

# MONTGOMERY COUNTY MARYLAND

## *Comprehensive Annual Financial Report*



*Fiscal Year 2015*

**July 1, 2014 - June 30, 2015**  
**Rockville, Maryland**



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Montgomery County  
Maryland**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

A handwritten signature in dark ink, reading "Jeffrey R. Enos". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Executive Director/CEO

# MONTGOMERY COUNTY MARYLAND

## *Comprehensive Annual Financial Report*



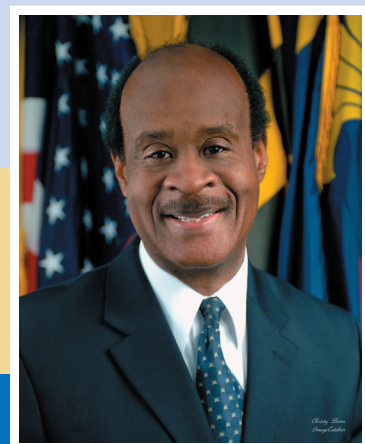
**Prepared by the  
DEPARTMENT OF FINANCE**

**Joseph F. Beach, Director  
101 Monroe Street  
Rockville, Maryland 20850  
240-777-8860**

**Fiscal Year 2015**

July 1, 2014 - June 30, 2015

# Mission Statement



*Isiah Leggett*  
**ISIAH LEGGETT**

## MONTGOMERY COUNTY GOVERNMENT

**WE** pursue the common good by working for and with Montgomery County's diverse community members to provide:

- A Responsive and Accountable County Government
- Affordable Housing in an Inclusive Community
- An Effective and Efficient Transportation Network
- Children Prepared to Live and Learn
- Healthy and Sustainable Communities
- Safe Streets and Secure Neighborhoods
- A Strong and Vibrant Economy
- Vital Living for All of Our Residents

**AS** dedicated public servants, the employees of the Montgomery County government strive to embody in our work these essential values:

- |                   |                 |                              |
|-------------------|-----------------|------------------------------|
| ● Collaboration   | ● Inclusiveness | ● Knowledge                  |
| ● Competence      | ● Innovation    | ● Respect for the Individual |
| ● Fiscal Prudence | ● Integrity     | ● Transparency               |

Montgomery County, Maryland  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 Fiscal Year Ended June 30, 2015  
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## INTRODUCTORY SECTION

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DEPARTMENT OF FINANCE

Isiah Leggett  
County Executive

Joseph F. Beach  
Director

December 16, 2015

Honorable County Executive,  
Members of the Montgomery County Council,  
Chief Administrative Officer,  
and Citizens of Montgomery County

Ladies and Gentlemen:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of Montgomery County, Maryland (the County) for the fiscal year ended June 30, 2015.

## FORMAL TRANSMITTAL OF THE CAFR

This report, presented in conformity with accounting principles generally accepted in the United States of America (GAAP), was prepared by the County's Department of Finance in cooperation with the finance departments of the County's component unit and joint venture organizations. The CAFR has been prepared pursuant to the provisions of Article 2, Section 214 of the Charter of the County, and includes the independent auditors' 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 CliftonLarsonAllen, LLP 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, 2015. The independent auditors' report is located at the front of the financial section of this report. This independent audit of the County's financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The independent auditors' reports associated with the Single Audit are available in a separately issued *Report on Expenditures of Federal Awards*.

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

Office of the Director

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101 Monroe Street, 8<sup>th</sup> Floor · Rockville, Maryland 20850 · (240) 777-8860  
[www.montgomerycountymd.gov](http://www.montgomerycountymd.gov)

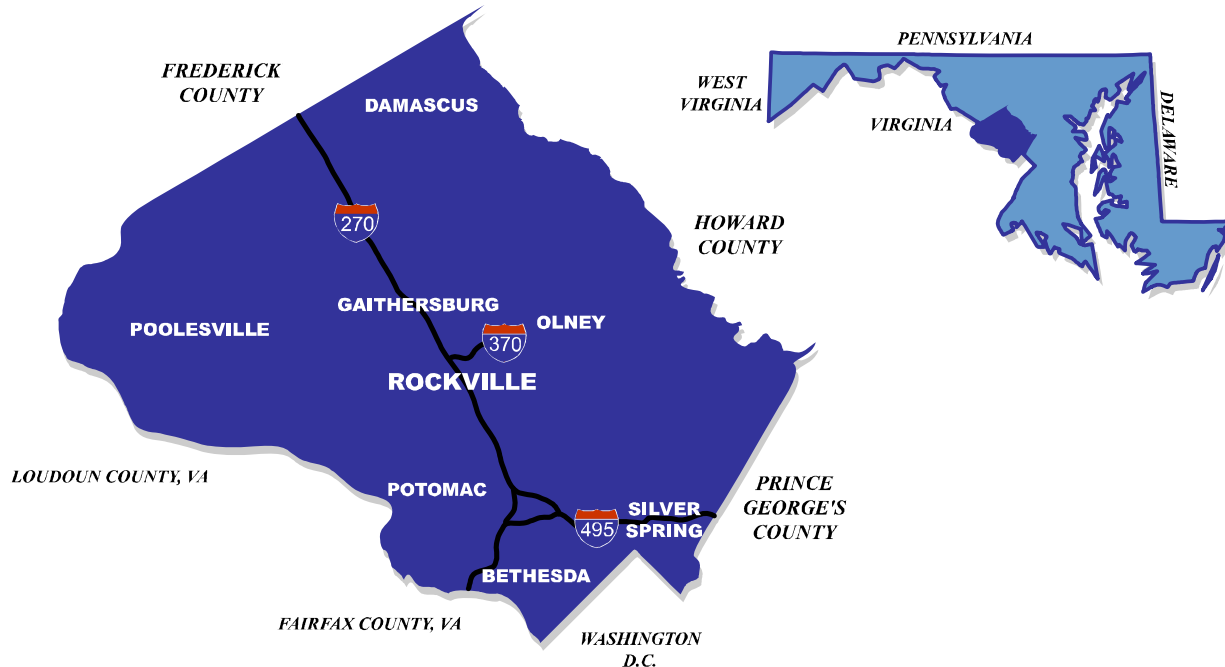
[montgomerycountymd.gov/311](http://montgomerycountymd.gov/311)



240-773-3556 TTY

## 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 affluent jurisdiction 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, public works and transportation, culture and recreation, health and human services, community development and housing, environment, and general government services. Education services, funded in large part by the County (see Note III-I.1), are provided by Montgomery County Public Schools (MCPS) and Montgomery College (MCC). 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 10 percent of the original appropriation. Transfers between departments are also limited to 10 percent of original appropriation and require County Council action. Additional spending authority, in the form of supplemental or special appropriations, may also be approved by the County Council during the year.

Per state law, the budget of the Liquor Enterprise Fund is approved by the County Executive. The County Executive also determines the amount of working capital required by the Department of Liquor Control (DLC), the amount to retain from the DLC's net profits (before making any deposit into the General Fund), and the funds

necessary to service DLC-related debt and provide adequate working capital. The Capital Projects Fund budget is appropriated at the project level on an annual basis with an annual unencumbered re-appropriation. The County Council approves the six year Capital Improvements Program (CIP) on a biennial basis with opportunities for limited amendments in the intervening years.

Budget-to-actual comparison schedules (statements) for major funds are presented in Exhibits RSI-1 to RSI-3 as part of the Required Supplementary Information section of this annual report. Non-major funds are presented in the Supplementary Data section of the report.

## **The Reporting Entity**

The following organizations are included as component units in the accompanying financial statements: MCPS, MCC, Housing Opportunities Commission of Montgomery County (HOC), Montgomery County Revenue Authority (MCRA), and the Bethesda Urban Partnership, Inc. (BUPI). The County's participation in the following joint ventures and jointly governed organization is also disclosed in the Notes to the Financial Statements (see Note IV-D): Maryland-National Capital Park and Planning Commission, Washington Suburban Sanitary Commission, Washington Suburban Transit Commission, Washington Metropolitan Area Transit Authority, Northeast Maryland Waste Disposal Authority, and Metropolitan Washington Council of Governments. Copies of the respective independently audited annual financial reports required by State or County law are available from the above mentioned component units, joint ventures, and jointly governed organizations.

# **INFORMATION USEFUL IN ASSESSING THE COUNTY'S ECONOMIC CONDITION**

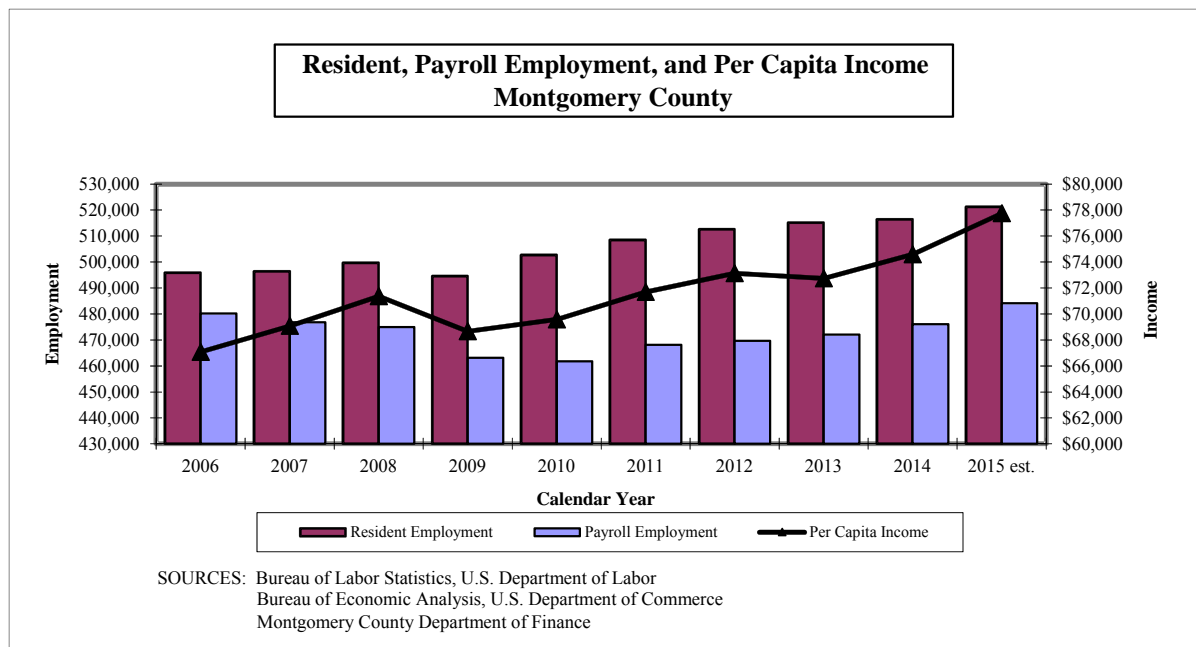
The information presented in the financial statements is best understood in conjunction with the broader perspective of Montgomery County's economic environment.

## **The Local Economy**

Montgomery County experienced an improved economic performance during fiscal year (FY) 2015 compared to the mixed economic performance in FY14. On a fiscal year basis, the major reasons for the improvement were increases in payroll employment (1.1%) and in resident employment (0.7%). Other economic indicators improved during FY15 as well. The unemployment rate declined from 4.4 percent in FY14 to 4.0 percent in FY15, and sales of existing homes increased 3.1% from 10,817 in FY14 to 11,150 in FY15. Residential construction also increased in FY15.

## **Personal Income and Employment**

Income tax revenues for the County represented 46.4 percent of total tax revenues for the General Fund in FY15. Two economic indicators, personal income and employment, are the major contributors that drive income tax receipts. On a calendar year basis, per capita personal income increased from \$67,076 in 2006 to an estimated \$77,745 in 2015 – an average annual rate of 1.6 percent. However, over the past ten years, the rate of growth in per capita personal income experienced three distinct cycles. From 2006 to 2008, per capita income grew at a 3.2 percent average annual rate, declined 3.8 percent in 2009, and it is estimated to have grown at an annual rate of 2.1 percent from 2009 to 2015.

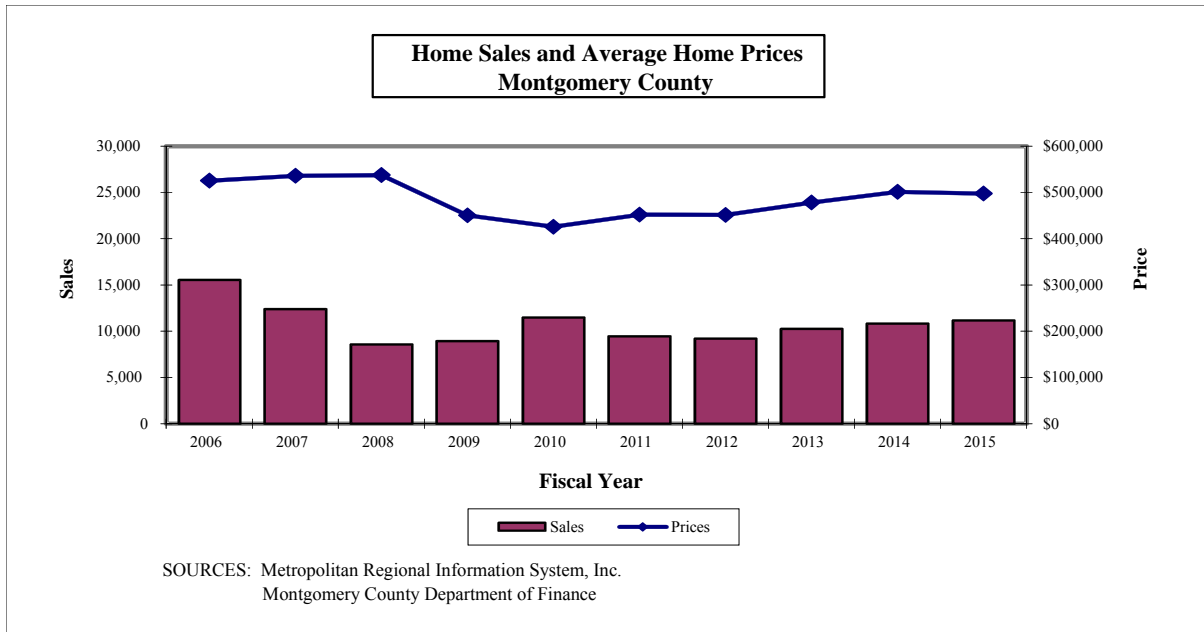


In 2006, resident employment in Montgomery County stood at 495,926. By CY15, employment is expected to reach approximately 521,230 — an average annual increase of 0.6 percent. However, growth in resident employment also experienced three distinct cycles. Between 2006 and 2008, resident employment grew at an average annual rate of 0.4 percent, decreased 1.0 percent in 2009, and is expected to have increased 0.9 percent between 2009 and 2015.

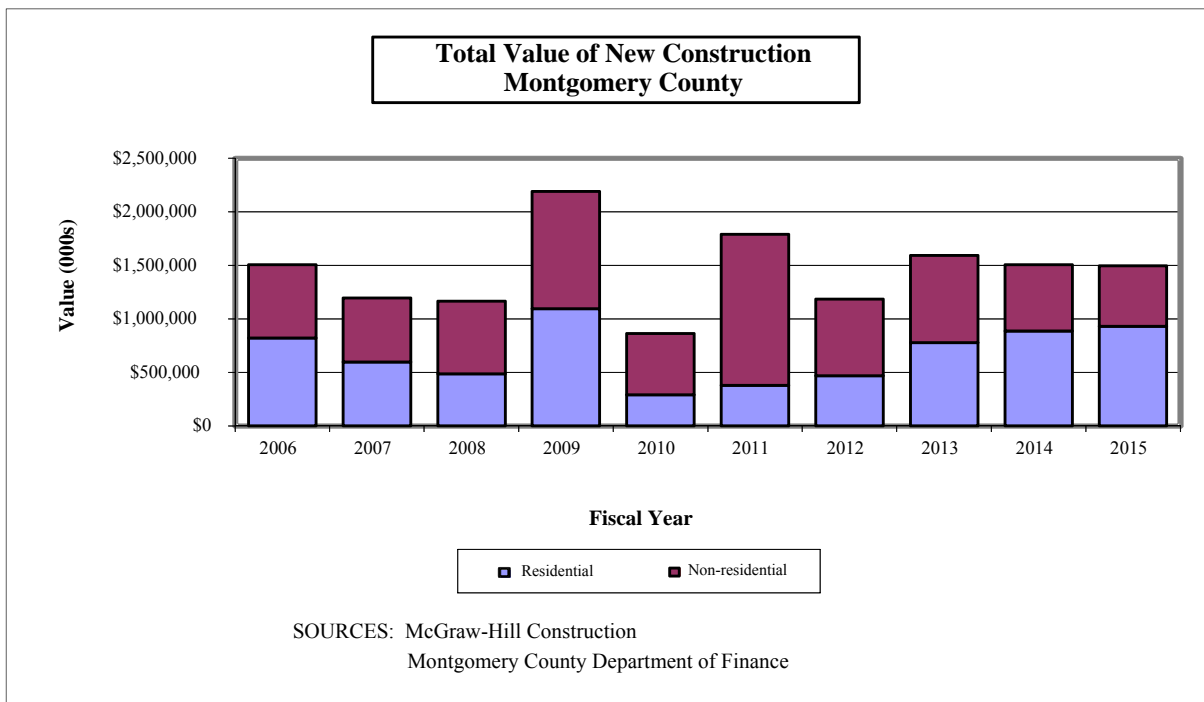
Payroll employment in the County was approximately 480,240 in 2006 and is expected to experience an increase in 2015 to approximately 484,130 — an increase of 0.1 percent. However, unlike resident employment, payroll employment experienced two distinct cycles over the ten-year period. From 2006 to 2010, payroll employment steadily decreased at an average annual rate of nearly 1.0 percent. From 2010 to 2015, payroll employment is expected to have increased at an average annual rate of over 0.9 percent.

## Construction and Real Estate

The property tax (General Fund) and the transfer and recordation taxes consisted of 38.5 percent share and 5.3 percent share, respectively, of total tax revenues for the General Fund in FY15. Construction and real estate activity play a significant role in Montgomery County's economy and their effects on the amount of property taxes and transfer and recordation taxes collected. Non-residential and residential construction help maintain the value of existing assessable property tax base by replacing technologically obsolescent property (equipment, and real estate) and grow the base by providing additional capacity to meet increases in employment and new households. Changes in home prices affect both the property tax assessments and the transfer and recordation taxes. However, changes in home prices may affect property tax revenues with a lag because of the homestead tax credit. Average prices for existing homes were down 0.7 percent in FY15, but sales of existing homes increased 3.1 percent. That increase in home sales followed a decrease of 17.6 percent in FY11, largely attributed to expiration of the federal first-time homebuyers credit, a further decline of 2.7 percent in FY12, an increase of 11.4 percent in FY13, and an increase of 5.5 percent in FY14. The decrease in average sales price was offset by an increase in sales in FY15 that resulted in an increase of 2.4 percent from residential transfer taxes. Receipts from non-residential transfer taxes also increased 7.6 percent in FY15. Overall, transfer taxes collected for the General Fund increased 1.7 percent and recordation taxes were up 2.9 percent in FY15.



Residential construction starts of both multi-family and single-family units, which added a total value of \$930.0 million in FY15, increased 4.8 percent over FY14. The number of new detached single-family units increased a modest 0.7 percent from 1,489 units in FY14 to 1,499 units in FY15. However, construction of multi-family units in FY15 of 3,275, an increase of 11.3% from FY14, was the highest number since FY05. Compared to the increase in residential sector construction, the total value of non-residential construction at \$566.2 million was down 8.5 percent in FY15.

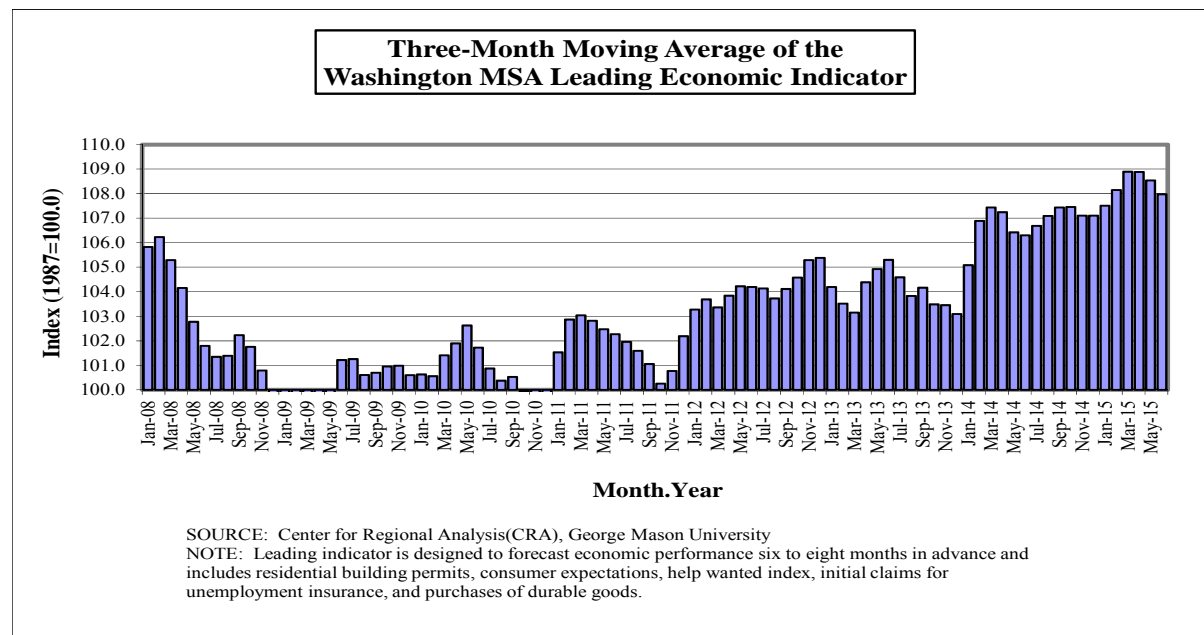


## Future Economic Outlook

Following FY15, in which the County's economy experienced an increase in resident employment (0.7% in FY15), a decline in the average monthly unemployment rate (4.0% in FY15), an estimated increase in personal income (4.4% in CY15), and an increase in the sales of existing homes (3.1%), the outlook for FY16 is expected to see a modest continuation of economic growth. However, such growth will be tempered by the continuing slowdown in Federal government spending that may impact Federal employment and procurement. While the real estate market experienced growth in sales during FY15, that growth occurred during the second half of the fiscal year. The average of monthly home sales during the first half of FY15 increased a modest 0.4 percent compared to the same six-month period in FY14, while the average of monthly home sales increased 10.6 percent during the second half of FY15 compared to the second half of FY14. If the second-half trend continues into FY16, revenues from residential transfer and recordation taxes may experience continued growth in FY16.

Because of the uncertainty of the increase in interest rates – both the rate and the number of increases - attributed to the actions by the Federal Reserve, mortgage refinancing may continue to experience a slowdown in FY16 and affect recordation tax revenues. Second, the decision by the U.S. Supreme Court in *Comptroller of the Treasury of Maryland v. Wynne et. ux.* will affect income tax revenues from taxpayers who filed protective claims beginning with tax year 2007. The refunds and tax revenues from those taxpayers will offset the growth in collections from withholdings attributed to an improved labor market.

According to the Center for Regional Analysis (CRA), George Mason University, the Washington Area Leading Index (which forecasts the performance of the region's economy six to eight months in advance) regional growth increased 2.5 percent from FY14 to FY15 and 11.2 percent at the end of FY15 from its trough in March 2009. However, the strength and sustainability of the region's economy will depend on consumer confidence in the economy as reflected by labor market conditions, the housing market, and action by the Federal government. While the labor market lags the economic recovery, the risk to short- and long-term economic performance in the region will depend on the fiscal decisions made by the Federal government.



## **Collective Bargaining**

### **International Association of Fire Fighters (IAFF)**

Full funding was appropriated for the following contract provisions in FY16 for the Local 1664, Montgomery County Career Fire Fighters Association of the International Association of Fire Fighters, AFL-CIO:

- 2% general wage adjustment for all bargaining unit members on the first full pay period after July 1, 2015.
- 3.5% longevity increment for bargaining unit members with either 20 or 28 years of service.
- 3.5% service increments for all eligible bargaining unit members.

### **Fraternal Order of Police (FOP)**

Full funding was appropriated for the following contract provisions in FY16 for the Fraternal Order of the Police, Lodge 35:

- 2% general wage adjustment for all bargaining unit members on the first full pay period after July 1, 2015.
- 3.5% service increments for all eligible members.
- 3.5% longevity increments for bargaining unit members with 20 years of service.

### **Municipal and County Government Employees Organization (MCGEO)**

Full funding was appropriated for the following contract provisions in FY16 for Local 1994, Municipal and County Government Employees Organization of the United Food and Commercial Workers, AFL-CIO (MCGEO):

- 2% general wage adjustment payable on the first full pay period after July 1, 2015.
- 3.5% service increment for all eligible bargaining unit members.
- 3% longevity increments for eligible bargaining unit members with 20 years of service.

## **Long-term Financial Planning**

Montgomery County is required by its adopted fiscal policies (Council Resolutions 16-1415, June 29, 2010; and 17-312, November 29, 2011) to budget for a reserve in the General Fund. This reserve is 5 percent of General Fund revenues in the preceding fiscal year (maximum permitted under §310 of the County Charter). In addition, the County is required to maintain the sum of Unrestricted General Fund Balance and the Revenue Stabilization Fund Balance to 10% of Adjusted Governmental Fund Revenues, as required in Section 20-68 of the County Code. Adjusted Governmental Fund Revenues are defined in Section 20-65 of the County Code.

The reserves will be budgeted in order to provide sufficient funds for unanticipated revenue shortfalls or expenditure requirements. The County's Revenue Stabilization Fund was established to accumulate funds during periods of strong economic growth in order to provide budgetary flexibility during times of funding shortfalls. Annual transfers to the Revenue Stabilization Fund must be made of the greater of: 50 percent of selected revenues in excess of budgeted amounts; or 0.5 percent of Adjusted Governmental Revenues; or the amount needed to obtain a total reserve of 10% of Adjusted Governmental Revenues. Additional discretionary contributions may also be made. Withdrawals may be used, with the vote of six or more council members, only to support appropriations which have become unfunded. The County's Revenue Stabilization Fund is consolidated with the General Fund for financial reporting purposes.

As part of the annual operating budget process, the County develops a structurally balanced six-year fiscal plan. This plan addresses long-term structural issues in the budget, maintains the General Fund reserves at the required

policy levels, and emphasizes the priorities of education, public safety, affordable housing, transportation, and health and human services.

Significant budget challenges include rising retirement and medical costs, recognition of retiree health expenses, addressing deferred maintenance, and funding program improvements. In addition to these challenges, actions implemented at the Federal and State level may complicate the County's ability to plan for the FY17 – FY22 period. The County Government is closely monitoring proposed changes in the federal budget and tax policy, and analyzing the potential impact on the County's economy and financial position.

## **Relevant Financial Policies**

The financial policies as put forth by the Executive of Montgomery County, which were again recognized by all major rating agencies with the continuation of a AAA credit rating, remain unchanged: grow the local economy and tax base, obtain a fair share of State aid, maintain strong reserves, minimize the tax burden on citizens, and carefully manage indebtedness and debt service. Spending affordability guidelines are adopted annually for the County's capital and operating budgets. The County limits its exposure in future years to rising costs by controlling baseline costs and allocating one-time revenues to one-time expenditures, whenever possible.

## **Major Initiatives**

Major initiatives of the County during FY15 that are expected to affect future financial position include the following:

### **Housing**

The County invested over \$43.9 million for Affordable Housing including the Montgomery Housing Initiative (MHI) fund and utilized \$17.0 million from the Affordable Housing Acquisition and Preservation CIP project. This increase in dedicated funding provides for the renovation of distressed housing, the acquisition and preservation of affordable housing units, the creation of housing units for special needs residents, services to the "Building Neighborhoods to Call Home" and "Housing First" programs, and the creation of mixed income housing.

### **Public Safety**

The County enhanced public trust by initiating the use of body cameras on police patrol officers. Montgomery County will be one of the first large jurisdictions to equip the entire patrol force with this equipment.

The County also began the consolidation of the Emergency Communications Center to enhance public safety by improving emergency call taking and dispatch services. Consolidation will result in greater efficiency and therefore decrease administrative overhead and reduce operational overtime expenditures.

### **Transportation**

The County opened the Capital Crescent Garage in Bethesda in January 2015. This state-of-the-art facility provides for 950 public parking spaces, a security system with video cameras and call stations, electric vehicle charging stations, and bicycle parking.

In addition, the County oversaw an increased road resurfacing program. The number of lane miles resurfaced rose from 24 miles in FY14 to 145 miles in FY15. Performing road resurfacing in earlier years prevents the need for more costly road rehabilitation in later years.



## **Environment**

The County recommended a 4.0% rate decrease in solid waste charges across the single-family, multi-family and non-residential sectors, thereby providing relief to ratepayers in these sectors.

The County will retain the energy tax at the level approved by the council for FY15, thus preserving a broad-based revenue source that includes federal institutions located in the County.

## **Culture and Recreation**

The County opened the new, five-story Silver Spring Library featuring expanded service hours, a Technology Corral, an Accessibility Resource Center, a Business Center, and a future Purple Line transit stop.

ActiveNet software was implemented to allow for a one-stop access location to register for Montgomery County Parks, Community Use of Public Facilities, and Recreation programs.

## **Education**

The County made a contribution to MCPS of \$1,826.1 million, including \$33.2 million in carryover and \$44.48 million of local contribution for State retirement. The County contribution meets the State Maintenance of Effort Law requirements. Additionally, the County spent \$184.2 million on school construction costs in FY15.

## **General Government**

The Oracle ERP system for the Department of Liquor Control went live in February, 2015. The system will dramatically improve many of the department's business processes and operational practices as it offers tighter inventory controls, County-approved inventory valuation methodology, and enhanced reporting capabilities which enable customers, suppliers, and employees access to more valuable information.

# **AWARDS AND ACKNOWLEDGMENTS**

## **Certificate of Achievement for Excellence in Financial Reporting**

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Montgomery County, Maryland for its CAFR for the fiscal year ended June 30, 2014. Montgomery County has received the Certificate of Achievement more than any other county in the nation; 45 times since 1951, and consecutively for 43 years since 1972.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. 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. The Department of Finance believes its current report continues to meet the Certificate of Achievement Program's requirements and is submitting it to GFOA to determine its eligibility for another certificate.

## **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, 2015. In order to receive this award, a government must publish a

document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The award is valid for a period of one year only. Montgomery County has received this award every year since 1984, the year the program was established. The Office of Management and Budget believes the current budget continues to conform to program requirements and is submitting it to GFOA to determine its eligibility for another award.

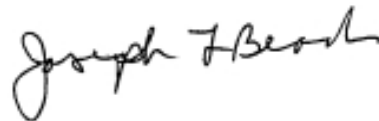
## **Acknowledgments**

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the staff of the County's Department of Finance. I express my appreciation to all participants who assisted and contributed to its preparation. I particularly express my sincerest appreciation to Karen Hawkins, Chief Operating Officer; Lenny Moore, Controller; Kim Williams, General Accounting Manager; and the staff of the General Accounting, Grants Accounting, Account Receivable, Accounts Payable, and Administration Section for their outstanding performance in the preparation of this report. A list of individuals whose dedicated efforts produced this report is provided separately after this letter. A special appreciation is extended to the finance and accounting managers of the component units whose cooperation greatly facilitated the preparation of this report. I express my appreciation to the County Executive, the members of the County Council, and the Chief Administrative Officer who served the County during the reporting period, and their staffs, for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

## **USE OF THIS REPORT**

This report, and other financial information prepared by the Montgomery County Department of Finance, can be accessed on the County's website at <http://www.montgomerycountymd.gov> (see Governments, Departments, Finance, Financial Reports). Copies of this report are also placed in the County Library System for use by the general public.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joseph F. Beach". The signature is fluid and cursive, with the first name "Joseph" and last name "Beach" clearly distinguishable.

Joseph F. Beach  
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 Comprehensive Annual Financial Report:

### Department of Finance, The Division of the Controller

Chander Chadha	Tim Hughes	Heidi Metzger	Lisa Sesny
Sheenu Chopra	Joelle Kabala	Ah-Young Moon	Laleh Shabani
Sean D'Costa	Susan Kaplan	Lenny Moore	Philip Smith
William Davis	Jonathan Kugel	Jay Narang	Sarita Swar
Estela de Gomes	Chong Lee	Courtney Orsini	Almon Turner
Mauricio Delgado	Xuerong Liu	Leonard Raymo	Kim Williams
Jason Hsu	Farrah Malik	Lal Sangliani	Sarah Xue
Rachel Hsu	Priti Mehta	Stephanie Sawyer	Rami Zackaria

### Department of General Services

Bill Griffiths  
Quinton McHenry  
Gary Tillman and the Print Shop

Michelle West  
Rick Taylor

### Department of Liquor Control

Melissa Chui  
Sunil Pandya

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

Jacqueline Carter	Robert Hagedoorn	Karen Michalak	Pam Schroeder
Sing Chan	Amanda Hardy-Konkus	David Platt	Karla Thomas
Phavann Chhuan	Karen Hawkins	Karen Plucinski	Marty Utermohle
Michael Coveyou	Molly Hayward-Koert	Uday Ravipati	Pamela Vaughn
Dennis Denisov	Lih Jiang	Matthew Rosenstock	Erin Von Nessen

### Department of Environmental Protection

Richard Hands  
Peter Karasik  
Rao Malladi

Scott McClure  
Anthony Skinner

### Office of Management and Budget

Alex Espinosa  
Chris Mullin

### Office of Public Information

Thomas Whorton

### Department of Transportation

Michael Lee  
Carolyn McKenzie  
Flor Reichers  
Luz Rodriguez

### Office of Human Resources

George Lacy

### Montgomery County Employee Retirement Plans

Linda Herman  
Akiko Kawashima  
Dongmei Li

### Component Units

#### Bethesda Urban Partnership, Inc.

Jeff Oyer

#### Montgomery County Public Schools

Bei (Susan) Chen  
Susanne G. DeGraba  
Jack Dodson  
Dr. Andrew M Zuckerman

#### Housing Opportunities Commission

Eugenia Pascual  
Belle Seyoum  
Gail Willison

#### Montgomery College

Phillip Howard  
Ruby Sherman  
Monica Wong

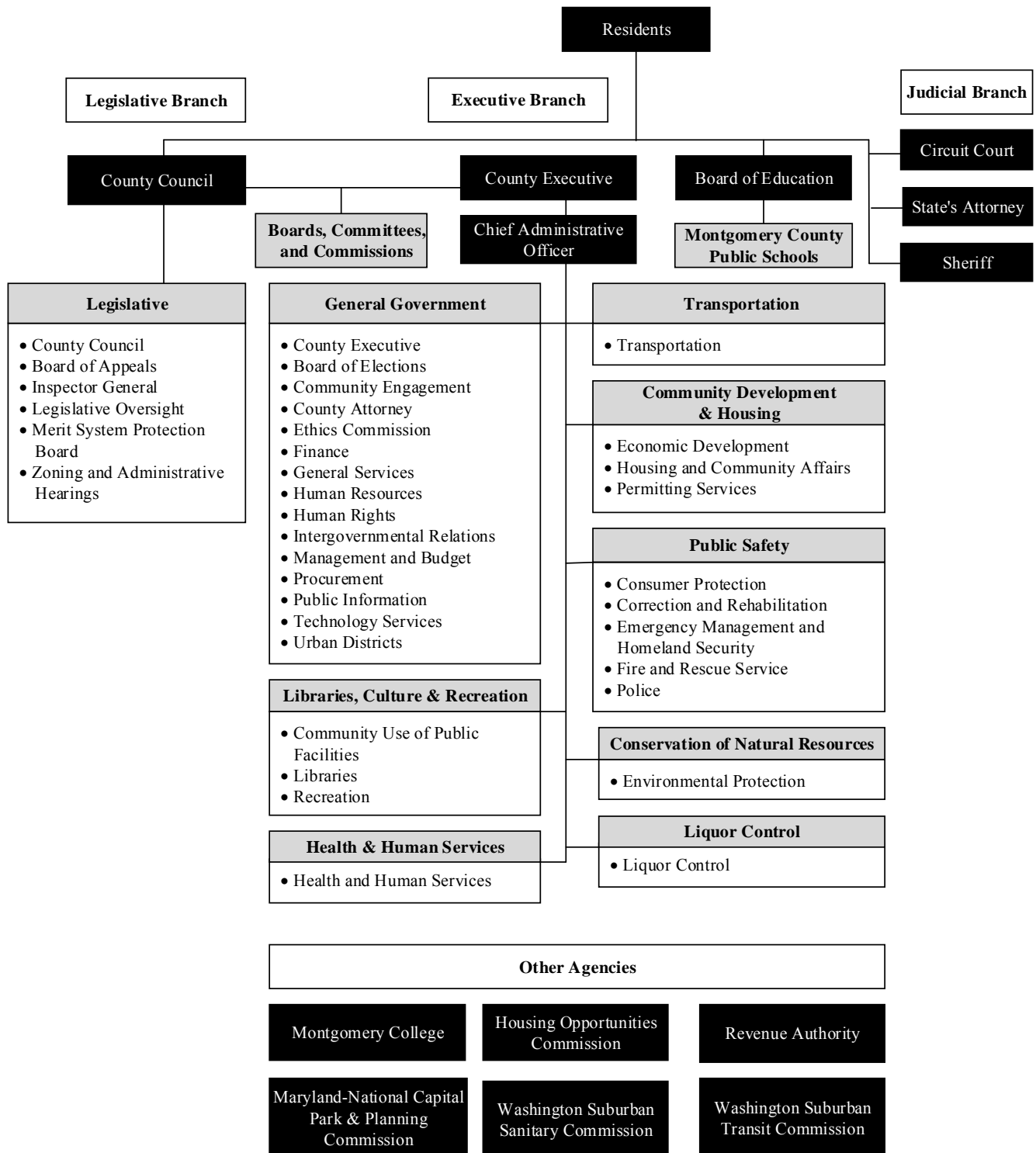
#### Montgomery County Revenue Authority

Michael Boone

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

# Montgomery County, Maryland

## Functional Organization Chart



**MONTGOMERY COUNTY, MARYLAND**  
**ELECTED OFFICIALS**  
**June 30, 2015**

**COUNTY EXECUTIVE**  
**Isiah Leggett**

**COUNTY COUNCIL**

President	George Leventhal
Vice President	Nancy Floreen
Roger Berliner	Nancy Navarro
Marc Elrich	Craig Rice
Tom Hucker	Hans Riemer
Sidney Katz	

**Other Elected Officials**

Administrative Judge Circuit Court	John W. Debelius, III
Clerk of the Circuit Court	Barbara H. Meiklejohn
Register of Wills	Joseph M. Griffin
Sheriff	Darren M. Popkin
State's Attorney	John McCarthy

**APPOINTED OFFICIALS**

Chief Administrative Officer	Timothy L. Firestine
Board of Appeals	Katherine Freeman
Consumer Protection	Eric Friedman
Correction and Rehabilitation	Robert Green
County Attorney	Marc Hansen
County Council	Stephen B. Farber
Economic Development	Sally Sternbach, Acting
Environmental Protection	Lisa Feldt
Ethics Commission	Robert Cobb
Finance	Joseph F. Beach
Fire and Rescue Service	Scott Goldstein
General Services	David E. Dise
Health and Human Services	Uma S. Ahluwalia
Housing and Community Affairs	Clarence J. Snuggs
Human Resources	Shawn Y. Stokes
Inspector General	Edward L. Blansitt, III
Intergovernmental Relations	Melanie L. Wenger
Legislative Oversight	Dr. Chris Cihlar
Liquor Control	George F. Griffin
Management and Budget	Jennifer Hughes
Merit System Protection Board	Bruce P. Martin
Permitting Services	Diane Schwartz Jones
Police	J. Thomas Manger
Procurement	Cherri Branson
Public Information	Patrick Lacefield
Public Libraries	Parker Hamilton
Recreation	Gabriel Albornoz
Technology Services	Sonny Segal
Transportation	Al Roshdieh, Acting
Zoning and Administrative Hearings	Martin L. Grossman

## COMPONENT UNIT OFFICIALS

### **Montgomery County Public Schools**

#### **Board of Education:**

Patricia O'Neill, President  
Michael A. Durso, Vice President

Christopher S. Barclay   Jill Ortman-Fouse  
Judith Docca   Rebecca Smondrowski  
Philip Kauffman  
Eric Guerici, Student Member

Larry Bowers, Interim Superintendent of Schools

### **Montgomery County Revenue Authority**

#### **Board of Directors:**

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

David Freishtat  
Jonathan Powell  
Scott W. Reilly  
Ramona Bell-Pearson, Ex-Officio Member

Keith Miller, Chief Executive Officer

### **Bethesda Urban Partnership, Inc.**

#### **Board of Directors:**

Patrick O'Neil, Chair  
Elein Joost, Vice Chair  
Robert Donohoe, Jr., Treasurer  
Jack Alexander, Secretary

Kenneth B. Hartman   Andy O'Hare  
Rich Jordan   Jonathan Sachs  
Mark Kramer   Len Simon  
Jane G. Mahaffie  
W. David Dabney, Executive Director

### **Montgomery College**

#### **Board of Trustees:**

Marsha Suggs Smith, Chair  
Michael J. Knapp, First Vice-Chair  
Gloria Aparicio Blackwell, Second Vice-Chair

Dr. Kenneth J. Hoffman   Dr. Leslie S. Levine  
Dr. Robert J. Hydorn   Michael D. Priddy  
Robert F. Levey   Benjamin H. Wu  
Luis D. Rosales, Student Trustee

Dr. DeRionne Pollard, President and Secretary-Treasurer

### **Housing Opportunities Commission of Montgomery County**

#### **Commissioners:**

Sally Roman, Chair  
Jackie Simon, Vice Chair  
Jean Banks, Chair Pro Tem

Christopher Hatcher  
Margaret McFarland  
Richard Y. Nelson Jr.  
Roberto R. Pinero

Stacy L. Spann, Executive Director

## **INDEPENDENT AUDITORS**

CliftonLarsonAllen LLP  
1966 Greenspring Drive, Suite 300  
Timonium, Maryland 21093

# Elected Officials

## Montgomery County, Maryland



Isiah Leggett  
County Executive



George Leventhal  
Council President



Nancy Floreen  
Council Vice-President



Roger Berliner  
Council Member



Marc Elrich  
Council Member



Tom Hucker  
Council Member



Sidney Katz  
Council Member



Nancy Navarro  
Council Member



Craig Rice  
Council Member



Hans Riemer  
Council Member







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## FINANCIAL SECTION

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## INDEPENDENT AUDITORS' REPORT

The Honorable County Council  
of Montgomery County, Maryland

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montgomery County, Maryland (the County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Montgomery County Revenue Authority and Bethesda Urban Partnership, Inc., which represent 16 percent, 6 percent, and 6 percent, respectively, of the assets, net position and revenues of the non-major component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Montgomery County Revenue Authority and Bethesda Urban Partnership, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Bethesda Urban Partnership, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montgomery County, Maryland as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

*Change in Accounting Principle*

During the fiscal year ended June 30, 2015, the County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the County reported a restatement for change in accounting principle (See Note I). Our auditors' opinion was not modified with respect to the restatement.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 25 and the budgetary comparison information for the general, housing initiative and grants funds, the Consolidated Retiree Health Benefits Trust, Employees' Retirement System, Maryland State Retirement and Pension System, and the notes to required supplementary information on pages 131 through 146 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 other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

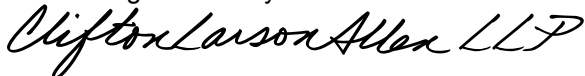
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and supplementary schedules are the responsibility of management and were derived from and relates 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 report of the other auditors, the combining and individual fund financial statements and supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
December 16, 2015

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Introduction

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

## Financial Highlights

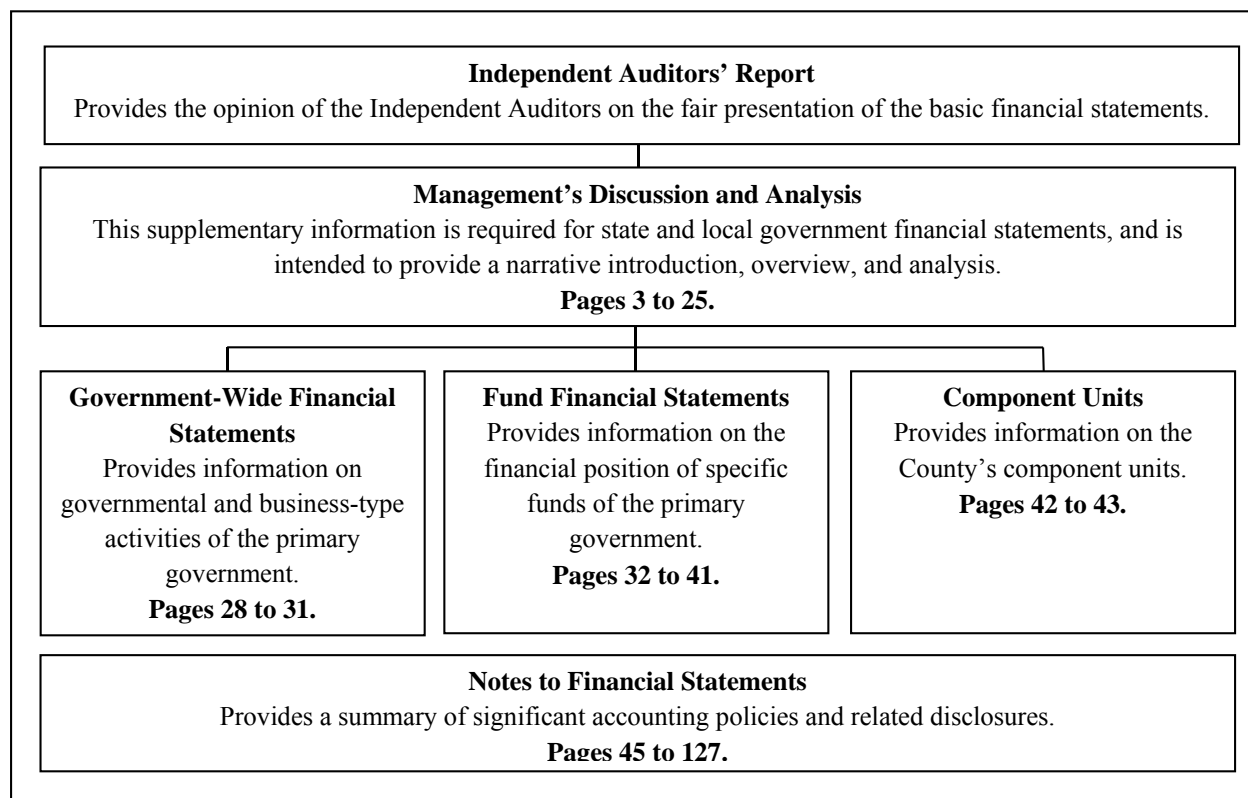
- The government-wide assets and deferred outflows of the County exceeded its liabilities and deferred inflows of resources at the close of FY15 by \$1,001.7 million. That amount is net of a \$1,825.3 million unrestricted deficit. The deficit occurs mainly because the County issues debt to fund construction costs for Montgomery County Public Schools (MCPS) and Montgomery College (MCC), 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 \$1,634.7 million at June 30, 2015. Absent the effect of this relationship, the County would have reported a deficit government-wide unrestricted net position of \$190.6 million.
- The County's total government-wide net position increased by \$21.2 million.
- As of the close of FY15, the County's governmental funds reported combined ending fund balances of \$985.1 million; an increase of \$113.7 million over the prior year's ending fund balances. Of the total ending fund balances, \$156.4 million is available for spending at the County's discretion.
- At the end of FY15, unassigned fund balance for the General Fund was \$156.5 million, or 5.6 percent of total General Fund expenditures.
- The County's government-wide long-term debt and obligations increased by \$38.9 million during FY15. The key factors in this increase are:
  - The issuance of \$856.5 million in general obligation (GO) bonds, used to refund \$389.3 million in existing GO bonds. Proceeds were also used to refund \$500 million in bond anticipation notes (BANS). Included in this issuance was an addition of \$156.4 in GO premiums.
  - The issuance of an additional \$500 million in BANS.
  - A reduction in the Net Pension Liability of \$344.8 million
  - The retirement of \$193 million in GO bond principal and amortization of related premiums of \$37.9 million

## Overview of the Financial Statements

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

statements, and notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

## Organization and Flow of Financial Section Information



### Government-Wide Financial Statements

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

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

The second statement – the statement of activities – presents information showing how the County's net position changed during the fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid. The information on governmental activities included in the statement reflect the County's basic services, including general government, public safety, public works and transportation, health and human services, and others. Taxes, including the property and income tax, license and permit fees, intergovernmental revenues, charges for services, fines and forfeitures, and investment income finance the majority of these services. The business-type activities reflect private sector-type operations, including: liquor control, solid waste activities, four parking lot districts, permitting services, and

community use of public facilities, where fees for services or products are required or designed to recover the cost of operation, including depreciation.

The government-wide financial statements include not only the County itself (known as the Primary Government), but also legally separate entities known as Component Units. Component units, which are other governmental units over which the County Council can exercise influence and/or may be obligated to provide financial subsidy, are presented as a separate column in the government-wide statements and as individual activities in the basic and fund financial statements. The County has five component units – Montgomery County Public Schools (MCPS), Housing Opportunities Commission (HOC), Montgomery College (MCC), Montgomery County Revenue Authority (MCRA), and Bethesda Urban Partnership, Inc. (BUPI).

## **Fund Financial Statements**

Traditional users of governmental financial statements may find the fund financial statement presentation more familiar. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In the fund financial statements, the focus is on major funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. The County has the following three types of funds:

### **Governmental Funds**

Most of the County's basic services are included in governmental funds, which focus on (1) cash and other financial assets that can readily be converted to cash and how they flow in and out, and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, a reconciliation of the fund financial statements to the government-wide financial statements is presented immediately after the fund financial statements. For example, the fund financial statements reflect bond proceeds and interfund transfers as other financing sources, as well as capital expenditures and bond principal payments as expenditures. The reconciliation will reflect the elimination of these transactions and will incorporate 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 11 non-major special revenue funds.

### **Proprietary Funds**

Proprietary funds, which consist of enterprise funds and internal service funds, are used to account for operations that are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. Proprietary fund financial statements, like the government-wide financial statements, provide both long-term and short-term financial information. The fund financial statements provide more detail and additional information, such as cash flows, for the County's enterprise funds. The County has three major enterprise funds – liquor control, solid waste activities, and parking lot districts – and two nonmajor 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, an investment trust, private purpose trusts, and agency 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, 2015 and 2014:

Summary of Net Position *						
June 30, 2015 and 2014						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets and Deferred Outflows of Resources:						
Current and other assets	\$ 1,696,582,643	\$ 1,622,212,695	\$ 220,135,223	\$ 228,447,367	\$ 1,916,717,866	\$ 1,850,660,062
Capital assets, net	4,075,212,346	3,864,096,152	280,760,328	280,050,637	4,355,972,674	4,144,146,789
Deferred outflows of resources	188,194,999	20,284,009	6,369,148	151,134	194,564,147	20,435,143
Total Assets and Deferred Outflows of Resources	<u>5,959,989,988</u>	<u>5,506,592,856</u>	<u>507,264,699</u>	<u>508,649,138</u>	<u>6,467,254,687</u>	<u>6,015,241,994</u>
Liabilities and Deferred Inflows of Resources:						
Long-term liabilities outstanding	4,681,801,356	3,991,981,135	162,056,261	151,483,512	4,843,857,617	4,143,464,647
Other liabilities	343,067,659	333,818,882	43,564,919	41,103,399	386,632,578	374,922,281
Deferred inflows of resources	<u>225,285,936</u>	<u>-</u>	<u>9,803,898</u>	<u>-</u>	<u>235,089,834</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>5,250,154,951</u>	<u>4,325,800,017</u>	<u>215,425,078</u>	<u>192,586,911</u>	<u>5,465,580,029</u>	<u>4,518,386,928</u>
Net position:						
Net investment in capital assets	2,099,290,326	2,112,879,507	186,001,533	181,965,592	2,285,291,859	2,294,845,099
Restricted	493,320,702	315,878,315	48,386,118	64,810,807	541,706,820	380,689,122
Unrestricted (deficit)	<u>(1,882,775,991)</u>	<u>(1,247,964,983)</u>	<u>57,451,970</u>	<u>69,285,828</u>	<u>(1,825,324,021)</u>	<u>(1,178,679,155)</u>
Total Net Position	<u>\$ 709,835,037</u>	<u>\$ 1,180,792,839</u>	<u>\$ 291,839,621</u>	<u>\$ 316,062,227</u>	<u>\$ 1,001,674,658</u>	<u>\$ 1,496,855,066</u>
* Primary Government						



The County's current and other assets increased by \$66.1 million or 3.6 percent from FY14. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of FY15 by \$1,001.7 million. By far the largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, improvements, furniture and equipment, infrastructure), less any related outstanding debt used to construct or acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

It is also important to note that although counties in the state of Maryland issue debt for the construction of schools, those school buildings are owned by each county's Board of Education. The County also funds projects for MCC 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 \$1,634.7 million at June 30, 2015. Absent the effect of this relationship, the County would have reported a deficit government-wide unrestricted net position of \$190.6 million. An additional portion of the County's net position (\$541.7 million or 54.1 percent) represents resources that are subject to restrictions on how they may be used.

The County's total net position increased by \$21.2 million for FY15 or 2.2 percent over FY14.

Additionally, the County implemented GASB Statement No. 68 during FY15. This change resulted in a reduction in beginning net position for FY15 as shown below. Additional information on the implementation of new accounting standards can be found in Notes to Financial Statements, Note I-E.

<b>Restatement of Beginning Net Position*</b> <b>For the Fiscal Year Ended June 30, 2015</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Net Position, June 30, 2014	\$ 1,180,792,839	\$ 316,062,227
Net Pension Liability	(634,472,966)	(26,981,609)
Deferred Outflow of Resources	139,109,961	6,002,847
Net Position, as restated	<u>\$ 685,429,834</u>	<u>\$ 295,083,465</u>
* Primary Government		

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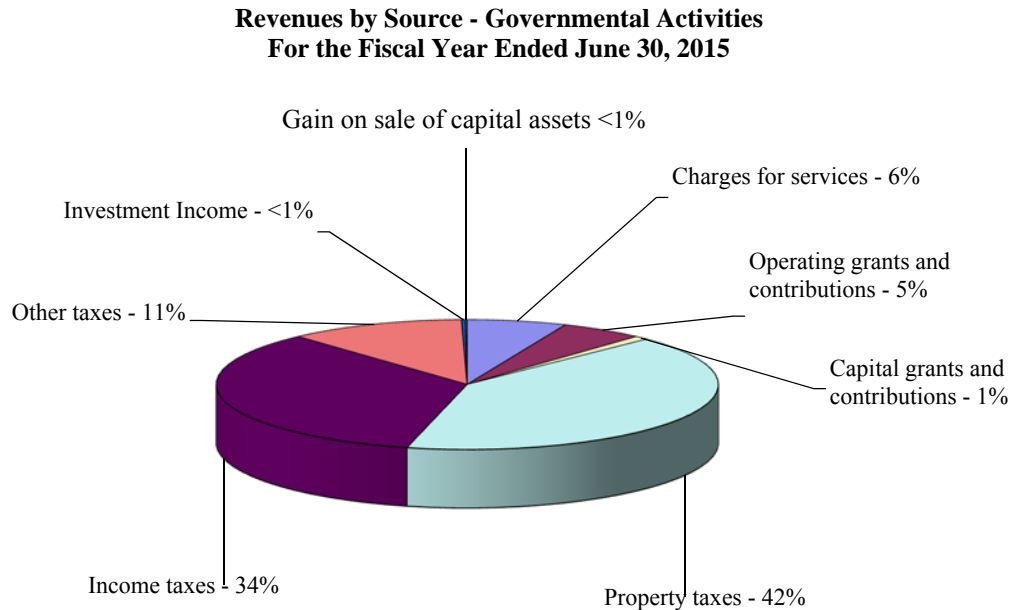
## Statement of Activities

The following table summarizes the County's change in net position for the years ended June 30, 2015 and 2014:

Summary of Changes in Net Position *						
For the Fiscal Years Ended June 30, 2015 and 2014						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 237,757,263	\$ 189,491,439	\$ 474,835,325	\$ 464,403,897	\$ 712,592,588	\$ 653,895,336
Operating grants and contributions	201,925,033	211,052,724	-	-	201,925,033	211,052,724
Capital grants and contributions	34,370,853	40,010,775	-	-	34,370,853	40,010,775
General revenues:						
Property taxes	1,528,093,085	1,528,302,790	10,903,699	10,391,101	1,538,996,784	1,538,693,891
Income taxes	1,276,415,595	1,329,827,192	-	-	1,276,415,595	1,329,827,192
Other taxes	423,734,468	432,455,794	-	-	423,734,468	432,455,794
Investment income	6,787,434	6,457,962	215,823	100,857	7,003,257	6,558,819
Grants, contributions, and other revenues						
not restricted to specific programs	-	588,567	-	-	-	588,567
Gain/(loss) on sale of capital assets	3,882,648	(3,529,635)	175,100	(1,241,279)	4,057,748	(4,770,914)
Total Revenues	<u>3,712,966,379</u>	<u>3,734,657,608</u>	<u>486,129,947</u>	<u>473,654,576</u>	<u>4,199,096,326</u>	<u>4,208,312,184</u>
<b>EXPENSES</b>						
Governmental Activities:						
General government	470,405,790	474,084,799	-	-	470,405,790	474,084,799
Public safety	591,702,869	607,555,402	-	-	591,702,869	607,555,402
Public works and transportation	288,226,716	273,021,015	-	-	288,226,716	273,021,015
Health and human services	296,567,081	291,657,233	-	-	296,567,081	291,657,233
Culture and recreation	95,703,122	95,084,426	-	-	95,703,122	95,084,426
Community development and housing	32,001,034	38,160,065	-	-	32,001,034	38,160,065
Environment	30,905,863	31,590,141	-	-	30,905,863	31,590,141
Education	1,826,117,289	1,770,301,285	-	-	1,826,117,289	1,770,301,285
Interest on long-term debt	112,420,639	101,268,081	-	-	112,420,639	101,268,081
Business-type Activities:						
Liquor control	-	-	248,982,109	239,218,758	248,982,109	239,218,758
Solid waste activities	-	-	109,351,706	129,531,260	109,351,706	129,531,260
Parking lot districts	-	-	37,103,525	30,140,788	37,103,525	30,140,788
Permitting services	-	-	29,002,673	29,486,839	29,002,673	29,486,839
Community use of public facilities	-	-	9,444,551	8,997,721	9,444,551	8,997,721
Total Expenses	<u>3,744,050,403</u>	<u>3,682,722,447</u>	<u>433,884,564</u>	<u>437,375,366</u>	<u>4,177,934,967</u>	<u>4,120,097,813</u>
Net Position Before Transfers	(31,084,024)	51,935,161	52,245,383	36,279,210	21,161,359	88,214,371
Transfers	<u>55,489,227</u>	<u>46,858,508</u>	<u>(55,489,227)</u>	<u>(46,858,508)</u>	<u>-</u>	<u>-</u>
Change in Net Position	24,405,203	98,793,669	(3,243,844)	(10,579,298)	21,161,359	88,214,371
Net Position, beginning of year as restated	<u>685,429,834</u>	<u>1,081,999,170</u>	<u>295,083,465</u>	<u>326,641,525</u>	<u>980,513,299</u>	<u>1,408,640,695</u>
Net Position, end of year	<u>\$ 709,835,037</u>	<u>\$ 1,180,792,839</u>	<u>\$ 291,839,621</u>	<u>\$ 316,062,227</u>	<u>\$ 1,001,674,658</u>	<u>\$ 1,496,855,066</u>
* Primary Government						

## Governmental Activities

Revenues for the County's governmental activities were \$3,713.0 million for FY15. Sources of revenue are comprised of the following items:

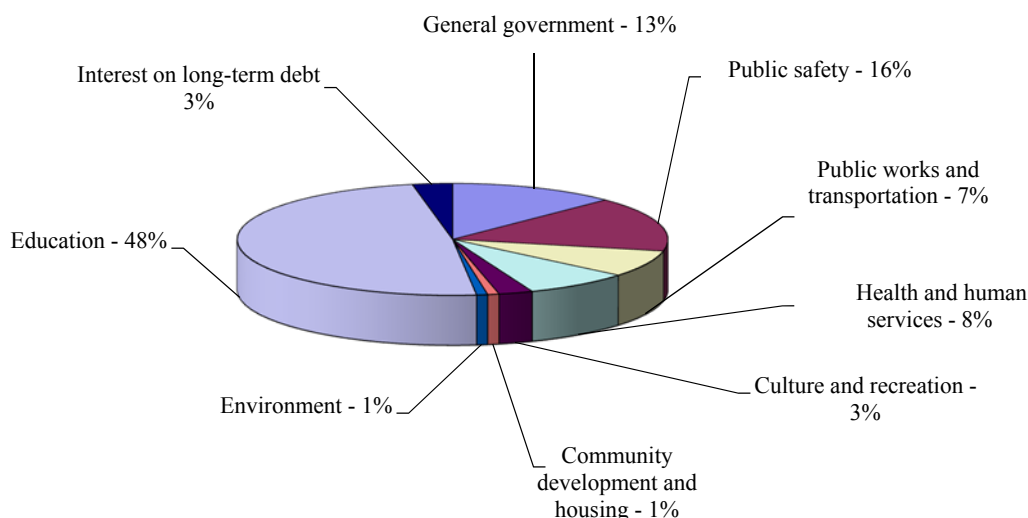


- Taxes constitute the largest source of County revenues, amounting to \$3,228.2 million for FY15.
- Property and local income tax combined comprise 75.5 percent of all County revenues. Each County in Maryland sets its income tax rate within parameters established by the State. The local income tax rate was 3.2 percent of the State taxable income for calendar years 2015 and 2014. 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 (\$112.4 million or 56.3 percent), public works and transportation (\$40.8 million or 20.4 percent) and public safety (\$34.6 million or 17.3 percent).

A more detailed discussion of the County's revenue results for FY15 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 FY15 was \$3,744.1 million. As the chart on the next page indicates, education constitutes the County's largest program and highest priority; education expenses totaled \$1,826.1 million. Public safety expenses totaled \$591.7 million, general government services totaled \$470.4 million, and health and human services, the fourth largest expense for the County, totaled \$296.6 million.

**Expenses by Function - Governmental Activities  
For the Fiscal Year Ended June 30, 2015**



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, public works and transportation, health and human services, and culture and recreation – as well as each program's net cost (total cost less fees generated by the activities and program-specific intergovernmental aid).

For the Fiscal Years Ended June 30, 2015 and 2014						
	Expenses		Revenues		Net Cost of Services	
	2015	2014	2015	2014	2015	2014
Education	\$ 1,826,117,289	\$ 1,770,301,285	\$ -	\$ -	\$ 1,826,117,289	\$ 1,770,301,285
Public safety	591,702,869	607,555,402	88,107,998	87,023,148	503,594,871	520,532,254
General government	470,405,790	474,084,799	89,903,682	49,785,788	380,502,108	424,299,011
Public works and transportation	288,226,716	273,021,015	91,011,178	103,397,968	197,215,538	169,623,047
Health and human services	296,567,081	291,657,233	117,357,408	116,947,500	179,209,673	174,709,733
Culture and recreation	95,703,122	95,084,426	49,774,679	45,360,701	45,928,443	49,723,725
Other	175,327,536	171,018,287	37,898,204	38,039,833	137,429,332	132,978,454
Total	<u>\$ 3,744,050,403</u>	<u>\$ 3,682,722,447</u>	<u>\$ 474,053,149</u>	<u>\$ 440,554,938</u>	<u>\$ 3,269,997,254</u>	<u>\$ 3,242,167,509</u>

Of the total cost of governmental activities of \$3,744.1 million, \$474.1 million was paid by those who directly benefited from the programs (\$237.8 million) and other governments and organizations that subsidized certain programs with operating and capital grants and contributions (\$236.3 million). Of the \$3,270.0 million net cost of services, our taxpayers paid for these activities through County taxes which totaled \$3,228.2 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, including the effect of implementing GASB Statement No. 68, compared to last year are:

- Education:  
\$55.8 million increase in resources spent on education
- Public Works and Transportation:  
\$15.2 million increase in expenses primarily due to increased road maintenance
- Health and Human Services:  
\$4.9 million increase in expenses including a significant increase in adult English literacy programs, Title XIX programs, and an increase in Earned Income Tax Credit refunds

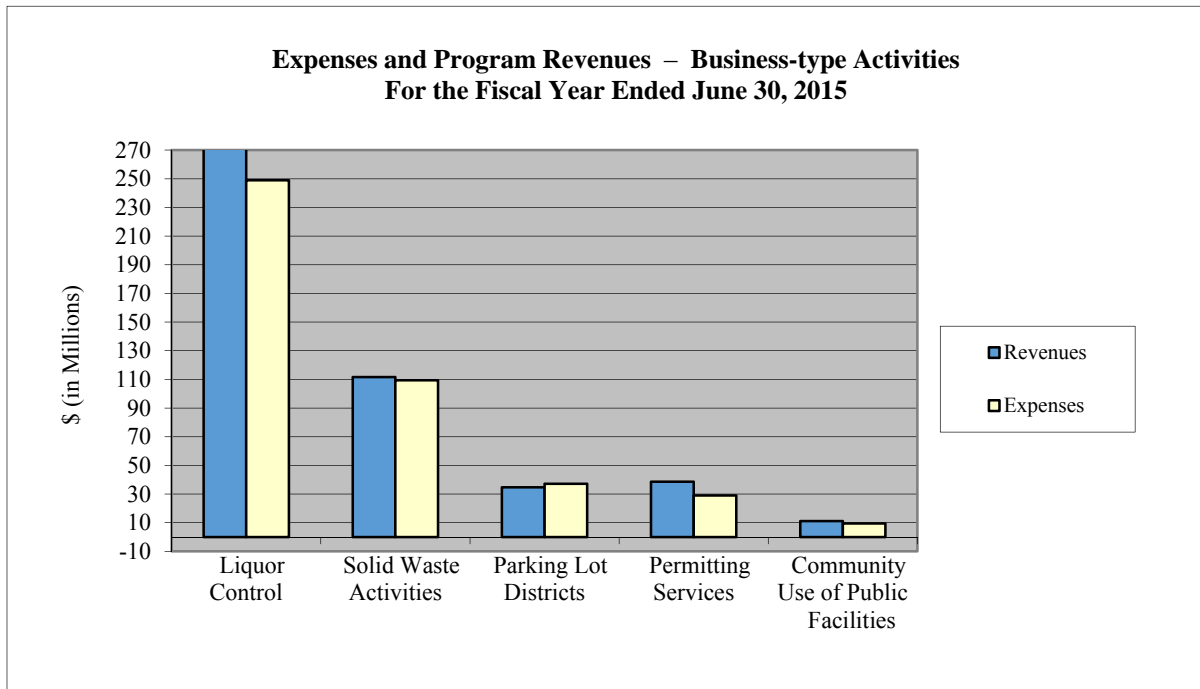
### **Business-type Activities**

Highlights of the County's business-type activities for FY15 are as follows:

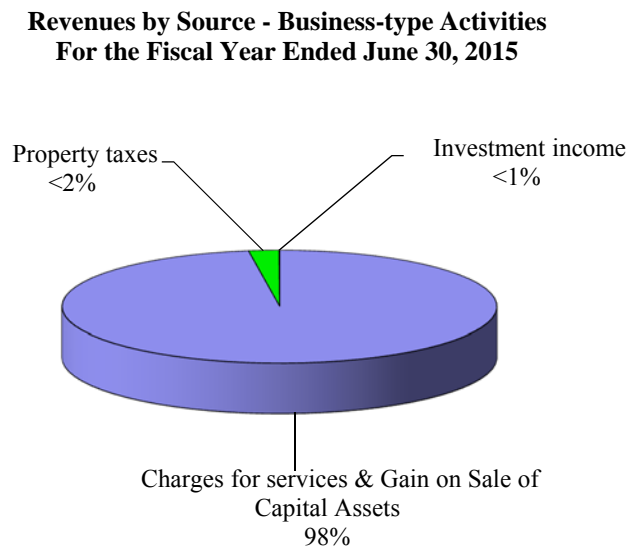
- Business-type activities experienced a decrease in net position of \$3.2 million for FY15. This amount is reported after total net transfers out of \$55.5 million. The most significant components of the change include:
  - \$4.6 million decrease in net position related to liquor control,
  - \$5.6 million decrease in net position related to parking lot districts; and
  - \$5.6 million increase related to permitting services.
- Charges for services to users comprise 97.7 percent of revenues, with \$278.8 million (58.7 percent of charges for services revenue) attributable to liquor control operations and \$111.6 million (23.5 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.
- Parking lot district property taxes of \$10.9 million is the second largest source of revenue at only 2.2 percent of total revenues.
- Investment income of \$0.22 million reflects an increase of \$0.12 million or 120 percent from FY14, primarily because of the increase in pooled cash and investments during the year.

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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 FY15, the County's governmental funds reported combined ending fund balances of \$985.1 million, an increase of \$113.7 million from the end of FY14. Of the total ending fund balances, \$156.4 million constitutes the unassigned fund balance, which is available for spending at the County's discretion. The remainder of the fund balances of \$828.7 million is unavailable for new spending because it has been set aside for prior period commitments and legal restrictions.

### **The General Fund**

The General Fund is the primary operating fund of the County. At the end of FY15, the General Fund had \$156.5 million of unassigned fund balance and total fund balance was \$491.7 million. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 17.6 percent of total General Fund expenditures.

The fund balance of the County's General Fund decreased by \$108.0 million during FY15, primarily due to decreased income and property tax revenues, despite the consolidation of \$230.6 million from the Revenue Stabilization Fund (RSF). Additional information pertaining to the RSF consolidation can be found in Notes to Financial Statements, Note II-B.

### **Housing Initiative Fund**

The Housing Initiative Fund (HI) is used to account for the fiscal activity of financing, supplementing, and constructing affordable residential facilities for eligible participants. At the end of FY15, HI had a fund balance of \$243.7 million, which is entirely restricted for legal reasons. The HI fund balance represents an increase of \$2.3 million over FY14. Mortgage Receivables for this fund, which is a measure of its financing activities, increased \$9.3 million or 0.5 percent over FY14.

### **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 by design has no 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. In FY15, there was an exception and the Grants Fund has a restricted fund balance of \$216,033. This was due to a restricted donation for an agricultural easement that was deemed to be a grant. The Grants Fund received \$107.7 million in revenues for FY15. This is a \$4.5 million decrease from FY14.

### **Debt Service Fund**

The Debt Service Fund accumulates resources for the payment of general long-term debt principal, interest, and related costs. This fund does not maintain an unassigned fund balance; the restricted fund balance of \$17.6 million represents a debt service reserve account.

## **Capital Projects Fund**

The Capital Projects Fund (CIP) has a total fund balance of \$150.2 million, an increase of \$194.5 million from the end of FY14. The negative fund balance in FY14 had been primarily due to a delay in the issuance of new debt to fund certain capital projects.

A more detailed discussion of General Fund revenues can be found in the General Fund Budgetary Highlights section of MD&A. 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 FY15 amounted to \$17.0 million, and operating income was \$31.3 million. After a subsidy transfer to the General Fund of \$34.1 million, the fund ended FY15 with a decrease in net position of \$4.6 million.

The Solid Waste Activities Fund total net position amounted to \$52.6 million, of which the unrestricted net position was \$14.1 million. Restricted net position of \$38.5 million is attributable to the net investment of capital assets.

The Parking Lot Districts Fund decrease in net position amounted to \$5.6 million in FY15, resulting in a total ending net position of \$176.5 million. Of this amount, \$142.1 million (80.6 percent) represents the net investment in capital assets; \$8.7 million (4.9 percent) is restricted for debt service on revenue bonds; and \$25.7 million (14.5 percent) is unrestricted.

A discussion of enterprise fund long-term debt can be found in the Long-Term Debt section presented later in this MD&A. Other factors concerning the finances of the enterprise funds are addressed in the discussion of the County's business-type activities.

## **General Fund Budgetary Highlights**

Revisions to the General Fund expenditure original budget (excluding transfers) to arrive at the final budget amounted to \$50.0 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:

- \$24.8 million increase for snow removal and wind and rain storm cleanup relating to 27 snow/ice events with a total accumulation of approximately 46.6 inches.
- \$.4 million to establish a Network Operations Center (NOC) to monitor FiberNet, which provides critical County infrastructure and services to the six agencies (County Government, MCPS, Montgomery College, M-NCPPC, HOC, and WSSC) represented on the Interagency Technology Coordination and Policy Committee.
- \$.3 million to engage Project Management, Strategy Development, and Economic Research consulting services for the Comprehensive Economic Strategy being developed by the Department of Economic Development.

Actual revenues were less than budget amounts by \$32.9 million, while actual expenditures and net transfers out were less than final budget by \$11.4 million and \$43.2 million, respectively. Highlights of the comparison of



final budget to actual figures for expenditures and net transfers for the fiscal year-ended June 30, 2015, include the following:

- Actual expenditures of \$1,168.2 million were \$11.4 million less than the final budget, which represents 1.0 percent of the final budget, and is attributable to savings achieved across numerous departments.
- Actual transfers to the Capital Projects Fund and component units for capital purposes were less than budgeted by \$70.6 million. This is due both to the multi-year nature of capital projects, and to time delays that can be encountered for certain projects.

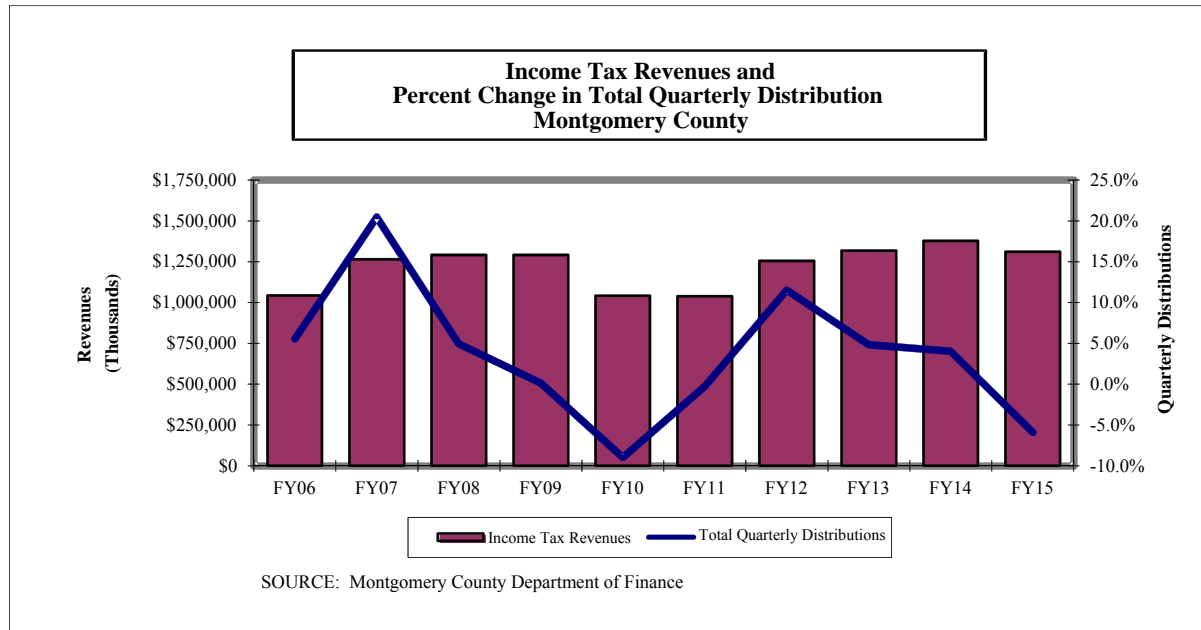
A more detailed comparison of final budget to actual figures for revenues is presented below:

## **Overview**

Actual revenues for the General Fund totaled \$2,942.3 million and were 1.1 percent below the budget estimate for the fiscal year and 2.9 percent below actual revenues for FY14. The three largest contributors to the variance in dollars between the budget estimate and actual revenues were the income tax (-\$29.8 million), recordation tax (-\$7.3 million), followed by the transfer tax (-\$5.8 million). Revenues from the property tax amounted to \$1,088.4 million (-\$521,966), or 0.05 percent, below the budget estimate and 1.8 percent below actual tax revenues for FY14. The decline in actual revenues from FY14 to FY15 is attributed to the cut in the tax rate for the General Fund from \$0.759 per \$100 assessed value to \$0.732 per \$100 assessed value. Revenues from consumption/excise taxes which include fuel/energy, telephone, hotel/motel, and other taxes, were \$278.1 million in FY15. That amount was \$391,227 or 0.1 percent above the budget estimate and that increase was mostly driven by the hotel-motel tax (+\$1.5 million or 8.7%) and telephone taxes (+\$1.0 million or 2.1%) partially offset by a \$2.0 million shortfall in fuel/energy taxes (-0.9%). Investment income was \$164,112 below the budget estimate. Licenses and Permits came in below the budget estimate (10.2%), while Charges for Services came in above the budget estimate (4.8%). Intergovernmental revenues were \$4.5 million (or 11.6%) above the budget estimate. This increase was attributed to federal and other (non-state) reimbursements, which came in 32.0 percent and 105.6 percent above budget estimates, respectively.

## **Income Taxes**

One of the largest revenue sources for the General Fund is the County income tax. Revenues from the income tax were \$1,310.8 million and represented 46.4 percent of actual tax revenues in FY15 and 44.5 percent of total actual revenues. The increased reliance on the income tax as a major source of revenue in recent years can be attributed to three factors: growth in the employment base as reflected in resident employment, steady increases in wage and salary income in the County, and growth in capital gains. This contrasts with the County's second largest revenue source – property taxes – which is held at the Charter Limit and thus generally represents revenue growth limited to the rate of inflation. However, while capital gains, on average, increases over time, the Standard & Poor's 500 index, representing a proxy for capital gains, experienced significant volatility over the past ten calendar years (2005 – 2014) - ranging from an increase of 29.6 percent in 2013, to a very slight decrease of 0.0032 percent in 2011, to a decrease of 38.5 percent in 2008. In addition, resident employment experienced volatility during this period - an average annual growth rate of 0.5 percent in the County's resident employment during the 2005-2008 period and a decline of 1.0 percent in 2009, followed by an increase of 0.9 percent between 2009 and 2014. As the following chart illustrates, total quarterly distributions for withholding and estimated payments decreased 5.9 percent in FY15, which followed an increase of 4.1 percent in FY14, an increase of 4.9 percent in FY13, an increase of 11.5 percent in FY12, a decrease of 0.3 percent in FY11, another decrease of 9.0 percent in FY10, and an increase of 0.2 percent in FY09.

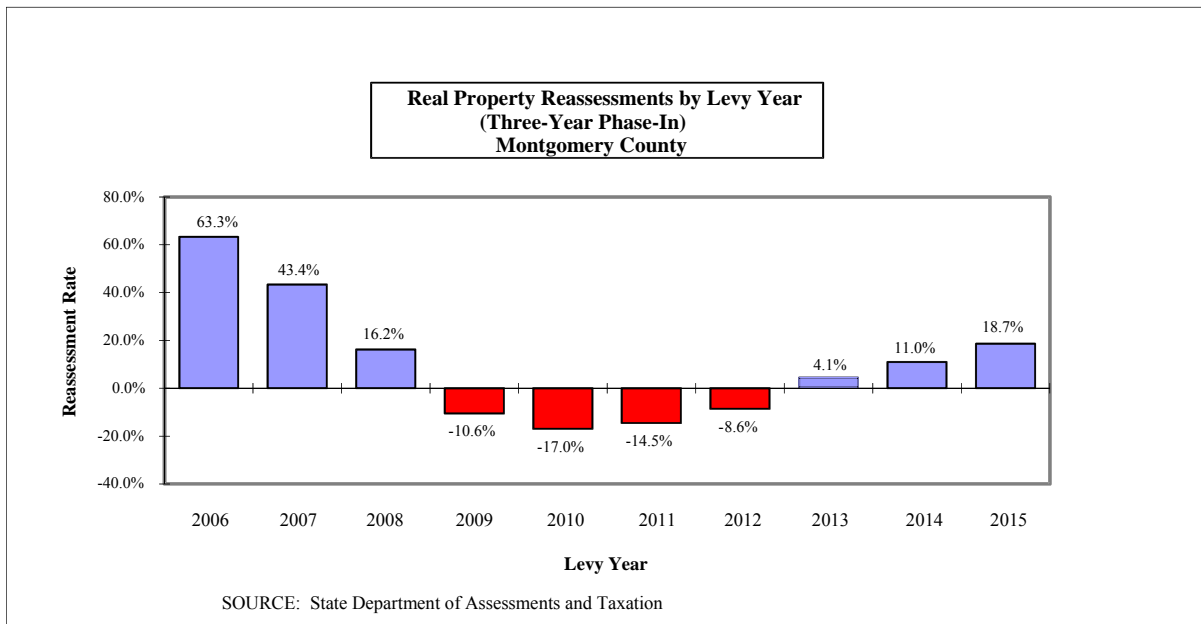
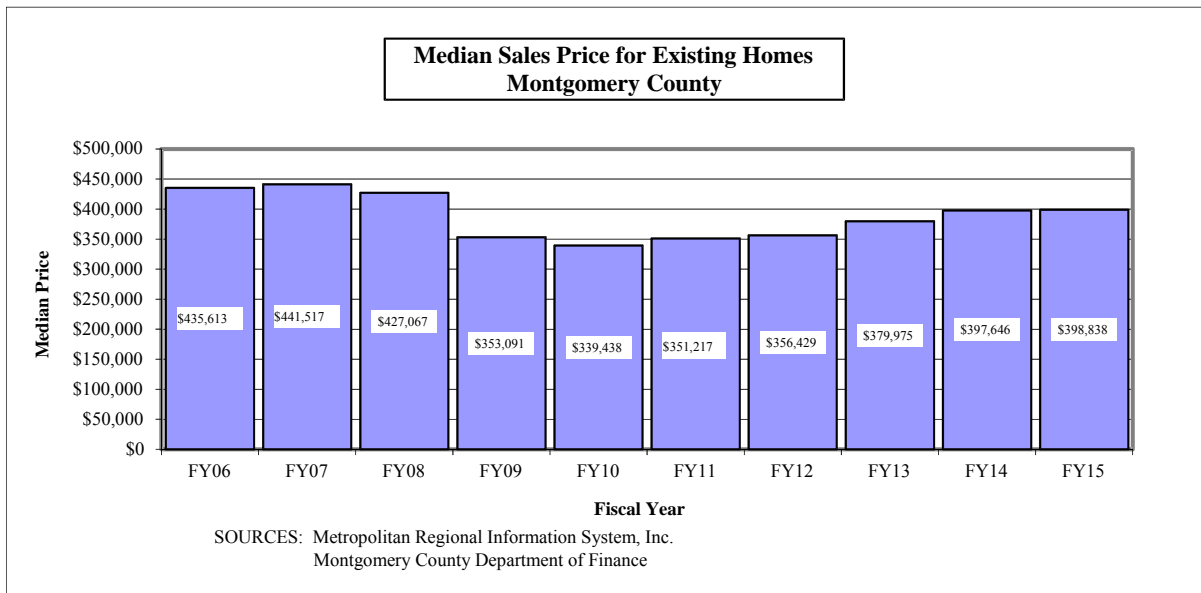


On May 18, 2015, the U.S. Supreme Court made a final ruling in the long-standing court case of *Comptroller of the Treasury of Maryland v. Wynne et. ux*. The case involved a dispute over the credit a state taxpayer should get for taxes paid to other states for income earned in those states. The State of Maryland gave credit for the state portion of income taxes, but not for the local portion. The U.S. Supreme Court ruled in favor of the litigants. This means that the State of Maryland owes refunds to all taxpayers who filed amended returns requesting the additional credit. Based on preliminary protective claim data from the Comptroller for the State of Maryland (Comptroller), the County estimates that the total amount of income tax refunds for tax years 2007 through 2014, including interest, attributable to the Wynne case could be \$135.7 million for Montgomery County. As the Comptroller issues refunds to eligible taxpayers, the refunds will be paid from the Local Reserve Account (Account), which is maintained by the State, and the State will replenish the fund through financial transactions with counties and municipalities. As it relates to Montgomery County, the Comptroller will replenish the Account by reducing distributions in nine (9) quarterly income tax distributions starting in November 2016 until the Account is fully reimbursed. The County estimates that the impact for Montgomery County from the reduction in four quarterly distributions in fiscal year 2017 (FY17) and four in FY18 will be \$60.3 million in each fiscal year, and a single reduction of \$15.1 million in FY19. In addition to refunds for prior tax years, there is an estimated annual impact of \$16.4 million starting with tax year 2015 – and impacting FY17 – as eligible taxpayers reduce their income tax payment to the County to reflect the deductibility of out-of-state income taxes against the local income tax. This estimated annual impact will be a permanent reduction of County income tax collections going forward.

## Property Taxes

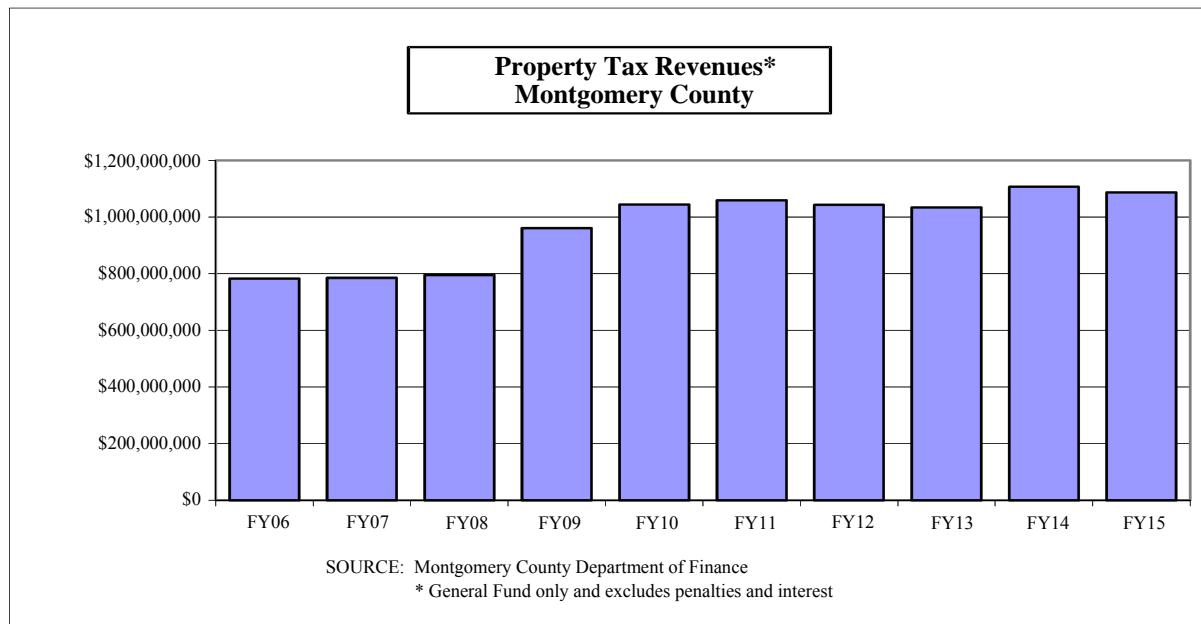
Property tax collections, which represent another major contributor of actual tax revenues to the General Fund and the second largest in FY15, amounted to \$1,088.4 million in FY15, which were only \$521,966 (0.05%) below the budget estimate and 1.8 percent below actual revenues in FY14. The decline in actual revenues from FY14 to FY15 is attributed to the rate cut in the General Fund from \$0.759 per \$100 assessed value to \$0.732 per \$100 per assessed value. Actual property taxes, excluding penalties and interest and other items, were \$1,086.8 million in FY15 – a decrease of 1.8 percent from the previous fiscal year. Collections from penalties and interest and other items were \$1.6 million – a 23.0 percent decrease from FY14.

The taxable assessments for real property increased 2.4 percent from FY14 to FY15. This was the second consecutive increase since FY11 (0.4%). New construction, which added \$1.409 billion to the base in FY15, was 7.6 percent higher than in FY14. Following the real estate market boom and bust cycle in the previous decade, the triennial reassessment rates experienced the same trend albeit with a lag. The recent residential and commercial real estate market recovery resulted also in a recovery of property assessments. After an unprecedented four-year decline in triennial reassessment rates (levy year LY09 - LY12), reassessments increased 4.1 percent (LY13 or FY14), 11.0 percent in LY14, and 18.7 percent in LY15.



The homestead tax credit limits annual increases in homeowners' taxable assessments to 10 percent per year, although other taxable assessments such as commercial and investment residential properties are not limited by this credit. The homestead credit is the amount of annual assessment growth above the 10 percent limit.

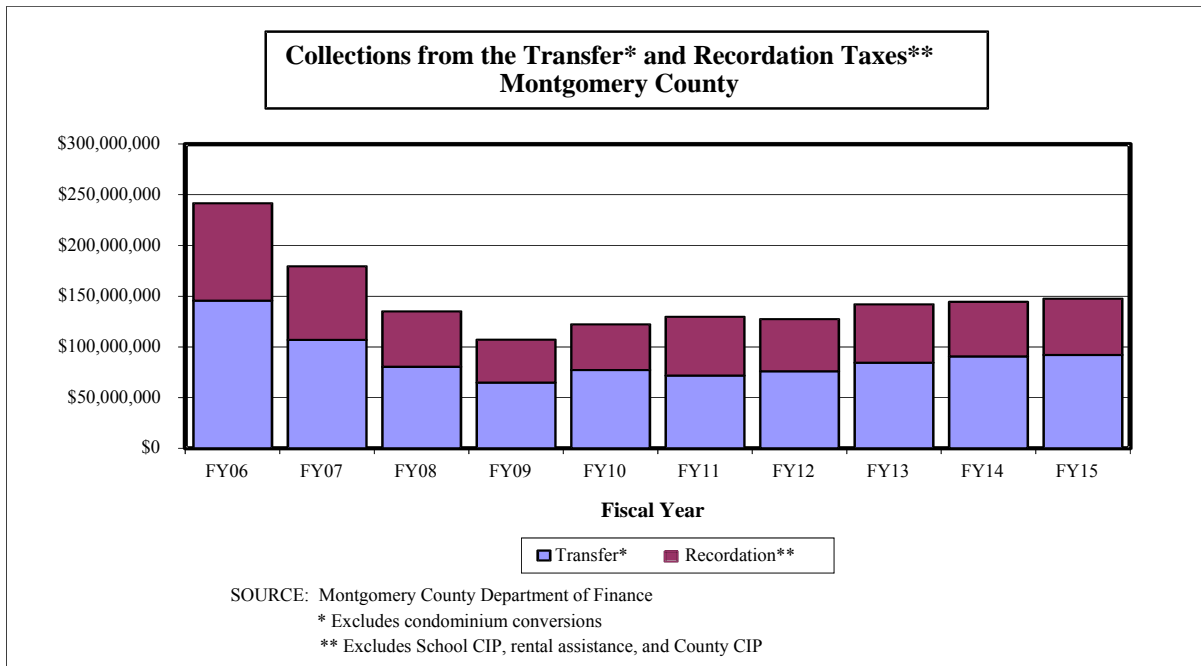
Following several years of declining reassessments, most properties that had built up a significant amount of homestead credit during the housing boom cycle, used up their homestead credit during the housing bust cycle. As a result, the remaining amount of the aggregate homestead credit added only \$26.6 million to the assessable base in FY15 down from \$106.2 million in FY14.



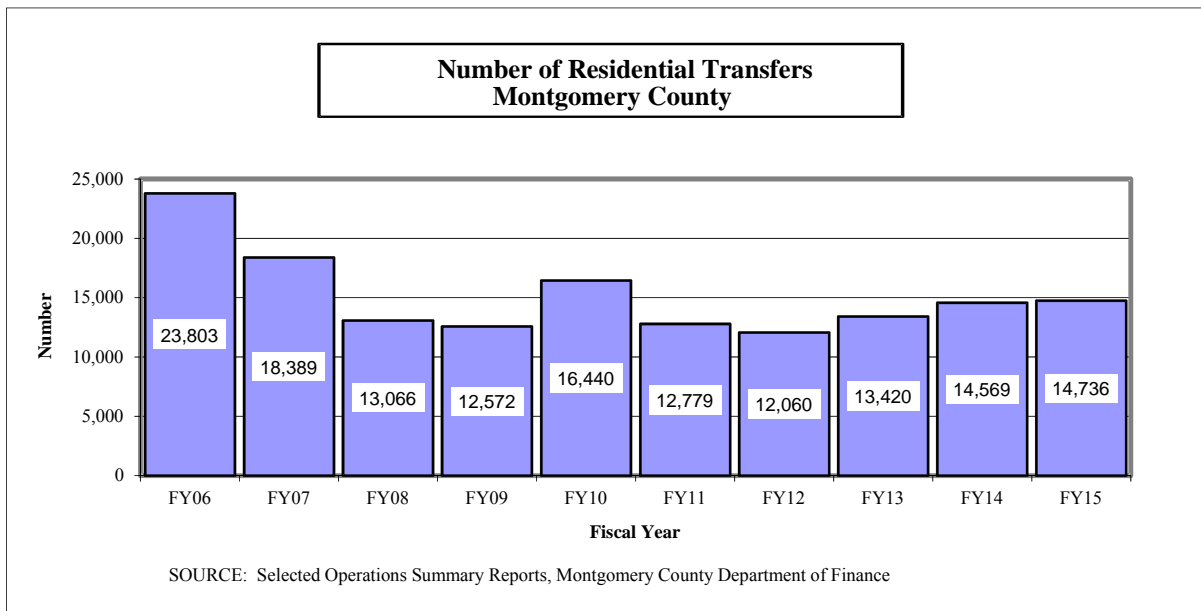
Assessments of personal property decreased 1.5 percent in FY15 due to weakness in all three tax categories: individual, public utility, and corporate. Personal property assessments increased 2.9 percent in FY14 attributed to increases in corporate personal property and public utility assessments. For the previous five fiscal years (FY10 - FY14), taxable assessments for personal property averaged \$3.803 billion ranging from a low of \$3.605 billion in FY13 to a high of \$4.124 billion in FY10.

### Transfer and Recordation Taxes

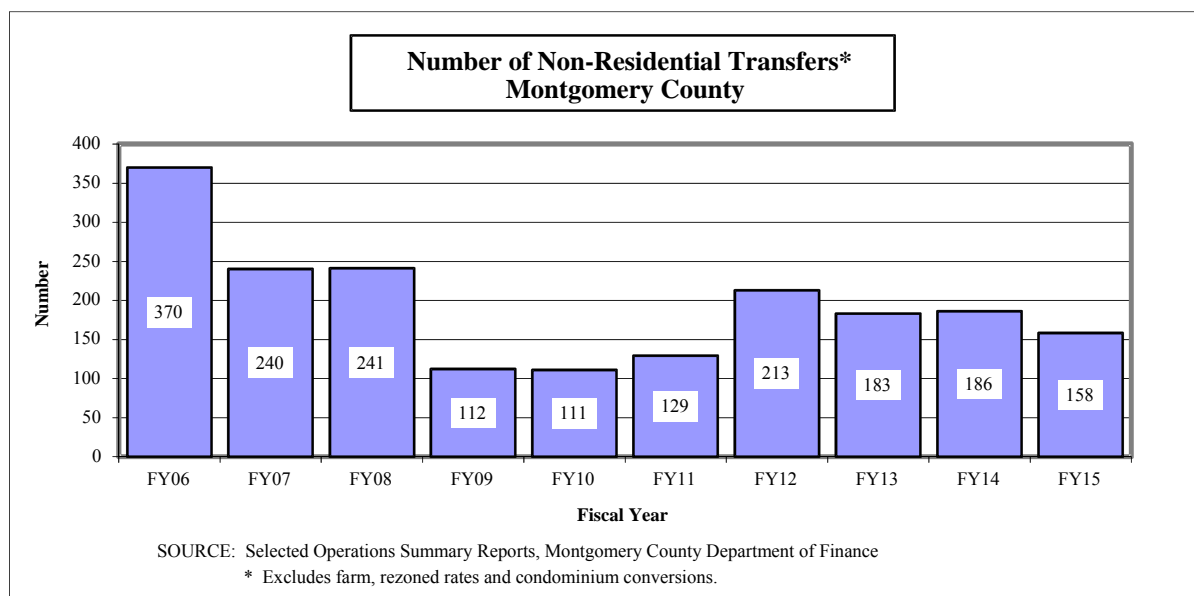
Another major tax revenue category in the County is the combination of real property transfer and recordation taxes. The combined tax receipts from these sources in FY15 were \$147.6 million (excluding recordation tax revenues earmarked for CIP funding of school construction, rental assistance, and CIP funding for the County; and transfer tax revenues from condominium conversions). Although actual revenues increased in FY15, they were 10.1 percent below the budget estimate. As the accompanying chart illustrates, the total amount collected from these taxes increased to a peak of \$241.7 million in FY06 before declining to \$107.2 million in FY09. In FY10, taxes from the combined transfer and recordation taxes rebounded to \$122.0 million, increased further to \$129.5 million in FY11, declined to \$127.3 million in FY12, and began a steady increase to \$142.0 million in FY13, 144.5 million in FY14, and \$147.6 million in FY15.



General Fund revenues from the transfer tax experienced an increase of 1.7 percent in FY15 and a 2.9 percent increase in the recordation tax. Because of the increase in existing home sales in FY15 (3.1%) and a modest increase in median sales prices (0.3%), revenues from the residential sector for both taxes were \$105.4 million, an increase of 3.5 percent from FY14. The number of residential transfers increased to 14,736 (1.1%).



Based on the amount of revenues from the non-residential transfer tax, the commercial market increased 13.7 percent in FY15 from FY14 with revenues at \$17.5 million. The increase in revenues from the commercial market was attributed to strong growth in the average transfer tax of \$110,498 in FY15 compared to \$82,535 in FY14 (33.9%) even though the number of transactions decreased from 186 in FY14 to 158 in FY15.



## Other Revenues

The remaining tax sources – consisting of fuel/energy, telephone, hotel/motel, and other taxes – totaled \$278.1 million and were \$360,100, or 0.1 percent, above the budget estimate but 2.4 percent below actual revenues in FY14. Revenues from the fuel/energy tax were \$207.2 million in FY15 and down from the budget estimate (\$2.0 million) as well as a decrease of 1.7 percent from actual revenues in FY14. The decline in actual revenues from FY14 was attributed to reductions in both the residential and non-residential tax rates enacted by the County Council for FY15.

Revenues from the telephone tax were 2.1 percent above the budget estimate but 8.1 percent below actual revenues in FY14. The reason for the decline in actual revenues in FY15 compared to FY14 was a one-time payment by Verizon of \$5.5 million that occurred in FY14. Excluding that one-time payment, actual revenues increased 2.5 percent between FY14 and FY15. Revenues from the hotel/motel industry of \$19.0 million in FY15 were 8.7 percent above the budget estimate and 7.7 percent above actual revenues in FY14. Other tax revenues were 4.9 percent below the budget estimate and 8.2 percent below actual revenues in FY14.

In the General Fund, actual investment income increased from \$5,572 in FY14 to \$105,948 in FY15 (1,801.4%) but was approximately \$164,112 lower than the budget estimate (60.8%). The shortfall in FY15 from the budget estimate was the result of an unexpected continued accommodative policy of the Federal Open Market Committee (FOMC) of the Federal Reserve. Between September 2007 and December 2008, the FOMC decreased the target interest rate for federal funds from 5.25 percent to a range of between 0.00 and 0.25 percent — a decline of 500-525 basis points and remained at that historic low level throughout FY15. The justification for such a low rate monetary policy has been the global economic and financial crises, the Great Recession from December 2007 to June 2009, and the FOMC's monetary policy of stimulating investment and reducing the national unemployment rate. The expectation of many forecasters was that interest rates would steadily increase during FY15 with an associated increase in the County's investment yield rates. That did not occur. Because of this low level of interest rates during FY15, short-term or money market rates remained at historic low levels as well, hence the average yield on cash equity for the County barely increased from a record low of 0.02 percent in FY12, to 0.19 percent in FY15. With the increase in actual investment income from FY14 coupled with a spending restraint, the average daily portfolio balance increased from \$411.8 million in FY14 to \$705.2 million in FY15 (71.2%).

## Capital Asset and Debt Administration

### Capital Assets

The County's investment in capital assets at June 30, 2015, amounted to \$4,356 million (net of accumulated depreciation and amortization), as summarized below:

Capital Assets, Net of Depreciation June 30, 2015				
	Governmental Activities	Business-type Activities	Total FY15	Total FY14
Land	\$ 907,939,533	\$ 59,158,993	\$ 967,098,526	\$ 947,359,029
Buildings	427,101,124	158,606,950	585,708,074	544,842,197
Improvements other than buildings	33,248,117	47,356,935	80,605,052	83,359,645
Furniture, fixtures, equipment and machinery	47,950,968	13,145,829	61,096,797	62,841,077
Leasehold improvements	5,046,547	-	5,046,547	5,604,816
Automobiles and trucks	124,110,284	653,864	124,764,148	124,513,583
Infrastructure	1,149,023,975	9,328	1,149,033,303	1,175,430,667
Other assets	24,506,321	-	24,506,321	28,534,757
Construction in progress	1,356,285,477	1,828,429	1,358,113,906	1,171,661,018
Total	<u>\$ 4,075,212,346</u>	<u>\$ 280,760,328</u>	<u>\$ 4,355,972,674</u>	<u>\$ 4,144,146,789</u>

Changes in the County's capital assets for FY15 are summarized as follows:

Change in Capital Assets For the Fiscal Year Ended June 30, 2015				
	Governmental Activities	Business-type Activities	Total FY15	Total FY14
Beginning Balance	\$ 3,864,096,152	\$ 280,050,637	\$ 4,144,146,789	\$ 3,829,857,962
Additions*	301,680,530	15,464,152	317,144,682	418,812,346
Retirements, net*	972,558	46,199	1,018,757	3,746,002
Depreciation expense	<u>89,591,778</u>	<u>14,708,262</u>	<u>104,300,040</u>	<u>100,777,517</u>
Ending Balance	<u>\$ 4,075,212,346</u>	<u>\$ 280,760,328</u>	<u>\$ 4,355,972,674</u>	<u>\$ 4,144,146,789</u>
* Presented net of transfers from construction in progress; retirements are also net of related accumulated depreciation.				

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

- Roads, including underlying land, valued at \$4.2 million were transferred to the County by various developers.
- The Judicial Center Annex project accumulated \$10.0 million in cost this fiscal year. This project provided for the planning, design, and construction of the Montgomery County Judicial Center annex,

the Montgomery County Judicial Center HVAC renovation, and other needed renovations to the Montgomery County Judicial Center.

- The PSTA & Multi Agency Service Park – Site Development project accumulated \$20.1 million in cost. This project is part of the Smart Growth Initiative and provides for land acquisition and site improvements on a site on Snouffer School Road known as the Webb Tract, or Centerpark.
- Montgomery County funded Montgomery County Public Schools \$175.29 million, and Montgomery College \$35.52 million for construction, renovations of school facilities, and other capital expenditures.

Additional information pertaining to the County's capital assets can be found in Notes to Financial Statements, Notes I-D5 and III-C.

### Long-Term Debt

The following is a summary of the County's gross outstanding long-term debt as of June 30, 2015:

<b>Long-Term Debt</b>				
<b>June 30, 2015</b>				
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total FY15</b>	<b>Total FY14</b>
General obligation bonds	\$ 2,544,750,000	\$ -	\$ 2,544,750,000	\$ 2,270,500,000
Variable rate demand obligation	100,000,000	-	100,000,000	100,000,000
Bond anticipation notes	500,000,000	-	500,000,000	500,000,000
Revenue bonds	100,925,323	86,849,677	187,775,000	196,875,000
Lease revenue bonds	27,225,000	-	27,225,000	29,285,000
HUD loan	397,000	-	397,000	440,000
WSSC promissory note	9,738,106	-	9,738,106	9,708,040
Equipment notes	46,413,987	4,655,348	51,069,335	42,808,811
Certificates of participation	17,685,000	-	17,685,000	24,305,000
Capital leases	13,817,910	-	13,817,910	16,432,750
Energy performance lease	3,950,019	-	3,950,019	4,164,250
Taxable ltd. obligation certificates	86,320,000	-	86,320,000	90,020,000
Compensated absences	76,771,177	6,058,928	82,830,105	78,865,457
Other postemployment benefits	436,494,415	3,965,222	440,459,637	425,820,960
Claims payable self-insurance	141,444,612	-	141,444,612	140,205,964
Claims and judgments	1,116,395	-	1,116,395	-
Net pension liability - county	286,187,949	12,563,335	298,751,284	-
Net pension liability - state	17,878,357	-	17,878,357	-
Landfill closure costs	-	15,405,918	15,405,918	15,047,140
Gude landfill remediation	-	28,500,000	28,500,000	28,500,000
<b>Total</b>	<b>\$ 4,411,115,250</b>	<b>\$ 157,998,428</b>	<b>\$ 4,569,113,678</b>	<b>\$ 3,972,978,372</b>

At June 30, 2015, the County had outstanding general obligation (GO) bonds of \$2,544.7 million, with outstanding variable rate demand obligations (VRDOs) of \$100 million and bond anticipation notes (BANs) of \$500 million. Over the last ten years, the County issued its GO bonds once a year, with the exception of FY08, when no GO "new money" bonds were issued. The County currently finances capital construction projects with BANs. BANs are subsequently paid off by the issuance of the County's GO bonds. Montgomery County also



issues bonds to finance the capital construction of MCPS, MCC, and M-NCPPC not otherwise financed by the State of Maryland.

The County continues to maintain its status as a top rated issuer of municipal securities, with the highest credit ratings possible for a local government. For its GO bonds, the County is a 'Triple AAA' rated County, and received ratings of Aaa from Moody's Investors Service, Inc., AAA from Standard and Poor's, and AAA from Fitch Ratings. County GO bonds have been consistently awarded the highest credit rating from Moody's and Standard and Poor's since 1973 and 1976, respectively, and from Fitch since 1991. Montgomery County is one of only 13 'Triple AAA' rated counties in the nation with a population greater than 900,000.

In October 2014, the County received its annual credit ratings. Fitch cited "key rating drivers" of healthy financial fundamentals, solid operating performance, a balanced fiscal plan, a strong economic core and moderate debt ratios. Fitch also reported that the County has a sophisticated management team that uses conservative budgeting and has established debt and reserve policies that have resulted in healthy reserve and liquidity levels.

Moody's stated that their ratings rationale reflected the County's sizeable, strong and diverse tax base, affluent demographics, and manageable debt burden. Moody's also cited the County's recently improved healthier reserve position that resulted from the implementation of various new fiscal policies, and a multi-year plan to restore the County's financial flexibility.

Standard and Poor's rating reflected their opinion of the County's strong economy, budgetary flexibility, budgetary performance, liquidity, management and financial policies. Standard and Poor's also cited adequacy of the County's debt and contingent liability profile, demonstrated resilience to economic pressure and strong management conditions.

The rating category, by definition, represents extremely strong capacity to pay principal and interest. Typically, 'AAA' rated counties demonstrate an ability to weather all economic cycles by maintaining tight budgetary controls, articulating and executing well-designed capital plans, maintaining sufficient reserves, and planning for future contingencies.

**Significant bond-related debt activities during FY15 were:**

- **General Obligation Bonds and Refunding Bonds** – In November 2014, the County's annual general obligation bond issue was in the amount of \$500.0 million. The proceeds of this bond issue were used to pay off an equivalent amount of the County's BANs which funded capital expenditures for transportation, education, and other County facilities. Concurrent with this annual bond sale, the County issued \$297.9 million of general obligation refunding bonds to refund outstanding County bonds for debt service savings. In March 2015, the County issued an additional \$58.5 million of general obligation refunding bonds to refund outstanding County bonds for debt service savings.
- **Bond Anticipation Notes (BANs)** – Over the course of FY15, the County retired \$500.0 million in BANs with general obligation bond proceeds and issued \$500.0 million in BANs.
- Additional information pertaining to the County's long-term debt can be found in Notes to Financial Statements, Notes I-D8, III-E3, and III-F.

## **Economic Factors and Next Year's Budgets and Rates**

The following economic factors are reflected in the County's FY16 budget with updates based on revised economic data subsequent to the approval of the County's budget:

- Montgomery County experienced positive economic performance during fiscal year FY15 compared to FY14. The major reasons for this were a decrease in the unemployment rate, an increase in resident employment (labor force series), an increase in payroll employment (establishment series), and an increase in the sales of existing homes. Residential construction also picked up in FY15.
- The County's economic projections in the FY16 budget assume a modest, yet improving, economic performance in CY15 with the County continuing to experience a decline in the unemployment rate in CY15. On the same calendar basis, the County projects a modest increase in total resident employment (0.9%) and in payroll employment (1.5%).
- During the past ten years (CY05 – CY14), total payroll employment in Montgomery County, which is based on the survey of establishments and derived by the Department of Finance, experienced three distinct cycles: growth from CY05 to CY06 at an average annual rate of 1.2 percent, a decline from CY06 to CY10 at an average annual rate of 1.0 percent, and an increase at an average annual rate of 0.8 percent from CY10 to CY14. The Department of Finance estimates that total payroll employment is expected to increase 1.5 percent in CY15 and 1.8 percent in CY16.
- Resident employment in the County, which is based on a survey of County households, provides a slightly different picture of employment growth. For example, resident employment grew at an average annual rate of 0.5 percent between CY05 and CY08 and declined 1.0 percent in CY09. From CY09 through CY14, resident employment in the County experienced an increase at an average annual rate of 0.9 percent. Resident employment is expected to increase 0.9 percent in CY15 and 2.9 percent in CY16.
- The employment projections in CY15 and CY16 assume that personal income will increase 4.4 percent in CY15 and 5.1 percent in CY16 with per capita income increasing 4.2 percent in CY15 and 4.2 percent in CY16. Income data for CY15 and CY16 are based on estimates derived by the Department of Finance.
- The actual and estimated increases in employment and personal income in CY14 and CY15 along with the decline in the unemployment rate reflect a positive performance in the County's economy in FY15 and should continue into FY16.
- The Federal Open Market Committee (FOMC) of the Board of Governors of the Federal Reserve System is expected to maintain the targeted federal funds rate within the target range of 0.00-0.25 percent through most of CY15 – based on the policy statement of the FOMC dated July 29, 2015. However, members of the FOMC have discussed the possibility of raising the target rate before the end of CY15 should economic data on employment and inflation warrant such an increase. Because of that uncertain policy by the FOMC, the County's budget projections include only a modest increase in the yield on its investments from 0.17 percent in FY15 to 0.65 percent in FY16.
- Inflation, as measured by the Consumer Price Index, is expected to increase 2.00 percent in FY16.

## **Other Significant Matters**

The Water Quality Protection Charge (WQPC) is part of Montgomery County property tax bills. All property owners in Montgomery County pay the WQPC, including businesses, home owners' associations, and non-profit organizations. In *Paul Chod v. Montgomery County Board of Appeals* (Civil No. 398704-V, entered July 23, 2015) the Montgomery County Circuit Court opined that the WQPC "is invalid per se because this charge need not reasonably relate to the stormwater management services provided by the County". The court's ruling reversed a decision by the Board of Appeals which had ruled that the WQPC was not at variance with state law. The County has appealed the Circuit Court's decision to the Maryland Court of Special Appeals. In the meantime, the County Council has passed legislation explicitly designating the WQPC as an excise tax imposed under the County's general taxing authority and making the legislation retroactive to July 1, 2013.

The County Executive introduced an FY16 Savings Plan because of a predicted revenue loss due to a shortfall in income tax distribution. This is due in part to the recent Supreme Court decision in the case of *Wynne v. Comptroller for the State of Maryland*. The plan targets the County Government, Montgomery County Public Schools, Montgomery College and the Maryland National Capital Park and Planning Commission. The total reduction will amount to \$54.0 million spread among the various agencies in operating and capital reductions.

## **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> (see Governments, Departments, Finance, Financial Reports).

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## **BASIC FINANCIAL STATEMENTS**

MONTGOMERY COUNTY, MARYLAND  
STATEMENT OF NET POSITION  
JUNE 30, 2015  
**Exhibit A-1**

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		Total
ASSETS				
Equity in pooled cash and investments	\$ 900,192,380	\$ 130,294,809	\$ 1,030,487,189	\$ 56,607,860
Cash with fiscal agents	50,182,599	4,978,541	55,161,140	81,289,789
Cash	419,164	157,852	577,016	16,516,020
Investments - cash equivalents	-	-	-	76,216,765
Investments	-	-	-	45,567,169
Receivables (net of allowance for uncollectibles):				
Income taxes	284,319,753	-	284,319,753	-
Property taxes	19,835,708	949,249	20,784,957	-
Capital leases	27,225,000	-	27,225,000	14,803,344
Accounts	22,677,029	10,545,511	33,222,540	68,058,137
Notes	2,676,621	-	2,676,621	67,512,710
Parking violations	1,212,043	656,290	1,868,333	-
Mortgage	218,971,595	-	218,971,595	269,295,283
Interest	-	-	-	5,089,457
Other	-	-	-	5,197,873
Internal balances	(152,281)	152,281	-	-
Due from primary government	-	-	-	30,961,990
Due from component units	76,617,142	51,455	76,668,597	-
Due from other governments	78,985,322	139,950	79,125,272	31,371,091
Inventory of supplies	12,857,615	31,715,650	44,573,265	11,190,693
Prepays	562,953	209,146	772,099	5,117,121
Other assets	-	244,377	244,377	85,963,497
Restricted Assets:				
Equity in pooled cash and investments	-	35,721,821	35,721,821	9,575,665
Cash with fiscal agents	-	-	-	18,500,175
Cash	-	-	-	450,808
Investments - cash equivalents	-	-	-	128,104,020
Investments	-	4,318,291	4,318,291	65,646,149
Net pension asset	-	-	-	1,213,552
Capital Assets:				
Nondepreciable assets	2,264,225,010	60,987,422	2,325,212,432	335,157,818
Depreciable assets, net	1,810,987,336	219,772,906	2,030,760,242	3,314,040,545
Total Assets	5,771,794,989	500,895,551	6,272,690,540	4,743,447,531
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of debt	40,683,760	114,666	40,798,426	2,908,740
Pension deferrals	147,511,239	6,254,482	153,765,721	85,585,478
Accumulated decrease in fair value of hedging derivatives	-	-	-	10,861,830
Total Deferred Outflows of Resources	188,194,999	6,369,148	194,564,147	99,356,048

(Continued)

MONTGOMERY COUNTY, MARYLAND  
STATEMENT OF NET POSITION  
JUNE 30, 2015  
**Exhibit A-1 (Concluded)**

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		Total
<b>LIABILITIES</b>				
Accounts payable	66,711,896	8,500,886	75,212,782	91,109,806
Interest payable	48,113,400	785,171	48,898,571	15,798,465
Retainage payable	29,957,091	221,203	30,178,294	5,146,735
Accrued liabilities	83,375,555	16,331,786	99,707,341	44,138,567
Deposits	164,125	10,351,969	10,516,094	20,382,415
Due to primary government	-	-	-	78,970,161
Due to component units	30,170,796	784,870	30,955,666	-
Due to other governments	9,026,147	3,097,191	12,123,338	640,043
Unearned revenue	75,548,649	3,391,843	78,940,492	25,617,266
Other liabilities	-	100,000	100,000	30,489,003
Noncurrent Liabilities:				
Due within one year	964,844,069	17,805,299	982,649,368	156,760,709
Due in more than one year	3,716,957,287	144,250,962	3,861,208,249	1,899,643,976
Total Liabilities	5,024,869,015	205,621,180	5,230,490,195	2,368,697,146
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on refunding of debt	-	-	-	3,570,000
Pension deferrals	225,285,936	9,803,898	235,089,834	122,685,108
Accumulated increase in fair value of hedging derivatives	-	-	-	153,811
Total Deferred Outflows of Resources	225,285,936	9,803,898	235,089,834	126,408,919
<b>NET POSITION</b>				
Net investment in capital assets	2,099,290,326	186,001,533	2,285,291,859	3,029,170,375
Restricted for:				
Capital projects	150,178,193	-	150,178,193	123,771
General government	6,455,693	-	6,455,693	-
Public safety	29,694,100	-	29,694,100	-
Public works and transportation	15,782,586	-	15,782,586	-
Recreation	9,714,883	-	9,714,883	-
Community development and housing	248,327,371	-	248,327,371	-
Environment	15,530,356	-	15,530,356	-
Debt service	17,637,520	48,386,118	66,023,638	76,465,422
Other purposes	-	-	-	36,222,441
Unrestricted (deficit)	(1,882,775,991)	57,451,970	(1,825,324,021)	(794,284,495)
Total Net Position	\$ 709,835,037	\$ 291,839,621	\$ 1,001,674,658	\$ 2,347,697,514

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

MONTGOMERY COUNTY, MARYLAND  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit A-2**

Functions	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
Governmental Activities					
General government	\$ 470,405,790	\$ 75,223,054	\$ 5,900,190	\$ 8,780,438	
Public safety	591,702,869	52,554,641	34,566,646	986,711	
Public works and transportation	288,226,716	32,070,795	40,840,283	18,100,100	
Health and human services	296,567,081	4,968,870	112,388,538	-	
Culture and recreation	95,703,122	39,462,050	5,362,215	4,950,414	
Community development and housing	32,001,034	5,245,558	2,843,614	1,509,342	
Environment	30,905,863	28,232,295	23,547	43,848	
Education	1,826,117,289	-	-	-	
Interest on long term debt	112,420,639	-	-	-	
Total Governmental Activities	3,744,050,403	237,757,263	201,925,033	34,370,853	
Business-type Activities					
Liquor control	248,982,109	278,768,662	-	-	
Solid waste disposal and collection	109,351,706	111,621,329	-	-	
Parking lot districts	37,103,525	34,717,204	-	-	
Permitting services	29,002,673	38,595,012	-	-	
Community use of public facilities	9,444,551	11,133,118	-	-	
Total Business-type Activities	433,884,564	474,835,325	-	-	
Total Primary Government	\$ 4,177,934,967	\$ 712,592,588	\$ 201,925,033	\$ 34,370,853	
<b>Component Units:</b>					
General government (BUPI)	\$ 4,833,365	\$ 4,577,615	\$ 239,554	\$ -	
Culture and recreation (MCRA)	17,414,438	15,798,719	-	63,453	
Community development and housing (HOC)	228,916,341	117,485,419	115,446,651	315,744	
Education:					
Elementary and secondary education (MCPS)	2,666,493,482	27,593,375	120,216,631	78,778,361	
Higher education (MCC)	337,763,487	77,914,425	17,187,769	1,011,933	
Total Component Units	\$ 3,255,421,113	\$ 243,369,553	\$ 253,090,605	\$ 80,169,491	

General Revenues:

Property taxes  
County income taxes  
Real property transfer taxes  
Recordation taxes  
Fuel energy taxes  
Hotel-motel taxes  
Telephone taxes  
Other taxes  
Grants and contributions not restricted to specific programs  
Investment income  
Gain on sale of capital assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning, as restated

Net Position - Ending

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



Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Units	
\$ (380,502,108)	\$ -	\$ (380,502,108)	\$ -	
(503,594,871)	-	(503,594,871)	-	
(197,215,538)	-	(197,215,538)	-	
(179,209,673)	-	(179,209,673)	-	
(45,928,443)	-	(45,928,443)	-	
(22,402,520)	-	(22,402,520)	-	
(2,606,173)	-	(2,606,173)	-	
(1,826,117,289)	-	(1,826,117,289)	-	
(112,420,639)	-	(112,420,639)	-	
(3,269,997,254)	-	(3,269,997,254)	-	
-	29,786,553	29,786,553	-	
-	2,269,623	2,269,623	-	
-	(2,386,321)	(2,386,321)	-	
-	9,592,339	9,592,339	-	
-	1,688,567	1,688,567	-	
-	40,950,761	40,950,761	-	
\$ (3,269,997,254)	\$ 40,950,761	\$ (3,229,046,493)	\$ -	
\$ -	\$ -	\$ -	\$ (16,196)	
-	-	-	(1,552,266)	
-	-	-	4,331,473	
-	-	-	(2,439,905,115)	
-	-	-	(241,649,360)	
\$ -	\$ -	\$ -	\$ (2,678,791,464)	
1,528,093,085	10,903,699	1,538,996,784	-	
1,276,415,595	-	1,276,415,595	-	
92,068,495	-	92,068,495	-	
55,530,762	-	55,530,762	-	
207,195,218	-	207,195,218	-	
19,007,650	-	19,007,650	-	
48,839,958	-	48,839,958	-	
1,092,385	-	1,092,385	-	
-	-	-	2,752,044,530	
6,787,434	215,823	7,003,257	5,759,908	
3,882,648	175,100	4,057,748	231,705	
55,489,227	(55,489,227)	-	-	
3,294,402,457	(44,194,605)	3,250,207,852	2,758,036,143	
24,405,203	(3,243,844)	21,161,359	79,244,679	
685,429,834	295,083,465	980,513,299	2,268,452,835	
\$ 709,835,037	\$ 291,839,621	\$ 1,001,674,658	\$ 2,347,697,514	

MONTGOMERY COUNTY, MARYLAND  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015  
**Exhibit A-3**

	General Fund	Housing Initiative	Grants	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Equity in pooled cash and investments	\$ 370,105,907	\$ 18,040,557	\$ 987,468	\$ 10,337,434	\$ 250,486,616	\$ 71,542,768	\$ 721,500,750
Cash with fiscal agents	5,660,772	-	-	6,931,557	37,590,270	-	50,182,599
Cash	168,664	212,450	-	-	-	37,750	418,864
Receivables (net of allowances for uncollectibles):							
Income taxes	284,319,753	-	-	-	-	-	284,319,753
Property taxes	15,573,609	-	-	-	101	4,261,998	19,835,708
Capital leases	-	-	-	27,225,000	-	-	27,225,000
Accounts	8,272,579	-	1,456	1,025,787	71,074	11,307,420	20,678,316
Notes	-	-	1,982,881	-	-	693,740	2,676,621
Parking violations	898,323	-	-	-	-	313,720	1,212,043
Mortgages	118,021	183,020,616	32,717,031	-	305,664	2,810,263	218,971,595
Due from other funds	84,998,707	-	-	-	-	1,484,577	86,483,284
Due from component units	113,034	48,011,715	10,991,065	-	16,489,178	419,333	76,024,325
Due from other governments	32,858,671	-	26,324,512	-	2,473,196	17,234,314	78,890,693
Inventory of supplies	6,558,337	-	-	-	1,842,076	-	8,400,413
Prepays	241,589	-	-	-	-	-	241,589
Total Assets	<u>\$ 809,887,966</u>	<u>\$ 249,285,338</u>	<u>\$ 73,004,413</u>	<u>\$ 45,519,778</u>	<u>\$ 309,258,175</u>	<u>\$ 110,105,883</u>	<u>\$ 1,597,061,553</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 18,560,087	\$ 445,093	\$ 8,678,123	\$ 646,383	\$ 26,865,265	\$ 3,607,398	\$ 58,802,349
Retainage payable	2,578	-	-	-	29,885,597	68,916	29,957,091
Accrued liabilities	49,236,445	256,521	1,571,888	10,875	3,012,296	13,053,922	67,141,947
Deposits	-	-	-	-	-	164,125	164,125
Due to other funds	9,861,697	25,232	14,856,636	-	72,063,719	4,495,364	101,302,648
Due to component units	13,612,801	441,189	50,674	-	15,921,417	144,715	30,170,796
Due to other governments	1,385,967	1,545	1,940,083	-	5,336,900	251,172	8,915,667
Unearned revenue	-	4,417,794	45,690,976	27,225,000	4,237,470	1,476	81,572,716
Total Liabilities	<u>92,659,575</u>	<u>5,587,374</u>	<u>72,788,380</u>	<u>27,882,258</u>	<u>157,322,664</u>	<u>21,787,088</u>	<u>378,027,339</u>
Deferred Inflows of Resources:							
Unavailable income taxes	201,439,394	-	-	-	-	-	201,439,394
Unavailable property taxes	14,111,016	-	-	-	-	5,762,470	19,873,486
Unavailable revenues	9,944,893	-	-	-	1,757,318	965,333	12,667,544
Total Deferred Inflows of Resources	<u>225,495,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,757,318</u>	<u>6,727,803</u>	<u>233,980,424</u>
Fund Balances:							
Nonspendable	6,799,926	-	-	-	1,842,076	-	8,642,002
Restricted	231,233,570	243,697,964	216,033	17,637,520	148,336,117	81,714,835	722,836,039
Committed	70,586,279	-	-	-	-	-	70,586,279
Assigned	26,575,194	-	-	-	-	-	26,575,194
Unassigned	156,538,119	-	-	-	-	(123,843)	156,414,276
Total Fund Balances	<u>491,733,088</u>	<u>243,697,964</u>	<u>216,033</u>	<u>17,637,520</u>	<u>150,178,193</u>	<u>81,590,992</u>	<u>985,053,790</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 809,887,966</u>	<u>\$ 249,285,338</u>	<u>\$ 73,004,413</u>	<u>\$ 45,519,778</u>	<u>\$ 309,258,175</u>	<u>\$ 110,105,883</u>	<u>\$ 1,597,061,553</u>

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

MONTGOMERY COUNTY, MARYLAND  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015  
**Exhibit A-4**

Total fund balance - governmental funds (see Exhibit A-3)	\$	985,053,790
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Amounts reported for governmental activities in the statement of net position are difference because:

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

Nondepreciable capital assets:

Land	\$	907,917,027
Construction in progress		1,356,285,477

Depreciable capital assets:

Buildings	825,280,452
Improvements other than buildings	58,993,572
Furniture, fixtures, equipment and machinery	246,012,849
Automobiles and trucks	194,763,883
Infrastructure	1,838,566,022
Other capital assets	40,359,973

Total capital assets	5,468,179,255	
Less accumulated depreciation	(1,424,557,212)	4,043,622,043

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	(2,544,750,000)	
Variable rate demand obligations	(100,000,000)	
Bond anticipation notes payable	(500,000,000)	
Lease revenue bonds payable	(27,225,000)	
Accrued interest payable	(48,113,400)	
Capital leases payable	(13,817,910)	
Taxable limited obligation	(86,320,000)	
Certificates of participation	(17,685,000)	
Notes payable	(60,437,565)	
Revenue bonds	(100,925,323)	
Net pension liability	(301,273,789)	
Other postemployment benefits	(435,353,201)	
Claims and judgements	(1,116,395)	
Compensated absences	(74,389,423)	(4,311,407,006)

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	(270,686,106)	
Unrecognized amount on refunding	40,683,760	
Pension related deferrals, net	(76,994,934)	(306,997,280)

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	192,252,071
Capital assets	87,733,863
Less accumulated depreciation	(56,143,560)
Deferred outflows of resources	1,399,399
Liabilities	(162,867,476)
Deferred inflows of resources	(2,179,162)

Cumulative gain/loss for certain activities of internal service funds that is reported with business-type activities	(670,952)	59,524,183
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Revenues in the statement of activities that do not provide current financial  
resources are not reported as revenues in the funds:

Income taxes	201,439,394	
Property taxes	19,873,486	
Intergovernmental revenue	9,693,920	
Other revenue	9,032,507	240,039,307

Net position of governmental activities (See Exhibit A-1)	\$	709,835,037
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Notes to Financial Statements are an integral part of this statement.

MONTGOMERY COUNTY, MARYLAND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit A-5**

	General	Housing Initiative	Grants	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$2,824,916,005	\$ 8,630,004	\$ -	\$ -	\$ 87,509,458	\$341,369,129	\$3,262,424,596
Licenses and permits	10,315,894	-	-	-	-	1,010,113	11,326,007
Intergovernmental	62,972,046	-	106,561,926	8,780,438	20,886,364	40,143,327	239,344,101
Charges for services	27,338,198	-	-	-	745,347	110,259,433	138,342,978
Fines and forfeitures	27,538,162	-	-	-	-	1,989,106	29,527,268
Investment income (loss)	373,677	2,039,820	196,060	13,698	298,462	218,585	3,140,302
Miscellaneous	13,994,838	315,902	963,193	3,589,630	1,640,987	1,594,796	22,099,346
Total Revenues	2,967,448,820	10,985,726	107,721,179	12,383,766	111,080,618	496,584,489	3,706,204,598
<b>EXPENDITURES</b>							
Current:							
General government	418,808,265	-	4,031,737	-	-	13,629,965	436,469,967
Public safety	395,772,952	-	12,606,675	-	-	230,487,380	638,867,007
Public works and transportation	76,675,794	-	4,953,572	-	-	119,783,470	201,412,836
Health and human services	225,280,973	-	82,618,514	-	-	-	307,899,487
Culture and recreation	41,713,019	-	128,675	-	-	44,548,109	86,389,803
Community development and housing	12,364,542	26,358,028	3,712,274	-	-	31	42,434,875
Environment	1,778,768	-	23,881	-	-	20,025,958	21,828,607
Education	1,615,305,046	-	-	-	-	-	1,615,305,046
Debt Service:							
Principal retirement	-	-	-	197,878,016	-	-	197,878,016
Leases and other obligations	-	-	-	27,134,321	-	-	27,134,321
Interest	-	-	-	124,957,396	-	-	124,957,396
Issuing costs	-	-	-	5,669,380	-	-	5,669,380
Capital projects	-	-	-	-	556,683,579	-	556,683,579
Total Expenditures	2,787,699,359	26,358,028	108,075,328	355,639,113	556,683,579	428,474,913	4,262,930,320
Excess (Deficiency) of Revenues over (under) Expenditures	179,749,461	(15,372,302)	(354,149)	(343,255,347)	(445,602,961)	68,109,576	(556,725,722)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	71,260,768	28,964,534	570,182	333,003,054	66,817,294	17,740,440	518,356,272
Transfers (out)	(359,252,986)	(12,795,711)	-	-	(10,392,257)	(70,272,568)	(452,713,522)
Sale of property	-	1,526,002	-	-	2,070,265	-	3,596,267
Financing under notes and leases payable	231,235	-	-	-	17,897,176	-	18,128,411
Payment to refunded bond escrow agent	-	-	-	(429,855,226)	-	-	(429,855,226)
Debt Issued:							
General obligation bonds	-	-	-	500,000,000	-	-	500,000,000
Premium on original issue debt	-	-	-	18,150,223	63,703,027	-	81,853,250
Bond anticipation notes	-	-	-	(500,000,000)	500,000,000	-	-
General obligation refunding bonds	-	-	-	356,510,000	-	-	356,510,000
Premium on general obligation refunding bonds	-	-	-	74,595,486	-	-	74,595,486
Total Other Financing Sources (Uses)	(287,760,983)	17,694,825	570,182	352,403,537	640,095,505	(52,532,128)	670,470,938
Net Change in Fund Balances	(108,011,522)	2,322,523	216,033	9,148,190	194,492,544	15,577,448	113,745,216
Fund Balances - Beginning of Year	599,744,610	241,375,441	-	8,489,330	(44,314,351)	66,013,544	871,308,574
Fund Balances - End of Year	\$ 491,733,088	\$ 243,697,964	\$ 216,033	\$ 17,637,520	\$ 150,178,193	\$ 81,590,992	\$ 985,053,790

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

MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**Exhibit A-6**

Net change in fund balance - total governmental funds (see Exhibit A-5) \$ 113,745,216

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

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

Capital outlay	\$ 290,229,046	
Depreciation expense	<u>(82,884,017)</u>	207,345,029

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.

	(539,495)	(539,495)
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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.

	4,244,870	4,244,870
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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	(34,405,466)	
Property taxes	2,266,682	
Intergovernmental revenues	(6,661,796)	
Other revenues	<u>(2,149,118)</u>	(40,949,698)

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	(972,363,510)	
Bond anticipation notes	(500,000,000)	
Notes payable	(18,128,411)	
Principal repayments:		
General obligation bonds	582,260,000	
Bond anticipation notes	500,000,000	
Taxable Limited Obligation Certificates	3,700,000	
Leases payable	2,060,000	
Capital leases	2,614,840	
Certificates of participation	6,620,000	
Notes payable	12,928,873	
Revenue bonds	<u>4,058,558</u>	(376,249,650)

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	(13,069,172)	
Compensated absences	(3,386,292)	
Pension expense	112,431,227	
Other postemployment benefits	(14,638,679)	
Claims and judgments	(1,116,395)	
Amortization	<u>31,309,874</u>	111,530,563

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

	<u>5,278,368</u>
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Change in net position of governmental activities (see Exhibit A-2)	<u>\$ 24,405,203</u>
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Notes to Financial Statements are an integral part of this statement.

MONTGOMERY COUNTY, MARYLAND  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015  
Exhibit A-7

	Business-Type Activities - Enterprise Funds					Governmental
	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds	Totals	Activities- Internal Service Funds
<b>ASSETS</b>						
Current Assets:						
Equity in pooled cash and investments	\$ 4,256,413	\$ 34,843,117	\$ 29,870,947	\$ 61,324,332	\$ 130,294,809	\$ 178,691,630
Cash with fiscal agents	4,953,589	-	24,952	-	4,978,541	-
Cash	50,500	3,000	104,352	-	157,852	300
Receivables (net of allowance for uncollectibles):						
Property taxes	-	-	949,249	-	949,249	-
Accounts	5,910,374	4,426,110	-	209,027	10,545,511	1,679,910
Parking violations	-	-	656,290	-	656,290	-
Due from other funds	4,198	-	-	-	4,198	6,414,219
Due from component units	-	51,455	-	-	51,455	592,817
Due from other governments	-	139,950	-	-	139,950	94,629
Inventory of supplies	31,715,650	-	-	-	31,715,650	4,457,202
Prepays	209,146	-	-	-	209,146	321,364
Other assets	244,377	-	-	-	244,377	-
Total Current Assets	47,344,247	39,463,632	31,605,790	61,533,359	179,947,028	192,252,071
Noncurrent Assets:						
Restricted Assets:						
Equity in pooled cash and equivalents	-	31,379,774	4,342,047	-	35,721,821	-
Investments	-	-	4,318,291	-	4,318,291	-
Restricted Assets	-	31,379,774	8,660,338	-	40,040,112	-
Capital Assets:						
Land, improved and unimproved	7,033,656	17,834,755	34,290,582	-	59,158,993	22,506
Improvements other than buildings	15,054,010	81,554,468	80,074,181	-	176,682,659	268,565
Infrastructure	-	14,351	-	-	14,351	-
Buildings	26,208,903	32,750,237	236,227,000	-	295,186,140	-
Furniture, fixtures, equipment, and machinery	13,243,556	13,438,280	1,060,733	2,352,077	30,094,646	3,858,514
Automobiles and trucks	3,409,382	293,766	122,153	342,136	4,167,437	83,584,278
Construction in progress	-	-	1,828,429	-	1,828,429	-
Subtotal	64,949,507	145,885,857	353,603,078	2,694,213	567,132,655	87,733,863
Less: Accumulated depreciation	11,643,387	107,375,646	165,303,465	2,049,829	286,372,327	56,143,560
Total Capital Assets (net of accumulated depreciation)	53,306,120	38,510,211	188,299,613	644,384	280,760,328	31,590,303
Total Noncurrent Assets	53,306,120	69,889,985	196,959,951	644,384	320,800,440	31,590,303
Total Assets	100,650,367	109,353,617	228,565,741	62,177,743	500,747,468	223,842,374
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred loss on refunding of debt	-	-	114,666	-	114,666	-
Pension deferrals	1,726,287	1,092,062	413,152	3,022,981	6,254,482	1,399,399
Total Deferred Outflows of Resources	1,726,287	1,092,062	527,818	3,022,981	6,369,148	1,399,399

(Continued)

MONTGOMERY COUNTY, MARYLAND  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015  
Exhibit A-7 (Concluded)

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds	Totals	
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable	\$ 2,973,912	\$ 3,680,571	\$ 1,732,686	\$ 113,717	\$ 8,500,886	\$ 7,909,547
Interest payable	493,278	-	291,893	-	785,171	-
Retainage payable	31,950	-	189,253	-	221,203	-
Deposits	97,107	-	348,794	9,906,068	10,351,969	-
Claims payable	-	-	-	-	-	39,166,314
Accrued liabilities	13,235,480	3,686,897	828,812	2,587,154	20,338,343	4,261,263
Due to other funds	431,895	156,869	65,015	406,730	1,060,509	4,513,575
Due to component units	-	-	-	784,870	784,870	-
Due to other governments	1,081,645	1,809,238	-	206,308	3,097,191	110,480
Equipment notes payable	651,904	-	148,091	18,554	818,549	61,550
Unearned revenue	19,292	-	438,801	2,933,750	3,391,843	34,816
Revenue bonds payable	2,016,393	-	3,245,000	-	5,261,393	-
Landfill closure costs	-	965,926	-	-	965,926	-
Other liabilities	-	-	100,000	-	100,000	-
Total Current Liabilities	21,032,856	10,299,501	7,388,345	16,957,151	55,677,853	56,057,545
Noncurrent Liabilities:						
Claims payable	-	-	-	-	-	102,278,298
Equipment note payable	3,338,999	-	460,043	37,756	3,836,798	-
Revenue bonds payable	42,598,263	-	43,047,854	-	85,646,117	-
Landfill closure costs	-	14,439,992	-	-	14,439,992	-
Gude Landfill remediation costs	-	28,500,000	-	-	28,500,000	-
Compensated absences	582,413	266,080	93,108	573,131	1,514,732	597,902
Net pension liability	3,545,474	2,180,589	793,294	6,043,978	12,563,335	2,792,517
Other postemployment benefits	1,838,263	477,233	229,800	1,419,926	3,965,222	1,141,214
Total Noncurrent Liabilities	51,903,412	45,863,894	44,624,099	8,074,791	150,466,196	106,809,931
Total Liabilities	72,936,268	56,163,395	52,012,444	25,031,942	206,144,049	162,867,476
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension deferrals	2,766,739	1,701,640	619,053	4,716,466	9,803,898	2,179,162
Total Deferred Inflows of Resources	2,766,739	1,701,640	619,053	4,716,466	9,803,898	2,179,162
<b>NET POSITION</b>						
Net investment in capital assets	4,700,561	38,510,211	142,146,377	644,384	186,001,533	31,404,710
Restricted for debt service	4,953,589	-	8,660,338	-	13,613,927	-
Unrestricted	17,019,497	14,070,433	25,655,347	34,807,932	91,553,209	28,790,425
Total Net Position	\$ 26,673,647	\$ 52,580,644	\$ 176,462,062	\$ 35,452,316	291,168,669	\$ 60,195,135
<b>ADJUSTMENTS</b>						
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					670,952	
Net position of business-type activities					\$ 291,839,621	

Notes to Financial Statements are an integral part of this statement

MONTGOMERY COUNTY, MARYLAND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit A-8**

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds	Totals	
<b>OPERATING REVENUES</b>						
Sales - net	\$ 276,691,515	\$ -	\$ -	\$ -	\$ 276,691,515	\$ -
Charges for services	15,222	111,447,010	26,313,744	13,044,135	150,820,111	284,793,584
Licenses and permits	1,756,197	13,940	1,107	36,573,945	38,345,189	-
Fines and penalties	159,606	69,534	7,589,091	114,445	7,932,676	2,028,838
Claim recoveries	-	-	-	-	-	-
Total Operating Revenues	278,622,540	111,530,484	33,903,942	49,732,525	473,789,491	286,822,422
<b>OPERATING EXPENSES</b>						
Cost of goods sold	199,491,617	-	-	-	199,491,617	-
Personnel costs	28,827,501	12,668,127	4,351,889	24,051,623	69,899,140	26,426,440
Other post employment contributions	1,520,450	378,920	249,420	1,069,600	3,218,390	1,155,930
Postage	12,232	65,885	7,867	11,998	97,982	1,181,040
Self-insurance incurred and estimated claims	-	-	-	-	-	170,602,742
Insurance	772,318	1,011,313	49,239	306,250	2,139,120	6,543,604
Supplies and materials	514,512	1,258,668	546,378	596,016	2,915,574	28,637,625
Contractual services	3,763,178	88,744,000	6,747,380	6,186,214	105,440,772	13,621,870
Communications	458,371	202,358	191,525	344,047	1,196,301	897,704
Transportation	1,140,515	1,927,292	273,002	682,297	4,023,106	342,780
Public utility services	748,157	150,031	2,306,089	1,916,754	5,121,031	628,198
Rentals	6,498,225	16,273	1,926,641	2,657,586	11,098,725	2,018,239
Maintenance	864,620	871,254	3,823,079	330,747	5,889,700	13,671,810
Depreciation	2,118,550	1,494,418	10,950,555	144,736	14,708,259	6,876,103
Landfill closure expense	-	358,778	-	-	358,778	-
Other	564,350	224,382	4,330,460	94,998	5,214,190	129,600
Total Operating Expenses	247,294,596	109,371,699	35,753,524	38,392,866	430,812,685	272,733,685
Operating Income (Loss)	31,327,944	2,158,785	(1,849,582)	11,339,659	42,976,806	14,088,737
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Property taxes	-	-	10,903,699	-	10,903,699	-
Gain (loss) on disposal of capital assets	(46,198)	175,100	-	-	128,902	825,876
Investment income	23,735	63,194	48,444	80,450	215,823	253,562
Interest expense	(1,884,215)	-	(1,375,988)	(809)	(3,261,012)	(4,499)
Miscellaneous	-	-	-	(3,356)	(3,356)	-
Other revenue	46,048	50,845	801,539	(1,039)	897,393	-
Insurance recoveries	100,074	40,000	11,723	-	151,797	503,547
Total Nonoperating Revenues (Expenses)	(1,760,556)	329,139	10,389,417	75,246	9,033,246	1,578,486
Income (Loss) Before Capital Contributions and Transfers	29,567,388	2,487,924	8,539,835	11,414,905	52,010,052	15,667,223
Transfers In (Out):						
Transfers in	-	-	-	25,000	25,000	592,388
Transfers out	(34,147,753)	(2,555,079)	(14,157,772)	(4,653,623)	(55,514,227)	(10,745,911)
Total Transfers In (Out)	(34,147,753)	(2,555,079)	(14,157,772)	(4,628,623)	(55,489,227)	(10,153,523)
Change in Net Position	(4,580,365)	(67,155)	(5,617,937)	6,786,282	(3,479,175)	5,513,700
Total Net Position - Beginning of Year, as restated	31,254,012	52,647,799	182,079,999	28,666,034		54,681,435
Total Net Position - End of Year	\$ 26,673,647	\$ 52,580,644	\$ 176,462,062	\$ 35,452,316		\$ 60,195,135
<b>ADJUSTMENTS</b>						
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					235,331	
Change in net position of business-type activities					\$ (3,243,844)	

Notes to Financial Statements are an integral part of this statement



MONTGOMERY COUNTY, MARYLAND  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit A-9**

	Business Type Activities - Enterprise Funds					Governmental
	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds	Totals	Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 276,130,398	\$ 110,803,332	\$ 35,038,021	\$ 48,567,829	\$ 470,539,580	\$ 284,811,091
Payments to suppliers	(210,497,630)	(95,934,437)	(17,124,741)	(14,495,626)	(338,052,434)	(91,891,741)
Payments to employees	(30,934,543)	(11,657,220)	(4,577,128)	(26,399,181)	(73,568,072)	(27,710,737)
Internal activity - payments from other funds	-	-	-	1,153,770	1,153,770	-
Other operating receipts	46,048	-	801,539	5,063,522	5,911,109	-
Other operating payments	(564,350)	-	(4,330,460)	(4,665,998)	(9,560,808)	-
Miscellaneous	-	-	-	(3,356)	(3,356)	-
Claims paid	-	-	-	-	-	(147,089,695)
Other revenue	-	50,845	-	(1,039)	49,806	542,457
Net Cash Provided (Used) by Operating Activities	34,179,923	3,262,520	9,807,231	9,219,921	56,469,595	18,661,375
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Property tax collections	-	-	10,903,701	-	10,903,701	-
Insurance reimbursement claims	100,074	40,000	11,723	-	151,797	503,547
Operating subsidies and transfers from other funds	-	-	-	25,000	25,000	-
Operating subsidies and transfers to other funds	(34,147,753)	(2,555,079)	(14,157,772)	(4,653,623)	(55,514,227)	(10,745,911)
Net Cash Provided (Used) by Noncapital Financing Activities	(34,047,679)	(2,515,079)	(3,242,348)	(4,628,623)	(44,433,729)	(10,242,364)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from equipment note	-	-	608,130	-	608,130	-
Proceeds from sale of capital assets	-	175,100	-	-	175,100	922,258
Retirement of equipment note payable	(262,956)	-	-	-	(262,956)	-
Acquisition and construction of capital assets	(436,595)	(1,017,151)	(13,638,575)	-	(15,092,321)	(7,038,275)
Principal paid on capital debt	(1,921,442)	-	(3,120,000)	-	(5,041,442)	(120,422)
Interest paid on capital debt	(2,090,538)	-	(1,818,922)	(809)	(3,910,269)	(4,499)
Internal activity - payments from other funds	-	-	-	-	-	592,388
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,711,531)	(842,051)	(17,969,367)	(809)	(23,523,758)	(5,648,550)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment income from pooled investments	23,735	63,194	45,583	80,450	212,962	253,562
Net Cash Provided (Used) by Investing Activities	23,735	63,194	45,583	80,450	212,962	253,562
Net Increase (Decrease) in Cash and Cash Equivalents	(4,555,552)	(31,416)	(11,358,901)	4,670,939	(11,274,930)	3,024,023
Balances - Beginning of Year	13,816,054	66,257,307	45,701,199	56,653,393	182,427,953	175,667,907
Balances - End of Year	\$ 9,260,502	\$ 66,225,891	\$ 34,342,298	\$ 61,324,332	\$ 171,153,023	\$ 178,691,930
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>						
Operating income (loss)	\$ 31,327,944	\$ 2,158,785	\$ (1,849,582)	\$ 11,339,659	\$ 42,976,806	\$ 14,088,737
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	2,118,550	1,494,418	10,950,555	144,736	14,708,259	6,876,103
Other revenue	46,048	50,845	801,539	(1,039)	897,393	-
Other operating expenses	-	3,100	-	-	3,100	-
Pension expense	(1,334,448)	(851,067)	(325,479)	(2,355,013)	(4,866,007)	(1,090,774)
Miscellaneous	-	-	-	(3,356)	(3,356)	-
Effect of changes in operating assets and liabilities:						
Receivables, net	(2,484,428)	(730,252)	694,452	(114,402)	(2,634,630)	(1,468,875)
Inventories, prepaids and other assets	4,805	928	3,040	-	8,773	307,736
Accounts payable and other liabilities	3,766,114	(705,464)	(814,739)	(150,337)	2,095,574	(968,968)
Claims payable	-	-	-	-	-	181,574
Accrued expenses	735,338	1,841,227	347,445	359,673	3,283,683	735,842
Net Cash Provided (Used) by Operating Activities	\$ 34,179,923	\$ 3,262,520	\$ 9,807,231	\$ 9,219,921	\$ 56,469,595	\$ 18,661,375
<b>Noncash investing, capital and financing activities:</b>						
Change in fair value of investments that are not cash and cash equivalents	\$ -	\$ -	\$ 2,862	\$ -	\$ 2,862	\$ -
Capital asset disposals	\$ (46,198)	\$ -	\$ -	\$ -	\$ (46,198)	\$ -

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

MONTGOMERY COUNTY, MARYLAND  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015  
**Exhibit A-10**

	Pension and Other Employee Benefit Trusts	Investment Trust	Private- Purpose Trusts	Agency Funds
<b>ASSETS</b>				
Current Assets:				
Equity in pooled cash and investments	\$ 2,343,846	\$ 33,951,853	\$ 60,024	\$ 34,313,582
Cash	-	-	-	132,871
Investments:				
Government and agency obligations	395,527,073	-	-	-
Asset-backed securities	3,464,339	-	-	-
Municipal/Provincial bonds	12,358,783	-	-	-
Corporate bonds	656,471,268	-	-	-
Common and preferred stock	1,579,564,329	-	-	-
Mutual and commingled funds	1,482,242,915	-	-	-
Short-term investments	123,719,444	-	-	-
Cash collateral received under securities lending agreements	302,098,311	-	-	-
Real assets	384,276,512	-	-	-
Private equity	269,370,516	-	-	-
Total Investments	5,209,093,490	-	-	-
Receivables (net of allowances for uncollectibles):				
Receivables and accrued interest	7,079,900	-	-	-
Property taxes	-	-	-	5,137,786
Accounts	326,661	-	-	584,433
Due from other funds	14,302,665	-	-	-
Due from component units	2,301,564	-	-	-
Due from other governments	109,408	-	-	295,332
Total Current Assets	5,235,557,534	33,951,853	60,024	40,464,004
Noncurrent Assets:				
Capital assets:				
Miscellaneous	900,043	-	-	-
Less: Accumulated depreciation	300,014	-	-	-
Total Capital Assets (net of accumulated depreciation)	600,029	-	-	-
Total Assets	5,236,157,563	33,951,853	60,024	\$ 40,464,004
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	302,839,486	-	44,585	130,586
Accrued liabilities	5,589,983	-	-	-
Deposits	-	-	-	3,927,371
Claims payable	4,253,303	-	-	-
Due to other funds	17,634	-	-	310,000
Due to component units	-	-	-	6,324
Due to other governments	-	-	-	1,395,642
Uncollected property taxes due to governments	-	-	-	4,812,994
Undistributed taxes and refunds	-	-	-	3,423,955
Unearned revenue	77,121	-	-	-
Tax sale surplus and redemptions payable	-	-	-	3,744,750
Other liabilities	-	-	-	22,712,382
Total Current Liabilities	312,777,527	-	44,585	40,464,004
Noncurrent Liabilities:				
Compensated absences	49,588	-	-	-
Total Liabilities	312,827,115	-	44,585	\$ 40,464,004
<b>NET POSITION</b>				
Held in trust for pension and other postemployment benefits, external investment pool participants, and other purposes	\$ 4,923,330,448	\$ 33,951,853	\$ 15,439	

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

MONTGOMERY COUNTY, MARYLAND  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit A-11**

	<b>Pension and Other Employee Benefit Trusts</b>	<b>Investment Trust</b>	<b>Private- Purpose Trusts</b>
<b>ADDITIONS</b>			
Contributions:			
Employers	\$ 354,936,309	\$ -	\$ -
Members	77,500,880	-	-
Federal government - Medicare Part D	2,080,232	-	-
Share purchases	-	28,915,969	-
Total Contributions	434,517,421	28,915,969	-
Investment income (loss)	116,550,030	(10,158)	28
Less: Investment expenses	25,016,947	-	-
Net Investment Income (Loss)	91,533,083	(10,158)	28
Other income - forfeitures	447,749	-	-
Total Additions, net	526,498,253	28,905,811	28
<b>DEDUCTIONS</b>			
Benefits:			
Annuities:			
Retirees	171,784,946	-	-
Survivors	8,982,132	-	-
Disability	49,879,651	-	-
Claims	72,260,293	-	-
Total Benefits	302,907,022	-	-
Share redemptions	-	8,145,923	-
Member refunds	41,691,148	-	-
Administrative expenses	7,661,938	-	120,542
Depreciation	300,014	-	-
Total Deductions	352,560,122	8,145,923	120,542
Net Increase (Decrease)	173,938,131	20,759,888	(120,514)
Net Position - Beginning of Year	4,749,392,317	13,191,965	135,953
Net Position - End of Year	\$ 4,923,330,448	\$ 33,951,853	\$ 15,439

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

MONTGOMERY COUNTY, MARYLAND  
STATEMENT OF NET POSITION  
COMPONENT UNITS  
JUNE 30, 2015  
**Exhibit A-12**

	MCPS	HOC	Nonmajor Component Units	Total
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 26,949,059	\$ 936,416	\$ 28,722,385	\$ 56,607,860
Cash with fiscal agents	-	61,440,083	19,849,706	81,289,789
Cash	9,642,379	14,942	6,858,699	16,516,020
Investments - cash equivalents	21,869,772	30,143,387	24,203,606	76,216,765
Investments	5,116,965	-	40,450,204	45,567,169
Receivables (net of allowance for uncollectibles):				
Capital leases	-	-	14,803,344	14,803,344
Accounts	56,610,342	359,521	11,088,274	68,058,137
Notes	-	-	67,512,710	67,512,710
Mortgage	-	269,295,283	-	269,295,283
Interest	-	5,089,457	-	5,089,457
Other	231,993	3,766,587	1,199,293	5,197,873
Due from primary government	17,094,574	3,652,845	10,214,571	30,961,990
Due from other governments	25,567,271	3,112,916	2,690,904	31,371,091
Inventory of supplies	8,926,517	428,985	1,835,191	11,190,693
Prepays	327,335	2,919,961	1,869,825	5,117,121
Other assets	-	29,542,638	56,420,859	85,963,497
Restricted Assets:				
Equity in pooled cash and investments	-	4,376,234	5,199,431	9,575,665
Cash with fiscal agents	-	18,500,175	-	18,500,175
Cash	-	-	450,808	450,808
Investments - cash equivalents	-	128,104,020	-	128,104,020
Investments	-	64,172,551	1,473,598	65,646,149
Net Pension asset	-	-	1,213,552	1,213,552
Capital Assets:				
Nondepreciable assets	226,279,131	22,294,620	86,584,067	335,157,818
Depreciable assets, net	2,356,849,764	478,556,768	478,634,013	3,314,040,545
Total Assets	2,755,465,102	1,126,707,389	861,275,040	4,743,447,531
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on refunding of debt	-	-	2,908,740	2,908,740
Pension deferrals	84,228,762	1,099,247	257,469	85,585,478
Accumulated decrease in fair value of hedging derivatives	-	10,504,981	356,849	10,861,830
Total Deferred Outflow of Resources	84,228,762	11,604,228	3,523,058	99,356,048
<b>LIABILITIES</b>				
Accounts payable	61,075,043	4,948,024	25,086,739	91,109,806
Interest payable	-	15,501,407	297,058	15,798,465
Retainage payable	5,146,735	-	-	5,146,735
Accrued liabilities	35,646,109	7,668,785	823,673	44,138,567
Deposits	-	20,044,249	338,166	20,382,415
Due to primary government	58,031	78,255,349	656,781	78,970,161
Due to other governments	-	-	640,043	640,043
Unearned revenue	7,267,771	12,464,923	5,884,572	25,617,266
Other liabilities	-	30,376,068	112,935	30,489,003
Noncurrent Liabilities:				
Due within one year	52,256,641	93,878,649	10,625,419	156,760,709
Due in more than one year	974,207,491	689,013,345	236,423,140	1,899,643,976
Total Liabilities	1,135,657,821	952,150,799	280,888,526	2,368,697,146
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on refunding of debt	-	-	3,570,000	3,570,000
Pension deferrals	117,515,233	3,467,783	1,702,092	122,685,108
Accumulated increase in fair value of hedging derivatives	-	-	153,811	153,811
Total Deferred Intflow of Resources	117,515,233	3,467,783	5,425,903	126,408,919
<b>NET POSITION</b>				
Net investment in capital assets	2,550,647,383	(10,442,753)	488,965,745	3,029,170,375
Restricted for:				
Capital projects	-	-	123,771	123,771
Debt service	-	74,991,824	1,473,598	76,465,422
Other purposes	1,039,020	3,487,191	31,696,230	36,222,441
Unrestricted (deficit)	(965,165,593)	114,656,773	56,224,325	(794,284,495)
Total Net Position	\$ 1,586,520,810	\$ 182,693,035	\$ 578,483,669	\$ 2,347,697,514

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

MONTGOMERY COUNTY, MARYLAND  
STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit A-13**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	MCPS	HOC	Nonmajor Component Units	Total
Component Units:								
General government	\$ 4,833,365	\$ 4,577,615	\$ 239,554	\$ -	\$ -	\$ -	\$ (16,196)	\$ (16,196)
Culture and recreation	17,414,438	15,798,719	-	63,453	-	-	(1,552,266)	(1,552,266)
Community development and housing	228,916,341	117,485,419	115,446,651	315,744	-	4,331,473	-	4,331,473
Education:								
Secondary education	2,666,493,482	27,593,375	120,216,631	78,778,361	(2,439,905,115)	-	-	(2,439,905,115)
Higher education	337,763,487	77,914,425	17,187,769	1,011,933	-	-	(241,649,360)	(241,649,360)
Total component units	<u>\$ 3,255,421,113</u>	<u>\$243,369,553</u>	<u>\$253,090,605</u>	<u>\$80,169,491</u>	<u>(2,439,905,115)</u>	<u>4,331,473</u>	<u>(243,217,822)</u>	<u>(2,678,791,464)</u>
General revenues:								
Grants and contributions not restricted to specific programs					2,490,409,622	-	261,634,908	2,752,044,530
Investment income					16,722	1,017,145	4,726,041	5,759,908
Gain on sale of capital assets					184,579	-	47,126	231,705
Total general revenues					<u>2,490,610,923</u>	<u>1,017,145</u>	<u>266,408,075</u>	<u>2,758,036,143</u>
Change in net assets					50,705,808	5,348,618	23,190,253	79,244,679
Net position - beginning, as restated					<u>1,535,815,002</u>	<u>177,344,417</u>	<u>555,293,416</u>	<u>2,268,452,835</u>
Net position - ending					\$ 1,586,520,810	\$ 182,693,035	\$ 578,483,669	\$ 2,347,697,514

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



**MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2015

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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 (County) is a charter government under the constitution and general laws of the State of Maryland (State). The charter provides for separate legislative and executive branches with legislative responsibility vested in an elected nine-member county council and executive responsibility vested in an elected county executive. The County provides its citizens with services in areas of general government, public safety, public works and 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:

##### **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.

##### **Montgomery Community College (Montgomery College or MCC)**

MCC provides educational services to County citizens by offering two-year associate degrees and a continuing education program. MCC 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 MCC.

The Primary Government contributes substantial funding for both the operating and capital budgets, as well as issues debt for the construction of college facilities.

#### **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.

#### **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 Article 44A, Section 2 of the Annotated Code of Maryland. 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.

#### **Bethesda Urban Partnership, Inc (BUPI)**

BUPI has its entire eleven-member Board of Directors appointed by the County Executive with the approval of the County Council. The primary purpose of BUPI is to execute service contracts for the benefit of one of the Primary Government's special taxing districts (Bethesda Urban District). Substantially all of BUPI's funding is granted through the Primary Government's operating budget. The County Council annually approves the BUPI operating budget and is able to modify it in a manner similar to the way Primary Government agency budgets are modified.

Complete financial statements can be obtained at the component units' administrative offices listed below:

Montgomery County Public Schools 850 Hungerford Drive Rockville, MD 20850	Montgomery College 900 Hungerford Drive 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 20895-2484	Montgomery County Revenue Authority 101 Monroe Street, 4 <sup>th</sup> Floor Rockville, MD 20850	

#### **Joint Ventures and Jointly Governed Organizations**

The following organizations are considered joint ventures of the County: Maryland-National Capital Park and Planning Commission (M-NCPPC), Washington Suburban Sanitary Commission (WSSC), Washington Suburban Transit Commission (WSTC), Washington Metropolitan Area Transit Authority (WMATA), and Northeast Maryland Waste Disposal Authority (NEMWDA). Metropolitan Washington Council of Governments (COG) is a jointly governed organization. Disclosure of the County's participation in these joint entities is presented in Note IV-D. Complete financial statements can be obtained at the joint entities' offices as follows:

Maryland-National Capital Park and Planning Commission 6611 Kenilworth Avenue Riverdale, MD 20737	Washington Suburban Sanitary Commission 14501 Sweitzer Lane Laurel, MD 20707	Washington Suburban Transit Commission 4351 Garden City Drive, Suite 305 Hyattsville, MD 20785
Washington Metropolitan Area Transit Authority 600 Fifth Street, NW Washington, DC 20001	Northeast Maryland Waste Disposal Authority 100 South Charles St, Tower II- Suite 402 Baltimore, MD 21201	Metropolitan Washington Council of Governments 777 N. Capitol Street, NE, #300 Washington, DC 20002

## **B) Government-Wide and Fund Financial Statements**

### **Government-Wide Financial Statements**

The government-wide financial statements report information on all of the nonfiduciary 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.

#### **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.

#### **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, public works and 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, liabilities, fund balance/net position, revenues, and expenditures/expenses.

### **Budget-to-Actual Comparison Schedules**

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the financial progress of their governments over the course of the year. Budget-to-actual comparison schedules for the General Fund and the County's major special revenue funds, (Housing Initiative and Grants) are presented as Required Supplementary Information.

## **C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

### **Measurement Focus and Basis of Accounting**

#### **Full Accrual Basis Financial Statements**

The government-wide, proprietary fund, and certain fiduciary fund (pension and other employee benefit trusts, investment trust, and private-purpose trusts) financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Capital assets and related depreciation are also recorded in these statements. The agency funds, which do not have a measurement focus, use the accrual basis of accounting to recognize assets and liabilities.

#### **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 expenditures 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. Also, capital assets and related depreciation and long-term liabilities are not recorded in these statements.

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.

In the State of Maryland, 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, unearned 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 unearned 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-B.) 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.
- 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-five liquor stores and one Montgomery County liquor warehouse. Under State law, the Montgomery County Department of Liquor Control has sole control of the distribution of alcoholic beverages, and the sale of spirits, within the County.
- 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 four central business districts zoned for commercial or industrial use identified as Silver Spring, Bethesda, Wheaton, and Montgomery Hills.

## Other Fund Types

- Other Governmental Funds  
The other governmental fund types used by the County are special revenue and permanent. Special revenue funds are used to account for specific revenues that are legally restricted for particular purposes. The County periodically uses permanent funds to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the County's programs.
- 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.
- Investment Trust Fund  
This fund accounts for the portion of the external investment pool, sponsored by the County that belongs to participating governments that are not part of the County reporting entity.
- Private-Purpose Trust Funds  
These funds account for arrangements under which principal and interest are legally held in trust for parties outside of the County and must be expended in accordance with their designated purposes.

- Agency Funds

These funds are used to account for assets, such as property taxes, held in a purely custodial capacity, where the County receives, temporarily invests, and remits such resources to individuals, private organizations, or other governments.

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.

The County generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The County may defer the use of restricted assets based on a review of the specific transaction.

## **D) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity**

### **1) Cash and Investments**

#### **Pooled Cash and Investment**

The County sponsors an external investment pool. Participants in the pool include the County, certain component unit agencies, and other legally separate entities. The portion of pooled cash and investments applicable to other legally separate entities (not included in the County reporting entity) is accounted for in a separate Investment Trust Fund. During the year, investments are stated at cost plus accrued interest and are adjusted for amortization of premiums and accretion of discounts. At year-end, investments in the pool are adjusted to fair value plus accrued interest. See Note III-A for additional information.

#### **Non-pooled Investments**

##### Proprietary Fund Types

The Parking Lot District enterprise fund investments in U.S. Government securities are stated at fair value plus accrued interest.

##### Pension and Other Employee Benefit Trust Fiduciary Fund Type

Investments are stated at fair value. The fair value is generally based on quoted market prices at June 30, 2015. Fair value for private investments 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 are 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.

### **Prepaids**

The County uses the consumption method to account for prepaids. Prepaids include payments made to vendors for services that will benefit periods beyond the end of the fiscal year.

## **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, and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of \$10,000 or more, and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market 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. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and structures	20 – 40
Improvements other than buildings	3 – 40
Infrastructure	20 – 60
Furniture, fixtures, equipment and machinery	3 – 20
Automobiles and trucks	2 – 15
Intangibles	3 – 20

For Statement of Cash Flows reporting purposes, proceeds from insurance on capital assets that are stolen or destroyed are classified as proceeds from sale of capital assets.

## 6) Deferred Outflows of Resources

Deferred outflows are the consumption of net position by the County that is applicable to a future reporting period. The County's deferred outflows of resources consist of deferred charges on refunding of debt and changes relating to pension expenses. 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. For the County's Component Units deferred outflows consists of accumulated decreases in fair value of hedging derivatives.

## 7) Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources has been determined by the County to be immaterial and is therefore not reported as an expenditure and a liability of the governmental fund that will pay the leave. Vested or accumulated vacation leave is reported as a liability and expense in the government-wide financial statements and proprietary fund types in the fund financial statements, along with the corresponding employer's share of social security and medicare taxes. Based on a historical analysis of leave usage, accrued leave is classified as current and long-term. In the proprietary fund financial statements, the current portion of compensated absences is classified as accrued liabilities. Such amounts have been reclassified to non-current liabilities (due within one year and due in more than one year) in

the government-wide financial statements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

## **8) Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable in the proprietary fund financial statements and noncurrent liabilities in the government-wide financial statements are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

## **9) Deferred Inflows of Resources**

Deferred inflows are the acquisition of net position by the County that is applicable to a future reporting period. As of June 30, 2015, the County's deferred inflows consist of unavailable income taxes, unavailable property taxes, unavailable revenues, and changes relating to pension expenses (see Note IV-F1).

## **10) Fund Equity/Net Position**

In the government-wide financial statements, the County has reported negative unrestricted net position. This is due to the fact that the County issues general obligation bonded debt for purposes of capital construction on behalf of MCPS, MCC, and M-NCPPC. The related capital assets are reported on the financial statements of these governments. For MCPS and MCC, component units of the County, this amount is also classified as net investment in capital assets in the Component Units column of the government-wide Statement of Net Position (Exhibit A-1). For Primary Government purposes, since the issuance of such debt has not resulted in a capital asset, the effect of this debt is reflected in unrestricted net position (deficit) in the Governmental Activities column of the government-wide Statement of Net Position. At June 30, 2015, the County has reported outstanding general obligation bond, variable rate demand obligation, and bond anticipation note debt related to MCPS, MCC, and M-NCPPC amounting to \$1,634,742,350. Absent the effect of this relationship, the County would have reported a deficit in unrestricted net position of governmental activities in the amount of \$248,033,641.

## **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 fund balance spending 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) could 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 below the constant yield rate for FY15. 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 2014 (i.e., FY15), in conjunction with a one-time income tax offset credit, generated revenues below the Charter limit for that year.

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

The County 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 Plans. For this 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.

## E) New Accounting Standards

The County has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, issued to improve financial reporting for pensions. These changes are reflected in the County’s financial statements. GASB Statements 68 and 71 required restatement of beginning net position as follows:

	Enterprise Funds				
	Liquor	Solid Waste Activities	Parking Lot Districts	Nonmajor Enterprise Funds	Internal Service Funds
Net Position, June 30, 2014	\$ 37,174,389	\$ 56,289,032	\$ 183,404,676	\$ 38,758,509	\$ 59,344,491
Net Pension Liability	(7,614,428)	(4,683,133)	(1,703,719)	(12,980,329)	(5,997,339)
Deferred Outflow of Resources	1,694,051	1,041,900	379,042	2,887,854	1,334,283
Net Position, as restated	<u>\$ 31,254,012</u>	<u>\$ 52,647,799</u>	<u>\$ 182,079,999</u>	<u>\$ 28,666,034</u>	<u>\$ 54,681,435</u>
	Primary Government				
	Governmental Activities	Business-type Activities			
Net Position, June 30, 2014	\$ 1,180,792,839	\$ 316,062,227			
Net Pension Liability	(634,472,966)	(26,981,609)			
Deferred Outflow of Resources	139,109,961	6,002,847			
Net Position, as restated	<u>\$ 685,429,834</u>	<u>\$ 295,083,465</u>			

The County has adopted GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued to establish financial reporting standards relating to government combinations and disposals of government operations. At this time, there is no impact on the County’s financial statements.

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## NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A) Deficit Fund Equity

#### Recreation Special Revenue Fund

The \$123,843 deficit in the Recreation Fund was caused by a shortfall in activity fee revenue. To address the shortfall, management will recommend a property tax rate adjustment and other expenditure and revenue adjustments in FY17.

#### Central Duplicating Internal Service Fund

In FY15, the Central Duplicating Internal Service Fund adjusted its chargeback collections in order to recover overhead costs that had caused a net deficit in FY14. Using this adjustment, the fund would have shown a positive net position. Instead, due to the recognition of a pension liability required by GASB Standard No. 68, the fund ended FY15 with a \$449,564 net deficit.

### B) 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. For financial reporting purposes this fund is included within the General Fund. Below is the change in the Revenue Stabilization Fund (RSF) balance for the fiscal year ended June 30, 2015.

Revenue Stabilization Fund (RSF)	
Balance Beginning of Year	\$ 207,986,941
Investment Income	267,729
FY15 Statutory Contribution	<u>22,392,995</u>
Balance – End of Year	<u>\$ 230,647,665</u>

#### White Flint Special Taxing District

The White Flint Special Taxing District (WFSTD) is used to account for property tax collections and investment income earnings related to the White Flint Sector. These revenues are used to fund transportation infrastructure improvements and other development costs in the WFSTD. This fund is included within the Capital Projects Fund. Below is the change in the WFSTD balance for the fiscal year ended June 30, 2015.

White Flint Special Taxing District (WFSTD)	
Balance Beginning of Year	\$ 2,147,805
Property Taxes	1,510,678
Investment Income	<u>4,686</u>
Balance – End of Year	<u>\$ 3,663,169</u>

## NOTE III. DETAILED NOTES ON ALL FUNDS

### A) Cash and Investments

#### 1) Overview

The Montgomery County reporting entity total cash and investments as of June 30, 2015, totaled \$6,904,635,543 of which \$6,406,161,123 is related to the Primary Government, as presented below and in the government-wide financial statements. These funds are held in several pools, various non-pooled investments, and cash funds. The following is a schedule of total cash and investments:

	Primary Government	Component Units *	Total Reporting Entity
<u>Statement of Net Position Amounts:</u>			
Equity in pooled cash and investments	\$ 1,101,156,494	\$ 56,607,860	\$ 1,157,764,354
Cash with fiscal agents	55,161,140	81,289,789	136,450,929
Cash	709,887	16,516,020	17,225,907
Investments - cash equivalents	-	76,216,765	76,216,765
Investments	5,209,093,490	45,567,169	5,254,660,659
Restricted equity in pooled cash and investments	35,721,821	9,575,665	45,297,486
Restricted cash with fiscal agents	-	18,500,175	18,500,175
Restricted cash	-	450,808	450,808
Restricted investments - cash equivalents	-	128,104,020	128,104,020
Restricted investments	4,318,291	65,646,149	69,964,440
Total	<u>\$ 6,406,161,123</u>	<u>\$ 498,474,420</u>	<u>\$ 6,904,635,543</u>
<u>Deposit and Investment Summary:</u>			
Deposits	\$ 460,293,804	\$ 131,956,720	\$ 592,250,524
Investments	5,889,996,292	208,131,389	6,098,127,681
Cash on hand, fiscal agents, safe deposit escrow	55,871,027	158,386,311	214,257,338
Total	<u>\$ 6,406,161,123</u>	<u>\$ 498,474,420</u>	<u>\$ 6,904,635,543</u>

\* Includes \$381,831 in County Investment Pool

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

Government-wide	\$ 1,126,265,457
Fiduciary funds	<u>5,279,895,666</u>
Total	<u>\$ 6,406,161,123</u>

### Primary Government

#### 2) External Investment Pool

##### Overview:

The County maintains an external investment pool that is subject to oversight by the County's Internal Investment Committee, but is not subject to regulatory oversight by the Securities and Exchange Commission (SEC).

Participants in the pool include the County, certain component unit agencies, and other legally separate entities. The equity position of each fund and component unit is reported as an asset by the funds and component units. The external portion of the pool (i.e., participation by legally separate entities) is reported as the Investment Trust Fund in the accompanying financial statements. Participants' shares redeemed during the year are based on actual cost; participants' shares are then adjusted to fair value at year-end. The County has not provided or obtained any legally binding guarantees during the year to support the value of shares.

During the year, investments are stated at cost plus accrued interest and are adjusted for amortization of premiums and accretion of discounts. Investments are marked-to-market at year-end, since the pool does not meet the strict definition of the Securities and Exchange Commission Rule 2a-7 ("2a-7 like"). The fair value of U. S. Government securities, repurchase agreements, commercial paper and bankers' acceptances are provided by the County's custodian, which are based on various industry standard pricing sources. For interest-bearing investments, market value quotations do not include accrued interest. However, for reporting purposes, immaterial amounts of accrued interest are typically classified with the fair value of investments in the accompanying financial statements.

Investment income during the year, and any adjustment to fair value at year-end, is allocated to pool participants based upon their average equity in the pool. The adjustment to fair value related to all County funds (exclusive of legally separate entities' accounts reflected in the Investment Trust Fund) is typically recorded in the General Fund, since this amount is not material. At year-end, based on the nature of investments held, there was no adjustment to fair value, since fair value was the same as cost.

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

	Primary Government	Component Units	Total Reporting Entity
<u>Statement of Net Position Amounts:</u>			
Equity in pooled cash and investments	\$ 1,101,156,494	\$ 381,831	\$ 1,101,538,325
Restricted equity in pooled cash and investments	35,721,821	-	35,721,821
Total	<u>\$ 1,136,878,315</u>	<u>\$ 381,831</u>	<u>\$ 1,137,260,146</u>
<u>Deposit and Investment Summary:</u>			
Deposits	\$ 460,293,804	\$ -	\$ 460,293,804
Investments, including accrued interest	676,584,511	381,831	676,966,342
Total	<u>\$ 1,136,878,315</u>	<u>\$ 381,831</u>	<u>\$ 1,137,260,146</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 statute requires that securities underlying certificates of deposit have a market value that equals or exceeds the cost of the deposit while County investment policy requires a market value of at least 102 percent of the cost of the deposit. Appropriate sections of these cited statutes also require that funds on deposit in financial institutions be fully secured. The form of such security shall be in compliance with State statute and the County Code. Collateral pledged for protection of these banking deposits is held in the County's name at a third party depository, in the trust department of pledging banks, or insured by a surety bond by a State approved insurance company.

Deposits typically include bank accounts and non-negotiable certificates of deposit; at year-end the County held no non-negotiable certificates of deposit. Deposits at financial institutions were fully insured or collateralized at year-end. Therefore, the County has no significant exposure to custodial credit risk.

### Investments

The County, through its external investment pool, maintains an active and sophisticated 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 and the Maryland Local Government Investment Pool (MLGIP). During the year, the County also invested in U.S. Government securities. The County was in compliance with all applicable investment statutes throughout the fiscal year.

The Maryland Local Government Investment Pool (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. The Pool's purpose is to assist the public finance officer by providing an investment medium in which the participants may invest their idle balances. A pooled fund strategy is utilized creating a money market fund for municipalities that is a very safe, highly efficient, programmed approach to investing. Participants are provided professional money management, a well-diversified portfolio and reduced cost. The MLGIP is rated "AAAm" by Standard and Poor's (their highest rating). The MLGIP, under the administrative control of the State Treasurer, is managed by PNC Capital Investors, LLC and custodied by PNC Bank, N.A. A MLGIP Advisory Committee of current participants was formed to review, on a semi-annual basis, the activities of the Fund and to provide suggestions to enhance the Pool.

<u>Investment Type:</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Maturity Range</u>	<u>Interest Range</u>
U.S. Government Securities	\$ 454,177,227	\$ 455,420,629	July 2015-March 2016	0.16%-0.34%
Commercial paper	70,484,237	70,484,237	July 2015-October 2015	0.38%-0.54%
State pool	150,778,507	150,778,507	n/a	0.07%
Total	<u>\$ 675,439,971</u>	<u>\$ 676,683,373</u>		

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits investments to maturities of one year or less. However, a portion of the portfolio may be invested in investments with longer maturities (up to two years); any investment with a maturity of over 12 months must be approved by the Director of Finance prior to execution. At June 30, 2015 the County had no investments with a maturity over 12 months.

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County is authorized to invest in: a) obligations for which the United States has pledged its full faith and credit for the payment of principal and interest, b) obligations that a federal agency or instrumentality issues in accordance with an act of Congress, or c) repurchase agreements that any of the foregoing listed obligations secures. Cited statutes also authorize investments in bankers' acceptances, secured certificates of deposit issued



by Maryland banks, commercial paper of the highest investment grade, the MLGIP, and money market mutual funds that are registered and operate in accordance with Rule 2a-7 and 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 investments held at year-end or during the year were rated as follows:

<u>Investment Type:</u>	<u>Ratings</u>		
	<u>Standard &amp; Poor's</u>	<u>Fitch</u>	<u>Moody's</u>
Repurchase agreements <sup>1</sup>	N/R	N/R	N/R
U.S. Government securities <sup>2</sup> :			
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" (FHLMC) Long Term Debt	AA+	AAA	Aaa
Fannie Mae (FNMA) Long Term Debt	AA+	AAA	Aaa
Commercial paper <sup>3</sup>	A-1	F1	P-1
Bankers' acceptances <sup>4</sup>	N/R	N/R	N/R
Certificates of deposit <sup>5</sup>	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 - Disclosure of the credit risk for the County's repurchase agreements is required since the underlying securities are not issued or explicitly guaranteed by the U.S. Government.
- 2 - Only includes securities implicitly guaranteed by the U.S. Government.
- 3 - Not all commercial paper is rated by all agencies. However, each commercial paper is rated by at least one rating agency. Each such rating is of the highest investment grade.
- 4 - While the bankers' acceptances are not rated, County policy requires that the underlying issuer is of the highest short-term investment grade.
- 5 - While the certificates of deposit 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, 2015, the County's investments were not exposed to custodial credit risk.

#### Concentration of Credit Risk

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

<u>Diversification by Investment Type:</u>	<u>Maximum percent of Portfolio*</u>
U. S. Treasury obligations	100 %
U. S. Government agencies	75
Repurchase agreements	50
Bankers' acceptances	25
Money market mutual fund	50
Local government investment pool	50
Collateralized certificates of deposit**	25
Commercial paper	10

<u>Diversification by Institution:</u>	<u>Maximum percent of Portfolio*</u>
Approved broker/dealers	30 %
Money market mutual funds by fund	25
Bankers' acceptances by country	15
Commercial Banks (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.

Certain types of investments were over the County's requirements for maximum percentage of the portfolio at year-end. The investments over the maximum allowed in the investment pool are the U. S. Government agencies at 62.7% (limited to 75%) and commercial paper at 9.7% (limited to 10%). The maximum allocation at the time of investment purchase was consistent with the County's Investment Policy. Other than US Agency Debt (16.0% Federal Home Loan Banks (FHLB), 13.0% Farmer Mac (FAMCA), 13% Federal Farm Credit Bank (FFCB), 7.0% Federal Home Loan Mortgage Corp (FHLMC), 13.0% Federal National Mortgage Association (FNMA)) and MLGIP, the County's investments are all under 5% for any one issuer. However, US Obligations (US Treasury and Agency Debt), mutual funds, and external investment pools (MLGIP) are exempt from the 5% of any one issuer maximum.

**External Investment Pool Condensed Financial Statements:**

The condensed financial statements of the County's external investment pool at June 30, 2015, are as follows:

Statement of Net Position  
June 30, 2015

Assets:	
Investment in securities, at fair value	\$ 675,439,971
Cash	460,293,804
Accrued interest receivable	<u>1,526,371</u>
Total assets and net position	<u><u>\$ 1,137,260,146</u></u>
Net position consists of:	
Internal participants' units outstanding (\$1.00 par), unrestricted	\$ 1,101,156,494
Internal participants' units outstanding (\$1.00 par), restricted	35,721,821
External participants' units outstanding (\$1.00 par)	<u>381,831</u>
Net position	<u><u>\$ 1,137,260,146</u></u>
Participants net position value, offering price and redemption price per share (\$1,137,260,146/1,137,621,909 units)	<u><u>\$ 1.00</u></u>

Statement of Changes in Net Position  
For the Fiscal Year Ended June 30, 2015

Investment Income *	\$ 1,255,648
Distributions to participants:	
Distributions paid and payable	(1,255,648)
Share transactions at net position value of \$1.00 per share:	
Purchase of units	\$ 779,780,158 *
Redemption of units	<u>(615,059,014)</u>
Net increase (decrease) in net position and shares resulting from share transactions	<u>164,721,144 *</u>
Total increase (decrease) in net position	164,721,144 *
Net position, July 1, 2014	<u>972,539,002</u>
Net position, June 30, 2015	<u><u>\$ 1,137,260,146</u></u>

\* The pool has no expenses.

**3) Major and Non-major 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 \$5,660,772 relates to amounts held by Marriott Hotels, pursuant to a management agreement, for the operation of the Conference Center.

## **Debt Service Fund**

Cash with fiscal agents of \$6,931,557 represents lease revenue bond, revenue bond and certificates of participation 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 \$37,590,270 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 \$4,953,589 is held in money market funds for the purpose of reimbursing design, planning and renovation costs for a warehouse and for debt service. At the end of FY15, the County had incurred and paid renovation expenses that were to be reimbursed from cash from fiscal agents which occurred subsequent to year-end.

## **4) Fiduciary Funds**

### **Employees' Retirement System:**

#### Investment Overview

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 Employees' Retirement System (System) 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 System's asset allocation and the investment managers hired by the System. Each investment manager has a specific benchmark and investment guidelines appropriate for the type of investments they are managing.

#### 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 System 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.

The quality ratings of investments in fixed income securities as described by nationally recognized rating organizations as of June 30, 2015, are as follows:

Type of Investment	Quality Rating	Fair Value	Percentage of Portfolio
U.S. Government Obligations*	AAA	\$ 128,828,385	10.86%
Foreign Government Obligations	AAA	783,288	0.07
	AA	398,286	0.03
	A	4,446,272	0.37
	BBB	1,833,805	0.15
	CCC	51,018	0.01
	Unrated	3,023,349	0.26
Asset-Backed Securities	AAA	3,464,339	0.29
Municipal/Provincial Bonds	AAA	1,665,080	0.14
	AA	9,383,201	0.79
	A	1,310,502	0.11
Corporate Bonds	AAA	5,801,132	0.49
	AA	34,339,675	2.89
	A	142,478,179	12.01
	BBB	133,990,218	11.29
	BB	96,243,298	8.11
	B	115,243,787	9.71
	CCC	41,528,208	3.50
	CC	128,500	0.01
	D	764,862	0.07
	Unrated	18,349,238	1.55
Fixed Income Pooled Funds	Unrated	323,766,841	27.28
Short-term Investments and Other	Unrated	118,827,948	10.01
Total Fixed Income Securities		<u>\$ 1,186,649,411</u>	<u>100.00%</u>

\* Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Board's investment policies and guidelines manage interest rate risk by establishing duration constraints on each fixed income manager's portfolio based on the duration of each manager's respective benchmark. Duration is a measure of interest rate risk based on a bond price's sensitivity to a 100-basis point change in interest rates. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration of eight would mean that, given a 100-basis point change up/down in rates, a bond's price would move down/up by 8 percent.

As of June 30, 2015, the System's fixed income portfolio had the following sensitivity to changes in interest rates:

Type of Investment	Effective Duration in Years	Fair Value	Percentage of Portfolio
U.S. Government Obligations	16.10	\$ 128,828,385	10.86%
Foreign Government Obligations	3.35	10,536,018	0.89
Asset-Backed Securities	12.98	3,464,339	0.29
Municipal/Provincial Obligations	13.93	12,358,783	1.04
Corporate Bonds	7.03	588,867,097	49.63
Fixed Income Pooled Funds	N/A	323,766,841	27.28
Short-term Investments and Other *	N/A	118,827,948	10.01
Total Fixed Income Securities		<u>\$ 1,186,649,411</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 restricts.

#### 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. The System has indirect exposure to foreign currency risk as follows:

International Securities	Equity	Fixed Income	Short-term and Other	Total Non- U.S. Dollar
Euro	\$ 136,581,467	\$ 1,247,131	\$ 71,856,795	\$ 209,685,393
Japanese yen	137,758,990	-	62,341,850	200,100,840
Norwegian Krone	1,899,876	-	45,255,217	47,155,093
Australian Dollar	3,035,321	1,190,470	34,703,717	38,929,508
Swiss Franc	34,528,124	-	-	34,528,124
British Pound Sterling	91,823,952	-	(67,060,362)	24,763,590
Danish Krone	14,882,743	-	-	14,882,743
Hong Kong Dollar	13,431,089	-	462,787	13,893,876
Swedish Krona	15,768,783	-	(9,415,951)	6,352,832
Mexican Peso	-	4,056,504	-	4,056,504
Other Currencies	6,092,024	4,786,649	(142,773,148)	(131,894,475)
Total International Securities	<u>\$ 455,802,369</u>	<u>\$ 11,280,754</u>	<u>\$ (4,629,095)</u>	<u>\$ 462,454,028</u>

#### Derivatives

In accordance with the Board's Statement of Investment Policy and Objectives, the System regularly invests in derivative financial instruments in the normal course of its investing activities to manage exposure to certain risks within the fund. During FY15, the System 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 System could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The Board's 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 System has indirect exposure to market and credit risk through its ownership interests in certain mutual and commingled funds which may hold derivative financial instruments. The system is not a dealer, but an end-user of these instruments.

The notional or contractual amounts of derivatives indicate the extent of the System's involvement in the various types of derivative financial instruments and do not measure the System'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 System holds off-balance sheet derivatives in the form of exchange-traded financial futures, and 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, 2015, the System held 427 long US Treasury futures contracts with a fair value of \$54,890,820 and 561 short US Treasury futures contracts with a fair value of (\$110,485,125).

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, 2015, the System held \$653,090,415 buy foreign exchange contracts and (\$673,033,045) sell foreign exchange contracts. The unrealized gain on the System's contracts was \$1,534,370.

#### Securities Lending

Board policy permits the System 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 System's custodian is the agent in lending the System's securities for collateral of 102 percent for domestic and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the System or the borrower. Cash collateral received from the borrower is invested by the lending agent, as an agent for the System, in a short-term investment pool in the name of the System, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the System'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 System cannot determine. The System records a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of net position. The agent indemnifies the System 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, 2015, the fair value of securities on loan was \$390,940,192. Cash received as collateral and the related liability of \$273,912,882 as of June 30, 2015, is shown on the Statement of Plan Net Position. Securities received as collateral are not reported as assets since the System does not have the ability to pledge or sell the collateral securities absent borrower default. Securities lending revenues and expenses amounting to \$1,156,632

and \$68,012, respectively, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

The following represents the balances relating to the securities lending transactions at June 30, 2015:

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for Cash Collateral:			
U.S. Government Obligations	\$ 87,710,859	\$ -	\$ 89,511,877
Corporate Bonds	80,386,134	-	82,053,823
Equities	100,063,899	-	102,347,182
Lent for Non-Cash Collateral:			
U.S. Government Obligations	2,199,242	2,243,149	-
Corporate Bonds	4,383,667	4,477,281	-
Equities	116,196,391	124,743,197	-
Total	<u>\$ 390,940,192</u>	<u>\$ 131,463,627</u>	<u>\$ 273,912,882</u>

At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceeded the amounts the borrowers owe the System. The System is 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 System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2015, there were no funds held by a counterparty that was acting as the System's agent in securities lending transactions.

#### **Employees' Retirement Savings Plan:**

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, 2015, the fair value of the mutual and commingled investment funds was \$313,170,346. The fair value of the investments in international mutual funds was \$75,654,256.

#### **Employees' Deferred Compensation Plan:**

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, 2015, the fair value of the mutual and commingled investment funds was \$351,892,072. The fair value of the investments in international mutual funds included in the County Plan was \$43,773,219.

#### **Consolidated Retiree Health Benefits Trust:**

Section 33-163 of the Code authorizes the Board of Trustees of the Consolidated Retiree Health Benefits Trust (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 has adopted an investment policy that works to control the extent of downside risk to which the Trust 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 believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolios and by monitoring the financial markets, the Trust Fund's asset allocation and the investment managers hired by the Board.

As of June 30, 2015, the fair value of the investments was \$619,442,965. The fair value of the investments in international mutual funds was \$135,505,714.

#### Securities Lending

Board policy permits the Trust 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 Trust's custodian is the agent in lending the Trust's securities for collateral of 102 percent for domestic and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the Trust or the borrower. Cash collateral received from the borrower is invested by the lending agent, as an agent for the Trust, in a short-term investment pool in the name of the Trust, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the Trust'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 Trust cannot determine. The Trust records a liability for the return of the cash collateral shown as collateral held for securities lending in the statement of net position. The agent indemnifies the Trust 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, 2015, the fair value of securities on loan was \$27,528,885. Cash received as collateral and the related liability of \$28,185,429 as of June 30, 2015, is shown on the Statement of Plan Net Position. Securities received as collateral are not reported as assets since the Trust does not have the ability to pledge or sell the collateral securities absent borrower default. Securities lending revenues and expenses amounting to \$65,630 and (\$26,503), respectively, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

The following represents the balances relating to the securities lending transactions at June 30, 2015:

<u>Securities Lent</u>	<u>Underlying Securities</u>	<u>Non-Cash Collateral Value</u>	<u>Cash Collateral Investment Value</u>
Lent for Cash Collateral:			
Equities	\$ 27,528,885	\$ -	\$ 28,185,429

At year-end, the Trust has no credit risk exposure to borrowers because the amounts the Trust owes the borrowers exceeded the amounts the borrowers owe the Trust. The Trust is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

## **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, 2015, 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; certificate of deposits and time deposits; and commercial paper. Bankers Acceptances of domestic banks and commercial paper must maintain the highest rating from one of the Nationally Recognized Statistical Rating Organizations (NRSRO) as designated by the SEC or State Treasurer. Repurchase agreements require collateralization at 102% of the principal amount by an obligation of the United States, its agencies or instrumentalities provided the collateral is held by a custodian, other than the seller. Certificates of deposit or time deposits must be collateralized at 102% of the fair value and held by a custodian other than the seller. HOC invests in the Maryland State Local Government Investment Pool (MLGIP). The MLGIP is not subject to regulatory oversight by the SEC, however the MGLIP is operated pursuant to the annotated code of Maryland.

The Single Family and Multi-Family Bond Funds require that the trustee invest moneys on deposit under the indenture in investment obligations as defined by the respective bond indenture agreements. Investment obligations are defined as the following: (i) Government obligations; (ii) bond debentures or other obligations issued by government agencies or corporations; (iii) time deposits or certificate of deposits insured by the Federal Deposit Insurance Corporation; (iv) repurchase agreements backed by obligations described in (i) and (ii) above; (v) investment agreements; (vi) tax exempt obligations; and (vii) money market funds.

#### Custodial Risk

Amounts held in trust accounts and other demand accounts are covered by federal depository insurance, or collateralized at a level of at least 102% 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, 2015 was P-1.

At June 30, 2015, HOC had the following cash, cash equivalents, investments and maturities:

	<u>Fair Value</u>	<u>Rating</u>
<u>Cash Equivalents:</u>		
General Sub Fund:		
Money Market Accounts	\$ 18,430,336	N/A
Opportunity Housing Sub Fund:		
Investment in MLGIP	214,706	AAAm
Money Market Accounts	15,900,233	N/A
Public Sub Fund:		
Investment in MLGIP	4,024,768	AAAm
Money Market Accounts	3,146,933	N/A
Multi-Family Sub Fund:		
Money Market Accounts	45,498,424	N/A
Single Family Fund:		
Money Market Accounts	69,551,670	N/A
Real Estate Limited Partnership:		
Investment in MLGIP	1,073,176	AAAm
Certificate of Deposit	1,921,984	N/A
Money Market Accounts	<u>10,991,864</u>	N/A
Total cash equivalents	<u>\$ 170,754,094</u>	
<u>Short-term Investments:</u>		
Single-Family Sub Fund:		
GNMA Pass through Certificates	842,115	AAA
US Treasuries	<u>2,345,800</u>	N/A
Total short-term investments	<u><u>\$ 3,187,915</u></u>	

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	<u>Fair Value</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>Greater than 10 years</u>	<u>Rating</u>
<u>Long-term Investments:</u>					
Opportunity Housing Sub Fund:					
Certificate of Deposit	\$ 44,479	\$ 44,479	\$ -	\$ -	N/A
Multi-Family Fund:					
U. S. Treasuries	2,353,816	1,334,300	1,019,516	-	Aaa
Fannie Mae	3,174,891	-	-	3,174,891	Aaa
Freddie Mac	889,687	-	-	889,687	Aaa
Federal Farm Credit Banks	1,599,920	-	1,599,920	-	Aaa
Federal Home Loan Banks	934,354	-	934,354	-	Aaa
Israel ST Bonds	448,857	-	-	448,857	Aaa
Federal Home Loan Mortgage	908,818	-	-	908,818	Aaa
Bank One Investment Agreement	591,525	-	-	591,525	AA/Aa2
Single Family Fund:					
Federal Farm Credit Banks	6,694,447	-	-	6,694,447	Aaa
Federal Home Loan Banks	9,192,023	-	-	9,192,023	Aaa
Federal Home Loan Mtg Corp	1,680,039	-	-	1,680,039	Aaa
Fannie Mae	1,060,450	-	-	1,060,450	Aaa
GNMA Pass-through certificates	16,853,950	-	-	16,853,950	AAA
U. S. Treasuries	8,034,142	2,092,112	4,617,895	1,324,135	N/A
Tennessee Valley Authority	6,523,239	2,422,503	-	4,100,736	Aaa
Total long-term investments	<u>60,984,637</u>	<u>5,893,394</u>	<u>8,171,685</u>	<u>\$ 46,919,558</u>	
Cash balances	<u>72,761,162</u>				
Total Cash, Cash Equivalents and Investments	<u>\$ 307,687,808</u>				

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## B) Receivables

### 1) Accounts Receivable

Receivables at June 30, 2015 for the County's major funds and internal service funds in the aggregate, including the allowances for uncollectible accounts, were as follows:

	General Fund	Housing Initiative	Grants	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Receivables							
Income taxes	\$ 284,319,753	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284,319,753
Property taxes	15,573,609	-	-	-	101	4,261,998	19,835,708
Capital leases	-	-	-	27,225,000	-	-	27,225,000
Accounts	9,898,885	-	1,456	1,025,787	71,074	19,998,390	30,995,592
Notes	-	-	1,982,881	-	-	776,004	2,758,885
Parking violations	898,323	-	-	-	-	313,720	1,212,043
Mortgages	118,021	191,554,677	35,283,490	-	305,664	2,810,263	230,072,115
Total receivables	310,808,591	191,554,677	37,267,827	28,250,787	376,839	28,160,375	596,419,096
Allowance for uncollectible accounts	(1,626,306)	(8,534,061)	(2,566,459)	-	-	(8,773,234)	(21,500,060)
Total receivable (net)	<u>\$ 309,182,285</u>	<u>\$ 183,020,616</u>	<u>\$ 34,701,368</u>	<u>\$ 28,250,787</u>	<u>\$ 376,839</u>	<u>\$ 19,387,141</u>	<u>\$ 574,919,036</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 118,021</u>	<u>\$ 191,554,677</u>	<u>\$ 37,266,371</u>	<u>\$ 27,225,000</u>	<u>\$ 305,664</u>	<u>\$ 3,586,267</u>	<u>\$ 260,056,000</u>

	Liquor	Solid Waste Activities	Parking Lot Districts	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Receivables						
Property taxes	\$ -	\$ -	\$ 949,249	\$ -	\$ 949,249	\$ -
Accounts	5,954,742	4,427,879	-	213,971	10,596,592	1,681,588
Parking violations	-	-	3,547,306	-	3,547,306	-
Total receivables	5,954,742	4,427,879	4,496,555	213,971	15,093,147	1,681,588
Allowance for uncollectible accounts	(44,368)	(1,769)	(2,891,016)	(4,944)	(2,942,097)	(1,678)
Total receivable (net)	<u>\$ 5,910,374</u>	<u>\$ 4,426,110</u>	<u>\$ 1,605,539</u>	<u>\$ 209,027</u>	<u>\$ 12,151,050</u>	<u>\$ 1,679,910</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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## 2) Due from/to Component Units

The balances at June 30, 2015, were:

### Due from Component Units / Due to Primary Government:

Due from Component Units:	MCPS	MCC	MCRA	HOC	BUPI	Total
Due to Primary Government:						
General	\$ -	\$ 77,679	\$ -	\$ 35,355	\$ -	\$ 113,034
Grants	-	-	-	10,991,065	-	10,991,065
Capital Projects	-	-	-	16,489,178	-	16,489,178
Housing Initiative	-	-	-	48,011,715	-	48,011,715
Nonmajor Governmental	-	419,333	-	-	-	419,333
Solid Waste Activities Enterprise	48,122	1,014	-	265	2,054	51,455
Internal Service	9,909	8,522	98,789	458,799	16,798	592,817
Fiduciary	-	-	32,592	2,268,972	-	2,301,564
Total Due to Primary Government	\$ 58,031	\$ 506,548	\$ 131,381	\$78,255,349	\$ 18,852	\$ 78,970,161

### Due to Component Units / Due from Primary Government:

Due to Component Units:	MCPS	MCC	MCRA	HOC	BUPI	Total
Due from Primary Government:						
General	\$ 11,884,600	\$ -	\$ -	\$ 1,710,956	\$ 17,245	\$ 13,612,801
Grants	45,483	-	-	5,191	-	50,674
Capital Projects	4,246,641	10,179,267	-	1,495,509	-	15,921,417
Housing Initiative	-	-	-	441,189	-	441,189
Nonmajor Governmental	126,656	-	-	-	18,059	144,715
Nonmajor Enterprise	784,870	-	-	-	-	784,870
Fiduciary	6,324	-	-	-	-	6,324
Total Due from Primary Government	\$ 17,094,574	\$10,179,267	\$ -	\$ 3,652,845	\$ 35,304	\$ 30,961,990

In the major governmental funds, \$48,011,715 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. Included in this amount is a loan of \$1,744,838, for which payments are based on cash flows. Terms of the note stipulate that the balance of the note will be forgiven at the termination of the ground lease in December 2035. In FY15, \$181,241 was paid based on cash flows generated by the project. Also included in the amount above is a ground lease, upon which is located affordable housing owned by HOC. The ground lease provides for lease payments from HOC for \$1 per year for 83 years, amounting to \$57 at year-end. These two loans are offset by unearned revenue. Fund balance has been reserved for the remaining loans.

## 3) Due from Other Governments

The total amount due from other governments at June 30, 2015, was comprised of the following:

	General	Grants	Capital Projects	Solid Waste Activities	Nonmajor Governmental	Internal Service	Fiduciary	Total
Federal government	\$ -	\$ 16,366,867	\$ 317,050	\$ 810	\$ -	\$ -	\$ 96,423	\$ 16,781,150
State of Maryland	32,853,912	9,903,033	1,085,242	13,182	17,234,314	60,877	8,732	61,159,292
Other	4,759	54,612	1,070,904	125,958	-	33,752	299,585	1,589,570
Total	\$ 32,858,671	\$ 26,324,512	\$ 2,473,196	\$ 139,950	\$ 17,234,314	\$ 94,629	\$ 404,740	\$ 79,530,012

## C) Capital Assets

### Primary Government

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
<b>Governmental Activities</b>				
Nondepreciable Capital Assets:				
Land	\$ 888,200,036	\$ 19,739,497	\$ -	\$ 907,939,533
Construction in progress	1,128,317,714	252,517,330	24,549,567	1,356,285,477
Total Nondepreciable Capital Assets	2,016,517,750	272,256,827	24,549,567	2,264,225,010
Depreciable Capital Assets:				
Buildings	807,569,893	17,710,559	-	825,280,452
Improvements other than buildings	57,063,813	2,198,324	-	59,262,137
Furniture, fixtures, equipment and machinery	236,431,524	2,332,499	1,849,503	236,914,520
Leasehold improvements	12,956,842	-	-	12,956,842
Automobiles and trucks	275,277,985	20,831,223	17,761,046	278,348,162
Infrastructure	1,827,665,357	10,900,665	-	1,838,566,022
Other assets	40,359,973	-	-	40,359,973
Total Capital Assets being Depreciated	3,257,325,387	53,973,270	19,610,549	3,291,688,108
Less Accumulated Depreciation for:				
Buildings	378,920,869	19,258,459	-	398,179,328
Improvements other than buildings	24,536,002	1,478,018	-	26,014,020
Furniture, fixtures, equipment and machinery	183,267,437	7,375,137	1,679,022	188,963,552
Leasehold improvements	7,352,026	558,269	-	7,910,295
Automobiles and trucks	151,600,843	19,596,004	16,958,969	154,237,878
Infrastructure	652,244,592	37,297,455	-	689,542,047
Other assets	11,825,216	4,028,436	-	15,853,652
Total Accumulated Depreciation	1,409,746,985	89,591,778	18,637,991	1,480,700,772
Total Depreciable Assets, net	1,847,578,402	(35,618,508)	972,558	1,810,987,336
Governmental Activities Capital Assets, net	<u>\$ 3,864,096,152</u>	<u>\$ 236,638,319</u>	<u>\$ 25,522,125</u>	<u>\$ 4,075,212,346</u>
<b>Business-Type Activities</b>				
Nondepreciable Capital Assets:				
Land	\$ 59,158,993	\$ -	\$ -	\$ 59,158,993
Construction in progress	43,343,304	1,361,466	42,876,341	1,828,429
Total Nondepreciable Capital Assets	102,502,297	1,361,466	42,876,341	60,987,422
Depreciable Capital Assets:				
Buildings	244,478,692	50,707,448	-	295,186,140
Improvements other than buildings	175,758,514	924,145	-	176,682,659
Furniture, fixtures, equipment and machinery	25,381,694	5,347,434	634,482	30,094,646
Infrastructure	14,351	-	-	14,351
Automobiles and trucks	4,221,323	-	53,886	4,167,437
Total Capital Assets being Depreciated	449,854,574	56,979,027	688,368	506,145,233
Less Accumulated Depreciation for:				
Buildings	128,285,519	8,293,671	-	136,579,190
Improvements other than buildings	124,926,680	4,399,044	-	129,325,724
Furniture, fixtures, equipment and machinery	15,704,704	1,832,397	588,284	16,948,817
Infrastructure	4,449	574	-	5,023
Automobiles and trucks	3,384,882	182,576	53,885	3,513,573
Total Accumulated Depreciation	272,306,234	14,708,262	642,169	286,372,327
Total Depreciable Assets, net	177,548,340	42,270,765	46,199	219,772,906
Business-Type Activities Capital Assets, net	<u>\$ 280,050,637</u>	<u>\$ 43,632,231</u>	<u>\$ 42,922,540</u>	<u>\$ 280,760,328</u>

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

Governmental activities:	
General government	\$ 7,362,115
Public safety	9,934,449
Public works and transportation	61,810,802
Health and human services	2,193,111
Culture and recreation	7,049,540
Community development and housing	1,229,087
Environment	<u>181,016</u>
Total depreciation expense-governmental activities	<u>\$ 89,760,120*</u>
Business-type activities:	
Liquor	\$ 2,118,550
Solid waste activities	1,494,418
Parking lot districts	10,950,555
Permitting services	143,902
Community use of public facilities	<u>834</u>
Total depreciation expense-business-type activities	<u>\$ 14,708,259</u>

\* Depreciation expense does not include transfers of assets of \$168,342 completed during the fiscal year.

Construction commitments as of June 30, 2015 are as follows:

General Government	\$ 175,032,929
Public Safety	4,567,424
Public Works and Transportation	194,989,030
Health and Human Services	18,054,492
Culture & Recreation	1,582,850
Community Development & Housing	109,061
Environment	<u>30,203,759</u>
Total	<u>\$ 424,539,545</u>

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## Component Units

Capital assets of MCPS, amounting to \$2,583,128,895 at June 30, 2015, are significant in relation to the total component unit capital assets.

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
<b>Governmental Activities</b>				
Nondepreciable capital assets:				
Land	\$ 81,179,460	\$ -	\$ -	\$ 81,179,460
Construction in progress	100,325,574	137,007,405	92,233,308	145,099,671
Total nondepreciable capital assets	181,505,034	137,007,405	92,233,308	226,279,131
Depreciable capital assets:				
Buildings and improvements	2,956,160,710	100,009,916	4,538,745	3,051,631,881
Site improvements	302,203,304	11,530,574	-	313,733,878
Vehicles and equipment	164,829,282	16,298,109	6,326,394	174,800,997
Total depreciable capital assets	3,423,193,296	127,838,599	10,865,139	3,540,166,756
Less accumulated depreciation for:				
Buildings and improvements	945,333,999	73,926,788	3,702,664	1,015,558,123
Site improvements	61,262,364	5,715,953	-	66,978,317
Vehicles and equipment	101,077,311	11,150,340	6,175,710	106,051,941
Total accumulated depreciation	1,107,673,674	90,793,081	9,878,374	1,188,588,381
Total depreciable capital assets, net	2,315,519,622	37,045,518	986,765	2,351,578,375
Government activities capital assets, net	<u>\$ 2,497,024,656</u>	<u>\$ 174,052,923</u>	<u>\$ 93,220,073</u>	<u>2,577,857,506</u>
<b>Business-Type Activities</b>				
Depreciable capital assets:				
Vehicles and equipment	\$ 19,508,493	\$ 1,107,120	\$ 236,239	20,379,374
Total depreciable capital assets	19,508,493	1,107,120	236,239	20,379,374
Less accumulated depreciation for:				
Vehicles and equipment	14,474,907	891,931	232,311	15,134,527
Total accumulated depreciation	14,474,907	891,931	232,311	15,134,527
Business-type activities capital assets, net	<u>\$ 5,033,586</u>	<u>\$ 215,189</u>	<u>\$ 3,928</u>	<u>5,244,847</u>
Educational Foundation capital assets net of accumulated depreciation	<u>\$ 39,813</u>	<u>\$ -</u>	<u>\$ 13,271</u>	<u>26,542</u>
Total MCPS government-wide capital assets				<u>\$ 2,583,128,895</u>

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

Governmental activities:	
Regular instruction	\$ 75,042,641
Special education	139,457
School administration	89,526
Student transportation	8,751,072
Operation of plant	165,085
Maintenance of plant	5,950,935
Administration	654,365
Total depreciation expense-governmental activities	<u>\$ 90,793,081</u>
Business-type activities:	
Food services	\$ 879,244
Real estate management	12,687
Total depreciation expense-business type activities	<u>\$ 891,931</u>

Commitments for ongoing construction in progress at June 30, 2015, were \$146,017,726.

#### **D) Interfund Receivables, Payables, and Transfers**

The composition of interfund receivables and payables as of June 30, 2015, is as follows:

Due To Fund	Due From Fund					Total
	General	Liquor	Nonmajor Governmental	Internal Service	Fiduciary	
General	\$ -	\$ -	\$ -	\$ 3,858,451	\$ 6,003,246	\$ 9,861,697
Housing Initiative	-	-	-	10,384	14,848	25,232
Grants	14,508,406	-	-	163,211	185,019	14,856,636
Capital Projects	70,490,301	-	1,174,577	155,085	243,756	72,063,719
Liquor	-	-	-	271,377	160,518	431,895
Solid Waste Activities	-	-	-	69,109	87,760	156,869
Parking Lot Districts	-	-	-	28,072	36,943	65,015
Nonmajor Governmental	-	4,198	-	1,520,060	2,971,106	4,495,364
Nonmajor Enterprise	-	-	-	154,311	252,419	406,730
Internal Service	-	-	-	175,356	4,338,219	4,513,575
Fiduciary	-	-	310,000	8,803	8,831	327,634
Total	<u>\$ 84,998,707</u>	<u>\$ 4,198</u>	<u>\$ 1,484,577</u>	<u>\$ 6,414,219</u>	<u>\$ 14,302,665</u>	<u>\$ 107,204,366</u>

Included in the amounts presented above are the following short-term loans from the General Fund that were, or will be, repaid during FY15:

- \$14.5 million to the Grants Special Revenue Fund to cover vendor payments prior to revenues being received from other government agencies; and
- \$70.5 million to the Capital Projects Fund to cover construction payments, due primarily to the timing of reimbursements from Federal, State and other agencies, and the lag time between programming and collection of certain impact taxes.

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

Interfund transfers for the year ended June 30, 2015, consisted of the following:

Transfers Out Fund	Transfers In Fund					Subtotal Major
	General	Housing Initiative	Grants	Debt Service	Capital Projects	
General	\$ -	\$ 18,572,277	\$ -	\$ 281,282,150	\$ 54,521,679	\$ 354,376,106
Housing Initiative	295,481	-	-	7,395,785	5,104,445	12,795,711
Capital Projects	-	10,392,257	-	-	-	10,392,257
Liquor	28,300,046	-	-	5,847,707	-	34,147,753
Solid Waste Activities	2,555,079	-	-	-	-	2,555,079
Parking Lot Districts	801,217	-	-	-	-	801,217
Nonmajor Governmental	24,018,229	-	570,182	38,477,412	7,191,170	70,256,993
Nonmajor Enterprise	4,544,805	-	-	-	-	4,544,805
Internal Service Funds	10,745,911	-	-	-	-	10,745,911
Total	<u>\$ 71,260,768</u>	<u>\$ 28,964,534</u>	<u>\$ 570,182</u>	<u>\$ 333,003,054</u>	<u>\$ 66,817,294</u>	<u>\$ 500,615,832</u>

Transfers Out Fund	Transfers In Fund				
	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Subtotal Major	Total
General	\$ 4,275,067	\$ 25,000	\$ 576,813	\$ 354,376,106	\$ 359,252,986
Housing Initiative	-	-	-	12,795,711	12,795,711
Capital Projects	-	-	-	10,392,257	10,392,257
Liquor	-	-	-	34,147,753	34,147,753
Solid Waste Activities	-	-	-	2,555,079	2,555,079
Parking Lot Districts	13,356,555	-	-	801,217	14,157,772
Nonmajor Governmental	-	-	15,575	70,256,993	70,272,568
Nonmajor Enterprise	108,818	-	-	4,544,805	4,653,623
Internal Service Funds	-	-	-	10,745,911	10,745,911
Total	<u>\$ 17,740,440</u>	<u>\$ 25,000</u>	<u>\$ 592,388</u>	<u>\$ 500,615,832</u>	<u>\$ 518,973,660</u>

Primary activities include:

- Transfers from major and non-major governmental funds to the Debt Service Fund to provide funding for debt service principal and interest payments;
- Transfers of current receipts and pay-go from the General Fund to the Capital Projects Fund;
- Transfer of Liquor Enterprise Fund profits to the General Fund; and
- Transfers from Capital Projects to Housing Initiative to build multi-family housing.

## E) Leases

### 1) Operating Leases

The County leases buildings and office facilities and other equipment under non-cancelable operating leases. Lease agreements typically provide for automatic termination on July 1 of any year in which funds to meet subsequent rental payments are not appropriated. Total costs for operating leases were approximately \$24,279,231 for FY15. Future minimum lease payments under significant non-cancelable operating leases are as follows.

Fiscal Year Ending June 30	
2016	\$ 25,701,787
2017	23,092,080
2018	22,531,687
2019	20,458,989
2020	17,699,435
2021 - 2025	53,307,266
2026 - 2030	15,791,768
Total	<u>\$ 178,583,012</u>

### 2) Capital Lease Receivable

Pursuant to the issue of the 2002 Lease Revenue Bonds and 2004 Lease Revenue Bonds (See Note III-F9), the County is obligated to lease the Shady Grove and Grosvenor Metrorail Garage Projects to WMATA at amounts calculated to be sufficient in both time and amount to pay, when due, the principal of and interest on the bonds. Separate lease agreements were executed in conjunction with each bond issue. The leases associated with the 2002 and 2004 bond issues have original terms of 22 years and 20 years, respectively, both ending on June 1, 2024.

On October 13, 2011, the County issued Series 2011 Bonds to finance a portion of the costs, and construction of the parking structure and related facilities at the Glenmont Metrorail Station within the County; and refunded the County's outstanding Lease Revenue Bonds Series 2002 and Series 2004 Lease Revenue Bonds.

The composition of the capital lease receivable is as follows:

	Minimum Lease Receivable	Unearned Income	Net Investment
Shady Grove	\$ 14,093,200	\$ (3,203,200)	\$ 10,890,000
Grosvenor	13,740,870	(3,123,120)	10,617,750
Glenmont	7,398,930	(1,681,680)	5,717,250
Total	<u>\$ 35,233,000</u>	<u>\$ (8,008,000)</u>	<u>\$ 27,225,000</u>

At June 30, 2015, the minimum future lease payments due under the direct financing capital lease agreements are as follows:

Fiscal Year Ending June 30	
2016	\$ 3,478,613
2017	3,490,613
2018	3,491,613
2019	3,496,862
2020	3,510,862
2021-2025	14,368,312
2026-2030	2,829,325
2031	<u>566,800</u>
Total minimum lease payments	<u>\$ 35,233,000</u>

### 3) Capital Lease Obligations

The County has entered into various lease agreements as lessee with the Montgomery County Revenue Authority (MCRA) for financing the construction or acquisition of certain County facilities. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception dates of the leases.

The assets acquired and placed in service through MCRA capital leases are as follows:

Land	\$ 13,449,033
Land improvements	1,673,621
Buildings	53,783,181
Furniture, fixtures, equipment and machinery	<u>159,291</u>
Subtotal	69,065,126
Less accumulated depreciation	<u>(29,485,864)</u>
Total asset value under capital leases	<u>\$ 39,579,262</u>

The leases have maturity dates ranging from April 15, 2017 to April 15, 2023. The County makes annual principal payments and semi-annual interest payments. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, are as follows:

Fiscal Year Ending June 30	
2016	\$ 2,904,450
2017	2,908,772
2018	2,512,988
2019	2,515,077
2020	991,834
2021-2023	<u>2,970,224</u>
Total minimum lease payments	14,803,345
Less: amount representing interest	<u>(985,435)</u>
Present value of minimum lease payments	<u>\$ 13,817,910</u>

Included in the preceding schedules are amounts relating to the Montgomery County Conference Center, which was opened during FY05. The Maryland Stadium Authority (MSA) also participated in financing the construction through the issuance of long-term debt. The County recognized the MSA contribution of \$19,719,328 as revenue when the Conference Center opened. The ownership of the Conference Center will transfer to the County at the end of the MCRA lease term. During FY13, the County entered into a new capital lease with MCRA related to the October 18, 2012 refunding of Montgomery County Revenue Authority Taxable Lease Revenue bonds issued for the construction of the Conference Center.

During FY14, the County entered into a new capital lease with MCRA related to the April 30, 2014 refunding of Montgomery County Revenue Authority Taxable Lease Revenue bonds issued for the Germantown Indoor Swim Center Project and the Human Services Headquarters Project.

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## F) Long-Term Debt

### Primary Government

#### 1) Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due within one year
<b>Governmental Activities</b>					
General obligation bonds payable:					
General obligation bonds	\$ 2,270,500,000	\$ 856,510,000	\$ (582,260,000)	\$ 2,544,750,000	\$ 187,460,000
Variable rate demand obligations	100,000,000	-	-	100,000,000	-
Bond anticipation notes	500,000,000	500,000,000	(500,000,000)	500,000,000	500,000,000
Revenue bonds					
Liquor control	69,373,881	-	(2,718,558)	66,655,323	2,848,607
Water quality protection	35,610,000	-	(1,340,000)	34,270,000	1,395,000
Lease revenue bonds payable	29,285,000	-	(2,060,000)	27,225,000	2,160,000
Add remaining original issue premium	165,304,684	156,448,736	(51,458,583)	270,294,837	-
Total general obligation bonds	<u>3,170,073,565</u>	<u>1,512,958,736</u>	<u>(1,139,837,141)</u>	<u>3,543,195,160</u>	<u>693,863,607</u>
Leases and notes payable:					
Capital leases	16,432,750	-	(2,614,840)	13,817,910	2,659,480
Certificates of participation	24,305,000	-	(6,620,000)	17,685,000	6,885,000
Taxable limited obligation certificates	90,020,000	-	(3,700,000)	86,320,000	3,785,000
HUD loan	440,000	-	(43,000)	397,000	43,000
WSSC promissory note	9,708,040	30,066	-	9,738,106	431,398
Energy performance lease	4,164,250	-	(214,231)	3,950,019	121,780
Equipment notes	41,107,707	18,128,411	(12,822,131)	46,413,987	14,447,478
Add remaining original issue premium	438,035	-	(46,766)	391,269	-
Total leases and notes payable	<u>186,615,782</u>	<u>18,158,477</u>	<u>(26,060,968)</u>	<u>178,713,291</u>	<u>28,373,136</u>
Other non-debt related liabilities:					
Compensated absences	73,230,088	54,332,961	(50,791,872)	76,771,177	57,578,382
Other postemployment benefits	421,855,736	112,687,800	(98,049,121)	436,494,415	-
Claims payable - self-insurance	140,205,964	147,759,560	(146,520,912)	141,444,612	39,166,314
Net pension liability - county	614,630,587	30,739,629	(359,182,267)	286,187,949	143,385,738
Net pension liability - state	19,842,378	-	(1,964,021)	17,878,357	2,476,892
Claims and judgments	-	1,116,395	-	1,116,395	-
Total other non-debt related	<u>1,269,764,753</u>	<u>346,636,345</u>	<u>(656,508,193)</u>	<u>959,892,905</u>	<u>242,607,326</u>
<b>Total Governmental Activities Liabilities</b>	<u>\$ 4,626,454,100</u>	<u>\$ 1,877,753,558</u>	<u>\$ (1,822,406,302)</u>	<u>\$ 4,681,801,356</u>	<u>\$ 964,844,069</u>
<b>Business-Type Activities</b>					
Revenue bonds:					
Liquor control	\$ 44,761,119	\$ -	\$ (1,921,442)	\$ 42,839,677	\$ 2,016,393
Parking revenue bonds	47,130,000	-	(3,120,000)	44,010,000	3,245,000
Add remaining original issue premium	4,743,558	-	(685,725)	4,057,833	-
Total revenue bonds	<u>96,634,677</u>	<u>-</u>	<u>(5,727,167)</u>	<u>90,907,510</u>	<u>5,261,393</u>
Leases and notes payable:					
Equipment notes	1,701,104	3,569,456	(615,212)	4,655,348	818,550
Other non-debt related liabilities:					
Compensated absences	5,635,369	441,192	(17,633)	6,058,928	4,544,198
Other postemployment benefits	3,965,222	1,682,200	(1,682,200)	3,965,222	-
Net pension liability - county	26,981,605	1,349,225	(15,767,495)	12,563,335	6,215,232
Landfill closure costs	15,047,140	1,585,751	(1,226,973)	15,405,918	965,926
Gude landfill remediation	28,500,000	-	-	28,500,000	-
Total other non-debt related	<u>80,129,336</u>	<u>5,058,368</u>	<u>(18,694,301)</u>	<u>66,493,403</u>	<u>11,725,356</u>
<b>Total Business-Type Activities Liabilities</b>	<u>\$ 178,465,117</u>	<u>\$ 8,627,824</u>	<u>\$ (25,036,680)</u>	<u>\$ 162,056,261</u>	<u>\$ 17,805,299</u>

### 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, \$2,381,753 (\$1,786,316 due within one year and \$595,437 due in more than one year) of internal service fund compensated absences were included in the above amounts. Compensated absences liabilities of governmental activities are generally liquidated by the governmental funds that incurred the associated personnel cost.

Other post-employment benefit liabilities are liquidated with General Fund resources.

Claims and judgments are liquidated with resources from the General Fund or the fund to which the claim relates.

Landfill related obligations are liquidated from the Solid Waste activities funds.

Net pension liabilities are liquidated with General Fund resources.

## **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) Community 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 MCC (component units), respectively, and remitted to such component units by the County. For GAAP purposes, proceeds from debt issuance for these purposes and any related expenditures incurred and reimbursed to the component units are reflected as other financing sources and expenditures, respectively, in the accompanying fund financial statements. These amounts are not budgeted by the County since this activity is appropriated for budget purposes to the component units. Any general obligation bond proceeds, not yet expended by the component units at year end, are reflected as Committed Fund Balance of the Capital Projects Fund.

The County issued \$500,000,000 in new money general obligation bonds dated November 19, 2014; the County received a premium on the issue of \$81,853,250. The County issued \$297,990,000 in general refunding bonds dated November 19, 2014; the County received a premium on the issue of \$65,004,548. The total net proceeds were used to advance refund \$323,010,000 of general obligation (GO) refunding bonds that were previously issued. These bonds were issued with a true interest cost of 2.34%. The County also issued \$58,520,000 in general refunding bonds dated March 26, 2015; the County received a premium on the issue of \$9,590,938. The total net proceeds were used to advance refund \$66,250,000 of general obligation (GO) refunding bonds that were previously issued. These bonds were issued with a true interest cost of 1.23%.



A detail listing of these refunded bonds is as follows:

	Dated Date	Original Maturity	True Interest Cost	Originally Issued	Years Refunded	Amount Refunded
GO Bonds	08/15/04	2008-17	3.7208	\$ 97,690,000	2015-17	\$ 50,610,000
GO Bonds	06/01/05	2011-21	3.7817	120,355,000	2015, 2018-21	66,250,000
GO Bonds	05/01/07	2008-27	4.0821	250,000,000	2023-27	62,500,000
GO Bonds	07/15/08	2009-29	4.1809	250,000,000	2018-28	113,900,000
GO Bonds	08/11/11	2012-31	3.2268	320,000,000	2021-26	96,000,000
				<u>\$ 1,038,045,000</u>		<u>\$ 389,260,000</u>

Net proceeds of the general obligation refunding bonds were used to purchase direct obligation, or obligations on which the timely payment of principal and interest is unconditionally guaranteed by the U.S government. These government obligations have been deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the advance bond refundings of \$323,010,000 and \$58,520,000 which will mature in FY2016 and beyond. As a result, we consider the debt to be defeased and it has been removed from the financial statements.

The reacquisition price of the November 19, 2014 refunding exceeded the net carrying amount of the old debt by \$26,290,209. The reacquisition price of the March 26, 2015 refunding exceeded the net carrying amount of the old debt by \$843,637. These amounts are reported as deferred outflows of resources and amortized over the remaining life of the new debts.

The debt service savings from the November refunding is \$22,829,600 as shown below. The present value of the debt service savings (or economic gain) on the refunding is \$23,572,450.

Fiscal Year	Refunded Debt Service Requirements	Refunding Debt Service Requirements	Debt Service Savings
2015	\$ 7,621,825	\$ 6,704,775	\$ 917,050
2016	32,920,400	14,899,500	18,020,900
2017	32,042,738	28,183,875	3,858,863
2018	27,652,537	27,648,875	3,662
2019	13,639,250	13,636,750	2,500
2020-2024	179,942,125	179,930,625	11,500
2025-2029	162,737,500	162,722,375	15,125
Total	<u>\$ 456,556,375</u>	<u>\$ 433,726,775</u>	<u>\$ 22,829,600</u>

The debt service savings from the March refunding is \$8,719,772 as shown below. The present value of the debt service savings (or economic gain) on the refunding is \$8,696,987.

Fiscal Year	Refunded Debt Service Requirements	Refunding Debt Service Requirements	Debt Service Savings
2016	\$ 10,849,250	\$ 2,129,478	\$ 8,719,772
2017	2,926,000	2,926,000	-
2018	2,926,000	2,926,000	-
2019	23,444,875	23,444,875	-
2020-2022	39,926,125	39,926,125	-
Total	<u>\$ 80,072,250</u>	<u>\$ 71,352,478</u>	<u>\$ 8,719,772</u>

General obligation bond issues outstanding as of June 30, 2015, are as follows:

Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2015	Unamortized Premium	Carrying Value June 30, 2015
06/01/05*	2005-16	3.781	\$ 120,355,000	\$ 34,605,000	\$ 1,845,870	\$ 36,450,870
05/01/06	2006-17	3.871	100,000,000	10,000,000	82,760	10,082,760
05/01/07	2007-27	4.082	250,000,000	25,000,000	2,070,573	27,070,573
07/15/08	2009-29	3.000 - 5.000	250,000,000	61,100,000	2,108,554	63,208,554
11/03/09*	2011-20	2.000 - 5.000	161,755,000	108,325,000	6,518,164	114,843,164
11/03/09	2015-29	3.750 - 5.500	232,000,000	232,000,000	1,048,260	233,048,260
07/26/10	2011-22	2.000 - 5.000	195,000,000	130,000,000	9,709,858	139,709,858
07/26/10	2023-30	4.750 - 5.400	106,320,000	106,320,000	147,978	106,467,978
07/26/10	2023-30	4.750 - 5.400	23,680,000	23,680,000	32,958	23,712,958
08/11/11	2012-31	2.000 - 5.000	320,000,000	176,000,000	16,483,368	192,483,368
08/11/11*	2012-22	2.000 - 5.000	237,655,000	199,985,000	20,362,277	220,347,277
10/24/12	2013-32	2.500 - 5.000	295,000,000	265,500,000	24,381,651	289,881,651
10/24/12*	2013-16	2.500 - 5.000	23,360,000	10,560,000	327,049	10,887,049
11/26/13	2014-34	3.000 - 5.000	295,000,000	280,250,000	26,005,642	306,255,642
11/26/13*	2023-24	5.000	24,915,000	24,915,000	4,295,120	29,210,120
11/19/14	2015-35	4.000 - 5.000	500,000,000	500,000,000	76,658,361	576,658,361
11/19/14*	2016-28	5.000	297,990,000	297,990,000	60,272,217	358,262,217
03/26/15*	2018-21	5.000	58,520,000	58,520,000	8,053,191	66,573,191
Total			<u>\$ 3,491,550,000</u>	<u>\$ 2,544,750,000</u>	<u>\$ 260,403,851</u>	<u>\$ 2,805,153,851</u>

\* Issue represents refunding bonds.

Changes in general obligation bonds during FY15 are as follows:

	Balance July 1, 2014	Bonds Issued	Bonds Retired	Bonds Refunded	Balance June 30, 2015
<b>Governmental Activities:</b>					
General County	\$ 408,227,434	\$ 161,252,560	\$ 35,591,846	\$ 48,368,082	\$ 485,520,066
Roads and Storm Drainage	481,690,785	162,845,240	44,368,219	99,597,047	500,570,759
Parks	66,467,488	16,726,260	6,578,153	11,662,070	64,953,525
Public Schools	980,496,664	376,961,980	85,389,223	192,574,954	1,079,494,467
Community College	146,706,496	71,330,050	10,282,375	18,459,813	189,294,358
Consolidated Fire Tax District	59,754,809	13,191,160	5,377,992	7,642,386	59,925,591
Mass Transit	126,456,324	54,202,750	5,377,192	10,955,648	164,326,234
Public Housing	700,000	-	35,000	-	665,000
	<u>\$ 2,270,500,000</u>	<u>\$ 856,510,000</u>	<u>\$ 193,000,000</u>	<u>\$ 389,260,000</u>	<u>\$ 2,544,750,000</u>

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

Fiscal Year Ending June 30	General Obligation Bond Requirements		
	Principal	Interest	Total
2016	\$ 187,460,000	\$ 114,542,250	\$ 302,002,250
2017	193,025,000	105,857,911	298,882,911
2018	185,930,000	96,233,919	282,163,919
2019	180,230,000	87,187,134	267,417,134
2020	174,295,000	78,451,563	252,746,563
2021-2025	760,870,000	275,954,870	1,036,824,870
2026-2030	586,440,000	118,868,137	705,308,137
2031-2035	276,500,000	20,930,000	297,430,000
Total	<u>\$ 2,544,750,000</u>	<u>\$ 898,025,784</u>	<u>\$ 3,442,775,784</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, 2015 is \$6,962,522,614.

#### Prior-Year Defeasance of Debt

In prior years, the County defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At June 30, 2015, \$386,611,125 of bonds outstanding are considered defeased.

General obligation bonds authorized and unissued as of June 30, 2015, are as follows:

Purpose	Authority			Amount Unissued
	Chapter	Act	Amount	
General County, Parks, and Consolidated Fire Tax District	54	2010	\$ 341,600,000	\$ 187,954,000
	24	2011	65,400,000	65,400,000
	19	2012	13,900,000	13,900,000
	26	2013	331,600,000	331,600,000
	31	2014	167,400,000	167,400,000
			<u>919,900,000</u>	<u>766,254,000</u>
Roads and Storm Drainage	54	2010	192,000,000	40,980,000
	19	2012	38,700,000	38,700,000
	26	2013	86,800,000	86,800,000
	31	2014	49,300,000	49,300,000
			<u>366,800,000</u>	<u>215,780,000</u>
Public Schools and Community College	24	2011	214,300,000	32,299,000
	19	2012	187,400,000	187,400,000
	26	2013	15,100,000	15,100,000
	31	2014	162,000,000	162,000,000
			<u>578,800,000</u>	<u>396,799,000</u>
Mass Transit	24	2011	103,200,000	31,270,000
	31	2014	9,400,000	9,400,000
			<u>112,600,000</u>	<u>40,670,000</u>
Public Housing	17	1981	2,650,000	1,890,000
	13	1982	995,000	995,000
	8	1983	230,000	230,000
	20	1985	900,000	900,000
	13	1986	855,000	855,000
	22	2009	1,000,000	1,000,000
	54	2010	46,400,000	46,400,000
			<u>53,030,000</u>	<u>52,270,000</u>
Agricultural Eastments Facade Eastments	24	2011	2,000,000	2,000,000
	24	2011	1,100,000	1,100,000
	26	2013	2,200,000	2,200,000
			<u>5,300,000</u>	<u>5,300,000</u>
Parking Districts: Silver Spring	9	1983	2,945,000	2,045,000
	6	1984	1,220,000	1,220,000
	19	2012	20,115,000	1,193,000
			<u>24,280,000</u>	<u>4,458,000</u>
Bethesda	19	1981	7,325,000	3,040,000
	14	1982	775,000	775,000
	10	1983	1,050,000	1,050,000
			<u>9,150,000</u>	<u>4,865,000</u>
Total Parking Districts			<u>33,430,000</u>	<u>9,323,000</u>
Total General Obligation Bonds			<u>\$ 2,069,860,000</u>	<u>\$ 1,486,396,000</u>

Bond authority and related amounts unissued, presented above, include amounts related to variable rate demand obligations (see Note III-F3). In addition to this bond authority, the County has authority under the provisions of Section 56-13 of the 1994 Montgomery County Code, as amended, to issue County bonds within statutory debt limits to finance approved urban renewal projects.

### 3) Variable Rate Demand Obligations

The County issued variable rate demand obligations (VRDOs) on June 7, 2006, in the amount of \$100 million. These obligations will not mature in total until 2026; however, the County is required by the Note Order to make annual sinking fund payments to retire one-tenth of the notes each year beginning in 2017.

The interest rate on the obligations, which re-sets daily, is established by the remarketing agents and is payable on the first business day of each month. Other potential modes for the obligations include a Weekly Mode, a Commercial Paper Mode, a Term Rate Mode or a Fixed Rate Mode. Subject to certain terms and conditions in the Note Order, the County may effect 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 the VRDOs, on June 1, 2014, the County entered into a Standby Note Purchase Agreement with Wells Fargo Bank, National Association which will expire on July 15, 2017. The Wells Fargo Note Purchase Agreement requires Wells Fargo to provide funds for the purchase of VRDOs that have been tendered and not remarketed pursuant to such agreement. Because the County entered into a financing agreement that ensures the VRDOs can be refinanced on a long-term basis, these obligations are classified as noncurrent liabilities at year-end.

VRDOs outstanding as of June 30, 2015, are as follows:

<u>Dated Date</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Originally Issued</u>	<u>Balance June 30, 2015</u>
06/07/06	2017-26	Variable	\$ 50,000,000	\$ 50,000,000
06/07/06	2017-26	Variable	<u>50,000,000</u>	<u>50,000,000</u>
Total			<u>\$ 100,000,000</u>	<u>\$ 100,000,000</u>

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

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There was no change in VRDO balances during FY15. The VRDOs outstanding as of June 30, 2015 are as follows:

	Balance June 30, 2015
Governmental Activities:	
General County	\$ 2,500,000
Roads and Storm Drainage	26,000,000
Parks	1,000,000
Public Schools	64,000,000
Community College	4,000,000
Consolidated Fire Tax District	2,100,000
Mass Transit	400,000
Total	<u>\$ 100,000,000</u>

VRDO requirements to maturity are as follows:

Fiscal Year Ending June 30	Variable Rate Demand Obligation Requirements		
	Principal	Interest*	Total
2016	\$ -	\$ 600,000	\$ 600,000
2017	10,000,000	600,000	10,600,000
2018	10,000,000	540,000	10,540,000
2019	10,000,000	480,000	10,480,000
2020	10,000,000	420,000	10,420,000
2021-2025	50,000,000	1,200,000	51,200,000
2026	10,000,000	60,000	10,060,000
Total	<u>\$ 100,000,000</u>	<u>\$ 3,900,000</u>	<u>\$ 103,900,000</u>

\* Includes interest on VRDOs at estimated rates of 0.600 percent for Series A and 0.600 percent for series B, respectively, for the June 7, 2006 issue. The interest rate on the notes is calculated daily and due monthly. The estimated rates used for this calculation were based on the proposed budget.

#### 4) Revenue Bonds Payable

Revenue bonds are authorized, issued, and outstanding to finance specific projects such as parking garages for the Bethesda Parking Lot District, Department of Liquor Control facilities, and Water Quality stormwater management facilities. Net revenues of Bethesda Parking Lot District including parking fees, fines, dedicated property taxes, and Department of Liquor Control revenues are pledged against the timely repayment of principal and interest of the outstanding revenue bonds of the respective funds. Net revenues of the Water Quality Protection fund are pledged against the timely repayment of principal and interest of the outstanding revenue bonds of the respective funds.

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	17	\$ 55,837,814
Water Quality Protection	17	51,315,250
Liquor Control	18	<u>155,760,174</u>
Total		<u>\$ 262,913,238</u>

The pledged net revenues recognized during FY15 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	\$ 12,137,714	\$ 3,120,000	\$ 1,839,789	\$ 4,959,789
Liquor Control Fund	33,616,351	4,640,000	5,188,539	9,828,539
Water Quality Protection	10,728,963	1,340,000	1,678,850	3,018,850

Revenue bond issues outstanding as of June 30, 2015, are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2015	Unamortized Premium/ (Discount)	Carrying Value June 30, 2015
Parking Revenue Bonds:							
Bethesda Parking Lot District 2005A	08/31/05	2007-25	3.620 - 5.000	\$ 16,495,000	\$ 11,045,000	\$ 40,350	\$ 11,085,350
Bethesda Parking Lot District 2012	05/16/12	2015-23	3.000 - 3.250	24,190,000	23,240,000	1,139,979	24,379,979
Bethesda Parking Lot District 2012 Ref.	05/16/12	2013-17	1.250 - 1.930	13,750,000	9,725,000	1,102,525	10,827,525
Water Quality Protection 2012A	07/18/12	2013-32	0.250 - 5.000	37,835,000	34,270,000	4,190,241	38,460,241
Liquor Control Revenue Bonds:*							
Liquor Control & Transportation 2009	05/12/09	2010-29	3.000 - 5.000	46,765,000	36,640,000	1,545,012	38,185,012
Liquor Control & Transportation 2011	04/28/11	2012-31	2.000 - 5.000	34,360,000	29,605,000	1,124,402	30,729,402
Liquor Control & Transportation 2013	07/30/13	2014-33	3.125 - 5.000	46,645,000	43,250,000	1,779,845	45,029,845
Total				<u>\$ 220,040,000</u>	<u>\$ 187,775,000</u>	<u>\$ 10,922,354</u>	<u>\$ 198,697,354</u>

\* Liquor Control Revenue bonds are allocated to Governmental and Business-Type Activities on the Statement of Activities. See Note III-F1 for allocation.

Changes in revenue bond principal during FY15 are as follows:

	Balance July 1, 2014	Bonds Issued	Bonds Retired	Balance June 30, 2015
Bethesda Parking Lot District	\$ 47,130,000	\$ -	\$ 3,120,000	\$ 44,010,000
Liquor Control*	114,135,000	-	4,640,000	109,495,000
Water Quality Protection	<u>35,610,000</u>	<u>-</u>	<u>1,340,000</u>	<u>34,270,000</u>
Total	<u>\$ 196,875,000</u>	<u>\$ -</u>	<u>\$ 9,100,000</u>	<u>\$ 187,775,000</u>

\* Liquor Control Revenue bonds are allocated to Governmental and Business-Type Activities on the Statement of Activities. See Note III-F1 for allocation.

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
2016	\$ 3,245,000	\$ 1,715,917	\$ 4,865,000	\$ 4,923,013
2017	3,375,000	1,588,008	5,060,000	4,716,076
2018	3,525,000	1,438,470	5,295,000	4,484,189
2019	3,695,000	1,270,220	5,520,000	4,258,989
2020	3,865,000	1,093,970	5,750,000	4,016,289
2021-2025	13,890,000	3,269,059	33,140,000	15,651,554
2026-2030	8,975,000	1,285,776	37,715,000	7,365,867
2031-2033	<u>3,440,000</u>	<u>166,394</u>	<u>12,150,000</u>	<u>849,197</u>
Total	<u>\$ 44,010,000</u>	<u>\$ 11,827,814</u>	<u>\$ 109,495,000</u>	<u>\$ 46,265,174</u>

Fiscal Year Ending June 30	Water Quality Protection		Total Revenue Bond Requirements		
	Principal	Interest	Principal	Interest	Total
2016	\$ 1,395,000	\$ 1,625,250	\$ 9,505,000	\$ 8,264,180	\$ 17,769,180
2017	1,435,000	1,583,400	9,870,000	7,887,484	17,757,484
2018	1,490,000	1,526,000	10,310,000	7,448,659	17,758,659
2019	1,550,000	1,466,400	10,765,000	6,995,609	17,760,609
2020	1,615,000	1,404,400	11,230,000	6,514,659	17,744,659
2021-2025	9,320,000	5,776,300	56,350,000	24,696,913	81,046,913
2026-2030	11,850,000	3,239,000	58,540,000	11,890,643	70,430,643
2031-2033	<u>5,615,000</u>	<u>424,500</u>	<u>21,205,000</u>	<u>1,440,091</u>	<u>22,645,091</u>
Total	<u>\$ 34,270,000</u>	<u>\$ 17,045,250</u>	<u>\$ 187,775,000</u>	<u>\$ 75,138,238</u>	<u>\$ 262,913,238</u>



Revenue bonds authorized and unissued as of June 30, 2015, are as follows:

Purpose	Resolution Number	Year	Amount Authorized	Amount Unissued
Parking Lot Districts	11-1383	1989	\$ 51,163,000	\$ 1,403,000
Parking Lot Districts	14-921	2001	35,000,000	9,000,000
Solid Waste Disposal	12-1010	1993	56,635,000	6,255,000
Public Housing	16-675	2008	50,000,000	50,000,000
Liquor & Transportation	16-863	2009	138,000,000	10,230,000
Parking Lot Districts	17-403	2012	46,000,000	46,000,000
Public Housing	17-227	2012	40,000,000	40,000,000
Water Quality Protection	Bill 12-12	2012	95,000,000	57,165,000
Total			<u>\$ 511,798,000</u>	<u>\$ 220,053,000</u>

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

Purpose	Bethesda Parking Lot District	Solid Waste Disposal
Operation and Maintenance Account - Available to pay current expenses	\$ 1,600,570	\$ -
Debt Service Account - Used to pay debt service on bonds	1,241,477	-
Debt Service Reserve Account - (including accrued interest) - Available to pay debt service on bonds if there is insufficient money available	4,318,291	-
Renewal and Renovation Account - Available for payment of renewals, replacements, renovations, and unusual and extraordinary repairs	1,500,000	3,717,626
Rate Covenant Cash Reserve - Available to fund operating activities for a minimum of three months	-	26,352,979
Rate Stabilization Account - In case of short-term extraordinary expenses	-	1,309,169
Total	<u>\$ 8,660,338</u>	<u>\$ 31,379,774</u>

##### 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 FY15 are as follows:

	Balance July 1, 2014	BANs Issued	BANs Retired	Balance June 30, 2015
BAN Series 2009-A	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000
BAN Series 2009-B	100,000,000	100,000,000	100,000,000	100,000,000
BAN Series 2010-A	150,000,000	150,000,000	150,000,000	150,000,000
BAN Series 2010-B	150,000,000	150,000,000	150,000,000	150,000,000
Total	<u>\$ 500,000,000</u>	<u>\$ 500,000,000</u>	<u>\$ 500,000,000</u>	<u>\$ 500,000,000</u>

Interest earned on BAN proceeds totaling \$8,957 was accounted for in the Debt Service Fund. During FY15 interest rates varied from 0.1307 to 0.2452 percent.

BANs totaling \$500 million were issued during FY15; \$300 million Series 2010 and \$200 million Series 2009 respectively. BANs are issued at varying maturities to a maximum of 270 days, under a program whose authority was adopted on September 15, 2009, as amended, to consolidate additional authority to borrow money and incur indebtedness. The County reissued the notes upon maturity and continues to do so, until they are replaced with long-term bonds. The County will issue long-term bonds in FY16, and intends to use a portion of the proceeds to replace short-term notes that were issued to fund capital construction and improvements.

In connection with the BANs, the County entered into three-year credit agreements with State Street Bank and PNC Bank to provide liquidity with respect to the 2010 Series BANs for \$150,000,000 each. The agreements will expire on July 31, 2016. With respect to the 2009 Series BANs, the County has a credit agreement with JP Morgan Chase which expires on August 24, 2016. All credit agreements provide liquidity for the principal amount of the notes and approximately one month of interest. Any principal advances under the line of credit must be repaid in semi-annual installments over five years after the advance occurs. No amounts were advanced against this line of credit. Because the County entered into a financing agreement that ensures the BANs can be refinanced on a long-term basis, these BANs are classified as noncurrent liabilities at year-end.

During FY15, the County Council passed Resolution No. 17-1247 dated October 14, 2014 to increase the County's authority to issue BANs by \$388.1 million. Cumulative BANs authorized and unissued as of June 30, 2015, including amounts authorized and unissued from prior years, is \$902,013,000.

## 6) Certificates of Participation

In April 2010, the County issued Certificates of Participation (certificates) for Equipment Acquisition in the public transportation Program dated April 7, 2010, in the amount of \$23.0 million. In October 2007, the County issued certificates for its Equipment Acquisition in the fire and rescue Program dated October 24, 2007, in the amount of \$33.58 million. The certificates represent proportionate interest in a Conditional Purchase Agreement (CPA) between the County, as purchaser and U.S. Bank National Association, as the seller. The CPA requires the County, as purchaser, to make periodic purchase installments in amounts sufficient to pay the scheduled debt service on the certificates until the County pays the entire price necessary to acquire the equipment, which shall be equal to the amount necessary to pay the principal and interest on all outstanding certificates. The ability of the County, as purchaser, to pay the purchase installments due under the CPA depends upon sufficient funds being appropriated each year by the County Council for such purpose. The County Council is under no obligation to make any appropriation with respect to the CPA. The CPA is not a general obligation of the County and does not constitute an indebtedness of the County within the meaning of any constitutional or statutory limitation or charge against the general credit or taxing powers of the County.

The Certificates were issued at interest rates ranging from 2.4 to 5.0 percent and have maturity schedules as follows:

Fiscal Year Ending June 30	Certificates of Participation		
	Principal	Interest	Total
2016	\$ 6,885,000	\$ 500,000	\$ 7,385,000
2017	7,155,000	289,100	7,444,100
2018	3,645,000	145,800	3,790,800
Total	<u>\$ 17,685,000</u>	<u>\$ 934,900</u>	<u>\$ 18,619,900</u>

## 7) Master Lease/Equipment Notes

The County has entered into a lease agreement in the amount of \$22.6 million to finance the acquisition and implementation of new software systems – the County’s 311 constituent resource management system, ERP financial management system, and the MCtime – timecard management system. The lease agreement represents proportionate interests in a funding agreement between the County and Chase Equipment Finance, Inc.

The following is a schedule by fiscal year for the debt service requirement at June 30, 2015:

Fiscal Year Ending June 30	
2016	\$ 5,659,960
2017	3,844,415
2018	2,028,873
2019	1,014,437
Total minimum lease payments	12,547,685
Less: amount representing interest	(523,891)
Present value of minimum lease payments	<u>\$ 12,023,794</u>

The County has entered into purchase agreements to provide financing for the acquisition of capital asset equipment such as Ride On buses, fire trucks, and ambulances. The agreements have terms of two to five years with interest rates identified in the agreements. 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 agreements as of June 30, 2015:

Fiscal Year Ending June 30	Equipment Notes Requirements		
	Principal	Interest	Total
2016	\$ 2,200,115	\$ 188,686	\$ 2,388,801
2017	1,828,881	147,203	1,976,084
2018	1,795,256	110,792	1,906,048
2019	1,796,852	74,380	1,871,232
2020	1,645,094	38,431	1,683,525
2021-2022	703,596	13,312	716,908
Total	<u>\$ 9,969,794</u>	<u>\$ 572,804</u>	<u>\$ 10,542,598</u>

On July 7, 2011, the County issued a Master Lease Purchase Agreement to finance public safety system communication equipment. The following is a schedule by fiscal year for the agreement as of June 30, 2015:

Fiscal Year Ending June 30	Safety Equipment Notes Requirements		
	Principal	Interest	Total
2016	\$ 4,283,421	\$ 90,118	\$ 4,373,539
2017	2,168,626	18,144	2,186,770
Total	<u>\$ 6,452,047</u>	<u>\$ 108,262</u>	<u>\$ 6,560,309</u>

On January 31, 2014, the County issued Master Lease Purchase Agreement to finance Ride On buses. On December 30, 2014, the County issued a Master Lease Purchase Agreement to finance additional Ride On buses. The following is a schedule by fiscal year for the agreements as of June 30, 2015:

Fiscal Year Ending June 30	Ride On Bus Requirements		
	Principal	Interest	Total
2016	\$ 3,430,863	\$ 418,758	\$ 3,849,622
2017	3,497,270	352,352	3,849,622
2018	3,564,963	284,658	3,849,622
2019	3,633,969	215,653	3,849,622
2020	3,704,311	145,311	3,849,622
2021-2022	4,792,324	83,084	4,875,409
Total	<u>\$ 22,623,700</u>	<u>\$ 1,499,816</u>	<u>\$ 24,123,517</u>

#### 8) WSSC Promissory Note

In April 2007, the County entered into a Purchase and Sale Contract with Washington Suburban Sanitary Commission (WSSC) to acquire property for \$10,000,000. On January 15, 2009, the County signed a promissory note evidencing its obligation to fulfill the terms of the Contract. The note has a term of 15 years; interest accrues at a rate of 4.43%, commencing six months after the execution of the promissory note. Under the provisions of the promissory note, the minimum annual payment by the County is \$400,000 and is due on July 15 each year. The County must make additional payments equal to the net of proceeds of parcels sold in a given year; payments should be allocated first to interest then to principal. If in a given year, net proceeds for the sale of parcels equal or exceed the debt service payment, the County will not be required to make a separate debt service payment. The minimum annual loan payment is less than the interest accrued during the fiscal period; the difference between the interest and the debt service paid is added to the total principal amount owed. Consequently, a negative balance is shown on the principal column of the amortization schedule. However, the first debt service payment did not include interest expense, thereby, reducing the principal outstanding to \$9,600,000.

The note will mature upon its 15<sup>th</sup> anniversary when all unpaid principal and accrued interest shall be due and payable by the County or upon the date of the "Payment Event" for the last parcel for which an additional annual payment is due to WSSC.

The following is a schedule by fiscal year for the debt service requirement at June 30, 2015:

Fiscal Year Ending June 30	Promissory Note Requirements		
	Principal	Interest	Total
2016	\$ (31,398)	\$ 431,398	\$ 400,000
2017	(32,789)	432,789	400,000
2018	(34,242)	434,242	400,000
2019	(35,759)	435,759	400,000
2020	(37,343)	437,343	400,000
2021-2025	9,909,637	1,989,863	11,899,500
Total	<u>\$ 9,738,106</u>	<u>\$ 4,161,394</u>	<u>\$ 13,899,500</u>

## 9) Lease Revenue Bonds

In June 2002, the County issued Lease Revenue Bonds dated June 1, 2002, in the amount of \$37.88 million for its Metrorail garage projects. These bonds were issued to finance the costs of the planning, design, construction, and placing into commercial operation, of garages at the Shady Grove and Grosvenor Metrorail Stations. The County has leased these metrorail garage projects to the Washington Metropolitan Area Transit Authority (WMATA).

The County issued \$4,745,000 in lease revenue bonds (Metrorail Garage Projects) on September 1, 2004. The bonds were issued due to certain cost increases incurred since the issuance of the Series 2002 Bonds. The County needed an additional \$2,100,000 to complete construction of the Shady Grove Metro Garage and an additional \$2,110,000 to complete construction of the Grosvenor Metro Garage. The Series 2004 bonds were delivered on September 28, 2004. The lease has a term of 20 years ending on June 1, 2024.

On October 13, 2011, the County issued Series 2011 Bonds to finance a portion of the costs, and construction of the parking structure and related facilities at the Glenmont Metrorail Station within the County; and refunded the County's outstanding Lease Revenue Bonds Series 2002 and Series 2004 Lease Revenue Bonds.

The bonds are payable from and secured by a pledge of revenues from WMATA's lease payments and certain reserve funds. The approximate amount of the pledge is \$35,233,000. WMATA's obligation to make payments under the leases is payable solely from amounts held in a Surcharge Reserve Account which is funded by revenues from a surcharge on the parking facilities.

In the event that the County's Reserve Subfund of \$3,126,047, 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 FY15, pledged revenue of \$3,481,613 equals the principal and interest on the lease revenue bonds.

Lease revenue bonds outstanding as of June 30, 2015, are as follows:

	Dated Date	Maturity	Interest Rate	Originally Issued	Balance June 30, 2015	Unamortized Premium (Discount)	Carrying Value June 30, 2015
Lease Revenue Bonds	10/13/11	2011-31	2.6687%	<u>\$ 35,465,000</u>	<u>\$ 27,225,000</u>	<u>\$ 3,026,465</u>	<u>\$ 30,251,465</u>

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

Fiscal Year Ending June 30	Lease Revenue Bond Requirements		
	Principal	Interest	Total
2016	\$ 2,160,000	\$ 1,318,613	\$ 3,478,613
2017	2,280,000	1,210,613	3,490,613
2018	2,395,000	1,096,613	3,491,613
2019	2,520,000	976,862	3,496,862
2020	2,660,000	850,862	3,510,862
2021-2025	12,235,000	2,133,312	14,368,312
2026-2030	2,430,000	399,325	2,829,325
2031	<u>545,000</u>	<u>21,800</u>	<u>566,800</u>
Total	<u>\$ 27,225,000</u>	<u>\$ 8,008,000</u>	<u>\$ 35,233,000</u>

## 10) Taxable Limited Obligation Certificates

In April 2010, the County issued Taxable Limited Obligation Certificates, dated April 6, 2010, in the amount of \$30.4 million to finance the Montgomery Housing Initiative Program to promote a broad range of housing opportunities in the County. The certificates represent proportionate interests in a Funding Agreement between the County and U.S. Bank National Association; the Certificates, and the interest on them, are limited obligations of the County. The principal or redemption price of and interest on the Certificates shall be payable solely from the Contract Payments and other funds pledged for the payment thereof under the Trust Agreement. The Funding Agreement is not a general obligation of the County and shall never constitute an indebtedness of the County within the meaning of any constitutional or statutory limitation or charge against the general credit or taxing power of the County. The Certificates were issued at interest rates ranging from 4.0 to 5.9 percent and will mature on May 1, 2030.

In August 2011, the County issued Taxable Limited Obligation Certificates in the amount of \$28.8 million; the County issued the certificates to finance and promote a broad range of housing opportunities and a community and recreational facility. The Certificates were issued at interest rates ranging from 3.0 to 4.8 percent and will mature on May 1, 2031.

In November 2013, the County issued Taxable Limited Obligation Certificates in the amount of \$38 million; the County issued the certificates to finance the Montgomery Housing Initiative program established by the County to promote a broad range of housing opportunities in the County. The Certificates were issued at interest rates ranging from 0.3 to 4.8 percent and will mature on November 1, 2033.

The following is a schedule by fiscal year for the debt service requirement at June 30, 2015:

Fiscal Year Ending June 30	Taxable Limited Obligation Requirements		
	Principal	Interest	Total
2016	\$ 3,785,000	\$ 3,706,126	\$ 7,491,126
2017	3,875,000	3,614,700	7,489,700
2018	3,995,000	3,501,862	7,496,862
2019	4,110,000	3,382,454	7,492,454
2020	4,255,000	3,241,114	7,496,114
2021-2025	23,980,000	13,480,791	37,460,791
2026-2030	30,050,000	7,417,862	37,467,862
2031-2034	12,270,000	1,100,231	13,370,231
Total	<u>\$ 86,320,000</u>	<u>\$ 39,445,140</u>	<u>\$ 125,765,140</u>

## 11) HUD Loan

During 2002, the County Council authorized the Department of Housing and Community Affairs (DHCA) to participate in the HUD Section 108 program for the purpose of acquiring twenty-one units at the Chelsea Tower which provides affordable housing for income qualified persons. On July 16, 2003, the County signed a loan agreement with HUD in the amount of \$870,000. The County subsequently received approval from the County Council to disburse and re-loan these funds to HOC. HOC will repay the County, through the Housing Initiative Special Revenue Fund, the principal of \$870,000 with interest thereon on a semi-annual basis at 4.59 percent over a twenty-year period, which is consistent with the HUD repayment terms. The principal amount payable at June 30, 2015, for this loan is \$397,000 and will mature on August 1, 2023.

The following is a schedule by fiscal year for the debt service requirement at June 30, 2015:

Fiscal Year Ending June 30	HUD Loan Requirements		
	Principal	Interest	Total
2016	\$ 43,000	\$ 20,480	\$ 63,480
2017	43,000	18,274	61,274
2018	43,000	16,021	59,021
2019	43,000	13,727	56,727
2020	43,000	11,396	54,396
2021-2024	182,000	21,413	203,413
Total	\$ 397,000	\$ 101,311	\$ 498,311

## 12) Energy Performance Lease

In October 2013, the County entered into a lease agreement in the amount of \$4.2 million to finance energy efficiency projects within the County.

The Lease has an interest rate of 5.17 percent and will mature on July 1, 2033. The following is a schedule by fiscal year for the debt service requirement at June 30, 2015:

Fiscal Year Ending June 30	Energy Performance Lease		
	Principal	Interest	Total
2016	\$ 121,780	\$ 202,648	\$ 324,428
2017	129,074	196,258	325,332
2018	136,639	189,487	326,126
2019	144,479	182,322	326,801
2020	146,462	174,826	321,288
2021-2025	908,267	748,287	1,656,554
2026-2030	1,214,309	474,340	1,688,649
2031-2034	1,149,009	133,147	1,282,156
Total	\$ 3,950,019	\$ 2,301,315	\$ 6,251,334

## 13) Conduit Debt Obligations

Conduit debt obligations refer to certain limited-obligation revenue bonds or similar debt instruments issued by the County for the purpose of providing capital financing for a third party that is not part of the County's reporting entity (see Note I-A). From time to time, the County issued Industrial Revenue Bonds and Economic Development Revenue Bonds for the purposes of financing or refinancing costs of acquiring and/or renovating facilities for third party facility users. Facility users may be individuals, public or private corporations, or other entities. The bonds are sometimes secured by the facilities financed or by a financial institution and are payable from the revenues or monies to be received by the County under loan agreements with the facility users and from other monies made available to the County for such purpose. The bonds do not constitute a debt or charge against the general credit or taxing powers of the County, the State, or any political subdivision thereof. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2015, there were 28 issues of Industrial Revenue Bonds and Economic Development Revenue Bonds outstanding. Of these, 8 were issued prior to July 1, 1996. The aggregate principal amount payable at June

30, 2015, for bonds issued prior to July 1, 1996, could not be determined; however, their original issue amounts totaled \$155,295,000. The principal amount payable at June 30, 2015, for bonds issued after July 1, 1996, totaled \$615,030,740.

#### 14) Special Taxing Districts

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

Pursuant to Chapter 14 and 68C, special taxes or special assessments may be levied to fund the costs of bonds or other obligations issued on behalf of the respective districts. Any bond issued under Chapter 14 and 68C is not an indebtedness of the County within the meaning of Section 312 of the Charter. Additionally, any bond issued must not pledge the full faith and credit of the County, and must state that the full faith and credit is not pledged to pay its principal, interest, or premium, if any. Any bonds issued are not considered liabilities of the County and are not reported in the County's financial statements. However, unlike the Kingsview Villiage Center and West Germantown development districts, the County may issue financing or provide funding for certain infrastructure projects within the White Flint Taxing District that are not derived under the authority of 68C.

In December 1999, the County issued \$2.4 million in special obligation bonds for Kingsview Village Center Development District. Special taxes and assessments were levied beginning in FY01 to repay the debt. In April 2002, the County issued two series of special obligation bonds for the West Germantown Development District. The County issued \$11.6 million of Senior Series 2002A bonds and \$4.3 million of Junior Series 2002B bonds to finance the construction of infrastructure in the development district. Special taxes and assessments were levied beginning in FY03 to repay this debt.

On August 13, 2014, the County issued \$12,025,000 of Special Obligation Refunding Bonds (Senior Series 2014) to refund West Germantown Development District Series 2002A, 2004A and 2004B bonds. On August 26, 2014, the County issued \$1,393,310 of Special Obligation Refunding Bonds (Series 2014A) via direct bank placement to refund the 1999 Series Kingsview Village Center Development District bonds.

#### Component Units

At June 30, 2015, HOC's noncurrent liabilities are comprised of the following:

	Due within one year	Long-Term	Total
Revenue bonds payable	\$ 24,960,300	\$ 502,797,119	\$ 527,757,419
Capital leases payable	3,616	19,949,804	19,953,420
Derivative instrument - hedging	-	10,504,981	10,504,981
Notes and other payable	68,914,733	151,694,717	220,609,450
Net pension liability	-	4,066,724	4,066,724
Total	<u>\$ 93,878,649</u>	<u>\$ 689,013,345</u>	<u>\$ 782,891,994</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	\$ 290,891,798
Single Family Mortgage Purchase Program Fund	<u>236,865,621</u>
Total	<u>\$ 527,757,419</u>

Interest rates on the HOC Multi-Family and Single Family Mortgage Purchase Program Fund bonds ranged from 0.60 to 11.25 percent and 0.625 to 5.75 percent, respectively, as of June 30, 2015.

Pursuant to Section 15 of Article 44A 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
2016	\$ 425,000	\$ 407,590	\$ 832,590
2017	445,000	385,840	830,840
2018	465,000	363,090	828,090
2019	490,000	339,215	829,215
2020	515,000	314,090	829,090
2021-2025	2,990,000	1,144,700	4,134,700
2026-2030	<u>2,980,000</u>	<u>310,323</u>	<u>3,290,323</u>
Total	<u>\$ 8,310,000</u>	<u>\$ 3,264,848</u>	<u>\$ 11,574,848</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
2016	\$ 24,960,300	\$ 15,219,968	\$ 40,180,268
2017	21,547,645	14,650,715	36,198,360
2018	22,290,266	14,001,897	36,292,163
2019	18,388,191	13,539,461	31,927,652
2020	19,001,450	12,995,363	31,996,813
2021-2025	100,040,995	55,403,215	155,444,210
2026-2030	98,801,659	39,194,516	137,996,175
2031-2035	89,895,000	21,816,397	111,711,397
2036-2040	90,665,000	9,104,243	99,769,243
2041-2045	30,935,000	2,306,538	33,241,538
2046-2050	9,400,000	79,170	9,479,170
Unamortized Bond Discount	<u>1,831,913</u>	<u>-</u>	<u>1,831,913</u>
Total	<u>\$ 527,757,419</u>	<u>\$ 198,311,483</u>	<u>\$ 726,068,902</u>

Changes in the HOC revenue bonds during FY15 are as follows:

<u>Purpose</u>	<u>Balance July 1, 2014</u>	<u>Bonds Issued*</u>	<u>Bonds Retired</u>	<u>Balance June 30, 2015</u>
Multi-Family Mortgage Purchase Program Fund	\$ 318,908,863	\$ 24,018,199	\$ 52,035,264	\$ 290,891,798
Single Family Mortgage Purchase Program Fund	<u>260,700,690</u>	<u>-</u>	<u>23,835,069</u>	<u>236,865,621</u>
Total	<u>\$ 579,609,553</u>	<u>\$ 24,018,199</u>	<u>\$ 75,870,333</u>	<u>\$ 527,757,419</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, 2014	\$ 168,919,649
Issuances during the year	78,119,594
Redemptions during the year	<u>(450,560)</u>
Bonds outstanding, June 30, 2015	<u>\$ 246,588,683</u>

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

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## G) Segment Information

The County has issued revenue bonds to finance activities relating to the Bethesda Parking Lot districts (PLDs). The Bethesda PLD is accounted for within the Parking Lot Districts Fund. However, investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for the activity as of and for the year ended June 30, 2015, is presented below:

### Condensed Statement of Net Position

	Bethesda PLD
<b>ASSETS</b>	
Current assets	\$ 9,540,676
Other assets	8,660,338
Capital assets	109,617,092
Total Assets	127,818,106
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources	300,568
Total Deferred Outflows	300,568
<b>LIABILITIES</b>	
Current liabilities	4,872,966
Due to other funds	29,830
Long-term liabilities	43,903,949
Total Liabilities	48,806,745
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows of Resources	276,301
Total Deferred Inflows	276,301
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	63,463,857
Restricted for debt service	8,660,338
Unrestricted	6,911,433
Total Net Position	\$ 79,035,628

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

	Bethesda PLD
<b>OPERATING REVENUES (EXPENSES):</b>	
Operating Revenues:	
Charges for services	\$ 14,144,307
Licenses and permits	1,106
Fines and penalties	4,261,637
Total Operating Revenues (pledged against bonds)	18,407,050
Depreciation	5,359,678
Other operating expenses	11,033,296
Operating Income (Loss)	2,014,076
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Property taxes	2,746,026
Investment income	15,243
Interest expense	(1,375,988)
Other revenue	667,359
Transfers in	1,500,000
Transfers out	(7,539,300)
Change in Net Position	(1,972,584)
Beginning Net Position, as restated	81,008,212
Ending Net Position	\$ 79,035,628

### Condensed Statement of Cash Flows

	Bethesda PLD
Net Cash Provided (Used) By:	
Operating activities	\$ 7,667,943
Noncapital financing activities	(3,293,274)
Capital and related financing activities	(16,607,902)
Investing activities	12,382
Net Increase (Decrease)	(12,220,851)
Beginning Cash and Cash Equivalents	25,665,114
Ending Cash and Cash Equivalents	\$ 13,444,263

## H) Fund Equity

### 1) Governmental Fund Balances

The governmental fund balances at June 30, 2015 are composed of the following:

Fund Balances:	General	Housing Initiative	Grants	Debt Service	Capital Projects	Other Nonmajor Governmental Funds
<b>Nonspendable:</b>						
Inventory	\$ 6,558,337	\$ -	\$ -	\$ -	\$ 1,842,076	\$ -
Long term receivables	-	-	-	-	-	-
Prepays	241,589	-	-	-	-	-
<b>Total nonspendable</b>	6,799,926	-	-	-	1,842,076	-
<b>Restricted for:</b>						
Public safety	-	-	-	-	-	31,362,798
Public works and transportation	-	-	-	-	-	15,782,586
Culture and recreation	-	-	-	-	-	9,838,726
Community development and housing	-	243,697,964	-	-	-	8,391,671
Environment	585,905	-	216,033	-	-	16,339,054
Revenue stabilization	230,647,665	-	-	-	-	-
Debt service	-	-	-	17,637,520	-	-
Capital projects	-	-	-	-	148,336,117	-
<b>Total restricted</b>	231,233,570	243,697,964	216,033	17,637,520	148,336,117	81,714,835
<b>Committed to:</b>						
Community development and housing	6,392,659	-	-	-	-	-
Education	30,849,788	-	-	-	-	-
Capital projects	33,343,832	-	-	-	-	-
<b>Total committed</b>	70,586,279	-	-	-	-	-
<b>Assigned to:</b>						
General government	10,229,722	-	-	-	-	-
Public safety	9,038,089	-	-	-	-	-
Public works and transportation	1,004,953	-	-	-	-	-
Health and human services	4,620,736	-	-	-	-	-
Culture and recreation	1,507,023	-	-	-	-	-
Community development and housing	91,632	-	-	-	-	-
Environment	83,039	-	-	-	-	-
<b>Total assigned</b>	26,575,194	-	-	-	-	-
<b>Unassigned:</b>						
Culture and recreation	-	-	-	-	-	(123,843)
General government	156,538,119	-	-	-	-	-
<b>Total unassigned</b>	156,538,119	-	-	-	-	(123,843)
<b>Total fund balances</b>	<u>\$ 491,733,088</u>	<u>\$ 243,697,964</u>	<u>\$ 216,033</u>	<u>\$ 17,637,520</u>	<u>\$ 150,178,193</u>	<u>\$ 81,590,992</u>

## 2) Encumbrances

Encumbrance accounting is employed as part of the budgetary integration for all governmental funds. As of June 30, 2015, 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:

<u>Governmental Fund</u>	<u>Amount</u>	<u>Fund Balance Classification</u>
General Fund	\$ 26,575,194	Assigned
Housing Initiative	528,068	Restricted
Non-major Governmental Funds	<u>17,864,510</u>	Restricted
Total Governmental Funds	<u>\$ 44,967,772</u>	

The fund balances of the following governmental funds do not include encumbrances:

<u>Governmental Fund</u>	<u>Encumbrances not included in Fund Balance</u>
Grants	\$ 4,659,531
Debt Service	468,470
Capital Projects	<u>424,539,966</u>
Total Governmental Funds	<u>\$ 429,667,967</u>

## 3) Net Position Restricted by Enabling Legislation

Net position restricted by enabling legislation represent legislative restrictions that a party external to the government can compel the government to honor. For the County, such amounts represent primarily accumulated net position attributed to revenue streams, such as taxes or fees, which are restricted for specified purposes in the County Code. This generally includes Capital Project Fund recordation and impact tax collections on hand for a component unit and municipal governments, ending fund balances of substantially all special revenue funds, and ending unrestricted net position of the Solid Waste Activities and Parking Lot Districts enterprise funds. Such amounts, which are included with restricted net position in the government-wide Statement of Net Position, are as follows at year-end:

Governmental activities	\$ 492,271,947
Business-type activities	<u>39,725,780</u>
Total	<u>\$ 531,997,727</u>

## I) Significant Transactions with Discretely Presented Component Units

### 1) Operating and Capital Funding

Expenditures incurred for operating and capital funding of discretely presented component units amounted to the following for the year ended June 30, 2015:

	General Fund			Capital	
	Operating	Capital *	Total	Projects	Total
MCPS	\$ 1,478,450,933	\$ 8,953,638	\$ 1,487,404,571	\$ 175,293,003	\$ 1,662,697,574
MCC	118,813,727	9,086,748	127,900,475	35,519,240	163,419,715
HOC	7,360,143	-	7,360,143	-	7,360,143
Total	<u>\$ 1,604,624,803</u>	<u>\$ 18,040,386</u>	<u>\$ 1,622,665,189</u>	<u>\$ 210,812,243</u>	<u>\$ 1,833,477,432</u>

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

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

### 2) Other Transactions

BUPI charges for services revenue includes \$4,387,103 earned under contracts with the County. For capital leases with MCRA, see Note III-E3. For mortgages receivable due from HOC, see Note III-B2.

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## **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, MCC, MCRA, BUPI, 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 (HMO's), are offered to participants. WSTC, BUPI, Montgomery Community Television, the Strathmore Hall Foundation, Inc., Arts and Humanities Council of Montgomery County, Montgomery County Volunteer Fire & Rescue Association, and certain employees of the State of Maryland in addition to some of the participants in the Liability and Property Coverage Program, participate in this program.

Both internal service funds use the accrual basis of accounting. Payments to the Liability and Property Coverage Self-Insurance Fund by participants and recognition of the fund's liability for unpaid claims including those incurred but not reported are based on actuarial estimates. For the Employee Health Benefits Fund, charges to participants are based on actuarial estimates. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported which incorporate incremental claims adjustment expenses incurred only because of the claim, but do not include non-incremental claims adjustment expenses such as internal salary costs. Because actual claims liabilities depend on complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. During the year, there were no significant reductions in commercial insurance coverage in the Liability and Property Coverage Self-Insurance Fund from the prior year. For the past three years, no insurance settlements exceeded commercial insurance coverage in either fund.

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Changes in the balances of Claims Payable for the self-insurance funds for FY15 and FY14 are as follows:

	Liability and Property Coverage	Employee Health Benefits	Total
Balance July 1, 2013	\$ 127,051,728	\$ 14,661,904	\$ 141,713,632
Claims and changes in estimates	39,493,342	98,351,337	137,844,679
Claim payments <sup>1</sup>	(38,584,144)	(100,768,203)	(139,352,347)
Balance June 30, 2014	127,960,926	12,245,038	140,205,964
Claims and changes in estimates	37,905,495	109,854,065	147,759,560
Claim payments <sup>1</sup>	(37,723,921)	(108,796,991)	(146,520,912)
Balance June 30, 2015 <sup>2</sup>	\$ 128,142,500	\$ 13,302,112	\$ 141,444,612

<sup>1</sup> Includes non-monetary settlements.

<sup>2</sup> Includes incurred but not reported (IBNR) claims of \$63,525,144 and \$13,302,112 for the Liability and Property Coverage and the Employee Health Benefits Self-Insurance Funds, respectively.

## B) Significant Commitments and Contingencies

### 1) Landfill

The County, in its effort to provide for estimated landfill capping and postclosure 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 postclosure costs are estimated at \$64,168,663, which have been fully accrued through June 30, 2015. Of the total amount accrued, \$47,535,772 in actual costs have been paid out in prior years, and \$1,226,973 was paid in FY15, resulting in a net liability of \$15,405,918 at June 30, 2015. The current and non-current portions of the adjusted liability at year-end are estimated at \$965,926 and \$14,439,992 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 postclosure costs as they are incurred in the future.

### 2) Pollution Remediation

In FY09, the County identified the Gude Landfill as requiring pollution remediation or additional post-closure costs due to ground water and surface contamination. The landfill was used for the disposal of County municipal solid waste from 1965 to 1982. It received approximately 4.8 million tons of municipal waste from 1965 until the site was closed in 1982. The estimated remediation liability recorded as of FY15 is \$28.5 million. The amount is based on the expected cash flow technique, which measures the liability as the sum of the probability-weighted amounts. In this case there is a 50% probability (based on the engineer's assessment) that the total estimated remediation cost is \$57 million. The County will be submitting an updated plan in February 2016 to the Maryland Department of Environment (MDE). Based on their review, the liability may increase. This liability is also subject to change based on cost differences, changes in technology, or applications of laws and regulations. There are no expected recoveries to reduce the liability.

### 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 \$4,330,140. In accordance with generally accepted accounting principles, \$1,116,395 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 \$3,213,745 has not been reflected as a liability in the accompanying financial statements, as the County's liability on these claims is determined to be reasonably possible.

### 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, 2015, have not yet been completed. In accordance with the provisions of the Single Audit Act of 1984 and Circular A-133, 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.

### 5) Other Commitments

County proprietary funds have entered into contract commitments that remain uncompleted as of year-end. The amounts of outstanding commitments at June 30, 2015, are as follows:

<u>Enterprise Funds:</u>	<u>Operating</u>	<u>Capital</u>	<u>Inventory</u>	<u>Total</u>
Major Funds:				
Liquor	\$ 399,060	\$ -	\$ -	\$ 399,060
Solid Waste Activities:				
Disposal operations	6,816,420	-	-	6,816,420
Collection operations	163,901	-	-	163,901
Leafing operations	250,739	-	-	250,739
Parking Lot Districts:				
Silver Spring	397,603	1,359,283	-	1,756,886
Bethesda	324,988	393,130	-	718,118
Wheaton	55,839	51,300	-	107,139
Montgomery Hills	12,660	-	-	12,660
Subtotal	8,421,210	1,803,713	-	10,224,923
Nonmajor Funds:				
Permitting Services	818,748	-	-	818,748
Community Use of Public Facilities	33,662	-	-	33,662
Subtotal	852,410	-	-	852,410
Total Enterprise Funds	9,273,620	1,803,713	-	11,077,333
<u>Internal Service Funds:</u>				
Motor Pool	5,147,200	-	667,825	5,815,025
Central Duplicating	116,306	-	-	116,306
Liability & Property Coverage Self-Insurance	445,132	-	-	445,132
Employee Health Benefits Self-Insurance	5,681	-	-	5,681
Total Internal Service Funds	5,714,319	-	667,825	6,382,144
Total Proprietary Funds	\$ 14,987,939	\$ 1,803,713	\$ 667,825	\$ 17,459,477

As of June 30, 2015, the County has \$45,143,600 in outstanding offers of loans and/or grants that have been extended to various companies under its Economic Development Fund programs. To help fund such offers, the designated fund balance of the Economic Development Special Revenue Fund at the end of the year is typically reappropriated in the following year.

### **C) Subsequent Events**

On October 19, 2015, the County issued \$9.2 million of Bethesda Parking Lot District (PLD) bonds via direct bank placement to refund the outstanding 2005 Bethesda PLD bonds for debt service savings.

On November 18, 2015, the County issued General Obligation Bonds (Tax-Exempt Series B) in the amount of \$300,000,000.

### **D) Joint Ventures and Jointly Governed Organizations**

#### **Joint Ventures**

The Primary Government participates in five joint ventures and one jointly governed organization which are not included as part of the reporting entity. The Primary Government does not have a separable financial interest in any of the joint ventures. Therefore, no "Investment in Joint Ventures" is included in the accompanying financial statements. Audited financial statements are available from each of the six organizations. A general description of each entity follows:

#### **Maryland-National Capital Park and Planning Commission (M-NCPPC)**

M-NCPPC is a body corporate of the State of Maryland established by the Maryland General Assembly in 1927. M-NCPPC is a bi-county agency. The Board of Commissioners consists of ten members, five each from Montgomery and Prince George's Counties. The Montgomery County members are appointed by the County Council with the approval of the County Executive. The counties' oversight of M-NCPPC also includes budget approval over their respective shares of the operating and capital budgets. Each county is also required by law to guarantee the general obligation bonds of M-NCPPC issued for its jurisdiction.

At June 30, 2015, M-NCPPC had outstanding notes payable and bonds payable in the amount of \$101,524,379, of which zero dollars were self-supporting. Of the total amount payable, \$10,433,171 represented debt due within one year. Generally, debt of M-NCPPC is payable from its resources; however, the participating counties must guarantee payment of interest and principal on the debt that is not self-supporting. Montgomery County's contingent liability for non self-supporting M-NCPPC debt at June 30, 2015 is \$42,663,946, which represents general obligation bonds outstanding for the Montgomery County jurisdiction at year-end.

#### **Washington Suburban Sanitary Commission (WSSC)**

WSSC is a bi-county instrumentality of the State of Maryland created to provide water supply and sewage disposal services for Montgomery and Prince George's Counties. The two participating counties share equal control over WSSC in the selection of the six-member governing body, budgeting authority, and financing responsibility.

At June 30, 2015, WSSC had outstanding notes payable and bonds payable in the amount of \$2,198,567,000 which were fully self-supporting. Of the total amount payable, \$348,542,000 represented debt due within one year. Pursuant to Section 4-101 of Article 29 of the Annotated Code of Maryland, the County must guarantee payment of principal and interest on WSSC bonds, unless WSSC waives such guarantee requirement in accordance with Section 4-103 of Article 29. WSSC has waived such guarantee requirement with respect to all outstanding WSSC bonds. At June 30, 2015, 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 \$142,207 to WSTC during FY15.

### **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.

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A summary reflecting WMATA's expenditures incurred for the County's share of WMATA's activities for FY15, which are fully funded by the State and not reflected in the accompanying financial statements, is as follows:

Bus operating subsidy	\$ 60,418,225
Rail operating subsidy	46,923,369
Americans with Disabilities Act service	21,034,871
MetroMatters program	4,969,151
Capital Improvement Program	34,511,000
Project Development Program	506,000
Debt service on WMATA revenue bonds	(30,888)
Local bus program	<u>38,089,000</u>
Total	<u>\$ 206,420,728</u>

At June 30, 2015, WMATA had outstanding bonds payable of \$264,095,000, of which \$22,329,256 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 issued bonds in 1993 to fund the construction of the Montgomery County Resource Recovery Project (Project). In April 2003, NEMWDA refinanced \$205,078,908 of the 1993 bonds. On February 28, 2013, NEMWDA issued \$77,685,000 in Series 2013 bonds to refund the Series 2003 bonds. On April 1, 2013, \$113,720,000 were redeemed pursuant to an advanced refunding. At June 30, 2015, NEMWDA had outstanding bonds payable in the amount of \$37,280,000, all debt due within one year. These bonds are limited obligations of NEMWDA, payable solely from the Project revenues and other sources. Since the Project is owned and operated by NEMWDA, the bonds and related activities are included in the financial statements of NEMWDA.

This Project became operational in August 1995. 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. The waste disposal fee is comprised of an amount equal to debt service, facility fees, alternative disposal costs, NEMWDA administrative costs, operating costs, and NEMWDA component revenue. Waste disposal fee expense incurred by the Solid Waste Activities Enterprise Fund during FY15 amounted to \$41,234,387.

### **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 13 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 FY15 membership dues and fees for services amounting to \$815,579.

## **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 employees hired after July 1, 2008 are automatically enrolled in the Plan with a 1% contribution unless they elect out within 60 days from the date of hire. All eligible participants are automatically enrolled in the Plan as of the date of hire. If they do not opt out of the Plan within 60 days from the date of hire, they begin making a contribution equivalent to 1% of their salary.

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, the investment of the monies, and related investment earnings, is maintained for each participant. Withdrawals are made upon retirement, termination of employment, death, and/or in unforeseeable emergencies. Administrative expenses relating to the County Plan, which are not significant to the County Plan, have been paid by the General Fund.

### **2) Annual, Sick Leave, and Other Compensated Absences**

Employees of the County earn annual, compensatory, and sick leave in varying amounts. Employees who are part of the County Management Leadership Service and participate in the Retirement Savings Plan earn only Paid Time Off (PTO) leave. In the event of termination, employees are reimbursed for accumulated annual, PTO (where applicable), and compensatory leave (up to a limit if applicable). Under the Employees' Retirement System of Montgomery County, covered employees are given credited service toward retirement benefits for accumulated sick leave at retirement. Earned but unused annual, PTO, and compensatory leave is accounted for in the proprietary funds as a liability. The liability for unused annual, PTO, and compensatory leave payable from governmental fund types is reflected only at the government-wide level because it will be paid from future periods' resources. Liabilities for compensated absences have not been recorded in governmental funds since the portion expected to be liquidated with expendable available financial resources has been determined to be immaterial. Earned but unused sick leave is not recorded as a liability because upon termination, sick leave is not paid. Sick

leave is paid only in the event of employee illness, at which time the payments will be made from current resources.

### **3) Group Insurance Benefits**

The County provides comprehensive group insurance programs to its employees. These benefits include, but are not limited to, medical, dental, and vision benefits, long-term disability, term life, and accidental death and dismemberment insurance. The cost of each insurance program is shared between the employer and the employees. During FY15, the County and its employees contributed \$98,944,980 and \$40,153,733, respectively. Employees of MCRA, HOC, and BUPI participate in the comprehensive insurance program of the County. Employer contributions totaled \$730,365, \$4,052,044, and \$207,230 for these component units, respectively, for FY15.

## **F) Pension Plan Obligations**

### **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, Montgomery County Employees 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 nonservice-connected occurrences and total or partial permanent disablement. Death benefits are contingent upon service-connected or nonservice-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 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 (DROP) Plans, established in FY00, allow any employee who is a member of a specified membership class or bargaining unit, and who meets certain eligibility requirements, to elect to “retire” but continue to work for a specified time period, during which pension payments are deferred. When the member’s participation in the DROP Plan ends, the member must stop working for the County, draw a pension benefit based on the member’s credited service and earnings as of the date that the member began to participate in the DROP Plan, and receive the value of the DROP Plan payoff.

For members of the GRIP, employee contributions vest immediately and employer contributions are vested after three years of service or upon death, disability, or reaching retirement age. Members are fully vested upon reaching normal retirement (age 62) regardless of years of service. At separation, a participant’s benefit is determined based upon the account balance which includes contributions and earnings.

### **Funding Policy**

Required employee contribution rates varying from 6 to 11.25 percent of regular earnings are fixed and specified under Section 33-39 (a) of the Montgomery County Code of 2001, as amended. Employee contributions for the Elected Officials’ Plan are 4 percent of regular earnings. The County and each participating agency are required to contribute the remaining amounts necessary to fund the System, using the actuarial basis as specified in Section 33-40 of the Montgomery County Code of 2001, as amended. Under the current procedures, an actuarial valuation is performed to determine the employer contribution rate for the System. The contribution rate developed is a percentage of active member payroll. The dollar amount of each year’s employer contribution is determined by applying the contribution rate to the actual payroll for each year. Funding of the System during the period is the sum of the normal costs and amortization of the unfunded accrued liability over a twenty-year period.

The GRIP, as defined in Section 33-35 of the Code, requires non-public safety employees to contribute 4 percent of regular earnings up to the Social Security wage base and 8 percent above the Social Security wage base. Public safety employees are required to contribute 3 percent of regular earnings up to the Social Security wage base and 6 percent above the Social Security wage base. Section 33-40 of the Code requires the County and each participating agency to contribute 8 percent and 10 percent of regular earnings for non-public safety and public safety employees, respectively.

### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, the County reported a liability of \$298,751,284 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s proportion of Unfunded Accrued Actuarial



Liability (UAAL) relative to the UAAL of all agencies, actuarially determined. At June 30, 2014, the County's proportion was 97.79%.

For the fiscal year ended June 30, 2015, the County recognized pension expense of \$32,088,852. At June 30, 2015, 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
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 233,132,931
Changes in proportion and differences between County contributions and proportionate share of contributions	948,328	-
County contributions subsequent to the measurement date	<u>149,600,970</u>	<u>-</u>
Total	<u>\$ 150,549,298</u>	<u>\$ 233,132,931</u>

The \$149,600,970 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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
2016	\$ (57,978,304)
2017	(57,978,304)
2018	(57,978,304)
2019	(58,249,691)

### Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method for funding	Level percentage of payroll assuming 4% annual payroll growth
Amortization period for funding	Closed amortization approach. The period was reset to 18 years as of June 30, 2010. Amortization bases created in the future will be amortized over 20 years.
Inflation	3% per year
Salary increases	4% - 9.25% per year
Cost-of-living adjustments	3% on the benefit attributable to credited service earned prior to June 30, 2011. 2.3% on the benefit attributable to credited service earned thereafter, reflecting the 2.5% cap.
Post-retirement increases	Consumer Price Index – by Group

Investment rate of return	7.5% per year
Mortality	RP2000 Mortality Table, gender-distinct, projected to the year 2030 for healthy mortality and projected to the year 2010 for disabled mortality. Rates are set forward five years for the disabled mortality assumption.

The last experience study covered the period from July 1, 2005 to July 1, 2009 and was performed in November 2010. An actuarial experience study is conducted every five years. The experience study for the period from July 1, 2009 to July 1, 2014 has just concluded and the results of which will be reflected in the next valuation.

The long term 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (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
Long Duration Fixed Income	1.45 %
High Yield Fixed Income	2.35
Credit Opportunities	5.30
TIPS	1.05
Domestic Equity	4.40
International Equity	4.40
Emerging Equity	4.40
Global Equity	4.60
Private Markets	7.30
Global REITs	3.05
Commodities	2.00
Master Limited Partnerships	6.45
Cash	-
Hedge Funds	3.85

### Discount Rate

The discount rate used to measure the total liability was 7.5%. The projection of cash flows to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and contributions from the County and other participating agencies will be made at a contractually required 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 7.5%, 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 (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
County's proportionate share of the net pension liability	\$ 719,492,488	\$ 298,751,284	\$ (56,592,443)

### **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.

## **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 independent fire/rescue corporations, the Town of Chevy Chase, the Strathmore Hall Foundation, Inc., WSTC, and Montgomery County Employees Federal Credit Union. 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 FY15 were \$18,502,353 and \$9,728,222, respectively.

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 Retirement Savings Plan (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 publically available financial report that can be obtained at <http://www.sra.state.md.us>.

#### **Benefit 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.

#### **Contributions**

The County and its covered employees are required by the State statute to contribute to the MSRP System. The required FY15 employee contributions vary from 5-7% of salary. The required employer contribution rate for FY15 vary from 9.73 – 11.20% 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, 2015, the County reported a liability of \$17,878,357 for its proportionate share of the net pension liability of the MSRP System. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

As of June 30, 2014, the County's total proportionate share was as follows:

Montgomery County	0.0509975933819850000	%
Montgomery County Public Library	0.0001610909247812840	
Montgomery County (Supplemental)	0.0492975133985048000	
Bethesda Fire Department	0.0000936764754388767	
Chevy Chase Fire Department	<u>0.0001918157788418590</u>	
Total	<u><u>0.1007416899595518197</u></u>	%

Montgomery County has four withdrawn Participating Governmental Units (PGU) - Montgomery County, Montgomery County Public Library, Bethesda Fire Department and Chevy Chase Fire Department. The County is paying amortized amounts each fiscal year for these four withdrawn units over a forty-year period ending June 30, 2020.

For the year ended June 30, 2015, the County recognized pension expense of \$1,600,996. At June 30, 2015, the County reported the total amount of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 258,624	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,956,903
Difference between actual employer contributions and proportionate share of contributions	480,907	-
County contributions subsequent to the measurement date	<u>2,476,892</u>	<u>-</u>
Total	<u><u>\$ 3,216,423</u></u>	<u><u>\$ 1,956,903</u></u>

The \$2,476,892 reported as deferred outflows of resources related to pensions resulting from the County subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Amount
2016	\$ (304,343)
2017	(304,343)
2018	(304,343)
2019	(304,343)

### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the entry age normal actuarial cost method. Inflation is assumed to be 2.9% for general and 3.4% for wage. The discount rate and long-term expected rate of return on pension plan investments used in the determination of the pension liability is 7.65%.

## **Sensitivity of the County's Total Proportionate Share of the Net Pension Liability to Changes in Discount Rate**

The following presents County's total proportionate share of the net pension liability calculated using 7.65%, as well as what the County's total proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point (6.65%) lower or 1-percentage-point higher (8.65%) than the current rate:

	1% Decrease (6.65%)	Discount Rate (7.65%)	1% Increase (8.65%)
County's proportionate share of the net pension liability	\$ 25,764,962	\$ 17,878,357	\$ 11,272,328

## **4) Length of Service Award Program (LOSAP)**

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. Benefit expenditures amounting to \$1,297,960 in FY15 also include disability and survivor annuities and lump-sum death benefits, and are reported in the Fire Tax District Special Revenue Fund on a "pay-as-you-go" basis. There were 552 recipients comprising former volunteers and their beneficiaries at the end of FY15.

## **G) Other Postemployment Benefits (OPEB)**

### **Plan Description**

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 MCC, both component units of the reporting entity. During FY15, the County contributed \$85,507,000 and \$1,974,000 to the CRHBT on behalf of MCPS and MCC for the health benefits of their retirees, respectively. The CRHBT is a cost-sharing multiple-employer defined benefit healthcare plan sponsored by the County. Other agencies and political subdivisions have the right to elect participation. The Board of Trustees (Board) has the exclusive authority to manage the assets of the CRHBT. The Board consists of nineteen trustees and functions as part of the County. Separate financial statements are not issued for the CRHBT.

Substantially all retirees of the County, MCRA, HOC, the independent fire/rescue corporations, WSTC, the Strathmore Hall Foundation, Inc., the Village of Friendship Heights, Montgomery County Employees Federal Credit Union and certain retirees of the State Department of Assessments and Taxation, are provided postemployment benefits such as medical, life, dental, vision, and prescription coverage under the Montgomery County Group Insurance Plan (Plan). Retirees may also elect coverage for their eligible dependents. A member of the Employees' Retirement System of Montgomery County, who retires under a normal, early, disability or discontinued service retirement, is eligible for group insurance benefits under the Plan. However, the member is not eligible for group insurance benefits if the member leaves County service prior to retirement eligibility with a deferred vested benefit payable upon member's retirement date. A member of the Employees' Retirement Savings Plan or the GRIP is eligible for group insurance upon separation from service based upon the member's age and credited service at the time of separation. Postemployment benefit provisions and eligibility requirements for retirees are described under the Montgomery County Group Insurance Summary Plan Description.

Plan membership at June 30, 2014, the most recent actuarial valuation as of July 1, 2014, consisted of the following:

Retirees and beneficiaries receiving benefits	7,563
Active plan members	<u>9,942</u>
Total	<u><u>17,505</u></u>

Condensed FY15 financial statements for the Consolidated Retiree Health Benefits Trust are as follows:

<b>Condensed Statement of Fiduciary Net Position</b>		<b>Condensed Statement of Changes in Fiduciary Net Position</b>	
<b>ASSETS</b>		<b>ADDITIONS</b>	
Cash and investments	\$ 620,134,216	Contributions	\$ 209,128,508
Other assets	<u>6,800,849</u>	Net investment income (loss)	<u>2,158,711</u>
Total Assets	<u>626,935,065</u>	Total Additions, net	<u>211,287,219</u>
<b>LIABILITIES</b>		<b>DEDUCTIONS</b>	
Claims payable	4,253,303	Benefits	72,260,293
Other liabilities	<u>28,960,325</u>	Administrative	<u>5,042,092</u>
Total Liabilities	<u>33,213,628</u>	Total Deductions	<u>77,302,385</u>
<b>NET POSITION:</b>		Change in Net Position	133,984,834
Held in trust for other		Beginning Net Position	<u>459,736,603</u>
postemployment benefits	<u>\$ 593,721,437</u>	Ending Net Position	<u>\$ 593,721,437</u>

### 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 FY15, plan members and beneficiaries receiving benefits contributed \$21,916,187 (approximately 29 percent of current contributions). The County and other contributing entities contributed \$97,651,089 including \$53,017,089 (approximately 71 percent of current contributions) for current premiums, claims and administrative expenses, and \$44,634,000 toward prefunding future benefits.

### Funding Status and Funding Progress

As of June 30, 2014, the most recent actuarial valuation, the actuarial accrued liability (AAL) was \$1,241,304,000 and there was \$239,399,000 of actuarial plan assets; therefore, the unfunded AAL (UAAL) was \$1,001,905,000. The annual covered payroll of active employees covered by the Plan was \$649,659,000 and the ratio of the UAAL to covered payroll was 154.2 percent.

The actuarial valuation of the Plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarially determined amounts regarding the funded status of the Plan and the annual required contributions (ARC) of the County and other participating agencies are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The schedule of funding progress for this Plan presented in the required supplementary information (RSI-4) shows multi-year information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

During FY08, the County Council adopted Resolution No. 16-555, expressing its intent to phase in to full funding of the difference between pay-as-you-go contributions and the ARC over eight years. The prefunding contributions reflected in the accompanying financial statements represent the eighth year of that eight year phase in.

### **Annual OPEB Cost and Net OPEB Obligation**

The ARC, or annual OPEB cost (AOC), for FY15 was based on an actuarial valuation as of June 30, 2014, the latest valuation available on the date the County Council was required to approve the FY15 budget.

The AOC and the net OPEB obligation of the County as of June 30, 2015 were as follows:

Annual required contribution (ARC)	\$	107,096,000
Interest on net OPEB obligation		31,937,000
Adjustment to annual required contribution		<u>(24,663,000)</u>
Annual OPEB cost		114,370,000
Contributions made		<u>(99,731,321)</u>
Increase (Decrease) in net OPEB obligation		14,638,679
Net OPEB obligation - beginning of year		<u>425,820,958</u>
Net OPEB obligation - end of year	\$	<u><u>440,459,637</u></u>

The County's annual OPEB cost and the net OPEB obligation of the plan for the current and prior two years were as follows:

<u>Fiscal Year Ended June 30</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 138,891,000	65.2 %	\$ 429,058,044
2014	103,418,000	103.1	425,820,958
2015	114,370,000	87.2	440,459,637

### **Actuarial Methods and Assumptions**

The calculations of projected benefits are based on the terms of the Plan in effect at the time of valuation and on the pattern of sharing costs between the employer and plan members to that point. The actuarial calculations reflect a long-term perspective and actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in the actuarial accrued liability and the actuarial value of assets.

Actuarial assumptions used in the actuarial valuation were:

Valuation date	June 30, 2014
Actuarial method	Projected unit credit
Amortization method	Level percentage of projected payroll
Amortization period	30 years (open period)
Investment rate of return	7.50%
Salary scale	3.00%
Inflation rate	3.00%



Mortality	RP 2000 projected 30 years, separate tables for males and females
Health care cost trend rates:	(initial, ultimate)
Medical (excluding Indemnity plan) pre-65	8.09%, 5.16%
Medical (excluding Indemnity plan) post-65	(2.87)%, 5.00%
Medical (Indemnity plan)	9.21%, 5.50%
Medical (Indemnity plan) post-65	1.15%, 6.09%
Dental	5.00%, 4.50%

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## **REQUIRED SUPPLEMENTARY INFORMATION**



MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**RSI-1**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes:				
Property	\$ 1,088,918,814	\$ 1,088,918,814	\$ 1,086,843,608	\$ (2,075,206)
Property - penalty and interest	-	-	1,553,240	1,553,240
Total Property Tax	1,088,918,814	1,088,918,814	1,088,396,848	(521,966)
County Income Tax	1,340,644,366	1,340,644,366	1,310,821,061	(29,823,305)
Other Local Taxes:				
Real property transfer	97,880,000	97,880,000	92,068,495	(5,811,505)
Recordation	62,814,266	62,814,266	55,530,762	(7,283,504)
Fuel energy	209,181,624	209,181,624	207,195,218	(1,986,406)
Hotel-motel	17,512,115	17,512,115	19,007,650	1,495,535
Telephone	47,833,000	47,833,000	48,839,958	1,006,958
Other	3,212,000	3,212,000	3,056,013	(155,987)
Total Other Local Taxes	438,433,005	438,433,005	425,698,096	(12,734,909)
Total Taxes	2,867,996,185	2,867,996,185	2,824,916,005	(43,080,180)
Licenses and Permits:				
Business	4,684,550	4,684,550	4,497,509	(187,041)
Non business	6,801,847	6,801,847	5,818,384	(983,463)
Total Licenses and Permits	11,486,397	11,486,397	10,315,893	(1,170,504)
Intergovernmental Revenue:				
State Aid and Reimbursements:				
DHR State reimbursement	45,500	45,500	46,027	527
Highway user revenue	3,587,736	3,587,736	3,368,037	(219,699)
Police protection	13,932,320	13,932,320	13,719,271	(213,049)
Health and human services programs	5,381,238	5,381,238	4,506,785	(874,453)
Public libraries	5,481,038	5,481,038	5,366,493	(114,545)
911 Emergency	5,420,000	5,420,000	7,190,139	1,770,139
Other	2,626,252	2,626,252	1,177,978	(1,448,274)
Total State Aid and Reimbursements	36,474,084	36,474,084	35,374,730	(1,099,354)
Federal Reimbursements:				
Federal financial participation	12,771,655	12,771,655	16,348,629	3,576,974
Other	5,762,321	5,762,321	7,908,647	2,146,326
Total Federal Reimbursements	18,533,976	18,533,976	24,257,276	5,723,300
Other Intergovernmental	1,224,180	1,224,180	1,067,764	(156,416)
Total Intergovernmental Revenue	56,232,240	56,232,240	60,699,770	4,467,530
Charges for Services:				
General government	1,319,214	1,319,214	1,199,075	(120,139)
Public safety	5,465,910	5,465,910	5,225,058	(240,852)
Health and human services	1,426,320	1,426,320	1,501,211	74,891
Culture and recreation	600	600	33,429	32,829
Environment	275,000	275,000	489,422	214,422
Public works and transportation	371,000	371,000	782,656	411,656
Total Charges for Services	8,858,044	8,858,044	9,230,851	372,807
Fines and forfeitures	21,621,131	21,621,131	27,538,162	5,917,031
Investment Income:				
Pooled investment income	66,760	66,760	98,189	31,429
Other interest income	203,300	203,300	7,759	(195,541)
Total Investment Income	270,060	270,060	105,948	(164,112)

(Continued)

MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**RSI-1 (Continued)**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Miscellaneous Revenue:				
Property rentals	5,114,970	5,114,970	3,875,465	(1,239,505)
Sundry	3,606,020	3,606,020	5,631,563	2,025,543
Total Miscellaneous Revenue	8,720,990	8,720,990	9,507,028	786,038
Total Revenues	2,975,185,047	2,975,185,047	2,942,313,657	(32,871,390)
Expenditures:				
Departments or Offices:				
County Council:				
Personnel	9,534,805	9,900,095	9,900,094	1
Operating	847,195	872,780	872,775	5
Totals	10,382,000	10,772,875	10,772,869	6
Board of Appeals:				
Personnel	509,489	541,951	541,947	4
Operating	57,107	51,407	39,026	12,381
Totals	566,596	593,358	580,973	12,385
Legislative Oversight:				
Personnel	1,409,301	1,456,572	1,456,569	3
Operating	26,202	28,876	23,830	5,046
Totals	1,435,503	1,485,448	1,480,399	5,049
Merit System Protection Board:				
Personnel	142,789	128,510	124,754	3,756
Operating	15,508	89,357	89,354	3
Totals	158,297	217,867	214,108	3,759
Zoning and Administrative Hearings:				
Personnel	511,001	516,081	516,073	8
Operating	76,414	82,252	67,928	14,324
Totals	587,415	598,333	584,001	14,332
Inspector General:				
Personnel	688,744	696,569	695,236	1,333
Operating	68,302	108,426	58,575	49,851
Totals	757,046	804,995	753,811	51,184
Circuit Court:				
Personnel	8,901,234	8,851,234	8,649,047	202,187
Operating	2,681,823	3,013,049	2,994,721	18,328
Totals	11,583,057	11,864,283	11,643,768	220,515
State's Attorney:				
Personnel	14,212,691	13,912,259	13,912,257	2
Operating	678,088	1,120,594	1,120,588	6
Totals	14,890,779	15,032,853	15,032,845	8
County Executive:				
Personnel	4,320,728	4,536,997	4,536,987	10
Operating	607,126	842,217	610,646	231,571
Totals	4,927,854	5,379,214	5,147,633	231,581
Community Engagement Cluster:				
Personnel	2,696,078	2,722,069	2,722,068	1
Operating	786,910	817,572	817,567	5
Totals	3,482,988	3,539,641	3,539,635	6

(Continued)

MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**RSI-1 (Continued)**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Ethics Commission:				
Personnel	329,084	337,825	337,822	3
Operating	26,557	64,057	63,525	532
Totals	355,641	401,882	401,347	535
Intergovernmental Relations:				
Personnel	788,054	791,614	791,607	7
Operating	86,609	86,379	86,377	2
Totals	874,663	877,993	877,984	9
Public Information:				
Personnel	3,868,420	3,945,400	3,945,394	6
Operating	947,709	1,219,708	1,219,707	1
Totals	4,816,129	5,165,108	5,165,101	7
Board of Elections:				
Personnel	3,484,481	3,493,204	3,477,874	15,330
Operating	3,240,957	3,961,889	3,889,508	72,381
Totals	6,725,438	7,455,093	7,367,382	87,711
County Attorney:				
Personnel	4,907,091	5,303,886	5,303,884	2
Operating	474,145	982,615	982,610	5
Totals	5,381,236	6,286,501	6,286,494	7
Management and Budget:				
Personnel	3,790,334	3,813,578	3,719,433	94,145
Operating	126,679	134,631	113,874	20,757
Totals	3,917,013	3,948,209	3,833,307	114,902
Finance:				
Personnel	10,970,775	10,506,125	10,433,162	72,963
Operating	2,441,662	3,735,469	3,532,269	203,200
Totals	13,412,437	14,241,594	13,965,431	276,163
Human Resources:				
Personnel	5,023,029	5,569,363	5,569,354	9
Operating	2,755,610	3,100,056	3,100,048	8
Totals	7,778,639	8,669,419	8,669,402	17
Technology Services:				
Personnel	15,807,789	15,389,919	15,364,232	25,687
Operating	14,464,279	18,545,813	18,093,329	452,484
Totals	30,272,068	33,935,732	33,457,561	478,171
General Services:				
Personnel	15,165,868	16,932,934	16,932,930	4
Operating	14,302,157	25,496,737	25,496,732	5
Totals	29,468,025	42,429,671	42,429,662	9
Consumer Protection:				
Personnel	2,114,324	2,117,128	2,064,750	52,378
Operating	141,912	142,192	71,091	71,101
Totals	2,256,236	2,259,320	2,135,841	123,479
Corrections and Rehabilitation:				
Personnel	63,988,697	63,456,170	63,437,009	19,161
Operating	7,147,194	7,797,850	7,627,067	170,783
Totals	71,135,891	71,254,020	71,064,076	189,944

(Continued)

MONTGOMERY COUNTY, MARYLAND  
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, 2015  
RSI-1 (Continued)

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Human Rights:				
Personnel	950,376	952,468	952,466	2
Operating	72,902	102,412	94,049	8,363
Totals	1,023,278	1,054,880	1,046,515	8,365
Police:				
Personnel	230,333,220	227,352,639	227,352,584	55
Operating	43,576,319	51,965,837	51,947,045	18,792
Totals	273,909,539	279,318,476	279,299,629	18,847
Sheriff:				
Personnel	20,653,452	20,916,752	20,916,749	3
Operating	2,317,237	2,526,925	2,526,923	2
Totals	22,970,689	23,443,677	23,443,672	5
Homeland Security:				
Personnel	1,108,418	1,122,561	796,272	326,289
Operating	259,800	386,138	348,425	37,713
Totals	1,368,218	1,508,699	1,144,697	364,002
Transportation:				
Personnel	19,935,081	24,966,734	24,707,849	258,885
Operating	25,596,716	43,811,976	43,811,967	9
Totals	45,531,797	68,778,710	68,519,816	258,894
Health and Human Services:				
Personnel	113,396,049	112,786,091	109,414,754	3,371,337
Operating	94,801,911	101,531,346	101,522,904	8,442
Totals	208,197,960	214,317,437	210,937,658	3,379,779
Libraries:				
Personnel	31,313,215	31,397,293	29,912,076	1,485,217
Operating	6,921,455	8,132,983	7,895,874	237,109
Totals	38,234,670	39,530,276	37,807,950	1,722,326
Housing and Community Affairs:				
Personnel	4,239,930	4,301,563	4,301,553	10
Operating	937,826	961,122	794,478	166,644
Totals	5,177,756	5,262,685	5,096,031	166,654
Economic Development:				
Personnel	4,385,342	4,152,994	4,152,994	-
Operating	6,278,015	8,035,927	8,035,926	1
Totals	10,663,357	12,188,921	12,188,920	1
Environmental Protection:				
Personnel	1,559,790	1,491,460	1,464,217	27,243
Operating	290,280	480,754	397,590	83,164
Totals	1,850,070	1,972,214	1,861,807	110,407
Total Departments	834,092,285	894,589,384	886,750,325	7,839,059
Nondepartmental:				
Arts Council - operating	4,442,700	4,442,700	4,442,700	-
Boards, Committees and Commissions	22,950	22,950	19,897	3,053
Charter Review Commission	150	150	-	150
Community grants	8,547,755	9,222,333	9,183,650	38,683
Compensation adjustment - personnel	1,192,245	292,980	123,929	169,051
Compensation adjustment - operating	629,455	715,730	715,726	4
Conference Center - personnel	113,277	113,337	113,337	-
Conference Center - operating	449,690	499,550	50,290	449,260

(Continued)



MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**RSI-1 (Continued)**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Conferences & Visitors Bureau	1,225,848	1,345,208	1,345,204	4
Consolidated Retiree Health Benefits Trust (MC)	1,974,000	1,974,000	1,974,000	-
Consolidated Retiree Health Benefits Trust (MCPS)	85,507,000	85,507,000	85,507,000	-
Contrib. To Self Ins Fund - Risk Mg	19,547,940	19,547,940	18,996,437	551,503
County Associations	74,728	74,728	74,728	-
County Leases - personnel	100,000	100,440	100,435	5
County Leases - operating	20,881,310	20,910,564	20,096,533	814,031
Desktop computer modernization - operating	5,661,200	7,225,771	7,034,481	191,290
Grants To Muni Lieu Of Shared Tax	28,020	28,020	28,012	8
Group Insurance Retirees	32,462,450	32,462,450	32,462,450	-
Historical Activities	77,250	102,590	102,589	1
Homeowners' Association Roads	53,110	53,110	53,110	-
Housing Opportunities Commission	6,376,480	-	-	-
Inauguration & Transition	5,000	5,000	3,884	1,116
Independent Audit	420,820	428,589	282,769	145,820
Interagency tech, policy and coord comm - operating	5,850	5,850	1,666	4,184
Legislative Branch Communications Outreach	488,000	598,833	579,554	19,279
Metro Washington Council Of Govts	816,409	816,409	815,579	830
Mont Coalition Adult English Literacy	1,257,058	1,257,058	1,257,058	-
Motor Pool Fund	823,698	-	-	-
Municipal Tax Duplication	8,048,578	8,106,648	8,106,641	7
Prisoner Medical Services	50,000	50,000	-	50,000
Public Technologies Inc	20,000	20,000	20,000	-
Rebate Takoma Park For Police	951,540	951,540	920,996	30,544
Retiree Health Benefits Trust	38,577,480	38,577,480	38,577,480	-
Rockville Parking District	376,600	376,600	366,137	10,463
Snow Removal	5,884,990	-	-	-
State Positions Supplement	60,756	60,756	26,659	34,097
State Property Tax Services	3,464,610	3,464,610	3,128,208	336,402
State Retirement Contribution	1,251,603	1,251,603	1,251,603	-
Takoma Park - Lib Transition	132,819	145,809	145,801	8
Utilities	25,234,133	25,319,257	24,619,207	700,050
Working Families Income Supplement	18,342,200	18,960,630	18,960,626	4
Total - Nondepartmental	295,579,702	285,038,223	281,488,376	3,549,847
Total Expenditures	1,129,671,987	1,179,627,607	1,168,238,701	11,388,906
Excess of Revenues over (under) Expenditures	1,845,513,060	1,795,557,440	1,774,074,956	(21,482,484)
Other Financing Sources (Uses):				
Transfers In:				
Special Revenue Funds:				
Fire Tax District	120,750	120,750	120,750	-
Recreation	5,216,400	4,866,400	3,103,190	(1,763,210)
Mass Transit	10,873,510	10,548,510	10,548,510	-
Water Quality Protection	1,287,544	1,287,544	1,287,544	-
Urban Districts	569,210	569,210	569,210	-
Housing Activities	295,481	295,481	295,481	-
Grants	638,580	-	-	-
Cable TV	8,389,025	8,389,025	8,389,025	-
Total Special Revenue Funds	27,390,500	26,076,920	24,313,710	(1,763,210)

(Continued)

MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**RSI-1 (Continued)**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Enterprise Funds:				
Liquor	27,790,916	27,790,916	28,300,046	509,130
Parking Lot Districts	801,217	801,217	854,012	52,795
Solid Waste Activities	2,555,079	2,555,079	2,555,079	-
Community Use of Public Facilities	454,619	454,619	454,619	-
Permitting Services	4,090,186	4,090,186	4,090,186	-
Total Enterprise Funds	35,692,017	35,692,017	36,253,942	561,925
Internal Service Funds:				
Self insurance employee health benefits	10,056,754	10,056,754	10,745,911	689,157
Total Internal Service Funds	10,056,754	10,056,754	10,745,911	689,157
Total Transfers In	73,139,271	71,825,691	71,313,563	(512,128)
Transfers In - Component Units:				
Montgomery College	247,610	-	-	-
Total Transfers In - Component Units	247,610	-	-	-
Total Transfers In - MCG	73,386,881	71,825,691	71,313,563	(512,128)
Transfers (Out):				
Special Revenue Funds:				
Recreation	(1,009,700)	(1,009,700)	(1,009,700)	-
Fire Tax District	(1,450,000)	(250,000)	(250,000)	-
Urban Districts	(1,284,430)	(1,284,430)	(1,284,430)	-
Mass Transit	(531,310)	(531,310)	(531,310)	-
Revenue Stabilization	(22,571,411)	(22,482,050)	(22,392,996)	89,054
Housing Activities	(18,572,277)	(18,572,277)	(18,572,277)	-
Economic Development	(1,686,617)	(1,199,627)	(1,199,627)	-
Total Special Revenue Funds	(47,105,745)	(45,329,394)	(45,240,340)	89,054
Internal Service Funds:				
Motor Pool	-	(823,698)	(576,813)	246,885
Total Internal Service Funds	-	(823,698)	(576,813)	246,885
Enterprise Funds:				
Community Use of Public Facilities	(160,000)	(160,000)	(160,000)	-
Solid Waste Activities	(1,548,890)	(1,548,890)	(1,548,890)	-
Permitting Services	(1,153,770)	-	-	-
Total Enterprise Funds	(2,862,660)	(1,708,890)	(1,708,890)	-
Debt Service Fund	(290,789,930)	(290,805,592)	(281,282,150)	9,523,442
Capital Projects Fund	-	(87,865,511)	(54,521,679)	33,343,832
Total Transfers (Out)	(340,758,335)	(426,533,085)	(383,329,872)	43,203,213

(Continued)

MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**RSI-1 (Concluded)**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Transfers (Out) - Component Units:				
Montgomery County Public Schools - operating	(1,478,450,933)	(1,478,450,933)	(1,478,450,933)	-
Montgomery County Public Schools - capital	-	(21,250,981)	(8,953,638)	12,297,343
Total Montgomery County Public Schools	(1,478,450,933)	(1,499,701,914)	(1,487,404,571)	12,297,343
Montgomery College - operating	(118,813,727)	(118,813,727)	(118,813,727)	-
Montgomery College - capital	-	(27,639,193)	(9,086,748)	18,552,445
Total Montgomery College	(118,813,727)	(146,452,920)	(127,900,475)	18,552,445
Housing Opportunity Commission - operating	-	(6,376,480)	(7,360,143)	(983,663)
Housing Opportunity Commission - capital	-	(6,392,659)	-	6,392,659
Total Housing Opportunity Commission	-	(12,769,139)	(7,360,143)	5,408,996
M-NCPPC - operating	(866,800)	(866,800)	(866,800)	-
Total Transfers (Out) - Component Units and JV	(1,598,131,460)	(1,659,790,773)	(1,623,531,989)	36,258,784
Total Transfers (Out) - MCG	(1,938,889,795)	(2,086,323,858)	(2,006,861,861)	79,461,997
Total Other Financing Sources (Uses)	(1,865,502,914)	(2,014,498,167)	(1,935,548,298)	78,949,869
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(19,989,854)	(218,940,727)	(161,473,342)	57,467,385
Fund Balance - Beginning of Year	349,764,282	349,764,282	349,764,282	-
Fund Balance - End of Year	<u>\$ 329,774,428</u>	<u>\$ 130,823,555</u>	<u>\$ 188,290,940</u>	<u>\$ 57,467,385</u>

**Reconciliation of budgetary schedule to GAAP basis Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:**

General Fund:	Revenues	Expenditures and Encumbrances	Financing Sources (Uses)	Effect on Fund Balance
As reported - budgetary basis	\$ 2,942,313,657	\$ 1,168,238,701	\$ (1,935,548,298)	\$ (161,473,342)
Non budgeted Item - Bad debt expense	-	4,476,824	-	(4,476,824)
Adjusted - budgetary basis	2,942,313,657	1,172,715,525	(1,935,548,298)	(165,950,166)
Reconciling items:				
Financing under notes and leases payable	-	-	231,235	231,235
Elimination of encumbrances outstanding	-	(26,575,194)	-	26,575,194
Revenue Stabilization investment income	267,729	-	-	267,729
Conference center activity	23,051,429	16,343,149	-	6,708,280
Transfer to Revenue Stabilization	-	-	22,392,996	22,392,996
Interfund activities budgeted as transfers:				
Recreation facility maintenance costs	1,763,210	-	-	1,763,210
Parking revenue	52,795	-	(52,795)	-
Solid Waste tipping fees	-	1,548,890	1,548,890	-
Community Use of Public Facilities for elections	-	135,000	135,000	-
Component Unit activities budgeted as transfers:				
Component Units and Joint Venture - transfer out	-	1,623,531,989	1,623,531,989	-
As reported - GAAP basis	<u>\$ 2,967,448,820</u>	<u>\$ 2,787,699,359</u>	<u>\$ (287,760,983)</u>	<u>\$ (108,011,522)</u>

MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**RSI-2**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes - transfer	\$ 9,658,371	\$ 9,658,371	\$ 8,630,004	\$ (1,028,367)
Investment Income:				
Pooled investment income	1,000,000	1,000,000	21,645	(978,355)
Other interest income	-	-	2,018,175	2,018,175
Total Investment Income	1,000,000	1,000,000	2,039,820	1,039,820
Miscellaneous:				
Property rentals, MPDU and other contributions	390,636	390,636	315,902	(74,734)
Total Miscellaneous	390,636	390,636	315,902	(74,734)
Total Revenues	11,049,007	11,049,007	10,985,726	(63,281)
Expenditures: Community development and housing				
Personnel	1,770,182	1,770,182	1,747,166	23,016
Operating	26,120,543	32,035,334	28,815,254	3,220,080
Total Expenditures	27,890,725	33,805,516	30,562,420	3,243,096
Excess of Revenues over (under) Expenditures	(16,841,718)	(22,756,509)	(19,576,694)	3,179,815
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	18,572,277	18,572,277	18,572,277	-
From Capital Projects Fund	10,392,257	10,392,257	10,392,257	-
To General Fund	(262,272)	(295,481)	(295,481)	-
To Debt Service Fund	(7,229,219)	(7,196,010)	(7,395,785)	(199,775)
To Capital Projects	-	-	(5,104,445)	(5,104,445)
Mortgage repayment	2,500,000	2,500,000	9,616,637	7,116,637
Sale of property	1,250,000	1,250,000	1,526,002	276,002
Total Other Financing Sources (Uses)	25,223,043	25,223,043	27,311,462	2,088,419
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	8,381,325	2,466,534	7,734,768	5,268,234
Fund Balance - Beginning of Year	48,778,373	48,778,373	48,778,373	-
Fund Balance - End of Year	\$ 57,159,698	\$ 51,244,907	\$ 56,513,141	\$ 5,268,234

**Reconciliation of budgetary schedule to GAAP basis Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:**

Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses:	\$ 7,734,768
Reconciling items:	
Elimination of encumbrances outstanding	528,068
Non budgeted Item - Bad debt expense	(5,940,313)
GAAP - Net Change in Fund Balance	\$ 2,322,523

MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**RSI-3**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Intergovernmental:				
Federal grants	\$ 28,182,678	\$ 49,501,478	\$ 47,101,036	\$ (2,400,442)
State grants	88,236,501	159,374,047	67,608,089	(91,765,958)
Other non-state and non-federal reimbursements	130,000	2,105,088	470,537	(1,634,551)
Total Intergovernmental	116,549,179	210,980,613	115,179,662	(95,800,951)
Investment income:				
Other principal and interest income	1,000,000	603,699	946,567	342,868
Total Investment Income	1,000,000	603,699	946,567	342,868
Miscellaneous	299,038	112,427	212,685	100,258
<b>Total Revenues</b>	117,848,217	211,696,739	116,338,914	(95,357,825)
Expenditures:				
General Government:				
Circuit Court:				
Personnel costs	2,218,982	2,183,339	1,981,205	202,134
Operating	177,053	383,338	199,445	183,893
Totals	2,396,035	2,566,677	2,180,650	386,027
Office of State's Attorney:				
Personnel costs	117,470	563,230	121,303	441,927
Operating	-	1,764	1,764	-
Totals	117,470	564,994	123,067	441,927
Office of the County Executive:				
Personnel costs	125,874	508,345	122,079	386,266
Operating	4,484	233,800	25,403	208,397
Totals	130,358	742,145	147,482	594,663
Intergovernmental Relations:				
Operating	30,670	95,849	30,664	65,185
Totals	30,670	95,849	30,664	65,185
Community Engagement Cluster:				
Personnel costs	71,042	143,048	66,287	76,761
Operating	-	75,480	36,364	39,116
Totals	71,042	218,528	102,651	115,877
General Services:				
Operating	-	1,446,017	341,245	1,104,772
Totals	-	1,446,017	341,245	1,104,772
Department of Technology Services:				
Operating	-	939,005	7,349	931,656
Totals	-	939,005	7,349	931,656
Total General Government	2,745,575	6,573,215	2,933,108	3,640,107
Public Safety:				
Department of Corrections and Rehabilitation:				
Personnel costs	-	15,955	-	15,955
Operating	-	109,173	-	109,173
Totals	-	125,128	-	125,128

(Continued)

MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**RSI-3 (Continued)**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Department of Fire and Rescue Services:				
Personnel costs	917,155	1,645,395	1,505,834	139,561
Operating	-	2,858,054	1,041,663	1,816,391
Totals	917,155	4,503,449	2,547,497	1,955,952
Department of Police:				
Personnel costs	148,000	1,707,298	555,099	1,152,199
Operating	17,000	2,108,125	835,245	1,272,880
Totals	165,000	3,815,423	1,390,344	2,425,079
Office of the County Sheriff:				
Personnel costs	603,931	1,513,625	692,000	821,625
Operating	188,069	780,132	204,415	575,717
Totals	792,000	2,293,757	896,415	1,397,342
Office of Emergency Management & Homeland Security:				
Personnel costs	633,331	3,989,524	794,304	3,195,220
Operating	-	10,934,857	6,189,338	4,745,519
Totals	633,331	14,924,381	6,983,642	7,940,739
Total Public Safety	2,507,486	25,662,138	11,817,898	13,844,240
Transportation:				
Department of Transportation:				
Personnel costs	1,763,781	8,568,970	1,428,345	7,140,625
Operating	2,948,765	5,430,869	3,833,969	1,596,900
Total Transportation	4,712,546	13,999,839	5,262,314	8,737,525
Economic Development:				
Department of Economic Development:				
Personnel costs	-	1,558,573	-	1,558,573
Operating	2,842,854	5,138,924	3,788,009	1,350,915
Total Economic Development	2,842,854	6,697,497	3,788,009	2,909,488
Health and Human Services:				
Department of Health and Human Services:				
Personnel costs	43,251,605	57,544,648	44,472,463	13,072,185
Operating	33,750,328	60,538,460	40,981,062	19,557,398
Total Health and Human Services	77,001,933	118,083,108	85,453,525	32,629,583
Culture and Recreation:				
Department of Libraries:				
Personnel costs	40,290	40,290	40,290	-
Operating	12,000	49,707	12,625	37,082
Totals	52,290	89,997	52,915	37,082
Department of Recreation:				
Personnel costs	69,157	82,713	19,857	62,856
Operating	-	55,903	55,903	-
Totals	69,157	138,616	75,760	62,856
Total Culture and Recreation	121,447	228,613	128,675	99,938
Housing:				
Department of Housing and Community Affairs:				
Personnel costs	2,297,810	2,577,307	2,099,615	477,692
Operating	5,033,252	16,743,031	5,144,153	11,598,878
Total Housing	7,331,062	19,320,338	7,243,768	12,076,570

(Continued)

MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**RSI-3 (Concluded)**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Environment:				
Department of Environmental Protection:				
Personnel costs	-	6,338	-	6,338
Operating	-	119,650	24,181	95,469
Total Environmental Protection	-	125,988	24,181	101,807
Department of Liquor Control:				
Personnel costs	-	21,525	13,586	7,939
Operating	-	40,430	27,999	12,431
Total Liquor Control	-	61,955	41,585	20,370
Nondepartmental:				
NDA Historical Activities - Operating	585,314	-	-	-
NDA Future Grants - Operating	20,000,000	21,139,997	-	21,139,997
Total Nondepartmental	20,585,314	21,139,997	-	21,139,997
<b>Total Expenditures</b>	<b>117,848,217</b>	<b>211,892,688</b>	<b>116,693,063</b>	<b>95,199,625</b>
Excess of Revenues over (under)				
Expenditures	-	(195,949)	(354,149)	(158,200)
Other Financing Sources (Uses):				
Transfers In:				
Restricted Donations Fund	-	-	216,033	216,033
Mass Transit Special Revenue Fund	-	181,800	340,000	158,200
Fire Tax District Special Revenue Fund	-	14,149	14,149	-
Total Transfers In	-	195,949	570,182	374,233
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>195,949</b>	<b>570,182</b>	<b>374,233</b>
Excess of Revenues and Other Financing				
Sources over (under) Expenditures				
and Other Financing Uses	-	-	216,033	216,033
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 216,033</b>	<b>\$ 216,033</b>

Grants Fund prior year carryover includes: a) re-appropriation of encumbered appropriations, and b) revenues under grants that require more than one fiscal year to complete the grant program.

**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	\$ 116,338,914	\$ 116,693,063	\$ 570,182	\$ 216,033
Reconciling items:				
Loan expenditures	(2,992,462)	(2,992,462)	-	-
Indirect costs	(965,742)	(965,742)	-	-
Pass-through expenditures	(4,659,531)	(4,659,531)	-	-
As reported - GAAP basis	<b>\$ 107,721,179</b>	<b>\$ 108,075,328</b>	<b>\$ 570,182</b>	<b>\$ 216,033</b>

## REQUIRED SUPPLEMENTARY INFORMATION

### CONSOLIDATED RETIREE HEALTH BENEFITS TRUST

The following required supplementary information is intended to help users assess the system's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons among employers.

### SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
6/30/2012	\$ 92,610,000	\$ 1,403,693,000	\$ 1,311,083,000	6.6 %	\$ 618,227,000	212.1 %
6/30/2013	153,327,000	1,093,214,000	939,887,000	14.0	636,774,000	147.6
6/30/2014	239,399,000	1,241,304,000	1,001,905,000	19.3	649,659,000	154.2

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial liability in isolation can be misleading. Expressing the assets as a percentage of the actuarial accrued liability provides one indication of the system's funding status on a going-concern basis. Analysis of the percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

### SCHEDULE OF EMPLOYER AND OTHER CONTRIBUTING ENTITIES CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contributions	Percentage Contributed		Net OPEB Obligation
		Employers	Other Contributing Entities	
2010	\$ 107,397,000	37.5 %	2.1 %	\$ 180,712,589
2011	147,582,000	28.7	1.1	287,497,491
2012	147,327,000	44.4	1.6	380,693,810
2013	123,152,000	71.8	1.7	429,058,044
2014	103,418,000	103.1	1.5	425,820,958
2015	107,096,000	85.4	1.8	440,459,637



## REQUIRED SUPPLEMENTARY INFORMATION

### EMPLOYEES' RETIREMENT SYSTEM

#### SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

##### LAST 10 FISCAL YEARS

Measurement Date Fiscal Year Ending June 30	% of Net Pension Liability	County's Proportion		County's Covered- Employee Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
		Share of the Net Pension Liability	Share of the Net Pension Liability as a % of its Covered-Employee Payroll		
2014	97.79 %	\$ 298,751,284	75.83 %	\$ 393,995,026	92.28 %

#### SCHEDULE OF COUNTY CONTRIBUTIONS

##### LAST 10 FISCAL YEARS

Measurement Date Fiscal Year Ending June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution		Contribution Deficiency (Excess)	County's Covered- Employee Payroll	Contribution as a % of Covered-Employee Payroll
2014	\$ 141,511,591	\$	141,511,591	\$ -	\$ 393,995,026	35.92 %

These two Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

**REQUIRED SUPPLEMENTARY INFORMATION****MARYLAND STATE RETIREMENT AND PENSION SYSTEM****SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**LAST 10 FISCAL YEARS**

Measurement Date Fiscal Year Ending June 30	County's Proportion			County's Covered- Employee Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
	% of Net Pension Liability	Share of the Net Pension Liability	Share of the Net Pension Liability as a % of its Covered- Employee Payroll		
2014	0.1007416899595518197%	\$ 17,878,357	276.62 %	\$ 6,463,239	71.87 %

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

Measurement Date Fiscal Year Ending June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution		Contribution Deficiency (excess)	County's Covered- Employee Payroll	Contribution as a % of Covered-Employee Payroll
2014	\$ 2,347,645	\$	2,347,645	\$ -	\$ 6,463,239	36.32 %

These two Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

### **Budgetary Information**

#### **Overview**

Annual appropriated operating budgets are adopted for the General Fund, Debt Service Fund, substantially all Special Revenue Funds (except for the Agricultural Transfer Tax Fund), Enterprise Funds, the Liability and Property Coverage Self-Insurance Internal Service Fund, and the Employee Health Benefits Self-Insurance Internal Service Fund. The Capital Projects Fund budget is appropriated at the project level on a biennial basis. All unencumbered appropriations lapse at year-end except for those related to Federal and State grants and the Capital Projects Fund.

Encumbrance accounting is employed for budgetary purposes in the governmental and proprietary funds. Encumbrances (purchase orders and contracts awarded for which goods and services have not been received at year-end), and other commitments for the expenditure of funds are recorded in order to preserve that portion of the appropriation. In the governmental funds for GAAP purposes, outstanding encumbrances are reported as restricted, committed, or assigned category of fund balance because they do not constitute expenditures or liabilities. In the proprietary funds, encumbrances are eliminated for GAAP financial statement presentation since neither goods nor services have been provided. For GAAP purposes, all encumbrances are charged to expenditures/expenses in the period in which goods or services are received.

#### **Approval**

Pursuant to the Montgomery County Charter, the Capital Improvements Program (CIP) is presented to the County Council by January 15 in even numbered years. An Amended CIP is presented to the County Council by January 15 in odd numbered years. The annual capital budget, with the CIP or Amended CIP, is presented to the County Council by January 15 of every year, and the operating budget is presented to the County Council by March 15 of every year. The County Council holds public hearings and, pursuant to the County Charter, an annual appropriation resolution must be passed by the County Council by June 1. This resolution becomes effective for the one-year period beginning the following July 1. For the operating budget, the annual resolution provides the spending authority at the department level in two major categories (personnel costs and operating expenses) with the unencumbered appropriation authority expiring the following June 30. Encumbered appropriations are reappropriated and carried forward to the subsequent fiscal year. Encumbrances are reported as a restricted or committed component of the current fiscal year's fund balance. The annual budget must be consistent with the six-year program for public services and fiscal policy. Multi-year planning provides a framework to make informed decisions about the levels of public services and project the impact of what may happen as a result of current decisions and policies. For the capital projects budget, the annual resolution provides spending authority at the project level. The unencumbered appropriation of the CIP budget is reappropriated in the following year's budget unless specifically closed out by County Council action.

The County Executive has authority to transfer appropriations within departments up to 10 percent of the original appropriation. Transfers between departments are also limited to 10 percent of original appropriation and require County Council action. During the operating year the County Council may adopt a supplemental appropriation if recommended by the County Executive and after holding a public hearing. Supplemental appropriations enacted during the first half of the fiscal year require: five Councilmember votes if they are to avail the County of, or put into effect the provision of Federal, State, or local legislation or regulation or six Councilmember votes for any other purpose. During the operating year the County Council may also adopt, with six Councilmember votes, special appropriations to meet an unforeseen disaster or other emergency or to act without delay in the public interest. Special appropriations require only public notice by news release. During FY15, the County Council

increased the operating budget for all funds through supplemental and special appropriations by \$34.2 million. In addition, supplemental appropriations increased the CIP budget by \$44.6 million.

## **Presentation**

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

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

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## **SUPPLEMENTARY DATA**



## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

#### **Special Taxing Districts:**

##### **Recreation**

Accounts for the fiscal activity relating 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.

##### **Urban Districts**

Bethesda; Silver Spring; Wheaton: Accounts for the fiscal activity related to the maintenance and enhancement of the business districts of these communities.

#### **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.

#### **Economic Development**

Accounts for the economic development programs of the County, comprised of loans and grants, which are designed to assist private employers who are located or plan to locate or substantially expand operations in the County.

#### **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 relating to 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.

## **MAJOR GOVERNMENTAL FUNDS**

This section also includes budget-to-actual schedules for the following major governmental funds:

**DEBT SERVICE**

**CAPITAL PROJECTS**



MONTGOMERY COUNTY, MARYLAND  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015  
**Exhibit B-1**

	Special Taxing Districts	Rehabilitation Loan	Economic Development	Cable TV	Other	Total Nonmajor Governmental Total
<b>ASSETS</b>						
Equity in pooled cash and investments	\$ 38,204,579	\$ 1,819,144	\$ 2,259,914	\$ 5,709,248	\$ 23,549,883	\$ 71,542,768
Cash	12,750	-	-	-	25,000	37,750
Receivables (net of allowances for uncollectibles):						
Property taxes	4,261,998	-	-	-	-	4,261,998
Accounts	3,398,361	-	-	6,074,445	1,834,614	11,307,420
Notes	-	-	693,740	-	-	693,740
Mortgages	-	2,810,263	-	-	-	2,810,263
Parking violations	313,720	-	-	-	-	313,720
Due from other funds	1,484,577	-	-	-	-	1,484,577
Due from other governments	17,234,314	-	-	-	-	17,234,314
Due from other component units	419,333	-	-	-	-	419,333
Total Assets	<u>\$ 65,329,632</u>	<u>\$ 4,629,407</u>	<u>\$ 2,953,654</u>	<u>\$ 11,783,693</u>	<u>\$ 25,409,497</u>	<u>\$ 110,105,883</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 1,883,619	\$ -	\$ -	\$ 346,069	\$ 1,377,710	\$ 3,607,398
Retainage payable	-	-	-	-	68,916	68,916
Accrued liabilities	10,824,876	-	5,015	1,347,595	876,436	13,053,922
Deposits	-	-	-	164,125	-	164,125
Due to other funds	4,380,010	-	875	49,208	65,271	4,495,364
Due to component units	144,715	-	-	-	-	144,715
Due to other governments	72,191	-	-	37,970	141,011	251,172
Unearned revenue	1,476	-	-	-	-	1,476
Total Liabilities	<u>17,306,887</u>	<u>-</u>	<u>5,890</u>	<u>1,944,967</u>	<u>2,529,344</u>	<u>21,787,088</u>
Deferred Inflows of Resources:						
Unavailable property taxes	3,927,856	-	-	-	1,834,614	5,762,470
Unavailable revenue	965,333	-	-	-	-	965,333
Total Deferred Inflows of Resources	<u>4,893,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,834,614</u>	<u>6,727,803</u>
Fund Balances:						
Restricted	43,253,399	4,629,407	2,947,764	9,838,726	21,045,539	81,714,835
Unassigned	(123,843)	-	-	-	-	(123,843)
Total Fund Balances	<u>43,129,556</u>	<u>4,629,407</u>	<u>2,947,764</u>	<u>9,838,726</u>	<u>21,045,539</u>	<u>81,590,992</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 65,329,632</u>	<u>\$ 4,629,407</u>	<u>\$ 2,953,654</u>	<u>\$ 11,783,693</u>	<u>\$ 25,409,497</u>	<u>\$ 110,105,883</u>

MONTGOMERY COUNTY, MARYLAND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit B-2**

	Special Taxing Districts	Rehabilitation Loan	Economic Development	Cable TV	Other	Total Nonmajor Governmental Total
<b>REVENUES</b>						
Taxes	\$ 338,860,769	\$ -	\$ -	\$ -	\$ 2,508,360	\$ 341,369,129
Licenses and permits	1,010,113	-	-	-	-	1,010,113
Intergovernmental	40,143,327	-	-	-	-	40,143,327
Charges for services	53,742,355	-	-	28,285,039	28,232,039	110,259,433
Fines and forfeitures	824,757	-	-	-	1,164,349	1,989,106
Investment income	87,332	61,070	28,438	8,355	33,390	218,585
Miscellaneous	867,608	-	85,210	-	641,978	1,594,796
Total Revenues	<u>435,536,261</u>	<u>61,070</u>	<u>113,648</u>	<u>28,293,394</u>	<u>32,580,116</u>	<u>496,584,489</u>
<b>EXPENDITURES</b>						
General government	8,414,500	-	1,839,182	545,051	2,831,232	13,629,965
Public safety	229,607,378	-	-	-	880,002	230,487,380
Public works and transportation	119,783,470	-	-	-	-	119,783,470
Culture and recreation	31,284,179	-	-	13,263,930	-	44,548,109
Community development and housing	-	31	-	-	-	31
Environment	-	-	-	-	20,025,958	20,025,958
Total Expenditures	<u>389,089,527</u>	<u>31</u>	<u>1,839,182</u>	<u>13,808,981</u>	<u>23,737,192</u>	<u>428,474,913</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>46,446,734</u>	<u>61,039</u>	<u>(1,725,534)</u>	<u>14,484,413</u>	<u>8,842,924</u>	<u>68,109,576</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	16,540,813	-	1,199,627	-	-	17,740,440
Transfers (out)	<u>(52,040,987)</u>	<u>-</u>	<u>-</u>	<u>(10,289,005)</u>	<u>(7,942,576)</u>	<u>(70,272,568)</u>
Total Other Financing Sources (Uses)	<u>(35,500,174)</u>	<u>-</u>	<u>1,199,627</u>	<u>(10,289,005)</u>	<u>(7,942,576)</u>	<u>(52,532,128)</u>
Net Change in Fund Balances	10,946,560	61,039	(525,907)	4,195,408	900,348	15,577,448
Fund Balances - Beginning of Year	<u>32,182,996</u>	<u>4,568,368</u>	<u>3,473,671</u>	<u>5,643,318</u>	<u>20,145,191</u>	<u>66,013,544</u>
Fund Balances - End of Year	<u>\$ 43,129,556</u>	<u>\$ 4,629,407</u>	<u>\$ 2,947,764</u>	<u>\$ 9,838,726</u>	<u>\$ 21,045,539</u>	<u>\$ 81,590,992</u>

MONTGOMERY COUNTY, MARYLAND  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL TAXING DISTRICTS  
 JUNE 30, 2015  
**Exhibit B-3**

	Recreation	Fire Tax District	Mass Transit Facilities	Urban Districts	Total
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ 1,416,157	\$ 35,603,120	\$ 207,142	\$ 978,160	\$ 38,204,579
Cash	5,750	5,000	2,000	-	12,750
Receivables (net of allowances for uncollectibles):					
Property taxes	388,838	2,755,124	1,031,145	86,891	4,261,998
Accounts	58,337	2,296,339	984,437	59,248	3,398,361
Mortgages	-	-	-	-	-
Parking violations	-	-	313,720	-	313,720
Due from other funds	310,000	-	1,174,577	-	1,484,577
Due from other governments	-	-	17,222,632	11,682	17,234,314
Due from component units	-	-	419,333	-	419,333
	<u>-</u>	<u>-</u>	<u>419,333</u>	<u>-</u>	<u>419,333</u>
Total Assets	<u>\$ 2,179,082</u>	<u>\$ 40,659,583</u>	<u>\$ 21,354,986</u>	<u>\$ 1,135,981</u>	<u>\$ 65,329,632</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 355,331	\$ 608,013	\$ 856,597	\$ 63,678	\$ 1,883,619
Accrued liabilities	1,334,820	6,556,765	2,817,251	116,040	10,824,876
Due to other funds	171,363	3,345,660	807,513	55,474	4,380,010
Due to component units	16,803	-	127,912	-	144,715
Due to other governments	71,017	1,174	-	-	72,191
Unearned revenue	-	-	1,476	-	1,476
Total Liabilities	<u>1,949,334</u>	<u>10,511,612</u>	<u>4,610,749</u>	<u>235,192</u>	<u>17,306,887</u>
Deferred Inflows of Resources:					
Unavailable property taxes	353,591	2,526,325	961,651	86,289	3,927,856
Unavailable service revenues	-	965,333	-	-	965,333
Total Deferred Inflows of Resources	<u>353,591</u>	<u>3,491,658</u>	<u>961,651</u>	<u>86,289</u>	<u>4,893,189</u>
Fund Balances:					
Restricted	-	26,656,313	15,782,586	814,500	43,253,399
Unassigned	(123,843)	-	-	-	(123,843)
Total Fund Balances	<u>(123,843)</u>	<u>26,656,313</u>	<u>15,782,586</u>	<u>814,500</u>	<u>43,129,556</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,179,082</u>	<u>\$ 40,659,583</u>	<u>\$ 21,354,986</u>	<u>\$ 1,135,981</u>	<u>\$ 65,329,632</u>

MONTGOMERY COUNTY, MARYLAND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL TAXING DISTRICTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit B-4**

	Recreation	Fire Tax District	Mass Transit Facilities	Urban Districts	Total
<b>REVENUES</b>					
Taxes	\$ 34,586,397	\$ 233,983,584	\$ 68,879,641	\$ 1,411,147	\$ 338,860,769
Licenses and permits	-	454,350	555,763	-	1,010,113
Intergovernmental	-	1,526,354	38,616,973	-	40,143,327
Charges for services	9,996,051	17,682,946	25,859,474	203,884	53,742,355
Fines and forfeitures	-	-	824,757	-	824,757
Investment income	11,567	75,192	-	573	87,332
Miscellaneous	190,182	409,936	267,490	-	867,608
Total Revenues	<u>44,784,197</u>	<u>254,132,362</u>	<u>135,004,098</u>	<u>1,615,604</u>	<u>435,536,261</u>
<b>EXPENDITURES</b>					
General government	-	-	-	8,414,500	8,414,500
Public safety	-	229,607,378	-	-	229,607,378
Public works and transportation	-	-	119,783,470	-	119,783,470
Culture and recreation	31,284,179	-	-	-	31,284,179
Total Expenditures	<u>31,284,179</u>	<u>229,607,378</u>	<u>119,783,470</u>	<u>8,414,500</u>	<u>389,089,527</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>13,500,018</u>	<u>24,524,984</u>	<u>15,220,628</u>	<u>(6,798,896)</u>	<u>46,446,734</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,118,518	250,000	8,331,010	6,841,285	16,540,813
Transfers (out)	(14,012,824)	(11,007,441)	(26,347,757)	(672,965)	(52,040,987)
Total Other Financing Sources (Uses)	<u>(12,894,306)</u>	<u>(10,757,441)</u>	<u>(18,016,747)</u>	<u>6,168,320</u>	<u>(35,500,174)</u>
Net Change in Fund Balances	605,712	13,767,543	(2,796,119)	(630,576)	10,946,560
Fund Balances - Beginning of Year	<u>(729,555)</u>	<u>12,888,770</u>	<u>18,578,705</u>	<u>1,445,076</u>	<u>32,182,996</u>
Fund Balances - End of Year	<u>\$ (123,843)</u>	<u>\$ 26,656,313</u>	<u>\$ 15,782,586</u>	<u>\$ 814,500</u>	<u>\$ 43,129,556</u>

MONTGOMERY COUNTY, MARYLAND  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - OTHER  
 JUNE 30, 2015  
**Exhibit B-5**

	Agricultural Transfer Tax	Drug Enforcement Forfeitures	Water Quality Protection	Restricted Donations	Total
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ 808,698	\$ 3,071,095	\$ 17,955,669	\$ 1,714,421	\$ 23,549,883
Cash	-	25,000	-	-	25,000
Receivables (net of allowances for uncollectibles):					
Accounts	-	-	1,834,614	-	1,834,614
Total Assets	<u>\$ 808,698</u>	<u>\$ 3,096,095</u>	<u>\$ 19,790,283</u>	<u>\$ 1,714,421</u>	<u>\$ 25,409,497</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ 13,519	\$ 1,318,468	\$ 45,723	\$ 1,377,710
Retainage payable	-	-	68,916	-	68,916
Accrued liabilities	-	44,789	831,647	-	876,436
Due to other funds	-	-	65,271	-	65,271
Due to other governments	-	-	141,011	-	141,011
Total Liabilities	<u>-</u>	<u>58,308</u>	<u>2,425,313</u>	<u>45,723</u>	<u>2,529,344</u>
Deferred Inflows of Resources:					
Unavailable property taxes	-	-	1,834,614	-	1,834,614
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>1,834,614</u>	<u>-</u>	<u>1,834,614</u>
Fund Balances:					
Restricted	808,698	3,037,787	15,530,356	1,668,698	21,045,539
Total Fund Balances	<u>808,698</u>	<u>3,037,787</u>	<u>15,530,356</u>	<u>1,668,698</u>	<u>21,045,539</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 808,698</u>	<u>\$ 3,096,095</u>	<u>\$ 19,790,283</u>	<u>\$ 1,714,421</u>	<u>\$ 25,409,497</u>

MONTGOMERY COUNTY, MARYLAND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS - OTHER  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit B-6**

	Agricultural Transfer Tax	Drug Enforcement Forfeitures	Water Quality Protection	Restricted Donations	Total
<b>REVENUES</b>					
Taxes	\$ 22,819	\$ -	\$ 2,485,541	\$ -	\$ 2,508,360
Charges for services	-	-	28,232,039	-	28,232,039
Fines and forfeitures	-	1,164,349	-	-	1,164,349
Investment income	1,338	3,839	28,213	-	33,390
Miscellaneous	-	-	-	641,978	641,978
Total Revenues	<u>24,157</u>	<u>1,168,188</u>	<u>30,745,793</u>	<u>641,978</u>	<u>32,580,116</u>
<b>EXPENDITURES</b>					
General government	-	-	-	2,831,232	2,831,232
Public safety	-	880,002	-	-	880,002
Environment	9,128	-	20,016,830	-	20,025,958
Total Expenditures	<u>9,128</u>	<u>880,002</u>	<u>20,016,830</u>	<u>2,831,232</u>	<u>23,737,192</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>15,029</u>	<u>288,186</u>	<u>10,728,963</u>	<u>(2,189,254)</u>	<u>8,842,924</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (out)	(231,042)	-	(7,495,501)	(216,033)	(7,942,576)
Total Other Financing Sources (Uses)	<u>(231,042)</u>	<u>-</u>	<u>(7,495,501)</u>	<u>(216,033)</u>	<u>(7,942,576)</u>
Net Change in Fund Balances	(216,013)	288,186	3,233,462	(2,405,287)	900,348
Fund Balances - Beginning of Year	<u>1,024,711</u>	<u>2,749,601</u>	<u>12,296,894</u>	<u>4,073,985</u>	<u>20,145,191</u>
Fund Balances - End of Year	<u>\$ 808,698</u>	<u>\$ 3,037,787</u>	<u>\$ 15,530,356</u>	<u>\$ 1,668,698</u>	<u>\$ 21,045,539</u>

MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**Exhibit B-7**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final		
Revenues:				
Intergovernmental	\$ 5,928,730	\$ 5,928,730	\$ 8,780,438	\$ 2,851,708
Investment Income:				
Pooled investment income	-	-	8,957	8,957
Other investment income	-	-	4,741	4,741
Total Investment Income	-	-	13,698	13,698
Miscellaneous	-	-	108,017	108,017
Total Revenues	5,928,730	5,928,730	8,902,153	2,973,423
Expenditures:				
Operating:				
Principal and Interest for General Obligation Bonds:				
General county	47,398,490	47,398,490	46,989,995	408,495
Roads and Storm Drainage	68,437,830	68,437,830	67,396,632	1,041,198
Parks and Recreation	9,906,220	9,906,220	9,714,221	191,999
Public Schools	133,221,530	133,221,530	133,188,736	32,794
Community College	17,841,820	17,841,820	18,046,881	(205,061)
Public Housing	65,640	65,640	65,625	15
Recreation	9,758,720	9,758,720	9,338,662	420,058
Fire and Rescue	8,438,020	8,438,020	8,207,008	231,012
Mass Transit	11,046,940	11,046,940	11,836,166	(789,226)
Issuing costs	4,000,000	4,534,753	3,465,196	1,069,557
Bond anticipation note interest	1,000,000	1,000,000	309,535	690,465
Principal and interest on long-term equipment notes	-	847,610	847,610	-
Principal and interest on Revenue Bonds	3,019,200	8,866,907	8,866,011	896
Long-term leases:				
General Fund	14,847,130	14,847,130	12,529,866	2,317,264
Recreation	1,834,300	1,834,300	1,522,159	312,141
Montgomery Housing Initiative	7,196,010	7,196,010	7,261,579	(65,569)
Mass Transit	6,675,950	6,675,950	6,625,835	50,115
Fire and Rescue	4,221,600	4,221,600	3,741,600	480,000
Total Expenditures	348,909,400	356,139,470	349,953,317	6,186,153
Excess of Revenues over (under) Expenditures	(342,980,670)	(350,210,740)	(341,051,164)	9,159,576
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	290,789,930	290,805,592	281,282,150	(9,523,442)
From Capital Projects Fund	-	-	-	-
From Special Revenue Funds:				
Recreation	11,593,020	11,593,020	10,587,571	(1,005,449)
Mass Transit	17,722,890	17,722,890	14,704,479	(3,018,411)
Fire Tax District	12,659,620	13,491,568	10,173,485	(3,318,083)
Montgomery Housing Initiative	7,196,010	7,196,010	7,395,785	199,775
Water Quality Protection	3,019,200	3,019,200	3,011,877	(7,323)
Liquor Control Fund	-	5,847,707	5,847,707	-
Total Other Financing Sources (Uses)	342,980,670	349,675,987	333,003,054	(16,672,933)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	-	(534,753)	(8,048,110)	(7,513,357)
Fund Balance - Beginning of Year	(9,737,533)	(9,737,533)	(9,737,533)	-
Fund Balance - End of Year	\$ (9,737,533)	\$ (10,272,286)	\$ (17,785,643)	\$ (7,513,357)

(Continued)

MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**Exhibit B-7 (Concluded)**

**Reconciliation of budgetary schedule to GAAP basis Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:**

	Revenues	Expenditures and Encumbrances	Other Financing Sources (Uses)	Effect on Fund Balance
As reported - budgetary basis	\$ 8,902,153	\$ 349,953,317	\$ 333,003,054	\$ (8,048,110)
Reconciling items:				
Payment to refunding bond escrow agent	-	-	(429,855,226)	(429,855,226)
Elimination of encumbrances outstanding	-	(468,470)	-	468,470
Bond anticipation note activity	-	-	(500,000,000)	(500,000,000)
Premium on general obligation	-	-	18,150,223	18,150,223
Premium on general obligation refunding bonds	-	-	74,595,486	74,595,486
Lease revenue bond activity not required to be budgeted	3,481,613	3,481,613	-	-
Issuing costs for:				-
General obligation bonds	-	1,425,000	-	(1,425,000)
General obligation refunding bonds	-	1,247,653	-	(1,247,653)
Proceeds of:				
General obligation bonds	-	-	500,000,000	500,000,000
General obligation refunding bonds	-	-	356,510,000	356,510,000
As reported - GAAP basis	<u>\$ 12,383,766</u>	<u>\$ 355,639,113</u>	<u>\$ 352,403,537</u>	<u>\$ 9,148,190</u>



MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**Exhibit B-8**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes	\$ 18,056,000	\$ 27,561,000	\$ 87,509,458	\$ 59,948,458
Intergovernmental	39,255,000	39,642,000	20,886,364	(18,755,636)
Charges for services	-	-	745,347	745,347
Investment income:				
Pooled	(1,794,000)	(1,794,000)	298,462	2,092,462
Miscellaneous	9,495,000	10,495,000	1,640,987	(8,854,013)
Total Revenues	65,012,000	75,904,000	111,080,618	35,176,618
Expenditures - Capital Projects	703,599,874	770,770,069	981,223,545	(210,453,476)
Excess of Revenues over (under) Expenditures	(638,587,874)	(694,866,069)	(870,142,927)	(175,276,858)
Other Financing Sources (Uses):				
Transfers In	37,435,000	48,069,000	66,817,294	18,748,294
Transfers Out	-	-	(10,392,257)	(10,392,257)
Sale of property	-	-	2,070,265	2,070,265
Proceeds from issuance of general obligation bonds	226,792,000	259,146,000	-	(259,146,000)
Proceeds from issuance of taxable limited obligation certificates	69,293,000	69,293,000	-	(69,293,000)
Proceeds from bond anticipation notes	-	-	500,000,000	500,000,000
Proceeds from issuance of revenue bonds	39,315,000	39,315,000	-	(39,315,000)
Premium on original issue debt	-	-	63,703,027	63,703,027
Proceeds from lease financing	21,837,000	31,559,000	17,897,176	(13,661,824)
Total Other Financing Sources (Uses)	394,672,000	447,382,000	640,095,505	192,713,505
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(243,915,874)	(247,484,069)	(230,047,422)	17,436,647
Fund Balance - Beginning of Year	(557,525,342)	(557,525,342)	(557,525,342)	-
Fund Balance - End of Year	\$ (801,441,216)	\$ (805,009,411)	\$ (787,572,764)	\$ 17,436,647

**Reconciliation of budgetary schedule to GAAP basis Statement of Revenues, Expenditures, and Changes in Fund Balances:**

	Revenues	Expenditures and Encumbrances	Other Financing Sources (Uses)	Effect on Fund Balance
As reported - Budgetary basis	\$ 111,080,618	\$ 981,223,545	\$ 640,095,505	\$ (230,047,422)
Reconciling Items:				
Elimination of encumbrances outstanding	-	(424,539,966)	-	424,539,966
As reported - GAAP Basis	\$ 111,080,618	\$ 556,683,579	\$ 640,095,505	\$ 194,492,544

MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**Exhibit B-9**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes - property	\$ 34,559,943	\$ 34,559,943	\$ 34,586,397	\$ 26,454
Charges for services - activity fees	11,362,011	11,362,011	9,996,052	(1,365,959)
Investment income	5,650	5,650	11,567	5,917
Miscellaneous	63,705	63,705	190,182	126,477
Total Revenues	<u>45,991,309</u>	<u>45,991,309</u>	<u>44,784,198</u>	<u>(1,207,111)</u>
Expenditures:				
Personnel costs	19,329,052	19,361,418	19,248,878	112,540
Operating	<u>10,976,074</u>	<u>11,018,414</u>	<u>12,358,866</u>	<u>(1,340,452)</u>
Total Expenditures	<u>30,305,126</u>	<u>30,379,832</u>	<u>31,607,744</u>	<u>(1,227,912)</u>
Excess of Revenues over (under) Expenditures	<u>15,686,183</u>	<u>15,611,477</u>	<u>13,176,454</u>	<u>(2,435,023)</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	1,009,700	1,009,700	1,009,700	-
From Community Use of Public Facilities Fund	108,818	108,818	108,818	-
To General Fund	(5,216,400)	(4,866,400)	(3,103,190)	1,763,210
To Debt Service Fund	(11,593,020)	(11,593,020)	(10,587,571)	1,005,449
To Capital Projects Fund	-	(645,000)	(322,063)	322,937
Total Other Financing Sources (Uses)	<u>(15,690,902)</u>	<u>(15,985,902)</u>	<u>(12,894,306)</u>	<u>3,091,596</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(4,719)	(374,425)	282,148	656,573
Fund Balance - Beginning of Year	<u>1,243,702</u>	<u>1,243,702</u>	<u>1,243,702</u>	-
Fund Balance - End of Year	<u>\$ 1,238,983</u>	<u>\$ 869,277</u>	<u>\$ 1,525,850</u>	<u>\$ 656,573</u>

**Reconciliation of budgetary schedule to GAAP basis Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:**

	Total
Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 282,148
Reconciling items:	
Elimination of encumbrances outstanding	318,381
Non-budgeted item - Bad debt expense	<u>5,183</u>
GAAP - Net Change in Fund Balance	<u>\$ 605,712</u>

MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**Exhibit B-10**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes - property	\$ 234,329,822	\$ 234,329,822	\$ 233,983,584	\$ (346,238)
Licenses and permits	600,000	600,000	454,350	(145,650)
Intergovernmental	-	1,299,560	1,526,354	226,794
Charges for services	16,420,000	16,420,000	17,682,946	1,262,946
Investment income	27,440	27,440	75,192	47,752
Miscellaneous	10,000	10,000	409,936	399,936
Total Revenues	<u>251,387,262</u>	<u>252,686,822</u>	<u>254,132,362</u>	<u>1,445,540</u>
Expenditures:				
Fire and Rescue Service				
Personnel costs	184,354,732	186,439,613	186,439,611	2
Operating	<u>39,947,649</u>	<u>51,520,343</u>	<u>51,520,335</u>	<u>8</u>
Total Expenditures	<u>224,302,381</u>	<u>237,959,956</u>	<u>237,959,946</u>	<u>10</u>
Excess of Revenues over (under) Expenditures	<u>27,084,881</u>	<u>14,726,866</u>	<u>16,172,416</u>	<u>1,445,550</u>
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	1,450,000	250,000	250,000	-
To General Fund	(120,750)	(120,750)	(120,750)	-
To Debt Service Fund	(12,659,620)	(13,491,568)	(10,173,485)	3,318,083
To Grants Fund	-	(14,149)	(14,149)	-
To Capital Projects Fund	-	(5,744,000)	(699,057)	5,044,943
Total Other Financing Sources (Uses)	<u>(11,330,370)</u>	<u>(19,120,467)</u>	<u>(10,757,441)</u>	<u>8,363,026</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	15,754,511	(4,393,601)	5,414,975	9,808,576
Fund Balance - Beginning of Year	<u>335,629</u>	<u>335,629</u>	<u>335,629</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 16,090,140</u>	<u>\$ (4,057,972)</u>	<u>\$ 5,750,604</u>	<u>\$ 9,808,576</u>

**Reconciliation of budgetary schedule to GAAP basis Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:**

	Total
Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 5,414,975
Reconciling items:	
Non-budgeted item - Bad debt expense	(947)
Elimination of encumbrances outstanding	<u>8,353,515</u>
GAAP - Net Change in Fund Balance	<u>\$ 13,767,543</u>

MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**Exhibit B-11**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes - property	\$ 68,920,536	\$ 68,920,536	\$ 68,879,641	\$ (40,895)
Licenses and permits	531,000	531,000	555,763	24,763
Intergovernmental	39,363,672	39,363,672	38,616,973	(746,699)
Charges for services:				-
Fare receipts	25,036,787	25,036,787	25,192,834	156,047
Parking fees	1,066,385	1,066,385	1,491,397	425,012
Total Charges for Services	26,103,172	26,103,172	26,684,231	581,059
Investment income	1,790	1,790	-	(1,790)
Miscellaneous	-	-	267,490	267,490
Total Revenues	134,920,170	134,920,170	135,004,098	83,928
Expenditures:				
Division of Transit Services				
Personnel costs	66,950,293	66,992,189	66,303,404	688,785
Operating	54,079,693	55,401,814	54,526,742	875,072
Total Division of Transit Services	121,029,986	122,394,003	120,830,146	1,563,857
Washington Suburban Transit Commission				
Operating	142,207	142,207	142,207	-
Total Expenditures	121,172,193	122,536,210	120,972,353	1,563,857
Excess of Revenues over (under) Expenditures	13,747,977	12,383,960	14,031,745	1,647,785
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	531,310	531,310	531,310	-
From Enterprise Funds	7,799,700	7,799,700	7,799,700	-
To General Fund	(10,873,510)	(10,548,510)	(10,548,510)	-
To Debt Service Fund	(17,722,890)	(17,722,890)	(14,704,479)	3,018,411
To Grants Fund	-	(340,000)	(340,000)	-
To Capital Projects Fund	-	491,000	(754,768)	(1,245,768)
Total Other Financing Sources (Uses)	(20,265,390)	(19,789,390)	(18,016,747)	1,772,643
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(6,517,413)	(7,405,430)	(3,985,002)	3,420,428
Fund Balance - Beginning of Year	14,262,316	14,262,316	14,262,316	-
Fund Balance - End of Year	\$ 7,744,903	\$ 6,856,886	\$ 10,277,314	\$ 3,420,428

**Reconciliation of budgetary schedule to GAAP basis Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:**

	Total
Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (3,985,002)
Reconciling items:	
Non-budgeted item - Bad debt expense	(549,050)
Elimination of encumbrances outstanding	1,737,933
GAAP - Net Change in Fund Balance	\$ (2,796,119)

MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
URBAN DISTRICT SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit B-12**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
<b>BETHESDA URBAN DISTRICT</b>				
Revenues:				
Taxes - property	\$ 480,406	\$ 480,406	\$ 524,070	\$ 43,664
Charges for Services - maintenance fees	150,000	150,000	139,276	(10,724)
Total Revenues	<u>630,406</u>	<u>630,406</u>	<u>663,346</u>	<u>32,940</u>
Expenditures:				
Personnel costs	131,760	131,760	125,972	5,788
Operating	3,586,621	3,588,735	3,551,363	37,372
Total Expenditures	<u>3,718,381</u>	<u>3,720,495</u>	<u>3,677,335</u>	<u>43,160</u>
Excess of Revenues over (under) Expenditures	<u>(3,087,975)</u>	<u>(3,090,089)</u>	<u>(3,013,989)</u>	<u>76,100</u>
Other Financing Sources (Uses):				
Transfers in (Out):				
From Enterprise Funds	2,823,989	2,823,989	2,823,989	-
To General Fund	(20,910)	(20,910)	(124,665)	(103,755)
Total Other Financing Sources (Uses)	<u>2,803,079</u>	<u>2,803,079</u>	<u>2,699,324</u>	<u>(103,755)</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>(284,896)</u>	<u>(287,010)</u>	<u>(314,665)</u>	<u>(27,655)</u>
Fund Balance - Beginning of Year	<u>376,552</u>	<u>376,552</u>	<u>376,552</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 91,656</u>	<u>\$ 89,542</u>	<u>\$ 61,887</u>	<u>\$ (27,655)</u>
<b>SILVER SPRING URBAN DISTRICT</b>				
Revenues:				
Taxes - property	\$ 729,771	\$ 729,771	\$ 717,223	\$ (12,548)
Charges for Services - maintenance fees	134,000	134,000	64,608	(69,392)
Total Revenues	<u>863,771</u>	<u>863,771</u>	<u>781,831</u>	<u>(81,940)</u>
Expenditures:				
Personnel costs	2,217,059	2,217,059	2,151,315	65,744
Operating	991,920	1,269,400	1,182,824	86,576
Total Expenditures	<u>3,208,979</u>	<u>3,486,459</u>	<u>3,334,139</u>	<u>152,320</u>
Excess of Revenues over (under) Expenditures	<u>(2,345,208)</u>	<u>(2,622,688)</u>	<u>(2,552,308)</u>	<u>70,380</u>
Other Financing Sources (Uses):				
Transfers in (Out):				
From Enterprise Funds	2,440,546	2,440,546	2,440,546	-
To General Fund	(351,850)	(351,850)	(351,850)	-
Total Other Financing Sources (Uses)	<u>2,088,696</u>	<u>2,088,696</u>	<u>2,088,696</u>	<u>-</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>(256,512)</u>	<u>(533,992)</u>	<u>(463,612)</u>	<u>70,380</u>
Fund Balance - Beginning of Year	<u>(984,043)</u>	<u>(984,043)</u>	<u>(984,043)</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ (1,240,555)</u>	<u>\$ (1,518,035)</u>	<u>\$ (1,447,655)</u>	<u>\$ 70,380</u>

(Continued)

MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
URBAN DISTRICT SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit B-12 (Concluded)**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
<b>WHEATON URBAN DISTRICT</b>				
Revenues:				
Taxes - property	\$ 164,449	\$ 164,449	\$ 169,854	\$ 5,405
Investment income	-	-	573	573
Total Revenues	164,449	164,449	170,427	5,978
Expenditures:				
Personnel costs	1,237,841	1,220,191	1,066,213	153,978
Operating	576,101	624,115	624,112	3
Total Expenditures	1,813,942	1,844,306	1,690,325	153,981
Excess of Revenues over (under) Expenditures	(1,649,493)	(1,679,857)	(1,519,898)	159,959
Other Financing Sources (Uses):				
Transfers in (Out):				
From Enterprise Funds	1,576,750	1,576,750	1,576,750	-
To General Fund	(196,450)	(196,450)	(196,450)	-
Total Other Financing Sources (Uses)	1,380,300	1,380,300	1,380,300	-
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(269,193)	(299,557)	(139,598)	159,959
Fund Balance - Beginning of Year	48,496	48,496	48,496	-
Fund Balance - End of Year	\$ (220,697)	\$ (251,061)	\$ (91,102)	\$ 159,959

**Reconciliation of budgetary schedule to GAAP basis Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:**

	Bethesda	Silver Spring	Wheaton	Total
Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (314,665)	\$ (463,612)	\$ (139,598)	\$ (917,875)
Reconciling item:				
Elimination of encumbrances outstanding	2,114	235,551	49,634	287,299
GAAP - Net Change in Fund Balance	\$ (312,551)	\$ (228,061)	\$ (89,964)	\$ (630,576)

MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**Exhibit B-13**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Investment income				
Pooled investment income	\$ -	\$ -	\$ 2,220	\$ 2,220
Other investment income	-	-	58,850	58,850
Total Revenues	-	-	61,070	61,070
Expenditures:				
Operating	-	-	31	(31)
Total Expenditures	-	-	31	(31)
Excess of Revenues over (under) Expenditures	-	-	61,039	61,039
Other Financing Sources (Uses):				
Mortgage loans	(1,207,753)	(1,207,753)	-	1,207,753
Total Other Financing Sources (Uses)	(1,207,753)	(1,207,753)	-	1,207,753
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(1,207,753)	(1,207,753)	61,039	1,268,792
Fund Balance - Beginning of Year	1,207,753	1,207,753	1,207,753	-
Fund Balance - End of Year	\$ -	\$ -	\$ 1,268,792	\$ 1,268,792

**Reconciliation of budgetary schedule to GAAP basis Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:**

	Total
Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 61,039
GAAP - Net Change in Fund Balance	\$ 61,039

MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit B-14**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Investment income				
Pooled investment income	\$ -	\$ -	\$ 3,815	\$ 3,815
Other investment income	68,980	68,980	24,623	(44,357)
Total Revenues	68,980	68,980	28,438	(40,542)
Expenditures:				
Personnel costs	125,976	126,316	126,308	8
Operating	4,103,515	3,616,185	1,531,112	2,085,073
Total Expenditures	4,229,491	3,742,501	1,657,420	2,085,081
Excess of Revenues over (under) Expenditures	(4,160,511)	(3,673,521)	(1,628,982)	2,044,539
Other Financing Sources (Uses):				
Transfers In (Out):				
From General Fund	1,686,617	1,199,627	1,199,627	-
Loan repayments	94,970	94,970	107,932	12,962
Loan disbursements	(230,000)	(230,000)	(230,000)	-
Total Other Financing Sources (Uses)	1,551,587	1,064,597	1,077,559	12,962
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(2,608,924)	(2,608,924)	(551,423)	2,057,501
Fund Balance - Beginning of Year	2,608,924	2,608,924	2,608,924	-
Fund Balance - End of Year	\$ -	\$ -	\$ 2,057,501	\$ 2,057,501

**Reconciliation of budgetary schedule to GAAP basis Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:**

	Total
Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (551,423)
Reconciling items:	
Non-budgeted item - Bad debt expense	22,266
Elimination of encumbrances outstanding	3,250
GAAP - Net Change in Fund Balance	\$ (525,907)



MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**Exhibit B-15**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Fines and forfeitures	\$ 27,662,814	\$ 27,662,814	\$ 28,285,039	\$ 622,225
Investment income	-	-	8,355	8,355
Total Revenues	27,662,814	27,662,814	28,293,394	630,580
Expenditures:				
Personnel costs	3,651,390	3,561,766	3,428,006	133,760
Operating	11,054,595	12,160,159	12,130,595	29,564
Total Expenditures	14,705,985	15,721,925	15,558,601	163,324
Excess of Revenues over (under) Expenditures	12,956,829	11,940,889	12,734,793	793,904
Other Financing Sources (Uses):				
Transfers In (Out):				
To General Fund	(8,389,025)	(8,389,025)	(8,389,025)	-
To Capital Projects Fund	-	(3,748,000)	(1,884,405)	1,863,595
To Motor Pool Fund	-	-	(15,575)	(15,575)
Total Other Financing Sources (Uses)	(8,389,025)	(12,137,025)	(10,289,005)	1,848,020
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	4,567,804	(196,136)	2,445,788	2,641,924
Fund Balance - Beginning of Year	677,458	677,458	677,458	-
Fund Balance - End of Year	\$ 5,245,262	\$ 481,322	\$ 3,123,246	\$ 2,641,924

**Reconciliation of budgetary schedule to GAAP basis Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:**

	Total
Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 2,445,788
Reconciling items:	
Elimination of encumbrances outstanding	1,755,465
Non-budgeted item - Bad debt expense	(5,845)
GAAP - Net Change in Fund Balance	\$ 4,195,408

MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**Exhibit B-16**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 1,164,349	\$ 1,164,349
Investment income	-	-	3,839	3,839
Total Revenues	-	-	1,168,188	1,168,188
Expenditures:				
Operating	-	2,749,601	1,217,390	1,532,211
Total Expenditures	-	2,749,601	1,217,390	1,532,211
Excess of Revenues over (under) Expenditures	-	(2,749,601)	(49,202)	2,700,399
Fund Balance - Beginning of Year	1,424,984	1,424,984	1,424,984	-
Fund Balance - End of Year	<u>\$ 1,424,984</u>	<u>\$ (1,324,617)</u>	<u>\$ 1,375,782</u>	<u>\$ 2,700,399</u>

**Reconciliation of budgetary schedule to GAAP basis Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:**

	Total
Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (49,202)
Reconciling items:	
Elimination of encumbrances outstanding	337,388
GAAP - Net Change in Fund Balance	<u>\$ 288,186</u>

MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**Exhibit B-17**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Taxes	\$ 2,150,000	\$ 2,150,000	\$ 2,485,541	\$ 335,541
Charges for services	28,473,690	28,473,690	28,232,039	(241,651)
Investment income	8,540	8,540	28,213	19,673
Total Revenues	30,632,230	30,632,230	30,745,793	113,563
Expenditures:				
Personnel costs	7,876,960	7,550,923	7,416,736	134,187
Operating	12,644,827	15,265,819	14,909,386	356,433
Total Expenditures	20,521,787	22,816,742	22,326,122	490,620
Excess of Revenues over (under) Expenditures	10,110,443	7,815,488	8,419,671	604,183
Other Financing Sources (Uses):				
Transfers In (Out):				
To General Fund	(1,287,544)	(1,287,544)	(1,287,544)	-
To Capital Projects Fund	-	(4,626,000)	(3,196,080)	1,429,920
To Debt Service Fund	(3,019,200)	(3,019,200)	(3,011,877)	7,323
Total Other Financing Sources (Uses)	(4,306,744)	(8,932,744)	(7,495,501)	1,437,243
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	5,803,699	(1,117,256)	924,170	2,041,426
Fund Balance - Beginning of Year	3,518,581	3,518,581	3,518,581	-
Fund Balance - End of Year	<u>\$ 9,322,280</u>	<u>\$ 2,401,325</u>	<u>\$ 4,442,751</u>	<u>\$ 2,041,426</u>

**Reconciliation of budgetary schedule to GAAP basis Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:**

	Total
Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 924,170
Reconciling items:	
Elimination of encumbrances outstanding	2,309,292
GAAP - Net Change in Fund Balance	<u>\$ 3,233,462</u>

MONTGOMERY COUNTY, MARYLAND  
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, 2015  
**Exhibit B-18**

	Budget			Variance
	Original	Final	Actual	Positive
	Budget	Budget		(Negative)
Revenues:				
Miscellaneous - contributions	\$ -	\$ -	\$ 641,978	\$ 641,978
Total Revenues	-	-	641,978	641,978
Expenditures:				
Operating	3,880,787	3,880,787	2,862,820	1,017,967
Total Expenditures	3,880,787	3,880,787	2,862,820	1,017,967
Excess of Revenues over (under) Expenditures	(3,880,787)	(3,880,787)	(2,220,842)	1,659,945
Other Financing Sources (Uses):				
Transfers In (Out):				
To Grants Fund	-	-	(216,033)	(216,033)
Total Other Financing Sources (Uses)	-	-	(216,033)	(216,033)
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(3,880,787)	(3,880,787)	(2,436,875)	1,443,912
Fund Balance - Beginning of Year	3,880,787	3,880,787	3,880,787	-
Fund Balance - End of Year	\$ -	\$ -	\$ 1,443,912	\$ 1,443,912

**Reconciliation of budgetary schedule to GAAP basis Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:**

	Total
Budgetary - Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (2,436,875)
Reconciling items:	
Elimination of encumbrances outstanding	61,588
Non-budgeted item - Bad debt expense	(30,000)
GAAP - Net Change in Fund Balance	\$ (2,405,287)

## **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**



MONTGOMERY COUNTY, MARYLAND  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit C-1**

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
Equity in pooled cash and investments	\$ 50,625,990	\$ 10,698,342	\$ 61,324,332
Receivables (net of allowance for uncollectibles):			
Accounts	167,029	41,998	209,027
Total Current Assets	50,793,019	10,740,340	61,533,359
Noncurrent Assets:			
Capital Assets:			
Furniture, fixtures, equipment, and machinery	2,302,654	49,423	2,352,077
Automobiles and trucks	342,136	-	342,136
Subtotal	2,644,790	49,423	2,694,213
Less: Accumulated depreciation	2,000,545	49,284	2,049,829
Total Capital Assets (net of accumulated depreciation)	644,245	139	644,384
Total Noncurrent Assets	644,245	139	644,384
Total Assets	51,437,264	10,740,479	62,177,743
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	2,835,950	187,031	3,022,981
Total Deferred Outflows of Resources	2,835,950	187,031	3,022,981
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	99,386	14,331	113,717
Deposits	9,906,068	-	9,906,068
Accrued liabilities	2,313,111	274,043	2,587,154
Due to other funds	369,043	37,687	406,730
Due to component units	-	784,870	784,870
Due to other governments	-	206,308	206,308
Equipment notes payable	18,554	-	18,554
Unearned revenue	179,284	2,754,466	2,933,750
Total Current Liabilities	12,885,446	4,071,705	16,957,151
Noncurrent Liabilities:			
Equipment note payable	37,756	-	37,756
Compensated absences	512,194	60,937	573,131
Net pension liability	5,636,425	407,553	6,043,978
Other postemployment benefits	1,260,848	159,078	1,419,926
Total Noncurrent Liabilities	7,447,223	627,568	8,074,791
Total Liabilities	20,332,669	4,699,273	25,031,942
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	4,398,429	318,037	4,716,466
Total Deferred Inflows of Resources	4,398,429	318,037	4,716,466
<b>NET POSITION</b>			
Net investment in capital assets	644,245	139	644,384
Unrestricted	28,897,871	5,910,061	34,807,932
Total Net Position	\$ 29,542,116	\$ 5,910,200	\$ 35,452,316

MONTGOMERY COUNTY, MARYLAND  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit C-2**

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,911,017	\$ 11,133,118	\$ 13,044,135
Licenses and permits	36,573,945	-	36,573,945
Fines and penalties	114,445	-	114,445
Total Operating Revenues	38,599,407	11,133,118	49,732,525
<b>OPERATING EXPENSES</b>			
Personnel costs	21,565,786	2,485,837	24,051,623
Other post employment contributions	940,100	129,500	1,069,600
Postage	11,658	340	11,998
Insurance	306,250	-	306,250
Supplies and materials	363,454	232,562	596,016
Contractual services	1,971,712	4,214,502	6,186,214
Communications	278,604	65,443	344,047
Transportation	678,218	4,079	682,297
Public utility services	-	1,916,754	1,916,754
Rentals	2,371,409	286,177	2,657,586
Maintenance	262,259	68,488	330,747
Depreciation	143,902	834	144,736
Other	60,466	34,532	94,998
Total Operating Expenses	28,953,818	9,439,048	38,392,866
Operating Income (Loss)	9,645,589	1,694,070	11,339,659
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	65,618	14,832	80,450
Interest expense	(809)	-	(809)
Miscellaneous	(3,356)	-	(3,356)
Other revenue	(1,039)	-	(1,039)
Total Nonoperating Revenues (Expenses)	60,414	14,832	75,246
Income (Loss) Before Transfers	9,706,003	1,708,902	11,414,905
Transfers In (Out):			
Transfers in	-	25,000	25,000
Transfers out	(4,090,186)	(563,437)	(4,653,623)
Total Transfers In (Out)	(4,090,186)	(538,437)	(4,628,623)
Change in Net Position	5,615,817	1,170,465	6,786,282
Total Net Position - Beginning of Year, as restated	23,926,299	4,739,735	28,666,034
Total Net Position - End of Year	\$ 29,542,116	\$ 5,910,200	\$ 35,452,316



MONTGOMERY COUNTY, MARYLAND  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit C-3**

	Permitting Services	Community Use of Public Facilities	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 37,451,083	\$ 11,116,746	\$ 48,567,829
Payments to suppliers	(7,260,470)	(7,235,156)	(14,495,626)
Payments to employees	(23,829,604)	(2,569,577)	(26,399,181)
Internal activity - operating payments from other funds	1,153,770	-	1,153,770
Other operating receipts	5,063,522	-	5,063,522
Other operating payments	(4,665,998)	-	(4,665,998)
Miscellaneous	(3,356)	-	(3,356)
Other revenue	(1,039)	-	(1,039)
Net cash provided (Used) by Operating Activities	7,907,908	1,312,013	9,219,921
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating subsidies and transfers from other funds	-	25,000	25,000
Operating subsidies and transfers to other funds	(4,090,186)	(563,437)	(4,653,623)
Net cash provided (Used) by Noncapital Financing Activities	(4,090,186)	(538,437)	(4,628,623)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest paid on capital debt	(809)	-	(809)
Net cash provided (Used) by Capital and Related Financing Activities	(809)	-	(809)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income from pooled investments	65,618	14,832	80,450
Net cash provided (Used) by Investing Activities	65,618	14,832	80,450
Net Increase (Decrease) in Cash and Cash Equivalents	3,882,531	788,408	4,670,939
Balances - Beginning of Year	46,743,459	9,909,934	56,653,393
Balances - End of Year	\$ 50,625,990	\$ 10,698,342	\$ 61,324,332
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 9,645,589	\$ 1,694,070	\$ 11,339,659
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	143,902	834	144,736
Other revenues	(1,039)	-	(1,039)
Pension expense	(2,213,024)	(141,989)	(2,355,013)
Miscellaneous	(3,356)	-	(3,356)
Effect of changes in operating assets and liabilities:			
Receivables, net	(98,030)	(16,372)	(114,402)
Accounts payable and other liabilities	87,136	(237,473)	(150,337)
Accrued expenses	346,730	12,943	359,673
Net Cash Provided (Used) by Operating Activities	\$ 7,907,908	\$ 1,312,013	\$ 9,219,921

MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit C-4**

	<b>Budget</b>			<b>Variance</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Positive Negative</b>
<b>LIQUOR</b>				
Personnel costs	\$ 28,091,153	\$ 30,171,953	\$ 30,161,949	\$ 10,004
Operating	28,177,588	21,413,399	19,174,833	2,238,566
Total	<u>\$ 56,268,741</u>	<u>\$ 51,585,352</u>	49,336,782	<u>\$ 2,248,570</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			2,118,550	
Cost of goods sold			199,491,617	
Interest expense			1,884,215	
Bad debt expense			171,693	
Deductions:				
Cash interest payments			(2,090,538)	
Pension expense			(1,334,448)	
Encumbrances outstanding at year-end			(399,060)	
GAAP Expenses			<u>\$ 249,178,811</u>	
<b>PERMITTING SERVICES</b>				
Personnel costs	\$ 23,205,436	\$ 23,778,816	\$ 23,778,810	\$ 6
Operating	8,802,400	9,116,692	8,213,726	902,966
Total	<u>\$ 32,007,836</u>	<u>\$ 32,895,508</u>	31,992,536	<u>\$ 902,972</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			143,902	
Deductions:				
Equipment note principal reduction			(18,342)	
Pension expense			(2,213,024)	
Cash interest payments			(809)	
Capital outlay			(131,697)	
Encumbrances outstanding at year-end			(818,748)	
GAAP Expenses			<u>\$ 28,953,818</u>	
<b>COMMUNITY USE OF PUBLIC FACILITIES</b>				
Personnel costs	\$ 2,651,686	\$ 2,670,949	\$ 2,627,826	\$ 43,123
Operating	7,482,823	7,490,499	6,986,039	504,460
Total	<u>\$ 10,134,509</u>	<u>\$ 10,161,448</u>	9,613,865	<u>\$ 547,583</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			834	
Deductions:				
Pension expense			(141,989)	
Encumbrances outstanding at year-end			(33,662)	
GAAP Expenses			<u>\$ 9,439,048</u>	

(Continued)

MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit C-4 (Continued)**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive Negative
<b>SOLID WASTE DISPOSAL</b>				
Personnel costs	\$ 9,572,010	\$ 9,607,123	\$ 9,607,114	\$ 9
Operating	93,553,251	93,853,776	93,853,704	72
Total	<u>\$ 103,125,261</u>	<u>\$ 103,460,899</u>	103,460,818	<u>\$ 81</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			1,488,370	
Accrued landfill closing cost			1,585,751	
Deductions:				
Capital outlay expenditures			(1,017,151)	
Bad debt expense			(1,146)	
Encumbrances outstanding at year-end			(6,816,420)	
Pension expense			(635,835)	
Adjustment of landfill closure costs			(1,226,973)	
GAAP Expenses			<u>\$ 96,837,414</u>	
<b>SOLID WASTE COLLECTION</b>				
Personnel costs	\$ 1,252,597	\$ 1,256,627	\$ 1,253,836	\$ 2,791
Operating	5,162,238	5,162,238	4,881,772	280,466
Total	<u>\$ 6,414,835</u>	<u>\$ 6,418,865</u>	6,135,608	<u>\$ 283,257</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			6,048	
Pension expense			23,906	
Deductions:				
Deferred outflow of resources for contributions made				
to pension plan during current fiscal year			(102,281)	
Encumbrances outstanding at year-end			(163,901)	
GAAP Expenses			<u>\$ 5,899,380</u>	
<b>SOLID WASTE LEAFING</b>				
Personnel costs	\$ 2,982,273	\$ 2,684,053	\$ 2,658,245	\$ 25,808
Operating	2,242,370	3,231,515	3,231,513	2
Total	<u>\$ 5,224,643</u>	<u>\$ 5,915,568</u>	5,889,758	<u>\$ 25,810</u>
Reconciliation to GAAP expenses:				
Additions:				
Interfund activities budgeted as transfers - charges for services from disposal			1,132,744	
Deductions:				
Pension expense			(136,858)	
Encumbrances outstanding at year-end			(250,739)	
GAAP Expenses			<u>\$ 6,634,905</u>	
<b>Reconciliation of GAAP expenses to Statement of Revenues, Expenses, and Changes in Fund Net Assets:</b>				
GAAP Expenses:				
Solid Waste Disposal			\$ 96,837,414	
Solid Waste Collection			5,899,380	
Solid Waste Leafing			6,634,905	
Total Solid Waste Activities			<u>\$ 109,371,699</u>	*

(Continued)

MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit C-4 (Continued)**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive Negative
<b>SILVER SPRING PARKING</b>				
Personnel costs	\$ 2,292,905	\$ 2,303,536	\$ 2,149,465	\$ 154,071
Operating	9,733,435	9,847,095	8,675,615	1,171,480
Total	<u>\$ 12,026,340</u>	<u>\$ 12,150,631</u>	10,825,080	<u>\$ 1,325,551</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			5,248,362	
CIP - other operating costs			27,169	
Bad debt expense			1,890,106	
Deductions:				
Pension expense			(147,890)	
Encumbrances outstanding at year-end			(397,603)	
GAAP Expenses			<u>\$ 17,445,224</u>	
<b>BETHESDA PARKING</b>				
Personnel costs	\$ 2,136,725	\$ 2,147,075	\$ 2,118,113	\$ 28,962
Operating	12,875,429	12,885,635	12,297,767	587,868
Total	<u>\$ 15,012,154</u>	<u>\$ 15,032,710</u>	14,415,880	<u>\$ 616,830</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			5,359,678	
Interest expense			1,375,988	
CIP - other operating costs			44,200	
Bad debt expense			2,004,761	
Deductions:				
Encumbrances outstanding at year-end			(324,988)	
Pension expense			(146,771)	
Principal paid on bonds			(3,120,000)	
Cash interest payments			(1,839,789)	
GAAP Expenses			<u>\$ 17,768,959</u>	
<b>WHEATON PARKING</b>				
Personnel costs	\$ 361,267	\$ 362,750	\$ 362,614	\$ 136
Operating	987,359	1,002,612	783,181	219,431
Total	<u>\$ 1,348,626</u>	<u>\$ 1,365,362</u>	1,145,795	<u>\$ 219,567</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			342,478	
CIP - other operating costs			600	
Bad debt expense			343,820	
Deductions:				
Encumbrances outstanding at year-end			(55,839)	
Pension expense			(28,796)	
GAAP Expenses			<u>\$ 1,748,058</u>	

(Continued)

MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit C-4 (Concluded)**

	Budget			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
<b>MONTGOMERY HILLS PARKING</b>				
Personnel costs	\$ 48,033	\$ 49,103	\$ 47,178	\$ 1,925
Operating	92,339	95,538	115,434	(19,896)
Total	<u>\$ 140,372</u>	<u>\$ 144,641</u>	162,612	<u>\$ (17,971)</u>
Reconciliation to GAAP expenses:				
Additions:				
Depreciation			37	
Bad debt expense			19,304	
Deductions:				
Pension expense			(2,022)	
Encumbrances outstanding at year-end			<u>(12,660)</u>	
GAAP Expenses			<u>\$ 167,271</u>	
<b>Reconciliation of GAAP expenses to Statement of Revenues, Expenses, and Changes in Fund Net Assets:</b>				
GAAP Expenses:				
Silver Spring Parking			\$ 17,445,224	
Bethesda Parking			17,768,959	
Wheaton Parking			1,748,058	
Montgomery Hills Parking			<u>167,271</u>	
Total Parking Lot Districts			<u>\$ 37,129,512</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





MONTGOMERY COUNTY, MARYLAND  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2015  
**Exhibit D-1**

	Motor Pool	Liability and Property Coverage Self Insurance	Employee Health Benefits Self Insurance	Central Duplicating	Total Internal Service Funds
<b>ASSETS</b>					
Current Assets:					
Equity in pooled cash and investments	\$ 11,426,555	\$ 143,637,450	\$ 23,349,425	\$ 278,200	\$ 178,691,630
Cash	300	-	-	-	300
Receivables (net of allowances for uncollectibles):					
Accounts	1,200,465	155,533	323,912	-	1,679,910
Due from other funds	-	-	6,414,219	-	6,414,219
Due from component units	51,487	-	534,698	6,632	592,817
Due from other governments	3,063	-	66,216	25,350	94,629
Inventory of supplies	4,457,202	-	-	-	4,457,202
Prepays	15,258	14,533	-	291,573	321,364
Total Current Assets	17,154,330	143,807,516	30,688,470	601,755	192,252,071
Noncurrent Assets:					
Capital Assets:					
Land, improved and unimproved	22,506	-	-	-	22,506
Improvements other than buildings	268,565	-	-	-	268,565
Furniture, fixtures, equipment, and machinery	3,082,441	-	-	776,073	3,858,514
Automobiles and trucks	83,584,278	-	-	-	83,584,278
Subtotal	86,957,790	-	-	776,073	87,733,863
Less: Accumulated depreciation	55,491,530	-	-	652,030	56,143,560
Total Capital Assets (net of accumulated depreciation)	31,466,260	-	-	124,043	31,590,303
Total Assets	48,620,590	143,807,516	30,688,470	725,798	223,842,374
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension deferrals	737,953	351,811	75,331	234,304	1,399,399
Total Deferred Outflows of Resources	737,953	351,811	75,331	234,304	1,399,399
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	2,941,569	573,260	4,339,243	55,475	7,909,547
Claims payable	-	30,614,202	8,552,112	-	39,166,314
Accrued liabilities	2,452,431	867,906	616,848	324,078	4,261,263
Due to other funds	242,360	53,108	4,169,055	49,052	4,513,575
Due to other governments	-	110,480	-	-	110,480
Equipment notes payable	61,550	-	-	-	61,550
Unearned revenue	-	-	34,816	-	34,816
Total Current Liabilities	5,697,910	32,218,956	17,712,074	428,605	56,057,545
Noncurrent Liabilities:					
Claims payable	-	97,528,298	4,750,000	-	102,278,298
Compensated absences	388,048	104,855	64,651	40,348	597,902
Net pension liability	1,444,961	765,507	117,426	464,623	2,792,517
Other postemployment benefits	983,943	43,753	-	113,518	1,141,214
Total Noncurrent Liabilities	2,816,952	98,442,413	4,932,077	618,489	106,809,931
Total Liabilities	8,514,862	130,661,369	22,644,151	1,047,094	162,867,476
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension deferrals	1,127,587	597,369	91,634	362,572	2,179,162
Total Deferred Inflows of Resources	1,127,587	597,369	91,634	362,572	2,179,162
<b>NET POSITION</b>					
Net investment in capital assets	31,404,710	-	-	-	31,404,710
Unrestricted	8,311,384	12,900,589	8,028,016	(449,564)	28,790,425
Total Net Position (Deficit)	\$ 39,716,094	\$ 12,900,589	\$ 8,028,016	\$ (449,564)	\$ 60,195,135

MONTGOMERY COUNTY, MARYLAND  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit D-2**

	Motor Pool	Liability and Property Coverage Self Insurance	Employee Health Benefits Self Insurance	Central Duplicating	Total Internal Service Funds
<b>OPERATING REVENUES</b>					
Charges for services	\$ 76,225,315	\$ 68,628,558	\$ 131,478,299	\$ 8,461,412	\$ 284,793,584
Claim recoveries	1,486,381	542,457	-	-	2,028,838
Total Operating Revenues	77,711,696	69,171,015	131,478,299	8,461,412	286,822,422
<b>OPERATING EXPENSES</b>					
Personnel costs	19,193,277	3,686,576	1,487,756	2,058,831	26,426,440
Other post employment contributions	964,080	47,960	-	143,890	1,155,930
Postage	2,809	58	32,455	1,145,718	1,181,040
Self-insurance incurred and estimated claims	-	37,905,495	132,697,247	-	170,602,742
Insurance	2,280,685	4,262,919	-	-	6,543,604
Supplies and materials	27,794,239	4,734	23,665	814,987	28,637,625
Contractual services	683,721	6,228,568	6,186,845	522,736	13,621,870
Communications	162,274	7,445	62,122	665,863	897,704
Transportation	282,567	19,282	2,650	38,281	342,780
Public utility services	628,198	-	-	-	628,198
Rentals	413	-	-	2,017,826	2,018,239
Maintenance	13,553,774	4,894	72	113,070	13,671,810
Depreciation	6,824,490	-	-	51,613	6,876,103
Other	(522,474)	18,014	618,384	15,676	129,600
Total Operating Expenses	71,848,053	52,185,945	141,111,196	7,588,491	272,733,685
Operating Income (Loss)	5,863,643	16,985,070	(9,632,897)	872,921	14,088,737
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Gain (loss) on disposal of capital assets	825,876	-	-	-	825,876
Investment income	36,633	193,008	23,698	223	253,562
Interest expense	(4,499)	-	-	-	(4,499)
Insurance recoveries	-	503,547	-	-	503,547
Total Nonoperating Revenues (Expenses)	858,010	696,555	23,698	223	1,578,486
Income (Loss) Before Transfers	6,721,653	17,681,625	(9,609,199)	873,144	15,667,223
Transfers In (Out):					
Transfers in	592,388	-	-	-	592,388
Transfers out	-	-	(10,745,911)	-	(10,745,911)
Total Transfers In (Out)	592,388	-	(10,745,911)	-	(10,153,523)
Change in Net Position	7,314,041	17,681,625	(20,355,110)	873,144	5,513,700
Total Net Position - Beginning of Year, as restated	32,402,053	(4,781,036)	28,383,126	(1,322,708)	54,681,435
Total Net Position - End of Year	\$ 39,716,094	\$ 12,900,589	\$ 8,028,016	\$ (449,564)	\$ 60,195,135

MONTGOMERY COUNTY, MARYLAND  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit D-3**

	Motor Pool	Liability and Property Coverage Self Insurance	Employee Health Benefits Self Insurance	Central Duplicating	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 77,032,948	\$ 68,634,050	\$ 130,685,771	\$ 8,458,322	\$ 284,811,091
Payments to suppliers	(45,668,778)	(10,790,029)	(29,708,849)	(5,724,085)	(91,891,741)
Payments to employees	(19,972,957)	(3,701,878)	(1,579,414)	(2,456,488)	(27,710,737)
Claims paid	-	(37,723,921)	(109,365,774)	-	(147,089,695)
Other revenue	-	542,457	-	-	542,457
Net Cash Provided (Used) by Operating Activities	11,391,213	16,960,679	(9,968,266)	277,749	18,661,375
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Insurance reimbursement claims	-	503,547	-	-	503,547
Operating subsidies, transfers and payments to other funds	-	-	(10,745,911)	-	(10,745,911)
Net Cash Provided (Used) by Noncapital Financing Activities	-	503,547	(10,745,911)	-	(10,242,364)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from sale of capital assets	922,258	-	-	-	922,258
Purchases of capital assets	(7,038,275)	-	-	-	(7,038,275)
Principal paid on capital debt	(120,422)	-	-	-	(120,422)
Interest paid on capital debt	(4,499)	-	-	-	(4,499)
Internal activity-payment from other funds	592,388	-	-	-	592,388
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,648,550)	-	-	-	(5,648,550)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income from pooled investments	36,633	193,008	23,698	223	253,562
Net Cash Provided (Used) by Investing Activities	36,633	193,008	23,698	223	253,562
Net Increase (Decrease) in Cash and Cash Equivalents	5,779,296	17,657,234	(20,690,479)	277,972	3,024,023
Balances - Beginning of Year	5,647,559	125,980,216	44,039,904	228	175,667,907
Balances - End of Year	\$ 11,426,855	\$ 143,637,450	\$ 23,349,425	\$ 278,200	\$ 178,691,930
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 5,863,643	\$ 16,985,070	\$ (9,632,897)	\$ 872,921	\$ 14,088,737
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	6,824,490	-	-	51,613	6,876,103
Pension expense	(578,259)	(267,208)	(62,353)	(182,954)	(1,090,774)
Effect of changes in operating assets and liabilities:					
Receivables, net	(678,748)	5,492	(792,528)	(3,091)	(1,468,875)
Inventories, prepaids and other assets	415,525	(13,768)	-	(94,021)	307,736
Accounts payable and other liabilities	(220,342)	(496,654)	221,257	(473,229)	(968,968)
Claims payable	-	181,574	-	-	181,574
Accrued expenses	(235,096)	566,173	298,255	106,510	735,842
Net Cash Provided (Used) by Operating Activities	\$ 11,391,213	\$ 16,960,679	\$ (9,968,266)	\$ 277,749	\$ 18,661,375

MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit D-4**

	Budget		Actual	Variance Positive (Negative)
	Original Budget	Final Budget		
LIABILITY AND PROPERTY COVERAGE SELF-INSURANCE				
Personnel costs	\$ 3,926,228	\$ 3,953,788	\$ 3,953,784	\$ 4
Operating	54,943,339	50,094,641	48,761,249	1,333,392
Total	\$ 58,869,567	\$ 54,048,429	52,715,033	\$ 1,333,396

Reconciliation to GAAP expenses:

Additions:

Portion of incurred but not reported claims not  
required to be budgeted

181,574

Bad debt expense

1,678

Deductions:

Pension expense

(267,208)

Encumbrances outstanding at year-end

(445,132)

GAAP Expenses

\$ 52,185,945

**EMPLOYEE HEALTH BENEFITS SELF-INSURANCE**

Personnel costs	\$ 2,150,801	\$ 2,262,141	\$ 1,550,109	\$ 712,032
Operating	202,102,168	213,436,429	138,572,047	74,864,382
Total	<u>\$ 204,252,969</u>	<u>\$ 215,698,570</u>	140,122,156	<u>\$ 75,576,414</u>

Reconciliation to GAAP expenses:

Additions:

Portion of incurred but not reported claims not  
required to be budgeted

1,057,074

Deductions:

Pension expense

(62,353)

Encumbrances outstanding at year-end

(5,681)

GAAP Expenses

\$ 141,111,196

## **FIDUCIARY FUNDS**

Fiduciary funds are used to account for assets held in a trustee or agency 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

### **Private Purpose Trust**

Account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

- Private Contributions
- Tricentennial

### **Agency**

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

- Recreation Activities
- Property Tax
- Miscellaneous



MONTGOMERY COUNTY, MARYLAND  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS  
JUNE 30, 2015  
**Exhibit E-1**

	Employees' Retirement System	Employees' Retirement Savings Plan	Deferred Compensation Plan	Retiree Health Benefits	Total
<b>ASSETS</b>					
Current Assets:					
Equity in pooled cash and investments	\$ 981,456	\$ 671,139	\$ -	\$ 691,251	\$ 2,343,846
Investments:					
Government and agency obligations	395,527,073	-	-	-	395,527,073
Asset-backed securities	3,464,339	-	-	-	3,464,339
Municipal/Provincial bonds	12,358,783	-	-	-	12,358,783
Corporate bonds	656,471,268	-	-	-	656,471,268
Common and preferred stock	1,455,833,853	-	-	123,730,476	1,579,564,329
Mutual and commingled funds	365,620,792	313,170,346	351,892,072	451,559,705	1,482,242,915
Short-term investments	119,853,979	-	-	3,865,465	123,719,444
Cash collateral received under securities lending agreements	273,912,882	-	-	28,185,429	302,098,311
Real assets	380,180,632	-	-	4,095,880	384,276,512
Private equity	261,364,506	-	-	8,006,010	269,370,516
Total Investments	3,924,588,107	313,170,346	351,892,072	619,442,965	5,209,093,490
Receivables (net of allowances for uncollectibles):					
Receivables and accrued interest	6,640,354	-	-	439,546	7,079,900
Accounts	111,164	171,890	9,207	34,400	326,661
Due from other funds	8,187,643	1,212,569	745,573	4,156,880	14,302,665
Due from component units	131,087	96,877	-	2,073,600	2,301,564
Due from other governments	10,990	1,995	-	96,423	109,408
Total Current Assets	3,940,650,801	315,324,816	352,646,852	626,935,065	5,235,557,534
Noncurrent Assets:					
Capital assets:					
Miscellaneous	900,043	-	-	-	900,043
Less: Accumulated depreciation	300,014	-	-	-	300,014
Total Capital Assets (net of accumulated depreciation)	600,029	-	-	-	600,029
Total Assets	3,941,250,830	315,324,816	352,646,852	626,935,065	5,236,157,563
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	274,630,287	571	-	28,208,628	302,839,486
Accrued liabilities	4,825,931	18,217	-	745,835	5,589,983
Claims payable	-	-	-	4,253,303	4,253,303
Due to other funds	14,699	1,382	-	1,553	17,634
Unearned revenue	77,121	-	-	-	77,121
Total Current Liabilities	279,548,038	20,170	-	33,209,319	312,777,527
Noncurrent Liabilities:					
Compensated absences	41,548	3,730	-	4,310	49,588
Total Liabilities	279,589,586	23,900	-	33,213,629	312,827,115
<b>NET POSITION</b>					
Held in trust for pension and other postemployment benefits	\$ 3,661,661,244	\$ 315,300,916	\$ 352,646,852	\$ 593,721,436	\$ 4,923,330,448

MONTGOMERY COUNTY, MARYLAND  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit E-2**

	Employees' Retirement System	Employees' Retirement Savings Plan	Deferred Compensation Plan	Retiree Health Benefits	Total
<b>ADDITIONS</b>					
Contributions:					
Employers	\$ 151,301,867	\$ 18,502,353	\$ -	\$ 185,132,089	\$ 354,936,309
Members	26,627,493	9,728,222	19,228,978	21,916,187	77,500,880
Federal government - Medicare Part D	-	-	-	2,080,232	2,080,232
Total Contributions	177,929,360	28,230,575	19,228,978	209,128,508	434,517,421
Investment income (loss)	89,644,845	7,050,419	15,258,958	4,595,808	116,550,030
Less: Investment expenses	22,574,412	5,438	-	2,437,097	25,016,947
Net Investment Income (Loss)	67,070,433	7,044,981	15,258,958	2,158,711	91,533,083
Other income - forfeitures	-	447,749	-	-	447,749
Total Additions, net	244,999,793	35,723,305	34,487,936	211,287,219	526,498,253
<b>DEDUCTIONS</b>					
Benefits:					
Annuities:					
Retirees	171,784,946	-	-	-	171,784,946
Survivors	8,982,132	-	-	-	8,982,132
Disability	49,879,651	-	-	-	49,879,651
Claims	-	-	-	72,260,293	72,260,293
Total Benefits	230,646,729	-	-	72,260,293	302,907,022
Member refunds	2,874,357	12,693,995	26,122,796	-	41,691,148
Administrative expenses	2,384,546	235,299	-	5,042,093	7,661,938
Depreciation	300,014	-	-	-	300,014
Total Deductions	236,205,646	12,929,294	26,122,796	77,302,386	352,560,122
Net Increase (Decrease)	8,794,147	22,794,011	8,365,140	133,984,833	173,938,131
Net Position - Beginning of Year	3,652,867,097	292,506,905	344,281,712	459,736,603	4,749,392,317
Net Position - End of Year	\$ 3,661,661,244	\$ 315,300,916	\$ 352,646,852	\$ 593,721,436	\$ 4,923,330,448



MONTGOMERY COUNTY, MARYLAND  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 JUNE 30, 2015  
**Exhibit E-3**

	Private Contributions	Tri- Centennial	Total
<b>ASSETS</b>			
Current Assets:			
Equity in pooled cash and investments	\$ 52,678	\$ 7,346	\$ 60,024
Total Assets	52,678	7,346	60,024
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	44,585	-	44,585
Total Liabilities	44,585	-	44,585
<b>NET POSITION</b>			
Held in trust	\$ 8,093	\$ 7,346	\$ 15,439

MONTGOMERY COUNTY, MARYLAND  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit E-4**

	Private Contributions	Tri- Centennial	Total
<b>ADDITIONS</b>			
Other interest income	\$ -	\$ 28	\$ 28
Total Additions, net	-	28	28
<b>DEDUCTIONS</b>			
Program expenses	120,542	-	120,542
Total Deductions	120,542	-	120,542
Net Increase (Decrease)	(120,542)	28	(120,514)
Net Position - Beginning of Year	128,635	7,318	135,953
Net Position - End of Year	\$ 8,093	\$ 7,346	\$ 15,439

MONTGOMERY COUNTY, MARYLAND  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit E-5**

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<b><u>RECREATION ACTIVITIES FUND</u></b>				
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 3,055,466	\$ 29,170,073	\$ 28,863,281	\$ 3,362,258
Accounts receivable	365,137	-	-	365,137
Total Assets	<u>\$ 3,420,603</u>	<u>\$ 29,170,073</u>	<u>\$ 28,863,281</u>	<u>\$ 3,727,395</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 60,057	\$ 3,829,549	\$ 3,759,020	\$ 130,586
Due to other funds	310,000	-	-	310,000
Other liabilities	3,360,546	3,257,298	3,331,035	3,286,809
Total Liabilities	<u>\$ 3,730,603</u>	<u>\$ 7,086,847</u>	<u>\$ 7,090,055</u>	<u>\$ 3,727,395</u>
<b><u>PROPERTY TAX FUND</u></b>				
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 19,370,838	\$ 2,081,427,029	\$ 2,076,653,021	\$ 24,144,846
Property taxes receivable	5,314,182	390,460,509	390,637,211	5,137,480
Accounts receivable	-	34	34	-
Due from other governments	-	400,268,369	399,973,037	295,332
Total Assets	<u>\$ 24,685,020</u>	<u>\$ 2,872,155,941</u>	<u>\$ 2,867,263,303</u>	<u>\$ 29,577,658</u>
<b>LIABILITIES</b>				
Deposits	\$ 463,011	\$ -	\$ 463,011	\$ -
Uncollected property taxes due to governments	4,989,696	390,460,509	390,637,211	4,812,994
Due to other governments	309,151	-	309,151	-
Undistributed taxes and refunds	2,916,927	2,052,906,689	2,052,399,661	3,423,955
Tax sale surplus and redemptions payable	2,375,366	8,944,658	7,575,274	3,744,750
Other liabilities	13,630,869	425,281,374	421,316,284	17,595,959
Total Liabilities	<u>\$ 24,685,020</u>	<u>\$ 2,877,593,230</u>	<u>\$ 2,872,700,592</u>	<u>\$ 29,577,658</u>
<b><u>MISCELLANEOUS AGENCY FUND</u></b>				
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 6,254,431	\$ 15,072,045	\$ 14,519,998	\$ 6,806,478
Cash	288,261	62,152	217,542	132,871
Property taxes receivable	480	1,255,477	1,255,651	306
Accounts receivable	67,831	432,038	280,573	219,296
Total Assets	<u>\$ 6,611,003</u>	<u>\$ 16,821,712</u>	<u>\$ 16,273,764</u>	<u>\$ 7,158,951</u>
<b>LIABILITIES</b>				
Accrued liabilities	\$ 6,152	\$ -	\$ 6,152	\$ -
Due to component units	6,324	7,935	7,935	6,324
Due to other governments	1,317,813	16,151,147	16,073,318	1,395,642
Other liabilities	1,941,290	8,066,756	8,178,432	1,829,614
Deposits	3,339,424	5,877,562	5,289,615	3,927,371
Total Liabilities	<u>\$ 6,611,003</u>	<u>\$ 30,103,400</u>	<u>\$ 29,555,452</u>	<u>\$ 7,158,951</u>

(Continued)

MONTGOMERY COUNTY, MARYLAND  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit E-5 (Concluded)**

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 28,680,735	\$ 2,125,669,147	\$ 2,120,036,300	\$ 34,313,582
Cash	288,261	62,152	217,542	132,871
Property taxes receivable	5,314,662	391,715,986	391,892,862	5,137,786
Accounts receivable	432,968	432,072	280,607	584,433
Due from other governments	-	400,268,369	399,973,037	295,332
Total Assets	<u>\$ 34,716,626</u>	<u>\$ 2,918,147,726</u>	<u>\$ 2,912,400,348</u>	<u>\$ 40,464,004</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 60,057	\$ 3,829,549	\$ 3,759,020	\$ 130,586
Accrued liabilities	6,152	-	6,152	-
Deposits	3,802,435	5,877,562	5,752,626	3,927,371
Due to other funds	310,000	-	-	310,000
Due to component units	6,324	7,935	7,935	6,324
Due to other governments	1,626,964	16,151,147	16,382,469	1,395,642
Uncollected property taxes due to governments	4,989,696	390,460,509	390,637,211	4,812,994
Undistributed taxes and refunds	2,916,927	2,052,906,689	2,052,399,661	3,423,955
Tax sale surplus and redemptions payable	2,375,366	8,944,658	7,575,274	3,744,750
Other liabilities	18,932,705	436,605,428	432,825,751	22,712,382
Total Liabilities	<u>\$ 35,026,626</u>	<u>\$ 2,914,783,477</u>	<u>\$ 2,909,346,099</u>	<u>\$ 40,464,004</u>

## **NONMAJOR COMPONENT UNITS**



MONTGOMERY COUNTY, MARYLAND  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR COMPONENT UNITS  
JUNE 30, 2015  
**Exhibit F-1**

	BUPI	MCRA	MCC	Total
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ -	\$ -	\$ 28,722,385	\$ 28,722,385
Cash with fiscal agents	-	-	19,849,706	19,849,706
Cash	993,317	5,754,788	110,594	6,858,699
Investments - cash equivalents	-	-	24,203,606	24,203,606
Investments	-	-	40,450,204	40,450,204
Receivables (net of allowance for uncollectibles):				
Capital leases	-	14,803,344	-	14,803,344
Accounts	568	398,310	10,689,396	11,088,274
Notes	-	67,512,710	-	67,512,710
Other	-	-	1,199,293	1,199,293
Due from primary government	35,304	-	10,179,267	10,214,571
Due from other governments	12,191	53,486	2,625,227	2,690,904
Inventory of supplies	-	438,438	1,396,753	1,835,191
Prepays	16,951	23,198	1,829,676	1,869,825
Other assets	5,075	-	56,415,784	56,420,859
Restricted Asset:				
Equity in pooled cash and investments	-	-	5,199,431	5,199,431
Cash	-	450,808	-	450,808
Investment	-	1,473,598	-	1,473,598
Net Pension asset	-	-	1,213,552	1,213,552
Capital Assets:				
Nondepreciable assets	-	30,880,117	55,703,950	86,584,067
Depreciable assets, net	410,280	13,871,438	464,352,295	478,634,013
Total Assets	1,473,686	135,660,235	724,141,119	861,275,040
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on refunding of debt	-	1,064,672	1,844,068	2,908,740
Pension deferrals	-	257,469	-	257,469
Accumulated decrease in fair value of hedging derivatives	-	306,849	50,000	356,849
Total Deferred Outflow of Resources	-	1,628,990	1,894,068	3,523,058
<b>LIABILITIES</b>				
Accounts payable	286,601	410,257	24,389,881	25,086,739
Interest payable	-	297,058	-	297,058
Accrued liabilities	237,261	586,412	-	823,673
Deposits	-	338,166	-	338,166
Due to primary government	18,852	131,381	506,548	656,781
Due to other governments	-	-	640,043	640,043
Unearned revenue	51,786	673,416	5,159,370	5,884,572
Other liabilities	112,935	-	-	112,935
Noncurrent Liabilities:				
Due within one year	-	5,999,481	4,625,938	10,625,419
Due in more than one year	-	96,619,008	139,804,132	236,423,140
Total Liabilities	707,435	105,055,179	175,125,912	280,888,526
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on refunding of debt	-	-	3,570,000	3,570,000
Pension deferrals	-	396,489	1,305,603	1,702,092
Accumulated increase in fair value of hedging derivatives	-	153,811	-	153,811
Total Deferred Intflow of Resources	-	550,300	4,875,603	5,425,903
<b>NET POSITION</b>				
Net investment in capital assets	410,280	25,267,519	463,287,946	488,965,745
Restricted for:				
Capital projects	-	123,771	-	123,771
Debt service	-	1,473,598	-	1,473,598
Other purposes	-	327,037	31,369,193	31,696,230
Unrestricted (deficit)	355,971	4,491,821	51,376,533	56,224,325
Total Net Position	\$ 766,251	\$ 31,683,746	\$ 546,033,672	\$ 578,483,669

MONTGOMERY COUNTY, MARYLAND  
 COMBINING STATEMENT OF ACTIVITIES  
 NONMAJOR COMPONENT UNITS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
**Exhibit F-2**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	BUPI	MCRA	MCC	Total
Component Units:								
General government	\$ 4,833,365	\$ 4,577,615	\$ 239,554	\$ -	\$ (16,196)	\$ -	\$ -	\$ (16,196)
Culture and recreation	17,414,438	15,798,719	-	63,453	-	(1,552,266)	-	(1,552,266)
Education	337,763,487	77,914,425	17,187,769	1,011,933	-	-	(241,649,360)	(241,649,360)
Total component units	<u>\$ 360,011,290</u>	<u>\$ 98,290,759</u>	<u>\$ 17,427,323</u>	<u>\$ 1,075,386</u>	<u>(16,196)</u>	<u>(1,552,266)</u>	<u>(241,649,360)</u>	<u>(243,217,822)</u>
General revenues:								
Grants and contributions not restricted to specific programs					-	-	261,634,908	261,634,908
Investment Income					-	2,113,576	2,612,465	4,726,041
Gain on sale of capital assets					54,512	(7,386)	-	47,126
Total general revenues					54,512	2,106,190	264,247,373	266,408,075
Change in net position					38,316	553,924	22,598,013	23,190,253
Total Net Position - beginning, as restated					727,935	31,129,822	523,435,659	555,293,416
Total Net Position - ending					\$ 766,251	\$ 31,683,746	\$ 546,033,672	\$ 578,483,669





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## STATISTICAL SECTION

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## STATISTICAL SECTION

The Statistical Section presents detailed information for the primary government in the following areas, as a context for understanding what the information in the Financial Section says about the County's overall financial health:

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

Information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

### **Demographic and Economic Information**

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

### **Operating Information**

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.



MONTGOMERY COUNTY, MARYLAND  
FINANCIAL TRENDS  
NET POSITION BY COMPONENT - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)  
LAST TEN FISCAL YEARS

Table 1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Net investment in capital assets	\$1,769,233,330	\$1,880,672,363	\$1,875,327,937	\$1,937,493,317	\$ 1,965,289,080	\$ 1,923,668,729	\$ 1,880,813,780	\$ 1,932,495,036	\$ 2,112,879,507	\$ 2,099,290,326
Restricted	338,811,955	440,714,792	410,457,623	393,404,279	380,181,540	426,265,013	502,059,858	296,564,191	315,878,315	493,320,702
Unrestricted (deficit) (1)	(425,270,974)	(423,363,652)	(652,576,967)	(1,043,969,070)	(1,372,709,340)	(1,388,128,738)	(1,365,476,872)	(1,147,060,057)	(1,247,964,983)	(1,882,775,991)
Total Governmental Activities Net Position	<u>1,682,774,311</u>	<u>1,898,023,503</u>	<u>1,633,208,593</u>	<u>1,286,928,526</u>	<u>972,761,280</u>	<u>961,805,004</u>	<u>1,017,396,766</u>	<u>1,081,999,170</u>	<u>1,180,792,839</u>	<u>709,835,037</u>
Business-type Activities:										
Net investment in capital assets	152,244,454	160,807,324	166,059,652	177,697,087	178,781,693	173,232,831	185,300,678	191,266,741	181,965,592	186,001,533
Restricted	80,486,538	72,370,254	76,590,751	66,606,205	54,684,729	52,817,393	93,254,622	94,329,133	64,810,807	48,386,118
Unrestricted	31,001,878	33,422,201	36,328,335	24,449,753	16,127,031	18,434,295	26,894,257	41,045,651	69,285,828	57,451,970
Total Business-type Activities Net Position	<u>263,732,870</u>	<u>266,599,779</u>	<u>278,978,738</u>	<u>268,753,045</u>	<u>249,593,453</u>	<u>244,484,519</u>	<u>305,449,557</u>	<u>326,641,525</u>	<u>316,062,227</u>	<u>291,839,621</u>
Primary Government:										
Net investment in capital assets	1,874,877,273	1,996,886,602	1,999,920,988	2,003,119,670	2,109,006,202	2,065,797,289	2,066,114,458	2,123,761,777	2,294,845,099	2,285,291,859
Restricted	419,298,493	513,085,046	513,085,046	487,048,374	434,866,269	479,082,406	595,314,480	390,893,324	380,689,122	541,706,820
Unrestricted (deficit) (1)	(347,668,585)	(345,348,366)	(348,382,752)	(577,980,713)	(1,321,517,738)	(1,338,590,172)	(1,338,582,615)	(1,106,014,406)	(1,178,679,155)	(1,825,324,021)
Total Primary Government Net Position	<u>\$1,946,507,181</u>	<u>\$2,164,623,282</u>	<u>\$2,164,623,282</u>	<u>\$1,912,187,331</u>	<u>\$ 1,222,354,733</u>	<u>\$ 1,206,289,523</u>	<u>\$ 1,322,846,323</u>	<u>\$ 1,408,640,695</u>	<u>\$ 1,496,855,066</u>	<u>\$ 1,001,674,658</u>

NOTES:

- \* This table is a summary of net position information presented in the basic financial statement Exhibit A-1.
- \* Government-wide net position information is reported on the accrual basis of accounting.
- \* Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the County.
- \* Beginning in FY13, the County implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which requires amounts formerly reported as net assets be reported as net position. The effect of this implementation is reflected in the above table.*
- \* Certain amounts have been restated or reclassified to conform with the following year's presentation.

(1) The County's governmental activities has an unrestricted deficit because the County issues debt to fund construction costs for MCPS and MCC, 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	\$ (347,668,585)	\$ (345,348,366)	\$ (348,382,752)	\$ (577,980,713)	\$ (1,321,517,738)	\$ (1,338,590,172)	\$ (1,338,582,615)	\$ (1,106,014,406)	\$ (1,178,679,155)	\$ (1,825,324,021)
Debt issued for capital on behalf of others	902,249,062	1,109,741,009	1,023,021,034	1,122,854,267	1,252,293,676	1,359,354,018	1,399,452,195	1,471,314,322	1,498,460,648	1,634,742,350
County net position absent effect of this relationship	<u>\$ 554,580,477</u>	<u>\$ 764,392,643</u>	<u>\$ 674,638,282</u>	<u>\$ 544,873,554</u>	<u>\$ (69,224,062)</u>	<u>\$ 20,763,846</u>	<u>\$ 60,869,580</u>	<u>\$ 365,299,916</u>	<u>\$ 319,781,493</u>	<u>\$ (190,581,671)</u>

MONTGOMERY COUNTY, MARYLAND  
 FINANCIAL TRENDS  
 CHANGES IN NET POSITION - GOVERNMENT-WIDE (GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES)  
 LAST TEN FISCAL YEARS  
**Table 2-a**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 257,586,189	\$ 274,005,357	\$ 304,526,806	\$ 337,557,085	\$ 293,349,395	\$ 287,987,929	\$ 351,138,451	\$ 400,023,515	\$ 474,084,799	\$ 470,405,790
Public safety	473,624,268	529,748,046	601,156,598	626,855,553	611,714,420	614,081,563	600,877,545	609,565,746	607,555,402	591,702,869
Public works and transportation	192,228,591	210,395,916	233,193,597	257,041,963	297,864,026	255,731,300	263,586,549	278,716,716	273,021,015	288,226,716
Health and human services	235,394,838	252,066,273	286,907,329	288,519,635	287,883,637	283,727,427	256,703,043	272,032,818	291,657,233	296,567,081
Culture and recreation	93,460,648	103,765,006	118,017,417	116,186,268	108,490,460	88,433,456	93,560,027	93,965,468	95,084,426	95,703,122
Community development and housing	19,280,438	18,213,040	19,134,520	21,365,597	40,627,603	73,432,068	46,198,670	37,821,686	38,160,065	32,001,034
Environment	9,157,156	12,962,711	14,967,339	13,618,312	16,446,934	19,189,065	28,584,840	28,913,062	31,590,141	30,905,863
Education	1,595,747,791	1,669,681,121	1,783,953,133	1,842,962,933	1,738,633,028	1,728,747,256	1,751,721,080	1,797,097,286	1,770,301,285	1,826,117,289
Interest on long-term debt	73,675,523	81,262,618	95,931,334	92,511,000	86,352,825	99,272,929	116,354,151	113,688,959	101,268,081	112,420,639
Total Governmental Activities Expenses	2,950,155,442	3,152,100,088	3,457,788,073	3,596,618,346	3,481,362,328	3,450,602,993	3,508,724,356	3,631,825,256	3,682,722,447	3,744,050,403
Business-type Activities:										
Liquor control	168,325,049	180,243,618	190,742,139	197,044,956	204,677,766	215,359,402	220,242,176	225,650,484	239,218,758	248,982,109
Solid waste activities	99,911,970	103,455,706	98,166,937	96,857,869	100,709,914	100,890,192	99,723,180	106,039,038	129,531,260	109,351,706
Parking lot districts	26,568,228	26,622,097	27,854,499	29,003,485	30,698,606	30,755,951	29,724,042	30,321,385	30,140,788	37,103,525
Permitting services	21,962,821	23,463,486	26,977,767	27,878,868	27,306,059	25,490,571	25,039,256	27,534,056	29,486,839	29,002,673
Community use of public facilities	6,810,783	7,657,662	8,456,433	8,744,741	8,397,989	8,727,217	8,890,716	9,533,241	8,997,721	9,444,551
Total Business-type Activities Expenses	323,578,851	341,442,569	352,197,775	359,529,919	371,790,334	381,223,333	383,619,370	399,078,204	437,375,366	433,884,564
Total Primary Government Expenses	3,273,734,293	3,493,542,657	3,809,985,848	3,956,148,265	3,853,152,662	3,831,826,326	3,892,343,726	4,030,903,460	4,120,097,813	4,177,934,967
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:										
General government	70,760,591	58,026,709	52,271,766	55,124,011	53,793,781	72,444,386	69,255,366	67,955,551	35,879,186	75,223,054
Public safety	21,261,849	21,633,121	33,618,772	44,359,719	33,115,674	38,595,219	35,960,217	44,887,666	52,773,389	52,554,641
Public works and transportation	17,417,455	18,262,635	17,750,337	18,997,028	22,214,073	26,974,805	28,375,493	31,024,303	28,606,534	32,070,795
Health and human services	3,733,918 (3)	3,894,842	6,504,109	5,604,372	1,497,239	4,721,205	5,785,003	4,976,188	5,448,684	4,968,870
Culture and recreation	24,180,695	26,155,477	27,740,357	29,964,898	31,559,913	32,590,653	36,029,762	37,693,903	38,555,482	39,462,050
Community development and housing	201,156	245,105	3,947,238	3,937,188	4,745,237	5,019,056	5,328,444	7,882,996	5,097,251	5,245,558
Environment	4,566,822	5,954,673	6,062,667	8,594,412	10,832,323	11,860,231	17,686,313	23,115,938	23,130,913	28,232,295
Operating Grants and Contributions:										
General government	8,624,075	9,906,187	9,833,718	6,720,731	8,425,267	5,849,908	4,727,151	4,746,333	7,177,643	5,900,190
Public safety	33,672,335	32,672,761	29,421,302	30,138,410	30,382,733	37,520,540	34,066,226	37,548,290	32,105,352	34,566,646
Public works and transportation	65,846,601	65,774,815	65,513,498	71,494,515	30,127,888	29,181,943	17,616,341	34,642,383	48,675,916	40,840,283
Health and human services	100,845,243 (3)	113,457,584	102,694,709	109,573,451	95,136,860	104,007,562	87,045,926	105,230,050	111,498,816	112,388,538
Culture and recreation	4,284,853	4,852,256	5,084,296	4,729,985	5,270,729	5,366,409	5,391,330	12,344,981	5,089,403	5,362,215
Community development and housing	8,905,322	4,568,516	3,825,474	6,300,663	10,997,335	10,261,792	13,596,969	738,299	4,765,528	2,843,614
Environment	9,377	336,713	20,104	924	86,862	567,585	2,984,828	623,999	1,740,066	23,547
Capital Grants and Contributions:										
General government	621,102	1,068	702,125	2,019,511	1,785,014	5,102,185	6,279,853	6,998,575	6,728,959	8,780,438
Public safety	4,151,203	6,444,925	1,867,152	5,112,282	1,830,899	212,915	805,520	1,866,778	2,144,407	986,711
Public works and transportation (3)	25,154,942	29,777,979	22,482,671	16,919,856	43,203,926	38,384,823	49,814,738	11,801,526	26,115,518	18,100,100
Culture and recreation	8,961,749	11,974,970	3,183,810	7,909,851	1,565,933	3,123,739	3,794,333	1,739,360	1,715,816	4,950,414

Community development and housing	1,703,776	3,252,035	3,071,146	2,567,389	1,760,429	79,902	556,768	1,008,236	3,306,075	1,509,342
Environment	3,678,066	-	1,999,900	-	5,024,146	493,943	12,063	-	-	43,848
Total Governmental Activities Program Revenues	408,581,130	417,192,371	397,595,151	430,069,196	393,356,261	432,358,801	425,112,644	436,825,355	440,554,938	474,053,149
Business-type Activities:										
Charges for Services:										
Liquor control	191,351,999	201,744,558	213,711,131	220,795,524	229,317,194	242,802,606	252,285,232	259,327,227	268,677,859	278,768,662
Solid waste activities	102,432,416	99,990,932	102,107,187	100,139,024	103,373,586	106,304,522	108,410,918	108,780,916	109,251,865	111,621,329
Parking lot districts	22,978,890	25,306,635	26,486,431	27,303,666	28,252,122	30,647,758	29,208,719	31,980,146	31,093,981	34,717,204
Permitting services	23,949,256	25,523,639	28,320,497	22,998,323	27,840,904	30,537,026	41,196,475	45,231,452	44,393,317	38,595,012
Community use of public facilities	7,977,618	7,869,818	7,788,733	8,576,323	8,405,087	9,854,373	10,378,258	10,555,506	10,986,875	11,133,118
Operating Grants and Contributions:										
Solid waste activities	-	11,135	10,000	8,700	30,000	-	-	-	-	-
Total Business-type Activities Program Revenues	348,690,179	360,446,717	378,423,979	379,821,560	397,218,893	420,146,285	441,479,602	455,875,247	464,403,897	474,835,325
Total Primary Government Program Revenues	757,271,309	777,639,088	776,019,130	809,890,756	790,575,154	852,505,086	866,592,246	892,700,602	904,958,835	948,888,474
<b>Net (Expense) Revenue (1)</b>										
Governmental activities	(2,541,574,312)	(2,734,907,717)	(3,060,192,922)	(3,166,549,150)	(3,088,006,067)	(3,018,244,192)	(3,083,611,712)	(3,194,999,901)	(3,242,167,509)	(3,269,997,254)
Business-type activities	25,111,328	19,004,148	26,226,204	20,291,641	25,428,559	38,922,952	57,860,232	56,797,043	27,028,531	40,950,761
Total Primary Government Net Expense	(2,516,462,984)	(2,715,903,569)	(3,033,966,718)	(3,146,257,509)	(3,062,577,508)	(2,979,321,240)	(3,025,751,480)	(3,138,202,858)	(3,215,138,978)	(3,229,046,493)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes (2)	2,602,766,145	2,867,870,217	2,707,037,561	2,759,520,047	2,711,817,013	2,945,614,528	3,083,078,491	3,208,768,624	3,290,585,776	3,228,243,148
Grants, contributions, and other revenue not restricted to specific programs	-	-	-	-	-	-	-	-	588,567	-
Investment income (3)	29,769,889	42,003,532	42,586,707	14,173,076	8,299,709	5,543,975	7,035,479	8,036,630	6,457,962	6,787,434
Gain/(loss) on sale of capital assets	5,187,736	6,209,594	13,309,573	1,604,285	(1,366,889)	2,669,858	1,103,216	4,965,531	(3,529,635)	3,882,648
Transfers	32,433,658	34,073,566	32,444,171	44,971,675	55,088,988	53,459,555	47,986,288	44,703,099	46,858,508	55,489,227
Total Governmental Activities	2,670,157,428	2,950,156,909	2,795,378,012	2,820,269,083	2,773,838,821	3,007,287,916	3,139,203,474	3,266,473,884	3,340,961,178	3,294,402,457
Business-type Activities:										
Property taxes	9,199,581	9,562,592	11,266,747	11,854,882	9,931,045	9,273,198	8,503,222	10,063,874	10,391,101	10,903,699
Investment income	6,267,935	8,339,098	7,330,179	2,599,459	569,792	154,471	43,202	51,852	100,857	215,823
Gain/(loss) on sale of capital assets	-	34,637	-	-	-	-	42,544,670	-	(1,241,279)	175,100
Transfers	(32,433,658)	(34,073,566)	(32,444,171)	(44,971,675)	(55,088,988)	(53,459,555)	(47,986,288)	(44,703,099)	(46,858,508)	(55,489,227)
Total Business-type Activities	(16,966,142)	(16,137,239)	(13,847,245)	(30,517,334)	(44,588,151)	(44,031,886)	3,104,806	(34,587,373)	(37,607,829)	(44,194,605)
Total Primary Government	2,653,191,286	2,934,019,670	2,781,530,767	2,789,751,749	2,729,250,670	2,963,256,030	3,142,308,280	3,231,886,511	3,303,353,349	3,250,207,852
<b>Change in Net Position</b>										
Governmental activities	128,583,116	215,249,192	(264,814,910)	(346,280,067)	(314,167,246)	(10,956,276)	55,591,762	71,473,983	98,793,669	24,405,203
Business-type activities	8,145,186	2,866,909	12,378,959	(10,225,693)	(19,159,592)	(5,108,934)	60,965,038	22,209,670	(10,579,298)	(3,243,844)
Total Primary Government	\$ 136,728,302	\$ 218,116,101	\$ (252,435,951)	\$ (356,505,760)	\$ (333,326,838)	\$ (16,065,210)	\$ 116,556,800	\$ 93,683,653	\$ 88,214,371	\$ 21,161,359

## 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.

MONTGOMERY COUNTY, MARYLAND  
 FINANCIAL TRENDS  
 GENERAL TAX REVENUES - GOVERNMENTAL ACTIVITIES  
 LAST TEN FISCAL YEARS

**Table 2-b**

	2006	2007	2008	2009	2010
Property taxes	\$ 1,064,737,107	\$ 1,126,632,925	\$ 1,146,965,583	\$ 1,296,974,051	\$ 1,371,964,491
County income taxes	1,117,543,440	1,388,927,139	1,246,939,067	1,169,568,981	1,010,874,757
Real property transfer taxes	145,478,479	106,902,482	80,380,388	64,771,739	77,106,332
Recordation taxes	96,239,932	72,672,928	54,658,577	42,437,216	44,934,687
Fuel energy taxes	117,381,196	118,853,224	118,277,973	129,328,307	156,880,330
Hotel-motel taxes	15,869,779	17,476,723	17,783,194	16,829,254	17,064,493
Telephone taxes	29,176,263	29,375,812	30,472,124	30,906,025	29,741,879
Other taxes	16,339,949	7,028,984	11,560,655	8,704,474	3,250,044
Total Taxes - Governmental Activities	<u>\$ 2,602,766,145</u>	<u>\$ 2,867,870,217</u>	<u>\$ 2,707,037,561</u>	<u>\$ 2,759,520,047</u>	<u>\$ 2,711,817,013</u>

	2011	2012	2013	2014	2015
Property taxes	\$ 1,358,968,819	\$ 1,395,693,492	\$ 1,463,855,656	\$ 1,528,302,790	\$ 1,528,093,085
County income taxes	1,151,260,721	1,265,289,159	1,311,161,472	1,329,827,192	1,276,415,595
Real property transfer taxes	71,809,475	76,089,437	84,391,394	90,496,157	92,068,495
Recordation taxes	57,725,334	51,207,341	57,635,661	53,962,477	55,530,762
Fuel energy taxes	233,408,845	226,148,664	223,948,716	210,678,660	207,195,218
Hotel-motel taxes	19,295,158	18,167,827	18,910,872	17,675,982	19,007,650
Telephone taxes	49,087,889	46,470,315	45,696,525	53,160,865	48,839,958
Other taxes	4,058,287	4,012,256	3,168,328	6,481,653	1,092,385
Total Taxes - Governmental Activities	<u>\$ 2,945,614,528</u>	<u>\$ 3,083,078,491</u>	<u>\$ 3,208,768,624</u>	<u>\$ 3,290,585,776</u>	<u>\$ 3,228,243,148</u>

NOTES:

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



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

**Table 3**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved	\$ 7,016,227	\$ 7,774,404	\$ 8,465,100	\$ 8,621,928	\$ 7,596,839	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	281,770,188	308,977,204	164,347,706	99,484,134	39,665,617	-	-	-	-	-
Nondspendable	-	-	-	-	-	4,181,482	5,635,580	5,649,319	6,159,553	6,799,926
Restricted	-	-	-	-	-	-	-	184,879,381	208,001,441	231,233,570
Committed	-	-	-	-	-	23,275,746	41,243,696	49,695,245	68,078,344	70,586,279
Assigned	-	-	-	-	-	11,022,956	20,382,922	29,344,177	33,293,736	26,575,194
Unassigned	-	-	-	-	-	69,031,737	192,937,060	238,947,394	284,211,537	156,538,119
Total General Fund	288,786,415	316,751,608	172,812,806	108,106,062	47,262,456	107,511,921	260,199,258	508,515,516	599,744,611	491,733,088
All Other Governmental Funds:										
Reserved	191,517,700	266,598,847	210,340,019	225,379,967	292,759,512	-	-	-	-	-
Unreserved (deficit), reported in:										
Capital Projects Fund	(33,910,656)	19,800,904	(12,377,776)	(86,447,622)	(34,256,005)	-	-	-	-	-
Special Revenue Funds	159,766,560	186,764,337	211,866,176	176,689,046	107,931,281	-	-	-	-	-
Nondspendable	-	-	-	-	-	212,311,293	212,663,632	222,942,022	-	1,842,076
Restricted	-	-	-	-	-	116,843,705	172,168,580	50,404,409	314,830,001	491,602,469
Committed	-	-	-	-	-	97,110,019	117,227,649	23,217,760	-	-
Assigned	-	-	-	-	-	(16,187,982)	(6,573,775)	(4,023,811)	1,777,868	-
Unassigned	-	-	-	-	-	-	-	-	(45,043,906)	(123,843)
Total All Other Governmental Funds	317,373,604	473,164,088	409,828,419	315,621,391	366,434,788	410,077,035	495,486,086	292,540,380	271,563,963	493,320,702
Total All Governmental Funds	\$ 606,160,019	\$ 789,915,696	\$ 582,641,225	\$ 423,727,453	\$ 413,697,244	\$ 517,588,956	\$ 755,685,344	\$ 801,055,896	\$ 871,308,574	\$ 985,053,790

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) Beginning in fiscal year 2011, the County implemented GASB Statement No. 54 which revised the fund balance categories for Governmental Funds.

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

**Table 4**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$2,545,906,852	\$2,751,864,063	\$2,752,355,883	\$2,872,519,430	\$2,742,547,034	\$2,842,907,152	\$3,071,355,492	\$3,213,926,861	\$3,340,415,154	\$3,262,424,596
Licenses and permits	12,025,093	12,418,584	11,192,157	11,545,500	11,864,114	12,846,648	12,195,140	10,738,233	11,614,419	11,326,007
Intergovernmental	265,785,477	267,675,931	244,672,132	226,479,924	247,787,259	233,177,719	238,828,101	203,295,273	238,025,684	239,344,101
Charges for services	77,204,023	79,501,815	80,355,654	89,226,745	88,114,055	95,328,028	104,474,174	118,897,641	137,867,556	138,342,978
Fines and forfeitures	10,305,177	12,588,526	21,583,162	28,423,775	24,010,876	22,095,048	19,823,291	23,990,181	24,718,907	29,527,268
Investment income	24,832,274	34,147,428	37,012,601	12,114,916	8,167,875	2,501,375	1,678,682	3,559,251	3,246,853	3,140,302
Miscellaneous (1)	14,645,165	13,199,158	13,919,065	17,856,623	13,186,434	35,697,895	32,262,972	28,609,606	19,238,372	22,099,346
Total Revenues	<u>2,950,704,061</u>	<u>3,171,395,505</u>	<u>3,161,090,654</u>	<u>3,258,166,913</u>	<u>3,135,677,647</u>	<u>3,244,553,865</u>	<u>3,480,617,852</u>	<u>3,603,017,046</u>	<u>3,775,126,945</u>	<u>3,706,204,598</u>
<b>Expenditures</b>										
General government	228,669,438	248,252,022	257,381,611	277,007,216	251,799,095	250,208,030	304,292,249	377,437,886	427,961,485	436,469,967
Public safety	455,433,491	506,729,330	543,200,962	569,158,754	551,861,356	540,676,570	545,731,975	584,117,898	609,901,721	638,867,007
Public works and transportation	152,837,852	171,901,834	171,903,223	176,414,373	209,734,805	172,602,449	163,495,587	182,373,840	202,423,119	201,412,836
Health and human services	233,967,221	251,396,734	272,823,056	276,831,826	274,811,330	259,840,844	241,758,579	262,670,134	290,822,526	307,899,487
Culture and recreation	78,486,537	87,872,720	96,010,787	93,616,178	87,134,422	69,468,004	69,919,113	75,063,030	83,710,619	86,389,803
Community development and housing	17,297,254	17,125,576	15,916,219	19,208,889	38,595,295	56,344,179	44,426,304	42,401,492	34,324,023	42,434,875
Environment	6,452,471	8,620,911	9,242,386	10,318,956	12,667,903	13,758,025	20,857,521	20,173,173	19,621,158	21,828,607
Education (2)	1,382,898,458	1,490,679,488	1,563,374,406	1,643,643,553	1,562,095,633	1,525,074,457	1,484,470,943	1,541,101,257	1,569,587,294	1,615,305,046
Debt service:										
Principal	324,184,297	383,983,419	146,194,699	373,014,292	136,317,844	142,318,320	160,126,917	164,255,364	176,485,346	197,878,016
Interest	68,164,530	75,133,526	78,949,436	87,192,902	85,337,817	90,118,001	96,102,824	26,472,773	22,100,609	27,134,321
Leases and other obligations	26,245,116	16,030,672	16,358,135	19,857,064	20,921,170	28,650,471	24,704,102	112,329,448	115,657,356	124,957,396
Issuing costs	1,044,430	1,208,672	937,441	2,087,524	5,544,495	4,407,985	6,108,436	3,943,616	4,509,475	5,669,380
Capital projects	382,096,212	342,299,052	424,518,682	447,794,002	511,372,430	496,309,888	559,056,287	603,801,660	617,298,883	556,683,579
Total Expenditures	<u>3,357,777,307</u>	<u>3,601,233,956</u>	<u>3,596,811,043</u>	<u>3,996,145,529</u>	<u>3,748,193,595</u>	<u>3,649,777,223</u>	<u>3,721,050,837</u>	<u>3,996,141,571</u>	<u>4,174,403,614</u>	<u>4,262,930,320</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(407,073,246)</u>	<u>(429,838,451)</u>	<u>(435,720,389)</u>	<u>(737,978,616)</u>	<u>(612,515,948)</u>	<u>(405,223,358)</u>	<u>(240,432,985)</u>	<u>(393,124,525)</u>	<u>(399,276,669)</u>	<u>(556,725,722)</u>
<b>Other Financing Sources (Uses)</b>										
Transfers in	340,111,748	349,888,069	382,434,018	367,718,614	440,418,586	407,905,174	494,213,344	500,639,293	468,468,576	518,356,272
Transfers (out)	(307,303,502)	(316,432,051)	(352,397,173)	(324,259,745)	(370,535,898)	(351,883,159)	(447,138,462)	(438,499,850)	(414,155,565)	(452,713,522)
Sale of property	5,205,424	6,540,519	13,370,213	1,629,312	1,596,976	3,124,492	1,578,365	5,652,439	1,552,618	3,596,267
Financing under notes and leases payable	5,207,377	3,259,280	-	-	22,969,000	97,525	35,151,498	8,395,000	15,857,552	18,128,411
Payment to refunded bond escrow agent	-	-	(74,751,270)	-	(183,217,861)	-	(314,114,061)	(33,636,846)	(29,837,255)	(429,855,226)

## Debt Issued:

General obligation bonds	105,456,700	268,839,000	-	250,000,000	310,000,000	325,000,000	320,000,000	295,000,000	295,000,000	500,000,000
Premium on general obligation bonds	-	-	-	-	9,937,130	28,107,877	37,661,920	32,201,168	30,795,345	81,853,250
Bond anticipation notes	300,000,000	300,000,000	150,000,000	250,000,000	125,000,000	75,000,000	-	-	-	-
Certificates of participation	-	-	34,583,195	-	24,483,684	-	-	-	-	-
Lease revenue bonds	1,747,573	835,614	399,231	15,059,652	14,700	29,360,000	28,840,000	-	-	-
Taxable LTD obligation certificate	-	-	-	-	30,400,000	-	-	-	38,015,000	-
Discount on Taxable LTD obligation certificate	-	-	-	-	-	-	-	-	(4,763)	-
Variable rate demand obligations	100,000,000	-	-	-	-	-	-	-	-	-
Notes payable	-	-	-	10,000,000	-	-	-	-	-	-
Premium on general obligation refunding bonds	-	-	-	-	22,055,598	-	43,863,734	2,013,430	5,023,826	74,595,486
Capital lease financing	8,379,687	663,698	12,407	-	11,985	-	-	-	-	-
General obligation refunding bonds	-	-	74,795,297	8,917,011	161,755,000	-	237,655,000	23,360,000	25,059,716	356,510,000
Lease revenue refunding bonds	-	-	-	-	-	-	35,465,000	-	-	-
Premium on lease revenue refunding bonds	-	-	-	-	-	-	5,353,035	57,288	-	-
Revenue bonds	-	-	-	-	-	-	-	37,835,000	32,383,753	-
Premium on revenue bonds	-	-	-	-	-	-	-	5,478,155	1,370,544	-
Total Other Financing Sources (Uses)	<u>558,805,007</u>	<u>613,594,129</u>	<u>228,445,918</u>	<u>579,064,844</u>	<u>594,888,900</u>	<u>516,711,909</u>	<u>478,529,373</u>	<u>438,495,077</u>	<u>469,529,347</u>	<u>670,470,938</u>
Net Change in Fund Balances	<u>\$ 151,731,761</u>	<u>\$ 183,755,678</u>	<u>\$ (207,274,471)</u>	<u>\$ (158,913,772)</u>	<u>\$ (17,627,048)</u>	<u>\$ 111,488,551</u>	<u>\$ 238,096,388</u>	<u>\$ 45,370,552</u>	<u>\$ 70,252,678</u>	<u>\$ 113,745,216</u>
Debt service as a percentage of noncapital expenditures (1, 2)	12.26%	13.29%	6.56%	12.13%	6.44%	6.80%	7.47%	5.15%	5.25%	5.66%

## NOTES:

\* This table is a summary of the basic financial statement Exhibit A-5.

\* Governmental fund information is reported on the modified accrual basis of accounting.

(1) Debt service represents debt service principal and interest expenditures presented above.

(2) Noncapital expenditures represents Total Expenditures above, less Capital Projects Fund and capital outlay expenditures that resulted in capital assets.

MONTGOMERY COUNTY, MARYLAND  
FINANCIAL TRENDS  
COMBINED SCHEDULE OF CASH AND INVESTMENTS AND INVESTMENT AND INTEREST INCOME - ALL FUNDS  
AS OF JUNE 30, 2015 AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Table 5

	Cash and Investments			Investment and Interest Income (Loss)		
	Pooled	Non-pooled	Total	Pooled	Non-pooled	Total
Primary Government:						
General Fund	\$ 370,105,907	\$ 5,829,436	\$ 375,935,343	\$ 365,480	\$ 8,197	\$ 373,677
Debt Service Fund	10,337,434	6,931,557	17,268,991	8,957	4,741	13,698
Capital Projects Fund	250,486,616	37,590,270	288,076,886	267,984	30,478	298,462
Special Revenue Funds:						
Recreation	1,416,157	5,750	1,421,907	11,567	-	11,567
Fire Tax District	35,603,120	5,000	35,608,120	75,192	-	75,192
Mass Transit Facilities	207,142	2,000	209,142	-	-	-
Urban Districts	978,160	-	978,160	573	-	573
Housing Initiative	18,040,557	212,450	18,253,007	21,642	2,018,178	2,039,820
Rehabilitation Loan	1,819,144	-	1,819,144	2,220	58,850	61,070
Economic Development	2,259,914	-	2,259,914	3,815	24,623	28,438
Cable TV (2)	5,709,248	-	5,709,248	8,507	-	8,507
Grants (1)	987,468	-	987,468	-	196,060	196,060
Agricultural Transfer Tax	808,698	-	808,698	1,338	-	1,338
Drug Enforcement Forfeitures	3,071,095	25,000	3,096,095	3,839	-	3,839
Water Quality Protection	17,955,669	-	17,955,669	28,213	-	28,213
Restricted Donations	1,714,421	-	1,714,421	-	-	-
Total Special Revenue Funds	90,570,793	250,200	90,820,993	156,906	2,297,711	2,454,617
Enterprise Funds:						
Liquor	4,256,413	5,004,089	9,260,502	441	23,294	23,735
Solid Waste Activities	66,222,891	3,000	66,225,891	63,194	-	63,194
Parking Lot Districts	34,212,994	4,447,595	38,660,589	45,582	2,862	48,444
Permitting Services	50,625,990	-	50,625,990	65,618	-	65,618
Community Use of Public Facilities	10,698,342	-	10,698,342	14,832	-	14,832
Total Enterprise Funds	166,016,630	9,454,684	175,471,314	189,667	26,156	215,823
Internal Service Funds:						
Motor Pool	11,426,555	300	11,426,855	36,633	-	36,633
Liability & Property Coverage Self-Insurance	143,637,450	-	143,637,450	192,939	69	193,008
Employee Health Benefits Self-Insurance	23,349,425	-	23,349,425	23,698	-	23,698
Central Duplicating	278,200	-	278,200	223	-	223
Total Internal Service Funds	178,691,630	300	178,691,930	253,493	69	253,562
Pension and Other Employee Benefit Trust Funds (1)	2,343,846	5,209,093,490	5,211,437,336	21,151	116,528,879	116,550,030
Investment Trust Fund	33,951,853	-	33,951,853	(10,158)	-	(10,158)
Private Purpose Trust Funds	60,024	-	60,024	-	28	28
Agency Funds	34,313,582	132,871	34,446,453	1,707	-	1,707
Total Primary Government	1,136,878,315	5,269,282,808	6,406,161,123	1,255,187	118,896,259	120,151,446
Component Units (Participation in County Pool)	381,831	-	381,831	461	-	461
Total	\$ 1,137,260,146	\$ 5,269,282,808	\$ 6,406,542,954	\$ 1,255,648	\$ 118,896,259	\$ 120,151,907

NOTES:

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

(1) Non-pooled investment income of these funds includes adjustments to fair value of non-pooled investments.

(2) Pooled investment income of the Cable TV Special Revenue Fund includes \$152 related to interest earned on deposits, which has been classified as a liability.

MONTGOMERY COUNTY, MARYLAND  
 FINANCIAL TRENDS  
 COMBINED SCHEDULE OF CASH AND INVESTMENTS - BY FINANCIAL INSTITUTION  
 JUNE 30, 2015

**Table 6**

Description	Total
PNC Bank	\$ 392,086,102
Bank of New York	1,000,000
Capital One Bank	17,542,812
Congressional Bank	4,770,875
Eagle Bank	42,257,559
Capital Bank	2,636,456
Total Financial Institutions	460,293,804
Petty Cash, Change Funds, Fiscal Agents, and Safe Deposit Escrow:	
General Fund	5,829,436
Debt Service Fund	6,931,557
Capital Projects Fund	37,590,270
Special Revenue Funds	250,200
Enterprise Funds	5,136,393
Internal Service Funds	300
Fiduciary Funds	132,871
Total Petty Cash, Change Funds, Fiscal Agents, and Safe Deposit Escrow	55,871,027
Total Cash Deposits in Financial Institutions and on Hand	516,164,831
Investments, at carrying value	5,888,851,752
Accrued interest receivable	1,526,371
Total Cash and Investments (1)	\$ 6,406,542,954

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).

MONTGOMERY COUNTY, MARYLAND  
FINANCIAL TRENDS  
COMBINED SCHEDULE OF INVESTMENTS  
JUNE 30, 2015  
**Table 7**

	Pooled	Non-Pooled		Total Carrying Value (2)
		Enterprise	Fiduciary	
Investments, including accrued interest:				
U.S. Government Securities	\$ 454,177,227	\$ -	\$ -	\$ 454,177,227
Commercial paper	70,484,237	-	-	70,484,237
Money Market Funds	-	4,318,291	-	4,318,291
State Pool	150,778,507	-	-	150,778,507
Pension and Other Employee Benefit Trusts	-	-	5,209,093,490	5,209,093,490
Total (1)	<u>\$ 675,439,971</u>	<u>\$ 4,318,291</u>	<u>\$ 5,209,093,490</u>	<u>\$ 5,888,851,752</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.

MONTGOMERY COUNTY, MARYLAND  
REVENUE CAPACITY  
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Table 8

Fiscal Year	Real Property						Total Direct Tax Rate (3)
	Residential (1)		Commercial/Other		Total		
	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value	
2006	\$ 84,762,150,340	\$ 90,946,513,240	\$ 25,767,098,776	\$ 27,647,101,691	\$ 110,529,249,116	\$ 118,593,614,931	0.952
2007	96,569,606,606	101,120,006,917	29,141,169,512	30,514,313,625	125,710,776,118	131,634,320,542	0.902
2008	110,002,920,713	112,247,878,279	32,303,514,880	32,962,770,285	142,306,435,593	145,210,648,564	0.902
2009	123,318,552,451	127,923,809,596	34,814,939,022	36,115,081,973	158,133,491,473	164,038,891,569	0.902
2010	131,149,193,561	137,472,949,225	35,947,649,976	37,680,974,818	167,096,843,537	175,153,924,043	0.904
2011	131,778,908,275	149,071,163,208	36,011,884,254	40,737,425,626	167,790,792,529	189,808,588,834	0.904
2012	129,513,818,139	139,412,075,499	32,683,331,619	35,181,196,575	162,197,149,758	174,593,272,074	0.947
2013	124,783,384,563	134,320,112,554	33,489,446,285	36,048,919,575	158,272,830,848	170,369,032,129	0.990
2014	125,035,897,087	136,502,071,055	34,855,968,247	38,052,367,082	159,891,865,334	174,554,438,137	1.008
2015	127,929,975,330	138,452,354,253	35,726,782,876	38,665,349,433	163,656,758,206	177,117,703,686	0.995

Fiscal Year	Personal Property (2)						Total Direct Tax Rate (3)	Real and Personal Property Total		Ratio of Total Assessed to Total Estimated Actual Value
	Business		Public Utility		Total	Assessed Value		Estimated Actual Value		
	Individuals	Corporations	Operating Property	Domestic Shares						
2006	\$ 39,858,300	\$ 2,275,916,200	\$ 1,046,842,820	\$ 469,011,910	\$ 3,831,629,230	2.367	\$ 114,360,878,346	\$ 122,425,244,161	93.41	
2007	36,342,680	2,353,070,220	1,070,305,710	489,230,940	3,948,949,550	2.244	129,659,725,668	135,583,270,092	95.63	
2008	34,444,330	2,412,515,690	1,035,536,740	488,050,610	3,970,547,370	2.241	146,276,982,963	149,181,195,934	98.05	
2009	31,767,940	2,328,560,300	1,077,766,490	482,076,290	3,920,171,020	2.241	162,053,662,493	167,959,062,589	96.48	
2010	30,405,750	2,494,866,410	1,099,074,782	499,649,670	4,123,996,612	2.247	171,220,840,149	179,277,920,655	95.51	
2011	44,693,880	2,295,053,040	1,075,595,252	440,849,780	3,856,191,952	2.247	171,646,984,481	193,664,780,786	88.63	
2012	44,967,690	2,206,151,910	1,063,567,900	404,258,210	3,718,945,710	2.357	165,916,095,468	178,312,217,784	93.05	
2013	46,638,380	2,092,070,220	1,081,466,940	384,303,210	3,604,478,750	2.463	161,877,309,598	173,973,510,879	93.05	
2014	42,416,630	2,172,248,760	1,120,973,968	373,688,150	3,709,327,508	2.509	163,601,192,842	178,263,765,645	91.77	
2015	42,008,150	2,075,584,320	1,181,901,740	355,639,000	3,655,133,210	2.477	167,311,891,416	180,772,836,896	92.55	

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 government, the State, 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.

(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.

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

Table 9-a

	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	
<b>Real Property:</b>											
2006	\$ .6790	\$ .1340	\$ .0420	\$ .0010	\$ .8560	\$ .0250	\$ .0030	\$ .0220	\$ .0610	\$ .0960	\$ .9520
2007	.6240	.1340	.0530	.0010	.8120	.0240	.0030	.0200	.0570	.0900	.9020
2008	.6270	.1260	.0580	.0010	.8120	.0240	.0030	.0190	.0580	.0900	.9020
2009	.6610	.1160	.0400	.0010	.8180	.0220	.0030	.0190	.0530	.0840	.9020
2010	.6830	.1050	.0370	.0010	.8260	.0190	.0030	.0180	.0500	.0780	.9040
2011	.6990	.0970	.0370	.0010	.8340	.0180	.0030	.0150	.0450	.0700	.9040
2012	.7130	.1210	.0380	.0010	.8730	.0180	.0030	.0170	.0480	.0740	.9470
2013	.7240	.1340	.0480	.0010	.9070	.0210	.0030	.0180	.0540	.0830	.9900
2014	.7590	.1250	.0420	.0010	.9270	.0200	.0030	.0180	.0530	.0810	1.0080
2015	.7320	.1360	.0400	.0010	.9090	.0230	.0030	.0170	.0560	.0857	.9947
<b>Personal Property:</b>											
2006	\$ 1.6980	\$ .3350	\$ .1050	\$ .0030	\$ 2.1410	\$ .0630	\$ .0080	\$ .0550	\$ .1530	\$ .2260	\$ 2.3670
2007	1.5600	.3350	.1330	.0030	2.0310	.0600	.0080	.0500	.1430	.2130	2.2440
2008	1.5670	.3150	.1450	.0030	2.0300	.0600	.0070	.0470	.1450	.2110	2.2410
2009	1.6520	.2900	.1000	.0030	2.0450	.0550	.0070	.0470	.1320	.1960	2.2410
2010	1.7070	.2620	.0920	.0030	2.0640	.0470	.0070	.0450	.1250	.1830	2.2470
2011	1.7470	.2420	.0920	.0030	2.0840	.0450	.0070	.0380	.1120	.1630	2.2470
2012	1.7830	.3030	.0950	.0030	2.1840	.0450	.0080	.0430	.1200	.1730	2.3570
2013	1.8100	.3350	.1200	.0030	2.2680	.0530	.0080	.0450	.1350	.1950	2.4630
2014	1.8980	.3130	.1050	.0030	2.3190	.0500	.0080	.0450	.1330	.1900	2.5090
2015	1.8300	.3400	.1000	.0030	2.2730	.0580	.0080	.0430	.1400	.2003	2.4733

NOTES:

- \* The Tax rates are per \$100 of assessed value.
- \* The charter requires that revenues from real property taxes cannot exceed last year's revenues adjusted by the rate of inflation excluding revenues from new construction. The Council can adopt tax rates that exceed this limit by a supermajority of seven out of nine councilmembers.
- \* No discounts are allowed.
- \* Taxes are levied as of July 1, 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 service.
- (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.



MONTGOMERY COUNTY, MARYLAND  
REVENUE CAPACITY  
REAL AND PERSONAL PROPERTY TAX RATES - COUNTY SPECIAL TAXING DISTRICTS  
LAST TEN FISCAL YEARS  
**Table 9-b**

Fiscal Year	Parking Lot Districts (1)				Urban Districts			Noise Abatement Districts		Development Districts		
	Silver Spring	Bethesda	Wheaton	Montgomery Hills	Silver Spring	Bethesda	Wheaton	Bradley	Cabin John	Kingsview Village	West Germantown	White Flint (2)
<b>Real Property:</b>												
2006	\$ .2800	\$ .2800	\$ .2400	\$ .2400	\$ .0240	\$ .0160	\$ .0300	\$ .1450	\$ .1850	\$ .0890	\$ .1870	\$ .0000
2007	.2800	.2800	.2400	.2400	.0240	.0160	.0300	.0500	.0010	.0650	.1610	.0000
2008	.2800	.2800	.2400	.2400	.0240	.0160	.0300	.0800	.0800	.0710	.1560	.0000
2009	.2800	.2800	.2400	.2400	.0240	.0120	.0300	.0800	.0800	.0630	.1440	.0000
2010	.2800	.1800	.2400	.2400	.0240	.0120	.0300	.0800	.0800	.0860	.1370	.0000
2011	.3170	.1040	.2400	.2400	.0240	.0120	.0300	.0800	.0800	.0790	.1630	.0000
2012	.3170	.1040	.2400	.2400	.0240	.0120	.0300	.0770	.0800	.0990	.1650	.1070
2013	.3170	.1240	.2400	.2400	.0240	.0120	.0300	.0000	.0100	.0990	.1730	.1120
2014	.3170	.1240	.2400	.2400	.0240	.0120	.0300	.0000	.0000	.1050	.1830	.1130
2015	.3170	.1240	.2400	.2400	.0240	.0120	.0300	.0000	.0000	.0810	.1820	.1120
<b>Personal Property:</b>												
2006	\$ .7000	\$ .7000	\$ .6000	\$ .6000	\$ .0600	\$ .0400	\$ .0750	\$ .3630	\$ .4630	\$ .0000	\$ .0000	\$ .0000
2007	.7000	.7000	.6000	.6000	.0600	.0400	.0750	.1250	.1250	.0000	.0000	.0000
2008	.7000	.7000	.6000	.6000	.0600	.0400	.0750	.2000	.2000	.0000	.0000	.0000
2009	.7000	.7000	.6000	.6000	.0600	.0300	.0750	.2000	.2000	.0000	.0000	.0000
2010	.7000	.4500	.6000	.6000	.0600	.0300	.0750	.2000	.2000	.0000	.0000	.0000
2011	.7920	.2600	.6000	.6000	.0600	.0300	.0750	.2000	.2000	.0000	.0000	.0000
2012	.7930	.2600	.6000	.6000	.0600	.0300	.0750	.1930	.2000	.0000	.0000	.0000
2013	.7930	.3100	.6000	.6000	.0600	.0300	.0750	.0000	.0250	.0000	.0000	.0000
2014	.7930	.3100	.6000	.6000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000
2015	.7930	.3100	.6000	.6000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000

NOTES:

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

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

\* The County special taxing district rates above represent taxes that are levied against mutually exclusive specific geographic portions of the County's assessable base. Such rates are not included in the County direct rate on Table 9-a, as they are not reflective of what all County taxpayers would pay.

(1) Parking Lot Districts also carry a tax rate of one-half the amount shown which applies to property zoned commercial but not used as such.

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

MONTGOMERY COUNTY, MARYLAND  
REVENUE CAPACITY  
REAL AND PERSONAL PROPERTY TAX RATES - OVERLAPPING GOVERNMENTS - CITIES AND TOWNS  
LAST TEN FISCAL YEARS  
**Table 9-c**

Fiscal Year	Cities			Towns									
	Gaithersburg	Rockville	Takoma Park	Barnesville	Brookeville	Chevy Chase	Garrett Park	Glen Echo	Kensington	Laytonsville	Poolesville	Somerset	Washington Grove
<b>Real Property:</b>													
2006	\$ .2120	\$ .3220	\$ .6300	\$ .0650	\$ .1500	\$ .0290	\$ .2000	\$ .1200	\$ .1550	\$ .1600	\$ .2210	\$ .0450	\$ .2020
2007	.2120	.3120	.6300	.0600	.1500	.0260	.1900	.1200	.1470	.1400	.2000	.0400	.2020
2008	.2120	.3020	.6100	.0540	.1500	.0230	.1900	.1200	.1390	.1400	.1800	.0400	.2020
2009	.2120	.2920	.6050	.0540	.1500	.0210	.1900	.1300	.1300	.1200	.1600	.0400	.1810
2010	.2120	.2920	.5800	.0490	.1500	.0100	.1920	.1300	.1220	.1100	.1500	.0400	.1810
2011	.2620	.2920	.5800	.0514	.1500	.0100	.1920	.1300	.1360	.1000	.1594	.0800	.2210
2012	.2620	.2920	.5800	.0514	.1500	.0105	.2100	.1300	.1360	.1100	.1594	.0800	.2210
2013	.2620	.2920	.5800	.0514	.1500	.0104	.2100	.1340	.1360	.1100	.1590	.0800	.3170
2014	.2620	.2920	.5700	.0514	.1500	.0000	.2100	.1400	.1360	.1000	.1672	.0800	.3000
2015	.2620	.2920	.5700	.0514	.1500	.0000	.2100	.1400	.1360	.0900	.1672	.0800	.3000
<b>Personal Property:</b>													
2006	\$ .5300	\$ .8050	\$ 1.5750	\$ .2000	\$ .4500	\$ .1000	\$ 1.0000	\$ .8000	\$ .5000	\$ .3500	\$ .6000	\$ .2200	\$ .6000
2007	.5300	.8050	1.5750	.2000	.4500	.1000	1.0000	.8000	.5000	.3500	.6000	.2200	.6000
2008	.5300	.8050	1.5250	.2000	.4500	.1000	1.0000	.8000	.5000	.3500	.6000	.2200	.6000
2009	.5300	.8050	1.5130	.2000	.4500	.1000	1.0000	.8000	.5000	.3300	.6000	1.0000	.6000
2010	.5300	.8050	1.4500	.2000	.4500	.1000	1.0000	.8000	.5000	.3100	.6000	1.0000	.6000
2011	.5300	.8050	1.4500	.2000	.4500	.1000	1.0000	.8000	.5500	.3000	.6000	1.0000	.6000
2012	.5300	.8050	1.4500	.2000	.4500	.1000	1.0000	.8000	.5500	.3000	.6000	1.0000	.6000
2013	.5300	.8050	1.5500	.2000	.4500	.1000	1.0000	.8000	.5500	.3000	.6000	1.0000	.6000
2014	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000	.5700	.3000	.6000	1.0000	.7000
2015	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000	.6200	.3000	.6000	1.0000	.7000

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.

MONTGOMERY COUNTY, MARYLAND  
REVENUE CAPACITY  
REAL AND PERSONAL PROPERTY TAX RATES - OVERLAPPING GOVERNMENTS - VILLAGES  
LAST TEN FISCAL YEARS  
**Table 9-d**

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
<b>Real Property:</b>										
2006	\$.0500	\$.0200	\$.0000	\$.0230	\$.1300	\$.0480	\$.0500	\$.0080	\$.0520	\$.0600
2007	.0500	.0200	.0000	.0230	.1230	.0480	.0400	.0080	.0520	.0600
2008	.0500	.0200	.0000	.0220	.1110	.0480	.0400	.0080	.0520	.0600
2009	.0500	.0200	.0000	.0220	.1030	.0480	.0400	.0080	.0520	.0400
2010	.0500	.0200	.0000	.0220	.0960	.0480	.0400	.0080	.0520	.0400
2011	.0500	.0200	.0000	.0220	.0900	.0480	.0400	.0400	.0520	.0400
2012	.0500	.0200	.0000	.0220	.1010	.0480	.0400	.0460	.0520	.0400
2013	.0500	.0200	.0000	.0220	.1010	.0480	.0400	.0470	.0520	.0400
2014	.0500	.0200	.0000	.0220	.1000	.0480	.0400	.0470	.0520	.0400
2015	.0500	.0200	.0000	.0220	.0850	.0480	.0400	.0472	.0520	.0400
<b>Personal Property:</b>										
2006	\$.1250	\$.0500	\$.0000	\$.0000	\$.6000	\$.1200	\$.0500	\$.0080	\$.1300	\$.1000
2007	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.0080	.1300	.1000
2008	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2009	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2010	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2011	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2012	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2013	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2014	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2015	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000

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.

MONTGOMERY COUNTY, MARYLAND  
TEN HIGHEST COMMERCIAL PROPERTY TAXPAYERS  
CURRENT FISCAL YEAR AND NINE YEARS AGO  
**Table 10**

<b>For the Fiscal Year Ended June 30, 2015</b>				
	<b>Assessable Base</b>			<b>Ratio:</b>
	<b>Total</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Taxpayer Base to Total Assessable Base</b>
Potomac Electric Power Co.	\$ 840,291,615	\$ 25,931,735	\$ 814,359,880	0.50 %
Federal Realty Investment Trust	457,777,107	455,381,667	2,395,440	0.27
Verizon - Maryland	403,670,743	46,038,233	357,632,510	0.24
Montgomery Mall LLC	361,099,693	359,049,933	2,049,760	0.22
Washington Metropolitan Area Transit Authority	347,692,200	347,692,200	-	0.21
Street Retail Inc.	266,755,357	266,755,357	-	0.16
Washington Gas Light Co.	259,010,920	-	259,010,920	0.15
Chevy Chase Land Co	225,743,666	225,743,666	-	0.13
Wheaton Plaza Reg Shopping Center	222,998,837	221,801,267	1,197,570	0.13
WP Project Developer LLC	214,089,411	214,089,411	-	0.13
Total	<u>\$ 3,599,129,549</u>	<u>\$ 2,162,483,469</u>	<u>\$ 1,436,646,080</u>	<u>2.14 %</u>
Total Assessable Base	<u>\$ 167,311,891,416</u>			<u>100.00 %</u>

<b>For the Fiscal Year Ended June 30, 2006</b>				
	<b>Assessable Base</b>			<b>Ratio:</b>
	<b>Total</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Taxpayer Base to Total Assessable Base</b>
Potomac Electric Power Co.	\$ 725,549,880	\$ 6,582,100	\$ 718,967,780	0.63 %
Verizon	638,664,976	31,447,466	607,217,510	0.56
Montgomery Mall	272,112,660	271,420,100	692,560	0.24
Washington Gas Light Co.	222,128,000	-	222,128,000	0.19
Mirant Mid-Atlantic LLC	199,484,536	72,347,066	127,137,470	0.17
7501 Wisconsin Ave LLC	182,805,833	182,805,833	-	0.16
Bryant F. Foulger, Trustee	167,030,698	167,030,698	-	0.15
Wheaton Plaza Reg Shopping Center	165,827,404	165,301,244	526,160	0.15
Camalier, Anne D et al, Trustee	145,656,253	145,656,253	-	0.13
Democracy Associates	139,800,000	139,800,000	-	0.12
Total	<u>\$ 2,859,060,240</u>	<u>\$ 1,182,390,760</u>	<u>\$ 1,676,669,480</u>	<u>2.50 %</u>
Total Assessable Base	<u>\$ 114,360,878,346</u>			<u>100.00 %</u>

Source: State of Maryland Department of Assessments and Taxation

MONTGOMERY COUNTY, MARYLAND  
REVENUE CAPACITY  
PROPERTY TAX LEVIES AND COLLECTIONS \*  
LAST TEN FISCAL YEARS  
**Table 11**

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
2006	\$ 1,032,231,333	\$ (2,250,229)	\$ 1,029,981,104	\$ 1,031,967,800	99.97 %	\$ (3,863,948)	\$ 1,028,103,852	99.82 %
2007	1,087,613,905	(1,759,393)	1,085,854,512	1,081,566,118	99.44	(868,132)	1,080,697,986	99.53
2008	1,137,590,824	(3,422,814)	1,134,168,010	1,132,548,519	99.56	(2,861,232)	1,129,687,287	99.60
2009	1,282,437,423	1,476,118	1,283,913,541	1,278,337,019	99.68	755,080	1,279,092,099	99.62
2010	1,344,626,102	(5,351,261)	1,339,274,841	1,343,140,289	99.89	(17,035,124)	1,326,105,165	99.02
2011	1,350,416,973	(2,283,359)	1,348,133,614	1,349,698,631	99.95	(3,899,415)	1,345,799,216	99.83
2012	1,365,605,932	1,191,911	1,366,797,843	1,363,217,734	99.83	2,180,253	1,365,397,987	99.90
2013	1,390,542,228	(235,525)	1,390,306,703	1,384,563,178	99.57	3,686,593	1,388,249,771	99.85
2014	1,437,898,506	(1,677,720)	1,436,220,786	1,434,787,650	99.78	(1,617,248)	1,433,170,402	99.79
2015	1,447,816,313	-	1,447,816,313	1,442,602,468	99.64	-	1,442,602,468	99.64

NOTES:

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

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

MONTGOMERY COUNTY, MARYLAND  
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, 2015

**Table 12**

	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	\$ 1,133,030,658	\$ 1,129,368,728	\$ (306,509)	\$ (42,096,162)	\$ 1,086,966,057
Special Revenue Funds :					
Recreation	30,933,476	30,802,886	53,816	3,653,747	34,510,449
Bethesda Urban District	515,471	511,459	1,842	9,168	522,469
Silver Spring Urban District	729,533	704,845	6,616	3,627	715,088
Wheaton Urban District	175,909	176,528	(6,501)	(1,017)	169,010
Mass Transit	61,702,899	61,400,338	43,822	7,271,433	68,715,593
Fire Tax District	209,640,204	208,761,993	151,363	24,555,050	233,468,406
Total Special Revenue Funds	303,697,492	302,358,049	250,958	35,492,008	338,101,015
Enterprise Funds:					
Silver Spring Parking Lot District	7,687,792	7,492,160	(118,136)	238,517	7,612,541
Bethesda Parking Lot District	2,743,359	2,723,888	(359)	8,552	2,732,081
Wheaton Parking Lot District	566,584	569,791	(59,981)	(89,133)	420,677
Montgomery Hills Parking Lot District	90,428	89,852	(324)	(827)	88,701
Total Enterprise Funds	11,088,163	10,875,691	(178,800)	157,109	10,854,000
Total Property Tax - Montgomery County	1,447,816,313	1,442,602,468	(234,351)	(6,447,045)	1,435,921,072
Tax Bill Items Other than Montgomery County					
Property Taxes:					
M-NCPPC Joint Venture Property Taxes:					
M-NCPPC Administration	22,739,654	22,643,903	40,656	2,670,061	25,354,620 *
M-NCPPC Park	74,858,296	74,541,726	89,385	8,803,626	83,434,737 *
M-NCPPC Land Acquisition	1,562,045	1,553,275	2,356	178,185	1,733,816 *
Agency Relationship Property Taxes:					
State of Maryland	183,907,978	183,706,406	(859,496)	(4,110,378)	178,736,532 *
Municipalities	84,023,763	83,291,554	(534,721)	437,269	83,194,102 *
Development Districts	2,683,898	2,683,779	118,392	12,733	2,814,904 *
Charges for Services:					
Refuse Disposal - Solid Waste Activities Fund	70,069,386	69,505,781	28,453	(202,972)	69,331,262 *
Refuse Collection - Solid Waste Activities Fund	6,034,017	6,027,214	3,707	2,898	6,033,819 *
Leaf Vacuuming	6,533,232	6,525,933	1,527	4,622	6,532,082 *
Water Quality Protection Charges	29,005,513	28,213,287	(42,042)	(20,771)	28,150,474 *
Municipality Refuse Charges	1,035,280	1,033,330	2,936	(16)	1,036,250 *
Development District Special Assessments	216,470	216,470	-	-	216,470 *
WSSC FFBC	15,645,909	15,635,876	(7,783)	23,624	15,651,717 *
Bay Restoration Fund	913,440	917,445	84	(21,106)	896,423 *
Total Other Items	499,228,881	496,495,979	(1,156,546)	7,777,775	503,117,208
Grand Total	\$ 1,947,045,194	\$ 1,939,098,447	\$ (1,390,897)	\$ 1,330,730	\$ 1,939,038,280

NOTES:

\* Amounts represent collections, rather than revenues.

(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.

MONTGOMERY COUNTY, MARYLAND  
REVENUE CAPACITY  
SCHEDULE OF PROPERTY TAXES RECEIVABLE BY FUND TYPE  
JUNE 30, 2015  
**Table 13**

<b>Year</b>	<b>General</b>	<b>Special Revenue</b>	<b>Enterprise</b>	<b>Other Fiduciary</b>	<b>Total</b>
2006 & prior	\$ 2,010,839	\$ 533,512	\$ 69,502	\$ 860,495	\$ 3,474,348
2007	271,564	95,936	9,376	107,117	483,993
2008	364,918	130,627	17,189	117,362	630,096
2009	749,456	207,240	27,958	239,886	1,224,540
2010	943,760	209,680	13,759	310,392	1,477,591
2011	735,624	182,719	45,806	269,389	1,233,538
2012	702,212	204,688	44,887	359,861	1,311,648
2013	1,199,952	442,114	83,011	707,408	2,432,485
2014	2,322,238	586,831	269,502	560,639	3,739,210
2015	6,273,046	1,668,651	368,259	1,604,931	9,914,887
Total Property Taxes Receivable	<u>\$ 15,573,609</u>	<u>\$ 4,261,998</u>	<u>\$ 949,249</u>	<u>\$ 5,137,480</u>	<u>\$ 25,922,336</u>

MONTGOMERY COUNTY, MARYLAND  
REVENUE CAPACITY  
INCOME TAX RATES  
LAST TEN TAX YEARS  
**Table 14**

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	
2004	2.00 %	3.00 %	4.00 %	4.75 %	3.20 %
2005	2.00	3.00	4.00	4.75	3.20
2006	2.00	3.00	4.00	4.75	3.20
2007	2.00	3.00	4.00	4.75	3.20
2008	2.00	3.00	4.00	4.75-6.25	3.20
2009	2.00	3.00	4.00	4.75-6.25	3.20
2010	2.00	3.00	4.00	4.75-6.25	3.20
2011	2.00	3.00	4.00	4.75-5.50	3.20
2012	2.00	3.00	4.00	4.75-5.75	3.20
2013	2.00	3.00	4.00	4.75-5.75	3.20

NOTES:

- \* Rates are based on tax year which coincides with calendar year.
- \* From tax years 2008-2010, the State's income tax rates for net taxable income in excess of \$3,000 were 4.75%, 5.00%, 5.25%, 5.50%, and 6.25% depending on the filing status and net taxable income.
- \* Beginning with tax year 2011, the State's income tax rates for net taxable income in excess of \$3,000 were 4.75%, 5.00%, 5.25%, and 5.50% depending on the filing status and net taxable income.
- \* Beginning with tax year 2012, the State added a 5.75% rate for the top bracket.
- \* Tax Year 2013 is the latest tax year for which data are available.

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



MONTGOMERY COUNTY, MARYLAND  
REVENUE CAPACITY  
INCOME TAX FILERS SUMMARY INFORMATION  
LAST TEN TAX YEARS  
**Table 15**

<b>Tax Year</b>	<b>Number of Taxable Returns</b>	<b>Maryland Adjusted Gross Income</b>	<b>Net Taxable Income</b>	<b>Net State Income Tax</b>	<b>Local Income Tax</b>	<b>Total Tax Liability</b>	<b>Montgomery County Income Tax Direct Rate</b>
2004	361,268	\$ 31,160,185,053	\$ 24,901,353,842	\$ 1,102,583,780	\$ 791,114,843	\$ 1,893,698,623	3.20 %
2005	380,241	39,581,589,250	32,241,963,585	1,384,669,182	1,025,536,849	2,410,206,031	3.20
2006	383,214	41,836,264,633	34,089,151,444	1,470,625,709	1,084,440,791	2,555,066,500	3.20
2007	387,875	45,044,465,276	36,947,166,594	1,610,260,135	1,175,936,199	2,786,196,334	3.20
2008	379,739	41,070,791,364	32,876,469,466	1,511,917,178	1,046,272,919	2,558,190,097	3.20
2009	376,323	39,060,773,506	31,075,877,228	1,410,063,716	987,098,452	2,397,162,168	3.20
2010	386,891	42,234,426,562	34,040,992,827	1,556,444,328	1,081,538,245	2,637,982,573	3.20
2011	393,640	43,986,140,274	35,879,078,661	1,622,232,304	1,139,960,820	2,762,193,124	3.20
2012	401,848	47,554,137,682	39,644,979,160	1,845,214,377	1,259,631,971	3,104,846,348	3.20
2013	407,363	45,607,413,448	38,036,993,408	1,789,843,796	1,207,855,837	2,997,699,633	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 2013 is the latest tax year for which data are available.

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

MONTGOMERY COUNTY, MARYLAND  
REVENUE CAPACITY  
INCOME TAX FILERS, NET TAXABLE INCOME, AND LIABILITY BY ADJUSTED GROSS INCOME LEVEL  
LAST TEN TAX YEARS  
**Table 16**

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

	2011						2010					
	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total	Number of Taxable Returns	Percentage of Total	Net Taxable Income	Percentage of Total	Local Tax Liability	Percentage of Total
<b>Adjusted Gross Income Level</b>												
\$200,000 and higher	43,367	11.0 %	\$ 18,940,921,100	52.8 %	\$ 606,109,387	53.1 %	41,013	10.6 %	\$17,579,946,541	51.7 %	\$ 562,543,777	51.9 %
\$100,000 - 199,999	78,493	19.9	8,754,369,086	24.4	280,131,565	24.6	77,120	20.0	8,500,689,337	25.0	272,017,224	25.2
\$80,000 - 99,999	31,549	8.0	2,109,818,960	5.9	67,512,836	5.9	31,087	8.0	2,052,626,152	6.0	65,684,030	6.1
\$50,000 - 79,999	69,024	17.5	3,158,538,933	8.8	101,065,265	8.9	68,176	17.6	3,069,598,268	9.0	98,220,784	9.1
\$25,000 - 49,999	93,603	23.9	2,230,397,502	6.2	67,065,011	5.9	91,738	23.8	2,157,173,705	6.3	65,083,691	6.0
\$10,000 - 24,999	67,074	17.0	647,673,860	1.8	17,271,011	1.5	66,278	17.0	639,553,522	1.9	17,109,443	1.6
Under \$10,000	10,530	2.7	37,359,220	0.1	805,745	0.1	11,479	3.0	41,405,302	0.1	879,296	0.1
Total	393,640	100.0 %	\$ 35,879,078,661	100.0 %	\$ 1,139,960,820	100.0 %	386,891	100.0 %	\$34,040,992,827	100.0 %	\$1,081,538,245	100.0 %

	2009						2008					
	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
<b>Adjusted Gross Income Level</b>												
\$200,000 and higher	37,938	10.1 %	\$ 15,099,696,016	48.6 %	\$ 483,182,753	48.9 %	38,578	10.2 %	\$ 16,973,535,490	51.7 %	\$ 543,156,343	52.0 %
\$100,000 - 199,999	75,337	20.0	8,205,421,074	26.4	262,570,303	26.6	74,717	19.7	8,091,343,219	24.6	258,922,960	24.7
\$80,000 - 99,999	30,539	8.1	1,991,569,519	6.4	63,727,815	6.5	30,776	8.1	1,986,294,082	6.0	63,561,396	6.1
\$50,000 - 79,999	67,318	17.9	2,997,962,262	9.6	95,930,462	9.7	68,045	17.9	2,989,265,979	9.1	95,651,414	9.1
\$25,000 - 49,999	91,012	24.2	2,133,139,837	6.9	64,605,378	6.6	92,617	24.4	2,175,555,800	6.6	67,165,848	6.4
\$10,000 - 24,999	63,453	16.8	609,402,845	2.0	16,258,806	1.6	62,729	16.5	613,532,524	1.9	16,788,721	1.6
Under \$10,000	10,726	2.9	38,685,675	0.1	822,935	0.1	12,277	3.2	46,942,372	0.1	1,026,237	0.1
Total	376,323	100.0 %	\$ 31,075,877,228	100.0 %	\$ 987,098,452	100.0 %	379,739	100.0 %	\$ 32,876,469,466	100.0 %	\$1,046,272,919	100.0 %

(Continued)

MONTGOMERY COUNTY, MARYLAND  
REVENUE CAPACITY  
INCOME TAX FILERS, NET TAXABLE INCOME, AND LIABILITY BY ADJUSTED GROSS INCOME LEVEL  
LAST TEN TAX YEARS  
**Table 16 (Concluded)**

	2007						2006					
	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
<b>Adjusted Gross Income Level</b>												
\$200,000 and higher	39,973	10.3 %	\$ 20,721,888,649	56.1 %	\$ 663,101,691	56.4 %	35,634	9.3 %	\$ 18,364,689,191	53.8 %	\$ 587,671,196	54.2 %
\$100,000 - 199,999	73,690	19.0	8,058,872,420	21.8	257,889,666	21.9	70,202	18.3	7,643,868,101	22.4	244,608,348	22.6
\$80,000 - 99,999	30,713	7.9	2,030,595,581	5.5	64,983,024	5.5	30,178	7.9	1,998,995,282	5.9	63,973,086	5.9
\$50,000 - 79,999	67,534	17.4	3,057,948,389	8.3	97,861,191	8.3	66,285	17.3	2,995,838,794	8.8	95,875,398	8.8
\$25,000 - 49,999	93,694	24.2	2,298,139,649	6.2	71,322,924	6.1	95,337	24.8	2,306,395,629	6.8	71,796,673	6.6
\$10,000 - 24,999	67,786	17.5	719,513,016	1.9	19,469,703	1.7	70,328	18.4	715,858,507	2.1	19,067,166	1.8
Under \$10,000	14,485	3.7	60,208,890	0.2	1,308,000	0.1	15,250	4.0	63,505,940	0.2	1,448,924	0.1
Total	387,875	100.0 %	\$ 36,947,166,594	100.0 %	\$ 1,175,936,199	100.0 %	383,214	100.0 %	\$ 34,089,151,444	100.0 %	\$ 1,084,440,791	100.0 %

	2005						2004					
	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
<b>Adjusted Gross Income Level</b>												
\$200,000 and higher	32,289	8.5 %	\$ 16,822,880,955	52.1 %	\$ 538,333,470	52.5 %	24,529	6.8 %	\$ 10,214,344,217	41.0 %	\$ 326,859,346	41.4 %
\$100,000 - 199,999	67,171	17.7	7,344,360,047	22.8	235,024,270	22.9	61,333	17.0	6,729,437,859	27.0	215,346,908	27.2
\$75,000 - 99,999	29,705	7.8	1,973,884,323	6.1	63,168,474	6.2	37,159	10.3	2,416,623,481	9.7	77,335,230	9.8
\$50,000 - 74,999	65,722	17.3	2,990,204,062	9.3	95,694,416	9.3	55,487	15.4	2,455,348,478	9.9	78,581,106	9.9
\$25,000 - 49,999	96,118	25.3	2,312,771,299	7.2	72,276,536	7.0	95,230	26.3	2,300,676,859	9.2	72,216,385	9.1
\$10,000 - 24,999	72,054	18.9	727,599,564	2.3	19,364,575	1.9	70,752	19.6	715,905,106	2.9	19,080,205	2.4
Under \$10,000	17,182	4.5	70,263,335	0.2	1,675,108	0.2	16,778	4.6	69,017,842	0.3	1,695,663	0.2
Total	380,241	100.0 %	\$ 32,241,963,585	100.0 %	\$ 1,025,536,849	100.0 %	361,268	100.0 %	\$ 24,901,353,842	100.0 %	\$ 791,114,843	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 2013 is the latest tax year for which data are available.

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

MONTGOMERY COUNTY, MARYLAND  
DEBT CAPACITY  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS (2)  
**Table 17**

Fiscal Year	Governmental Activities										Total Governmental Activities
	General Obligation Bonds	Variable Rate Demand Obligations	Taxable BABs General Obligations	Bond Anticipation Notes	Notes Payable	Lease Revenue Bonds	Certificates of Participation	Capital Leases	Revenue Bonds	Taxable Limited Obligation Certificates	
2006	\$ 1,393,883,160	\$ 100,000,000	\$ -	\$ 100,000,000	\$ 13,980,419	\$ 39,790,000	\$ -	\$ 87,086,843	\$ -	\$ -	\$ 1,734,740,422
2007	1,512,675,607	100,000,000	-	150,000,000	13,975,293	38,255,000	-	81,316,156	-	-	1,896,222,056
2008	1,366,758,054	100,000,000	-	300,000,000	9,920,647	36,670,000	33,580,000	74,472,783	-	-	1,921,401,484
2009	1,496,561,371	100,000,000	-	300,000,000	15,764,265	35,025,000	30,475,000	67,929,435	14,463,000	-	2,060,218,071
2010	1,437,839,285	100,000,000	232,000,000	425,000,000	13,897,942	33,320,000	50,255,000	81,564,283	13,923,324	30,400,000	2,418,199,834
2011	1,517,280,000	100,000,000	338,320,000	500,000,000	15,023,170	31,550,000	43,935,000	71,156,741	42,803,956	29,470,000	2,689,538,867
2012	1,658,970,000	100,000,000	338,320,000	500,000,000	59,537,476	33,100,000	37,420,000	46,530,000	41,265,110	56,265,000	2,871,407,586
2013	1,930,155,391	100,000,000	339,827,520	500,000,000	49,800,724	33,802,447	30,675,000	20,130,000	83,556,016	54,661,870	3,142,608,968
2014	2,085,028,317	100,000,000	339,671,879	500,000,000	51,252,461	32,812,650	24,305,000	16,432,750	112,031,698	90,509,121	3,352,043,876
2015	2,465,636,613	100,000,000	339,516,247	500,000,000	51,776,731	30,251,464	17,685,000	13,817,910	106,941,278	86,711,269	3,712,336,512

Fiscal Year	Business-type Activities					Ratios		
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Total Business-Type Activities	Total Primary Government	Debt to Personal Income (1)	Outstanding Debt per Capita (1)
2006	\$ 4,894	\$ 70,620,000	\$ -	\$ -	\$ 70,624,894	\$ 1,805,365,316	2.99 %	\$ 1,949
2007	2,447	61,800,000	926,268	10,033,172	72,761,887	1,968,983,943	3.14	2,113
2008	-	54,685,000	724,795	-	55,409,795	1,976,811,279	3.00	2,097
2009	-	79,567,000	467,876	-	80,034,876	2,140,252,947	3.38	2,232
2010	-	73,101,676	252,610	-	73,354,286	2,491,554,120	3.78	2,564
2011	-	71,566,044	81,782	-	71,647,826	2,761,186,693	3.98	2,816
2012	-	87,674,890	-	-	87,674,890	2,959,082,476	4.08	2,990
2013	-	86,295,600	1,976,348	-	88,271,948	3,230,880,916	4.40	3,233
2014	-	97,163,694	1,701,104	-	98,864,798	3,450,908,674	4.40	3,389
2015	-	91,756,076	4,047,213	-	95,803,289	3,808,139,801	4.80	3,733

NOTES:

- (1) See Table 23 for personal income and population data, used in calculating these ratios.
- (2) Beginning in fiscal year 2013, the County changed its presentation of outstanding debt in the statistical section to include unamortized premiums, discounts, and deferred differences on refundings. Amounts presented prior to fiscal year 2013 are shown at gross amounts.

MONTGOMERY COUNTY, MARYLAND  
DEBT CAPACITY  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
**Table 18**

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		
2006	\$ 1,393,888,054	\$ 100,000,000	\$ -	\$ 1,493,888,054	1.22 %	\$ 1,597
2007	1,512,675,607	100,000,000	-	1,612,675,607	1.19	1,713
2008	1,366,758,054	100,000,000	-	1,466,758,054	0.98	1,538
2009	1,496,561,371	100,000,000	-	1,596,561,371	0.95	1,643
2010	1,437,839,285	100,000,000	232,000,000	1,769,839,285	0.99	1,821
2011	1,517,280,000	100,000,000	338,320,000	1,955,600,000	1.01	1,996
2012	1,658,970,000	100,000,000	338,320,000	2,097,290,000	1.18	2,119
2013	1,930,155,391	100,000,000	339,827,520	2,369,982,911	1.36	2,372
2014	2,085,028,317	100,000,000	339,671,879	2,524,700,196	1.42	2,479
2015	2,465,636,613	100,000,000	339,516,247	2,905,152,860	1.61	2,848

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. However, when population data for prior years is revised, per capita amounts presented herein are reported as originally stated.

MONTGOMERY COUNTY, MARYLAND  
DEBT CAPACITY  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)  
JUNE 30, 2015  
**Table 19**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
Overlapping Debt:			
Towns, Cities, and Villages: (2, 3)			
Garrett Park - bonds	\$ 362,300	100.00 %	\$ 362,300
Poolesville - bonds	2,297,978	100.00	2,297,978
Rockville:			
Bonds	132,290,000	100.00	132,290,000
Certificates or notes	5,489,474	100.00	5,489,474
Somerset - bonds	1,540,000	100.00	1,540,000
Takoma Park:			
Bonds	2,343,500	100.00	2,343,500
Certificates or notes	150,000	100.00	150,000
Component Units (2):			
MCPS - capital leases	64,224,227	100.00	64,224,227
MCC - capital leases	63,968,224	100.00	63,968,224
Joint Venture - M-NCPPC (4):			
Park acquisition and development bonds	97,666,298	41.09	40,130,000
Advance land acquisition bonds	1,200,000	100.00	1,200,000
Development Districts (2):			
Kingsview Village Center - bonds	1,296,958	100.00	1,296,958
West Germantown - bonds	12,025,000	100.00	12,025,000
Total Overlapping Debt			327,317,661
Montgomery County direct debt (5)			3,712,336,512
Total Direct and Overlapping Debt			<u>\$ 4,039,654,173</u>

NOTES:

- (1) Direct debt relating to the governmental activities of the County includes general obligation bonds, variable rate demand obligations, bond anticipation notes, notes payable, lease revenue bonds, and capital leases. Overlapping debt is the debt of other governmental entities in the County that is payable in whole or in part by taxpayers of the County. It includes general obligation bonds, revenue bonds, mortgages payable, notes payable, commercial paper, bond anticipation notes, certificates of participation, capital leases, and bank loans.
- (2) Entities are wholly within Montgomery County.
- (3) Unaudited information provided by entities.
- (4) Overlapping debt percentage is based on the debt relating to the County.
- (5) Source: total of governmental activities debt on Table 17.

MONTGOMERY COUNTY, MARYLAND  
DEBT CAPACITY  
COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS  
**Table 20**

	2006	2007	2008	2009	2010
<b>Assessed Value</b>					
Real property (1, 3)	\$ 110,529,249,116	\$ 125,710,776,118	\$ 142,306,435,593	\$ 158,133,491,472	\$ 167,096,843,537
Personal property (2)	3,831,629,230	3,948,949,550	3,970,547,370	3,920,171,020	4,123,996,612
Total Assessed Value	<u>\$ 114,360,878,346</u>	<u>\$ 129,659,725,668</u>	<u>\$ 146,276,982,963</u>	<u>\$ 162,053,662,492</u>	<u>\$ 171,220,840,149</u>
<b>Legal Debt Margin</b>					
Debt Limit - Percentage of Assessable Base:					
For real property at 6% (2)	\$ 6,631,754,947	\$ 7,542,646,567	\$ 8,538,386,136	\$ 9,488,009,488	\$ 10,025,810,612
For personal property at 15%	<u>574,744,385</u>	<u>592,342,433</u>	<u>595,582,106</u>	<u>588,025,653</u>	<u>618,599,492</u>
Legal Limitation for the Borrowing of Funds and the Issuance of Bonds	<u>7,206,499,332</u>	<u>8,134,989,000</u>	<u>9,133,968,242</u>	<u>10,076,035,141</u>	<u>10,644,410,104</u>
Debt Applicable to Limit:					
General obligation bonds	1,393,888,054	1,512,675,607	1,366,758,054	1,496,561,371	1,437,839,285
Variable Rate Demand Obligation	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Taxable BABs General Obligation	-	-	-	-	232,000,000
Bond anticipation notes	<u>100,000,000</u>	<u>150,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>	<u>425,000,000</u>
Total Debt Applicable to Limit	<u>1,593,888,054</u>	<u>1,762,675,607</u>	<u>1,766,758,054</u>	<u>1,896,561,371</u>	<u>2,194,839,285</u>
Legal Debt Margin	<u>\$ 5,612,611,278</u>	<u>\$ 6,372,313,393</u>	<u>\$ 7,367,210,188</u>	<u>\$ 8,179,473,770</u>	<u>\$ 8,449,570,819</u>
Legal Debt Margin as a Percentage of Debt Limit	78%	78%	81%	81%	79%

	2011	2012	2013	2014	2015
<b>Assessed Value</b>					
Real property (1, 3)	\$ 167,790,792,529	\$ 162,197,149,758	\$ 158,272,830,848	\$ 159,891,865,334	\$ 163,656,758,206
Personal property (2)	3,856,191,952	3,718,945,710	3,604,478,750	3,709,327,508	3,655,133,210
Total Assessed Value	<u>\$ 171,646,984,481</u>	<u>\$ 165,916,095,468</u>	<u>\$ 161,877,309,598</u>	<u>\$ 163,601,192,842</u>	<u>\$ 167,311,891,416</u>
<b>Legal Debt Margin</b>					
Debt Limit - Percentage of Assessable Base:					
For real property at 6% (2)	\$ 10,067,447,552	\$ 9,731,828,985	\$ 9,496,369,851	\$ 9,593,511,920	\$ 9,819,405,492
For personal property at 15%	<u>578,428,793</u>	<u>557,841,857</u>	<u>540,671,813</u>	<u>556,399,126</u>	<u>548,269,982</u>
Legal Limitation for the Borrowing of Funds and the Issuance of Bonds	<u>10,645,876,345</u>	<u>10,289,670,842</u>	<u>10,037,041,664</u>	<u>10,149,911,046</u>	<u>10,367,675,474</u>
Debt Applicable to Limit:					
General obligation bonds	1,517,280,000	1,658,970,000	1,930,155,391	2,085,028,317	2,465,636,613
Variable Rate Demand Obligation	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Taxable BABs General Obligation	338,320,000	338,320,000	339,827,520	339,671,879	339,516,247
Bond anticipation notes	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
Total Debt Applicable to Limit	<u>2,455,600,000</u>	<u>2,597,290,000</u>	<u>2,869,982,911</u>	<u>3,024,700,196</u>	<u>3,405,152,860</u>
Legal Debt Margin	<u>\$ 8,190,276,345</u>	<u>\$ 7,692,380,842</u>	<u>\$ 7,167,058,753</u>	<u>\$ 7,125,210,850</u>	<u>\$ 6,962,522,614</u>
Legal Debt Margin as a Percentage of Debt Limit	77%	75%	71%	70%	67%

NOTES:

- (1) See (1) on Table 8.
- (2) See (3) 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. Effective June 1, 2001, real property in the State of Maryland began being assessed at 100 percent of full assessed value instead of the previous 40 percent assessment method. Also effective June 1, 2001, the section of the Code referred to above was amended in conjunction with the real property assessment change. Under the amendment, 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.

MONTGOMERY COUNTY, MARYLAND  
DEBT CAPACITY  
PLEDGED-REVENUE COVERAGE (1)  
LAST TEN FISCAL YEARS  
**Table 21**

Fiscal Year	Gross Revenues (2)	Less: Operating Expenses (3)	Net Available Revenue for Debt Service	Debt Service (4)			Coverage %	
				Principal	Interest	Total		
Bethesda Parking Lot District:								
2006	\$ 18,167,711	\$ 5,959,821	\$ 12,207,890	\$ 3,430,000	\$ 1,567,391	\$ 4,997,391	244.29	%
2007	20,055,735	6,587,481	13,468,254	3,550,000	1,848,185	5,398,185	249.50	
2008	20,991,790	6,935,238	14,056,552	3,175,000	1,709,435	4,884,435	287.78	
2009	21,538,148	7,409,414	14,128,734	3,340,000	1,566,585	4,906,585	287.95	
2010	20,046,662	8,188,688	11,857,974	1,840,000	1,429,335	3,269,335	362.70	
2011	19,217,766 (a)	7,829,314	11,388,452	1,915,000	1,355,235	3,270,235	348.25	
2012	18,137,767 (a)	8,038,372	10,099,395	1,995,000	1,278,135	3,273,135	308.55	
2013	20,201,622 (a)	8,006,351	12,195,271	2,020,000	2,030,369	4,050,369	301.09	
2014	19,001,427 (a)	8,129,681	10,871,746	2,100,000	1,910,939	4,010,939	271.05	
2015	21,153,076 (a)	9,015,362	12,137,714	3,120,000	1,839,789	4,959,789	244.72	
Liquor Control:								
2010	\$ 229,335,472	\$ 201,443,397	\$ 27,892,075	\$ 1,745,000	\$ 2,024,478	\$ 3,769,478	739.95	%
2011	242,614,756	212,550,427	30,064,329	1,550,000	2,108,248	3,658,248	821.82	
2012	252,364,670	217,254,363	35,110,307	2,825,000	3,530,455	6,355,455	552.44	
2013	258,903,266	222,759,553	36,143,713	2,790,000	3,561,750	6,351,750	569.04	
2014	268,683,615	235,187,621	33,495,994	4,725,000	5,038,843	9,763,843	343.06	
2015	278,792,397	245,176,046	33,616,351	4,640,000	5,188,539	9,828,539	342.03	
Metrorail Garage Project:								
2006	\$ 3,292,758	\$ -	\$ 3,292,758	\$ 1,485,000	\$ 1,807,758	\$ 3,292,758	100.00	%
2007	3,294,214	-	3,294,214	1,535,000	1,759,214	3,294,214	100.00	
2008	3,292,339	-	3,292,339	1,585,000	1,707,339	3,292,339	100.00	
2009	3,295,276	-	3,295,276	1,645,000	1,650,276	3,295,276	100.00	
2010	3,294,214	-	3,294,214	1,705,000	1,589,214	3,294,214	100.00	
2011	3,292,009	-	3,292,009	1,770,000	1,522,009	3,292,009	100.00	
2012	3,416,120	-	3,416,120	2,365,000	1,051,120	3,416,120	100.00	
2013	3,472,363	-	3,472,363	1,860,000	1,612,363	3,472,363	100.00	
2014	3,474,363	-	3,474,363	1,955,000	1,519,363	3,474,363	100.00	
2015	3,481,613	-	3,481,613	2,060,000	1,421,613	3,481,613	100.00	
Water Quality Protection:								
2013	\$ 25,302,118	\$ 16,937,522	\$ 8,364,596	\$ 915,000	\$ 1,207,601	\$ 2,122,601	394.07	%
2014	26,047,644	17,248,871	8,798,773	1,310,000	1,706,150	3,016,150	291.72	
2015	30,745,793	20,016,830	10,728,963	1,340,000	1,678,850	3,018,850	355.40	

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



MONTGOMERY COUNTY, MARYLAND  
 DEMOGRAPHIC STATISTICS  
 PRINCIPAL EMPLOYERS  
 CURRENT FISCAL YEAR AND NINE YEARS AGO  
**Table 22**

Employer	Fiscal Year 2015			Fiscal Year 2006		
	Employees(1)	Rank	Percentage of Total County Employment(2,3)	Employees	Rank	Percentage of Total County Employment(2)
U.S. Department of Health and Human Services	28,800	1	6.32 %	39,000	1	8.50 %
Montgomery County Public Schools	25,703	2	5.64	20,132	2	4.39
U.S. Department of Defense	12,900	3	2.83	13,670	3	2.98
Montgomery County Government	11,112	4	2.44	8,536	4	1.86
U.S. Department of Commerce	5,400	5	1.19	6,678	6	1.46
Adventist Healthcare	4,800	6	1.05	6,951	5	1.52
Marriott International, Inc. (Headquarters)	4,600	7	1.01	3,500	10	0.76
Holy Cross Hospital of Silver Spring	3,900	8	0.86	*		-
Montgomery College	3,656	9	0.80	*		-
Lockheed Martin Corporation	3,000	10	0.66	3,900	9	0.85
Giant Food Corporation	*		-	4,900	7	1.07
Chevy Chase Bank	*		-	4,700	8	1.02
Total	<u>103,871</u>		<u>22.80 %</u>	<u>111,967</u>		<u>24.41 %</u>

NOTES:

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

- (1) Employee numbers are based on DED's analysis of the MD Department of Labor, Licensing and Regulation's Quarterly Census of Employment and Wages for 2014.
- (2) Employee counts for federal and military facilities exclude contractors to the extent possible.
- (3) Total average payroll employment in FY15 was 455,343.

Source: Montgomery County Department of Economic Development

MONTGOMERY COUNTY, MARYLAND  
 DEMOGRAPHIC STATISTICS  
 LAST TEN YEARS  
**Table 23**

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 (Fiscal Year)(7)
2006	926,492	\$ 62,144,979	\$ 67,076	510,593	495,926	2.9 %	139,387
2007	931,694	64,365,237	69,084	509,769	496,401	2.6	137,798
2008	942,748	67,279,968	71,366	515,987	499,705	3.2	137,745
2009	959,013	65,858,231	68,673	522,421	494,565	5.3	137,763
2010	976,006	67,890,159	69,559	532,549	502,710	5.6	140,500
2011	991,645	71,081,967	71,681	536,636	508,528	5.2	143,309
2012	1,004,476	73,467,234	73,140	540,444	512,589	5.2	146,497
2013	1,016,677	73,958,785	72,746	542,029	515,153	5.0	149,018
2014	1,018,000	75,940,000	74,597	540,128	516,420	4.4	151,289
2015	1,020,000	79,300,000	77,745	544,313	522,426	4.0	154,230

NOTES:

- (1) Sources: Data for 2006-2013 from the Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Data for 2014 and 2015 are estimated by the Montgomery County Department of Finance from Round 8.2 Cooperative Estimates and pertain to population in households.
- (2) Source: Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Personal income includes money income from wages and salaries; transfer payments such as social security and public assistance; income from rent, interest and dividends. Data for 2006-2013 were revised by BEA. Data for 2014 through 2015 are estimates derived by the Montgomery County Department of Finance.
- (3) Per capita income is derived by dividing personal income by population.
- (4) 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 are revised by BLS for 2006 - 2014. Data for 2015 estimated by Montgomery County Department of Finance based on the percent change from first half of CY14 to the first half of CY15.
- (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 2006-2014 revised by BLS. Data for 2015 estimated by Montgomery County Department of Finance based on the percent change from first half of CY14 to the first half of CY15.
- (6) The unemployment rates for 2006 through 2014 were revised by the Bureau of Labor Statistics, U.S. Department of Labor. Unemployment rate for 2015 estimated by Montgomery County Department of Finance based on the average of the monthly unemployment rates for the first half of 2015.
- (7) Source: County Executive's Recommended FY16 Operating Budget, Office of Management and Budget, Montgomery County, page 5-16.

MONTGOMERY COUNTY, MARYLAND  
 OPERATING INFORMATION  
 EMPLOYEE FTEs BY FUNCTION (1)  
 LAST TEN FISCAL YEARS  
**Table 24**

	2006 <sup>4</sup>	2007 <sup>4</sup>	2008 <sup>4</sup>	2009 <sup>4</sup>	2010 <sup>4</sup>	2011 <sup>4</sup>	2012 <sup>4</sup>	2013	2014	2015
<b>Governmental Activities:</b>										
General Government:										
Legislative Branch:										
Board of Appeals	5	5	5	5	5	4	4	4	4	4
County Council	69	70	73	77	75	70	73	75	77	79
Inspector General	5	5	6	6	5	3	4	5	5	5
Legislative Oversight	10	11	11	11	11	9	9	10	11	11
Merit System Protection Board	1	1	1	1	1	1	1	1	1	1
People's Counsel	2	2	2	2	2	2	-	-	-	-
Zoning and Administrative Hearings	4	4	4	4	4	4	4	4	4	4
Judicial Branch:										
Circuit Court	106	111	108	109	110	107	106	117	118	114
State's Attorney	112	115	118	121	122	119	122	129	132	136
Executive Branch:										
Board of Elections	28	47	47	47	46	44	40	31	31	51
Board of Liquor License Commissioners	12	12	-	-	-	-	-	-	-	-
Commission for Women	10	11	11	11	10	6	-	-	-	-
Community Engagement (2)	-	-	-	-	-	-	24	22	22	22
County Attorney	44	44	44	43	39	37	34	42	43	43
County Executive	38	37	41	50	47	32	26	28	31	32
Ethics Commission	2	3	3	3	2	-	2	3	3	3
Finance	116	117	121	116	108	103	107	114	125	126
General Services	-	-	-	194	199	179	178	184	183	191
Human Resources	57	58	61	59	58	44	49	60	67	66
Human Rights	23	22	22	22	19	15	8	8	8	9
Intergovernmental Relations	5	5	5	5	5	5	5	5	5	5
Management and Budget	31	31	31	30	29	25	25	28	28	29
Procurement	29	30	30	-	-	-	-	-	-	-
Public Information	9	9	9	9	8	42	42	43	42	43
Regional Services Centers	29	30	31	34	29	17	-	-	-	-
Technology Services	147	156	150	146	138	107	102	104	110	110
Urban Districts	57	57	57	58	58	50	52	55	55	58
Non-Departmental Accounts	3	3	3	3	3	3	2	2	4	4
Public Safety:										
Consumer Protection	-	23	22	21	19	15	15	16	17	17
Correction and Rehabilitation	585	626	635	622	599	555	557	512	518	526
Emergency Management and Homeland Security	70	72	72	10	9	10	11	11	12	14
Fire and Rescue	1,155	1,236	1,335	1,351	1,349	1,267	1,240	1,254	1,282	1,287
Police	1,651	1,733	1,777	1,819	1,789	1,720	1,724	1,744	1,767	1,843
Sheriff	169	177	183	183	176	169	166	178	185	183
Transportation:										
Fleet Management	164	170	191	205	202	194	206	205	205	204
Transit Services	652	680	762	871	831	789	831	814	816	836
Other (3)	472	477	480	315	346	305	258	258	273	275
Health and Human Services	1,476	1,506	1,605	1,613	1,577	1,462	1,484	1,559	1,569	1,589
Culture and Recreation:										
Cable TV	13	14	15	17	19	26	27	30	31	31
Public Libraries	403	420	428	426	388	299	273	314	350	385
Recreation	416	442	450	451	422	365	343	375	398	414
Community Development and Housing:										
Economic Development	40	45	52	46	41	32	26	29	31	34
Housing and Community Affairs	91	74	77	73	67	59	58	66	73	77
Environmental Protection	45	49	51	51	52	51	84	91	93	97
<b>Business-Type Activities:</b>										
Community Use of Public Facilities	26	26	26	27	25	22	26	27	27	27
Liquor Control	321	330	341	344	337	313	323	324	339	337
Parking Lot Districts	43	45	47	50	51	46	48	49	49	50
Permitting Services	191	215	214	218	197	173	178	198	201	207
Solid Waste Activities	152	156	155	159	105	99	103	103	102	103
Total FTEs	9,089	9,512	9,912	10,038	9,734	8,999	9,000	9,231	9,447	9,682

NOTES:

\* Amounts represent budgeted workyears or FTEs rounded to nearest whole workyear.

(1) Represents County government FTEs only, and excludes component units. Therefore, no FTEs are listed for Education function, which relates to component units MCPS and MCC.

(2) Community Engagement Cluster created in FY12 by consolidating the staffing of the Regional Services Centers, the Gilchrist Center and the Commission for Women.

(3) Excludes programs presented under business-type activities.

(4) Effective FY13, FTE is used as a measure rather than workyear. Years FY06 to FY12 still reflect original workyear measurements.

Source: County Executive's Annual Recommended Operating and Public Services Program, Schedule D-2, various years.

MONTGOMERY COUNTY, MARYLAND  
 OPERATING INFORMATION  
 OPERATING INDICATORS BY FUNCTION  
 LAST TEN FISCAL YEARS

Table 25

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 (1)
<b>Governmental Activities:</b>										
General Government:										
Number of Procurement Office actions (2)	8,588	8,779	8,396	7,709	7,188	6,610	6,750	7,711 (6)	8,396	7,556
Number of property tax bills processed (6)	349,804	353,998	358,514	361,237	361,963	362,971	364,050	365,495	366,847	367,708
Number of payments issued	150,000	162,959	153,201	154,416	137,856	117,831	111,211	112,507	129,973	121,311
Investment portfolio return (5)	4.19 %	5.21 %	4.41 %	1.71 %	0.22 %	0.10 %	0.02 %	0.16 %	0.15 %	0.18 %
Public Safety:										
Fire and Rescue:										
Number of responses to incidents	100,805	103,758	106,321	105,736	107,527	109,153	109,597	108,996	109,496	115,366
Number of inspections completed	NA	10,901	16,771	24,663	20,994	13,139 (7)	7,353	6,036	11,644	13,929
Number of fire incidents investigated	405	515	520	584	531	728 (8)	668	745	584	621
Police:										
Number of arrests	13,221	12,943	11,741	13,286	13,150	13,567	13,216	12,511	13,153	16,518
Number of traffic citations (calendar years)	123,018	106,183	102,280	93,796	82,119	65,439	55,710	53,540	107,040	106,944
Number of warrants served	12,500	12,104	10,222	9,052	7,823	7,542	9,598	12,623	8,297	9,763
Transportation (3):										
Lane-miles of streets resurfaced	213	292	248	250	377	258	332	442	311	436
Number of passengers transported	27,294,000	28,220,000	29,673,000	29,627,000	27,895,138	26,719,517	27,240,110	26,603,242	26,391,551	25,972,313
Health and Human Services:										
Number of applicants approved for the Home Energy Program	5,140	6,402	6,840	8,077	9,681	9,438	8,778	7,308	7,951	7,440
Number of individuals served through the Crisis Center	59,175	61,332	60,390	59,966	60,150	50,083	47,075	48,312	45,749 (6)	45,906
Number of licensed and registered child care slots in the County	33,224	33,500	34,382	35,501	35,403	36,426	38,722	39,806	38,506	39,501
Number of in-home aide service hours for seniors and people with disabilities	193,317	199,478	219,515	182,761	156,634	122,991	101,905	90,000	94,012	110,848
Culture and Recreation:										
Library:										
Number of items circulated	10,857,498	11,035,542	11,451,481	11,836,563	12,105,851	10,137,952	9,403,471	9,303,918	9,770,776	10,035,027
Recreation:										
Number of community center visits/contacts	3,718,474	4,050,000	4,050,000	1,760,336	1,315,022	1,299,619	1,320,664	1,178,398	1,127,742	985,527
Number of visits to County pools	1,358,734	1,590,683	1,600,000	2,230,406	2,232,902	2,234,904	2,246,874	2,255,874	2,553,202	2,696,608
Number of persons registered for camps and classes	25,133	25,000	25,000	51,785	66,029	51,648	53,746	55,044	55,829	65,762
Community Development and Housing:										
Housing and Community Affairs:										
Number of housing rental licenses issued	80,245	80,173	82,205	85,285	86,267	89,286	91,555	92,527	96,185	98,525
Number of housing code enforcement cases	7,451	5,955	6,574	7,547	7,282	7,186	6,988	6,597	6,998	7,633
Environment:										
Number of sediment control inspections performed for development sites	18,063	16,790	16,389	17,859	17,666	13,472	12,206	12,839	16,287	18,741
Education:										
Average number of pupils registered pre-K through 12 (4)	139,387	137,798	137,745	139,276	141,777	144,064	146,497	148,779	151,298 (6)	153,852
College students - credit and non-credit (4)	56,490	59,374	58,506	59,479	60,698	60,970	63,837	62,417	59,389	56,228
<b>Business-Type Activities:</b>										
Land development plans approved	4,674	4,244	4,324	3,302	3,432	4,066	4,967	4,517	5,112	5,161
Refuse collected (tons)	77,596	83,545	83,181	81,704	83,826	85,628	86,512	69,568 (6)	71,407	73,996
Waste processed at the Resource Recovery Facility (tons)	621,822	593,185	579,660	540,407	535,980	575,000	540,644	546,644	577,787	591,687
Number of cases transferred from warehouse to County-operated liquor stores to be sold	849,000	895,785	921,681	979,464	1,014,804	1,096,702	1,093,554	1,094,530	1,155,544	- (9)
Number of cases sold from the Department of Liquor Control retail stores	-	-	-	-	-	-	-	-	-	8,444,010 (9)
Number of wholesale liquor cases sold to private liquor stores	4,144,000	4,147,332	4,191,956	4,092,765	4,104,740	4,142,590	4,104,574	4,068,430	4,174,541	4,079,000

NOTES: NA - Data not readily available, or not available in a manner consistent with this display.

(1) Indicators represent actuals or latest estimates of actuals.

(2) Indicators provided by Office of Procurement.

(3) Excludes programs presented under "Business-Type Activities."

(4) Indicators provided by the Montgomery County Public Schools and Montgomery College, two component unit organizations.

(5) Indicators provided by Department of Finance.

(6) Revised

(7) The decrease in number of inspections reflects a loss of 12 inspector positions from mid-2010 thru mid-2011.

(8) The increase in investigations reflects a change in the manner in which explosives incidents are reported to the State. The State captures all explosives incidents including good intent calls for service.

(9) In FY15, The Department of Liquor Control changed the operating indicators from the number of cases transferred to County owned retail stores for sale to the total number of cases sold from County owned retail stores.

Source: 2006: *Montgomery Measures Up!*, Montgomery County Office of Management and Budget. 2007 and later: County departments.

MONTGOMERY COUNTY, MARYLAND  
OPERATING INFORMATION  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS

Table 26

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental Activities:</b>										
General Government:										
Number of conference centers	1	1	1	1	1	1	1	1	1	1
Landfills	3	3	3	3	3	3	3	3	3	3
Public Safety:										
Police stations	6	6	6	6	6	6	6	6	6	6
Police satellites	6	7	8	8	8	8	4	4	3	3
Police vehicles	1,252	1,255	1,340	1,410	1,369	1,327	1,363	1,341	1,345	1,467
Fire stations (2)	34	34	34	35	35	36	36	37	37	37
Fire apparatus	464	463	471	498	518	452	464	451	461	447
Transportation:										
Streets (miles)	2,588	2,602	2,609	2,611	2,621	2,621	2,623	2,627	2,631	2,634
Ride On buses (1)	398	459	469	480	462	390	410	412	422	379
Administrative vehicles	762	778	757	806	785	757	734	738	761	764
Fire vehicles	96	110	130	134	122	121	120	115	116	113
Heavy equipment	645	596	540	482	456	454	460	463	482	420
Streetlights	63,489	65,225	66,528	66,752	66,903	66,962	67,211	67,781	67,931	67,969
Traffic signals	747	756	772	779	791	800	814	823	829	836
Culture and Recreation:										
Libraries	21	22	22	22	22	22	22	22	22	22
Volumes in library collection	2,977,017	3,203,802	3,131,150	3,168,551	2,809,010	2,660,221	2,564,280	2,500,705	2,834,652	2,556,864
Swimming pools	13	14	14	14	13	13	13	13	13	13
Community Development and Housing:										
Number of low income housing units (1)	102	102	102	102	101	101	101	101	101	101
Environment:										
Storm drains (miles)	854	860	864	864	874	874	875	877	881	883
Education:										
Elementary, Middle and High School buildings	194	199	200	199	200	200	200	202	202	203
College buildings	42	43	43	44	46	48	48	49	49	49
<b>Business-Type Activities:</b>										
Parking spaces in parking lot districts	21,479	21,282	21,160	21,169	21,185	21,173	20,470	19,989	19,984	20,970
Parking garages/lots	41	40	41	41	41	41	40	40	42	42

NOTES:

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

(1) FY06 to FY07 restated

(2) FY10 to FY13 restated

Sources: Various County departments, MCPS, and MCC.



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\* POEB = Pension and Other Employee Benefits







**Prepared by the:  
Department of Finance  
Division of the Controller  
101 Monroe Street  
Rockville, Maryland 20850  
240-777-8860**