



MONTGOMERY COUNTY MARYLAND

Annual Comprehensive Financial Report

Fiscal Year 2023

July 1, 2022 - June 30, 2023
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, 2022

Christopher P. Morill

Executive Director/CEO

MONTGOMERY COUNTY MARYLAND

Annual Comprehensive Financial Report



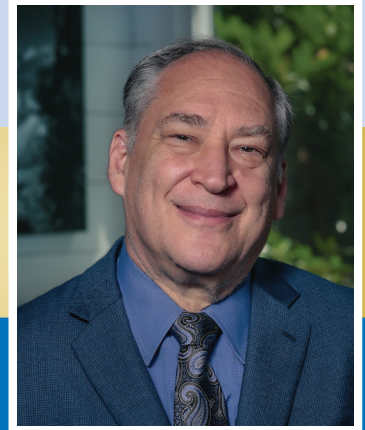
Prepared by the
DEPARTMENT OF FINANCE

Michael J. Coveyou, Director
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Fiscal Year 2023
July 1, 2022 - June 30, 2023

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 18, 2023

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, 2023.

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, 2023. 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 is 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) will be available in a separately issued *Schedule of 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.

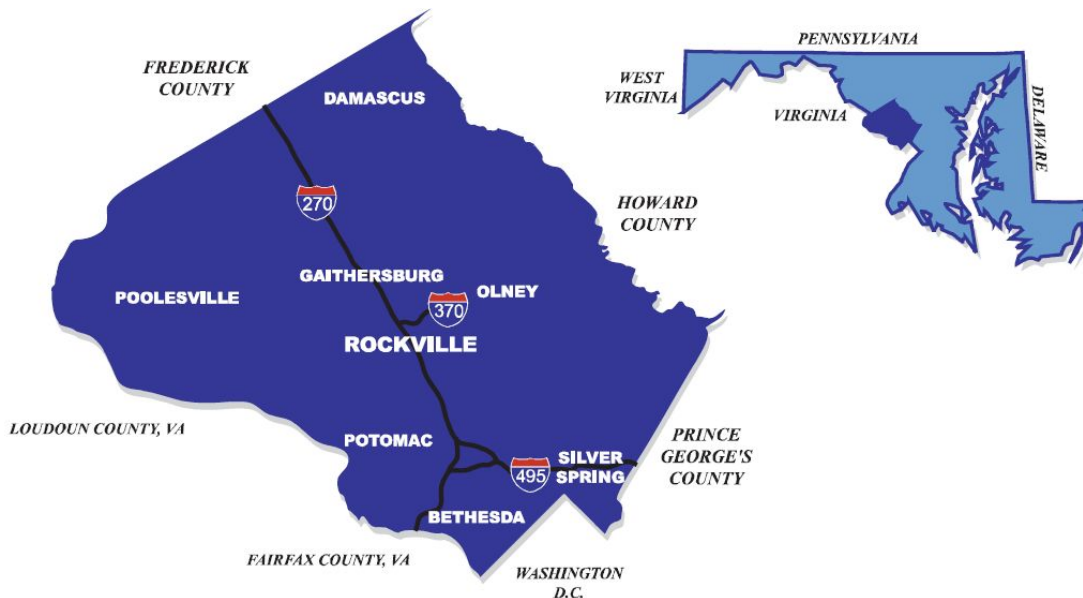
Department of Finance

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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-J.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 the Department of 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 fiscal year 2023 (FY23) economy experienced a mixed economic performance overall. While the economic performance was mixed, FY23 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 and a decrease in the unemployment rate. However, there was a decrease in existing home sales, but an increase in average sales price for existing homes. Residential construction experienced decreases in both single-family homes and multi-family units, and the total construction value also decreased in FY23. Construction in the number of non-residential projects decreased, but the total value of the projects increased.

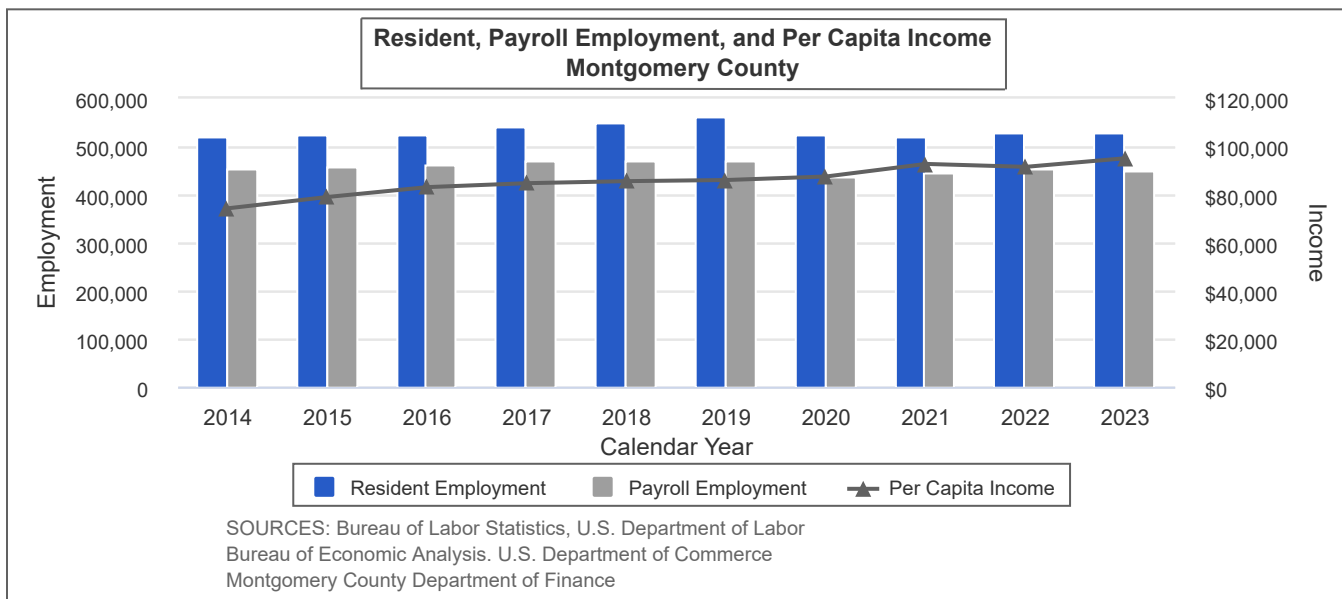
Employment, as measured by the Bureau of Labor Statistics' Survey of Households increased by 2.1 percent in FY23, and the unemployment rate was 2.4 percent. The reason for the increase in employment, and the decrease in the unemployment rate is attributed to the economic recovery and the reduced impact of COVID-19. However, prior to increased employment in FY22 and FY23, employment decreased by 0.7 percent in FY20 and decreased by 6.3 percent in FY21 due to the impact of the COVID-19 pandemic. The monthly average unemployment rate increased from 2.9 percent in FY19 to 4.0 percent in FY20 to a peak of 6.3 percent in FY21 before declining to 3.7 percent in FY22 and 2.4 percent in FY23.

Sales of existing homes decreased by 30.8 percent, but average prices were up nearly 4.8 percent during FY23, compared to FY22. 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, a significant 28.2 percent in FY21, but then declined 4.8 percent in FY22 from the high in FY21. Average sales prices increased 4.3 percent in FY20, 10.6 percent in FY21, and 5.9 percent in FY22.

Residential construction experienced a decrease in the number of starts and value-added for single-family homes and multi-family units in FY23. While the construction of non-residential projects decreased in FY23, the value of added non-residential projects increased.

Personal Income and Employment

Income tax revenues for the County represented 54.7 percent of total General Fund tax revenues in FY23. 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 \$91,513 in 2022 to \$95,112 in 2023 (+3.9 percent) and is estimated to increase at an average annual rate of 2.8 percent from 2014 to 2023.

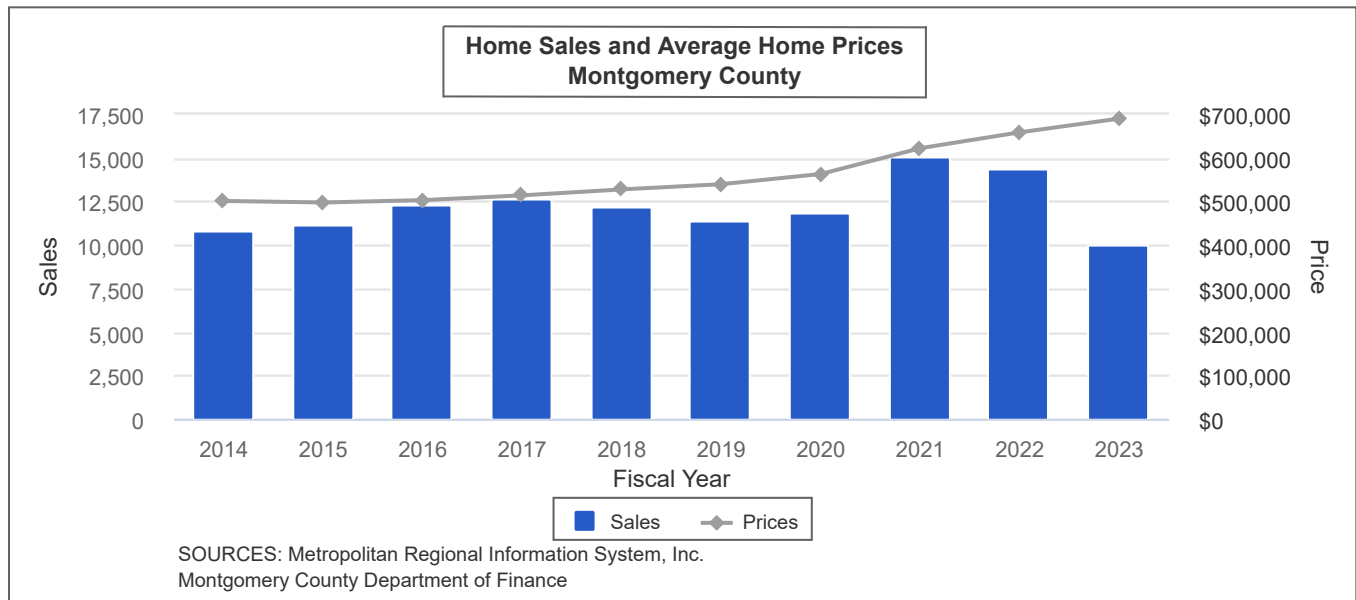


On a calendar year basis, resident employment is estimated to decrease by 0.4 percent from 530,944 in 2022 to 528,657 in 2023. In 2014, resident employment in Montgomery County stood at 520,698. In the calendar year 2023, employment is expected to reach approximately 528,657 – an average annual increase of 0.2 percent overcoming declines of 6.4 percent and 1.2 percent in 2020 and 2021, respectively, due to the impact of COVID-19.

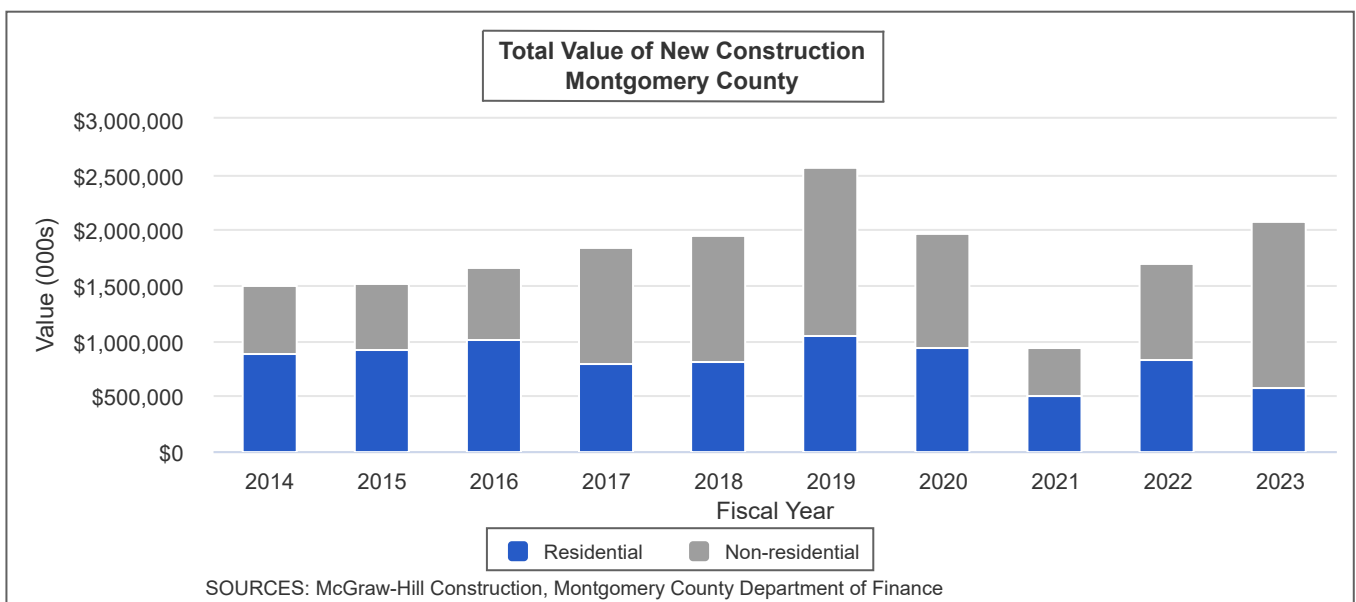
On a calendar basis, payroll employment in the County based on the Quarterly Census of Employment and Wages database is estimated to decrease by 1.1 percent from 453,270 in 2022 to a preliminary estimate of 448,284 in 2023. In 2014, payroll employment was 455,820 and is estimated to decrease to 448,284 in 2023 – an average annual decrease of 0.2 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 34.4 percent share and 4.2 percent share, respectively, of total General Fund tax revenues in FY23. 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 4.8 percent in FY23, but sales of existing homes decreased 30.8 percent following a decrease of 4.8 percent in FY22. In FY23, collections from residential transfer taxes decreased by 36.7 percent attributed to a decrease of 37.7 percent in the volume of transactions. Collections from non-residential transfer taxes (including farm and rezoned rates) decreased 44.8 percent in FY23. Overall, total transfer taxes collected for the General Fund were down 38.7 percent and recordation taxes were down 37.9 percent in FY23.



The total value of new residential construction decreased 29.7 percent in FY23 and the total value of new residential construction at \$581.9 million in FY23 was nearly \$279.7 million below the nine-year average between FY14-FY22. The number of new detached single-family units decreased 42.0 percent from 816 units in FY22 to 473 units in FY23. Construction of multi-family units decreased 74.2 percent in FY23 from 3,433 to 886 units. The total value of non-residential construction at \$1,495.1 million was up 72.7 percent in FY23 compared to FY22.



Future Economic Outlook

For the FY24 County Budget, the Department of Finance (Finance) forecasts a mild recession and that the County will have modest income growth through calendar year 2023 (CY2023) and calendar year 2024 (CY2024) despite a decline in the number of employed residents in CY2023 and a modest increase in CY2024. Finance assumes the following:

Employment

Payroll employment will increase from CY2021 to CY2029 at an average annual rate of 0.7 percent based on the forecast from Moody's Analytics. This is the same average annual growth rate of 0.7 percent experienced from CY2016 and CY2019 before the COVID-induced drop in the average annual rate of negative 2.4 percent in employment from CY2019 to CY2021.

Resident employment will increase at an average annual rate of 1.1 percent from CY2021 to CY2029. That rate is less than the average annual growth rate of 2.1 percent from CY2016 to CY2019 before the COVID-induced drop in the average annual rate of negative 3.8 percent in employment from CY2019 to CY2021. Finance estimates that resident employment will not reach its pre-pandemic level until CY2028.

Personal Income

Total personal income in Montgomery County will increase at an average annual rate of 3.4 percent from CY2021 to CY2029 compared to an average annual growth rate of 1.7 percent from CY2016 to CY2019 prior to the COVID-19 pandemic and an average annual growth rate of 3.6 percent from CY2019 and CY2021.

Wage and Salary Income

Wage and salary income will increase at an average annual rate of 4.4 percent from CY2021 to CY2029 compared to the average annual growth rate of 3.3 percent from CY2016 to CY2019 but below the annual average rate of 5.4 percent from CY2019 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 less contributions for government social insurance. Non-wage income in Montgomery County will increase at an average annual rate of 2.5 percent from CY2021 to CY2029 compared to the average annual growth rate of 0.4 percent from CY2016 to CY2019 prior to the COVID-19 pandemic and increase 2.1 percent from CY2019 to CY2021.

Collective Bargaining

International Association of Fire Fighters (IAFF)

Full funding was appropriated for the following contract provisions in FY24 for the Local 1664, Montgomery County Career Fire Fighters Association of the International Association of Fire Fighters, AFL-CIO:

- 3.2% general wage adjustment effective July 16, 2023.
- 3.5% service increments for all eligible bargaining unit members on their increment date.
- 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.

Fraternal Order of Police (FOP)

Full funding was appropriated for the following contract provisions in FY24 for the Fraternal Order of the Police, Lodge 35:

- 4.0% general wage adjustment effective July 2, 2023 and additional 3.0% general wage adjustment for all bargaining unit members effective January 14, 2024.
- 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 FY24 for Local 1994, Municipal and County Government Employees Organization of the United Food and Commercial Workers, AFL-CIO (MCGEO):

- 3.0% general wage adjustment effective January 14, 2024 and an additional 3.0% general wage adjustment for all bargaining units members effective June 16, 2024.
- 3.5% service increments for all eligible bargaining unit members on their anniversary date.
- 3.5% longevity increments for Correctional Officers and Sheriffs after 16 years, 20 years or 25 years of service, and 3.25% longevity increments for all other eligible members with either 16 years, 20 years, or 25 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 seven 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. The County Council approved the one-time deferral of the mandatory contribution to Revenue Stabilization Fund in FY23 due to excess revenue. The one-time deferral will provide the County with more flexibility in FY24 without negatively impacting the County's fiscal position.

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 FY24 – FY29 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 include both activities that began during FY23 and those planned for future fiscal years. The major initiatives that are expected to affect future financial position include the following:

Housing

The County allocated \$97.2 million for affordable housing, including \$65.2 million in the Montgomery Housing Initiative Fund and \$32.0 million in the Affordable Housing Acquisition and Preservation CIP project. This dedicated funding provides for the renovation of distressed housing, the acquisition and preservation of affordable housing units, creation of housing units for special needs residents, homeowner down payment assistance, services to the Building Neighborhoods to Call Home, Design for Life, and Housing First programs, and the creation of mixed income housing.

The County allocated \$30.2 million from loan repayments to the Preservation of Naturally Occurring Affordable Housing Fund to continue housing preservation efforts in areas at risk of rent escalation to higher market rents, including the Purple Line Corridor and other County transit corridors including units along the Purple Line and other County transit corridors.

Transportation

The County maintained a reduction in every Call-n-Ride participant's monthly co-payment by \$5.25 through financial support from the Transportation Services Improvement Fund. This co-pay subsidy has been supported in the past four years by a grant from the Metropolitan Washington Council of Governments which is expiring in February 2024. New funding for this benefit will continue to provide affordable transportation for the lowest income residents.

The County increased the number of traffic signals evaluated per year in the Traffic Signal Optimization Program to reduce vehicle delays and traffic congestion resulting from inadequate signal timing. This enabled the County to advance a four to six-year traffic signal review cycle, which is near the industry standard of three to five years, and move away from a 12 to 14-year review cycle.

Public Safety

The County launched a Drone as a First Responder Pilot program, which is an end-to-end public safety drone program, to increase the effectiveness of police response and to reduce incidences of unnecessary use of force through improved surveillance and information on calls. Information on whether a suspect is armed can inform and improve officer decision-making.

The County expanded the Non-Profit Security grants from \$800,000 to \$900,000 for non-profit and faith-based organizations to augment costs for security personnel or other security planning measures for nonprofit organizations located in Montgomery County.

The County managed the distribution of \$5 million in Homeland Security grants which benefited several public safety agencies in the County.

Culture and Recreation

The County has provided funding to Montgomery County Public Libraries (MCPL) FY24 to reduce MCPLs' lapse from 5.9% to 3.3% which allows MCPL to fill more positions and provide better customer service to residents.

MCPL implemented the Coral Electronic Resource Management (ERM) system. ERMs are primarily used by academic libraries to manage their database and other electronic resources. MCPL has adapted this best practice from academic libraries to a public library environment in order to improve the acquisition, management, and monitoring of its electronic resources. The open source nature of this software will allow MCPL to influence and improve upon it on an ongoing basis.

The County has offered free recreation fitness passes for Montgomery County Residents to enjoy game rooms, fully equipped fitness rooms, and gym activities since January 2023. The County will continue this program into the future to ensure that all county residents have access to quality health facilities.

Education

The County's FY24 contribution for MCPS is \$1,995.5 million, an increase of \$156.4 million. The County's total contribution is \$197.9 million over the State required Maintenance of Effort (MOE) level of funding.

The County's FY24 contribution for Montgomery College is \$148.4 million.

General Government

The County provided through its Business Center more than \$5.1 million in direct business grants and loans. Several of these business grants, like the Small Business Rental Assistance Program, provided critical funding for businesses still negatively impacted by the pandemic.

The County examined and envisioned how an investment in Artificial Intelligence (AI) can bring efficiency in decision making and problem solving, enhanced security, and foster effective decision making across the enterprise, by funding AI solutions that boost customer service, resident expectations, and their experiences with government services.

The County engaged and coordinated with statewide, regional, and national partners to share best practices, maximize external resources, and implement collaborative strategies for policymaking that strengthens equity and food system resilience both in our County and beyond our borders.

The County implemented process efficiencies in equipment provisioning to simplify MoCoNet high speed broadband installations for consumers. As a result, staff productivity improved by 50 percent and enhanced digital equity access for seniors, immigrants, and low-income families was delivered.

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, 2022. Montgomery County has received the Certificate of Achievement more than any other county in the nation; 53 times since 1951, and consecutively for 51 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, 2022. 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 six consecutive years (fiscal years ended 2017-2022).

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, 2023. 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; Adaora Azubike, Controller; David Crow, Fiscal Projects Manager; and Michael Lee, General Accounting Manager. 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 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	Jason Hsu	Jay Narang	Michael Toney
Adaora Azubike	Tim Hughes	Moses Ogunwuyi	Jamie White
Lauren Bierly	Chong Lee	Lal Sangliani	Cheyenne Williams
Douglas Campbell	Michael Lee	Paige Santos	Lan Xu
Christopher Caporaletti	Yang Li	Laleh Shabani	Jeanie Yu
Biniam Debebe	Jianxiang Lu	Chihyu Shen	Ivy Zhao
Mauricio Delgado	Jing Luo	Wai Chi Shum	
Neli Georgieva	Katherine Morgan	Karen Smith	
Jiaojiao Gu	Befekadu Mulaw	Iraj Soroori	

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

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

Other County Departments and Offices

Department of General Services

Lisa Sesny	Michelle West
Rick Taylor	The Print Shop

Alcohol Beverage Services

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	Chris Mullin
Mary Beck	Joshua Watters
Veronica Jaua	

Office of Public Information

Sean Clark

Department of Transportation

Fran Akpe	Alex Kinyenje
Giuliana Custode	Fiona Wang

Office of Human Resources

Karen Bass	Darleen Elliott
Kay Russell Deerin	Jennifer Shovlin

Montgomery County Employee Retirement Plans

Ge Lee	Min Tang
Eli Matinez	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	

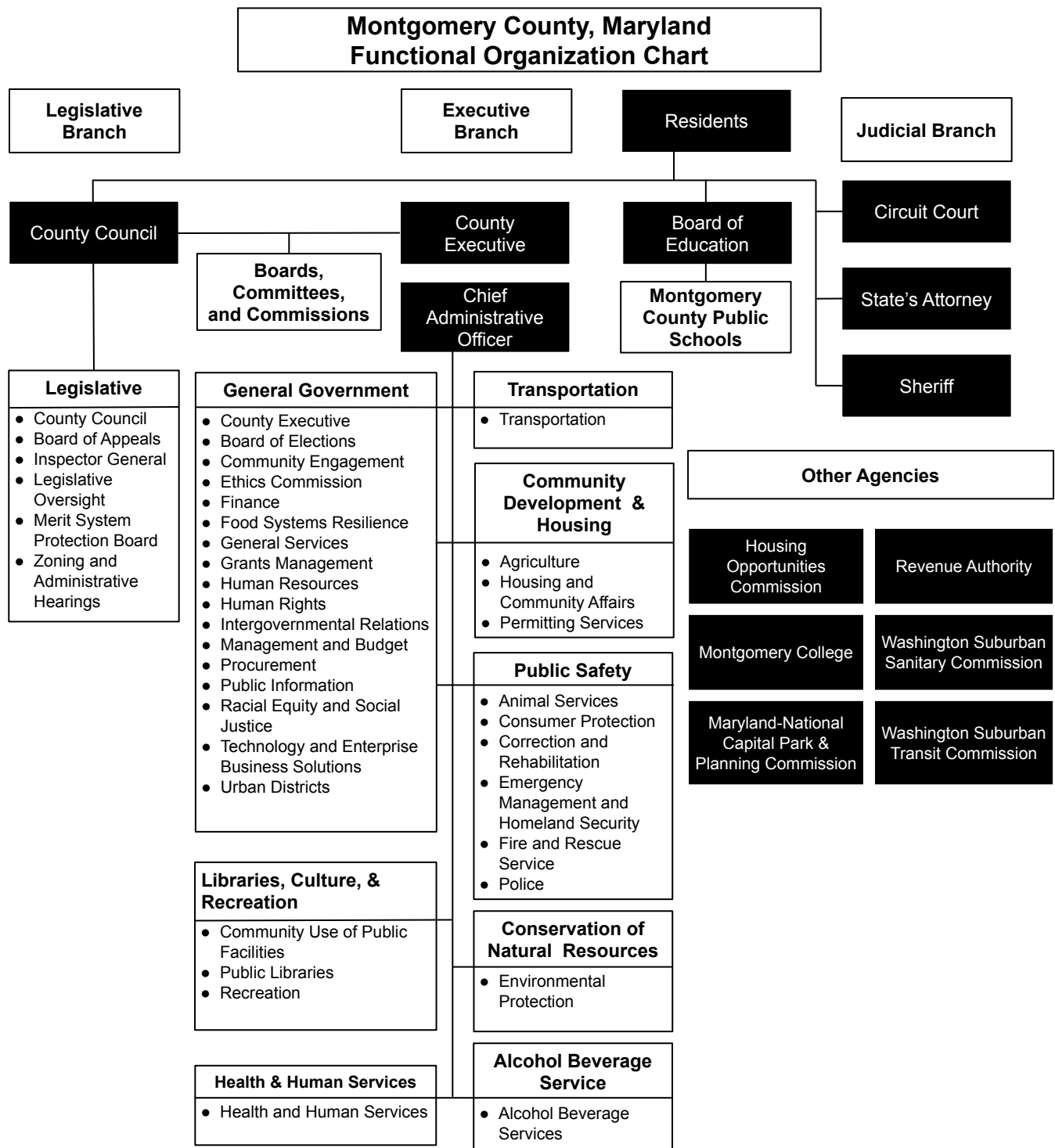
Montgomery College

Elizabeth Greaney
Darniel Dorsey
Matthew Aninzo

Montgomery County Revenue Authority

Patricia Conrad

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



MONTGOMERY COUNTY, MARYLAND
ELECTED OFFICIALS
June 30, 2023

COUNTY EXECUTIVE
Marc Elrich

COUNTY COUNCIL

Evan Glass *President*
Andrew Friedson *Vice President*

Gabe Albornoz Dawn Luedtke
Marilyn Balcombe Kristin Mink
Natali Fani-Gonzalez Laurie-Anne Sayles
Will Jawando Kate Stewart
Sidney Katz

OTHER ELECTED OFFICIALS

James A. Bonifant *Administrative Judge Circuit Court*
Karen A. Bushell *Clerk of the Circuit Court*
Joseph M. Griffin *Register of Wills*
Maxwell C. Uy *Sheriff*
John J. McCarthy *State's Attorney*

Elected Officials
Montgomery County, Maryland



Marc Elrich
County Executive



Evan Glass
Council President



Andrew Friedson
Council Vice President



Gabe Albornoz
Councilmember



Marilyn Balcombe
Councilmember



Natali Fani-González
Councilmember



Will Jawando
Councilmember



Sidney Katz
Councilmember



Dawn Luedtke
Councilmember



Kristin Mink
Councilmember



Laurie-Anne Sayles
Councilmember



Kate Stewart
Councilmember

MONTGOMERY COUNTY, MARYLAND APPOINTED OFFICIALS

Chief Administrative Officer	Richard Madaleno
Agriculture Services	Jeremy V. Criss
Alcohol Beverage Services	Kathie Durbin
Animal Services	Thomas J. Koenig
Board of Appeals	Barbara Jay
Board of Elections	Boris Brajkovic
Community Engagement Cluster	Fariba Kassiri
Community Use of Public Facilities	Ramona Bell-Pearson
Consumer Protection	Eric Friedman
Correction and Rehabilitation	Ben Stevenson
County Attorney	John Markovs
Emergency Management and Homeland Security	Luke Hodgson
Environmental Protection	Willie Wainer, Acting
Ethics Commission	Robert W. Cobb
Finance	Michael Coveyou
Fire and Rescue Service	Scott Goldstein
Food Systems Resilience	Heather Bruskin
General Services	David E. Dise
Grants Management	Rafael P. Murphy
Health and Human Services	James Bridgers, Acting
Housing and Community Affairs	Scott Bruton
Human Resources	Traci L. Anderson
Human Rights	James L. Stowe
Inspector General	Megan Davey Limarzi
Intergovernmental Relations	Melanie Wenger
Labor Relations	Jennifer Harling
Legislative Oversight	Chris Cihlar
Management and Budget	Jennifer Bryant
Merit System Protection Board	Bruce P. Martin
Permitting Services	Rabbiah Sabbakhan
Police	Marcus Jones
Procurement	Avinash G. Shetty
Public Information	Barry Hudson
Public Libraries	Anita Vassallo
Racial Equity and Social Justice	Tiffany Ward
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:**

Karla Silvestre, President
Shebra Evans, Vice President

Julie Yang	Lynne Harris
Grace Rivera-Oven	Rebecca K. Smondrowski
Brenda Wolff	Sami Saeed, 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

Patricia R. Conrad, Chief Financial Officer
Keith Miller, Chief Executive Officer

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

Marian Block, Chair
Katya Marin, Vice Chair
Christopher Smith, Treasurer
Dan Schlaff, Secretary

Jane Fairweather	Adam Murphy
Apoorva Gandhi	Cherian Thomas
Mylene L. Ortiz Luis	Evan J. Weisman

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

Montgomery College**Board of Trustees:**

Michael A. Brintnall, Chair
Frieda K. Lacey, First Vice-Chair
Gloria Aparicio Blackwell, Second Vice-Chair

The Honorable Michael J. Knapp	Annice Cody
The Honorable Maricé I. Morales	Robert F. Levey
Omar A. Lazo	Deepica Premaratne, Student
Kenneth J. Hoffman	

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

Housing Opportunities Commission of Montgomery County**Commissioners:**

Roy Priest, Chair
Frances Kelleher, Vice Chair
Jeffrey Merkowitz, Chair Pro Tem

Pamela Byrd
Linda Croom
Richard Y. Nelson, Jr.
Robin Solomon

Chelsea Andrews, Executive Director

INDEPENDENT PUBLIC ACCOUNTANTS

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

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FINANCIAL SECTION



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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

Report on the Audit of the Financial Statements

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, 2023, 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, 2023, 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 Housing Opportunities Commission of Montgomery County, Montgomery College, Montgomery County Revenue Authority, and Bethesda Urban Partnership, Inc, which represent a collective 47.4 percent, 71.7 percent, and 17.7 percent of the assets, net position, and revenues, respectively, of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for 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.



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),



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 15, 2023

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.

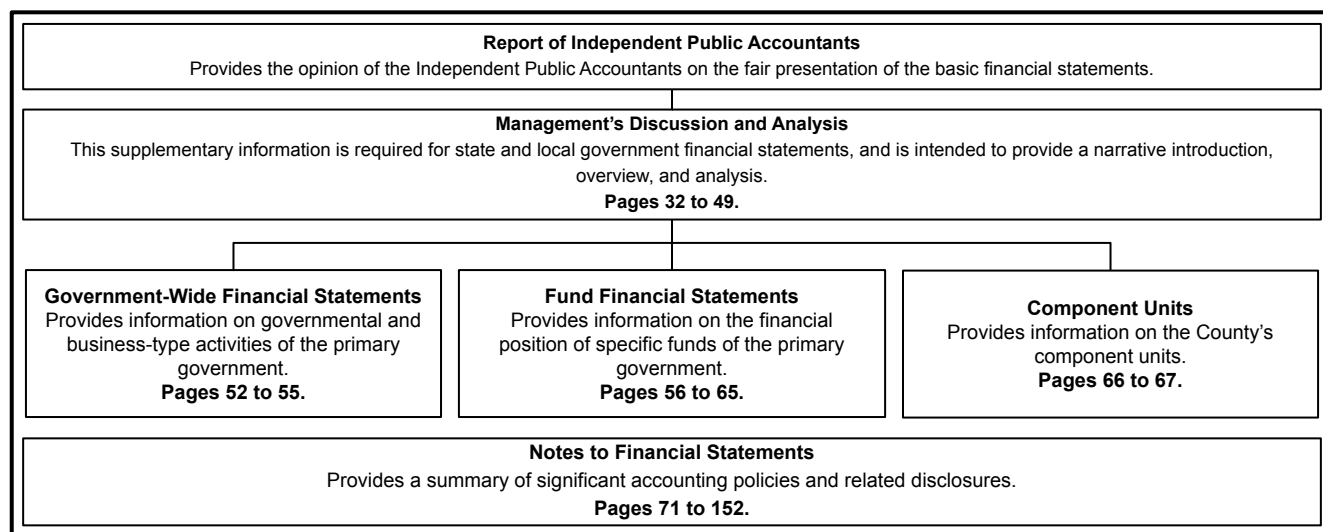
Financial Highlights

- The government-wide assets and deferred outflows of the County exceeded its liabilities and deferred inflows of resources at the close of FY23 by \$2,875.3 million. That amount is net of a \$1,122.3 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 \$1,684.5 million at June 30, 2023. Absent the effect of this relationship, the County would have reported a government-wide unrestricted net position of \$562.3 million.
- The County's total government-wide net position increased by \$642.9 million.
- As of the close of FY23, the County's governmental funds reported combined ending fund balances of \$1,720.9 million, an increase of \$52.1 million over the prior year's ending fund balances.
- At the end of FY23, unassigned fund balance for the General Fund was \$423.3 million, or 12.2 percent of total General Fund expenditures. The committed fund balance in the General Fund also includes \$610.0 million in the Revenue Stabilization Fund, bringing total reserves (as defined by County policy) to \$1,033.3 million, or 16.8% of Adjusted Governmental Fund Revenues. See Financial Statement Note II-A for further detail on the Revenue Stabilization Fund.
- The County's government-wide long-term obligations, including long-term debt, decreased by \$169.7 million during FY23. See page 46 for the details. The key factors in this decrease are:
 - The issuance of \$280.0 million in general obligation (GO) bonds including a premium of \$35.2 million, used to refund \$294.0 million in bond anticipation notes (BANs).
 - The issuance of an additional \$200.0 million in BANs.
 - The retirement of \$270.2 million in GO bonds and amortization of bonds payable related premium of \$51.1 million.
 - The retirement of \$23.3 million in certificates of participation and taxable limited obligation certificates.
 - A decrease in the net Other Postemployment Benefits (OPEB) liability of \$27.8 million from the FY22 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 on the following page. This MD&A is intended to be an introduction to the County's basic financial statements. The 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 it has 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 and amortization.

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 twelve 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, 2023 and 2022:

Summary of Net Position *						
June 30, 2023 and 2022						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 3,245,174,121	\$ 3,665,154,046	\$ 310,258,613	\$ 296,172,608	\$ 3,555,432,734	\$ 3,961,326,654
Capital assets, net	5,782,029,017	5,721,754,770	281,546,762	296,426,857	6,063,575,779	6,018,181,627
Total Assets	9,027,203,138	9,386,908,816	591,805,375	592,599,465	9,619,008,513	9,979,508,281
Deferred outflows of resources	430,277,000	360,027,458	6,676,606	4,730,706	436,953,606	364,758,164
Liabilities						
Long-term liabilities outstanding	5,544,291,439	5,680,194,527	159,660,906	193,470,127	5,703,952,345	5,873,664,654
Other liabilities	575,820,027	613,226,929	66,774,753	59,793,584	642,594,780	673,020,513
Total Liabilities	6,120,111,466	6,293,421,456	226,435,659	253,263,711	6,346,547,125	6,546,685,167
Deferred inflows of resources	795,892,322	1,527,194,007	38,232,671	37,987,187	834,124,993	1,565,181,194
Net position:						
Net investment in capital assets	3,127,137,042	2,957,599,671	191,463,862	190,644,192	3,318,600,904	3,148,243,863
Restricted	613,403,067	674,260,119	65,552,813	40,861,792	678,955,880	715,121,911
Unrestricted (deficit)	(1,199,063,759)	(1,705,538,979)	76,796,976	74,573,289	(1,122,266,783)	(1,630,965,690)
Total Net Position	\$ 2,541,476,350	\$ 1,926,320,811	\$ 333,813,651	\$ 306,079,273	\$ 2,875,290,001	\$ 2,232,400,084

* Primary Government

The County's current and other assets decreased by \$405.9 million or 10.2 percent from FY22. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of FY23 by \$2,875.3 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 \$1,684.5 million at June 30, 2023. Absent the effect of this relationship, the County would have reported a government-wide unrestricted net position of \$562.3 million. An additional portion of the County's net position of \$679.0 million represents resources that are subject to restrictions on how they may be used.

The County's total net position increased by \$642.9 million for FY23.

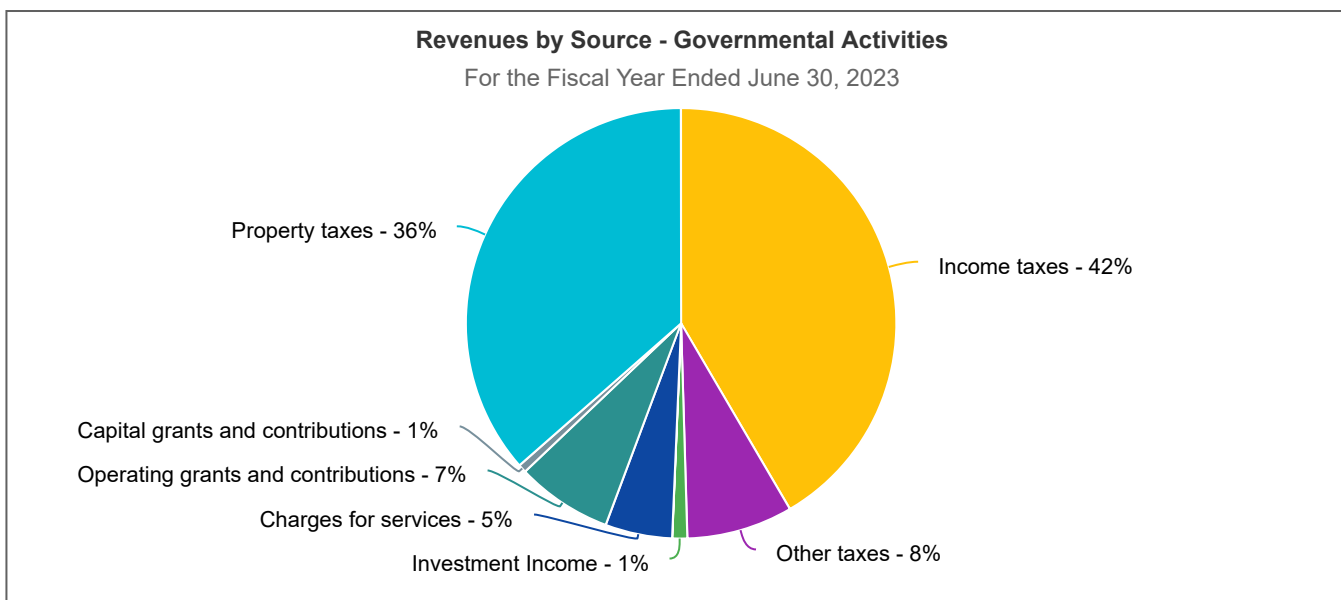
Statement of Activities

The following table summarizes the County's change in net position for the fiscal years ended June 30, 2023 and 2022:

Summary of Changes in Net Position *						
For the Fiscal Years Ended June 30, 2023 and 2022						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program Revenues:						
Charges for services	\$ 269,887,474	\$ 212,013,588	\$ 576,334,706	\$ 553,037,429	\$ 846,222,180	\$ 765,051,017
Operating grants and contributions	387,479,756	432,151,485	-	-	387,479,756	432,151,485
Capital grants and contributions	33,810,429	42,217,275	-	-	33,810,429	42,217,275
General revenues:						
Property taxes	1,960,528,078	1,919,667,295	-	-	1,960,528,078	1,919,667,295
Income taxes	2,234,621,794	1,903,729,758	-	-	2,234,621,794	1,903,729,758
Other taxes	428,554,776	527,455,535	-	-	428,554,776	527,455,535
Investment income	61,251,579	2,854,857	6,957,484	264,654	68,209,063	3,119,511
Gain on sale of capital assets	-	-	6,488,864	76,187	6,488,864	76,187
Total Revenues	5,376,133,886	5,040,089,793	589,781,054	553,378,270	5,965,914,940	5,593,468,063
EXPENSES						
Governmental Activities:						
General government	619,060,912	626,075,347	-	-	619,060,912	626,075,347
Public safety	584,931,546	499,167,545	-	-	584,931,546	499,167,545
Transportation	335,927,417	213,159,574	-	-	335,927,417	213,159,574
Health and human services	483,718,778	445,522,771	-	-	483,718,778	445,522,771
Culture and recreation	119,350,132	94,435,027	-	-	119,350,132	94,435,027
Community development and housing	74,060,581	101,658,451	-	-	74,060,581	101,658,451
Environment	37,915,292	29,760,999	-	-	37,915,292	29,760,999
Education	2,466,081,451	2,175,596,472	-	-	2,466,081,451	2,175,596,472
Interest on long-term debt	97,199,651	90,170,259	-	-	97,199,651	90,170,259
Business-type Activities:						
Liquor	-	-	287,080,898	273,785,719	287,080,898	273,785,719
Solid waste activities	-	-	143,646,854	114,917,885	143,646,854	114,917,885
Parking lot districts	-	-	30,660,770	29,033,881	30,660,770	29,033,881
Permitting services	-	-	35,998,475	28,354,137	35,998,475	28,354,137
Community use of public facilities	-	-	7,392,266	7,610,092	7,392,266	7,610,092
Total Expenses	4,818,245,760	4,275,546,445	504,779,263	453,701,714	5,323,025,023	4,729,248,159
Net Position Before Transfers	557,888,126	764,543,348	85,001,791	99,676,556	642,889,917	864,219,904
Transfers	57,267,413	52,937,818	(57,267,413)	(52,937,818)	-	-
Change in Net Position	615,155,539	817,481,166	27,734,378	46,738,738	642,889,917	864,219,904
Net Position, beginning of year	1,926,320,811	1,108,839,645	306,079,273	259,340,535	2,232,400,084	1,368,180,180
Net Position, end of year	\$ 2,541,476,350	\$ 1,926,320,811	\$ 333,813,651	\$ 306,079,273	\$ 2,875,290,001	\$ 2,232,400,084
* Primary Government						

Governmental Activities

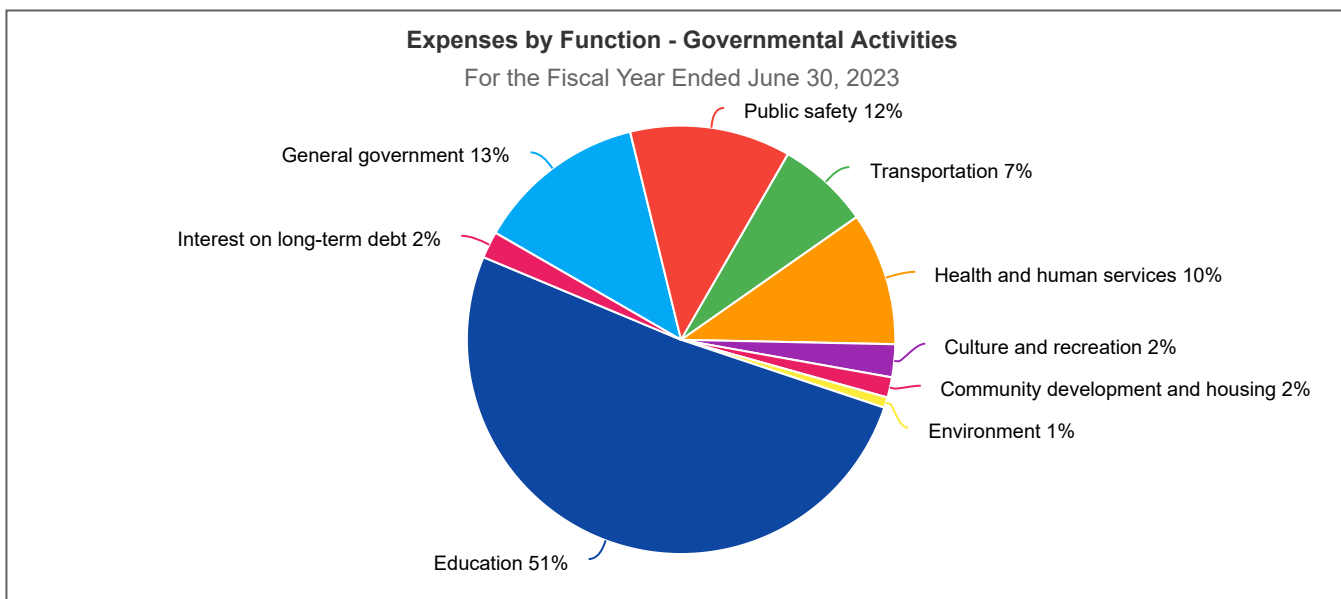
Revenues for the County's governmental activities were \$5,376.1 million for FY23. Sources of revenue are comprised of the following items:



- Taxes constitute the largest source of County revenues, amounting to \$4,623.7 million for FY23.
- Property and local income taxes combined comprise 90.7 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 2023 and 2022. 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 (\$213.9 million or 55.2 percent), transportation (\$55.8 million or 14.4 percent) and public safety (\$61.1 million or 15.8 percent).

A more detailed discussion of the County's revenue results for FY23 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 FY23 was \$4,818.2 million. As the chart on the next page indicates, education constitutes the County's largest program and highest priority; education expenses totaled \$2,466.1 million. General government services totaled \$619.1 million, public safety expenses totaled \$584.9 million, and health and human services, the fourth largest expense for the County, totaled \$483.7 million.



The following table presents the cost and program revenues of the County as a whole and each of the County's six largest programs – education, general government, public safety, health and human services, transportation, 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, 2023 and 2022						
	Expenses		Revenues		Net Cost of Services	
	2023	2022	2023	2022	2023	2022
Education	\$ 2,466,081,451	\$ 2,175,596,472	\$ 463,057	\$ -	\$ 2,465,618,394	\$ 2,175,596,472
General government	619,060,912	626,075,347	131,564,882	103,536,910	487,496,030	522,538,437
Public safety	584,931,546	499,167,545	117,789,303	99,828,646	467,142,243	399,338,899
Health and human services	483,718,778	445,522,771	249,067,169	223,290,606	234,651,609	222,232,165
Transportation	335,927,417	213,159,574	122,739,758	186,207,778	213,187,659	26,951,796
Culture and recreation	119,350,132	94,435,027	42,413,511	40,770,345	76,936,621	53,664,682
Other	209,175,524	221,589,709	27,139,979	32,748,063	182,035,545	188,841,646
Total	\$ 4,818,245,760	\$ 4,275,546,445	\$ 691,177,659	\$ 686,382,348	\$ 4,127,068,101	\$ 3,589,164,097

Of the total cost of governmental activities of \$4,818.2 million, \$691.2 million was paid by those who directly benefited from the programs (\$269.9 million) and other governments and organizations that subsidized certain programs with operating and capital grants and contributions (\$421.3 million). Of the \$4,127.1 million net cost of services, our taxpayers paid for these activities through County taxes which totaled \$4,623.7 million; also available to contribute towards such net costs were investment income and other contributions not restricted to a specific program.

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

- **Education:**
\$290.5 million increase in resources spent on education due to higher County contributions to Montgomery County Public Schools for operating and capital project related expenses.
- **General Government:**
\$7.0 million decrease in expenses due to lower OPEB contributions for the County and fewer COVID-19 related expenses. This was partially offset by increases in personnel, communications, and utility services, and is attributable to continued post-pandemic normalization of operations.
- **Public Safety:**
\$85.8 million increase in expenses primarily driven by increases in personnel costs and purchases of public safety related supplies and equipment.
- **Transportation:**
\$122.8 million increase in expenses primarily due to increases in personnel, purchases of supplies and equipment, contract services and fleet maintenance costs.
- **Culture and Recreation:**
\$24.9 million increase in expenses due to increases in contractual services, personnel costs for both permanent and seasonal employees, and material and supply purchases.

Business-type Activities

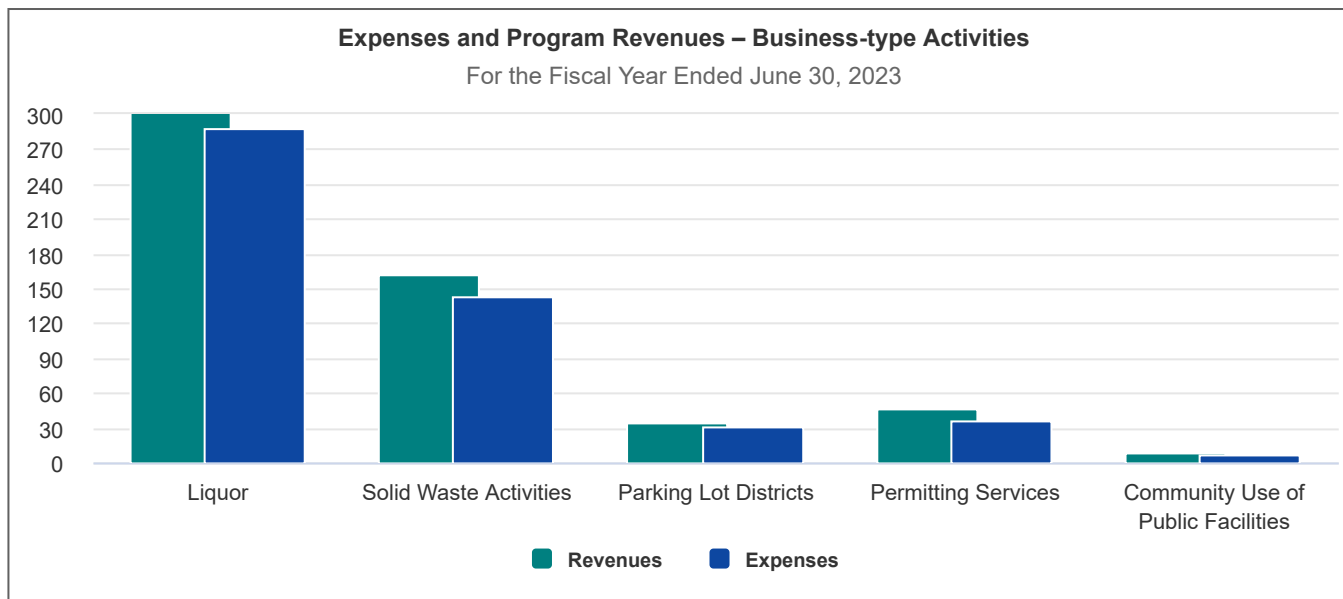
Highlights of the County's business-type activities for FY23 are as follows:

- Business-type activities experienced an increase in net position of \$27.7 million for FY23. This amount is reported after total net transfers out of \$57.3 million. The most significant components of the change include:
 - \$3.8 million decrease in net position related to liquor;
 - \$18.3 million increase in net position related to solid waste activities;
 - \$3.8 million increase in net position related to parking lot districts; and
 - \$6.5 million increase in net position related to permitting services.
- Charges for services to users comprise 97.7 percent of revenues, with \$325.2 million (56.4 percent of charges for services revenue) attributable to liquor operations and \$161.3 million (28.0 percent) attributable to solid waste activities. The remaining charges for services are generated from operations relating to parking lot districts, permitting services, and community use

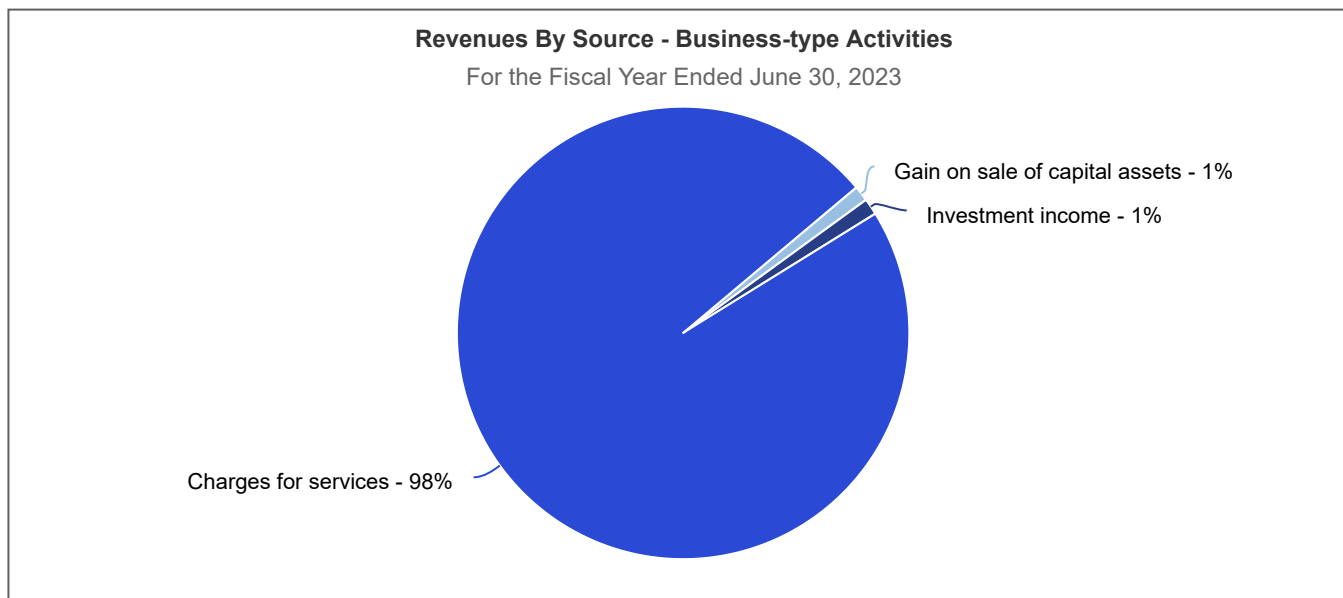
of public facilities.

- Investment income of \$7.0 million reflects an increase of \$6.7 million, or 2,528.9 percent from FY22, primarily due to the significant rise in short-term interest rates that was experienced during FY23.

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 FY23, the County's governmental funds reported combined ending fund balances of \$1,720.9 million, an increase of \$52.1 million from the end of FY22. Of the total fund balances, \$1,432.4 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 FY23, the General Fund had \$423.3 million of unassigned fund balance and total fund balance was \$1,245.6 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 35.8 percent of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$255.9 million during FY23, primarily due to increases in tax revenues which were partially offset by increases in general government and health and human services expenditures as well as increases in other financing uses.

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

Housing Initiative Fund

The Housing Initiative Fund (HIF) is used to account for the fiscal activity of financing, supplementing, and constructing affordable residential facilities for eligible participants. At the end of FY23, HIF had a fund balance of \$457.8 million entirely restricted for legal reasons. The fund balance represents an increase of \$87.0 million over FY22, which was primarily due to transfers in from the Capital Projects Fund. Mortgage receivables for this fund, which is a measure of its financing activities, increased \$130.2 million or 60.8 percent over FY22 and is primarily due to more loans for housing projects given in FY23.

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 \$0.2 million which represents restricted assets held by the County pursuant to a grant agreement. The Grants Fund received \$234.3 million in revenues for FY23. This is a \$19.6 million decrease from FY22 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 \$11.3 million represents a debt service reserve account; the nonspendable fund balance of \$0.39 million represents the prepaid debt service at year end.

Capital Projects Fund

The Capital Projects Fund (CIP) has a total fund balance of \$134.8 million, a decrease of \$277.1 million from the end of FY22. 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 FY23 increased from \$496.6 million in FY22 to \$692.5 million in FY23.

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 FY23 amounted to \$28.1 million, and operating income was \$39.4 million. After a subsidy transfer to the General Fund of \$34.9 million, the fund ended FY23 with a decrease in net position of \$1.0 million. The change is attributed to an increase in operating expenses, mostly due to technological upgrades.

The Solid Waste Activities Fund total net position amounted to \$87.5 million. Of this amount, \$46.8 million (53.5 percent) represents the net investment of capital assets and \$40.7 million is restricted for environmental programs. The increase in total

net position of \$17.5 million can primarily be attributed to system benefit charges of \$88.1 million, which was \$10.6 million higher than prior year. Investment income of \$3.9 million represents an increase of \$3.7 million compared to FY22.

The Parking Lot Districts Fund increase in net position amounted to \$3.8 million in FY23, resulting in a total ending net position of \$152.9 million. Of this amount, \$130.1 million (85.1 percent) represents the net investment in capital assets; \$3.2 million (2.1 percent) is restricted for debt service on revenue bonds; and \$19.6 million (12.8 percent) is restricted for transportation. The increase in net position is attributed to a higher increase of charges for service, which is mostly attributed to expanded parking hours and ongoing recovery of the economy. Also a significant amount of revenue was generated due to sale of land in FY23.

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 \$131.8 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:

- \$15.0 million to fund essential start-up costs and operational needs of the UM 3 – Institute for Health Computing aiming to establish the White Flint/North Bethesda area as a global center of excellence in computationally enabled life sciences research.
- \$16.5 million supplemental appropriations for hospital response, assistance to access to abortion, reproductive health, and Covid-19 public assistance.
- \$8.3 million increase in utility budget due to drastic rise in utility commodity prices.
- \$4.2 million increase in election cost due to the timing and nature of the litigation related to the general election.

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 \$265.1 million, while actual expenditures and net transfers were less than final budget by \$60.8 million and \$124.0 million, respectively. Highlights of the comparison of final budget to actual figures for expenditures and net transfers for the fiscal year-ended June 30, 2023, include the following:

- Actual expenditures of \$1,471.8 million were \$61.2 million less than the final budget, which represents 4.0 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 \$54.6 million and \$64.6 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 \$4,099.8 million in FY23 and were \$265.1 million or 6.9 percent above the final budget for the fiscal year and \$226.0 million or 5.8 percent above total revenues for FY22. The largest contributor to the increase between the final budget and actual revenues was the income tax, \$269.5 million or 14.4 percent, above the final budget. Actual revenues from the transfer and recordation taxes (General Fund portion) were down \$65.2 million from FY22 or 28.5 percent below the final budget. Revenues from consumption/excise taxes which include fuel/energy, telephone, hotel-motel, and other taxes, were \$264.1 million in FY23. That amount was \$2.5 million or 0.9 percent, below the final budget. The hotel-motel and fuel and energy taxes were the primary drivers of the decrease for a combined \$6.1 million, or 2.9 percent, below the final budget. Licenses and permits revenue was below the final budget (16.8%), while charges for services came in slightly above the final budget (1.5%). Total intergovernmental revenues were \$100.3 million and were 28.1 percent above the final budget.

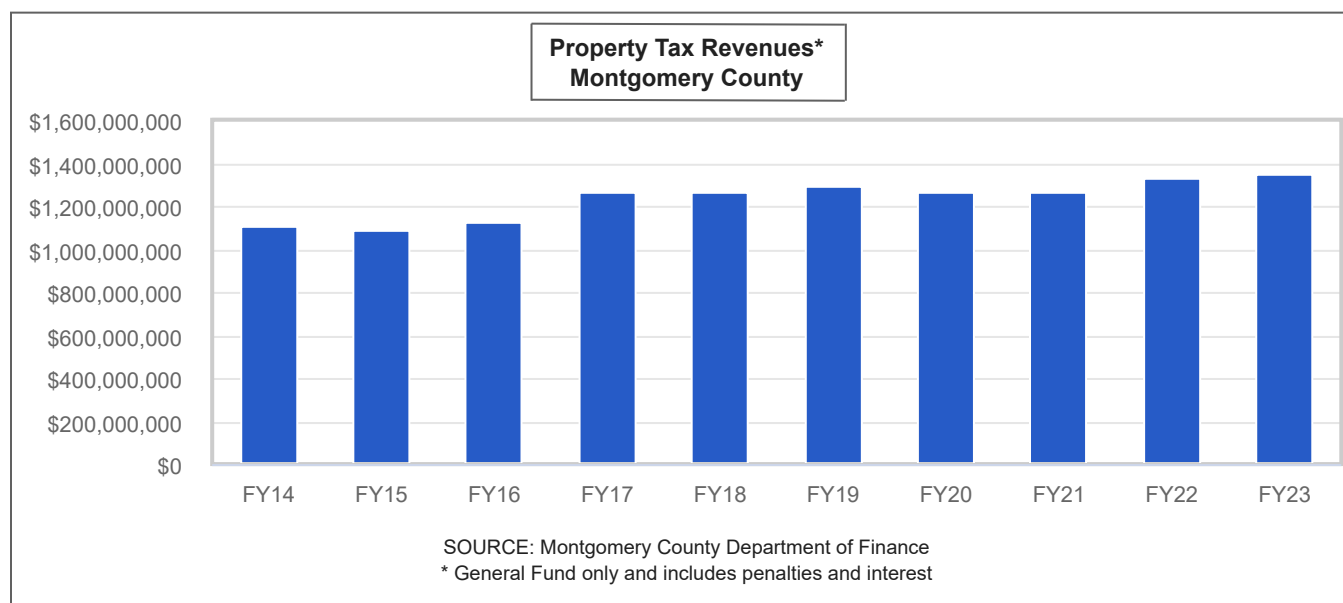
Income Taxes

One of the largest revenue sources for the General Fund is the County income tax. Revenues from the income tax were \$2,140. million and represented 54.7 percent of actual tax revenues in FY23 and 52.2 percent of total General Fund revenues. During the 2014-2023 period, income tax revenues have increased from 45.4 percent of General Fund revenues to 52.2 percent. 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, increase over time, the Standard & Poor's 500 index, representing a proxy for capital gains, experienced significant volatility over the past ten calendar years (2013 - 2022) - ranging from a decrease of 19.4 percent in 2022 to an increase of 29.6 percent in 2013. In addition, resident employment experienced volatility during this period, increasing at an average annual rate of 0.3 percent. Most recently resident employment increased 2.3 percent in 2022 following a 1.2 percent decrease in 2021.

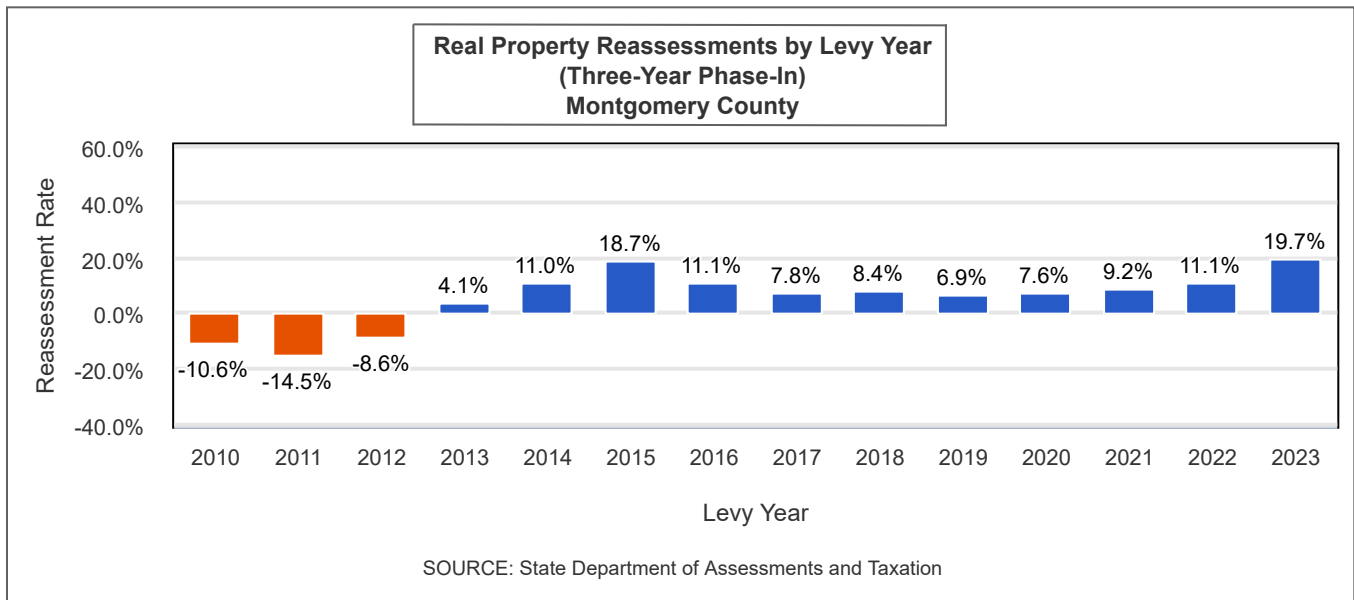
On May 18, 2015, the U.S. Supreme Court made a final ruling in the long-standing court case of *Comptroller of the Treasury of Maryland v. Wynne et ux*. The case involved a dispute over the credit a state taxpayer should get for taxes paid to other states for income earned in those states. The U.S. Supreme Court ruled in favor of the litigants. As a result, the State of Maryland owes refunds to all taxpayers who filed amended returns requesting the additional credit. Based on data provided by the Revenue Administration Division, Comptroller of Maryland (Comptroller), as of September 2020, the total amount of income tax refunds for tax years 2007 through 2014, including interest, attributable to the Wynne case 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 was attributable to Montgomery or \$1,820,486 per quarterly distributions in November, February, May, and June of each fiscal year.

Property Taxes

Property tax collections, including penalties and interest, were the second largest contributor of actual tax revenues to the General Fund in FY23, amounting to \$1,346.6 million. This was \$20.2 million, or 1.5 percent, above the final budget and 1.2 percent above actual general fund revenues in FY22. Property tax revenues account for 34.4 percent of FY23 General Fund tax revenue and 32.8 percent of General Fund revenues.

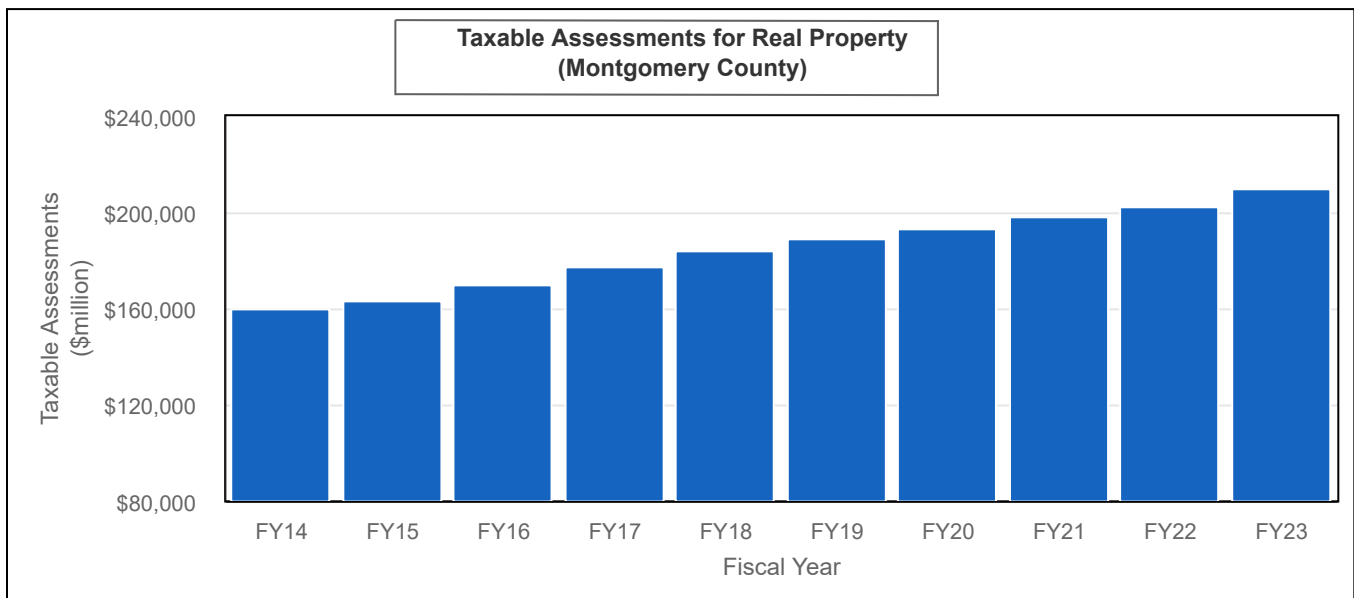


The taxable assessments for real property increased 3.5 percent from FY22 to FY23. New construction added an estimated \$2.2 billion to the base in FY23 and was 27.4 percent higher than in FY22. Triennial reassessment rates experience the same trends as the real estate market, albeit with a lag due to the 3 year cycle of assessments. Since 2014 residential and commercial real estate market recovery also resulted in a recovery of property assessments from the Great Recession. After a three-year decline in triennial reassessment rates in levy years 2010 to 2012 based on full cash values, reassessments increased every year from 2013 through 2023.

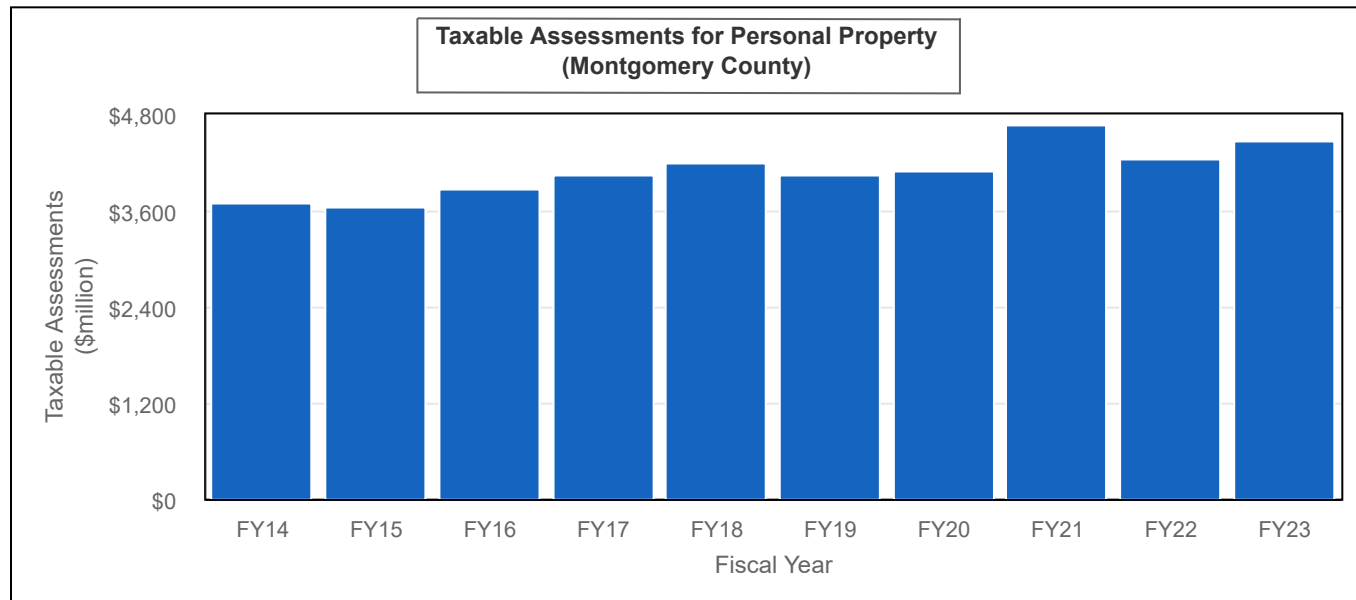


The homestead tax credit limits annual increases in homeowners' taxable assessments to 10 percent per year although other taxable assessments such as for commercial and investment residential properties are not limited by this credit. The homestead credit is the amount of annual assessment growth above the 10 percent limit. Following the years of declining assessments in 2010-2012, 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 \$93.4 million in FY23.

Residential property taxable assessments represented 97.9 percent of the total taxable assessments for FY23. During the FY14 to FY23 period, real property taxable assessments averaged \$184,824.5 million with a high of \$209,587.7 million in FY23 and a low of \$157,891.9 million in FY14. From FY14 to FY23, real property taxable assessments steadily increased at an average annual growth rate of 3.0 percent. In FY 23, real property taxable assessments increased 3.5 percent from FY22 following an increase of 2.1 percent in FY22.

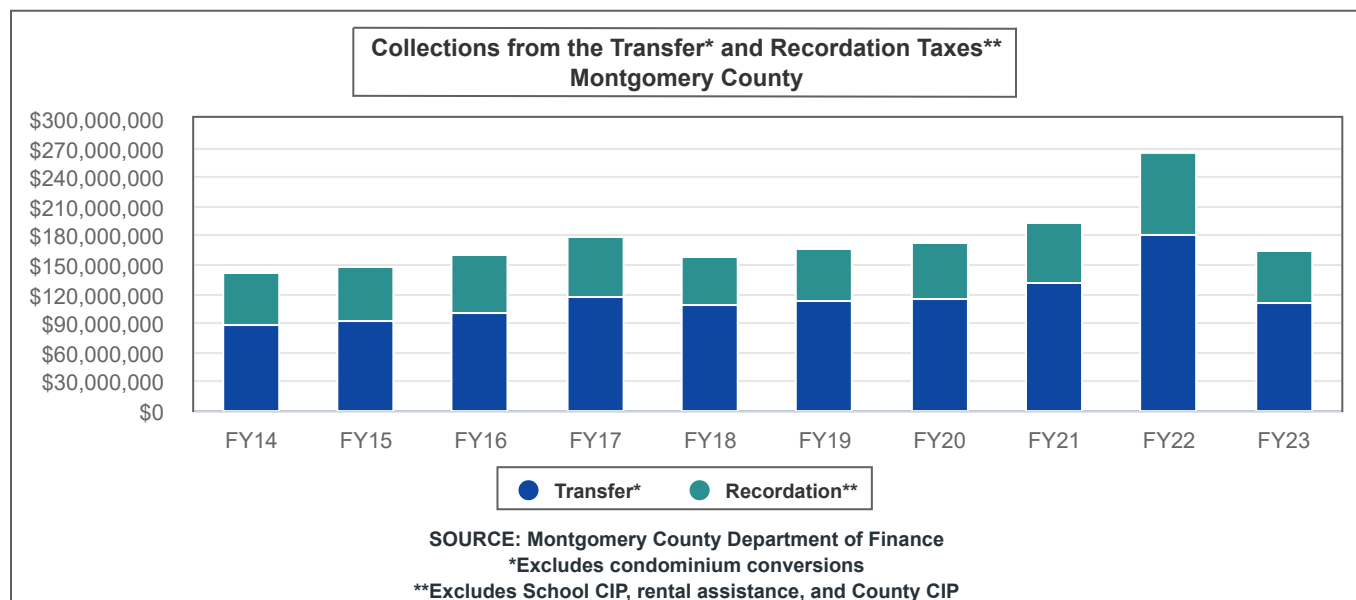


Personal property assessments are in addition to real property tax assessments and represent 2.1% of the County's total assessment base in FY23. During the FY14 to FY23 period, personal property assessments averaged \$4,103.7 million, with a high of \$4,682.2 million in FY21 and a low of \$3,655.1 million in FY15, and an average growth rate of 2.1%. In FY23, personal property tax assessments increased 5.3% after a decrease of 9.4% in FY22.

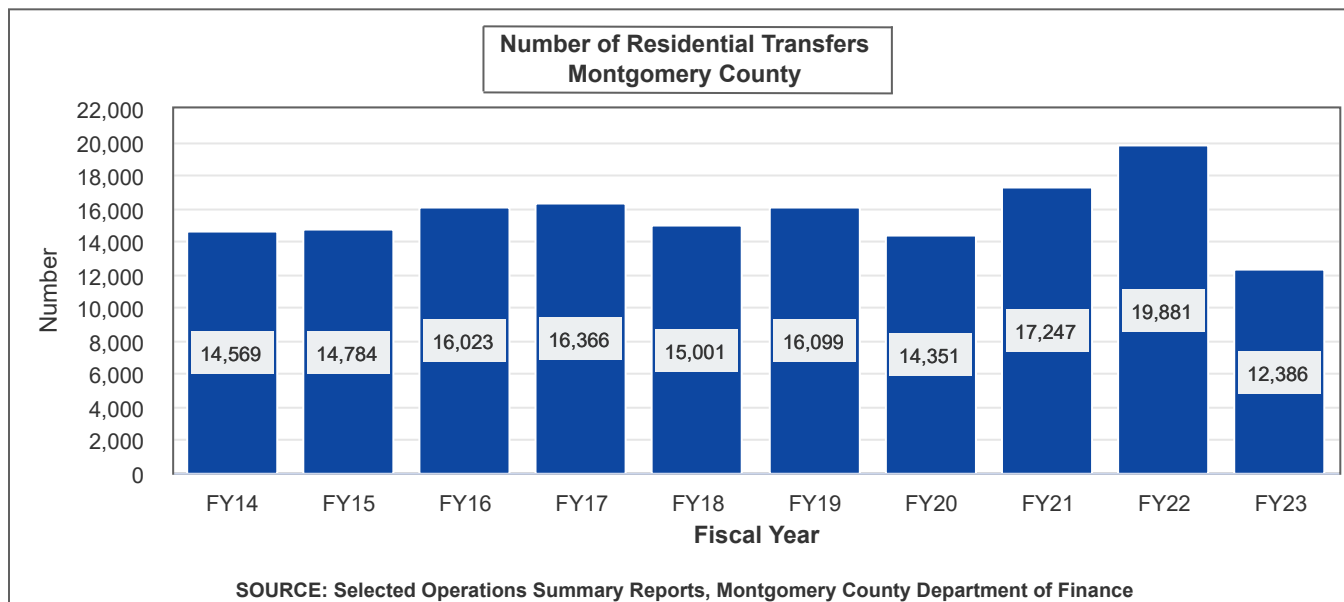


Transfer and Recordation Taxes

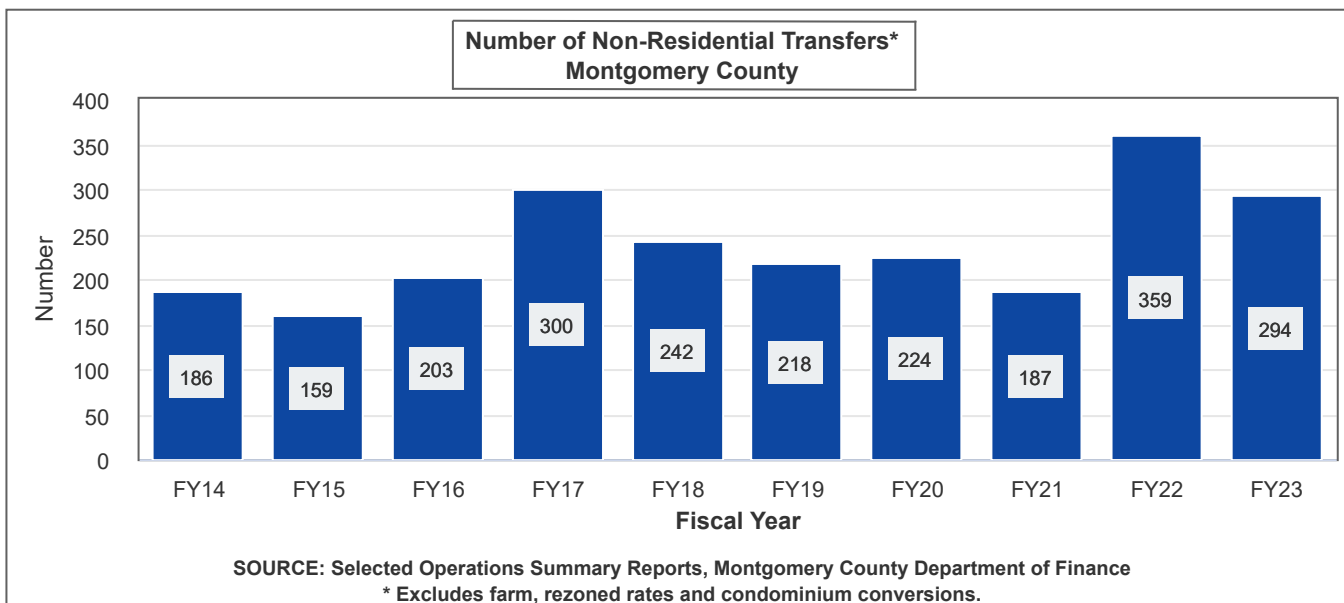
Another major tax revenue category in the County is the combination of real property transfer and recordation taxes. The combined tax revenues from these sources in FY23 were \$163.7 million (excluding recordation tax revenues earmarked for CIP funding of school construction, rental assistance, and CIP funding for the County; and transfer tax revenues from condominium conversions). Actual revenues decreased 38.4 percent from FY22 to FY23 and were 28.5 percent below the final budget. As the accompanying chart illustrates, the total amount collected from these taxes declined from an historical pandemic driven peak of \$266.0 million in FY22 to \$163.7 million in FY23.



FY23 General Fund revenues from the transfer tax experienced a decrease of 38.7 percent over FY22 and recordation tax decreased 37.9 percent from FY22. Revenues from the residential sector for the transfer tax were \$85.8 million, a decrease of 36.7 percent from FY22. The volume of residential transfers decreased to 12,386 from 19,881 or 37.7 percent from FY22. Collections from the residential recordation tax decreased by 37.0 percent in FY23.



Based on the amount of collections from the non-residential transfer tax (less farm accounts), the non-residential sector decreased 45.8 percent in FY23 from FY22 with revenues at \$23.6 million. The decrease in revenues from the non-residential sector was attributed to a decrease in the volume of transactions by 18.1 percent, while the average tax decreased by 34.9 percent, from approximately \$122,238 in FY22 to \$79,554 in FY23.



Other Revenues

The remaining tax sources – consisting of fuel/energy, telephone, hotel-motel, and other taxes – totaled \$264.1 million and were \$2.5 million, or 0.9 percent, below the final budget but 2.0 percent above actual revenues in FY22. Revenues from the fuel/energy tax were \$181.3 million in FY23 but \$5.2 million, or 2.8 percent, below the final budget and a decrease of 1.8 percent from actual revenues in FY22. The decrease in actual revenues from FY22 was attributed to a decrease of 4.6 percent in residential electricity collections offset by an increase in non-residential electricity collections of 1.1 percent in FY23.

Revenues from the telephone tax at \$56.4 million were 3.2 percent above the final budget and 1.6 percent above actual revenues in FY22. Revenues from the hotel-motel tax of \$20.8 million in FY23 were 4.4 percent below the final budget but 44.2 percent above actual revenues in FY22 which had been negatively impacted by COVID-19. The significant increase in the hotel-motel tax is largely attributed to the recovery from the impact of COVID-19. Other tax revenues in FY23 were 48.9 percent above the final budget and 30.8 percent above actual revenues in FY22. The increase is attributed to actual revenues in the admissions and amusement tax increasing 236.5 percent in FY23 from FY22.

In the General Fund, actual investment income was \$19.7 million in FY23 and was \$19.4 million above the final budget. Investment yield on the County's operating funds increased from 0.3 percent in FY22 to 3.4 percent in FY23. The increase in the average portfolio investment income in FY23 was due to the policy of the Federal Reserve's Open Market Committee increasing the federal funds rate dramatically in FY23. As of June 2022, the effective federal funds rate was 1.2 percent and by June 2023, that rate reached 5.1 percent. While the yield increased in FY23, the average daily portfolio balance also increased from \$775.1 million in FY22 to \$1,865.9 million in FY23.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets at June 30, 2023 amounted to \$6,063.6 million (net of accumulated depreciation and amortization), as summarized below:

Capital Assets, Net of Depreciation and Amortization June 30, 2023				
	Governmental Activities	Business-type Activities	Total FY23	Total FY22
Land	\$ 1,176,752,022	\$ 58,370,976	\$ 1,235,122,998	\$ 1,226,897,445
Buildings	868,731,445	105,563,762	974,295,207	889,613,316
Improvements other than buildings	154,973,837	56,813,944	211,787,781	187,988,202
Furniture, fixtures, equipment and machinery	44,325,932	7,199,328	51,525,260	49,115,062
Leasehold improvements	1,878,214	-	1,878,214	2,926,440
Automobiles and trucks	86,336,627	4,229,736	90,566,363	92,964,898
Infrastructure	1,868,439,776	4,736	1,868,444,512	1,630,070,275
Other assets	90,344,483	-	90,344,483	88,479,453
Construction in progress	1,361,571,497	7,181,137	1,368,752,634	1,667,247,611
Lease assets - buildings	111,547,497	39,465,920	151,013,417	176,244,372
Lease assets - land	3,835,320	-	3,835,320	4,039,057
Lease assets - equipment	856,145	-	856,145	2,595,496
Subscription assets	12,436,222	2,717,223	15,153,445	-
Total	\$ 5,782,029,017	\$ 281,546,762	\$ 6,063,575,779	\$ 6,018,181,627

Changes in the County's capital assets for FY23 are summarized as follows:

Change in Capital Assets For the Fiscal Year Ended June 30, 2023				
	Governmental Activities	Business-type Activities	Total FY23	Total FY22
Beginning Balance	\$ 5,737,381,186	\$ 299,754,364	\$ 6,037,135,550**	\$ 5,970,295,121
Additions*	202,336,744	14,065,051	216,401,795	204,921,708
Less :				
Retirements, net*	15,860,184	10,661,878	26,522,062	261,921
Depreciation and amortization	141,828,729	21,610,775	163,439,504	156,773,281
Ending Balance	\$ 5,782,029,017	\$ 281,546,762	\$ 6,063,575,779	\$ 6,018,181,627

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

** The County implemented GASB statement No. 96 effective July 1, 2022. As a result, the beginning balances includes the subscription assets for those qualifying agreements that were in place at that date.

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

- Roads, including the underlying land, valued at \$8.2 million were transferred to the County by various developers.
- The Purple Line accumulated \$15.2 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 Residential/Rural Roads project accumulated \$11.4 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.
- The South County Regional Recreation and Aquatic Center accumulated \$11.2 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 Clarksburg Fire Station project accumulated \$9.5 million in costs this fiscal year. The project provides for a new Fire and Rescue Station in the Clarksburg area and the purchase of associated apparatus.
- The County Radio Life Cycle Replacement program accumulated \$9.5 million in costs this fiscal year. This program provides for the phased replacement of voice radio systems used primarily by the County's public safety-first responder agencies that have reached the end of their expected 10-year service life.

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, 2023:

Long-Term Debt June 30, 2023				
	Governmental Activities	Business-type Activities	Total FY23	Total FY22
General obligation bonds	\$ 3,075,830,000	\$ -	\$ 3,075,830,000	\$ 3,065,985,000
Variable rate demand obligations	170,000,000	-	170,000,000	170,000,000
Bond anticipation notes	217,000,000	-	217,000,000	311,000,000
Revenue bonds	113,385,711	42,845,238	156,230,949	163,415,346
Lease revenue bonds	6,400,000	-	6,400,000	9,485,000
Notes payable	24,806,084	-	24,806,084	30,562,503
Other obligations	45,385,000	-	45,385,000	48,570,000
Equipment notes	31,148,084	-	31,148,084	16,211,931
Certificates of participation	114,390,000	740,000	115,130,000	130,020,000
Taxable Ltd. Obligation Certificates	138,875,000	-	138,875,000	147,310,000
Leases payable	124,215,226	42,021,366	166,236,592	190,398,650
Subscription liabilities	11,863,610	2,322,235	14,185,845	-
Compensated absences	125,890,131	10,861,274	136,751,405	130,687,248
Net OPEB Liability	791,607,659	-	791,607,659	819,410,047
Claims payable self-insurance	232,947,560	-	232,947,560	212,329,827
Net Pension Liability - County (LOSAP)	38,635,472	-	38,635,472	50,951,916
Net Pension Liability - State	5,959,980	-	5,959,980	6,162,500
Landfill closure costs	-	14,891,687	14,891,687	18,256,561
Gude landfill remediation	-	44,054,403	44,054,403	58,749,302
Total	\$ 5,268,339,517	\$ 157,736,203	\$ 5,426,075,720	\$ 5,579,505,831

At June 30, 2023, the County had general obligation (GO) bonds of \$3,245.8 million outstanding, including variable rate demand obligations (VRDOs) of \$170.0 million. Bond anticipation notes (BANs) of \$217.0 million were also outstanding. Over the years, the County issued its GO bonds once a year. 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 2022, the County received its annual credit ratings from each of three ratings agencies. Fitch's analytical conclusion cited the County's stable economic underpinnings, superior gap-closing capacity and low long-term liability burden. Fitch stated that the 'AAA' rating is also supported by a demonstrated capacity to absorb revenue losses during periods of economic downturn and management's ability to make sound fiscal decisions to restore and enhance the county's financial cushion and operations during recovery periods. Fitch views the County's financial resilience as superior, reflecting a combination of solid expenditure

flexibility, demonstrated cost-cutting in response to weakened revenues, and timely adjustments to revenue projections, which have resulted in consistent reserve levels through the economic cycle.

Moody's stated that the County's credit profile will continue to benefit from a dynamic and expanding economy, very affluent resident population, and a growing and highly educated work force. Moody's added that strong economic and social factors, coupled with the County's prudent financial management, have contributed to a long-term trend of growing surplus operations, and improving reserve levels. Moody's also cited a stable outlook that reflects Moody's expectation that the County's robust economy and prudent financial management will support the county's extremely strong credit quality for the foreseeable future.

In their credit overview, Standard and Poor's (S&P) mentioned that the County's very strong property wealth and income levels, robust local job market, and access to the greater Washington, D.C. area for employment opportunities, in addition to well-established financial policies and practices, anchor the County's credit quality. Further S&P concludes that the County has leveraged its very strong economic underpinnings to support its sound financial position, as it has historically maintained strong or very strong budgetary flexibility. Further S&P stated that the County maintains a detailed long-range financial plan to help maintain its strong financial position and ensure compliance with formalized policies.

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, executing well-designed capital plans, maintaining sufficient reserves, and planning for future contingencies.

Significant Debt-related activities during FY23 were:

- **General Obligation Bonds** – On September 1, 2022, the County issued Consolidated Public Improvement Project and Refunding Bonds of 2022, Series A in the amount of \$280,000,000. The proceeds of the Bonds refinanced certain commercial paper bond anticipation notes, the proceeds of which financed certain capital projects in the County.
- **Master Lease Purchase Agreement** – In June 2023, five leases in the total amount of \$20.2 million were funded under a Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp. The leases financed Fire and Rescue Apparatus and Defibrillators, County Radio Replacement, and Police Body Armor. The Agreement provides capital equipment financing up to a maximum of \$50.0 million.
- **Revenue Bonds** – Drawdowns during FY23 under loan agreements with the Maryland Water Quality Financing Administration (MWQFA) \$1.6 million. The loan proceeds, for which repayment is secured by Water Quality Protection Charge Revenues, will fund capital projects for stormwater management program. During 2022, MWQFA was renamed to Maryland Water Infrastructure Financing Administration; the name of the debt will still be disclosed as the legal name upon issuance.

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 financed the capital costs of stormwater management facilities and certain other storm drain infrastructure projects. The proceeds also refunded the WQPC Series 2012A bonds for debt service savings.

- **Bond Anticipation Notes (BANs)** – Over the course of FY23, the County retired \$294.0 million in BANs with general obligation bond proceeds and issued \$200.0 million in new BANs.

Additional information pertaining to the County's long-term debt can be found in Notes to Financial Statements, Notes I-D8, and III-G.

Economic Factors and Next Year's Budgets and Rates

The following economic factors are reflected in the County's FY24 budget with updates based on revised economic data after the approval of the County's budget:

- Montgomery County's economy experienced a mixed economic performance overall during FY23 - the period July 2022 to June 2023. While the economic performance was mixed, FY23 reflected a decrease in impact of the COVID-19 pandemic on the County's economy. The County's economic performance included a 2.1 percent increase in resident employment, a decrease in the unemployment rate from 3.7 percent in FY22 to 2.4 percent in FY23. However, there was a decrease of 31.7 percent in existing home sales, but an increase of 4.6 percent in the average sales price for an existing home. Residential construction experienced decreases in both single-family homes and in multi-family units and the total construction value also decreased in FY23. Construction in the number of non-residential projects decreased in value but the value of non-residential projects increased dramatically.
- The County's economic projections prepared for the FY24 operating budget assume a mild recession in FY24. In calendar year 2023 (CY23), the County projects a decrease in total resident employment of 0.4 percent based on recently revised data from the Local Area Unemployment Statistics (LAUS) and an increase of 1.6 percent in calendar year 2024 (CY24). Finance also projects a decrease of 1.1 percent in payroll employment in CY23 and a modest 1.1 percent increase in CY24 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 past ten years (CY13– CY22), total payroll employment in Montgomery County experienced two distinct cycles: an increase at an average annual rate of 0.7 percent from CY13 to CY19, and a decrease of 1.4 percent from CY19 to CY22 attributed to the impact of COVID-19. The Department of Finance estimates that total payroll employment is expected to decrease 1.1 percent in CY23 attributed to a forecast of a mild recession but increase a modest 1.1 percent in CY24.
- 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 1.4 percent from CY13 to CY19. However, resident employment decreased at an average annual rate of 1.8 percent from CY19 to CY22 attributed to the impact of COVID-19. Resident employment is estimated to decrease 0.4 percent in CY23 attributed to a forecast of a mild recession but is estimated to increase 1.6 percent in CY24.
- 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 and payroll employment. While resident employment increased at an average annual rate of 1.4 percent from CY13 to CY19, total personal income grew at an average annual rate of 3.4 percent over the same period. From CY19 to CY22, total personal income increased at an average annual rate of 2.1 percent compared to a decrease in the average annual rate of change in resident employment of 1.8 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 4.6 percent in CY23 attributed to the forecast of the growth in nonwage income from proprietors' income and 3.6 percent in CY24 attributed to the growth in wage and salary income. Income data for CY22, CY23, and CY24 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 2.9 percent in FY23 and is expected to moderate to 2.1 percent in FY24. These rates of inflation are significantly above those experienced in FY20 and FY21 of 0.9% and 1.9% respectively, but below the peak of 5.9 percent in FY22. Actions taken by the Federal Open Market Committee (FOMC) to increase the federal funds rate starting the third quarter of FY22 are intended to reduce the increase in the inflation rate that occurred during CY22. Starting in March 2022, the FOMC has increased the targeted federal funds rate eleven times by 525 basis points to 5.25 percent. Further FOMC actions are expected throughout the calendar year.

Other Significant Matters

In response to the COVID-19 emergency, the County received federal aid in the form of 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 businesses, funds were used to support medical, public health, rental assistance, and other emergency response costs. The County has spent all of the \$183.3 million on CRF eligible expenditures as of December 31, 2021. This included \$27.7 million, \$141.6 million, and \$14.0 million in FY20, FY21, and FY22, respectively.

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 and \$49.7 million on eligible expenditures in FY22 and FY23, respectively. Some of these included but were not limited to:

- \$50.7 million for an expansion to the Working Families Income Supplement Program;
- \$13.6 million for health programs targeting racial and ethnic minority populations; and
- \$6.1 million to establish Health and Human Services Hubs to Promote Equity.

The unspent balance of \$21.5 million is reported as unearned revenue in the grants special revenue fund at June 30, 2023. The \$204.1 million SLFRF funding has been fully allocated as of the end of FY23 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 second Recovery Plan and Performance Report for the U.S. Department of Treasury, which is available at:

https://montgomerycountymd.gov/covid19/Resources/Files/slfrf/SLFRF-Recovery-Plan-Performance-Report-mc_7_2023.pdf

The County also applied for and was awarded \$115.3 million of Federal and state funding for Emergency Rental Assistance (ERAP) 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 and \$20.8 million in FY21 and FY23, respectively. Eligible expenditures of \$3.8 million, \$32.1 million, and \$23.8 million were applied to these funds FY21, FY22, and FY23, respectively. The remaining balance of \$6.3 million is reported as unearned revenue in the grants special revenue fund at June 30, 2023.

In addition to the CRF, ARPA, and ERAP programs, the County has also received \$51.9 million in Federal Emergency Management Agency (FEMA) COVID-19 Pandemic Disaster Response funds, which included \$31.8 million in FY21, \$4.2 million in FY22, and \$15.9 million in FY23. Approximately \$1.0 million was recorded as intergovernmental revenue in the motor pool internal service fund. The rest was recorded as intergovernmental revenue in the General Fund. An additional \$16.9 million was received in FY24. The County has additional potential reimbursement submissions at various stages of the FEMA pre-approval process.

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 \$34.1 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. In April 2023, additional settlements were reached with Teva, Allergan, Walmart, and Walgreens. Montgomery County is expected to receive approximately \$18.9 million over the course of 18 years from this second group of settlements. The County began receiving disbursements in FY23, which totaled \$5.1 million through the end of FY23.

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, 2023

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		Total
ASSETS				
Equity in pooled cash and investments	\$ 1,662,087,474	\$ 207,091,596	\$ 1,869,179,070	\$ 107,535,852
Cash with fiscal agents	24,636,218	2,080,989	26,717,207	112,816,674
Cash	368,680	96,782	465,462	37,924,233
Investments - cash equivalents	-	-	-	106,754,704
Investments	-	-	-	36,433,140
Receivables (net of allowance for uncollectibles):				
Income taxes	566,416,691	-	566,416,691	-
Property taxes	30,076,528	277,412	30,353,940	-
Accounts	51,675,662	9,967,190	61,642,852	46,480,633
Notes	22,638,881	-	22,638,881	-
Parking violations	1,684,232	2,110,034	3,794,266	-
Mortgage	399,870,959	-	399,870,959	727,977,532
Interest	136,032	86,809	222,841	17,633,698
Other	-	-	-	21,244,677
Lease receivable	54,786,412	35,884,442	90,670,854	42,464,261
Internal balances	(2,449,202)	2,449,202	-	-
Due from primary government	-	-	-	85,751,479
Due from component units	109,478,855	296,049	109,774,904	-
Due from other governments	140,315,457	218,807	140,534,264	124,317,616
Inventory of supplies	15,291,020	31,882,522	47,173,542	13,324,755
Prepaid expenses	4,172,177	-	4,172,177	9,134,879
Other assets	163,988,045	6,948,573	170,936,618	80,130,497
Restricted Assets:				
Equity in pooled cash and investments	-	10,868,206	10,868,206	3,885,451
Cash with fiscal agents	-	-	-	49,608,015
Cash	-	-	-	508,048
Investments - cash equivalents	-	-	-	231,221,382
Investments	-	-	-	177,281,058
Capital Assets:				
Nondepreciable assets	2,538,323,519	65,552,113	2,603,875,632	1,124,001,091
Depreciable assets, net	3,243,705,498	215,994,649	3,459,700,147	5,015,981,061
Total Assets	9,027,203,138	591,805,375	9,619,008,513	8,172,410,736
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of debt	13,670,326	76,739	13,747,065	151,433
Pension deferrals	170,365,386	6,599,867	176,965,253	349,880,383
OPEB deferrals	246,241,288	-	246,241,288	678,774,632
Accumulated decrease in fair value of hedging derivatives	-	-	-	20,637,912
Total Deferred Outflows of Resources	\$ 430,277,000	\$ 6,676,606	\$ 436,953,606	\$ 1,049,444,360

Exhibit A-1 (Concluded)

STATEMENT OF NET POSITION

JUNE 30, 2023

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		Total
LIABILITIES				
Accounts payable	\$ 90,048,043	\$ 7,641,986	\$ 97,690,029	\$ 209,896,626
Interest payable	30,288,088	782,021	31,070,109	39,065,489
Retainage payable	11,843,897	306,097	12,149,994	22,655,976
Accrued liabilities	181,407,074	20,646,106	202,053,180	98,473,069
Deposits	944,331	9,822,877	10,767,208	27,107,308
Due to primary government	-	-	-	109,960,053
Due to component units	83,838,742	1,912,737	85,751,479	-
Due to other governments	144,650,888	19,116,532	163,767,420	169,086
Unearned revenue	30,902,705	5,967,824	36,870,529	51,711,751
Other liabilities	1,896,259	578,573	2,474,832	60,997,760
Noncurrent Liabilities:				
Due within one year	696,898,154	20,633,501	717,531,655	106,509,958
Due in more than one year	4,847,393,285	139,027,405	4,986,420,690	5,314,705,478
Total Liabilities	<u>6,120,111,466</u>	<u>226,435,659</u>	<u>6,346,547,125</u>	<u>6,041,252,554</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	87,478,006	-	87,478,006	-
Leases	52,887,568	35,883,222	88,770,790	42,024,153
Pension deferrals	78,103,704	2,349,449	80,453,153	160,759,801
OPEB deferrals	577,423,044	-	577,423,044	1,390,797,545
Accumulated increase in fair value of hedging derivatives	-	-	-	4,817,637
Total Deferred Inflows of Resources	<u>795,892,322</u>	<u>38,232,671</u>	<u>834,124,993</u>	<u>1,598,399,136</u>
NET POSITION				
Net investment in capital assets	3,127,137,042	191,463,862	3,318,600,904	4,240,527,113
Restricted for:				
Capital projects	-	-	-	1,666,593
General government	23,929,193	-	23,929,193	-
Public safety	14,931,294	-	14,931,294	-
Transportation	59,871,422	19,557,918	79,429,340	-
Recreation	12,083,540	-	12,083,540	-
Community development and housing	462,930,030	-	462,930,030	-
Environment	28,308,951	40,700,864	69,009,815	-
Debt service	11,348,637	5,294,031	16,642,668	98,299,252
Other purposes	-	-	-	81,225,113
Unrestricted (deficit)	<u>(1,199,063,759)</u>	<u>76,796,976</u>	<u>(1,122,266,783)</u>	<u>(2,839,514,665)</u>
Total Net Position	<u>\$ 2,541,476,350</u>	<u>\$ 333,813,651</u>	<u>\$ 2,875,290,001</u>	<u>\$ 1,582,203,406</u>

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

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities				
General government	\$ 619,060,912	\$ 93,854,330	\$ 30,829,749	\$ 6,880,803
Public safety	584,931,546	55,508,086	61,126,740	1,154,477
Transportation	335,927,417	41,667,278	55,848,337	25,224,143
Health and human services	483,718,778	35,155,359	213,911,810	-
Culture and recreation	119,350,132	34,003,564	8,409,947	-
Community development and housing	74,060,581	9,323,202	17,119,580	-
Environment	37,915,292	375,655	233,593	87,949
Education	2,466,081,451	-	-	463,057
Interest on long-term debt	97,199,651	-	-	-
Total Governmental Activities	4,818,245,760	269,887,474	387,479,756	33,810,429
Business-type Activities				
Liquor	287,080,898	325,172,098	-	-
Solid waste disposal and collection	143,646,854	161,321,148	-	-
Parking lot districts	30,660,770	33,781,497	-	-
Permitting services	35,998,475	47,032,640	-	-
Community use of public facilities	7,392,266	9,027,323	-	-
Total Business-type Activities	504,779,263	576,334,706	-	-
Total Primary Government	5,323,025,023	846,222,180	387,479,756	33,810,429
Component Units:				
General government (BUP)	5,379,547	5,331,924	150,500	-
Culture and recreation (MCRA)	23,531,353	27,052,759	-	684,354
Community development and housing (HOC)	367,009,252	174,786,700	167,638,441	2,771,518
Education:				
Elementary and secondary education (MCPS)	3,485,601,145	27,991,926	293,658,957	90,529,428
Higher education (MC)	350,085,678	55,684,904	18,989,927	54,333,426
Total Component Units	\$ 4,231,606,975	\$ 290,848,213	\$ 480,437,825	\$ 148,318,726

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

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

Exhibit A-2
(Concluded)

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Units	
\$ (487,496,030)	\$ -	\$ (487,496,030)	\$ -	
(467,142,243)	-	(467,142,243)	-	
(213,187,659)	-	(213,187,659)	-	
(234,651,609)	-	(234,651,609)	-	
(76,936,621)	-	(76,936,621)	-	
(47,617,799)	-	(47,617,799)	-	
(37,218,095)	-	(37,218,095)	-	
(2,465,618,394)	-	(2,465,618,394)	-	
(97,199,651)	-	(97,199,651)	-	
(4,127,068,101)	-	(4,127,068,101)	-	
-	38,091,200	38,091,200	-	
-	17,674,294	17,674,294	-	
-	3,120,727	3,120,727	-	
-	11,034,165	11,034,165	-	
-	1,635,057	1,635,057	-	
-	71,555,443	71,555,443	-	
(4,127,068,101)	71,555,443	(4,055,512,658)	-	
-	-	-	102,877	
-	-	-	4,205,760	
-	-	-	(21,812,593)	
-	-	-	(3,073,420,834)	
-	-	-	(221,077,421)	
-	-	-	(3,312,002,211)	
1,960,528,078	-	1,960,528,078	-	
2,234,621,794	-	2,234,621,794	-	
110,458,782	-	110,458,782	-	
53,288,501	-	53,288,501	-	
181,287,728	-	181,287,728	-	
20,777,612	-	20,777,612	-	
56,355,076	-	56,355,076	-	
6,387,077	-	6,387,077	-	
-	-	-	3,468,276,910	
61,251,579	6,957,484	68,209,063	11,320,895	
-	6,488,864	6,488,864	72,097	
-	-	-	26,502,802	
57,267,413	(57,267,413)	-	-	
4,742,223,640	(43,821,065)	4,698,402,575	3,506,172,704	
615,155,539	27,734,378	642,889,917	194,170,493	
1,926,320,811	306,079,273	2,232,400,084	1,388,032,913	
\$ 2,541,476,350	\$ 333,813,651	\$ 2,875,290,001	\$ 1,582,203,406	

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Housing Initiative	Grants	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Equity in pooled cash and investments	\$ 1,065,822,255	\$ 40,745,583	\$ 35,560,099	\$ 572,308	\$ 114,338,823	\$ 120,485,180	\$ 1,377,524,248
Cash with fiscal agents	2,895,727	-	-	10,318,888	11,421,603	-	24,636,218
Cash	119,730	212,450	-	-	-	36,200	368,380
Receivables (net of allowances for uncollectibles)	600,735,607	344,378,503	53,631,462	20,670,000	1	42,159,909	1,061,575,482
Lease receivable	47,513,280	873,132	-	6,400,000	-	-	54,786,412
Due from other funds	203,753,264	-	-	-	-	-	203,753,264
Due from component units	1,244,771	79,551,757	13,525,141	1,000,073	13,368,379	-	108,690,121
Due from other governments	23,437,074	-	62,134,183	-	13,130,057	40,617,731	139,319,045
Inventory of supplies	9,050,045	-	-	-	1,664	-	9,051,709
Prepays	3,149,945	-	-	391,035	-	-	3,540,980
Total Assets	<u>\$ 1,957,721,698</u>	<u>\$ 465,761,425</u>	<u>\$ 164,850,885</u>	<u>\$ 39,352,304</u>	<u>\$ 152,260,527</u>	<u>\$ 203,299,020</u>	<u>\$ 2,983,245,859</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 52,331,431	\$ 421,848	\$ 1,589,042	\$ 542,483	\$ 13,046,601	\$ 8,431,226	\$ 76,362,631
Retainage payable	2,578	4,288	146,907	-	11,642,818	47,306	11,843,897
Accrued liabilities	128,830,443	2,789,771	14,084,295	-	7,178,957	16,893,746	169,777,212
Deposits	127,306	314,942	81	-	230	501,772	944,331
Due to other funds	6,596,731	19,097	42,158,628	-	160,967,120	3,531,442	213,273,018
Due to component units	2,804,638	11,862	-	149	80,946,922	40,618	83,804,189
Due to other governments	2,743,679	-	8,945,186	-	3,499,456	1,526,957	16,715,278
Unearned revenue	-	-	30,565,762	-	-	336,943	30,902,705
Total Liabilities	<u>193,436,806</u>	<u>3,561,808</u>	<u>97,489,901</u>	<u>542,632</u>	<u>277,282,104</u>	<u>31,310,010</u>	<u>603,623,261</u>
Deferred Inflows of Resources:							
Unavailable income taxes	449,098,538	-	-	-	-	-	449,098,538
Unavailable property taxes	22,848,714	-	-	-	-	5,888,453	28,737,167
Unavailable revenues	1,100,353	3,572,400	67,144,950	20,670,000	9,752,268	25,755,983	127,995,954
Leases	45,632,231	855,337	-	6,400,000	-	-	52,887,568
Total Deferred Inflows of Resources	<u>518,679,836</u>	<u>4,427,737</u>	<u>67,144,950</u>	<u>27,070,000</u>	<u>9,752,268</u>	<u>31,644,436</u>	<u>658,719,227</u>
Fund Balances:							
Nonspendable	12,199,990	-	-	391,035	1,664	-	12,592,689
Restricted	8,559,737	457,771,880	216,034	11,348,637	-	140,344,574	618,240,862
Committed	718,206,352	-	-	-	-	-	718,206,352
Assigned	83,321,310	-	-	-	-	-	83,321,310
Unassigned	423,317,667	-	-	-	(134,775,509)	-	288,542,158
Total Fund Balances	<u>1,245,605,056</u>	<u>457,771,880</u>	<u>216,034</u>	<u>11,739,672</u>	<u>(134,773,845)</u>	<u>140,344,574</u>	<u>1,720,903,371</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,957,721,698</u>	<u>\$ 465,761,425</u>	<u>\$ 164,850,885</u>	<u>\$ 39,352,304</u>	<u>\$ 152,260,527</u>	<u>\$ 203,299,020</u>	<u>\$ 2,983,245,859</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, 2023

Total fund balance - governmental funds (see Exhibit A-3) \$ 1,720,903,371

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	1,176,729,516	
Construction in progress	1,361,571,497	
Depreciable capital assets:		
Buildings	1,450,978,389	
Improvements other than buildings	217,209,444	
Furniture, fixtures, equipment and machinery	264,376,027	
Automobiles and trucks	252,996,049	
Infrastructure	2,927,137,288	
Other capital assets	142,462,098	
Lease assets	161,109,795	
Subscription assets	15,280,172	
Total capital assets	7,969,850,275	
Less accumulated depreciation and amortization	(2,221,340,514)	5,748,509,761
Net Pension Asset	161,898,516	161,898,516

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	(3,075,830,000)	
Variable rate demand obligations	(170,000,000)	
Bond anticipation notes payable	(217,000,000)	
Lease revenue bonds payable	(6,400,000)	
Accrued interest payable	(30,275,369)	
Other obligations payable	(45,385,000)	
Taxable limited obligation	(138,875,000)	
Certificates of participation	(114,390,000)	
Notes payable	(55,954,168)	
Revenue bonds	(113,385,711)	
Leases payable	(122,195,977)	
Subscription liabilities	(10,713,092)	
Net pension liability	(44,595,452)	
Net OPEB liability	(791,607,659)	
Compensated absences	(121,356,178)	(5,057,963,606)

Due to other governments - long-term debt due to state government not expected to be repaid with current financial reserves (127,434,035) (127,434,035)

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	(275,951,922)	
Unrecognized loss on refunding	13,670,326	
Pension and OPEB related deferrals, net	(240,276,152)	(502,557,748)

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	309,939,129	
Capital assets	125,168,218	
Less accumulated depreciation and amortization	(91,648,962)	
Deferred outflows of resources	2,062,588	
Liabilities	(262,112,720)	
Deferred inflows of resources	(706,510)	
Cumulative gain/loss for certain activities of internal service funds that are reported with business-type activities	(3,015,741)	79,686,002

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

Income taxes	449,098,538	
Property taxes	28,737,167	
Intergovernmental revenue	13,551,374	
Other revenue	26,966,574	
Interest	80,436	518,434,089

Net position of governmental activities (See Exhibit A-1) \$ 2,541,476,350

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, 2023**

	General	Housing Initiative	Grants	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 3,916,515,799	\$ 16,961,247	\$ -	\$ -	\$ 79,762,907	\$ 516,894,123	\$ 4,530,134,076
Licenses and permits	11,428,140	-	-	-	-	43,765	11,471,905
Intergovernmental	100,300,489	-	228,629,991	112,977	11,973,881	57,974,718	398,992,056
Charges for services	29,586,034	71,480	61,413	-	27,048,742	71,235,456	128,003,125
Fines and forfeitures	23,801,248	-	-	-	-	1,565,644	25,366,892
Investment income (loss)	42,361,975	5,162,141	1,353,280	109,920	493,968	1,895,229	51,376,513
Miscellaneous	22,619,440	1,915,097	4,252,135	5,374,841	11,187,113	6,873,394	52,222,020
Total Revenues	4,146,613,125	24,109,965	234,296,819	5,597,738	130,466,611	656,482,329	5,197,566,587
EXPENDITURES							
Current:							
General government	516,833,760	-	26,392,030	-	-	14,333,360	557,559,150
Public safety	434,826,467	-	12,256,879	-	-	270,397,958	717,481,304
Transportation	53,534,213	-	4,384,062	-	-	182,902,182	240,820,457
Health and human services	360,177,751	-	170,073,426	-	-	308,035	530,559,212
Culture and recreation	53,229,466	-	3,411,908	-	-	55,671,607	112,312,981
Community development and housing	16,899,793	40,719,232	17,539,195	-	-	206,655	75,364,875
Environment	4,951,955	-	239,319	-	-	30,502,060	35,693,334
Education	2,036,808,206	-	-	-	-	-	2,036,808,206
Debt Service:							
Principal retirement	-	-	-	279,426,214	-	-	279,426,214
Notes and other obligations	-	-	-	39,962,391	-	-	39,962,391
Interest	-	-	-	138,860,466	-	-	138,860,466
Issuing costs	-	-	-	3,748,648	-	-	3,748,648
Capital projects	-	-	-	-	692,500,447	-	692,500,447
Total Expenditures	3,477,261,611	40,719,232	234,296,819	461,997,719	692,500,447	554,321,857	5,461,097,685
Excess (Deficiency) of Revenues over (under) Expenditures	669,351,514	(16,609,267)	-	(456,399,981)	(562,033,836)	102,160,472	(263,531,098)
OTHER FINANCING SOURCES (USES)							
Transfers in	82,230,137	150,907,622	-	453,241,847	176,130,118	5,091,010	867,600,734
Transfers (out)	(497,713,282)	(49,574,593)	-	(23,549,506)	(120,994,291)	(117,985,854)	(809,817,526)
Sale of property	3,819	2,261,429	-	-	281,251	-	2,546,499
Financing under notes payable	-	-	-	-	20,147,548	-	20,147,548
Leases (as lessee)	1,630,451	-	-	-	-	2,562,853	4,193,304
Subscription-based information technology arrangements	390,736	-	-	-	361,559	-	752,295
Payment to refunded bond escrow agent	-	-	-	-	(23,504,250)	-	(23,504,250)
Debt Issued (Retired):							
General obligation bonds	-	-	-	280,000,000	-	-	280,000,000
Premium on original issue debt	-	-	-	35,197,820	-	-	35,197,820
Bond anticipation notes	-	-	-	(294,000,000)	200,000,000	-	(94,000,000)
Revenue bonds	-	-	-	-	30,171,626	-	30,171,626
Premium on revenue bonds	-	-	-	-	2,293,467	-	2,293,467
Total Other Financing Sources (Uses)	(413,458,139)	103,594,458	-	450,890,161	284,887,028	(110,331,991)	315,581,517
Net Change in Fund Balances	255,893,375	86,985,191	-	(5,509,820)	(277,146,808)	(8,171,519)	52,050,419
Fund Balances - Beginning of Year	989,711,681	370,786,689	216,034	17,249,492	142,372,963	148,516,093	1,668,852,952
Fund Balances - End of Year	\$ 1,245,605,056	\$ 457,771,880	\$ 216,034	\$ 11,739,672	\$ (134,773,845)	\$ 140,344,574	\$ 1,720,903,371

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, 2023**

Net change in fund balance - total governmental funds (see Exhibit A-5) \$ 52,050,419

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

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

Capital outlay	171,257,658	
Depreciation and amortization expense	(130,904,143)	40,353,515

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.

	(49,824)	(49,824)
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Donations of capital assets increase net position in the statement of activities but do not appear in the governmental funds because they are not financial resources.

	8,155,565	8,155,565
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Some revenues will not be collected for several months after the fiscal year ends. As such, these revenues are not considered "available" revenues and are deferred in the governmental funds. Unearned revenues increased (decreased) this year, as follows:

Income taxes	94,655,305	
Property taxes	(1,084,734)	
Intergovernmental revenues	(2,488,303)	
Other revenues	21,225,030	112,307,298

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

	12,065	12,065
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Debt issued or incurred:

General obligation bonds	(315,197,820)	
Bond anticipation notes	(200,000,000)	
Notes payable	(20,147,548)	
Revenue bonds	(32,465,093)	
Leases	(4,193,304)	
Subscription-based information technology arrangements	(752,295)	

Principal repayments:

General obligation bonds	270,155,000	
Bond anticipation notes	294,000,000	
Taxable limited obligation certificates	8,435,000	
Lease revenue bonds	3,085,000	
Other obligations	3,185,000	
Certificates of participation	14,445,000	
Notes payable	10,812,391	
Revenue bonds	34,256,845	
Leases payable	13,725,095	
Subscription liabilities	4,567,080	83,910,351

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

	7,281,945	7,281,945
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Some expenses, representing the change in long-term liabilities or assets, reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued interest payable	(2,528,706)	
Compensated absences	(5,706,276)	
Pension expense	265,776,667	
Amortization	46,658,404	304,200,089

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

	6,934,116	
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Change in net position of governmental activities (see Exhibit A-2)

	\$ 615,155,539	
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Notes to Financial Statements are an integral part of this statement.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Business-Type Activities - Enterprise Funds					Governmental
			Parking	Nonmajor		Activities-
	Liquor	Solid Waste Activities	Lot Districts	Enterprise Funds	Totals	Internal Service Funds
ASSETS						
Current Assets:						
Equity in pooled cash and investments	\$ 13,788,152	\$ 114,147,417	\$ 20,090,338	\$ 59,065,689	\$ 207,091,596	\$ 284,563,226
Cash with fiscal agents	2,080,989	-	-	-	2,080,989	
Cash	54,340	-	42,442	-	96,782	300
Receivables (net of allowance for uncollectibles)	3,290,511	1,817,852	2,508,170	4,824,912	12,441,445	276,334
Lease receivable	-	-	1,580,570	-	1,580,570	-
Due from other funds	-	-	-	-	-	14,354,086
Due from component units	-	-	296,049	-	296,049	788,734
Due from other governments	-	17,259	201,548	-	218,807	996,412
Inventory of supplies	31,882,522	-	-	-	31,882,522	6,239,311
Prepaid expenses	-	-	-	-	-	631,197
Total Current Assets	51,096,514	115,982,528	24,719,117	63,890,601	255,688,760	307,849,600
Noncurrent Assets:						
Restricted Assets:						
Equity in pooled cash and equivalents	-	7,655,164	3,213,042	-	10,868,206	-
Restricted Assets	-	7,655,164	3,213,042	-	10,868,206	-
Lease receivable	-	-	34,303,872	-	34,303,872	-
Capital Assets:						
Land, improved and unimproved	7,033,656	17,834,755	33,502,565	-	58,370,976	22,506
Improvements other than buildings	15,110,192	82,488,359	112,483,184	-	210,081,735	362,724
Infrastructure	-	14,351	-	-	14,351	-
Buildings	29,538,506	34,512,353	240,761,844	-	304,812,703	-
Furniture, fixtures, equipment, and machinery	16,137,713	19,806,632	1,152,050	1,682,208	38,778,603	6,019,892
Automobiles and trucks	5,229,210	3,298,110	172,588	218,967	8,918,875	109,091,576
Construction in progress	-	7,181,137	-	-	7,181,137	-
Lease assets - buildings	54,276,198	-	3,334,421	-	57,610,619	2,062,972
Lease assets - equipment	-	-	-	-	-	6,069,375
Subscription assets	-	-	3,207,772	1,711,236	4,919,008	1,539,173
Subtotal	127,325,475	165,135,697	394,614,424	3,612,411	690,688,007	125,168,218
Less: Accumulated depreciation and amortization	46,119,362	118,366,915	242,713,480	1,941,488	409,141,245	91,648,962
Total Capital Assets (net of accumulated depreciation and amortization)	81,206,113	46,768,782	151,900,944	1,670,923	281,546,762	33,519,256
Net Pension Asset	2,440,291	1,108,353	439,307	2,960,622	6,948,573	2,089,529
Total Noncurrent Assets	83,646,404	55,532,299	189,857,165	4,631,545	333,667,413	35,608,785
Total Assets	134,742,918	171,514,827	214,576,282	68,522,146	589,356,173	343,458,385
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding of debt	76,739	-	-	-	76,739	-
Pension deferrals	2,399,989	1,015,979	391,881	2,792,018	6,599,867	2,062,588
Total Deferred Outflows of Resources	\$ 2,476,728	\$ 1,015,979	\$ 391,881	\$ 2,792,018	\$ 6,676,606	\$ 2,062,588

Exhibit A-7 (Concluded)

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds	Totals	
LIABILITIES						
Current Liabilities:						
Accounts payable	\$ 954,352	\$ 4,506,412	\$ 1,875,432	\$ 305,790	\$ 7,641,986	\$ 13,685,412
Interest payable	726,162	-	38,860	16,999	782,021	12,719
Retainage payable	113,355	-	192,742	-	306,097	-
Deposits	-	256,281	-	9,566,596	9,822,877	-
Claims payable	-	-	-	-	-	60,072,515
Accrued liabilities	19,992,037	2,434,740	1,247,314	3,754,309	27,428,400	5,567,166
Due to other funds	395,170	113,413	44,102	291,388	844,073	4,607,084
Due to component units	-	-	444	1,912,293	1,912,737	34,553
Due to other governments	1,270,198	17,339,290	507,044	-	19,116,532	501,575
Equipment notes payable	395,000	-	-	-	395,000	-
Unearned revenue	53,559	-	333,142	5,581,123	5,967,824	-
Revenue bonds payable	2,962,804	-	1,970,000	-	4,932,804	-
Leases payable	4,866,809	-	82,737	-	4,949,546	1,245,845
Subscription liabilities	-	-	987,979	388,328	1,376,307	339,575
Landfill closure costs	-	1,920,016	-	-	1,920,016	-
Other liabilities	30,669	544,815	3,089	-	578,573	-
Total Current Liabilities	31,760,115	27,114,967	7,282,885	21,816,826	87,974,793	86,066,444
Noncurrent Liabilities:						
Claims payable	-	-	-	-	-	172,875,045
Equipment note payable	352,057	-	-	-	352,057	-
Revenue bonds payable	22,832,080	-	16,998,000	-	39,830,080	-
Leases payable	35,776,230	-	1,295,590	-	37,071,820	773,404
Subscription liabilities	-	-	261,574	684,354	945,928	810,943
Landfill closure costs	-	12,971,671	-	-	12,971,671	-
Gude landfill remediation costs	-	44,054,403	-	-	44,054,403	-
Compensated absences	1,553,094	545,364	215,071	1,487,917	3,801,446	1,586,884
Total Noncurrent Liabilities	60,513,461	57,571,438	18,770,235	2,172,271	139,027,405	176,046,276
Total Liabilities	92,273,576	84,686,405	26,053,120	23,989,097	227,002,198	262,112,720
DEFERRED INFLOWS OF RESOURCES						
Leases	-	-	35,883,222	-	35,883,222	-
Pension deferrals	825,110	374,755	148,539	1,001,045	2,349,449	706,510
Deferred revenue	-	-	-	-	-	-
Total Deferred Inflows of Resources	825,110	374,755	36,031,761	1,001,045	38,232,671	706,510
NET POSITION						
Net investment in capital assets	13,984,517	46,768,782	130,112,322	598,241	191,463,862	30,396,389
Restricted for:						
Transportation	-	-	19,557,918	-	19,557,918	-
Environment	-	40,700,864	-	-	40,700,864	-
Debt service	2,080,989	-	3,213,042	-	5,294,031	-
Unrestricted	28,055,454	-	-	45,725,781	73,781,235	52,305,354
Total Net Position	\$ 44,120,960	\$ 87,469,646	\$ 152,883,282	\$ 46,324,022	330,797,910	\$ 82,701,743
ADJUSTMENTS						
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					3,015,741	
Net position of business-type activities					\$ 333,813,651	

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, 2023**

	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds	Totals	Activities- Internal Service Funds
OPERATING REVENUES						
Sales - net	\$ 323,002,780	\$ -	\$ -	\$ -	\$ 323,002,780	\$ -
Charges for services	13,680	143,089,774	22,775,318	11,262,396	177,141,168	387,314,846
Licenses and permits	1,860,629	13,265	-	44,742,884	46,616,778	-
Fines and penalties	204,025	25,211	7,837,730	54,683	8,121,649	-
Claim recoveries	-	-	-	-	-	3,683,827
Total Operating Revenues	325,081,114	143,128,250	30,613,048	56,059,963	554,882,375	390,998,673
OPERATING EXPENSES						
Cost of goods sold	223,531,699	-	-	-	223,531,699	-
Personnel costs	36,237,984	14,843,392	4,621,045	31,965,430	87,667,851	32,752,638
Other post employment contributions	-	-	-	-	-	-
Postage	4,931	258,462	4,250	12,887	280,530	1,734,014
Self-insurance incurred and estimated claims	-	-	-	-	-	234,871,055
Insurance	1,196,338	3,309,546	58,812	872,428	5,437,124	48,609,327
Supplies and materials	4,161,478	1,892,078	334,266	453,234	6,841,056	32,242,343
Contractual services	5,042,294	97,891,565	5,465,037	4,051,221	112,450,117	10,176,078
Communications	333,759	190,470	174,431	300,012	998,672	713,944
Transportation	1,101,422	2,843,290	390,608	1,199,780	5,535,100	783,918
Public utility services	655,074	232,895	1,938,135	809,546	3,635,650	1,034,901
Rentals	1,909,602	426,378	181,988	1,255,617	3,773,585	601,866
Maintenance	1,378,326	2,059,161	4,763,315	1,426,687	9,627,489	21,480,116
Depreciation and amortization	8,070,735	1,800,227	11,363,135	376,678	21,610,775	10,924,586
Other	2,087,216	17,802,176	697,812	623,303	21,210,507	48,924
Total Operating Expenses	285,710,858	143,549,640	29,992,834	43,346,823	502,600,155	395,973,710
Operating Income (Loss)	39,370,256	(421,390)	620,214	12,713,140	52,282,220	(4,975,037)
NONOPERATING REVENUES (EXPENSES)						
Property taxes	-	-	(2,782)	-	(2,782)	-
Gain (loss) on disposal of capital assets	-	(10,307)	6,503,037	(3,866)	6,488,864	431,654
Investment income	242,462	3,869,835	638,085	2,207,102	6,957,484	11,228,346
Interest expense	(1,344,871)	-	(647,582)	(16,999)	(2,009,452)	(102,235)
Other revenue	81,307	18,192,898	2,941,605	-	21,215,810	7,500
Insurance recoveries	9,677	-	226,844	-	236,521	692,809
Total Nonoperating Revenues (Expenses)	(1,011,425)	22,052,426	9,659,207	2,186,237	32,886,445	12,258,074
Income (Loss) Before Capital Contributions and Transfers	38,358,831	21,631,036	10,279,421	14,899,377	85,168,665	7,283,037
Transfers In (Out):						
Transfers in	-	-	-	25,000	25,000	-
Transfers (Out)	(39,353,888)	(3,312,392)	(6,453,549)	(8,172,584)	(57,292,413)	(515,795)
Total Transfers In (Out)	(39,353,888)	(3,312,392)	(6,453,549)	(8,147,584)	(57,267,413)	(515,795)
Change in Net Position	(995,057)	18,318,644	3,825,872	6,751,793	27,901,252	6,767,242
Total Net Position - Beginning of Year	45,116,017	69,151,002	149,057,410	39,572,229		75,934,501
Total Net Position - End of Year	\$ 44,120,960	\$ 87,469,646	\$ 152,883,282	\$ 46,324,022		\$ 82,701,743
ADJUSTMENTS						
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(166,874)	
Change in net position of business-type activities					\$ 27,734,378	

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 327,092,467	\$ 144,482,695	\$ 30,877,362	\$ 57,215,650	\$ 559,668,174	\$ 390,650,945
Payments to suppliers	(233,784,190)	(134,305,115)	(14,973,829)	(13,120,588)	(396,183,722)	(116,418,440)
Payments to employees	(39,044,766)	(19,363,606)	(8,015,316)	(34,391,518)	(100,815,206)	(35,594,719)
Receipt of customer deposits	-	-	-	4,934,195	4,934,195	-
Return of customer deposits	-	-	-	(5,303,113)	(5,303,113)	-
Claims paid	-	-	-	-	-	(214,253,318)
Other receipts	81,307	18,182,591	862,148	-	19,126,046	7,500
Internal activity - receipts for interfund services	-	800,000	3,000,000	-	3,800,000	-
Internal activity - payments to other funds	-	-	-	-	-	5,767,545
Net Cash Provided (Used) by Operating Activities	<u>54,344,818</u>	<u>9,796,565</u>	<u>11,750,365</u>	<u>9,334,626</u>	<u>85,226,374</u>	<u>30,159,513</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Property tax collections	-	-	546	-	546	-
Insurance reimbursement claims	9,677	-	226,844	-	236,521	692,809
Operating subsidies and transfers from other funds	-	-	238,000	25,000	263,000	-
Operating subsidies and transfers to other funds	(39,353,888)	(3,312,392)	(6,691,549)	(8,172,584)	(57,530,413)	(515,795)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(39,344,211)</u>	<u>(3,312,392)</u>	<u>(6,226,159)</u>	<u>(8,147,584)</u>	<u>(57,030,346)</u>	<u>177,014</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(2,393,686)	(3,043,458)	(3,382,109)	-	(8,819,253)	(6,943,899)
Proceeds from the sale of capital assets	-	-	6,576,412	-	6,576,412	537,296
Principal paid on capital debt	(3,430,232)	-	(1,945,000)	-	(5,375,232)	-
Interest paid on capital debt	(994,024)	-	(355,683)	-	(1,349,707)	-
Lease receipts	-	-	2,105,128	-	2,105,128	-
Lease payment	(5,830,930)	-	(825,747)	-	(6,656,677)	(2,129,340)
Subscription payment	-	-	(2,014,455)	(638,553)	(2,653,008)	(414,740)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(12,648,872)</u>	<u>(3,043,458)</u>	<u>158,546</u>	<u>(638,553)</u>	<u>(16,172,337)</u>	<u>(8,950,683)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income from pooled investments	145,406	3,869,835	638,085	2,207,102	6,860,428	11,228,346
Investment income from non-pooled investments	97,056	-	-	-	97,056	-
Net Cash Provided (Used) by Investing Activities	<u>242,462</u>	<u>3,869,835</u>	<u>638,085</u>	<u>2,207,102</u>	<u>6,957,484</u>	<u>11,228,346</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,594,197	7,310,550	6,320,837	2,755,591	18,981,175	32,614,190
Balances - Beginning of Year	13,329,284	114,492,031	17,024,985	56,310,098	201,156,398	251,949,336
Balances - End of Year	<u>\$ 15,923,481</u>	<u>\$ 121,802,581</u>	<u>\$ 23,345,822</u>	<u>\$ 59,065,689</u>	<u>\$ 220,137,573</u>	<u>\$ 284,563,526</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 39,370,256	\$ (421,390)	\$ 620,214	\$ 12,713,140	\$ 52,282,220	\$ (4,975,037)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	8,070,735	1,800,227	11,363,135	376,678	21,610,775	10,924,586
Pension expense	(1,454,857)	(517,320)	(190,436)	(1,238,528)	(3,401,141)	(1,299,682)
Other revenue	81,307	18,182,591	862,148	-	19,126,046	7,500
(Increase) Decrease in Accounts receivable	2,004,748	1,354,949	203,827	(279,762)	3,283,762	56,648
(Increase) Decrease in Due from other funds	-	-	-	-	-	5,767,545
(Increase) Decrease in Due from component units	-	699	19,654	-	20,353	(486,767)
(Increase) Decrease in Due from other governments	-	(1,203)	38,736	-	37,533	82,391
(Increase) Decrease in Inventory of supplies	4,645,390	-	-	-	4,645,390	(1,054,213)
(Increase) Decrease in Prepaid expenses	-	-	-	-	-	30,680
Increase (Decrease) in Accounts payable and other liabilities	175,575	(396,738)	132,656	77,554	(10,953)	2,459,229
Increase (Decrease) in Retainage payable	112,395	-	(437,120)	-	(324,725)	-
Increase (Decrease) in Deposits	-	-	-	(368,918)	(368,918)	-
Increase (Decrease) in Claims payable	-	-	-	-	-	20,617,734
Increase (Decrease) in Accrued liabilities	1,986,748	47,019	(732,112)	(789,800)	511,855	(1,110,793)
Increase (Decrease) in Due to other fund	(720,363)	(212,267)	(99,682)	(561,287)	(1,593,599)	(857,824)
Increase (Decrease) in Due to component units	-	-	444	(2,082,766)	(2,082,322)	21,942
Increase (Decrease) in Due to other governments	22,902	8,032,239	(35,331)	-	8,019,810	(63,774)
Increase (Decrease) in Unearned revenue	6,605	-	2,097	1,745,470	1,754,172	-
Increase (Decrease) in Compensated absences	43,377	(12,467)	2,135	52,866	85,911	39,348
Increase (Decrease) in Landfill closure costs and Gude landfill remediation costs	-	(18,059,774)	-	-	(18,059,774)	-
Increase (Decrease) in Deferred inflow of resources - deferred revenue	-	-	-	(310,021)	(310,021)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 54,344,818</u>	<u>\$ 9,796,565</u>	<u>\$ 11,750,365</u>	<u>\$ 9,334,626</u>	<u>\$ 85,226,374</u>	<u>\$ 30,159,513</u>

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

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2023

	Pension and Other Employee Benefit Trusts	Custodial Funds	
		External Investment Pool	Other
ASSETS			
Current Assets:			
Equity in pooled cash and investments	\$ 2,023,144	\$ 22,350,876	\$ 3,869,513
Cash	-	-	132,669
Investments:			
Government and agency obligations	133,251,449	-	-
Municipal/Provincial bonds	8,951,795	-	-
Corporate bonds	534,694,772	-	-
Commercial mortgage-backed securities	2,551,206	-	-
Common and preferred stock	1,425,941,749	-	-
Mutual and commingled funds	3,393,195,669	-	-
Short-term investments	289,323,866	-	-
Cash collateral received under securities lending agreements	178,302,547	-	-
Private real assets	574,460,933	-	-
Private equity/debt	1,307,785,022	-	-
Total Investments	7,848,459,008	-	-
Receivables (net of allowances for uncollectibles):			
Receivables and accrued interest	15,945,109	-	-
Accounts	365,681	-	5,099,456
Due from other funds	9,297,748	-	-
Due from component units	185,149	-	-
Due from other governments	6,071	-	-
Total Current Assets	7,876,281,910	22,350,876	9,101,638
Noncurrent Assets:			
Capital assets:			
Miscellaneous	900,043	-	-
Less: Accumulated depreciation	900,043	-	-
Total Capital Assets (net of accumulated depreciation)	-	-	-
Total Assets	7,876,281,910	22,350,876	9,101,638
LIABILITIES			
Current Liabilities:			
Accounts payable	183,488,118	-	80,043
Accrued liabilities	4,484,567	-	-
Deposits	-	-	2,130,322
Claims payable	4,301,677	-	-
Due to other funds	8,680,923	-	-
Due to other governments	-	-	1,395,028
Unearned revenue	158,000	-	4,461,016
Other liabilities	-	-	411,493
Total Current Liabilities	201,113,285	-	8,477,902
Noncurrent Liabilities:			
Compensated absences	169,382	-	-
Total Liabilities	201,282,667	-	8,477,902
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	-	-	57,599
Total Deferred Inflows of Resources	-	-	57,599
NET POSITION			
Restricted for:			
Pensions	6,043,247,754	-	-
Other postemployment benefits	1,631,751,489	-	-
External investment pool participants	-	22,350,876	-
Individuals, organizations, and other governments	-	-	566,137
Net Position	\$ 7,674,999,243	\$ 22,350,876	\$ 566,137

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, 2023**

	Pension and Other Employee Benefit Trusts	Custodial Funds	
		External Investment Pool	Other
ADDITIONS			
Contributions:			
Employers	\$ 203,110,384	\$ -	\$ -
Members	68,030,760	-	-
Federal government - Medicare Part D	20,896,180	-	-
Share purchases	-	4,774,887	-
Total Contributions	292,037,324	4,774,887	-
Investment income (loss)	421,102,838	732,089	28,484
Less: Investment expenses	32,213,031	-	-
Net Investment Income (Loss)	388,889,807	732,089	28,484
Other income	366,746	-	12,437
Total Additions, net	681,293,877	5,506,976	40,921
DEDUCTIONS			
Benefits:			
Annuities:			
Retirees	238,982,643	-	-
Survivors	11,782,336	-	-
Disability	59,673,567	-	-
Claims	112,634,713	-	-
Total Benefits	423,073,259	-	-
Share redemptions	-	3,920,000	-
Member refunds	76,885,784	-	-
Administrative expenses	7,764,787	-	47,511
Total Deductions	507,723,830	3,920,000	47,511
Net Increase (Decrease)	173,570,047	1,586,976	(6,590)
 Net Position - Beginning of Year	 7,501,429,196	 20,763,900	 572,727
 Net Position - End of Year	 <u>\$ 7,674,999,243</u>	 <u>\$ 22,350,876</u>	 <u>\$ 566,137</u>

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

**STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2023**

	MCPS	HOC	Nonmajor Component Units	Total
ASSETS				
Equity in pooled cash and investments	\$ 43,385,219	\$ -	\$ 64,150,633	\$ 107,535,852
Cash with fiscal agents	-	94,793,969	18,022,705	112,816,674
Cash	24,685,655	20,716	13,217,862	37,924,233
Investments - cash equivalents	57,734,067	43,655,739	5,364,898	106,754,704
Investments	-	-	36,433,140	36,433,140
Receivables (net of allowance for uncollectibles):				
Accounts	30,394,116	4,769,738	11,316,779	46,480,633
Notes	-	-	-	-
Mortgage	-	727,977,532	-	727,977,532
Interest	-	17,633,698	-	17,633,698
Other	38,312	11,556,805	9,649,560	21,244,677
Lease receivable	25,959,860	8,544,777	7,959,624	42,464,261
Due from primary government	77,872,856	71,098	7,807,525	85,751,479
Due from other governments	109,879,326	11,911,862	2,526,428	124,317,616
Inventory of supplies	12,556,675	318,087	449,993	13,324,755
Prepays	693,256	8,277,582	164,041	9,134,879
Other assets	-	76,694,278	3,436,219	80,130,497
Restricted Assets:				
Equity in pooled cash and investments	-	-	3,885,451	3,885,451
Cash with fiscal agents	-	49,608,015	-	49,608,015
Cash	-	-	508,048	508,048
Investments - cash equivalents	-	199,195,181	32,026,201	231,221,382
Investments	-	177,281,058	-	177,281,058
Capital Assets:				
Nondepreciable assets	462,432,369	469,277,153	192,291,569	1,124,001,091
Depreciable assets, net	3,454,796,009	978,343,562	582,841,490	5,015,981,061
Total Assets	4,300,427,720	2,879,930,850	992,052,166	8,172,410,736
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of debt	-	-	151,433	151,433
Pension deferrals	336,942,103	6,707,859	6,230,421	349,880,383
OPEB deferrals	643,837,712	4,331,747	30,605,173	678,774,632
Accumulated decrease in fair value of hedging derivatives	-	20,637,912	-	20,637,912
Total Deferred Outflow of Resources	980,779,815	31,677,518	36,987,027	1,049,444,360
LIABILITIES				
Accounts payable	140,045,617	42,670,353	27,180,656	209,896,626
Interest payable	-	38,564,817	500,672	39,065,489
Retainage payable	19,591,617	-	3,064,359	22,655,976
Accrued liabilities	77,633,835	16,920,914	3,918,320	98,473,069
Deposits	-	26,644,011	463,297	27,107,308
Due to primary government	1,221,462	107,519,627	1,218,964	109,960,053
Due to other governments	-	-	169,086	169,086
Unearned revenue	9,078,425	33,997,564	8,635,762	51,711,751
Other liabilities	-	60,446,150	551,610	60,997,760
Noncurrent Liabilities:				
Due within one year	37,916,756	56,349,989	12,243,213	106,509,958
Due in more than one year	3,073,380,565	2,082,682,864	158,642,049	5,314,705,478
Total Liabilities	3,358,868,277	2,465,796,289	216,587,988	6,041,252,554
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	133,868,871	21,869,285	5,021,645	160,759,801
OPEB deferrals	1,314,217,951	13,181,185	63,398,409	1,390,797,545
Leases	25,977,662	8,113,988	7,932,503	42,024,153
Accumulated increase in fair value of hedging derivatives	-	4,322,996	494,641	4,817,637
Total Deferred Inflow of Resources	1,474,064,484	47,487,454	76,847,198	1,598,399,136
NET POSITION				
Net investment in capital assets	3,606,860,566	(34,839,987)	668,506,534	4,240,527,113
Restricted for:				
Capital projects	-	-	1,666,593	1,666,593
Debt service	-	96,751,533	1,547,719	98,299,252
Other purposes	4,798,195	33,439,244	42,987,674	81,225,113
Unrestricted (deficit)	(3,163,383,987)	302,973,835	20,895,487	(2,839,514,665)
Total Net Position	\$ 448,274,774	\$ 398,324,625	\$ 735,604,007	\$ 1,582,203,406

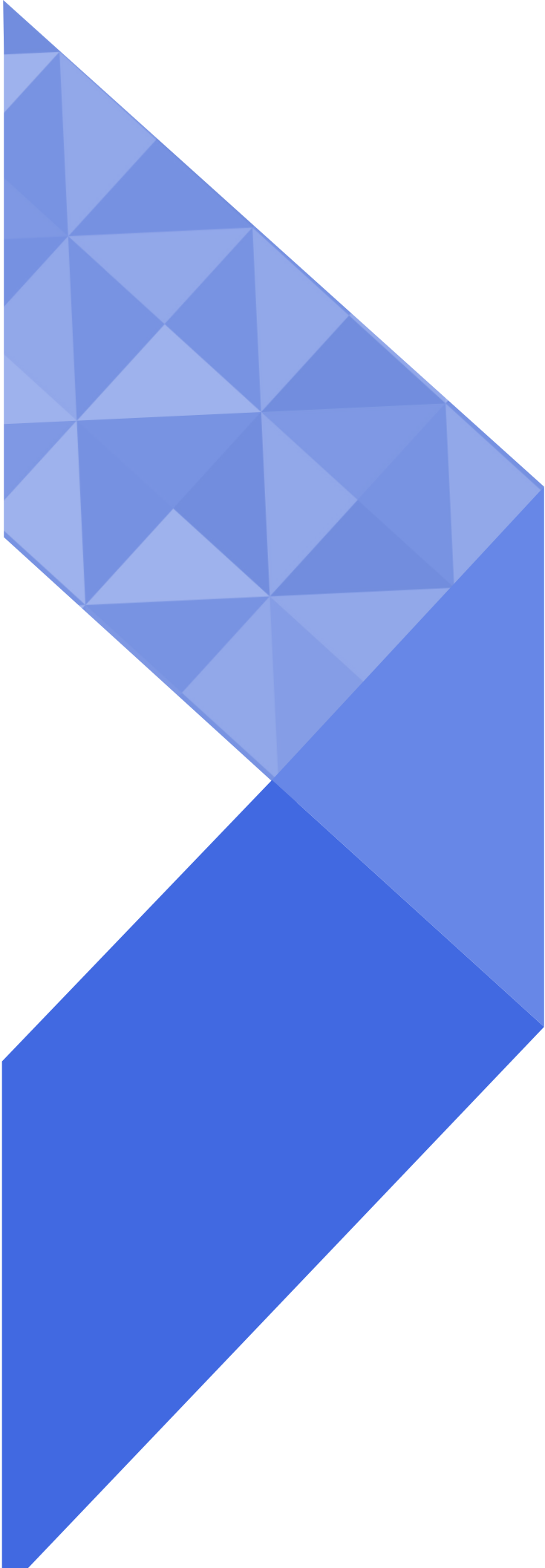
Notes to Financial Statements are an integral part of this statement.

**STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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	\$ 5,379,547	\$ 5,331,924	\$ 150,500	\$ -	\$ -	\$ -	102,877	\$ 102,877
Culture and recreation	23,531,353	27,052,759	-	684,354	-	-	4,205,760	4,205,760
Community development and housing	367,009,252	174,786,700	167,638,441	2,771,518	-	(21,812,593)	-	(21,812,593)
Education:								
Secondary education	3,485,601,145	27,991,926	293,658,957	90,529,428	(3,073,420,834)	-	-	(3,073,420,834)
Higher education	350,085,678	55,684,904	18,989,927	54,333,426	-	-	(221,077,421)	(221,077,421)
Total component units	<u>\$ 4,231,606,975</u>	<u>\$ 290,848,213</u>	<u>\$ 480,437,825</u>	<u>\$ 148,318,726</u>	<u>(3,073,420,834)</u>	<u>(21,812,593)</u>	<u>(216,768,784)</u>	<u>(3,312,002,211)</u>
General revenues:								
Grants and contributions not restricted to specific programs					3,204,254,948	-	264,021,962	3,468,276,910
Investment income					354,337	5,277,546	5,689,012	11,320,895
Gain (loss) on sale of capital assets					-	72,097	-	72,097
Miscellaneous					26,439,970	-	62,832	26,502,802
Total general revenues					<u>3,231,049,255</u>	<u>5,349,643</u>	<u>269,773,806</u>	<u>3,506,172,704</u>
Change in net position					157,628,421	(16,462,950)	53,005,022	194,170,493
Net position - beginning					<u>290,646,353</u>	<u>414,787,575</u>	<u>682,598,985</u>	<u>1,388,032,913</u>
Net position - ending					\$ 448,274,774	\$ 398,324,625	\$ 735,604,007	\$ 1,582,203,406

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 2023 | July 1, 2022 - June 30, 2023

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

Complete financial statements can be obtained from 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 8400 Corporate Dr, Suite 120 Landover, MD 20785
Washington Metropolitan Area Transit Authority 300 7th Street, SW Washington, DC 20024	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 fiduciary fund (pension and other employee benefit trusts and custodial funds) 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 and subscription 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 lease assets and subscription assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases and subscription-based information technology agreements 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-seven 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. Special revenue funds are used to account for specific revenues that are legally restricted for particular purposes.

- 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. The Kingsview Village Center Development District custodial fund was closed during FY23.

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

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

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 External Investment Pool Custodial 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, 2023. Fair value for private investment funds, including private equity and private real assets, is determined using unit values supplied by the fund managers, which are based upon the fund managers' appraisals of the funds' underlying holdings. Such values involve subjective judgment and may differ from amounts which would be realized if such holdings were actually sold. The fair value of limited partnership investments is based on valuations of the underlying assets of the limited partnerships as reported by the general partner. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets along with a related liability for collateral received.

Cash and Cash Equivalents

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

2) Receivables and Payables

Due From/To Other Funds and Internal Balances

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

Trade Accounts Receivable

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

3) Inventories and Prepaids

Inventories

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

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepays

The County uses the consumption method to account for prepaids. Prepaids include payments made to vendors for services that will benefit periods beyond the end of the fiscal year. In governmental funds, fund balance equivalent to the year-end prepaid value is classified as nonspendable to indicate that portion of fund balance which is not available in a spendable form.

4) Restricted Assets

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

5) Capital Assets

Capital assets, which include property, plant, equipment, computer software, infrastructure assets (e.g. roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar items), and the intangible right-to-use of lease assets and subscription 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
Other assets	3 - 50

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

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.

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

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023, 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 \$1,684.5 million. Absent the effect of this relationship, the County would have reported an unrestricted net position of governmental activities in the amount of \$562.3 million.

Classification of Fund Balance

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

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

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

Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The County Council may make assignments of 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.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 FY23. Following the Fairness in Taxation (FIT) legislation, the County Charter requires an affirmative vote of nine members of the Council to increase the real property tax rate to a level that will produce total revenues exceeding the total revenue produced by the tax on real property in the preceding year, plus 100 percent of any increase in the Consumer Price Index with exemptions for revenue from newly constructed, rezoned property and development district tax to fund capital improvement projects. The tax rate adopted for Levy Year 2022 (i.e., FY23), in conjunction with a one-time income tax offset credit, generated revenues at the Charter limit for that year.

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

The County usually collects delinquent real property taxes through a public tax lien sale. Tax liens, representing delinquent taxes on real property are sold in random groups, utilizing a sealed bid process, on the second Monday in June, when taxes have remained overdue since the preceding October 1 or in the case of a semi-annual schedule, January 1.

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 lease assets (lease 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 lease 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 lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

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

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease 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 noncancellable 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.

15) Subscription-Based Information Technology Arrangements

The County is an end user for noncancellable subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the sum of the initial amount of the subscription liability, payments made to the SBITA vendor before commencement of the subscription term and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset. The County recognizes subscription liabilities and right-to-use subscription assets in the government-wide financial statements and proprietary fund financial statements.

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

The County uses the interest rate charged by the SBITA vendor as the discount rate, if provided. When the interest rate charged by the SBITA vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate.

The subscription term includes the noncancellable period of the SBITA and periods covered by an option to extend (if it is reasonably certain that the option will be exercised) or to terminate (if it is reasonably certain that the option will not be exercised).

The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term including the following:

- Fixed payments
- Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate), measured using the index or rate as of the commencement of the subscription term
- Variable payments that are fixed in substance
- Payments for penalties for terminating the SBITA, if the subscription term reflects the government exercising an option to terminate or a fiscal funding or cancellation clause
- Any subscription contract incentives receivable from the vendor
- Any other payments to the vendor associated with the contract that are reasonably certain of being required based on an assessment of all relevant factors

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

E) New Accounting Standards

The County has adopted GASB Statement No. 91, *Conduit Debt*. This Statement defines conduit debt obligations for accounting and financial reporting purposes and establishes related standards for recognition, measurement, and disclosure for issuers. A conduit debt obligation is defined as a debt instrument issued in the name of a state or local government (the issuer) that is for the benefit of a third party primarily liable for the repayment of the debt instrument (the third-party obligor). The Statement was implemented for FY23 reporting purposes and has no impact on the County's financial statements and notes to the statements.

The County has adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of of this statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into public-private and public-public partnerships (PPPs) and availability payment arrangements (APAs) and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement was implemented for FY23 reporting purposes and has no impact on the County's financial statements and notes to the statements.

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County has adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This GASB Statement establishes standards of accounting and financial reporting for subscription-based information technology arrangements (SBITAs) by a government end user. A SBITA is defined as a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. This Statement was implemented for FY23 reporting purposes. The required changes are reflected in the County's financial statements and notes to those statements. Adoption of the new standard resulted in the following additions to the opening balances in the statement of net position, which had no impact on net position.

	Primary Government	
	Governmental Activities	Business-type Activities
Subscription assets	\$ 15,626,416	\$ 3,327,507
Subscription liabilities	15,626,416	3,327,507

The County has adopted GASB Statement No. 99, *Omnibus 2022*. The requirements that are related to leases, PPPs and SBITAs were implemented for FY23 reporting purposes. The required changes are reflected in the County's financial statements and notes to those statements. The requirements that are related to extension of the use of LIBOR, accounting for Supplemental Nutrition Assistance Program (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 in FY22.

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

These requirements ensure that fund draws would not be used to cover revenue shortfalls that occur during the normal course of government operations. As a result, the RSF balance is classified as committed in accordance with GASB Statement No. 54. For financial reporting purposes this fund is included within the General Fund. In Resolution No. 20-184 issued on May 25, 2023, the County Council approved a one-time action not to make mandatory contribution to the Revenue Stabilization Fund in FY23 due to the fund's maintaining a total reserve of 10% of the Adjusted Governmental Revenues. Below is the change in the RSF balance for the fiscal year ended June 30, 2023.

Revenue Stabilization Fund (RSF)

Balance – Beginning of Year	\$	587,380,077
Investment Income		<u>22,584,932</u>
Balance – End of Year	\$	<u>609,965,009</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. Expenditures 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 \$43.1 million advance from the General Fund. Below is the inception-to-date revenue collection activity for the WFSTD balance as of June 30, 2023.

White Flint Special Taxing District (WFSTD)

Balance – Beginning of Year	\$	17,480,106
Property Taxes		<u>2,182,244</u>
Balance – End of Year	\$	<u>19,662,350</u>

Deficit Fund Equity

The Capital Projects Fund (CIP) has a total fund balance deficit of \$134.8 million, which is a decrease of \$277.1 million from the end of FY22. The fund balance of this fund can increase or decrease significantly depending on the timing of source of funds for larger capital projects. In FY23, revenues decreased by \$43.6 million which is primarily attributable to a decrease in recordation tax collections of \$48.1 million. Capital project expenditures also increased by \$195.9 million compared to FY22.

As of June 30, 2023, the Self Insurance – Employee Health Benefits fund had a deficit of \$7.1 million which was in part the result of increased prescription and medical claims costs. In addition, contributions for the year were lower than anticipated due to decreased active plan participation. The County's annual group insurance rate setting process takes into account both projected claims and known fund net position. The FY23 deficit will be addressed in future years through this process.

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	\$ 1,869,179,070	\$ 107,535,852	\$ 1,976,714,922
Cash with fiscal agents	26,717,207	112,816,674	139,533,881
Cash	465,462	37,924,233	38,389,695
Investments - cash equivalents	-	106,754,704	106,754,704
Investments	7,848,459,008	36,433,140	7,884,892,148
Restricted equity in pooled cash and investments	39,111,739	3,885,451	42,997,190
Restricted cash with fiscal agents	-	49,608,015	49,608,015
Restricted cash	132,669	508,048	640,717
Restricted investments - cash equivalents	-	231,221,382	231,221,382
Restricted investments	-	177,281,058	177,281,058
Total	<u>\$ 9,784,065,155</u>	<u>\$ 863,968,557</u>	<u>\$ 10,648,033,712</u>
<u>Deposit and Investment Summary:</u>			
Deposits	\$ 117,049,426	\$ 227,017,157	\$ 344,066,583
Investments	9,639,700,391	263,266,654	9,902,967,045
Cash on hand, fiscal agents, safe deposit escrow	27,315,338	373,684,746	401,000,084
Total	<u>\$ 9,784,065,155</u>	<u>\$ 863,968,557</u>	<u>\$ 10,648,033,712</u>

* Includes \$145,941 in County Investment Pool

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

Government-wide	\$ 1,907,229,945
Fiduciary funds	7,876,835,210
Total	<u>\$ 9,784,065,155</u>

Primary Government

2) External Investment Pool

Overview

The County maintains an external investment pool that is subject to oversight by the County's Internal Investment Committee but is not subject to regulatory oversight by the Securities and Exchange Commission (SEC). Participants in the pool include the County, certain component unit agencies, and other legally separate entities. The equity position of each fund and component unit is reported as an asset by the funds and component units. The external portion of the pool (i.e., participation by legally separate entities) is reported as the 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:

	Primary Government	Component Units	Total Reporting Entity
<u>Statement of Net Position Amounts:</u>			
Equity in pooled cash and investments	\$ 1,869,179,070	\$ 145,941	\$ 1,869,325,011
Restricted equity in pooled cash and investments	39,111,739	-	39,111,739
Total	<u>\$ 1,908,290,809</u>	<u>\$ 145,941</u>	<u>\$ 1,908,436,750</u>
<u>Deposit and Investment Summary:</u>			
Deposits	\$ 117,049,426	\$ -	\$ 117,049,426
Investments, including accrued interest	1,791,241,383	145,941	1,791,387,324
Total	<u>\$ 1,908,290,809</u>	<u>\$ 145,941</u>	<u>\$ 1,908,436,750</u>

Deposits

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require that securities underlying certificates of deposit have a market value that equals or exceeds the cost of the deposit while County investment policy requires a market value of at least 102 percent of the cost of the deposit. Appropriate sections of these cited statutes also require that funds on deposit in financial institutions be fully secured. The form of such security shall be in compliance with State 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, 2023:

<u>Investments by fair value level</u>	<u>June 30, 2023</u>	<u>Fair Value Measurements Using</u>	
		<u>Quoted Prices in Active Markets for Identical Assets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>
U.S. Agency Securities	\$ 991,996,313	\$ -	\$ 991,996,313
U.S. Treasury Securities	14,877,000	14,877,000	-
Commercial Paper	148,784,856	-	148,784,856
Total investments by fair value level	1,155,658,169	\$ 14,877,000	\$ 1,140,781,169
<u>Investments measured at amortized cost:</u>			
Maryland Local Government Investment Pool	621,142,606		
Total investments measured at amortized cost	621,142,606		
Total investments	\$ 1,776,800,775		

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 structures the pooled investment portfolio so that sufficient investments mature to meet the cash requirements for ongoing operations. The County's investment policy requires the majority of investments to have maturities of 18 months 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 18 months must be approved by the Director of Finance prior to execution. At June 30, 2023, the County had a total fair value \$122,389,385 in investments with final maturities over 12 months (1-3 years).

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, 2023, 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:

Diversification by Investment Type:	Maximum percent of Portfolio*
U.S. Treasury obligations	100%
U.S. Government agencies	75
Repurchase agreements	50
Bankers' acceptances	25
Money market mutual fund	50
Maryland Local Government Investment Pool (MLGIP)	50
Collateralized certificates of deposit and time deposits** (Including brokered certificates of deposit)	25
Commercial paper	10

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Diversification by Institution:	Maximum percent of Portfolio*
Approved broker/Dealers and commercial banks (Repurchase agreements)	30%
Money market mutual funds by fund	25
Banker's acceptances by institution and country	15
Commercial banks (Certificates of deposit - does not include brokered certificates of deposit)**	10
U.S. Government agencies by agency	20
Commercial paper by Issuer	5

* At time of purchase

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

The County's investments are all under 5% for any one issuer other than 16.07% Federal Home Loan Banks (FHLB), 11.58% Federal Farm Credit Bank (FFCB), 7.79% Freddie Mac (FHLMC), 15.08% Fannie Mae (FNMA), and 33.99% 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. Per GASB 40, investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from the disclosure requirement of investments in any one issuer that represent 5% or more of total investments.

External Investment Pool Condensed Financial Statements:

The condensed financial statements of the County's external investment pool at June 30, 2023 are as follows:

Statement of Net Position
June 30, 2023

Assets:	
Investment in securities, at fair value	\$ 1,776,800,775
Cash	117,049,426
Accrued interest receivable	14,586,549
Total assets and net position	<u>\$ 1,908,436,750</u>
Net position consists of:	
Internal participants' units outstanding (\$1.00 par), unrestricted	\$ 1,886,085,874
External participants' units outstanding (\$1.00 par)	22,350,876
Net position	<u>\$ 1,908,436,750</u>
Participants net position value, offering price and redemption price per share (\$1,908,436,750/1,911,602,589 units)	<u>\$ 1</u>

Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2023

Investment Income *	\$ 65,928,659
Distributions to participants:	
Distributions paid and payable	(65,928,659)
Share transactions at net position value of \$1.00 per share:	
Purchase of units	\$ 32,586,570,709 *
Redemption of units	<u>(32,624,635,157)</u>
Net increase (decrease) in net position and shares resulting from share transactions	<u>(38,064,448)*</u>
Total increase (decrease) in net position	<u>(38,064,448)*</u>
Net position, July 1, 2022	1,946,501,198
Net position, June 30, 2023	<u>\$ 1,908,436,750</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 \$2,895,727 relates to amounts held by Marriott Hotels, pursuant to a management agreement, for the operation of the County's Conference Center.

Debt Service Fund

Cash with fiscal agents of \$10,318,888 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 \$11,421,603 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 \$2,080,989 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, 2023, the fair value of the mutual and commingled investment funds was \$687,889,795. The fair value of the investments in international mutual funds was \$158,295,837.

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, 2023, the fair value of the mutual and commingled investment funds was \$574,657,832. The fair value of the investments in international mutual funds included in the County DCP was \$82,181,644.

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 following table 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, 2023	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	\$ 133,251,449	\$ -	\$ 133,251,449	\$ -
Municipal/Provincial obligations	8,951,795	-	8,951,795	-
Corporate bonds	534,694,772	-	534,172,520	522,252
Commercial mortgage-backed securities	2,551,206	-	2,551,206	-
Total debt securities	679,449,222	-	678,926,970	522,252
Equity Securities				
Self directed - various securities	32,898,685	32,898,685	-	-
Consumer goods	169,888,294	169,866,800	-	21,494
Energy	79,458,212	78,422,763	121,717	913,732
Financial services	123,779,695	123,706,905	-	72,790
Health care	140,269,950	140,269,950	-	-
Industrials	188,328,488	188,114,836	-	213,652
Information technology	210,397,551	210,378,518	-	19,033
Materials	41,184,982	41,115,010	-	69,972
Telecommunication services	71,127,186	70,975,453	-	151,733
Utilities	117,931,923	117,931,923	-	-
Real Estate	283,575,468	283,574,185	-	1,283
Total equity securities	1,458,840,434	1,457,255,028	121,717	1,463,689
Securities lending collateral fund	178,302,547	-	178,302,547	-
Total investments by fair value level	2,316,592,203	\$ 1,457,255,028	\$ 857,351,234	\$ 1,985,941

Investments measured at the net asset value (NAV)

Commingled equity funds	1,220,897,089
Commingled bond funds	800,897,099
Commingled funds (other)	673,195,846
Hedge fund	279,376,908
Fund-of-hedge funds	309,334,766
Private real assets	574,460,933
Private equity/debt	1,307,785,022
Total investments measured at the NAV	5,165,947,663

Investments measured at amortized cost

Short-term investments	289,323,866
Total investment measured at amortized cost	289,323,866
Synthetic guaranteed investments contracts measured at contract value	76,595,276
Total investments	\$ 7,848,459,008

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

		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)
	June 30, 2023			
Investments derivative instruments:				
Foreign exchange contracts	\$ 3,047,143	\$ -	\$ 3,047,143	\$ -
Credit default swaps	603,630	-	603,630	-
Total investments derivative instruments	\$ 3,650,773	\$ -	\$ 3,650,773	\$ -

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	\$ 506,583,294	\$ -	Daily, Weekly, Monthly	0-30 days
Commingled bond funds	536,896,639	-	Daily, Monthly	0-5 days
Commingled funds (other)	11,468,580	-	Daily	None
Hedge funds	213,083,620	-	Monthly, Quarterly	5-90 days
Fund-of-hedge funds	237,499,532	-	Quarterly	95 days
Private real assets	497,879,182	91,581,608	Not eligible	N/A
Private equity/debt	1,077,712,424	268,377,892	Not eligible	N/A
Total investments measured at the NAV	\$ 3,081,123,271	\$ 359,959,500		

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

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	\$ 119,284,585	\$ -	Daily	None
Commingled bond funds	11,762,969	-	Daily	None
Commingled funds (other)	520,543,886	-	Daily	None
Total investments measured at the NAV	\$ 651,591,440	\$ -		

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	\$ 327,699,839	\$ -	Daily	None
Commingled bond funds	34,389,927	-	Daily	None
Commingled funds (other)	141,183,380	-	Daily	None
Total investments measured at the NAV	<u>\$ 503,273,146</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	\$ 267,329,371	\$ -	Daily, Weekly, Monthly	0-30 days
Commingled bond funds	217,847,564	-	Daily, Monthly	0-5 days
Hedge fund	66,293,288	-	Monthly	5 days
Fund-of-hedge funds	71,835,234	-	Quarterly	95 days
Private real assets	76,581,751	11,760,397	Not eligible	N/A
Private equity/debt	230,072,598	33,289,545	Not eligible	N/A
Total investments measured at the NAV	<u>\$ 929,959,806</u>	<u>\$ 45,049,942</u>		

Commingled Bond Funds, Equity Funds and Other

Five bond funds, eight equity funds and one other fund 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 four 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-five and thirty-nine private real asset limited partnerships for the ERS and CRHBT, respectively. Private real asset funds include U.S. real estate, oil and gas, timber, agriculture and other real asset investments. The fair value of these funds has been determined using the net asset values as of June 30, 2023. 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 one hundred-six and seventy-seven 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, 2023. 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

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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 position.

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2023 are as follows:

Employees' Retirement System:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AA+	\$ 93,152,416	7.62%
Foreign Government Obligations	BBB	200,901	0.02
	BB	203,101	0.02
	Unrated	375,097	0.03
Commercial Mortgage Backed Securities	B	664,519	0.05
	Unrated	1,247,279	0.10
Municipal/Provincial Bonds	AAA	4,554,265	0.37
	AA	718,639	0.06
	A	435,737	0.04
	Unrated	503,608	0.04
Corporate Bonds	AAA	2,629,656	0.21
	AA	8,318,702	0.68
	A	30,591,821	2.50
	BBB	61,211,691	5.00
	BB	124,895,865	10.21
	B	104,321,479	8.53
	CCC	26,854,022	2.20
	CC	114,453	0.01
	C	2,263	0.00
	D	460,334	0.04
	Unrated	11,485,271	0.94
Fixed Income Pooled Funds	AA	477,189,025	39.01
	BB	59,707,614	4.88
Short-term Investments and Other	Unrated	213,371,201	17.44
		<u>\$ 1,223,208,959</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+	\$ 39,080,717	7.81%
Foreign Government Obligations	BBB	125,853	0.03
	BB	113,364	0.02
Commercial Mortgage-Backed Securities	BB	104,119	0.02
	B	65,000	0.01
	Unrated	470,289	0.09
Municipal/Provincial Bonds	AAA	2,034,227	0.41
	AA	294,855	0.06
	A	195,330	0.04
	Unrated	215,134	0.04
Corporate Bonds	AAA	1,141,828	0.23
	AA	3,546,542	0.71
	A	12,958,809	2.59
	BBB	28,484,735	5.69
	BB	57,484,733	11.50
	B	44,786,823	8.95
	CCC	10,622,097	2.12
	CC	41,237	0.01
	C	566	0.00
	D	95,235	0.02
	Unrated	4,646,610	0.93
Fixed Income Pooled Funds	AA	176,655,144	35.31
	BB	41,192,420	8.23
Short-term Investments and Others	Unrated	75,952,665	15.18
Total Fixed Income Securities		<u>\$ 500,308,332</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, 2023, 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	15.74	\$ 93,152,416	7.62%
Foreign Government Obligations	5.30	779,099	0.07
Commercial Mortgage-Backed Securities	0.93	1,911,798	0.15
Municipal/Provincial Obligations	12.96	6,212,249	0.51
Corporate Bonds	5.97	370,885,557	30.32
Fixed Income Pooled Funds	11.17	536,896,639	43.89
Short-term Investments and Other *	N/A	213,371,201	17.44
Total Fixed Income Securities		<u>\$ 1,223,208,959</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	15.78	\$ 39,080,717	7.81%
Foreign Government Obligations	6.23	239,217	0.05
Commercial Mortgage-Backed Securities	0.48	639,408	0.13
Municipal/Provincial Obligations	12.85	2,739,546	0.55
Corporate Bonds	5.93	163,809,215	32.74
Fixed Income Pooled Funds	11.32	217,847,564	43.54
Short-term Investments and Other *	N/A	75,952,665	15.18
Total Fixed Income Securities		<u>\$ 500,308,332</u>	<u>100.00%</u>

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

Foreign Currency Risk

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

Employees' Retirement System:

International Securities	Equity	Fixed Income	Short-term and Other	Total Non-U.S. Dollar
Hong Kong dollar	\$ 25,238,943	\$ -	\$ 5,599,894	\$ 30,838,837
Indian rupee	-	-	25,990,753	25,990,753
British pound sterling	39,421,920	-	(19,204,042)	20,217,878
Indonesian rupiah	113,273	-	19,156,917	19,270,190
Brazilian real	-	-	17,998,081	17,998,081
Hungarian Forint	-	-	16,861,910	16,861,910
Japanese yen	41,123,297	-	(25,984,253)	15,139,044
Colombian peso	-	-	13,478,077	13,478,077
Mexican peso	3,666,433	-	6,936,118	10,602,551
Singapore dollar	8,550,137	-	-	8,550,137
Other Currencies	142,268,005	-	(223,209,031)	(80,941,026)
Total International Securities	<u>\$ 260,382,008</u>	<u>\$ -</u>	<u>\$ (162,375,576)</u>	<u>\$ 98,006,432</u>

Consolidated Retiree Health Benefits Trust:

International Securities	Equity	Fixed Income	Short-term and Other	Total Non-U.S. Dollar
Hong Kong dollar	\$ 7,435,432	\$ -	\$ 1,399,901	\$ 8,835,333
Indian rupee	-	-	6,497,690	6,497,690
British pound sterling	10,694,730	-	(4,951,834)	5,742,896
Japanese yen	12,462,186	-	(6,865,706)	5,596,480
Indonesian rupiah	-	-	4,789,230	4,789,230
Brazilian real	-	-	4,499,521	4,499,521
Hungarian forint	-	-	4,215,479	4,215,479
Colombian peso	-	-	3,369,520	3,369,520
Swedish krona	3,256,477	-	(94,955)	3,161,522
Singapore dollar	3,001,451	-	-	3,001,451
Other Currencies	44,726,701	-	(57,022,075)	(12,295,374)
Total International Securities	<u>\$ 81,576,977</u>	<u>\$ -</u>	<u>\$ (44,163,229)</u>	<u>\$ 37,413,748</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Derivatives

In accordance with the two Boards' Statement of Investment Policy and Objectives, the ERS and CRHBT Fund regularly invest in derivative financial instruments in the normal course of its investing activities to manage exposure to certain risks within the fund. During FY23, 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, 2023, the ERS held 81 long U.S. Treasury futures contracts with notional exposure of \$10,698,469 and the CRHBT Fund held 61 long U.S. Treasury futures contracts with total notional exposure of \$8,057,906. The ERS also held 16 currency futures contracts and 548 equity futures contracts with notional exposure of \$1,210,080 and \$58,981,080 and the CRHBT held 10 currency futures contracts with total notional exposure of \$756,300 and 294 equity futures contracts with total notional exposure of \$32,645,504. In addition, the ERS held 1,077 commodity futures contracts with fair value of \$207,682,020 and the CRHBT held 10 commodity futures contracts with notional exposure of \$951,850 and short 291 futures contracts with total notional exposure of (\$32,092,955).

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, 2023, the ERS held \$630,819,522 buy foreign exchange contracts and (\$628,386,002) sell foreign exchange contracts with unrealized gain of \$2,433,520 while the CRHBT held \$159,320,874 buy foreign exchange contracts and (\$158,707,251) sell foreign exchange contracts with unrealized gain of \$613,623.

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, 2023, the ERS held one credit default swap index sell contract with a fair value of \$410,364 and notional amount of \$13,594,500 and the CRHBT held one credit default swap sell contract with a fair value of \$193,266 and notional amount of \$6,402,500

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 103 percent for domestic and 106 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

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

securities, or return the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from a default of the borrower or lending agent.

As of June 30, 2023, the fair value of securities on loan was \$362,176,685 and \$98,529,396 for the ERS and CRHBT, respectively. Cash received as collateral and the related liability of \$153,525,364 and \$24,777,183 as of June 30, 2023 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 \$7,423,162 and \$6,488,569, 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 \$1,097,235 and \$854,175, 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, 2023:

Employees' Retirement System:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
Government Obligations	\$ 36,016,021	\$ -	\$ 36,585,395
Corporate Bonds	96,686,479	-	98,392,694
Equities	18,191,915	-	18,547,275
Lent for Non-Cash Collateral:			
Government Obligations	48,766,224	51,786,198	-
Corporate Bonds	21,447,082	22,103,574	-
Equities	141,068,964	148,001,166	-
Total	<u>\$ 362,176,685</u>	<u>\$ 221,890,938</u>	<u>\$ 153,525,364</u>

Consolidated Retiree Health Benefits Trust:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
Corporate Bonds	\$ 21,632,331	\$ -	\$ 22,069,036
Equities	2,622,737	-	2,708,147
Lent for Non-Cash Collateral:			
Government Obligations	31,948,430	33,930,901	-
Corporate Bonds	1,282,116	1,372,437	-
Equities	41,043,782	43,253,878	-
Total	<u>\$ 98,529,396</u>	<u>\$ 78,557,216</u>	<u>\$ 24,777,183</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, 2023, 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, 2023, 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, 2023 was P-1.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

At June 30, 2023, HOC had the following cash, cash equivalents, investments and maturities:

	Fair Value				Rating
Cash and Cash Equivalents:					
General Sub-Fund:					
Money Market Accounts	\$ 33,572,641				N/A
Opportunity Housing Sub-Fund:					
Investment in MLGIP	2,628,924				AAAm
Money Market Accounts	26,925,841				N/A
Public Sub-Fund:					
Investment in MLGIP	4,379,093				AAAm
Multi-Family Sub-Fund:					
Money Market Accounts	90,059,761				N/A
Single Family Fund:					
Money Market Accounts	79,028,155				N/A
Real Estate Limited Partnership:					
Investment in MLGIP	-				N/A
Certificate of Deposit	-				N/A
Money Market Accounts	6,256,505				N/A
Total cash, cash equivalents and investments	242,850,920				
Short-term Investments:					
Single Family Sub-Fund:					
FNMA Pass through Certificates	949,865				Aaa
GNMA Pass through Certificates	851,672				Aaa
FHLMC MBS	337,741				Aaa
Total short-term investments	2,139,278				
		1-5 years	6-10 years	Greater than 10 years	Rating
Long-term Investments:					
Multi-Family Sub Fund:					
Bank One Investment Agreement	591,525	591,525	-	-	AA/Aa2
Fannie Mae	2,625,327	2,625,327	-	-	Aaa
Federal Farm Credit Banks	5,291,319	554,266	1,173,096	3,563,957	Aaa
Federal Home Loan Banks	812,122	-	812,122	-	Aaa
Federal Home Loan Mtg Corp	759,719	-	759,719	-	Aaa
Idaho Housing & Finance Association	1,500,000	-	-	1,500,000	Aaa
Mass Mutual Life Ins. GIC	55,000,000	55,000,000	-	-	Unrated
U.S. Treasuries	626,067	626,067	-	-	Aaa
Single Family Sub-Fund:					
Fannie Mae	894,475	894,475	-	-	Aaa
Federal Farm Credit Banks	2,146,505	-	2,146,505	-	Aaa
Federal Home Loan Banks	4,172,157	-	-	4,172,157	Aaa
Federal Home Loan Mtg Corp	1,375,822	-	1,375,822	-	Aaa
FHLMC MBS	15,267,517	-	-	15,267,517	Aaa
FNMA Pass-through Certificates	42,938,455	-	-	42,938,455	Aaa
GNMA Pass-through Certificates	38,499,658	-	-	38,499,658	Aaa
Tennessee Valley Authority	2,641,112	-	-	2,641,112	AA+
U.S. Treasuries	-	-	-	-	N/A
Total long-term investments	175,141,780	60,291,660	6,267,264	108,582,856	
Cash balances	144,422,700				
Total cash, cash equivalents and investments	\$ 564,554,678				

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Fair Value Measurement

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

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

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

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

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements 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, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Fannie Mae	\$ 3,519,802	\$ -	\$ 3,519,802	\$ -
Federal Farm Credit Banks	7,437,824	-	7,437,824	-
Federal Home Loan Banks	4,984,279	-	4,984,279	-
Federal Home Loan Mortgage Corp	2,135,541	-	2,135,541	-
FNMA Pass-Through Certificates	43,888,320	-	43,888,320	-
GNMA Pass-Through Certificates	39,351,330	-	39,351,330	-
FHLMC Pass-Through Certificates	15,605,258	-	15,605,258	-
Investment Agreements	591,525	-	591,525	-
Idaho Housing & Finance Association	1,500,000	-	1,500,000	-
Mass Mutual Life Insurance GIC	55,000,000	-	55,000,000	-
Tennessee Valley Authority	2,641,112	-	2,641,112	-
U.S. Treasuries	626,067	626,067	-	-
Subtotal - Debt Securities	177,281,058	626,067	176,654,991	-
Investment Derivative Instruments				
Hedging Derivative Instrument-Asset	4,322,996	-	4,322,996	-
Total investments by fair value level	\$ 181,604,054	\$ 626,067	\$ 180,977,987	\$ -

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 as of June 30, 2023, 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	\$ 566,416,691	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 566,416,691
Property taxes	24,147,085	-	-	-	-	17,626,319	41,773,404
Accounts	16,081,113	-	-	-	1	34,524,709	50,605,823
Notes	313,907	-	4,337,410	20,670,000	-	-	25,321,317
Parking violations	1,116,353	-	-	-	-	567,879	1,684,232
Mortgages	314,925	369,396,163	53,631,462	-	-	1,546,069	424,888,619
Interest	55,596	-	-	-	-	-	55,596
Total receivables	608,445,670	369,396,163	57,968,872	20,670,000	1	54,264,976	1,110,745,682
Allowance for uncollectible accounts	(7,710,063)	(25,017,660)	(4,337,410)	-	-	(12,105,067)	(49,170,200)
Total receivable (net)	<u>\$ 600,735,607</u>	<u>\$ 344,378,503</u>	<u>\$ 53,631,462</u>	<u>\$ 20,670,000</u>	<u>\$ 1</u>	<u>\$ 42,159,909</u>	<u>\$ 1,061,575,482</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 314,925</u>	<u>\$ 369,396,163</u>	<u>\$ 57,968,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,546,069</u>	<u>\$ 429,226,029</u>
	Liquor	Solid Waste Activities	Parking Lot Districts	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds	
Property taxes	\$ -	\$ -	\$ 277,412	\$ -	\$ 277,412	\$ -	
Accounts	8,347,321	1,839,900	33,670	5,166,919	15,387,810	276,334	
Parking violations	-	-	5,750,249	-	5,750,249	-	
Interest	-	-	86,809	-	86,809	-	
Total receivables	8,347,321	1,839,900	6,148,140	5,166,919	21,502,280	276,334	
Allowance for uncollectible accounts	(5,056,810)	(22,048)	(3,639,970)	(342,007)	(9,060,835)	-	
Total receivable (net)	<u>\$ 3,290,511</u>	<u>\$ 1,817,852</u>	<u>\$ 2,508,170</u>	<u>\$ 4,824,912</u>	<u>\$ 12,441,445</u>	<u>\$ 276,334</u>	
Amounts not scheduled for collection during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

2) Due from/to Component Units

The balances as of June 30, 2023, were:

Due from Component Units / Due to Primary Government:

Due from Component Units:	MCPS	MC	MCRA	HOC	BUP	Total
Due to Primary Government:						
General	\$ 1,151,335	\$ 3,159	\$ 45,630	\$ 44,647	\$ -	\$ 1,244,771
Housing Initiative	-	-	-	79,551,757	-	79,551,757
Grants	-	-	-	13,525,141	-	13,525,141
Debt Service	-	-	1,000,073	-	-	1,000,073
Capital Projects	-	-	-	13,368,379	-	13,368,379
Parking Lot Districts	-	-	-	-	-	-
Enterprise	-	-	-	296,049	-	296,049
Internal Service	70,127	13,378	110,295	572,454	22,480	788,734
Fiduciary	-	-	23,949	161,200	-	185,149
Total Due to Primary Government	\$ 1,221,462	\$ 16,537	\$ 1,179,947	\$ 107,519,627	\$ 22,480	\$ 109,960,053

Due to Component Units / Due from Primary Government:

Due to Component Units:	MCPS	MC	MCRA	HOC	BUP	Total
Due from Primary Government:						
General	\$ 2,620,169	\$ 17,496	\$ 75,005	\$ 15,342	\$ 76,626	\$ 2,804,638
Housing Initiative	-	-	-	11,862	-	11,862
Debt Service	-	149	-	-	-	149
Capital Projects	73,267,285	7,635,743	-	43,894	-	80,946,922
Nonmajor Governmental	38,556	2,062	-	-	-	40,618
Parking Lot Districts Enterprise	-	-	-	-	444	444
Nonmajor Enterprise	1,912,293	-	-	-	-	1,912,293
Internal Service	34,553	-	-	-	-	34,553
Total Due from Primary Government	\$ 77,872,856	\$ 7,655,450	\$ 75,005	\$ 71,098	\$ 77,070	\$ 85,751,479

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

- \$13.5 million due from HOC to the Grants Special Revenue Fund and \$13.4 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.
- \$79.6 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.
- \$73.3 million due to MCPS and \$7.6 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 as of June 30, 2023, was comprised of the following:

	General	Grants	Capital Projects	Solid Waste Activities	Parking Lot Districts	Nonmajor Governmental	Internal Service	Fiduciary	Total
Federal government	\$ 266,067	\$ 30,677,547	\$ 8,387,614	\$ 8,017	\$ -	\$ -	\$ -	\$ -	\$ 39,339,245
State of Maryland	22,743,019	16,266,362	1,373,828	9,242	-	40,139,399	280,469	4,533	80,816,852
Other	427,988	15,190,274	3,368,615	-	201,548	478,332	715,943	1,538	20,384,238
Total	<u>\$ 23,437,074</u>	<u>\$ 62,134,183</u>	<u>\$ 13,130,057</u>	<u>\$ 17,259</u>	<u>\$ 201,548</u>	<u>\$ 40,617,731</u>	<u>\$ 996,412</u>	<u>\$ 6,071</u>	<u>\$ 140,540,335</u>

4) Due to Other Governments

The total amount due to other governments as of June 30, 2023 is \$163.8 million. This amount is comprised mainly of \$127.4 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, 2023, was as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Governmental Activities				
Nondepreciable Capital Assets:				
Land	\$ 1,168,453,364	\$ 52,684,155	\$ 44,385,497	\$ 1,176,752,022
Construction in progress **	1,661,061,099	204,713,577	504,203,179	1,361,571,497
Total Nondepreciable Capital Assets	2,829,514,463	257,397,732	548,588,676	2,538,323,519
Depreciable and Amortizable Capital Assets:				
Buildings	1,332,498,707	118,616,823	137,141	1,450,978,389
Improvements other than buildings	173,151,052	26,621,816	124,890	199,647,978
Furniture, fixtures, equipment and machinery	261,950,216	9,685,666	1,239,963	270,395,919
Leasehold improvements	17,924,190	-	-	17,924,190
Automobiles and trucks	353,324,108	22,819,763	14,056,246	362,087,625
Infrastructure	2,637,338,072	305,208,790	15,409,574	2,927,137,288
Other assets	137,300,867	5,188,597	27,366	142,462,098
Lease assets - buildings	154,808,308	4,193,304	275,376	158,726,236
Lease assets - land	4,446,531	-	-	4,446,531
Lease assets - equipment	6,074,113	-	4,738	6,069,375
Subscription assets *	15,626,416	1,192,929	-	16,819,345
Total Depreciable and Amortizable Capital Assets	5,094,442,580	493,527,688	31,275,294	5,556,694,974
Less Accumulated Depreciation and Amortization for:				
Buildings	553,703,981	28,542,963	-	582,246,944
Improvements other than buildings	40,914,815	3,851,776	92,450	44,674,141
Furniture, fixtures, equipment and machinery	220,813,316	6,495,641	1,238,970	226,069,987
Leasehold improvements	14,997,750	1,048,226	-	16,045,976
Automobiles and trucks	265,000,086	24,701,516	13,950,604	275,750,998
Infrastructure	1,007,273,107	51,424,405	-	1,058,697,512
Other assets	48,821,414	3,314,901	18,700	52,117,615
Lease assets - buildings	31,163,882	16,124,505	109,648	47,178,739
Lease assets - land	407,474	203,737	-	611,211
Lease assets - equipment	3,480,032	1,737,936	4,738	5,213,230
Subscription assets *	-	4,383,123	-	4,383,123
Total Accumulated Depreciation and Amortization	2,186,575,857	141,828,729	15,415,110	2,312,989,476
Total Depreciable and Amortizable Assets, net	2,907,866,723	351,698,959	15,860,184	3,243,705,498
Governmental Activities Capital Assets, net	\$ 5,737,381,186	\$ 609,096,691	\$ 564,448,860	\$ 5,782,029,017
Business-Type Activities				
Nondepreciable Capital Assets:				
Land	\$ 58,444,081	\$ -	\$ 73,105	\$ 58,370,976
Construction in progress	6,186,512	994,625	-	7,181,137
Total Nondepreciable Capital Assets	64,630,593	994,625	73,105	65,552,113
Depreciable and Amortizable Capital Assets:				
Buildings	302,856,613	1,956,090	-	304,812,703
Improvements other than buildings	205,999,344	4,141,723	59,332	210,081,735
Furniture, fixtures, equipment and machinery	37,693,064	1,543,523	457,984	38,778,603
Infrastructure	14,351	-	-	14,351
Automobiles and trucks	8,864,621	193,600	139,346	8,918,875
Lease assets - buildings	64,540,959	3,717,094	10,647,434	57,610,619
Lease assets - equipment	34,755	-	34,755	-

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Subscription assets *	<u>3,327,507</u>	<u>1,591,501</u>	<u>-</u>	<u>4,919,008</u>
Total Depreciable and Amortizable Capital				
Assets	<u>623,331,214</u>	<u>13,143,531</u>	<u>11,338,851</u>	<u>625,135,894</u>
Less Accumulated Depreciation and Amortization for:				
Buildings	192,038,023	7,210,918	-	199,248,941
Improvements other than buildings	150,247,379	3,079,475	59,063	153,267,791
Furniture, fixtures, equipment and machinery	29,714,902	2,308,182	443,809	31,579,275
Infrastructure	9,041	574	-	9,615
Automobiles and trucks	4,223,745	604,740	139,346	4,689,139
Lease assets - buildings	11,941,013	6,203,686	-	18,144,699
Lease assets - equipment	33,340	1,415	34,755	-
Subscription assets *	<u>-</u>	<u>2,201,785</u>	<u>-</u>	<u>2,201,785</u>
Total Accumulated Depreciation and Amortization	<u>388,207,443</u>	<u>21,610,775</u>	<u>676,973</u>	<u>409,141,245</u>
Total Depreciable and Amortizable Assets, net	<u>235,123,771</u>	<u>(8,467,244)</u>	<u>10,661,878</u>	<u>215,994,649</u>
Business-Type Activities Capital Assets, net	<u>\$ 299,754,364</u>	<u>\$ (7,472,619)</u>	<u>\$ 10,734,983</u>	<u>\$ 281,546,762</u>

* The County implemented GASB Statement No. 96 effective July 1, 2022. As a result, the beginning balance include the subscription assets for those qualifying SBITAs that were in place at that date.

* *During FY23, it was determined that certain capital projects included in the construction in progress balance will not result in a capital asset for the County. As a result, these items were expensed in FY23.

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

Governmental activities:	
General government	\$ 42,192,677
Public safety	9,801,719
Transportation	78,022,697
Health and human services	742,520
Culture and recreation	8,462,888
Community development and housing	584,511
Environment	2,021,717
Total depreciation/amortization expense-governmental activities	<u>\$ 141,828,729</u>
Business-type activities:	
Liquor	\$ 8,070,735
Solid waste activities	1,800,227
Parking lot districts	11,363,135
Permitting services	376,678
Total depreciation/amortization expense-business-type activities	<u>\$ 21,610,775</u>

Construction commitments as of June 30, 2023, are as follows:

General Government	\$ 84,406,398
Public Safety	15,318,291
Transportation	120,425,048
Culture & Recreation	487,098
Community Development and Housing	10,351,864
Environment	54,469,789
Total	<u>\$ 285,458,488</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Component Units

Capital assets of MCPS, amounting to \$3,917,228,378 at June 30, 2023, are significant in relation to the total component unit capital assets.

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Governmental Activities				
Nondepreciable capital assets:				
Land	\$ 113,117,160	\$ -	\$ -	\$ 113,117,160
Construction in progress	222,111,168	338,426,648	211,222,607	349,315,209
Total nondepreciable capital assets	335,228,328	338,426,648	211,222,607	462,432,369
Depreciable capital assets:				
Buildings and improvements	4,249,333,304	175,758,320	18,373,433	4,406,718,191
Site improvements	517,742,006	28,192,909	-	545,934,915
Vehicles and equipment	219,418,710	7,362,742	4,368,501	222,412,951
Right of use lease asset, building	33,132,014	53,530,280	839	86,661,455
Right of use lease asset, vehicle	12,964,546	-	7,074	12,957,472
Subscription Asset	-	31,789,174	-	31,789,174
Total depreciable capital assets	5,032,590,580	296,633,425	22,749,847	5,306,474,158
Less accumulated depreciation for:				
Buildings and improvements	1,637,187,889	112,861,619	11,148,498	1,738,901,010
Site improvements	118,931,100	8,886,592	-	127,817,692
Vehicles and equipment	124,005,688	15,561,589	4,314,539	135,252,738
Right of use lease asset, building	1,211,074	2,177,622	-	3,388,696
Right of use lease asset, vehicle	914,167	996,230	-	1,910,397
Subscription Asset	-	4,110,272	-	4,110,272
Total accumulated depreciation	1,882,249,918	144,593,924	15,463,037	2,011,380,805
Total depreciable capital assets, net	3,150,340,662	152,039,501	7,286,810	3,295,093,353
Government activities capital assets, net	\$ 3,485,568,990	\$ 490,466,149	\$ 218,509,417	\$ 3,757,525,722
Business-Type Activities				
Depreciable capital assets:				
Vehicles and equipment	\$ 23,351,195	\$ 511,577	\$ 94,200	\$ 23,768,572
Right of use lease asset, building	161,281,632	-	-	161,281,632
Total depreciable capital assets	184,632,827	511,577	94,200	185,050,204
Less accumulated depreciation for:				
Vehicles and equipment	17,722,159	1,185,504	88,209	18,819,454
Right of use lease asset, building	2,042,531	4,485,563	-	6,528,094
Total accumulated depreciation	19,764,690	5,671,067	88,209	25,347,548
Business-type activities capital assets, net	\$ 164,868,137	\$ (5,159,490)	\$ 5,991	\$ 159,702,656
Total MCPS government-wide capital assets				\$ 3,917,228,378

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

Governmental activities:	
Regular instruction	\$ 106,383,196
Special education	138,993
Student transportation	14,755,695
Operation of plant	2,587,711
Maintenance of plant	16,478,635
Administration	4,238,842
Community services	10,852
Total depreciation expense-governmental activities	\$ 144,593,924
Business-type activities:	
Food services	\$ 1,169,133
Real estate management	16,371
Entrepreneurial	4,485,563
Total depreciation expense-business type activities	\$ 5,671,067

Commitments for ongoing construction in progress at June 30, 2023, were \$260,255,114.

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, 2023 , is as follows:

Due To Fund	Due From Fund			
	General	Internal Service	Fiduciary	Total
General	\$ -	\$ 4,093,667	\$ 2,503,064	\$ 6,596,731
Housing Initiative	-	9,852	9,245	19,097
Grants	41,909,728	164,610	84,290	42,158,628
Capital Projects	160,743,536	125,116	98,468	160,967,120
Liquor	-	289,086	106,084	395,170
Solid Waste Activities	-	70,418	42,995	113,413
Parking Lot Districts	-	27,186	16,916	44,102
Nonmajor Governmental	-	1,644,632	1,886,810	3,531,442
Nonmajor Enterprise	-	179,849	111,539	291,388
Internal Service	-	179,196	4,427,888	4,607,084
Fiduciary	1,100,000	7,570,474	10,449	8,680,923
Total	<u>\$ 203,753,264</u>	<u>\$ 14,354,086</u>	<u>\$ 9,297,748</u>	<u>\$ 227,405,098</u>

Included in the amounts presented above are the following short-term loans from the General Fund that were, or will be, repaid during FY24:

- \$41.9 million to the Grants Special Revenue Fund to cover vendor payments prior to revenues being received from other government agencies.
- \$160.7 million to the Capital Projects Fund to cover construction payments, due primarily to the timing of reimbursements from Federal, State and other agencies, and the lag time between programming and collection of certain impact taxes.

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

Interfund transfers for the year ended June 30, 2023 , consisted of the following:

Transfers Out Fund	Transfers In Fund				Subtotal Major Governmental
	General	Housing Initiative	Debt Service	Capital Projects	
General	\$ -	\$ 30,182,949	\$ 369,632,792	\$ 96,081,531	\$ 495,897,272
Housing Initiative	458,070	-	15,140,831	33,975,692	49,574,593
Capital Projects	-	120,724,673	269,618	-	120,994,291
Debt Service	-	-	-	23,549,506	23,549,506
Liquor	34,917,233	-	4,436,655	-	39,353,888
Solid Waste Activities	3,312,392	-	-	-	3,312,392
Parking Lot Districts	6,453,549	-	-	-	6,453,549
Nonmajor Governmental	30,561,144	-	62,043,426	22,081,284	114,685,854
Nonmajor Enterprise	6,527,749	-	1,202,730	442,105	8,172,584
Internal Service Funds	-	-	515,795	-	515,795
Total	<u>\$ 82,230,137</u>	<u>\$ 150,907,622</u>	<u>\$ 453,241,847</u>	<u>\$ 176,130,118</u>	<u>\$ 862,509,724</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	-	1,791,010	\$ 25,000	\$ -	\$ 497,713,282
Housing Initiative	-	-	-	-	49,574,593
Capital Projects	-	-	-	-	120,994,291
Debt Service	-	-	-	-	23,549,506
Liquor	-	-	-	-	39,353,888
Solid Waste Activities	-	-	-	-	3,312,392
Parking Lot Districts	-	-	-	-	6,453,549
Nonmajor Governmental	-	3,300,000	-	-	117,985,854
Nonmajor Enterprise	-	-	-	-	8,172,584
Internal Service Funds	-	-	-	-	515,795
Total	\$ -	\$ 5,091,010	\$ 25,000	\$ -	\$ 867,625,734

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, 2023, the statement of net position includes the following amounts relating to leases:

	Governmental Activities	Business-type Activities	Total
Lease assets:			
Buildings	\$ 158,726,236	\$ 57,610,619	\$ 216,336,855
Land	4,446,531	-	4,446,531
Equipment	6,069,375	-	6,069,375
Total Lease assets	169,242,142	57,610,619	226,852,761
Less Accumulated Amortization for:			
Lease assets			
Buildings	47,178,739	18,144,699	65,323,438
Land	611,211	-	611,211
Equipment	5,213,230	-	5,213,230
Total Accumulated Amortization	53,003,180	18,144,699	71,147,879
Total Lease assets, net:			
Buildings	111,547,497	39,465,920	151,013,417
Land	3,835,320	-	3,835,320
Equipment	856,145	-	856,145
Total	<u>\$ 116,238,962</u>	<u>\$ 39,465,920</u>	<u>\$ 155,704,882</u>
Lease payable:			
Current	\$ 15,761,328	\$ 4,949,546	\$ 20,710,874
Non-current	108,453,898	37,071,820	145,525,718
Total	<u>\$ 124,215,226</u>	<u>\$ 42,021,366</u>	<u>\$ 166,236,592</u>

The future principal and interest lease payments as of June 30, 2023, are as follows:

Fiscal Year	Governmental activities			Business-type activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 15,761,328	\$ 2,327,151	\$ 18,088,479	\$ 4,949,546	\$ 900,175	\$ 5,849,721
2025	15,049,183	2,003,018	17,052,201	4,850,712	791,646	5,642,358
2026	14,611,373	1,691,787	16,303,160	4,512,569	686,445	5,199,014
2027	11,971,676	1,413,228	13,384,904	4,157,231	591,226	4,748,457
2028	9,150,799	1,195,639	10,346,438	3,740,584	503,549	4,244,133
2029-2033	25,584,181	4,064,180	29,648,361	13,068,006	1,482,613	14,550,619
2034-2038	14,715,984	2,273,732	16,989,716	5,537,682	400,971	5,938,653
2039-2043	9,007,976	1,025,267	10,033,243	1,205,036	40,207	1,245,243
2044-2048	4,451,295	436,297	4,887,592	-	-	-
2049-2053	3,911,431	149,918	4,061,349	-	-	-
Total	<u>\$124,215,226</u>	<u>\$ 16,580,217</u>	<u>\$140,795,443</u>	<u>\$ 42,021,366</u>	<u>\$ 5,396,832</u>	<u>\$ 47,418,198</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 was to 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 Statement No. 87, *Leases*, 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 FY23, the County made \$860,113 of payments under the lease agreement. The future principal and interest lease payments as of June 30, 2023, are as follows:

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Fiscal Year	Lease Payment Requirements		
	Principal	Interest	Total
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	500,000	359,363	859,363
2029-2033	2,905,000	1,394,463	4,299,463
2034-2038	3,365,000	937,763	4,302,763
2039-2043	3,725,000	579,325	4,304,325
2044-2047	3,285,000	156,219	3,441,219
Total	<u>\$ 15,550,000</u>	<u>\$ 5,097,085</u>	<u>\$ 20,647,085</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	\$ 5,160,763	\$ 1,668,329	\$6,829,092
Interest revenue	1,492,550	414,681	1,907,231

As of June 30, 2023, 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
2024	\$ 4,223,302	\$ 1,333,573	\$ 5,556,875	\$ 1,580,570	\$ 526,306	\$ 2,106,876
2025	1,568,222	1,149,846	2,718,068	1,607,632	501,045	2,108,677
2026	1,596,530	1,110,811	2,707,341	1,633,756	476,776	2,110,532
2027	1,663,844	1,070,194	2,734,038	1,611,480	452,582	2,064,062
2028	1,671,358	1,030,139	2,701,497	1,631,792	429,736	2,061,528
2029-2033	6,840,530	4,492,732	11,333,262	8,488,365	1,773,963	10,262,328
2034-2038	4,551,774	3,846,874	8,398,648	9,107,622	1,126,607	10,234,229
2039-2043	3,797,095	3,365,289	7,162,384	9,798,218	430,577	10,228,795
2044-2048	2,604,717	3,036,514	5,641,231	198,153	36,076	234,229
2049-2053	2,799,800	2,738,092	5,537,892	221,075	13,154	234,229
2054-2058	2,195,191	2,468,581	4,663,772	5,779	14	5,793
2059-2063	2,781,110	2,197,840	4,978,950	-	-	-
2064-2068	2,958,343	1,866,448	4,824,791	-	-	-
2069-2073	2,426,441	1,586,892	4,013,333	-	-	-
2074-2078	2,929,877	1,295,036	4,224,913	-	-	-
2079-2083	3,527,015	943,176	4,470,191	-	-	-
2084-2088	4,234,173	520,365	4,754,538	-	-	-
2089-2093	2,417,090	135,161	2,552,251	-	-	-
Total	<u>\$ 54,786,412</u>	<u>\$ 34,187,563</u>	<u>\$ 88,973,975</u>	<u>\$ 35,884,442</u>	<u>\$ 5,766,836</u>	<u>\$ 41,651,278</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**F) Subscription-Based Information Technology Arrangements**

The County has entered into various subscription-based information technology arrangements (SBITAs) for software use. Most arrangements have initial terms of up to 5 years, and contain one or more renewals at the County's option, generally for one or two-year periods. The County has generally included these renewal periods in the subscription term when it is reasonably certain that the County will exercise the renewal option. Variable payments that are not fixed in substance and those that do not depend on an index rate, or a rate measured using the index or rate as of the commencement of the subscription term are not included in the measurement of the subscription liability. As the interest rate implicit in the County's SBITAs is not readily determinable, the County utilizes its incremental borrowing rate to discount the subscription payments.

As of June 30, 2023, the statement of net position includes the following amounts relating to SBITAs:

	Governmental Activities	Business-type Activities	Total
Subscription assets:	\$ 16,819,345	\$ 4,919,008	\$ 21,738,353
Less Accumulated Amortization for:			
Subscription assets	4,383,123	2,201,785	6,584,908
 Total Subscription assets, net:	 \$ 12,436,222	 \$ 2,717,223	 \$ 15,153,445
 Subscription liabilities:			
Current	\$ 3,963,032	\$ 1,376,307	\$ 5,339,339
Non-current	7,900,578	945,928	8,846,506
 Total	 \$ 11,863,610	 \$ 2,322,235	 \$ 14,185,845

The future principal and interest subscription payments as of June 30, 2023, are as follows:

Fiscal Year	Governmental activities			Business-type activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 3,963,032	\$ 347,862	\$ 4,310,894	\$ 1,376,307	\$ 52,227	\$ 1,428,534
2025	2,830,873	223,781	3,054,654	541,329	28,600	569,929
2026	2,760,756	135,132	2,895,888	346,062	12,327	358,389
2027	1,658,931	56,103	1,715,034	58,537	1,838	60,375
2028	583,887	20,411	604,298	-	-	-
2029-2033	66,131	2,082	68,213	-	-	-
Total	\$ 11,863,610	\$ 785,371	\$ 12,648,981	\$ 2,322,235	\$ 94,992	\$ 2,417,227

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

G) Long-Term Debt

Primary Government

1) Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due within one year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 3,065,985,000	\$ 280,000,000	\$ (270,155,000)	\$ 3,075,830,000	\$ 275,080,000
Variable rate demand obligations	170,000,000	-	-	170,000,000	-
Bond anticipation notes	311,000,000	200,000,000	(294,000,000)	217,000,000	217,000,000
Revenue bonds					
Liquor	41,882,953	-	(3,095,191)	38,787,762	3,227,196
Water quality protection	73,912,346	30,171,626	(29,486,023)	74,597,949	6,346,995
Lease revenue bonds payable	9,485,000	-	(3,085,000)	6,400,000	2,985,000
Add remaining original issue premium	275,293,987	37,491,287	(51,075,604)	261,709,670	-
Total bonds payable	<u>3,947,559,286</u>	<u>547,662,913</u>	<u>(650,896,818)</u>	<u>3,844,325,381</u>	<u>504,639,191</u>
Other long-term obligations:					
Certificates of participation	128,835,000	-	(14,445,000)	114,390,000	11,900,000
Taxable limited obligation certificates	147,310,000	-	(8,435,000)	138,875,000	8,680,000
Notes payable	30,562,503	-	(5,756,419)	24,806,084	1,680,421
Equipment notes	16,056,508	20,147,548	(5,055,972)	31,148,084	6,148,081
Leases payable	135,972,666	4,193,304	(15,950,744)	124,215,226	15,761,328
Subscription liabilities	15,626,416	1,192,929	(4,955,735)	11,863,610	3,963,032
Other obligations	48,570,000	-	(3,185,000)	45,385,000	2,225,000
Add remaining original issue premium	16,402,841	238	(2,160,827)	14,242,252	-
Total other long-term obligations	<u>539,335,934</u>	<u>25,534,019</u>	<u>(59,944,697)</u>	<u>504,925,256</u>	<u>50,357,862</u>
Other non-debt related liabilities:					
Compensated absences	120,071,433	74,710,000	(68,891,302)	125,890,131	81,828,586
Net OPEB Liability	819,410,047	-	(27,802,388)	791,607,659	-
Claims payable - self-insurance	212,329,827	234,871,055	(214,253,322)	232,947,560	60,072,515
Net pension liability - county (LOSAP)	50,951,916	3,265,101	(15,581,545)	38,635,472	-
Net pension liability - state	6,162,500	-	(202,520)	5,959,980	-
Total other non-debt related	<u>1,208,925,723</u>	<u>312,846,156</u>	<u>(326,731,077)</u>	<u>1,195,040,802</u>	<u>141,901,101</u>
Total Governmental Activities Liabilities	<u>\$ 5,695,820,943</u>	<u>\$ 886,043,088</u>	<u>\$ (1,037,572,592)</u>	<u>\$ 5,544,291,439</u>	<u>\$ 696,898,154</u>
Business-Type Activities					
Revenue bonds:					
Liquor	\$ 26,707,047	\$ -	\$ (2,829,809)	\$ 23,877,238	\$ 2,962,804
Parking revenue bonds	20,913,000	-	(1,945,000)	18,968,000	1,970,000
Add remaining original issue premium	2,439,803	-	(522,157)	1,917,646	-
Total revenue bonds	<u>50,059,850</u>	<u>-</u>	<u>(5,296,966)</u>	<u>44,762,884</u>	<u>4,932,804</u>
Other long-term obligations:					
Certificates of participation	1,185,000	-	(445,000)	740,000	395,000
Equipment notes	155,423	-	(155,423)	-	-
Leases payable	54,425,984	3,717,094	(16,121,712)	42,021,366	4,949,546
Subscription liabilities	3,327,507	1,591,502	(2,596,774)	2,322,235	1,376,307
Add remaining original issue premium	22,192	-	(15,135)	7,057	-
Total other long-term obligations	<u>59,116,106</u>	<u>5,308,596</u>	<u>(19,334,044)</u>	<u>45,090,658</u>	<u>6,720,853</u>
Other non-debt related liabilities:					
Compensated absences	10,615,815	293,284	(47,825)	10,861,274	7,059,828
Landfill closure costs	18,256,561	-	(3,364,874)	14,891,687	1,920,016
Gude landfill remediation	58,749,302	-	(14,694,899)	44,054,403	-
Total other non-debt related	<u>87,621,678</u>	<u>293,284</u>	<u>(18,107,598)</u>	<u>69,807,364</u>	<u>8,979,844</u>
Total Business-Type Activities Liabilities	<u>\$ 196,797,634</u>	<u>\$ 5,601,880</u>	<u>\$ (42,738,608)</u>	<u>\$ 159,660,906</u>	<u>\$ 20,633,501</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Funding Source for Other Non-debt Related Liabilities

Long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year-end, \$4,533,953 (\$2,947,069 due within one year and \$1,586,884 due in more than one year), \$2,019,249 (\$1,245,845 due within one year and \$773,404 due in more than one year) and \$1,150,518 (\$339,575 due within one year and \$810,943 due in more than one year) of internal service fund compensated absences, leases payable and subscription liabilities were included, respectively, in the above amounts. Compensated absences liabilities of governmental activities are generally liquidated by the governmental funds that incurred the associated personnel cost. The general fund normally liquidates 60%, and the fire and mass transit funds normally liquidate 19% and 9%, respectively. The remaining 12% is liquidated by other governmental funds.

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

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 \$280,000,000 in new money general obligation bonds dated September 1, 2022 with a true interest cost of 3.14%. The County received a premium of \$35,197,820.

General obligation bond issues outstanding as of June 30, 2023, are as follows:

Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2023	Unamortized Premium	Carrying Value June 30, 2023
11/26/13	2014-33	3.00 - 5.00 %	\$ 295,000,000	\$ 14,750,000	\$ 249,035	\$ 14,999,035
11/26/13 *	2023-24	5.00	24,915,000	24,915,000	408,688	25,323,688
11/19/14	2015-34	4.00 - 5.00	500,000,000	50,000,000	2,639,564	52,639,564
11/19/14 *	2016-28	5.00	297,990,000	189,515,000	10,058,370	199,573,370
12/01/15	2016-35	3.00 - 5.00	300,000,000	195,000,000	10,607,580	205,607,580
12/13/16	2017-36	3.00 - 5.00	340,000,000	238,000,000	14,416,425	252,416,425
11/15/17	2018-27	5.00	170,000,000	85,000,000	6,302,151	91,302,151
11/15/17 *	2018-26	5.00	78,270,000	28,130,000	1,565,501	29,695,501
11/15/17 *	2019-31	3.00 - 5.00	294,625,000	216,525,000	20,727,254	237,252,254
11/15/17 *	2020-29	3.00 - 4.00	143,830,000	100,700,000	6,042,620	106,742,620
11/08/18	2019-38	3.50 - 5.00	330,000,000	264,000,000	18,963,147	282,963,147
11/07/19	2020-39	3.00 - 5.00	320,000,000	272,000,000	32,412,856	304,412,856
08/05/20	2021-40	1.75 - 4.00	320,000,000	288,000,000	29,328,429	317,328,429
08/05/20 *	2023-32	4.00	163,950,000	163,950,000	25,776,188	189,726,188
08/05/20 *	2023-34	0.50 - 1.85	370,845,000	370,845,000	1,335,003	372,180,003
09/08/21	2022-41	2.00 - 5.00	310,000,000	294,500,000	40,941,241	335,441,241
09/01/22	2023-42	4.00 - 5.00	280,000,000	280,000,000	32,405,460	312,405,460
Total			<u>\$ 4,539,425,000</u>	<u>\$ 3,075,830,000</u>	<u>\$ 254,179,512</u>	<u>\$ 3,330,009,512</u>

* Issue represents refunding bonds.

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

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Fiscal Year Ending June 30	General Obligation Bond Requirements		
	Principal	Interest	Total
2024	\$ 275,080,000	\$ 112,717,880	\$ 387,797,880
2025	272,840,000	99,734,555	372,574,555
2026	265,850,000	87,431,675	353,281,675
2027	256,395,000	75,533,880	331,928,880
2028	243,365,000	64,907,590	308,272,590
2029-2033	964,820,000	206,633,338	1,171,453,338
2034-2038	568,980,000	72,947,985	641,927,985
2039-2043	228,500,000	12,179,375	240,679,375
Total	<u>\$ 3,075,830,000</u>	<u>\$ 732,086,278</u>	<u>\$ 3,807,916,278</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, 2023 is \$9,528,311,515.

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, 2023, \$397,500,000 of bonds outstanding are considered defeased.

General obligation bonds authorized and unissued as of June 30, 2023 are \$1,107,300,000 and \$863,203,000, respectively. These amounts include amounts related to variable rate demand obligations (see Note III-G3). 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.

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 November 7, 2025 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, 2023, are as follows:

Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2022	Bond Addition	Bonds Retired	Balance June 30, 2023
12/19/17	2028-37	Variable	<u>\$170,000,000</u>	<u>\$ 170,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,000,000</u>

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

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

VRDO requirements to maturity are as follows:

Fiscal Year Ending June 30	Variable Rate Demand Obligation Requirements		
	Principal	Interest*	Total
2024	\$ -	\$ 6,120,000	\$ 6,120,000
2025	-	6,120,000	6,120,000
2026	-	6,120,000	6,120,000
2027	-	6,120,000	6,120,000
2028	-	6,120,000	6,120,000
2029-2033	85,000,000	32,883,689	117,883,689
2034-2038	85,000,000	18,230,126	103,230,126
Total	<u>\$ 170,000,000</u>	<u>\$ 81,713,815</u>	<u>\$ 251,713,815</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, 2023 was 3.60%.

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, 2023 are \$633,398,000 and \$75,203,680, 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, 2023 was \$1.6 million.

In May 2021, the County issued \$16.93 million and \$5.87 million in Parking Revenue Refunding Bonds 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 privately placed with Truist and STI International 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.

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 new money Project bonds of \$9,785,000 were issued with a true interest rate of 3.7%, and premium of \$448,480 was received. The WQPC Series 2022A refunding revenue bonds of \$18,765,000 refunded Series 2012A WQPC bonds for debt service savings. The refunding bonds were issued with a true interest rate of 2.91% and the County received a premium of \$1,844,987.

Debt service savings from refunding of Water Quality Protection Charge Revenue Bonds, Series 2012A was \$3.0 million. At the time of refunding, the present value of the debt service savings (or economic gain) on the refunding was \$2.1 million.

A detailed listing of refunded bonds is as follows:

	Dated Date	Original Maturity	Rate of Interest	Originally Issued	Years Refunded	Amount Refunded
Water Quality Protection 2012A	07/18/12	2013-32	0.25-5.00 %	\$ 37,835,000	2023-32	\$ 23,310,000

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	10	\$ 20,710,019
Water Quality Protection	18	125,690,627
Alcohol Beverage Service	11	73,499,962
Total		<u>\$ 219,900,608</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

The pledged net revenues recognized during FY23 for the payment of the outstanding principal and interest of the revenue bonds are as follows:

	Net Available Revenue for Debt Service	Debt Service		
		Principal	Interest	Total
Bethesda Parking Lot District	\$ 6,207,171	\$ 1,945,000	\$ 355,683	\$ 2,300,683
Alcohol Beverage Service	47,764,760	5,925,000	2,307,140	8,232,140
Water Quality Protection	19,502,326	6,176,023	2,468,899	8,644,922

Revenue bond issues outstanding as of June 30, 2023, are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2023	Unamortized Premium	Carrying Value June 30, 2023
Parking Revenue Bonds:							
Bethesda Parking Lot District 2021 Ref. Series A	05/06/21	2022-32	1.81 %	\$ 16,934,000	\$ 16,734,000	\$ -	\$ 16,734,000
Bethesda Parking Lot District 2021 Ref. Series B	05/06/21	2022-25	1.25	5,874,000	2,234,000	-	2,234,000
Water Quality Protection 2012A	04/13/16	2017-36	2.25 - 5.00	46,500,000	33,315,000	855,257	34,170,257
Water Quality Protection 2016A	12/01/22	2024-43	4.00 - 5.00	9,785,000	9,785,000	426,530	10,211,530
Water Quality Protection Refunding 2022A	12/01/22	2023-32	5.00	18,765,000	17,005,000	1,642,760	18,647,760
Maryland Water Quality Financing Administration*:							
Kemp Mill	12/20/19	2020-40	1.10	677,320	553,553	-	553,553
MS4	12/20/19	2020-40	1.10	50,000,000	13,939,396	-	13,939,396
Liquor Control Revenue Bonds:**							
Liquor Control & Transportation 2019 Ref.	03/29/19	2021-29	4.00 - 5.00	24,700,000	18,870,000	1,853,822	20,723,822
Alcohol Beverage Services 2021 Ref. Series A	06/09/21	2029-31	5.00	15,895,000	15,895,000	4,175,669	20,070,669
Alcohol Beverage Services 2021 Ref. Series B	06/09/21	2022-33	1.00 - 2.05	30,205,000	27,900,000	96,552	27,996,552
Total				<u>\$ 219,335,320</u>	<u>\$ 156,230,949</u>	<u>\$ 9,050,590</u>	<u>\$ 165,281,539</u>

* During 2022, Maryland Water Quality Financing Administration was renamed to Maryland Water Infrastructure Financing Administration; the name of the debt will still be disclosed as the legal name upon issuance.

** 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
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	2,104,000	197,399	8,535,000	1,289,240
2029-2033	8,802,000	401,856	26,725,000	2,403,062
Total	<u>\$ 18,968,000</u>	<u>\$ 1,742,019</u>	<u>\$ 62,665,000</u>	<u>\$ 10,834,962</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Fiscal Year Ending June 30	Water Quality Protection**		Total Revenue Bond Requirements		
	Principal	Interest	Principal	Interest	Total
2024	\$ 6,346,995	\$ 2,776,687	\$ 14,506,995	\$ 5,160,187	\$ 19,667,182
2025	6,578,252	2,552,430	14,934,252	4,737,645	19,671,897
2026	6,754,797	2,378,822	15,324,797	4,349,548	19,674,345
2027	6,936,635	2,193,109	17,317,635	3,939,092	21,256,727
2028	7,143,768	1,989,076	17,782,768	3,475,715	21,258,483
2029-2033	36,646,397	6,601,673	72,173,397	9,406,591	81,579,988
2034-2038	25,145,914	2,278,356	25,145,914	2,278,356	27,424,270
2039-2043	8,874,907	492,809	8,874,907	492,809	9,367,716
Total	\$ 104,427,665	\$ 21,262,962	\$ 186,060,665	\$ 33,839,943	\$ 219,900,608

* 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. Since inception, the County had drawn down \$20.8 million.

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	\$ 2,015,513	\$ -
Debt Service Account - Used to pay debt service on bonds	191,734	-
Renewal and Renovation Account - Available for payment of renewals, replacements, renovations, and unusual and extraordinary repairs	1,000,000	4,747,483
Rate Stabilization Account - In case of short-term extraordinary expenses	-	2,907,681
Revenue Account - To maintain the revenues of the District	5,795	-
Total	\$ 3,213,042	\$ 7,655,164

*Solid Waste Disposal also has a management reserve of \$27,355,891 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 FY23 are as follows:

	Balance June 30, 2022	BANs Issued	BANs Retired	Balance June 30, 2023
BAN Series 2009-A	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
BAN Series 2009-B	50,000,000	-	50,000,000	-
BAN Series 2010-A	106,000,000	100,000,000	97,000,000	109,000,000
BAN Series 2010-B	105,000,000	100,000,000	97,000,000	108,000,000
Total	\$ 311,000,000	\$ 200,000,000	\$ 294,000,000	\$ 217,000,000

BANs totaling \$200 million were issued during FY23, \$100 million Series 2010-A and \$100 million Series 2010-B 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 \$150,000,000 each. The agreements will expire on July 31, 2025. With respect to the 2009 Series BANs, the County had a credit agreement with JP Morgan Chase which was terminated on July 14, 2023. All credit agreements provide liquidity for the principal amount of the notes and approximately one month of interest. Any principal advances under credit agreements 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

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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 FY23, the County Council passed Resolution No. 19-1323 dated July 12, 2022 to increase the County's authority to issue BANs by \$420.3 million. Cumulative BANs authorized and unissued as of June 30, 2023, including amounts authorized and unissued from prior years, is \$1,008,203,000.

6) Certificates of Participation

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

In FY23, 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 1.0 to 5.0 percent and have maturity schedules as follows:

Fiscal Year Ending June 30	Certificates of Participation (College)		
	Principal	Interest	Total
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	1,525,000	333,054	1,858,054
2029-2033	8,130,000	1,160,491	9,290,491
2034-2038	5,370,000	209,359	5,579,359
Total	<u>\$ 20,670,000</u>	<u>\$ 3,498,195</u>	<u>\$ 24,168,195</u>

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

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

Fiscal Year Ending June 30	Certificates of Participation, Series 2020		
	Principal	Interest	Total
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	7,555,000	1,891,781	9,446,781
2029-2033	21,975,000	5,519,981	27,494,981
2034-2038	17,205,000	2,113,331	19,318,331
2039-2043	11,230,000	358,959	11,588,959
Total	<u>\$ 94,460,000</u>	<u>\$ 21,646,051</u>	<u>\$ 116,106,051</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Certificates of Participation outstanding as of June 30, 2023 is as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2023	Unamortized Premium	Carrying Value June 30, 2023
COPS College	07/26/16	2017-35	1.0-5.0%	\$ 24,860,000	\$ 20,670,000	\$ 602,698	\$ 21,272,698
COPS, Series 2020 A	10/15/20	2021-40	2.0-5.0	95,360,000	84,010,000	11,042,939	95,052,939
COPS, Series 2020 B	10/15/20	2021-27	4.0-5.0	27,555,000	9,045,000	1,823,252	10,868,252
COPS, Series 2020 C	10/15/20	2021-31	2.0	2,975,000	1,405,000	74,063	1,479,063
				<u>\$ 150,750,000</u>	<u>\$ 115,130,000</u>	<u>\$ 13,542,952</u>	<u>\$ 128,672,952</u>

7) Equipment Notes

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

The following is a schedule by fiscal year for the debt service requirement at June 30, 2023:

Fiscal Year Ending June 30	Equipment Notes Requirements		
	Principal	Interest	Total
2024	\$ 6,148,081	\$ 1,063,585	\$ 7,211,666
2025	4,492,196	895,996	5,388,192
2026	4,496,457	737,847	5,234,304
2027	4,565,855	574,709	5,140,564
2028	3,993,464	408,017	4,401,481
2029-2033	<u>7,452,031</u>	<u>757,279</u>	<u>8,209,310</u>
Total	<u>\$ 31,148,084</u>	<u>\$ 4,437,433</u>	<u>\$ 35,585,517</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 \$7,226,602. WMATA's obligation to make payments under the leases is payable solely from amounts held in a Surcharge Reserve Account which is funded by revenues from a surcharge on the parking facilities.

In the event that the County's Reserve Subfund of \$1,828,596 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 FY23, pledged revenue of \$3,516,612 equals the principal and interest on the lease revenue bonds.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Lease revenue bonds outstanding as of June 30, 2023, are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2023	Unamortized Premium	Carrying Value June 30, 2023
Lease Revenue Bonds	10/13/11	2012-31	2.0-5.0%	\$ 35,465,000	\$ 6,400,000	\$ 397,214	\$ 6,797,214

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

Fiscal Year Ending June 30	Lease Revenue Bond Requirements		
	Principal	Interest	Total
2024	\$ 2,985,000	\$ 277,363	\$ 3,262,363
2025	440,000	128,113	568,113
2026	450,000	113,813	563,813
2027	465,000	98,625	563,625
2028	485,000	82,350	567,350
2029-2031	1,575,000	126,338	1,701,338
Total	<u>\$ 6,400,000</u>	<u>\$ 826,602</u>	<u>\$ 7,226,602</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.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Taxable Limited Obligation Certificates outstanding as of June 30, 2023 are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2023	Unamortized Premium (Discount)	Carrying Value June 30, 2023
MHI Affordable Housing Series 2013	12/04/13	11/01/33	0.26 - 4.75 %	\$ 38,015,000	\$ 1,760,000	\$ (2,620)	\$ 1,757,380
MHI Affordable Housing 2018 Series A	11/19/18	05/01/38	2.60 - 4.40	33,715,000	27,755,000	52,050	27,807,050
MHI Affordable Housing 2018 Series B Ref.	11/19/18	05/01/30	3.05 - 4.15	22,420,000	14,260,000	-	14,260,000
MHI Affordable Housing 2021 Series A	11/15/21	11/01/41	2.00 - 2.80	57,410,000	55,075,000	439,970	55,514,970
MHI Affordable Housing 2021 Series B Ref.	11/15/21	11/01/33	1.40 - 2.20	41,345,000	40,025,000	216,957	40,241,957
Total				<u>\$ 192,905,000</u>	<u>\$ 138,875,000</u>	<u>\$ 706,357</u>	<u>\$ 139,581,357</u>

The following is a schedule by fiscal year for the debt service requirements at June 30, 2023:

Fiscal Year Ending June 30	Taxable Limited Obligation Requirements		
	Principal	Interest	Total
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	10,825,000	2,705,693	13,530,693
2029-2033	46,655,000	9,466,805	56,121,805
2034-2038	29,230,000	4,386,695	33,616,695
2039-2042	13,715,000	769,249	14,484,249
Total	<u>\$ 138,875,000</u>	<u>\$ 30,705,499</u>	<u>\$ 169,580,499</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. In November 2022, the loan was prepaid in full.

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 2.1% to 5.17%. Leases maturities range from 13 to 20 years.

The following is a schedule by fiscal year for the debt service requirements at June 30, 2023

Fiscal Year Ending June 30	Energy Performance Lease		
	Principal	Interest	Total
2024	\$ 1,680,421	\$ 753,885	\$ 2,434,306
2025	1,759,658	703,878	2,463,536
2026	1,847,318	651,463	2,498,781
2027	1,931,606	596,530	2,528,136
2028	2,019,084	539,085	2,558,169
2029-2033	11,289,408	1,709,258	12,998,666
2034-2038	4,278,589	194,826	4,473,415
Total	<u>\$ 24,806,084</u>	<u>\$ 5,148,925</u>	<u>\$ 29,955,009</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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
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	2,300,000	768,750	3,068,750
2029-2033	12,055,000	3,303,021	15,358,021
2034-2038	13,290,000	2,059,568	15,349,568
2039-2043	8,750,000	456,892	9,206,892
Total	<u>\$ 45,385,000</u>	<u>\$ 9,881,011</u>	<u>\$ 55,266,011</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 agreement expired on June 30, 2021. The outstanding balance of leases to be repaid as of June 30, 2023 is \$ 24,806,084.

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. As of June 30, 2023, the unused commitment is \$22,960,125.

In connection with Long-Term Debt activity, the County's notes and leases are direct borrowing debt with lenders, and 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.

As of June 30, 2023, there were nineteen issues of Industrial Revenue Bonds and Economic Development Revenue Bonds outstanding. The principal amount payable at June 30, 2023, is \$576,889,698.

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

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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 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 and it was fully repaid as of June 30, 2023. 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, 2023 is \$6.03 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, 2023 HOC's noncurrent liabilities are comprised of the following:

	Due within one year	Long-Term	Total
Revenue bonds payable	\$ 39,654,165	\$ 755,574,475	\$ 795,228,640
Lease payable	126,470	209,081	335,551
Notes and other payable	16,569,354	1,302,519,043	1,319,088,397
Net pension liability	-	10,257,154	10,257,154
Net OPEB liability	-	14,123,111	14,123,111
Total	<u>\$ 56,349,989</u>	<u>\$2,082,682,864</u>	<u>\$2,139,032,853</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	\$ 591,481,006
Single Family Mortgage Purchase Program Fund	203,747,634
Total	<u>\$ 795,228,640</u>

Interest rates on the HOC Multi-Family and Single Family Mortgage Purchase Program Fund bonds ranges from 0.32 to 11.25 percent and ranges from 0.45 to 5.75 percent, respectively, as of June 30, 2023.

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

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

Fiscal Year Ending June 30	Guaranteed Revenue Bond Requirements		
	Principal	Interest	Total
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	765,000	59,716	824,716
2029-2033	800,000	20,200	820,200
Total	<u>\$ 4,265,000</u>	<u>\$ 677,079</u>	<u>\$ 4,942,079</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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
2024	\$ 39,654,165	\$ 19,449,747	\$ 59,103,912
2025	24,160,501	19,029,970	43,190,471
2026	34,756,653	18,470,537	53,227,190
2027	24,703,848	17,435,712	42,139,560
2028	24,672,990	17,239,165	41,912,155
2029-2033	123,236,008	76,895,755	200,131,763
2034-2038	112,283,257	60,462,104	172,745,361
2039-2043	110,820,417	46,450,509	157,270,926
2044-2048	89,156,420	34,536,359	123,692,779
2049-2053	157,511,747	18,866,638	176,378,385
2054-2058	21,460,000	4,849,466	26,309,466
2059-2063	25,130,000	2,203,894	27,333,894
2064-2068	3,795,000	121,852	3,916,852
Unamortized Bond Discount	3,887,634	-	3,887,634
Total	\$795,228,640	\$336,011,708	\$ 1,131,240,348

Changes in the HOC revenue bonds during FY23 are as follows:

Purpose	Balance July 1, 2022	Bonds Issued*	Bonds Retired/Refunded	Balance June 30, 2023
Multi-Family Mortgage Purchase Program Fund	\$ 574,476,146	\$ 28,503,732	\$ (11,498,872)	\$ 591,481,006
Single Family Mortgage Purchase Program Fund	199,069,700	30,119,574	(25,441,640)	203,747,634
Total	\$ 773,545,846	\$ 58,623,306	\$ (36,940,512)	\$ 795,228,640

* 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, 2022	\$ 142,317,553
Issuances during the year	(365,307)
Redemptions during the year	(1,083,600)
Bonds outstanding, June 30, 2023	\$ 140,868,646

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)

H) 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, 2023, is presented below:

Condensed Statement of Net Position		Bethesda PLD
ASSETS		
Current assets	\$	16,156,860
Other assets		37,635,065
Capital assets		91,049,853
Total Assets		<u>144,841,778</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources		<u>180,832</u>
Total Deferred Outflows		<u>180,832</u>
LIABILITIES		
Current liabilities		4,287,997
Due to other funds		19,572
Long-term liabilities		<u>17,305,105</u>
Total Liabilities		<u>21,612,674</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources		<u>35,854,115</u>
Total Deferred Inflows		<u>35,854,115</u>
NET POSITION		
Net investment in capital assets		71,324,815
Restricted for debt service		3,213,042
Restricted for transportation		<u>13,017,963</u>
Total Net Position	\$	<u>87,555,820</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	\$ 11,156,679
Fines and penalties	3,016,942
Total Operating Revenues (pledged against bonds)	14,173,621
Depreciation and amortization	(5,772,864)
Other operating expenses	(8,395,167)
Operating Income (Loss)	5,590
NONOPERATING REVENUES (EXPENSES):	
Property taxes	(767)
Gain(loss) on disposal of capital assets	6,503,037
Investment income	428,717
Interest expense	(389,313)
Other revenue	2,793,872
Insurance recoveries	18,154
Transfers out	(5,788,433)
Non Operating Income (Loss)	3,565,267
NET POSITION	
Change in Net Position	3,570,857
Beginning Net Position	83,984,963
Ending Net Position	\$ 87,555,820

Condensed Statement of Cash Flows

	Bethesda PLD
Net Cash Provided (Used) By:	
Operating activities	\$ 2,869,976
Noncapital financing activities	(5,769,917)
Capital and related financing activities	3,281,681
Investing activities	428,717
Net Increase (Decrease)	810,457
Beginning Cash and Cash Equivalents	15,943,671
Ending Cash and Cash Equivalents	\$ 16,754,128

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

I) Fund Equity

1) Governmental Fund Balances

The governmental fund balances at June 30, 2023 are composed of the following:

Fund Balances:	General	Housing Initiative	Grants	Debt Service	Capital Projects	Other Nonmajor Governmental Funds
Inventory	\$ 9,050,045	\$ -	\$ -	\$ -	\$ 1,664	\$ -
Prepays	3,149,945	-	-	391,035	-	-
Total nonspendable	<u>12,199,990</u>	<u>-</u>	<u>-</u>	<u>391,035</u>	<u>1,664</u>	<u>-</u>
General government						
Restricted donations	-	-	-	-	-	180,218
Cable TV	-	-	-	-	-	3,721,942
Public safety						
Police	-	-	-	-	-	3,072,071
Fire and rescue	-	-	-	-	-	13,469,864
Detention center canteen profits	-	-	-	-	-	861,260
Health and human services	-	-	-	-	-	5,790,435
Mass transit	-	-	-	-	-	59,871,422
Community development and housing:						
Rehabilitation loan	-	-	-	-	-	5,158,150
Urban districts	1,338,890	-	-	-	-	-
Economic development	1,022,245	-	-	-	-	-
Housing initiative	-	457,771,880	-	-	-	-
Restricted donations	-	-	-	-	-	268,108
Culture and recreation						
Recreation	-	-	-	-	-	8,361,598
Restricted donations	-	-	-	-	-	1,040,055
Environment:						
Agricultural transfer tax	-	-	-	-	-	2,831,342
Water quality protection	-	-	-	-	-	28,308,951
Restricted donations	-	-	-	-	-	7,409,158
Other	6,198,602	-	216,034	-	-	-
Debt service	-	-	-	11,348,637	-	-
Capital projects:						
Other capital projects	-	-	-	-	-	-
Total restricted	<u>8,559,737</u>	<u>457,771,880</u>	<u>216,034</u>	<u>11,348,637</u>	<u>-</u>	<u>140,344,574</u>
Culture and recreation	4,751,000	-	-	-	-	-
Community development and housing:	3,975,000	-	-	-	-	-
Revenue stabilization	609,965,009	-	-	-	-	-
Capital projects	99,515,343	-	-	-	-	-
Total committed	<u>718,206,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Fund Balances:	General	Housing Initiative	Grants	Debt Service	Capital Projects	Other Nonmajor
General government	27,159,970	-	-	-	-	-
Public safety	17,098,006	-	-	-	-	-
Transportation	1,984,014	-	-	-	-	-
Health and human services	33,531,602	-	-	-	-	-
Culture and recreation	453,560	-	-	-	-	-
Community development and housing:	449,331	-	-	-	-	-
Environment	2,644,827	-	-	-	-	-
Total assigned	83,321,310	-	-	-	-	-
Capital Project	-	-	-	-	(134,775,509)	-
General government	423,317,667	-	-	-	-	-
Total unassigned	423,317,667	-	-	-	(134,775,509)	-
Total fund balances	\$1,245,605,056	\$457,771,880	\$ 216,034	\$11,739,672	\$ (134,773,845)	\$ 140,344,574

2) Encumbrances

Encumbrance accounting is employed as part of the budgetary integration for all governmental funds. As of June 30, 2023, 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	\$ 83,321,310
Housing Initiative	22,875,792
Grants	17,909,428
Debt Service	131,522
Nonmajor Governmental Funds	287,633,996
Total Governmental Funds	\$ 411,872,048

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 restricted net position of the Solid Waste Activities and Parking Lot Districts enterprise funds that is not restricted for debt service. 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	\$ 601,924,568
Business-type activities	63,471,824
Total	\$ 665,396,392

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

J) 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, 2023:

	General Fund			Capital	
	Operating	Capital *	Total	Projects	Total
MCPS	\$ 1,847,629,099	\$ 23,118,000	\$ 1,870,747,099	\$ 391,548,828	\$ 2,262,295,927
MC	150,856,496	15,204,611	166,061,107	37,724,417	203,785,524
HOC	7,633,168	-	7,633,168	720,568	8,353,736
Total	<u>\$ 2,006,118,763</u>	<u>\$ 38,322,611</u>	<u>\$ 2,044,441,374</u>	<u>\$ 429,993,813</u>	<u>\$ 2,474,435,187</u>

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

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

2) Other Transactions

BUP charges for service revenue include \$5,146,215 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-G11.

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 full 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 FY22 and FY23 are as follows:

	Liability and Property Coverage	Employee Health Benefits	Total
Balance June 30, 2021	\$ 181,758,875	\$ 18,447,348	\$ 200,206,223
Claims and changes in estimates	59,468,118	139,971,915	199,440,033
Claim payments ⁽¹⁾	(46,839,523)	(140,476,906)	(187,316,429)
Balance June 30, 2022 ⁽²⁾	<u>194,387,470</u>	<u>17,942,357</u>	<u>212,329,827</u>
Claims and changes in estimates	73,933,640	160,937,415	234,871,055
Claim payments ⁽¹⁾	(53,268,221)	(160,985,101)	(214,253,322)
Balance June 30, 2023 ⁽²⁾	<u>\$ 215,052,889</u>	<u>\$ 17,894,671</u>	<u>\$ 232,947,560</u>

⁽¹⁾ Includes non-monetary settlements.

⁽²⁾ Includes incurred but not reported (IBNR) claims of \$92,002,884 and \$17,894,671 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 \$75,089,310, which have been fully accrued through June 30, 2023. Of the total amount accrued, \$58,371,283 in actual costs have been paid out in prior years, and \$1,880,340 was paid in FY23, resulting in a net liability of \$14,891,687 at June 30, 2023. The current and non-current portions of the adjusted liability at year-end are estimated at \$1,920,016 and \$12,971,671 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 FY23 was \$61,746,000, and the County is now recognizing 100% of the estimated remediation cost. In FY23 actual costs of \$14,694,899 were paid, resulting in a net liability of \$44,054,403 as of June 30, 2023. 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 included a recommended approach for remediation of environmental contamination at the Gude Landfill, which was not initially approved. MDE approved a resubmittal of the ACM report in July 2016 which specifically outlined 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. This construction phase is scheduled to be completed in FY27, at which time a twenty-year post-closure maintenance plan will be implemented if approved and accepted by MDE.

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 is \$0, 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, 2023, 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, 2023 are as follows:

<u>Enterprise Funds:</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Major Funds:			
Liquor	\$ 2,316,579	\$ 128,330	\$ 2,444,909
Solid Waste Activities:			
Disposal operations	41,383,925	12,463,676	53,847,601
Collection operations	3,141	-	3,141
Parking Lot Districts:			
Silver Spring	221,101	1,908,995	2,130,096
Bethesda	664,222	2,009,848	2,674,070
Wheaton	177,208	153,467	330,675
Subtotal	<u>44,766,176</u>	<u>16,664,316</u>	<u>61,430,492</u>
Nonmajor Funds:			
Permitting Services	2,212,416	-	2,212,416
Community Use of Public Facilities	11,569	-	11,569
Subtotal	<u>2,223,985</u>	<u>-</u>	<u>2,223,985</u>
Total Enterprise Funds	<u>46,990,161</u>	<u>16,664,316</u>	<u>63,654,477</u>
Internal Service Funds:			
Motor Pool	12,382,363	-	12,382,363
Central Duplicating	134,183	-	134,183
Liability & Property Coverage Self-Insurance	269,798	-	269,798
Employee Health Benefits Self-Insurance	438,446	-	438,446
Total Internal Service Funds	<u>13,224,790</u>	<u>-</u>	<u>13,224,790</u>
Total Proprietary Funds	<u>\$ 60,214,951</u>	<u>\$ 16,664,316</u>	<u>\$ 76,879,267</u>

As of June 30, 2023, the County has \$11,925,000 in outstanding offers of loans and/or grants that have been extended to various companies under its Economic Development programs. To help fund such offers, the fund balance of the Economic Development programs at the end of the year is typically re-appropriated in the following year.

C) Subsequent Events

On July 21, 2023, the County terminated its agreements relating to the County's Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, 2009 Series A and Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, 2009 Series B (collectively, the "Series 2009 Notes"). The County is no longer able to issue its Series 2009 Notes due to the termination of such agreements. There were no outstanding Series 2009 Notes secured by the Agreement at the time of its termination.

On September 28, 2023, the County issued Consolidated Public Improvement Bonds of 2023, 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.

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, 2023, M-NCPPC had outstanding notes payable and bonds payable in the amount of \$199,256,308, of which zero dollars were self-supporting. Of the total amount payable, \$14,651,313 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, 2023 is \$69,048,639, 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, 2023, WSSC had outstanding notes payable and bonds payable in the amount of \$4,328,400,000 which were fully self-supporting. Of the total amount payable, \$322,900,000 represented debt due within one year. Pursuant to Section 22-106 of the Public Utilities Article 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 22-104 of the Public Utilities Article. WSSC has waived such guarantee requirement with respect to all outstanding WSSC bonds. At June 30, 2023, 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 \$143,898 to WSTC during FY23.

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 FY23 which are fully funded by the State and not reflected in the accompanying financial statements, is as follows:

MetroBus Operating Subsidy	\$ 83,596,010
MetroRail Operating Subsidy	66,306,756
MetroAccess Operating Subsidy	27,257,991
Total Operating	<u>177,160,757</u>
Debt Service	15,414,850
Capital Improvement Program	47,902,028
State and Local PRIIA	49,500,000
Dedicated Funding	167,000,000
Project Development Program	464,750
Total Capital	<u>264,866,778</u>
Local Bus Operating Program	<u>35,034,000</u>
Total	<u>\$ 492,476,385</u>

At June 30, 2023, WMATA had outstanding bonds payable of \$840,810,000 of which \$30,155,000 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 FY23 amounted to \$16,563,635.

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 nine 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 \$847,828, \$152,875 and \$113,315 in Member Dues, Environmental Fund Dues, and Public Safety Dues in FY23, 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 lump sum 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 FY23, the County and its employees contributed \$125,084,514 and \$42,641,016, respectively. Employees of MCRA, HOC, and BUP participate in the comprehensive insurance program of the County. Employer contributions totaled \$721,563, \$5,011,032, and \$177,619 for these component units, respectively, for FY23.

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

At June 30, 2023, the County reported a total pension liability of \$38,635,472, a net pension liability (asset) of \$(164,976,638), total deferred outflow of \$176,965,253, total deferred inflow of \$80,453,153 and a total expense of \$(70,225,357).

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

As of Fiscal Year Ended June 30, 2023

	Total Pension Liability	Net Pension Liability (Asset)	Deferred Outflow of Resources	Deferred Inflow of Resources	Pension Expense
Defined Benefit Pension Plan	N/A	\$ (170,936,618)	\$ 171,975,281	\$ 57,797,008	\$ (65,890,158)
State Retirement Plan	N/A	5,959,980	2,176,634	15,073,664	(3,377,917)
Length of Service Award Program (LOSAP)	38,635,472	N/A	2,813,338	7,582,481	(957,282)
Total Pension Plans	<u>\$ 38,635,472</u>	<u>\$ (164,976,638)</u>	<u>\$ 176,965,253</u>	<u>\$ 80,453,153</u>	<u>\$ (70,225,357)</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, 2023, the County reported a liability (asset) of \$(170,936,618) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, 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, 2022, the County's proportion was 110.73% as compared to June 30, 2021 of 107.07%, an increase of 3.66%.

For the fiscal year ended June 30, 2023 the County recognized negative pension expense of \$65,890,158. At June 30, 2023, 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	\$ 6,876,911	\$ 34,978,277
Assumption changes	-	19,583,221
Net difference between projected and actual earnings on pension plan investments	87,831,233	-
Changes in proportion and differences between		
County contributions and proportionate share of contributions	26,628,227	3,235,510
County contributions subsequent to the measurement date	50,638,910	-
Total	<u>\$ 171,975,281</u>	<u>\$ 57,797,008</u>

NOTE IV. OTHER INFORMATION (Continued)

The \$50,638,910 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
2024	\$ (38,906,033)
2025	(13,376,465)
2026	(34,928,180)
2027	150,750,041

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2021
Measurement date	June 30, 2022
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.
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 Public Sector 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 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, 2022 (see Note III.A4 for discussion of the System's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	2.20 %
International Equity	3.00
Emerging Market Equity	5.90
Global Equity	3.30
Private Equity	5.80
Credit Opportunities	4.20
High Yield Bonds	0.80
Emerging Market Debt	1.70
Directional Hedge Funds	1.80
Long Duration Fixed Income	(0.60)
Cash	(0.90)
Diversifying Hedge Funds	1.70
Global IIs	2.50
Private Real Assets	4.40
Public Real Assets	2.90

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 contractually required rates, 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)	\$372,660,607	\$ (170,936,618)	\$(629,166,161)

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 FY23 were \$23,524,411 and \$11,942,596, respectively. In accordance with IRS regulations and the County Code, no accumulated revenue was used to reduce employer contributions in FY23.

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 FY23 employee contributions is 7% of salary. The required employer contribution rate for FY23 is 20.68% 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, 2023, the County reported a liability of \$5,959,980 for its proportionate share of the net pension liability of the MSRP System. The net pension liability was measured as of June 30, 2022, 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:

	FY23	FY22	Change
Montgomery County (Supplemental)	<u>0.0297872%</u>	<u>0.0410770%</u>	<u>(0.0112898%)</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, 2023, the County recognized negative pension expense of \$3,377,917. At June 30, 2023, 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
Investment return difference	\$ 1,547,516	\$ 1,385,385
Difference between actual and expected experience	-	225,928
Changes in proportion and differences between County contributions and proportionate share of contributions	-	13,462,351
County contributions subsequent to the measurement date	<u>629,118</u>	<u>-</u>
Total	<u>\$ 2,176,634</u>	<u>\$ 15,073,664</u>

The \$629,118 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
2024	\$ (3,821,914)
2025	(3,818,515)
2026	(3,907,925)
2027	(1,746,126)
2028	(231,668)

NOTE IV. OTHER INFORMATION (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2022
Actuarial cost method	Individual Entry Age Normal
Actuarial assumptions:	
Inflation	2.25% general, 2.75% wage
Salary increases	2.75% to 11.25%
Investment rate of return	6.80% per year
Post-retirement benefit increases	1.96% to 2.75% per year for service prior to July 1, 2011 1.30% to 2.75% per year on or 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, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	37.0%	6.0%
Private Equity	16.0	8.4
Rate Sensitive	21.0	1.2
Credit Opportunity	8.0	4.9
Real Assets	15.0	5.2
Absolute Return	6.0	3.5
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, 2022. For the years ended June 30, 2022 and 2021, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expenses, was (2.97)% and 26.69%, 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	\$ 9,144,506	\$ 5,959,980	\$ 3,317,562

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) age 60 with 15 years of credited service, or (c) age 65 with 10 years of credited service. The lifetime benefit is equal to (a) \$9.60 per month for each year of service up to 25 years plus (b) \$12.05 per month for each year of service as an active volunteer over 25 years. The maximum total benefit is \$360.51 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, 2021 are as follows:

Inactive members or beneficiaries currently receiving benefits	652
Inactive members entitled to but not yet receiving benefits	328
Active members	1,200
Total	2,180

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 \$1,721,536 in FY23 are reported in the Fire Tax District Special Revenue Fund on a "pay-as-you-go" basis.

Total Pension Liability

The County's total pension liability of \$38,635,472 was measured as of June 30, 2022 and was determined by an actuarial valuation date of December 31, 2021 and rolled forward to the measurement date of June 30, 2022.

NOTE IV. OTHER INFORMATION (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation date	December 31, 2021
Actuarial method	Entry Age Normal
Retirement Age	100 percent of members are assumed to commence benefits at earliest eligibility of: <ol style="list-style-type: none"> 1. Age 65 with 10 years of LOSAP service 2. Age 60 with 15 years of LOSAP service 3. Any age with 25 years of LOSAP service
Mortality	<p>The Pub-2010 Healthy Retiree Mortality Table (for Safety Employees), sex distinct, with projected generational mortality improvements based on the MP-2018 table for post-retirement non-disabled mortality.</p> <p>The Pub-2010 Disabled Retiree Mortality Table (for Safety Employees), sex distinct, with projected generational mortality improvements based on the MP-2018 table for post-retirement disabled mortality.</p> <p>The Pub-2010 Employee Morality Table (for Safety Employees), sex distinct, with projected generational mortality improvements based on the MP-2018 table for non-service connected pre-retirement mortality.</p> <p>15% of the rates from the Pub-2010 Employee Morality Table (for Safety Employees), sex distinct, with projected generational mortality improvements based on the MP-2018 table for non-service connected pre-retirement mortality.</p> <p>The mortality assumptions contain a provision for future mortality improvements.</p>

Discount Rate

A discount rate of 1.92% was used to measure the total pension liability as of June 30, 2021. A discount rate of 3.69% was used to measure the total pension liability as of June 30, 2022.

The discount rate as of June 30, 2021 and June 30, 2022, 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 30, 2021 and June 30, 2022, respectively. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.

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

The following presents the total pension liability calculated using the discount rate of 3.69%, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.69%) or 1-percentage-point higher (4.69%) than the current discount rate:

	1% Decrease 2.69%	Discount Rate 3.69%	1% Increase 4.69%
Total Pension liability	\$ 45,603,469	\$ 38,635,472	\$ 33,297,547

NOTE IV. OTHER INFORMATION (Continued)

Changes in the Total Pension Liability

	Total Pension Liability
Balance at June 30, 2022	<u>\$ 50,951,916</u>
Changes for the year:	
Service cost	1,107,334
Interest on the total pension liability	973,522
Benefit changes	128,034
Difference between expected and actual experience	956,211
Assumptions changes	(13,876,563)
Benefit payments	(1,604,982)
Net Changes	<u>(12,316,444)</u>
Balance at June 30, 2023	<u>\$ 38,635,472</u>

The portion of the change in the Total Pension Liability due to the change in the Single Discount Rate from 1.92% as of the beginning of the year to 3.69% 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, 2023, the County recognized negative LOSAP Pension expense of \$957,282. At June 30, 2023, 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	\$ 522,922	\$ -
Changes in assumptions	568,880	7,582,481
County benefit payment subsequent to the measurement date	1,721,536	-
Total	<u>\$ 2,813,338</u>	<u>\$ 7,582,481</u>

The \$1,721,536 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, 2024. Other amounts reported as deferred outflows of resources will be recognized in future pension expense as follows:

Fiscal Year	Amount
2024	\$ (5,291,062)
2025	(1,199,617)

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 FY23, the County contributed \$57,424,677 and \$1,704,000 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 FY23, as required per the County Council Resolution No. 19-1285. The allocated portions of investments relating to MCPS and MC as of June 30, 2023 were \$763,837,706 and \$92,160,368, 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 (including Circuit Court and District Court), 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 FY23, the County contributed \$57,424,677 and \$1,704,000 to the CRHBT on behalf of MCPS and MC for the health benefits of their retirees. The County and other contributing entities contributed \$67,933,610 for current premiums, claims and administrative expenses. Contributions also include Medicare Part D contributions in the amount of \$20,896,180.

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

At June 30, 2023, the County reported a liability of \$791,607,659 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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, 2022 and 2021, the County's proportion was 97.533% and 97.234% respectively, an increase of 0.299%.

For the fiscal year ended June 30, 2023, the County recognized negative OPEB expense of \$80,866,467. At June 30, 2023, 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	\$ 40,797,234	\$ 226,461,136
Assumption changes	89,577,091	350,961,908
Net difference between projected and actual earnings on OPEB plan investments	46,104,866	-
Changes in proportion and differences between		
County contributions and proportionate share of contributions	3,371,912	-
County contributions subsequent to the measurement date	66,390,185	-
Total	<u>\$ 246,241,288</u>	<u>\$ 577,423,044</u>

NOTE IV. OTHER INFORMATION (Continued)

The \$66,390,185 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2024	\$ (70,484,283)
2025	(70,484,283)
2026	(70,484,283)
2027	(70,484,283)
2028	(82,010,500)
Thereafter	(33,624,309)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2022
Measurement Date	June 30, 2022
Actuarial cost method	Entry Age Normal
Discount Rate	6.20%
20 Yr. Municipal Bond Rate	3.69%
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, 2022 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, 2022 (see Note III.A4 discussion of the OPEB plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	2.20%
International Equity	3.00
Emerging Market Equity	5.90
Global Equity	3.30
Private Equity	5.80
Credit Opportunities	4.20
High Yield Bonds	0.80
Emerging Market Debt	1.70
Directional Hedge Funds	1.80
Long Duration Fixed Income	(0.60)
Cash	(0.90)
Diversifying Hedge Funds	1.70
Global IIs	2.50
Private Real Assets	4.40
Public Real Assets	2.90

A single discount rate of 6.20% was used to measure the total OPEB liability as of June 30, 2022. This single discount rate was blended based on the expected long-term rate of return on OPEB plan investments of 7.5% and the municipal long-term high quality bond index yield (at the measurement date) of 3.69% 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, 2022 was 3.69%. Therefore, the blended discount rate used as of June 30, 2022 was 6.20%.

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

The following presents the net OPEB liability calculated using the discount rate of 6.20%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.20%) or 1-percentage-point higher (7.20%) than the current rate:

	1% Decrease 5.20%	Discount Rate 6.20%	1% Increase 7.20%
Net OPEB Liability	\$ 980,894,838	\$ 791,607,659	\$ 634,461,693

NOTE IV. OTHER INFORMATION (Continued)

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

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

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 613,033,198	\$ 791,607,659	\$ 1,012,153,145

OPEB Plan Fiduciary Net Position

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



REQUIRED SUPPLEMENTARY INFORMATION



RSI-1

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

(NON-GAAP BUDGETARY BASIS) GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget			Variance Positive
	Original Budget	Final Budget	Actual	(Negative)
Revenues:				
Taxes:				
Property	\$ 1,326,425,725	\$ 1,326,425,725	\$ 1,344,251,468	\$ 17,825,743
Property - penalty and interest	-	-	2,330,116	2,330,116
Total Property Tax	1,326,425,725	1,326,425,725	1,346,581,584	20,155,859
County Income Tax	1,870,513,719	1,870,513,719	2,139,966,489	269,452,770
Other Local Taxes:				
Real property transfer	154,749,748	154,749,748	110,458,782	(44,290,966)
Recordation	74,157,991	74,157,991	53,288,501	(20,869,490)
Fuel energy	186,479,565	186,479,565	181,287,728	(5,191,837)
Hotel-motel	21,725,087	21,725,087	20,777,612	(947,475)
Telephone	54,591,229	54,591,229	56,355,076	1,763,847
Other	3,825,425	3,825,425	5,694,149	1,868,724
Total Other Local Taxes	495,529,045	495,529,045	427,861,848	(67,667,197)
Total Taxes	3,692,468,489	3,692,468,489	3,914,409,921	221,941,432
Licenses and Permits:				
Business	4,953,395	4,953,395	4,110,912	(842,483)
Non business	8,786,460	8,786,460	7,317,227	(1,469,233)
Total Licenses and Permits	13,739,855	13,739,855	11,428,139	(2,311,716)
Intergovernmental Revenue:				
State Aid and Reimbursements:				
DHR State reimbursement	38,500	38,500	38,050	(450)
Highway user revenue	8,797,624	8,797,624	9,316,832	519,208
Police protection	17,194,527	17,194,527	20,428,375	3,233,848
Health and human services programs	4,859,781	4,859,781	7,030,271	2,170,490
Public libraries	5,752,000	5,752,000	5,079,667	(672,333)
911 Emergency	12,000,000	12,000,000	12,594,758	594,758
Other	2,389,849	2,389,849	800,133	(1,589,716)
Total State Aid and Reimbursements	51,032,281	51,032,281	55,288,086	4,255,805
Federal Reimbursements:				
Federal financial participation	16,438,044	16,438,044	16,188,095	(249,949)
Other	6,871,511	6,921,511	24,650,875	17,729,364
Total Federal Reimbursements	23,309,555	23,359,555	40,838,970	17,479,415
Other Intergovernmental	3,927,320	3,927,320	4,173,433	246,113
Total Intergovernmental Revenue	78,269,156	78,319,156	100,300,489	21,981,333
Charges for Services:				
General government	4,613,774	4,613,774	4,620,362	6,588
Public safety	4,051,960	4,051,960	3,714,701	(337,259)
Health and human services	1,265,497	1,265,497	1,116,285	(149,212)
Culture and recreation	400	400	1,125	725
Environment	-	-	26,500	26,500
Transportation	510,000	510,000	1,116,109	606,109
Total Charges for Services	10,441,631	10,441,631	10,595,082	153,451
Fines and forfeitures	29,287,280	29,287,280	23,801,248	(5,486,032)
Investment Income:				
Pooled investment income	366,980	366,980	19,739,712	19,372,732
Other interest income	-	-	121	121
Total Investment Income	366,980	366,980	19,739,833	19,372,853
Miscellaneous Revenue:				
Property rentals	4,653,593	4,653,593	3,741,115	(912,478)
Sundry	5,312,408	5,403,678	15,792,523	10,388,845
Total Miscellaneous Revenue	9,966,001	10,057,271	19,533,638	9,476,367
Total Revenues	3,834,539,392	3,834,680,662	4,099,808,350	265,127,688
Expenditures:				
Departments or Offices:				
County Council:				
Personnel	14,151,923	14,201,544	12,082,246	2,119,298
Operating	1,520,328	1,872,816	1,611,247	261,569
Totals	15,672,251	16,074,360	13,693,493	2,380,867

**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, 2023**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Board of Appeals:				
Personnel	563,519	569,465	563,543	5,922
Operating	41,290	41,290	32,374	8,916
Totals	604,809	610,755	595,917	14,838
Legislative Oversight:				
Personnel	2,123,594	2,153,454	2,145,417	8,037
Operating	91,440	91,440	85,152	6,288
Totals	2,215,034	2,244,894	2,230,569	14,325
Merit System Protection Board:				
Personnel	258,048	265,905	265,901	4
Operating	414,504	411,794	405,450	6,344
Totals	672,552	677,699	671,351	6,348
Zoning and Administrative Hearings:				
Personnel	624,176	639,406	639,405	1
Operating	80,825	72,745	48,994	23,751
Totals	705,001	712,151	688,399	23,752
Inspector General:				
Personnel	2,388,639	2,164,348	2,077,385	86,963
Operating	123,761	370,438	365,755	4,683
Totals	2,512,400	2,534,786	2,443,140	91,646
Circuit Court:				
Personnel	11,081,272	10,877,522	10,339,880	537,642
Operating	2,601,965	3,027,707	2,921,153	106,554
Totals	13,683,237	13,905,229	13,261,033	644,196
State's Attorney:				
Personnel	18,916,613	19,501,993	19,501,989	4
Operating	1,884,663	1,737,287	1,690,011	47,276
Totals	20,801,276	21,239,280	21,192,000	47,280
County Executive:				
Personnel	5,897,550	5,917,144	5,599,660	317,484
Operating	1,786,128	2,462,220	1,862,609	599,611
Totals	7,683,678	8,379,364	7,462,269	917,095
Community Engagement:				
Personnel	5,563,726	5,563,538	4,854,188	709,350
Operating	1,919,323	2,492,024	2,292,253	199,771
Totals	7,483,049	8,055,562	7,146,441	909,121
Ethics Commission:				
Personnel	337,462	346,745	346,740	5
Operating	38,294	38,082	3,198	34,884
Totals	375,756	384,827	349,938	34,889
Intergovernmental Relations:				
Personnel	958,786	965,496	822,576	142,920
Operating	116,901	116,901	(65,501)	182,402
Totals	1,075,687	1,082,397	757,075	325,322
Public Information:				
Personnel	6,490,178	6,509,573	5,854,575	654,998
Operating	245,521	296,894	296,889	5
Totals	6,735,699	6,806,467	6,151,464	655,003
Board of Elections:				
Personnel	4,632,747	6,023,992	5,668,573	355,419
Operating	5,997,580	8,947,553	7,217,723	1,729,830
Totals	10,630,327	14,971,545	12,886,296	2,085,249
Racial Equity and Social Justice:				
Personnel	1,029,044	1,029,044	808,370	220,674
Operating	247,396	313,969	187,006	126,963
Totals	1,276,440	1,343,013	995,376	347,637

RSI-1 (Continued)

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Labor Relations:				
Personnel	1,242,492	1,124,205	970,904	153,301
Operating	383,339	513,379	482,623	30,756
Totals	1,625,831	1,637,584	1,453,527	184,057
Grants Management:				
Personnel	320,214	288,193	261,276	26,917
Operating	21,095	52,616	44,412	8,204
Totals	341,309	340,809	305,688	35,121
County Attorney:				
Personnel	5,927,012	6,627,725	6,627,723	2
Operating	834,839	1,509,852	1,495,329	14,523
Totals	6,761,851	8,137,577	8,123,052	14,525
Management and Budget:				
Personnel	6,598,670	6,637,282	6,084,396	552,886
Operating	282,030	285,890	198,017	87,873
Totals	6,880,700	6,923,172	6,282,413	640,759
Finance:				
Personnel	13,414,028	12,462,106	12,364,690	97,416
Operating	2,689,549	5,343,264	5,097,692	245,572
Totals	16,103,577	17,805,370	17,462,382	342,988
Procurement:				
Personnel	4,612,662	4,514,869	3,992,238	522,631
Operating	391,846	671,892	569,469	102,423
Totals	5,004,508	5,186,761	4,561,707	625,054
Human Resources:				
Personnel	6,444,120	5,878,482	5,878,475	7
Operating	2,979,348	3,799,543	3,601,012	198,531
Totals	9,423,468	9,678,025	9,479,487	198,538
Technology and Enterprise Business Solutions:				
Personnel	23,520,630	22,702,792	21,001,991	1,700,801
Operating	27,471,517	34,066,603	34,011,792	54,811
Totals	50,992,147	56,769,395	55,013,783	1,755,612
General Services:				
Personnel	14,991,577	15,800,822	15,800,810	12
Operating	18,557,692	26,783,464	26,783,459	5
Totals	33,549,269	42,584,286	42,584,269	17
Animal Services:				
Personnel	7,051,967	7,111,443	7,111,436	7
Operating	1,662,230	1,819,207	1,819,201	6
Totals	8,714,197	8,930,650	8,930,637	13
Consumer Protection:				
Personnel	2,345,470	2,351,496	2,171,005	180,491
Operating	131,973	142,333	117,939	24,394
Totals	2,477,443	2,493,829	2,288,944	204,885
Correction and Rehabilitation:				
Personnel	64,837,138	63,893,334	63,893,328	6
Operating	7,991,597	9,634,045	9,634,045	-
Totals	72,828,735	73,527,379	73,527,373	6
Human Rights:				
Personnel	1,467,420	1,379,020	1,241,501	137,519
Operating	168,486	269,570	267,828	1,742
Totals	1,635,906	1,648,590	1,509,329	139,261
Police:				
Personnel	251,050,595	237,311,019	237,124,244	186,775
Operating	45,450,983	66,114,524	66,114,516	8
Totals	296,501,578	303,425,543	303,238,760	186,783

**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, 2023**

	Budget			Variance Positive
	Original Budget	Final Budget	Actual	(Negative)
Sheriff:				
Personnel	21,940,095	21,615,463	21,218,627	396,836
Operating	4,066,580	4,320,351	4,189,109	131,242
Totals	26,006,675	25,935,814	25,407,736	528,078
Emergency Management and Homeland Security:				
Personnel	1,647,719	1,620,196	1,478,356	141,840
Operating	1,082,115	1,794,141	1,794,133	8
Totals	2,729,834	3,414,337	3,272,489	141,848
Transportation:				
Personnel	23,841,468	22,273,579	22,273,573	6
Operating	25,389,673	32,572,709	32,572,705	4
Totals	49,231,141	54,846,288	54,846,278	10
Health and Human Services:				
Personnel	153,555,251	141,138,470	135,140,807	5,997,663
Operating	178,552,199	235,661,847	226,750,566	8,911,281
Totals	332,107,450	376,800,317	361,891,373	14,908,944
Public Libraries:				
Personnel	36,098,356	32,890,940	32,827,256	63,684
Operating	9,523,085	10,331,955	10,186,779	145,176
Totals	45,621,441	43,222,895	43,014,035	208,860
Housing and Community Affairs:				
Personnel	7,753,179	7,500,192	7,500,184	8
Operating	1,751,387	2,349,016	2,215,772	133,244
Totals	9,504,566	9,849,208	9,715,956	133,252
Agriculture:				
Personnel	715,848	725,746	589,504	136,242
Operating	350,928	358,721	337,940	20,781
Totals	1,066,776	1,084,467	927,444	157,023
Environmental Protection:				
Personnel	3,025,353	3,043,700	2,266,438	777,262
Operating	4,543,695	5,561,394	5,330,344	231,050
Totals	7,569,048	8,605,094	7,596,782	1,008,312
Total Departments	1,078,804,646	1,161,869,719	1,131,958,205	29,911,514
Nondepartmental:				
Arts and Humanities Council	6,339,106	6,339,106	6,339,106	-
Boards, Committees and Commissions	47,750	47,750	25,276	22,474
Charter Review Commission	150	150	-	150
Children's Opportunity Fund	425,000	425,000	424,999	1
Climate Change Initiative	691,677	897,428	897,415	13
Community Grants	10,998,473	11,944,371	11,656,199	288,172
Compensation and Employee Benefit Adjustments - personnel	7,878,765	6,933,903	167,050	6,766,853
Compensation and Employee Benefit Adjustments - operating	985,100	971,019	758,832	212,187
Conference Center - personnel	110,158	124,888	124,881	7
Conference Center - operating	415,737	1,361,007	960,000	401,007
Conference and Visitors Bureau	2,132,834	2,132,834	2,095,891	36,943
Consolidated Retiree Health Benefit and Trust (MC)	1,704,000	1,704,000	1,704,000	-
Consolidated Retiree Health Benefit and Trust (MCPS)	57,424,677	57,424,677	57,424,677	-
Contributions To Self Insurance Fund - Risk Management	25,737,987	25,737,987	25,315,528	422,459
County Associations	74,728	74,728	74,728	-
County Leases - personnel	100,000	100,000	51,394	48,606
County Leases - operating	15,571,334	16,831,529	16,813,937	17,592
COVID-19 Response - Community Assistance	-	2,034,432	(3,344,688)	5,379,120
COVID-19 Response - Hospital Response	-	-	(4,227)	4,227
Device Client Management	12,999,985	14,719,650	14,718,115	1,535
Early Care and Education	10,992,589	23,692,190	11,287,892	12,404,298
Grants To Municipalities in Lieu Of Shared Tax	28,020	28,020	28,012	8
Group Insurance Retirees	48,928,437	48,928,437	48,928,437	-
Guaranteed Income	2,563,502	4,429,798	3,804,537	625,261
Historical Activities	162,000	162,000	-	162,000
Homeowners' Association Road Maintenance Reimbursement	62,089	62,089	62,089	-

RSI-1 (Continued)

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance Positive
	Original Budget	Final Budget		(Negative)
Inauguration & Transition	50,000	50,000	45,684	4,316
Incubator Program	4,288,971	5,324,396	5,127,689	196,707
Independent Audit	427,882	543,537	326,068	217,469
Interagency Technology, Policy and Coordination Commission	3,000	3,000	-	3,000
KID Museum	1,596,000	1,596,000	1,596,000	-
Labor Management Relations Committee	100,000	198,115	356	197,759
Legislative Branch Communications Outreach	2,142,152	2,401,856	1,719,811	682,045
Metro Washington Council Of Governments	1,684,519	1,903,059	1,903,054	5
Montgomery Coalition for Adult English Literacy	2,113,623	2,113,623	2,113,623	-
Montgomery County Green Bank	18,647,957	18,957,957	18,957,957	-
Montgomery County Economic Development Corp.	6,200,000	10,563,076	8,963,276	1,599,800
Motor Pool Fund Contribution	66,490	66,490	-	66,490
Municipal Tax Duplication	17,269,690	17,387,950	17,387,946	4
Police Accountability Board	436,541	436,541	262,871	173,670
Prisoner Medical Services	20,000	20,000	-	20,000
Public Election Fund	2,500,000	2,500,000	2,500,000	-
Public Technologies Inc	5,000	5,000	5,000	-
Rockville Parking District	419,900	419,900	418,367	1,533
Skills for the Future	276,480	364,105	222,726	141,379
Snow Removal	2,884,990	-	-	-
State Positions Supplement	60,756	60,756	-	60,756
State Property Tax Services	3,565,615	3,565,615	3,356,101	209,514
State Retirement Contribution	3,754	3,754	-	3,754
Takoma Park - Library Transition	167,911	167,911	167,553	358
Telecommunications	5,356,382	6,040,070	6,040,068	2
UM 3- Institute for Health Computing	-	15,000,000	15,000,000	-
Universities at Shady Grove	475,000	475,000	475,000	-
Utilities	22,736,337	31,378,430	31,378,428	2
Vision Zero	189,563	193,141	191,494	1,647
Working Families Income Supplement	20,105,090	20,105,090	20,105,090	-
WorkSource Montgomery, Inc.	2,172,594	2,172,594	1,258,181	914,413
Total - Nondepartmental	322,340,295	371,123,959	339,836,423	31,287,536
Total Expenditures	1,401,144,941	1,532,993,678	1,471,794,628	61,199,050
Excess of Revenues over (under) Expenditures	2,433,394,451	2,301,686,984	2,628,013,722	326,326,738
Other Financing Sources (Uses):				
Transfers In:				
Special Revenue Funds:				
Fire Tax District	120,750	120,750	120,750	-
Recreation	7,873,160	7,873,160	7,873,160	-
Mass Transit	17,914,117	17,914,117	17,914,117	-
Water Quality Protection	1,893,920	1,893,920	1,893,920	-
Urban Districts	874,914	874,914	874,914	-
Housing Initiative	458,070	458,070	458,070	-
Cable TV	4,522,407	4,522,407	4,522,407	-
Total Special Revenue Funds	33,657,338	33,657,338	33,657,338	-
Enterprise Funds:				
Liquor	34,917,233	34,917,233	34,917,233	-
Parking Lot Districts	996,898	996,898	996,898	-
Solid Waste Activities	3,312,392	3,312,392	3,312,392	-
Community Use of Public Facilities	859,167	859,167	859,167	-
Permitting Services	5,668,581	5,668,581	5,668,581	-
Total Enterprise Funds	45,754,271	45,754,271	45,754,271	-
Total Transfers In	79,411,609	79,411,609	79,411,609	-
Total Transfers In - MCG	79,411,609	79,411,609	79,411,609	-

**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, 2023**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Transfers (Out):				
Special Revenue Funds:				
Recreation	(1,009,700)	(1,009,700)	(1,009,700)	-
Fire Tax District	(250,000)	(250,000)	(250,000)	-
Urban Districts	(3,692,299)	(3,692,299)	(3,692,299)	-
Mass Transit	(531,310)	(531,310)	(531,310)	-
Housing Initiative	(30,182,949)	(30,182,949)	(30,182,949)	-
Economic Development	(3,566,325)	(2,616,325)	(2,616,325)	-
Total Special Revenue Funds	(39,232,583)	(38,282,583)	(38,282,583)	-
Internal Service Funds:				
Motor Pool	(66,490)	(66,490)	-	66,490
Total Internal Service Funds	(66,490)	(66,490)	-	66,490
Enterprise Funds:				
Community Use of Public Facilities	(160,000)	(160,000)	(160,000)	-
Parking Lot Districts	(559,000)	-	-	-
Solid Waste Activities	(723,490)	(723,490)	(723,490)	-
Total Enterprise Funds	(1,442,490)	(883,490)	(883,490)	-
Debt Service Fund	(374,442,207)	(374,442,207)	(369,492,833)	4,949,374
Capital Projects Fund	(32,061,000)	(150,684,347)	(96,081,534)	54,602,813
Total Transfers (Out)	(447,244,770)	(564,359,117)	(504,740,440)	59,618,677
Transfers (Out) - Component Units and Joint Venture:				
Montgomery County Public Schools - operating	(1,847,441,235)	(1,847,441,235)	(1,847,629,099)	(187,864)
Montgomery County Public Schools - capital	(21,385,000)	(53,027,840)	(23,118,000)	29,909,840
Total Montgomery County Public Schools	(1,868,826,235)	(1,900,469,075)	(1,870,747,099)	29,721,976
Montgomery College - operating	(150,596,496)	(150,856,496)	(150,856,496)	-
Montgomery College - capital	(16,434,000)	(30,228,103)	(15,204,611)	15,023,492
Total Montgomery College	(167,030,496)	(181,084,599)	(166,061,107)	15,023,492
Housing Opportunities Commission - operating	(7,633,168)	(7,633,168)	(7,633,168)	-
Housing Opportunities Commission - capital	(1,955,000)	(19,642,659)	-	19,642,659
Total Housing Opportunity Commission	(9,588,168)	(27,275,827)	(7,633,168)	19,642,659
M-NCPPC - operating	(1,903,300)	(1,903,300)	(1,903,300)	-
Total Transfers (Out) - Component Units and JV	(2,047,348,199)	(2,110,732,801)	(2,046,344,674)	64,388,127
Total Transfers (Out) - MCG	(2,494,592,969)	(2,675,091,918)	(2,551,085,113)	124,006,805
Total Other Financing Sources (Uses)	(2,415,181,360)	(2,595,680,309)	(2,471,673,504)	124,006,805
Excess of Revenues and Other Financing Sources over (under)				
Expenditures and Other Financing Uses	\$ 18,213,091	\$ (293,993,325)	156,340,218	\$ 450,333,543
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			83,321,310	
Conference Center activity			1,286,639	
Non-budgeted Item-Leases			1,510,174	
Non-budgeted Item-Public Election Fund			(540,586)	
Other non-budgeted items			39,417	
Bad Debt/ Recovered Bad Debt			(6,888,559)	
Prepaid adjustment			(2,012,594)	
Debt Service transfer adjustment for Crossvines			(139,960)	
Consolidation:				
Revenue Stabilization			22,584,932	
Economic Development			14,210	
Urban Districts			378,174	
GAAP - Net Change in Fund Balance			255,893,375	
Fund Balance - Beginning of Year			989,711,681	
Fund Balance - End of Year			\$ 1,245,605,056	

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, 2023

	Budget			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes - recordation premium	\$ 19,610,377	\$ 19,610,377	\$ 16,961,247	\$ (2,649,130)
Charges for services	2,917,075	2,917,075	71,480	(2,845,595)
Investment Income:				
Pooled investment income	3,453,280	3,453,280	2,751,979	(701,301)
Other interest income	-	-	2,410,162	2,410,162
Total Investment Income	3,453,280	3,453,280	5,162,141	1,708,861
Miscellaneous:				
Property rentals, MPDU and other contributions	2,652,236	2,652,236	1,825,593	(826,643)
Total Miscellaneous	2,652,236	2,652,236	1,825,593	(826,643)
Total Revenues	28,632,968	28,632,968	24,020,461	(4,612,507)
Expenditures: Community development and housing				
Personnel	2,496,293	2,503,219	1,873,711	629,508
Operating	46,594,130	122,195,166	107,044,646	15,150,520
Total Expenditures	49,090,423	124,698,385	108,918,357	15,780,028
Excess of Revenues over (under) Expenditures	(20,457,455)	(96,065,417)	(84,897,896)	11,167,521
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	30,182,949	30,182,949	30,182,949	-
To General Fund	(458,070)	(458,070)	(458,070)	-
To Debt Service Fund	(19,262,000)	(19,262,000)	(15,140,831)	4,121,169
Mortgage repayment	3,300,000	3,300,000	5,876,200	2,576,200
Sale of property	1,500,000	1,500,000	2,261,429	761,429
Total Other Financing Sources (Uses)	15,262,879	15,262,879	22,721,677	7,458,798
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (5,194,576)	\$ (80,802,538)	(62,176,219)	\$ 18,626,319
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			22,875,792	
Repayment of loan not considered revenue under GAAP ⁽¹⁾			(39,769,284)	
Loan disbursement not considered expenditure under GAAP ⁽²⁾			163,801,574	
Non budgeted Item - Leases			6,897	
Non budgeted Item - Recovered bad debt			2,419,130	
Non budgeted Item - Bad debt expense			(172,699)	
GAAP - Net Change in Fund Balance			86,985,191	
Fund Balance - Beginning of Year			370,786,689	
Fund Balance - End of Year			\$ 457,771,880	

⁽¹⁾ Repayment of loan includes repayment transfer to Capital Projects Fund in the amount of \$33,975,692.

⁽²⁾ This amount includes \$120,724,673 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, 2023**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Intergovernmental:				
Federal grants	\$ 76,907,270	\$ 113,252,672	\$ 152,420,066	\$ 39,167,394
State grants	88,918,776	78,429,196	81,416,633	2,987,437
Other non-state and non-federal reimbursements	281,734	1,385,397	12,702,718	11,317,321
Total Intergovernmental	166,107,780	193,067,265	246,539,417	53,472,152
Investment income:				
Other principal and interest income	2,000,000	2,000,000	4,984,816	2,984,816
Total Investment Income	2,000,000	2,000,000	4,984,816	2,984,816
Miscellaneous	462,574	2,834	682,013	679,179
Total Revenues	168,570,354	195,070,099	252,206,246	57,136,147
Expenditures:				
Departments or Offices:				
General Government:				
County Executive				
Operating	-	8,835,763	8,248,709	587,054
Totals	-	8,835,763	8,248,709	587,054
Finance:				
Operating	-	-	2,963,048	(2,963,048)
Totals	-	-	2,963,048	(2,963,048)
Community Engagement:				
Personnel	62,832	62,832	39,307	23,525
Operating	10,613	96,706	110,700	(13,994)
Totals	73,445	159,538	150,007	9,531
General Services:				
Personnel	-	-	622	(622)
Totals	-	-	622	(622)
Technology and Enterprise Business Solutions:				
Operating	-	7,284,286	16,653,020	(9,368,734)
Totals	-	7,284,286	16,653,020	(9,368,734)
Total General Government	73,445	16,279,587	28,015,406	(11,735,819)
Public Safety:				
Circuit Court:				
Personnel	2,545,576	3,033,848	2,672,708	361,140
Operating	297,059	249,557	231,835	17,722
Totals	2,842,635	3,283,405	2,904,543	378,862
Correction and Rehabilitation:				
Operating	-	606	27,630	(27,024)
Totals	-	606	27,630	(27,024)
Fire and Rescue Service:				
Personnel	-	2,277,386	1,711,391	565,995
Operating	-	1,025,876	1,330,375	(304,499)
Totals	-	3,303,262	3,041,766	261,496
Police:				
Personnel	-	589,285	395,197	194,088
Operating	-	1,928,974	2,093,698	(164,724)
Totals	-	2,518,259	2,488,895	29,364

RSI-3 (Continued)

**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, 2023**

	Budget			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
State's Attorney:				
Personnel	261,006	257,006	274,575	(17,569)
Operating	-	84,500	129,455	(44,955)
Totals	261,006	341,506	404,030	(62,524)
Sheriff:				
Personnel	616,412	1,341,140	617,035	724,105
Operating	317,125	663,506	288,688	374,818
Totals	933,537	2,004,646	905,723	1,098,923
Emergency Management & Homeland Security:				
Personnel	1,053,479	2,135,333	1,022,037	1,113,296
Operating	-	4,444,861	4,314,582	130,279
Totals	1,053,479	6,580,194	5,336,619	1,243,575
Total Public Safety	5,090,657	18,031,878	15,109,206	2,922,672
Transportation:				
Personnel	1,627,099	1,055,096	767,557	287,539
Operating	3,487,745	6,064,007	5,318,369	745,638
Total Transportation	5,114,844	7,119,103	6,085,926	1,033,177
Health and Human Services:				
Personnel	52,342,450	52,454,420	56,486,169	(4,031,749)
Operating	50,675,766	89,305,823	92,939,433	(3,633,610)
Total Health and Human Services	103,018,216	141,760,243	149,425,602	(7,665,359)
Culture and Recreation:				
Community Use of Public Facilities:				
Operating	-	125,000	125,000	-
Totals	-	125,000	125,000	-
Public Libraries:				
Personnel	211,493	211,493	147,690	63,803
Operating	54,107	67,583	202,940	(135,357)
Totals	265,600	279,076	350,630	(71,554)
Recreation:				
Personnel	154,096	119,939	146,086	(26,147)
Operating	-	250,000	250,000	-
Totals	154,096	369,939	396,086	(26,147)
Total Culture and Recreation	419,696	774,015	871,716	(97,701)
Housing:				
Permitting Service:				
Operating	-	-	275	(275)
Totals	-	-	275	(275)
Housing and Community Affairs:				
Personnel	2,439,783	2,033,276	2,104,030	(70,754)
Operating	7,413,713	13,692,733	17,042,415	(3,349,682)
Totals	9,853,496	15,726,009	19,146,445	(3,420,436)
Total Housing	9,853,496	15,726,009	19,146,720	(3,420,711)
Environmental Protection:				
Operating	-	152,716	239,395	(86,679)
Total Environmental Protection	-	152,716	239,395	(86,679)

**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, 2023**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Nondepartmental:				
Arts and Humanities Council	-	2,750,000	2,750,000	-
Compensation and Employee Benefit Adjustments	1,000,000	-	-	-
COVID-19 Response - Community Assistance	-	-	1,701,809	(1,701,809)
Future Federal/State/Other Grants - Operating	20,000,000	(11,473,087)	-	(11,473,087)
Contribution To Self Insurance Fund- Risk Management	-	-	(8,236)	8,236
Working Families Income Supplement	25,000,000	29,473,902	28,868,702	605,200
Total Nondepartmental	46,000,000	20,750,815	33,312,275	(12,561,460)
Total Expenditures	169,570,354	220,594,366	252,206,246	(31,611,880)
Excess of Revenues over (under) Expenditures	(1,000,000)	(25,524,267)	-	(25,524,267)

Adjustments required under generally accepted accounting principles:

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

Reconciliation of Budgetary Schedule to GAAP Basis

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

	Revenues	Expenditures & Encumbrances	Other Financing Sources (Uses)	Effect on Fund Balance
As reported - budgetary basis	\$ 252,206,246	\$ 252,206,246	\$ -	\$ -
Reconciling items:				
Encumbrances outstanding at year-end	(17,909,428)	(17,909,428)	-	-
As reported - GAAP basis	\$ 234,296,818	\$ 234,296,818	\$ -	\$ -

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
2023	97.53	791,607,659	96.54	819,956,332	47.82

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)	819,956,332	11.20
2023		63,507,000	67,606,428	(4,099,428)	845,559,670*	8.00

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 2024 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	% of Net Pension Liability	County's Proportion		County's Covered Payroll	Plan Fiduciary Net Position as a % of Total 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
2023	110.73	(170,936,618)	(0.30)	565,490,308	103.30

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	-	565,490,308	13.39
2023	75,429,372	75,429,372	-	519,970,111*	14.51

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 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	0.0410770	6,162,500	137.86	4,470,143	81.84
2023	0.0297872	5,959,980	178.06	3,347,264	76.27

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
2023	679,834		679,834	-	3,170,590	21.44

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, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2017	January 1, 2015
Measurement Date	June 30, 2022	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, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total Pension Liability							
Service cost	\$ 1,107,334	\$ 950,903	\$ 763,719	\$ 665,258	\$ 474,699	\$ 1,578,468	\$ 886,540
Interest on the Total Pension Liability	973,522	1,080,126	1,196,108	1,305,864	621,258	1,750,442	1,273,361
Benefit Changes	128,034	1,310,473	-	-	-	478,969	-
Difference between Expected and Actual Experience	956,211	3,561	403,319	(691,351)	-	(1,343,359)	-
Assumptions Changes ⁽¹⁾	(13,876,563)	4,762,616	4,915,075	2,247,328	(1,927,565)	(3,166,298)	6,088,358
Benefit Payments	(1,604,982)	(1,530,654)	(1,466,186)	(1,403,828)	(674,853)	(2,009,855)	(1,309,686)
Net Change in Total Pension Liability	(12,316,444)	6,577,025	5,812,035	2,123,271	(1,506,461)	(2,711,633)	6,938,573
Total Pension Liability – Beginning	50,951,916	44,374,891	38,562,856	36,439,585	37,946,046	40,657,679	33,719,106
Total Pension Liability – Ending	\$ 38,635,472	\$ 50,951,916	\$ 44,374,891	\$ 38,562,856	\$ 36,439,585	\$ 37,946,046	\$ 40,657,679
Total Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	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, 2023, the change in the Total Pension Liability due to the change in the Single Discount Rate from 1.92% as of the beginning of the year to 3.69% 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 and Restricted Donations 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: six 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 seven Councilmember votes for any other purpose. Supplemental appropriations approved during the second half of the fiscal year require six Councilmember votes. During the operating year the County Council may also adopt, with seven 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 FY23, the County Council increased the operating budget for all funds through supplemental and special appropriations by \$120.2 million. In addition, supplemental appropriations increased the CIP budget by \$97.5 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 budgeted for as expenditures and revenues, respectively.
- Certain proceeds and expenditures related to leases and SBITAs activities 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, 2020
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 3.9 years as of July 1, 2020.
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 (inflation rate) adjustments	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, 2023
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	3.00%
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)

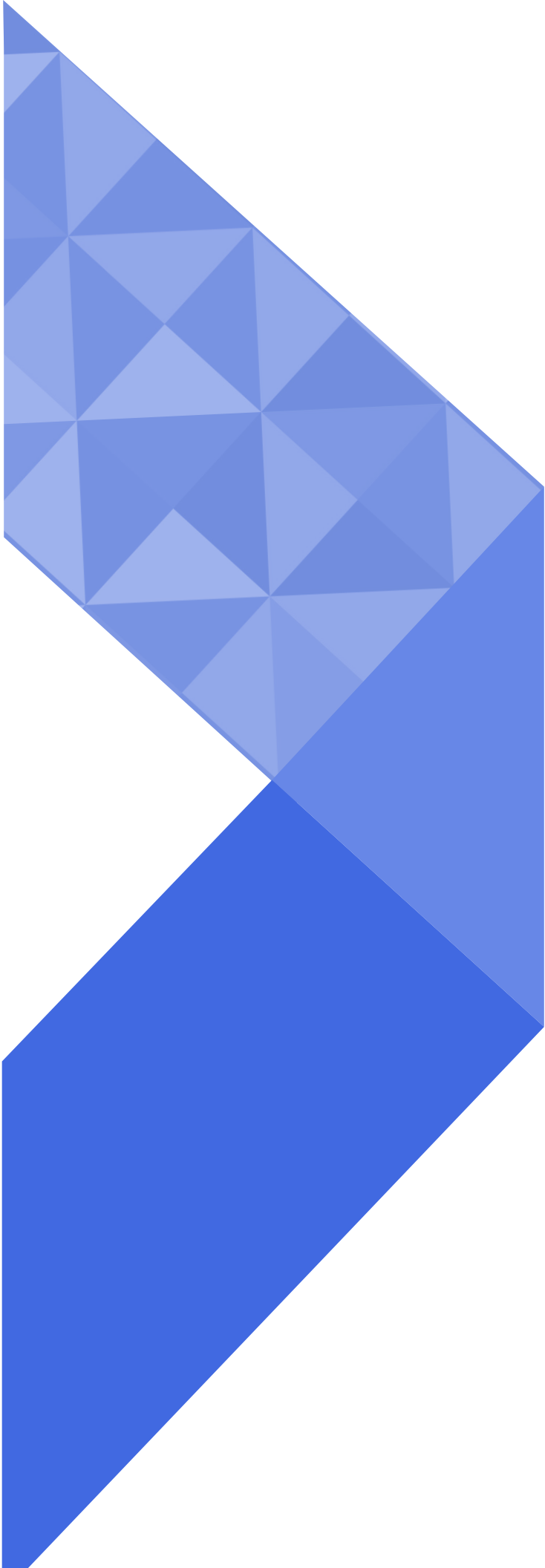
Montgomery County has selected the following assumptions were used as input variables into the SOA model:

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.

Opioid Abatement

Accounts for the settlement funds received from opioid litigation against pharmaceutical companies and distributors.

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, 2023**

	Special Taxing Districts	Rehabilitation Loan	Cable TV	Other	Total Nonmajor Governmental Fund
ASSETS					
Equity in pooled cash and investments	\$ 64,155,244	\$ 3,612,081	\$ 84,469	\$ 52,633,386	\$ 120,485,180
Cash	11,200	-	-	25,000	36,200
Receivables (net of allowances for uncollectibles):					
Property taxes	4,934,817	-	-	994,626	5,929,443
Accounts	5,566,652	-	5,035,874	23,513,992	34,116,518
Mortgages	-	1,546,069	-	-	1,546,069
Parking violations	567,879	-	-	-	567,879
Due from other governments	40,617,731	-	-	-	40,617,731
Total Assets	<u>\$ 115,853,523</u>	<u>\$ 5,158,150</u>	<u>\$ 5,120,343</u>	<u>\$ 77,167,004</u>	<u>\$ 203,299,020</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,546,367	\$ -	\$ 317,116	\$ 2,567,743	\$ 8,431,226
Retainage payable	3,020	-	-	44,286	47,306
Accrued liabilities	15,629,869	-	466,577	797,300	16,893,746
Deposits	501,772	-	-	-	501,772
Due to other funds	3,454,666	-	18,973	57,803	3,531,442
Due to component units	40,618	-	-	-	40,618
Due to other governments	915,647	-	595,735	15,575	1,526,957
Unearned revenue	1,742	-	-	335,201	336,943
Total Liabilities	<u>26,093,701</u>	<u>-</u>	<u>1,398,401</u>	<u>3,817,908</u>	<u>31,310,010</u>
Deferred Inflows of Resources:					
Unavailable property taxes	5,044,170	-	-	844,283	5,888,453
Unavailable revenue	3,060,611	-	-	22,695,372	25,755,983
Total Deferred Inflows of Resources	<u>8,104,781</u>	<u>-</u>	<u>-</u>	<u>23,539,655</u>	<u>31,644,436</u>
Fund Balances:					
Restricted	81,655,041	5,158,150	3,721,942	49,809,441	140,344,574
Total Fund Balances	<u>81,655,041</u>	<u>5,158,150</u>	<u>3,721,942</u>	<u>49,809,441</u>	<u>140,344,574</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 115,853,523</u>	<u>\$ 5,158,150</u>	<u>\$ 5,120,343</u>	<u>\$ 77,167,004</u>	<u>\$ 203,299,020</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Special Taxing Districts	Rehabilitation Loan	Cable TV	Other	Total Nonmajor Governmental Fund
REVENUES					
Taxes	\$ 468,398,809	\$ -	\$ -	\$ 48,495,314	\$ 516,894,123
Licenses and permits	43,765	-	-	-	43,765
Intergovernmental	57,886,651	-	-	88,067	57,974,718
Charges for services	42,328,233	-	20,906,273	8,000,950	71,235,456
Fines and forfeitures	750,241	-	-	815,403	1,565,644
Investment income	-	144,627	71,909	1,678,693	1,895,229
Miscellaneous	632,042	-	-	6,241,352	6,873,394
Total Revenues	570,039,741	144,627	20,978,182	65,319,779	656,482,329
EXPENDITURES					
General government	-	-	13,210,733	1,122,627	14,333,360
Public safety	269,647,083	-	-	750,875	270,397,958
Transportation	182,902,182	-	-	-	182,902,182
Health and human services	-	-	-	308,035	308,035
Culture and recreation	50,738,199	-	-	4,933,408	55,671,607
Community development and housing	-	-	-	206,655	206,655
Environment	-	-	-	30,502,060	30,502,060
Total Expenditures	503,287,464	-	13,210,733	37,823,660	554,321,857
Excess (Deficiency) of Revenues over (under) Expenditures	66,752,277	144,627	7,767,449	27,496,119	102,160,472
OTHER FINANCING SOURCES (USES)					
Transfers in	5,091,010	-	-	-	5,091,010
Transfers (out)	(91,086,900)	-	(8,926,659)	(17,972,295)	(117,985,854)
Leases (as lessee)	2,472,303	-	-	90,550	2,562,853
Total Other Financing Sources (Uses)	(83,523,587)	-	(8,926,659)	(17,881,745)	(110,331,991)
Net Change in Fund Balances	(16,771,310)	144,627	(1,159,210)	9,614,374	(8,171,519)
Fund Balances - Beginning of Year	98,426,351	5,013,523	4,881,152	40,195,067	148,516,093
Fund Balances - End of Year	\$ 81,655,041	\$ 5,158,150	\$ 3,721,942	\$ 49,809,441	\$ 140,344,574

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL TAXING DISTRICTS
June 30, 2023

	Recreation	Fire Tax District	Mass Transit Facilities	Total
ASSETS				
Equity in pooled cash and investments	\$ 11,672,633	\$ 27,022,490	\$ 25,460,121	\$ 64,155,244
Cash	6,200	5,000	-	11,200
Receivables (net of allowances for uncollectibles):				
Property taxes	499,397	2,729,753	1,705,667	4,934,817
Accounts	60,779	4,597,688	908,185	5,566,652
Parking violations	-	-	567,879	567,879
Due from other governments	-	-	40,617,731	40,617,731
Total Assets	<u>\$ 12,239,009</u>	<u>\$ 34,354,931</u>	<u>\$ 69,259,583</u>	<u>\$ 115,853,523</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,261,573	\$ 2,877,197	\$ 1,407,597	\$ 5,546,367
Retainage payable	-	-	3,020	3,020
Accrued liabilities	1,675,554	9,787,379	4,166,936	15,629,869
Deposits	-	-	501,772	501,772
Due to other funds	167,392	2,502,339	784,935	3,454,666
Due to component units	40,618	-	-	40,618
Due to other governments	21,255	1,671	892,721	915,647
Unearned revenue	-	-	1,742	1,742
Total Liabilities	<u>3,166,392</u>	<u>15,168,586</u>	<u>7,758,723</u>	<u>26,093,701</u>
Deferred Inflows of Resources:				
Unavailable property taxes	758,862	2,655,870	1,629,438	5,044,170
Unavailable service revenues	-	3,060,611	-	3,060,611
Total Deferred Inflows of Resources	<u>758,862</u>	<u>5,716,481</u>	<u>1,629,438</u>	<u>8,104,781</u>
Fund Balances:				
Restricted	8,313,755	13,469,864	59,871,422	81,655,041
Total Fund Balances	<u>8,313,755</u>	<u>13,469,864</u>	<u>59,871,422</u>	<u>81,655,041</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,239,009</u>	<u>\$ 34,354,931</u>	<u>\$ 69,259,583</u>	<u>\$ 115,853,523</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL TAXING DISTRICTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Recreation	Fire Tax District	Mass Transit Facilities	Total
REVENUES				
Taxes	\$ 49,584,641	\$ 236,150,702	\$ 182,663,466	\$ 468,398,809
Licenses and permits	-	-	43,765	43,765
Intergovernmental	-	15,634,322	42,252,329	57,886,651
Charges for services	5,151,358	25,978,975	11,197,900	42,328,233
Fines and forfeitures	-	-	750,241	750,241
Miscellaneous	112,229	302,493	217,320	632,042
Total Revenues	54,848,228	278,066,492	237,125,021	570,039,741
EXPENDITURES				
Public safety	-	269,647,083	-	269,647,083
Transportation	-	-	182,902,182	182,902,182
Culture and recreation	50,738,199	-	-	50,738,199
Total Expenditures	50,738,199	269,647,083	182,902,182	503,287,464
Excess (Deficiency) of Revenues over (under) Expenditures	4,110,029	8,419,409	54,222,839	66,752,277
OTHER FINANCING SOURCES (USES)				
Transfers in	4,309,700	250,000	531,310	5,091,010
Transfers (out)	(16,661,946)	(15,002,334)	(59,422,620)	(91,086,900)
Leases (as lessee)	2,472,303	-	-	2,472,303
Total Other Financing Sources (Uses)	(9,879,943)	(14,752,334)	(58,891,310)	(83,523,587)
Net Change in Fund Balances	(5,769,914)	(6,332,925)	(4,668,471)	(16,771,310)
Fund Balances - Beginning of Year	14,083,669	19,802,789	64,539,893	98,426,351
Fund Balances - End of Year	\$ 8,313,755	\$ 13,469,864	\$ 59,871,422	\$ 81,655,041

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - OTHER
June 30, 2023

	Agricultural Transfer Tax	Drug Enforcement Forfeitures	Water Quality Protection	Restricted Donations	Detention Center Canteen Profit	Recreation Non-Tax Supported	Opioid Abatement	Total
ASSETS								
Equity in pooled cash and investments	\$ 2,831,342	\$ 1,437,700	\$ 30,866,689	\$ 11,435,422	\$ 878,137	\$ 88,785	\$ 5,095,311	\$ 52,633,386
Cash	-	25,000	-	-	-	-	-	25,000
Receivables (net of allowances for uncollectibles):								
Property taxes	-	-	994,626	-	-	-	-	994,626
Accounts	-	-	-	30,000	-	788,620	22,695,372	23,513,992
Total Assets	<u>\$ 2,831,342</u>	<u>\$ 1,462,700</u>	<u>\$ 31,861,315</u>	<u>\$ 11,465,422</u>	<u>\$ 878,137</u>	<u>\$ 877,405</u>	<u>\$ 27,790,683</u>	<u>\$ 77,167,004</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ 1,270	\$ 2,187,265	\$ 63,320	\$ 12,211	\$ 303,677	\$ -	\$ 2,567,743
Retainage payable	-	-	44,286	-	-	-	-	44,286
Accrued liabilities	-	-	403,152	198,798	4,666	190,684	-	797,300
Due to other funds	-	-	57,803	-	-	-	-	57,803
Due to other governments	-	-	15,575	-	-	-	-	15,575
Unearned revenue	-	-	-	-	-	335,201	-	335,201
Total Liabilities	<u>-</u>	<u>1,270</u>	<u>2,708,081</u>	<u>262,118</u>	<u>16,877</u>	<u>829,562</u>	<u>-</u>	<u>3,817,908</u>
Deferred Inflows of Resources:								
Unavailable property taxes	-	-	844,283	-	-	-	-	844,283
Unavailable revenues	-	-	-	-	-	-	22,695,372	22,695,372
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>844,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,695,372</u>	<u>23,539,655</u>
Fund Balances:								
Restricted	2,831,342	1,461,430	28,308,951	11,203,304	861,260	47,843	5,095,311	49,809,441
Total Fund Balances	<u>2,831,342</u>	<u>1,461,430</u>	<u>28,308,951</u>	<u>11,203,304</u>	<u>861,260</u>	<u>47,843</u>	<u>5,095,311</u>	<u>49,809,441</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,831,342</u>	<u>\$ 1,462,700</u>	<u>\$ 31,861,315</u>	<u>\$ 11,465,422</u>	<u>\$ 878,137</u>	<u>\$ 877,405</u>	<u>\$ 27,790,683</u>	<u>\$ 77,167,004</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS - OTHER
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Agricultural Transfer Tax	Drug Enforcement Forfeitures	Water Quality Protection	Restricted Donations	Detention Center Canteen Profit	Recreation Non-Tax Supported	Opioid Abatement	Total
REVENUES								
Taxes	\$ 587,298	\$ -	\$ 47,908,016	\$ -	\$ -	\$ -	\$ -	\$ 48,495,314
Intergovernmental	-	-	-	88,067	-	-	-	88,067
Charges for services	-	-	369,929	-	-	7,631,021	-	8,000,950
Fines and forfeitures	-	815,403	-	-	-	-	-	815,403
Investment income	127,986	46,795	1,409,687	-	28,166	30,200	35,859	1,678,693
Miscellaneous	-	30,661	-	738,766	412,473	-	5,059,452	6,241,352
Total Revenues	<u>715,284</u>	<u>892,859</u>	<u>49,687,632</u>	<u>826,833</u>	<u>440,639</u>	<u>7,661,221</u>	<u>5,095,311</u>	<u>65,319,779</u>
EXPENDITURES								
General government	-	-	-	1,122,627	-	-	-	1,122,627
Public safety	-	339,921	-	204,087	206,867	-	-	750,875
Health and human services	-	-	-	308,035	-	-	-	308,035
Community development and housing	-	-	-	206,655	-	-	-	206,655
Culture and recreation	-	-	-	140,589	-	4,792,819	-	4,933,408
Environment	234,919	-	30,185,306	81,835	-	-	-	30,502,060
Total Expenditures	<u>234,919</u>	<u>339,921</u>	<u>30,185,306</u>	<u>2,063,828</u>	<u>206,867</u>	<u>4,792,819</u>	<u>-</u>	<u>37,823,660</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>480,365</u>	<u>552,938</u>	<u>19,502,326</u>	<u>(1,236,995)</u>	<u>233,772</u>	<u>2,868,402</u>	<u>5,095,311</u>	<u>27,496,119</u>
OTHER FINANCING SOURCES (USES)								
Transfers (out)	(763,247)	-	(13,909,048)	-	-	(3,300,000)	-	(17,972,295)
Leases (as lessee)	-	-	-	-	-	90,550	-	90,550
Total Other Financing Sources (Uses)	<u>(763,247)</u>	<u>-</u>	<u>(13,909,048)</u>	<u>-</u>	<u>-</u>	<u>(3,209,450)</u>	<u>-</u>	<u>(17,881,745)</u>
Net Change in Fund Balances	<u>(282,882)</u>	<u>552,938</u>	<u>5,593,278</u>	<u>(1,236,995)</u>	<u>233,772</u>	<u>(341,048)</u>	<u>5,095,311</u>	<u>9,614,374</u>
Fund Balances - Beginning of Year	<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>-</u>	<u>40,195,067</u>
Fund Balances - End of Year	<u>\$ 2,831,342</u>	<u>\$ 1,461,430</u>	<u>\$ 28,308,951</u>	<u>\$ 11,203,304</u>	<u>\$ 861,260</u>	<u>\$ 47,843</u>	<u>\$ 5,095,311</u>	<u>\$ 49,809,441</u>

Exhibit B-7

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

(NON-GAAP BUDGETARY BASIS)

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final		
Revenues:				
Intergovernmental	\$ 3,705,860	\$ 3,705,860	\$ 112,977	\$ (3,592,883)
Investment income	-	-	109,920	109,920
Total Revenues	3,705,860	3,705,860	222,897	(3,482,963)
Expenditures:				
Operating:				
Principal and interest for general obligation bonds:				
General county	73,669,270	73,669,270	74,781,378	(1,112,108)
Roads and storm drainage	81,692,170	81,692,170	81,662,071	30,099
Parks and recreation	9,610,150	9,610,150	9,549,541	60,609
Public schools	157,349,560	157,349,560	156,353,376	996,184
Montgomery College	28,754,980	28,754,980	28,834,000	(79,020)
Public housing	50,060	50,060	50,055	5
Recreation	10,653,890	10,653,890	10,551,998	101,892
Fire and rescue	8,253,840	8,253,840	8,186,303	67,537
Mass transit	22,146,340	22,146,340	22,016,635	129,705
Issuing costs	3,753,000	3,825,886	3,231,270	594,616
Bond anticipation note interest	4,725,000	4,725,000	2,017,874	2,707,126
Principal and interest on revenue bonds	9,450,600	9,450,600	8,450,672	999,928
Long-term obligations:				
General Fund	18,543,877	18,543,877	16,961,813	1,582,064
Montgomery Housing Initiative	19,309,230	19,309,230	15,363,504	3,945,726
Mass Transit	8,070,325	8,070,325	6,734,944	1,335,381
Fire and Rescue	5,260,150	5,260,150	5,121,681	138,469
Water Quality Protection	943,320	943,320	943,317	3
Permitting Services	872,571	872,571	872,569	2
Community Use of Public Facilities	330,162	330,162	330,161	1
Motor Pool Fund	516,500	516,500	515,795	705
Total Expenditures	463,954,995	464,027,881	452,528,957	11,498,924
Excess of Revenues over (under) Expenditures	(460,249,135)	(460,322,021)	(452,306,060)	8,015,961
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	374,442,207	374,442,207	369,492,832	(4,949,375)
From Capital Projects Fund	-	-	269,618	269,618
Transfer to Capital Projects Fund	-	-	(23,549,506)	(23,549,506)
From Internal Service Funds	516,500	516,500	515,795	(705)
From Enterprise Funds:				
Community Use of Public Facilities	330,162	330,162	330,161	(1)
Permitting Services	872,571	872,571	872,569	(2)
From Special Revenue Funds:				
Recreation	10,653,890	10,653,890	10,551,996	(101,894)
Mass Transit	30,216,665	30,216,665	28,751,579	(1,465,086)
Fire Tax District	13,513,990	13,513,990	13,354,898	(159,092)
Montgomery Housing Initiative	19,262,000	19,262,000	15,140,831	(4,121,169)
Water Quality Protection	10,393,920	10,393,920	9,384,953	(1,008,967)
Total Other Financing Sources (Uses)	460,201,905	460,201,905	425,115,726	(35,086,179)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (47,230)	\$ (120,116)	(27,190,334)	\$ (27,070,218)

Exhibit B-7 (Concluded)

Adjustments required under generally accepted accounting principles:

Elimination of encumbrances outstanding	131,522
Bond anticipation note activity	(294,000,000)
Premium on general obligation bonds	35,197,820
Issuing costs for general obligation bonds/certificates of participation	(648,900)
Proceeds of:	
General obligation bonds	280,000,000
Non budgeted Item - Lease revenue bonds	1,000,072
GAAP - Net Change in Fund Balance	(5,509,820)
Fund Balance - Beginning of Year	17,249,492
Fund Balance - End of Year	<u>\$ 11,739,672</u>

Exhibit B-8

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

(NON-GAAP BUDGETARY BASIS) CAPITAL PROJECTS FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes	\$ 21,327,000	\$ 20,050,000	\$ 79,762,907	\$ 59,712,907
Intergovernmental	79,547,000	94,110,703	11,973,881	(82,136,822)
Charges for services	9,851,000	20,014,000	27,048,742	7,034,742
Investment income	201,000	201,000	493,968	292,968
Miscellaneous	11,088,000	37,764,240	41,387,113	3,622,873
Total Revenues	122,014,000	172,139,943	160,666,611	(11,473,332)
Expenditures - Capital Projects	436,735,000	698,612,115	1,082,277,619	(383,665,504)
Excess of Revenues over (under) Expenditures	(314,721,000)	(526,472,172)	(921,611,008)	(395,138,836)
Other Financing Sources (Uses):				
Transfers in	59,651,000	71,510,505	142,154,426	70,643,921
Transfers out	-	-	(269,618)	(269,618)
Sale of property	-	9,766,000	281,251	(9,484,749)
Financing under notes payable	13,637,000	20,041,000	20,147,548	106,548
Payment to refunded bond escrow agent	-	-	(23,504,250)	(23,504,250)
Proceeds from certificates of participation	14,896,000	14,896,000	-	(14,896,000)
Proceeds from general obligation bonds	197,575,000	206,887,200	-	(206,887,200)
Proceeds from bond anticipation notes	-	-	200,000,000	200,000,000
Proceeds from issuance of revenue bonds	28,962,000	28,962,000	30,171,626	1,209,626
Premium on general obligation refunding bonds	-	10,000,000	-	(10,000,000)
Premium on revenue bonds	-	-	2,293,467	2,293,467
Total Other Financing Sources (Uses)	314,721,000	362,062,705	371,274,450	9,211,745
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ (164,409,467)	(550,336,558)	\$ (385,927,091)
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			269,440,806	
Non-budget item - Cost of issuance			(26,748)	
Transfer from Housing Initiative special revenue fund			3,775,692	
GAAP - Net Change in Fund Balance			(277,146,808)	
Fund Balance - Beginning of Year			142,372,963	
Fund Balance - End of Year			<u>\$ (134,773,845)</u>	

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, 2023

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes - property	\$ 49,559,780	\$ 49,559,780	\$ 49,584,641	\$ 24,861
Charges for services - activity fees	5,120,000	5,120,000	5,151,358	31,358
Miscellaneous	174,829	174,829	111,464	(63,365)
Total Revenues	54,854,609	54,854,609	54,847,463	(7,146)
Expenditures:				
Personnel costs	32,313,139	31,364,553	27,552,323	3,812,230
Operating	19,130,572	22,628,682	20,227,299	2,401,383
Total Expenditures	51,443,711	53,993,235	47,779,622	6,213,613
Excess of Revenues over (under) Expenditures	3,410,898	861,374	7,067,841	6,206,467
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	1,009,700	1,009,700	1,009,700	-
From Recreation Non Tax Supported Fund	4,500,000	4,500,000	3,300,000	(1,200,000)
To General Fund	(7,873,160)	(7,873,160)	(7,873,160)	-
To Debt Service Fund	(10,653,890)	(10,653,890)	(10,551,996)	101,894
Total Other Financing Sources (Uses)	(13,017,350)	(13,017,350)	(14,115,456)	(1,098,106)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (9,606,452)	\$ (12,155,976)	(7,047,615)	\$ 5,108,361
Adjustments required under generally accepted accounting principles:				
Interfund activity- Maintenance cost reimbursement budgeted as a transfer to General Fund			(1,763,210)	
Transfer to General Fund			1,763,210	
Non-budgeted item - Recovered bad debt			765	
Elimination of encumbrances outstanding			3,040,146	
GAAP - Net Change in Fund Balance			(5,769,914)	
Fund Balance - Beginning of Year			14,083,669	
Fund Balance - End of Year			\$ 8,313,755	

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, 2023**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes - property	\$ 236,039,696	\$ 236,039,696	\$ 236,150,702	\$ 111,006
Intergovernmental	11,013,162	12,903,637	15,634,322	2,730,685
Charges for services	20,000,000	20,000,000	22,917,617	2,917,617
Miscellaneous	244,882	244,882	301,564	56,682
Total Revenues	<u>267,297,740</u>	<u>269,188,215</u>	<u>275,004,205</u>	<u>5,815,990</u>
Expenditures:				
Personnel costs	207,568,502	218,108,936	218,108,123	813
Operating	45,097,119	53,064,339	53,064,333	6
Total Expenditures	<u>252,665,621</u>	<u>271,173,275</u>	<u>271,172,456</u>	<u>819</u>
Excess of Revenues over (under) Expenditures	<u>14,632,119</u>	<u>(1,985,060)</u>	<u>3,831,749</u>	<u>5,816,809</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	(13,513,990)	(13,513,990)	(13,354,898)	159,092
To Capital Projects Fund	(4,464,000)	(4,464,000)	(1,526,686)	2,937,314
Total Other Financing Sources (Uses)	<u>(17,848,740)</u>	<u>(17,848,740)</u>	<u>(14,752,334)</u>	<u>3,096,406</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ (3,216,621)</u>	<u>\$ (19,833,800)</u>	<u>(10,920,585)</u>	<u>\$ 8,913,215</u>
Adjustments required under generally accepted accounting principles:				
Non-budgeted item - Recovered bad debt			929	
Elimination of encumbrances outstanding			<u>4,586,731</u>	
GAAP - Net Change in Fund Balance			<u>(6,332,925)</u>	
Fund Balance - Beginning of Year			<u>19,802,789</u>	
Fund Balance - End of Year			<u>\$ 13,469,864</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, 2023

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes - property	\$ 182,853,842	\$ 182,853,842	\$ 182,663,466	\$ (190,376)
Licenses and permits	80,000	80,000	43,765	(36,235)
Intergovernmental	34,042,840	34,042,840	42,252,329	8,209,489
Charges for services:				
Fare receipts	13,263,838	13,263,838	10,387,743	(2,876,095)
Parking fees	828,704	828,704	810,157	(18,547)
Total Charges for Services	14,092,542	14,092,542	11,197,900	(2,894,642)
Fines and forfeitures	566,335	566,335	750,241	183,906
Miscellaneous	-	-	217,255	217,255
Total Revenues	231,635,559	231,635,559	237,124,956	5,489,397
Expenditures:				
Division of Transit Services:				
Personnel costs	97,545,246	106,126,185	106,126,180	5
Operating	70,146,333	80,455,361	80,455,360	1
Total Division of Transit Services	167,691,579	186,581,546	186,581,540	6
Washington Suburban Transit Commission				
Operating	143,898	143,898	143,898	-
Total Expenditures	167,835,477	186,725,444	186,725,438	6
Excess of Revenues over (under) Expenditures	63,800,082	44,910,115	50,399,518	5,489,403
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	531,310	531,310	531,310	-
To General Fund	(17,914,117)	(17,914,117)	(17,914,117)	-
To Debt Service Fund	(30,216,665)	(30,216,665)	(28,751,579)	1,465,086
To Capital Projects Fund	(15,640,000)	(15,640,000)	(12,756,924)	2,883,076
Total Other Financing Sources (Uses)	(63,239,472)	(63,239,472)	(58,891,310)	4,348,162
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 560,610	\$ (18,329,357)	(8,491,792)	\$ 9,837,565
Adjustments required under generally accepted accounting principles:				
Non-budget item - Recovered bad debt			65	
Elimination of encumbrances outstanding			3,823,256	
GAAP - Net Change in Fund Balance			(4,668,471)	
Fund Balance - Beginning of Year			64,539,893	
Fund Balance - End of Year			\$ 59,871,422	

Exhibit B-12

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

**(NON-GAAP BUDGETARY BASIS)
REHABILITATION LOAN SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive Negative
Revenues:				
Investment income				
Pooled investment income	\$ -	\$ -	\$ 130,274	\$ 130,274
Other investment income	-	-	14,353	14,353
Total Revenues	-	-	<u>144,627</u>	<u>144,627</u>
 Total Expenditures	-	3,223,893	-	3,223,893
Excess of Revenues over (under) Expenditures	-	<u>(3,223,893)</u>	<u>144,627</u>	<u>3,368,520</u>
 Other Financing Sources (Uses):				
Mortgage loans	-	-	243,560	243,560
Total Other Financing Sources (Uses)	-	-	<u>243,560</u>	<u>243,560</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ (3,223,893)</u>	<u>388,187</u>	<u>\$ 3,612,080</u>
Adjustments required under generally accepted accounting principles:				
Repayment of loan principal not considered revenue under GAAP			<u>(243,560)</u>	
GAAP - Net Change in Fund Balance			<u>144,627</u>	
 Fund Balance - Beginning of Year			<u>5,013,523</u>	
Fund Balance - End of Year			<u><u>\$ 5,158,150</u></u>	

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, 2023

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Fines and forfeitures	\$ 23,223,552	\$ 23,223,552	\$ 20,906,273	\$ (2,317,279)
Investment income	76,760	76,760	71,909	(4,851)
Miscellaneous	1,000,000	1,000,000	-	(1,000,000)
Total Revenues	<u>24,300,312</u>	<u>24,300,312</u>	<u>20,978,182</u>	<u>(3,322,130)</u>
Expenditures:				
Personnel costs	4,586,990	4,611,768	3,092,535	1,519,233
Operating	10,640,445	13,576,166	12,309,801	1,266,365
Total Expenditures	<u>15,227,435</u>	<u>18,187,934</u>	<u>15,402,336</u>	<u>2,785,598</u>
Excess of Revenues over (under) Expenditures	<u>9,072,877</u>	<u>6,112,378</u>	<u>5,575,846</u>	<u>(536,532)</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
To General Fund	(4,522,407)	(4,522,407)	(4,522,407)	-
To Capital Projects Fund	(4,398,000)	(4,398,000)	(4,404,252)	(6,252)
Total Other Financing Sources (Uses)	<u>(8,920,407)</u>	<u>(8,920,407)</u>	<u>(8,926,659)</u>	<u>(6,252)</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 152,470</u>	<u>\$ (2,808,029)</u>	<u>(3,350,813)</u>	<u>\$ (542,784)</u>
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			2,191,603	
GAAP - Net Change in Fund Balance			<u>(1,159,210)</u>	
Fund Balance - Beginning of Year			4,881,152	
Fund Balance - End of Year			<u>\$ 3,721,942</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, 2023**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 815,403	\$ 815,403
Investment income	-	-	46,795	46,795
Miscellaneous	-	-	30,661	30,661
Total Revenues	-	-	892,859	892,859
Expenditures:				
Operating	-	908,492	495,897	412,595
Total Expenditures	-	908,492	495,897	412,595
Excess of Revenues over (under) Expenditures	\$ -	\$ (908,492)	396,962	\$ 1,305,454
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			155,976	
GAAP - Net Change in Fund Balance			552,938	
Fund Balance - Beginning of Year			908,492	
Fund Balance - End of Year			\$ 1,461,430	

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, 2023

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes	\$ 45,914,720	\$ 45,914,720	\$ 47,908,016	\$ 1,993,296
Charges for services	47,500	47,500	369,929	322,429
Investment income	500,000	500,000	1,409,687	909,687
Total Revenues	<u>46,462,220</u>	<u>46,462,220</u>	<u>49,687,632</u>	<u>3,225,412</u>
Expenditures:				
Personnel costs	10,321,099	10,347,500	9,524,556	822,944
Operating	20,669,401	24,375,832	23,581,315	794,517
Total Expenditures	<u>30,990,500</u>	<u>34,723,332</u>	<u>33,105,871</u>	<u>1,617,461</u>
Excess of Revenues over (under) Expenditures	<u>15,471,720</u>	<u>11,738,888</u>	<u>16,581,761</u>	<u>4,842,873</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
To General Fund	(1,893,920)	(1,893,920)	(1,893,920)	-
To Capital Projects Fund	(3,138,000)	(3,138,000)	(2,630,175)	507,825
To Debt Service Fund	(10,393,920)	(10,393,920)	(9,384,953)	1,008,967
Total Other Financing Sources (Uses)	<u>(15,425,840)</u>	<u>(15,425,840)</u>	<u>(13,909,048)</u>	<u>1,516,792</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 45,880</u>	<u>\$ (3,686,952)</u>	<u>2,672,713</u>	<u>\$ 6,359,665</u>
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			2,920,565	
GAAP - Net Change in Fund Balance			<u>5,593,278</u>	
Fund Balance - Beginning of Year			<u>22,715,673</u>	
Fund Balance - End of Year			<u>\$ 28,308,951</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, 2023**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 88,067	\$ 88,067
Miscellaneous - contributions	-	-	738,766	738,766
Total Revenues	-	-	826,833	826,833
Expenditures:				
Operating	-	6,025,271	3,467,157	2,558,114
Total Expenditures	-	6,025,271	3,467,157	2,558,114
Excess of Revenues over (under) Expenditures	\$ -	\$ (6,025,271)	(2,640,324)	\$ 3,384,947
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			1,403,329	
GAAP - Net Change in Fund Balance			(1,236,995)	
Fund Balance - Beginning of Year			12,440,299	
Fund Balance - End of Year			\$ 11,203,304	

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, 2023

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Investment income	\$ 4,180	\$ 4,180	\$ 28,166	\$ 23,986
Miscellaneous	245,065	245,065	412,473	167,408
Total Revenues	249,245	249,245	440,639	191,394
Expenditures:				
Operating	543,000	551,599	278,451	273,148
Total Expenditures	543,000	551,599	278,451	273,148
Excess of Revenues over (under) Expenditures	\$ (293,755)	\$ (302,354)	162,188	\$ 464,542
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			71,584	
GAAP - Net Change in Fund Balance			233,772	
Fund Balance - Beginning of Year			627,488	
Fund Balance - End of Year			\$ 861,260	

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, 2023**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Charges for services - activity fees	\$ 8,100,000	\$ 8,100,000	\$ 7,631,021	\$ (468,979)
Investment income	3,100	3,100	30,200	27,100
Total Revenues	<u>8,103,100</u>	<u>8,103,100</u>	<u>7,661,221</u>	<u>(441,879)</u>
Expenditures:				
Operating	3,600,000	4,702,270	4,702,269	1
Total Expenditures	<u>3,600,000</u>	<u>4,702,270</u>	<u>4,702,269</u>	<u>1</u>
Excess of Revenues over (under) Expenditures	<u>4,503,100</u>	<u>3,400,830</u>	<u>2,958,952</u>	<u>(441,878)</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
To Special Revenue Fund - Recreation	(4,500,000)	(4,500,000)	(3,300,000)	1,200,000
Total Other Financing Sources (Uses)	<u>(4,500,000)</u>	<u>(4,500,000)</u>	<u>(3,300,000)</u>	<u>1,200,000</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 3,100</u>	<u>\$ (1,099,170)</u>	<u>(341,048)</u>	<u>\$ 758,122</u>
Adjustments required under generally accepted accounting principles:				
GAAP - Net Change in Fund Balance			(341,048)	
Fund Balance - Beginning of Year			<u>388,891</u>	
Fund Balance - End of Year			<u>\$ 47,843</u>	



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, 2023

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Equity in pooled cash and investments	\$ 54,092,219	\$ 4,973,470	\$ 59,065,689
Receivables (net of allowance for uncollectibles):			
Accounts	2,918	4,821,994	4,824,912
Total Current Assets	<u>54,095,137</u>	<u>9,795,464</u>	<u>63,890,601</u>
Noncurrent Assets:			
Capital Assets:			
Furniture, fixtures, equipment, and machinery	1,682,208	-	1,682,208
Automobiles and trucks	218,967	-	218,967
Subscription assets	1,711,236	-	1,711,236
Subtotal	<u>3,612,411</u>	<u>-</u>	<u>3,612,411</u>
Less: Accumulated depreciation	1,941,488	-	1,941,488
Total Capital Assets (net of accumulated depreciation)	<u>1,670,923</u>	<u>-</u>	<u>1,670,923</u>
Net Pension Asset	<u>2,723,875</u>	<u>236,747</u>	<u>2,960,622</u>
Total Noncurrent Assets	<u>4,394,798</u>	<u>236,747</u>	<u>4,631,545</u>
Total Assets	<u>58,489,935</u>	<u>10,032,211</u>	<u>68,522,146</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	<u>2,569,738</u>	<u>222,280</u>	<u>2,792,018</u>
Total Deferred Outflows of Resources	<u>2,569,738</u>	<u>222,280</u>	<u>2,792,018</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	111,116	194,674	305,790
Interest payable	16,999	-	16,999
Deposits	9,566,596	-	9,566,596
Accrued liabilities	3,412,564	341,745	3,754,309
Due to other funds	264,087	27,301	291,388
Due to component units	-	1,912,293	1,912,293
Unearned revenue	296,811	5,284,312	5,581,123
Subscription liabilities	388,328	-	388,328
Total Current Liabilities	<u>14,056,501</u>	<u>7,760,325</u>	<u>21,816,826</u>
Noncurrent Liabilities:			
Subscription liabilities	684,354	-	684,354
Compensated absences	1,356,353	131,564	1,487,917
Total Noncurrent Liabilities	<u>2,040,707</u>	<u>131,564</u>	<u>2,172,271</u>
Total Liabilities	<u>16,097,208</u>	<u>7,891,889</u>	<u>23,989,097</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	<u>920,996</u>	<u>80,049</u>	<u>1,001,045</u>
Total Deferred Inflows of Resources	<u>920,996</u>	<u>80,049</u>	<u>1,001,045</u>
NET POSITION			
Net investment in capital assets	598,241	-	598,241
Unrestricted	<u>43,443,228</u>	<u>2,282,553</u>	<u>45,725,781</u>
Total Net Position	<u>\$ 44,041,469</u>	<u>\$ 2,282,553</u>	<u>\$ 46,324,022</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for services	\$ 2,235,073	\$ 9,027,323	\$ 11,262,396
Licenses and permits	44,742,884	-	44,742,884
Fines and penalties	54,683	-	54,683
Total Operating Revenues	47,032,640	9,027,323	56,059,963
OPERATING EXPENSES			
Personnel costs	29,142,353	2,823,077	31,965,430
Postage	12,884	3	12,887
Insurance	872,428	-	872,428
Supplies and materials	277,814	175,420	453,234
Contractual services	933,104	3,118,117	4,051,221
Communications	258,624	41,388	300,012
Transportation	1,187,938	11,842	1,199,780
Public utility services	-	809,546	809,546
Rentals	1,150,650	104,967	1,255,617
Maintenance	1,415,954	10,733	1,426,687
Depreciation and amortization	376,678	-	376,678
Other	323,634	299,669	623,303
Total Operating Expenses	35,952,061	7,394,762	43,346,823
Operating Income (Loss)	11,080,579	1,632,561	12,713,140
NONOPERATING REVENUES (EXPENSES)			
Gain (loss) on disposal of capital assets	(3,866)	-	(3,866)
Investment income	1,998,370	208,732	2,207,102
Interest expense	(16,999)	-	(16,999)
Total Nonoperating Revenues (Expenses)	1,977,505	208,732	2,186,237
Income (Loss) Before Transfers	13,058,084	1,841,293	14,899,377
Transfers In (Out):			
Transfers in	-	25,000	25,000
Transfers out	(6,541,150)	(1,631,434)	(8,172,584)
Total Transfers In (Out)	(6,541,150)	(1,606,434)	(8,147,584)
Change in Net Position	6,516,934	234,859	6,751,793
Total Net Position - Beginning of Year	37,524,535	2,047,694	39,572,229
Total Net Position - End of Year	\$ 44,041,469	\$ 2,282,553	\$ 46,324,022

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 47,407,222	\$ 9,808,428	\$ 57,215,650
Payments to suppliers	(6,502,691)	(6,617,897)	(13,120,588)
Payments to employees	(31,307,323)	(3,084,195)	(34,391,518)
Receipt of customer deposits	4,934,195	-	4,934,195
Return of customer deposits	(5,303,113)	-	(5,303,113)
Net cash provided (Used) by Operating Activities	<u>9,228,290</u>	<u>106,336</u>	<u>9,334,626</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	(6,541,150)	(1,631,434)	(8,172,584)
Net cash provided (Used) by Noncapital Financing Activities	<u>(6,541,150)</u>	<u>(1,606,434)</u>	<u>(8,147,584)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on subscription	(638,553)	-	(638,553)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(638,553)</u>	<u>-</u>	<u>(638,553)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income from pooled investments	1,998,370	208,732	2,207,102
Net cash provided (Used) by Investing Activities	<u>1,998,370</u>	<u>208,732</u>	<u>2,207,102</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,046,957	(1,291,366)	2,755,591
Balances - Beginning of Year	50,045,262	6,264,836	56,310,098
Balances - End of Year	<u>\$ 54,092,219</u>	<u>\$ 4,973,470</u>	<u>\$ 59,065,689</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 11,080,579	\$ 1,632,561	\$ 12,713,140
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	376,678	-	376,678
Pension expense	(1,115,486)	(123,042)	(1,238,528)
(Increase) Decrease in Accounts receivable	255,526	(535,288)	(279,762)
Increase (Decrease) in Accounts payable and other liabilities	43,798	33,756	77,554
Increase (Decrease) in Deposits	(368,918)	-	(368,918)
Increase (Decrease) in Accrued liabilities	(708,442)	(81,358)	(789,800)
Increase (Decrease) in Due to other fund	(507,614)	(53,673)	(561,287)
Increase (Decrease) in Due to component units	-	(2,082,766)	(2,082,766)
Increase (Decrease) in Unearned revenue	119,055	1,626,415	1,745,470
Increase (Decrease) in Compensated absences	53,114	(248)	52,866
Increase (Decrease) in Deferred inflow of resources- deferred revenue	-	(310,021)	(310,021)
Net Cash Provided (Used) by Operating Activities	<u>\$ 9,228,290</u>	<u>\$ 106,336</u>	<u>\$ 9,334,626</u>

SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
LIQUOR				
Personnel costs	\$ 39,171,651	\$ 37,692,841	\$ 37,692,841	\$ -
Operating	29,094,217	33,527,248	33,527,243	5
Total	<u>\$ 68,265,868</u>	<u>\$ 71,220,089</u>	<u>71,220,084</u>	<u>\$ 5</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			8,070,735	
Cost of goods sold			223,531,699	
Interest expense			1,344,871	
Bad debt expense			1,852,610	
CIP - other operating costs			1,892,693	
Deductions:				
Capital outlay			(2,393,686)	
Principal paid on bonds			(5,925,000)	
Interest paid on bonds			(2,307,140)	
Equipment note principal payments			(600,423)	
Equipment note interest payments			(28,348)	
Pension expense			(1,454,857)	
Encumbrances outstanding at year-end			(2,316,579)	
Lease principal payments			(4,877,596)	
Lease interest payments			(953,334)	
GAAP Expenses			<u>\$ 287,055,729</u>	<u>*</u>
* Includes operating and nonoperating expenses				
PERMITTING SERVICES				
Personnel costs	\$ 30,891,449	\$ 31,001,646	\$ 30,257,839	\$ 743,807
Operating	10,175,600	11,208,783	9,028,473	2,180,310
Total	<u>\$ 41,067,049</u>	<u>\$ 42,210,429</u>	<u>39,286,312</u>	<u>\$ 2,924,117</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			376,678	
Interest expense			16,999	
Bad debt expense			255,526	
Deductions:				
Encumbrances outstanding at year-end			(2,212,416)	
Pension expense			(1,115,486)	
Subscription principal payments			(638,553)	
GAAP Expenses			<u>\$ 35,969,060</u>	<u>*</u>
* Includes operating and nonoperating expenses				
COMMUNITY USE OF PUBLIC FACILITIES				
Personnel costs	\$ 3,550,417	\$ 3,566,903	\$ 2,946,119	\$ 620,784
Operating	7,372,819	7,390,291	4,583,254	2,807,037
Total	<u>\$ 10,923,236</u>	<u>\$ 10,957,194</u>	<u>7,529,373</u>	<u>\$ 3,427,821</u>
Reconciliation to GAAP expenses:				
Deductions:				
Pension expense			(123,042)	
Encumbrances outstanding at year-end			(11,569)	
GAAP Expenses			<u>\$ 7,394,762</u>	
SOLID WASTE DISPOSAL				
Personnel costs	\$ 11,706,220	\$ 11,736,580	\$ 11,364,448	\$ 372,132
Operating	119,666,892	142,588,193	138,682,551	3,905,642
Total	<u>\$ 131,373,112</u>	<u>\$ 154,324,773</u>	<u>150,046,999</u>	<u>\$ 4,277,774</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			1,796,192	
CIP - other operating costs			18,380,025	
Deductions:				
Capital outlay expenditures			(3,053,765)	
Encumbrances outstanding at year-end			(41,383,925)	
Pension expense			(437,201)	
GAAP Expenses			<u>\$ 125,348,325</u>	

Exhibit C-4 (Continued)

SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
SOLID WASTE COLLECTION				
Personnel costs	\$ 1,687,378	\$ 1,690,130	\$ 1,355,711	\$ 334,419
Operating	9,577,405	9,594,580	9,226,740	367,840
Total	<u>\$ 11,264,783</u>	<u>\$ 11,284,710</u>	<u>10,582,451</u>	<u>\$ 702,259</u>
Reconciliation to GAAP expenses:				
Deductions:				
Pension expense			(15,653)	
Encumbrances outstanding at year-end			(3,141)	
GAAP Expenses			<u>\$ 10,563,657</u>	
SOLID WASTE LEAFING				
Personnel costs	\$ 3,342,236	\$ 3,245,886	\$ 2,640,553	\$ 605,333
Operating	3,573,351	3,669,701	3,669,694	7
Total	<u>\$ 6,915,587</u>	<u>\$ 6,915,587</u>	<u>6,310,247</u>	<u>\$ 605,340</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			4,035	
Interfund activities budgeted as transfers - charges for services from disposal			1,387,842	
Deductions:				
Pension expense			(64,466)	
GAAP Expenses			<u>\$ 7,637,658</u>	
Reconciliation of GAAP expenses to Statement of Revenues, Expenses, and Changes in Fund Net Position:				
GAAP Expenses:				
Solid Waste Disposal			125,348,325	
Solid Waste Collection			10,563,657	
Solid Waste Leafing			7,637,658	
Total Solid Waste Activities			<u>\$ 143,549,640</u>	
SILVER SPRING PARKING				
Personnel costs	\$ 2,634,899	\$ 2,382,720	\$ 2,292,647	\$ 90,073
Operating	7,856,988	8,293,372	8,025,085	268,287
Total	<u>\$ 10,491,887</u>	<u>\$ 10,676,092</u>	<u>10,317,732</u>	<u>\$ 358,360</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			5,308,111	
Interest expense			251,050	
Bad debt expense			568,798	
CIP - other operating costs			1,270,554	
Deductions:				
Capital outlay			(1,253,242)	
Pension expense			(88,316)	
Encumbrances outstanding at year-end			(221,101)	
Lease principal payments			(576,641)	
Lease interest payments			(249,106)	
Subscription principal payments			(706,408)	
Subscription interest payments			(21,138)	
GAAP Expenses			<u>\$ 14,600,293</u>	
BETHESDA PARKING				
Personnel costs	\$ 2,375,383	\$ 2,386,756	\$ 2,146,702	\$ 240,054
Operating	11,530,315	11,709,150	10,350,275	1,358,875
Total	<u>\$ 13,905,698</u>	<u>\$ 14,095,906</u>	<u>12,496,977</u>	<u>\$ 1,598,929</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			5,772,864	
Interest expense			389,313	
CIP - other operating costs			2,033,476	
Deductions:				
Capital outlay			(2,033,476)	
Pension expense			(86,502)	
Encumbrances outstanding at year-end			(664,222)	
Principal paid on bonds			(1,945,000)	
Interest paid on bonds			(355,683)	
Subscription principal payments			(1,022,201)	
Subscription interest payments			(28,203)	
GAAP Expenses			<u>\$ 14,557,343</u>	

SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive Negative
WHEATON PARKING				
Personnel costs	\$ 395,156	\$ 397,511	\$ 372,132	\$ 25,379
Operating	1,198,813	1,241,869	1,128,363	113,506
Total	<u>\$ 1,593,969</u>	<u>\$ 1,639,380</u>	<u>1,500,495</u>	<u>\$ 138,885</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			282,160	
Interest Expense			7,219	
Bad debt expense			122,237	
Deductions:				
Pension expense			(15,618)	
Encumbrances outstanding at year-end			(177,208)	
Subscription principal payments			(229,610)	
Subscription interest payments			(6,895)	
GAAP Expenses			<u>\$ 1,482,780</u>	
Reconciliation of GAAP expenses to Statement of Revenues, Expenses, and Changes in Fund Net Position:				
GAAP Expenses:				
Silver Spring Parking			\$ 14,600,293	
Bethesda Parking			14,557,343	
Wheaton Parking			<u>1,482,780</u>	
Total Parking Lot Districts			<u>\$ 30,640,416</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, 2023**

	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	\$ 43,135,091	\$ 230,587,398	\$ 10,514,147	\$ 326,590	\$ 284,563,226
Cash	300	-	-	-	300
Receivables (net of allowances for uncollectibles):					
Accounts	25	134,718	141,591	-	276,334
Due from other funds	-	-	14,354,086	-	14,354,086
Due from component units	125,813	-	659,398	3,523	788,734
Due from other governments	106,263	533,565	331,596	24,988	996,412
Inventory of supplies	6,239,311	-	-	-	6,239,311
Prepays	-	290,824	-	340,373	631,197
Total Current Assets	49,606,803	231,546,505	26,000,818	695,474	307,849,600
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	5,285,261	-	-	734,631	6,019,892
Automobiles and trucks	109,091,576	-	-	-	109,091,576
Lease assets - buildings	-	1,006,472	-	1,056,500	2,062,972
Lease assets - equipment	-	-	-	6,069,375	6,069,375
Subscription assets	-	63,170	1,476,003	-	1,539,173
Subtotal	114,667,908	1,069,642	1,476,003	7,954,665	125,168,218
Less: Accumulated depreciation and amortization	84,402,912	425,302	311,746	6,509,002	91,648,962
Total Capital Assets (net of accumulated depreciation and amortization)	30,264,996	644,340	1,164,257	1,445,663	33,519,256
Net pension asset	1,150,062	484,605	185,979	268,883	2,089,529
Total Noncurrent Assets	31,415,058	1,128,945	1,350,236	1,714,546	35,608,785
Total Assets	81,021,861	232,675,450	27,351,054	2,410,020	343,458,385
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferrals	1,123,007	466,789	206,956	265,836	2,062,588
Total Deferred Outflows of Resources	1,123,007	466,789	206,956	265,836	2,062,588
LIABILITIES					
Current Liabilities:					
Accounts payable	2,247,250	1,665,865	9,741,717	30,580	13,685,412
Interest payable	-	1,483	9,246	1,990	12,719
Claims payable	-	49,014,844	11,057,671	-	60,072,515
Accrued liabilities	3,044,239	648,193	1,366,112	508,622	5,567,166
Due to other funds	216,910	38,089	4,319,151	32,934	4,607,084
Due to component units	-	34,553	-	-	34,553
Due to other governments	404	501,171	-	-	501,575
Leases Payable	-	121,491	-	1,124,354	1,245,845
Subscription liabilities	-	13,031	326,544	-	339,575
Total Current Liabilities	5,508,803	52,038,720	26,820,441	1,698,480	86,066,444
Noncurrent Liabilities:					
Claims payable	-	166,038,045	6,837,000	-	172,875,045
Leases Payable	-	556,692	-	216,712	773,404
Subscription liabilities	-	26	810,917	-	810,943
Compensated absences	1,091,200	200,145	159,408	136,131	1,586,884
Total Noncurrent Liabilities	1,091,200	166,794,908	7,807,325	352,843	176,046,276
Total Liabilities	6,600,003	218,833,628	34,627,766	2,051,323	262,112,720
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals	388,859	163,854	62,883	90,914	706,510
Total Deferred Inflows of Resources	388,859	163,854	62,883	90,914	706,510
NET POSITION					
Net investment in capital assets	30,264,996	-	26,796	104,597	30,396,389
Unrestricted	44,891,010	14,144,757	(7,159,435)	429,022	52,305,354
Total Net Position (Deficit)	\$ 75,156,006	\$ 14,144,757	\$ (7,132,639)	\$ 533,619	\$ 82,701,743

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Motor Pool	Liability and Property Coverage Self Insurance	Employee Health Benefits Self Insurance	Central Duplicating	Total Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 99,775,750	\$ 89,979,620	\$ 188,383,897	\$ 9,175,579	\$ 387,314,846
Claim recoveries	2,644,328	1,039,499	-	-	3,683,827
Total Operating Revenues	102,420,078	91,019,119	188,383,897	9,175,579	390,998,673
OPERATING EXPENSES					
Personnel costs	23,370,097	4,099,815	2,214,031	3,068,695	32,752,638
Postage	474	117	28,838	1,704,585	1,734,014
Self-insurance incurred and estimated claims	-	73,933,640	160,937,415	-	234,871,055
Insurance	1,844,868	10,504,368	36,260,091	-	48,609,327
Supplies and materials	31,341,416	5,271	68,897	826,759	32,242,343
Contractual services	183,305	8,892,716	970,289	129,768	10,176,078
Communications	131,886	9,136	30,935	541,987	713,944
Transportation	693,289	26,014	134	64,481	783,918
Public utility services	1,034,901	-	-	-	1,034,901
Rentals	-	1,379	227	600,260	601,866
Maintenance	21,337,666	-	-	142,450	21,480,116
Depreciation and amortization	8,475,545	173,856	311,746	1,963,439	10,924,586
Other	30,447	11,791	4,969	1,717	48,924
Total Operating Expenses	88,443,894	97,658,103	200,827,572	9,044,141	395,973,710
Operating Income (Loss)	13,976,184	(6,638,984)	(12,443,675)	131,438	(4,975,037)
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposal of capital assets	431,654	-	-	-	431,654
Investment income	1,246,224	9,756,478	189,404	36,240	11,228,346
Interest expense	-	(16,552)	(35,044)	(50,639)	(102,235)
Other revenue	7,500	-	-	-	7,500
Insurance recoveries	-	692,809	-	-	692,809
Total Nonoperating Revenues (Expenses)	1,685,378	10,432,735	154,360	(14,399)	12,258,074
Income (Loss) Before Transfers	15,661,562	3,793,751	(12,289,315)	117,039	7,283,037
Transfers In (Out):					
Transfers out	(515,795)	-	-	-	(515,795)
Total Transfers In (Out)	(515,795)	-	-	-	(515,795)
Change in Net Position	15,145,767	3,793,751	(12,289,315)	117,039	6,767,242
Total Net Position - Beginning of Year	60,010,239	10,351,006	5,156,676	416,580	75,934,501
Total Net Position - End of Year	\$ 75,156,006	\$ 14,144,757	\$ (7,132,639)	\$ 533,619	\$ 82,701,743

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	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	\$ 102,367,481	\$ 91,149,831	\$ 187,954,403	\$ 9,179,230	\$ 390,650,945
Payments to suppliers	(60,016,642)	(18,625,840)	(33,851,648)	(3,924,310)	(116,418,440)
Payments to employees	(24,652,617)	(4,936,984)	(2,822,463)	(3,182,655)	(35,594,719)
Claims paid	-	(53,268,218)	(160,985,100)	-	(214,253,318)
Other receipts	7,500	-	-	-	7,500
Internal activity - receipts for interfund services	-	-	5,767,545	-	5,767,545
Net Cash Provided (Used) by Operating Activities	17,705,722	14,318,789	(3,937,263)	2,072,265	30,159,513
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Insurance reimbursement claims	-	692,809	-	-	692,809
Internal activity-payment to other funds	(515,795)	-	-	-	(515,795)
Net Cash Provided (Used) by Noncapital Financing Activities	(515,795)	692,809	-	-	177,014
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	537,296	-	-	-	537,296
Acquisition and construction of capital assets	(6,769,216)	-	-	(174,683)	(6,943,899)
Principal paid on leases	-	(115,009)	-	(1,944,913)	(2,059,922)
Interest paid on leases	-	(16,208)	-	(53,210)	(69,418)
Principal paid on subscription	-	(50,113)	(338,542)	-	(388,655)
Interest paid on subscription	-	(287)	(25,798)	-	(26,085)
Net Cash Provided (Used) by Capital and Related Financing Activities	(6,231,920)	(181,617)	(364,340)	(2,172,806)	(8,950,683)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income from pooled investments	1,246,224	9,756,478	189,404	36,240	11,228,346
Net Cash Provided (Used) by Investing Activities	1,246,224	9,756,478	189,404	36,240	11,228,346
Net Increase (Decrease) in Cash and Cash Equivalents	12,204,231	24,586,459	(4,112,199)	(64,301)	32,614,190
Balances - Beginning of Year	30,931,160	206,000,939	14,626,346	390,891	251,949,336
Balances - End of Year	\$ 43,135,391	\$ 230,587,398	\$ 10,514,147	\$ 326,590	\$ 284,563,526
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 13,976,184	\$ (6,638,984)	\$ (12,443,675)	\$ 131,438	\$ (4,975,037)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	8,475,545	173,856	311,746	1,963,439	10,924,586
Pension expense	(651,890)	(328,302)	(151,442)	(168,048)	(1,299,682)
Other revenue	7,500	-	-	-	7,500
(Increase) Decrease in Accounts receivable	18,688	2,600	35,360	-	56,648
(Increase) Decrease in Due from other funds	-	-	5,767,545	-	5,767,545
(Increase) Decrease in Due from component units	(38,132)	-	(448,743)	108	(486,767)
(Increase) Decrease in Due from other governments	(33,153)	128,112	(16,111)	3,543	82,391
(Increase) Decrease in Inventory of supplies	(1,054,213)	-	-	-	(1,054,213)
(Increase) Decrease in Prepaid expenses	-	(144,099)	-	174,779	30,680
Increase (Decrease) in Accounts payable and other liabilities	(2,108,402)	964,747	3,598,729	4,155	2,459,229
Increase (Decrease) in Claims payable	-	20,665,419	(47,685)	-	20,617,734
Increase (Decrease) in Accrued liabilities	(534,301)	(467,982)	(128,986)	20,476	(1,110,793)
Increase (Decrease) in Due to other fund	(386,720)	(50,370)	(365,561)	(55,173)	(857,824)
Increase (Decrease) in Due to component units	-	34,553	-	(12,611)	21,942
Increase (Decrease) in Due to other governments	(360)	-	(63,414)	-	(63,774)
Increase (Decrease) in Compensated absences	34,976	(20,761)	14,974	10,159	39,348
Net Cash Provided (Used) by Operating Activities	\$ 17,705,722	\$ 14,318,789	\$ (3,937,263)	\$ 2,072,265	\$ 30,159,513

**SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance
	Original Budget	Final Budget		Positive (Negative)
LIABILITY AND PROPERTY COVERAGE SELF-INSURANCE				
Personnel costs	\$ 4,807,896	\$ 4,807,896	\$ 4,428,117	\$ 379,779
Operating	82,626,043	79,130,577	73,170,428	5,960,149
Total	\$ 87,433,939	\$ 83,938,473	77,598,545	\$ 6,339,928

Reconciliation to GAAP expenses:

Additions:

Depreciation and amortization	173,856
Portion of incurred but not reported claims not required to be budgeted	20,665,419
Interest expense	16,552

Deductions:

Pension expense	(328,302)
Encumbrances outstanding at year-end	(269,798)
Lease principal payments	(115,009)
Lease interest payments	(16,208)
Subscription principal payments	(50,113)
Subscription interest payments	(287)

GAAP Expenses \$ 97,674,655 *

* Includes operating and nonoperating expenses

EMPLOYEE HEALTH BENEFITS SELF-INSURANCE

Personnel costs	\$ 3,322,706	\$ 3,131,086	\$ 2,365,473	\$ 765,613
Operating	311,604,347	315,501,565	199,152,266	116,349,299
Total	<u>\$ 314,927,053</u>	<u>\$ 318,632,651</u>	<u>201,517,739</u>	<u>\$ 117,114,912</u>

Reconciliation to GAAP expenses:

Additions:

Depreciation and amortization	311,746
Interest expense	35,044

Deductions:

Portion of incurred but not reported claims not required to be budgeted	(47,685)
Pension expense	(151,442)
Encumbrances outstanding at year-end	(438,446)
Subscription principal payments	(338,542)
Subscription interest payments	(25,798)

GAAP Expenses \$ 200,862,616 *

* Includes operating and nonoperating expenses

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, 2023**

	Employees' Retirement System	Employees' Retirement Savings Plan	Deferred Compensation Plan	Retiree Health Benefits	Total
ASSETS					
Current Assets:					
Equity in pooled cash and investments	\$ 533,121	\$ 448,590	\$ -	\$ 1,041,433	\$ 2,023,144
Investments:					
Government and agency obligations	93,931,515	-	-	39,319,934	133,251,449
Municipal/Provincial bonds	6,212,249	-	-	2,739,546	8,951,795
Corporate bonds	370,885,557	-	-	163,809,215	534,694,772
Commercial mortgage-backed securities	1,911,798	-	-	639,408	2,551,206
Common and preferred stock	1,001,153,671	-	-	424,788,078	1,425,941,749
Mutual and commingled funds	1,507,342,585	687,889,795	574,657,832	623,305,457	3,393,195,669
Short-term investments	213,371,201	-	-	75,952,665	289,323,866
Cash collateral received under securities lending agreements	153,525,364	-	-	24,777,183	178,302,547
Private real assets	497,879,182	-	-	76,581,751	574,460,933
Private equity/debt	1,077,712,424	-	-	230,072,598	1,307,785,022
Total Investments	4,923,925,546	687,889,795	574,657,832	1,661,985,835	7,848,459,008
Receivables (net of allowances for uncollectibles):					
Receivables and accrued interest	11,441,323	-	-	4,503,786	15,945,109
Accounts	264,407	101,274	-	-	365,681
Due from other funds	3,201,059	1,198,812	596,200	4,301,677	9,297,748
Due from component units	53,771	131,378	-	-	185,149
Due from other governments	4,763	1,308	-	-	6,071
Total Current Assets	4,939,423,990	689,771,157	575,254,032	1,671,832,731	7,876,281,910
Noncurrent Assets:					
Capital assets:					
Miscellaneous	900,043	-	-	-	900,043
Less: Accumulated depreciation	900,043	-	-	-	900,043
Total Capital Assets (net of accumulated depreciation)	-	-	-	-	-
Total Assets	4,939,423,990	689,771,157	575,254,032	1,671,832,731	7,876,281,910
LIABILITIES					
Current Liabilities:					
Accounts payable	157,670,356	6,582	-	25,811,180	183,488,118
Accrued liabilities	3,335,852	26,593	-	1,122,122	4,484,567
Claims payable	-	-	-	4,301,677	4,301,677
Due to other funds	16,957	1,857	-	8,662,109	8,680,923
Unearned revenue	-	-	-	158,000	158,000
Total Current Liabilities	161,023,165	35,032	-	40,055,088	201,113,285
Noncurrent Liabilities:					
Compensated absences	131,934	11,294	-	26,154	169,382
Total Liabilities	161,155,099	46,326	-	40,081,242	201,282,667
NET POSITION					
Restricted for:					
Pensions	4,778,268,891	689,724,831	575,254,032	-	6,043,247,754
Other postemployment benefits	-	-	-	1,631,751,489	1,631,751,489
	<u>\$ 4,778,268,891</u>	<u>\$ 689,724,831</u>	<u>\$ 575,254,032</u>	<u>\$ 1,631,751,489</u>	<u>\$ 7,674,999,243</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Employees' Retirement System	Employees' Retirement Savings Plan	Deferred Compensation Plan	Retiree Health Benefits	Total
ADDITIONS					
Contributions:					
Employers	\$ 52,523,686	\$ 23,524,411	\$ -	\$ 127,062,287	\$ 203,110,384
Members	33,543,896	11,942,596	22,544,268	-	68,030,760
Federal government - Medicare Part D	-	-	-	20,896,180	20,896,180
Total Contributions	86,067,582	35,467,007	22,544,268	147,958,467	292,037,324
Investment income (loss)	207,126,905	68,089,083	71,612,243	74,274,607	421,102,838
Less: Investment expenses	25,248,726	10,419	-	6,953,886	32,213,031
Net Investment Income (Loss)	181,878,179	68,078,664	71,612,243	67,320,721	388,889,807
Other income - forfeitures	-	366,746	-	-	366,746
Total Additions, net	267,945,761	103,912,417	94,156,511	215,279,188	681,293,877
DEDUCTIONS					
Benefits:					
Annuities:					
Retirees	238,982,643	-	-	-	238,982,643
Survivors	11,782,336	-	-	-	11,782,336
Disability	59,673,567	-	-	-	59,673,567
Claims	-	-	-	112,634,713	112,634,713
Total Benefits	310,438,546	-	-	112,634,713	423,073,259
Member refunds	12,310,678	28,766,280	35,808,826	-	76,885,784
Administrative expenses	3,243,582	266,106	-	4,255,099	7,764,787
Total Deductions	325,992,806	29,032,386	35,808,826	116,889,812	507,723,830
Net Increase (Decrease)	(58,047,045)	74,880,031	58,347,685	98,389,376	173,570,047
Net Position - Beginning of Year	4,836,315,936	614,844,800	516,906,347	1,533,362,113	7,501,429,196
Net Position - End of Year	\$ 4,778,268,891	\$ 689,724,831	\$ 575,254,032	\$ 1,631,751,489	\$ 7,674,999,243

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - OTHER CUSTODIAL FUNDS
June 30, 2023

	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	\$ 1,095,398	\$ -	\$ 2,340,672	\$ 108,991	\$ 324,452	\$ 3,869,513
Cash	-	-	-	-	132,669	132,669
Receivables (net of allowances for uncollectibles):						
Accounts	-	-	23,250	5,076,206	-	5,099,456
Total Current Assets	<u>1,095,398</u>	<u>-</u>	<u>2,363,922</u>	<u>5,185,197</u>	<u>457,121</u>	<u>9,101,638</u>
Total Assets	<u>1,095,398</u>	<u>-</u>	<u>2,363,922</u>	<u>5,185,197</u>	<u>457,121</u>	<u>9,101,638</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	-	-	-	80,043	-	80,043
Deposits	-	-	2,130,322	-	-	2,130,322
Due to other governments	831,597	-	-	563,431	-	1,395,028
Unearned revenue	-	-	-	4,461,016	-	4,461,016
Other liabilities	126	-	-	80,707	330,660	411,493
Total Current Liabilities	<u>831,723</u>	<u>-</u>	<u>2,130,322</u>	<u>5,185,197</u>	<u>330,660</u>	<u>8,477,902</u>
Total Liabilities	<u>831,723</u>	<u>-</u>	<u>2,130,322</u>	<u>5,185,197</u>	<u>330,660</u>	<u>8,477,902</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	206,076	-	233,600	-	126,461	566,137
Total Net Position	<u>\$ 206,076</u>	<u>\$ -</u>	<u>\$ 233,600</u>	<u>\$ -</u>	<u>\$ 126,461</u>	<u>\$ 566,137</u>

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - OTHER CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	West Germantown Development District	Kingsview Village Center Development District	Escrow Deposits	Inter Agency Facility Scheduling	Miscellaneous Custodial Fund	Total
ADDITIONS						
Investment income (loss)	\$ 28,484	\$ -	\$ -	\$ -	\$ -	\$ 28,484
Other income	-	-	-	-	12,437	12,437
Total Additions, net	28,484	-	-	-	12,437	40,921
DEDUCTIONS						
Administrative expenses	-	47,511	-	-	-	47,511
Total Deductions	-	47,511	-	-	-	47,511
Net Increase (Decrease)	28,484	(47,511)	-	-	12,437	(6,590)
Net Position - Beginning of Year	177,592	47,511	233,600	-	114,024	572,727
Net Position - End of Year	\$ 206,076	\$ -	\$ 233,600	\$ -	\$ 126,461	\$ 566,137

NONMAJOR COMPONENT UNITS



Exhibit F-1

COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS
June 30, 2023

	BUP	MCRA	MC	Total
ASSETS				
Equity in pooled cash and investments	\$ -	\$ -	\$ 64,150,633	\$ 64,150,633
Cash with fiscal agents	-	-	18,022,705	18,022,705
Cash	1,706,288	11,505,074	6,500	13,217,862
Investments - cash equivalents	-	-	5,364,898	5,364,898
Investments	-	-	36,433,140	36,433,140
Receivables (net of allowance for uncollectibles):				
Accounts	-	-	11,316,779	11,316,779
Other	51,060	349,705	9,248,795	9,649,560
Lease receivable	-	1,068,584	6,891,040	7,959,624
Due from primary government	77,070	75,005	7,655,450	7,807,525
Due from other governments	20,524	-	2,505,904	2,526,428
Inventory of supplies	-	444,007	5,986	449,993
Prepays	6,771	13,405	143,865	164,041
Other assets	5,075	494,641	2,936,503	3,436,219
Restricted Assets:				
Equity in pooled cash and investments	-	-	3,885,451	3,885,451
Cash	508,048	-	-	508,048
Investments - cash equivalents	-	3,214,312	28,811,889	32,026,201
Capital Assets:				
Nondepreciable assets	-	52,574,750	139,716,819	192,291,569
Depreciable assets, net	2,621,610	20,581,113	559,638,767	582,841,490
Total Assets:	4,996,446	90,320,596	896,735,124	992,052,166
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of debt	-	151,433	-	151,433
Pension deferrals	-	425,002	5,805,419	6,230,421
OPEB deferrals	-	1,306,660	29,298,513	30,605,173
Total Deferred Outflow of Resources	-	1,883,095	35,103,932	36,987,027
LIABILITIES				
Accounts payable	224,922	1,047,688	25,908,046	27,180,656
Interest payable	-	115,091	385,581	500,672
Retainage payable	-	-	3,064,359	3,064,359
Accrued liabilities	256,102	1,366,301	2,295,917	3,918,320
Deposits	-	463,297	-	463,297
Due to primary government	22,480	1,179,947	16,537	1,218,964
Due to other governments	-	-	169,086	169,086
Unearned revenue	30,775	1,571,045	7,033,942	8,635,762
Other liabilities	162,243	-	389,367	551,610
Noncurrent Liabilities:				
Due within one year	-	2,133,367	10,109,846	12,243,213
Due in more than one year	2,496,210	27,728,762	128,417,077	158,642,049
Total Liabilities	3,192,732	35,605,498	177,789,758	216,587,988
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	-	2,500,448	2,521,197	5,021,645
OPEB deferrals	-	2,116,384	61,282,025	63,398,409
Leases	-	1,041,463	6,891,040	7,932,503
Accumulate increase in fair value of hedging derivatives	-	494,641	-	494,641
Total Deferred Inflow of Resources	-	6,152,936	70,694,262	76,847,198
NET POSITION				
Net investment in capital assets	161,695	47,411,671	620,933,168	668,506,534
Restricted for:				
Capital projects	-	1,666,593	-	1,666,593
Debt service	-	1,547,719	-	1,547,719
Other purposes	84,290	-	42,903,384	42,987,674
Unrestricted (deficit)	1,557,729	(180,726)	19,518,484	20,895,487
Total Net Position	\$ 1,803,714	\$ 50,445,257	\$ 683,355,036	\$ 735,604,007

**COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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	\$ 5,379,547	\$ 5,331,924	\$ 150,500	\$ -	\$ 102,877	\$ -	\$ -	\$ 102,877
Culture and recreation	23,531,353	27,052,759	-	684,354	-	4,205,760	-	4,205,760
Education	350,085,678	55,684,904	18,989,927	54,333,426	-	-	(221,077,421)	(221,077,421)
Total component units	<u>\$ 378,996,578</u>	<u>\$ 88,069,587</u>	<u>\$ 19,140,427</u>	<u>\$ 55,017,780</u>	<u>102,877</u>	<u>4,205,760</u>	<u>(221,077,421)</u>	<u>(216,768,784)</u>
General revenues:								
Grants and contributions not restricted to specific programs					-	-	264,021,962	264,021,962
Investment Income					-	281,527	5,407,485	5,689,012
Miscellaneous					62,832	-	-	62,832
Total general revenues					<u>62,832</u>	<u>281,527</u>	<u>269,429,447</u>	<u>269,773,806</u>
Change in net position					<u>165,709</u>	<u>4,487,287</u>	<u>48,352,026</u>	<u>53,005,022</u>
Total Net Position - beginning					<u>1,638,005</u>	<u>45,957,970</u>	<u>635,003,010</u>	<u>682,598,985</u>
Total Net Position - ending					<u>\$ 1,803,714</u>	<u>\$ 50,445,257</u>	<u>\$ 683,355,036</u>	<u>\$ 735,604,007</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	225
Information to help the reader understand how the County's financial performance and well-being have changed over time.	
Revenue Capacity	236
Information to help the reader assess the County's most significant local revenue sources - the property tax and income tax.	
Debt Capacity	249
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	254
Indicators to help the reader understand the environment within which the County's financial activities take place.	
Operating Information	256
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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Net investment in capital assets	\$ 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	\$ 3,127,137,042
Restricted	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	613,403,067
Unrestricted (deficit) ⁽¹⁾	(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)	(1,199,063,759)
Total Governmental Activities Net Position	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	2,541,476,350
Business-type Activities:										
Net investment in capital assets	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	191,463,862
Restricted	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	65,552,813
Unrestricted (deficit)	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	76,796,976
Total Business-type Activities Net Position	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	333,813,651
Primary Government:										
Net investment in capital assets	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	3,318,600,904
Restricted	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	678,955,880
Unrestricted (deficit) ⁽¹⁾	(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)	(1,122,266,783)
Total Primary Government Net Position	\$ 1,496,855,066	\$ 1,001,674,658	\$ 987,295,962	\$ 9,005,442	\$ 166,347,851	\$ 472,761,250	\$ 714,371,720	\$ 1,368,180,180	\$ 2,232,400,084	\$ 2,875,290,001

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.

* Certain amounts have been restated or reclassified to conform with the following year's presentation.

⁽¹⁾ The County's governmental activities has an unrestricted deficit because the County issues debt to fund construction costs for MCPS and MC, two of its component units, and for M-NCPPC, a joint venture. Absent the effect of this relationship, the County would have reported a smaller government-wide deficit for its governmental activities and for government-wide purposes. Government-wide unrestricted net position would have been:

Unrestricted (deficit) net position reported above	\$ (1,178,679,155)	\$ (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)	\$ (1,122,266,783)
Debt issued for capital on behalf of others	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	1,684,520,423
County net position absent effect of this relationship	\$ 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	\$ 562,253,640

Table 2-a

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities:										
General government	\$ 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	\$ 619,060,912
Public safety	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	584,931,546
Transportation	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	335,927,417
Health and human services	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	483,718,778
Culture and recreation	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	119,350,132
Community development and housing	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	74,060,581
Environment	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	37,915,292
Education	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	2,466,081,451
Interest on long-term debt	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	97,199,651
Total Governmental Activities Expenses	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	4,818,245,760
Business-type Activities:										
Liquor	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	287,080,898
Solid waste activities	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	143,646,854
Parking lot districts	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	30,660,770
Permitting services	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	35,998,475
Community use of public facilities	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	7,392,266
Total Business-type Activities Expenses	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	504,779,263
Total Primary Government Expenses	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	5,323,025,023
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	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	93,854,330
Public safety	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	55,508,086
Transportation	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	41,667,278
Health and human services	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	35,155,359
Culture and recreation	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	34,003,564
Community development and housing	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	9,323,202
Environment	23,130,913	28,232,295	107,496	1,146,600	97,921	391,310	78,812	361,389	358,514	375,655
Education	-	-	-	-	-	58,834	-	-	-	-
Operating Grants and Contributions:										
General government	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	30,829,749
Public safety	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	61,126,740
Transportation	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	55,848,337
Health and human services	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	213,911,810
Culture and recreation	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	8,409,947
Community development and housing	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	17,119,580
Environment	1,740,066	23,547	126,632	-	-	-	-	37,891	197,470	233,593
Capital Grants and Contributions:										
General government	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	6,880,803
Public safety	2,144,407	986,711	1,085,087	918,607	2,738,267	(2,065,934)	224,165	683,000	1,204,000	1,154,477
Transportation ⁽³⁾	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	25,224,143
Health and human services	-	-	-	-	-	-	-	3,718,502	-	-
Culture and recreation	1,715,816	4,950,414	384,826	764,642	1,866,137	20,660	977,892	-	-	-
Community development and housing	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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Environment	-	-	43,848	5,582,790	1,787,625	6,677,036	3,295,642	475,065	-	87,949
Education	-	-	-	-	-	-	-	139,567	-	463,057
Total Governmental Activities										
Program Revenues	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	691,177,659
Program Revenues (Continued)										
Business-type Activities:										
Charges for Services:										
Liquor	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	325,172,098
Solid waste activities	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	161,321,148
Parking lot districts	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	33,781,497
Permitting services	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	47,032,640
Community use of public facilities	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	9,027,323
Total Business-type Activities										
Program Revenues	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	576,334,706
Total Primary Government										
Program Revenues	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	1,267,512,365
Net (Expense) Revenue⁽¹⁾										
Governmental activities	(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)	(4,127,068,101)
Business-type activities	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	71,555,443
Total Primary Government Net Expense	(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)	(4,055,512,658)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes ⁽²⁾	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	4,623,704,648
Grants, contributions, and other revenue not restricted to specific programs	588,567	-	-	-	-	(7,262,152)	-	-	-	-
Investment income ⁽³⁾	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	61,251,579
Gain/(loss) on sale of capital assets	(3,529,635)	3,882,648	172,639	-	2,106,453	-	24,631,318	-	-	-
Transfers	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	57,267,413
Total Governmental Activities	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	4,742,223,640
Business-type Activities:										
Property taxes	10,391,101	10,903,699	(657,506)	(45,762)	-	-	-	-	-	-
Investment income	100,857	215,823	415,329	1,068,863	2,073,306	4,379,460	4,118,652	227,669	264,654	6,957,484
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	6,488,864
Transfers	(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)	(57,267,413)
Total Business-type Activities	(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)	(43,821,065)
Total Primary Government	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	4,698,402,575
Change in Net Position										
Governmental activities	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	615,155,539
Business-type activities	(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	27,734,378
Total Primary Government	\$ 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	\$ 642,889,917

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

	2014	2015	2016	2017	2018
Property taxes	\$ 1,528,302,790	\$ 1,528,093,085	\$ 1,593,880,896	\$ 1,792,921,614	\$ 1,789,105,013
County income taxes	1,329,827,192	1,276,415,595	1,464,946,447	1,481,806,881	1,448,372,065
Real property transfer taxes	90,496,157	92,068,495	100,566,864	118,000,203	109,452,764
Recordation taxes	53,962,477	55,530,762	61,141,531	60,375,616	49,135,141
Fuel energy taxes	210,678,660	207,195,218	193,281,367	192,459,066	197,200,021
Hotel-motel taxes	17,675,982	19,007,650	19,444,152	21,462,751	21,033,479
Telephone taxes	53,160,865	48,839,958	49,694,945	50,812,917	51,600,631
Other taxes	6,481,653	1,092,385	5,201,010	4,335,196	4,483,548
Total Taxes - Governmental Activities	<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>\$ 3,670,382,662</u>
	2019	2020	2021	2022	2023
Property taxes	\$ 1,839,468,334	\$ 1,824,207,619	\$ 1,886,666,393	\$ 1,919,667,295	\$ 1,960,528,078
County income taxes	1,593,550,972	1,706,303,331	1,860,392,747	1,903,729,758	2,234,621,794
Real property transfer taxes	113,520,206	115,719,567	132,288,901	180,217,441	110,458,782
Recordation taxes	54,671,817	57,692,541	60,573,086	85,819,161	53,288,501
Fuel energy taxes	194,628,814	186,975,365	184,419,771	184,651,863	181,287,728
Hotel-motel taxes	21,288,964	14,875,525	6,424,558	14,405,669	20,777,612
Telephone taxes	52,415,089	53,664,543	52,538,156	55,449,830	56,355,076
Other taxes	6,594,934	4,238,979	2,984,591	6,911,571	6,387,077
Total Taxes - Governmental Activities	<u>\$ 3,876,139,130</u>	<u>\$ 3,963,677,470</u>	<u>\$ 4,186,288,203</u>	<u>\$ 4,350,852,588</u>	<u>\$ 4,623,704,648</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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Nonspendable	\$ 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	\$ 12,199,990
Restricted	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	8,559,737
Committed	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 ⁽¹⁾	718,206,352
Assigned	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	83,321,310
Unassigned	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	423,317,667
Total General Fund	<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>	<u>1,245,605,056</u>
All Other Governmental Funds:										
Nonspendable	-	1,842,076	1,489,280	-	-	-	-	-	-	392,699
Restricted	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	609,681,125
Assigned	1,777,868	-	-	-	-	-	-	-	-	-
Unassigned	(45,043,906)	(123,843)	-	(60,793)	(5,430,786)	(4,255,806)	(127,776,190)	(4,965,388)	-	(134,775,509)
Total All Other Governmental Funds	<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>	<u>475,298,315</u>
Total All Governmental Funds	<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>	<u>\$ 1,720,903,371</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.

⁽¹⁾ The Revenue Stabilization Fund fund balance is classified as committed beginning in FY22. For financial reporting purposes, this fund is included within the General Fund.

Table 4

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 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	\$ 4,530,134,076
Licenses and permits	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	11,471,905
Intergovernmental	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	398,992,056
Charges for services	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	128,003,125
Fines and forfeitures	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	25,366,892
Investment income	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	51,376,513
Miscellaneous	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	52,222,020
Total Revenues	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	5,197,566,587
Expenditures										
General government	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	557,559,150
Public safety	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	717,481,304
Transportation	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	240,820,457
Health and human services	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	530,559,212
Culture and recreation	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	112,312,981
Community development and housing	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	75,364,875
Environment	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	35,693,334
Education	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	2,036,808,206
Debt service:										
Principal ⁽¹⁾	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	279,426,214
Interest ⁽¹⁾	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	138,860,466
Notes and other obligations	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	39,962,391
Issuing costs	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	3,748,648
Capital projects	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	692,500,447
Total Expenditures	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	5,461,097,685
Excess (Deficiency) of Revenues over (under) Expenditures	(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)	(263,531,098)
Other Financing Sources (Uses)										
Transfers in	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	867,600,734
Transfers (out)	(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)	(809,817,526)
Sale of property	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	2,546,499
Financing under notes payable	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	20,147,548
Leases (as lessee)	-	-	-	-	-	-	-	4,546,325	24,751,365	4,193,304
Subscription-based information technology arrangements	-	-	-	-	-	-	-	-	-	752,295
Payment to refunded bond escrow agent	(29,837,255)	(429,855,226)	-	-	(441,368,126)	(38,031,143)	-	(646,954,895)	(67,515,686)	(23,504,250)

Table 4 (Concluded)

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other Financing Sources (Uses) (Continued)										
Debt Issued:										
General obligation bonds	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	280,000,000
Premium on general obligation bonds	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	35,197,820
Bond anticipation notes	-	-	-	-	-	-	-	(30,000,000)	(159,000,000)	(94,000,000)
Certificates of participation	-	-	-	24,860,000	-	-	-	125,890,000	-	-
Premium on Certificates of participation	-	-	-	1,329,676	-	-	-	19,048,064	-	-
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	5,023,826	74,595,486	-	-	86,325,587	-	-	43,321,958	1,112,595	-
General obligation refunding bonds	25,059,716	356,510,000	-	-	516,725,000	-	-	534,795,000	25,115,000	-
Lease revenue refunding bonds	-	-	-	-	-	-	-	-	-	-
Revenue bonds	32,383,753	-	46,500,000	-	-	7,638,963	3,187,402	39,199,834	11,359,480	30,171,626
Premium on revenue bonds	1,370,544	-	2,009,534	-	-	1,215,820	-	4,730,504	-	2,293,467
Total Other Financing Sources (Uses)	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	315,581,517
Net Change in Fund Balances	\$ 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	\$ 52,050,419
Debt service as a percentage of noncapital expenditures ^(1,2)	5.22%	5.66%	5.44%	5.91%	6.03%	6.18%	8.96%	6.36%	8.34%	7.91%

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 is the Total Expenditures noted above, less 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, 2023 AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Cash and Investments			Investment and Interest Income (Loss)		
	Pooled	Non-pooled	Total	Pooled	Non-pooled	Total
Primary Government:						
General Fund	\$ 1,065,822,255	\$ 3,015,457	\$ 1,068,837,712	\$ 42,352,938	\$ 9,037	\$ 42,361,975
Debt Service Fund	572,308	10,318,888	10,891,196	-	109,920	109,920
Capital Projects Fund	114,338,823	11,421,603	125,760,426	-	493,968	493,968
Special Revenue Funds:						
Recreation	11,672,633	6,200	11,678,833	-	-	-
Fire Tax District	27,022,490	5,000	27,027,490	-	-	-
Mass Transit Facilities	25,460,121	-	25,460,121	-	-	-
Housing Initiative	40,745,583	212,450	40,958,033	2,751,979	2,410,162	5,162,141
Rehabilitation Loan	3,612,081	-	3,612,081	130,274	14,353	144,627
Cable TV	84,469	-	84,469	71,909	-	71,909
Grants	35,560,099	-	35,560,099	-	1,353,280	1,353,280
Agricultural Transfer Tax	2,831,342	-	2,831,342	127,986	-	127,986
Drug Enforcement Forfeitures	1,437,700	25,000	1,462,700	46,795	-	46,795
Water Quality Protection	30,866,689	-	30,866,689	1,409,687	-	1,409,687
Restricted Donations	11,435,422	-	11,435,422	-	-	-
Detention Center Canteen Profit	878,137	-	878,137	28,166	-	28,166
Recreation - Non-tax supported	88,785	-	88,785	30,200	-	30,200
Opioid Abatement	5,095,311	-	5,095,311	35,859	-	35,859
Total Special Revenue Funds	196,790,862	248,650	197,039,512	4,632,855	3,777,795	8,410,650
Enterprise Funds:						
Liquor	13,788,152	2,135,329	15,923,481	145,406	97,056	242,462
Solid Waste Activities	121,802,581	-	121,802,581	3,869,835	-	3,869,835
Parking Lot Districts	23,303,380	42,442	23,345,822	638,085	-	638,085
Permitting Services	54,092,219	-	54,092,219	1,998,370	-	1,998,370
Community Use of Public Facilities	4,973,470	-	4,973,470	208,732	-	208,732
Total Enterprise Funds	217,959,802	2,177,771	220,137,573	6,860,428	97,056	6,957,484
Internal Service Funds:						
Motor Pool	43,135,091	300	43,135,391	1,246,224	-	1,246,224
Liability & Property Coverage Self-Insurance	230,587,398	-	230,587,398	9,756,478	-	9,756,478
Employee Health Benefits Self-Insurance	10,514,147	-	10,514,147	189,404	-	189,404
Central Duplicating	326,590	-	326,590	36,240	-	36,240
Total Internal Service Funds	284,563,226	300	284,563,526	11,228,346	-	11,228,346
Pension and Other Employee Benefit Trust Funds ⁽¹⁾	2,023,144	7,848,459,008	7,850,482,152	88,511	421,014,327	421,102,838
Custodial Funds:						
External Investment Pool	22,350,876	-	22,350,876	732,089	-	732,089
Other	3,869,513	132,669	4,002,182	28,484	-	28,484
Total Primary Government	1,908,290,809	7,875,774,346	9,784,065,155	65,923,651	425,502,103	491,425,754
Component Units (Participation in County Pool)	145,941	-	145,941	5,008	-	5,008
Total	\$ 1,908,436,750	\$ 7,875,774,346	\$ 9,784,211,096	\$ 65,928,659	\$ 425,502,103	\$ 491,430,762

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 non-pooled investments.

Table 6

FINANCIAL TRENDS
COMBINED SCHEDULE OF CASH AND INVESTMENTS - BY FINANCIAL
INSTITUTION
June, 30 2023

Description	Total
PNC Bank	\$ 62,573,549
Capital One Bank	4,468,262
Forbright Bank	15,625,009
Eagle Bank	34,382,606
Total Financial Institutions	117,049,426
Petty Cash, Change Funds, Fiscal Agents, and Safe Deposit Escrow:	
General Fund	3,015,457
Debt Service Fund	10,318,888
Capital Projects Fund	11,421,603
Special Revenue Funds	248,650
Enterprise Funds	2,177,771
Internal Service Funds	300
Fiduciary Funds	132,669
Total Petty Cash, Change Funds, Fiscal Agents, and Safe Deposit Escrow	27,315,338
Total Cash Deposits in Financial Institutions and on Hand	144,364,764
Investments, at carrying value	9,625,259,783
Accrued interest receivable	14,586,549
Total Cash and Investments ⁽¹⁾	\$ 9,784,211,096

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, 2023

	<u>Pooled</u>	<u>Non-Pooled</u> <u>Fiduciary</u>	<u>Total</u> <u>Carrying</u> <u>Value ⁽²⁾</u>
Investments, including accrued interest:			
U.S. Agency Securities	\$ 991,996,313	\$ -	\$ 991,996,313
U.S. Treasury Securities	14,877,000	-	14,877,000
Commercial paper	148,784,856	-	148,784,856
Maryland Local Government Investment Pool	621,142,606	-	621,142,606
Pension and Other Employee Benefit Trusts	-	7,848,459,008	7,848,459,008
Total ⁽¹⁾	<u>\$ 1,776,800,775</u>	<u>\$ 7,848,459,008</u>	<u>\$ 9,625,259,783</u>

NOTES:

* This table presents detailed cash and investment information that supports amounts reported in Table 5 and in Note III-A Cash and Investments.

⁽¹⁾ Includes component units' participation in County external investment pool (see Table 5).

⁽²⁾ Carrying value is the same as fair value.

Table 8

REVENUE CAPACITY **ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY** **LAST TEN FISCAL YEARS**

	Real Property									
	Residential ⁽¹⁾		Commercial/Other		Total		Total Direct Tax Rate ⁽³⁾	Ratio of Total Assessed Value to Total Estimated Market Value *		
Fiscal Year	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value				
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	163,338,470,177	49,345,758,473	52,607,418,415	202,557,243,499	215,945,888,592	0.977	93.80		
2023	159,297,315,393	168,747,156,137	50,290,382,218	53,273,709,976	209,587,697,611	222,020,866,113	0.977	94.40		

	Personal Property ⁽²⁾						Real and Personal Property Total	
	Business		Public Utility		Total		Assessed Value	Estimated Actual Value
Fiscal Year	Individuals	Corporations	Operating Property	Domestic Shares	Total	Total Direct Tax Rate ⁽³⁾		
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	220,188,645,800
2023	38,292,340	2,229,192,850	1,870,580,090	328,995,840	4,467,061,120	2.432	214,054,758,731	226,487,927,233

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 FY2023 is the three-year average of FY2020, FY2021 and FY2022. Ratio for FY2022 has 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⁾					
	County		M-NCPPC ⁽²⁾			County		M-NCPPC ⁽²⁾		Prorata Tax Rate	Total County Direct Rate ⁽³⁾
	County	Fire Tax District	Transit District	Advance Land Acquisition	Subtotal	Recreation	Storm Drainage	Regional District	Metropolitan District		
Real Property:											
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
2023	.6940	.1074	.0832	.0010	0.8856	.0259	.0000	.0190	.0610	.0913	0.9769
Personal Property:											
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
2023	1.7350	.2685	.2080	.0025	2.2140	.0648	.0000	.0475	.1525	.2179	2.4319

NOTES:

- * Tax rates are per \$100 of assessed value.
- * No discounts are allowed.
- * Taxes are levied as of July 1, and are due by September 30, and become delinquent the following October 1 for non-owner occupied property.
- * Unless homeowners elect to pay their real property taxes annually, taxes are paid on a semi-annual basis with payment due by September 30 and December 31 for owner occupied property.
- * Interest and penalty at 20 percent are assessed on delinquent tax bills.
- * Revised tax bills based upon certifications from the State received after September 1 may be paid within thirty days without interest.
- * Delinquent taxes on real property are collected by sale. Taxes on personal property are enforced by legal action. Corporations may lose charter for failure to pay taxes.
- * Costs of tax sale, which vary, are added to tax bills. The last sale cost \$50 per parcel.
- * Tax sale date: second Monday in June.
- * Personal property tax rates are applied to 100 percent of the property assessment.

⁽¹⁾ Rates classified as substantially county-wide represent those tax rates that are levied against all of the County's assessable base, except those incorporated cities and municipalities that provide their own such services.

⁽²⁾ M-NCPPC County property tax rates are included in the County's direct rate since the County Council has the power to set, modify, or approve these tax rates for this joint venture organization.

⁽³⁾ County direct rate includes: County tax rates that are levied County-wide, and County tax rates levied by M-NCPPC. For County special taxing district tax rates that are levied substantially County-wide, the direct rate includes a prorata portion of the tax rate that corresponds to the portion of the County's assessable base against which the rate is levied. Therefore, the total County direct rate presented above is not a mathematical sum of all the individual rates presented. Additionally, it does not include the Urban, Parking Lot, or Noise Abatement Districts, which are included in the average weighted rate used for budgetary purposes.

Table 9-b

**REVENUE CAPACITY
REAL AND PERSONAL PROPERTY TAX RATES - COUNTY SPECIAL TAXING DISTRICTS
LAST TEN FISCAL YEARS**

Fiscal Year	Parking Lot Districts ⁽¹⁾				Urban Districts			Noise Abatement Districts		Development Districts		
	Silver Spring	Bethesda	Wheaton	Montgomery Hills ⁽²⁾	Silver Spring	Bethesda	Wheaton	Bradley	Cabin John	Kingsview Village	West Germantown	White Flint
Real Property:												
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
2023	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0000	.1480	.1104
Personal Property:												
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
2023	.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.

* In LY22 the County established the Business Improvement Districts for Silver Spring for Real Property. The tax rate for LY22 was zero; therefore, it was not included in the table this year.

⁽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:													
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
2023	.2620	.2920	.5397	.0514	.1500	.0097	.2045	.1500	.1312	.0900	.1781	.1000	.2392
Personal Property:													
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
2023	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000	.8000	.3000	.6000	1.0000	.7000

NOTES:

* Tax rates are per \$100 of assessed value.

* Personal property tax rates are applied to 100 percent of the property assessment.

* Taxes collected by the County for other fiscal units, including overlapping governments, are remitted based on actual collections.

Table 9-d

REVENUE CAPACITY
REAL AND PERSONAL PROPERTY TAX RATES - OVERLAPPING GOVERNMENTS - VILLAGES
LAST TEN FISCAL YEARS

Fiscal Year	Villages									
	Battery Park	Chevy Chase Section 3	Chevy Chase Section 5	Chevy Chase View	Chevy Chase Village	Drummond	Friendship Heights	Martin's Additions to Chevy Chase	North Chevy Chase	Oakmont
Real Property:										
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
2023	.0400	.0200	.0000	.0200	.0757	.0480	.0400	.0050	.0450	.0400
Personal Property:										
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
2023	.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, 2023

	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Potomac Electric Power Co.	\$ 1,353,109,244	\$ 34,936,434	\$ 1,318,172,810	0.63%
Federal Realty Investments Trust	631,203,990	612,290,100	18,913,890	0.30
7750 Wisconsin Ave LLC	608,997,700	608,997,700	-	0.28
ARE- Maryland	607,340,473	607,321,833	18,640	0.28
GI Partners	576,413,133	576,413,133	-	0.27
JBG Smith	533,355,403	528,393,533	4,961,870	0.25
CP 7272 Wisconsin Ave LLC	514,940,000	513,135,300	1,804,700	0.24
Montgomery Mall LLC	445,159,230	443,375,400	1,783,830	0.21
Verizon Inc.	412,626,930	36,280,900	376,346,030	0.19
Washington Metropolitan Area Transit Authority	404,290,433	404,290,433	-	0.19
Total	<u>\$ 6,087,436,536</u>	<u>\$ 4,365,434,766</u>	<u>\$ 1,722,001,770</u>	<u>2.84%</u>
Total Assessable Base	<u>\$ 214,054,758,731</u>			<u>100.00%</u>

For the Fiscal Year Ended June 30, 2014

	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Potomac Electric Power Co.	\$ 793,656,503	\$ 34,531,133	\$ 759,125,370	0.49%
Verizon Maryland Inc	497,508,170	44,066,100	453,442,070	0.30
Montgomery Mall LLC	281,850,410	280,115,000	1,735,410	0.17
Washington Gas Light Co.	269,380,950	-	269,380,950	0.16
Washington Metropolitan Area Transit Authority	260,060,067	260,060,067	-	0.16
Federal Realty Investment Trust	254,587,797	252,901,867	1,685,930	0.16
Street Retail Inc.	234,690,865	234,690,865	-	0.14
Wheaton Plaza Reg Shopping Center	218,636,043	217,330,033	1,306,010	0.13
Chevy Chase Land Co	207,660,900	207,660,900	-	0.13
7501 Wisconsin Avenue LLC	200,181,660	200,000,000	181,660	0.12
Total	<u>\$ 3,218,213,365</u>	<u>\$ 1,731,355,965</u>	<u>\$ 1,486,857,400</u>	<u>1.96%</u>
Total Assessable Base	<u>\$ 163,601,192,842</u>			<u>100.00%</u>

Source: State of Maryland Department of Assessments and Taxation

Table 11

**REVENUE CAPACITY
PROPERTY TAX LEVIES AND COLLECTIONS *
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Levy			Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ⁽¹⁾	Total Collections to Date	
	Total Original Levy for Fiscal Year	Adjustments in Subsequent Years	Total Adjusted Levy	Amount ⁽¹⁾	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2014	\$ 1,437,898,506	\$ (857,224)	\$ 1,437,041,282	\$ 1,434,787,650	99.78%	\$ (1,754,502)	\$ 1,433,033,148	99.72%
2015	1,447,816,313	1,632,092	1,449,448,405	1,442,602,468	99.64	1,511,565	1,444,114,033	99.63
2016	1,521,343,303	(3,769,870)	1,517,573,433	1,518,519,304	99.81	(8,963,383)	1,509,555,921	99.47
2017	1,663,208,936	(1,455,438)	1,661,753,498	1,661,121,521	99.87	(3,074,272)	1,658,047,249	99.78
2018	1,679,004,512	(2,373,033)	1,676,631,479	1,678,245,742	99.95	(4,406,035)	1,673,839,707	99.83
2019	1,691,044,390	325,168	1,691,369,558	1,691,091,714	100.00	(1,724,997)	1,689,366,717	99.88
2020	1,720,090,151	2,817,438	1,722,907,589	1,711,893,942	99.52	9,629,295	1,721,523,237	99.92
2021	1,767,873,961	(10,329,528)	1,757,544,433	1,756,064,789	99.33	(1,626,374)	1,754,438,415	99.82
2022	1,801,778,279	(121,491)	1,801,656,788	1,804,371,273	100.14	1,328,856	1,805,700,129	100.22
2023	1,866,240,423	-	1,866,240,423	1,862,168,797	99.78	-	1,862,168,797	99.78

NOTES:

* This table includes data for all property taxes billed applicable to all funds for Montgomery County, Maryland to include General, Special Revenue, Debt Service, and Enterprise Funds. Property taxes billed for the State of Maryland, various municipalities and development districts, the Washington Suburban Sanitary Commission, and the Maryland-National Capital Park and Planning Commission, are excluded.

⁽¹⁾ Amounts represent collections received, including overpayments, net of refunds. Penalties and interest are excluded. See Table 12 Note (2) for treatment of such overpayments.

Table 12

REVENUE CAPACITY
SCHEDULE OF FISCAL YEAR PROPERTY TAX LEVY, PROPERTY TAX REVENUES,
AND ADDITIONAL ITEMS RELATED TO THE PROPERTY TAX BILLING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	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	\$ 864,663	\$ 856,150	\$ 15,951	\$ 9,862	\$ 881,963
Silver Spring Urban District	961,098	953,263	(5,505)	5,259	953,017
Wheaton Urban District	257,369	256,944	3,263	2,817	263,024
All Other General Fund	1,390,532,915	1,389,273,783	(1,705,544)	(43,316,771)	1,344,251,468
Total General Fund	1,392,616,045	1,391,340,140	(1,691,835)	(43,298,833)	1,346,349,472
Special Revenue Funds: ***					
Recreation	45,170,841	45,066,141	55,607	4,349,784	49,471,532
Mass Transit	166,765,747	166,287,110	155,818	15,824,969	182,267,897
Fire Tax District	215,226,556	214,710,245	154,101	20,702,030	235,566,376
Water Quality Protection Charges	46,461,234	44,765,161	225,815	12,943	45,003,919
Total Special Revenue Funds	473,624,378	470,828,657	591,341	40,889,726	512,309,724
Enterprise Funds:					
Silver Spring Parking Lot District **	-	-	1,228	(1,657)	(429)
Bethesda Parking Lot District **	-	-	272	(1,068)	(796)
Wheaton Parking Lot District **	-	-	(1,769)	(21)	(1,790)
Total Enterprise Funds	-	-	(269)	(2,746)	(3,015)
Total Property Tax - Montgomery County	1,866,240,423	1,862,168,797	(1,100,763)	(2,411,853)	1,858,656,181
Tax Bill Items Other than Montgomery County					
Property Taxes:					
M-NCPPC Joint Venture Property Taxes:					
M-NCPPC Administration	32,924,764	32,847,089	35,774	3,130,337	36,013,200 *
M-NCPPC Park	105,707,710	105,466,657	108,343	10,044,817	115,619,817 *
M-NCPPC Land Acquisition	2,001,080	1,996,284	977	193,582	2,190,843 *
Agency Relationship Property Taxes:					
State of Maryland	234,316,279	234,292,406	(851,415)	556,492	233,997,483 *
Municipalities	122,067,378	121,217,577	177,623	445,182	121,840,382 *
Development Districts	3,385,721	3,407,182	(29,590)	(28,781)	3,348,811 *
Charges for Services:					
Refuse Disposal - Solid Waste Activities Fund	89,778,799	88,830,012	63,710	204,052	89,097,774 *
Refuse Collection - Solid Waste Activities Fund	11,750,135	11,743,317	2,890	(15,249)	11,730,958 *
Leaf Vacuuming	8,744,890	8,739,006	2,596	(24,992)	8,716,610 *
Municipality Refuse Charges	190,075	190,075	1,501	-	191,576 *
WSSC FFBC	4,341,934	4,341,284	3,940	(856)	4,344,368 *
Bay Restoration Fund	731,460	728,988	(3,606)	3,878	729,260 *
Total Other Items	615,940,225	613,799,877	(487,257)	14,508,462	627,821,082
Grand Total	\$ 2,482,180,648	\$ 2,475,968,674	\$ (1,588,020)	\$ 12,096,609	\$ 2,486,477,263

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 2022 (FY23) to zero.

*** Beginning in FY16, the Urban Districts are included in the General Fund and the Water Quality Protection Fund is included with Special Revenue Funds.

⁽¹⁾ Amounts represent collections received net of refunds.⁽²⁾ Total Revenues represent the sum of Collections, during the current year, of Current and Prior Year Levy Assessments, (i.e., cash basis) and related Adjustments and Accruals to convert such data to revenues on the modified or full accrual basis of accounting. Penalties and interest are excluded.

Table 13

REVENUE CAPACITY
SCHEDULE OF PROPERTY TAXES RECEIVABLE BY FUND TYPE
June 30, 2023

Year	General*	Special Revenue*	Enterprise	Total
2014 & Prior	\$ 5,119,589	\$ 1,615,113	\$ 238,291	\$ 6,972,993
2015	542,088	900,397	39,121	1,481,606
2016	728,031	1,286,662	-	2,014,693
2017	1,123,722	1,389,119	-	2,512,841
2018	1,860,333	1,674,695	-	3,535,028
2019	1,449,214	1,589,458	-	3,038,672
2020	1,907,242	1,804,762	-	3,712,004
2021	2,110,933	1,936,196	-	4,047,129
2022	2,906,825	2,206,098	-	5,112,923
2023	6,399,108	3,223,819	-	9,622,927
Total Property Taxes Receivable	<u>\$ 24,147,085</u>	<u>\$ 17,626,319</u>	<u>\$ 277,412</u>	<u>\$ 42,050,816</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	
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
2021	2.00	3.00	4.00	4.75-5.75	3.20

NOTES:

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

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

Table 15

**REVENUE CAPACITY
INCOME TAX FILERS SUMMARY INFORMATION
LAST TEN TAX YEARS**

Tax Year	Number of Taxable Returns	Maryland Adjusted Gross Income	Net Taxable Income	Net State Income Tax	Local Income Tax	Total Tax Liability	Montgomery County Income Tax Direct Rate
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
2021	427,627	69,679,390,107	62,429,634,509	2,951,228,933	1,931,609,288	4,882,838,221	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.

* Tax year 2021 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

2021							2020					
	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	76,472	17.9%	\$ 41,455,492,452	66.4%	\$ 1,273,836,810	66.0%	64,441	15.3%	\$ 29,489,070,130	58.9%	\$ 908,036,513	58.5%
\$100,000 - 199,999	92,220	21.6	11,523,483,980	18.5	367,763,489	19.0	89,170	21.1	10,995,523,953	22.0	350,880,311	22.6
\$80,000 - 99,999	33,738	7.9	2,535,443,091	4.1	80,943,614	4.2	33,695	8.0	2,503,468,030	5.0	79,902,038	5.2
\$50,000 - 79,999	74,164	17.3	3,833,468,169	6.1	122,282,998	6.3	75,302	17.9	3,852,499,048	7.7	122,855,876	7.9
\$25,000 - 49,999	90,796	21.2	2,452,513,451	3.9	71,565,026	3.7	94,398	22.4	2,523,761,282	5.0	72,883,564	4.7
\$10,000 - 24,999	51,221	12.0	600,760,793	1.0	14,582,470	0.8	54,422	12.9	631,033,843	1.3	17,764,214	1.1
Under \$10,000	9,016	2.1	28,472,573	0.0	634,881	0.0	10,165	2.4	31,702,881	0.1	765,478	0.0
Total	427,627	100.0%	\$ 62,429,634,509	100.0%	\$ 1,931,609,288	100.0%	421,593	100.0%	\$ 50,027,059,167	100.0%	\$ 1,553,087,994	100.0%

2019							2018					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level												
\$200,000 and higher	64,564	15.1%	\$ 29,890,073,814	59.1%	\$ 916,620,952	58.4%	62,838	14.8%	\$ 28,973,024,250	58.7%	\$ 889,698,034	58.1%
\$100,000 - 199,999	90,011	21.1	10,977,017,934	21.7	350,339,066	22.4	89,071	20.9	10,854,411,857	22.0	346,501,323	22.6
\$80,000 - 99,999	34,457	8.1	2,532,482,566	5.0	80,875,112	5.2	33,975	8.0	2,481,626,723	5.0	79,238,013	5.2
\$50,000 - 79,999	76,358	17.9	3,859,819,835	7.6	123,210,041	7.9	74,897	17.6	3,774,567,406	7.6	120,519,593	7.9
\$25,000 - 49,999	97,869	22.9	2,605,907,425	5.2	76,123,473	4.9	98,108	23.1	2,591,985,106	5.2	75,996,346	5.0
\$10,000 - 24,999	55,038	12.9	646,553,053	1.3	18,144,039	1.2	57,595	13.5	670,271,959	1.4	18,799,027	1.2
Under \$10,000	8,330	2.0	28,090,014	0.1	632,558	0.0	9,051	2.1	29,917,076	0.1	660,388	0.0
Total	426,627	100.0%	\$ 50,539,944,641	100.0%	\$ 1,565,945,241	100.0%	425,535	100.0%	\$ 49,375,804,377	100.0%	\$ 1,531,412,724	100.0%

2017							2016					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level												
\$200,000 and higher	58,773	13.7%	\$ 26,775,415,754	58.2%	\$ 818,109,133	57.5%	54,882	13.0%	\$ 24,635,308,007	56.6%	\$ 754,368,045	56.0%
\$100,000 - 199,999	87,776	20.5	10,252,150,132	22.2	327,073,837	23.0	85,676	20.3	9,982,729,826	23.0	318,833,543	23.6
\$80,000 - 99,999	33,819	7.9	2,346,670,298	5.1	74,911,672	5.3	33,862	8.0	2,342,944,004	5.4	74,890,207	5.6
\$50,000 - 79,999	74,731	17.5	3,538,012,662	7.7	112,984,460	7.9	73,167	17.3	3,448,749,138	7.9	110,265,158	8.2
\$25,000 - 49,999	97,243	22.7	2,385,044,257	5.2	70,364,232	4.9	96,890	23.0	2,358,850,970	5.4	69,750,765	5.2
\$10,000 - 24,999	66,577	15.5	680,400,713	1.5	18,037,864	1.3	67,852	16.1	683,148,906	1.6	18,089,305	1.3
Under \$10,000	9,322	2.2	30,488,270	0.1	656,409	0.1	9,599	2.3	31,414,359	0.1	686,998	0.1
Total	428,241	100.0%	\$ 46,008,182,086	100.0%	\$ 1,422,137,607	100.0%	421,928	100.0%	\$ 43,483,145,210	100.0%	\$ 1,346,884,021	100.0%

Table 16 (Concluded)

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

2015							2014					
Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total		Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level												
\$200,000 and higher	53,225	12.8%	\$ 23,657,207,816	55.9%	\$ 731,634,760	55.5%	50,930	12.3%	\$ 22,545,414,493	55.1%	\$ 707,232,455	55.0%
\$100,000 - 199,999	85,023	20.6	9,939,715,472	23.5	317,564,616	24.0	83,150	20.1	9,686,668,621	23.7	309,843,847	24.1
\$80,000 - 99,999	33,226	8.0	2,303,354,205	5.4	73,657,082	5.6	32,884	8.0	2,269,659,433	5.6	72,609,217	5.7
\$50,000 - 79,999	71,770	17.3	3,381,485,984	8.0	108,143,358	8.2	70,572	17.1	3,320,713,280	8.1	106,237,189	8.3
\$25,000 - 49,999	94,821	22.9	2,323,387,127	5.5	69,119,921	5.2	95,479	23.1	2,321,932,637	5.7	68,806,063	5.4
\$10,000 - 24,999	66,759	16.1	675,163,724	1.6	18,195,512	1.4	69,968	16.9	690,098,980	1.7	18,213,654	1.4
Under \$10,000	9,571	2.3	31,259,038	0.1	691,618	0.1	10,518	2.5	33,972,218	0.1	739,226	0.1
Total	414,395	100.0%	\$ 42,311,573,366	100.0%	\$ 1,319,006,867	100.0%	413,501	100.0%	\$ 40,868,459,662	100.0%	\$ 1,283,681,651	100.0%

2013						2012						
Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total		Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level												
\$200,000 and higher	47,399	11.6%	\$ 20,082,401,088	52.7%	\$ 642,615,654	53.2%	46,219	11.5%	\$ 22,039,899,095	55.6%	\$ 705,083,255	56.0%
\$100,000 - 199,999	81,264	20.0	9,380,510,171	24.7	300,161,908	24.9	80,423	19.8	9,191,004,899	23.2	294,106,087	23.3
\$75,000 - 99,999	32,704	8.0	2,243,475,972	5.9	71,790,335	5.9	32,356	8.1	2,200,179,738	5.5	70,404,468	5.6
\$50,000 - 74,999	70,247	17.2	3,292,911,673	8.7	105,364,132	8.7	69,779	17.4	3,234,709,580	8.2	103,501,417	8.2
\$25,000 - 49,999	95,475	23.4	2,317,332,376	6.1	68,911,128	5.7	94,285	23.5	2,275,703,684	5.7	67,996,861	5.4
\$10,000 - 24,999	69,904	17.2	686,312,740	1.8	18,250,977	1.5	68,129	17.0	666,921,915	1.7	17,760,659	1.4
Under \$10,000	10,370	2.6	34,049,388	0.1	761,702	0.1	10,657	2.7	36,560,249	0.1	779,224	0.1
Total	407,363	100.0%	\$ 38,036,993,408	100.0%	\$ 1,207,855,836	100.0%	401,848	100.0%	\$ 39,644,979,160	100.0%	\$ 1,259,631,971	100.0%

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 2021 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												
	General	Variable Rate	Taxable BABs	Bond						Taxable			Total
Fiscal	Obligation	Demand	General	Anticipation	Notes	Lease	Certificates	Other	Revenue	Obligation	Leases	Subscription	Governmental
Year	Bonds	Obligations	Obligations	Notes	Payable	Bonds	of Participation	Obligations	Bonds	Certificates	Payable	Liabilities	Activities
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
2023	3,330,009,510	170,000,000	-	217,000,000	55,954,168	6,797,214	127,925,897	45,385,000	120,518,655	139,581,357	124,215,226	11,863,610	4,349,250,637

	Business-type Activities						Ratios		
Fiscal	Revenue	Notes	Certificates	Leases	Subscription	Total	Total	Debt to	Outstanding
Year	Bonds	Payable	of Participation	Payable	Liabilities	Business-Type Activities	Primary Government	Personal Income ⁽¹⁾	Debt per Capita ⁽¹⁾
2014	\$ 97,163,694	\$ 1,701,104	\$ -	\$ -	\$ -	\$ 98,864,798	\$ 3,455,076,210	4.52%	\$ 3,357
2015	91,756,076	4,655,348	-	-	-	96,411,424	3,817,149,372	4.65	3,676
2016	83,929,819	5,756,247	-	-	-	89,686,066	3,933,566,887	4.53	3,762
2017	78,105,420	5,367,645	-	-	-	83,473,065	4,072,545,102	4.56	3,862
2018	72,111,188	6,433,707	-	-	-	78,544,895	4,336,009,969	4.79	4,102
2019	66,097,142	4,891,651	-	-	-	70,988,793	4,422,448,653	4.85	4,171
2020	60,765,932	3,504,685	-	-	-	64,270,617	4,317,646,553	4.65	4,068
2021	55,349,704	675,827	1,620,000	58,773,644	-	116,419,175	4,608,297,631	4.71	4,369
2022	50,059,850	155,423	1,207,192	54,425,984	-	105,848,449	4,577,117,253	4.71	4,311
2023	44,762,884	-	747,057	42,021,366	2,322,235	89,853,542	4,439,104,179	4.37	4,153

NOTES:

⁽¹⁾ See Table 23 for personal income and population data, used in calculating these ratios.

⁽²⁾ Outstanding debt amounts include unamortized premiums, discounts, and deferred differences on refundings.

* Beginning in fiscal year 2020, the County included accumulated resources restricted to repay the principle of general bonded debt.

Table 18

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

Fiscal Year	General Bonded Debt Outstanding ⁽¹⁾				Percentage of Estimated Actual Taxable Value of Property ⁽²⁾	Per Capita ⁽³⁾
	General Obligation Bonds	Variable Rate Demand Obligations	Taxable BABs General Obligations	Total		
2014	\$ 2,085,028,317	\$ 100,000,000	\$ 339,671,879	\$ 2,524,700,196	1.43%	\$ 2,453
2015	2,465,315,677	100,000,000	339,516,238	2,904,831,915	1.68	2,797
2016	2,582,259,186	100,000,000	323,901,913	3,006,161,099	1.62	2,875
2017	2,722,235,195	90,000,000	308,297,064	3,120,532,259	1.60	2,960
2018	2,919,530,233	170,000,000	292,692,211	3,382,222,444	1.69	3,200
2019	3,015,532,116	170,000,000	277,106,496	3,462,638,612	1.73	3,266
2020	3,109,101,181	170,000,000	106,404,112	3,385,505,293	1.64	3,190
2021	3,287,199,209	170,000,000	-	3,457,199,209	1.60	3,277
2022	3,333,092,654	170,000,000	-	3,503,092,654	1.59	3,299
2023	3,330,009,510	170,000,000	-	3,500,009,510	1.55	3,275

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, 2023

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ⁽⁶⁾	Estimated Share of Overlapping Debt
Overlapping Debt:			
Towns, Cities, and Villages ^(2,3) :			
Poolesville - bonds	\$ 1,354,676	100.00%	\$ 1,354,676
Rockville - bonds	19,171,430	100.00	19,171,430
Somerset - bonds	790,000	100.00	790,000
Takoma Park- bonds	7,696,500	100.00	7,696,500
Gaithersburg- leases	22,500	100.00	22,500
Component Units ⁽²⁾ :			
MCPS - leases	52,931,232	100.00	52,931,232
MC - leases	75,310,749	100.00	75,310,749
Joint Venture - M-NCPPC ⁽⁴⁾ :			
Park acquisition and development bonds	185,175,134	35.89	66,467,170
Advance land acquisition bonds	240,000	100.00	240,000
Development Districts ⁽²⁾ :			
West Germantown - bonds	6,035,000	100.00	6,035,000
Total Overlapping Debt			230,019,257
Montgomery County direct debt ⁽⁵⁾			4,349,250,637
Total Direct and Overlapping Debt			\$ 4,579,269,894

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.

⁽⁶⁾ Rounded to the nearest hundredth.

Table 20

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

	2014	2015	2016	2017	2018
Assessed Value					
Real property ^(1,3)	\$ 159,891,865,334	\$ 163,656,758,206	\$ 170,176,446,052	\$ 177,495,353,018	\$ 183,993,870,661
Personal property ⁽²⁾	3,709,327,508	3,655,133,210	3,884,349,017	4,051,372,468	4,188,565,266
Total Assessed Value	<u>\$ 163,601,192,842</u>	<u>\$ 167,311,891,416</u>	<u>\$ 174,060,795,069</u>	<u>\$ 181,546,725,486</u>	<u>\$ 188,182,435,927</u>
Legal Debt Margin					
Debt limit - percentage of assessable base:					
For real property at 6%	\$ 9,593,511,920	\$ 9,819,405,492	\$ 10,210,586,763	\$ 10,649,721,181	\$ 11,039,632,240
For personal property at 15%	556,399,126	548,269,982	582,652,353	607,705,870	628,284,790
Legal limitation for the borrowing of funds and the issuance of bonds	<u>10,149,911,046</u>	<u>10,367,675,474</u>	<u>10,793,239,116</u>	<u>11,257,427,051</u>	<u>11,667,917,030</u>
Debt Applicable to Limit:					
General obligation bonds	2,085,028,317	2,465,315,677	2,582,259,186	2,722,235,195	2,919,530,233
Variable rate demand obligation	100,000,000	100,000,000	100,000,000	90,000,000	170,000,000
Taxable BABs general obligation	339,671,879	339,516,238	323,901,913	308,297,064	292,692,211
Bond anticipation notes	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Total Debt Applicable to Limit	<u>3,024,700,196</u>	<u>3,404,831,915</u>	<u>3,506,161,099</u>	<u>3,620,532,259</u>	<u>3,882,222,444</u>
Legal Debt Margin	<u>\$ 7,125,210,850</u>	<u>\$ 6,962,843,559</u>	<u>\$ 7,287,078,017</u>	<u>\$ 7,636,894,792</u>	<u>\$ 7,785,694,586</u>
Legal Debt Margin as a Percentage of Debt Limit	70%	67%	68%	68%	67%
	2019	2020	2021	2022	2023
Assessed Value					
Real property ^(1,3)	\$ 189,051,019,043	\$ 193,487,138,719	\$ 198,347,861,932	\$ 202,557,243,499	\$ 209,587,697,611
Personal property ⁽²⁾	4,055,452,758	4,100,966,956	4,682,192,977	4,242,757,208	4,467,061,120
Total Assessed Value	<u>\$ 193,106,471,801</u>	<u>\$ 197,588,105,675</u>	<u>\$ 203,030,054,909</u>	<u>\$ 206,800,000,707</u>	<u>\$ 214,054,758,731</u>
Legal Debt Margin					
Debt limit - percentage of assessable base:					
For real property at 6%	\$ 11,343,061,143	\$ 11,609,228,323	\$ 11,900,871,716	\$ 12,153,434,610	\$ 12,575,261,857
For personal property at 15%	608,317,914	615,145,043	702,328,947	636,413,581	670,059,168
Legal limitation for the borrowing of funds and the issuance of bonds	<u>11,951,379,057</u>	<u>12,224,373,366</u>	<u>12,603,200,663</u>	<u>12,789,848,191</u>	<u>13,245,321,025</u>
Debt Applicable to Limit:					
General obligation bonds	3,015,532,116	3,109,101,181	3,287,199,209	3,333,092,654	3,330,009,510
Variable rate demand obligation	170,000,000	170,000,000	170,000,000	170,000,000	170,000,000
Taxable BABs general obligation	277,106,496	106,404,112	-	-	-
Bond anticipation notes	500,000,000	500,000,000	470,000,000	311,000,000	217,000,000
Total Debt Applicable to Limit	<u>3,962,638,612</u>	<u>3,885,505,293</u>	<u>3,927,199,209</u>	<u>3,814,092,654</u>	<u>3,717,009,510</u>
Legal Debt Margin	<u>\$ 7,988,740,445</u>	<u>\$ 8,338,868,073</u>	<u>\$ 8,676,001,454</u>	<u>\$ 8,975,755,537</u>	<u>\$ 9,528,311,515</u>
Legal Debt Margin as a Percentage of Debt Limit	67%	68%	69%	70%	72%

NOTES:

⁽¹⁾ See (1) on Table 8.

⁽²⁾ See (2) on Table 8.

⁽³⁾ As a Charter County, the legal debt limit is provided by Article 25A, Section 5(P(i)), of the Annotated Code of Maryland. The legal debt margin is a total of 6 percent of the assessable base (presented at 100 percent) of real property of the County and 15 percent of the County's assessable base of personal property and operating real property.

Table 21

**DEBT CAPACITY
PLEDGED-REVENUE COVERAGE ⁽¹⁾
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenues ⁽²⁾	Less: Operating Expenses ⁽³⁾	Net Available Revenue for Debt Service	Debt Service ⁽⁴⁾			Coverage %
				Principal	Interest	Total	
Bethesda Parking Lot District:							
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
2023	14,602,338 ^(a)	8,395,167	6,207,171	1,945,000	355,683	2,300,683	269.80
Alcohol Beverage Service:							
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
2023	325,404,883	277,640,123	47,764,760	5,925,000	2,307,140	8,232,140	580.22
Metrorail Garage Project:							
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
2023	3,516,613	-	3,516,613	3,085,000	431,613	3,516,613	100.00
Water Quality Protection:							
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
2023	49,687,632	30,185,306	19,502,326	6,176,023	2,468,899	8,644,922	225.59

NOTES:

⁽¹⁾ Table includes debt that is secured by a pledge of a specific revenue stream, and is designed to reflect whether the County had to use general (unpledged) revenues to repay debt that was intended to be self-supporting.

⁽²⁾ Gross revenues include non-operating investment income. Gross revenues for the parking lot district bonds include all revenues of the district and consist primarily of parking fee charges for services, parking fines, and dedicated property taxes. Gross revenues for the metrorail garage project lease revenue bonds include lease payments from WMATA. Gross revenues for the liquor control bonds come primarily from the sale of beverage alcohol products. Gross revenues for the water quality protection bonds include the water quality protection excise tax that is part of property tax bills and based on the potential for a property to contribute to stormwater runoff.

⁽³⁾ Operating expenses do not include interest, depreciation, or amortization expenses.

⁽⁴⁾ Debt service consists of amounts relating to revenue or lease revenue bonds; amounts relating to general obligation bonds are excluded.

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

^(a) Parking Lot District gross revenue excludes non-cash gains on disposal of capital assets; not available to pay for debt service.

Table 22

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

Employer	Fiscal Year 2023			Fiscal Year 2014		
	Rank	Employees ⁽¹⁾	Percentage of Total County Employment ^(2,3)	Rank	Employees ⁽¹⁾	Percentage of Total County Employment ^(2,3)
U.S. Department of Health and Human Services	1	25,000 - 30,000	6.05%	1	25,000 - 30,000	6.09%
Montgomery County Public Schools	2	25,000 - 30,000	6.05	2	25,000 - 30,000	6.09
Montgomery County Government	3	10,000-15,000	2.75	4	10,000 - 15,000	2.77
U.S. Department of Commerce	4	5,000-10,000	1.65	5	5,000 - 10,000	1.66
U.S. Department of Defense	5	5,000-10,000	1.65	3	10,000 - 15,000	2.77
Adventist Healthcare	6	5,000-10,000	1.65	6	2,500 - 5,000	0.83
AstraZeneca Pharmaceuticals LP	7	2,500-5,000	0.82		*	-
Holy Cross Hospital of Silver Spring	8	2,500-5,000	0.82	10	2,500 - 5,000	0.83
Montgomery College	9	2,500-5,000	0.82	9	2,500 - 5,000	0.83
Giant of Maryland, LLC	10	2,500-5,000	0.82		*	-
Marriott International Admin Svcs, Inc.		*	-	7	2,500 - 5,000	0.83
Lockheed Martin Corporation		*	-	8	2,500 - 5,000	0.83
Total			23.08%			23.53%

NOTES:

* Employer is not one of the ten largest employers during the year noted.

Analysis and Information - Major Employer List - 1st, 2nd and 3rd quarters of FY2023 and 4th quarter of 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 FY23 and FY14 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 was 454,800 in FY23, and 451,809 in FY14.

Source: Maryland Department of Labor, Licensing and Regulation

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⁾
2014	1,029,222	\$ 76,436,416	\$ 74,266	544,271	520,698	4.3%	151,298
2015	1,038,524	82,025,296	78,983	547,229	526,310	3.8	153,852
2016	1,045,476	86,856,827	83,079	544,650	526,510	3.3	156,447
2017	1,054,403	89,327,351	84,718	561,370	543,489	3.2	159,010
2018	1,056,926	90,438,012	85,567	565,885	548,536	3.1	161,545
2019	1,060,230	91,221,261	86,039	576,770	560,710	2.8	162,680
2020	1,061,243	92,866,711	87,507	559,037	525,071	6.1	165,267
2021	1,054,827	97,825,022	92,740	546,559	518,901	5.1	160,564
2022	1,061,814	97,170,000	91,513	546,813	530,944	2.9	158,232
2023	1,068,846	101,660,000	95,112	539,974	528,657	2.1	160,554

NOTES:

⁽¹⁾ Sources: Data for 2014-2021 is from the Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Data for 2022 and 2023 is estimated by the Montgomery County Department of Finance. Data from 2014 through 2020 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 2014-2020 was revised by BEA. Data for 2021 is from BEA, and data for 2022 and 2023 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 2014 through 2020.

⁽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 2014-2022. Data from 2018 through 2022 was revised by BLS. Data for 2023 is estimated by the Montgomery County Department of Finance.

⁽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 2014-2022 is published by BLS with the revised numbers for 2018-2022. Data for 2023 is estimated by the Montgomery County Department of Finance.

⁽⁶⁾ The unemployment rates for 2014 through 2022 were published by the Bureau of Labor Statistics, U.S. Department of Labor. The unemployment rates for 2018 through 2022 were revised by BLS. The unemployment rate for 2023 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**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Legislative Branch:										
Board of Appeals	4	4	4	4	4	4	4	4	4	4
County Council	77	79	82	82	83	83	85	87	88	110 ⁽¹⁰⁾
Inspector General	5	5	7	7	7	7	7	12	14	17
Legislative Oversight	11	11	11	11	11	12	12	13	14	14
Merit System Protection Board	1	1	2	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	118	114	114	114	116	117	119	121	126	126
State's Attorney	132	136	140	143	147	153	154	154	154	156
Executive Branch:										
General Government:										
Board of Elections	31	51	55	55	56	56	56	56	56	56
Community Engagement	22	22	22	23	24	23	32	30	41	45
County Attorney	43	43	44	43	45	43	43	41	42	43
County Executive	31	32	33	34	37	35	34	34	33	40
Ethics Commission	3	3	3	3	3	3	3	2	2	2
Finance	125	126	126	122	125	127	131	130	132	132
Food Systems Resilience ⁽⁹⁾	-	-	-	-	-	-	-	-	-	-
General Services	183	191	162	164	171	170	169	169	169	169
Grants Management ⁽⁸⁾	-	-	-	-	-	-	-	-	-	3
Human Resources	67	66	67	68	70	71	68	63	68	74
Human Rights	8	9	9	9	9	9	9	10	12	12
Intergovernmental Relations	5	5	5	5	5	5	5	5	5	5
Labor Relations ⁽⁴⁾	-	-	-	-	-	-	-	8	8	8
Management and Budget	28	29	30	29	32	33	33	41	41	43
Procurement ⁽³⁾	-	-	33	35	35	35	35	38	38	38
Public Information	42	43	43	42	45	51	53	53	54	61
Racial Equity and Social Justice ⁽⁷⁾	-	-	-	-	-	-	-	2	6	8
Technology & Enterprise Business Solutions ⁽⁵⁾	110	110	147	159	168	166	167	165	166	168
Urban Districts	55	58	58	59	59	59	59	59	59	61
Non-Departmental Accounts	4	4	4	4	4	5	6	12	23	45
Public Safety:										
Animal Services ⁽⁶⁾	-	-	-	-	-	-	-	75	75	77
Consumer Protection	17	17	17	16	17	17	17	17	18	18
Correction and Rehabilitation	518	526	527	538	538	538	536	542	542	545
Emergency Management and Homeland Security	12	14	15	15	15	15	16	16	18	19
Fire and Rescue	1,282	1,287	1,299	1,303	1,287	1,298	1,318	1,319	1,333	1,352
Police	1,767	1,843	1,868	1,888	1,950	1,958	1,972	1,899	1,869	1,898
Sheriff	185	183	183	190	190	190	193	193	193	192
Transportation:										
Fleet Management	205	204	204	204	204	206	211	211	211	211
Transit Services	816	836	836	842	874	876	909	909	909	911
Other ⁽²⁾	273	275	279	283	283	283	287	286	284	286
Health and Human Services	1,569	1,589	1,594	1,619	1,649	1,670	1,683	1,714	1,771	1,857
Culture and Recreation:										
Cable TV	31	31	31	31	33	32	31	31	31	30
Public Libraries	350	385	389	386	395	396	404	405	404	404
Recreation	398	414	417	441	465	467	490	493	499	574 ⁽¹¹⁾
Community Development and Housing:										
Agriculture	-	-	-	4	4	4	4	4	4	5
Economic Development Fund	31	34	33	1	1	1	1	1	1	1
Housing and Community Affairs	73	77	80	84	97	97	101	101	101	104
Environment:										
Environmental Protection	93	97	102	105	108	108	110	108	110	122
Business-Type Activities:										
Alcohol Beverage Services	339	337	427	432	438	442	428	442	443	428
Community Use of Public Facilities	27	27	28	29	30	31	31	31	31	30
Parking Lot Districts	49	50	49	49	49	49	49	49	48	48
Permitting Services	201	207	213	244	244	244	246	246	246	249
Solid Waste Activities	102	103	103	106	105	106	106	112	112	114
Total FTEs	9,447	9,682	9,899	10,031	10,238	10,301	10,433	10,519	10,614	10,921

Table 24 (Concluded)

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.

⁽⁸⁾ Effective FY23, The Office of Grants Management was established per Bill No. 36-19.

⁽⁹⁾ Effective FY23, The Office of Food Systems Resilience was established per Bill No. 20-22.

⁽¹⁰⁾ The County Council increased from nine to eleven members in FY23. Additional positions were added to support new councilmember offices.

⁽¹¹⁾ Additional positions added in FY23 to support several programs, but primarily due to the South County Regional Recreation and Aquatic Center.

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**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 ⁽¹⁾
Governmental Activities:										
General Government:										
Number of procurement office actions ⁽²⁾	8,396	7,556	8,429	7,564	7,824	8,887	9,425	7,607 ⁽¹²⁾	9,550 ⁽⁶⁾ ⁽¹³⁾	9,699
Number of property tax bills processed ⁽⁵⁾	366,847	367,708	371,446	371,866	376,330	376,259	370,489	376,557	375,990	368,190
Number of payments issued ⁽⁵⁾	129,973	121,311	121,366	125,764	128,866	118,086	107,773	118,598	128,656	118,248
Investment portfolio return ⁽⁵⁾	0.15%	0.18%	0.39%	0.71%	1.34%	2.33%	1.76%	0.18% ⁽³⁾	0.33% ⁽³⁾	3.43% ⁽³⁾
Public Safety:										
Fire and Rescue:										
Number of responses to incidents	109,496	115,366	116,915	120,990	123,544	121,606	119,340	113,940	128,371	135,180
Number of fire Fatalities	4	4	3	9	1	4	2	5	5	8
Police:										
Number of arrests	13,153	16,518	20,045	16,707	18,853	18,061	12,641 ⁽¹²⁾	5,871 ⁽¹²⁾	6,939	7,315
Number of traffic citations ⁽⁹⁾	107,040	106,944	105,607	100,867	81,252	75,989	50,051 ⁽¹²⁾	23,492 ⁽¹²⁾ ⁽¹⁴⁾	27,703	24,332
Number of warrants served	8,297	9,763	8,109	7,779	7,318	7,011	6,006 ⁽¹²⁾	3,244 ⁽¹²⁾	3,474	5,937 ⁽¹³⁾
Transportation:										
Lane-miles of streets resurfaced	311	436	405	303	181	231	266	183 ⁽¹²⁾	139 ⁽¹⁵⁾	234 ⁽¹⁷⁾
Number of passengers transported	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 ⁽¹³⁾	14,359,817
Health and Human Services:										
Number of applicants approved for the Home Energy Program	7,951	7,440	7,822	7,468	7,129	7,056	6,683	6,883	6,932	7,703
Number of individuals served through the Crisis Center	45,749	45,906	47,191	46,202	44,684	43,584	43,868	43,643	53,426	50,174
Number of licensed and registered child care slots in the County	38,506	39,501	40,292	41,768	41,101	42,697	43,206	40,167 ⁽¹²⁾	30,802 ⁽¹²⁾	43,552 ⁽¹³⁾
Number of in-home aide service hours for seniors and people with disabilities	94,012	110,848	105,000	110,185	92,860	105,370	108,869	95,706 ⁽¹²⁾	121,348 ⁽¹³⁾	90,014 ⁽¹⁸⁾
Culture and Recreation:										
Library:										
Number of items circulated	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 ⁽¹³⁾	11,453,455
Recreation:										
Number of community center visits/contacts	1,127,742	985,527	955,160	1,634,333	1,108,071	971,882 ⁽¹⁰⁾	959,137 ⁽¹²⁾	19,423 ⁽¹²⁾	526,373 ⁽¹³⁾	798,209 ⁽¹⁹⁾
Number of visits to County pools	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	421,198
Number of persons registered for camps and classes	55,829	65,762	76,285	85,835	105,011	105,615	106,526	19,566 ⁽¹²⁾	85,087 ⁽⁶⁾ ⁽¹³⁾	124,772 ⁽¹³⁾
Community Development and Housing:										
Housing and Community Affairs:										
Number of housing rental licenses issued	96,185	98,525	100,379	101,810	103,841	107,283	114,365	106,361 ⁽¹²⁾	109,018 ⁽⁶⁾	116,414
Number of housing code enforcement cases	6,998	7,633	8,250	7,917	8,352	9,229	7,190	5,325 ⁽¹²⁾	6,099 ⁽⁶⁾	6,110
Environment:										
Number of sediment control inspections performed for development sites	16,287	18,741	19,109	18,259	17,689	16,778	14,858	15,239	18,644 ⁽¹³⁾	19,809
Education:										
Average number of pupils registered pre-K through 12 ⁽⁴⁾	151,298	153,852	156,447	159,010	161,545	162,680	165,267	160,564	158,232	160,554
College students - credit and non-credit ⁽⁴⁾	59,389	56,228	56,001	55,243	54,335	52,732	49,168	42,915 ⁽¹²⁾	44,818 ⁽⁶⁾	44,589
Business-Type Activities:										
Land development plans approved	5,112	5,161	6,048	6,013	6,055	5,543	5,801	5,312	6,245	6,671
Refuse collected (tons)	71,407	73,996	71,767	69,988	69,669	67,908	75,892	81,382	76,875	73,565
Waste processed at the Resource Recovery Facility (tons)	577,787	591,687	620,505	518,687	592,228	628,600	545,378	579,553	565,477	533,502
Number of cases sold from Alcohol Beverage Services retail stores	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 ⁽¹³⁾	930,048
Number of wholesale liquor cases sold to liquor license holders	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	3,811,821
Number of fire inspections completed	11,644	13,929	16,439	17,405	14,579	10,340 ⁽⁷⁾	10,960	19,114 ⁽⁸⁾	21,095	15,057 ⁽¹⁶⁾

Table 25 (Concluded)

NOTES:

- ⁽¹⁾ Indicators represent actuals or latest estimates of actuals.
- ⁽²⁾ Indicators provided by Office of Procurement.
- ⁽³⁾ The yield on the County's investment portfolio fluctuates because it is closely tied to moves in the short-term bond market, specifically, those driven by Federal Reserve action.
- ⁽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 enrollment, childcare slots, etc.
- ⁽¹³⁾ Variance is due to the resumption of general County operations, building reopenings, police activities, etc. during the latter stages of the COVID-19 pandemic.
- ⁽¹⁴⁾ The citation number reflected all traffic stops including citations, repair orders, and warnings. It was corrected to reflect only citation stops from FY21.
- ⁽¹⁵⁾ In FY22, with the same funding, more roadway rehabilitation and resurfacing repairs were done which led to a fewer lane miles completed.
- ⁽¹⁶⁾ A significant decrease in FY23 is due to a high turnover of businesses post-pandemic, and the longer time required to complete the inspections.
- ⁽¹⁷⁾ In FY23, increased lane miles resurfaced as a result of using more effective and low cost repair methods.
- ⁽¹⁸⁾ The decrease is due to reduced staffing and capacity.
- ⁽¹⁹⁾ The considerable increase is attributed to the "Free in 23" initiative that started in FY23.

Table 26

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

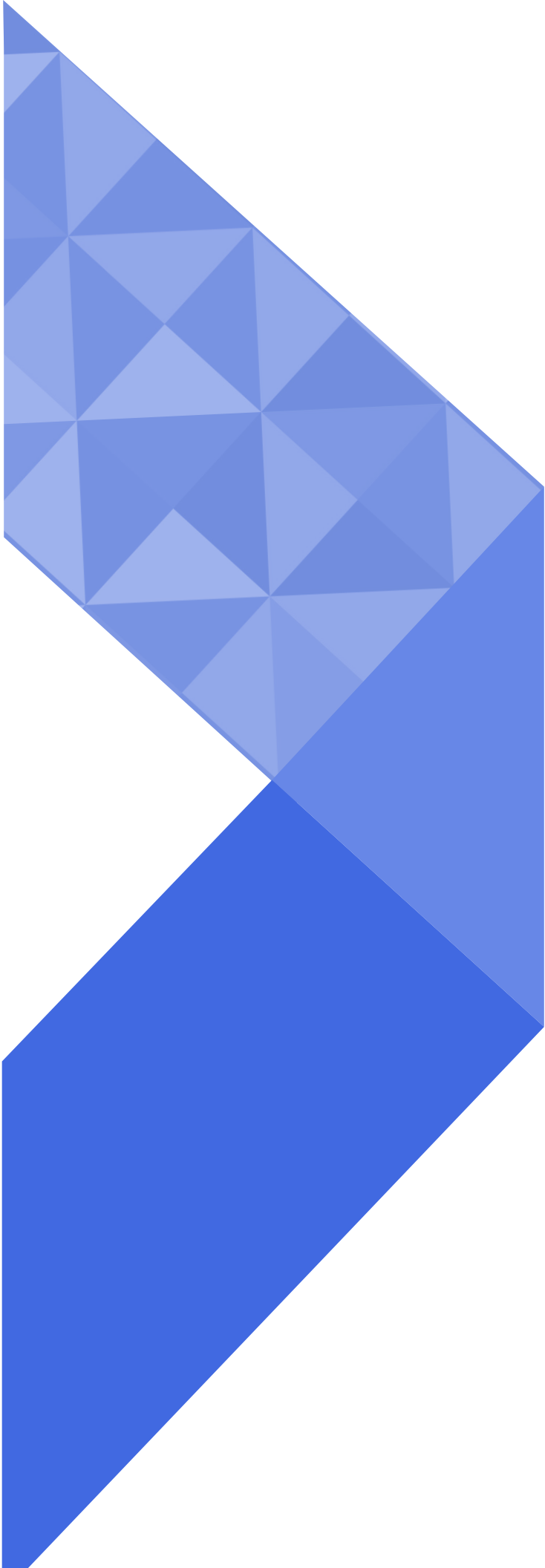
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
General Government:										
Conference centers	1	1	1	1	1	1	1	1	1	1
Landfills	3	3	3	3	3	3	3	3	3	3
Public Safety:										
Police stations	6	6	6	6	6	6	6	6	6	6
Police satellites	3	3	3	3	3	3	3	3	2	2
Police vehicles	1,345	1,467	1,486	1,509	1,526	1,522	1,551	1,519	1,498	1,517
Fire stations	37	37	37	37	37	37	37	37	37	37
Fire apparatus	461	447	493	497	502	501	548	541	579	531
Transportation:										
Streets (miles)	2,631	2,634	2,640	2,661	2,663	2,664	2,679	2,681	2,704	2,710
Ride On buses	422	379	403	389	414	424	445	435	461	450
Administrative vehicles	761	764	869	885	876	876	867	891	878	828
Fire vehicles	116	113	94	96	91	98	101	99	100	100
Heavy equipment	482	420	423	481	491	448	460	461	460	461
Streetlights	67,931	67,969	68,350	68,675	68,770	68,995	69,025	69,075	69,090	69,115
Traffic signals	829	836	848	854	867	875	878	880	899	907
Culture and Recreation:										
Libraries	22	22	22	22	22	22	22	22	22	22
Volumes in library collection	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	1,871,024
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)	881	883	888	893	895	896	902	903	912	914
Education:										
Elementary, Middle and High School buildings	202	203	204	204	205	207	207	209 ⁽¹⁾	210	211
College buildings	49	49	49	51	51	51	50	49	53	54
Business-Type Activities:										
Parking spaces in parking lot districts	19,984	20,970	20,754	20,482	20,425	20,452	20,468	20,708	20,700	20,643
Parking garages/lots	42	42	41	40	40	41	40	40	41	40

NOTES:

* Data relates to primary government only, except for education data which relates to MCPS and MC.

⁽¹⁾ Revised

Sources: Various County departments, MCPS, and MC.



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* POEB = Pension and Other Employee Benefits				

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