>	<u>34,546,254</u>	<u>23,908,201</u>	<u>165,978,701</u>	<u>323,755,830</u>
Investment income (loss)	(216,348,329)	(104,124,486)	(89,286,742)	(148,845,726)	(558,605,283)
Less: Investment expenses	40,772,942	6,791	-	12,031,574	52,811,307
Net Investment Income (Loss)	<u>(257,121,271)</u>	<u>(104,131,277)</u>	<u>(89,286,742)</u>	<u>(160,877,300)</u>	<u>(611,416,590)</u>
Other income - forfeitures	-	547,006	-	-	547,006
Total Additions, net	<u>(157,798,597)</u>	<u>(69,038,017)</u>	<u>(65,378,541)</u>	<u>5,101,401</u>	<u>(287,113,754)</u>
DEDUCTIONS					
Benefits:					
Annuities:					
Retirees	220,330,653	-	-	-	220,330,653
Survivors	10,770,287	-	-	-	10,770,287
Disability	55,902,141	-	-	-	55,902,141
Claims	-	-	-	106,079,090	106,079,090
Total Benefits	<u>287,003,081</u>	<u>-</u>	<u>-</u>	<u>106,079,090</u>	<u>393,082,171</u>
Member refunds	11,722,715	22,750,933	29,918,725	-	64,392,373
Administrative expenses	3,132,193	276,665	-	4,194,177	7,603,035
Total Deductions	<u>301,857,989</u>	<u>23,027,598</u>	<u>29,918,725</u>	<u>110,273,267</u>	<u>465,077,579</u>
Net Increase (Decrease)	<u>(459,656,586)</u>	<u>(92,065,615)</u>	<u>(95,297,266)</u>	<u>(105,171,866)</u>	<u>(752,191,333)</u>
Net Position - Beginning of Year	5,295,972,522	706,910,415	612,203,613	1,638,533,979	8,253,620,529
Net Position - End of Year	<u>\$ 4,836,315,936</u>	<u>\$ 614,844,800</u>	<u>\$ 516,906,347</u>	<u>\$ 1,533,362,113</u>	<u>\$ 7,501,429,196</u>

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - OTHER CUSTODIAL FUNDS
June 30, 2022

	West Germantown Development District	Kingsview Village Center Development District	Escrow Deposits	Inter Agency Facility Scheduling	Miscellaneous Custodial Fund	Total
ASSETS						
Current Assets:						
Equity in pooled cash and investments	\$ 1,065,005	\$ 113,193	\$ 2,576,284	\$ 23,202	\$ 282,683	\$ 4,060,367
Cash	-	-	-	-	120,232	120,232
Receivables (net of allowances for uncollectibles):						
Accounts	-	33,438	5,088	4,434,900	-	4,473,426
Total Current Assets	<u>1,065,005</u>	<u>146,631</u>	<u>2,581,372</u>	<u>4,458,102</u>	<u>402,915</u>	<u>8,654,025</u>
Total Assets	<u>1,065,005</u>	<u>146,631</u>	<u>2,581,372</u>	<u>4,458,102</u>	<u>402,915</u>	<u>8,654,025</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	-	98,365	-	60,547	-	158,912
Deposits	-	-	2,347,772	-	-	2,347,772
Due to other funds	-	-	-	200,000	-	200,000
Due to other governments	829,814	-	-	285,580	-	1,115,394
Unearned revenue	-	-	-	3,772,023	-	3,772,023
Other liabilities	-	755	-	139,952	288,891	429,598
Total Current Liabilities	<u>829,814</u>	<u>99,120</u>	<u>2,347,772</u>	<u>4,458,102</u>	<u>288,891</u>	<u>8,023,699</u>
Total Liabilities	<u>829,814</u>	<u>99,120</u>	<u>2,347,772</u>	<u>4,458,102</u>	<u>288,891</u>	<u>8,023,699</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable property taxes	57,599	-	-	-	-	57,599
Total Deferred Inflows of Resources	<u>57,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,599</u>
NET POSITION						
Restricted for individuals, organizations, and other governments	177,592	47,511	233,600	-	114,024	572,727
Total Net Position	<u>\$ 177,592</u>	<u>\$ 47,511</u>	<u>\$ 233,600</u>	<u>\$ -</u>	<u>\$ 114,024</u>	<u>\$ 572,727</u>

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - OTHER CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	West Germantown Development District	Kingsview Village Center Development District	Escrow Deposits	Inter Agency Facility Scheduling	Miscellaneous Custodial Fund	Total
ADDITIONS						
Investment income (loss)	\$ 1,163	\$ 180	\$ -	\$ -	\$ -	\$ 1,343
Total Additions, net	<u>1,163</u>	<u>180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,343</u>
DEDUCTIONS						
Administrative expenses	-	-	-	-	24,243	24,243
Total Deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,243</u>	<u>24,243</u>
Net Increase (Decrease)	1,163	180	-	-	(24,243)	(22,900)
Net Position - Beginning of Year	<u>176,429</u>	<u>47,331</u>	<u>233,600</u>	<u>-</u>	<u>138,267</u>	<u>595,627</u>
Net Position - End of Year	<u>\$ 177,592</u>	<u>\$ 47,511</u>	<u>\$ 233,600</u>	<u>\$ -</u>	<u>\$ 114,024</u>	<u>\$ 572,727</u>

NONMAJOR COMPONENT UNITS



**COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS
June 30, 2022**

	BUP	MCRA	MC	Total
ASSETS				
Equity in pooled cash and investments	\$ -	\$ -	\$ 28,064,844	\$ 28,064,844
Cash with fiscal agents	-	-	48,862,351	48,862,351
Cash	1,503,831	9,834,777	6,500	11,345,108
Investments - cash equivalents	-	-	4,502,901	4,502,901
Investments	-	-	8,386,506	8,386,506
Receivables (net of allowance for uncollectibles):				
Accounts	-	-	8,057,418	8,057,418
Notes	-	46,975,780	-	46,975,780
Other	40,640	626,467	24,066,410	24,733,517
Lease receivable	-	1,141,747	7,449,065	8,590,812
Due from primary government	368,863	75,005	10,795,870	11,239,738
Due from other governments	18,365	781,019	3,869,463	4,668,847
Inventory of supplies	-	314,846	5,748	320,594
Prepays	31,498	493,799	371,595	896,892
Other assets	5,075	1,382,285	5,057,276	6,444,636
Restricted Assets:				
Equity in pooled cash and investments	-	-	3,691,927	3,691,927
Cash	-	-	-	-
Investments - cash equivalents	-	14,718,165	24,729,499	39,447,664
Investment	-	-	-	-
Capital Assets:				
Nondepreciable assets	-	40,686,978	111,390,396	152,077,374
Depreciable assets, net	100,147	19,004,086	567,979,322	587,083,555
Total Assets:	<u>2,068,419</u>	<u>136,034,954</u>	<u>857,287,091</u>	<u>995,390,464</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of debt	-	220,171	-	220,171
Pension deferrals	-	3,948,717	5,762,284	9,711,001
OPEB deferrals	-	1,542,900	31,503,463	33,046,363
Total Deferred Outflow of Resources	-	<u>5,711,788</u>	<u>37,265,747</u>	<u>42,977,535</u>
LIABILITIES				
Accounts payable	147,524	1,434,752	781,360	2,363,636
Interest payable	-	439,848	420,322	860,170
Retainage payable	-	-	1,410,275	1,410,275
Accrued liabilities	225,411	1,489,283	31,812,437	33,527,131
Deposits	-	370,301	-	370,301
Due to primary government	-	402,216	3,858	406,074
Due to other governments	-	-	178,032	178,032
Unearned revenue	27,523	1,556,180	5,410,536	6,994,239
Other liabilities	29,956	-	533,014	562,970
Noncurrent Liabilities:				
Due within one year	-	6,037,063	6,387,607	12,424,670
Due in more than one year	-	76,898,161	139,157,059	216,055,220
Total Liabilities	<u>430,414</u>	<u>88,627,804</u>	<u>186,094,500</u>	<u>275,152,718</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	-	3,166,307	7,902,650	11,068,957
OPEB deferrals	-	2,476,892	58,150,120	60,627,012
Leases	-	1,127,020	7,402,558	8,529,578
Accumulate increase in fair value of hedging derivatives	-	390,749	-	390,749
Total Deferred Inflow of Resources	-	<u>7,160,968</u>	<u>73,455,328</u>	<u>80,616,296</u>
NET POSITION				
Net investment in capital assets	100,147	44,416,050	599,268,443	643,784,640
Restricted for:				
Capital projects	-	383,649	-	383,649
Other purposes	-	801,745	40,322,009	41,123,754
Unrestricted (deficit)	<u>1,537,858</u>	<u>356,526</u>	<u>(4,587,442)</u>	<u>(2,693,058)</u>
Total Net Position	<u>\$ 1,638,005</u>	<u>\$ 45,957,970</u>	<u>\$ 635,003,010</u>	<u>\$ 682,598,985</u>

**COMBINING STATEMENT OF ACTIVITIES
 NONMAJOR COMPONENT UNITS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	BUP	MCRA	MC	Total
Component Units:								
General government	\$ 4,834,219	\$ 4,786,379	\$ 145,500	\$ -	\$ 97,660	\$ -	\$ -	\$ 97,660
Culture and recreation	23,885,554	25,073,789	.	1,608,836	-	2,797,071	-	2,797,071
Education	368,070,466	54,676,929	18,627,793	50,544,132	-	-	(244,221,612)	(244,221,612)
Total component units	<u>\$ 396,790,239</u>	<u>\$ 84,537,097</u>	<u>\$ 18,773,293</u>	<u>\$ 52,152,968</u>	97,660	2,797,071	(244,221,612)	(241,326,881)
General revenues:								
Grants and contributions not restricted to specific programs					-	-	279,216,722	279,216,722
Investment Income					-	1,829,509	(6,673,343)	(4,843,834)
Miscellaneous					22,702	-	-	22,702
Total general revenues					<u>22,702</u>	<u>1,829,509</u>	<u>272,543,379</u>	<u>274,395,590</u>
Change in net position					120,362	4,626,580	28,321,767	33,068,709
Total Net Position - beginning, as restated					<u>1,517,643</u>	<u>41,331,390</u>	<u>606,681,243</u>	<u>649,530,276</u>
Total Net Position - ending					<u>\$ 1,638,005</u>	<u>\$ 45,957,970</u>	<u>\$ 635,003,010</u>	<u>\$ 682,598,985</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	221
Information to help the reader understand how the County's financial performance and well-being have changed over time.	
Revenue Capacity	232
Information to help the reader assess the County's most significant local revenue sources - the property tax and income tax.	
Debt Capacity	245
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	250
Indicators to help the reader understand the environment within which the County's financial activities take place.	
Operating Information	252
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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
Net investment in capital assets	\$ 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	\$ 2,957,599,671
Restricted	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	674,260,119
Unrestricted (deficit) ⁽¹⁾	(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)	(1,705,538,979)
Total Governmental Activities Net Position	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	1,926,320,811
Business-type Activities:										
Net investment in capital assets	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	190,644,192
Restricted	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	40,861,792
Unrestricted (deficit)	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	74,573,289
Total Business-type Activities Net Position	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	306,079,273
Primary Government:										
Net investment in capital assets	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	3,148,243,863
Restricted	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	715,121,911
Unrestricted (deficit) ⁽¹⁾	(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)	(1,630,965,690)
Total Primary Government Net Position	\$ 1,408,640,695	\$ 1,496,855,066	\$ 1,001,674,658	\$ 987,295,962	\$ 900,542	\$ 166,347,851	\$ 472,761,250	\$ 714,371,720	\$ 1,368,180,180	\$ 2,232,400,084

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-NCPPP, 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	\$ (1,106,014,406)	\$ (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)	\$ (1,630,965,690)
Debt issued for capital on behalf of others	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	1,695,453,748
County net position absent effect of this relationship	\$ 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)	\$ 64,488,058

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities:										
General government	\$ 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	\$ 626,075,347
Public safety	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	499,167,545
Transportation	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	213,159,574
Health and human services	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	445,522,771
Culture and recreation	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	94,435,027
Community development and housing	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	101,658,451
Environment	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	29,760,999
Education	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	2,175,596,472
Interest on long-term debt	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	90,170,259
Total Governmental Activities Expenses	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	4,275,546,445
Business-type Activities:										
Liquor	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	273,785,719
Solid waste activities	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	114,917,885
Parking lot districts	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	29,033,881
Permitting services	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	28,354,137
Community use of public facilities	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	7,610,092
Total Business-type Activities Expenses	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	453,701,714
Total Primary Government Expenses	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	4,729,248,159
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	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	63,439,289
Public safety	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	52,628,136
Transportation	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	44,044,434
Health and human services	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	4,412,826
Culture and recreation	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	35,180,069
Community development and housing	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	11,950,320
Environment	23,115,938	23,130,913	28,232,295	107,496	1,146,600	97,921	391,310	78,812	361,389	358,514
Education	-	-	-	-	-	-	58,834	-	-	-
Operating Grants and Contributions:										
General government	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	32,498,488
Public safety	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	45,996,510
Transportation	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	108,749,202
Health and human services	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	218,877,780
Culture and recreation	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	5,590,276
Community development and housing	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	20,241,759
Environment	623,999	1,740,066	23,547	126,632	-	-	-	-	37,891	197,470
Capital Grants and Contributions:										
General government	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	7,599,133
Public safety	1,866,778	2,144,407	986,711	1,085,087	918,607	2,738,267	(2,065,934)	224,165	683,000	1,204,000
Transportation ⁽⁹⁾	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	33,414,142
Health and human services	-	-	-	-	-	-	-	-	3,718,502	-
Culture and recreation	1,739,360	1,715,816	4,950,414	384,826	764,642	1,866,137	20,660	977,892	-	-
Community development and housing	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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Environment	12,063	-	-	43,848	5,582,790	1,787,625	6,677,036	3,295,642	475,065	-
Education	-	-	-	-	-	-	-	-	139,567	-
Total Governmental Activities										
Program Revenues	436,837,418	440,554,938	474,009,301	464,932,346	525,718,771	559,842,753	499,001,127	560,399,810	804,056,226	686,382,348
Program Revenues (Continued)										
Business-type Activities:										
Charges for Services:										
Liquor	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	321,876,182
Solid waste activities	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	143,141,146
Parking lot districts	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	28,796,265
Permitting services	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	51,703,176
Community use of public facilities	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	7,520,660
Operating Grants and Contributions:										
Solid waste activities	-	-	-	-	-	-	-	-	-	-
Total Business-type Activities										
Program Revenues	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	553,037,429
Total Primary Government										
Program Revenues	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	1,239,419,777
Net (Expense) Revenue ⁽¹⁾										
Governmental activities	(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)	(3,589,164,097)
Business-type activities	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	99,335,715
Total Primary Government Net Expense	(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)	(3,489,828,382)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes ⁽²⁾	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	4,350,852,588
Grants, contributions, and other revenue not restricted to specific programs	-	588,567	-	-	-	-	(7,262,152)	-	-	-
Investment income ⁽³⁾	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	2,854,857
Gain/(loss) on sale of capital assets	4,965,531	(3,529,635)	3,882,648	172,639	-	2,106,453	-	24,631,318	-	-
Transfers	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	52,937,818
Total Governmental Activities	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	4,406,645,263
Business-type Activities:										
Property taxes	10,063,874	10,391,101	10,903,699	(657,506)	(45,762)	-	-	-	-	-
Investment income	51,852	100,857	215,823	415,329	1,068,863	2,073,306	4,379,460	4,118,652	227,669	264,654
Gain/(loss) on sale of capital assets	-	(1,241,279)	175,100	9,855,423	162,042	197,700	25,543	426	4,547	76,187
Transfers	(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)	(52,937,818)
Total Business-type Activities	(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)	(52,596,977)
Total Primary Government	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	4,354,048,286
Change in Net Position										
Governmental activities	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	817,481,166
Business-type activities	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)	46,738,738
Total Primary Government	\$ 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	\$ 864,219,904

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**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Property taxes	\$ 1,463,855,656	\$ 1,528,302,790	\$ 1,528,093,085	\$ 1,593,880,896	\$ 1,792,921,614
County income taxes	1,311,161,472	1,329,827,192	1,276,415,595	1,464,946,447	1,481,806,881
Real property transfer taxes	84,391,394	90,496,157	92,068,495	100,566,864	118,000,203
Recordation taxes	57,635,661	53,962,477	55,530,762	61,141,531	60,375,616
Fuel energy taxes	223,948,716	210,678,660	207,195,218	193,281,367	192,459,066
Hotel-motel taxes	18,910,872	17,675,982	19,007,650	19,444,152	21,462,751
Telephone taxes	45,696,525	53,160,865	48,839,958	49,694,945	50,812,917
Other taxes	3,168,328	6,481,653	1,092,385	5,201,010	4,335,196
Total Taxes - Governmental Activities	<u>\$ 3,208,768,624</u>	<u>\$ 3,290,585,776</u>	<u>\$ 3,228,243,148</u>	<u>\$ 3,488,157,212</u>	<u>\$ 3,722,174,244</u>
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Property taxes	\$ 1,789,105,013	\$ 1,839,468,334	\$ 1,824,207,619	\$ 1,886,666,393	\$ 1,919,667,295
County income taxes	1,448,372,065	1,593,550,972	1,706,303,331	1,860,392,747	1,903,729,758
Real property transfer taxes	109,452,764	113,520,206	115,719,567	132,288,901	180,217,441
Recordation taxes	49,135,141	54,671,817	57,692,541	60,573,086	85,819,161
Fuel energy taxes	197,200,021	194,628,814	186,975,365	184,419,771	184,651,863
Hotel-motel taxes	21,033,479	21,288,964	14,875,525	6,424,558	14,405,669
Telephone taxes	51,600,631	52,415,089	53,664,543	52,538,156	55,449,830
Other taxes	4,483,548	6,594,934	4,238,979	2,984,591	6,911,571
Total Taxes - Governmental Activities	<u>\$ 3,670,382,662</u>	<u>\$ 3,876,139,130</u>	<u>\$ 3,963,677,470</u>	<u>\$ 4,186,288,203</u>	<u>\$ 4,350,852,588</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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Nonspendable	\$ 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	\$ 9,815,046
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	6,758,234
Committed	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	699,495,564
Assigned	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	85,111,637
Unassigned	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	188,531,200
Total General Fund	<u>508,515,516</u>	<u>599,744,611</u>	<u>491,733,088</u>	<u>480,336,363</u>	<u>506,971,795</u>	<u>521,024,506</u>	<u>558,838,972</u>	<u>582,016,609</u>	<u>749,357,916</u>	<u>989,711,681</u>
All Other Governmental Funds:										
Nonspendable	102,478	-	1,842,076	1,489,280	-	-	-	-	-	-
Restricted	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	679,141,271
Committed	23,217,760	-	-	-	-	-	-	-	-	-
Assigned	-	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	<u>292,540,380</u>	<u>271,563,963</u>	<u>493,320,702</u>	<u>415,275,255</u>	<u>441,587,828</u>	<u>645,290,068</u>	<u>560,242,230</u>	<u>288,840,615</u>	<u>563,567,855</u>	<u>679,141,271</u>
Total All Governmental Funds	<u>\$ 801,055,896</u>	<u>\$ 871,308,574</u>	<u>\$ 985,053,790</u>	<u>\$ 895,611,618</u>	<u>\$ 948,559,623</u>	<u>\$ 1,166,314,574</u>	<u>\$ 1,119,081,202</u>	<u>\$ 870,857,224</u>	<u>\$ 1,312,925,771</u>	<u>\$ 1,668,852,952</u>

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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 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	\$ 4,367,857,874
Licenses and permits	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	12,474,298
Intergovernmental	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	439,469,211
Charges for services	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	119,405,060
Fines and forfeitures	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	26,936,180
Investment income	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	2,451,964
Miscellaneous	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	25,181,297
Total Revenues	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	4,993,775,884
Expenditures										
General government	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	542,683,245
Public safety	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	680,761,112
Transportation	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	214,216,563
Health and human services	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	514,957,492
Culture and recreation	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	91,993,223
Community development and housing	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	72,790,341
Environment	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	34,959,996
Education	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	1,940,322,723
Debt service:										
Principal ⁽¹⁾	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	271,613,697
Interest ⁽¹⁾	112,329,448	115,657,356	124,957,396	133,478,302	141,126,787	147,666,274	158,572,277	155,472,923	136,757,274	134,436,471
Notes and other obligations	26,472,773	22,100,609	27,134,321	29,873,326	29,326,306	24,716,905	29,336,350	29,337,781	36,720,517	32,149,942
Issuing costs	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	4,079,945
Capital projects	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	496,577,456
Total Expenditures	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	5,031,542,206
Excess (Deficiency) of Revenues over (under) Expenditures	(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)	(37,766,322)
Other Financing Sources (Uses)										
Transfers in	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	680,928,755
Transfers (out)	(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)	(627,472,887)
Sale of property	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	39,369,201
Financing under notes payable	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	6,108,268
Leases (as lessee)	-	-	-	-	-	-	-	-	4,546,325	24,751,365
Payment to refunded bond escrow agent	(33,636,846)	(29,837,255)	(429,855,226)	-	-	(441,368,126)	(38,031,143)	-	(646,954,895)	(67,515,686)

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other Financing Sources (Uses) (Continued)										
Debt Issued:										
General obligation bonds	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	310,000,000
Premium on general obligation bonds	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	49,363,470
Bond anticipation notes	-	-	-	-	-	-	-	-	(30,000,000)	(159,000,000)
Certificates of participation	-	-	-	-	24,860,000	-	-	-	125,890,000	-
Premium on Certificates of participation	-	-	-	-	1,329,676	-	-	-	19,048,064	-
Lease revenue bonds	-	-	-	-	-	-	-	-	-	-
Taxable LTD obligation certificate	-	38,015,000	-	-	-	-	56,135,000	-	-	98,755,000
Discount on Taxable LTD obligation certificate	-	(4,763)	-	-	-	-	-	-	-	-
Premium on Taxable LTD obligation certificate	-	-	-	-	-	-	82,505	-	-	818,942
Premium on general obligation refunding bonds	2,013,430	5,023,826	74,595,486	-	-	86,325,587	-	-	43,321,958	1,112,595
General obligation refunding bonds	23,360,000	25,059,716	356,510,000	-	-	516,725,000	-	-	534,795,000	25,115,000
Lease revenue refunding bonds	-	-	-	-	-	-	-	-	-	-
Premium on lease revenue refunding bonds	57,288	-	-	-	-	-	-	-	-	-
Revenue bonds	37,835,000	32,383,753	-	46,500,000	-	-	7,638,963	3,187,402	39,199,834	11,359,480
Premium on revenue bonds	5,478,155	1,370,544	-	2,009,534	-	-	1,215,820	-	4,730,504	-
Total Other Financing Sources (Uses)	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	393,693,503
Net Change in Fund Balances	\$ 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	\$ 355,927,181
Debt service as a percentage of noncapital expenditures ^(1,2)	5.16%	5.22%	5.66%	5.44%	5.91%	6.03%	6.18%	8.96%	6.36%	8.34%

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, 2022 AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Cash and Investments			Investment and Interest Income (Loss)		
	Pooled	Non-pooled	Total	Pooled	Non-pooled	Total
Primary Government:						
General Fund	\$ 826,013,714	\$ 2,445,687	\$ 828,459,401	\$ (2,719,176)	\$ 23,965	\$ (2,695,211)
Debt Service Fund	4,847,716	12,398,344	17,246,060	-	14,625	14,625
Capital Projects Fund	323,366,429	9,705,841	333,072,270	-	5,000	5,000
Special Revenue Funds:						
Recreation	17,973,212	6,200	17,979,412	-	-	-
Fire Tax District	38,390,028	5,000	38,395,028	-	-	-
Mass Transit Facilities	32,826,214	-	32,826,214	-	-	-
Housing Initiative	84,381,012	212,450	84,593,462	128,083	4,881,794	5,009,877
Rehabilitation Loan	3,223,893	-	3,223,893	5,003	19,291	24,294
Cable TV	830,815	-	830,815	7,125	-	7,125
Grants	92,474,606	-	92,474,606	-	19,634	19,634
Agricultural Transfer Tax	3,118,214	-	3,118,214	4,329	-	4,329
Drug Enforcement Forfeitures	887,198	25,000	912,198	1,525	-	1,525
Water Quality Protection	25,472,308	-	25,472,308	58,383	-	58,383
Restricted Donations	12,501,102	-	12,501,102	-	-	-
Detention Center Canteen Profit	684,922	-	684,922	981	-	981
Recreation - Non-tax supported	97,972	-	97,972	1,402	-	1,402
Total Special Revenue Funds	312,861,496	248,650	313,110,146	206,831	4,920,719	5,127,550
Enterprise Funds:						
Liquor	11,218,409	2,110,875	13,329,284	15,487	1,109	16,596
Solid Waste Activities	114,492,031	-	114,492,031	137,889	-	137,889
Parking Lot Districts	16,986,048	38,937	17,024,985	29,162	6	29,168
Permitting Services	50,045,262	-	50,045,262	69,879	-	69,879
Community Use of Public Facilities	6,264,836	-	6,264,836	11,122	-	11,122
Total Enterprise Funds	199,006,586	2,149,812	201,156,398	263,539	1,115	264,654
Internal Service Funds:						
Motor Pool	30,930,860	300	30,931,160	35,938	-	35,938
Liability & Property Coverage Self-Insurance	206,000,939	-	206,000,939	379,294	-	379,294
Employee Health Benefits Self-Insurance	14,626,346	-	14,626,346	4,914	-	4,914
Central Duplicating	390,891	-	390,891	2,381	-	2,381
Total Internal Service Funds	251,949,036	300	251,949,336	422,527	-	422,527
Pension and Other Employee Benefit Trust Funds ⁽¹⁾	3,491,021	7,716,472,991	7,719,964,012	15,704	(558,620,987)	(558,605,283)
Custodial Funds:						
External Investment Pool	20,763,900	-	20,763,900	(11,864)	-	(11,864)
Other	4,060,367	120,232	4,180,599	1,343	-	1,343
Total Primary Government	1,946,360,265	7,743,541,857	9,689,902,122	(1,821,096)	(553,655,563)	(555,476,659)
Component Units (Participation in County Pool)	140,933	-	140,933	351	-	351
Total	\$ 1,946,501,198	\$ 7,743,541,857	\$ 9,690,043,055	\$ (1,820,745)	\$ (553,655,563)	\$ (555,476,308)

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.

FINANCIAL TRENDS
COMBINED SCHEDULE OF CASH AND INVESTMENTS - BY FINANCIAL
INSTITUTION
June, 30 2022

Description	Total
PNC Bank	\$ 357,276,707
Capital One Bank	58,674,183
Congressional Bank	15,400,078
Eagle Bank	34,139,542
Total Financial Institutions	<u>465,490,510</u>
Petty Cash, Change Funds, Fiscal Agents, and Safe Deposit Escrow:	
General Fund	2,445,687
Debt Service Fund	12,398,344
Capital Projects Fund	9,705,841
Special Revenue Funds	248,650
Enterprise Funds	2,149,812
Internal Service Funds	300
Fiduciary Funds	120,232
Total Petty Cash, Change Funds, Fiscal Agents, and Safe Deposit Escrow	<u>27,068,866</u>
Total Cash Deposits in Financial Institutions and on Hand	492,559,376
Investments, at carrying value	9,196,437,245
Accrued interest receivable	1,046,434
Total Cash and Investments ⁽¹⁾	<u>\$ 9,690,043,055</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, 2022

	Pooled	Non-Pooled		Total Carrying Value ⁽²⁾
		Enterprise	Fiduciary	
Investments, including accrued interest:				
U.S. Agency Securities	\$ 392,932,999	\$ -	\$ -	\$ 392,932,999
U.S. Treasury Securities	227,519,350	-	-	227,519,350
Commercial paper	109,243,779	-	-	109,243,779
Repurchase Agreements	550,000,000	-	-	550,000,000
Maryland Local Government Investment Pool	200,268,126	-	-	200,268,126
Pension and Other Employee Benefit Trusts	-	-	7,716,472,991	7,716,472,991
Total ⁽¹⁾	<u>\$ 1,479,964,254</u>	<u>\$ -</u>	<u>\$ 7,716,472,991</u>	<u>\$ 9,196,437,245</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		Total Direct Tax Rate ⁽³⁾	Ratio of Total Assessed Value to Total Estimated Market Value *		
	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value				
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	153,699,073,659	46,243,426,154	48,270,799,743	193,487,138,719	201,969,873,402	0.977	95.80		
2021	150,027,567,286	160,285,862,485	48,320,294,646	51,624,246,417	198,347,861,932	211,910,108,902	0.977	93.60		
2022	153,211,485,026	160,936,433,851	49,345,758,473	51,833,779,909	202,557,243,499	212,770,213,759	0.977	95.20		

Fiscal Year	Personal Property ⁽²⁾					Total Direct Tax Rate ⁽³⁾	Real and Personal Property Total	
	Business		Public Utility		Total		Assessed Value	Estimated Actual Value
	Individuals	Corporations	Operating Property	Domestic Shares				
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	206,070,840,358
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	216,592,301,879
2022	42,820,470	2,126,887,380	1,752,559,668	320,489,690	4,242,757,208	2.430	206,800,000,707	217,012,970,967

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 FY2022 is the three-year average of FY2019, FY2020 and FY2021. Ratios for FY2020 and FY2021 have been updated by the Maryland Department of Assessments and Taxation.

⁽¹⁾ Residential real property includes single-family homes, townhouses, and condominiums but excludes apartment dwellings which are included under the Commercial/Other category.

⁽²⁾ For personal property, the assessed value and estimated actual value are the same.

⁽³⁾ See Table 9-a for real and personal property direct tax rates.

Source: State of Maryland, Department of Assessments and Taxation.

Table 9-a

**REVENUE CAPACITY
REAL AND PERSONAL PROPERTY TAX RATES - COUNTY DIRECT RATE
LAST TEN FISCAL YEARS**

	County-wide					Substantially County-wide ⁽¹⁾					Total County Direct Rate ⁽³⁾
	County		M-NCPPC ⁽²⁾			County		M-NCPPC ⁽²⁾			
	County	Fire Tax District	Transit District	Advance Land Acquisition	Subtotal	Recreation	Storm Drainage	Regional District	Metropolitan District	Prorata Tax Rate	
Real Property:											
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
2022	.7178	.1202	.0524	.0010	0.8914	.0261	.0000	.0174	.0556	.0854	0.9768
Personal Property:											
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
2022	1.7945	.3005	.1310	.0025	2.2285	.0653	.0000	.0435	.1390	.2019	2.4304

NOTES:

- * 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.

**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 ⁽²⁾	Silver Spring	Bethesda	Wheaton	Bradley	Cabin John	Kingsview Village	West Germantown	White Flint
Real Property:												
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
2022	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0000	.1560	.1103
Personal Property:												
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
2022	.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⁾ 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:													
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
2022	.2620	.2920	.5397	.0514	.1500	.0098	.2045	.1500	.1312	.0900	.1781	.1000	.2479
Personal Property:													
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
2022	.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.

**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:										
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
2022	.0400	.0200	.0000	.0200	.0773	.0480	.0400	.0050	.0450	.0400
Personal Property:										
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
2022	.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

**REVENUE CAPACITY
TEN HIGHEST COMMERCIAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO**

For the Fiscal Year Ended June 30, 2022

	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Potomac Electric Power Co.	\$ 1,244,042,846	\$ 34,511,366	\$ 1,209,531,480	0.60%
JBG Smith	652,490,944	645,860,234	6,630,710	0.32
Federal Realty Investments Trust	615,414,401	615,414,401	-	0.30
7750 Wisconsin Ave LLC	578,974,000	578,974,000	-	0.28
ARE- Maryland	573,073,824	573,054,334	19,490	0.28
GI Partners	561,003,634	561,003,634	-	0.27
CP 7272 Wisconsin Ave LLC	512,892,057	511,876,767	1,015,290	0.25
Montgomery Mall LLC	511,931,277	510,087,767	1,843,510	0.25
Washington Metropolitan Area Transit Authority	402,190,433	402,190,433	-	0.19
Medimmune, LLC	388,217,503	373,007,533	15,209,970	0.19
Total	\$ 6,040,230,919	\$ 4,805,980,469	\$ 1,234,250,450	2.92%
Total Assessable Base	\$ 206,800,000,707			100.00%

For the Fiscal Year Ended June 30, 2013

	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Potomac Electric Power Co.	\$ 714,754,210	\$ -	\$ 714,754,210	0.45%
Verizon Maryland Inc	530,706,663	41,110,733	489,595,930	0.33
Montgomery Mall LLC	280,682,610	280,115,000	567,610	0.17
Washington Gas Light Co.	258,719,080	-	258,719,080	0.16
Wheaton Plaza Reg Shopping Center	213,403,400	212,858,800	544,600	0.13
Chevy Chase Land Co	207,339,733	207,339,733	-	0.13
Camalier, Anne D et al, Trustee	202,494,900	202,494,900	-	0.13
7501 Wisconsin Avenue LLC	200,029,560	200,000,000	29,560	0.12
Federal Realty Investment Trust	198,438,757	196,053,067	2,385,690	0.12
WP Project Developer LLC	165,434,493	165,371,263	63,230	0.1
Total	\$ 2,972,003,406	\$ 1,505,343,496	\$ 1,466,659,910	1.84%
Total Assessable Base	\$ 161,877,309,598			100.00%

Source: State of Maryland Department of Assessments and Taxation

**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
2013	\$ 1,390,542,228	\$ (1,438,996)	\$ 1,389,103,232	\$ 1,384,563,178	99.57%	\$ 817,073	\$ 1,385,380,251	99.73%
2014	1,437,898,506	(841,666)	1,437,056,840	1,434,787,650	99.78	(1,745,937)	1,433,041,713	99.72
2015	1,447,816,313	1,653,318	1,449,469,631	1,442,602,468	99.64	1,521,379	1,444,123,847	99.63
2016	1,521,343,303	(3,750,347)	1,517,592,956	1,518,519,304	99.81	(8,972,156)	1,509,547,148	99.47
2017	1,663,208,936	(1,443,323)	1,661,765,613	1,661,121,521	99.87	(2,970,651)	1,658,150,870	99.78
2018	1,679,004,512	(2,359,437)	1,676,645,075	1,678,245,742	99.95	(4,444,062)	1,673,801,680	99.83
2019	1,691,044,390	387,632	1,691,432,022	1,691,091,714	100.00	(507,602)	1,690,584,112	99.95
2020	1,720,090,151	2,883,600	1,722,973,751	1,711,893,942	99.52	10,724,903	1,722,618,845	99.98
2021	1,767,873,961	(11,709,799)	1,756,164,162	1,756,064,789	99.33	(1,612,590)	1,754,452,199	99.90
2022	1,801,778,279	-	1,801,778,279	1,804,371,273	100.14	-	1,804,371,273	100.14

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.

**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, 2022**

	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	\$ 774,323	\$ 755,749	\$ (26,718)	\$ 4,907	\$ 733,938
Silver Spring Urban District	899,727	921,970	2,960	15,559	940,489
Wheaton Urban District	215,263	233,534	3,150	(1,032)	235,652
All Other General Fund	1,380,841,227	1,384,516,004	(5,052,371)	(50,803,875)	1,328,659,758
Total General Fund	1,382,730,540	1,386,427,257	(5,072,979)	(50,784,441)	1,330,569,837
Special Revenue Funds: ***					
Recreation	43,605,076	43,612,978	(103,121)	4,165,429	47,675,286
Mass Transit	100,801,442	100,720,305	(157,464)	9,922,885	110,485,726
Fire Tax District	231,193,931	231,242,241	(457,539)	21,673,815	252,458,517
Water Quality Protection Charges	43,447,290	42,368,492	75,290	10,782	42,454,564
Total Special Revenue Funds	419,047,739	417,944,016	(642,834)	35,772,911	453,074,093
Enterprise Funds:					
Silver Spring Parking Lot District **	-	-	(56)	(6,618)	(6,674)
Bethesda Parking Lot District **	-	-	(45)	(461)	(506)
Wheaton Parking Lot District **	-	-	2	(253)	(251)
Total Enterprise Funds	-	-	(99)	(7,332)	(7,431)
Total Property Tax - Montgomery County	1,801,778,279	1,804,371,273	(5,715,912)	(15,018,862)	1,783,636,499
Tax Bill Items Other than Montgomery County					
Property Taxes:					
M-NCPPC Joint Venture Property Taxes:					
M-NCPPC Administration	28,885,495	28,887,980	(68,287)	2,849,798	31,669,491 *
M-NCPPC Park	92,304,928	92,344,778	(244,878)	9,083,717	101,183,617 *
M-NCPPC Land Acquisition	1,920,605	1,921,028	(4,146)	190,498	2,107,380 *
Agency Relationship Property Taxes:					
State of Maryland	224,563,134	226,379,554	(1,043,266)	(74,293)	225,261,995 *
Municipalities	115,998,902	115,806,952	433,717	324,747	116,565,416 *
Development Districts	3,301,667	3,314,089	(304,044)	1,042	3,011,087 *
Charges for Services:					
Refuse Disposal - Solid Waste Activities Fund	78,310,389	78,877,735	(161,126)	(1,237,584)	77,479,025 *
Refuse Collection - Solid Waste Activities Fund	10,794,361	10,808,885	(10,066)	(20,059)	10,778,760 *
Leaf Vacuuming	8,552,231	8,577,816	4,024	(29,609)	8,552,231 *
Municipality Refuse Charges	1,941,434	1,940,354	887	19	1,941,260 *
WSSC FFBC	5,035,680	5,046,718	4,215	80	5,051,013 *
Bay Restoration Fund	731,940	772,360	(4,258)	(113,248)	654,854 *
Total Other Items	572,340,766	574,678,249	(1,397,228)	10,975,108	584,256,129
Grand Total	\$ 2,374,119,045	\$ 2,379,049,522	\$ (7,113,140)	\$ (4,043,754)	\$ 2,367,892,628

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 2021 (FY22) 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.

REVENUE CAPACITY
SCHEDULE OF PROPERTY TAXES RECEIVABLE BY FUND TYPE
June 30, 2022

Year	General*	Special Revenue*	Enterprise	Total
2013 & Prior	\$ 4,949,535	\$ 1,166,468	\$ 202,916	\$ 6,318,919
2014	535,230	521,197	37,041	1,093,468
2015	678,198	921,614	40,784	1,640,596
2016	796,278	1,308,145	-	2,104,423
2017	1,214,159	1,411,918	-	2,626,077
2018	1,978,538	1,707,536	-	3,686,074
2019	1,643,586	1,678,109	-	3,321,695
2020	2,296,661	1,946,854	-	4,243,515
2021	3,058,334	2,307,551	-	5,365,885
2022	7,324,581	3,309,840	-	10,634,421
Total Property Taxes Receivable	<u>\$ 24,475,100</u>	<u>\$ 16,279,232</u>	<u>\$ 280,741</u>	<u>\$ 41,035,073</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.

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	
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
2020	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 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 2020 is the latest tax year for which data are available.

Source: Revenue Administration Division, State Comptroller's Office.

**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
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
2020	421,593	56,807,045,931	50,027,059,167	2,366,885,142	1,553,087,994	3,919,973,138	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 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 2020 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**

	2020						2019					
	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	64,441	15.3%	\$ 29,489,070,130	58.9%	\$ 908,036,513	58.5%	64,564	15.1%	\$ 29,890,073,814	59.1%	\$ 916,620,952	58.4%
\$100,000 - 199,999	89,170	21.1	10,995,523,953	22.0	350,880,311	22.6	90,011	21.1	10,977,017,934	21.7	350,339,066	22.4
\$80,000 - 99,999	33,695	8.0	2,503,468,030	5.0	79,902,038	5.2	34,457	8.1	2,532,482,566	5.0	80,875,112	5.2
\$50,000 - 79,999	75,302	17.9	3,852,499,048	7.7	122,855,876	7.9	76,358	17.9	3,859,819,835	7.6	123,210,041	7.9
\$25,000 - 49,999	94,398	22.4	2,523,761,282	5.0	72,883,564	4.7	97,869	22.9	2,605,907,425	5.2	76,123,473	4.9
\$10,000 - 24,999	54,422	12.9	631,033,843	1.3	17,764,214	1.1	55,038	12.9	646,553,053	1.3	18,144,039	1.2
Under \$10,000	10,165	2.4	31,702,881	0.1	765,478	0.0	8,330	2.0	28,090,014	0.1	632,558	0.0
Total	421,593	100.0%	\$ 50,027,059,167	100.0%	\$ 1,553,087,994	100.0%	426,627	100.0%	\$ 50,539,944,641	100.0%	\$ 1,565,945,241	100.0%
	2018						2017					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level												
\$200,000 and higher	62,838	14.8%	\$ 28,973,024,250	58.7%	\$ 889,698,034	58.1%	58,773	13.7%	\$ 26,775,415,754	58.2%	\$ 818,109,133	57.5%
\$100,000 - 199,999	89,071	20.9	10,854,411,857	22.0	346,501,323	22.6	87,776	20.5	10,252,150,132	22.2	327,073,837	23.0
\$80,000 - 99,999	33,975	8.0	2,481,626,723	5.0	79,238,013	5.2	33,819	7.9	2,346,670,298	5.1	74,911,672	5.3
\$50,000 - 79,999	74,897	17.6	3,774,567,406	7.6	120,519,593	7.9	74,731	17.5	3,538,012,662	7.7	112,984,460	7.9
\$25,000 - 49,999	98,108	23.1	2,591,985,106	5.2	75,996,346	5.0	97,243	22.7	2,385,044,257	5.2	70,364,232	4.9
\$10,000 - 24,999	57,595	13.5	670,271,959	1.4	18,799,027	1.2	66,577	15.5	680,400,713	1.5	18,037,864	1.3
Under \$10,000	9,051	2.1	29,917,076	0.1	660,388	0.0	9,322	2.2	30,488,270	0.1	656,409	0.1
Total	425,535	100.0%	\$ 49,375,804,377	100.0%	\$ 1,531,412,724	100.0%	428,241	100.0%	\$ 46,008,182,086	100.0%	\$ 1,422,137,607	100.0%
	2016						2015					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level												
\$200,000 and higher	54,882	13.0%	\$ 24,635,308,007	56.6%	\$ 754,368,045	56.0%	53,225	12.8%	\$ 23,657,207,816	55.9%	\$ 731,634,760	55.5%
\$100,000 - 199,999	85,676	20.3	9,982,729,826	23.0	318,833,543	23.6	85,023	20.6	9,939,715,472	23.5	317,564,616	24.0
\$80,000 - 99,999	33,862	8.0	2,342,944,004	5.4	74,890,207	5.6	33,226	8.0	2,303,354,205	5.4	73,657,082	5.6
\$50,000 - 79,999	73,167	17.3	3,448,749,138	7.9	110,265,158	8.2	71,770	17.3	3,381,485,984	8.0	108,143,358	8.2
\$25,000 - 49,999	96,890	23.0	2,358,850,970	5.4	69,750,765	5.2	94,821	22.9	2,323,387,127	5.5	69,119,921	5.2
\$10,000 - 24,999	67,852	16.1	683,148,906	1.6	18,089,305	1.3	66,759	16.1	675,163,724	1.6	18,195,512	1.4
Under \$10,000	9,599	2.3	31,414,359	0.1	686,998	0.1	9,571	2.3	31,259,038	0.1	691,618	0.1
Total	421,928	100.0%	\$ 43,483,145,210	100.0%	\$ 1,346,884,021	100.0%	414,395	100.0%	\$ 42,311,573,366	100.0%	\$ 1,319,006,867	100.0%

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

	2014						2013					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level												
\$200,000 and higher	50,930	12.3%	\$ 22,545,414,493	55.1%	\$ 707,232,455	55.0%	47,399	11.6%	\$ 20,082,401,088	52.7%	\$ 642,615,654	53.2%
\$100,000 - 199,999	83,150	20.1	9,686,668,621	23.7	309,843,847	24.1	81,264	20.0	9,380,510,171	24.7	300,161,908	24.9
\$80,000 - 99,999	32,884	8.0	2,269,659,433	5.6	72,609,217	5.7	32,704	8.0	2,243,475,972	5.9	71,790,335	5.9
\$50,000 - 79,999	70,572	17.1	3,320,713,280	8.1	106,237,189	8.3	70,247	17.2	3,292,911,673	8.7	105,364,132	8.7
\$25,000 - 49,999	95,479	23.1	2,321,932,637	5.7	68,806,063	5.4	95,475	23.4	2,317,332,376	6.1	68,911,128	5.7
\$10,000 - 24,999	69,968	16.9	690,098,980	1.7	18,213,654	1.4	69,904	17.2	686,312,740	1.8	18,250,977	1.5
Under \$10,000	10,518	2.5	33,972,218	0.1	739,226	0.1	10,370	2.6	34,049,388	0.1	761,702	0.1
Total	413,501	100.0%	\$ 40,868,459,662	100.0%	\$ 1,283,681,651	100.0%	407,363	100.0%	\$ 38,036,993,408	100.0%	\$ 1,207,855,836	100.0%

	2012						2011					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level												
\$200,000 and higher	46,219	11.5%	\$ 22,039,899,095	55.6%	\$ 705,083,255	56.0%	43,367	11.0%	\$ 18,940,921,100	52.8%	\$ 606,109,387	53.1%
\$100,000 - 199,999	80,423	19.8	9,191,004,899	23.2	294,106,087	23.3	78,493	19.9	8,754,369,086	24.4	280,131,565	24.6
\$75,000 - 99,999	32,356	8.1	2,200,179,738	5.5	70,404,468	5.6	31,549	8.0	2,109,818,960	5.9	67,512,836	5.9
\$50,000 - 74,999	69,779	17.4	3,234,709,580	8.2	103,501,417	8.2	69,024	17.5	3,158,538,933	8.8	101,065,265	8.9
\$25,000 - 49,999	94,285	23.5	2,275,703,684	5.7	67,996,861	5.4	93,603	23.9	2,230,397,502	6.2	67,065,011	5.9
\$10,000 - 24,999	68,129	17.0	666,921,915	1.7	17,760,659	1.4	67,074	17.0	647,673,860	1.8	17,271,011	1.5
Under \$10,000	10,657	2.7	36,560,249	0.1	779,224	0.1	10,530	2.7	37,359,220	0.1	805,745	0.1
Total	401,848	100.0%	\$ 39,644,979,160	100.0%	\$ 1,259,631,971	100.0%	393,640	100.0%	\$ 35,879,078,661	100.0%	\$ 1,139,960,820	100.0%

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 2020 is the latest tax year for which data are available.

Source: Revenue Administration Division, State Comptroller's Office and Montgomery County Department of Finance.

Table 17

**DEBT CAPACITY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS ⁽²⁾**

Governmental Activities												
Fiscal Year	General Obligation Bonds	Variable Rate Demand Obligations	Taxable BABs General Obligations	Bond Anticipation Notes	Notes Payable	Lease Revenue Bonds	Certificates of Participation	Other Obligations	Revenue Bonds	Taxable Limited Obligation Certificates	Leases Payable	Total Governmental Activities
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
2022	3,333,092,654	170,000,000	-	311,000,000	46,619,011	10,057,388	144,438,181	48,570,000	123,409,243	148,109,661	135,972,666	4,471,268,804

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⁾
2013	\$ 86,295,600	\$ 1,976,348	\$ -	\$ -	\$ 88,271,948	\$ 3,230,825,255	4.34%	\$ 3,181
2014	97,163,694	1,701,104	-	-	98,864,798	3,455,076,210	4.52	3,371
2015	91,756,076	4,655,348	-	-	96,411,424	3,817,149,372	4.65	3,694
2016	83,929,819	5,756,247	-	-	89,686,066	3,933,566,887	4.53	3,785
2017	78,105,420	5,367,645	-	-	83,473,065	4,072,545,102	4.56	3,889
2018	72,111,188	6,433,707	-	-	78,544,895	4,336,009,969	4.79	4,134
2019	66,097,142	4,891,651	-	-	70,988,793	4,422,448,653	4.88	4,207
2020	60,765,932	3,504,685	-	-	64,270,617	4,317,646,553	4.58	4,065
2021	55,349,704	675,827	1,620,000	58,773,644	116,419,175	4,608,297,631	4.62	4,310
2022	50,059,850	155,423	1,207,192	54,425,984	105,848,449	4,577,117,253	4.47	4,253

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.

**DEBT CAPACITY
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	General Bonded Debt Outstanding ⁽¹⁾				Total	Percentage of Estimated Actual Taxable Value of Property ⁽²⁾	Per Capita ⁽³⁾
	General Obligation Bonds	Variable Rate Demand Obligations	Taxable BABs General Obligations				
2013	\$ 1,930,155,391	\$ 100,000,000	\$ 339,827,520	\$ 2,369,982,911	1.34%	\$ 2,334	
2014	2,085,028,317	100,000,000	339,671,879	2,524,700,196	1.43	2,463	
2015	2,465,315,677	100,000,000	339,516,238	2,904,831,915	1.68	2,811	
2016	2,582,259,186	100,000,000	323,901,913	3,006,161,099	1.62	2,892	
2017	2,722,235,195	90,000,000	308,297,064	3,120,532,259	1.60	2,980	
2018	2,919,530,233	170,000,000	292,692,211	3,382,222,444	1.69	3,225	
2019	3,015,532,116	170,000,000	277,106,496	3,462,638,612	1.73	3,294	
2020	3,109,101,181	170,000,000	106,404,112	3,385,505,293	1.64	3,188	
2021	3,287,199,209	170,000,000	-	3,457,199,209	1.60	3,234	
2022	3,333,092,654	170,000,000	-	3,503,092,654	1.61	3,255	

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, 2022**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Debt:			
Towns, Cities, and Villages ^(2,3) :			
Poolesville - bonds	\$ 1,548,760	100.00%	\$ 1,548,760
Rockville - bonds	22,876,804	100.00	22,876,804
Somerset - bonds	885,000	100.00	885,000
Takoma Park- bonds	8,158,500	100.00	8,158,500
Component Units ⁽²⁾ :			
MCPS - Leases	60,921,919	100.00	60,921,919
MC - Leases	71,885,696	100.00	71,885,696
Joint Venture - M-NCPPC ⁽⁴⁾ :			
Park acquisition and development bonds	173,156,498	33.72	58,387,170
Advance land acquisition bonds	365,000	100.00	365,000
Development Districts ⁽²⁾ :			
West Germantown - bonds	6,895,000	100.00	<u>6,895,000</u>
Total Overlapping Debt			231,923,849
Montgomery County direct debt ⁽⁵⁾			<u>4,471,268,804</u>
Total Direct and Overlapping Debt			<u>\$ 4,703,192,653</u>

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.

**DEBT CAPACITY
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

	2013	2014	2015	2016	2017
Assessed Value					
Real property ^(1,3)	\$ 158,272,830,848	\$ 159,891,865,334	\$ 163,656,758,206	\$ 170,176,446,052	\$ 177,495,353,018
Personal property ⁽²⁾	3,604,478,750	3,709,327,508	3,655,133,210	3,884,349,017	4,051,372,468
Total Assessed Value	<u>\$ 161,877,309,598</u>	<u>\$ 163,601,192,842</u>	<u>\$ 167,311,891,416</u>	<u>\$ 174,060,795,069</u>	<u>\$ 181,546,725,486</u>
Legal Debt Margin					
Debt limit - percentage of assessable base:					
For real property at 6%	\$ 9,496,369,851	\$ 9,593,511,920	\$ 9,819,405,492	\$ 10,210,586,763	\$ 10,649,721,181
For personal property at 15%	540,671,813	556,399,126	548,269,982	582,652,353	607,705,870
Legal limitation for the borrowing of funds and the issuance of bonds	<u>10,037,041,664</u>	<u>10,149,911,046</u>	<u>10,367,675,474</u>	<u>10,793,239,116</u>	<u>11,257,427,051</u>
Debt Applicable to Limit:					
General obligation bonds	1,930,155,391	2,085,028,317	2,465,315,677	2,582,259,186	2,722,235,195
Variable rate demand obligation	100,000,000	100,000,000	100,000,000	100,000,000	90,000,000
Taxable BABs general obligation	339,827,520	339,671,879	339,516,238	323,901,913	308,297,064
Bond anticipation notes	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Total Debt Applicable to Limit	<u>2,869,982,911</u>	<u>3,024,700,196</u>	<u>3,404,831,915</u>	<u>3,506,161,099</u>	<u>3,620,532,259</u>
Legal Debt Margin	<u>\$ 7,167,058,753</u>	<u>\$ 7,125,210,850</u>	<u>\$ 6,962,843,559</u>	<u>\$ 7,287,078,017</u>	<u>\$ 7,636,894,792</u>
Legal Debt Margin as a Percentage of Debt Limit	71%	70%	67%	68%	68%
	2018	2019	2020	2021	2022
Assessed Value					
Real property ^(1,3)	\$ 183,993,870,661	\$ 189,051,019,043	\$ 193,487,138,719	\$ 198,347,861,932	\$ 202,557,243,499
Personal property ⁽²⁾	4,188,565,266	4,055,452,758	4,100,966,956	4,682,192,977	4,242,757,208
Total Assessed Value	<u>\$ 188,182,435,927</u>	<u>\$ 193,106,471,801</u>	<u>\$ 197,588,105,675</u>	<u>\$ 203,030,054,909</u>	<u>\$ 206,800,000,707</u>
Legal Debt Margin					
Debt limit - percentage of assessable base:					
For real property at 6%	\$ 11,039,632,240	\$ 11,343,061,143	\$ 11,609,228,323	\$ 11,900,871,716	\$ 12,153,434,610
For personal property at 15%	628,284,790	608,317,914	615,145,043	702,328,947	636,413,581
Legal limitation for the borrowing of funds and the issuance of bonds	<u>11,667,917,030</u>	<u>11,951,379,057</u>	<u>12,224,373,366</u>	<u>12,603,200,663</u>	<u>12,789,848,191</u>
Debt Applicable to Limit:					
General obligation bonds	2,919,530,233	3,015,532,116	3,109,101,181	3,287,199,209	3,333,092,654
Variable rate demand obligation	170,000,000	170,000,000	170,000,000	170,000,000	170,000,000
Taxable BABs general obligation	292,692,211	277,106,496	106,404,112	-	-
Bond anticipation notes	500,000,000	500,000,000	500,000,000	470,000,000	311,000,000
Total Debt Applicable to Limit	<u>3,882,222,444</u>	<u>3,962,638,612</u>	<u>3,885,505,293</u>	<u>3,927,199,209</u>	<u>3,814,092,654</u>
Legal Debt Margin	<u>\$ 7,785,694,586</u>	<u>\$ 7,988,740,445</u>	<u>\$ 8,338,868,073</u>	<u>\$ 8,676,001,454</u>	<u>\$ 8,975,755,537</u>
Legal Debt Margin as a Percentage of Debt Limit	67%	67%	68%	69%	70%

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
PLEGGED-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:							
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
2022	14,036,459 ^(a)	8,487,605	5,548,854	1,895,000	406,314	2,301,314	241.12
Alcohol Beverage Service:							
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
2022	321,851,055	264,948,164	56,902,891	5,910,000	2,325,358	8,235,358	690.96
Metrorail Garage Project:							
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
2022	3,513,363	-	3,513,363	2,935,000	578,363	3,513,363	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
2022	45,863,677	30,174,901	15,688,776	5,905,797	2,455,574	8,361,371	187.63

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.

**DEMOGRAPHIC AND ECONOMIC INFORMATION
 PRINCIPAL EMPLOYERS
 CURRENT FISCAL YEAR AND NINE YEARS AGO**

Employer	Fiscal Year 2022			Fiscal Year 2013		
	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	30,000 - 35,000	7.17%	1	25,000 - 30,000	5.77%
Montgomery County Public Schools	2	25,000 - 30,000	6.07	2	20,000 - 25,000	4.72
Montgomery County Government	3	10,000-15,000	2.76	4	10,000 - 15,000	2.62
U.S. Department of Defense	4	5,000-10,000	1.65	3	10,000 - 15,000	2.62
U.S. Department of Commerce	5	5,000-10,000	1.65	5	5,000 - 10,000	1.57
Adventist Healthcare	6	5,000-10,000	1.65	6	5,000 - 10,000	1.57
Holy Cross Hospital of Silver Spring	7	2,500-5,000	0.83		*	-
AstraZeneca Pharmaceuticals LP	8	2,500-5,000	0.83		*	-
Government Employees Insurance Co.	9	2,500-5,000	0.83		*	-
Montgomery College	10	2,500-5,000	0.83		*	-
Marriott International Admin Svcs, Inc.		*	-	7	5,000 - 10,000	1.57
Lockheed Martin Corporation		*	-	8	5,000 - 10,000	1.57
Verizon		*	-	9	2,500 - 5,000	0.79
Giant Food Corporation		*	-	10	2,500 - 5,000	0.79
Total			24.27%			23.59%

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 CY2022 and CY2013.

⁽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 FY22 and FY13 according to the 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 FY22 was 453,409, and in FY13, 477,000.

Table 23

DEMOGRAPHIC AND ECONOMIC INFORMATION
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⁾
2013	1,015,534	\$ 74,492,736	\$ 73,353	543,134	516,469	4.9%	148,779
2014	1,025,063	76,427,993	74,559	544,271	520,698	4.3	151,298
2015	1,033,370	82,006,462	79,358	547,229	526,310	3.8	153,852
2016	1,039,327	86,825,633	83,540	544,649	526,510	3.3	156,447
2017	1,047,239	89,382,425	85,351	561,370	543,489	3.2	159,010
2018	1,048,794	90,527,613	86,316	564,403	547,810	2.9	161,545
2019	1,051,129	90,629,668	86,221	575,351	559,116	2.8	162,680
2020	1,062,061	94,191,794	88,688	556,465	521,828	6.2	165,267
2021	1,069,095	99,800,000	93,350	547,389	517,358	5.5	160,564
2022	1,076,176	102,500,000	95,245	552,640	534,430	3.3	158,232

NOTES:

⁽¹⁾ Sources: Data for 2013-2019 is from the Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Data for 2020 is from the Census Bureau, and data for 2021 and 2022 is estimated by the Montgomery County Department of Finance. Data from 2013 through 2019 was revised by BEA.

⁽²⁾ Source: Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Personal income includes money 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 is from BEA, and data for 2021 and 2022 is estimated by the Montgomery County Department of Finance.

⁽³⁾ Per capita income is derived by dividing personal income by population and was revised by BEA from 2013 through 2019.

⁽⁴⁾ Source: Bureau of Labor Statistics (BLS), U.S. Department of Labor. Civilian labor force data include 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 2013-2021. Data from 2017 through 2021 was revised by BLS. Data for 2022 is estimated by the Montgomery County Department of Finance based on the monthly average of the first five months of 2022 compared to the first five months of 2021.

⁽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 2013-2021 was revised by BLS. Data for 2022 is estimated by the Montgomery County Department of Finance based on the monthly average of the first five months of 2022 compared to the first five months of 2021.

⁽⁶⁾ The unemployment rates for 2013 through 2021 were published by the Bureau of Labor Statistics, U.S. Department of Labor. The unemployment rates for 2017 through 2021 were revised by BLS. The unemployment rate for 2022 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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
Legislative Branch:										
Board of Appeals	4	4	4	4	4	4	4	4	4	4
County Council	75	77	79	82	82	83	83	85	87	88
Inspector General	5	5	5	7	7	7	7	7	12	14
Legislative Oversight	10	11	11	11	11	11	12	12	13	14
Merit System Protection Board	1	1	1	2	2	2	2	2	2	2
Zoning and Administrative Hearings	4	4	4	4	4	4	4	4	4	4
Judicial Branch:										
Circuit Court	117	118	114	114	114	116	117	119	121	126
State's Attorney	129	132	136	140	143	147	153	154	154	154
Executive Branch:										
General Government:										
Board of Elections	31	31	51	55	55	56	56	56	56	56
Community Engagement	22	22	22	22	23	24	23	32	30	41
County Attorney	42	43	43	44	43	45	43	43	41	42
County Executive	28	31	32	33	34	37	35	34	34	33
Ethics Commission	3	3	3	3	3	3	3	3	2	2
Finance	114	125	126	126	122	125	127	131	130	132
General Services	184	183	191	162	164	171	170	169	169	169
Human Resources	60	67	66	67	68	70	71	68	63	68
Human Rights	8	8	9	9	9	9	9	9	10	12
Intergovernmental Relations	5	5	5	5	5	5	5	5	5	5
Labor Relations ⁽⁴⁾	-	-	-	-	-	-	-	-	8	8
Management and Budget	28	28	29	30	29	32	33	33	41	41
Procurement ⁽³⁾	-	-	-	33	35	35	35	35	38	38
Public Information	43	42	43	43	42	45	51	53	53	54
Racial Equity and Social Justice ⁽⁷⁾	-	-	-	-	-	-	-	-	2	6
Technology & Enterprise Business Solutions ⁽⁵⁾	104	110	110	147	159	168	166	167	165	166
Urban Districts	55	55	58	58	59	59	59	59	59	59
Non-Departmental Accounts	2	4	4	4	4	4	5	6	12	23
Public Safety:										
Animal Services ⁽⁶⁾	-	-	-	-	-	-	-	-	75	75
Consumer Protection	16	17	17	17	16	17	17	17	17	18
Correction and Rehabilitation	512	518	526	527	538	538	538	536	542	542
Emergency Management and Homeland Security	11	12	14	15	15	15	15	16	16	18
Fire and Rescue	1,254	1,282	1,287	1,299	1,303	1,287	1,298	1,318	1,319	1,333
Police	1,744	1,767	1,843	1,868	1,888	1,950	1,958	1,972	1,899	1,869
Sheriff	178	185	183	183	190	190	190	193	193	193
Transportation:										
Fleet Management	205	205	204	204	204	204	206	211	211	211
Transit Services	814	816	836	836	842	874	876	909	909	909
Other ⁽²⁾	258	273	275	279	283	283	283	287	286	284
Health and Human Services	1,559	1,569	1,589	1,594	1,619	1,649	1,670	1,683	1,714	1,771
Culture and Recreation:										
Cable TV	30	31	31	31	31	33	32	31	31	31
Public Libraries	314	350	385	389	386	395	396	404	405	404
Recreation	375	398	414	417	441	465	467	490	493	499
Community Development and Housing:										
Agriculture	-	-	-	-	4	4	4	4	4	4
Economic Development Fund	29	31	34	33	1	1	1	1	1	1
Housing and Community Affairs	66	73	77	80	84	97	97	101	101	101
Environment:										
Environmental Protection	91	93	97	102	105	108	108	110	108	110
Business-Type Activities:										
Alcohol Beverage Services	324	339	337	427	432	438	442	428	442	443
Community Use of Public Facilities	27	27	27	28	29	30	31	31	31	31
Parking Lot Districts	49	49	50	49	49	49	49	49	49	48
Permitting Services	198	201	207	213	244	244	244	246	246	246
Solid Waste Activities	103	102	103	103	106	105	106	106	112	112
Total FTEs	<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>	<u>10,614</u>

NOTES:

Amounts represent budgeted 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⁾ Excludes programs presented under business-type activities.

⁽³⁾ Effective FY16, The Office of Procurement was established per Expedited Bill No. 7-15.

⁽⁴⁾ Effective FY21, The Office of Labor Relations was established per Expedited Bill No. 19-20.

⁽⁵⁾ Effective FY21, The Department of Technology Services was renamed to the Department of Technology and Enterprise Business Solutions.

⁽⁶⁾ 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.

⁽⁷⁾ 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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 ⁽¹⁾
Governmental Activities:										
General Government:										
Number of procurement office actions ⁽²⁾	7,711	8,396	7,556	8,429	7,564	7,824	8,887	9,425	7,607 ⁽⁶⁾ ⁽¹²⁾	9,553 ⁽¹⁴⁾
Number of property tax bills processed ⁽⁵⁾	365,495	366,847	367,708	371,446	371,866	376,330	376,259	370,489	376,557	375,990
Number of payments issued ⁽⁵⁾	112,507	129,973	121,311	121,366	125,764	128,866	118,086	107,773	118,598	128,656
Investment portfolio return ⁽⁵⁾	0.16%	0.15%	0.18%	0.39%	0.71%	1.34%	2.33%	1.76%	0.18% ⁽¹³⁾	0.33% ⁽¹⁵⁾
Public Safety:										
Fire and Rescue:										
Number of responses to incidents	108,996	109,496	115,366	116,915	120,990	123,544	121,606	119,340	113,940	128,371
Number of fire Fatalities	2	4	4	3	9	1	4	2	5	5
Permitting:										
Number of inspections completed	6,036	11,644	13,929	16,439	17,405	14,579	10,340 ⁽⁷⁾	10,960	19,114 ⁽⁸⁾	21,095
Police:										
Number of arrests	12,511	13,153	16,518	20,045	16,707	18,853	18,061	12,641 ⁽¹²⁾	5,871 ⁽¹²⁾	6,939
Number of traffic citations ⁽⁹⁾	53,540	107,040	106,944	105,607	100,867	81,252	75,989	50,051 ⁽¹²⁾	23,492 ⁽¹²⁾ ⁽¹⁶⁾	27,703 ⁽¹⁴⁾
Number of warrants served	12,623	8,297	9,763	8,109	7,779	7,318	7,011	6,006 ⁽¹²⁾	3,244 ⁽¹²⁾	3,474
Transportation ⁽³⁾ :										
Lane-miles of streets resurfaced	442	311	436	405	303	181	231	266	183 ⁽¹²⁾	139 ⁽¹⁷⁾
Number of passengers transported	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⁾	14,093,905 ⁽¹⁴⁾
Health and Human Services:										
Number of applicants approved for the Home Energy Program	7,308	7,951	7,440	7,822	7,468	7,129	7,056	6,683	6,883 ⁽⁶⁾	6,932
Number of individuals served through the Crisis Center	48,312	45,749	45,906	47,191	46,202	44,684	43,584	43,868	43,643	53,426 ⁽¹⁸⁾
Number of licensed and registered child care slots in the County	39,806	38,506	39,501	40,292	41,768	41,101	42,697	43,206	40,167 ⁽¹²⁾	30,802 ⁽¹²⁾
Number of in-home aide service hours for seniors and people with disabilities	90,000	94,012	110,848	105,000	110,185	92,860	105,370	108,869	95,706 ⁽⁶⁾ ⁽¹²⁾	121,348 ⁽¹⁴⁾
Culture and Recreation:										
Library:										
Number of items circulated	9,303,918	9,770,776	10,035,027	10,478,360	10,172,487	10,666,538	11,383,048	10,157,415 ⁽¹²⁾	9,114,919 ⁽¹²⁾	11,616,463 ⁽¹⁴⁾
Recreation:										
Number of community center visits/contacts	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⁾	526,373 ⁽¹⁴⁾
Number of visits to County pools	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⁾	403,057
Number of persons registered for camps and classes	55,044	55,829	65,762	76,285	85,835	105,011	105,615	106,526	19,566 ⁽¹²⁾	130,446 ⁽¹⁴⁾
Community Development and Housing:										
Housing and Community Affairs:										
Number of housing rental licenses issued	92,527	96,185	98,525	100,379	101,810	103,841	107,283	114,365	106,361 ⁽⁶⁾ ⁽¹²⁾	110,421
Number of housing code enforcement cases	6,597	6,998	7,633	8,250	7,917	8,352	9,229	7,190	5,325 ⁽⁶⁾ ⁽¹²⁾	6,097
Environment:										
Number of sediment control inspections performed for development sites	12,839	16,287	18,741	19,109	18,259	17,689	16,778	14,858	15,239	18,644 ⁽¹⁴⁾
Education:										
Average number of pupils registered pre-K through 12 ⁽⁴⁾	148,779	151,298	153,852	156,447	159,010	161,545	162,680	165,267	160,564	158,232
College students - credit and non-credit ⁽⁴⁾	62,417	59,389	56,228	56,001	55,243	54,335	52,732	49,168	42,915 ⁽¹²⁾	39,757
Business-Type Activities:										
Land development plans approved	4,517	5,112	5,161	6,048	6,013	6,055	5,543	5,801	5,312	6,245
Refuse collected (tons)	69,568	71,407	73,996	71,767	69,988	69,669 ⁽⁶⁾	67,908 ⁽⁶⁾	75,892 ⁽⁶⁾	81,382 ⁽⁶⁾	76,875
Waste processed at the Resource Recovery Facility (tons)	546,644	577,787	591,687	620,505	518,687	592,228	628,600 ⁽⁶⁾	545,378 ⁽⁶⁾	579,553 ⁽⁶⁾	565,477
Number of cases sold from Alcohol Beverage Services retail stores	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⁾	1,016,074 ⁽¹⁴⁾
Number of wholesale liquor cases sold to liquor license holders	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	3,947,065

NOTES:

- (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, childcare slots, 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 Federal Reserve action. In March 2020, the Federal Reserve lowered the Federal 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 the resumption of general County operations, building reopenings, police activities, etc. during the latter stages of the COVID-19 pandemic.
- (15) The increase in investment yield/income was driven by the rising short-term rate environment due to Fed tightening in FY22.
- (16) The citation number reflected all traffic stops including citations, repair orders, and warnings. It was corrected to reflect only citation stops from FY21.
- (17) In FY22, with the same funding, more roadway rehabilitation and resurfacing repairs were done which led to a fewer lane miles completed.
- (18) FY22 represents the number of visits - some individuals may have had more than one visit.

Table 26

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
General Government:										
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	3	3	3	3	3	3	3	3	2
Police vehicles	1,341	1,345	1,467	1,486	1,509	1,526	1,522	1,551	1,519	1,498
Fire stations	37	37	37	37	37	37	37	37	37	37
Fire apparatus	451	461	447	493	497	502	501	548	541	579
Transportation:										
Streets (miles)	2,627	2,631	2,634	2,640	2,661	2,663	2,664	2,679	2,681	2,704
Ride On buses	412	422	379	403	389	414	424	445	435	461
Administrative vehicles	738	761	764	869	885	876	876	867	891	878
Fire vehicles	115	116	113	94	96	91	98	101	99	100
Heavy equipment	463	482	420	423	481	491	448	460	461	460
Streetlights	67,781	67,931	67,969	68,350	68,675	68,770	68,995	69,025	69,075	69,090
Traffic signals	823	829	836	848	854	867	875	878	880	899
Culture and Recreation:										
Libraries	22	22	22	22	22	22	22	22	22	22
Volumes in library collection	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	1,991,700
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)	877	881	883	888	893	895	896	902	903	912
Education:										
Elementary, Middle and High School buildings	202	202	203	204	204	205	207	207	207	210
College buildings	49	49	49	49	51	51	51	50	49	53
Business-Type Activities:										
Parking spaces in parking lot districts	19,989	19,984	20,970	20,754	20,482	20,425	20,452	20,468	20,708	20,700
Parking garages/lots	40	42	42	41	40	40	41	40	40	41

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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* POEB = Pension and Other Employee Benefits

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