

FISCAL YEAR
2025

July 1, 2024 -
June 30, 2025



6TH DISTRICT POLICE STATION



ANNUAL COMPREHENSIVE FINANCIAL REPORT



Government Finance Officers Association

Certificate of
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Reporting

Presented to

**Montgomery County
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

MONTGOMERY COUNTY MARYLAND

Annual Comprehensive Financial Report



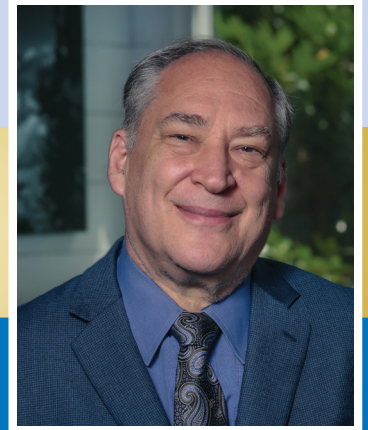
Prepared by the
DEPARTMENT OF FINANCE

Michael J. Coveyou, Director
101 Monroe Street
Rockville, Maryland 20850
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Fiscal Year 2025
July 1, 2024 - June 30, 2025

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 J. Coveyou
Director

December 18, 2025

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, 2025.

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 (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, 2025. 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 also 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.

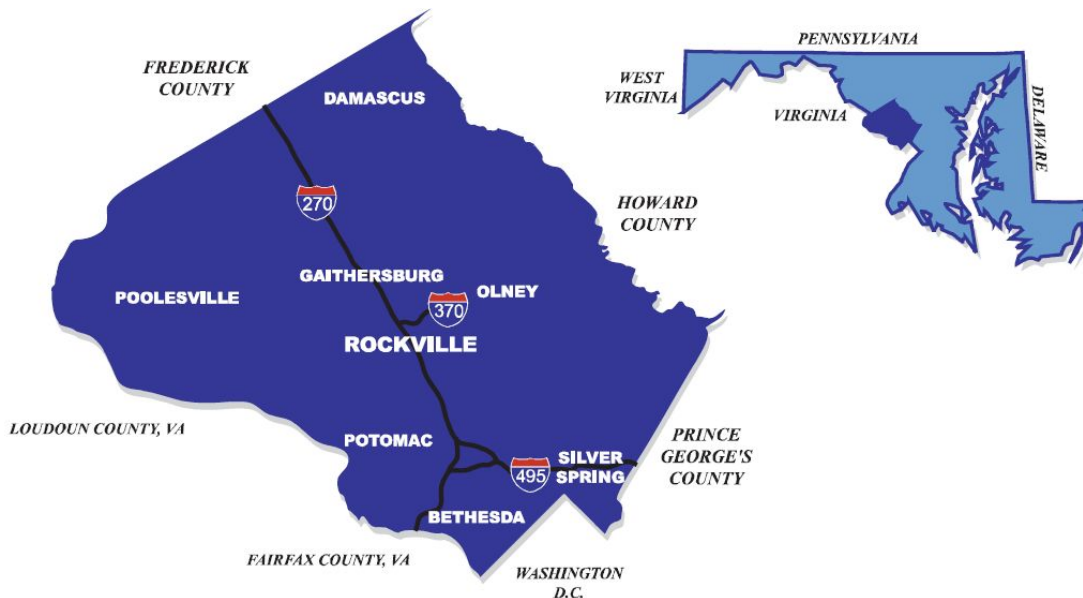
Department of Finance

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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 the 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 and Exhibits B-7 and B-8 in the Required Supplementary Information section and Supplementary Data section of this annual report, respectively. Non-major funds are also 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 five joint ventures and one 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

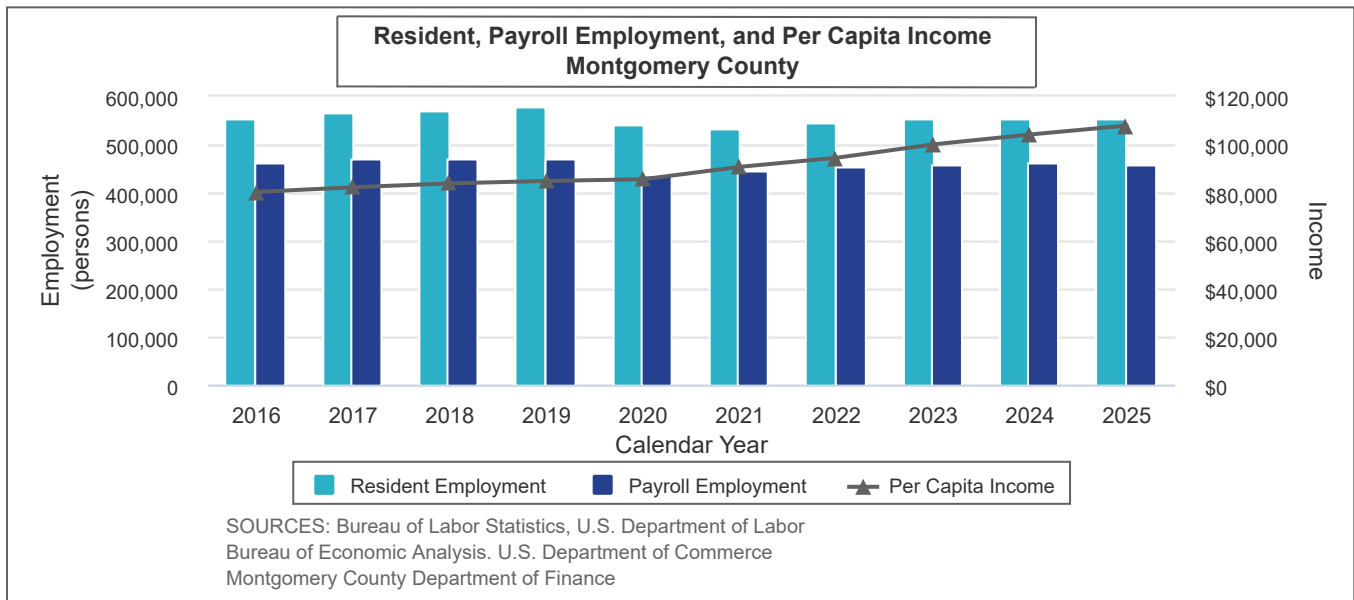
According to the Bureau of Labor Statistics' Household Survey, employment in Montgomery County declined by 0.4 percent in FY25, while the unemployment rate rose to 2.9 percent. Prior to the employment gains observed from FY22 to FY24, the County experienced a 0.9 percent decline in FY20 and a 6.6 percent decline in FY21, both largely attributed to the impacts of the COVID-19 pandemic. The monthly average unemployment rate increased from 3.9 percent in FY20 to a peak of 6.1 percent in FY21, before steadily declining to 3.4 percent in FY22, 2.0 percent in FY23, 2.3 percent in FY24, and rose again to 2.9 percent in FY25.

Sales of existing homes increased by 4.5 percent in FY25, while the average sales price rose by 5.4 percent compared to FY24. Historically, existing home sales rose by 3.8 percent in FY20 and saw a significant 28.2 percent increase in FY21, followed by declines of 4.8 percent in FY22, 30.8 percent in FY23, and 10.1 percent in FY24. Average sales prices have consistently increased over the same period, rising by 4.3 percent in FY20, 10.6 percent in FY21, and 5.9 percent in FY22, 4.8 percent in FY23, and 5.1 percent in FY24.

Residential construction in FY25 showed mixed results. New construction starts for single-family homes increased by 108.0 percent, while multi-family home starts declined by 51.8 percent, resulting in an overall 25.0 percent decrease in total residential unit starts. Due to this decline, the total value added from new residential construction fell by 11.1 percent in FY25. Meanwhile, although the number of non-residential construction projects increased by 38.0 percent, the total value of these projects declined by 25.1 percent.

Personal Income and Employment

Income tax revenues accounted for 52.7 percent of Montgomery County's total General Fund tax revenues in FY25. Two key economic indicators - personal income and employment - are the primary drivers of income tax receipts. On a calendar year (CY) basis, per capita personal income is projected to increase from \$104,152 in 2024 to \$107,872 in 2025, representing a 3.6 percent gain. Over the longer term, per capita income is estimated to have grown at an average annual rate of 3.3 percent from 2016 to 2025.



On a calendar year basis, resident employment in Montgomery County is projected to increase by 0.1 percent, from 555,030 in 2024 to 555,716 in 2025. In comparison, resident employment stood at 552,568 in 2016 - approximately 3,150 fewer than the 2025 estimate. Following significant declines of 6.8 percent in 2020 and 1.5 percent in 2021 due to the COVID-19 pandemic, employment is expected to grow at an average annual rate of less than 0.1 percent through 2025, reflecting a slow but steady recovery.

Based on the Quarterly Census of Employment and Wages, payroll employment in Montgomery County is projected to decline by 0.7 percent, from 462,298 in CY2024 to a preliminary estimate of 459,225 in CY2025. In comparison, payroll employment stood at 463,967 in CY2016. This reflects an average annual decrease of 0.1 percent over the period, primarily due to a 7.0 percent decline in CY2020 caused by the COVID-19 pandemic and an estimated reduction in federal employment in CY2025.

Construction and Real Estate

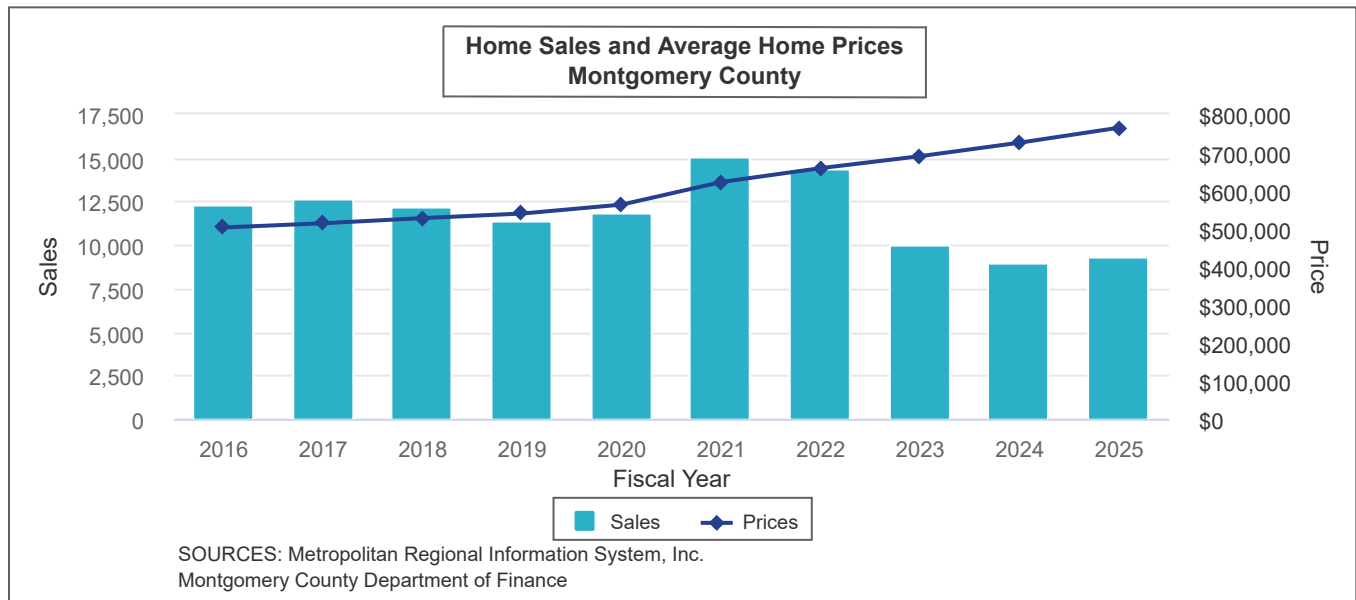
In FY25, property tax (General Fund) and transfer and recordation taxes accounted for 37.1 percent and 3.7 percent, respectively, of total General Fund tax revenues. Construction and real estate activity play a significant role in Montgomery County's economy, influencing the amount of property, transfer, and recordation taxes collected.

Both residential and non-residential construction contribute to maintaining and expanding the assessable property tax base by replacing outdated properties and adding capacity to accommodate population growth and new households. Changes in home prices directly affect property tax assessments and transfer and recordation tax revenues. However, the impact on property tax revenues may be delayed due to the homestead tax credit and the triennial assessment cycle administered by the Maryland Department of Assessments and Taxation.

In FY25:

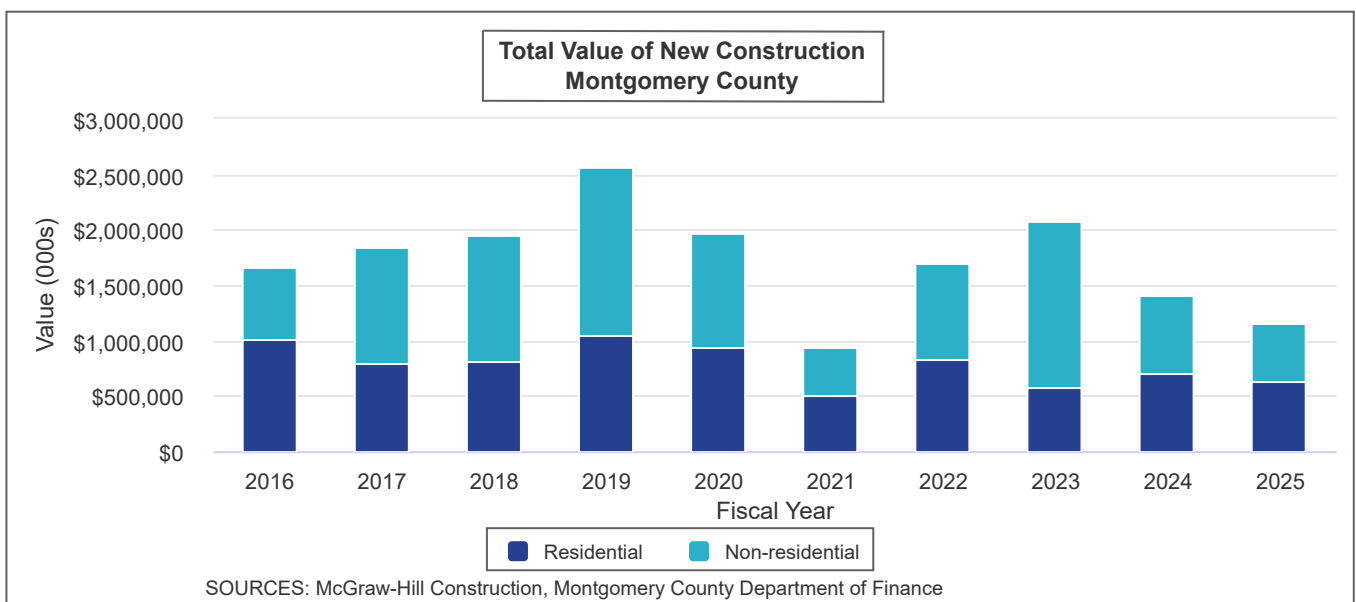
- Average sales prices for existing homes increased by 5.4 percent, following a 5.1 percent increase in FY24.
- Sales of existing homes rose by 4.5 percent, rebounding from a 10.1 percent decline in FY24.
- Residential transfer tax collections increased by 11.0 percent, driven by a 6.4 percent rise in transaction volume.
- Non-residential transfer tax collections (excluding farm and rezoned rates) increased by 5.3 percent.
- Total transfer taxes for the General Fund rose by 9.4 percent.
- Recordation tax collections increased from \$45.0 million in FY24 to \$50.7 million in FY25, a 12.7 percent increase.

As a result, combined transfer and recordation tax collections for the General Fund increased by 10.5 percent in FY25.



The total value of new residential construction in FY25 declined by 11.1 percent, totaling \$632.6 million - approximately \$171.9 million below the nine-year average from FY16 to FY24. The number of new detached single-family units more than doubled, rising 108.0 percent from 590 units in FY24 to 1,227 units in FY25. In contrast, multi-family unit construction fell by 51.8 percent, dropping from 2,924 units to 1,410 units.

The total value of non-residential construction was \$526.0 million in FY25, representing a 25.1 percent decrease compared to FY24.



Future Economic Outlook

For the FY26 County Budget, the Department of Finance ("Finance") forecasts that Montgomery County will experience stable macroeconomic conditions, with no recession anticipated in calendar years 2025 and 2026. However, this outlook is subject to risk due to several factors, including federal efforts to reduce the size of the federal workforce, shifts in global trade policy through higher tariffs, and the potential impact of migration on the County's labor force and overall employment levels. Finance assumes the following:

Employment

Payroll employment will increase by 0.1 percent from CY2025 to CY2026. This growth rate is below the 0.6 percent average annual increase observed from CY2016 to CY2019, prior to the COVID-19 pandemic, and follows a 0.5 percent average annual decline in payroll employment from CY2019 to CY2025.

Resident employment is expected to grow by 0.2 percent from CY2025 to CY2026, which is also below the 1.7 percent average annual growth rate recorded between CY2016 and CY2019. From CY2019 to CY2025, resident employment declined at an average annual rate of 0.7 percent, largely due to the effects of the pandemic.

Personal Income

Total personal income in Montgomery County will increase by 4.1 percent from CY2025 to CY2026. This compares to an average annual growth rate of 2.3 percent from CY2016 to CY2019, prior to the COVID-19 pandemic. From CY2019 to CY2025, personal income is estimated to have grown at an average annual rate of 4.2 percent, largely driven by substantial distributions of transfer payments.

Wage and Salary Income

Wage and salary income will increase by 2.5 percent from CY2025 to CY2026. This growth rate is below the average annual increase of 3.3 percent from CY2016 to CY2019, and lower than the 4.4 percent average annual growth rate observed from CY2019 to CY2025. Despite elevated unemployment during the COVID-19 pandemic, total wage and salary income remained relatively unaffected.

Non-Wage Income

Non-wage income includes proprietors' income, supplements to wages and salaries, transfer receipts, dividends, interest, rents, residence adjustments, and is reduced by contributions to government social insurance. Finance projects that non-wage income in Montgomery County will increase by 5.4 percent from CY2025 to CY2026, compared to an average annual growth rate of 1.6 percent from CY2016 to CY2019, prior to the COVID-19 pandemic. From CY2019 to CY2025, non-wage income grew at an average annual rate of 5.0 percent, largely driven by the distribution of transfer receipts.

Collective Bargaining

International Association of Fire Fighters (IAFF)

Full funding was appropriated for the following contract provisions in FY26 for the Local 1664, Montgomery County Career Fire Fighters Association of the International Association of Fire Fighters, AFL-CIO:

- 3.25% general wage adjustment effective July 13, 2025.
- 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 FY26 for the Fraternal Order of the Police, Lodge 35:

- 4.85% general wage adjustment effective July 13, 2025.
- 3.5% service increments for all eligible members on their increment date.
- 3.5% longevity increment step added for eligible members after 15 years of service and 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 FY26 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 July 13, 2025.
- 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 the Unrestricted General Fund Balance and the Revenue Stabilization Fund Balance to more than 10 percent of Adjusted Governmental Revenues, as required in Section 20-68 of the County Code. Adjusted Governmental 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 a one-time deferral of the mandatory contribution to the Revenue Stabilization Fund in FY25 due to the Revenue Stabilization Fund maintaining a total reserve of more than 10 percent of Adjusted Governmental Revenues. This deferral will provide the County with more flexibility in FY26 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 FY25 – FY30 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 FY25 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 \$121.3 million for affordable housing, including \$12.4 million for the Montgomery Housing Initiative Fund, \$102.0 million for Affordable Housing Acquisition and Preservation CIP projects, \$5.0 million for the Affordable Housing Opportunity Fund, and \$1.9 million for Revitalization for Troubled and Distressed Common Ownership Communities CIP projects.

The County will provide \$59.8 million in resources for the Montgomery Housing Initiative Fund to continue various programs and projects dedicated to creating and preserving affordable housing and related services. The funding will provide for the renovation of distressed housing, the creation of housing units for residents with special needs, rental assistance and rapid rehousing, homeless prevention and relocation assistance, homeowner down payment assistance, home accessibility rehabilitation, services through the homeless prevention program "Building Neighborhoods to Call Home" and "Housing First" programs, and the creation of mixed-income housing.

Transportation

The County implemented the Ride On Bus Service Fare Free program. The zero-fare bus system offers a significant advancement in public transportation by eliminating the cost of travel for passengers. The zero-fare system encourages the use of buses, reduces traffic congestion, and lowers carbon emissions by promoting more eco-friendly commuting options. Also, the zero-fare program makes transportation more accessible to everyone, including those with limited financial resources, which supports environmental and social goals.

The County will create a more sustainable and equitable transit system through the Ride On Reimagined Service and Implementation Plan. This comprehensive strategy was developed through over two years of meticulous research and planning, including a focus on the community's unique needs. The first year of the plan focuses on foundational improvements, such as upgrading infrastructure, enhancing existing routes, and introducing new services with the highest demand. In later years, the plan will expand service to increase accessibility and accommodate future growth.

Public Safety

The County will invest in digital forensic software to expedite investigation, reduce overtime and backlog, and collect critical evidence to resolve crime in the County after a search warrant is granted.

The County continues to expand the Drone as First Responder pilot program by converting contracted positions into merit positions and by adding the Germantown site, increasing the number of locations served to five. This program aims to increase effectiveness of police officers' response to incidents by improving their decision-making process with data from an aerial perspective.

Culture and Recreation

The County increased funding for the redevelopment of the Montgomery County Public Libraries' World Languages Collection in alignment with the County's language priorities. The County will purchase collections in Spanish, Chinese, Vietnamese, Korean, French, Amharic, Farsi, Russian, and Bengali, for distribution to library branches where those languages are most spoken.

The County increased the number of Department of Recreation bilingual programming and senior programming to 4,164 registrations. Currently, there are 82 programs available for adults 55 and older, covering activities like dance, education, martial arts, fitness, games, music, and special events.

Education

The County's FY26 contribution to MCPS is \$2,338.6 million. The County's total contribution is \$216.1 million over the State required Maintenance of Effort (MOE) level of funding. The County's FY26 contribution for Montgomery College is \$148.8 million.

General Government

The County will expand the Fleet Maintenance Apprenticeship program by obtaining Maryland state registration for the existing program and adding more apprentice positions. These enhancements will enable the Department of General Services' Division of Fleet Management Service to standardize the curriculum and apprentice experience and help reduce operating costs by reducing the amount of overflow work assigned to contractors.

The County deployed the Monty 2.0 chatbot, which facilitated over 22,000 conversations in its first year of operation, giving residents instant access to thousands of knowledge topics in over 100 global languages. Monty facilitated a similar number of meaningful conversations per day as an average MC311 customer service representative.

The County will launch the second round of the Community Food Assistance Grant program, supporting local service providers with direct funding and specialized access to shelf-stable and fresh food for distribution to food-insecure residents, while further strengthening the capacity and stability of the County's robust network of organizations.

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, 2024. Montgomery County has received the Certificate of Achievement more than any other county in the nation; 55 times since 1951, and consecutively for 53 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, 2024. 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 eight consecutive years.

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, 2025. 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 Adaora Azubike, Controller; Michael Lee, General Accounting Manager; and Karen Hawkins, Chief Operating Officer. 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	Jiaojiao Gu	Befekadu Mulaw	Iraj Soroori
Adaora Azubike	Jason Hsu	Jay Narang	Michael Toney
Lauren Bierly	Tim Hughes	Moses Ogunwuyi	Mingshu Tong
Douglas Campbell	Chong Lee	Helen Sangliani	Cheyenne Williams
Christopher Caporaletti	Michael Lee	Paige Santos	Jeanie Yu
Ling Chen	Grace Li	Laleh Shabani	Ivy Zhao
Biniam Debebe	Jianxiang Lu	Chihyu Shen	
Alex Fisher	Jing Luo	Florence Shum	
Neli Georgieva	Katherine Morgan	Karen Smith	

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

James Babb	Nancy Feldman	Molly Hayward-Koert	David Platt
Jayanthi Hariprasadh	Lih Jiang	Jamie White	Victoria Dizelos
Karen Hawkins	Andrew Marschhauser		

Other County Departments and Offices

Department of General Services

Lisa Sesny	Lan Xu
Rick Taylor	The Print Shop
Michelle West	

Alcohol Beverage Services

Sean D'Costa	Scott McClure
--------------	---------------

Department of Environmental Protection

Jamie Foster	Anthony Skinner
Richard Hands	Vicky Wan
Hellen Ojwang	Sarah Xue
Dan Rogers	

Office of Management and Budget

Anita Aryeetey	Chris Mullin
Veronica Jaua	Rachel Silberman

Office of Public Information

Sean Clark

Department of Transportation

Katherine Flores	Seconde Nkundizanye
Nadia Fuentes	Fiona Wang
Jonson Lum	

Office of Human Resources

Shirley Aceituno	Kay Russell Deerin
Karen Bass	Jennifer Shovlin
Anjoo Chohda	Renata Vasileva

Montgomery County Employee Retirement Plans

David Crow	Yan Yan
Ge Lee	Sherrie Yu
HyeSook Lee	

Component Units

Bethesda Urban Partnership, Inc.

Jeff Oyer

Montgomery County Public Schools

Ivon Alfonso-Windsor	Allen Francois
Susan Chen	Daniel Kelley

Housing Opportunities Commission

Timothy Goetzinger
Eugenia Pascual
Niketa Patel

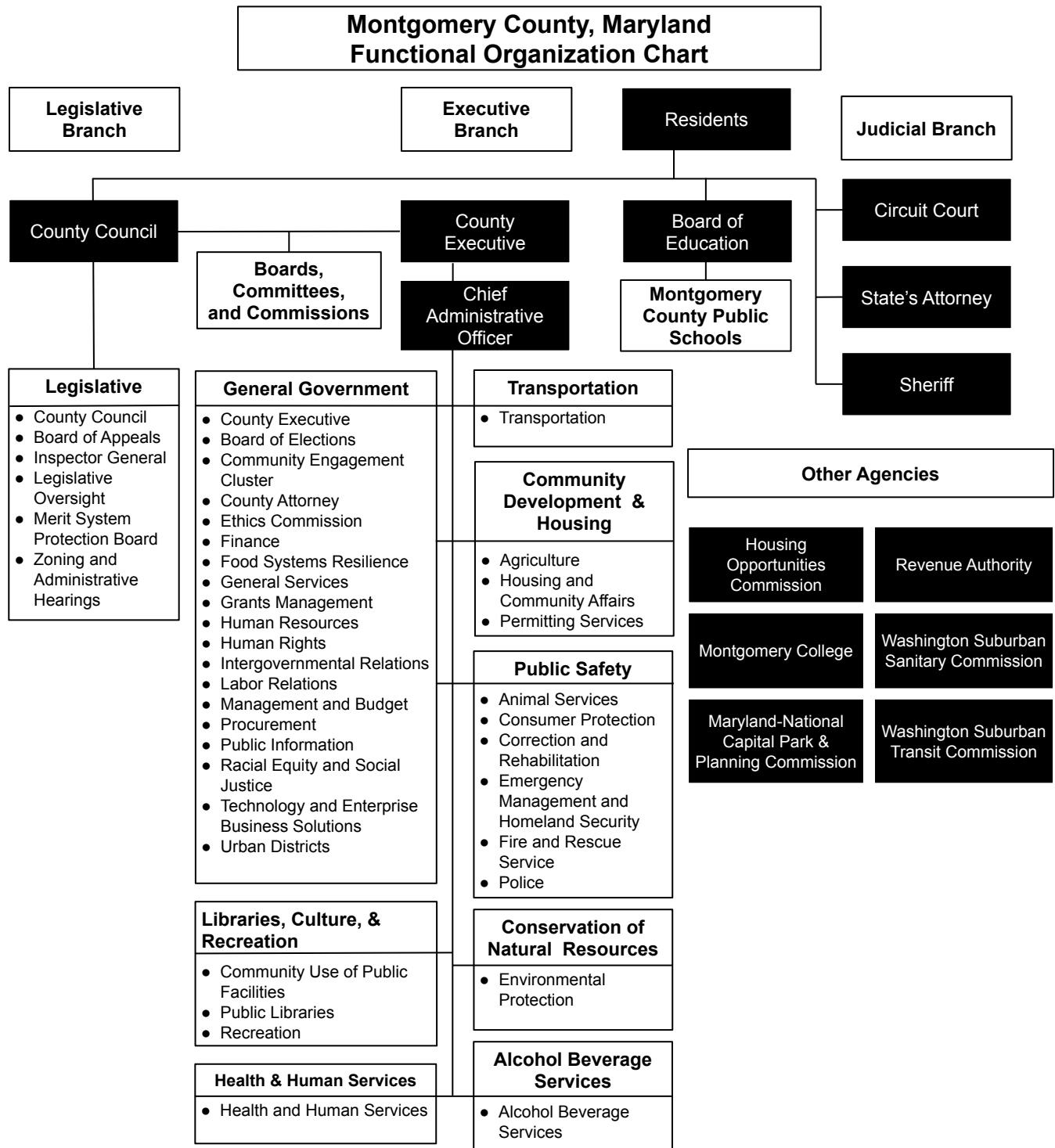
Montgomery College

Elizabeth Greaney	Darniel Dorsey
Matthew Aninzo	Fanuel Abate

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, 2025

COUNTY EXECUTIVE
Marc Elrich

COUNTY COUNCIL

Kate Stewart	<i>President</i>
Will Jawando	<i>Vice President</i>
Gabe Albornoz	Sidney Katz
Marilyn Balcombe	Dawn Luedtke
Natali Fani-González	Kristin Mink
Andrew Friedson	Laurie-Anne Sayles
Evan Glass	

OTHER ELECTED OFFICIALS

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

Elected Officials
Montgomery County, Maryland



Marc Elrich
County Executive



Kate Stewart
Council President



Will Jawando
Council Vice President



Gabe Albornoz
Councilmember



Marilyn Balcombe
Councilmember



Natali Fani-González
Councilmember



Andrew Friedson
Councilmember



Evan Glass
Councilmember



Sidney Katz
Councilmember



Dawn Luedtke
Councilmember



Kristin Mink
Councilmember



Laurie-Anne Sayles
Councilmember

MONTGOMERY COUNTY, MARYLAND APPOINTED OFFICIALS

Chief Administrative Officer	Richard Madaleno
Agriculture Services	Mike Scheffel
Alcohol Beverage Services	Kathie Durbin
Animal Services	Caroline Hairfield
Board of Appeals	Barbara Jay
Board of Elections	Boris Brajkovic
Community Engagement Cluster	Fariba Kassiri
Community Use of Public Facilities	Vanessa Lopez-Cuevas, Acting Director
Consumer Protection	Eric S. Friedman
Correction and Rehabilitation	Ben Stevenson
County Attorney	John P. Markovs
Emergency Management and Homeland Security	Luke J. Hodgson
Environmental Protection	Jennifer Macedonia
Ethics Commission	Erin E. O'Connor
Finance	Michael Coveyou
Fire and Rescue Service	Corey A. Smedley
Food Systems Resilience	Heather Bruskin
General Services	David E. Dise
Grants Management	Rafael P. Murphy
Health and Human Services	James C. Bridgers Jr.
Housing and Community Affairs	Scott Bruton
Human Resources	Traci L. Anderson
Human Rights	James L. Stowe
Inspector General	Megan Davey Limarzi
Intergovernmental Relations	Melanie L. Wenger
Labor Relations	Jennifer Harling
Legislative Oversight	Chris Cihlar
Management and Budget	Jennifer Bryant
Permitting Services	Rabbiah Sabbakhan
Police	Marc R. Yamada
Procurement	Avinash G. Shetty
Public Information	Mary Anderson
Public Libraries	Darcell Graham
Racial Equity and Social Justice	Tiffany Ward
Recreation	Adrian Clutter, Acting Director
Technology and Enterprise Business Services	Gail M. Roper
Transportation	Christopher Conklin
Zoning and Administrative Hearings	Kathleen E. Byrne

COMPONENT UNIT OFFICIALS

Montgomery County Public Schools

Board of Education:

Julie Yang, President
Grace Rivera-Oven, Vice President

Karla Silvestre	Brenda Wolff
Natalie Zimmerman	Rita Montoya
Laura Stewart	Anuva Maloo, Student

Thomas Taylor, Superintendent of Schools

Montgomery County Revenue Authority

Board of Directors:

Stephen H. Edwards, Chairman
Andrew Bridge, Secretary-Treasurer

Tarrick L. Clayton
Bridget Ware
Richard Maldonado, Ex-Officio member

Keith Miller, Chief Executive Officer

Bethesda Urban Partnership, Inc.

Board of Directors:

Dan Schlaff, Chair
Christopher Smith, Vice Chair
Mylene L. Ortiz Luis,
Treasurer
Adam Murphy, Secretary

Marian Block	Katya Marin
Jane Fairweather	Meagan Donohoe

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

Montgomery College

Board of Trustees:

Gloria Aparicio Blackwell, Chair
Annice Cody, First Vice-Chair
Omar A. Lazo, Second Vice-Chair

Michael A. Brintnall	David Hill
Sheryl Brissett Chapman	Robert F. Levey
Marvin Dickerson	Maricé I. Morales
A. Michelle Namugerwa, Student	

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

Housing Opportunities Commission of Montgomery County

Commissioners:

Roy Priest, Chair
Jeffrey Merkowitz, Vice Chair
Robin Solomon, Chair Pro Tem

Linda Croom
Jonathan Miller
Izola Shaw
Paul Weech

Chelsea J. Andrews, President/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 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, 2025, 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, 2025, 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 48.7 percent, 65.5 percent, and 18.5 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.

Other Matter

As discussed in Note IV.H to the financial statements, the County adopted the new accounting guidance from GASB Statement No. 101, *Compensated Absences*, which resulted in a restatement of net position. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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 twelve months beyond the financial statements date, 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 special revenue and grants special revenue 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 and supplementary schedules (nonmajor governmental funds, nonmajor enterprise funds, internal service funds, fiduciary funds, and nonmajor component units) and schedules of revenues, expenditures, and changes in fund balance – budget and actual (non-GAAP budgetary basis), as listed in the accompanying table of contents, 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 (nonmajor governmental funds, nonmajor enterprise funds, internal service funds, fiduciary funds, and nonmajor component units) and schedules of revenues, expenditures, and changes in fund balance – budget and actual (non-GAAP budgetary basis) 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This discussion and analysis (MD&A) is designed to a) assist readers in understanding 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.

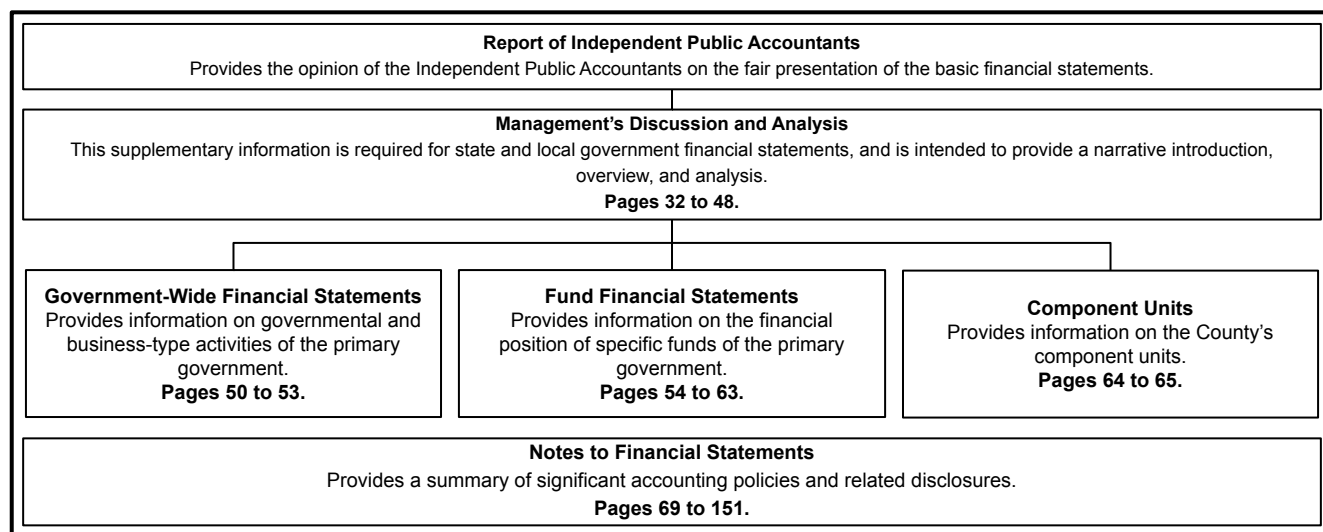
Financial Highlights

- The government-wide assets and deferred outflows of the County exceeded its liabilities and deferred inflows of resources at the close of FY25 by \$3,749.4 million. That amount is net of a \$889.0 million unrestricted deficit. The deficit occurs mainly because the County issues debt to fund construction costs for Montgomery County Public Schools (MCPS) and Montgomery College (MC), two of its component units, and for Maryland-National Capital Park and Planning Commission (M-NCPPC), a joint venture. Debt outstanding for these entities amounted to \$1,633.4 million as of June 30, 2025. Absent the effect of this relationship, the County would have reported a government-wide unrestricted net position of \$744.4 million.
- The County's total government-wide net position increased by \$231.7 million.
- As of the close of FY25, the County's governmental funds reported combined ending fund balances of \$2,220.8 million, an increase of \$120.0 million over the prior year's ending fund balances.
- At the end of FY25, unassigned fund balance for the General Fund was \$381.9 million, or 9.5 percent of total General Fund expenditures. The committed fund balance in the General Fund also includes \$686.01 million in the Revenue Stabilization Fund, bringing total reserves (as defined by County policy) to \$1,067.9 million, or 15.8% 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, increased by \$53.5 million during FY25. See page 114 for the details. The key factors in this increase are:
 - The issuance of \$725.1 million in general obligation (GO) bonds including a premium of \$85.9 million, and the use of the proceeds to refund \$491.3 million previously issued GO Bonds and \$250.0 million in bond anticipation notes (BANs).
 - The issuance of \$39.4 million in Solid Waste Disposal Construction related revenue bonds.
 - The issuance of \$34.8 million in new equipment notes.
 - An increase in the total pension liability of \$146.3 million from FY24.
 - A decrease in the net Other Postemployment Benefits (OPEB) liability of \$117.8 million from the FY24 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

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, 2025 and 2024:

Summary of Net Position *						
June 30, 2025 and 2024						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	\$ 3,633,662,654	\$ 3,386,045,600	\$ 312,126,124	\$ 292,777,174	\$ 3,945,788,778	\$ 3,678,822,774
Capital assets, net	5,946,104,053	5,916,028,839	280,039,269	285,278,234	6,226,143,322	6,201,307,073
Total Assets	9,579,766,707	9,302,074,439	592,165,393	578,055,408	10,171,932,100	9,880,129,847
Deferred outflows of resources	643,278,567	699,064,737	13,496,647	14,052,057	656,775,214	713,116,794
Liabilities						
Long-term liabilities outstanding	** 5,632,296,382	5,606,106,499	173,272,604	145,981,126	5,805,568,986	5,752,087,625
Other liabilities	586,276,405	513,665,197	65,969,519	63,444,784	652,245,924	577,109,981
Total Liabilities	6,218,572,787	6,119,771,696	239,242,123	209,425,910	6,457,814,910	6,329,197,606
Deferred inflows of resources	588,090,827	710,796,582	33,424,100	35,552,269	621,514,927	746,348,851
Net position:						
Net investment in capital assets	3,420,785,474	3,259,095,524	157,200,719	191,255,963	3,577,986,193	3,450,351,487
Restricted	944,495,372	865,851,619	115,885,677	84,302,766	1,060,381,049	950,154,385
Unrestricted (deficit)	(948,899,186)	(954,376,245)	59,909,421	71,570,557	(888,989,765)	(882,805,688)
Total Net Position	\$ 3,416,381,660	\$ 3,170,570,898	\$ 332,995,817	\$ 347,129,286	\$ 3,749,377,477	\$ 3,517,700,184
* Primary Government						
** FY24 balances have been restated for the implementation of GASB No. 101, Compensated Absences. See Note IV.H for further information.						

The County's current and other assets increased by \$267.0 million or 7.3 percent from FY24. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of FY25 by \$3,749.4 million. By far the largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, improvements, furniture and equipment, infrastructure, lease assets and subscription assets), 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 \$1,633.4 million as of June 30, 2025. Absent the effect of this relationship, the County would have reported a government-wide unrestricted net position of \$744.4 million. The portion of the County's net position that is subject to restrictions on how they may be used was \$1,060.4 million.

The County's total net position increased by \$231.7 million for FY25.

Statement of Activities

The following table summarizes the County's change in net position for the fiscal years ended June 30, 2025 and 2024:

Summary of Changes in Net Position ⁽¹⁾ For the Fiscal Years Ended June 30, 2025 and 2024						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program Revenues:						
Charges for services	\$ 242,539,136	\$ 243,347,187	\$ 553,820,112	\$ 586,890,594	\$ 796,359,248	\$ 830,237,781
Operating grants and contributions	351,849,757	412,653,764	-	-	351,849,757	412,653,764
Capital grants and contributions	37,002,723	88,734,879	-	-	37,002,723	88,734,879
General revenues:						
Property taxes ⁽³⁾	2,126,517,949	2,047,284,718	-	-	2,126,517,949	2,047,284,718
Income taxes	2,272,573,546	1,939,693,968	-	-	2,272,573,546	1,939,693,968
Other taxes ⁽³⁾	623,709,504	568,307,365	-	-	623,709,504	568,307,365
Investment income	97,571,049	105,696,891	9,069,014	11,677,100	106,640,063	117,373,991
Gain on sale of capital assets	-	-	288,312	-	288,312	-
Total Revenues	5,751,763,664	5,405,718,772	563,177,438	598,567,694	6,314,941,102	6,004,286,466
EXPENSES						
Governmental Activities:						
General government	651,461,501	627,403,975	-	-	651,461,501	627,403,975
Public safety	845,661,036	711,746,790	-	-	845,661,036	711,746,790
Transportation	414,790,154	304,068,247	-	-	414,790,154	304,068,247
Health and human services	540,086,973	509,512,101	-	-	540,086,973	509,512,101
Culture and recreation	157,398,248	140,486,273	-	-	157,398,248	140,486,273
Community development and housing	279,627,253	89,242,996	-	-	279,627,253	89,242,996
Environment	45,126,849	41,042,653	-	-	45,126,849	41,042,653
Education	2,557,420,814	2,286,791,953	-	-	2,557,420,814	2,286,791,953
Interest on long-term debt	57,907,929	104,539,177	-	-	57,907,929	104,539,177
Business-type Activities:						
Liquor	-	-	281,365,620	281,707,689	281,365,620	281,707,689
Solid waste activities	-	-	163,131,721	160,936,396	163,131,721	160,936,396
Parking lot districts	-	-	34,085,663	31,035,210	34,085,663	31,035,210
Permitting services	-	-	43,509,797	41,334,052	43,509,797	41,334,052
Community use of public facilities	-	-	11,690,251	10,550,218	11,690,251	10,550,218
Total Expenses	5,549,480,757	4,814,834,165	533,783,052	525,563,565	6,083,263,809	5,340,397,730
Net Position Before Transfers	202,282,907	590,884,607	29,394,386	73,004,129	231,677,293	663,888,736
Transfers	43,527,855	58,203,747	(43,527,855)	(58,203,747)	-	-
Change in Net Position	245,810,762	649,088,354	(14,133,469)	14,800,382	231,677,293	663,888,736
Net Position, beginning of year, as previously reported	3,190,564,704	2,541,476,350	348,614,033	333,813,651	3,539,178,737	2,875,290,001
Restatement	(19,993,806)	-	(1,484,747)	-	(21,478,553)	-
Net Position, beginning of year, as restated ⁽²⁾	3,170,570,898	-	347,129,286	-	3,517,700,184	-
Net Position, end of year	<u>\$3,416,381,660</u>	<u>\$ 3,190,564,704</u>	<u>\$ 332,995,817</u>	<u>\$ 348,614,033</u>	<u>\$3,749,377,477</u>	<u>\$ 3,539,178,737</u>

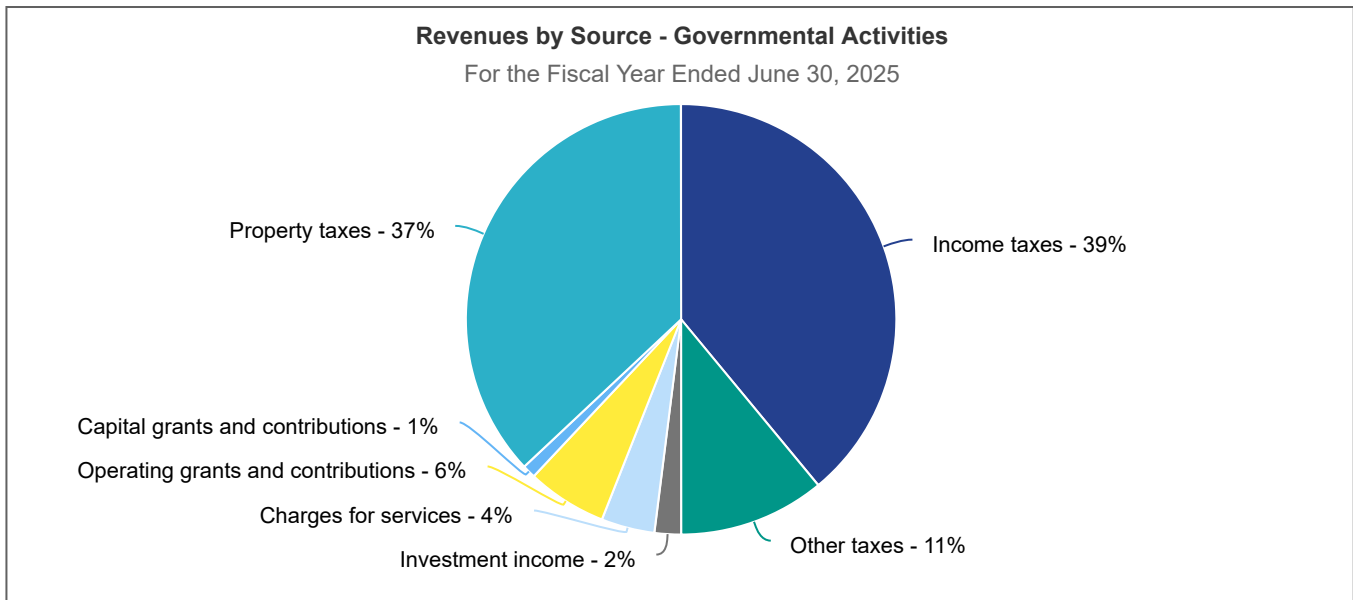
⁽¹⁾ Primary Government

⁽²⁾ Restated beginning net position due to the adoption of GASB Standard No. 101, Compensated Absences. See Note IV.H for more detailed information.

⁽³⁾ FY24 amounts have been updated to correct for other taxes previously reported as property taxes. Total FY24 revenue and net position remain unchanged.

Governmental Activities

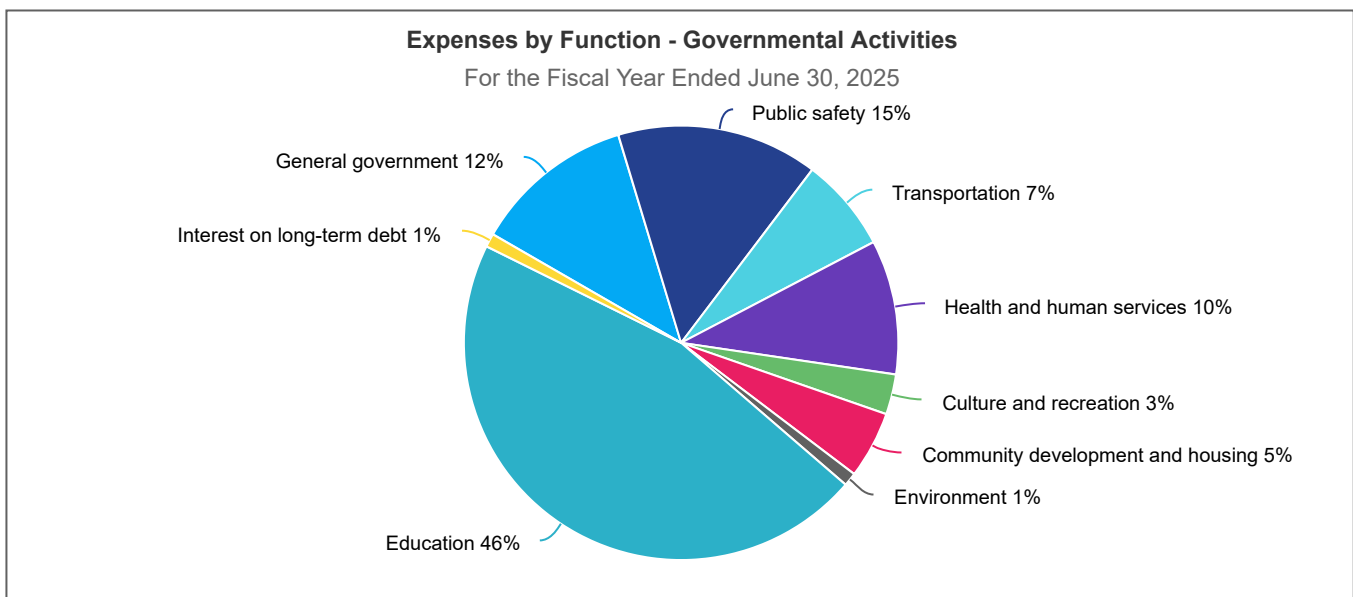
Revenues for the County's governmental activities were \$5,751.8 million for FY25. Sources of revenue are comprised of the following items:



- Taxes constitute the largest source of County revenues, amounting to \$5,022.8 million for FY25.
- Property and local income taxes combined comprise 87.6 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 2025 and 2024. 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 (\$157.1 million or 44.7 percent), transportation (\$58.4 million or 16.6 percent) and public safety (\$63.7 million or 18.1 percent).

A more detailed discussion of the County's revenue results for FY25 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 FY25 was \$5,549.5 million. As the chart on the next page indicates, education constitutes the County's largest program and highest priority; education expenses totaled \$2,557.4 million. Public safety expenses totaled \$845.7 million, general government services totaled \$651.5 million, and health and human services, the fourth largest expense for the County, totaled \$540.1 million.



The following table presents the cost and program revenues of the County as a whole and each of the County's six largest programs – education, public safety, general government, 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, 2025 and 2024						
	Expenses		Revenues		Net Cost of Services	
	2025	2024	2025	2024	2025	2024
Education	\$ 2,557,420,814	\$ 2,286,791,953	\$ -	\$ -	\$ 2,557,420,814	\$ 2,286,791,953
Public safety *	845,661,036	711,746,790	136,615,256	118,492,481	709,045,780	593,254,309
General government *	651,461,501	627,403,975	179,974,650	264,826,359	471,486,851	362,577,616
Health and human services *	540,086,973	509,512,101	169,401,447	192,676,696	370,685,526	316,835,405
Transportation	414,790,154	304,068,247	100,904,390	123,660,004	313,885,764	180,408,243
Culture and recreation *	157,398,248	140,486,273	19,365,442	20,466,384	138,032,806	120,019,889
Other	382,662,031	234,824,826	25,130,431	24,613,906	357,531,600	210,210,920
Total	\$ 5,549,480,757	\$ 4,814,834,165	\$ 631,391,616	\$ 744,735,830	\$ 4,918,089,141	\$ 4,070,098,335

* FY24 revenue has been adjusted between these functions to reflect corrected classifications. Total FY24 revenue and net position remain unchanged.

Of the total cost of governmental activities of \$5,549.5 million, \$242.5 million was paid by those who directly benefited from the programs. Another \$388.9 million was paid by other governments and organizations that subsidized certain programs with operating and capital grants and contributions, bringing total program revenues to \$631.4 million. Of the \$4,918.1 million net cost of services, our taxpayers paid for these activities through County taxes which totaled \$5,022.8 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:**

The \$270.6 million increase in net cost of services is primarily related to Montgomery County Public Schools. This rise was driven by a \$139.1 million increase in expenses related to MCPS capital projects compared to FY24 and a \$132.4 million increase in MCPS contributions. These substantial increases were partially offset by a \$0.9 million decrease in the Montgomery College contribution.

- **Health and Human Services:**

The \$53.9 million increase in net cost of services is primarily due to increased expenses related to public health and social services, homeless prevention, and early care and education, coupled with decreased revenue from COVID related resources such as the American Rescue Plan, Emergency Rental Assistance Program, and FEMA reimbursements.

- **Public Safety:**

The \$115.8 million increase in net cost of services is primarily driven by an increase in pension expense of \$57.9 million. Pension expenses are expected to fluctuate based on the calculation of the net pension liability.

- **Transportation:**

The \$133.5 million increase in net cost of services is primarily due to higher current year expenses related to capital projects and increased pension expense due to actuarial calculations.

- **Culture and Recreation:**

The \$18.0 million increase in net cost of services is due to higher personnel expenses, which include full time salaries, seasonal temps, and group insurance.

Business-type Activities

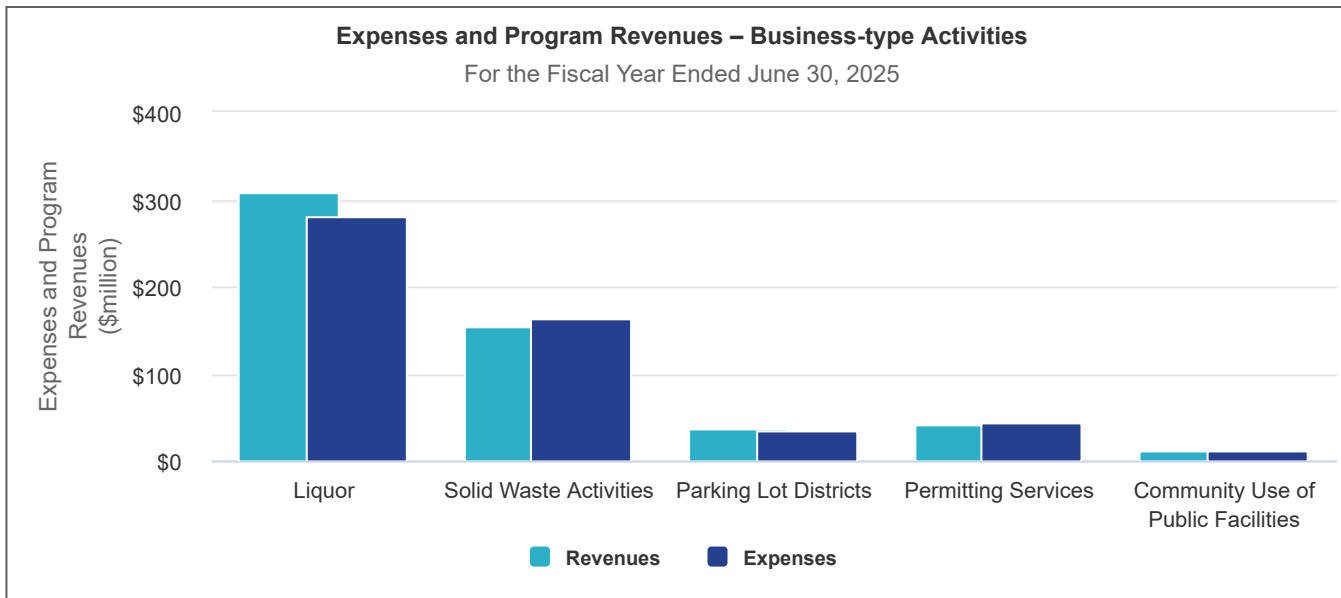
Highlights of the County's business-type activities for FY25 are as follows:

- Business-type activities experienced a decrease in net position of \$14.1 million for FY25. This amount is reported after total net transfers out of \$43.5 million. The most significant components of the change include:
 - \$4.0 million increase in net position related to liquor;
 - \$7.2 million decrease in net position related to solid waste activities; and
 - \$8.9 million decrease in net position related to nonmajor enterprise fund.
- Charges for services to users comprised 98.3 percent of revenues, with \$309.4 million (55.9 percent of charges for services revenue) attributable to liquor operations and \$154.8 million (28.0 percent) attributable to solid waste activities. The remaining

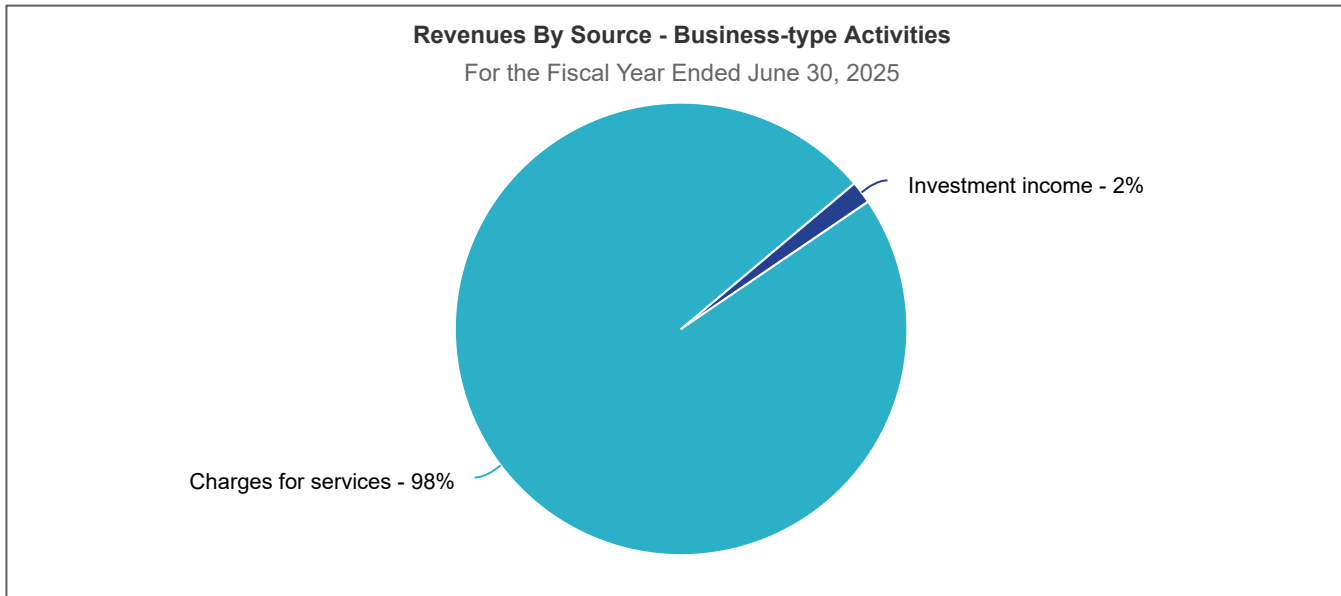
charges for services are generated from operations relating to parking lot districts, permitting services, and community use of public facilities.

- Investment income decreased by \$2.6 million to \$9.0 million in FY25, representing a 23.3 percent decline. The yield on the County's investment portfolio is closely linked to the Federal Reserve action and moves in the short-term bond market. The decrease in investment yield from FY24 to FY25 was driven by the declining short term rate environment due to the Fed easing in FY25 with rate cuts.

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 FY25, the County's governmental funds reported combined ending fund balances of \$2,220.8 million, an increase of \$120.0 million from the end of FY24. Of the total fund balances, \$1,838.9 million is unavailable for new spending because it is either nonspendable in form, has legal restrictions, or is committed or assigned for a specific purpose.

General Fund

The General Fund is the primary operating fund of the County. At the end of FY25, the General Fund had \$381.9 million of unassigned fund balance and total fund balance was \$1,312.1 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 32.5 percent of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$47.8 million during FY25, primarily due to increases in tax revenues and decreases in other financing uses which were partially offset by increases in general government and health and human services expenditures.

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 FY25, HIF had a fund balance of \$568.7 million which is entirely restricted for legal reasons. The fund balance represents an increase of \$114.3 million from FY24, which was primarily driven by a reduction in bad debt. Additionally, mortgage receivables increased \$108.9 million or 32.9 percent from FY24, reflecting the fund's expanded financing activities through the issuance of new loans for housing development projects.

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 \$0.4 million which represents restricted assets held by the County pursuant to a grant agreement. The Grants Fund recognized \$153.4 million in revenues for FY25. This is a \$49.0 million decrease from FY24 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 \$12.7 million represents a debt service reserve account.

Capital Projects Fund

The Capital Projects Fund has a total fund balance of \$182.1 million, a decrease of \$2.3 million from the end of FY24. 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 FY25 increased from \$347.5 million in FY24 to \$597.6 million in FY25. Total revenues increased by \$10.0 million while other financing sources declined by \$81.1 million, compared to FY24.

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 FY25 amounted to \$21.0 million, and operating income was \$27.8 million. After a subsidy transfer to other funds of \$26.2 million, the fund ended FY25 with an increase in net position of \$4.0 million. Operating income was slightly reduced due to business fluctuations. The alcohol industry is experiencing a sales decline

nationwide, driven by economic uncertainty, shifting consumer preferences, and inflation. In addition, ABS reduced fund transfers from the General Fund, which requires funding from current revenue.

The Solid Waste Activities Fund total net position amounted to \$93.1 million. Of this amount, \$10.0 million (10.7 percent) represents the net investment of capital assets and \$71.5 million is restricted for environmental programs. The decrease in total net position of \$7.6 million can primarily be attributed to operating expense of \$162.3 million, which exceeded charges for services totaling \$154.6 million.

Although the fund earned \$4.6 million in investment income, this gain was largely offset by transfers out to other funds amounting to \$4.2 million. The increase in operating expenses during the year is mainly attributed to a \$10 million rise in the Oaks Landfill closure costs accrued. This adjustment resulted from an extension of the cost projection period from FY32 to FY37, reflecting updated estimates for long-term environmental and closure obligations. The prior year's projections covered FY25 to FY32, while the current year's forecast includes FY26 to FY37.

The Parking Lot Districts Fund increase in net position amounted to \$0.3 million in FY25, resulting in a total ending net position of \$156.9 million. Of this amount, \$126.3 million (80.5 percent) represents the net investment in capital assets; \$3.5 million (2.2 percent) is restricted for debt service on revenue bonds; and \$27.1 million (17.3 percent) is restricted for transportation. The increase in net position can be attributed to the growth in revenues from charges for service, which is primarily driven by the expansion of Saturday parking hours and ongoing recovery of the economy.

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 \$100.7 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:

- \$23.8 million appropriation increases for the Department of Transportation (DOT) and Department of General Services (DGS) to support snow removal and storm cleanup operations at year-end
- \$6.2 million appropriation increases for the Department of Correction and Rehabilitation (DOCR) due to higher-than-budgeted overtime from mandatory hold-over caused by ongoing vacancies; increases in food and medical services, which are tied to increases in the inmate population across DOCR facilities; the purchase of security-related equipment to eliminate contraband entering facilities; increased costs related to nursing and psychological contracts for the care of incarcerated individuals.

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 \$251.5 million, while actual expenditures and net transfers were less than final budget by \$41.5 million and \$132.6 million, respectively. Highlights of the comparison of final budget to actual figures for expenditures and net transfers for the fiscal year-ended June 30, 2025, include the following:

- Actual expenditures of \$1,698.8 million were \$41.5 million less than the final budget, which represents 2.4 percent of the final budget, and is attributable to savings achieved across numerous departments.
- Actual transfers to the Capital Projects Fund and component units for capital purposes were less than budgeted by \$77.6 million and \$44.8 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 \$4,441.5 million in FY25 and were \$251.5 million or 6.0 percent above the final budget for the fiscal year and \$232.9 million or 5.5 percent above total revenues for FY24. The largest contributor to the increase between the final budget and actual revenues was the income tax, \$163.0 million or 7.9 percent, above the final budget. Actual revenues from the transfer and recordation taxes (General Fund only) were up \$14.8 million from FY24 and \$16.6 million or 11.9 percent above the final budget. Revenues from consumption/excise taxes which include fuel/energy, telephone, hotel-motel, and other taxes, were \$269.8 million in FY25, \$5.6 million or 2.0 percent, below the final budget. Fuel energy taxes and hotel-motel taxes were the primary drivers with a decrease of \$5.4 million, or 2.5 percent, below the final budget. Licenses and permits revenue was 1.6 percent above the final budget, but charges for services came in 17.2 percent below the final budget. Total intergovernmental revenues led by the federal government were \$140.8 million and 58.3 percent above the final budget.

Income Taxes

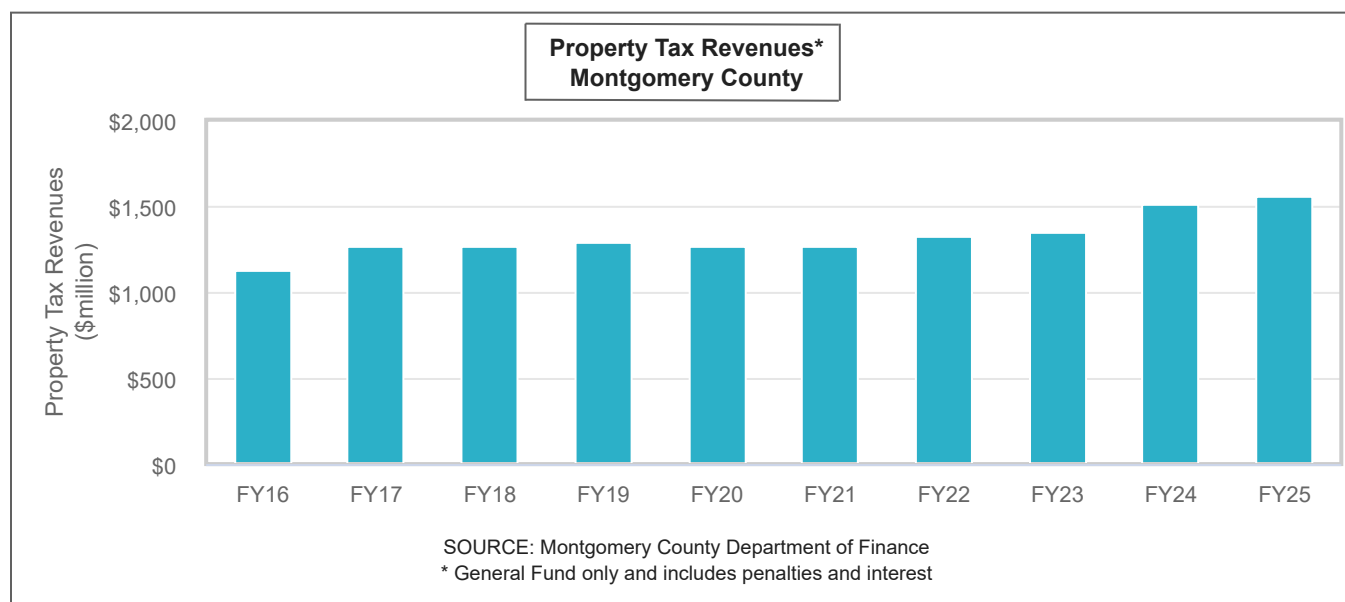
One of the largest revenue sources for the General Fund is the County income tax. Revenues from income tax were \$2,214.1 million and represented 52.7 percent of actual tax revenues in FY25 and 49.9 percent of total General Fund revenues. This

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, will change over time, stock market indices represent an indicator of year-to-year changes in realized capital gains. In addition, resident employment showed volatility from 2016 to 2025, with an average annual rate of 0.1 percent. It rose 0.4 percent in 2024 and 0.1 percent in 2025.

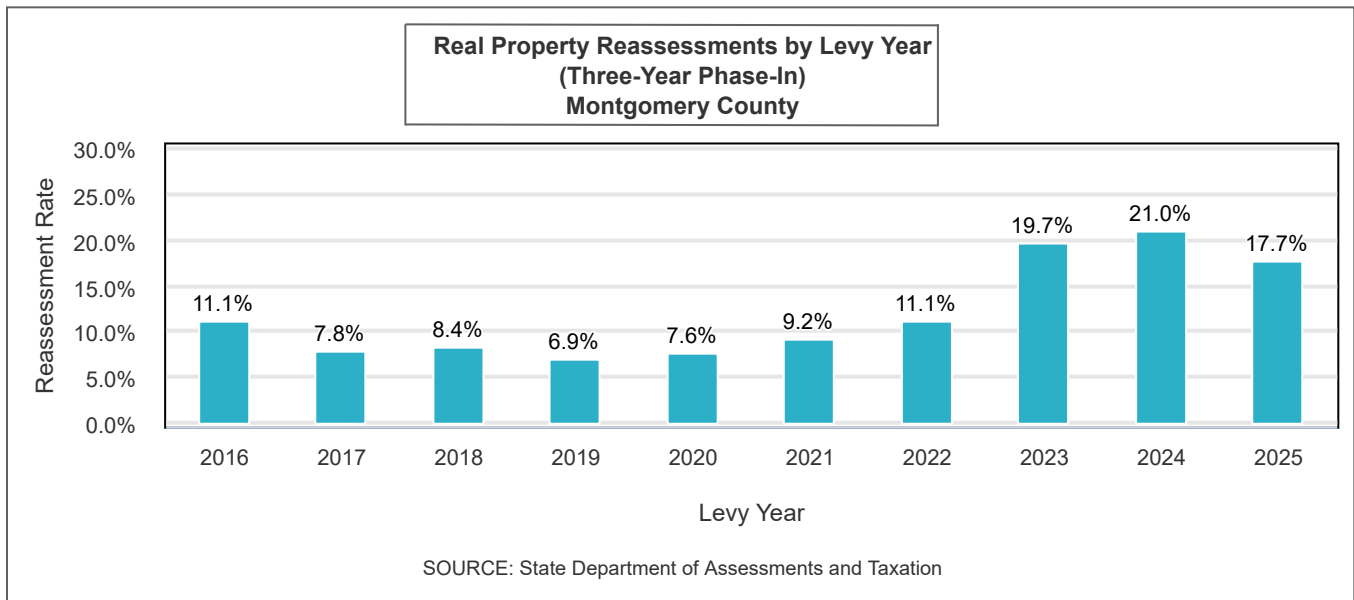
On May 18, 2015, the U.S. Supreme Court made a final ruling in the long-standing court case of *Comptroller of the Treasury of Maryland v. Wynne et ux*. The case involved a dispute over the credit a state taxpayer should get for taxes paid to other states for income earned in those states. The U.S. Supreme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

Property Taxes

Property tax collections, including penalties and interest, were the second largest contributor of actual tax revenues to the General Fund in FY25, amounting to \$1,560.1 million. This was \$14.2 million, or 0.9 percent, above the final budget and 2.9 percent above actual property tax collections in FY24. The increase of 2.9 percent was attributed to a rate increase of 4.7 cents dedicated to funding Montgomery County Public Schools. Property tax revenues account for 37.1 percent of FY25 General Fund tax revenues and 35.1 percent of total General Fund revenues.

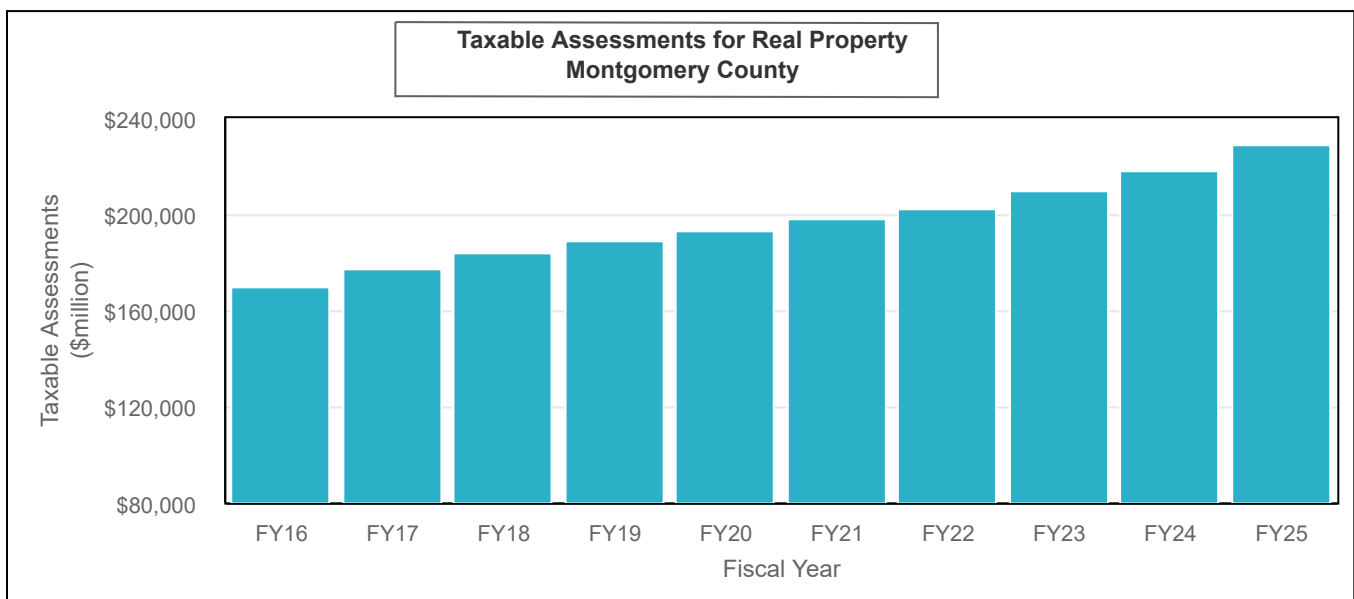


The taxable assessments for real property increased 4.9 percent from FY24 to FY25. New construction added an estimated \$1.3 billion, though this was 19.5 percent lower than in FY24. Triennial reassessment rates experience the same trends as the real estate market, albeit with a lag due to the 3-year 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 four-year decline in triennial reassessment rates in the levy years 2009 to 2012, reassessments for residential and commercial increased every year from the levy year 2013 through the levy year 2025.

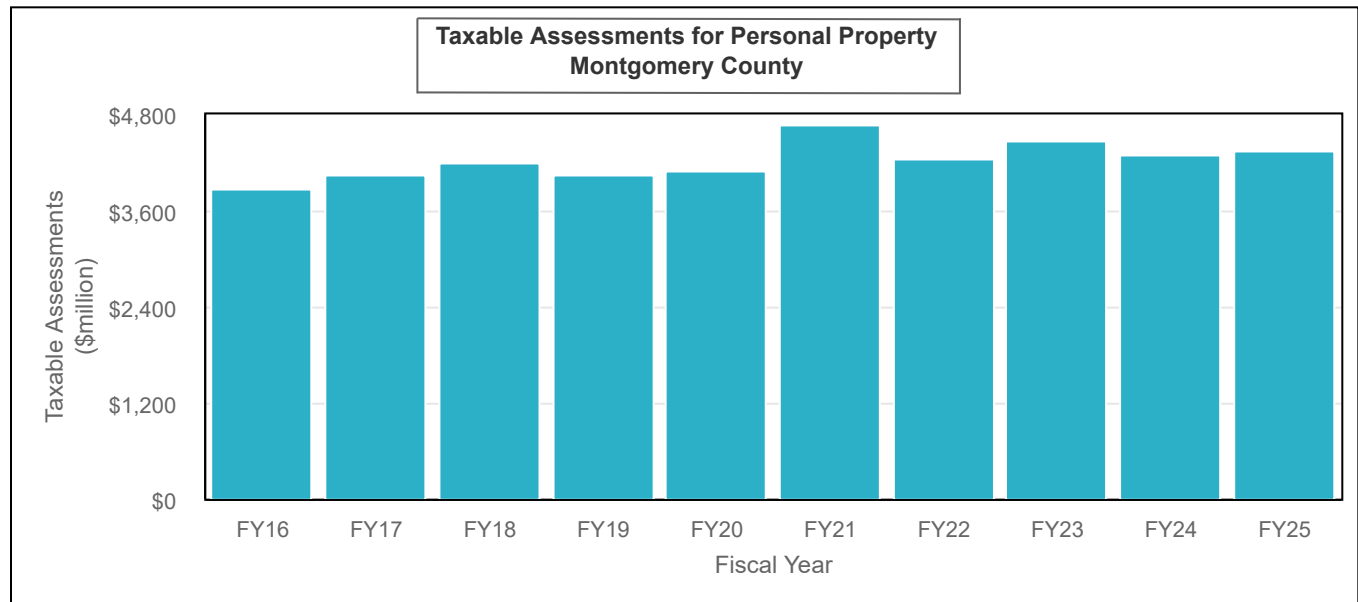


The homestead tax credit caps annual increases in taxable assessments for homeowners at 10 percent per year although this limit is not applicable to other taxable assessments such as for commercial and investment residential properties. The homestead credit is the amount of annual assessment growth above 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 began creating an increase in the homestead credit, increasing it from \$66.1 million in FY21 to \$612.3 million in FY25.

Real property taxable assessments represented 98.1 percent of the total taxable assessments for FY25. During the FY16 to FY25 period, real property taxable assessments averaged \$197,215.5 million with a high of \$229,128.1 million in FY25 and a low of \$170,176.4 million in FY16. From FY16 to FY25, real property taxable assessments steadily increased at an average annual growth rate of 3.4 percent. In FY25, real property taxable assessments increased 4.9 percent.

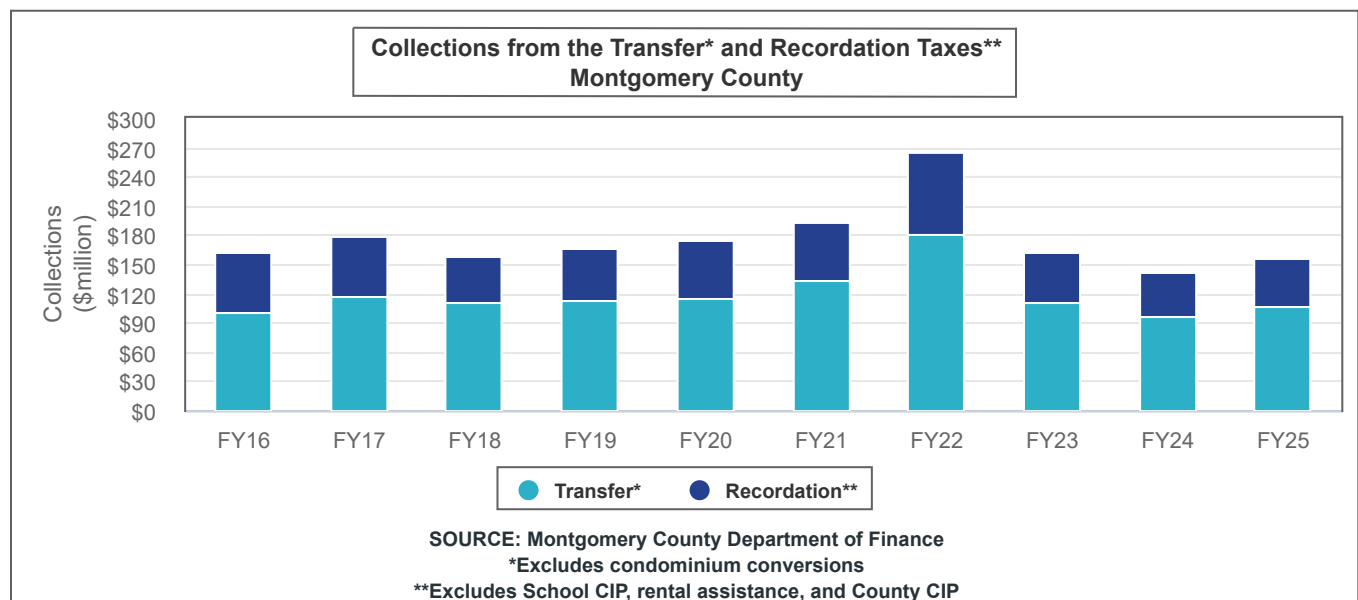


Personal property assessments are in addition to real property tax assessments and it made up 1.9 percent of the County's total assessment base in FY25. During the FY16 to FY25 period, personal property assessments averaged \$4,230.8 million, with a high of \$4,682.2 million in FY21 and a low of \$3,884.4 million in FY16, with a 3 percent average annual growth rate. After a 4.0 percent decline in FY24, it rebounded 1.3 percent in FY25.

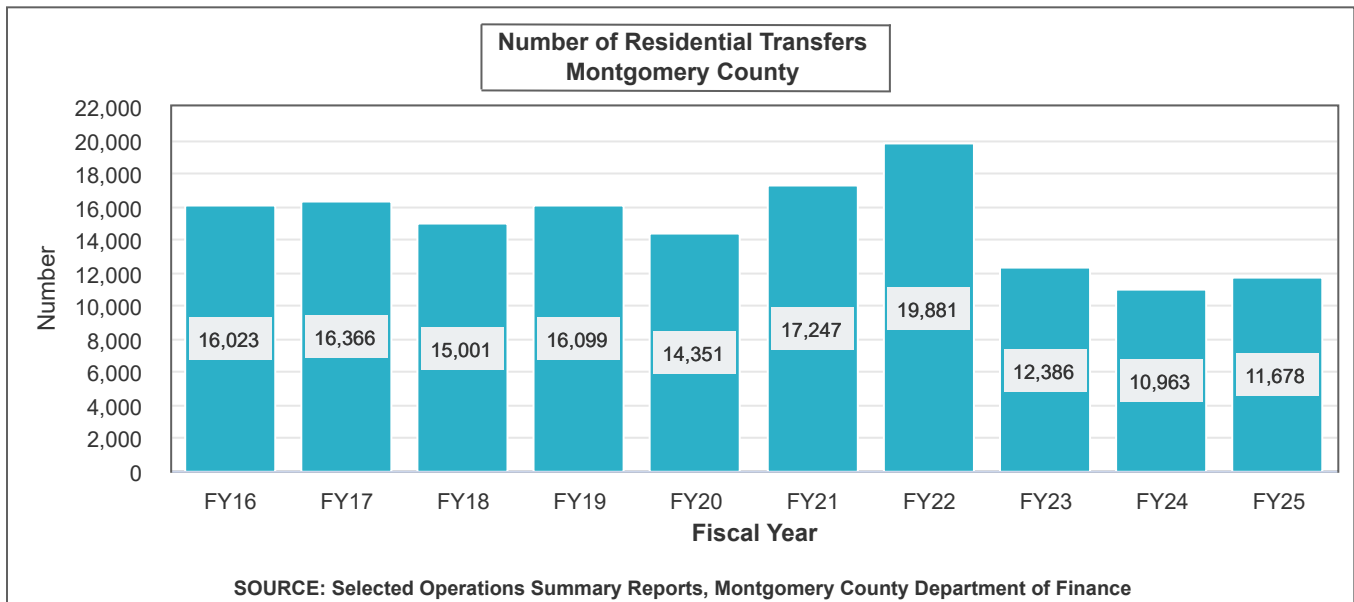


Transfer and Recordation Taxes

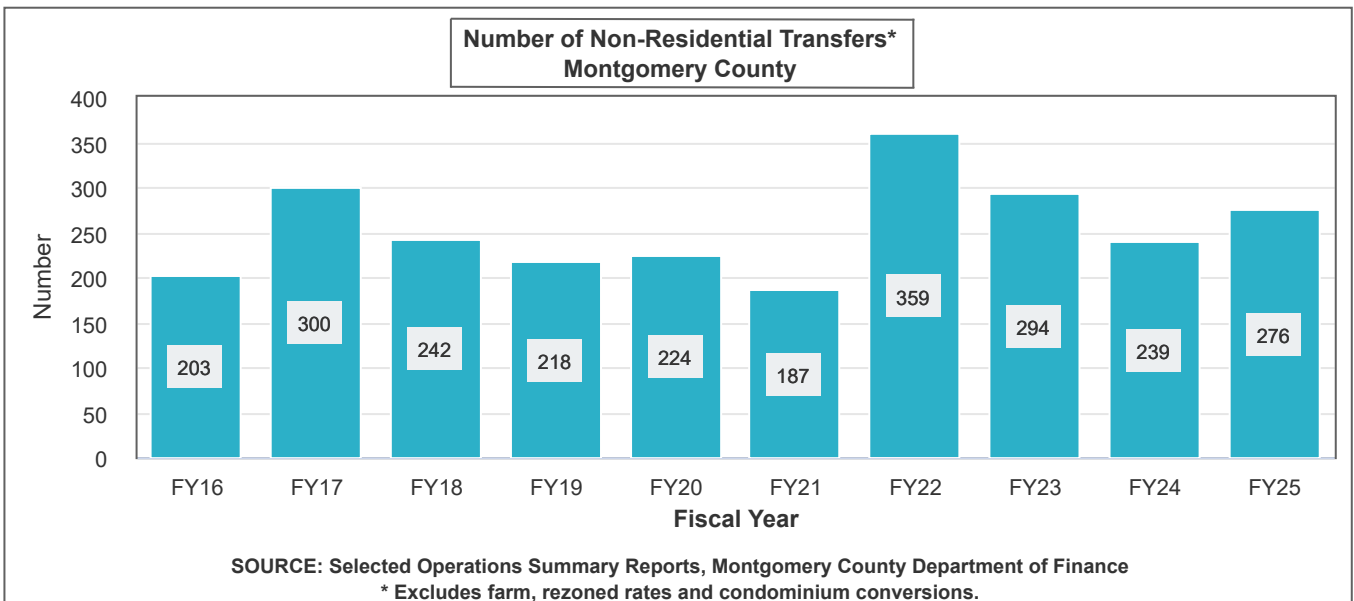
Another major tax revenue category in the County is the combination of real property transfer and recordation taxes. The combined tax revenues from these sources in FY25 were \$156.2 million (excluding recordation tax revenues earmarked for CIP funding of school construction, rental assistance, and CIP funding for the County; and transfer tax revenues from condominium conversions). Actual revenues increased 10.5 percent from FY24 to FY25 which followed a decrease of 13.6 percent from FY23 to FY24. In FY25, the combined taxes were 11.9 percent above the final budget. As the accompanying chart illustrates, the total amount collected from these taxes declined from a historical pandemic driven peak of \$163.0 million in FY23 to \$156.2 million in FY25.



FY25 General Fund revenues from the transfer tax experienced an increase of 9.4 percent from FY24 and recordation tax increased 12.7 percent from FY24. Revenues from the residential sector for the transfer tax were \$87.9 million, up 11.0 percent from FY24. The volume of residential transfers increased from 10,963 in FY24 to 11,678 in FY25 (or 6.5 percent). Collections from the residential recordation tax increased 12.7 percent in FY25.



Based on the amount of collections from the non-residential transfer tax (less farm accounts), the non-residential sector rose 5.3 percent in FY25 from FY24 with revenues at \$17.1 million. The increase in revenues from the non-residential sector was attributed to an increase in the volume of transactions by 15.5 percent, while the average tax decreased by 8.9 percent, from approximately \$67,879 in FY24 to \$61,862 in FY25.



Other Revenues

The remaining tax sources – consisting of fuel/energy, telephone, hotel/motel, and other taxes – totaled \$269.8 million, which was \$5.6 million, or 2.0 percent, below the final budget in FY25 but 1.5 percent above actual revenues in FY24. Revenues from the fuel/energy tax were \$187.0 million in FY25, which was \$4.3 million, or 2.2 percent, below the final budget but an increase of 2.7 percent from actual revenues in FY24.

Revenues from the telephone tax at \$56.4 million were near final budget but 1.4 percent above actual revenues in FY24. Revenues from the hotel/motel tax of \$22.0 million in FY25 were 5.0 percent below the final budget and 4.9 percent below actual revenues in FY24. Other tax revenues in FY25 were 14.6 percent below the final budget and 8.6 percent below actual revenues in FY24.

Investment income in the General Fund amounted to \$31.7 million in FY25 and was \$10.3 million above the final budget. The investment yield declined to 4.8 percent, compared to 5.3 percent in FY24. This decrease reflects the Federal Reserve's reduction in the benchmark interest rate, from 5.3 percent in June 2024 to 4.3 percent in June 2025. Despite the lower yield, investment

income remained strong due to an increase in the average daily portfolio balance, which rose from \$2,105.4 million in June 2024 to \$2,435.7 million in June 2025.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets as of June 30, 2025 amounted to \$6,226.1 million (net of accumulated depreciation and amortization), as summarized below:

Capital Assets, Net of Depreciation and Amortization				
June 30, 2025				
	Governmental Activities	Business-type Activities	Total FY25	Total FY24
Land	\$ 1,016,436,044	\$ 58,370,976	\$ 1,074,807,020	\$ 1,242,061,237
Buildings	957,046,996	94,617,460	1,051,664,456	941,522,418
Improvements other than buildings	293,028,035	66,409,982	359,438,017	231,217,222
Furniture, fixtures, equipment and machinery	79,363,263	7,155,050	86,518,313	52,130,011
Leasehold improvements	519,925	-	519,925	885,441
Automobiles and trucks	107,001,062	4,275,147	111,276,209	94,706,399
Infrastructure	2,005,037,505	3,588	2,005,041,093	1,901,937,918
Other assets	91,857,417	-	91,857,417	89,392,267
Construction in progress	1,272,144,467	3,581,373	1,275,725,840	1,476,340,515
Lease assets - buildings	103,257,550	44,386,791	147,644,341	145,827,548
Lease assets - land	3,432,340	-	3,432,340	3,633,083
Lease assets - equipment	583,268	-	583,268	15,167
Subscription assets	16,396,181	1,238,902	17,635,083	21,637,847
Total	\$ 5,946,104,053	\$ 280,039,269	\$ 6,226,143,322	\$ 6,201,307,073

Changes in the County's capital assets for FY25 are summarized as follows:

Change in Capital Assets				
For the Fiscal Year Ended June 30, 2025				
	Governmental Activities	Business-type Activities	Total FY25	Total FY24
Beginning Balance	\$ 5,916,028,839	\$ 285,278,234	\$ 6,201,307,073	\$ 6,063,575,779
Additions*	179,880,000	13,905,705	193,785,705	308,793,389
Less :				
Retirements, net*	(650,680)	(162,909)	(813,589)	(766,407)
Depreciation and amortization	(149,154,106)	(18,981,761)	(168,135,867)	(170,295,688)
Ending Balance	\$ 5,946,104,053	\$ 280,039,269	\$ 6,226,143,322	\$ 6,201,307,073

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

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

- Roads, including the underlying land, valued at \$4.2 million were transferred to the County by various developers.
- The Bethesda Metro Station South Entrance accumulated \$12.7 million in costs this fiscal year. This project provides access from Elm Street west of Wisconsin Avenue to the southern end of the Bethesda Metrorail station and ultimately integrates the Metro system with the new light rail system, allowing the completion of the connection between the new Purple Line light rail system and the existing Metrorail Red Line.
- The Resurfacing Residential/Rural Roads accumulated \$10.8 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 Kennedy Shriver Aquatic Center Building Envelope Improvement accumulated \$10.4 million in costs this fiscal year. This project provides structural modifications, replacement of pool equipment and the HVAC systems.
- The 6th District Police Station accumulated \$9.5 million in costs this fiscal year. This project provides for planning, design and

construction of a new 28,294 gross square feet 6th District Police Station and a new parking garage of 59,526 gross square feet in two levels to serve Gaithersburg/Montgomery Village and vicinity. The Station will be in a new development located on extended Watkins Mill Road between I-270 and MD-355.

- Bridge Renovation accumulated \$9.0 million in costs this fiscal year. This project provides for the renovation of County roadway and pedestrian bridges that have been identified as needing repair work beyond routine maintenance levels to assure continued safe functioning.

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, 2025:

Long-Term Debt June 30, 2025				
	Governmental Activities	Business-type Activities	Total FY25	Total FY24
General obligation bonds	\$ 3,034,610,000	\$ -	\$ 3,034,610,000	\$ 3,080,750,000
Variable rate demand obligations	170,000,000	-	170,000,000	170,000,000
Bond anticipation notes	200,000,000	-	200,000,000	250,000,000
Revenue bonds	104,657,116	72,207,756	176,864,872	146,224,843
Lease revenue bonds	2,975,000	-	2,975,000	3,415,000
Notes payable	21,366,010	-	21,366,010	23,125,668
Other obligations	90,925,000	-	90,925,000	43,160,000
Equipment notes	68,849,009	-	68,849,009	41,613,629
Certificates of participation	90,705,000	-	90,705,000	102,835,000
Taxable limited obligation certificates	121,300,000	-	121,300,000	130,195,000
Leases payable	118,561,409	48,359,264	166,920,673	161,901,056
Subscription liabilities	15,983,154	907,005	16,890,159	20,775,651
Compensated absences *	164,280,131	14,050,726	178,330,857	166,061,363
Net OPEB liability	609,795,621	-	609,795,621	727,595,786
Claims payable self-insurance	258,262,789	-	258,262,789	234,851,319
Claims and judgments	2,500,000	-	2,500,000	-
Net pension liability - County	257,016,710	8,416,899	265,433,609	119,109,585
Net pension liability - County (LOSAP)	39,636,497	-	39,636,497	40,001,555
Net pension liability - State	6,342,521	-	6,342,521	5,940,659
Landfill closure costs	-	22,782,323	22,782,323	14,706,426
Gude landfill remediation	-	5,481,485	5,481,485	21,116,021
Total	\$ 5,377,765,967	\$ 172,205,458	\$ 5,549,971,425	\$ 5,503,378,561

* FY24 compensated absences liabilities are restated due to the adoption of GASB Statement No. 101, Compensated Absences.
See Note IV.H for more detailed information.

As of June 30, 2025, the County had general obligation (GO) bonds of \$3,204.6 million outstanding, including variable rate demand obligations (VRDOs) of \$170.0 million. Bond anticipation notes (BANs) of \$200.0 million were also outstanding. The County normally issues its GO bonds once a year. The County issues BANs as interim financing for capital construction projects. 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.

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 15 'Triple AAA' rated counties in the nation with a population greater than one million.

In October 2025, the County received its annual credit ratings from each of three ratings agencies. Fitch's analysis concluded that the rating reflects Montgomery County's 'AAA' financial resilience given its 'ample' budgetary flexibility. Fitch stated that the ratings also reflect the County's low long-term liabilities assessed by Fitch as "strong" and "strongest" demographic and economic level metrics when compared to Fitch's local government rating portfolio.

Moody's stated that the rating reflects the County's very robust local economy that is anchored by higher education, health care, and federal and state government institutions outside of Washington D.C. Moody's commented that the County reports ongoing development in both residential and commercial sectors and that resident income and wealth levels remain very strong for the

rating category. Moody's mentioned that the County's reserve position is a record high and was generated through conservative budgeting and strong revenue performance.

In their credit overview, Standard and Poor's (S&P) mentioned the County's very strong economy, historically positive operating results, high reserves, manageable debt and liability profile, and conservative budgeting practices. S&P also stated that the stable outlook on Montgomery County reflects the county's very strong local economy and demonstrated resilience to economic cycles, in addition to a very strong management team that S&P expects will continue to make the necessary adjustments to maintain structural balance.

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 FY25 were:

- **General Obligation Bonds** – On October 10, 2024, the County issued Consolidated Public Improvement Bonds of 2024, Series A in the amount of \$280.0 million and Consolidated Public Improvement Refunding Bonds of 2024, Series B in the amount of \$445.1 million. The Series A proceeds financed certain capital projects in the County and refinanced certain commercial paper bond anticipation notes. The Series B refunding bond proceeds were utilized to refinance outstanding general obligation bonds.
- **Master Lease Purchase Agreement** – In May 2025, eight leases in the total amount of \$34.8 million were funded under a Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp. The leases financed fire and rescue apparatus, computer aided dispatch system upgrades, equipment and software for business continuity, radios, and Intelligent Transit System upgrades. The agreement provides capital equipment financing and the County used \$34.8 million in FY25.
- **Revenue Bonds** – On June 27, 2025, the County issued Solid Waste System Revenue Bonds, Series 2025A in the amount of \$39.4 million. The proceeds of the bonds financed capital improvements to the County's Solid Waste system.
- **Bond Anticipation Notes (BANs)** – Over the course of FY25, the County retired \$250.0 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 FY26 budget with updates based on revised economic data after the approval of the County's budget:

- Montgomery County experienced a mixed economic performance during fiscal year 2025 (FY25) - the period from July 2024 to June 2025. The County's mixed economic performance included a 0.4 percent decrease in resident employment, and an increase in the unemployment rate from 2.3 percent in FY24 to 2.9 percent in FY25. However, there was an increase of 4.5 percent in existing home sales, and an increase of 5.4 percent in the average sales price for existing homes. Residential construction experienced a 108.0 percent increase in single-family homes, but a 51.8 percent decrease in multi-family units. The total construction value of residential properties declined by 11.1 percent, largely due to a 48.7 percent drop in multi-family unit construction. Non-residential construction projects increased by 38.0 percent, although the total value of these projects fell by 25.1 percent.
- The County's economic projections for the FY26 operating budget anticipate modest growth. In the calendar year 2025 (CY25), the County projects an increase in total resident employment of 0.1 percent followed by a very modest increase of 0.2 percent in CY26, based on recently revised data from the Local Area Unemployment Statistics (LAUS) by the U.S. Department of Labor. The County's Department of Finance (Finance) also projects an increase of 0.8 percent in payroll employment in CY25, with a modest 0.1 percent increase in CY26, according to the Quarterly Census of Employment and Wages (QCEW) also from the Bureau of Labor Statistics (BLS), U.S. Department of Labor.
- Over the past ten calendar years (CY15-CY24), total payroll employment in Montgomery County experienced two distinct cycles: an average annual increase of 0.7 percent from CY15 to CY19, and an average annual decrease of 0.5 percent from CY19 to CY24, largely due to the impact of COVID-19. Finance estimates that total payroll employment is expected to grow by 0.8 percent in CY25 and 0.1 percent in CY26.
- Resident employment in the County, as measured by household surveys conducted by BLS, followed a similar trend - growing at an average annual rate of 2.3 percent between CY15 to CY19. However, resident employment decreased at an average annual rate of 0.9 percent from CY19 to CY24, also attributed to the impact of COVID-19. Resident employment is estimated to increase by 0.1 percent in CY25 and 0.2 percent in CY26.
- Total personal income in the County, based on data from the Bureau of Economic Analysis, U.S. Department of Commerce,

and the estimate by Finance, provides a different picture than the trends in resident and payroll employment. While resident employment increased at an average annual rate of 2.3 percent from CY15 to CY19, total personal income grew at an average annual rate of 3.0 percent over the same period. From CY19 to CY24, total personal income grew at an average annual rate of 4.3 percent, while resident employment declined at an average annual rate of 0.9 percent over the same period. The divergence is primarily due to growth in non-wage income, especially transfer payments during the COVID-19 pandemic. Total personal income is expected to increase by 4.0 percent in CY25 and 4.1 percent in CY26. Income data for CY24, CY25, and CY26 is based on estimates derived by Finance.

- Inflation, as measured by the Consumer Price Index for the Washington Metropolitan Statistical Area, is projected to rise by 2.7 percent in both FY26 and FY27. These rates are notably lower than the 4.8 percent and 3.1 percent recorded in FY23 and FY24, respectively, and slightly above the 2.6 percent estimated for FY25. The Federal Open Market Committee (FOMC) raised the federal funds rate between March 2022 and July 2023. However, beginning in September 2024, the FOMC implemented three rate cuts totaling 100 basis points by the end of December 2024. No further rate changes occurred for the remainder of FY25.

Other Significant Matters

The County received a total of \$204.1 million in aid from Coronavirus State and Local Fiscal Recovery Funds (SLFRF) under the American Rescue Plan Act of 2021. The funds were received in two equal tranches in June 2021 and June 2022. As of June 30, 2025, the County has spent \$203.4 million, which included \$6.9 million in FY25, on items such as general governmental services, expansion of the Working Families Income Supplement Program, and health programs targeting racial and ethnic minority populations. The remaining SLFRF funds must be spent by December 31, 2026.

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

https://montgomerycountymd.gov/covid19/Resources/Files/slfrf/SLFRF-Recovery-Plan-Performance-Report-MC_7_2025.pdf

The County also received \$160.5 million in Federal Emergency Management Agency (FEMA) COVID-19 Pandemic Disaster Response funds, which included \$44.8 million in FY25. This was recorded as intergovernmental revenue in the General Fund.

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, 2025

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		Total
ASSETS				
Equity in pooled cash and investments	\$ 2,160,734,388	\$ 208,604,812	\$ 2,369,339,200	\$ 82,528,735
Cash with fiscal agents	17,505,559	-	17,505,559	102,838,743
Cash	152,905	92,223	245,128	33,915,387
Investments - cash equivalents	-	-	-	62,183,648
Investments	-	-	-	52,027,740
Receivables (net of allowance for uncollectibles):				
Income taxes	547,202,520	-	547,202,520	-
Property taxes	30,955,601	265,328	31,220,929	-
Accounts	73,672,318	4,031,530	77,703,848	86,007,308
Notes	20,694,544	-	20,694,544	-
Parking violations	1,656,985	2,940,274	4,597,259	-
Mortgage	500,936,812	-	500,936,812	758,206,029
Interest	128,431	79,129	207,560	25,853,848
Other	-	-	-	24,721,142
Lease receivable	49,233,456	32,696,241	81,929,697	42,938,431
Internal balances	(1,616,577)	1,616,577	-	-
Due from primary government	-	-	-	77,585,235
Due from component units	136,738,185	540,963	137,279,148	-
Due from other governments	77,622,422	305,349	77,927,771	129,498,500
Inventory of supplies	15,569,683	33,482,849	49,052,532	12,574,430
Prepaid expenses	2,475,422	-	2,475,422	12,277,492
Other assets	-	-	-	91,195,192
Restricted Assets:				
Equity in pooled cash and investments	-	13,759,535	13,759,535	2,820,806
Cash with fiscal agents	-	13,711,314	13,711,314	65,877,806
Cash	-	-	-	1,713,982
Investments - cash equivalents	-	-	-	221,752,419
Investments	-	-	-	224,548,401
Capital Assets:				
Nondepreciable assets	2,288,580,511	61,952,349	2,350,532,860	822,512,551
Depreciable assets, net	3,657,523,542	218,086,920	3,875,610,462	5,642,795,254
Total Assets	<u>9,579,766,707</u>	<u>592,165,393</u>	<u>10,171,932,100</u>	<u>8,576,373,079</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of debt	17,793,947	193,772	17,987,719	57,320
Pension deferrals	409,671,678	13,302,875	422,974,553	184,190,107
OPEB deferrals	215,812,942	-	215,812,942	511,017,972
Fair value of hedging derivatives	-	-	-	2,357,573
Derivative instrument	-	-	-	19,373,339
Total Deferred Outflows of Resources	<u>\$ 643,278,567</u>	<u>\$ 13,496,647</u>	<u>\$ 656,775,214</u>	<u>\$ 716,996,311</u>

Exhibit A-1 (Concluded)

STATEMENT OF NET POSITION

JUNE 30, 2025

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		Total
LIABILITIES				
Accounts payable	\$ 88,617,339	\$ 15,769,809	\$ 104,387,148	\$ 245,445,699
Interest payable	28,147,445	848,890	28,996,335	57,986,169
Retainage payable	11,048,844	380,539	11,429,383	18,331,055
Accrued liabilities	201,140,451	17,478,311	218,618,762	69,538,461
Deposits	1,248,016	8,658,100	9,906,116	31,578,326
Due to primary government	-	-	-	137,521,641
Due to component units	76,814,946	770,289	77,585,235	-
Due to other governments	140,917,233	19,116,034	160,033,267	15,199,597
Unearned revenue	35,607,587	1,882,825	37,490,412	66,587,726
Other liabilities	2,734,544	1,064,722	3,799,266	68,721,052
Noncurrent Liabilities:				
Due within one year	624,657,587	14,996,777	639,654,364	222,300,755
Due in more than one year	5,007,638,795	158,275,827	5,165,914,622	5,089,640,218
Total Liabilities	<u>6,218,572,787</u>	<u>239,242,123</u>	<u>6,457,814,910</u>	<u>6,022,850,699</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	89,273,095	-	89,273,095	-
Leases	46,256,617	32,247,960	78,504,577	41,650,936
Deferred gain on refunding of debt	3,644,087	110,612	3,754,699	-
Pension deferrals	39,243,919	1,065,528	40,309,447	116,050,785
OPEB deferrals	409,673,109	-	409,673,109	1,320,322,432
Derivative Instrument	-	-	-	4,662,671
Accumulated increase in fair value of hedging derivatives	-	-	-	148,005
Total Deferred Inflows of Resources	<u>588,090,827</u>	<u>33,424,100</u>	<u>621,514,927</u>	<u>1,482,834,829</u>
NET POSITION				
Net investment in capital assets	3,420,785,474	157,200,719	3,577,986,193	4,315,606,937
Restricted for:				
Capital projects	182,077,977	-	182,077,977	6,281,705
General government	40,390,108	-	40,390,108	173,085
Public safety	4,928,953	-	4,928,953	-
Transportation	67,848,277	27,142,948	94,991,225	73,544
Health and human services	27,132,172	-	27,132,172	-
Recreation	7,327,599	-	7,327,599	-
Community development and housing	574,421,444	-	574,421,444	48,112,277
Environment	27,685,784	71,584,524	99,270,308	-
Debt service	12,683,058	17,158,205	29,841,263	111,807,009
Education	-	-	-	61,505,147
Unrestricted (deficit)	<u>(948,899,186)</u>	<u>59,909,421</u>	<u>(888,989,765)</u>	<u>(2,755,875,842)</u>
Total Net Position	<u>\$ 3,416,381,660</u>	<u>\$ 332,995,817</u>	<u>\$ 3,749,377,477</u>	<u>\$ 1,787,683,862</u>

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

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities				
General government	\$ 651,461,501	\$ 88,279,759	\$ 56,742,360	\$ 34,952,531
Public safety	845,661,036	72,940,599	63,674,657	-
Transportation	414,790,154	42,470,866	58,433,524	-
Health and human services	540,086,973	12,256,786	157,144,661	-
Culture and recreation	157,398,248	13,509,120	5,856,322	-
Community development and housing	279,627,253	12,385,858	9,564,914	-
Environment	45,126,849	696,148	433,319	2,050,192
Education	2,557,420,814	-	-	-
Interest on long-term debt	57,907,929	-	-	-
Total Governmental Activities	5,549,480,757	242,539,136	351,849,757	37,002,723
Business-type Activities				
Liquor	281,365,620	309,380,936	-	-
Solid waste disposal and collection	163,131,721	154,794,305	-	-
Parking lot districts	34,085,663	37,491,656	-	-
Permitting services	43,509,797	41,131,880	-	-
Community use of public facilities	11,690,251	11,021,335	-	-
Total Business-type Activities	533,783,052	553,820,112	-	-
Total Primary Government	6,083,263,809	796,359,248	351,849,757	37,002,723
Component Units:				
General government (BUP)	6,255,866	5,467,913	511,085	-
Culture and recreation (MCRA)	29,899,660	31,783,790	-	3,453,970
Community development and housing (HOC)	442,915,966	217,176,083	190,921,393	35,263,233
Education:				
Elementary and secondary education (MCPS)	3,833,349,465	32,190,048	218,142,286	122,422,361
Higher education (MC)	388,276,139	61,376,276	20,992,780	31,764,071
Total Component Units	\$ 4,700,697,096	\$ 347,994,110	\$ 430,567,544	\$ 192,903,635

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 and interest income
Gain on sale of capital assets
Miscellaneous
Transfers
Total General Revenues and Transfers
Change in Net Position
Net Position - Beginning, as previously reported
Restatement
Net Position - Beginning, as restated
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	
\$ (471,486,851)	\$ -	\$ (471,486,851)	\$ -	
(709,045,780)	-	(709,045,780)	-	
(313,885,764)	-	(313,885,764)	-	
(370,685,526)	-	(370,685,526)	-	
(138,032,806)	-	(138,032,806)	-	
(257,676,481)	-	(257,676,481)	-	
(41,947,190)	-	(41,947,190)	-	
(2,557,420,814)	-	(2,557,420,814)	-	
(57,907,929)	-	(57,907,929)	-	
(4,918,089,141)	-	(4,918,089,141)	-	
-	28,015,316	28,015,316	-	
-	(8,337,416)	(8,337,416)	-	
-	3,405,993	3,405,993	-	
-	(2,377,917)	(2,377,917)	-	
-	(668,916)	(668,916)	-	
-	20,037,060	20,037,060	-	
(4,918,089,141)	20,037,060	(4,898,052,081)	-	
-	-	-	(276,868)	
-	-	-	5,338,100	
-	-	-	444,743	
-	-	-	(3,460,594,770)	
-	-	-	(274,143,012)	
-	-	-	(3,729,231,807)	
2,126,517,949	-	2,126,517,949	-	
2,272,573,546	-	2,272,573,546	-	
105,559,831	-	105,559,831	-	
193,000,043	-	193,000,043	-	
187,011,631	-	187,011,631	-	
21,954,298	-	21,954,298	-	
56,397,809	-	56,397,809	-	
59,785,892	-	59,785,892	-	
-	-	-	3,785,727,173	
97,571,049	9,069,014	106,640,063	21,836,029	
-	288,312	288,312	4,821,438	
-	-	-	34,166,047	
43,527,855	(43,527,855)	-	-	
5,163,899,903	(34,170,529)	5,129,729,374	3,846,550,687	
245,810,762	(14,133,469)	231,677,293	117,318,880	
3,190,564,704	348,614,033	3,539,178,737	1,671,731,128	
(19,993,806)	(1,484,747)	(21,478,553)	(1,366,146)	
3,170,570,898	347,129,286	3,517,700,184	1,670,364,982	
\$ 3,416,381,660	\$ 332,995,817	\$ 3,749,377,477	\$ 1,787,683,862	

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General	Housing Initiative	Grants	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Equity in pooled cash and investments	\$ 1,114,443,620	\$ 28,021,969	\$ 11,154,771	\$ 50,070	\$ 523,307,904	\$ 170,314,374	\$ 1,847,292,708
Cash with fiscal agents	2,462,364	-	-	10,408,512	4,634,683	-	17,505,559
Cash	115,305	-	-	-	-	37,300	152,605
Receivables (net of allowances for uncollectibles)	577,497,005	440,015,232	59,349,550	17,960,000	-	52,841,552	1,147,663,339
Lease receivable	45,396,803	861,653	-	2,975,000	-	-	49,233,456
Due from other funds	197,360,656	-	-	-	-	-	197,360,656
Due from component units	632,300	106,925,313	12,086,858	2,719,297	13,074,816	399,875	135,838,459
Due from other governments	38,897,772	-	36,333,047	-	1,252,996	271,632	76,755,447
Inventory of supplies	8,522,929	-	-	-	45,913	-	8,568,842
Prepays	1,534,281	-	-	-	-	30,854	1,565,135
Total Assets	<u>\$ 1,986,863,035</u>	<u>\$ 575,824,167</u>	<u>\$ 118,924,226</u>	<u>\$ 34,112,879</u>	<u>\$ 542,316,312</u>	<u>\$ 223,895,587</u>	<u>\$ 3,481,936,206</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 36,286,564	\$ 901,394	\$ 4,367,690	\$ 388,959	\$ 27,293,663	\$ 6,626,184	\$ 75,864,454
Retainage payable	2,578	3,500	48,793	-	10,946,667	47,306	11,048,844
Accrued liabilities	115,300,624	1,692,761	7,721,573	70	36,665,522	23,235,021	184,615,571
Deposits	466,072	279,942	-	-	230	501,772	1,248,016
Due to other funds	10,332,581	35,992	16,566,926	103,272	177,489,068	6,618,633	211,146,472
Due to component units	1,508,198	977	-	2,520	75,010,701	277,427	76,799,823
Due to other governments	11,820,460	-	10,000,769	-	4,471,898	1,252,048	27,545,175
Unearned revenue	-	-	8,434,250	-	27,061,677	111,660	35,607,587
Total Liabilities	<u>175,717,077</u>	<u>2,914,566</u>	<u>47,140,001</u>	<u>494,821</u>	<u>358,939,426</u>	<u>38,670,051</u>	<u>623,875,942</u>
Deferred Inflows of Resources:							
Unavailable income taxes	423,674,666	-	-	-	-	-	423,674,666
Unavailable property taxes	23,639,168	-	-	-	-	6,279,468	29,918,636
Unavailable revenues	9,243,080	3,375,547	71,424,755	17,960,000	1,252,996	34,196,605	137,452,983
Leases	42,451,269	830,348	-	2,975,000	-	-	46,256,617
Total Deferred Inflows of Resources	<u>499,008,183</u>	<u>4,205,895</u>	<u>71,424,755</u>	<u>20,935,000</u>	<u>1,252,996</u>	<u>40,476,073</u>	<u>637,302,902</u>
Fund Balances:							
Nonspendable	10,057,210	-	-	-	45,913	30,854	10,133,977
Restricted	35,952,552	568,703,706	359,470	12,683,058	182,077,977	144,718,609	944,495,372
Committed	808,608,296	-	-	-	-	-	808,608,296
Assigned	75,648,518	-	-	-	-	-	75,648,518
Unassigned	381,871,199	-	-	-	-	-	381,871,199
Total Fund Balances	<u>1,312,137,775</u>	<u>568,703,706</u>	<u>359,470</u>	<u>12,683,058</u>	<u>182,123,890</u>	<u>144,749,463</u>	<u>2,220,757,362</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,986,863,035</u>	<u>\$ 575,824,167</u>	<u>\$ 118,924,226</u>	<u>\$ 34,112,879</u>	<u>\$ 542,316,312</u>	<u>\$ 223,895,587</u>	<u>\$ 3,481,936,206</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, 2025

Total fund balance - governmental funds (see Exhibit A-3) \$ 2,220,757,362

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

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

Nondepreciable capital assets:		
Land	1,016,413,538	
Construction in progress	1,272,144,467	
Depreciable capital assets:		
Buildings	1,600,960,164	
Improvements other than buildings	364,631,385	
Furniture, fixtures, equipment and machinery	310,999,455	
Automobiles and trucks	271,424,444	
Infrastructure	3,178,874,224	
Other capital assets	151,935,251	
Lease assets	181,434,917	
Subscription assets	29,494,003	
Total capital assets	8,378,311,848	
Less accumulated depreciation and amortization	(2,482,278,221)	5,896,033,627

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	(3,034,610,000)	
Variable rate demand obligations	(170,000,000)	
Bond anticipation notes payable	(200,000,000)	
Lease revenue bonds payable	(2,975,000)	
Accrued interest payable	(28,135,077)	
Other obligations payable	(90,925,000)	
Taxable limited obligation	(121,300,000)	
Certificates of participation	(90,705,000)	
Notes payable	(90,215,019)	
Revenue bonds	(104,657,116)	
Leases payable	(117,551,780)	
Subscription liabilities	(15,311,950)	
Net pension liability	(300,236,811)	
Net OPEB liability	(609,795,621)	
Claims and judgments	(2,500,000)	
Compensated absences	(158,778,599)	(5,137,696,973)

Due to other governments - long-term debt due to state government not expected to be repaid with current financial reserves (112,870,145) (112,870,145)

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	(254,530,415)	
Unrecognized loss on refunding	14,149,860	
Pension and OPEB related deferrals, net	172,623,980	(67,756,575)

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	357,427,049	
Capital assets	143,818,707	
Less accumulated depreciation and amortization	(93,748,281)	
Deferred outflows of resources	4,292,873	
Liabilities	(292,954,109)	
Deferred inflows of resources	(349,261)	
Cumulative gain/loss for certain activities of internal service funds that are reported with business-type activities	(2,422,677)	116,064,301

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

Income taxes	423,674,666	
Property taxes	29,918,636	
Intergovernmental revenue	6,055,189	
Other revenue	42,124,699	
Interest	76,873	501,850,063

Net position of governmental activities (See Exhibit A-1) \$ 3,416,381,660

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, 2025

	General	Housing Initiative	Grants	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 4,202,151,619	\$ 28,211,697	\$ -	\$ -	\$ 116,546,754	\$ 617,411,637	\$ 4,964,321,707
Licenses and permits	14,996,953	-	-	-	-	41,863	15,038,816
Intergovernmental	140,807,780	-	151,542,176	204,720	34,622,452	56,229,703	383,406,831
Charges for services	33,649,413	121,090	65,869	-	29,999,045	73,722,621	137,558,038
Fines and forfeitures	31,042,812	-	-	-	-	1,147,628	32,190,440
Investment and interest income	69,789,837	6,156,654	279,857	520,382	251,813	4,287,314	81,285,857
Miscellaneous	11,454,722	3,304,522	1,492,025	2,429,220	7,029,902	3,734,868	29,445,259
Total Revenues	4,503,893,136	37,793,963	153,379,927	3,154,322	188,449,966	756,575,634	5,643,246,948
EXPENDITURES							
Current:							
General government	594,830,940	-	3,372,965	-	-	8,058,325	606,262,230
Public safety	505,434,381	-	17,961,996	-	-	314,612,657	838,009,034
Transportation	78,025,515	-	4,801,052	-	-	195,118,516	277,945,083
Health and human services	424,696,967	-	118,241,966	-	-	1,638,021	544,576,954
Culture and recreation	62,656,677	-	674,131	-	-	65,868,017	129,198,825
Community development and housing	21,193,437	31,334,077	7,818,367	-	-	-	60,345,881
Environment	9,004,981	-	438,386	-	-	33,295,909	42,739,276
Education	2,338,625,565	-	-	-	-	-	2,338,625,565
Debt Service:							
Principal retirement	-	-	-	289,975,576	-	-	289,975,576
Notes and other obligations	-	-	-	32,643,768	-	-	32,643,768
Interest	-	-	-	134,600,152	-	-	134,600,152
Issuing costs	-	-	-	3,123,303	-	-	3,123,303
Capital projects	-	-	-	-	597,636,647	-	597,636,647
Total Expenditures	4,034,468,463	31,334,077	153,308,863	460,342,799	597,636,647	618,591,445	5,895,682,294
Excess (Deficiency) of Revenues over (under) Expenditures	469,424,673	6,459,886	71,064	(457,188,477)	(409,186,681)	137,984,189	(252,435,346)
OTHER FINANCING SOURCES (USES)							
Transfers in	97,041,261	125,728,502	-	457,298,863	252,573,584	4,191,010	936,833,220
Transfers (out)	(543,108,235)	(17,864,632)	-	(61,388,840)	(87,082,764)	(183,344,594)	(892,789,065)
Sale of property	-	-	-	-	199,950	-	199,950
Financing under notes payable	-	-	-	-	34,764,490	-	34,764,490
Leases (as lessee)	22,092,709	-	-	-	-	-	22,092,709
Subscription-based information technology arrangements	2,384,030	-	-	-	-	-	2,384,030
Payment to refunded bond escrow agent	-	-	-	(498,537,180)	-	-	(498,537,180)
Debt Issued (Retired):							
General obligation bonds	-	-	-	280,000,000	-	-	280,000,000
Premium on original issue debt	-	-	-	31,732,540	-	-	31,732,540
General obligation refunding bonds	-	-	-	445,125,000	-	-	445,125,000
Premium on general obligation refunding bonds	-	-	-	54,165,074	-	-	54,165,074
Bond anticipation notes	-	-	-	(250,000,000)	200,000,000	-	(50,000,000)
Revenue bonds	-	-	-	-	6,395,283	-	6,395,283
Total Other Financing Sources (Uses)	(421,590,235)	107,863,870	-	458,395,457	406,850,543	(179,153,584)	372,366,051
Net Change in Fund Balances	47,834,438	114,323,756	71,064	1,206,980	(2,336,138)	(41,169,395)	119,930,705
Fund Balances - Beginning of Year	1,264,303,337	454,379,950	288,406	11,476,078	184,460,028	185,918,858	2,100,826,657
Fund Balances - End of Year	\$ 1,312,137,775	\$ 568,703,706	\$ 359,470	\$ 12,683,058	\$ 182,123,890	\$ 144,749,463	\$ 2,220,757,362

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, 2025

Net change in fund balance - total governmental funds (see Exhibit A-5) \$ 119,930,705

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	149,027,512	
Depreciation and amortization expense	<u>(139,114,347)</u>	9,913,165

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

<u>(630,428)</u>	(630,428)
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Donations of capital assets increase net position in the statement of activities but do not appear in the governmental funds because they are not financial resources.

<u>4,146,273</u>	4,146,273
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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	58,443,438	
Property taxes	35,857	
Intergovernmental revenues	(11,229,228)	
Other revenues	<u>2,301,047</u>	49,551,114

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

<u>(762)</u>	(762)
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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	(811,022,614)	
Bond anticipation notes	(200,000,000)	
Other obligations	(50,000,000)	
Notes payable	(34,764,490)	
Revenue bonds	(6,395,283)	
Leases	(22,092,709)	
Subscription-based information technology arrangements	<u>(2,384,030)</u>	

Principal repayments:

General obligation bonds	771,265,000	
Bond anticipation notes	250,000,000	
Taxable limited obligation certificates	8,895,000	
Lease revenue bonds	440,000	
Other obligations	2,235,000	
Certificates of participation	11,785,000	
Notes payable	9,288,768	
Revenue bonds	10,050,576	
Leases payable	13,085,777	
Subscription liabilities	<u>5,448,542</u>	(44,165,463)

Cost incurred for past refunds owed as a result of the U.S. Supreme Court decision related to duplicate taxation	<u>7,281,945</u>	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	5,099,678	
Compensated absences	(10,311,934)	
Pension expense	40,345,462	
Claims and judgements	(2,500,000)	
Amortization	<u>81,970,180</u>	114,603,386

The current year gain for certain activities of internal service funds is reported with governmental activities.	<u>(14,819,173)</u>
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Change in net position of governmental activities (see Exhibit A-2)	<u>\$ 245,810,762</u>
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Notes to Financial Statements are an integral part of this statement.

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025**

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds	Totals	
ASSETS						
Current Assets:						
Equity in pooled cash and investments	\$ 5,608,740	\$ 121,794,761	\$ 28,537,483	\$ 52,663,828	\$ 208,604,812	\$ 313,441,680
Cash	53,940	-	38,283	-	92,223	300
Receivables (net of allowance for uncollectibles)	3,074,071	524,099	3,329,354	388,737	7,316,261	24,555,775
Lease receivable	-	-	1,633,757	-	1,633,757	-
Due from other funds	-	-	-	-	-	9,751,465
Due from component units	-	65,723	475,240	-	540,963	899,726
Due from other governments	-	115,405	189,944	-	305,349	866,975
Inventory of supplies	33,482,849	-	-	-	33,482,849	7,000,841
Prepaid expenses	-	-	-	-	-	910,287
Total Current Assets	42,219,600	122,499,988	34,204,061	53,052,565	251,976,214	357,427,049
Noncurrent Assets:						
Restricted Assets:						
Equity in pooled cash and equivalents	-	10,312,644	3,446,891	-	13,759,535	-
Cash with fiscal agents	2,109,796	11,601,518	-	-	13,711,314	-
Restricted Assets	2,109,796	21,914,162	3,446,891	-	27,470,849	-
Lease receivable	-	-	31,062,484	-	31,062,484	-
Capital Assets:						
Land, improved and unimproved	7,033,656	17,834,755	33,502,565	-	58,370,976	22,506
Improvements other than buildings	15,209,358	89,200,493	121,253,052	-	225,662,903	362,724
Infrastructure	-	14,351	-	-	14,351	-
Buildings	32,987,140	34,512,353	240,761,844	-	308,261,337	-
Furniture, fixtures, equipment, and machinery	16,160,950	21,962,609	1,476,540	1,682,208	41,282,307	6,555,127
Automobiles and trucks	5,760,598	3,351,738	172,588	218,967	9,503,891	132,451,245
Construction in progress	-	3,581,373	-	-	3,581,373	-
Lease assets - buildings	70,666,444	-	3,334,421	-	74,000,865	2,062,972
Lease assets - equipment	-	-	-	-	-	654,207
Subscription assets	-	-	3,930,497	1,315,176	5,245,673	1,709,926
Subtotal	147,818,146	170,457,672	404,431,507	3,216,351	725,923,676	143,818,707
Less: Accumulated depreciation and amortization	(60,984,135)	(121,139,885)	(261,093,072)	(2,667,315)	(445,884,407)	(93,748,281)
Total Capital Assets (net of accumulated depreciation and amortization)	86,834,011	49,317,787	143,338,435	549,036	280,039,269	50,070,426
Total Noncurrent Assets	88,943,807	71,231,949	177,847,810	549,036	338,572,602	50,070,426
Total Assets	131,163,407	193,731,937	212,051,871	53,601,601	590,548,816	407,497,475
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding of debt	193,772	-	-	-	193,772	-
Pension deferrals	5,396,650	1,774,134	686,142	5,445,949	13,302,875	4,292,873
Total Deferred Outflows of Resources	\$ 5,590,422	\$ 1,774,134	\$ 686,142	\$ 5,445,949	\$ 13,496,647	\$ 4,292,873

Exhibit A-7 (Concluded)

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

	Business-Type Activities - Enterprise Funds					Governmental
		Solid Waste	Parking	Nonmajor		Activities-
	Liquor	Activities	Lot	Enterprise	Totals	Internal
			Districts	Funds		Service Funds
LIABILITIES						
Current Liabilities:						
Accounts payable	\$ 6,793,928	\$ 6,168,482	\$ 2,466,885	\$ 340,514	\$ 15,769,809	\$ 12,752,885
Interest payable	809,103	-	36,800	2,987	848,890	12,368
Retainage payable	186,742	-	193,797	-	380,539	-
Deposits	-	256,281	-	8,401,819	8,658,100	-
Claims payable	-	-	-	-	-	61,759,474
Accrued liabilities	8,577,685	6,396,561	1,768,274	1,972,968	18,715,488	4,181,760
Due to other funds	572,515	169,737	70,731	423,803	1,236,786	7,899,225
Due to component units	-	-	444	769,845	770,289	15,123
Due to other governments	1,095,438	17,512,795	499,422	8,379	19,116,034	501,913
Certificates of participation	-	-	-	-	-	-
Unearned revenue	57,286	-	425,234	1,400,305	1,882,825	-
Revenue bonds payable	3,179,535	1,120,000	2,030,000	-	6,329,535	-
Leases payable	4,793,756	-	86,516	-	4,880,272	260,532
Subscription liabilities	-	-	233,586	278,825	512,411	388,669
Landfill closure costs	-	1,606,696	-	-	1,606,696	-
Other liabilities	-	1,064,582	140	-	1,064,722	-
Total Current Liabilities	26,065,988	34,295,134	7,811,829	13,599,445	81,772,396	87,771,949
Noncurrent Liabilities:						
Claims payable	-	-	-	-	-	196,503,315
Revenue bonds payable	15,733,367	38,240,000	12,972,000	-	66,945,367	-
Leases payable	42,354,563	-	1,124,429	-	43,478,992	749,097
Subscription liabilities	-	-	394,594	-	394,594	282,535
Landfill closure costs	-	21,175,627	-	-	21,175,627	-
Gude landfill remediation costs	-	5,481,485	-	-	5,481,485	-
Compensated absences	4,824,187	1,912,250	821,373	4,825,053	12,382,863	4,888,296
Net pension liability	3,414,803	1,116,414	419,385	3,466,297	8,416,899	2,758,917
Total Noncurrent Liabilities	66,326,920	67,925,776	15,731,781	8,291,350	158,275,827	205,182,160
Total Liabilities	92,392,908	102,220,910	23,543,610	21,890,795	240,048,223	292,954,109
DEFERRED INFLOWS OF RESOURCES						
Leases	-	-	32,247,960	-	32,247,960	-
Deferred gain on refunding of debt	110,612	-	-	-	110,612	-
Pension deferrals	432,293	141,332	53,091	438,812	1,065,528	349,261
Total Deferred Inflows of Resources	542,905	141,332	32,301,051	438,812	33,424,100	349,261
NET POSITION						
Net investment in capital assets	20,669,208	9,957,787	126,303,513	270,211	157,200,719	48,389,592
Restricted for:						
Transportation	-	-	27,142,948	-	27,142,948	-
Environment	-	71,584,524	-	-	71,584,524	-
Debt service	2,109,796	11,601,518	3,446,891	-	17,158,205	-
Unrestricted	21,039,012	-	-	36,447,732	57,486,744	70,097,386
Total Net Position	\$ 43,818,016	\$ 93,143,829	\$ 156,893,352	\$ 36,717,943	330,573,140	\$ 118,486,978
ADJUSTMENTS						
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					2,422,677	
Net position of business-type activities					\$ 332,995,817	

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, 2025**

	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds	Totals	Activities- Internal Service Funds
OPERATING REVENUES						
Sales - net	\$ 304,372,610	\$ -	\$ -	\$ -	\$ 304,372,610	\$ -
Charges for services	14,620	154,551,801	25,736,105	13,172,835	193,475,361	423,001,754
Licenses and permits	1,950,022	15,326	-	38,828,649	40,793,997	-
Fines and penalties	130,535	41,185	8,851,268	102,840	9,125,828	-
Claim recoveries	-	-	-	-	-	3,174,386
Total Operating Revenues	306,467,787	154,608,312	34,587,373	52,104,324	547,767,796	426,176,140
OPERATING EXPENSES						
Cost of goods sold	207,860,099	-	-	-	207,860,099	-
Personnel costs	49,971,487	20,247,411	7,380,760	42,350,805	119,950,463	41,878,302
Postage	4,535	167,094	6,567	11,755	189,951	1,411,669
Self-insurance incurred and estimated claims	-	-	-	-	-	271,718,098
Insurance	1,179,504	3,407,201	72,913	889,019	5,548,637	14,272,618
Supplies and materials	1,391,357	1,974,578	1,685,279	478,378	5,529,592	35,570,323
Contractual services	4,669,944	121,692,839	7,604,868	5,041,502	139,009,153	51,110,339
Communications	261,726	257,742	228,610	238,975	987,053	620,095
Transportation	1,297,609	2,337,006	405,390	736,560	4,776,565	761,295
Public utility services	586,548	304,605	1,821,214	2,410,748	5,123,115	1,317,164
Rentals	1,614,308	302,703	205,075	1,231,338	3,353,424	2,318,311
Maintenance	1,841,700	3,692,388	5,058,892	237,337	10,830,317	22,962,724
Depreciation and amortization	7,801,709	2,043,830	8,593,146	543,076	18,981,761	10,039,759
Other	229,504	5,859,729	461,227	443,753	6,994,213	6,593,385
Total Operating Expenses	278,710,030	162,287,126	33,523,941	54,613,246	529,134,343	460,574,082
Operating Income (Loss)	27,757,757	(7,678,814)	1,063,432	(2,508,922)	18,633,453	(34,397,942)
NONOPERATING REVENUES (EXPENSES)						
Property taxes	-	-	(5,782)	-	(5,782)	-
Gain (loss) on disposal of capital assets	42,171	246,141	-	-	288,312	526,510
Issuance costs	-	(190,000)	-	-	(190,000)	-
Investment income (expense)	(214,388)	4,365,421	1,804,225	3,113,756	9,069,014	16,565,049
Interest expense	(1,721,594)	-	(358,756)	(14,301)	(2,094,651)	(47,455)
Other revenue	2,902,805	179,393	2,891,882	48,891	6,022,971	-
Insurance recoveries	10,344	6,600	12,401	-	29,345	692,689
Total Nonoperating Revenues (Expenses)	1,019,338	4,607,555	4,343,970	3,148,346	13,119,209	17,736,793
Income (Loss) Before Capital Contributions and Transfers	28,777,095	(3,071,259)	5,407,402	639,424	31,752,662	(16,661,149)
Transfers In (Out):						
Transfers in	1,408,730	-	-	25,000	1,433,730	-
Transfers (Out)	(26,159,603)	(4,171,532)	(5,097,849)	(9,532,601)	(44,961,585)	(516,300)
Total Transfers In (Out)	(24,750,873)	(4,171,532)	(5,097,849)	(9,507,601)	(43,527,855)	(516,300)
Change in Net Position	4,026,222	(7,242,791)	309,553	(8,868,177)	(11,775,193)	(17,177,449)
Total Net Position - Beginning of Year, as previously reported	40,360,776	100,691,970	156,690,664	46,089,670	343,833,080	136,275,046
Restatements	(568,982)	(305,350)	(106,865)	(503,550)	(1,484,747)	(610,619)
Total Net Position - Beginning of Year, as restated	39,791,794	100,386,620	156,583,799	45,586,120	342,348,333	135,664,427
Total Net Position - End of Year	\$ 43,818,016	\$ 93,143,829	\$ 156,893,352	\$ 36,717,943	\$ 330,573,140	\$ 118,486,978
ADJUSTMENTS						
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(2,358,276)	
Change in net position of business-type activities					\$ (14,133,469)	

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds	Totals	
Receipts from customers	\$304,915,888	\$154,856,140	\$ 32,639,295	\$ 48,403,907	\$ 540,815,230	\$ 126,051,867
Payments to suppliers	(220,015,635)	(127,006,040)	(15,198,056)	(9,117,198)	(371,336,929)	(137,831,282)
Payments to employees	(47,382,678)	(19,687,186)	(6,540,705)	(39,894,217)	(113,504,786)	(36,807,973)
Receipt of customer deposits	-	-	-	4,139,609	4,139,609	-
Return of customer deposits	-	-	-	(5,488,438)	(5,488,438)	-
Claims paid	-	-	-	-	-	(248,306,628)
Other receipts	2,898,409	588,443	575,691	48,891	4,111,434	692,689
Internal activity - receipts for interfund services	-	56,135	1,862,736	779,695	2,698,566	299,791,276
Internal activity - payments to other funds	(3,497,238)	(8,546,377)	(1,628,975)	(2,475,241)	(16,147,831)	(3,032,078)
Net Cash Provided (Used) by Operating Activities	36,918,746	261,115	11,709,986	(3,602,992)	45,286,855	557,871
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Property tax collections	-	-	103	-	103	-
Insurance reimbursement claims	10,344	6,600	12,401	-	29,345	-
Operating subsidies and transfers from other funds	1,408,730	-	-	25,000	1,433,730	(516,300)
Operating subsidies and transfers to other funds	(26,159,603)	(4,171,532)	(5,097,849)	(9,532,601)	(44,961,585)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(24,740,529)	(4,164,932)	(5,085,345)	(9,507,601)	(43,498,407)	(516,300)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from capital debt	-	39,360,000	-	-	39,360,000	-
Acquisition and construction of capital assets	(4,297,553)	(3,855,594)	(5,001,986)	-	(13,155,133)	(25,848,823)
Proceeds from the sale of capital assets	42,171	-	-	-	42,171	564,787
Principal paid on capital debt	(3,413,680)	-	(1,996,000)	-	(5,409,680)	-
Interest paid on capital debt	(737,428)	-	(305,613)	-	(1,043,041)	-
Lease receipts	-	-	2,108,678	-	2,108,678	-
Lease payment	(6,247,498)	-	(112,148)	-	(6,359,646)	(440,289)
Subscription payment	-	-	(307,207)	(433,780)	(740,987)	(395,138)
Issuance costs	-	(190,000)	-	-	(190,000)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(14,653,988)	35,314,406	(5,614,276)	(433,780)	14,612,362	(26,119,463)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income from pooled investments	(342,117)	4,360,656	1,804,225	3,113,756	8,936,520	16,565,049
Investment income from non-pooled investments	127,729	4,764	-	-	132,493	-
Net Cash Provided (Used) by Investing Activities	(214,388)	4,365,420	1,804,225	3,113,756	9,069,013	16,565,049
Net Increase (Decrease) in Cash and Cash Equivalents	(2,690,159)	35,776,009	2,814,590	(10,430,617)	25,469,823	(9,512,843)
Balances - Beginning of Year	10,462,635	107,932,914	29,208,067	63,094,445	210,698,061	322,954,823
Balances - End of Year	\$ 7,772,476	\$143,708,923	\$ 32,022,657	\$ 52,663,828	\$ 236,167,884	\$ 313,441,980
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 27,757,757	\$ (7,678,814)	\$ 1,063,432	\$ (2,508,922)	\$ 18,633,453	\$ (34,397,942)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	7,801,709	2,043,830	8,593,146	543,076	18,981,761	10,039,759
Pension expense	1,888,528	653,192	200,908	1,998,734	4,741,362	1,750,009
Other revenue	2,898,409	588,443	575,691	48,891	4,111,434	692,689
(Increase) Decrease in accounts receivable	(1,542,901)	472,120	(47,839)	3,529,336	2,410,716	(6,024,845)
(Increase) Decrease in due from other funds	-	-	-	-	-	6,062,611
(Increase) Decrease in due from component units	-	(65,723)	(245,192)	-	(310,915)	(470,903)
(Increase) Decrease in due from other governments	-	(102,434)	(7,433)	-	(109,867)	90,038
(Increase) Decrease in inventory of supplies	32,287	-	-	-	32,287	(24,891)
(Increase) Decrease in prepaid expenses	-	-	-	-	-	(283,138)
Increase (Decrease) in accounts payable and other liabilities	616,456	1,419,940	598,315	75,714	2,710,425	(3,278,425)
Increase (Decrease) in retainage payable	184,355	-	(26,782)	-	157,573	-
Increase (Decrease) in deposits	-	-	-	(1,348,828)	(1,348,828)	-
Increase (Decrease) in claims payable	-	-	-	-	-	23,411,468
Increase (Decrease) in accrued liabilities	(5,057,941)	3,545,575	190,951	(2,037,049)	(3,358,464)	(2,063,291)
Increase (Decrease) in due to other fund	90,606	24,127	14,395	69,493	198,621	2,718,902
Increase (Decrease) in due to component units	-	-	-	(3,346,769)	(3,346,769)	10,101
Increase (Decrease) in due to other governments	(71,903)	5,805,072	(1,999)	-	5,731,170	(100,678)
Increase (Decrease) in unearned revenue	(8,999)	-	176,555	(3,103,288)	(2,935,732)	-
Increase (Decrease) in compensated absences	2,330,383	1,114,426	625,838	2,476,620	6,547,267	2,426,407
Increase (Decrease) in landfill closure costs and gude landfill remediation costs	-	(7,558,639)	-	-	(7,558,639)	-
Net Cash Provided (Used) by Operating Activities	\$ 36,918,746	\$ 261,115	\$ 11,709,986	\$ (3,602,992)	\$ 45,286,855	\$ 557,871
Noncash investing, capital and financing activities:						
Initiation of Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 654,207
Initiation of Subscription-based information technology arrangements	-	-	-	-	-	266,712
Change of Leases	732,711	-	-	-	732,711	-
Change of Subscription-based information technology arrangements	-	-	13,121	4,739	17,860	(32,790)
Notes to Financial Statements are an integral part of this statement.						

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2025

	Pension and Other Employee Benefit Trusts	Custodial Funds	
		External Investment Pool	Other
ASSETS			
Current Assets:			
Equity in pooled cash and investments	\$ 2,077,088	\$ 26,141,005	\$ 4,372,998
Cash	-	-	172,270
Investments:			
Government and agency obligations	1,468,600	-	-
Corporate bonds	326,533,662	-	-
Common and preferred stock	1,358,076,021	-	-
Mutual and commingled funds	4,717,328,468	-	-
Short-term investments	216,908,369	-	-
Cash collateral received under securities lending agreements	93,558,654	-	-
Private real assets	637,225,489	-	-
Private equity/debt	1,455,113,518	-	-
Total Investments	8,806,212,781	-	-
Receivables (net of allowances for uncollectibles):			
Receivables and accrued interest	10,382,470	-	-
Accounts	188,753	-	1,674,786
Prepaid Expenses	20,573	-	-
Due from other funds	13,402,942	-	-
Due from component units	242,493	-	-
Due from other governments	2,440	-	-
Total Current Assets	8,832,529,540	26,141,005	6,220,054
Noncurrent Assets:			
Capital assets:			
Miscellaneous	900,043	-	-
Less: Accumulated depreciation	(900,043)	-	-
Total Capital Assets (net of accumulated depreciation)	-	-	-
Total Assets	8,832,529,540	26,141,005	6,220,054
LIABILITIES			
Current Liabilities:			
Accounts payable	105,133,095	-	-
Accrued liabilities	1,983,025	-	-
Deposits	-	-	2,591,076
Claims payable	5,138,329	-	-
Due to other funds	32,580	-	200,000
Due to other governments	-	-	1,049,694
Unearned revenue	158,000	-	887,382
Other liabilities	-	-	698,994
Total Current Liabilities	112,445,029	-	5,427,146
Noncurrent Liabilities:			
Compensated absences	534,729	-	-
Total Liabilities	112,979,758	-	5,427,146
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	-	-	57,599
Total Deferred Inflows of Resources	-	-	57,599
NET POSITION			
Restricted for:			
Pensions	6,701,296,220	-	-
Other postemployment benefits	2,018,253,562	-	-
External investment pool participants	-	26,141,005	-
Individuals, organizations, and other governments	-	-	735,309
Net Position	\$ 8,719,549,782	\$ 26,141,005	\$ 735,309

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

Exhibit A-11

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Pension and Other Employee Benefit Trusts	Custodial Funds External Investment Pool	Other
ADDITIONS			
Contributions:			
Employers	\$ 244,390,672	\$ -	\$ -
Members	90,193,264	-	-
Federal government - Medicare Part D	30,917,110	-	-
Share purchases	-	3,267,629	-
Total Contributions	365,501,046	3,267,629	-
Investment income (loss)	818,628,260	1,188,300	59,655
Less: Investment expenses	21,928,949	-	-
Net Investment Income (Loss)	796,699,311	1,188,300	59,655
Other income	652,889	-	-
Total Additions, net	1,162,853,246	4,455,929	59,655
DEDUCTIONS			
Benefits:			
Annuities:			
Retirees	265,262,997	-	-
Survivors	13,663,282	-	-
Disability	62,692,971	-	-
Claims	157,458,080	-	-
Total Benefits	499,077,330	-	-
Share redemptions	-	1,450,000	-
Member refunds	120,106,796	-	-
Administrative expenses	9,910,879	-	2,811
Total Deductions	629,095,005	1,450,000	2,811
Net Increase (Decrease)	533,758,241	3,005,929	56,844
Net Position - Beginning of Year, as previously stated	8,185,810,635	23,135,076	678,465
Restatement	(19,094)	-	-
Net Position - Beginning of Year, as restated	8,185,791,541	23,135,076	678,465
Net Position - End of Year	<u>\$ 8,719,549,782</u>	<u>\$ 26,141,005</u>	<u>\$ 735,309</u>

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

**STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2025**

	MCPS	HOC	Nonmajor Component Units	Total
ASSETS				
Equity in pooled cash and investments	\$ 20,335,862	\$ -	\$ 62,192,873	\$ 82,528,735
Cash with fiscal agents	-	96,068,295	6,770,448	102,838,743
Cash	19,393,767	26,433	14,495,187	33,915,387
Investments - cash equivalents	19,531,930	42,580,137	71,581	62,183,648
Investments	-	-	52,027,740	52,027,740
Receivables (net of allowance for uncollectibles):				
Accounts	43,348,616	6,740,738	35,917,954	86,007,308
Notes	-	-	-	-
Mortgage	-	758,206,029	-	758,206,029
Interest	-	25,845,638	8,210	25,853,848
Other	-	17,498,212	7,222,930	24,721,142
Lease receivable	24,246,127	7,418,051	11,274,253	42,938,431
Due from primary government	67,491,233	400,993	9,693,009	77,585,235
Due from other governments	110,676,731	18,800,459	21,310	129,498,500
Inventory of supplies	11,256,288	191,828	1,126,314	12,574,430
Prepays	701,431	10,024,163	1,551,898	12,277,492
Other assets	25,870	90,968,653	200,669	91,195,192
Restricted Assets:				
Equity in pooled cash and investments	-	-	2,820,806	2,820,806
Cash with fiscal agents	-	65,877,806	-	65,877,806
Cash	-	-	1,713,982	1,713,982
Investments - cash equivalents	-	177,373,928	44,378,491	221,752,419
Investments	-	224,548,401	-	224,548,401
Capital Assets:				
Nondepreciable assets	376,073,166	355,967,938	90,471,447	822,512,551
Depreciable assets, net	3,707,862,104	1,233,564,031	701,369,119	5,642,795,254
Total Assets	4,400,943,125	3,132,101,733	1,043,328,221	8,576,373,079
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of debt	-	-	57,320	57,320
Pension deferrals	163,462,122	12,287,826	8,440,159	184,190,107
OPEB deferrals	492,855,536	3,866,166	14,296,270	511,017,972
Fair value of hedging derivatives	-	2,357,573	-	2,357,573
Derivative instrument	-	19,373,339	-	19,373,339
Total Deferred Outflow of Resources	656,317,658	37,884,904	22,793,749	716,996,311
LIABILITIES				
Accounts payable	168,566,117	53,419,113	23,460,469	245,445,699
Interest payable	-	57,658,378	327,791	57,986,169
Retainage payable	15,919,547	-	2,411,508	18,331,055
Accrued liabilities	46,853,158	20,504,749	2,180,554	69,538,461
Deposits	-	31,470,104	108,222	31,578,326
Due to primary government	1,125,355	133,503,053	2,893,233	137,521,641
Due to other governments	-	-	15,199,597	15,199,597
Unearned revenue	9,991,190	40,661,696	15,934,840	66,587,726
Other liabilities	-	68,425,874	295,178	68,721,052
Noncurrent Liabilities:				
Due within one year	35,925,341	171,752,538	14,622,876	222,300,755
Due in more than one year	2,784,143,805	2,161,291,386	144,205,027	5,089,640,218
Total Liabilities	3,062,524,513	2,738,686,891	221,639,295	6,022,850,699
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	92,092,706	19,430,415	4,527,664	116,050,785
OPEB deferrals	1,261,577,505	10,226,141	48,518,786	1,320,322,432
Leases	23,431,094	6,878,065	11,341,777	41,650,936
Derivative Instruments	-	4,662,671	-	4,662,671
Accumulated increase in fair value of hedging derivatives	-	-	148,005	148,005
Total Deferred Inflow of Resources	1,377,101,305	41,197,292	64,536,232	1,482,834,829
NET POSITION				
Net investment in capital assets	3,736,589,963	(101,917,436)	680,934,410	4,315,606,937
Restricted for:				
Capital projects	-	-	6,281,705	6,281,705
General Government	-	-	173,085	173,085
Debt service	-	110,114,150	1,692,859	111,807,009
Education	4,928,472	-	56,576,675	61,505,147
Transportation	-	-	73,544	73,544
Community development and housing	-	48,112,277	-	48,112,277
Unrestricted (deficit)	(3,123,883,470)	333,793,463	34,214,165	(2,755,875,842)
Total Net Position	\$ 617,634,965	\$ 390,102,454	\$ 779,946,443	\$ 1,787,683,862

**STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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	\$ 6,255,866	\$ 5,467,913	\$ 511,085	\$ -	\$ -	\$ -	(276,868)	\$ (276,868)
Culture and recreation	29,899,660	31,783,790	-	3,453,970	-	-	5,338,100	5,338,100
Community development and housing	442,915,966	217,176,083	190,921,393	35,263,233	-	444,743	-	444,743
Education:								
Secondary education	3,833,349,465	32,190,048	218,142,286	122,422,361	(3,460,594,770)	-	-	(3,460,594,770)
Higher education	388,276,139	61,376,276	20,992,780	31,764,071	-	-	(274,143,012)	(274,143,012)
Total component units	<u>\$ 4,700,697,096</u>	<u>\$ 347,994,110</u>	<u>\$ 430,567,544</u>	<u>\$ 192,903,635</u>	<u>(3,460,594,770)</u>	<u>444,743</u>	<u>(269,081,780)</u>	<u>(3,729,231,807)</u>
General revenues:								
Grants and contributions not restricted to specific programs					3,519,598,048	-	266,129,125	3,785,727,173
Investment income					1,296,176	11,420,480	9,119,373	21,836,029
Gain (loss) on sale of capital assets					-	4,808,258	13,180	4,821,438
Miscellaneous					34,108,530	-	57,517	34,166,047
Total general revenues					<u>3,555,002,754</u>	<u>16,228,738</u>	<u>275,319,195</u>	<u>3,846,550,687</u>
Change in net position					94,407,984	16,673,481	6,237,415	117,318,880
Total Net Position - beginning as previously reported					523,226,981	373,428,973	775,075,174	1,671,731,128
Restatement					-	-	(1,366,146)	(1,366,146)
Total Net position - beginning, as restated					523,226,981	373,428,973	773,709,028	1,670,364,982
Net position - ending					\$ 617,634,965	\$ 390,102,454	\$ 779,946,443	\$ 1,787,683,862

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 2025 | July 1, 2024 - June 30, 2025

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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 district (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 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
15 West Gude 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
13501 Penn Shop Road
Mt. Airy, MD 21771

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-eight 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, Escrow Deposits, Inter Agency Facility Scheduling, and Miscellaneous Custodial Fund.

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

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

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 InvestmentsPension and Other Employee Benefit Trust Fiduciary Fund Type

Investments are stated at fair value. The fair value is generally based on quoted market prices as of June 30, 2025. 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, or assets whose individual acquisition costs are less than \$10,000 but those assets in the aggregate are significant, 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

The County recognizes liabilities for compensated absences when (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be either paid or settled through other means. Based on the criteria listed, the following types of leave qualify for liability recognition for compensated absences – annual leave, compensatory leave, paid time off, personal leave, and sick leave.

The County estimates the compensated absences liabilities using the last-in, first-Out (LIFO) assumption to. Under LIFO, the most recent leave earned is assumed to be used or paid out first. The liability for compensated absences are reported

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

as incurred in the government-wide, proprietary and fiduciary fund financial statements, along with the corresponding employer's share of social security, medicare taxes, and applicable retirement contributions. A liability is not recorded in governmental funds since the portion expected to be liquidated with expendable available financial resources has been determined to be immaterial. Based on a historical analysis of leave usage, accrued leave is classified as current and long-term. In the proprietary fund financial statements, the current portion of compensated absences is classified as accrued liabilities. Such amounts have been reclassified to non-current liabilities (due within one year and due in more than one year) in the government-wide financial statements.

Annual Leave

Annual leave is earned each pay period, carries over with limit at the end of leave year but the total accrued annual leave as of the date of separation is paid upon separation from County service or death.

Compensatory Time

Compensatory time is earned as employees work eligible overtime, carries over with limit at the end of the leave year. The County must pay a non-exempt employee for excess compensatory time at the end of the leave year unless the employee wants to carry over the excess compensatory time for one year; an exempt employee must convert excess unused compensatory time to sick leave at the beginning of the next leave year. All unused compensatory time is paid to non-exempt employees at separation; pay up to 80 hours of unused compensatory time for exempt employees. All unused compensatory time is paid at the death of an employee.

Paid Time Off

Paid time off is granted to the Management Leadership Service (MLS) employees, carries over without limit at the end of the leave year. Employees receive payment for all unused paid time off upon separation from employment or in the event of an employee's death, up to a maximum of 600 hours.

Personal Leave Day

Personal leave days are paid leave to eligible employees. The employee forfeits any unused personal leave day on the separation and at the end of the leave year, but the unused personal leave may be carried over between fiscal years. A liability for unused value of personal leave that will be used by employees as time off before the leave year end is included in the liability for compensated absences.

Sick Leave

Sick leave is earned each pay period and carries over without limits at the end of the calendar year. Unused sick leave is not paid out upon termination unless converted to service credit for retirement to the extent permitted in the employee's retirement system of the County. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences. Employees in Retirement Savings Plan (RSP) or Guaranteed Retirement Investment Program (GRIP) are eligible for a lump sum of cash payout depending on service years and sick leave balance upon termination. The liability is estimated using historical data and employee pay rates at fiscal year-end, along with corresponding salary-related payments.

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,

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Balance/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. As of June 30, 2025, 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 \$1,633.4 million. Absent the effect of this relationship, the County would have reported an unrestricted net position of governmental activities in the amount of \$684.5 million.

Classification of Fund Balance

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

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

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

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

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

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

11) Property Taxes

Real and personal property taxes are levied at rates enacted by the County Council in the tax levy resolution on the assessed value as determined by the Maryland State Department of Assessments and Taxation. State law stipulates that the constant yield tax rate furnished by the Maryland State Department of Assessments and Taxation cannot be exceeded without public notice of the intent to exceed, and only after public hearings. The general property tax rate was levied equal to the constant yield rate for FY25, excluding the supplemental tax for MCPS. 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 2024 (i.e., FY25), 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,

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 (asset), 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 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;

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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.

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:

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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 implemented GASB Statement No. 101, Compensated Absences, for the fiscal year ended, June 30, 2025. The statement establishes updated accounting and financial reporting requirements for compensated absences. GASB Statement No.101 requires a liability for compensated absences to be recognized when the following criteria are met: (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means upon termination or retirement. The liability is measured based on the pay rates in effect at the balance sheet date, including salary-related payments. The implementation of GASB statement No. 101 required a restatement of beginning net position in the government-wide and funds financial statements to reflect the cumulative effect of applying the new standard. A summary of the effects of this change in accounting principle is provided in Note IV.H.

The County adopted GASB Statement No. 102, Certain Risk Disclosures. This Statement requires disclosure of risks related to vulnerabilities from certain concentrations or constraints that could have a substantial financial impact on the County. Disclosure is required only if an event or events associated with a concentration or constraint have occurred, begun to occur, or are more likely than not to begin within 12 months of the financial statement issuance date. If the County has taken mitigating steps that effectively eliminate the identified risk, disclosure is not required. The County implemented for FY25 reporting purposes and the implementation has no impact on the County's FY25 financial statements and notes to the statements.

NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A) Additional Fund Information

Revenue Stabilization Fund

This fund is used to account for the accumulation of resources at a targeted reserve level sufficient to address unexpected increases or decreases in revenues and expenditures. By an affirmative vote of 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 Revenue Stabilization Fund (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. 20-820 issued on May 22, 2025, the County Council approved a one-time action not to make the mandatory contribution to the Revenue Stabilization Fund for FY25 due to the fund's maintaining a total reserve of more than 10% of the Adjusted Governmental Revenues. Below is the change in the RSF balance for the fiscal year ended June 30, 2025.

Revenue Stabilization Fund (RSF)

Balance – Beginning of Year	\$	649,232,474
Investment Income		36,779,412
Balance – End of Year	\$	<u>686,011,886</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 \$40.3 million advance from the General Fund. Below is the inception-to-date revenue collection activity for the WFSTD balance as of June 30, 2025.

White Flint Special Taxing District (WFSTD)

Balance – Beginning of Year	\$	21,982,468
Property Taxes		2,411,119
Balance – End of Year	\$	<u>24,393,587</u>

Deficit Fund Equity

As of June 30, 2025, the Self Insurance – Employee Health Benefits fund had a deficit of \$11.8 million which was due to long-term disability benefit enhancements. This led to a one-time increase in incurred but not reported (IBNR) claims expense in FY25. Contribution rates have already been adjusted for the benefit enhancement and the deficit will be resolved in future periods. In addition, other 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 remaining deficit will be addressed in future years through this process.

As of June 30, 2025, the Community Use of Public Facility Fund (CUPF) had a deficit of \$0.4 million. The deficit was primarily attributable to two factors: a decrease in investment income and the recognition of a non-recurring expense for a comprehensive fee study. To address this deficit, fee increases will be implemented in FY26.

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	\$ 2,369,339,200	\$ 82,528,735	\$ 2,451,867,935
Cash with fiscal agents	17,505,559	102,838,743	120,344,302
Cash	245,128	33,915,387	34,160,515
Investments - cash equivalents	-	62,183,648	62,183,648
Investments	8,806,212,781	52,027,740	8,858,240,521
Restricted equity in pooled cash and investments	46,350,626	2,820,806	49,171,432
Restricted cash with fiscal agents	13,711,314	65,877,806	79,589,120
Restricted cash	172,270	1,713,982	1,886,252
Restricted investments - cash equivalents	-	221,752,419	221,752,419
Restricted investments	-	224,548,401	224,548,401
Total	<u>\$ 11,253,536,878</u>	<u>\$ 850,207,667</u>	<u>\$ 12,103,744,545</u>
<u>Deposit and Investment Summary:</u>			
Deposits	\$ 267,434,126	\$ 277,032,039	\$ 544,466,165
Investments	10,954,468,481	297,872,511	11,252,340,992
Cash on hand, fiscal agents, safe deposit escrow	31,634,271	275,303,117	306,937,388
Total	<u>\$ 11,253,536,878</u>	<u>\$ 850,207,667</u>	<u>\$ 12,103,744,545</u>

* Includes \$ in County Investment Pool

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

Government-wide	\$ 2,414,560,736
Fiduciary funds	8,838,976,142
Total	<u>\$ 11,253,536,878</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, fair 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	\$ 2,369,339,200	\$ 57,915	\$ 2,369,397,115
Restricted equity in pooled cash and investments	46,350,626	-	46,350,626
Total	<u>\$ 2,415,689,826</u>	<u>\$ 57,915</u>	<u>\$ 2,415,747,741</u>
<u>Deposit and Investment Summary:</u>			
Deposits	\$ 267,434,126	\$ -	\$ 267,434,126
Investments, including accrued interest	2,148,255,700	57,915	2,148,313,615
Total	<u>\$ 2,415,689,826</u>	<u>\$ 57,915</u>	<u>\$ 2,415,747,741</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, 2025:

<u>Investments by fair value level</u>	<u>June 30, 2025</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>
Repurchase Agreements	\$ 1,050,000,000	\$ -	\$ 1,050,000,000
U.S. Agency Securities	507,501,990	-	507,501,990
Commercial Paper	181,399,152	-	181,399,152
Total investments by fair value level	<u>1,738,901,142</u>	<u>\$ -</u>	<u>\$ 1,738,901,142</u>
<u>Investments measured at amortized cost:</u>			
Maryland Local Government Investment Pool	400,712,230		
Total investments measured at amortized cost	<u>400,712,230</u>		
Total investments	<u>\$ 2,139,613,372</u>		

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County 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. As of June 30, 2025, the County had a total fair value of \$384,636,600 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	Aa1
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, 2025, the County's investments were not exposed to custodial credit risk.

Concentration of Credit Risk

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

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

<u>Diversification by Investment Type:</u>	<u>Maximum percent of Portfolio*</u>
U.S. Treasury Obligations	100%
U.S. Government Agencies	75
Repurchase Agreements	50
Bankers' Acceptances	25
Money Market Mutual Funds	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 16.42% Federal Home Loan Banks (FHLB), 6.88% Freddie Mac (FHLMC), and 18.38% MLGIP. Per GASB 40, U.S. Obligations (U.S. 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, 2025 are as follows:

**Statement of Net Position
June 30, 2025**

Assets:	
Investment in securities, at fair value	\$ 2,139,613,372
Cash	267,434,126
Accrued interest receivable	8,700,243
Total assets and net position	<u>\$ 2,415,747,741</u>
Net position consists of:	
Internal participants' units outstanding (\$1.00 par), unrestricted	\$ 2,389,606,736
External participants' units outstanding (\$1.00 par)	26,141,005
Net position	<u>\$ 2,415,747,741</u>
Participants net position value, offering price and redemption price per share (\$2,415,747,741/2,417,128,423 units)	<u>\$ 1</u>

**Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2025**

Investment Income *	\$ 103,121,011
Distributions to participants:	
Distributions paid and payable	(103,121,011)
Share transactions at net position value of \$1.00 per share:	
Purchase of units	\$ 44,927,861,741 *
Redemption of units	<u>(44,682,465,243)</u>
Net increase (decrease) in net position and shares resulting from share transactions	<u>245,396,498 *</u>
Total increase (decrease) in net position	245,396,498 *
Net position, July 1, 2024	<u>2,170,351,243</u>
Net position, June 30, 2025	<u>\$ 2,415,747,741</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 \$2,462,364 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 \$10,408,512 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 \$4,634,683 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 \$2,109,796 is held in money market funds for the purpose of debt service.

Solid Waste Activities

Cash with fiscal agents of \$11,601,518 is held in money market funds for the purpose of debt service.

4) Fiduciary Funds

Investment Overview

The Montgomery County code authorizes 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, 2025, the fair value of the mutual and commingled investment funds was \$881,078,470. The fair value of the investments in international mutual funds was \$197,011,241.

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, 2025, the fair value of the mutual and commingled investment funds was \$707,015,990, of which \$95,976,087 was invested in international mutual funds.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Consolidated Retiree Health Benefits Trust (CRHBT):

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

Fair Value Measurement

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

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

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

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

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, 2025	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	\$ 1,468,600	\$ -	\$ 1,468,600	\$ -
Corporate bonds	326,533,662	-	324,392,617	2,141,045
Total debt securities	328,002,262	-	325,861,217	2,141,045
Equity Securities				
Self directed - various securities	48,393,108	48,393,108	-	-
Consumer goods	214,111,162	214,088,334	-	22,828
Energy	38,091,088	37,835,868	83,974	171,246
Financial services	213,215,192	213,215,192	-	-
Health care	137,564,300	137,550,690	-	13,610
Industrials	205,837,453	205,141,274	-	696,179
Information technology	337,478,610	337,478,610	-	-
Materials	56,419,145	56,194,261	-	224,884
Telecommunication services	96,970,167	96,730,175	-	239,992
Utilities	25,103,867	25,103,867	-	-
Real estate	32,906,561	32,906,561	-	-
Miscellaneous	378,476	41,829	11,557	325,090
Total equity securities	1,406,469,129	1,404,679,769	95,531	1,693,829
Securities lending collateral fund	93,558,654	-	93,558,654	-
Total investments by fair value level	1,828,030,045	\$ 1,404,679,769	\$ 419,515,402	\$ 3,834,874

Investments measured at the net asset value (NAV)

Commingled equity funds	1,543,641,639
Commingled bond funds	1,895,933,035
Commingled funds (other)	849,670,607
Hedge fund	537,789
Fund-of-hedge funds	311,065,208
Private real assets	637,225,489
Private equity/debt	1,455,113,518
Total investments measured at the NAV	6,693,187,285

Investments measured at amortized cost

Short-term investments	216,908,369
Total investment measured at amortized cost	216,908,369
Synthetic guaranteed investments contracts measured at contract value	68,087,082
Total investments	\$ 8,806,212,781

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

	June 30, 2025	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments derivative instruments:				
Foreign exchange contracts	\$ (8,116,162)	\$ -	\$ (8,116,162)	\$ -
Credit default swaps	902,041	-	902,041	-
 Total investments derivative instruments	 \$ (7,214,121)	 \$ -	 \$ (7,214,121)	 \$ -

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	\$ 598,482,947	\$ -	Daily, Weekly, Monthly	0-30 days
Commingled bond funds	1,352,023,296	-	Daily, Monthly	0-5 days
Commingled funds (other)	6,012,635	-	Daily	None
Hedge funds	537,789	-	Monthly, Quarterly	5-90 days
Fund-of-hedge funds	211,002,675	-	Quarterly	95 days
Private real assets	550,750,252	91,581,608	Not eligible	N/A
Private equity/debt	1,214,067,199	268,377,892	Not eligible	N/A
Total investments measured at the NAV	<u>\$ 3,932,876,793</u>	<u>\$ 359,959,500</u>		

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

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	\$ 162,340,231	\$ -	Daily	None
Commingled bond funds	13,949,705	-	Daily	None
Commingled funds (other)	663,071,366	-	Daily	None
Total investments measured at the NAV	<u>\$ 839,361,302</u>	<u>\$ -</u>		

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	\$ 420,062,950	\$ -	Daily	None
Commingled bond funds	32,517,093	-	Daily	None
Commingled funds (other)	180,586,606	-	Daily	None
Total investments measured at the NAV	<u>\$ 633,166,649</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	\$ 362,755,511	\$ -	Daily, Weekly, Monthly	0-30 days
Commingled bond funds	497,442,941	-	Daily, Monthly	0-5 days
Fund-of-hedge funds	100,062,533	-	Quarterly	95 days
Private real assets	86,475,237	35,210,212	Not eligible	N/A
Private equity/debt	241,046,319	30,943,518	Not eligible	N/A
Total investments measured at the NAV	<u>\$1,287,782,541</u>	<u>\$ 66,153,730</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 three bond funds and nine equity funds are considered for RSP and DCP while six bond funds and seven 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 fifty-eight and fifty-five private real asset limited partnerships for the ERS and CRHBT, respectively. Private real asset funds include U.S. real estate, oil and gas, timber, agriculture and other real asset investments. The fair value of these funds has been determined using the net asset values as of June 30, 2025. 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 eighteen and ninety-four 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, 2025. 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 assets.

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2025 are as follows:

Employees' Retirement System:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
Foreign Government Obligations	BB	\$ 603,312	0.04%
	B	234,034	0.01
Corporate Bonds	A	529,496	0.03
	BBB	5,877,779	0.35
	BB	88,105,926	5.19
	B	64,287,052	3.79
	CCC	20,494,129	1.21
	CC	36,179	0.00
	C	196,627	0.01
	D	1,655,477	0.10
	Unrated	7,145,170	0.42
Fixed Income Pooled Funds *	AAA	69,603,495	4.10
	AA	1,007,704,688	59.35
	A	72,582,595	4.27
	BBB	116,681,129	6.87
	BB	85,154,597	5.01
	Unrated	222,392	0.01
Short-term Investments and Other	Unrated	156,903,131	9.24
Total Fixed Income Securities		<u>\$ 1,698,017,208</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
Foreign Government Obligations	BB	\$ 449,228	0.06%
	B	182,026	0.03
Corporate Bonds	A	385,124	0.06
	BBB	4,491,310	0.65
	BB	66,175,078	9.50
	B	46,958,869	6.74
	CCC	14,574,395	2.09
	CC	21,601	0.01
	C	9,127	0.00
	D	840,099	0.12
	Unrated	4,750,225	0.68
Fixed Income Pooled Funds*	AAA	6,995,143	1.01
	AA	419,320,288	60.28
	A	18,064,027	2.59
	BBB	19,090,029	2.74
	BB	33,919,144	4.87
	Unrated	54,309	0.01
Short-term Investments and Others	Unrated	60,005,238	8.62
Total Fixed Income Securities		<u>\$ 696,285,260</u>	<u>100.00%</u>

* Fixed Income Pooled Funds include the funds holding U.S. government obligations or obligations explicitly guaranteed by the U.S. government.

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, 2025, 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
Fixed Income Pooled Funds	5.99	\$ 1,351,948,896	79.62%
Foreign Government Obligations	2.27	837,346	0.05
Corporate Bonds	3.32	188,327,835	11.09
Short-term Investments and Other *	N/A	156,903,131	9.24
Total Fixed Income Securities		<u>\$ 1,698,017,208</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
Fixed Income Pooled Funds	6.27	\$ 497,442,941	71.44%
Foreign Government Obligations	2.18	631,254	0.09
Corporate Bonds	3.26	138,205,827	19.85
Short-term Investments *	N/A	60,005,238	8.62
Total Fixed Income Securities		<u>\$ 696,285,260</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
British pound sterling	\$ 35,900,869	\$ -	\$ 27,600,039	\$ 63,500,908
Japanese yen	36,468,134	-	(11,935,443)	24,532,691
South Korean won	-	-	22,483,976	22,483,976
Brazilian real	-	-	22,104,120	22,104,120
Indonesian rupiah	-	-	19,063,162	19,063,162
Norwegian krone	2,650,119	-	14,235,199	16,885,318
Swedish Krona	8,689,792	-	8,001,341	16,691,133
Canadian dollar	-	-	11,887,432	11,887,432
Mexican peso	-	-	11,774,513	11,774,513
Peruvian nuevo sol	-	-	11,298,247	11,298,247
Other currencies	64,591,322	-	(317,449,633)	(252,858,311)
Total International Securities	<u>\$ 148,300,236</u>	<u>\$ -</u>	<u>\$ (180,937,047)</u>	<u>\$ (32,636,811)</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Consolidated Retiree Health Benefits Trust:

International Securities	Equity	Fixed Income	Short-term and Other	Total Non-U.S. Dollar
British pound sterling	\$ 22,440,603	\$ -	\$ 4,828,514	\$ 27,269,117
Japanese yen	22,831,924	-	(2,782,413)	20,049,511
Swedish krona	5,346,445	-	2,000,334	7,346,779
South Korean won	-	-	5,620,993	5,620,993
Brazilian real	-	-	5,526,029	5,526,029
Norwegian krone	1,666,061	-	3,558,799	5,224,860
Indonesian rupiah	-	-	4,765,790	4,765,790
Hong Kong dollar	3,992,450	-	-	3,992,450
Mexican peso	-	-	2,943,628	2,943,628
Danish krone	2,933,907	-	-	2,933,907
Other currencies	33,196,264	-	(78,117,477)	(44,921,213)
Total International Securities	\$ 92,407,654	\$ -	\$ (51,655,803)	\$ 40,751,851

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 FY25, 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, 2025, the ERS held 316 long U.S. Treasury futures contracts with notional exposure of \$42,142,758 and the CRHBT Fund held 127 long U.S. Treasury futures contracts with total notional exposure of \$16,955,859. The ERS also held 26 currency futures contracts and 608 equity futures contracts with notional exposure of \$1,915,680 and \$85,451,698, respectively and the CRHBT held 12 currency futures contracts with total notional exposure of \$884,160 and 299 equity futures contracts with total notional exposure of \$40,007,265.

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, 2025, the ERS held \$929,044,745 buy foreign exchange contracts and \$935,537,598 sell foreign exchange contracts with unrealized loss of \$6,492,852 while the CRHBT held \$232,359,498 buy foreign exchange contracts and \$233,982,808 sell foreign exchange contracts with unrealized loss of \$1,623,310.

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, 2025,

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

the ERS held one credit default swap index sell contract with a fair value of \$524,699 and notional amount of \$6,858,000 and the CRHBT held one credit default swap sell contract with a fair value of \$377,342 and notional exposure of \$4,932,000.

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 securities for 102 percent for domestic and 105 percent for international securities 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 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, 2025, the fair value of securities on loan was \$209,025,786 and \$113,244,057 for the ERS and CRHBT, respectively. Cash received as collateral and the related liability of \$71,987,763 and \$21,570,891 as of June 30, 2025 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 \$3,840,855 and \$3,272,708, 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 \$1,225,031 and \$976,401, 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 as of June 30, 2025:

Employees' Retirement System:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
Corporate Bonds	\$ 43,888,046	\$ -	\$ 44,754,048
Equities	26,564,606	-	27,233,715
Lent for Non-Cash Collateral:			
Government Obligations	18,433,884	19,276,122	-
Corporate Bonds	120,139,250	127,739,472	-
Total	<u>\$ 209,025,786</u>	<u>\$ 147,015,594</u>	<u>\$ 71,987,763</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Consolidated Retiree Health Benefits Trust:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
Corporate Bonds	\$ 16,873,069	\$ -	\$ 17,265,226
Equities	4,154,636	-	4,305,665
Lent for Non-Cash Collateral:			
Corporate Bonds	21,384,297	22,040,356	-
Equities	70,832,055	74,583,602	-
Total	<u>\$ 113,244,057</u>	<u>\$ 96,623,958</u>	<u>\$ 21,570,891</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. As of June 30, 2025, 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, 2025, 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, 2025 was P-1.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

As of June 30, 2025, HOC had the following cash, cash equivalents, investments and maturities:

	Fair Value				Rating
<u>Cash and Cash Equivalents:</u>					
General Sub-Fund:					
Money Market Accounts	\$ 34,715,779				N/A
Opportunity Housing Sub-Fund:					
Investment in MLGIP	3,054,198				AAAm
Money Market Accounts	22,785,398				N/A
Public Sub-Fund:					
Investment in MLGIP	2,239,639				AAAm
Multi-Family Sub-Fund:					
Money Market Accounts	125,839,173				N/A
Single Family Fund:					
Money Market Accounts	25,325,975				N/A
Real Estate Limited Partnership:					
Money Market Accounts	7,138,329				N/A
Total cash, cash equivalents and investments	221,098,491				
<u>Short-term Investments:</u>					
Single Family Sub-Fund:					
FNMA Pass through Certificates	1,471,209				Aa1
GNMA Pass through Certificates	1,165,208				Aa1
FHLMC MBS	1,172,958				Aa1
Total short-term investments	3,809,375				
		1-5 years	6-10 years	Greater than 10 years	Rating
<u>Long-term Investments:</u>					
Multi-Family Sub Fund:					
Bank One Investment Agreement	591,525	591,525	-	-	AA/Aa2
Fannie Mae	2,593,042	2,593,042	-	-	Aaa
Federal Farm Credit Banks	4,597,577	876,020	310,607	3,410,950	Aaa
Federal Home Loan Banks	819,234	819,234	-	-	Aaa
Federal Home Loan Mtg Corp	741,512	-	741,512	-	Aaa
Idaho Housing & Finance Association	1,300,000	-	-	1,300,000	Aaa
Mass Mutual Life Ins GIC	17,475,000	17,475,000	-	-	Unrated
Toronto-Dominium Bank GIC	31,033,822	31,033,822	-	-	Aaa
U.S. Treasuries	252,597	252,597	-	-	Aaa
Single Family Sub-Fund:					
Fannie Mae	882,442	882,442	-	-	Aa1
Federal Farm Credit Banks	2,107,002	-	2,107,002	-	Aa1
Federal Home Loan Banks	4,028,005	-	-	4,028,005	Aa1
Federal Home Loan Mtg Corp	3,388,711	-	1,340,815	2,047,896	Aa1
FHLMC MBS	45,098,621	-	-	45,098,621	Aa1
FNMA Pass-through Certificates	57,937,632	-	-	57,937,632	Aa1
GNMA Pass-through Certificates	45,296,194	-	-	45,296,194	Aa1
Tennessee Valley Authority	2,596,110	-	-	2,596,110	Aa1
Total long-term investments	220,739,026	54,523,682	4,499,936	161,715,408	
Cash balances	160,828,108				
Total cash, cash equivalents and investments	\$ 606,475,000				

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; and 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, 2025	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	\$ 3,475,484	\$ -	\$ 3,475,484	\$ -
Federal Farm Credit Banks	6,704,579	-	6,704,579	-
Federal Home Loan Banks	4,847,239	-	4,847,239	-
Federal Home Loan Mortgage Corp	4,130,223	-	4,130,223	-
FNMA Pass-Through Certificates	59,408,841	-	59,408,841	-
GNMA Pass-Through Certificates	46,461,402	-	46,461,402	-
FHLMC Pass-Through Certificates	46,271,579	-	46,271,579	-
Investment Agreements	591,525	-	591,525	-
Idaho Housing & Finance Association	1,300,000	-	1,300,000	-
Mass Mutual Life Insurance GIC	17,475,000	-	17,475,000	-
Tennessee Valley Authority	2,596,110	-	2,596,110	-
Toronto-Dominium Bank GIC	31,033,822	-	31,033,822	-
U.S. Treasuries	252,597	252,597	-	-
Subtotal - Debt Securities	224,548,401	252,597	224,295,804	-
Investment Derivative Instruments				
Hedging Derivative Instrument-Asset	4,662,671	-	4,662,671	-
Total investments by fair value level	\$ 229,211,072	\$ 252,597	\$ 228,958,475	\$ -

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, 2025, 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	Other Governmental Funds	Total Governmental Funds
Receivables						
Income taxes	\$ 547,205,520	\$ -	\$ -	\$ -	\$ -	\$ 547,205,520
Property taxes	24,731,716	-	-	-	20,772,088	45,504,552
Accounts	11,598,385	-	-	-	45,472,706	62,292,625
Notes	47,857	-	5,067,205	17,960,000	-	23,075,062
Parking violations	1,032,886	-	-	-	624,100	1,656,986
Mortgages	266,878	463,297,128	59,349,550	-	1,324,145	524,237,701
Interest	51,558	-	-	-	-	51,558
Total receivables	584,934,800	463,297,128	64,416,755	17,960,000	68,193,039	1,204,024,004
Allowance for uncollectible accounts	(7,437,795)	(23,281,896)	(5,067,205)	-	(15,351,487)	(56,360,665)
Total receivable (net)	<u>\$ 577,497,005</u>	<u>\$ 440,015,232</u>	<u>\$ 59,349,550</u>	<u>\$ 17,960,000</u>	<u>\$ 52,841,552</u>	<u>\$ 1,147,663,339</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 266,878</u>	<u>\$ 463,297,128</u>	<u>\$ 64,416,755</u>	<u>\$ -</u>	<u>\$ 1,324,145</u>	<u>\$ 529,304,906</u>
	Liquor	Solid Waste Activities	Parking Lot Districts	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Property taxes	\$ -	\$ -	\$ 265,328	\$ -	\$ 265,328	\$ -
Accounts	4,218,454	535,049	44,378	722,106	5,519,987	24,555,775
Parking violations	-	-	7,126,252	-	7,126,252	-
Interest	-	-	79,129	-	79,129	-
Total receivables	4,218,454	535,049	7,515,087	722,106	12,990,696	24,555,775
Allowance for uncollectible accounts	(1,144,383)	(10,950)	(4,185,733)	(333,369)	(5,674,435)	-
Total receivable (net)	<u>\$ 3,074,071</u>	<u>\$ 524,099</u>	<u>\$ 3,329,354</u>	<u>\$ 388,737</u>	<u>\$ 7,316,261</u>	<u>\$ 24,555,775</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, 2025, were:

Due from Component Units / Due to Primary Government:

Due from Component Units:	MCPS	MC	MCRA	HOC	BUP	Total
Due to Primary Government:						
General	\$ 599,629	\$ 3,159	\$ -	\$ 29,512	\$ -	\$ 632,300
Housing Initiative	-	-	-	106,925,313	-	106,925,313
Grants	-	-	-	12,086,858	-	12,086,858
Debt Service	-	-	2,719,297	-	-	2,719,297
Capital Projects	-	-	-	13,074,816	-	13,074,816
Nonmajor Governmental	399,875	-	-	-	-	399,875
Solid Waste Activities	65,178	545	-	-	-	65,723
Parking Lot Districts	-	-	-	475,240	-	475,240
Internal Service	60,673	4,114	126,550	680,306	28,083	899,726
Fiduciary	-	-	11,485	231,008	-	242,493
Total Due to Primary Government	<u>\$ 1,125,355</u>	<u>\$ 7,818</u>	<u>\$ 2,857,332</u>	<u>\$ 133,503,053</u>	<u>\$ 28,083</u>	<u>\$ 137,521,641</u>

Due to Component Units / Due from Primary Government:

Due to Component Units:	MCPS	MC	MCRA	HOC	BUP	Total
Due from Primary Government:						
General	\$ 1,344,501	\$ 3,661	\$ 75,005	\$ 24,332	\$ 60,699	\$ 1,508,198
Housing Initiative	-	-	-	977	-	977
Debt Service	-	2,520	-	-	-	2,520
Capital Projects	65,278,507	9,356,510	-	375,684	-	75,010,701
Nonmajor Governmental	83,257	194,170	-	-	-	277,427
Parking Lot Districts	-	-	-	-	444	444
Nonmajor Enterprise	769,845	-	-	-	-	769,845
Internal Service	15,123	-	-	-	-	15,123
Total Due from Primary Government	<u>\$ 67,491,233</u>	<u>\$ 9,556,861</u>	<u>\$ 75,005</u>	<u>\$ 400,993</u>	<u>\$ 61,143</u>	<u>\$ 77,585,235</u>

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

- \$12.1 million due from HOC to the Grants Special Revenue Fund and \$13.1 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.
- \$106.9 million due from HOC to the Housing Initiative Special Revenue Fund represents mortgage loans, which are generally repayable based on project cash flows, specified future dates, or sales of the respective properties.
- \$65.2 million due to MCPS and \$9.4 million due to MC from the Capital Projects Fund represents 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, 2025, was comprised of the following:

	General	Grants	Capital Projects	Solid Waste Activities	Parking Lot Districts	Nonmajor Governmental	Internal Service	Fiduciary	Total
Federal government	\$ 10,688	\$ 20,786,017	\$ 647	\$ 7,951	\$ -	\$ -	\$ -	\$ -	\$ 20,805,303
State of Maryland	38,745,996	14,686,662	210,814	6,957	-	202,974	232,479	-	54,085,882
Other	141,088	860,368	1,041,535	100,497	189,944	68,658	634,496	2,440	3,039,026
Total	<u>\$ 38,897,772</u>	<u>\$ 36,333,047</u>	<u>\$ 1,252,996</u>	<u>\$ 115,405</u>	<u>\$ 189,944</u>	<u>\$ 271,632</u>	<u>\$ 866,975</u>	<u>\$ 2,440</u>	<u>\$ 77,930,211</u>

4) Due to Other Governments

The total amount due to other governments as of June 30, 2025 is \$160.0 million. This amount is comprised mainly of \$112.9 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, 2025, was as follows:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Governmental Activities				
Nondepreciable Capital Assets:				
Land	\$ 1,183,690,261	\$ 31,230,696	\$ (198,484,913)	\$ 1,016,436,044
Construction in progress	1,474,680,724	276,827,176	(479,363,433)	1,272,144,467
Total Nondepreciable Capital Assets	2,658,370,985	308,057,872	(677,848,346)	2,288,580,511
Buildings	1,456,187,304	144,772,860	-	1,600,960,164
Improvements other than buildings	215,853,206	131,163,912	-	347,017,118
Furniture, fixtures, equipment and machinery	277,741,006	40,567,677	(754,101)	317,554,582
Leasehold improvements	17,924,190	52,801	-	17,976,991
Automobiles and trucks	372,450,472	39,616,747	(8,191,530)	403,875,689
Infrastructure	3,017,368,496	161,505,728	-	3,178,874,224
Other assets	145,342,161	6,593,090	-	151,935,251
Lease assets - buildings	158,343,301	22,092,710	(1,374,728)	179,061,283
Lease assets - land	4,436,606	-	-	4,436,606
Lease assets - equipment	318,735	654,207	(318,735)	654,207
Subscription assets	28,797,399	2,650,742	(244,212)	31,203,929
Total Depreciable and Amortizable Capital Assets	5,694,762,876	549,670,474	(10,883,306)	6,233,550,044
Less Accumulated Depreciation and Amortization for:				
Buildings	(613,180,714)	(30,732,454)	-	(643,913,168)
Improvements other than buildings	(49,139,324)	(4,849,759)	-	(53,989,083)
Furniture, fixtures, equipment and machinery	(232,448,637)	(6,467,420)	724,738	(238,191,319)
Leasehold improvements	(17,038,749)	(418,317)	-	(17,457,066)
Automobiles and trucks	(281,749,045)	(22,749,770)	7,624,188	(296,874,627)
Infrastructure	(1,115,434,740)	(58,401,979)	-	(1,173,836,719)
Other assets	(55,949,894)	(4,127,940)	-	(60,077,834)
Lease assets - buildings	(61,922,426)	(15,256,035)	1,374,728	(75,803,733)
Lease assets - land	(803,523)	(200,743)	-	(1,004,266)
Lease assets - equipment	(303,568)	(86,106)	318,735	(70,939)
Subscription assets	(9,134,402)	(5,863,583)	190,237	(14,807,748)
Total Accumulated Depreciation and Amortization	(2,437,105,022)	(149,154,106)	10,232,626	(2,576,026,502)
Total Depreciable and Amortizable Assets, net	3,257,657,854	400,516,368	(650,680)	3,657,523,542
Governmental Activities Capital Assets, net	\$ 5,916,028,839	\$ 708,574,240	\$ (678,499,026)	\$ 5,946,104,053
Business-Type Activities				
Nondepreciable Capital Assets:				
Land	\$ 58,370,976	\$ -	\$ -	\$ 58,370,976
Construction in progress	1,659,791	1,921,582	-	3,581,373
Total Nondepreciable Capital Assets	60,030,767	1,921,582	-	61,952,349
Depreciable and Amortizable Capital Assets:				
Buildings	305,016,125	3,245,212	-	308,261,337
Improvements other than buildings	220,902,202	4,760,701	-	225,662,903
Furniture, fixtures, equipment and machinery	40,324,500	2,274,464	(1,316,657)	41,282,307
Infrastructure	14,351	-	-	14,351
Automobiles and trucks	9,072,048	953,175	(521,332)	9,503,891
Lease assets - buildings	73,268,154	732,711	-	74,000,865
Subscription assets	5,631,580	17,860	(403,767)	5,245,673

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Total Depreciable and Amortizable Capital Assets	\$ 654,228,960	\$ 11,984,123	\$ (2,241,756)	\$ 663,971,327
Less Accumulated Depreciation and Amortization for:				
Buildings	(206,500,297)	(7,143,580)	-	(213,643,877)
Improvements other than buildings	(156,398,862)	(2,854,059)	-	(159,252,921)
Furniture, fixtures, equipment and machinery	(33,486,858)	(1,794,147)	1,153,748	(34,127,257)
Infrastructure	(10,189)	(574)	-	(10,763)
Automobiles and trucks	(5,067,076)	(683,000)	521,332	(5,228,744)
Lease assets - buildings	(23,861,481)	(5,752,593)	-	(29,614,074)
Subscription assets	(3,656,730)	(753,808)	403,767	(4,006,771)
Total Accumulated Depreciation and Amortization	(428,981,493)	(18,981,761)	2,078,847	(445,884,407)
Total Depreciable and Amortizable Assets, net	225,247,467	(6,997,638)	(162,909)	218,086,920
Business-Type Activities Capital Assets, net	\$ 285,278,234	\$ (5,076,056)	\$ (162,909)	\$ 280,039,269

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

Governmental activities:	
General government	\$ 44,480,436
Public safety	10,422,320
Transportation	82,767,800
Health and human services	640,445
Culture and recreation	7,772,086
Community development and housing	549,809
Environment	2,521,210
Total depreciation/amortization expense-governmental activities	\$ 149,154,106
Business-type activities:	
Liquor	\$ 7,801,709
Solid waste activities	2,043,830
Parking lot districts	8,593,146
Permitting services	543,076
Total depreciation/amortization expense-business-type activities	\$ 18,981,761

Construction commitments as of June 30, 2025, are as follows:

General government	\$ 76,527,890
Public safety	17,698,830
Transportation	159,313,806
Health and human services	4,000,000
Culture & recreation	549,696
Community development and housing	9,366,129
Environment	36,254,400
Total	\$ 303,710,751

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

Capital assets of MCPS, amounting to \$4,083.9 million as of June 30, 2025, are significant in relation to the total component unit capital assets.

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Governmental Activities				
Nondepreciable capital assets:				
Land	\$ 113,117,160	\$ -	\$ -	\$ 113,117,160
Construction in progress	298,624,993	182,411,856	(218,080,843)	262,956,006
Total nondepreciable capital assets	411,742,153	182,411,856	(218,080,843)	376,073,166
Depreciable capital assets:				
Buildings and improvements	4,631,221,359	225,173,934	-	4,856,395,293
Site improvements	571,800,086	32,988,239	-	604,788,325
Vehicles and equipment	217,247,250	1,238,963	(6,135,102)	212,351,111
Lease assets - buildings	106,711,731	111,304	-	106,823,035
Lease assets - vehicles	12,957,472	71,269	-	13,028,741
Subscription asset	42,009,922	6,602,746	-	48,612,668
Total depreciable capital assets	5,581,947,820	266,186,455	(6,135,102)	5,841,999,173
Less accumulated depreciation for:				
Buildings and improvements	(1,831,869,846)	(125,355,498)	-	(1,957,225,344)
Site improvements	(137,451,296)	(10,335,471)	-	(147,786,767)
Vehicles and equipment	(138,195,392)	(14,108,106)	6,083,257	(146,220,241)
Lease assets - buildings	(6,791,674)	(3,184,457)	-	(9,976,131)
Lease assets - vehicles	(2,907,126)	(1,010,784)	-	(3,917,910)
Subscription asset	(10,182,276)	(9,103,924)	-	(19,286,200)
Total accumulated depreciation	(2,127,397,610)	(163,098,240)	6,083,257	(2,284,412,593)
Total depreciable capital assets, net	3,454,550,210	103,088,215	(51,845)	3,557,586,580
Government activities capital assets, net	<u>\$ 3,866,292,363</u>	<u>\$ 285,500,071</u>	<u>\$ (218,132,688)</u>	<u>\$ 3,933,659,746</u>
Business-Type Activities				
Depreciable capital assets:				
Vehicles and equipment	\$ 23,606,937	\$ 1,081,603	\$ (165,624)	\$ 24,522,916
Lease assets - buildings	161,281,632	-	-	161,281,632
Subscription asset	-	726,315	-	726,315
Total depreciable capital assets	184,888,569	1,807,918	(165,624)	186,530,863
Less accumulated depreciation for:				
Vehicles and equipment	(19,770,451)	(1,054,261)	163,847	(20,660,865)
Lease assets - buildings	(11,013,657)	(4,485,563)	-	(15,499,220)
Subscription asset	-	(95,254)	-	(95,254)
Total accumulated depreciation	(30,784,108)	(5,635,078)	163,847	(36,255,339)
Business-type activities capital assets, net	<u>\$ 154,104,461</u>	<u>\$ (3,827,160)</u>	<u>\$ (1,777)</u>	<u>\$ 150,275,524</u>
Total MCPS government-wide capital assets				<u>\$ 4,083,935,270</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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

Governmental activities:	
Regular instruction	\$ 113,890,930
Special education	75,129
Student transportation	13,531,752
Operation of plant	3,660,046
Maintenance of plant	22,747,037
Administration	9,185,858
Community services	<u>7,488</u>
Total depreciation expense-governmental activities	<u>\$ 163,098,240</u>
Business-type activities:	
Food services	\$ 1,139,325
Real estate management	4,485,563
Entrepreneurial	<u>10,190</u>
Total depreciation expense-business type activities	<u>\$ 5,635,078</u>

Commitments for ongoing construction in progress as of June 30, 2025, were \$364,071,277.

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, 2025 , is as follows:

Due To Fund	Due From Fund			
	General	Internal Service	Fiduciary	Total
General	\$ -	\$ 5,929,469	\$ 4,403,112	\$ 10,332,581
Housing Initiative	-	19,746	16,246	35,992
Grants	16,258,127	198,426	110,373	16,566,926
Debt Service	103,272	-	-	103,272
Capital Projects	177,157,459	186,434	145,175	177,489,068
Liquor	-	410,499	162,016	572,515
Solid Waste Activities	-	101,216	68,521	169,737
Parking Lot Districts	-	42,964	27,767	70,731
Nonmajor Governmental	1,300,000	2,347,386	2,971,247	6,618,633
Nonmajor Enterprise	-	251,421	172,382	423,803
Internal Service	2,341,798	247,224	5,310,203	7,899,225
Fiduciary	200,000	16,680	15,900	232,580
Total	<u>\$ 197,360,656</u>	<u>\$ 9,751,465</u>	<u>\$ 13,402,942</u>	<u>\$ 220,515,063</u>

Included in the amounts presented above are the following short-term loans from the General Fund that were, or will be, repaid during FY26:

- \$16.3 million to the Grants Special Revenue Fund to cover vendor payments prior to revenues being received from other government agencies.
- \$177.2 million to the Capital Projects Fund to cover construction payments, due primarily to the timing of reimbursements from Federal, State and other agencies, and the lag time between programming and collection of certain impact taxes. \$40.3 million of this total is related to projects in the White Flint Special Taxing District. See Note II-A for additional information on the White Flint Special Taxing District.
- \$2.3 million to the Employee Health Benefits Self-Insurance Fund to cover a shortfall between claims and other contractual service expenses paid and the contributions received during the fiscal year.

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, 2025 , consisted of the following:

Transfers Out Fund	Transfers In Fund				Subtotal Major Governmental
	General	Housing Initiative	Debt Service	Capital Projects	
General	\$ -	\$ 40,054,468	\$ 373,885,890	\$ 127,351,867	\$ 541,292,225
Housing Initiative	674,116	-	15,705,122	1,485,394	17,864,632
Capital Projects	-	85,674,034	-	-	85,674,034
Debt Service	-	-	-	61,388,840	61,388,840
Liquor	21,719,220	-	4,440,383	-	26,159,603
Solid Waste Activities	4,171,532	-	-	-	4,171,532
Parking Lot Districts	5,097,849	-	-	-	5,097,849
Nonmajor Governmental	57,046,888	-	61,550,223	62,347,483	180,944,594
Nonmajor Enterprise	8,331,656	-	1,200,945	-	9,532,601
Internal Service Funds	-	-	516,300	-	516,300
Total	<u>\$ 97,041,261</u>	<u>\$ 125,728,502</u>	<u>\$ 457,298,863</u>	<u>\$ 252,573,584</u>	<u>\$ 932,642,210</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Transfers Out Fund	Transfers In Fund				Total
	Liquor	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	
General	\$ -	\$ 1,791,010	\$ 25,000	\$ -	\$ 543,108,235
Housing Initiative	-	-	-	-	17,864,632
Capital Projects	1,408,730	-	-	-	87,082,764
Debt Service	-	-	-	-	61,388,840
Liquor	-	-	-	-	26,159,603
Solid Waste Activities	-	-	-	-	4,171,532
Parking Lot Districts	-	-	-	-	5,097,849
Nonmajor Governmental	-	2,400,000	-	-	183,344,594
Nonmajor Enterprise	-	-	-	-	9,532,601
Internal Service Funds	-	-	-	-	516,300
Total	<u>\$ 1,408,730</u>	<u>\$ 4,191,010</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 938,266,950</u>

Primary activities include:

- Transfers from major and nonmajor governmental funds to the Debt Service Fund to provide funding for debt service principal and interest payments;
- Transfers of current receipts and pay as you go (PAYGO) 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)

As of June 30, 2025, the statement of net position includes the following amounts relating to leases:

	Governmental Activities	Business-type Activities	Total
Lease assets:			
Buildings	\$ 179,061,283	\$ 74,000,865	\$ 253,062,148
Land	4,436,606	-	4,436,606
Equipment	654,207	-	654,207
Total lease assets	184,152,096	74,000,865	258,152,961
Less accumulated amortization for:			
Lease assets:			
Buildings	(75,803,733)	(29,614,074)	(105,417,807)
Land	(1,004,266)	-	(1,004,266)
Equipment	(70,939)	-	(70,939)
Total accumulated amortization	(76,878,938)	(29,614,074)	(106,493,012)
Total lease assets, net:			
Buildings	103,257,550	44,386,791	147,644,341
Land	3,432,340	-	3,432,340
Equipment	583,268	-	583,268
Total	<u>\$ 107,273,158</u>	<u>\$ 44,386,791</u>	<u>\$ 151,659,949</u>
Lease payable:			
Current	\$ 12,679,277	\$ 4,880,272	\$ 17,559,549
Non-current	105,882,132	43,478,992	149,361,124
Total	<u>\$ 118,561,409</u>	<u>\$ 48,359,264</u>	<u>\$ 166,920,673</u>

The future principal and interest lease payments as of June 30, 2025, are as follows:

Fiscal Year	Governmental activities			Business-type activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 12,679,277	\$ 2,461,764	\$ 15,141,041	\$ 4,880,272	\$ 1,207,672	\$ 6,087,944
2027	13,708,576	2,176,368	15,884,944	4,597,203	1,092,633	5,689,836
2028	11,293,255	1,900,941	13,194,196	4,145,875	987,363	5,133,238
2029	10,014,690	1,664,420	11,679,110	3,876,311	885,015	4,761,326
2030	7,765,992	1,466,772	9,232,764	3,323,284	792,653	4,115,937
2031-2035	33,025,614	4,921,911	37,947,525	15,785,522	2,725,434	18,510,956
2036-2040	17,172,623	1,780,914	18,953,537	9,633,171	914,997	10,548,168
2041-2045	6,748,088	720,975	7,469,063	2,117,626	122,715	2,240,341
2046-2050	3,712,586	314,473	4,027,059	-	-	-
2051-2055	2,440,708	56,007	2,496,715	-	-	-
Total	<u>\$118,561,409</u>	<u>\$ 17,464,545</u>	<u>\$136,025,954</u>	<u>\$ 48,359,264</u>	<u>\$ 8,728,482</u>	<u>\$ 57,087,746</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 FY25, the County made \$859,113 of payments under the lease agreement.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

The future principal and interest lease payments as of June 30, 2025, are as follows:

Fiscal Year	Lease Payment Requirements		
	Principal	Interest	Total
2026	\$ 455,000	\$ 406,988	\$ 861,988
2027	475,000	383,738	858,738
2028	500,000	359,363	859,363
2029	525,000	333,738	858,738
2030	555,000	306,738	861,738
2031-2035	3,130,000	1,169,363	4,299,363
2036-2040	3,505,000	800,363	4,305,363
2041-2045	3,885,000	417,431	4,302,431
2046-2047	1,680,000	40,138	1,720,138
Total	<u>\$ 14,710,000</u>	<u>\$ 4,217,860</u>	<u>\$ 18,927,860</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	\$ 2,116,818	\$ 1,815,145	\$3,931,963
Interest revenue	1,162,125	497,174	1,659,299

As of June 30, 2025, 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
2026	\$ 1,628,888	\$ 1,124,246	\$ 2,753,134	\$ 1,633,757	\$ 476,775	\$ 2,110,532
2027	1,680,733	1,082,140	2,762,873	1,611,480	452,582	2,064,062
2028	1,679,387	1,041,211	2,720,598	1,631,792	429,736	2,061,528
2029	1,651,340	992,131	2,643,471	1,651,571	404,374	2,055,945
2030	1,661,144	947,642	2,608,786	1,676,390	379,827	2,056,217
2031-2035	5,419,955	4,199,063	9,619,018	8,723,460	1,520,398	10,243,858
2036-2040	4,619,469	3,665,656	8,285,125	9,379,468	854,761	10,234,229
2041-2045	3,097,255	3,222,775	6,320,030	6,039,980	188,815	6,228,795
2046-2050	2,604,813	2,924,468	5,529,281	207,033	27,197	234,230
2051-2055	2,536,448	2,621,262	5,157,710	141,310	5,020	146,330
2056-2060	2,415,098	2,369,185	4,784,283	-	-	-
2061-2065	3,048,154	2,070,502	5,118,656	-	-	-
2066-2070	2,572,069	1,743,804	4,315,873	-	-	-
2071-2075	2,617,479	1,476,753	4,094,232	-	-	-
2076-2080	3,156,016	1,162,682	4,318,698	-	-	-
2081-2085	3,795,814	783,100	4,578,914	-	-	-
2086-2090	3,600,683	342,196	3,942,879	-	-	-
2091-2095	1,448,711	49,892	1,498,603	-	-	-
Total	<u>\$ 49,233,456</u>	<u>\$ 31,818,708</u>	<u>\$ 81,052,164</u>	<u>\$ 32,696,241</u>	<u>\$ 4,739,485</u>	<u>\$ 37,435,726</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, 2025, the statement of net position includes the following amounts relating to SBITAs:

	Governmental Activities	Business-type Activities	Total
Subscription assets	\$ 31,203,929	\$ 5,245,673	\$ 36,449,602
Less accumulated amortization for:			
Subscription assets	(14,807,748)	(4,006,771)	(18,814,519)
Total subscription assets, net	\$ 16,396,181	\$ 1,238,902	\$ 17,635,083
Subscription liabilities:			
Current	\$ 4,873,712	\$ 512,411	\$ 5,386,123
Non-current	11,109,442	394,594	11,504,036
Total	\$ 15,983,154	\$ 907,005	\$ 16,890,159

The future principal and interest subscription payments as of June 30, 2025, are as follows:

Fiscal Year	Governmental activities			Business-type activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 4,873,712	\$ 480,807	\$ 5,354,519	\$ 512,411	\$ 21,560	\$ 533,971
2027	3,726,667	366,340	4,093,007	220,141	12,390	232,531
2028	2,057,105	261,580	2,318,685	166,679	5,478	172,157
2029	896,444	190,184	1,086,628	7,774	245	8,019
2030	283,842	158,556	442,398	-	-	-
2031-2035	1,586,666	625,324	2,211,990	-	-	-
2036-2040	1,907,391	304,599	2,211,990	-	-	-
2041-2045	651,327	19,405	670,732	-	-	-
Total	\$ 15,983,154	\$ 2,406,795	\$ 18,389,949	\$ 907,005	\$ 39,673	\$ 946,678

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, 2025, was as follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due within one year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 3,080,750,000	\$ 725,125,000	\$ (771,265,000)	\$ 3,034,610,000	\$ 273,150,000
Variable rate demand obligations	170,000,000	-	-	170,000,000	-
Bond anticipation notes	250,000,000	200,000,000	(250,000,000)	200,000,000	200,000,000
Revenue bonds					
Liquor	35,560,566	-	(3,291,322)	32,269,244	3,360,465
Water quality protection	72,751,843	6,395,283	(6,759,254)	72,387,872	6,955,797
Lease revenue bonds payable	3,415,000	-	(440,000)	2,975,000	450,000
Add remaining original issue premium	234,921,752	85,897,614	(76,912,941)	243,906,425	-
Total bonds payable	3,847,399,161	1,017,417,897	(1,108,668,517)	3,756,148,541	483,916,262
Other long-term obligations:					
Certificates of participation	102,490,000	-	(11,785,000)	90,705,000	8,810,000
Taxable limited obligation certificates	130,195,000	-	(8,895,000)	121,300,000	10,310,000
Notes payable	23,125,668	-	(1,759,658)	21,366,010	1,847,318
Equipment notes	41,613,629	34,764,490	(7,529,110)	68,849,009	12,667,043
Leases payable	109,318,252	22,746,917	(13,503,760)	118,561,409	12,679,277
Subscription liabilities	19,200,121	2,650,742	(5,867,709)	15,983,154	4,873,712
Other obligations	43,160,000	50,000,000	(2,235,000)	90,925,000	3,805,000
Add remaining original issue premium	12,322,701	-	(1,698,711)	10,623,990	-
Total other long-term obligations	481,425,371	110,162,149	(53,273,948)	538,313,572	54,992,350
Other non-debt related liabilities:					
Compensated absences ⁽¹⁾	153,705,460	10,574,671 ⁽²⁾	-	164,280,131	22,061,227
Net OPEB liability	727,595,786	-	(117,800,165)	609,795,621	-
Claims payable - self-insurance	234,851,319	271,718,098	(248,306,628)	258,262,789	61,759,474
Net pension liability - county	115,187,188	141,829,522	-	257,016,710	-
Net pension liability - county (LOSAP)	40,001,555	2,022,087	(2,387,145)	39,636,497	1,928,274
Net pension liability - state	5,940,659	401,862	-	6,342,521	-
Claims and judgments	-	2,500,000	-	2,500,000	-
Total other non-debt related	1,277,281,967	429,046,240	(368,493,938)	1,337,834,269	85,748,975
Total Governmental Activities Liabilities	\$ 5,606,106,499	\$ 1,556,626,286	\$ (1,530,436,403)	\$ 5,632,296,382	\$ 624,657,587
Business-Type Activities					
Revenue bonds:					
Liquor	\$ 20,914,434	\$ -	\$ (3,068,678)	\$ 17,845,756	\$ 3,179,535
Parking revenue bonds	16,998,000	-	(1,996,000)	15,002,000	2,030,000
Solid Waste Disposal Construction	-	39,360,000	-	39,360,000	1,120,000
Add remaining original issue premium	1,464,611	-	(397,465)	1,067,146	-
Total revenue bonds	39,377,045	39,360,000	(5,462,143)	73,274,902	6,329,535
Other long-term obligations:					
Certificates of participation	345,000	-	(345,000)	-	-
Leases payable	52,582,804	732,711	(4,956,251)	48,359,264	4,880,272
Subscription liabilities	1,575,530	17,860	(686,385)	907,005	512,411
Total other long-term obligations	54,503,334	750,571	(5,987,636)	49,266,269	5,392,683
Other non-debt related liabilities:					
Compensated absences ⁽¹⁾	12,355,903	1,694,823 ⁽²⁾	-	14,050,726	1,667,863
Net pension liability - county	3,922,397	4,494,502	-	8,416,899	-
Landfill closure costs	14,706,426	10,008,782	(1,932,885)	22,782,323	1,606,696
Guide landfill remediation	21,116,021	-	(15,634,536)	5,481,485	-
Total other non-debt related	52,100,747	16,198,107	(17,567,421)	50,731,433	3,274,559
Total Business-Type Activities Liabilities	\$ 145,981,126	\$ 56,308,678	\$ (29,017,200)	\$ 173,272,604	\$ 14,996,777

⁽¹⁾ The County adopted GASB No. 101, Compensated Absences in FY2025. The restatement of beginning balance is required due to a change in accounting principal. See Note IV.H for more detailed information.

⁽²⁾ The amount displayed as additions represents the net change in the liability.

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, \$5,501,532 (\$613,236 due within one year and \$4,888,296 due in more than one year), \$1,009,629 (\$260,532 due within one year and \$749,097 due in more than one year) and \$671,204 (\$388,669 due within one year and \$282,535 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 62%, and the Fire and Mass Transit funds normally liquidate 18% and 8%, respectively. The remaining 12% is liquidated by other governmental funds.

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

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 reported as restricted fund balance of the Capital Projects Fund.

The County issued \$280,000,000 Consolidated Public Improvement Bonds of 2024, Series A and \$445,125,000 Consolidated Public Improvement Refunding Bonds of 2024, Series B dated October 10, 2024, with a true interest cost of 2.93%. The County received a premium of \$85,897,614.

A detailed listing of refunded bonds is as follows:

Bond Description	Dated Date	Original Maturity	Rate of Interest	Originally Issued	Years Refunded	Amount Refunded
Consolidated Public Improvement Refunding Bonds of 2014, Series B	11/19/14	2016-28	5.0 %	\$ 297,990,000	2025	\$ 107,340,000
Consolidated Public Improvement Refunding Bonds of 2015, Series B	12/01/15	2016-35	3.00 - 5.00	300,000,000	2025	180,000,000
Consolidated Public Improvement Bonds of 2016, Series A	12/13/16	2017-36	3.00 - 5.00	340,000,000	2025	204,000,000

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

General obligation bond issues outstanding as of June 30, 2025, are as follows:

Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2025	Unamortized Premium	Carrying Value June 30, 2025
11/15/17	2018-27	5.00	\$ 170,000,000	\$ 51,000,000	\$ 2,217,862	\$ 53,217,862
11/15/17 *	2018-26	5.00	78,270,000	9,635,000	177,249	9,812,249
11/15/17 *	2019-31	3.00 - 5.00	294,625,000	177,200,000	10,949,608	188,149,608
11/15/17 *	2020-29	3.00 - 4.00	143,830,000	72,145,000	3,058,264	75,203,264
11/08/18	2019-38	3.50 - 5.00	330,000,000	231,000,000	14,474,439	245,474,439
11/07/19	2020-39	3.00 - 5.00	320,000,000	240,000,000	25,167,291	265,167,291
08/05/20	2021-40	1.75 - 4.00	320,000,000	256,000,000	23,030,502	279,030,502
08/05/20 *	2023-32	4.00	163,950,000	137,340,000	16,291,539	153,631,539
08/05/20 *	2023-34	0.50 - 1.85	370,845,000	361,750,000	943,889	362,693,889
09/08/21	2022-41	2.00 - 5.00	310,000,000	263,500,000	32,634,192	296,134,192
09/01/22	2023-42	4.00 - 5.00	280,000,000	252,000,000	26,147,872	278,147,872
09/28/23	2024-43	4.00 - 5.00	280,000,000	266,000,000	14,785,281	280,785,281
10/10/24	2025-44	4.00 - 5.00	280,000,000	280,000,000	29,466,835	309,466,835
10/10/24 *	2024-36	5.00	445,125,000	437,040,000	39,505,295	476,545,295
Total			<u>\$ 3,786,645,000</u>	<u>\$ 3,034,610,000</u>	<u>\$ 238,850,118</u>	<u>\$ 3,273,460,118</u>

* Issue represents refunding bonds.

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

Fiscal Year Ending June 30	General Obligation Bond Requirements		
	Principal	Interest	Total
2026	\$ 273,150,000	\$ 115,324,175	\$ 388,474,175
2027	281,130,000	102,315,505	383,445,505
2028	268,325,000	90,061,840	358,386,840
2029	247,365,000	79,406,709	326,771,709
2030	234,120,000	69,594,664	303,714,664
2031-2035	953,480,000	225,786,699	1,179,266,699
2036-2040	562,040,000	82,804,250	644,844,250
2041-2045	215,000,000	14,780,000	229,780,000
Total	<u>\$ 3,034,610,000</u>	<u>\$ 780,073,842</u>	<u>\$ 3,814,683,842</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, 2025, is \$10,756,001,804.

General obligation bonds authorized and unissued as of June 30, 2025, are \$844,773,000 and \$592,276,000, 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 (VRDOs)

On December 19, 2017, the County issued VRDOs in the amount of \$170,000,000. 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 resets 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 the County anticipates extending, expires on April 12, 2028, and requires U.S. Bank National Association to provide funds for the purchase of VRDOs that have been tendered and not remarketed

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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, 2025, are as follows:

Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2024	Bonds Addition	Bonds Retired	Balance June 30, 2025
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, VRDOs activity is reported with general obligation bonds.

VRDOs requirements to maturity are as follows:

Fiscal Year Ending June 30	Variable Rate Demand Obligation Requirements		
	Principal	Interest*	Total
2026	\$ -	\$ 6,545,000	\$ 6,545,000
2027	-	6,545,000	6,545,000
2028	-	6,545,000	6,545,000
2029	17,000,000	6,217,750	23,217,750
2030	17,000,000	5,563,250	22,563,250
2031-2035	85,000,000	17,998,750	102,998,750
2036-2038	51,000,000	2,945,250	53,945,250
Total	<u>\$ 170,000,000</u>	<u>\$ 52,360,000</u>	<u>\$ 222,360,000</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, 2025 was 3.85%.

4) Revenue Bonds Payable

Revenue bonds are authorized, issued, and outstanding to finance specific projects such as parking garages in the Bethesda Parking Lot District, Alcohol Beverage Service facilities, Water Quality stormwater management facilities, as well as Solid Waste Disposal projects. 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, 2025, are \$676,398,000 and \$74,022,080, respectively.

Parking Revenue Bonds

In May 2021, the County issued \$16,934,000 and \$5,874,000 in Parking Revenue Refunding Bonds Series 2021 A and Series 2021 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 \$17,860,000 in Parking System Projects Revenue Bonds Series 2012A, \$1,820,000 in Refunding Revenue Bonds Series 2012B and \$5,848,000 in Parking Revenue Refunding Bonds Series 2015.

	Dated Date	Original Maturity	Rate of Interest	Originally Issued	Years Refunded	Amount Refunded
Parking Revenue Bonds Refunded:						
Bethesda Parking Lot District 2012	05/16/12	2015-32	3.000 - 5.000 %	\$ 24,190,000	2021-32	\$ 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 \$1,081,625. At the time of refunding, the present value of the debt service savings (or economic gain) on the refunding was \$1,389,969.

Water Quality Protection Charge Revenue Bonds

In April 2016, the County issued \$46,500,000 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 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

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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 \$2,951,552. At the time of refunding, the present value of the debt service savings (or economic gain) on the refunding was \$2,073,860.

A detailed listing of refunded bonds is as follows:

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

Maryland Water Infrastructure Financing Administration Loans

On December 20, 2019, the County entered into two drawdown loans with the Maryland Water Quality Financing Administration, approximating \$50,677,320 and the principal amount of one of the loans was reduced to \$645,948 in 2022. On January 31, 2025, the County entered into a drawdown loan with Maryland Water Infrastructure Financing Administration, approximating \$4,821,600. The loans will be secured by Water Quality Protection Charge revenues and proceeds will fund stormwater management projects. The amount drawn down for the three drawdown loans for fiscal year ended on June 30, 2025, was \$6,395,283.

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.

Alcohol Beverage Services Revenue Bonds

In June 2021, the County issued \$15,895,000 and \$30,205,000 in Alcohol Beverage Services Refunding Revenue Bonds 2021 Series A and Series B, respectively. The County received a premium of \$5,421,165 and \$141,470, 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 \$20,975,000 in Department of Liquor Control 2011 Series A bonds and \$27,920,000 in Department of Liquor Control 2013 Series A bonds, maturing on and after April 1, 2022.

	<u>Dated Date</u>	<u>Original Maturity</u>	<u>Rate of Interest</u>		<u>Originally Issued</u>	<u>Years Refunded</u>	<u>Amount Refunded</u>	<u>Amount Unrefunded</u>
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 \$4,015,369 for Series A and \$3,976,506 for Series B. At the time of refunding, the present value of the debt service savings (or economic gain) on the refunding was \$4,314,377 and \$3,478,347, respectively.

Solid Waste System Revenue Bonds

In June 2025, the County issued \$39,360,000 in Solid Waste System Revenue Bonds, Series 2025A. The bonds were issued with a true interest cost of 4.86%, and the bond proceeds were used to reimburse Solid Waste Disposal fund expenditures already incurred. The remaining proceeds were held by a trustee and available for spending on capital improvements to the County's Solid Waste System.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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	7	\$ 16,107,583
Water Quality Protection	19	112,854,345
Alcohol Beverage Service	8	57,017,683
Solid Waste Disposal	20	62,330,903
Total		<u>\$ 248,310,514</u>

The pledged net revenues recognized during FY25 for the payment of the outstanding principal and interest of the revenue bonds are as follows:

	Net Available Revenue for Debt Service	Debt Service		
		Principal	Interest	Total
Bethesda Parking Lot District	\$ 5,656,063	\$ 1,996,000	\$ 305,625	\$ 2,301,625
Alcohol Beverage Service	38,247,885	6,360,000	1,879,590	8,239,590
Water Quality Protection	24,044,782	6,759,254	2,275,483	9,034,737
Solid Waste Disposal	4,216,149	-	-	-

Revenue bond issues outstanding as of June 30, 2025, are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2025	Unamortized Premium	Carrying Value June 30, 2025
Parking Revenue Bonds:							
Bethesda Parking Lot District 2021 Ref. Series A	05/06/21	2022-32	1.81 %	\$ 16,934,000	\$ 15,002,000	\$ -	\$ 15,002,000
Water Quality Protection 2016A	04/13/16	2017-36	2.25 - 5.00	46,500,000	28,975,000	622,118	29,597,118
Water Quality Protection 2022A	12/01/22	2024-43	4.00 - 5.00	9,785,000	9,160,000	353,828	9,513,828
Water Quality Protection Refunding 2022A	12/01/22	2023-32	5.00	18,765,000	13,845,000	1,018,632	14,863,632
Maryland Water Quality Financing Administration:*							
Kemp Mill	12/20/19	2020-40	1.10	677,320	490,248	-	490,248
MS4	12/20/19	2020-40	1.10	50,000,000	17,190,869	-	17,190,869
National Capital Park and Planning Commission MS4 Permit Water Quality Project	01/31/24	2025-44	1.60	4,821,600	2,726,755	-	2,726,755
Liquor Control Revenue Bonds:**							
Liquor Control & Transportation 2019 Ref.	03/29/19	2021-29	4.00 - 5.00	24,700,000	13,170,000	891,171	14,061,171
Alcohol Beverage Services 2021 Ref. Series A	06/09/21	2029-31	5.00	15,895,000	15,895,000	2,979,992	18,874,992
Alcohol Beverage Services 2021 Ref. Series B	06/09/21	2022-33	1.00 - 2.05	30,205,000	21,050,000	58,688	21,108,688
Solid Waste System Revenue Bonds, Series 2025A	06/27/25	2025-45	4.86	39,360,000	39,360,000	-	39,360,000
Total				<u>\$ 257,642,920</u>	<u>\$ 176,864,872</u>	<u>\$ 5,924,429</u>	<u>\$ 182,789,301</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-G1 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
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	197,398	8,535,000	1,289,240
2029	2,142,000	159,316	8,750,000	1,079,420
2030	2,180,000	120,546	5,475,000	696,280
2031-2035	4,480,000	121,994	12,500,000	627,363
Total	<u>\$ 15,002,000</u>	<u>\$ 1,105,583</u>	<u>\$ 50,115,000</u>	<u>\$ 6,902,683</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Fiscal Year Ending June 30	Solid Waste Disposal		Water Quality Protection**		Total Revenue Bond Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2026	\$ 1,120,000	\$ 1,774,742	\$ 6,955,797	\$ 2,447,754	\$ 16,645,797	\$ 6,193,222	\$ 22,839,019
2027	1,270,000	1,858,464	7,151,420	2,267,568	18,802,420	5,872,015	24,674,435
2028	1,330,000	1,796,742	7,361,989	2,056,673	19,330,989	5,340,053	24,671,042
2029	1,395,000	1,732,104	7,572,912	1,841,250	19,859,912	4,812,090	24,672,002
2030	1,465,000	1,664,307	7,794,193	1,617,869	16,914,193	4,099,002	21,013,195
2031-2035	8,460,000	7,182,108	35,087,987	4,808,623	60,527,987	12,740,088	73,268,075
2036-2040	10,725,000	4,917,105	21,094,755	1,463,283	31,819,755	6,380,388	38,200,143
2041-2045	13,595,000	2,045,331	3,123,965	208,307	16,718,965	2,253,638	18,972,603
Total	\$ 39,360,000	\$ 22,970,903	\$ 96,143,018	\$ 16,711,327	\$200,620,018	\$ 47,690,496	\$248,310,514

* 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 three drawdown loans with the Maryland Water Infrastructure Financing Administration in the amount of \$55,467,548. Since inception, the County had drawn down \$31,712,402.

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	\$ 2,250,084	\$ -
Debt Service Account - Used to pay debt service on bonds	191,802	-
Renewal and Renovation Account - Available for payment of renewals, replacements, renovations, and unusual and extraordinary repairs	1,000,000	4,672,408
Rate Stabilization Account - In case of short-term extraordinary expenses	-	5,640,236
Revenue Account - To maintain the revenues of the District	5,005	-
Total	\$ 3,446,891	\$ 10,312,644

* Solid Waste Disposal also has a management reserve of \$38,100,479 set aside to meet both current and future contingencies. This reserve is equal to at least 75 days (2.5 months) of the subsequent year's operating budget net of scheduled debt payments, but not less than \$20,000,000.

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 FY25 are as follows:

	Balance June 30, 2024	BANs Issued	BANs Retired	Balance June 30, 2025
BAN Series 2010-A	\$ 125,000,000	\$ 100,000,000	\$ 125,000,000	\$ 100,000,000
BAN Series 2010-B	125,000,000	100,000,000	125,000,000	100,000,000
Total	\$ 250,000,000	\$ 200,000,000	\$ 250,000,000	\$ 200,000,000

BANs totaling \$200,000,000 were issued during FY25, \$100,000,000 Series 2010-A and \$100,000,000 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 with State Street Bank and PNC Bank will expire on July 30, 2027, and July 31, 2026, respectively. Because the County entered into a financing agreement that ensures the BANs can be refinanced on a long-term basis, these BANs are classified as noncurrent liabilities at year-end. No new obligation has been incurred as a result of the credit agreements as the credit commitments are unused as of June 30, 2025, and only commitment fees are paid to the State Street Bank and PNC Bank.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

During FY25, the County Council did not pass a resolution to increase authority, as sufficient authority already existed to issue commercial paper BANs. Cumulative BANs authorized and unissued as of June 30, 2025, including amounts authorized and unissued from prior years, is \$847,276,000.

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 is owned by Montgomery College Foundation and leased to the College, to be used by the College pursuant to a lease agreement between the Foundation and College. The proceeds of Certificates of Participation were also used to pay off costs incurred by the College in connection with the College's termination of certain lease agreements and the costs of issuing COPS (Montgomery College Improvements). The debt service is to be paid from pledged lease payments and fees pursuant to a lease agreement between the Foundation and College dated as of July 1, 2016.

In FY25, 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
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	1,555,000	302,254	1,857,254
2030	1,590,000	269,810	1,859,810
2031-2035	8,520,000	773,703	9,293,703
2036	1,835,000	24,084	1,859,084
Total	<u>\$ 17,960,000</u>	<u>\$ 2,488,238</u>	<u>\$ 20,448,238</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
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	5,010,000	1,580,356	6,590,356
2030	5,265,000	1,326,306	6,591,306
2031-2035	18,340,000	3,704,730	22,044,730
2036-2040	17,975,000	1,340,290	19,315,290
2041	3,820,000	40,588	3,860,588
Total	<u>\$ 72,745,000</u>	<u>\$ 14,795,888</u>	<u>\$ 87,540,888</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Certificates of Participation outstanding as of June 30, 2025 is as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2025	Unamortized Premium	Carrying Value June 30, 2025
COPS College	07/26/16	2017-35	1.0-5.0%	\$ 24,860,000	\$ 17,960,000	\$ 432,677	\$ 18,392,677
COPS, Series 2020 A	10/15/20	2021-40	2.0-5.0	95,360,000	71,460,000	8,240,962	79,700,962
COPS, Series 2020 B	10/15/20	2021-27	4.0-5.0	27,555,000	735,000	1,360,630	2,095,630
COPS, Series 2020 C	10/15/20	2021-31	2.0	2,975,000	550,000	55,272	605,272
				<u>\$ 150,750,000</u>	<u>\$ 90,705,000</u>	<u>\$ 10,089,541</u>	<u>\$ 100,794,541</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 as of June 30, 2025:

Fiscal Year Ending June 30	Equipment Notes Requirements		
	Principal	Interest	Total
2026	\$ 12,667,043	\$ 2,657,210	\$ 15,324,253
2027	13,080,182	2,150,331	15,230,513
2028	12,866,200	1,625,230	14,491,430
2029	10,773,798	1,113,267	11,887,065
2030	7,436,451	707,719	8,144,170
2031-2035	12,025,335	976,444	13,001,779
Total	<u>\$ 68,849,009</u>	<u>\$ 9,230,201</u>	<u>\$ 78,079,210</u>

8) Lease Revenue Bonds

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 \$3,396,126. 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 \$1,159,781, 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 FY25, pledged revenue of \$568,113 equals the principal and interest on the lease revenue bonds.

Lease revenue bonds outstanding as of June 30, 2025, are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2025	Unamortized Premium	Carrying Value June 30, 2025
Lease Revenue Bonds	10/13/11	2012-31	2.0-5.0%	\$ 35,465,000	\$ 2,975,000	\$ 199,024	\$ 3,174,024

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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

Fiscal Year Ending June 30	Lease Revenue Bond Requirements		
	Principal	Interest	Total
2026	\$ 450,000	\$ 113,813	\$ 563,813
2027	465,000	98,625	563,625
2028	485,000	82,350	567,350
2029	505,000	61,738	566,738
2030	525,000	42,800	567,800
2031	545,000	21,800	566,800
Total	<u>\$ 2,975,000</u>	<u>\$ 421,126</u>	<u>\$ 3,396,126</u>

9) Taxable Limited Obligation Certificates

On November 19, 2018, the County issued Taxable Limited Obligation Certificates Series 2018A in the amount of \$33,715,000; 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 \$22,420,000 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 \$57,410,000; the County issued the certificates to finance certain projects of the Montgomery Housing Initiative 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 \$41,345,000 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 \$5,420,233. At the time of refunding, the present value of the debt service savings (or economic gain) on the refunding was \$5,122,933.

Taxable Limited Obligation Certificates outstanding as of June 30, 2025 are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2025	Unamortized Premium	Carrying Value June 30, 2025
MHI Affordable Housing 2018 Series A	11/19/18	05/01/38	2.6 to 4.4%	\$ 33,715,000	\$ 24,940,000	\$ 40,137	\$ 24,980,137
MHI Affordable Housing 2018 Series B Ref.	11/19/18	05/01/30	3.1 to 4.2	22,420,000	10,560,000	-	10,560,000
MHI Affordable Housing 2021 Series A	11/15/21	11/01/41	2.0 to 2.8	57,410,000	50,265,000	355,694	50,620,694
MHI Affordable Housing 2021 Series B Ref.	11/15/21	11/01/33	1.4 to 2.2	41,345,000	35,535,000	138,618	35,673,618
Total				<u>\$ 154,890,000</u>	<u>\$ 121,300,000</u>	<u>\$ 534,449</u>	<u>\$ 121,834,449</u>

The following is a schedule by fiscal year for the debt service requirements as of June 30, 2025:

Fiscal Year Ending June 30	Taxable Limited Obligation Requirements		
	Principal	Interest	Total
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	11,100,000	2,431,432	13,531,432
2030	11,385,000	2,139,098	13,524,098
2031-2035	37,015,000	7,173,717	44,188,717
2036-2040	23,055,000	2,680,784	25,735,784
2041-2042	7,045,000	197,721	7,242,721
Total	<u>\$ 121,300,000</u>	<u>\$ 23,513,004</u>	<u>\$ 144,813,004</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

10) Notes Payable

From October 2013 through December 2019, the County entered into a series of lease agreements to finance energy efficiency projects. These leases were part of a six year, \$40,000,000 program that improves energy efficiency of County facilities. Leases range from \$1,916,645 to \$5,258,848 and interest rates range from 2.10% to 5.17%. Leases maturities range from 13 to 20 years.

The following is a schedule by fiscal year for the debt service requirements as of June 30, 2025:

Fiscal Year Ending June 30	Energy Performance Lease		
	Principal	Interest	Total
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	2,109,855	479,034	2,588,889
2030	2,190,421	415,613	2,606,034
2031-2035	10,421,176	991,414	11,412,590
2036	846,550	18,023	864,573
Total	<u>\$ 21,366,010</u>	<u>\$ 3,691,162</u>	<u>\$ 25,057,172</u>

11) Other Obligations

In August 2021, the Housing Opportunity Commission (HOC) issued \$50,000,000 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.

In March 2025, HOC issued another \$50,000,000 Limited Obligation Bonds, Series 2025. The proceeds of the Bonds were 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
2026	\$ 3,805,000	\$ 3,266,410	\$ 7,071,410
2027	3,890,000	3,176,076	7,066,076
2028	3,990,000	3,077,171	7,067,171
2029	4,100,000	2,969,760	7,069,760
2030	4,215,000	2,853,656	7,068,656
2031-2035	23,100,000	12,233,697	35,333,697
2036-2040	27,420,000	7,917,641	35,337,641
2041-2045	20,405,000	2,532,778	22,937,778
Total	<u>\$ 90,925,000</u>	<u>\$ 38,027,189</u>	<u>\$ 128,952,189</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, 2025 is \$21,366,010.

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 and the County used \$34,764,490 in FY25.

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 III. DETAILED NOTES ON ALL FUNDS (Continued)

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, 2025, there were fifteen issues of Industrial Revenue Bonds and Economic Development Revenue Bonds outstanding. The principal amount payable as of June 30, 2025, is \$536,729,461.

14) Special Taxing and Development Districts

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

Pursuant to Chapter 14 and 68C, special taxes or special assessments may be levied to fund the costs of bonds or other obligations issued on behalf of the respective districts. Any bond issued under Chapter 14 and 68C is not an indebtedness of the County within the meaning of Section 312 of the Charter. Additionally, any bond issued must not pledge the full faith and credit of the County, and must state that the full faith and credit is not pledged to pay its principal, interest, or premium, if any. Any bonds issued are not considered liabilities of the County and are not reported in the County's financial statements. However, unlike the 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 April 2002, the County issued two series of special obligation bonds for the West Germantown Development District. The County issued \$11,600,000 of Senior Series 2002A bonds and \$4,315,000 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, 2025 is \$4,215,000.

Component Units

As of June 30, 2025 HOC's noncurrent liabilities are comprised of the following:

	Due within		
	one year	Long-Term	Total
Revenue bonds payable	\$ 39,939,239	\$ 957,323,884	\$ 997,263,123
Lease payable	335,550	19,446,967	19,782,517
Derivative instrument - hedging	-	2,357,573	2,357,573
Notes and other payable	131,477,749	1,162,751,259	1,294,229,008
Net pension liability	-	8,532,307	8,532,307
Net OPEB liability	-	10,879,396	10,879,396
Total	<u>\$ 171,752,538</u>	<u>\$2,161,291,386</u>	<u>\$2,333,043,924</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	\$ 803,131,159
Single Family Mortgage Purchase Program Fund	194,131,964
Total	<u>\$ 997,263,123</u>

Interest rates on the HOC Multi-Family and Single Family Mortgage Purchase Program Fund bonds ranged from 0.45 to 11.25 percent and ranges from 0.60 to 6.09 percent, respectively, as of June 30, 2025.

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

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
2026	\$ 690,000	\$ 133,068	\$ 823,068
2027	725,000	97,339	822,339
2028	765,000	59,716	824,716
2029	800,000	20,200	820,200
Total	<u>\$ 2,980,000</u>	<u>\$ 310,323</u>	<u>\$ 3,290,323</u>

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

Fiscal Year Ending June 30	Total Revenue Bond Requirements		
	Principal	Interest	Total
2026	\$ 39,939,239	\$ 31,109,104	\$ 71,048,343
2027	27,754,449	30,652,201	58,406,650
2028	27,806,367	30,431,050	58,237,417
2029	28,058,724	29,419,980	57,478,704
2030	28,726,928	28,853,982	57,580,910
2031-2035	186,187,955	137,721,189	323,909,144
2036-2040	137,148,513	98,669,350	235,817,863
2041-2045	138,235,766	77,314,139	215,549,905
2046-2050	124,514,402	53,096,850	177,611,252
2051-2055	161,545,257	28,819,351	190,364,608
2056-2060	50,685,000	14,974,183	65,659,183
2061-2065	38,510,000	5,746,180	44,256,180
2066-2070	4,410,000	253,535	4,663,535
Unamortized Bond Discount	3,740,523	-	3,740,523
Total	<u>\$997,263,123</u>	<u>\$567,061,094</u>	<u>\$ 1,564,324,217</u>

Changes in the HOC revenue bonds during FY25 are as follows:

Purpose	Balance July 1, 2024	Bonds Issued*	Bonds Retired/Refunded	Balance June 30, 2025
Multi-Family Mortgage Purchase Program Fund	\$ 729,968,357	\$ 92,829,646	\$ (19,666,844)	\$ 803,131,159
Single Family Mortgage Purchase Program Fund	204,627,472	-	(10,495,508)	194,131,964
Total	<u>\$ 934,595,829</u>	<u>\$ 92,829,646</u>	<u>\$ (30,162,352)</u>	<u>\$ 997,263,123</u>

* Includes accretions and bond discounts.

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

Bonds outstanding, July 1, 2024	\$ 139,260,310
Redemptions during the year	(1,683,061)
Bonds outstanding, June 30, 2025	<u>\$ 137,577,249</u>

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

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**H) Segment Information**

The County has issued revenue bonds to finance activities relating to the Bethesda Parking Lot district (PLD) and Solid Waste Disposal operations. The Bethesda PLD and Solid Waste Disposal operations are accounted for within the Parking Lot Districts Fund and Solid Waste Activities Fund, respectively. 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, 2025, is presented below:

Condensed Statement of Net Position		
	Bethesda PLD	Solid Waste Disposal
ASSETS		
Current assets	\$ 19,884,318	\$ 116,725,481
Other assets	34,452,150	21,914,162
Capital assets	86,175,379	49,295,597
Total Assets	<u>140,511,847</u>	<u>187,935,240</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources	311,530	1,406,805
Total Deferred Outflows	<u>311,530</u>	<u>1,406,805</u>
LIABILITIES		
Current liabilities	4,664,890	32,845,758
Due to other funds	32,350	143,832
Long-term liabilities	13,756,446	67,297,387
Total Liabilities	<u>18,453,686</u>	<u>100,286,977</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources	32,204,634	112,534
Total Deferred Inflows	<u>32,204,634</u>	<u>112,534</u>
NET POSITION		
Net investment in capital assets	70,773,720	9,935,597
Restricted for debt service	3,446,891	11,601,518
Restricted for environment	-	67,405,419
Restricted for transportation	15,944,446	-
Total Net Position	<u>\$ 90,165,057</u>	<u>\$ 88,942,534</u>

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)

Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position

	Bethesda PLD	Solid Waste Disposal
OPERATING REVENUES (EXPENSES):		
Operating Revenues:		
Charges for services	\$ 13,562,297	\$130,518,789
Licenses and permits	-	15,326
Fines and penalties	3,012,202	41,185
Total Operating Revenues (pledged against bonds)	16,574,499	130,575,300
Depreciation and amortization	(5,006,388)	(2,039,796)
Other operating expenses	(11,984,112)	
Operating Income (Loss)	(416,001)	(10,811,745)
NONOPERATING REVENUES (EXPENSES):		
Property taxes	(2,384)	-
Gain(loss) on disposal of capital assets	-	246,141
Issuance Costs	-	(190,000)
Investment income	1,065,676	3,710,655
Interest expense	(319,120)	-
Other revenue	2,863,038	179,393
Insurance recoveries	79	6,600
Transfers in	220,000	-
Transfers out	(2,722,227)	(3,075,825)
Non Operating Income (Loss)	1,105,062	876,964
NET POSITION		
Change in Net Position	689,061	(9,934,781)
Beginning Net Position as previously reported	89,528,518	99,078,804
Restatement	(52,522)	(201,489)
Ending Net Position	\$ 90,165,057	\$ 88,942,534

Condensed Statement of Cash Flows

	Bethesda PLD	Solid Waste Disposal
Net Cash Provided (Used) By:		
Operating activities	\$ 6,057,377	\$ (2,670,127)
Noncapital financing activities	(2,502,101)	(3,069,225)
Capital and related financing activities	(3,125,152)	35,314,406
Investing activities	1,065,676	3,710,655
Net Increase (Decrease)	1,495,800	33,285,709
Beginning Cash and Cash Equivalents	18,878,569	103,048,707
Ending Cash and Cash Equivalents	\$ 20,374,369	\$136,334,416

NOTE III. DETAILED NOTES ON ALL FUNDS (Continued)**I) Fund Balance****1) Governmental Fund Balances**

The governmental fund balances as of June 30, 2025 are composed of the following:

Fund Balances:	General	Housing Initiative	Grants	Debt Service	Capital Projects	Nonmajor Governmental Funds
Inventory	\$ 8,522,929	\$ -	\$ -	\$ -	\$ 45,913	\$ -
Prepays	1,534,281	-	-	-	-	30,854
Total nonspendable	<u>10,057,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,913</u>	<u>30,854</u>
General government						
Restricted donations	-	-	-	-	-	6,607,803
Cable TV	-	-	-	-	-	2,314,827
Urban districts	114,990	-	-	-	-	-
Economic development	21,354,289	-	-	-	-	-
Public Election	4,820,668	-	-	-	-	-
Agricultural transfer tax	-	-	-	-	-	3,995,898
Other	-	-	359,470	-	-	-
Public safety						
Drug enforcement forfeitures	-	-	-	-	-	1,413,232
Restricted donations	-	-	-	-	-	1,257,915
Fire tax district	-	-	-	-	-	1,102,587
Detention center canteen profits	-	-	-	-	-	1,155,219
Health and human services						
Restricted donations	-	-	-	-	-	561,360
Opioid abatement	-	-	-	-	-	17,730,370
Other	8,840,442	-	-	-	-	-
Mass transit	-	-	-	-	-	67,848,277
Community development and housing						
Rehabilitation loan	-	-	-	-	-	5,653,403
Housing initiative	-	568,703,706	-	-	-	-
Restricted donations	-	-	-	-	-	64,335
Culture and recreation						
Recreation	-	-	-	-	-	5,536,196
Recreation non-tax supported	-	-	-	-	-	1,040,432
Restricted donations	-	-	-	-	-	750,971
Environment						
Water quality protection	-	-	-	-	-	27,685,784
Restricted donations	-	-	-	-	-	-
Other	822,163	-	-	-	-	-
Debt service	-	-	-	12,683,058	-	-
Capital projects	-	-	-	-	182,077,977	-
Total restricted	<u>35,952,552</u>	<u>568,703,706</u>	<u>359,470</u>	<u>12,683,058</u>	<u>182,077,977</u>	<u>144,718,609</u>
Culture and recreation	6,150,000	-	-	-	-	-
Revenue stabilization	686,011,886	-	-	-	-	-
Capital projects	116,446,410	-	-	-	-	-
Total committed	<u>808,608,296</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	Nonmajor Governmental Funds
General government	37,572,305	-	-	-	-	-
Public safety	11,857,202	-	-	-	-	-
Transportation	2,516,482	-	-	-	-	-
Health and human services	17,280,585	-	-	-	-	-
Culture and recreation	874,313	-	-	-	-	-
Community development and housing	610,828	-	-	-	-	-
Environment	4,936,803	-	-	-	-	-
Total assigned	75,648,518	-	-	-	-	-
Public safety						
General government	381,871,199	-	-	-	-	-
Total unassigned	381,871,199	-	-	-	-	-
Total fund balances	\$1,312,137,775	\$568,703,706	\$ 359,470	\$12,683,058	\$ 182,123,890	\$ 144,749,463

2) Encumbrances

Encumbrance accounting is employed as part of the budgetary integration for all governmental funds. As of June 30, 2025, 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	\$ 75,648,518
Housing Initiative	9,278,670
Grants	13,811,707
Debt Service	156,342
Nonmajor Governmental Funds	13,363,303
Total Governmental Funds	\$ 112,258,540

3) Net Position Restricted by Enabling Legislation

Net position restricted by enabling legislation represents 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 Liquor, Solid Waste Activities and Parking Lot Districts enterprise funds. Such amounts, which are included with restricted net position in the government-wide Statement of Net Position, are as follows at year-end:

Governmental activities	\$ 935,225,880
Business-type activities	104,284,159
Total	\$ 1,039,510,039

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, 2025:

	General Fund			Capital	
	Operating	Capital *	Total	Projects	Total
MCPS	\$ 2,136,974,914	\$ 38,014,000	\$ 2,174,988,914	\$ 200,725,757	\$ 2,375,714,671
MC	150,664,546	12,972,105	163,636,651	18,022,299	181,658,950
HOC	8,295,315	2,612,793	10,908,108	2,708,793	13,616,901
Total	<u>\$ 2,295,934,775</u>	<u>\$ 53,598,898</u>	<u>\$ 2,349,533,673</u>	<u>\$ 221,456,849</u>	<u>\$ 2,570,990,522</u>

* Represents current receipt and PAYGO 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 \$5,185,686 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. Participating Agencies, including Arts & Humanities Council, MD Department of Assessment & Taxation, Bethesda Urban Partnership, Chevy Chase Village, Circuit Court, District Court, Housing Opportunities Commission, MC Volunteer Fire & Rescue Association, Montgomery Community Television, Revenue Authority, Strathmore Hall Foundation, Town of Chevy Chase View, Town of Garrett Park, Town of Somerset, Village of Friendship Heights, Washington Suburban Transit Commission, and certain employees of the State of Maryland in addition to some of the participants in the Liability and Property Coverage Program, also 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 FY24 and FY25 are as follows:

	Liability and Property Coverage	Employee Health Benefits	Total
Balance June 30, 2023	\$ 215,052,889	\$ 17,894,671	\$ 232,947,560
Claims and changes in estimates	66,124,113	172,342,350	238,466,463
Claim payments ⁽¹⁾	(66,060,691)	(170,502,013)	(236,562,704)
Balance June 30, 2024 ⁽²⁾	215,116,311	19,735,008	234,851,319
Claims and changes in estimates	67,565,587	204,152,511	271,718,098
Claim payments ⁽¹⁾	(54,680,066)	(193,626,562)	(248,306,628)
Balance June 30, 2025 ⁽²⁾	\$ 228,001,832	\$ 30,260,957	\$ 258,262,789

⁽¹⁾ Includes non-monetary settlements.

⁽²⁾ Includes incurred but not reported (IBNR) claims of \$111,978,878 and \$30,260,957 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 \$88,086,625, which have been fully accrued through June 30, 2025. Of the total amount accrued, \$63,371,419 in actual costs have been paid out in prior years, and \$1,932,885 was paid in FY25, resulting in a net liability of \$22,782,323 as of June 30, 2025. The current and non-current portions of the adjusted liability at year-end are estimated at \$1,606,696 and \$21,175,627 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 FY25 was \$61,746,000, and the County is now recognizing 100% of the estimated remediation cost. In FY25 actual costs of \$15,634,536 were paid, resulting in a net liability of \$5,481,485 as of June 30, 2025. 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 will not exceed \$4,200,000. In accordance with generally accepted accounting principles, \$2,500,000 of this amount has been reflected as a liability in the accompanying financial statements, as the County's liability on these claims is determined to be probable. The remaining \$1,700,000 has not been reflected as a liability in the accompanying financial statements, as the County's liability on these claims is determined to be not probable.

4) Grants, Entitlements, and Shared Revenues

The County participates in a number of Federal and State assisted grant, entitlement, and/or reimbursement programs, principal of which are the Community Development Block Grant, the Head Start Grant, Community Mental Health Grant, and the Medical Assistance Grant. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of most of these programs for, or including, the year-ended June 30, 2025, 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 as of June 30, 2025 are as follows:

<u>Enterprise Funds:</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Major Funds:			
Liquor	\$ 1,857,098	\$ 204,051	\$ 2,061,149
Solid Waste Activities:			
Disposal operations	31,195,768	9,967,098	41,162,866
Collection operations	136,105	-	136,105
Leafing operations	108,855	-	108,855
Parking Lot Districts:			
Silver Spring	130,590	2,260,809	2,391,399
Bethesda	87,329	3,155,323	3,242,652
Wheaton	32,782	346,051	378,833
Subtotal	<u>33,548,527</u>	<u>15,933,332</u>	<u>49,481,859</u>
Nonmajor Funds:			
Permitting Services	420,271	-	420,271
Community Use of Public Facilities	47,695	-	47,695
Subtotal	<u>467,966</u>	<u>-</u>	<u>467,966</u>
Total Enterprise Funds	<u>34,016,493</u>	<u>15,933,332</u>	<u>49,949,825</u>
<u>Internal Service Funds:</u>			
Motor Pool	26,550,322	-	26,550,322
Central Duplicating	182,394	-	182,394
Liability & Property Coverage Self-Insurance	521,376	-	521,376
Employee Health Benefits Self-Insurance	147,802	-	147,802
Total Internal Service Funds	<u>27,401,894</u>	<u>-</u>	<u>27,401,894</u>
Total Proprietary Funds	<u>\$ 61,418,387</u>	<u>\$ 15,933,332</u>	<u>\$ 77,351,719</u>

As of June 30, 2025, the County has \$8,770,000 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 November 20, 2025, the County issued Consolidated Public Improvement Bonds of 2025, 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 capital public projects, and (iii) pay a portion of the costs of issuing the Bonds.

On December 1, 2025, the County redeemed the outstanding balance of \$2,975,000 of the Montgomery County, Maryland Lease Revenue Project and Refunding Bonds (Metrorail Garage Projects-Series 2011) plus \$56,906 accrued interest up to December 1, 2025.

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)

As of June 30, 2025, M-NCPPC had outstanding notes payable and bonds payable in the amount of \$200,028,431 of which zero dollars were self-supporting. Of the total amount payable, \$13,421,838 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 as of June 30, 2025 is \$66,808,567, 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.

As of June 30, 2025, WSSC had outstanding notes payable and bonds payable in the amount of \$4,559,788,363 which were fully self-supporting. Of the total amount payable, \$284,118,269 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. As of June 30, 2025, 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 \$168,661 to WSTC during FY25.

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. Effective June 29, 2025, all County Ride On buses will operate fare-free. As a result, no fare revenue is expected from Ride On services moving forward.

NOTE IV. OTHER INFORMATION (Continued)

A summary reflecting WMATA's expenditures incurred for the County's share of WMATA's activities for FY25 which are fully funded by the State and not reflected in the accompanying financial statements, is as follows:

MetroBus Operating Subsidy	\$ 106,131,119
MetroRail Operating Subsidy	139,861,587
MetroAccess Operating Subsidy	29,759,011
Total Operating	<u>275,751,717</u>
Debt Service	15,423,569
Capital Improvement Program	50,477,967
State and Local PRIIA	49,500,000
Dedicated Funding	167,000,000
Project Development Program	492,331
Total Capital	<u>267,470,298</u>
Local Bus Operating Program	<u>42,128,325</u>
Total	<u>\$ 600,773,909</u>

As of June 30, 2025, WMATA had outstanding bonds payable of \$778,975,000 of which \$33,290,000 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 FY25 amounted to \$29,493,519.

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 \$915,135, \$166,160, \$358,731, \$37,999 and \$123,561 in Member Dues, Environmental Fund Dues, Water Fund Dues, Farm Fund Dues and Public Safety Dues in FY25, 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, personal and sick leave in varying amounts. Employees who are part of the County Management Leadership Service and participate in the Retirement Savings Plan (RSP) or Guaranteed Retirement Income Plan (GRIP) 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. Regular sick leave is paid only for employee illness and is not paid out upon termination; however, the estimated liability for sick leave expected to be used as time off is included in compensated absences. Personal leave does not carry over to the next leave year but can move between fiscal years, and its unused liability is also included in compensated absences, as the County anticipates it will likely be taken as time off. Certain employees who participate in the RSP and GRIP retirement plans and 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 FY25, the County and its employees contributed \$146,497,729 and \$50,408,939 respectively. Employees of MCRA, HOC, and BUP participate in the comprehensive insurance program of the County. Employer contributions totaled \$958,653, \$6,061,088, and \$240,765 for these component units, respectively, for FY25.

NOTE IV. OTHER INFORMATION (Continued)

F) Pension Plan Obligations

As of June 30, 2025, the County reported a total pension liability of \$39,636,497, a net pension liability of \$271,776,130, total deferred outflow of \$422,974,553, total deferred inflow of \$40,309,447 and a total expense of \$216,889,022.

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

As of Fiscal Year Ended June 30, 2025

	<u>Total Pension Liability</u>	<u>Net Pension Liability</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Pension Expense</u>
Defined Benefit Pension Plan	N/A	\$ 265,433,609	\$ 419,912,105	\$ 33,602,268	\$ 220,476,307
State Retirement Plan	N/A	6,342,521	1,217,518	6,212,683	(3,120,502)
Length of Service Award Program (LOSAP)	39,636,497	N/A	1,844,930	494,496	(466,783)
Total Pension Plans	<u>\$ 39,636,497</u>	<u>\$ 271,776,130</u>	<u>\$ 422,974,553</u>	<u>\$ 40,309,447</u>	<u>\$ 216,889,022</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

As of June 30, 2025, the County reported a liability of \$265,433,609 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s proportion of Unfunded Accrued Actuarial Liability (UAAL) relative to the UAAL of all agencies, actuarially determined. As of June 30, 2024, the County’s proportion was 95.26% as compared to June 30, 2023 of 86.38%, an increase of 8.88%.

For the fiscal year ended June 30, 2025 the County recognized pension expense of \$220,476,307. As of June 30, 2025, 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	\$ 144,036,388	\$ 3,094,702
Assumption changes	-	29,058,388
Net difference between projected and actual earnings on pension plan investments	167,436,640	-
Changes in proportion and differences between		
County contributions and proportionate share of contributions	29,343,770	1,449,178
County contributions subsequent to the measurement date	79,095,307	-
Total	<u>\$ 419,912,105</u>	<u>\$ 33,602,268</u>

NOTE IV. OTHER INFORMATION (Continued)

The \$79,095,307 reported as deferred outflows of resources related to pensions resulting from the County contributions 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
2026	\$ 34,553,689
2027	194,357,709
2028	64,941,105
2029	13,362,028

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2023
Measurement date	June 30, 2024
Actuarial cost method	Entry Age Normal
Asset valuation method	Fair value
Inflation	2.5% per year
Salary increases	Wage inflation of 3.00% per year plus additional service-based increases of up to 8.00%. Total increases of 3.00%-11.00%.
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 services. Last updated for the 2024 valuation pursuant to the experience study of the period 2018-2023.
Mortality rates after retirement	Pub-2010 Healthy Retiree Mortality Table (for General and Safety Employees), sex-distinct, with rates projected from 2010 using projection scale MP-2021 (generational mortality) updated for the 2023 valuation.
Cost-of-living adjustments	2.5% compound for service before July 1, 2011, for optional integrated and non-integrated plan members, 2.45% compound for service before July 1, 2011 for mandatory integrated plan members (1.50% compound for service before July 1, 2011 for defined groups of mandatory integrated plan members) and 2.2% compound for service on or after July 1, 2011.

An experience study was conducted in September 2024 for the period July 1, 2018 to July 1, 2023. 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 geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 (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	2.25%
International Equity	2.58
Emerging Market Equity	5.93
Global Equity	2.75
Private Equity	5.70
Credit Opportunities	5.67
High Yield Bonds	3.53
Emerging Market Debt	2.40
Directional Hedge Funds	3.86
Long Duration Fixed Income	1.49
Cash	1.31
Diversifying Hedge Funds	2.25
Global ILs/Gold	3.99
Private Real Assets	3.91
Public Real Assets	5.48

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)	\$777,099,216	\$265,433,609	\$(167,135,569)

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 FY25 were \$27,380,940 and \$14,493,395, respectively. In accordance with IRS regulations and the County Code, \$300,000 accumulated revenue was used to reduce employer contributions in FY25.

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 FY25 employee contributions is 7% of salary. The required employer contribution rate for FY25 is 21.54% 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, 2025, the County reported a liability of \$6,342,521 for its proportionate share of the net pension liability of the MSRP System. The net pension liability was measured as of June 30, 2024, 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:

	<u>FY25</u>	<u>FY24</u>	<u>Change</u>
Montgomery County (Supplemental)	<u>0.0241120%</u>	<u>0.0257950%</u>	<u>(0.0016830%)</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, 2025, the County recognized negative pension expense of \$3,120,502. At June 30, 2025, the County reported the total amount of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 197,830	\$ -
Investment return difference	-	9,813
Difference between actual and expected experience	503,861	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	6,202,870
County contributions subsequent to the measurement date	<u>515,827</u>	<u>-</u>
Total	<u>\$ 1,217,518</u>	<u>\$ 6,212,683</u>

The \$515,827 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 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:

<u>Fiscal Year</u>	<u>Amount</u>
2026	\$ (3,773,632)
2027	(1,715,872)
2028	(118,175)
2029	50,829
2030	43,858

NOTE IV. OTHER INFORMATION (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2024
Actuarial cost method	Individual Entry Age Normal
Actuarial assumptions:	
Inflation	2.5% general, 3% wage
Salary increases	3% to 22.5%
Investment rate of return	6.80% per year
Mortality rates after retirement	Various versions of the Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2021 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 consultants and actuaries. For each major asset class that is included in the System's target asset allocation as of June 30, 2024, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	34.0%	6.0%
Private Equity	16.0	8.5
Rate Sensitive	20.0	2.4
Credit Opportunity	9.0	5.4
Real Assets	15.0	5.5
Absolute Return	6.0	3.9
Total	100%	

The above was the Board of Trustees' adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2024. For the years ended June 30, 2024 and 2023, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expenses, was 6.89% and 3.11%, 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	\$ 9,217,871	\$ 6,342,521	\$ 3,945,715

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) \$10.37 per month for each year of service up to 25 years plus (b) \$13.01 per month for each year of service as an active volunteer over 25 years. The maximum total benefit is \$389.35 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, 2023 are as follows:

Inactive members or beneficiaries currently receiving benefits	711
Inactive members entitled to but not yet receiving benefits	304
Active members	1,140
Total	2,155

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 \$1,844,930 in FY25 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 \$39,636,497 was measured as of June 30, 2024 and was determined by an actuarial valuation date of December 31, 2023 and rolled forward to the measurement date of June 30, 2024.

NOTE IV. OTHER INFORMATION (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation date	December 31, 2023
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-2021 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-2021 table for post-retirement disabled mortality.</p> <p>The Pub-2010 Employee Mortality Table (for Safety Employees), sex distinct, with projected generational mortality improvements based on the MP-2021 table for non-service connected pre-retirement mortality.</p> <p>15% of the rates from the Pub-2010 Employee Mortality Table (for Safety Employees), sex distinct, with projected generational mortality improvements based on the MP-2021 table for service connected pre-retirement mortality.</p> <p>The mortality assumptions contain a provision for future mortality improvements.</p>

Discount Rate

A discount rate of 3.86% was used to measure the total pension liability as of June 30, 2023. A discount rate of 3.97% was used to measure the total pension liability as of June 30, 2024.

The discount rate as of June 30, 2023 and June 30, 2024, 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, 2023 and June 30, 2024, 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 3.97%, 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 (2.97%) or 1-percentage-point higher (4.97%) than the current discount rate:

	1% Decrease 2.97%	Discount Rate 3.97%	1% Increase 4.97%
Total Pension liability	\$ 46,356,363	\$ 39,636,497	\$ 34,430,105

NOTE IV. OTHER INFORMATION (Continued)**Changes in the Total Pension Liability**

	<u>Total Pension Liability</u>
Balance as of June 30, 2024	<u>\$ 40,001,555</u>
Changes for the year:	
Service cost	501,119
Interest on the total pension liability	1,520,968
Benefit changes	-
Difference between expected and actual experience	(15,764)
Assumptions changes	(662,335)
Benefit payments	<u>(1,709,046)</u>
Net Changes	<u>(365,058)</u>
Balance as of June 30, 2025	<u>\$ 39,636,497</u>

The change in the Total Pension Liability due to the change in the Single Discount Rate from 3.86% as of the beginning of the year to 3.97% 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, 2025, the County recognized negative LOSAP pension expense of \$466,783. As of June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to LOSAP as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 44,858
Changes in assumptions	-	449,638
County benefit payment subsequent to the measurement date	<u>1,844,930</u>	-
Total	<u>\$ 1,844,930</u>	<u>\$ 494,496</u>

The \$1,844,930 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 in net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources will be recognized in future pension expense as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2026	\$ (441,115)
2027	(53,381)

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 FY25, the County contributed \$59,106,261 to the CRHBT on behalf of MCPS for the health benefits of its retirees. The claims paid reflected on the accompanying financial statements include claims amounting to \$52,200,000 reimbursed to MCPS during FY25, as required per the County Council Resolution No. 20-833. The allocated portions of investments relating to MCPS and MC as of June 30, 2025 were \$963,942,191 and \$112,123,430, respectively, and these investments are included in the investments of the CRHBT as reflected on the accompanying financial statements.

The CRHBT is a cost-sharing multiple-employer defined benefit healthcare plan sponsored by the County. Other agencies and political subdivisions have the right to elect participation. The Board of Trustees (Board) has the exclusive authority to manage

NOTE IV. OTHER INFORMATION (Continued)

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 on 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 FY25, the County contributed \$59,106,261 to the CRHBT on behalf of MCPS for the health benefits of their retirees. The County and other contributing entities contributed \$76,902,038 for current premiums, claims and administrative expenses. Contributions also include Medicare Part D contributions in the amount of \$30,917,110.

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

As of June 30, 2025, the County reported a liability of \$609,795,621 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, 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. As of June 30, 2024 and 2023, the County's proportion was 97.534% and 97.534% respectively.

For the fiscal year ended June 30, 2025, the County recognized negative OPEB expense of \$19,239,949. As of June 30, 2025, 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	\$ 18,319,419	\$ 201,162,946
Assumption changes	86,497,816	208,510,163
Net difference between projected and actual earnings on OPEB plan investments	31,909,000	-
Changes in proportion and differences between		
County contributions and proportionate share of contributions	4,014,402	-
County contributions subsequent to the measurement date	75,072,305	-
Total	<u>\$ 215,812,942</u>	<u>\$ 409,673,109</u>

NOTE IV. OTHER INFORMATION (Continued)

The \$75,072,305 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, 2026. 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
2026	\$ (46,326,265)
2027	(46,326,265)
2028	(46,326,265)
2029	(46,326,265)
2030	(54,303,515)
Thereafter	(29,323,897)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2024
Measurement Date	June 30, 2024
Actuarial cost method	Entry Age Normal
Discount Rate	7.50%
Expected Return on Assets	7.50%
Salary Increases	4.25%-8.25% and decrease to 0.50% after 30 years of service
General Inflation	3.00%
Mortality:	
Healthy Retirees and Beneficiaries	Group A, H, J, GRIP/RSP - Pub-2010 Healthy Mortality, Headcount weighted, General Employees, Sex Distinct, Fully Generational projected from 2010 using scale MP-2021 Group E, F, G - Pub-2010 Healthy Mortality, Headcount weighted, Public Safety Employees, Sex Distinct, Fully Generational projected from 2010 using scale MP-2021
Disabled Retirees	Group A, H, J, GRIP/RSP - Pub-2010 Disabled Mortality, Headcount weighted, General Employees, Sex Distinct, Fully Generational projected from 2010 using scale MP-2021 Group E, F, G - Pub-2010 Disabled Mortality, Headcount weighted, Public Safety Employees, Sex Distinct, Fully Generational projected from 2010 using scale MP-2021
Health care cost trend rates:	The healthcare cost trend assumption was developed using the 2023 version of the SOA Getzen Model and inputs selected by Montgomery County.

The actuarial assumptions used in the June 30, 2024 valuation were based on the experiences studies covering the period July 1, 2018, through July 1, 2023, for the Montgomery County Employee's Retirement System. The election, spousal coverage, and spouse age differential assumptions were updated based on the experience study performed by Bolton in December 2023 and approved by the County in February 2024.

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, 2024 (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 Equities	2.25%
International Equities	2.58
Emerging Market Equities	5.93
Global Equities	2.75
Private Equity	5.70
Credit Opportunities	5.67
High Yield Bonds	3.53
Emerging Market Debt	2.40
Directional Hedge Funds	3.86
Long Duration Fixed Income	1.49
Cash	1.31
Diversifying Hedge Funds	3.25
Global ILs/ Gold	3.99
Private Real Assets	5.48
Public Real Assets	3.91

The discount rate of 7.50% was used to measure the total OPEB liability as of June 30, 2024. This single discount rate was based on the expected long-term rate of return on OPEB plan investments of 7.50%. The County's policy is to attain a 75 percent funded percentage by July 1, 2039. After 2039, future contributions are set to the amount required to maintain 75 percent funding. Under this contribution policy, the plan's assets will never be exhausted so the expected rate of return on plan assets was used to measure the total OPEB liability.

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 7.50%, as well as what the net OPEB 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%
Net OPEB Liability	\$ 777,256,952	\$ 609,795,621	\$ 469,130,646

NOTE IV. OTHER INFORMATION (Continued)**Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

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

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 447,396,071	\$ 609,795,621	\$ 808,236,386

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.

H) Restatement

The County implemented GASB Statement No. 101, *Compensated Absences*, for the fiscal year ended June 30, 2025. Adoption of this standard required a restatement of the beginning net position in both the government-wide and fund financial statements to reflect the cumulative effect of applying the new guidance in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. The restatement adjusts the beginning balances to recognize previously unrecorded compensated absences that now meet the recognition criteria under GASB 101. The impact of this accounting change is presented in the "Restatement – GASB 101 Implementation" column in the table below.

	<u>June 30, 2024 as Previously Reported</u>	<u>Restatement GASB 101 Implementation</u>	<u>June 30, 2024 as Restated</u>
Government-Wide			
Governmental Activities	\$ 3,190,564,704	\$ (19,993,806)	\$ 3,170,570,898
Business-type Activities	348,614,033	(1,484,747)	347,129,286
Total Government-Wide	<u>\$ 3,539,178,737</u>	<u>\$ (21,478,553)</u>	<u>\$ 3,517,700,184</u>
Proprietary Funds			
Enterprise Funds			
Major Funds:			
Liquor	\$ 40,360,776	\$ (568,982)	\$ 39,791,794
Solid Waste Activities	100,691,970	(305,350)	100,386,620
Parking Lot Districts	156,690,664	(106,865)	156,583,799
Nonmajor Enterprise Funds	46,089,670	(503,550)	45,586,120
Total Enterprise Funds	<u>343,833,080</u>	<u>(1,484,747)</u>	<u>342,348,333</u>
Internal Service Funds	<u>136,275,046</u>	<u>(610,619)</u>	<u>135,664,427</u>
Total Proprietary Funds	<u>\$ 480,108,126</u>	<u>\$ (2,095,366)</u>	<u>\$ 478,012,760</u>
Fiduciary Funds			
Employees' Retirement System	\$ 4,915,338,090	\$ (13,380)	\$ 4,915,324,710
Employees' Retirement Savings Plan	793,208,344	(1,687)	793,206,657
Retiree Health Benefits	1,817,586,565	(4,027)	1,817,582,538
Total Fiduciary Funds	<u>\$ 7,526,132,999</u>	<u>\$ (19,094)</u>	<u>\$ 7,526,113,905</u>





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, 2025

	Budget			Variance Positive
	Original Budget	Final Budget	Actual	(Negative)
Revenues:				
Taxes:				
Property	\$ 1,545,917,936	\$ 1,545,917,936	\$ 1,558,692,245	\$ 12,774,309
Property - penalty and interest	-	-	1,419,007	1,419,007
Total Property Tax	1,545,917,936	1,545,917,936	1,560,111,252	14,193,316
County Income Tax	2,051,146,619	2,051,146,619	2,214,130,107	162,983,488
Other Local Taxes:				
Real property transfer	94,722,310	94,722,310	105,559,831	10,837,521
Recordation	44,878,953	44,878,953	50,651,473	5,772,520
Fuel energy	191,261,860	191,261,860	187,011,632	(4,250,228)
Hotel-motel	23,098,383	23,098,383	21,954,298	(1,144,085)
Telephone	55,808,865	55,808,865	56,397,809	588,944
Other	5,225,143	5,225,143	4,459,942	(765,201)
Total Other Local Taxes	414,995,514	414,995,514	426,034,985	11,039,471
Total Taxes	4,012,060,069	4,012,060,069	4,200,276,344	188,216,275
Licenses and Permits:				
Business	4,622,125	4,622,125	4,348,522	(273,603)
Non business	10,141,778	10,141,778	10,648,430	506,652
Total Licenses and Permits	14,763,903	14,763,903	14,996,952	233,049
Intergovernmental Revenue:				
State Aid and Reimbursements:				
DHR State reimbursement	36,500	36,500	32,548	(3,952)
Highway user revenue	12,725,353	12,725,353	12,156,818	(568,535)
Police protection	19,224,595	19,224,595	16,364,654	(2,859,941)
Health and human services programs	5,593,508	5,593,508	5,577,548	(15,960)
Public libraries	5,196,227	5,196,227	5,137,062	(59,165)
911 Emergency	12,000,000	12,000,000	18,581,727	6,581,727
Other	3,072,634	3,072,634	4,880,160	1,807,526
Total State Aid and Reimbursements	57,848,817	57,848,817	62,730,517	4,881,700
Federal Reimbursements:				
Federal financial participation	18,217,652	18,217,652	19,303,025	1,085,373
Other	9,021,212	9,021,212	54,059,585	45,038,373
Total Federal Reimbursements	27,238,864	27,238,864	73,362,610	46,123,746
Other Intergovernmental	3,870,940	3,870,940	4,714,653	843,713
Total Intergovernmental Revenue	88,958,621	88,958,621	140,807,780	51,849,159
Charges for Services:				
General government	7,341,892	7,341,892	5,126,913	(2,214,979)
Public safety	4,407,238	4,407,238	4,198,789	(208,449)
Health and human services	1,628,774	1,628,774	2,031,222	402,448
Culture and recreation	600	600	1,745	1,145
Environment	-	-	3,500	3,500
Transportation	525,400	525,400	149,194	(376,206)
Total Charges for Services	13,903,904	13,903,904	11,511,363	(2,392,541)
Fines and forfeitures	26,969,000	26,969,000	31,042,812	4,073,812
Investment and Interest Income:				
Pooled investment income	21,437,740	21,437,740	31,698,908	10,261,168
Other interest income	-	-	3,638	3,638
Total Investment and Interest Income	21,437,740	21,437,740	31,702,546	10,264,806
Miscellaneous Revenue:				
Property rentals	4,253,593	4,253,593	3,262,672	(990,921)
Sundry	7,566,608	7,585,970	7,850,868	264,898
Total Miscellaneous Revenue	11,820,201	11,839,563	11,113,540	(726,023)
Total Revenues	4,189,913,438	4,189,932,800	4,441,451,337	251,518,537
Expenditures:				
Departments or Offices:				
County Council:				
Personnel	17,262,235	17,339,957	15,515,246	1,824,711
Operating	1,963,957	2,181,872	1,296,572	885,300
Totals	19,226,192	19,521,829	16,811,818	2,710,011

**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, 2025**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Board of Appeals:				
Personnel	552,262	562,300	562,292	8
Operating	36,380	33,330	24,036	9,294
Totals	588,642	595,630	586,328	9,302
Legislative Oversight:				
Personnel	2,540,239	2,626,450	2,626,441	9
Operating	105,496	94,956	8,339	86,617
Totals	2,645,735	2,721,406	2,634,780	86,626
Merit System Protection Board:				
Personnel	292,941	292,941	266,782	26,159
Operating	14,504	436,804	426,636	10,168
Totals	307,445	729,745	693,418	36,327
Zoning and Administrative Hearings:				
Personnel	733,533	733,533	666,435	67,098
Operating	85,944	99,824	69,192	30,632
Totals	819,477	833,357	735,627	97,730
Inspector General:				
Personnel	3,462,789	3,482,186	3,409,868	72,318
Operating	149,411	149,359	112,437	36,922
Totals	3,612,200	3,631,545	3,522,305	109,240
Circuit Court:				
Personnel	12,669,587	12,889,697	12,889,692	5
Operating	2,552,012	2,674,417	2,674,410	7
Totals	15,221,599	15,564,114	15,564,102	12
State's Attorney:				
Personnel	23,290,911	23,523,371	23,523,368	3
Operating	1,266,320	1,438,051	1,438,050	1
Totals	24,557,231	24,961,422	24,961,418	4
County Executive:				
Personnel	5,698,420	6,045,446	6,045,445	1
Operating	1,261,690	1,303,472	874,591	428,881
Totals	6,960,110	7,348,918	6,920,036	428,882
Community Engagement:				
Personnel	6,869,058	6,878,093	6,668,860	209,233
Operating	3,128,861	4,085,773	3,297,498	788,275
Totals	9,997,919	10,963,866	9,966,358	997,508
Ethics Commission:				
Personnel	378,119	378,119	282,377	95,742
Operating	38,354	38,552	35,994	2,558
Totals	416,473	416,671	318,371	98,300
Intergovernmental Relations:				
Personnel	893,412	927,999	927,999	-
Operating	117,050	105,593	55,743	49,850
Totals	1,010,462	1,033,592	983,742	49,850
Public Information:				
Personnel	2,794,033	2,807,977	2,782,610	25,367
Operating	163,116	187,266	184,809	2,457
Totals	2,957,149	2,995,243	2,967,419	27,824
Board of Elections:				
Personnel	5,862,756	5,870,334	5,843,603	26,731
Operating	11,278,381	10,504,810	10,284,164	220,646
Totals	17,141,137	16,375,144	16,127,767	247,377
Racial Equity and Social Justice:				
Personnel	1,331,115	1,331,115	1,237,826	93,289
Operating	236,567	294,013	167,474	126,539
Totals	1,567,682	1,625,128	1,405,300	219,828

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, 2025**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Labor Relations:				
Personnel	1,913,261	1,800,433	1,800,428	5
Operating	300,578	495,880	420,102	75,778
Totals	2,213,839	2,296,313	2,220,530	75,783
Grants Management:				
Personnel	860,159	780,603	731,021	49,582
Operating	184,349	270,497	234,020	36,477
Totals	1,044,508	1,051,100	965,041	86,059
Food Resilience:				
Personnel	608,212	623,327	623,324	3
Operating	13,592,299	16,511,308	16,478,211	33,097
Totals	14,200,511	17,134,635	17,101,535	33,100
County Attorney:				
Personnel	9,142,469	9,190,770	8,856,504	334,266
Operating	1,347,217	1,669,752	1,653,594	16,158
Totals	10,489,686	10,860,522	10,510,098	350,424
Management and Budget:				
Personnel	7,164,040	7,199,811	7,088,190	111,621
Operating	529,919	562,151	447,846	114,305
Totals	7,693,959	7,761,962	7,536,036	225,926
Finance:				
Personnel	15,646,754	15,774,591	15,529,182	245,409
Operating	3,722,264	7,872,553	6,959,581	912,972
Totals	19,369,018	23,647,144	22,488,763	1,158,381
Procurement:				
Personnel	5,247,413	5,302,783	5,302,778	5
Operating	393,675	593,577	593,576	1
Totals	5,641,088	5,896,360	5,896,354	6
Human Resources:				
Personnel	8,836,118	8,361,900	7,407,281	954,619
Operating	3,995,703	5,702,654	5,472,966	229,688
Totals	12,831,821	14,064,554	12,880,247	1,184,307
Technology and Enterprise Business Solutions:				
Personnel	36,176,869	35,115,700	33,856,590	1,259,110
Operating	37,291,387	44,451,543	43,810,124	641,419
Totals	73,468,256	79,567,243	77,666,714	1,900,529
General Services:				
Personnel	17,995,350	19,844,327	19,844,321	6
Operating	23,419,241	34,323,440	34,323,431	9
Totals	41,414,591	54,167,767	54,167,752	15
Animal Services:				
Personnel	8,696,595	8,486,302	8,143,575	342,727
Operating	1,804,245	2,084,490	2,047,048	37,442
Totals	10,500,840	10,570,792	10,190,623	380,169
Consumer Protection:				
Personnel	2,709,540	2,721,605	2,517,624	203,981
Operating	130,009	136,090	126,376	9,714
Totals	2,839,549	2,857,695	2,644,000	213,695
Correction and Rehabilitation:				
Personnel	74,477,833	78,995,410	78,995,402	8
Operating	9,042,567	11,512,406	11,512,401	5
Totals	83,520,400	90,507,816	90,507,803	13
Human Rights:				
Personnel	1,746,752	1,752,934	1,507,079	245,855
Operating	371,201	373,516	272,912	100,604
Totals	2,117,953	2,126,450	1,779,991	346,459

**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, 2025**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Police:				
Personnel	280,745,800	281,570,503	281,570,494	9
Operating	49,360,767	56,900,181	56,900,151	30
Totals	330,106,567	338,470,684	338,470,645	39
Sheriff:				
Personnel	25,280,704	24,858,875	24,858,873	2
Operating	4,275,739	4,688,309	4,653,913	34,396
Totals	29,556,443	29,547,184	29,512,786	34,398
Emergency Management and Homeland Security:				
Personnel	2,035,292	2,156,020	2,156,018	2
Operating	1,530,990	2,218,261	2,218,257	4
Totals	3,566,282	4,374,281	4,374,275	6
Transportation:				
Personnel	27,935,824	31,535,166	31,046,384	488,782
Operating	28,033,124	48,800,068	48,800,062	6
Totals	55,968,948	80,335,234	79,846,446	488,788
Health and Human Services:				
Personnel	189,883,571	183,374,007	183,000,986	373,021
Operating	200,898,187	207,565,709	207,449,604	116,105
Totals	390,781,758	390,939,716	390,450,590	489,126
Public Libraries:				
Personnel	42,373,095	40,502,490	40,502,400	90
Operating	10,078,606	10,778,266	10,778,066	200
Totals	52,451,701	51,280,756	51,280,466	290
Housing and Community Affairs:				
Personnel	11,268,246	11,301,123	11,186,480	114,643
Operating	2,199,927	2,512,045	2,322,470	189,575
Totals	13,468,173	13,813,168	13,508,950	304,218
Agriculture:				
Personnel	907,268	917,697	895,226	22,471
Operating	548,684	567,932	544,708	23,224
Totals	1,455,952	1,485,629	1,439,934	45,695
Environmental Protection:				
Personnel	3,949,110	3,967,864	3,825,810	142,054
Operating	5,733,811	10,395,845	10,115,974	279,871
Totals	9,682,921	14,363,709	13,941,784	421,925
Total Departments	1,281,414,217	1,356,438,324	1,343,580,152	12,858,172
Nondepartmental:				
Arts and Humanities Council	6,848,500	6,848,500	6,848,500	-
BioHub Maryland at Montgomery County	562,436	562,436	562,436	-
Boards, Committees and Commissions	49,665	49,665	21,100	28,565
Charter Review Commission	150	150	-	150
Children's Opportunity Alliance	1,984,079	1,984,079	1,981,439	2,640
Climate Change Initiative	718,344	986,883	928,355	58,528
Community Grants	10,920,201	17,493,360	12,925,454	4,567,906
Compensation and Employee Benefit Adjustments - personnel	2,332,637	1,027,598	177,894	849,704
Compensation and Employee Benefit Adjustments - operating	1,003,500	1,043,897	399,049	644,848
Conference Center - personnel	151,235	151,235	151,220	15
Conference Center - operating	415,737	415,737	-	415,737
Conference and Visitors Bureau	2,262,724	2,352,439	2,352,439	-
Consolidated Retiree Health Benefit and Trust (MCPS)	59,106,261	59,106,261	59,106,261	-
Contributions To Self Insurance Fund - Risk Management	24,651,871	24,651,871	23,857,449	794,422
County Associations	76,533	76,533	76,533	-
County Leases - personnel	100,000	100,000	63,436	36,564
County Leases - operating	18,519,006	22,019,347	20,674,499	1,344,848
COVID-19 Response - Community Assistance	-	5,423,120	15,170	5,407,950
Device Client Management	16,181,677	16,886,341	16,864,790	21,551
Early Care and Education	10,260,344	21,457,513	20,009,996	1,447,517
Grants To Municipalities in Lieu Of Shared Tax	28,020	28,020	28,012	8

RSI-1 (Continued)

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL
(NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget			Variance Positive
	Original Budget	Final Budget	Actual	(Negative)
Group Insurance Retirees	44,393,473	44,393,473	44,393,473	-
Guaranteed Income	1,229,850	1,305,723	(65,632)	1,371,355
Historical Activities	221,866	221,866	221,866	-
Homeowners' Association Road Maintenance Reimbursement	62,089	62,089	62,089	-
Housing Opportunities Commission	8,295,315	8,295,315	-	8,295,315
Incubator Program	2,437,584	2,838,309	2,757,248	81,061
Independent Audit	432,242	553,792	553,784	8
Interagency Technology, Policy and Coordination Commission	3,000	3,000	181	2,819
KID Museum	1,916,622	1,916,622	1,916,622	-
Labor Management Relations Committee	-	188,638	97,354	91,284
Legislative Branch Communications Outreach	2,605,536	2,695,200	2,036,909	658,291
Metro Washington Council Of Governments	1,957,533	1,957,533	1,886,663	70,870
Montgomery Coalition for Adult English Literacy	2,512,032	2,512,032	2,512,032	-
Montgomery County Green Bank	19,126,186	19,965,544	19,965,544	-
Montgomery County Economic Development Corp.	4,670,948	7,434,024	7,434,024	-
Motor Pool Fund Contribution	1,524,609	1,524,609	1,524,609	-
Municipal Tax Duplication	21,700,055	21,700,055	21,610,343	89,712
Police Accountability Board	788,743	788,803	598,702	190,101
Prisoner Medical Services	20,000	20,000	-	20,000
Public Election Fund	333,000	333,000	333,000	-
Public Technologies Inc	5,000	5,000	5,000	-
Rockville Parking District	426,900	426,900	424,515	2,385
Skills for the Future	293,317	490,062	293,317	196,745
Small Business Support Services	2,281,233	2,243,483	2,171,052	72,431
Snow Removal	2,884,990	-	-	-
State Positions Supplement	60,756	60,756	-	60,756
State Property Tax Services	3,565,615	3,565,615	3,454,124	111,491
Takoma Park - Library Transition	184,090	184,090	184,090	-
Telecommunications	4,086,126	6,614,869	6,420,960	193,909
UM 3- Institute for Health Computing	6,300,000	6,300,000	6,300,000	-
Utilities	37,175,650	31,308,813	31,308,797	16
Vision Zero	213,882	213,927	208,947	4,980
Working Families Income Supplement	28,123,522	29,535,122	29,535,116	6
WorkSource Montgomery, Inc.	2,274,032	1,582,235	44,641	1,537,594
Total - Nondepartmental	358,278,716	383,905,484	355,233,402	28,672,082
Total Expenditures	1,639,692,933	1,740,343,808	1,698,813,554	41,530,254
Excess of Revenues over (under) Expenditures	2,550,220,505	2,449,588,992	2,742,637,783	293,048,791
Other Financing Sources (Uses):				
Transfers In:				
Special Revenue Funds:				
Fire Tax District	6,837,350	6,837,350	6,837,350	-
Recreation	9,590,835	9,590,835	9,590,835	-
Mass Transit	29,085,768	29,085,768	29,085,768	-
Water Quality Protection	2,483,960	2,483,960	2,483,960	-
Urban Districts	1,138,807	1,138,807	1,138,807	-
Housing Initiative	674,116	674,116	674,116	-
Cable TV	10,812,185	10,812,185	10,812,185	-
Total Special Revenue Funds	60,623,021	60,623,021	60,623,021	-
Enterprise Funds:				
Liquor	31,298,530	21,719,220	21,719,220	-
Parking Lot Districts	1,233,263	1,233,263	1,233,263	-
Solid Waste Activities	4,171,532	4,171,532	4,171,532	-
Community Use of Public Facilities	1,018,158	1,018,158	1,018,158	-
Permitting Services	7,313,498	7,313,498	7,313,498	-
Total Enterprise Funds	45,034,981	35,455,671	35,455,671	-
Total Transfers In	105,658,002	96,078,692	96,078,692	-
Total Transfers In - MCG	105,658,002	96,078,692	96,078,692	-

**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, 2025**

	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	(6,792,006)	(6,792,006)	(6,792,006)	-
Mass Transit	(531,310)	(531,310)	(531,310)	-
Housing Initiative	(33,674,468)	(40,054,468)	(40,054,468)	-
Economic Development	(3,739,168)	(3,193,249)	(3,193,249)	-
Total Special Revenue Funds	(45,996,652)	(51,830,733)	(51,830,733)	-
Enterprise Funds:				
Community Use of Public Facilities	(160,000)	(160,000)	(160,000)	-
Solid Waste Activities	(841,330)	(841,330)	(841,330)	-
Total Enterprise Funds	(1,001,330)	(1,001,330)	(1,001,330)	-
Debt Service Fund	(392,527,792)	(392,527,792)	(373,885,890)	18,641,902
Capital Projects Fund	(121,498,000)	(202,323,174)	(124,739,076)	77,584,098
Total Transfers (Out)	(561,023,774)	(647,683,029)	(551,457,029)	96,226,000
Transfers (Out) - Component Units and Joint Venture:				
Montgomery County Public Schools - operating	(2,136,823,538)	(2,136,823,538)	(2,136,974,914)	(151,376)
Montgomery County Public Schools - capital	(27,087,000)	(67,516,840)	(38,014,000)	29,502,840
Total Montgomery County Public Schools	(2,163,910,538)	(2,204,340,378)	(2,174,988,914)	29,351,464
Montgomery College - operating	(150,664,546)	(150,664,546)	(150,664,546)	-
Montgomery College - capital	(7,584,000)	(25,838,978)	(12,972,105)	12,866,873
Total Montgomery College	(158,248,546)	(176,503,524)	(163,636,651)	12,866,873
Housing Opportunities Commission - operating	-	-	(8,295,315)	(8,295,315)
Housing Opportunities Commission - capital	(1,020,000)	(5,013,852)	(2,612,793)	2,401,059
Total Housing Opportunity Commission	(1,020,000)	(5,013,852)	(10,908,108)	(5,894,256)
M-NCPPC - operating	(2,162,862)	(2,162,862)	(2,162,862)	-
Total Transfers (Out) - Component Units and JV	(2,325,341,946)	(2,388,020,616)	(2,351,696,535)	36,324,081
Total Transfers (Out) - MCG	(2,886,365,720)	(3,035,703,645)	(2,903,153,564)	132,550,081
Total Other Financing Sources (Uses)	(2,780,707,718)	(2,939,624,953)	(2,807,074,872)	132,550,081
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (230,487,213)	\$ (490,035,961)	(64,437,089)	\$ 425,598,872
Adjustments required under generally accepted accounting principles:				
Non budgeted Item - Bad debt expense			633,209	
Elimination of encumbrances outstanding			75,648,518	
Conference Center activity			(1,113,866)	
Non-budgeted Item-Leases			833,610	
Other non-budgeted items			906,617	
Prepaid adjustment			(1,887,594)	
Consolidation:				
Revenue Stabilization			36,779,412	
Economic Development			665,877	
Urban Districts			(194,256)	
GAAP - Net Change in Fund Balance			47,834,438	
Fund Balance - Beginning of Year			1,264,303,337	
Fund Balance - End of Year			\$ 1,312,137,775	

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, 2025

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes - recordation premium	\$ 22,986,826	\$ 22,986,826	\$ 28,211,698	\$ 5,224,872
Charges for services	4,853,742	4,853,742	121,090	(4,732,652)
Investment and interest income:				
Pooled investment income	4,043,580	4,043,580	2,187,412	(1,856,168)
Other interest income	-	-	3,969,242	3,969,242
Total Investment and interest income	4,043,580	4,043,580	6,156,654	2,113,074
Miscellaneous:				
Property rentals, MPDU and other contributions	2,245,006	2,245,006	3,101,064	856,058
Total Miscellaneous	2,245,006	2,245,006	3,101,064	856,058
Total Revenues	34,129,154	34,129,154	37,590,506	3,461,352
Expenditures: Community development and housing				
Personnel	3,377,336	3,410,639	3,410,631	8
Operating	52,818,763	86,157,875	74,536,528	11,621,347
Total Expenditures	56,196,099	89,568,514	77,947,159	11,621,355
Excess of Revenues over (under) Expenditures	(22,066,945)	(55,439,360)	(40,356,653)	15,082,707
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	33,674,468	40,054,468	40,054,468	-
To General Fund	(674,116)	(674,116)	(674,116)	-
To Debt Service Fund	(18,294,520)	(18,294,520)	(15,705,122)	2,589,398
Mortgage repayment	3,300,000	3,300,000	2,689,466	(610,534)
Total Other Financing Sources (Uses)	18,005,832	24,385,832	26,364,696	1,978,864
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (4,061,113)	\$ (31,053,528)	(13,991,957)	\$ 17,061,571
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			9,278,670	
Repayment of loan not considered revenue under GAAP ⁽¹⁾			(3,978,051)	
Loan disbursement not considered expenditure under GAAP ⁽²⁾			117,150,022	
Non budgeted Item - Leases			6,649	
Non budgeted Item - Recovered bad debt			6,499,888	
Non budgeted Item - Bad debt expense			(641,465)	
GAAP - Net Change in Fund Balance			114,323,756	
Fund Balance - Beginning of Year			454,379,950	
Fund Balance - End of Year			\$ 568,703,706	

⁽¹⁾ Repayment of loan includes repayment transfer to Capital Projects Fund in the amount of \$1,485,395.

⁽²⁾ This amount includes \$85,674,034 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, 2025

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Intergovernmental:				
Federal grants	\$ 53,325,983	\$ 89,281,328	\$ 71,996,608	\$ (17,284,720)
State grants	105,647,508	95,311,945	93,335,806	(1,976,139)
Charges/Fees	-	-	65,869	65,869
Other non-state and non-federal reimbursements	302,180	841,905	21,469	(820,436)
Total Intergovernmental	159,275,671	185,435,178	165,419,752	(20,015,426)
Investment and interest income:				
Pooled investment income	-	-	16,367	16,367
Other principal and interest income	-	-	263,490	263,490
Total Investment Income	-	-	279,857	279,857
Miscellaneous	1,365,377	2,423,496	1,492,025	(931,471)
Total Revenues	160,641,048	187,858,674	167,191,634	(20,667,040)
Expenditures:				
Departments or Offices:				
General Government:				
County Executive				
Operating	-	8,364,214	6,854,161	1,510,053
Totals	-	8,364,214	6,854,161	1,510,053
Finance:				
Operating	-	-	(4,209)	4,209
Totals	-	-	(4,209)	4,209
Permitting Services:				
Operating	-	-	6,981	(6,981)
Totals	-	-	6,981	(6,981)
Community Engagement:				
Personnel	64,387	64,387	68,702	(4,315)
Operating	10,613	158,118	127,412	30,706
Totals	75,000	222,505	196,114	26,391
Technology and Enterprise Business Solutions:				
Operating	-	1,112,699	726,827	385,872
Totals	-	1,112,699	726,827	385,872
Total General Government	75,000	9,699,418	7,779,874	1,919,544
Public Safety:				
Circuit Court:				
Personnel	3,855,108	3,306,334	3,755,491	(449,157)
Operating	313,059	328,090	198,714	129,376
Totals	4,168,167	3,634,424	3,954,205	(319,781)
Fire and Rescue Service:				
Personnel	-	12,047,840	3,857,215	8,190,625
Operating	-	2,679,560	1,999,418	680,142
Totals	-	14,727,400	5,856,633	8,870,767
Police:				
Personnel	-	434,285	435,715	(1,430)
Operating	-	4,660,299	1,805,122	2,855,177
Totals	-	5,094,584	2,240,837	2,853,747
Animal Services:				
Operating	-	52,648	10,233	42,415
Totals	-	52,648	10,233	42,415

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, 2025**

	Budget			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
State's Attorney:				
Personnel	547,767	901,945	1,005,243	(103,298)
Operating	-	100,016	339,484	(239,468)
Totals	547,767	1,001,961	1,344,727	(342,766)
Sheriff:				
Personnel	684,804	1,513,012	632,243	880,769
Operating	317,125	707,784	259,546	448,238
Totals	1,001,929	2,220,796	891,789	1,329,007
Emergency Management & Homeland Security:				
Personnel	1,199,746	2,367,049	999,818	1,367,231
Operating	-	4,252,807	4,307,776	(54,969)
Totals	1,199,746	6,619,856	5,307,594	1,312,262
Total Public Safety	6,917,609	33,351,669	19,606,018	13,745,651
Transportation:				
Personnel	1,636,638	1,636,638	1,247,301	389,337
Operating	3,702,252	4,520,653	3,500,573	1,020,080
Total Transportation	5,338,890	6,157,291	4,747,874	1,409,417
Health and Human Services:				
Personnel	62,646,864	66,980,268	61,383,558	5,596,710
Operating	55,963,003	70,203,010	59,710,644	10,492,366
Total Health and Human Services	118,609,867	137,183,278	121,094,202	16,089,076
Culture and Recreation:				
Public Libraries:				
Personnel	271,437	271,437	284,684	(13,247)
Operating	124,163	225,880	87,821	138,059
Totals	395,600	497,317	372,505	124,812
Recreation:				
Personnel	281,073	256,069	309,427	(53,358)
Totals	281,073	256,069	309,427	(53,358)
Total Culture and Recreation	676,673	753,386	681,932	71,454
Housing and Community Affairs:				
Personnel	2,150,509	1,520,509	4,467,392	(2,946,883)
Operating	6,712,500	11,468,176	5,899,800	5,568,376
Totals	8,863,009	12,988,685	10,367,192	2,621,493
Total Housing	8,863,009	12,988,685	10,367,192	2,621,493
Environmental Protection:				
Personnel	-	130,866	-	130,866
Operating	-	2,875,697	1,300,637	1,575,060
Total Environmental Protection	-	3,006,563	1,300,637	1,705,926

**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, 2025**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Nondepartmental:				
Compensation and Employee Benefit Adjustments	1,000,000	-	-	-
Vision Zero	160,000	160,000	-	160,000
Future Federal/State/Other Grants - Operating	20,000,000	6	-	6
Working Families Income Supplement	-	-	1,542,841	(1,542,841)
Total Nondepartmental	21,160,000	160,006	1,542,841	(1,382,835)
Total Expenditures	161,641,048	203,300,296	167,120,570	36,179,726
Excess of Revenues over (under) Expenditures	(1,000,000)	(15,441,622)	71,064	(15,512,686)

Adjustments required under generally accepted accounting principles:

GAAP - Net Change in Fund Balance	71,064
Fund Balance - Beginning of Year	288,406
Fund Balance - End of Year	<u>\$ 359,470</u>

Reconciliation of Budgetary Schedule to GAAP Basis

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

	Revenues	Expenditures & Encumbrances	Other Financing Sources (Uses)	Effect on Fund Balance
As reported - budgetary basis	\$ 167,191,634	\$ 167,120,570	\$ -	\$ 71,064
Reconciling items:				
Encumbrances outstanding at year-end	(13,811,707)	(13,811,707)	-	-
As reported - GAAP basis	<u>\$ 153,379,927</u>	<u>\$ 153,308,863</u>	<u>\$ -</u>	<u>\$ 71,064</u>

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

Fiscal Year Ended June 30	County's Proportion			County's Covered Payroll	Plan Fiduciary Net Position as a % of Total OPEB Liability
	% of Net OPEB Liability	Share of the Net OPEB Liability	Share of the Net OPEB Liability as a % of its Covered Payroll		
2018	97.62%	\$ 1,486,051,494	202.70%	\$ 733,142,945	22.38%
2019	97.06	1,291,983,847	173.74	743,618,488	26.99
2020	96.74	825,636,740	108.66	759,800,866	39.35
2021	97.23	983,532,109	125.87	781,367,096	38.02
2022	97.23	819,410,047	103.10	794,782,430	49.28
2023	97.53	791,607,659	96.54	819,956,332	47.82
2024	97.53	727,595,786	85.58	850,210,248	50.98
2025	97.53	609,795,621	69.91	872,315,241	57.68

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

Fiscal Year Ended June 30	Contractually Required Contributions		Contribution Deficiency (excess)	County's Covered Payroll	Actual Contributions as a % of Covered Payroll
	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions			
2018	\$ 110,024,000	\$ 119,823,414	\$ (9,799,414)	\$ 743,618,488	16.11%
2019	114,025,000	61,184,301	52,840,699	759,800,866	8.05
2020	112,936,000	74,434,514	38,501,486	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)	850,210,248	7.95
2024	64,319,000	66,405,088	(2,086,088)	872,315,241	7.61
2025	65,142,000	63,908,921	1,233,079	1,039,189,447*	6.15

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 2026 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		
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
2024	86.38	119,109,585	0.24	487,994,547	97.20
2025	95.26	265,433,609	0.43	614,121,867	94.60

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
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	-	487,994,547	15.46
2024		45,369,960	45,369,960	-	614,121,897	7.39
2025		61,802,923	61,802,923	-	661,495,399*	9.34

* Estimated. Actual will be available with the fiscal year 2025 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			
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
2024	0.0257950	5,940,659	187.37	3,170,590	73.81
2025	0.0241120	6,342,521	210.97	3,006,326	72.08

SCHEDULE OF COUNTY CONTRIBUTIONS
LAST 10 FISCAL YEARS

Fiscal Year Ending June 30	Contributions in Relation to		Contribution Deficiency (excess)	County's Covered Payroll	Contribution as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution			
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
2024	629,118	629,118	-	3,006,326	20.93
2025	631,328	631,328	-	2,724,758	23.17

REQUIRED SUPPLEMENTARY INFORMATION
LENGTH OF SERVICE AWARD PROGRAM (LOSAP)
SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY

Actuarial Valuation Date Measurement Date County's Fiscal Year Ending Date for GASB 73	December 31, 2023 June 30, 2024 June 30, 2025	December 31, 2022 June 30, 2023 June 30, 2024	December 31, 2021 June 30, 2022 June 30, 2023	December 31, 2020 June 30, 2021 June 30, 2022	December 31, 2019 June 30, 2020 June 30, 2021	December 31, 2018 June 30, 2019 June 30, 2020	December 31, 2017 June 30, 2018 June 30, 2019	December 31, 2017 December 31, 2017 June 30, 2018	January 1, 2015 June 30, 2016 June 30, 2017
Total Pension Liability									
Service cost	\$ 501,119	\$ 648,369	\$ 1,107,334	\$ 950,903	\$ 763,719	\$ 665,258	\$ 474,699	\$ 1,578,468	\$ 886,540
Interest on the Total Pension Liability	1,520,968	1,406,028	973,522	1,080,126	1,196,108	1,305,864	621,258	1,750,442	1,273,361
Benefit Changes	-	3,115,763	128,034	1,310,473	-	-	-	478,969	-
Difference between Expected and Actual Experience	(15,764)	(588,028)	956,211	3,561	403,319	(691,351)	-	(1,343,359)	-
Assumptions Changes ⁽¹⁾	(662,335)	(1,494,514)	(13,876,563)	4,762,616	4,915,075	2,247,328	(1,927,565)	(3,166,298)	6,088,358
Benefit Payments	(1,709,046)	(1,721,535)	(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	(365,058)	1,366,083	(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	40,001,555	38,635,472	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	<u>\$ 39,636,497</u>	<u>\$ 40,001,555</u>	<u>\$ 38,635,472</u>	<u>\$ 50,951,916</u>	<u>\$ 44,374,891</u>	<u>\$ 38,562,856</u>	<u>\$ 36,439,585</u>	<u>\$ 37,946,046</u>	<u>\$ 40,657,679</u>
Total Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	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, 2025, the change in the Total Pension Liability due to the change in the Single Discount Rate from 3.86% as of the beginning of the year to 3.97% 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 FY25, the County Council increased the operating budget for all funds through supplemental and special appropriations by \$95.9 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, 2022
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 27.2 years as of July 1, 2022.
Asset valuation method	5-year smoothed fair value
Inflation	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	Pub-2010 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	April 1, 2023
Methods and assumptions used to determine contributions rates:	
Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	Market value of assets
Investment rate of return	7.50%
Payroll growth rate	3.00%
Inflation	2.60%
Mortality	For active employees - PUB-2010 Healthy Mortality, Headcount weighted Sex Distinct, Fully Generational projected from 2010 using scale MP-2021. 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 healthy retirees and beneficiaries - PUB-2010 Healthy Mortality, Headcount weighted Sex Distinct, Fully Generational projected from 2010 using scale MP-2021. Public safety retirees are assumed to use the public safety version of the mortality table and the rest of the retirees are assumed to use the general retirees version of the mortality table. For disabled retirees - PUB-2010 Disabled Mortality, Headcount weighted Sex Distinct, Fully Generational projected from 2010 using scale MP-2021. Public safety disabled retirees are assumed to use the public safety version of the mortality table and the rest of the disabled retirees are assumed to use the general disabled retirees version of the mortality table.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

Healthcare cost trend rates

The medical trend assumption was developed using the 2023 version of the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model is flexible and allows for adjustments that ultimately control how quickly the current trend converges to the percentage increase in the GDP.

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

Rate of Inflation	2.50%
Rate of Growth in Real Income / GDP per Capita	1.25%
Excess Medical Growth	0.80%
Expected Health Share of GDP in 2028	19.80%
Health Share of GDP Resistance Point	15.00%
Year for Limiting Cost Growth to GDP Growth	2045

The initial trend rate is 8.00% in 2023 and decreases until reaching the ultimate rate of 3.78% in 2045.

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, 2025**

	Special Taxing Districts	Rehabilitation Loan	Cable TV	Other	Total Nonmajor Governmental Fund
ASSETS					
Equity in pooled cash and investments	\$ 102,055,009	\$ 4,329,258	\$ 57,737	\$ 63,872,370	\$ 170,314,374
Cash	12,300	-	-	25,000	37,300
Receivables (net of allowances for uncollectibles):					
Property taxes	5,162,027	-	-	1,061,857	6,223,884
Accounts	7,246,658	-	4,576,000	32,846,765	44,669,423
Mortgages	-	1,324,145	-	-	1,324,145
Parking violations	624,100	-	-	-	624,100
Due from other governments	271,632	-	-	-	271,632
Due from other component units	399,875	-	-	-	399,875
Prepaid Expenses	30,854	-	-	-	30,854
Total Assets	<u>\$ 115,802,455</u>	<u>\$ 5,653,403</u>	<u>\$ 4,633,737</u>	<u>\$ 97,805,992</u>	<u>\$ 223,895,587</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,258,204	\$ -	\$ 87,781	\$ 3,280,199	\$ 6,626,184
Retainage payable	3,020	-	-	44,286	47,306
Accrued liabilities	21,360,763	-	310,385	1,563,873	23,235,021
Deposits	501,772	-	-	-	501,772
Due to other funds	5,217,638	-	1,300,000	100,995	6,618,633
Due to component units	277,427	-	-	-	277,427
Due to other governments	619,571	-	620,744	11,733	1,252,048
Unearned revenue	738	-	-	110,922	111,660
Total Liabilities	<u>31,239,133</u>	<u>-</u>	<u>2,318,910</u>	<u>5,112,008</u>	<u>38,670,051</u>
Deferred Inflows of Resources:					
Unavailable property taxes	5,243,215	-	-	1,036,253	6,279,468
Unavailable revenue	4,802,193	-	-	29,394,412	34,196,605
Total Deferred Inflows of Resources	<u>10,045,408</u>	<u>-</u>	<u>-</u>	<u>30,430,665</u>	<u>40,476,073</u>
Fund Balances:					
Nonspendable	30,854	-	-	-	30,854
Restricted	74,487,060	5,653,403	2,314,827	62,263,319	144,718,609
Total Fund Balances	<u>74,517,914</u>	<u>5,653,403</u>	<u>2,314,827</u>	<u>62,263,319</u>	<u>144,749,463</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 115,802,455</u>	<u>\$ 5,653,403</u>	<u>\$ 4,633,737</u>	<u>\$ 97,805,992</u>	<u>\$ 223,895,587</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Special Taxing Districts	Rehabilitation Loan	Cable TV	Other	Total Nonmajor Governmental Fund
REVENUES					
Taxes	\$ 562,085,687	\$ -	\$ -	\$ 55,325,950	\$ 617,411,637
Licenses and permits	41,863	-	-	-	41,863
Intergovernmental	49,279,236	-	-	6,950,467	56,229,703
Charges for services	47,146,448	-	18,468,072	8,108,101	73,722,621
Fines and forfeitures	868,182	-	-	279,446	1,147,628
Investment and interest income	-	239,308	275,275	3,772,731	4,287,314
Miscellaneous	1,005,328	-	1,000,000	1,729,540	3,734,868
Total Revenues	<u>660,426,744</u>	<u>239,308</u>	<u>19,743,347</u>	<u>76,166,235</u>	<u>756,575,634</u>
EXPENDITURES					
General government	-	-	7,353,289	705,036	8,058,325
Public safety	313,678,136	-	-	934,521	314,612,657
Transportation	195,118,516	-	-	-	195,118,516
Health and human services	-	-	-	1,638,021	1,638,021
Culture and recreation	60,478,245	-	-	5,389,772	65,868,017
Community development and housing	-	-	-	-	-
Environment	-	-	-	33,295,909	33,295,909
Total Expenditures	<u>569,274,897</u>	<u>-</u>	<u>7,353,289</u>	<u>41,963,259</u>	<u>618,591,445</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>91,151,847</u>	<u>239,308</u>	<u>12,390,058</u>	<u>34,202,976</u>	<u>137,984,189</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	4,191,010	-	-	-	4,191,010
Transfers (out)	(141,971,977)	-	(17,092,886)	(24,279,731)	(183,344,594)
Total Other Financing Sources (Uses)	<u>(137,780,967)</u>	<u>-</u>	<u>(17,092,886)</u>	<u>(24,279,731)</u>	<u>(179,153,584)</u>
Net Change in Fund Balances	<u>(46,629,120)</u>	<u>239,308</u>	<u>(4,702,828)</u>	<u>9,923,245</u>	<u>(41,169,395)</u>
Fund Balances - Beginning of Year	<u>121,147,034</u>	<u>5,414,095</u>	<u>7,017,655</u>	<u>52,340,074</u>	<u>185,918,858</u>
Fund Balances - End of Year	<u>\$ 74,517,914</u>	<u>\$ 5,653,403</u>	<u>\$ 2,314,827</u>	<u>\$ 62,263,319</u>	<u>\$ 144,749,463</u>

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL TAXING DISTRICTS
JUNE 30, 2025

	Recreation	Fire Tax District	Mass Transit Facilities	Total
ASSETS				
Equity in pooled cash and investments	\$ 11,051,628	\$ 16,450,913	\$ 74,552,468	\$ 102,055,009
Cash	7,300	5,000	-	12,300
Receivables (net of allowances for uncollectibles):				
Property taxes	543,426	2,797,625	1,820,976	5,162,027
Accounts	61,484	6,746,001	439,173	7,246,658
Parking violations	-	-	624,100	624,100
Due from other governments	-	-	271,632	271,632
Due from component units	-	399,875	-	399,875
Prepaid expenses	30,854	-	-	30,854
Total Assets	<u>\$ 11,694,692</u>	<u>\$ 26,399,414</u>	<u>\$ 77,708,349</u>	<u>\$ 115,802,455</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,032,648	\$ 1,100,432	\$ 1,125,124	\$ 3,258,204
Retainage payable	-	-	3,020	3,020
Accrued liabilities	3,726,611	12,888,373	4,745,779	21,360,763
Deposits	-	-	501,772	501,772
Due to other funds	257,055	3,800,519	1,160,064	5,217,638
Due to component units	269,555	-	7,872	277,427
Due to other governments	47,568	1,143	570,860	619,571
Unearned revenue	-	-	738	738
Total Liabilities	<u>5,333,437</u>	<u>17,790,467</u>	<u>8,115,229</u>	<u>31,239,133</u>
Deferred Inflows of Resources:				
Unavailable property taxes	794,205	2,704,167	1,744,843	5,243,215
Unavailable service revenues	-	4,802,193	-	4,802,193
Total Deferred Inflows of Resources	<u>794,205</u>	<u>7,506,360</u>	<u>1,744,843</u>	<u>10,045,408</u>
Fund Balances:				
Nonspendable	30,854	-	-	30,854
Restricted	5,536,196	1,102,587	67,848,277	74,487,060
Total Fund Balances	<u>5,567,050</u>	<u>1,102,587</u>	<u>67,848,277</u>	<u>74,517,914</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,694,692</u>	<u>\$ 26,399,414</u>	<u>\$ 77,708,349</u>	<u>\$ 115,802,455</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL TAXING DISTRICTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Recreation	Fire Tax District	Mass Transit Facilities	Total
REVENUES				
Taxes	\$ 65,696,674	\$ 284,964,183	\$ 211,424,830	\$ 562,085,687
Licenses and permits	-	-	41,863	41,863
Intergovernmental	-	8,295,769	40,983,467	49,279,236
Charges for services	5,264,544	33,509,282	8,372,622	47,146,448
Fines and forfeitures	-	-	868,182	868,182
Miscellaneous	51,735	879,746	73,847	1,005,328
Total Revenues	71,012,953	327,648,980	261,764,811	660,426,744
EXPENDITURES				
Public safety	-	313,678,136	-	313,678,136
Transportation	-	-	195,118,516	195,118,516
Culture and recreation	60,478,245	-	-	60,478,245
Total Expenditures	60,478,245	313,678,136	195,118,516	569,274,897
Excess (Deficiency) of Revenues over (under) Expenditures	10,534,708	13,970,844	66,646,295	91,151,847
OTHER FINANCING SOURCES (USES)				
Transfers in	3,409,700	250,000	531,310	4,191,010
Transfers (out)	(17,468,324)	(23,993,979)	(100,509,674)	(141,971,977)
Total Other Financing Sources (Uses)	(14,058,624)	(23,743,979)	(99,978,364)	(137,780,967)
Net Change in Fund Balances	(3,523,916)	(9,773,135)	(33,332,069)	(46,629,120)
Fund Balances - Beginning of Year	9,090,966	10,875,722	101,180,346	121,147,034
Fund Balances - End of Year	\$ 5,567,050	\$ 1,102,587	\$ 67,848,277	\$ 74,517,914

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - OTHER
JUNE 30, 2025**

	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	\$ 4,002,292	\$ 1,392,602	\$ 31,191,223	\$ 9,379,402	\$ 1,214,281	\$ 859,410	\$ 15,833,160	\$ 63,872,370
Cash	-	25,000	-	-	-	-	-	25,000
Receivables (net of allowances for uncollectibles):								
Property taxes	-	-	1,061,857	-	-	-	-	1,061,857
Accounts	-	-	-	-	-	1,010,731	31,836,034	32,846,765
Total Assets	<u>\$ 4,002,292</u>	<u>\$ 1,417,602</u>	<u>\$ 32,253,080</u>	<u>\$ 9,379,402</u>	<u>\$ 1,214,281</u>	<u>\$ 1,870,141</u>	<u>\$ 47,669,194</u>	<u>\$ 97,805,992</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ 4,370	\$ 2,541,663	\$ 92,098	\$ 8,471	\$ 540,769	\$ 92,828	\$ 3,280,199
Retainage payable	-	-	44,286	-	-	-	-	44,286
Accrued liabilities	-	-	838,760	44,920	50,591	178,018	451,584	1,563,873
Due to other funds	-	-	100,995	-	-	-	-	100,995
Due to other governments	6,394	-	5,339	-	-	-	-	11,733
Unearned revenue	-	-	-	-	-	110,922	-	110,922
Total Liabilities	<u>6,394</u>	<u>4,370</u>	<u>3,531,043</u>	<u>137,018</u>	<u>59,062</u>	<u>829,709</u>	<u>544,412</u>	<u>5,112,008</u>
Deferred Inflows of Resources:								
Unavailable property taxes	-	-	1,036,253	-	-	-	-	1,036,253
Unavailable revenues	-	-	-	-	-	-	29,394,412	29,394,412
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>1,036,253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,394,412</u>	<u>30,430,665</u>
Fund Balances:								
Restricted	3,995,898	1,413,232	27,685,784	9,242,384	1,155,219	1,040,432	17,730,370	62,263,319
Total Fund Balances	<u>3,995,898</u>	<u>1,413,232</u>	<u>27,685,784</u>	<u>9,242,384</u>	<u>1,155,219</u>	<u>1,040,432</u>	<u>17,730,370</u>	<u>62,263,319</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,002,292</u>	<u>\$ 1,417,602</u>	<u>\$ 32,253,080</u>	<u>\$ 9,379,402</u>	<u>\$ 1,214,281</u>	<u>\$ 1,870,141</u>	<u>\$ 47,669,194</u>	<u>\$ 97,805,992</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS - OTHER
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Agricultural Transfer Tax	Drug Enforcement Forfeitures	Water Quality Protection	Restricted Donations	Detention Center Canteen Profit	Recreation Non-Tax Supported	Opioid Abatement	Total
REVENUES								
Taxes	\$ 640,293	\$ -	\$ 54,685,657	\$ -	\$ -	\$ -	\$ -	\$ 55,325,950
Intergovernmental	-	-	-	22,723	-	-	6,927,744	6,950,467
Charges for services	-	-	148,040	-	-	7,960,061	-	8,108,101
Fines and forfeitures	-	279,446	-	-	-	-	-	279,446
Investment and interest income	230,611	73,105	2,460,223	-	68,998	100,417	839,377	3,772,731
Miscellaneous	-	60,627	46,771	268,332	425,706	-	928,104	1,729,540
Total Revenues	<u>870,904</u>	<u>413,178</u>	<u>57,340,691</u>	<u>291,055</u>	<u>494,704</u>	<u>8,060,478</u>	<u>8,695,225</u>	<u>76,166,235</u>
EXPENDITURES								
General government	256,381	-	-	448,655	-	-	-	705,036
Public safety	-	243,270	-	261,081	430,170	-	-	934,521
Health and human services	-	-	-	23,607	-	-	1,614,414	1,638,021
Culture and recreation	-	-	-	145,747	-	5,244,025	-	5,389,772
Environment	-	-	33,295,909	-	-	-	-	33,295,909
Total Expenditures	<u>256,381</u>	<u>243,270</u>	<u>33,295,909</u>	<u>879,090</u>	<u>430,170</u>	<u>5,244,025</u>	<u>1,614,414</u>	<u>41,963,259</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>614,523</u>	<u>169,908</u>	<u>24,044,782</u>	<u>(588,035)</u>	<u>64,534</u>	<u>2,816,453</u>	<u>7,080,811</u>	<u>34,202,976</u>
OTHER FINANCING SOURCES (USES)								
Transfers (out)	(311,412)	-	(21,568,319)	-	-	(2,400,000)	-	(24,279,731)
Total Other Financing Sources (Uses)	<u>(311,412)</u>	<u>-</u>	<u>(21,568,319)</u>	<u>-</u>	<u>-</u>	<u>(2,400,000)</u>	<u>-</u>	<u>(24,279,731)</u>
Net Change in Fund Balances	303,111	169,908	2,476,463	(588,035)	64,534	416,453	7,080,811	9,923,245
Fund Balances - Beginning of Year	<u>3,692,787</u>	<u>1,243,324</u>	<u>25,209,321</u>	<u>9,830,419</u>	<u>1,090,685</u>	<u>623,979</u>	<u>10,649,559</u>	<u>52,340,074</u>
Fund Balances - End of Year	<u>\$ 3,995,898</u>	<u>\$ 1,413,232</u>	<u>\$ 27,685,784</u>	<u>\$ 9,242,384</u>	<u>\$ 1,155,219</u>	<u>\$ 1,040,432</u>	<u>\$ 17,730,370</u>	<u>\$ 62,263,319</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, 2025

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final		
Revenues:				
Intergovernmental	\$ 202,900	\$ 202,900	\$ 204,720	\$ 1,820
Investment and interest income	-	-	520,382	520,382
Total Revenues	202,900	202,900	725,102	522,202
Expenditures:				
Operating:				
Principal and interest for general obligation bonds:				
General county	85,865,870	85,865,870	82,153,438	3,712,432
Roads and storm drainage	85,471,000	85,471,000	81,577,773	3,893,227
Parks and recreation	9,589,090	9,589,090	9,440,387	148,703
Public schools	158,632,080	158,632,080	153,995,560	4,636,520
Montgomery College	30,188,060	30,188,060	29,061,740	1,126,320
Public housing	18,070	18,070	18,076	(6)
Recreation	10,909,180	10,909,180	9,640,699	1,268,481
Fire and rescue	9,099,340	9,099,340	8,534,855	564,485
Mass transit	21,945,870	21,945,870	20,984,717	961,153
Issuing costs	2,958,000	3,018,834	2,183,051	835,783
Bond anticipation note interest	7,640,000	7,640,000	4,770,286	2,869,714
Principal and interest on revenue bonds	9,446,100	9,446,100	9,034,736	411,364
Long-term obligations:				
General Fund	12,368,521	12,368,521	11,351,299	1,017,222
Montgomery Housing Initiative	18,294,520	18,294,520	15,687,045	2,607,475
Mass Transit	8,231,500	8,231,500	5,832,029	2,399,471
Fire and Rescue	6,771,350	6,771,350	6,467,854	303,496
Water Quality Protection	941,921	941,921	941,918	3
Permitting Services	871,276	871,276	871,274	2
Community Use of Public Facilities	329,672	329,672	329,671	1
Motor Pool Fund	516,300	516,300	516,300	-
Total Expenditures	480,087,720	480,148,554	453,392,708	26,755,846
Excess of Revenues over (under) Expenditures	(479,884,820)	(479,945,654)	(452,667,606)	27,278,048
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	392,527,792	392,527,792	373,885,890	(18,641,902)
Transfer to Capital Projects Fund	-	-	(61,388,840)	(61,388,840)
From Internal Service Funds	516,300	516,300	516,300	-
From Enterprise Funds:				
Community Use of Public Facilities	329,672	329,672	329,671	(1)
Permitting Services	871,276	871,276	871,274	(2)
From Special Revenue Funds:				
Recreation	10,909,180	10,909,180	9,640,699	(1,268,481)
Mass Transit	30,177,370	30,177,370	26,924,735	(3,252,635)
Fire Tax District	15,870,690	15,870,690	15,072,130	(798,560)
Montgomery Housing Initiative	18,294,520	18,294,520	15,705,122	(2,589,398)
Water Quality Protection	10,388,020	10,388,020	9,912,659	(475,361)
Total Other Financing Sources (Uses)	479,884,820	479,884,820	391,469,640	(88,415,180)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ (60,834)	(61,197,966)	\$ (61,137,132)

Exhibit B-7 (Concluded)

Adjustments required under generally accepted accounting principles:

Elimination of encumbrances outstanding	156,342
Bond anticipation note activity	(250,000,000)
Payment to refunded bond escrow agent	(498,537,180)
Premium on general obligation bonds	31,732,540
Premium on general obligation refunding bonds	54,165,074
Issuing costs for general obligation bonds/certificates of participation	(1,096,594)
Proceeds of:	
General obligation bonds	280,000,000
General obligation refunding bonds	445,125,000
Non-budgeted item - Lease revenue bonds	859,764
GAAP - Net Change in Fund Balance	1,206,980
Fund Balance - Beginning of Year	11,476,078
Fund Balance - End of Year	<u>\$ 12,683,058</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, 2025

	Budget		Actual	Variance
	Original Budget	Final Budget		Positive (Negative)
Revenues:				
Taxes	\$ 19,258,000	\$ 22,487,906	\$ 116,546,754	\$ 94,058,848
Intergovernmental	17,118,000	31,075,500	34,622,452	3,546,952
Charges for services	26,508,000	23,812,900	29,999,045	6,186,145
Investment and interest income	44,000	44,000	251,813	207,813
Miscellaneous	20,271,000	22,881,964	7,029,902	(15,852,062)
Total Revenues	83,199,000	100,302,270	188,449,966	88,147,696
Expenditures - Capital Projects	381,284,000	724,887,502	968,804,121	(243,916,619)
Excess of Revenues over (under) Expenditures	(298,085,000)	(624,585,232)	(780,354,155)	(155,768,923)
Other Financing Sources (Uses):				
Transfers in	158,470,000	159,209,758	252,573,584	93,363,826
Transfers out	-	-	(2,894,125)	(2,894,125)
Sale of property	7,615,000	7,615,000	199,950	(7,415,050)
Financing under notes payable	14,014,000	14,014,000	34,764,490	20,750,490
Proceeds from certificates of participation	17,355,000	17,355,000	-	(17,355,000)
Proceeds from general obligation bonds	99,061,000	91,503,037	-	(91,503,037)
Proceeds from bond anticipation notes	-	-	200,000,000	200,000,000
Proceeds from issuance of revenue bonds	1,570,000	1,570,000	4,218,188	2,648,188
Premium on general obligation bonds	-	19,000,000	-	(19,000,000)
Total Other Financing Sources (Uses)	298,085,000	310,266,795	488,862,087	178,595,292
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ (314,318,437)	(291,492,068)	\$ 22,826,369
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			287,670,535	
Non-budget item - Loans - MHI			85,674,034	
Transfer to MHI			(84,188,639)	
GAAP - Net Change in Fund Balance			(2,336,138)	
Fund Balance - Beginning of Year			184,460,028	
Fund Balance - End of Year			<u>\$ 182,123,890</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, 2025

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes - property	\$ 66,444,797	\$ 66,444,797	\$ 65,696,674	\$ (748,123)
Charges for services - activity fees	3,410,187	3,410,187	5,264,544	1,854,357
Miscellaneous	120,232	120,232	51,735	(68,497)
Total Revenues	69,975,216	69,975,216	71,012,953	1,037,737
Expenditures:				
Personnel costs	38,664,663	39,247,662	39,247,655	7
Operating	20,969,481	20,146,771	20,146,701	70
Total Expenditures	59,634,144	59,394,433	59,394,356	77
Excess of Revenues over (under) Expenditures	10,341,072	10,580,783	11,618,597	1,037,814
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	3,400,000	2,400,000	2,400,000	-
To General Fund	(9,590,835)	(9,590,835)	(9,590,835)	-
To Debt Service Fund	(10,909,180)	(10,909,180)	(9,640,699)	1,268,481
Total Other Financing Sources (Uses)	(16,090,315)	(17,090,315)	(15,821,834)	1,268,481
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (5,749,243)	\$ (6,509,532)	(4,203,237)	\$ 2,306,295
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 - Bad debt expense			(1,810)	
Elimination of encumbrances outstanding			681,131	
GAAP - Net Change in Fund Balance			(3,523,916)	
Fund Balance - Beginning of Year			9,090,966	
Fund Balance - End of Year			\$ 5,567,050	

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, 2025**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes - property	\$ 288,334,137	\$ 288,334,137	\$ 284,964,183	\$ (3,369,954)
Intergovernmental	13,700,000	15,695,461	8,295,769	(7,399,692)
Charges for services	23,000,000	23,000,000	33,509,282	10,509,282
Miscellaneous	244,882	244,882	879,746	634,864
Total Revenues	<u>325,279,019</u>	<u>327,274,480</u>	<u>327,648,980</u>	<u>374,500</u>
Expenditures:				
Personnel costs	246,502,082	258,412,667	258,412,660	7
Operating	45,934,309	55,500,480	55,500,473	7
Total Expenditures	<u>292,436,391</u>	<u>313,913,147</u>	<u>313,913,133</u>	<u>14</u>
Excess of Revenues over (under) Expenditures	<u>32,842,628</u>	<u>13,361,333</u>	<u>13,735,847</u>	<u>374,514</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	250,000	250,000	250,000	-
To General Fund	(6,837,350)	(6,837,350)	(6,837,350)	-
To Debt Service Fund	(15,870,690)	(15,870,690)	(15,072,130)	798,560
To Capital Projects Fund	(7,620,000)	(7,620,000)	(2,084,499)	5,535,501
Total Other Financing Sources (Uses)	<u>(30,078,040)</u>	<u>(30,078,040)</u>	<u>(23,743,979)</u>	<u>6,334,061</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 2,764,588</u>	<u>\$ (16,716,707)</u>	<u>(10,008,132)</u>	<u>\$ 6,708,575</u>
Adjustments required under generally accepted accounting principles:				
Non-budgeted item - Bad debt expense			(3,201,462)	
Elimination of encumbrances outstanding			3,436,459	
GAAP - Net Change in Fund Balance			<u>(9,773,135)</u>	
Fund Balance - Beginning of Year			<u>10,875,722</u>	
Fund Balance - End of Year			<u>\$ 1,102,587</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, 2025

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes - property	\$ 213,971,756	\$ 213,971,756	\$ 211,424,830	\$ (2,546,926)
Licenses and permits	80,000	80,000	41,863	(38,137)
Intergovernmental	41,575,573	41,575,573	40,983,467	(592,106)
Charges for services:				
Fare receipts	9,689,704	9,689,704	7,637,947	(2,051,757)
Parking fees	828,704	828,704	734,675	(94,029)
Total Charges for Services	10,518,408	10,518,408	8,372,622	(2,145,786)
Fines and forfeitures	800,000	800,000	868,182	68,182
Miscellaneous	-	-	73,847	73,847
Total Revenues	266,945,737	266,945,737	261,764,811	(5,180,926)
Expenditures:				
Division of Transit Services:				
Personnel costs	112,069,978	116,128,738	115,314,285	814,453
Operating	76,302,395	84,443,897	83,143,684	1,300,213
Total Division of Transit Services	188,372,373	200,572,635	198,457,969	2,114,666
Washington Suburban Transit Commission				
Operating	168,661	168,661	168,661	-
Total Expenditures	188,541,034	200,741,296	198,626,630	2,114,666
Excess of Revenues over (under) Expenditures	78,404,703	66,204,441	63,138,181	(3,066,260)
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	531,310	531,310	531,310	-
To General Fund	(29,085,768)	(29,085,768)	(29,085,768)	-
To Debt Service Fund	(30,177,370)	(30,177,370)	(26,924,735)	3,252,635
To Capital Projects Fund	(9,218,000)	(9,218,000)	(44,499,171)	(35,281,171)
Total Other Financing Sources (Uses)	(67,949,828)	(67,949,828)	(99,978,364)	(32,028,536)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 10,454,875	\$ (1,745,387)	(36,840,183)	\$ (35,094,796)
Adjustments required under generally accepted accounting principles:				
Non-budget item - Bad debt expense			(37,390)	
Elimination of encumbrances outstanding			3,545,504	
GAAP - Net Change in Fund Balance			(33,332,069)	
Fund Balance - Beginning of Year			101,180,346	
Fund Balance - End of Year			\$ 67,848,277	

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, 2025**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Investment and interest income				
Pooled investment income	\$ -	\$ -	\$ 231,843	\$ 231,843
Other investment income	-	-	7,465	7,465
Total Revenues	-	-	239,308	239,308
 Total Expenditures	-	4,063,992	-	4,063,992
Excess of Revenues over (under) Expenditures	-	(4,063,992)	239,308	(3,824,684)
 Other Financing Sources (Uses):				
Mortgage loans	-	-	25,958	25,958
Total Other Financing Sources (Uses)	-	-	25,958	25,958
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ (4,063,992)	265,266	\$ (3,798,726)
Adjustments required under generally accepted accounting principles:				
Repayment of loan principal not considered revenue under GAAP			(25,958)	
GAAP - Net Change in Fund Balance			239,308	
 Fund Balance - Beginning of Year			5,414,095	
Fund Balance - End of Year			\$ 5,653,403	

**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, 2025**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Charges for services	\$ 18,862,770	\$ 18,862,770	\$ 18,468,072	\$ (394,698)
Investment and interest income	117,960	117,960	275,275	157,315
Miscellaneous	1,000,000	1,000,000	1,000,000	-
Total Revenues	19,980,730	19,980,730	19,743,347	(237,383)
Expenditures:				
Operating	6,556,970	9,081,664	8,967,211	114,453
Total Expenditures	6,556,970	9,081,664	8,967,211	114,453
Excess of Revenues over (under) Expenditures	13,423,760	10,899,066	10,776,136	(122,930)
Other Financing Sources (Uses):				
Transfers In (Out):				
To General Fund	(10,812,185)	(10,812,185)	(10,812,185)	-
To Capital Projects Fund	(3,494,000)	(3,494,000)	(6,280,701)	(2,786,701)
Total Other Financing Sources (Uses)	(14,306,185)	(14,306,185)	(17,092,886)	(2,786,701)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (882,425)	\$ (3,407,119)	(6,316,750)	\$ (2,909,631)
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			1,613,922	
GAAP - Net Change in Fund Balance			(4,702,828)	
Fund Balance - Beginning of Year			7,017,655	
Fund Balance - End of Year			<u>\$ 2,314,827</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, 2025**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 279,446	\$ 279,446
Investment and interest income	-	-	73,105	73,105
Miscellaneous	-	-	60,627	60,627
Total Revenues	-	-	413,178	413,178
Expenditures:				
Operating	-	1,243,324	934,115	309,209
Total Expenditures	-	1,243,324	934,115	309,209
Excess of Revenues over (under) Expenditures	\$ -	\$ (1,243,324)	(520,937)	\$ 722,387
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			690,845	
GAAP - Net Change in Fund Balance			169,908	
Fund Balance - Beginning of Year			1,243,324	
Fund Balance - End of Year			\$ 1,413,232	

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, 2025

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes	\$ 52,339,440	\$ 52,339,440	\$ 54,685,657	\$ 2,346,217
Charges for services	47,500	47,500	148,040	100,540
Investment and interest income	1,987,000	1,987,000	2,460,223	473,223
Miscellaneous	-	-	46,771	46,771
Total Revenues	<u>54,373,940</u>	<u>54,373,940</u>	<u>57,340,691</u>	<u>2,966,751</u>
Expenditures:				
Personnel costs	12,444,682	12,460,471	12,124,861	335,610
Operating	23,565,559	26,628,912	23,520,333	3,108,579
Total Expenditures	<u>36,010,241</u>	<u>39,089,383</u>	<u>35,645,194</u>	<u>3,444,189</u>
Excess of Revenues over (under) Expenditures	<u>18,363,699</u>	<u>15,284,557</u>	<u>21,695,497</u>	<u>6,410,940</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
To General Fund	(2,483,960)	(2,483,960)	(2,483,960)	-
To Capital Projects Fund	(18,090,000)	(18,090,000)	(9,171,700)	8,918,300
To Debt Service Fund	(10,388,020)	(10,388,020)	(9,912,659)	475,361
Total Other Financing Sources (Uses)	<u>(30,961,980)</u>	<u>(30,961,980)</u>	<u>(21,568,319)</u>	<u>9,393,661</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ (12,598,281)</u>	<u>\$ (15,677,423)</u>	<u>127,178</u>	<u>\$ 15,804,601</u>
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			2,349,285	
GAAP - Net Change in Fund Balance			<u>2,476,463</u>	
Fund Balance - Beginning of Year			<u>25,209,321</u>	
Fund Balance - End of Year			<u>\$ 27,685,784</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, 2025**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 22,723	\$ 22,723
Miscellaneous - contributions	-	-	268,332	268,332
Total Revenues	-	-	291,055	291,055
Expenditures:				
Operating	-	3,995,848	1,760,205	2,235,643
Total Expenditures	-	3,995,848	1,760,205	2,235,643
Excess of Revenues over (under) Expenditures	\$ -	\$ (3,995,848)	(1,469,150)	\$ 2,526,698
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			881,115	
GAAP - Net Change in Fund Balance			(588,035)	
Fund Balance - Beginning of Year			9,830,419	
Fund Balance - End of Year			\$ 9,242,384	

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, 2025

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Investment and interest income	\$ 36,450	\$ 36,450	\$ 68,998	\$ 32,548
Miscellaneous	245,065	245,065	425,706	180,641
Total Revenues	281,515	281,515	494,704	213,189
Expenditures:				
Operating	683,000	702,040	595,210	106,830
Total Expenditures	683,000	702,040	595,210	106,830
Excess of Revenues over (under) Expenditures	<u>\$ (401,485)</u>	<u>\$ (420,525)</u>	<u>(100,506)</u>	<u>\$ 320,019</u>
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			165,040	
GAAP - Net Change in Fund Balance			64,534	
Fund Balance - Beginning of Year			1,090,685	
Fund Balance - End of Year			<u>\$ 1,155,219</u>	

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

**(NON-GAAP BUDGETARY BASIS)
RECREATION NON-TAX SUPPORTED SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Charges for services - activity fees	\$ 8,100,000	\$ 8,100,000	\$ 7,960,061	\$ (139,939)
Investment and interest income	3,100	3,100	100,417	97,317
Total Revenues	<u>8,103,100</u>	<u>8,103,100</u>	<u>8,060,478</u>	<u>(42,622)</u>
Expenditures:				
Operating	4,700,000	5,244,034	5,244,025	9
Total Expenditures	<u>4,700,000</u>	<u>5,244,034</u>	<u>5,244,025</u>	<u>9</u>
Excess of Revenues over (under) Expenditures	<u>3,403,100</u>	<u>2,859,066</u>	<u>2,816,453</u>	<u>(42,613)</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
To Special Revenue Fund - Recreation	(3,400,000)	(2,400,000)	(2,400,000)	-
Total Other Financing Sources (Uses)	<u>(3,400,000)</u>	<u>(2,400,000)</u>	<u>(2,400,000)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 3,100</u>	<u>\$ 459,066</u>	<u>416,453</u>	<u>\$ (42,613)</u>
Adjustments required under generally accepted accounting principles:				
GAAP - Net Change in Fund Balance			<u>416,453</u>	
Fund Balance - Beginning of Year			<u>623,979</u>	
Fund Balance - End of Year			<u>\$ 1,040,432</u>	

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
OPIOID ABATEMENT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Intergovernmental	\$ 1,563,273	\$ 1,563,273	\$ 6,927,744	\$ 5,364,471
Investment and interest income	-	-	839,377	839,377
Miscellaneous	-	-	928,104	928,104
Total Revenues	1,563,273	1,563,273	8,695,225	7,131,952
Expenditures:				
Personnel costs	615,273	761,135	-	761,135
Operating	948,000	3,393,415	2,416,054	977,361
Total Expenditures	1,563,273	4,154,550	2,416,054	1,738,496
Excess of Revenues over (under) Expenditures	\$ -	\$ (2,591,277)	6,279,171	\$ 8,870,448
Adjustments required under generally accepted accounting principles:				
Elimination of encumbrances outstanding			801,640	
GAAP - Net Change in Fund Balance			7,080,811	
Fund Balance - Beginning of Year			10,649,559	
Fund Balance - End of Year			\$ 17,730,370	

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, 2025**

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Equity in pooled cash and investments	\$ 50,937,974	\$ 1,725,854	\$ 52,663,828
Receivables (net of allowance for uncollectibles):			
Accounts	-	388,737	388,737
Total Current Assets	50,937,974	2,114,591	53,052,565
Noncurrent Assets:			
Capital Assets:			
Furniture, fixtures, equipment, and machinery	1,682,208	-	1,682,208
Automobiles and trucks	218,967	-	218,967
Subscription assets	1,315,176	-	1,315,176
Subtotal	3,216,351	-	3,216,351
Less: Accumulated depreciation	(2,667,315)	-	(2,667,315)
Total Capital Assets (net of accumulated depreciation)	549,036	-	549,036
Total Noncurrent Assets	549,036	-	549,036
Total Assets	51,487,010	2,114,591	53,601,601
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	4,875,266	570,683	5,445,949
Total Deferred Outflows of Resources	4,875,266	570,683	5,445,949
LIABILITIES			
Current Liabilities:			
Accounts payable	60,678	279,836	340,514
Interest payable	2,987	-	2,987
Deposits	8,401,819	-	8,401,819
Accrued liabilities	1,793,656	179,312	1,972,968
Due to other funds	379,842	43,961	423,803
Due to component units	-	769,845	769,845
Due to other governments	8,379	-	8,379
Unearned revenue	349,095	1,051,210	1,400,305
Subscription liabilities	278,825	-	278,825
Total Current Liabilities	11,275,281	2,324,164	13,599,445
Noncurrent Liabilities:			
Compensated absences	4,448,826	376,227	4,825,053
Net pension liability	3,103,184	363,113	3,466,297
Total Noncurrent Liabilities	7,552,010	739,340	8,291,350
Total Liabilities	18,827,291	3,063,504	21,890,795
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	392,844	45,968	438,812
Total Deferred Inflows of Resources	392,844	45,968	438,812
NET POSITION			
Net investment in capital assets	270,211	-	270,211
Unrestricted	36,871,930	(424,198)	36,447,732
Total Net Position	\$ 37,142,141	\$ (424,198)	\$ 36,717,943

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for services	\$ 2,152,356	\$ 11,020,479	\$ 13,172,835
Licenses and permits	38,828,649	-	38,828,649
Fines and penalties	102,840	-	102,840
Total Operating Revenues	41,083,845	11,020,479	52,104,324
OPERATING EXPENSES			
Personnel costs	38,205,099	4,145,706	42,350,805
Postage	11,716	39	11,755
Insurance	889,019	-	889,019
Supplies and materials	232,273	246,105	478,378
Contractual services	730,209	4,311,293	5,041,502
Communications	216,330	22,645	238,975
Transportation	727,429	9,131	736,560
Public utility services	-	2,410,748	2,410,748
Rentals	1,128,307	103,031	1,231,338
Maintenance	234,902	2,435	237,337
Depreciation and amortization	543,076	-	543,076
Other	53,522	390,231	443,753
Total Operating Expenses	42,971,882	11,641,364	54,613,246
Operating Income (Loss)	(1,888,037)	(620,885)	(2,508,922)
NONOPERATING REVENUES (EXPENSES)			
Investment income	2,921,136	192,620	3,113,756
Interest expense	(14,301)	-	(14,301)
Other revenue	48,035	856	48,891
Total Nonoperating Revenues (Expenses)	2,954,870	193,476	3,148,346
Income (Loss) Before Transfers	1,066,833	(427,409)	639,424
Transfers In (Out):			
Transfers in	-	25,000	25,000
Transfers out	(8,184,772)	(1,347,829)	(9,532,601)
Total Transfers In (Out)	(8,184,772)	(1,322,829)	(9,507,601)
Change in Net Position	(7,117,939)	(1,750,238)	(8,868,177)
Total Net Position - Beginning of Year, as previously reported	44,723,060	1,366,610	46,089,670
Restatements	(462,980)	(40,570)	(503,550)
Total Net Position - Beginning of Year, as restated	44,260,080	1,326,040	45,586,120
Total Net Position - End of Year	\$ 37,142,141	\$ (424,198)	\$ 36,717,943

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 40,521,841	\$ 7,882,066	\$ 48,403,907
Payments to suppliers	(1,984,668)	(7,132,530)	(9,117,198)
Payments to employees	(35,883,939)	(4,010,278)	(39,894,217)
Receipt of customer deposits	4,139,609	-	4,139,609
Return of customer deposits	(5,488,438)	-	(5,488,438)
Other receipts	48,035	856	48,891
Internal activity - receipts for interfund services	517,080	262,615	779,695
Internal activity - payments to other funds	(2,205,263)	(269,978)	(2,475,241)
Net cash provided (Used) by Operating Activities	(335,743)	(3,267,249)	(3,602,992)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers from other funds	-	25,000	25,000
Operating subsidies and transfers to other funds	(8,184,772)	(1,347,829)	(9,532,601)
Net cash provided (Used) by Noncapital Financing Activities	(8,184,772)	(1,322,829)	(9,507,601)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on subscription	(412,216)	-	(412,216)
Interest paid on subscription	(21,564)	-	(21,564)
Net Cash Provided (Used) by Capital and Related Financing Activities	(433,780)	-	(433,780)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income from pooled investments	2,921,136	192,620	3,113,756
Net cash provided (Used) by Investing Activities	2,921,136	192,620	3,113,756
Net Increase (Decrease) in Cash and Cash Equivalents	(6,033,159)	(4,397,458)	(10,430,617)
Balances - Beginning of Year	56,971,133	6,123,312	63,094,445
Balances - End of Year	\$ 50,937,974	\$ 1,725,854	\$ 52,663,828
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (1,888,037)	\$ (620,885)	\$ (2,508,922)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	543,076	-	543,076
Pension expense	1,860,723	138,011	1,998,734
Other revenues	48,035	856	48,891
(Increase) Decrease in accounts receivable	5,943	3,523,393	3,529,336
Increase (Decrease) in accounts payable and other liabilities	(14,784)	90,498	75,714
Increase (Decrease) in deposits	(1,348,828)	-	(1,348,828)
Increase (Decrease) in accrued liabilities	(1,855,423)	(181,626)	(2,037,049)
Increase (Decrease) in due to other fund	63,995	5,498	69,493
Increase (Decrease) in due to component units	-	(3,346,769)	(3,346,769)
Increase (Decrease) in unearned revenue	(50,867)	(3,052,421)	(3,103,288)
Increase (Decrease) in compensated absences	2,300,424	176,196	2,476,620
Net Cash Provided (Used) by Operating Activities	\$ (335,743)	\$ (3,267,249)	\$ (3,602,992)
Noncash investing, capital and financing activities:			
Change of Subscription-based information technology arrangements	\$ 4,739	\$ -	\$ 4,739

SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
LIQUOR				
Personnel costs	\$ 46,985,297	\$ 48,082,969	\$ 48,082,959	\$ 10
Operating	27,619,356	30,539,367	30,504,277	35,090
Total	<u>\$ 74,604,653</u>	<u>\$ 78,622,336</u>	<u>78,587,236</u>	<u>\$ 35,100</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			7,801,709	
Cost of goods sold			207,860,099	
Interest expense			1,721,594	
Bad debt expense			-	
CIP - other operating costs			3,566,097	
Pension expense			1,888,528	
Deductions:				
Capital outlay			(4,297,553)	
Principal paid on bonds			(6,360,000)	
Interest paid on bonds			(1,879,590)	
Certificates of participation principal payments			(345,000)	
Certificates of participation interest payments			(6,900)	
Encumbrances outstanding at year-end			(1,857,098)	
Lease principal payments			(4,871,607)	
Lease interest payments			(1,375,891)	
GAAP Expenses			<u>\$ 280,431,624 *</u>	
* Includes operating and nonoperating expenses				
PERMITTING SERVICES				
Personnel costs	\$ 36,819,104	\$ 36,950,245	\$ 36,344,376	\$ 605,869
Operating	8,840,451	9,250,470	5,077,758	4,172,712
Total	<u>\$ 45,659,555</u>	<u>\$ 46,200,715</u>	<u>41,422,134</u>	<u>\$ 4,778,581</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			543,076	
Interest expense			14,301	
Pension expense			1,860,723	
Deductions:				
Encumbrances outstanding at year-end			(420,271)	
Subscription principal payments			(412,216)	
Subscription interest payments			(21,564)	
GAAP Expenses			<u>\$ 42,986,183 *</u>	
* Includes operating and nonoperating expenses				
COMMUNITY USE OF PUBLIC FACILITIES				
Personnel costs	\$ 4,062,265	\$ 4,007,695	\$ 4,007,695	\$ -
Operating	7,378,308	7,543,353	7,543,353	-
Total	<u>\$ 11,440,573</u>	<u>\$ 11,551,048</u>	<u>11,551,048</u>	<u>\$ -</u>
Reconciliation to GAAP expenses:				
Additions:				
Pension expense			138,011	
Deductions:				
Encumbrances outstanding at year-end			(47,695)	
GAAP Expenses			<u>\$ 11,641,364</u>	
SOLID WASTE DISPOSAL				
Personnel costs	\$ 14,225,743	\$ 14,261,905	\$ 14,261,897	\$ 8
Operating	128,321,149	150,152,798	150,512,381	(359,583)
Total	<u>\$ 142,546,892</u>	<u>\$ 164,414,703</u>	<u>164,774,278</u>	<u>\$ (359,575)</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			2,039,796	
Bad debt expense			4,337	
Issuance costs			190,000	
CIP - other operating costs			16,646,083	
Pension expense			532,552	
Deductions:				
Capital outlay expenditures			(3,855,594)	
Accrued landfill closing cost			(7,558,639)	
Encumbrances outstanding at year-end			(31,195,768)	
GAAP Expenses			<u>\$ 141,577,045</u>	

Exhibit C-4 (Continued)

SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
SOLID WASTE COLLECTION				
Personnel costs	\$ 1,848,391	\$ 1,875,756	\$ 1,875,755	\$ 1
Operating	10,464,900	10,440,120	10,297,293	142,827
Total	<u>\$ 12,313,291</u>	<u>\$ 12,315,876</u>	<u>12,173,048</u>	<u>\$ 142,828</u>
Reconciliation to GAAP expenses:				
Additions:				
Pension expense			42,144	
Deductions:				
Encumbrances outstanding at year-end			(136,105)	
GAAP Expenses			<u>\$ 12,079,087</u>	
SOLID WASTE LEAFING				
Personnel costs	\$ 3,616,071	\$ 3,616,071	\$ 3,458,954	\$ 157,117
Operating	3,847,950	3,885,464	3,404,583	480,881
Total	<u>\$ 7,464,021</u>	<u>\$ 7,501,535</u>	<u>6,863,537</u>	<u>\$ 637,998</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			4,034	
Interfund activities budgeted as transfers - charges for services from disposal			1,986,169	
Pension expense			76,109	
Deductions:				
Encumbrances outstanding at year-end			(108,855)	
GAAP Expenses			<u>\$ 8,820,994</u>	
Reconciliation of GAAP expenses to Statement of Revenues, Expenses, and Changes in Fund Net Position:				
GAAP Expenses:				
Solid Waste Disposal			\$ 141,577,045	
Solid Waste Collection			12,079,087	
Solid Waste Leafing			8,820,994	
Total Solid Waste Activities			<u>162,477,126</u>	
SILVER SPRING PARKING				
Personnel costs	\$ 3,018,058	\$ 3,434,362	\$ 3,434,359	\$ 3
Operating	8,687,440	8,001,766	7,854,599	147,167
Total	<u>\$ 11,705,498</u>	<u>\$ 11,436,128</u>	<u>11,288,958</u>	<u>\$ 147,170</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			3,522,284	
Interest expense			36,621	
Bad debt expense			-	
CIP - other operating costs			2,172,036	
Pension expense			96,231	
Deductions:				
Capital outlay			(2,011,842)	
Encumbrances outstanding at year-end			(130,590)	
Lease principal payments			(84,645)	
Lease interest payments			(27,503)	
Subscription principal payments			(85,525)	
Subscription interest payments			(10,339)	
GAAP Expenses			<u>\$ 14,765,686</u>	
BETHESDA PARKING				
Personnel costs	\$ 2,743,199	\$ 3,141,415	\$ 3,141,411	\$ 4
Operating	12,350,376	11,614,898	11,319,546	295,352
Total	<u>\$ 15,093,575</u>	<u>\$ 14,756,313</u>	<u>14,460,957</u>	<u>\$ 295,356</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			5,006,387	
Interest expense			319,120	
Bad debt expense				
CIP - other operating costs			2,742,071	
Pension expense			86,014	
Deductions:				
Capital outlay			(2,736,282)	
Encumbrances outstanding at year-end			(87,329)	
Principal paid on bonds			(1,996,000)	
Interest paid on bonds			(305,613)	
Subscription principal payments			(160,374)	
Subscription interest payments			(19,333)	
GAAP Expenses			<u>\$ 17,309,618</u>	

SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive Negative
WHEATON PARKING				
Personnel costs	\$ 464,491	\$ 543,780	\$ 543,774	\$ 6
Operating	1,615,059	1,459,811	1,224,947	234,864
Total	<u>\$ 2,079,550</u>	<u>\$ 2,003,591</u>	<u>1,768,721</u>	<u>\$ 234,870</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			64,475	
Interest Expense			3,015	
Pension expense			18,663	
CIP- other operating costs			270,799	
Deductions:				
Capital Outlay			(253,862)	
Encumbrances outstanding at year-end			(32,782)	
Subscription principal payments			(28,271)	
Subscription interest payments			(3,365)	
GAAP Expenses			<u>\$ 1,807,393</u>	
Reconciliation of GAAP expenses to Statement of Revenues, Expenses, and Changes in Fund Net Position:				
GAAP Expenses:				
Silver Spring Parking			\$ 14,765,686	
Bethesda Parking			17,309,618	
Wheaton Parking			1,807,393	
Total Parking Lot Districts			<u>\$ 33,882,697</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, 2025**

	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	\$ 36,084,491	\$ 276,991,058	\$ 50,000	\$ 316,131	\$ 313,441,680
Cash	300	-	-	-	300
Receivables (net of allowances for uncollectibles):					
Accounts	-	130,270	24,425,505	-	24,555,775
Due from other funds	-	-	9,751,465	-	9,751,465
Due from component units	71,557	-	827,849	320	899,726
Due from other governments	2,002	532,600	326,605	5,768	866,975
Inventory of supplies	7,000,841	-	-	-	7,000,841
Prepays	217,556	460,010	-	232,721	910,287
Total Current Assets	<u>43,376,747</u>	<u>278,113,938</u>	<u>35,381,424</u>	<u>554,940</u>	<u>357,427,049</u>
Noncurrent Assets:					
Capital Assets:					
Land, improved and unimproved	22,506	-	-	-	22,506
Improvements other than buildings	268,565	-	-	94,159	362,724
Furniture, fixtures, equipment, and machinery	5,778,116	-	-	777,011	6,555,127
Automobiles and trucks	132,451,245	-	-	-	132,451,245
Lease assets - buildings	-	1,006,472	-	1,056,500	2,062,972
Lease assets - equipment	-	-	-	654,207	654,207
Subscription assets	-	266,712	1,443,214	-	1,709,926
Subtotal	<u>138,520,432</u>	<u>1,273,184</u>	<u>1,443,214</u>	<u>2,581,877</u>	<u>143,818,707</u>
Less: Accumulated depreciation and amortization	<u>(90,261,478)</u>	<u>(694,861)</u>	<u>(981,804)</u>	<u>(1,810,138)</u>	<u>(93,748,281)</u>
Total Capital Assets (net of accumulated depreciation and amortization)	<u>48,258,954</u>	<u>578,323</u>	<u>461,410</u>	<u>771,739</u>	<u>50,070,426</u>
Total Noncurrent Assets	<u>48,258,954</u>	<u>578,323</u>	<u>461,410</u>	<u>771,739</u>	<u>50,070,426</u>
Total Assets	<u>91,635,701</u>	<u>278,692,261</u>	<u>35,842,834</u>	<u>1,326,679</u>	<u>407,497,475</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferrals	2,543,211	744,296	422,735	582,631	4,292,873
Total Deferred Outflows of Resources	<u>2,543,211</u>	<u>744,296</u>	<u>422,735</u>	<u>582,631</u>	<u>4,292,873</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	3,430,353	1,535,831	7,766,879	19,822	12,752,885
Interest payable	-	6,494	5,135	739	12,368
Claims payable	-	47,797,375	13,962,099	-	61,759,474
Accrued liabilities	1,918,272	591,701	1,335,558	336,229	4,181,760
Due to other funds	299,368	54,862	7,497,878	47,117	7,899,225
Due to component units	-	15,123	-	-	15,123
Due to other governments	742	501,171	-	-	501,913
Leases payable	-	135,362	-	125,170	260,532
Subscription liabilities	-	63,812	324,857	-	388,669
Total Current Liabilities	<u>5,648,735</u>	<u>50,701,731</u>	<u>30,892,406</u>	<u>529,077</u>	<u>87,771,949</u>
Noncurrent Liabilities:					
Claims payable	-	180,204,457	16,298,858	-	196,503,315
Leases payable	-	293,022	-	456,075	749,097
Subscription liabilities	-	133,300	149,235	-	282,535
Compensated absences	3,358,736	731,491	366,709	431,360	4,888,296
Net pension liability	1,624,188	480,435	283,749	370,545	2,758,917
Total Noncurrent Liabilities	<u>4,982,924</u>	<u>181,842,705</u>	<u>17,098,551</u>	<u>1,257,980</u>	<u>205,182,160</u>
Total Liabilities	<u>10,631,659</u>	<u>232,544,436</u>	<u>47,990,957</u>	<u>1,787,057</u>	<u>292,954,109</u>
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals	205,612	60,820	35,920	46,909	349,261
Total Deferred Inflows of Resources	<u>205,612</u>	<u>60,820</u>	<u>35,920</u>	<u>46,909</u>	<u>349,261</u>
NET POSITION					
Net investment in capital assets	48,258,954	(47,173)	(12,683)	190,494	48,389,592
Unrestricted	<u>35,082,687</u>	<u>46,878,474</u>	<u>(11,748,625)</u>	<u>(115,150)</u>	<u>70,097,386</u>
Total Net Position (Deficit)	<u>\$ 83,341,641</u>	<u>\$ 46,831,301</u>	<u>\$ (11,761,308)</u>	<u>\$ 75,344</u>	<u>\$ 118,486,978</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Motor Pool	Liability and Property Coverage Self Insurance	Employee Health Benefits Self Insurance	Central Duplicating	Total Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 92,484,758	\$ 92,796,252	\$ 226,892,923	\$ 10,827,821	\$ 423,001,754
Claim recoveries	1,893,491	1,280,895	-	-	3,174,386
Total Operating Revenues	94,378,249	94,077,147	226,892,923	10,827,821	426,176,140
OPERATING EXPENSES					
Personnel costs	29,617,868	5,662,243	2,465,554	4,132,637	41,878,302
Postage	146	246	48,543	1,362,734	1,411,669
Self-insurance incurred and estimated claims	-	67,565,587	204,152,511	-	271,718,098
Insurance	2,134,359	12,138,259	-	-	14,272,618
Supplies and materials	33,328,299	3,008	47,361	2,191,655	35,570,323
Contractual services	189,485	9,312,681	41,436,079	172,094	51,110,339
Communications	154,932	12,885	15,669	436,609	620,095
Transportation	696,763	16,879	-	47,653	761,295
Public utility services	1,317,164	-	-	-	1,317,164
Rentals	-	2,253	260	2,315,798	2,318,311
Maintenance	22,933,377	-	-	29,347	22,962,724
Depreciation and amortization	9,188,205	195,358	331,859	324,337	10,039,759
Other	123,282	6,406,261	63,678	164	6,593,385
Total Operating Expenses	99,683,880	101,315,660	248,561,514	11,013,028	460,574,082
Operating Income (Loss)	(5,305,631)	(7,238,513)	(21,668,591)	(185,207)	(34,397,942)
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on disposal of capital assets	526,510	-	-	-	526,510
Investment income	1,885,852	15,315,070	(633,409)	(2,464)	16,565,049
Interest expense	-	(16,395)	(19,362)	(11,698)	(47,455)
Insurance recoveries	-	692,689	-	-	692,689
Total Nonoperating Revenues (Expenses)	2,412,362	15,991,364	(652,771)	(14,162)	17,736,793
Income (Loss) Before Transfers	(2,893,269)	8,752,851	(22,321,362)	(199,369)	(16,661,149)
Transfers In (Out):					
Transfers out	(516,300)	-	-	-	(516,300)
Total Transfers In (Out)	(516,300)	-	-	-	(516,300)
Change in Net Position	(3,409,569)	8,752,851	(22,321,362)	(199,369)	(17,177,449)
Total Net Position - Beginning of Year, as previously reported	87,183,983	38,181,072	10,587,667	322,324	136,275,046
Restatements	(432,773)	(102,622)	(27,613)	(47,611)	(610,619)
Total Net Position - Beginning of Year, as restated	86,751,210	38,078,450	10,560,054	274,713	135,664,427
Total Net Position - End of Year	\$ 83,341,641	\$ 46,831,301	\$ (11,761,308)	\$ 75,344	\$ 118,486,978

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	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	\$ 309,123	\$ (2,476,273)	\$ 127,216,003	\$ 1,003,014	\$ 126,051,867
Payments to suppliers	(61,528,131)	(27,261,490)	(42,436,882)	(6,604,779)	(137,831,282)
Payments to employees	(28,408,937)	(5,170,951)	626,183	(3,854,268)	(36,807,973)
Claims paid	-	(54,680,066)	(193,626,562)	-	(248,306,628)
Other receipts	-	692,689	-	-	692,689
Internal activity - receipts for interfund services	94,393,128	96,635,428	98,919,983	9,842,737	299,791,276
Internal activity - payments to other funds	(2,248,073)	(372,302)	(356,230)	(55,473)	(3,032,078)
Net Cash Provided (Used) by Operating Activities	2,517,110	7,367,035	(9,657,505)	331,231	557,871
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating subsidies, transfers and payments to other/from funds	(516,300)	-	-	-	(516,300)
Net Cash Provided (Used) by Noncapital Financing Activities	(516,300)	-	-	-	(516,300)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	564,787	-	-	-	564,787
Acquisition and construction of capital assets	(25,777,948)	-	-	(70,875)	(25,848,823)
Principal paid on leases	-	(128,308)	-	(289,674)	(417,982)
Interest paid on leases	-	(10,901)	-	(11,406)	(22,307)
Principal paid on subscription	-	(69,627)	(304,035)	-	(373,662)
Interest paid on subscription	-	(1)	(21,475)	-	(21,476)
Net Cash Provided (Used) by Capital and Related Financing Activities	(25,213,161)	(208,837)	(325,510)	(371,955)	(26,119,463)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income from pooled investments	1,885,852	15,315,070	(633,409)	(2,464)	16,565,049
Net Cash Provided (Used) by Investing Activities	1,885,852	15,315,070	(633,409)	(2,464)	16,565,049
Net Increase (Decrease) in Cash and Cash Equivalents	(21,326,499)	22,473,268	(10,616,424)	(43,188)	(9,512,843)
Balances - Beginning of Year	57,411,290	254,517,790	10,666,424	359,319	322,954,823
Balances - End of Year	\$ 36,084,791	\$ 276,991,058	\$ 50,000	\$ 316,131	\$ 313,441,980
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ (5,305,631)	\$ (7,238,513)	\$ (21,668,591)	\$ (185,207)	\$ (34,397,942)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	9,188,205	195,358	331,859	324,337	10,039,759
Pension expense	878,766	394,199	259,164	217,880	1,750,009
Other revenue	-	692,689	-	-	692,689
(Increase) Decrease in accounts receivable	40,100	2,255	(6,067,200)	-	(6,024,845)
(Increase) Decrease in due from other funds	41,844	-	6,020,767	-	6,062,611
(Increase) Decrease in due from component units	242,057	-	(712,640)	(320)	(470,903)
(Increase) Decrease in due from other governments	-	69,652	2,135	18,251	90,038
(Increase) Decrease in inventory of supplies	(24,891)	-	-	-	(24,891)
(Increase) Decrease in prepaid expenses	(217,556)	(176,149)	-	110,567	(283,138)
Increase (Decrease) in accounts payable and other liabilities	(2,531,492)	434,830	(1,181,522)	(241)	(3,278,425)
Increase (Decrease) in claims payable	-	12,885,519	10,525,949	-	23,411,468
Increase (Decrease) in accrued liabilities	(1,462,256)	(267,680)	(48,046)	(285,309)	(2,063,291)
Increase (Decrease) in due to other fund	38,412	6,162	2,666,782	7,546	2,718,902
Increase (Decrease) in due to component units	-	10,101	-	-	10,101
Increase (Decrease) in due to other governments	(678)	-	-	(100,000)	(100,678)
Increase (Decrease) in compensated absences	1,630,230	358,612	213,838	223,727	2,426,407
Net Cash Provided (Used) by Operating Activities	\$ 2,517,110	\$ 7,367,035	\$ (9,657,505)	\$ 331,231	\$ 557,871
Noncash investing, capital and financing activities:					
Initiation of Leases	\$ -	\$ -	\$ -	\$ 654,207.00	\$ 654,207.00
Initiation of Subscription-based information technology arrangements		266,712			266,712

SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
LIABILITY AND PROPERTY COVERAGE SELF-INSURANCE				
Personnel costs	\$ 5,587,640	\$ 5,268,640	\$ 5,268,044	\$ 596
Operating	107,241,917	101,920,984	96,188,272	5,732,712
Total	<u>\$ 112,829,557</u>	<u>\$ 107,189,624</u>	101,456,316	<u>\$ 5,733,308</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			195,358	
Pension expense			394,199	
Interest expense			16,395	
Deductions:				
Encumbrances outstanding at year-end			(521,376)	
Lease principal payments			(128,308)	
Lease interest payments			(10,901)	
Subscription principal payments			(69,627)	
Subscription interest payments			(1)	
GAAP Expenses			<u>\$ 101,332,055 *</u>	

* Includes operating and nonoperating expenses

EMPLOYEE HEALTH BENEFITS SELF-INSURANCE

Personnel costs	\$ 3,649,191	\$ 3,284,281	\$ 2,297,097	\$ 987,184
Operating	369,731,927	373,200,783	235,711,464	137,489,319
Total	<u>\$ 373,381,118</u>	<u>\$ 376,485,064</u>	238,008,561	<u>\$ 138,476,503</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation and amortization			331,859	
Interest expense			19,362	
Portion of incurred but not reported claims not required to be budgeted			10,525,949	
Deductions:				
Pension expense			168,457	
Encumbrances outstanding at year-end			(147,802)	
Subscription principal payments			(304,035)	
Subscription interest payments			(21,475)	
GAAP Expenses			<u>\$ 248,580,876 *</u>	

* 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
- Escrow Deposits
- Inter Agency Facility Scheduling
- Miscellaneous Custodial Fund



**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
JUNE 30, 2025**

	Employees' Retirement System	Employees' Retirement Savings Plan	Deferred Compensation Plan	Retiree Health Benefits	Total
ASSETS					
Current Assets:					
Equity in pooled cash and investments	\$ 330,844	\$ 829,687	\$ -	\$ 916,557	\$ 2,077,088
Investments:					
Government and agency obligations	837,346	-	-	631,254	1,468,600
Municipal/Provincial bonds	-	-	-	-	-
Corporate bonds	188,327,835	-	-	138,205,827	326,533,662
Commercial mortgage-backed securities	-	-	-	-	-
Common and preferred stock	827,270,789	-	-	530,805,232	1,358,076,021
Mutual and commingled funds	2,168,973,023	881,078,470	707,015,990	960,260,985	4,717,328,468
Short-term investments	156,903,131	-	-	60,005,238	216,908,369
Cash collateral received under securities lending agreements	71,987,763	-	-	21,570,891	93,558,654
Private real assets	550,750,252	-	-	86,475,237	637,225,489
Private equity/debt	1,214,067,199	-	-	241,046,319	1,455,113,518
Total Investments	5,179,117,338	881,078,470	707,015,990	2,039,000,983	8,806,212,781
Receivables (net of allowances for uncollectibles):					
Receivables and accrued interest	6,748,249	-	-	3,634,221	10,382,470
Accounts	183,088	5,665	-	-	188,753
Prepaid Expenses	20,573	-	-	-	20,573
Due from other funds	5,745,494	1,696,497	822,622	5,138,329	13,402,942
Due from component units	55,599	186,894	-	-	242,493
Due from other governments	334	2,106	-	-	2,440
Total Current Assets	5,192,201,519	883,799,319	707,838,612	2,048,690,090	8,832,529,540
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	5,192,201,519	883,799,319	707,838,612	2,048,690,090	8,832,529,540
LIABILITIES					
Current Liabilities:					
Accounts payable	80,833,146	4,993	-	24,294,956	105,133,095
Accrued liabilities	1,285,772	6,609	-	690,644	1,983,025
Claims payable	-	-	-	5,138,329	5,138,329
Due to other funds	23,356	1,812	-	7,412	32,580
Unearned revenue	-	-	-	158,000	158,000
Total Current Liabilities	82,142,274	13,414	-	30,289,341	112,445,029
Noncurrent Liabilities:					
Compensated absences	371,752	15,790	-	147,187	534,729
Total Liabilities	82,514,026	29,204	-	30,436,528	112,979,758
NET POSITION					
Restricted for:					
Pensions	5,109,687,493	883,770,115	707,838,612	-	6,701,296,220
Other postemployment benefits	-	-	-	2,018,253,562	2,018,253,562
Total Net Position	\$ 5,109,687,493	\$ 883,770,115	\$ 707,838,612	\$ 2,018,253,562	\$ 8,719,549,782

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Employees' Retirement System	Employees' Retirement Savings Plan	Deferred Compensation Plan	Retiree Health Benefits	Total
ADDITIONS					
Contributions:					
Employers	\$ 81,001,433	\$ 27,380,940	\$ -	\$ 136,008,299	\$ 244,390,672
Members	47,817,892	14,493,395	27,881,977	-	90,193,264
Federal government - Medicare Part D	-	-	-	30,917,110	30,917,110
Total Contributions	128,819,325	41,874,335	27,881,977	166,925,409	365,501,046
Investment income (loss)	441,386,258	96,535,464	78,495,467	202,211,071	818,628,260
Less: Investment expenses	15,991,598	13,535	-	5,923,816	21,928,949
Net Investment Income (Loss)	425,394,660	96,521,929	78,495,467	196,287,255	796,699,311
Other income - forfeitures	-	652,889	-	-	652,889
Total Additions, net	554,213,985	139,049,153	106,377,444	363,212,664	1,162,853,246
DEDUCTIONS					
Benefits:					
Annuities:					
Retirees	265,262,997	-	-	-	265,262,997
Survivors	13,663,282	-	-	-	13,663,282
Disability	62,692,971	-	-	-	62,692,971
Claims	-	-	-	157,458,080	157,458,080
Total Benefits	341,619,250	-	-	157,458,080	499,077,330
Member refunds	13,696,375	48,193,953	58,216,468	-	120,106,796
Administrative expenses	4,535,577	291,742	-	5,083,560	9,910,879
Total Deductions	359,851,202	48,485,695	58,216,468	162,541,640	629,095,005
Net Increase (Decrease)	194,362,783	90,563,458	48,160,976	200,671,024	533,758,241
Net Position - Beginning of Year, as previously stated	4,915,338,090	793,208,344	659,677,636	1,817,586,565	8,185,810,635
Restatement	(13,380)	(1,687)	-	(4,027)	(19,094)
Net Position - Beginning of Year, as restated	4,915,324,710	793,206,657	659,677,636	1,817,582,538	8,185,791,541
Net Position - End of Year	\$ 5,109,687,493	\$ 883,770,115	\$ 707,838,612	\$ 2,018,253,562	\$ 8,719,549,782

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - OTHER CUSTODIAL FUNDS
JUNE 30, 2025

	West Germantown Development District	Escrow Deposits	Inter Agency Facility Scheduling	Miscellaneous Custodial Fund	Total
ASSETS					
Current Assets:					
Equity in pooled cash and investments	\$ 1,114,320	\$ 2,809,200	\$ 32,101	\$ 417,377	\$ 4,372,998
Cash	-	-	-	172,270	172,270
Receivables (net of allowances for uncollectibles):					
Accounts	-	15,476	1,659,310	-	1,674,786
Total Current Assets	<u>1,114,320</u>	<u>2,824,676</u>	<u>1,691,411</u>	<u>589,647</u>	<u>6,220,054</u>
Total Assets	<u>1,114,320</u>	<u>2,824,676</u>	<u>1,691,411</u>	<u>589,647</u>	<u>6,220,054</u>
LIABILITIES					
Current Liabilities:					
Deposits	-	2,591,076	-	-	2,591,076
Due to other funds	-	-	200,000	-	200,000
Due to other governments	724,010	-	325,684	-	1,049,694
Unearned revenue	-	-	887,382	-	887,382
Other liabilities	126	-	278,345	420,523	698,994
Total Current Liabilities	<u>724,136</u>	<u>2,591,076</u>	<u>1,691,411</u>	<u>420,523</u>	<u>5,427,146</u>
Total Liabilities	<u>724,136</u>	<u>2,591,076</u>	<u>1,691,411</u>	<u>420,523</u>	<u>5,427,146</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>57,599</u>
NET POSITION					
Restricted for individuals, organizations, and other governments	332,585	233,600	-	169,124	735,309
Total Net Position	<u>\$ 332,585</u>	<u>\$ 233,600</u>	<u>\$ -</u>	<u>\$ 169,124</u>	<u>\$ 735,309</u>

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - OTHER CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	West Germantown Development District	Escrow Deposits	Inter Agency Facility Scheduling	Miscellaneous Custodial Fund	Total
ADDITIONS					
Investment income (loss)	\$ 59,655	\$ -	\$ -	\$ -	\$ 59,655
Total Additions, net	59,655	-	-	-	59,655
DEDUCTIONS					
Administrative expenses	-	-	-	2,811	2,811
Total Deductions	-	-	-	2,811	2,811
Net Increase (Decrease)	59,655	-	-	(2,811)	56,844
Net Position - Beginning of Year	272,930	233,600	-	171,935	678,465
Net Position - End of Year	\$ 332,585	\$ 233,600	\$ -	\$ 169,124	\$ 735,309

NONMAJOR COMPONENT UNITS



**COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS
JUNE 30, 2025**

	BUP	MCRA	MC	Total
ASSETS				
Equity in pooled cash and investments	\$ -	\$ -	\$ 62,192,873	\$ 62,192,873
Cash with fiscal agents	-	-	6,770,448	6,770,448
Cash	563,222	13,927,837	4,128	14,495,187
Investments - cash equivalents	-	-	71,581	71,581
Investments	-	-	52,027,740	52,027,740
Receivables (net of allowance for uncollectibles):				
Accounts	-	3,610,764	32,307,190	35,917,954
Interest	-	8,210	-	8,210
Other	18,678	37,525	7,166,727	7,222,930
Lease receivable	-	914,940	10,359,313	11,274,253
Due from primary government	61,143	75,005	9,556,861	9,693,009
Due from other governments	21,310	-	-	21,310
Inventory of supplies	-	1,118,200	8,114	1,126,314
Prepays	37,676	13,470	1,500,752	1,551,898
Other assets	5,075	148,005	47,589	200,669
Restricted Assets:				
Equity in pooled cash and investments	-	-	2,820,806	2,820,806
Cash	1,444,781	269,201	-	1,713,982
Investments - cash equivalents	-	1,692,859	42,685,632	44,378,491
Capital Assets:				
Nondepreciable assets	-	32,487,470	57,983,977	90,471,447
Depreciable assets, net	2,528,292	44,542,829	654,297,998	701,369,119
Total Assets:	4,680,177	98,846,315	939,801,729	1,043,328,221
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of debt	-	57,320	-	57,320
Pension deferrals	-	1,381,193	7,058,966	8,440,159
OPEB deferrals	-	685,841	13,610,429	14,296,270
Total Deferred Outflow of Resources	-	2,124,354	20,669,395	22,793,749
LIABILITIES				
Accounts payable	138,676	1,214,140	22,107,653	23,460,469
Interest payable	-	14,591	313,200	327,791
Retainage payable	-	-	2,411,508	2,411,508
Accrued liabilities	284,763	1,895,791	-	2,180,554
Deposits	-	108,222	-	108,222
Due to primary government	28,083	2,857,332	7,818	2,893,233
Due to other governments	-	-	15,199,597	15,199,597
Unearned revenue	157,443	2,261,446	13,515,951	15,934,840
Other liabilities	-	-	295,178	295,178
Noncurrent Liabilities:				
Due within one year	259,209	5,567,547	8,796,120	14,622,876
Due in more than one year	1,918,404	22,652,791	119,633,832	144,205,027
Total Liabilities	2,786,578	36,571,860	182,280,857	221,639,295
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	-	2,422,817	2,104,847	4,527,664
OPEB deferrals	-	1,613,605	46,905,181	48,518,786
Leases	-	870,346	10,471,431	11,341,777
Accumulated increase in fair value of hedging derivatives	-	148,005	-	148,005
Total Deferred Inflow of Resources	-	5,054,773	59,481,459	64,536,232
NET POSITION				
Net investment in capital assets	448,818	52,487,395	627,998,197	680,934,410
Restricted for:				
Capital projects	-	6,281,705	-	6,281,705
General Government	173,085	-	-	173,085
Education	-	-	56,576,675	56,576,675
Debt service	-	1,692,859	-	1,692,859
Transportation	73,544	-	-	73,544
Unrestricted (deficit)	1,198,152	(1,117,923)	34,133,936	34,214,165
Total Net Position	\$ 1,893,599	\$ 59,344,036	\$ 718,708,808	\$ 779,946,443

**COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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	\$ 6,255,866	\$ 5,467,913	\$ 511,085	\$ -	\$ (276,868)	\$ -	\$ -	\$ (276,868)
Culture and recreation	29,899,660	31,783,790	-	3,453,970	-	5,338,100	-	5,338,100
Education	388,276,139	61,376,276	20,992,780	31,764,071	-	-	(274,143,012)	(274,143,012)
Total component units	<u>\$ 424,431,665</u>	<u>\$ 98,627,979</u>	<u>\$ 21,503,865</u>	<u>\$ 35,218,041</u>	<u>(276,868)</u>	<u>5,338,100</u>	<u>(274,143,012)</u>	<u>(269,081,780)</u>
General revenues:								
Grants and contributions not restricted to specific programs					-	-	266,129,125	266,129,125
Investment Income					-	349,420	8,769,953	9,119,373
Gain (loss) on sale of capital assets					-	13,180	-	13,180
Miscellaneous					57,517	-	-	57,517
Total general revenues					<u>57,517</u>	<u>362,600</u>	<u>274,899,078</u>	<u>275,319,195</u>
Change in net position					(219,351)	5,700,700	756,066	6,237,415
Total Net Position - beginning, as previously reported					2,112,950	53,643,336	719,318,888	775,075,174
Restatement					-	-	(1,366,146)	(1,366,146)
Total Net Position - beginning, as restated					<u>2,112,950</u>	<u>53,643,336</u>	<u>717,952,742</u>	<u>773,709,028</u>
Total Net Position - ending					<u>\$ 1,893,599</u>	<u>\$ 59,344,036</u>	<u>\$ 718,708,808</u>	<u>\$ 779,946,443</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 Trends225

Information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity235

Information to help the reader assess the County's most significant local revenue sources - the property tax and income tax.

Debt Capacity248

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 Information253

Indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information255

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Net investment in capital assets	\$ 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	\$ 3,259,095,524	\$ 3,420,785,474
Restricted	415,275,255	441,648,621	650,720,854	564,498,034	405,793,922	562,446,998	674,260,119	613,403,067	865,851,619	944,495,372
Unrestricted (deficit) ⁽¹⁾	(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)	(954,376,245)	(948,899,186)
Total Governmental Activities Net Position	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	3,170,570,898	3,416,381,660
Business-type Activities:										
Net investment in capital assets	139,122,346	186,321,262	185,894,133	186,027,386	191,115,410	189,025,018	190,644,192	191,463,862	191,255,963	157,200,719
Restricted	88,115,316	68,287,578	80,545,655	76,894,899	36,905,016	22,697,175	40,861,792	65,552,813	84,302,766	115,885,677
Unrestricted (deficit)	71,413,125	67,161,146	43,687,119	46,488,562	45,881,753	47,618,342	74,573,289	76,796,976	71,570,557	59,909,421
Total Business-type Activities Net Position	298,650,787	321,769,986	310,126,907	309,410,847	273,902,179	259,340,535	306,079,273	333,813,651	347,129,286	332,995,817
Primary Government:										
Net investment in capital assets	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	3,450,351,487	3,577,986,193
Restricted	503,390,571	509,936,199	731,266,509	641,392,933	442,698,938	585,144,173	715,121,911	678,955,880	950,154,385	1,060,381,049
Unrestricted (deficit) ⁽¹⁾	(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)	(861,327,135)	(888,989,765)
Total Primary Government Net Position	\$ 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	\$ 3,517,700,184	\$ 3,749,377,477

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	\$ (1,935,683,818)	\$ (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)	\$ (861,327,135)	\$ (888,989,765)
Debt issued for capital on behalf of others	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	1,671,294,055	1,633,406,914
County net position absent effect of this relationship	\$ (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	\$ 809,966,920	\$ 744,417,149

Table 2-a

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental Activities:										
General government	\$ 624,551,802	\$ 540,011,504	\$ 424,387,485	\$ 438,014,357	\$ 590,174,881	\$ 688,476,247	\$ 626,075,347	\$ 619,060,912	\$ 627,403,975	\$ 651,461,501
Public safety	620,407,666	641,585,272	673,208,779	622,873,906	623,407,978	628,087,787	499,167,545	584,931,546	711,746,790	845,661,036
Transportation	279,744,940	258,627,800	270,104,981	238,384,714	270,530,860	307,065,388	213,159,574	335,927,417	304,068,247	414,790,154
Health and human services	292,252,497	319,917,837	340,401,563	329,736,686	321,292,120	424,716,547	445,522,771	483,718,778	509,512,101	540,086,973
Culture and recreation	116,004,130	134,848,367	124,775,369	111,901,877	114,017,908	97,481,581	94,435,027	119,350,132	140,486,273	157,398,248
Community development and housing	42,140,359	50,618,370	73,658,830	62,494,208	41,018,670	7,197,303	101,658,451	74,060,581	89,242,996	279,627,253
Environment	29,886,401	29,095,268	32,168,215	35,059,399	33,264,778	36,836,160	29,760,999	37,915,292	41,042,653	45,126,849
Education	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	2,286,791,953	2,557,420,814
Interest on long-term debt	99,889,037	100,887,704	118,778,942	115,507,787	111,886,439	96,243,729	90,170,259	97,199,651	104,539,177	57,907,929
Total Governmental Activities Expenses	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	4,814,834,165	5,549,480,757
Business-type Activities:										
Liquor	264,763,943	273,828,277	268,344,647	263,120,732	268,696,377	266,345,926	273,785,719	287,080,898	281,707,689	281,365,620
Solid Waste Activities	105,838,154	92,126,174	100,674,500	110,018,670	152,084,064	127,849,821	114,917,885	143,646,854	160,936,396	163,131,721
Parking lot districts	33,453,769	34,418,684	33,941,506	34,104,944	30,430,789	28,144,633	29,033,881	30,660,770	31,035,210	34,085,663
Permitting services	31,042,939	36,065,066	39,017,094	36,608,286	38,036,292	35,877,882	28,354,137	35,998,475	41,334,052	43,509,797
Community use of public facilities	10,301,634	10,386,038	11,857,115	11,033,992	9,448,918	4,349,361	7,610,092	7,392,266	10,550,218	11,690,251
Total Business-type Activities Expenses	445,400,439	446,824,239	453,834,862	454,886,624	498,696,440	462,567,623	453,701,714	504,779,263	525,563,565	533,783,052
Total Primary Government Expenses	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	5,340,397,730	6,083,263,809
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	94,496,045	117,697,238	126,619,126	121,315,449	92,881,803	86,440,448	87,115,578	114,760,603	106,559,293	88,279,759
Public safety	56,419,015	57,893,409	55,776,247	53,263,699	51,228,432	41,758,238	52,628,136	55,508,086	50,551,485	72,940,599
Transportation	31,222,409	34,480,822	32,977,409	32,606,994	60,186,065	52,645,744	44,044,434	41,667,278	29,622,722	42,470,866
Health and human services	4,210,725	5,806,436	4,765,964	4,037,505	3,624,326	4,768,098	4,412,826	35,155,359	29,854,882	12,256,786
Culture and recreation	11,717,969	11,665,457	11,290,370	11,091,576	11,161,265	5,895,894	11,503,780	13,097,291	14,379,010	13,509,120
Community development and housing	5,943,869	6,484,254	8,665,072	8,788,805	8,478,712	11,260,623	11,950,320	9,323,202	11,974,242	12,385,858
Environment	107,496	1,146,600	97,921	391,310	78,812	361,389	358,514	375,655	405,553	696,148
Education	-	-	-	58,834	-	-	-	-	-	-
Operating Grants and Contributions:										
General government	5,783,686	2,506,534	1,367,478	2,059,546	32,209,814	215,376,922	36,680,469	46,692,651	104,017,721	56,742,360
Public safety	38,071,629	32,116,954	34,106,704	31,792,548	48,628,152	98,250,139	45,996,510	61,336,340	67,940,996	63,674,657
Transportation	48,018,142	56,411,795	41,850,919	50,900,108	53,708,586	77,417,221	109,755,202	56,870,962	59,711,894	58,433,524
Health and human services	103,068,987	118,783,480	107,941,192	116,204,473	110,915,965	110,452,527	213,689,799	196,816,683	162,821,814	157,144,661
Culture and recreation	5,564,089	6,375,674	7,150,941	4,890,633	5,881,077	5,869,421	5,590,276	8,409,947	6,087,374	5,856,322
Community development and housing	3,382,444	8,593,974	8,273,826	8,597,444	7,713,768	8,218,120	20,241,759	17,119,580	11,020,771	9,564,914
Environment	126,632	-	-	-	-	37,891	197,470	233,593	1,053,194	433,319
Capital Grants and Contributions:										
General government	8,057,312	5,759,703	34,405,150	13,857,000	22,858,311	63,210,698	7,599,133	6,880,803	54,249,345	34,952,531
Public safety	1,085,087	918,607	2,738,267	(2,065,934)	224,165	683,000	1,204,000	1,154,477	-	-
Transportation ⁽³⁾	46,691,306	52,741,941	78,162,405	34,513,441	46,347,023	17,076,719	33,414,142	25,224,143	34,325,388	-
Health and human services	-	-	-	-	-	3,718,502	-	-	-	-
Culture and recreation	384,826	764,642	1,866,137	20,660	977,892	-	-	-	-	-
Community development and housing	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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Environment	5,582,790	1,787,625	6,677,036	3,295,642	475,065	105,075	-	87,949	160,146	2,050,192
Education	-	-	-	-	139,567	461,653	-	463,057	-	-
Total Governmental Activities Program Revenues	470,471,288	521,923,606	564,732,164	495,619,733	557,718,800	804,008,322	686,382,348	691,177,659	744,735,830	631,391,616
Program Revenues (Continued)										
Business-type Activities:										
Charges for Services:										
Liquor	294,593,991	298,493,309	296,898,858	295,840,562	304,989,083	305,168,475	321,876,182	325,172,098	318,561,067	309,380,936
Solid waste activities	109,338,285	115,150,999	115,663,792	118,735,876	118,556,863	125,124,432	143,141,146	161,321,148	172,815,545	154,794,305
Parking lot districts	32,731,451	36,001,841	36,166,913	35,227,522	36,068,613	16,247,357	28,796,265	33,781,497	39,361,450	37,491,656
Permitting services	43,882,689	39,652,271	44,429,923	43,795,393	43,533,563	43,838,541	51,703,176	47,032,640	45,763,802	41,131,880
Community use of public facilities	11,437,099	11,335,072	11,917,129	11,964,989	8,294,697	4,284,548	7,520,660	9,027,323	10,388,730	11,021,335
Total Business-type Activities Program Revenues	491,983,515	500,633,492	505,076,615	505,564,342	511,442,819	494,663,353	553,037,429	576,334,706	586,890,594	553,820,112
Total Primary Government Program Revenues	962,454,803	1,022,557,098	1,069,808,779	1,001,184,075	1,069,161,619	1,298,671,675	1,239,419,777	1,267,512,365	1,331,626,424	1,185,211,728
Net (Expense) Revenue ⁽¹⁾										
Governmental activities	(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)	(4,070,098,335)	(4,918,089,141)
Business-type activities	46,583,076	53,809,253	51,241,753	50,677,718	12,746,379	32,095,730	99,335,715	71,555,443	61,327,029	20,037,060
Total Primary Government Net Expense	(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)	(4,008,771,306)	(4,898,052,081)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes ⁽²⁾	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	4,555,286,051	5,022,800,999
Grants, contributions, and other revenue not restricted to specific programs	-	-	-	(7,262,152)	-	-	-	-	-	-
Investment and interest income ⁽³⁾	7,907,133	13,770,994	18,175,824	31,894,139	21,117,925	2,987,285	2,854,857	61,251,579	105,696,891	97,571,049
Gain/(loss) on sale of capital assets	172,639	-	2,106,453	-	24,631,318	-	-	-	-	-
Transfers	49,385,156	31,875,197	65,155,838	55,798,781	52,374,125	46,889,590	52,937,818	57,267,413	58,203,747	43,527,855
Total Governmental Activities	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	4,719,186,689	5,163,899,903
Business-type Activities:										
Property taxes	(657,506)	(45,762)	-	-	-	-	-	-	-	-
Investment income	415,329	1,068,863	2,073,306	4,379,460	4,118,652	227,669	264,654	6,957,484	11,677,100	9,069,014
Gain/(loss) on sale of capital assets	9,855,423	162,042	197,700	25,543	426	4,547	76,187	6,488,864	-	288,312
Transfers	(49,385,156)	(31,875,197)	(65,155,838)	(55,798,781)	(52,374,125)	(46,889,590)	(52,937,818)	(57,267,413)	(58,203,747)	(43,527,855)
Total Business-type Activities	(39,771,910)	(30,690,054)	(62,884,832)	(51,393,778)	(48,255,047)	(46,657,374)	(52,596,977)	(43,821,065)	(46,526,647)	(34,170,529)
Total Primary Government	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	4,672,660,042	5,129,729,374
Change in Net Position										
Governmental activities	11,219,558	177,102,937	168,985,488	307,129,459	276,885,672	668,370,104	817,481,166	615,155,539	649,088,354	245,810,762
Business-type activities	6,811,166	23,119,199	(11,643,079)	(716,060)	(35,508,668)	(14,561,644)	46,738,738	27,734,378	14,800,382	(14,133,469)
Total Primary Government	\$ 18,030,724	\$ 200,222,136	\$ 157,342,409	\$ 306,413,399	\$ 241,377,004	\$ 653,808,460	\$ 864,219,904	\$ 642,889,917	\$ 663,888,736	\$ 231,677,293

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

	2016	2017	2018	2019	2020
Property taxes	\$ 1,512,514,245	\$ 1,667,137,521	\$ 1,667,350,706	\$ 1,704,272,060	\$ 1,861,136,249
County income taxes	1,464,946,447	1,481,806,881	1,448,372,065	1,593,550,972	1,706,303,331
Real property transfer taxes	100,566,864	118,000,203	109,452,764	113,520,206	115,719,567
Recordation taxes	109,230,035	149,038,140	130,503,613	148,993,689	160,122,999
Fuel energy taxes	193,281,367	192,459,066	197,200,021	194,628,814	186,975,365
Hotel-motel taxes	19,444,152	21,462,751	21,033,479	21,288,964	14,875,525
Telephone taxes	49,694,945	50,812,917	51,600,631	52,415,089	53,664,543
Other taxes	38,479,157	41,456,765	44,869,383	47,469,336	44,879,891
Total Taxes - Governmental Activities	<u>\$ 3,488,157,212</u>	<u>\$ 3,722,174,244</u>	<u>\$ 3,670,382,662</u>	<u>\$ 3,876,139,130</u>	<u>\$ 4,143,677,470</u>
	2021	2022	2023	2024	2025
Property taxes	\$ 1,742,328,311	\$ 1,720,639,309	\$ 1,818,191,118	\$ 2,047,284,718	\$ 2,126,517,949
County income taxes	1,860,392,747	1,903,729,758	2,234,621,794	1,939,693,968	2,272,573,546
Real property transfer taxes	132,288,901	180,217,441	110,458,782	96,468,076	105,559,831
Recordation taxes	162,182,559	239,399,555	147,717,446	154,109,316	193,000,043
Fuel energy taxes	184,419,771	184,651,863	181,287,728	182,130,483	187,011,631
Hotel-motel taxes	6,424,558	14,405,669	20,777,612	23,084,973	21,954,298
Telephone taxes	52,538,156	55,449,830	56,355,076	55,607,943	56,397,809
Other taxes	45,713,200	52,359,163	54,295,092	56,906,574	59,785,892
Total Taxes - Governmental Activities	<u>\$ 4,186,288,203</u>	<u>\$ 4,350,852,588</u>	<u>\$ 4,623,704,648</u>	<u>\$ 4,555,286,051</u>	<u>\$ 5,022,800,999</u>

NOTES:

* Government-wide general tax revenue information is reported on the accrual basis of accounting.

** FY16 - FY24 amounts have been updated to reflect proper classification of property, recordation, and other taxes. Total taxes remain unchanged.

Table 3

FINANCIAL TRENDS
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Nonspendable	\$ 7,275,055	\$ 8,797,529	\$ 6,755,806	\$ 12,137,808	\$ 10,198,747	\$ 7,194,178	\$ 9,815,046	\$ 12,199,990	\$ 10,704,038	\$ 10,057,210
Restricted	6,907,814	11,784,991	13,639,668	10,219,326	6,861,399	13,831,680	6,758,234	8,559,737	31,760,971	35,952,552
Committed	326,090,172	341,105,832	370,859,379	401,382,973	419,135,927	500,842,919	699,495,564 ⁽¹⁾	718,206,352	753,827,857	808,608,296
Assigned	27,035,009	26,916,962	27,071,892	31,782,165	48,141,465	58,071,505	85,111,637	83,321,310	89,251,740	75,648,518
Unassigned	113,028,313	118,366,481	102,697,761	103,316,700	97,679,071	169,417,634	188,531,200	423,317,667	378,758,731	381,871,199
Total General Fund	<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>	<u>1,264,303,337</u>	<u>1,312,137,775</u>
All Other Governmental Funds:										
Nonspendable	1,489,280	-	-	-	-	-	-	392,699	2,432,672	76,767
Restricted	413,785,975	441,648,621	650,720,854	564,498,036	416,616,805	568,533,243	679,141,271	609,681,125	834,090,648	908,542,820
Unassigned	-	(60,793)	(5,430,786)	(4,255,806)	(127,776,190)	(4,965,388)	-	(134,775,509)	-	-
Total All Other Governmental Funds	<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>	<u>836,523,320</u>	<u>908,619,587</u>
Total All Governmental Funds	<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>	<u>\$ 2,100,826,657</u>	<u>\$ 2,220,757,362</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. The reclassification has been applied retrospectively for prior years presented.

Table 4

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	\$ 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	\$ 4,638,007,748	\$ 4,964,321,707
Licenses and permits	12,265,385	11,758,684	11,750,533	12,124,699	11,091,094	10,499,412	12,474,298	11,471,905	12,376,726	15,038,816
Intergovernmental	243,783,791	242,093,911	302,227,316	267,953,154	308,063,624	580,584,832	439,469,211	398,992,056	479,855,631	383,406,831
Charges for services	118,467,372	127,764,110	99,502,255	118,177,085	136,167,563	114,916,964	119,405,060	128,003,125	106,381,586	137,558,038
Fines and forfeitures	29,007,222	28,633,840	31,145,495	32,875,612	30,937,994	17,590,210	26,936,180	25,366,892	29,823,343	32,190,440
Investment and interest income	3,981,063	9,208,776	11,396,740	22,439,536	15,888,282	2,740,138	2,451,964	51,376,513	86,978,512	81,285,857
Miscellaneous	18,754,780	60,558,640	56,778,286	39,951,820	19,807,575	40,628,659	25,181,297	52,222,020	47,194,528	29,445,259
Total Revenues	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	5,400,618,074	5,643,246,948
Expenditures										
General government	423,988,597	448,738,319	388,935,560	415,630,621	526,063,419	633,307,018	542,683,245	557,559,150	591,591,418	606,262,230
Public safety	654,542,863	623,552,752	639,589,841	651,257,362	687,899,848	702,520,092	680,761,112	717,481,304	784,722,031	838,009,034
Transportation	210,800,081	195,129,517	202,497,073	199,285,975	189,024,284	204,968,011	214,216,563	240,820,457	263,622,999	277,945,083
Health and human services	298,572,142	320,432,552	332,908,876	338,136,666	345,968,658	448,794,929	514,957,492	530,559,212	536,647,783	544,576,954
Culture and recreation	92,157,698	94,553,277	97,871,980	88,868,479	88,824,518	82,721,567	91,993,223	112,312,981	120,587,775	129,198,825
Community development and housing	37,372,312	52,467,220	65,680,764	55,075,436	53,148,930	54,001,111	72,790,341	75,364,875	87,632,036	60,345,881
Environment	23,414,990	27,746,495	30,608,757	35,332,648	31,855,007	29,751,836	34,959,996	35,693,334	39,854,984	42,739,276
Education	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	2,207,184,808	2,338,625,565
Debt service:										
Principal ⁽¹⁾	192,160,354	224,618,357	233,284,376	242,382,336	405,757,279	261,897,918	271,613,697	279,426,214	284,654,190	289,975,576
Interest ⁽¹⁾	133,478,302	141,126,787	147,666,274	158,572,277	155,472,923	136,757,274	134,436,471	138,860,466	141,377,379	134,600,152
Notes and other obligations	29,873,326	29,326,306	24,716,905	29,336,350	29,337,781	36,720,517	32,149,942	39,962,391	33,618,500	32,643,768
Issuing costs	3,715,273	5,639,495	5,046,571	3,890,199	3,780,027	6,909,485	4,079,945	3,748,648	3,134,976	3,123,303
Capital projects	624,096,406	627,826,903	629,707,191	722,922,869	751,646,415	448,804,767	496,577,456	692,500,447	347,545,676	597,636,647
Total Expenditures	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	5,442,174,555	5,895,682,294
Excess (Deficiency) of Revenues over (under) Expenditures	(524,106,940)	(418,643,509)	(446,298,597)	(520,045,716)	(714,667,107)	(82,929,710)	(37,766,322)	(263,531,098)	(41,556,481)	(252,435,346)
Other Financing Sources (Uses)										
Transfers in	498,634,256	553,454,133	655,987,851	674,545,391	676,649,495	663,821,051	680,928,755	867,600,734	938,580,946	936,833,220
Transfers (out)	(448,738,284)	(521,670,247)	(564,081,852)	(608,067,354)	(629,048,689)	(613,258,751)	(627,472,887)	(809,817,526)	(885,062,949)	(892,789,065)
Sale of property	1,192,070	1,886,335	2,330,091	1,169,410	34,879,398	19,212,708	39,369,201	2,546,499	2,754,774	199,950
Financing under notes payable	8,360,742	41,921,607	39,446,477	16,349,042	12,494,537	784,059	6,108,268	20,147,548	16,613,629	34,764,490
Leases (as lessee)	-	-	-	-	-	4,546,325	24,751,365	4,193,304	971,261	22,092,709
Subscription-based information technology arrangements	-	-	-	-	-	-	-	752,295	13,069,638	2,384,030
Payment to refunded bond escrow agent	-	-	(441,368,126)	(38,031,143)	-	(646,954,895)	(67,515,686)	(23,504,250)	-	(498,537,180)

Table 4 (Concluded)

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Other Financing Sources (Uses) (Continued)										
Debt Issued:										
General obligation bonds	300,000,000	340,000,000	340,000,000	330,000,000	320,000,000	320,000,000	310,000,000	280,000,000	280,000,000	280,000,000
Premium on general obligation bonds	26,706,450	29,810,010	28,688,520	31,774,710	48,047,520	39,862,400	49,363,470	35,197,820	17,051,580	31,732,540
Bond anticipation notes	-	-	-	-	-	(30,000,000)	(159,000,000)	(94,000,000)	33,000,000	(50,000,000)
Certificates of participation	-	24,860,000	-	-	-	125,890,000	-	-	-	-
Premium on Certificates of participation	-	1,329,676	-	-	-	19,048,064	-	-	-	-
Taxable LTD obligation certificate	-	-	-	56,135,000	-	-	98,755,000	-	-	-
Premium on Taxable LTD obligation certificate	-	-	-	82,505	-	-	818,942	-	-	-
Premium on general obligation refunding bonds	-	-	86,325,587	-	-	43,321,958	1,112,595	-	-	54,165,074
General obligation refunding bonds	-	-	516,725,000	-	-	534,795,000	25,115,000	-	-	445,125,000
Revenue bonds	46,500,000	-	-	7,638,963	3,187,402	39,199,834	11,359,480	30,171,626	4,500,888	6,395,283
Premium on revenue bonds	2,009,534	-	-	1,215,820	-	4,730,504	-	2,293,467	-	-
Total Other Financing Sources (Uses)	434,664,768	471,591,514	664,053,548	472,812,344	466,209,663	524,998,257	393,693,503	315,581,517	421,479,767	372,366,051
Net Change in Fund Balances	<u>\$ (89,442,172)</u>	<u>\$ 52,948,005</u>	<u>\$ 217,754,951</u>	<u>\$ (47,233,372)</u>	<u>\$ (248,457,444)</u>	<u>\$ 442,068,547</u>	<u>\$ 355,927,181</u>	<u>\$ 52,050,419</u>	<u>\$ 379,923,286</u>	<u>\$ 119,930,705</u>
Debt service as a percentage of noncapital expenditures ⁽¹⁾⁽²⁾	5.44%	5.91%	6.03%	6.18%	8.96%	6.36%	8.34%	7.91%	8.23%	7.39%

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, 2025 AND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Cash and Investments			Investment and Interest Income (Loss)		
	Pooled	Non-pooled	Total	Pooled	Non-pooled	Total
Primary Government:						
General Fund	\$ 1,114,443,620	\$ 2,577,669	\$ 1,117,021,289	\$ 69,636,507	\$ 153,330	\$ 69,789,837
Debt Service Fund	50,070	10,408,512	10,458,582	-	520,382	520,382
Capital Projects Fund	523,307,904	4,634,683	527,942,587	-	251,813	251,813
Special Revenue Funds:						
Recreation	11,051,628	7,300	11,058,928	-	-	-
Fire Tax District	16,450,913	5,000	16,455,913	-	-	-
Mass Transit Facilities	74,552,468	-	74,552,468	-	-	-
Housing Initiative	28,021,969	-	28,021,969	2,187,412	3,969,242	6,156,654
Rehabilitation Loan	4,329,258	-	4,329,258	231,843	7,465	239,308
Cable TV	57,737	-	57,737	275,275	-	275,275
Grants	11,154,771	-	11,154,771	16,367	263,490	279,857
Agricultural Transfer Tax	4,002,292	-	4,002,292	230,611	-	230,611
Drug Enforcement Forfeitures	1,392,602	25,000	1,417,602	73,105	-	73,105
Water Quality Protection	31,191,223	-	31,191,223	2,460,223	-	2,460,223
Restricted Donations	9,379,402	-	9,379,402	-	-	-
Detention Center Canteen Profit	1,214,281	-	1,214,281	68,998	-	68,998
Recreation - Non-tax supported	859,410	-	859,410	100,417	-	100,417
Opioid Abatement	15,833,160	-	15,833,160	839,377	-	839,377
Total Special Revenue Funds	209,491,114	37,300	209,528,414	6,483,628	4,240,197	10,723,825
Enterprise Funds:						
Liquor	5,608,740	2,163,736	7,772,476	(342,117)	127,729	(214,388)
Solid Waste Activities	132,107,405	11,601,518	143,708,923	4,360,656	4,765	4,365,421
Parking Lot Districts	31,984,374	38,283	32,022,657	1,804,225	-	1,804,225
Permitting Services	50,937,974	-	50,937,974	2,921,136	-	2,921,136
Community Use of Public Facilities	1,725,854	-	1,725,854	192,620	-	192,620
Total Enterprise Funds	222,364,347	13,803,537	236,167,884	8,936,520	132,494	9,069,014
Internal Service Funds:						
Motor Pool	36,084,491	300	36,084,791	1,885,852	-	1,885,852
Liability & Property Coverage Self-Insurance	276,991,058	-	276,991,058	15,315,070	-	15,315,070
Employee Health Benefits Self-Insurance	50,000	-	50,000	(633,409)	-	(633,409)
Central Duplicating	316,131	-	316,131	(2,464)	-	(2,464)
Total Internal Service Funds	313,441,680	300	313,441,980	16,565,049	-	16,565,049
Pension and Other Employee Benefit Trust Funds ⁽¹⁾	2,077,088	8,806,212,781	8,808,289,869	247,501	818,380,759	818,628,260
Custodial Funds:						
External Investment Pool	26,141,005	-	26,141,005	1,188,300	-	1,188,300
Other	4,372,998	172,270	4,545,268	59,655	-	59,655
Total Primary Government	2,415,689,826	8,837,847,052	11,253,536,878	103,117,160	823,678,975	926,796,135
Component Units (Participation in County Pool)	57,915	-	57,915	3,851	-	3,851
Total	\$ 2,415,747,741	\$ 8,837,847,052	\$ 11,253,594,793	\$ 103,121,011	\$ 823,678,975	\$ 926,799,986

NOTES:

⁽¹⁾ This table presents cash and investment related information, by fund, that is reported throughout the basic financial statements and supplementary data.

⁽²⁾ 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 2025

Description	Total
PNC Bank	\$ 108,440,471
Capital One Bank	45,110,700
JP Morgan Bank	74,013,556
Capital Bank	5,263,485
Eagle Bank	34,605,914
Total Financial Institutions	<u>267,434,126</u>
Petty Cash, Change Funds, Fiscal Agents, and Safe Deposit Escrow:	
General Fund	2,577,669
Debt Service Fund	10,408,512
Capital Projects Fund	4,634,683
Special Revenue Funds	37,300
Enterprise Funds	13,803,537
Internal Service Funds	300
Fiduciary Funds	172,270
Total Petty Cash, Change Funds, Fiscal Agents, and Safe Deposit Escrow	<u>31,634,271</u>
Total Cash Deposits in Financial Institutions and on Hand	299,068,397
Investments, at carrying value	10,945,826,153
Accrued interest receivable	8,700,243
Total Cash and Investments ⁽¹⁾	<u>\$ 11,253,594,793</u>

NOTES:

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

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

Table 7

FINANCIAL TRENDS
COMBINED SCHEDULE OF INVESTMENTS
June 30, 2025

	<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	\$ 507,501,990	\$ -	\$ 507,501,990
Commercial Paper	181,399,152	-	181,399,152
Repurchase Agreements	1,050,000,000	-	1,050,000,000
Maryland Local Government Investment Pool	400,712,230	-	400,712,230
Pension and Other Employee Benefit Trusts	-	8,806,212,781	8,806,212,781
Total ⁽¹⁾	<u>\$ 2,139,613,372</u>	<u>\$ 8,806,212,781</u>	<u>\$ 10,945,826,153</u>

NOTES:

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

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

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

Table 8

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

Fiscal Year	Real Property								Ratio of Total Assessed Value to Total Estimated Market Value *					
	Residential ⁽¹⁾		Commercial/Other		Total		Total Direct Tax Rate ⁽³⁾							
	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value								
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		167,153,531,368		50,290,382,218		52,770,600,438		209,587,697,611		219,924,131,806	0.977	95.30
2024		166,933,028,212		178,729,152,262		51,397,216,555		55,029,139,780		218,330,244,767		233,758,292,042	1.024	93.40
2025		176,150,734,697		186,337,166,464		52,977,352,925		56,040,923,405		229,128,087,622		242,378,089,868	1.024	94.53

Fiscal Year	Personal Property ⁽²⁾								Real and Personal Property Total						
	Business		Public Utility		Total		Total Direct Tax Rate ⁽³⁾	Assessed Value	Estimated Actual Value						
	Individuals	Corporations	Operating Property	Domestic Shares	Total										
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		224,391,192,926
2024		25,147,660		1,943,979,810		2,017,368,688		304,030,180		4,290,526,338	2.548		222,620,771,105		238,048,818,380
2025		27,969,380		1,911,759,060		2,101,816,477		303,632,850		4,345,177,767	2.549		233,473,265,389		246,723,267,635

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 FY2025 is the three-year average of FY2016, FY2019 and FY2021. Ratio for FY2024 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

Fiscal Year	County-wide					Substantially County-wide ⁽¹⁾					Total County Direct Rate ⁽³⁾
	County		M-NCPPC ⁽²⁾			County		M-NCPPC ⁽²⁾		Prorata Tax Rate	
	County	Fire Tax District	Transit District	Advance Land Acquisition	Subtotal	Recreation	Storm Drainage	Regional District	Metropolitan District		
Real Property:											
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
2024	.7170 ⁽⁴⁾	.1184	.0852	.0010	0.9216	.0330	.0000	.0206	.0650	.1024	1.0240
2025	.7170 ⁽⁴⁾	.1202	.0892	.0010	0.9274	.0318	.0000	.0198	.0602	.0966	1.0240
Personal Property:											
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
2024	1.7925	.2960	.2130	.0025	2.3040	.0825	.0000	.0515	.1625	.2440	2.5480
2025	1.7925	.3005	.2230	.0025	2.3185	.0795	.0000	.0495	.1505	.2309	2.5494

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.

⁽⁴⁾ The County Council approved a supplemental tax levy for Montgomery County Public Schools (MCPS) pursuant to Section 5-104 of the Education Article of the Maryland Code. All revenues generated from the supplement must be used solely to fund MCPS. The supplemental tax for MCPS is excluded from the ad valorem weighted tax rate calculation under Section 305 of the County Charter.

Table 9-b

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

Fiscal Year	Parking Lot Districts				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 ⁽¹⁾
Real Property:												
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
2024	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0000	.1330	.1105
2025	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0000	.1280	.1104
Personal Property:												
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
2024	.0000	.0000	.0000	.0000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000
2025	.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 LY23 and LY24 was zero; therefore, it was not included in the table this year.

⁽¹⁾ White Flint Special Taxing District was established in November 2010 and levy year 2011 was the first year that the property tax on commercial properties went into effect.

⁽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:													
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
2024	.2620	.2920	.5522	.0514	.1500	.0090	.2045	.1500	.1312	.0900	.1781	.1000	.2370
2025	.2620	.2920	.5522	.0514	.1500	.0084	.2045	.1500	.1312	.0900	.1859	.1000	.2326
Personal Property:													
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
2024	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000	.8000	.3000	.6000	1.0000	.7000
2025	.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:										
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
2024	.0400	.0200	.0000	.0200	.0712	.0050	.0400	.0020	.0450	.0400
2025	.0400	.0200	.0000	.0200	.0672	.0050	.0400	.0020	.0450	.0400
Personal Property:										
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
2024	.1000	.0500	.0000	.0000	.6600	.0050	.0400	.0000	.1300	.1000
2025	.1000	.0500	.0000	.0000	.6600	.0050	.0400	.0000	.1300	.0000

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, 2025

	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Potomac Electric Power Co.	\$ 1,493,555,903	\$ 27,859,433	\$ 1,465,696,470	0.64%
ARE- Maryland	999,560,929	999,553,469	7,460	0.43
Federal Realty Investments Trust	766,930,432	766,930,432	-	0.33
GI Partners	613,900,167	613,900,167	-	0.26
JBG Smith	511,402,636	507,978,266	3,424,370	0.22
Washington Metropolitan Area Transit Authority	466,079,633	466,079,633	-	0.20
Washington Gas Light Co.	455,421,740	-	455,421,740	0.19
Astrazeneca Pharmaceuticals LP	421,857,314	399,963,134	21,894,180	0.18
Montgomery Mall LLC	421,724,073	420,813,233	910,840	0.18
7750 Wisconsin Ave LLC	409,666,667	409,666,667	-	0.18
Total	<u>\$ 6,560,099,494</u>	<u>\$ 4,612,744,434</u>	<u>\$ 1,947,355,060</u>	<u>2.81%</u>
Total Assessable Base	<u>\$ 233,473,265,389</u>			<u>100.00%</u>

For the Fiscal Year Ended June 30, 2016

	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Potomac Electric Power Co.	\$ 825,783,493	\$ 5,521,133	\$ 820,262,360	0.47%
Federal Reaty Investment Trust	577,517,398	574,334,768	3,182,630	0.33
Washington Metropolitan Area Transit Authority	352,330,267	352,330,267	-	0.20
Verizon - Maryland	336,926,560	-	336,926,560	0.19
Montgomery Mall LLC	335,389,300	335,389,300	-	0.19
Street Retail Inc.	299,542,445	299,542,445	-	0.17
Chevy Chase Land Co.	298,395,235	298,395,235	-	0.17
Washington Gas Light Co.	277,048,240	-	277,048,240	0.16
WP Project Developer LLC	254,225,902	254,225,902	-	0.15
Wheaton Plaza Reg Shopping Center	226,272,500	226,272,500	-	0.13
Total	<u>\$ 3,783,431,340</u>	<u>\$ 2,346,011,550</u>	<u>\$ 1,437,419,790</u>	<u>2.16%</u>
Total Assessable Base	<u>\$ 174,060,795,069</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
2016	\$ 1,521,343,303	\$ (3,766,614)	\$ 1,517,576,689	\$ 1,510,514,042	99.29%	\$ (9,594,583)	\$ 1,500,919,459	98.90%
2017	1,663,208,936	(1,458,509)	1,661,750,427	1,655,288,952	99.52	(3,820,712)	1,651,468,240	99.38
2018	1,679,004,512	(2,380,092)	1,676,624,420	1,672,563,755	99.62	(4,557,317)	1,668,006,438	99.49
2019	1,691,044,390	235,198	1,691,279,588	1,684,778,720	99.63	(2,301,375)	1,682,477,345	99.48
2020	1,720,090,151	2,428,976	1,722,519,127	1,706,697,311	99.22	7,610,644	1,714,307,955	99.52
2021	1,767,873,961	(11,038,134)	1,756,835,827	1,748,264,189	98.89	(6,010,605)	1,742,253,584	99.17
2022	1,801,778,279	(1,126,100)	1,800,652,179	1,797,247,628	99.75	(2,192,912)	1,795,054,716	99.69
2023	1,866,240,423	(6,487,354)	1,859,753,069	1,858,190,169	99.57	(6,197,813)	1,851,992,356	99.58
2024	2,105,062,830	(6,029,513)	2,099,033,317	2,097,204,715	99.63	(8,467,690)	2,088,737,025	99.51
2025	2,189,939,785	-	2,189,939,785	2,182,320,560	99.65	-	2,182,320,560	99.65

NOTES:

* This table includes data for all property taxes billed applicable to all funds for Montgomery County, Maryland to include General, Special Revenue, 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, excluding overpayments, net of refunds. Penalties and interest are excluded.

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, 2025

	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	\$ 1,005,259	\$ 997,769	\$ (118,225)	\$ (195,763)	\$ 683,781
Friendship Heights Urban District	620,878	620,878	(127,705)	127,705	620,878
Silver Spring Urban District	1,125,732	1,116,784	62,231	(438,263)	740,752
Wheaton Urban District	283,931	282,838	(1,582)	1,303	282,559
All Other General Fund	1,602,686,365	1,598,337,195	(18,697,066)	(20,947,884)	1,558,692,245
Total General Fund	1,605,722,165	1,601,355,464	(18,882,347)	(21,452,902)	1,561,020,215
Special Revenue Funds: ***					
Recreation	61,947,490	61,775,935	(353,750)	4,118,879	65,541,064
Mass Transit	200,242,659	199,600,739	(1,209,725)	13,495,498	211,886,512
Fire Tax District	268,705,846	267,957,912	(1,603,400)	17,916,671	284,271,183
Water Quality Protection Charges	53,321,625	51,630,510	110,733	51,370	51,792,613
Total Special Revenue Funds	584,217,620	580,965,096	(3,056,142)	35,582,418	613,491,372
Enterprise Funds:					
Silver Spring Parking Lot District **	-	-	(2,013)	(1,238)	(3,251)
Bethesda Parking Lot District **	-	-	(534)	(1,850)	(2,384)
Wheaton Parking Lot District **	-	-	(85)	(62)	(147)
Total Enterprise Funds	-	-	(2,632)	(3,150)	(5,782)
Total Property Tax - Montgomery County	2,189,939,785	2,182,320,560	(21,941,121)	14,126,366	2,174,505,805
Tax Bill Items Other than Montgomery County					
Property Taxes:					
M-NCPPC Joint Venture Property Taxes:					
M-NCPPC Administration	38,328,257	38,219,538	(247,472)	2,420,140	40,392,206 *
M-NCPPC Park	116,527,947	116,208,184	(788,378)	7,382,385	122,802,191 *
M-NCPPC Land Acquisition	2,236,022	2,229,807	(14,211)	141,958	2,357,554 *
Agency Relationship Property Taxes:					
State of Maryland	256,102,462	255,719,074	(1,428,139)	2,372,620	256,663,555 *
Municipalities	132,442,593	131,719,882	(181,638)	571,064	132,109,308 *
Development Districts	3,540,043	3,539,294	(16,393)	350	3,523,251 *
Charges for Services:					
Refuse Disposal - Solid Waste Activities Fund	94,325,217	93,910,315	(482,881)	(938,685)	92,488,749 *
Refuse Collection - Solid Waste Activities Fund	14,926,440	14,917,840	3,359	(29,958)	14,891,241 *
Leaf Vacuuming - Solid Waste Activities Fund	9,133,226	9,127,382	2,767	(28,840)	9,101,309 *
Municipality Refuse Charges	194,246	194,246	-	-	194,246 *
WSSC FFBC	3,314,454	3,311,203	778	10,769	3,322,750 *
Bay Restoration Fund	728,700	725,790	(95,946)	96,697	726,541 *
Total Other Items	671,799,607	669,822,555	(3,248,154)	11,998,500	678,572,901
Grand Total	\$ 2,861,739,392	\$ 2,852,143,115	\$ (25,189,275)	\$ 26,124,866	\$ 2,853,078,706

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 2023 (FY24) 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, 2025

Year	General*	Special Revenue*	Enterprise	Total
2016 & Prior	\$ 5,747,636	\$ 3,632,262	\$ 265,328	\$ 9,645,226
2017	969,264	1,340,244	-	2,309,508
2018	1,702,400	1,616,118	-	3,318,518
2019	1,216,332	1,491,435	-	2,707,767
2020	1,252,761	1,533,982	-	2,786,743
2021	1,624,754	1,779,527	-	3,404,281
2022	1,634,719	1,805,473	-	3,440,192
2023	2,486,027	1,970,900	-	4,456,927
2024	2,422,353	2,361,572	-	4,783,925
2025	5,675,470	3,240,575	-	8,916,045
Total Property Taxes Receivable	<u>\$ 24,731,716</u>	<u>\$ 20,772,088</u>	<u>\$ 265,328</u>	<u>\$ 45,769,132</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	
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
2022	2.00	3.00	4.00	4.75-5.75	3.20
2023	2.00	3.00	4.00	4.75-5.75	3.20
2024	2.00	3.00	4.00	4.75-5.75	3.20

NOTES:

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

* Tax year 2024 is the latest tax year for which data are available.

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

Table 15

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

Tax Year	Number of Taxable Returns	Maryland Adjusted Gross Income	Net Taxable Income	Net State Income Tax	Local Income Tax	Total Tax Liability	Montgomery County Income Tax Direct Rate
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	3,919,973,136	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
2022	431,598	66,409,697,467	59,934,520,207	2,823,128,642	1,854,071,083	4,677,199,725	3.20
2023	432,964	68,513,089,032	61,672,759,547	2,736,128,873	1,912,747,237	4,648,876,110	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 2023 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

	2023						2022					
	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	83,678	19.3%	\$ 39,698,779,887	64.4%	\$ 1,223,403,801	64.0%	78,678	18.2%	\$ 38,321,060,564	63.9%	\$ 1,174,929,986	63.4%
\$100,000 - 199,999	98,213	22.7	12,299,747,172	19.9	392,790,749	20.5	94,982	22.0	11,881,040,719	19.8	379,077,688	20.5
\$80,000 - 99,999	35,921	8.3	2,697,614,980	4.4	86,179,032	4.5	35,763	8.3	2,686,495,594	4.5	85,760,441	4.6
\$50,000 - 79,999	77,476	17.9	4,011,348,137	6.5	127,525,853	6.7	76,738	17.8	3,973,637,184	6.6	126,652,972	6.8
\$25,000 - 49,999	89,082	20.6	2,428,803,146	3.9	68,050,573	3.6	91,476	21.2	2,487,805,042	4.2	71,380,763	3.8
\$10,000 - 24,999	42,258	9.8	515,859,103	0.8	14,340,406	0.7	46,929	10.9	561,489,408	1.0	15,756,170	0.9
Under \$10,000	6,336	1.4	20,607,122	0.1	456,823	0.0	7,032	1.6	22,991,696	0.0	513,063	0.0
Total	432,964	100.0%	\$ 61,672,759,547	100.0%	\$ 1,912,747,237	100.0%	431,598	100.0%	\$ 59,934,520,207	100.0%	\$ 1,854,071,083	100.0%

	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%

Table 16 (Concluded)

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

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

	2015						2014					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
Adjusted Gross Income Level												
\$200,000 and higher	53,225	12.8%	\$ 23,657,207,816	55.9%	\$ 731,634,760	55.5%	50,930	12.3%	\$ 22,545,414,493	55.1%	\$ 707,232,455	55.0%
\$100,000 - 199,999	85,023	20.6	9,939,715,472	23.5	317,564,616	24.0	83,150	20.1	9,686,668,621	23.7	309,843,847	24.1
\$75,000 - 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 - 74,999	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%

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 2023 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		Lease	Certificates			Taxable			Total
Fiscal	Obligation	Demand	General	Anticipation	Notes	Revenue	of	Other	Revenue	Obligation	Leases	Subscription	Total
Year	Bonds	Obligations	Obligations	Notes	Payable	Bonds	Participation	Obligations	Bonds	Certificates	Payable	Liabilities	Governmental
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
2024	3,309,437,860	170,000,000	-	250,000,000	64,739,297	3,687,853	114,193,619	43,160,000	114,273,448	130,814,082	109,318,252	19,200,121	4,328,824,532
2025	3,273,460,118	170,000,000	-	200,000,000	90,215,019	3,174,024	100,794,541	90,925,000	109,514,399	121,834,449	118,561,409	15,983,154	4,294,462,113
	Business-type Activities							Ratios					
	Revenue	Notes	Certificates	Leases	Subscription	Total	Total	Debt to	Outstanding				
Fiscal	Revenue	Notes	of	Payable	Liabilities	Business-Type	Primary	Personal	Debt per				
Year	Bonds	Payable	Participation			Activities	Government	Income ⁽¹⁾	Capita ⁽¹⁾				
2016	\$ 83,929,819	\$ 5,756,247	\$ -	\$ -	\$ -	\$ 89,686,066	\$ 3,933,566,887	4.69	\$ 3,763				
2017	78,105,420	5,367,645	-	-	-	83,473,065	4,072,545,102	4.70	3,863				
2018	72,111,188	6,433,707	-	-	-	78,544,895	4,336,009,969	4.90	4,103				
2019	66,097,142	4,891,651	-	-	-	70,988,793	4,422,448,653	4.92	4,172				
2020	60,765,932	3,504,685	-	-	-	64,270,617	4,317,646,553	4.76	4,070				
2021	55,349,704	675,827	1,620,000	58,773,644	-	116,419,175	4,608,297,631	4.81	4,363				
2022	50,059,850	155,423	1,207,192	54,425,984	-	105,848,449	4,577,117,253	4.60	4,346				
2023	44,762,884	-	747,057	42,021,366	2,322,235	89,853,542	4,439,104,179	4.19	4,194				
2024	39,377,045	-	345,000	52,582,804	1,575,530	93,880,379	4,422,704,911	4.00	4,161				
2025	73,274,902	-	-	48,359,264	907,005	122,541,171	4,417,003,284	3.84	4,139				

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		
2016	\$ 2,582,259,186	\$ 100,000,000	\$ 323,901,913	\$ 3,006,161,099	1.62%	\$ 2,876
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	3,201
2019	3,015,532,116	170,000,000	277,106,496	3,462,638,612	1.73	3,267
2020	3,109,101,181	170,000,000	106,404,112	3,385,505,293	1.64	3,191
2021	3,287,199,209	170,000,000	-	3,457,199,209	1.60	3,273
2022	3,333,092,654	170,000,000	-	3,503,092,654	1.59	3,327
2023	3,330,009,510	170,000,000	-	3,500,009,510	1.56	3,307
2024	3,309,437,860	170,000,000	-	3,479,437,860	1.46	3,274
2025	3,273,460,118	170,000,000	-	3,443,460,118	1.40	3,227

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, 2025

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ⁽⁶⁾	Estimated Share of Overlapping Debt
Overlapping Debt:			
Towns, Cities, and Villages ^(2,3) :			
Poolesville - bonds	\$ 1,029,573	100.00%	\$ 1,029,573
Rockville - bonds, leases, subscription-based information technology arrangements	34,442,904	100.00	34,442,904
Somerset - bonds	557,223	100.00	557,223
Takoma Park- bonds	6,739,000	100.00	6,739,000
Gaithersburg- leases, subscription-based information technology arrangements	439,085	100.00	439,085
Chevy Chase- subscription-based information technology arrangements	8,943	100.00	8,943
Component Units ⁽²⁾ :			
MCPS - leases and subscription-based information technology arrangements	175,394,732	100.00	175,394,732
MC - leases and subscription-based information technology arrangements	74,916,874	100.00	74,916,874
Joint Venture - M-NCPPC ⁽⁴⁾ :			
Park acquisition and development bonds	187,346,983	33.81	63,345,136
Development Districts ⁽²⁾ :			
West Germantown - bonds	4,215,000	100.00	4,215,000
Total Overlapping Debt			361,088,470
Montgomery County Direct Debt ⁽⁵⁾			4,294,462,113
Total Direct and Overlapping Debt			<u>\$4,655,550,583</u>

NOTES:

⁽¹⁾ Direct debt relating to the governmental activities of the County includes general obligation bonds, variable rate demand obligations, bond anticipation notes, notes payable, lease revenue bonds, and 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, leases, subscription-based information technology arrangements 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**

	2016	2017	2018	2019	2020
Assessed Value					
Real property ^(1,3)	\$ 170,176,446,052	\$ 177,495,353,018	\$ 183,993,870,661	\$ 189,051,019,043	\$ 193,487,138,719
Personal property ⁽²⁾	3,884,349,017	4,051,372,468	4,188,565,266	4,055,452,758	4,100,966,956
Total Assessed Value	<u>\$ 174,060,795,069</u>	<u>\$ 181,546,725,486</u>	<u>\$ 188,182,435,927</u>	<u>\$ 193,106,471,801</u>	<u>\$ 197,588,105,675</u>
Legal Debt Margin					
Debt limit - percentage of assessable base:					
For real property at 6%	\$ 10,210,586,763	\$ 10,649,721,181	\$ 11,039,632,240	\$ 11,343,061,143	\$ 11,609,228,323
For personal property at 15%	582,652,353	607,705,870	628,284,790	608,317,914	615,145,043
Legal limitation for the borrowing of funds and the issuance of bonds	<u>10,793,239,116</u>	<u>11,257,427,051</u>	<u>11,667,917,030</u>	<u>11,951,379,057</u>	<u>12,224,373,366</u>
Debt Applicable to Limit:					
General obligation bonds	2,582,259,186	2,722,235,195	2,919,530,233	3,015,532,116	3,109,101,181
Variable rate demand obligation	100,000,000	90,000,000	170,000,000	170,000,000	170,000,000
Taxable BABs general obligation	323,901,913	308,297,064	292,692,211	277,106,496	106,404,112
Bond anticipation notes	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Total Debt Applicable to Limit	<u>3,506,161,099</u>	<u>3,620,532,259</u>	<u>3,882,222,444</u>	<u>3,962,638,612</u>	<u>3,885,505,293</u>
Legal Debt Margin	<u>\$ 7,287,078,017</u>	<u>\$ 7,636,894,792</u>	<u>\$ 7,785,694,586</u>	<u>\$ 7,988,740,445</u>	<u>\$ 8,338,868,073</u>
Legal Debt Margin as a Percentage of Debt Limit	68%	68%	67%	67%	68%
	2021	2022	2023	2024	2025
Assessed Value					
Real property ^(1,3)	\$ 198,347,861,932	\$ 202,557,243,499	\$ 209,587,697,611	\$ 218,330,244,767	\$ 229,128,087,622
Personal property ⁽²⁾	4,682,192,977	4,242,757,208	4,467,061,120	4,290,526,338	4,345,177,767
Total Assessed Value	<u>\$ 203,030,054,909</u>	<u>\$ 206,800,000,707</u>	<u>\$ 214,054,758,731</u>	<u>\$ 222,620,771,105</u>	<u>\$ 233,473,265,389</u>
Legal Debt Margin					
Debt limit - percentage of assessable base:					
For real property at 6%	\$ 11,900,871,716	\$ 12,153,434,610	\$ 12,575,261,857	\$ 13,099,814,686	\$ 13,747,685,257
For personal property at 15%	702,328,947	636,413,581	670,059,168	643,578,951	651,776,665
Legal limitation for the borrowing of funds and the issuance of bonds	<u>12,603,200,663</u>	<u>12,789,848,191</u>	<u>13,245,321,025</u>	<u>13,743,393,637</u>	<u>14,399,461,922</u>
Debt Applicable to Limit:					
General obligation bonds	3,287,199,209	3,333,092,654	3,330,009,510	3,309,437,860	3,273,460,118
Variable rate demand obligation	170,000,000	170,000,000	170,000,000	170,000,000	170,000,000
Taxable BABs general obligation	-	-	-	-	-
Bond anticipation notes	470,000,000	311,000,000	217,000,000	250,000,000	200,000,000
Total Debt Applicable to Limit	<u>3,927,199,209</u>	<u>3,814,092,654</u>	<u>3,717,009,510</u>	<u>3,729,437,860</u>	<u>3,643,460,118</u>
Legal Debt Margin	<u>\$ 8,676,001,454</u>	<u>\$ 8,975,755,537</u>	<u>\$ 9,528,311,515</u>	<u>\$ 10,013,955,777</u>	<u>\$ 10,756,001,804</u>
Legal Debt Margin as a Percentage of Debt Limit	69%	70%	72%	73%	75%

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:	Net Available	Debt Service ⁽⁴⁾			Coverage %
		Operating Expenses ⁽³⁾	Revenue for Debt Service	Principal	Interest	Total	
Bethesda Parking Lot District:							
2016	\$ 17,963,769 ⁽⁶⁾	\$ 9,024,033	\$ 8,939,736	\$ 3,245,000	\$ 1,575,467	\$ 4,820,467	185.45%
2017	20,320,118 ⁽⁶⁾	9,924,556	10,395,562	3,158,000	1,416,347	4,574,347	227.26
2018	20,803,921 ⁽⁶⁾	9,894,949	10,908,972	3,291,000	1,336,525	4,627,525	235.74
2019	20,841,755 ⁽⁶⁾	8,792,818	12,048,937	3,441,000	1,212,195	4,653,195	258.94
2020	17,403,667 ⁽⁶⁾	9,874,435	7,529,232	3,591,000	1,049,400	4,640,400	162.25
2021	⁽⁵⁾ 14,836,653 ⁽⁶⁾	8,649,097	6,187,556	700,000	934,343	1,634,343	378.60
2022	14,036,459 ⁽⁶⁾	8,487,605	5,548,854	1,895,000	406,314	2,301,314	241.12
2023	14,602,338 ⁽⁶⁾	8,395,167	6,207,171	1,945,000	355,683	2,300,683	269.80
2024	18,125,327 ⁽⁶⁾	8,852,234	9,273,093	1,970,000	330,810	2,300,810	403.04
2025	17,640,175 ⁽⁶⁾	11,984,112	5,656,063	1,996,000	305,625	2,301,625	245.74
Alcohol Beverage Service:							
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	258,484,088	37,489,601	5,520,000	3,634,464	9,154,464	409.52
2020	305,119,389	265,023,442	40,095,947	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	277,640,122	47,764,761	5,925,000	2,307,140	8,232,140	580.22
2024	319,127,065	273,193,226	45,933,839	6,190,000	2,052,690	8,242,690	557.27
2025	309,156,206	270,908,321	38,247,885	6,360,000	1,879,590	8,239,590	464.20
Metrorail Garage Project:							
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
2024	3,262,363	-	3,262,363	2,985,000	277,363	3,262,363	100.00
2025	568,113	-	568,113	440,000	128,113	568,113	100.00
Water Quality Protection:							
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
2024	53,076,353	31,653,806	21,422,547	6,346,995	2,450,438	8,797,433	243.51
2025	57,340,691	33,295,909	24,044,782	6,759,254	2,275,483	9,034,737	266.14
Solid Waste Disposal:							
2025	\$ 134,285,955	\$ 130,069,806	\$ 4,216,149	\$ -	\$ -	\$ -	-

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.
- ⁽⁶⁾ 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 2025			Fiscal Year 2016		
	Rank	Employees ⁽¹⁾	Percentage of Total County Employment ^(2,3)	Rank	Employees ⁽¹⁾	Percentage of Total County Employment ^(2,3)
U.S. Department of Health and Human Services	1	25,000 - 30,000	5.98%	1	25,000 - 30,000	5.92%
Montgomery County Public Schools	2	25,000 - 30,000	5.98	2	25,000 - 30,000	5.92
Montgomery County Government	3	10,000-15,000	2.72	3	10,000 - 15,000	2.69
U.S. Department of Commerce	4	5,000-10,000	1.63	4	5,000 - 10,000	1.61
U.S. Department of Defense	5	5,000-10,000	1.63	5	5,000 - 10,000	1.61
Adventist Healthcare	6	5,000-10,000	1.63	6	2,500 - 5,000	0.81
AstraZeneca Pharmaceuticals LP	7	5,000-10,000	1.63		*	-
Holy Cross Hospital of Silver Spring	8	2,500-5,000	0.81	8	2,500 - 5,000	0.81
Montgomery College	9	2,500-5,000	0.81	9	2,500 - 5,000	0.81
Giant of Maryland, LLC	10	2,500-5,000	0.81		*	-
Marriott International Admin Svcs, Inc.		*	-	7	2,500 - 5,000	0.81
Lockheed Martin Corporation		*	-	10	2,500 - 5,000	0.81
Total			23.63%			21.80%

NOTES:

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

⁽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 FY25 and FY16 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 460,200 in FY25 and 464,888 in FY16.

Source: Maryland Department of Labor, Licensing and Regulation, Major Employer List - 2nd quarter of FY2025 and 2nd quarter of FY2016.

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 ⁽⁷⁾
2016	1,045,323	\$ 83,878,062	\$ 80,241	570,656	552,568	3.2%	156,447
2017	1,054,194	86,645,875	82,192	582,669	564,589	3.1	159,010
2018	1,056,707	88,559,517	83,807	586,023	568,768	2.9	161,545
2019	1,060,001	89,912,501	84,823	596,937	581,014	2.7	162,680
2020	1,060,904	90,738,871	85,530	575,756	541,911	5.9	165,267
2021	1,056,193	95,791,967	90,696	560,745	533,847	4.8	160,564
2022	1,053,067	99,487,908	94,474	559,468	545,030	2.6	158,232
2023	1,058,474	105,894,149	100,044	563,220	552,677	1.9	160,554
2024	1,062,777	110,690,000	104,152	570,215	555,030	2.7	160,223
2025	1,067,097	115,110,000	107,872	574,680	555,716	3.3	159,671

NOTES:

- ⁽¹⁾ Sources: Data for 2016-2023 is from the Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Data from 2016 through 2023 was revised by BEA. Data for 2024 and 2025 is estimated by the Montgomery County Department of Finance.
- ⁽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. Historical data from 2019 to 2023 was revised by BEA. Data for 2024 and 2025 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 2016 through 2023. Data for 2024 and 2025 is estimated by the Montgomery County Department of Finance.
- ⁽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 and revised for 2016-2024. Data for 2025 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 2016-2024 is published by BLS with the revised numbers. Data for 2025 is estimated by the Montgomery County Department of Finance.
- ⁽⁶⁾ The unemployment rates for 2016 through 2024 were published by the Bureau of Labor Statistics, U.S. Department of Labor. The unemployment rates from 2016 through 2022 and 2024 were revised by BLS. The unemployment rate for 2025 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**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Legislative Branch:										
Board of Appeals	4	4	4	4	4	4	4	4	4	3
County Council	82	82	83	83	85	87	88	110 ⁽¹⁰⁾	107	112
Inspector General	7	7	7	7	7	12	14	17	19	21
Legislative Oversight	11	11	11	12	12	13	14	14	14	14
Merit System Protection Board	2	2	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	114	114	116	117	119	121	126	126	127	129
State's Attorney	140	143	147	153	154	154	154	156	156	167
Executive Branch:										
General Government:										
Board of Elections	55	55	56	56	56	56	56	56	56	56
Community Engagement Cluster	22	23	24	23	32	30	41	45	46	47
County Attorney	44	43	45	43	43	41	42	43	44	51
County Executive	33	34	37	35	34	34	33	40	36	34
Ethics Commission	3	3	3	3	3	2	2	2	2	2
Finance	126	122	125	127	131	130	132	132	132	129
Food Systems Resilience ⁽⁹⁾	-	-	-	-	-	-	-	-	3	4
General Services	162	164	171	170	169	169	169	169	174	173
Grants Management ⁽⁸⁾	-	-	-	-	-	-	-	3	5	6
Human Resources	67	68	70	71	68	63	68	74	82	85
Human Rights	9	9	9	9	9	10	12	12	12	12
Intergovernmental Relations	5	5	5	5	5	5	5	5	5	4
Labor Relations ⁽⁷⁾	-	-	-	-	-	8	8	8	8	13 ⁽¹⁶⁾
Management and Budget	30	29	32	33	33	41	41	43	42	42
Procurement	33	35	35	35	35	38	38	38	39	37
Public Information	43	42	45	51	53	53	54	61	60	18 ⁽¹⁷⁾
Racial Equity and Social Justice ⁽⁶⁾	-	-	-	-	-	2	6	8	9	9
Technology & Enterprise Business Solutions	147	159	168	166	167	165	166	168	173	231 ⁽¹⁷⁾⁽¹⁹⁾
Urban Districts	58	59	59	59	59	59	59	61	61	60
Non-Departmental Accounts	4	4	4	5	6	12	23 ⁽¹¹⁾	45 ⁽¹²⁾	36	52 ⁽¹⁸⁾
Public Safety:										
Animal Services ⁽⁵⁾	-	-	-	-	-	75	75	77	77	78
Consumer Protection	17	16	17	17	17	17	18	18	18	18
Correction and Rehabilitation	527	538	538	538	536	542	542	545	546	544
Emergency Management and Homeland Security	15	15	15	15	16	16	18	19	19	22
Fire and Rescue Service	1,299	1,303	1,287	1,298	1,318	1,319	1,333	1,352	1,363	1,372
Police	1,868	1,888	1,950	1,958	1,972	1,899	1,869	1,898	1,903	1,881
Sheriff	183	190	190	190	193	193	193	192	192	192
Transportation:										
Fleet Management Services ⁽¹⁴⁾	204	204	204	206	211	211	211	211	211	211
Transit Services	836	842	874	876	909	909	909	911	899	909
Other ⁽²⁾	279	283	283	283	287	286	284	286	284	268
Health and Human Services	1,594	1,619	1,649	1,670	1,683	1,714	1,771	1,857	1,948	2,002
Culture and Recreation:										
Cable Television Communications Plan ⁽¹⁹⁾	31	31	33	32	31	31	31	30	24	-
Public Libraries	389	386	395	396	404	405	404	404	385	385
Recreation	417	441	465	467	490	493	499	574 ⁽¹³⁾	592	599
Community Development and Housing:										
Agriculture ⁽⁴⁾	-	4	4	4	4	4	4	5	6	6
Economic Development Fund ⁽³⁾⁽¹⁵⁾	33	1	1	1	1	1	1	1	1	1
Housing and Community Affairs	80	84	97	97	101	101	101	104	106	121
Environment:										
Environmental Protection	102	105	108	108	110	108	110	122	133	133
Business-Type Activities:										
Alcohol Beverage Services	427	432	438	442	428	442	443	428	428	432
Community Use of Public Facilities	28	29	30	31	31	31	31	30	30	31
Parking District Services	49	49	49	49	49	49	48	48	48	49
Permitting Services	213	244	244	244	246	246	246	249	249	252
Recycling and Resource Management	103	106	105	106	106	112	112	114	117	118
Total FTEs	<u>9,899</u>	<u>10,031</u>	<u>10,238</u>	<u>10,301</u>	<u>10,433</u>	<u>10,519</u>	<u>10,614</u>	<u>10,921</u>	<u>11,037</u>	<u>11,141</u>

Table 24 (Concluded)

NOTES:

Amounts represent budgeted FTEs rounded to the nearest whole work year.

- (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 FY17, The Department of Economic Development (DED) was eliminated as a County department. Their responsibilities were transferred to Montgomery County Economic Development Corporation (MCEDC), WorkSource Montgomery, Inc., and other County departments and offices, which include Finance, County Executive, Agriculture, Procurement and General Services. These actions occurred per Bill No.'s 25-15 and 40-15.
- (4) Effective FY17, The Office of Agriculture was established per Bill No. 25-15.
- (5) 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.
- (6) Effective FY21, The Office of Racial Equity and Social Justice was established per Bill No. 27-19.
- (7) Effective FY21, The Office of Labor Relations was established per Expedited Bill No. 19-20.
- (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) In FY22, the KID Museum was established and the following Non-Departmental Accounts had a significant increase in FTEs; Climate Change Planning (3 FTE increase), Early Care and Education (6 FTE increase), Incubator Programs-Economic Development Partnership (3 FTE increase).
- (12) In FY23, three new Non-Departmental Accounts were established; Guaranteed Income, Police Accountability Board and Montgomery County Green Bank. The following Non-Departmental Accounts had a significant increase in FTEs; Early Care and Education (12 FTE increase), Guaranteed Income (1 FTE increase), Incubator Programs-Economic Development Partnership (3 FTE increase), Legislative Branch Communications Outreach (4 FTE increase).
- (13) Additional positions added in FY23 to support several programs, but primarily due to the South County Regional Recreation and Aquatic Center.
- (14) The Fleet Management Services is part of the Department of General Services (DGS); the FTE amount reported for DGS does not include the FTE amount reported for Fleet Management Services.
- (15) The FTE of the Economic Development Fund (EDF) was included with the FTE amounts reported with DED until the department was eliminated in FY17. EDF is part of the Department of Finance (FIN); the FTE amount reported for FIN does not include the FTE amount reported for EDF.
- (16) In FY25, a centralization plan was implemented to reassign countywide labor and employee relations functions to the Office of Labor Relations (OLR). Also, the OLR Racial Equity and Social Justice Core Team was expanded.
- (17) Effective FY25, MC311 program were moved from the Office of Public Information (PIO) into the Department of Technology and Enterprise Business Solutions (TEBS)
- (18) In FY25, non-Departmental account, Early Care and Education had an 14 FTE increase to provide new and ongoing resources to sustain partnerships and high-quality early childhood education.
- (19) In FY25, critical programs were moved from the Cable Television Communications Plan into the Department of Technology Services and Enterprise Business Solutions (TEBS), Office of Public Information (PIO), Department of Transportation, and the Office of the County Attorney.

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**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 ⁽¹⁾
Governmental Activities:										
General Government:										
Number of procurement office actions ⁽²⁾	8,429	7,564	7,824	8,887	9,425	7,607 ⁽¹²⁾	9,550 ⁽¹³⁾	9,699	10,973 ⁽²⁰⁾	11,907
Number of property tax bills processed ⁽⁵⁾	371,446	371,866	376,330	376,259	370,489	376,557	375,990	368,804	368,788 ⁽⁶⁾	368,097
Number of payments issued ⁽⁵⁾	121,366	125,764	128,866	118,086	107,773	118,598	128,656	118,248	126,881	124,605
Investment portfolio return ^{(3) (5)}	0.39%	0.71%	1.34%	2.33%	1.76%	0.18%	0.33%	3.43%	5.34%	4.77%
Public Safety:										
Fire and Rescue:										
Number of responses to incidents	116,915	120,990	123,544	121,606	119,340	113,940	128,371	135,180	140,919 ⁽⁶⁾	143,990
Number of fire fatalities	3	9	1	4	2	5	5	11	4	9
Police:										
Number of arrests	20,045	16,707	18,853	18,061	12,641 ⁽¹²⁾	5,871 ⁽¹²⁾	6,939	7,315	7,768	8,640 ⁽²⁷⁾
Number of traffic citations ⁽⁹⁾	105,607	100,867	81,252	75,989	50,051 ⁽¹²⁾	23,492 ^{(12) (14)}	27,703	24,332	23,543	26,400 ⁽²⁸⁾
Number of warrants served	8,109	7,779	7,318	7,011	6,006 ⁽¹²⁾	3,244 ⁽¹²⁾	3,474	5,937 ⁽¹³⁾	5,158 ⁽¹⁸⁾	4,914
Transportation:										
Lane-miles of streets resurfaced	405	303	181	231	266	183 ⁽¹²⁾	139 ⁽¹⁵⁾	234 ⁽¹⁷⁾	147 ⁽²¹⁾	173 ⁽²⁹⁾
Number of passengers transported	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	18,422,520 ⁽¹³⁾	19,158,344
Health and Human Services:										
Number of applicants approved for the Home Energy Program										
	7,822	7,468	7,129	7,056	6,683	6,883	6,932	7,703	9,036 ⁽²²⁾	11,521 ⁽²²⁾
Number of individuals served through the Crisis Center	47,191	46,202	44,684	43,584	43,868	43,643	53,426	50,174	47,387	48,206
Number of licensed and registered child care slots in the County	40,292	41,768	41,101	42,697	43,206	40,167 ⁽¹²⁾	30,802 ⁽¹²⁾	43,552 ⁽¹³⁾	46,528 ⁽⁶⁾	47,683
Number of in-home aide service hours for seniors and people with disabilities	105,000	110,185	92,860	105,370	108,869	95,706 ⁽¹²⁾	121,348 ⁽¹³⁾	90,014 ⁽¹⁸⁾	73,743 ⁽¹⁸⁾	76,471
Culture and Recreation:										
Library:										
Number of items circulated	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	12,560,353 ⁽²³⁾	12,606,306
Recreation:										
Number of community center visits/contacts	955,160	1,634,333	1,108,071	971,882 ⁽¹⁰⁾	959,137 ⁽¹²⁾	19,423 ⁽¹²⁾	526,373 ⁽¹³⁾	798,209 ⁽¹⁹⁾	1,055,795 ^{(6) (13) (19)}	1,184,834 ⁽¹⁹⁾
Number of visits to County pools	1,570,434	2,482,362	1,467,626	1,327,182 ⁽¹¹⁾	801,670 ⁽¹²⁾	435,225 ⁽¹²⁾	403,057	421,269	548,005 ^{(6) (13)}	558,580
Number of persons registered for camps and classes	76,285	85,835	105,011	105,615	106,526	19,566 ⁽¹²⁾	85,087 ⁽¹³⁾	124,772 ⁽¹³⁾	159,861 ⁽¹³⁾	174,283
Community Development and Housing:										
Housing and Community Affairs:										
Number of housing rental licenses issued	100,379	101,810	103,841	107,283	114,365	106,361 ⁽¹²⁾	109,018	116,414	106,702 ⁽⁶⁾	112,725
Number of housing code enforcement cases	8,250	7,917	8,352	9,229	7,190	5,325 ⁽¹²⁾	6,099	6,110	6,217	6,742
Environment:										
Number of sediment control inspections performed for development sites	19,109	18,259	17,689	16,778	14,858	15,239	18,644 ⁽¹³⁾	19,809	20,552 ⁽⁶⁾	20,161
Education:										
Average number of pupils registered pre-K through 12 ⁽⁴⁾	156,447	159,010	161,545	162,680	165,267	160,564	158,232	160,554	160,223	159,671
College students - credit and non-credit ⁽⁴⁾	56,001	55,243	54,335	52,732	49,168	42,915 ⁽¹²⁾	44,818	44,589	47,446	47,872
Business-Type Activities:										
Land development plans approved	6,048	6,013	6,055	5,543	5,801	5,312	6,245	6,671	5,321 ⁽²⁴⁾	5,500
Refuse collected (tons)	71,767	69,988	69,669	67,908	75,892	81,382	76,875	73,565	73,886 ⁽⁶⁾	75,394
Waste processed at the Resource Recovery Facility (tons)	620,505	518,687	592,228	628,600	545,378	579,553	565,477	533,502	523,012 ⁽⁶⁾	501,653
Number of cases sold from Alcohol Beverage Services retail stores	1,163,437	1,139,836	1,104,006	1,094,026	1,126,377	963,710 ⁽¹²⁾	1,016,074 ⁽¹³⁾	930,048	841,714 ⁽²⁵⁾	815,815
Number of wholesale liquor cases sold to liquor license holders	4,138,371	4,068,797	3,951,139	3,950,485	4,041,261	4,148,433	3,947,065	3,811,821	3,852,658	3,733,476
Number of fire inspections completed	16,439	17,405	14,579	10,340 ⁽⁷⁾	10,960	19,114 ⁽⁸⁾	21,095	15,057 ⁽¹⁶⁾	21,959 ⁽²⁶⁾	27,093 ⁽³⁰⁾

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, recreation activities, transportation, etc. as the pandemic came to an end.
- ⁽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.
- ⁽²⁰⁾ Higher demands from the County departments influenced the volume of procurement actions.
- ⁽²¹⁾ The decrease is due to working down a backlog of other projects, leading to fewer lane miles completed.
- ⁽²²⁾ The increase is attributed to the automated process of any household approved for supplemental nutrition assistance program (SNAP), temporary disability program (TDAP), or temporary cash assistance (TCA) being eligible for the Home Energy Program.
- ⁽²³⁾ Increased usage of electronic materials has contributed to an increase in items circulated.
- ⁽²⁴⁾ Fewer utility permit applications were submitted in FY24.
- ⁽²⁵⁾ Retail gross sales is down 2.9%, which is in line with national trends.
- ⁽²⁶⁾ FY24 puts it back on track with a full staffing.
- ⁽²⁷⁾ The increase is partially attributed to a rise in arrests for auto theft and larceny.
- ⁽²⁸⁾ In FY25, there was an increase in concentrated traffic enforcement.
- ⁽²⁹⁾ The increase is attributed to the adoption of more cost-effective resurfacing techniques.
- ⁽³⁰⁾ The addition of one new inspector, coupled with a post-election surge in development activity across the County, contributed to a higher volume of inspections completed.

Table 26

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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	2	2	2	2
Police vehicles	1,486	1,509	1,526	1,522	1,551	1,519	1,498	1,517	1,471	1,696
Fire stations	37	37	37	37	37	37	37	37	37	37
Fire apparatus	493	497	502	501	548	541	579	531	475	458
Transportation:										
Streets (miles)	2,640	2,661	2,663	2,664	2,679	2,681	2,704	2,710	2,716	2,721
Ride On buses	403	389	414	424	445	435	461	450	417	444
Administrative vehicles	869	885	876	876	867	891	878	828	893	973
Fire vehicles	94	96	91	98	101	99	100	100	103	110
Heavy equipment	423	481	491	448	460	461	460	461	457	445
Streetlights	68,350	68,675	68,770	68,995	69,025	69,075	69,090	69,115	69,140	69,425
Traffic signals	848	854	867	875	878	880	899	907	962	970
Culture and Recreation:										
Libraries	22	22	22	22	22	22	22	22	22	22
Volumes in library collection	1,993,001	2,235,689	2,447,236	2,388,365	2,405,062	2,179,084	1,991,700	1,871,024	1,727,739	1,638,690
Swimming pools	13	13	13	13	13	13	13	13	14	14
Community Development and Housing:										
Number of low income housing units	101	101	101	101	101	101	101	101	101	101
Environment:										
Storm drains (miles)	888	893	895	896	902	903	912	914	918	919
Education:										
Elementary, Middle and High School buildings	204	204	205	207	207	209	210	211	211	211
College buildings	49	51	51	51	50	49	53	54	53	55
Business-Type Activities:										
Parking spaces in parking lot districts	20,754	20,482	20,425	20,452	20,468	20,708	20,700	20,643	20,606	20,591
Parking garages/lots	41	40	40	41	40	40	41	40	40	40

NOTES:

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

Sources: Various County departments, MCPS, and MC.





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* POEB = Pension and Other Employee Benefits				

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